

Housing Scrutiny Commission

Empty Homes Update

Assistant Mayor for Housing: Councillor Elly Cutkelvin

Date: 5th. August 2019

Lead director: Chris Burgin

Useful information

- Ward(s) affected: Citywide
- Report author: Simon Nicholls/Carole Thompson
- Author contact details: simon.nicholls@leicester.gov.uk
- Report version number: V5

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 2018/19 continue to maximise our efforts on reducing total number of private sector properties empty over 18 months 5 and 10 years.
- 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.

Team Structure

See Appendix A – flow chart

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:

The outcome of council intervention has brought a total of 661 properties back in to use over 3 years, though clearly others have become vacant.

2.4 Over 5 Year Empties Forecast for 2018-19:

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

Workstream	31/03/15 Baseline	31/03/16	31/03/17	31/03/18	31/03/19	% Reduction
18 Months	450	378	345	292	319	29%
5 Years	87	74	66	52	50	43%
10 Years	29	19	15	7	7	76%

2.5 Comparison of Total Active Caseload (March 2015 to March 2019):

The total active caseload has reduced very noticeably when compared to the baseline in 2015. For example, 18-month empties have had a 29% reduction, over 5-year empties have fallen by 43% and 10-year empties by 76%.

2.6 Council Tax Data Source:

The Council Tax database is our prime data source for newly vacant properties. Each month more houses become vacant whilst some are brought back into use. We identify those unsuitable for residential use, misreported or 2nd homes.

2.7 Data Analysis (Empty Homes Team)

Data analysis is carried out on a monthly and quarterly basis for misinformation (MI), second homes (2nd Homes) and non-priority housing (NPH). 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 held on our caseload.

2.8 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.

2.9 Keeping Council Tax Informed

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

2.10 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 we are pursuing for CPO with council tax arrears has a Charging Order against the property to reclaim any outstanding arrears from the owner's compensation.

2.12 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.

2.13 5 Year Empty Letter

Every property between 5-9 years empty has been sent a "5-Year Empty Letter", like the 10-year empty letter, giving 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 50. This is an ongoing process.

2.14 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 again because the CPO is against the owner not the property. Most owners are sent our "10 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 7. See Appendix E

2.15 CPOs Approved by the Executive:

During the last year the Executive have approved 3 CPOs.

As at 31st March 2019 a total of 117 cases have been approved by the Executive from it's conception. See Appendix F

2.16 Cases currently with Legal Services:

There is a total of 7 properties with legal services approved by the Executive

2.17 CPO Compensation:

No compensation is outstanding for 2018-19.

2.18 Negotiated Purchase:

During the last year there have been 3 negotiated purchase offers made 2 are being considered and 1 has completed. See Appendix G

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.

2.19 **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.

In 2018-19 the time to claim New Homes bonus has reduced to 4 years.

As per the return submitted to Government by Council Tax, the number of properties empty for more than 6 months has increased from 1,303 in October 2017 to 1,374 in October 2018 – an increase of 71.

Every July/August council tax sends an annual letter to empty property owners. The last letter was sent to 1,171 empty property owners on 20th August 2018. There was a 76% response to their letter.

Owners who responded to the letters confirmed whether properties were still empty or now occupied which enabled Council Tax to update their records and claim under the New Homes Bonus as above.

2.20 **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. See Appendix H

3. Details of Scrutiny

Report prepared for Housing Scrutiny Commission.

4. Financial, legal and other implications

4.2 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)

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

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)

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

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

6. Summary of Appendices:

Appendix A	Empty Homes team structure as at 31.03.18
Appendix B	Analysis of total empties showing downward trend
Appendix C	Analysis of average totals showing downward trend
Appendix D	Summary of active caseload
Appendix E	Yearly comparison of vacant properties
Appendix F	Outcome of CPOs annual progress
Appendix H	Benchmarking empty homes with other Local Authorities

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

1. Is this a “key decision”?

No

APPENDIX A

EMPTY HOMES TEAM STRUCTURE CHART AS AT 31.03.19

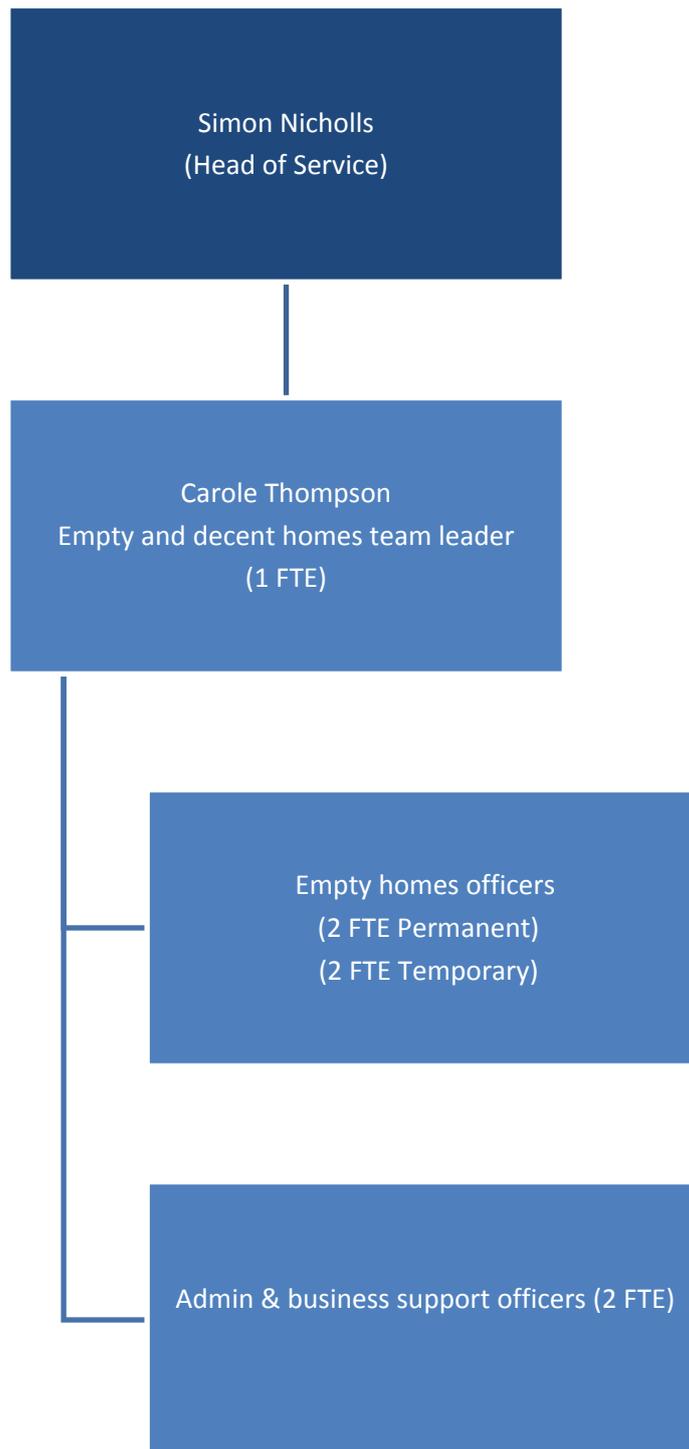


Table 1

APPENDIX B

Analysis of Empty Properties showing the trend from 31.03.16 to 31.03.17

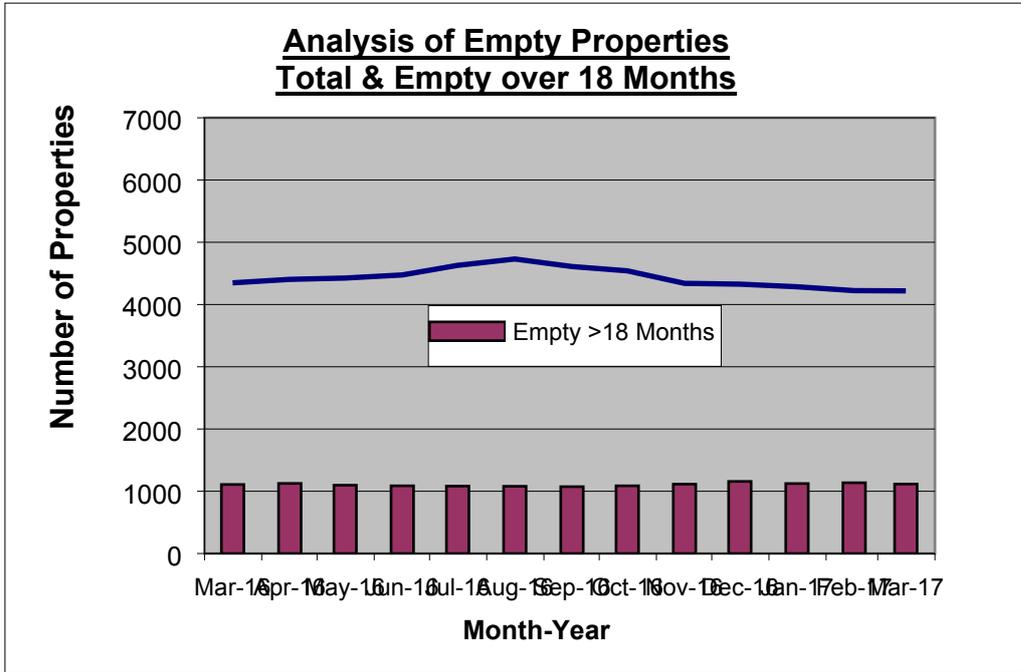


Table 2

Analysis of Empty Properties showing the trend from 31.03.17 to 31.03.18

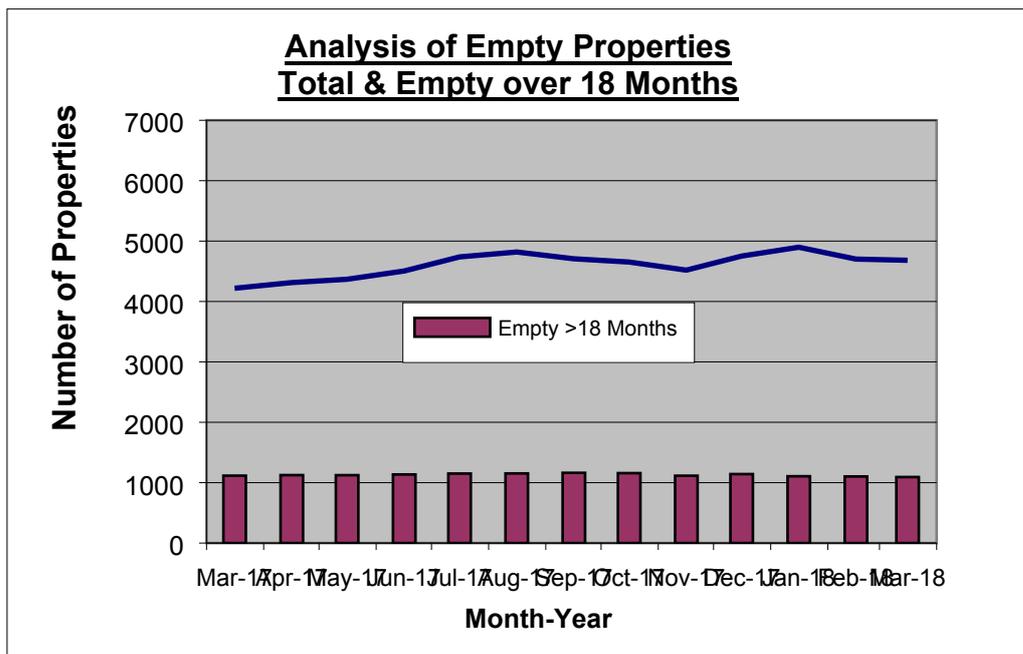


Table 3

APPENDIX B (continued)

Analysis of Empty Properties showing the trend from 31.03.18 to 31.03.19

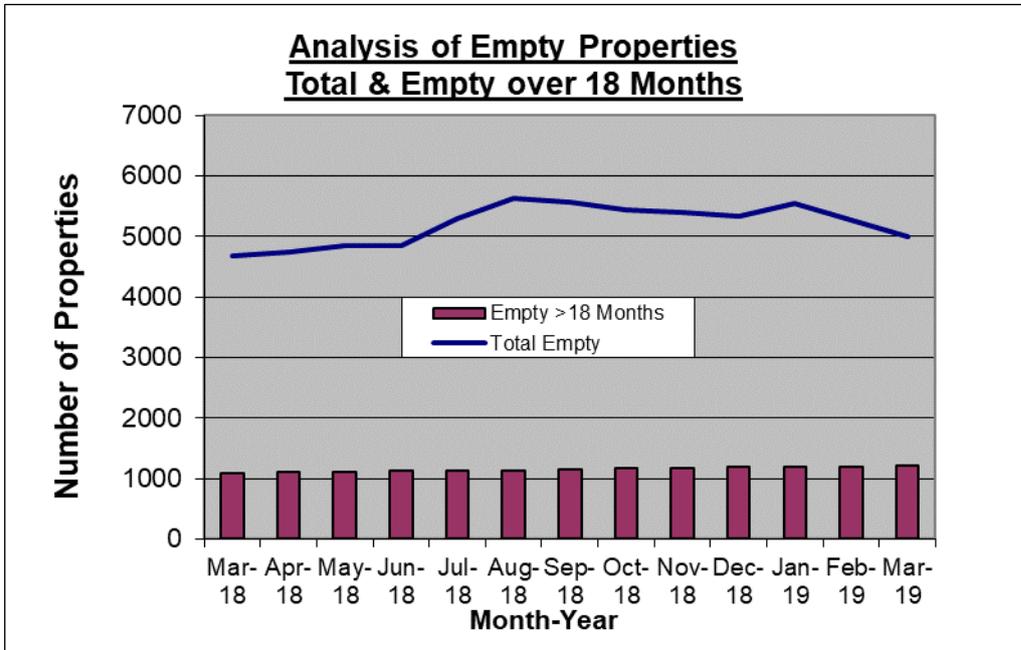


Table 4

APPENDIX C

Analysis of Empty Properties showing what is happening

2016-2017

Average	
Average Total Empty – down 309	4427
Average vacant over 18 months – down 65	1107

Table 5

2017-2018

Average	
Average Total Empty – up 179	4606
Average vacant over 18 months – up 23	1130

Table 6

2018-2019

Average	
Average Total Empty – up 596	5202
Average vacant over 18 months – up 20	1150

Table 7

The increase in total number of empty properties may be due to uncertainty in the housing market and Brexit and other unknown factors.

APPENDIX D

QUARTERLY COMPARISON OF TOTAL VACANTS AS AT 31/03/19							
Description	Baseline as at 31.03.18	Q.1 as at 30.06.18	Q.2 as at 30.09.18	Q.3 as at 31.12.18	Q.4 as at 31.03.19	Trend since last Quarter	Cumulative Trend
Active Caseload	288	289	286	298	287	Down by 11	Down by 1
Total Vacant over 18 Months	292	313	307	329	319	Down by 10	Up by 27
Sub Total Vacant over 5 Years	52	50	51	54	50	Down by 4	Down by 2
Sub Total Vacant over 10 Years	7	6	6	8	7	Down by 1	Unchanged

Table 8

APPENDIX E

Comparison of Vacant Properties From 2015-2019 for Stage 0s, 18 Months, 5 and 10 Years

Quarterly from 2015-2017	JUN 15	SEP 15	DEC 15	MAR 16	JUN 16	SEP 16	DEC 16	MAR 17	JUN 17	SEP 17	DEC 17	MAR 18	JUN 18	SEP 18	DEC 19	MAR 19
Total Vacant over 18 months	479	432	403	378	361	363	382	345	354	348	338	292	313	307	329	319
Stage 0 only - Number where contact yet to be made with owner	212 *	132 *	103 *	95 *	123 *	121 *	106 *	50 *	56 *	56 *	48 *	4 *	24 *	21 *	31 *	32 *
Number vacant over 10 years	27	25	24	19	17	16	14	15	16	13	12	7	6	6	8	7
Number vacant over 5 years (including those over 10 years).	82	85	75	74	73	70	75	66	64	58	56	52	50	51	54	50

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

Table 9

APPENDIX F

ANNUAL PROGRESS REPORT

Final Outcome of all CPOs agreed by Executive as at 31.03.19

Outcome of CPOs	Pre- April 2018	Apr – Jun 2018	July – Sep 2018	Oct – Dec 2018	Jan – Mar 2019	Mar 2017 To Apr 2018	Total
Total Number of CPOs agreed by the Executive.	114	1		2		3	117
Withdrawn before Public Inquiry i.e. Occupied	47	2			1	3	50
Withdrawn before Public Inquiry i.e. Restarted, Misinformation, 2 nd Home	18	1	1			2	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

Table 10

APPENDIX H

Examples of How Other Local Authorities are Performing

As at 31/03/17	Examples of Other Local Authorities			
Benchmarking: Total Active Caseload	Leicester	Derby	Nottingham	Sheffield
Over 18 Months Empty	345	1301	393	840
Over 5 Years Empty	66	156	251	283
Over 10 Years Empty	15	72	121	126
No brought back into occupation	243	18	118	100
Active caseload	295		427	400
No Approved by the Executive/Cabinet	10	10	1	0

Table 13

As at 31/03/18	Examples of Other Local Authorities			
Benchmarking: Total Active Caseload	Leicester	Derby	Nottingham	Sheffield
Over 18 Months Empty	292	Not available	505	82
Over 5 Years Empty	52	Not available	318	40
Over 10 Years Empty	7	Not available	145	14
No brought back into occupation	213	83	109	15
Active caseload	288	Not available	543	88
No Approved by the Executive/Cabinet	2	Not available	1	0

Table 14

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

Table 15

Note:

The information in the tables 13-15 is not a benchmarking comparison;

- 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.