

## READING BOROUGH COUNCIL

### REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOODS

TO:	HOUSING, NEIGHBOURHOODS & LEISURE COMMITTEE		
DATE:	1 APRIL 2014	AGENDA ITEM:	9
TITLE:	EMPTY HOMES STRATEGY 2014-2019		
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SERVICE:	HOUSING & ENVIRONMENTAL PROTECTION	WARDS:	BOROUGHWIDE
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#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present the revised Empty Homes Strategy 2014-2019, the revised Guides to Compulsory Purchase Orders (CPO) and Enforced Sales of Empty Homes (ESP) and to propose new delegations of authority within the Council's Scheme of Delegations for these two powers.
- 1.2 The Strategy replaces the 2008/11 Strategy, reflects lessons learned in that period and includes responses to the Government's first ever National Empty Homes Strategy.
- 1.3 The CPO Procedure updates the 1997 version and the ESP supports the use of the Law of Property Act 1925 as approved by Housing Committee in 1998. These powers are used as the last resort with empty home owners who remain uncooperative and non-compliant and where the Council sees no reasonable prospect of the home being brought back into use through informal measures.
- 1.4 The subject function requires that Recommended Actions 2.1 and 2.2 be endorsed/approved by Housing, Neighbourhoods and Leisure Committee prior to submission to Policy Committee for approval of Recommended Actions 2.3 to 2.5.
- 1.5 **Appendices.** Empty Homes Strategy 2014-2019. Guide to Compulsory Purchase Orders. Guide to Enforced Sales for Empty Homes.

## 2. RECOMMENDED ACTION

- 2.1 That the progress being made to implement the Empty Homes Strategy be endorsed.
- 2.2 That the Empty Homes Strategy 2014/19, as attached to the report, be approved.

And that the report then be submitted to Policy Committee on 14<sup>th</sup> April 2014 to approve the following recommendations:

- 2.3 That the revised Guides to CPOs and Enforced Sales of empty homes, as attached to the report, be approved.
- 2.4 That the Director of Environment and Neighbourhood Services be authorised to implement the revised Empty Homes Strategy 2014/19 together with the revised Guides to CPO and Enforced Sales of empty homes.
- 2.5 That the Director of Environment and Neighbourhood Services, in consultation with the Head of Finance and the Head of Legal and Democratic Services where appropriate, be given delegated authority to exercise the relevant powers in the Housing Act 1985 and the Law of Property Act 1925.

## 3. POLICY CONTEXT

- 3.1 The Empty Homes Strategy is a part of the Council's wider Housing Strategy. Through it, the Council seeks to reduce the total number of long term empty homes in the Borough and in doing so, to reduce the environmental/aesthetic impact of eyesore empty homes and to help meet housing demand and need.
- 3.2 Empty homes received a major fillip in 2011 with the launch of the first ever National Empty Homes Strategy. The Council required a new Strategy to reflect Government proposals that include capital funding for empty homes, changes to Council Tax charges for empty homes and the arrival of the New Homes Bonus regime. The Council has responded fully to these opportunities.
- 3.3 Council Minute 14, 24th June 2008 records the Council decision to adopt and implement an Empty Homes Strategy.
- 3.4 Housing Committee on 3<sup>rd</sup> March 1998 delegated authority to the Head of Strategy and Quality Assurance to develop a procedure for recovering the Council's costs of dealing with health and safety matters in long-term empty private properties by enforcing legal charges placed on them by the Council, and on 16<sup>th</sup> September 1998 approved criteria to be used when considering the Council's enforcement of right of sale where debts registered as land charges were unpaid, subject to any proposed sales being reported to the Committee for decision.
- 3.5 Recommended Actions 2.3 to 2.5 must be referred to Policy Committee for approval. Policy Committee's Terms of Reference in Article 7 of the Council's

Constitution states that Policy Committee has responsibility for all financial matters except those that are expressly reserved to the Full Council; for decisions relating to land, property and asset management including acquisition, utilisation, facilities management and disposal; and for Compulsory Purchase Orders.

#### 4. THE PROPOSAL

4.1 **Current Position:** The Council reintroduced an Empty Homes Strategy in 2008 in response to growing local concerns about the social, environmental and economic impacts of high profile empty homes throughout Reading. The Council appointed an Empty Homes Officer to develop and apply empty homes policy and practice in tandem with teams from across the Council. Since 2008, over 75 problematic empty homes have been returned to use due to Council intervention. The benefits of the work are set out in the new Strategy.

4.2 The new Strategy retains existing targets and overall approach, but includes external part-funding of the empty homes role and actions arising in response to the Government's National Empty Homes Strategy. Structural achievements since the last Strategy include:-

- **Capital Funding.** Successfully bid in partnership with Flexible Home Improvement Loans (FHIL) Ltd and Radian Housing Group, a share of £548,000 of Homes and Communities Agency capital funding to bring homes back into affordable use.
- **Empty Home Loans.** Signed up to the overall FHIL scheme so that we can offer Empty Home Loans and made the first £100,000 of loan advances.
- **Empty Dwelling Management Orders.** Tendered for a property management service for empty homes subject to Empty Dwelling Management Orders (EDMO). Housing Solutions Ltd. was appointed as our preferred partner.
- **Corporate Debt Recovery.** Contributions include improve Council Tax collection, recovery of Council Tax Arrears and Benefits overpayments, recovery of aged debt such enforcement charges and care accommodation charges, and assisted with the draft Corporate Debt Recovery Policy.
- **New Homes Bonus (NHB) payments.** The Council's 2012/13 allocation of NHB included £34,000 per year for 6 years that was attributable to empty homes being returned back into use.
- **Technical Reform of Council Tax.** Increased Council Tax income by assisting with changes to Council Tax discounts available to empty home owners.
- **Balance of Enabling and Enforcement.** Unlike many Councils, Reading does not set out to 'tackle empty homes' through a regulatory or enforcement-led framework. The Council sets out to solve, with the owner, the problems that led to the home being empty. A person-centred approach places the owner at the centre of decision-making so that they can make more timely and informed decisions. In turn, their improved capacity to act helps to reduce the need for the Council to resort to the more costly enforcement approach.

- **Link to Chronic Disorganisation.** Many empty homes reported turn out to be occupied by residents who cannot manage their homes. Such cases are subject to a study of Council interventions in cases of Chronic Household Disorganisation (including hoarders).
- 4.3 The current strategy refers to two powers of last resort, Compulsory Purchase Orders and Enforced Sales. These powers cannot be used until their policy guidance has been reviewed and is approved and amendments are made to the Scheme of Delegations. Housing Solutions Ltd have expressed interest in underwriting the capital cost of acquiring properties through CPO, in addition to their work on FHIL and as property managers for EDMOs.
  - 4.4 The Council has maintained its commitment to the empty homes agenda by renewing the Strategy, adopting new practices, retaining the Empty Homes Officer role and by winning Government funding for empty homes work.
  - 4.5 The National Audit Office found that the, “New Homes Bonus has given authorities resources to allow them to continue activities such as identifying empty homes and bringing them back into use”.<sup>1</sup>
  - 4.6 **Options Proposed.** That Committee approves the new Empty Homes Strategy to enable the continuation of a balanced approach to helping owners who want help and using formal powers to require uncooperative owners to act. The main focus is on those homes that are detrimental to local areas and/or have been empty the longest. As such empty homes are risk rated.
  - 4.7 The Strategy sets out the Council’s forms of assistance and range of formal powers used to persuade owners to act, including the updated Guides to CPO and Enforced Sales. The Council will only use these two powers as a last resort, along with EDMOs, when all other approaches have failed.
  - 4.8 The strategy retains the annual target of bringing 20 high priority long term empty homes back into use per annum. This seemingly modest target reflects the complexity and labour intensity of working with owners who are often hard to trace, difficult to engage, vulnerable and/or wilfully obstructive.
  - 4.9 Contracts are now in place to fully utilise the products available through Flexible Home Improvement Loans Ltd. Empty Home Loans, and other products, form a major strand of the new strategy. The Council has secured revenue funding from FHIL Ltd. to part-fund the Empty Homes Officer post.
  - 4.10 Ultimate authority to implement Compulsory Purchase or Enforced Sale rests with Policy Committee. It is proposed that authority to instigate processes leading to decisions to use the powers will be delegated to the Director of Environment and Neighbourhood Services in consultation with the Head of Finance and Head of Legal Services where appropriate.
  - 4.11 **Other Options Considered.**

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<sup>1</sup> <http://www.nao.org.uk/report/the-new-homes-bonus-2/>

There is no statutory duty to have an Empty Homes Strategy or to devote resources to the area, so it could be possible to dispense with this area of work. However it is recognised that the work not only delivers outcomes in its own right, but also benefits the wider community and provides an income source to the Council's General Fund via New Homes Bonus.

## 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 'Safe and Healthy environments for all' and 'community safety' contributions. The Strategy rids localities of dangerous buildings, of honey-pots for anti-social behaviour and crime. This helps reverse the 'broken window syndrome' that can drag localities down further.
- 5.2 "Green city" - sustainability standards of renovation of empty homes meets or exceeds Building Regulations by pushing for low-carbon alternatives and a reduced ecological footprint in design. In using previously un-used housing units, the Strategy helps reduce the overall ecological footprint of wider housing development.
- 5.3 "Economic benefits" - renovation and property management contracts arising from the Strategy offer improved employment and opportunities for local businesses. Empty homes work helps Council Tax arrears and other sundry debts to the Council. It also plays a part in tackling economic crime.
- 5.4 "Capable communities" - a key approach to empty homes work is through strengths-based working. Rather than 'doing to' an empty homeowner, the Strategy sets out to co-produce shared prosperity and additional outcomes that are mutually beneficial. The empty homes approach is built on maximising each customer's strengths and thus reducing reliance on the State for assistance.

## 6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Strategy development has been based on the opinions of service users and associated agencies in the term of the last Strategy. The service actively encourages feedback and comment from empty home owners, those directly affected by an empty home and agencies active in the agenda.
- 6.2 A full-page article in the Reading Post and a feature on BBC South Today prompted residents *et al* to comment on the Strategy and report empty homes via the Council website over a three week period. A summary of the responses follows.
  - 1 questioned why the Council would involve itself in privately owned empty homes instead of bringing its own empty properties back into use.
  - 1 asked how to acquire empty Council properties.
  - 1 asked whether empty commercial property was a target for Council action.
  - 9 reported an empty home, 3 of which were not previously known about.
  - 6 asked for lists of empty homes to acquire.
  - 1 enquired about the Empty Home Loan scheme for their own empty property
  - 1 reported that their home, which had once been subject to Council involvement, was empty again due to flooding.
  - 1 from a supplier (Dulux) offering deals and advice on decorating.

The Empty Homes Officer has also found that several current and new cases commented on the consultation publicity. Two current customers asked whether the Council was going to adopt a more enforcement-led approach, if the new CPO and Enforced Sales proposals were approved.

The 'consultation' design was low-cost yet enduring. The 'Report an Empty' function will remain live on the Council's website.

Falling outside the consultation period, Council field staff will be encouraged to report empty homes they see while working around the Borough.

## **7. EQUALITY IMPACT ASSESSMENT**

7.1 None of the 6 equality groups will be negatively affected.

## **8. LEGAL IMPLICATIONS**

8.1 Councils have a number of statutory powers to make Compulsory Purchase Orders (CPOs), but in the context of empty homes the relevant power is section 17 of the Housing Act 1985.

8.2 Government guidance on the use of compulsory purchase powers is contained in ODPM Circular 06/2004, which states that a CPO should be made only where there is a compelling case in the public interest. The Council is required to demonstrate that the purposes for which the CPO is being made sufficiently justify interfering with the human rights of those with an interest in the land, and is required to have regarded in particular to Article 1 of the First Protocol of the European Convention on Human Rights, and to Article 8 of the Convention.

8.3 A CPO must be confirmed by the Secretary of State before it can be implemented. If objections to the CPO are received, it is likely that a public inquiry would be necessary.

8.4 The Council also has powers to bring about the sale of a property in order to recover charges registered as a local land charge against the property as a result of works carried out by the Council under certain statutory powers. Section 101 of the Law of Property Act 1925 confers the power of sale on the Council in these circumstances.

8.5 Article 4 of the Council's Constitution states that the Empty Homes Strategy falls under paragraph 4.1.1.iv, "Other Local Plans" etc and that the plan, "may now be adopted, approved, amended, modified, varied or revoked to which the subject function has been delegated, or the Policy Committee".

## **9. FINANCIAL IMPLICATIONS**

9.1 The continuation of the Empty Homes Strategy requires revenue expenditure that will continue to be met from existing budgets. From 2014/15, the Empty Homes Officer post will be part-funded by Flexible Home Improvement Loans

Ltd. which reflects the emergence of several loan products designed specifically for empty homes.

- 9.2 No capital funding has been allocated to the acquisition of empty homes through Compulsory Purchase. CPO cases will be taken to Policy Committee for approval of the Order and for allocation of capital-funding and compensation payments on a case-by-case basis.

## **10. BACKGROUND PAPERS**

- 10.1 Reading Borough Council Empty Homes Strategy 2008-2011
- 10.2 Manchester City Council - Guide to Enforce Sales Procedure.
- 10.3 Laying the Foundations. A Housing Strategy for England