

Housing Scrutiny Commission

Empty Homes Update

Assistant Mayor for Housing: Councillor Elly Cutkelvin

Date: 22nd February 2021

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 200/21 we continue to maximise our efforts on reducing total number of private sector properties empty over 18 months 5 and 10 years. Despite the service being closed for several weeks due to the national lockdown and the need to only carry our critical visits.

QUARTERLY COMPARISON OF TOTAL VACANTS AS AT 31/12/19							
Description	Baseline as at 31.03.20	Q.1 as at 30.06.20	Q.2 as at 30.09.20	Q.3 as at 31.12.20	Q.4 as at 31.03.21	Trend since last Quarter	Cumulative Trend
Active Caseload	307	307	248	306		Up 58	Down 1
Total Vacant over 18 Months	330	394	385	344		Down 41	Up 14
Sub Total Vacant over 5 Years	47	53	56	46		Down 10	Down 1
Sub Total Vacant over 10 Years	9	10	11	10		Down 1	Up 1

The Council Tax database is our primary data source of information for newly vacant properties, this number is constantly changing as properties

become vacant and are re occupied. As part of the process we identify those that are unsuitable for residential use, misreported or 2nd homes, belong to limited companies or the NHS, this then leaves us with a list of properties that we can add to our caseload.

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 If the original reason is no longer valid and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.

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 June 17 to Dec 20:

The outcome of council intervention has brought a total of 723 properties back in to use, though clearly others have become vacant.

2.4 Over 5 Year Empties Forecast for 2020-21:

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

As a result of the service being closed work to maintain the 5 year empty caseload stopped temporarily, the figures for Q1 and Q2 reflect this, however since the team have been back a concerted effort has been made and this is reflected in Q3.

Baseline 31.03.20	Q1	Q2	Q3
47	53	56	46

2.5 Comparison of Total Active Caseload (Apr 2016 to December 2020):

Workstream	31/03/16 Baseline	31/03/17	31/03/18	30/09/19	31/12/19	31/03/20	2016-20 % Reduction
18 Months	378	345	292	319	313	344	9%
5 Years	74	66	52	50	53	46	37%
10 Years	19	15	7	7	8	10	47%

The total active caseload has reduced noticeably when compared to the baseline in 2016. 18-month have reduced by 9%. Over 5-year empties have fallen by 37% with 10-year empties falling by 47%.

2.6 Over 5 Years Empty Letter

Most properties between 5-9 years empty are sent a “5-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 46. 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.

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:

Since 2004, as at 31st December 2020 a total of 120 cases have been approved for Compulsory Purchase Orders. (Appendix A)

2.9 CPO Forum:

Bimonthly 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 9 properties with Legal Services at various stages of compulsory purchase.

2.12 **Negotiated Purchase:**

This is a tool we use to try and avoid CPO action, we give the owner the opportunity to sell their long term empty home to us, we then either sell it at auction or bring it into the HRA stock. There has been no negotiated purchase during this period.

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:**

There is no information available that allows us to benchmark ourselves against other local authorities, 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.

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

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.

Aidan Davis

Sustainability Officer

37 2284

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.

The report provides an on the work that the Empty Homes Team are doing to bring long term private sector homes back into use.

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

**Appendix A
Outcome of all CPOs agreed by Executive as at 31.12.20**

	Pre-April 2020	Apr – June 2020	July – Sept 2020	Oct – Dec 2020	Jan – Mar 2021	Total
Total Number of CPOs agreed by the Executive.	120					120
Withdrawn before Public Inquiry ie Occupied	56	1				57
Withdrawn before Public Inquiry ie Restarted, Misinformation, 2 nd Hm	20					20
Public Inquiry held - Order Confirmed by DCLG/LCC	8					8
Public Inquiry held - Order Not Confirmed by DCLG/LCC	3					3
Written Representation - Order Confirmed by DCLG/LCC	6					6
Written Representation - Order Not Confirmed by DCLG/LCC	4					4
Non contested CPO's Confirmed by DCLG/LCC	13					13
Non contested CPO's Not confirmed by DCLG/LCC						

5-9 Year Empties Percentage Breakdown of Reasons

Reason	No	%
Owner in Care	5	11%
Works in Progress	20	43.5%
Assessing Structural Problems	1	2%
Property for sale	5	11%
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	6.5%
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	46	100%

10-Year Empties Percentage Breakdown of Reasons

Reason	No	%
Owner in Care	3	30%
Works in Progress	5	50%
Property for sale	1	10%
Claim HIMO as Misinformation	1	10%

TOTAL	10	100%
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