

Housing Scrutiny Commission

Empty Homes Update

Assistant Mayor for Housing: Councillor Elly Cutkelvin

Date: 25th February 2020

Lead director: Chris Burgin

Useful information

- Ward(s) affected: Citywide
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- Report version number: V1

1. Purpose of report

To update members of the Housing Scrutiny commission on the work that the Empty Homes Team are doing to bring long term private sector homes back into use.

2. Supporting evidence

- During 2019/20 we continue to maximise our efforts on reducing total number of private sector properties empty over 18 months 5 and 10 years.

QUARTERLY COMPARISON OF TOTAL VACANTS AS AT 31/12/19							
Description	Baseline as at 31.03.19	Q.1 as at 30.06.19	Q.2 as at 30.09.19	Q.3 as at 31.12.19	Q.4 as at 31.03.20	Trend since last Quarter	Cumulative Trend
Active Caseload	287	298	297	299		Up by 2	Up by 12
Total Vacant over 18 Months	319	324	314	313		Down by 1	Down by 6
Sub Total Vacant over 5 Years	50	54	51	53		Up by 2	Up by 3
Sub Total Vacant over 10 Years	7	7	8	8		Unchanged	Up by 1

The Council Tax database is our primary data source of information for newly vacant properties.

Each month the figure changes depending on the numbers becoming vacant compared to the number being bought back into use. As part of the process we identify those that are unsuitable for residential use, misreported or 2nd homes

Data analysis is carried out on a monthly and quarterly basis for misinformation (MI), second homes and non-priority housing. If the original reason is no longer valid and properties have become empty again, these are added back onto our caseload. This exercise ensures the quality of data held by the empty homes team is as accurate as possible with only genuinely empty properties added to our active caseload. Whilst this is a desk top exercise initially officers have to visit these properties to identify if they are actually occupied or not, Council Tax are then notified so they can update their records and pursue the resident for non-payment of council tax etc.

The Empty Homes Officer role primary

2.1 Working Smarter

Empty homes officers are all highly experienced with good skills and local knowledge which is shared within the team. We are flexible, negotiate with owners on a wide range of individual and varied property situations, no matter what each empty property presents. We are committed to continually working with each owner to ensure properties are returned into occupation.

This involves:

- contacting all owners at an early stage;
- providing advice & support and information about their options;
- further information is available on the empty homes' website at: <https://www.leicester.gov.uk/your-community/housing/privately-owned-empty-homes/>
- owners can also complete the on-line e-statement of intentions form;
- agreeing Undertakings with timescales to bring the properties back into occupation;
- practical assistance through leasing schemes.

2.2 Leasing options include:

- HomeCome/lease
- LeicesterLet or
- Renting through private agents

2.3 Outcome of Council Intervention Apr 16 to Dec 19:

The outcome of council intervention has brought a total of 806 properties back in to use, though clearly others have become vacant.

2.4 Over 5 Year Empties Forecast for 2019-20:

The forecast for reducing over 5-year empties is set at 45.

Although we have claimed 8 properties as occupied 11 properties that were 4-years empty have become 5-years empty. 5-Year empties currently stand at 53 and includes 8 properties over 10-years empty. Even with a concerted effort from the team, bringing down the number of 5-year empties has proved to be elusive. A snap shot of reasons why these properties are empty is App

2.5 Comparison of Total Active Caseload (Apr 2016 to December 2019):

The total active caseload has reduced noticeably when compared to the baseline in 2016. 18-month have reduced by 17%. Over 5-year empties have fallen by 28% with 10-year empties falling by 58%. See Appendices B, C & D tables 11 and 12.

2.6 Over 5 Years Empty Letter

Most properties between 5-9 years empty are sent a “5-Year Empty Letter”, owners 6 months to improve and occupy properties otherwise a report will go to the Executive seeking approval for proceeding with a CPO. This measure has proved successful in reducing the over 5-year empties which are currently at 53. Many of these properties have an owner in care, the property is at probate or works are in progress. We continually review progress or monitor for change of circumstance on an ongoing basis.

2.7 Over 10 Year Empty Letter

Many of our properties empty over 10 years change owners, multiple times. Every time there is a new owner the process must start again at stage 1 because the CPO is against the owner not the property. Most owners are sent our “10 Year Empty Letter” (like the 5-year empty letter) giving them 6 months to improve and occupy these properties. This is an ongoing process. We have had great success in reducing the number of over 10- year empties down to 8.

Where we are unable to negotiate terms for the purchase of properties by agreement or are unable to locate owners, we will continue to use Compulsory Purchase Powers (CPO) to bring long term empty properties back into use

2.8 CPOs Approved by the Executive:

During the last year the Executive have approved 3 CPOs.

As at 31st December 2019 a total of 120 cases have been approved for Compulsory Purchase Orders to date.

2.9 CPO Forum:

Bi monthly forums are held with Legal Services and Estates and Building Services to review and progress compulsory purchase cases and those undergoing negotiated purchase and sale at auction. The empty homes team also receives advice on CPO cases with complex or individual issues. The forum has proved to be invaluable for joined up thinking, deciding ways forward for complex cases and for sharing information.

2.10 Cases currently with Legal Services:
There is a total of 6 properties with Legal Services at various stages of compulsory purchase.

2.12 Negotiated Purchase:
During the last year there 1 negotiated purchase has completed.

Valuations for negotiated purchases by the council are usually lower than the purchase price paid when the property is sold at auction. This means that the council is not losing out.

2.15 Council Tax Liability:
From 1st April 2013 some council tax exemptions have been abolished and then replaced with a locally set discount premium unless the Valuation Office assess the property as uninhabitable. All empty properties will receive 100% discount for one month only and will then be liable for full charges. From 1st April 2019 properties empty over two years will become liable for an additional 100% premium and from April 2020 over 5-years empty will be charged three times the council tax of occupied homes.

2.16 Keeping Council Tax Informed
Following site visits the empty homes officers provide evidence confirming whether empty or occupied to enable Council Tax to update their records so the information held on their database is vastly improved in accuracy and keeps in line with General Data Protection Regulation (GDPR).

2.17 Council Tax Charging Orders
The team works closely with Council Tax liaising on the best way to recover council tax arrears which can often be thousands of pounds. Once an empty property reaches the stage where we are considering CPO, a management decision will be made on who will pursue it. Council Tax now have a system in place to recover council tax arrears by using Enforced Sale or a Bankruptcy Orders.

As a last resort the Empty Homes team will continue to progress the CPO. The Empty Homes Team liaise closely with Council Tax to ensure that any property being pursued for CPO with council tax arrears has a Charging Order against the property to reclaim any outstanding arrears from the owner's compensation.

2.18 New Homes Bonus:
The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

2.19 Comparison of how other Local Authorities perform:

The information provided is not a benchmarking comparison. Each Local Authority has their own reporting mechanisms. Leicester's stats are from Council Tax data source and excludes properties which do not fall under the Empty Homes remit whereas we do not know the source of the other information provided or how it is made up.

Another difference is that Leicester City Council targets long term properties empty over 18 months because we find the majority of these are genuinely empty. We have evidence to show there is less abortive work by targeting long term empties over 18 months rather than 6 months when we find that approximately half of those empty over 6-month become occupied without council intervention.

Please note there has been insufficient time to request 2019-2020 information from other Local Authorities.

2.20 Second Homes (2nd Homes):

There is an ongoing concern that second homes often mask empty properties.

Council tax regulations split unoccupied properties into:

- "vacant" (unoccupied and unfurnished) and
- unoccupied and furnished (including second homes)

A second home is considered to be "in use" as a 2nd home so there is no need for legislation to bring it into use as it is not "empty". There is also no need to exclude or include it from Local Authority powers and legislation because taking action is not relevant.

Local Authorities have powers around the amount of Council Tax charged and the normal powers that apply to the condition of "in use" housing such as dangerous structures, overgrown gardens etc but there are no powers to intervene with "use" as a second home as mentioned before. The legislation around abandonment would not apply either unless there were clear or stated evidence of abandonment should owners walk away from any interest in their property.

21.1 Council Tax's Definition of Second Home:

- Furnished property that is no-one's main residence because they live elsewhere
- Furnished and unfurnished homes ie a property is substantially unfurnished or furnished with a bed, chair furniture in situ like a holiday home.

Second homes are the cause of much frustration because if a property presents as boarded-up, inaccessible, overgrown gardens, numerous complaints are being received. It can bear the hallmarks of an empty property

but will be outside our remit if Council Tax have classified it as furnished and no-one's main home. Therefore, Empty Homes Team cannot add these to our caseload

3. Details of Scrutiny

Report prepared for Housing Scrutiny Commission.

4. Financial, legal and other implications

4.1 Financial implications

By bringing properties back into use, the Council benefits financially through increased collection of Council Tax and additional income through the New Homes Bonus.

Stuart McAvoy – Principal Accountant (37 4004)

Please note there has been insufficient time to request input from the Principal Accountant for this report

4.2 Legal implications

The Council is entitled to acquire land and property for the purpose of providing housing in accordance with Sections 9 and 17 of the Housing Act 1985 (as amended). This includes acquisition by or if considered appropriate by the use of compulsory purchase powers. As explained in this Report the Council will need to ensure that any acquisition or other action (including use of Compulsory Purchase powers) is in accordance with the Council's adopted Empty Homes Strategy and is compliance with both the legal basis and criteria for compulsory purchase (including published guidance).

John McIvor, Principal Lawyer, ext. 37-1409

Please note there has been insufficient time to request input from the Principal Lawyer for this report.

4.3 Climate Change and Carbon Reduction implications

Where refurbishment work is carried out to empty properties to bring them back into use, this provides an opportunity to improve the energy efficiency of the property – for example through insulation, draft proofing, replacement lighting or new heating systems. Where this is possible, it has the potential to reduce the carbon emissions when families move into the homes. By reducing the need for new housing to be built, the service also helps to reduce the ‘embodied’ carbon emissions from manufacture of the construction materials.

Duncan Bell - Senior Environmental Consultant (37 2249)

Please note there has been insufficient time to request input from the Senior Environmental Consultant for this report

4.4 Equalities implications

In carrying out its duties, the council must comply with the public-sector equality duty (Equality Act 2010) by paying due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations.

Bringing empty homes back into use can help to meet demand for affordable housing in the city and potentially households on the housing register, and provide housing for people in need of a home. Empty homes brought back into use can help to meet the diverse housing needs of all sections of our communities

The benefits of returning an empty home into use can impact on the wider community, homes that are lived in help to support safer communities.

The impacts of returning empty homes into use would be positive on people from across all protected characteristics.

Surinder Singh Equalities Officer 37 4148

Please note there has been insufficient time to request input from the Equalities Officer for this report

5. Background information and other papers:

Department for Communities & Local Government website

Leicester City Council Revenue & Benefits – New Homes Bonus Return

LCC Empty Homes Team e-files

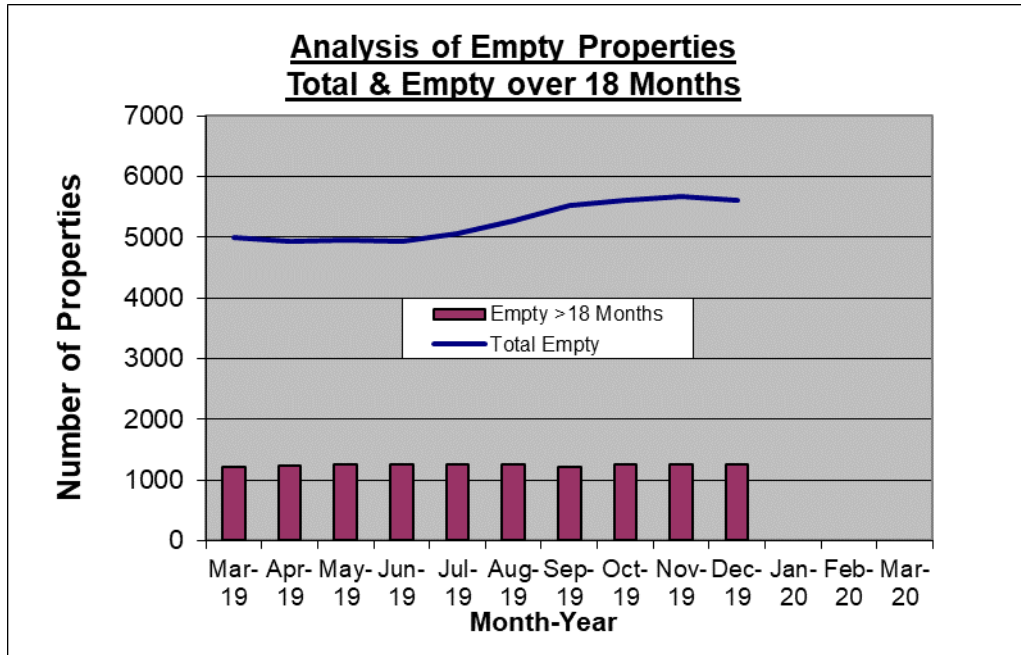
LCC Citywide Empty Homes strategy

Climate Change, Environment Team

Derby City Council, Empty Homes Information Request

Nottingham City Council, Empty Homes Information Request
Sheffield City Council, Empty Homes Information Request

Analysis of Empty Properties showing trend from 31.03.19 to 31.12.19



QUARTERLY COMPARISON OF TOTAL VACANTS AS AT 31/12/19

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Baseline Comparison

Workstream	31/03/16 Baseline	31/03/17	31/03/18	30/09/19	31/12/19	31/03/20	2016-19 % Reduction
18 Months	378	345	292	319	313		17%
5 Years	74	66	52	50	53		28%
10 Years	19	15	7	7	8		58%

**Comparison of Vacant Properties From 2016-2019
for Stage 0s, 18 Months, 5 and 10 Years**

Quarterly from 2016-2019	JUN 16	SEP 16	DEC 16	MAR 17	JUN 17	SEP 17	DEC 17	MAR 18	JUN 18	SEP 18	DEC 18	MAR 19	JUN 19	SEP 19	DEC 19	MAR 20
Total Vacant over 18 months	361	363	382	345	354	348	338	292	313	307	329	319	324	314	313	
Stage 0 only - Number where contact yet to be made with owner	123 *	121 *	106 *	50 *	56 *	56 *	48 *	4	24	21	31	32	26	17	14	
Number vacant over 10 years	17	16	14	15	16	13	12	7	6	6	8	7	7	8	8	
Number vacant over 5 years (including those over 10 years).	73	70	75	66	64	58	56	52	50	51	54	50	54	51	53	

* The majority of Stage 0 properties have had scheme referral letters so first contact has been made

ANNUAL PROGRESS REPORT

Outcome of all CPOs agreed by Executive as at 31.12.19

Outcome of CPOs	Pre- April 2019	Apr – Jun 2018	July – Sep 2018	Oct – Dec 2018	Jan – Mar 2019	Mar 2019 To Dec 2019	Total
Total Number of CPOs agreed by the Executive.	117	2	1			3	120
Withdrawn before Public Inquiry i.e. Occupied	50	1	3	2		6	56
Withdrawn before Public Inquiry i.e. Restarted, Misinformation, 2 nd Home	20					0	20
Public Inquiry held - Order Confirmed by DCLG/LCC	8					0	8
Public Inquiry held - Order Not Confirmed by DCLG/LCC	3					0	3
Written Representation - Order Confirmed by DCLG/LCC	6					0	6
Written Representation - Order Not Confirmed by DCLG/LCC	4					0	4
Non- contested CPO's Confirmed by DCLG/LCC	13					0	13
Non- contested CPO's Not confirmed by DCLG/LCC	0					0	0

5-9 Year Empties Percentage Breakdown of Reasons

Reason	No	%
Owner in Care	4	9%
Works in Progress	20	44%
Assessing Structural Problems	1	2%
Property for sale	5	12%
Property Sold Subject to Contract	1	2%
EHT Confirming Let	1	2%
New Owners – Restarted at Stage 1	2	4.5%
Owner is long term sick	2	4.5%
Legal Issues	3	7%
Probate	2	4.5%
CPO Notices 1-3 being served	1	2%
LCC Possession	1	2%
Following CPO Transferred to HRA	2	4.5%
TOTAL	45	100%

10-Year Empties Percentage Breakdown of Reasons

Reason	No	%
Owner in Care	1	12.5%
Works in Progress	5	62.5%
Property for sale	1	12.5%
Claim HIMO as Misinformation	1	12.5%
TOTAL	8	100%

Examples of How Other Local Authorities are Performing

As at 31/03/19	Examples of Other Local Authorities			
Benchmarking	Leicester	Derby	Nottingham	Sheffield
Over 18 Months Empty	319	Not available	505	Not available
Over 5 Years Empty	50	Not available	318	Not available
Over 10 Years Empty	7	Not available	145	Not available
No brought back into occupation	205	83	109	8
Active caseload	287	256	543	Not available
No Approved by the Executive/Cabinet	3	Not available	1	1

Note:

Please note benchmarking comparison is due to be updated again after 31/03/20.

The information in the tables 13-15 is not a benchmarking comparison as at 31/03/19;

- Each Local Authority has their own reporting mechanisms;
- Only Leicester City Council has the remit to bring back into use properties identified as empty over 18 months;
- Most of the other Local Authorities target properties empty over 6 months.
- Due to lack of resources, Derby City Council could only provide the number of cases on their active caseload and those brought back into occupation.
- Sheffield City Council could only provide the number brought back into occupation and how many were approved by their Cabinet.