

Leicester
City Council

WARDS AFFECTED
All Wards

CABINET

19th January 2004

INCREASING THE IMPACT OF THE EMPTY HOMES STRATEGY

Report of the Corporate Director of Housing

1. Purpose of Report

- 1.1 To inform Cabinet of the number of empty homes in Leicester, current arrangements for bringing homes back into use and proposals for extra resources to accelerate the process.

2. Summary

- 2.1 The Housing Needs Survey showed a growing demand for housing in Leicester and that new build was not meeting demand. This imbalance has led to property values increasing by more than similar cities in the region, making it more difficult for first time buyers. It has also led to market rents rising and these two factors have led to more people seeking affordable housing. Unfortunately the stock of affordable housing is falling through Right to Buy, which this year will mean over 600 Council properties will be sold. The extent to which Registered Social Landlords (RSL's) and developers, through the planning system or with Housing Corporation funding, can create new affordable housing is restricted by Government cutbacks and a change in policy from the Regional Housing Board.

Empty homes degenerate the appearance of their location and can lead to vandalism, rubbish being dumped, damp for adjoining neighbours, vermin and fire; detracting from the Councils strategic objective to 'Improve our Environment'.

It is imperative, therefore, that the Council encourages owners of empty homes to bring their properties back into use, whether for private or public use. This is recognised at G2 in the Council's Corporate Plan.

3. Recommendations

- 3.1 It is recommended that: -
- a) 2 extra staff are employed to aim to bring back into use all properties that have been vacant for more than 18 months.

b) the Regional Housing Board are reminded of the Councils concerns that their lack of support for rehab undermines the Councils Empty Homes Strategy.

4. Financial Implications

Rod Pearson, Finance & Administration Manager

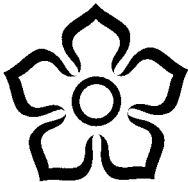
4.1 The recommendation in this report seeks to spend £103k extra per annum. Such costs can be met from the Housing Capital Programme and it is suggested it is met from the provision for Empty Homes Strategy of £600k in the 2004/05 Housing Capital Programme included on this agenda.

5. Report Author/Officer to Contact:

Ann Branson
Service Director, Housing Renewal and Options
Ext: 6802

DECISION STATUS

| | |
|--------------------------------------|--|
| Key Decision | Yes |
| Reason | Significant effect on two or more wards |
| Appeared in Forward Plan | Yes |
| Executive or Council Decision | Executive (Cabinet) |



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SUPPORTING INFORMATION/APPENDIX

Report of the Corporate Director of Housing

1. Background

- 1.1 Progress with the Private Sector Empty Homes Strategy is reported to Housing Scrutiny Committee each year. Dealing with Empty Homes is a Best Value Performance Indicator (BUPI 64) and item G2 in the Councils Corporate Plan.

The last Housing Scrutiny report in April 2003 showed that in 2002/03, 113 empty private homes were brought back into use as a direct result of Local Authority action.

- 1.2 Council Tax records for May 2003 showed that 2,196 empty properties had been empty as follows: -

| | |
|------------------------------------|-------------|
| Vacant between up to 18months | 1105 |
| Vacant between 18 months – 3 years | 380 |
| Vacant between 3 – 4 years | 245 |
| Vacant between 4 – 5 years | 131 |
| Vacant 5 years and over | <u>335</u> |
| | <u>1091</u> |
| Total empty properties | <u>2196</u> |

2. Policy and Procedure

- 2.1 Appendix A sets out the process that is followed to encourage owners to bring properties back into use. The process will lead to compulsory purchase action if there is no adequate response. CPO action will cease if the owner sells, lets or occupies the properties. Officers focus on properties that have been vacant for more than five years, properties in Renewal Areas and particular eyesores referred by members of the public.

3. Current Level of Activity

3.1 Staff

Currently 1.5 F.T.E staff in the Housing Department deal with private empty homes (not including their management support). There is a designated part time Empty Homes Officer with team assistant support and in Renewal Areas, Renewal Officers deal with their local properties.

In addition, Property Services supply valuations, Home Improvement Officers supply repair schedules and Legal Services are involved from Stage 4 onwards.

During a typical year, officers will be in touch with over 400 owners and last year brought 113 homes back into use. The cost of this service (staff and fees) is estimated at £94k p.a.

3.2 Capital Resources

Owners who have been reluctant to occupy or to put their empty property up for sale, in the past have agreed to sell to an RSL (also called a Housing Association) before CPO action reaches its final stages. The Housing Corporation provide grant aid to RSL's which has been crucial to a successful Empty Homes Strategy.

In 2002/03, of the 113 properties brought back into use as a result of our intervention, 42 were purchased by Housing Associations and renovated and let as affordable housing (equivalent to £3.06m in grant aid).

Very few homes are actually brought into Council ownership and where they are, onward sale to a Housing Association has been arranged in the past. There is capital programme provision to fund any in year shortfall in these 'in-out' transactions.

4. Future Workload

- 4.1 Current budget provision will allow contact with most owners whose property has been vacant for four years or more and on past performance, this will bring 100 plus properties back into use. Work would continue with the owners of the remaining properties over 4 years old eventually leading to more coming back into use or CPO.

The changes in Council Tax, which will begin in April, will lead to fewer empty properties. Residential properties which have been empty for over 6 months will be charged 100% Council Tax instead of the current 50%.

However, to accelerate the number of empty homes brought back into use, more staff resources are required. To contact the owners of all properties vacant for more than three years, an extra full time equivalent officer is required, along with support services at a cost of £67k per annum. For all properties over 18 months vacant, an extra 2 full time equivalent officers are required, with relatively less support services due to the simpler nature of the cases, at a cost of £103k. The full time officers will contact owners and have discussions with them about their options. They will commission property inspections and valuations and prepare reports to Cabinet. They will work with Legal Services on advertising and making the Orders and appear as expert witnesses at Public Inquiries as required.

It is not considered cost effective to take intensive action on properties vacant for less than 18 months as the vast majority of these will be transitory situations and do not represent a deep rooted reluctance by the owner to arrange for the house to be sold or occupied.

5. Regional Housing Board and Housing Corporation Policies 2004/05

- 5.1 The Government initiative 'Sustainable Communities: Building for the Future' was published in February 2003 and set up Regional Housing Boards who are tasked to prepare Regional Housing policies and allocate both Local Authority housing and Housing Corporation funds.
- 5.3 The East Midlands Regional Housing Board published its Regional Strategy in the autumn. The emphasis for Housing Corporation investment is to achieve the provision of 3,040 new affordable homes over two years throughout the region, 670 of which will be in the three cities (Leicester, Nottingham and Derby). 'New' provision includes new build and change of use from non-residential to residential, **but not refurbishment of existing dwellings however long they have stood vacant.**
- 5.4 The Strategy recognizes "the need for regeneration and renewal" and "particular needs in BME communities" and states "In (Leicester) the RHB will promote Social Cohesion within mixed tenure communities which do not perpetrate existing concentrations of deprivation".
- 5.5 In practice, the Housing Corporation made clear that they would not generally support 'rehab' bids from Housing Association. As a result, only two Associations have bid for next year, for a total of 10 homes. The decision on these will be made by HC in the New Year.
- 5.6 Investment in 'rehab' meets not only the objectives of the Empty Homes Strategy. It provides social rented accommodation in areas popular with BME communities, supports investment in Renewal Areas and introduces rented houses into largely owner-occupied areas, as well as regenerating the City and reducing litter, graffiti and vandalism associated with empty properties.

Officers have expressed concern about the new policy. The Housing Corporation view is that the following funds are available to Local Authorities to support 'rehab':

- H.I.P. (including Private Sector Renewal bid)

- RSL's own resources (including recycled grant)
- Sale on the open market of properties through C.P.O..
- Commuted sums from the planning process

In practice, these alternatives cannot substitute for the impact which Housing Corporation funding made in the past. Officers are exploring the likely amount of funds available from these sources.

6. Other Implications

| OTHER IMPLICATIONS | YES/NO | Paragraph References Within Supporting Information |
|-------------------------------|------------|--|
| Equal Opportunities | NO | |
| Policy | NO | Extension of existing policy |
| Sustainable and Environmental | YES | Council strategic objective to improve the environment |
| Crime and Disorder | NO | |
| Human Rights Act | NO | |
| Elderly/People on Low Income | NO | |

7. Background Papers – Local Government Act 1972

Annual Progress Report – Empty Homes Strategy (Private Sector) - 3rd April 2003 - Report from the Corporate Director of Housing.

8. Details of Consultation

Head of Legal Services and Resources, Access and Diversity Department.

9. Aims and Objectives of the Housing Department

This report meets the overall aim of achieving 'a decent home within the reach of every citizen in Leicester' by meeting the key objectives, 1 and 3 (To improve the condition of Leicester Housing stock and resolve unfitness in all sectors and to reduce the number of empty and under-occupied homes in Leicester.

10. Author of Report

Ann Branson Service Director, Housing Renewal & Options
252 (6802)
brana001@leicester.gov.uk

APPENDIX A

| CPO Procedure over a period of 20 months approximately | |
|---|--|
| Stage 1: | 1 st warning letter. This is sent where the owner has failed to respond to two previous letters that outlines options available to the empty property owner. |
| Stage 2: | 2 nd warning letter advising the owner that officers from the Housing Renewal Services and Property Services will be contacting owner to arrange for an inspection to draw up a CPO improvement cost schedule and valuation of the vacant property. |
| Stage 3: | Audit file to ensure all relevant documents on file in preparation of reports i.e. CPO Cost Schedule, property valuation, maps and ownership details. |
| Stage 4: | Prepare report for appropriate cabinet. |
| Stage 5: | Cabinet approves CPO action. Letter to owner advising of Council's decision and of options available: - i.e. selling the property improving it awaiting outcome of the CPO action |
| Stage 6: | Development Officer prepares case for CPO and pass on to Legal Services to ensure the CPO is formalized. |
| Stage 7: | Making the CPO order and Objection period of 28 days - |
| Stage 8: | Legal Services agree date for public inquiry with Office of the Deputy Prime Minister (ODPM). Case is reviewed to justify withdrawal of CPO prior to inquiry. |
| Stage 9: | Prepare case for public inquiry in consultation with Legal Services. |
| Stage 10: | Public inquiry held. |
| Stage 11: | Await Secretary of State decision. |

Stage 12: Case reviewed by Housing Renewal & Options Service Director to either hold CPO in abeyance or to proceed with enforcement, i.e. serve notice to treat and notice of entry by taking possession of the property.