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**ANNUAL PROGRESS REPORT –THE EMPTY HOMES STRATEGY**

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**Report from the Director of Housing**

**1. Summary and Recommendations**

- 1.1 This report provides advice on how the Empty Homes Strategy (EHS) is being progressed since the last report in March 2000.
- 1.2 At present there are **2,078** private sector empty properties over 12 months within the city. It should be noted that this figure has reduced from **3,063** in the first 6 months of the financial year. A reduction of **1,025**, just over **33%**.
- 1.3 This has been achieved in part by continuing to target funding from the Housing Corporation through the Approved Development Programme to bring empty homes back into use in partnership with Registered Social Landlords
- 1.4 However the main reason for this reduction is the Council now have the power to charge 50% Council Tax to owners of homes empty over 12 months, which were previously exempt from this payment.

**2. Recommendations**

Cabinet are recommended to:-

1. Note the progress that has been made to date in reducing the number of empty homes and that this will continue.
2. Approve a rolling programme of Compulsory Purchase Orders (CPOs) on the hardcore of vacant 5 year plus, property where owners have persistently refused to respond.
3. Support the exploration of Private Finance Initiatives to fund the acquisition and rehabilitation of empty properties in partnership with an RSL.

**3. Financial & Legal Implications**

- 3.1 Use of the Approved Development Programme (ADP) to bring empty homes back into use has no financial impact on the Council. The ADP funding is provided by the Housing Corporation to Registered Social Landlords (RSL), in line with the City Council's priorities for investment and location.

- 3.2 Where property acquisition cannot be achieved by the RSL through negotiation the Council may use Compulsory Purchase Powers. Although the cost of purchase by the Council is redeemed on transfer to the RSL there is capital programme provision of £50,000 to cater for the time lag between the Council acquiring the property and transferring it to the RSL.

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SUPPORTING INFORMATION

**1. Background**

**1.1 Progress To Date**

The EHS has continued to target long term vacant property owners to encourage them to bring their homes back into use.

1.1.2 Table 1 below shows the current number of vacant properties in the city

Table No.1 Total Number of Vacants Properties in the City

Year	All Tenures		Local Authority		Registered Social Landlords		Private Sector		Private Sector over 12 months	
March 1999	6003	(100%)	613	(10%)	420	(7%)	4970	(83%)	–	–
March 2000	6791	(100%)	518	(8%)	406	(6%)	2804	(41%)	<b>3063</b>	<b>(45%)</b>
October 2000	5514	(100%)	511	(9%)	400 approx	(7%) approx	2525	(46%)	<b>2078</b>	<b>(38%)</b>

Source: Housing Investment Programme Bid Submissions: 31.3.1999 & 31.3.2000.

1.1.3 Table One shows a historical reduction in the total number of vacants across the city from March 1999 to October 2000.

One of the key reasons for this reduction is the introduction of the 50% council tax on properties that have been vacant for more than 12 months which were previously in receipt of 100% exemption. This has encouraged some owners to make decisions on the future improvements and occupation of their vacant property.

At present there are **2,078** private sector empty properties which have been empty for over 12 months within the city. This figure has reduced from **3,063** in the first 6 months of the financial year. Reduction of **1,025**, or **33%**.

#### 1.1.4 Table No. 2 Property Database Information

Property Type	No of properties Back in Use	No of Properties not bought back into use
Properties brought back into use (5year vacants)	141	
Enforced Sale		1
Still vacant and requiring a programme of statutory action		227
Purchased by RSL as part of ADP	31	
Sub total	<b>172</b>	<b>228</b>

Table 2 shows the results of an audit of the 400 properties held on the Development Team database, from March 2000 to January 2001. This database has targeted an initial number of properties and is currently on manual records. It will be expanded and computerised over the next 12 months.

The table shows that 141 properties have been brought back into use. All of the owners were written to and given literature and advice about the City Council's EHS, as well as letters outlining options to encourage owners in bringing empty properties back into use.

The majority of the properties brought back into use were all 5-year vacants and are now paying the appropriate Council Tax.

In the current financial year 2000/01 a Registered Social Landlord has secured funding of £633,550 to convert 4 properties in Highfields, from flats to large family homes with 2 to wheelchair standard.

#### 1.1.5 **Issues arising over the Last Year**

The achievements over the last 12 months have been outlined above, however over the last year various other issues have been raised and two are highlighted below.

##### The Housing Market and Owners Expectations

The problem of owners' high expectations on the value of their properties impeding their willingness to sell on the open market was highlighted last year. The situation has improved and in some cases is leading to some decrease in long-term vacant properties, and may be due to the buoyant housing market that has seen house prices in the City rise by 6.4%, slightly above the UK average of 5.7%.

However in some cases despite the deteriorating condition of the property, the buoyant housing market means owners still expect a relatively high price for the sale of their property. They are very reluctant to part with their house at what they perceive to be below market value. Even with the upturn in the housing market, some owners appear to be reluctant to make a decision about the

future use of a house. These properties require effective statutory action if they are to be bought back into use.

### Registered Social Landlords (RSL)

All RSLs with a rehab allocation in the City were given lists of vacant properties to explore. Some had great difficulty in getting a response from the owner and this has made it difficult to target the long term problem properties

RSLs have also struggled to bring properties back into use for which a specific financial allocation was made. This is in the main due to owners' reluctance to agree terms and again high expectations of property market values. It is anticipated that these properties will be included in the proposed CPO programme.

There are limited other options for RSLs to pursue at present. The leasing of properties is seen as expensive, while high expectations by owners on property valuations and decrease in the financial aid offered to owners combine to restrict the number of properties that are available to be brought back into use.

## **1.2 Update on Last year's Recommendation**

### **1.2.1 CPOs**

The one property where CPO action was instigated has not progressed any further as the owner started improvement and is due to move in with his family; the property will be monitored until the move occurs.

### **1.2.2 Enforced Sale**

There were three properties identified for Enforced Sale. However after investigation with other departments only one is being pursued. It is hoped that on the successful outcome of this, more properties will be programmed in.

### **1.2.3 Private Finance Initiative (PFIs)**

The team has started to investigate 4 PFI models for the City and will be able to advise members in the next report, which model (if any) would be suitable for Leicester. It is anticipated that this will only affect a small number of dwelling depending on the model selected.

### **1.2.4 Database**

As noted in 1.1.3 above the Empty Homes Database is now in use.

### **1.2.5 Council Tax**

As noted earlier 50% council tax on properties that have been vacant for more than 12 months has been imposed, which were previously in receipt of 100% exemption. This has encouraged some owners to make decisions on the future improvements and occupation of their vacant property.

### **1.2.6 Landlords Forum**

Landlords in Leicester have set up the Leicester Landlords Association, which the City Council is able to feed into. The forum will be contacted this year to discuss empty homes in the City.

#### 1.2.7 Vacant Shop Strategy/LCC Voids

Spinney Bower Public House, 78 Guthlaxton Street

This public house was empty for over 2 years and went to auction in July 2000 and was sold. The new owners submitted a planning application for a change of use from a public house to a place of worship, which has been approved. The local community will gain a valuable community facility and service.

Other commercial properties which have been vacant have been included in redevelopment proposals at Rowlatts Hill, i.e. Caversham Rd, New Deal etc.

Nine local authority voids with improvement costs of over £10,000 have been referred to RSLs to purchase to meet priority-housing need.

### 1.3 **Suggestions for The Way Forward**

#### 1.3.1 CPOs

During the next financial year, we will commence CPO proceedings on the 227 long-term empty properties on our database, as referred to in Section 1.1.3.

RSLs have confirmed that negotiations/communication have been difficult during this years ADP and have recommended that statutory action in the form of CPO would aid their negotiations. This would also enable the authority to tackle the persistent long-term vacant properties where owners are being difficult. It will be important that Housing, Property Services and Legal Services are committed to apply CPO proceedings within a corporate strategy to conform to EHS, and members are asked to endorse this approach.

#### 1.3.2 Melton Road Shops

Officers have identified 7 empty shops with living accommodation above, and an RSL has made a specific bid to the Housing Corporation to refurbish them into family homes. This complements the Vacant Shop Strategy and will bring back into use both empty properties and vacant shops.

#### 1.3.3 Corporate Working Party

The EHS is well established and officers from different departments are in regular contact to ensure appropriate action on vacant properties is instigated. It is hoped the focus of the group change to concentrate on CPO and enforced sale properties.

In view of this the terms of reference of the Corporate Working Party are being amended to look at the more practical issues relating to specific empty properties and how data on empty properties can be collated to comply with best value principles.

#### 1.3.4 Empty Homes Week

The Development Team continues to highlight issues regarding vacant properties during the National Week of Action on Empty Homes (14<sup>th</sup> May – 18<sup>th</sup> May 2001). The Empty Homes Strategy and the hotline will be publicised again during this period.

### 1.4 Financial Resources Available

#### 1.4.1 Approved Development Programme (ADP)

RSLs have been encouraged to bid for ADP funding to reflect the higher costs of improving long term vacant properties and to address the needs identified for large properties.

Officers have also referred specific properties in declared areas for RSLs to bid for ADP funds; this enables RSLs to obtain accurate costing and bid for monies that will ensure the viability of the scheme.

The Annual Development Programme (ADP) for 2001/2002 has not yet been confirmed, it is anticipated the rehab programme will be at least in the region of £812,995 plus. It will provide new homes, a combination of long-term rehabs, specific properties that were identified and shops with flats above them. The full ADP allocation programme will be reported to a future Cabinet meeting.

#### 1.4.2 Grants

Grants have been offered from within the Housing Renewal budget to owners of properties vacant for 5 years + to renovate or repair. This option has not proved to be successful with the property owners, due to the conditions attached. Other authorities have also reported this initiative have proved unfavourable, due to the level of grant and the conditions attached.

Some local authorities have been offering them as Landlord Grants and this has proved more successful, and other possibilities for local discretionary grants in Leicester will be explored, in line with values explicit in the 'New Neighbourhood Renewal Tools 15<sup>th</sup> January 2001'.

#### 1.4.3 Commuted Sums

The authority receives each year money in lieu of preferred development on City planning sites which should be applied to local priorities to complement on site development. It is possible that some could directed to the EHS where this is considered appropriate.

### 1.5 Update on National Picture

1.5.1 The Government are encouraging Local Authorities to develop a comprehensive Empty Property Strategy and requires them to report successes annually.

The Housing Green Paper was followed by the Urban White Paper in November 2000, and announced:

1. Fiscal incentives to encourage the use of empty or under used properties this included 100% capital allowance for creating flats above shops and the reform of VAT to encourage conversion of properties for residential use.
2. VAT cut to 5% for residential conversions and removing the VAT burden on the refurbishment and reusing houses that have been empty for more than 10 years.
3. The Rural White Paper launched in December 2000 has also made proposal of imposing full Council Tax on all second homes.

1.5.2 The Government also intends to issue revised guidance to local authorities drawing attention to the scope to use existing powers under the Town and Country Planning Act 1990. The Urban White Paper, stated that Leicester is one of the City Councils which have demonstrated this can be done and that other councils should do the same. There are also plans to simplify and speed up the CPO process together with guidelines for Local Authorities to look at properties in areas of low demand and regeneration. The Housing Green Paper therefore has raised the profile of empty properties alongside that of the housing policy agenda.

## 1.6 **Regional Overview**

The City Council attends key strategic regional forums that discuss the issue of Empty Homes and share good practice on the range of initiatives employed throughout the East Midlands.

### **East Midlands Empty Homes Forums.**

The Good Practice directory has now been published and will be launched on the 18<sup>th</sup> January 2001. The Development Team will use this to pilot new and innovative ways to reduce empty properties in the City.

### **Leicestershire Empty Homes Forum**

This forum discusses issues in the City and the County and is exploring ways to combat the local issues of why properties remain empty and examine the local fluctuations and trends in the housing market.

## 2. **POLICY IMPLICATIONS**

A full and detailed policy for the Empty Homes Strategy is currently being finalised, and will be reported to the Scrutiny Panel in due course.

## 3. **EQUAL OPPORTUNITY IMPLICATIONS**

The EHS will increase the number of dwellings available for occupation in the City and will help to regenerate areas whilst providing housing for vulnerable groups.



#### **4. LEGAL IMPLICATIONS**

The strategy is now registered under the Data Protection Act, and the Database can now be used to implement and monitor the EHS.

#### **5. SUSTAINABLE AND ENVIRONMENTAL IMPLICATIONS**

Empty Homes become derelict and are not only eyesores but attract vandalism and 'blight' areas.

The strategy is addressing a need by making better use of brownfield sites and this fits in with Government policy on urban regeneration, integrated transport, and sustainability. It also helps to reduce the decaying effect of empty properties on the local environment, thereby encouraging the desirability factor of living in the area and encouraging community spirit.

#### **6. CRIME AND DISORDER IMPLICATIONS**

By bringing a property back into use this improves the streetscape and discourages vandalism.

#### **7. HOUSING DEPARTMENT AIMS AND OBJECTIVES**

The aim of the Housing Department is 'A decent home within the reach of every citizen of Leicester'.

First the key objective is 'To reduce the number of empty and under-occupied homes in Leicester'.

This subdivides as: -

- Asses the number of empty and under-occupied homes and, in the private sector, identify the owners.
- Encourage and enable owners to bring private sector empty and under-occupied homes back into full use, through a variety of schemes.

Second key objective is 'To improve the condition of Leicester's housing stock and resolve unfitness in all sectors'.

This subdivides as: -

- Improve the condition of private sector housing in the City by enabling owners to take action.
- Encourage and enable owners to continue to maintain the private sector housing stock.

#### **8. DETAILS OF CONSULTATION**

None.

## 9. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

'City Wide Empty Homes Strategy' – Report of the Director of Housing to Housing Committee, November 1995.

'Empty Homes Strategy Update and Results of Pilot Exercise' – Report of the Director of Housing to Housing (Renewal) Sub-Committee, November 1996.

'City Wide Empty Homes Strategy' – Report of the Director of Housing to Housing Committee, 6<sup>th</sup> January 1996.

'City Wide Empty Homes Strategy' – Report of the Director of Housing to Housing Committee, 7th March 2000.

'Our Towns and Cities – The future delivering an urban renaissance' DETR, 16<sup>th</sup> November 2000.

Halifax House Price Index, 9<sup>th</sup> January 2001

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