

READING BOROUGH COUNCIL

REPORT BY THE EXECUTIVE DIRECTOR OF ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

TO:	HOUSING, NEIGHBOURHOOD AND LEISURE COMMITTEE		
DATE:	11TH MARCH 2020		
TITLE:	EMPTY HOMES STRATEGY 2020-2026		
LEAD COUNCILLOR:	JOHN ENNIS	PORTFOLIO:	HOUSING
SERVICE:	REGULATORY SERVICES	WARDS:	BOROUGH WIDE
LEAD OFFICER:	YASMIN AHMAD	TEL:	0118 9372466
JOB TITLE:	PRIVATE SECTOR HOUSING TEAM MANAGER	E-MAIL:	yasmin.ahmad@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report seeks approval of the updated Empty Homes Strategy 2020-2026. It explains how the service helps and persuades owners to bring their empty homes back into use. This is the third version of the strategy and takes stock of activity since 2008.
- 1.2 Bringing privately-owned empty homes back into the market boosts housing supply, smartens streetscapes, helps prevent and tackles crime and anti-social behaviour. Re-use of existing buildings has a smaller ecological footprint than new build housing because it requires fewer building resources and does not require undeveloped land.
- 1.3 Appendix 1. *Empty Homes Strategy 2020-2026*

2. RECOMMENDED ACTION

- 2.1 That Housing Neighbourhoods and Leisure Committee notes the activity and results of empty homes strategy.
- 2.2 That members approve the Empty Homes Strategy 2020/26 and its new goal for bringing 30 high-priority long term empty homes back into use as detailed in 4.8 of this report. (Appendix 1)
- 2.3 That the Executive Director of Economic Growth and Neighbourhood Services, in consultation with the Assistant Director of Finance and the Assistant Director of Legal and Democratic Services where appropriate, be delegated to amend the Strategy where it does not affect the broad direction of the policy.

3. POLICY CONTEXT

- 3.1 Through this Strategy, the Council helps to optimise use of available housing, disrupts and prevents criminality, improves the appearance of neighbourhoods, identifies and reports suspected fraud, generates revenue through New Homes Bonus and recovers debts such as Council Tax arrears, unpaid fines and aged social care debts.
- 3.2 The Strategy focuses on the reason a home becomes empty rather than the empty home itself. Empty homes arise because owners often cannot act or do not know what to do. The Council also has a range of enforcement powers that can be used in circumstances where owners do not engage or cooperate.
- 3.3 The national drivers to tackle empty homes has been replaced by a cross service approach to deliver local improvements and unlock housing supply. In order, the service's priority empty homes are as follows.
 - 3.3.1 'High-Priority Long Term Empty homes'. 'High priority' is awarded to homes causing problems locally. 'Long Term Empty' is a technical Council Tax term meaning the home has been registered on the Council Tax system as "unoccupied/unfurnished for six months or longer". These are referred to as "registered LTE" or LTE in the Strategy.
 - 3.3.2 Any home that is unoccupied, irrespective of Council Tax classification or duration of emptiness, that causes problems locally.
 - 3.3.3 LTE homes that may have no negative impact on the locality
 - 3.3.4 Any type of empty home, irrespective of Council Tax empty home class, where the owner requests help to return it back into use.
 - 3.3.5 Other empty homes where another Council team asks for help.
 - 3.3.6 The service is not involved in Council-owned LTEs.

4. THE PROPOSAL

4.1 Current Position:

- 4.2 The Council's empty homes service (the 'service') has been tackling complex empty homes and the more complex back-stories of their owners since 2008.
- 4.3 The table below shows the number of registered LTEs in Reading since 2016. There is always a latent level of empty homes. Trends change according to the health of the housing market and in response to fiscal and legal measures introduced by Governments. Reading's registered LTE figure had a downward trend for a decade from 2008, but numbers rose in 2019 because of national and local factors set out in 4.4 and 4.5 below.

	LTE 2016	LTE 2017	LTE 2018	LTE 2019	LTE CHANGE 2016-19	% CHANGE IN LTE 2016-19	LTE % OF ALL HOMES 2018
Reading BC	515	502	387	571	+56	+11%	0.8
Rest of Berkshire	1,810	2,025	2,327	2,237	+212	+12%	0.7
4 Comparator Councils ¹	1,990	2,002	2,053	2,287	+297	+15%	0.6
SOUTH EAST	23,935	25,378	27,743	29,552	+5,617	+23%	0.8
ENGLAND	200,145	205,293	216,186	225,785	+25,640	+13%	0.9

- 4.4 Several factors have impacted the housing market. Housing transaction rates have slowed while owners wait for the market to lift again. Vendors want certainty and profit from sales, and they currently indicate that their reluctance to sell is related to uncertainty around the impact of the UK's withdrawal from the European Union. Agents report that the introduction of Second-Home Stamp Duty Surcharge and phasing-out of Buy-To-Let Mortgage Interest Tax Relief have depressed demand for buy-to-let investments.
- 4.5 Locally, the biggest contributor to the increase in 2019 LTEs were 152 new-build flats in two blocks in Whitely and Abbey wards that had not been sold or let within 6 months of completion. Numbers were further increased by 39 age-restricted or retirement leasehold flats where Executors reported difficulties in selling. In 2019, homes were being registered LTE (i.e. empty for six months) at a faster rate than the existing registered LTEs came back into use.
- 4.6 From 2008 - 2013, 62 High Priority LTE's were returned to use through significant service intervention. Since 2014, 163 High Priority LTE's were returned to use, yielding a total of 208 dwellings.
- 4.7 By year, the figures were 38 in 2014/15, 32 in 2015/16, 40 in 2016/17, 29 in 2017/18 and 24 in 2018/19.
- 4.8 The service is only heavily involved in around 5% of all registered LTE's returning to use each year. Other LTE's come back into use as an indirect result of the services' approach, though it is not possible to quantify these. Some of the Council's approaches are set out below.
- 4.9 **New Homes Bonus (NHB)** - income arising from empty homes work remains a financial incentive for the Council, but the future of NHB is uncertain. NHB rewards Councils that reduce the number of registered LTE homes on the Council Tax system. Council Tax and the service carry out an annual data-cleansing exercise to improve data accuracy for the NHB calculation. The fundamental review of Council Tax services in 2018/19 found our in-house data-cleansing to be highly effective and cost efficient. The exercise leads to important data correction and intelligence that supports new empty home case work. Success hinges on the close working relationship between the service and Council Tax, and project control by the service underpinned by in depth local knowledge.

¹ Comparator Councils = Luton, Southampton, Swindon and Oxford

- 4.10 **Council Tax Recovery** - Synergy between Council Tax and the service cannot be underestimated. The services correct accounts, share intelligence and combine enforcement action. Furthermore, the Council's aim is that no empty homes case is complete until arrears are paid in full. For example, Mr & Mrs Q own three empty homes with combined Council Tax arrears of £10,000. As Council Tax and their enforcement agencies struggled to find and engage with the owners, the case was referred to the service. It took the service under a month to locate and persuade the owners to visit the Council Offices to settle the arrears. Unexpectedly, Mr & Mrs Q then asked for help to scope plans for the three empty homes and one empty business premise.
- 4.11 **Long Term Empty Premium Council Tax Charge (LTEP)**. Increases in the Premium rates were approved by the Council in 2018. The Premium prompts some owners to act, but as a blunt tax instrument, the Premium was identified as causing difficulty to specific customers (see 4.12).
- 4.12 **Long Term Empty Retirement Leasehold Flats and Probate Projects** - Executors are facing difficulties selling retirement leasehold flats. This sub-market's sluggish nature has impacted on the overall LTE figure in 2019. The Council have little influence over this sub-market, but the service is investigating ways to help executors speed up the property sales and ease the burden of the LTE Premium while they try to sell the property. This fits with ongoing work between empty homes and council tax officers to improve information and guidance for surrounding empty homes with a deceased owner (called Class F empties) whether the former owner died intestate (not having made a will) or if their Executors do not know what to do with the empty home.
- 4.13 **Adult Social Care Debt Recovery** - the service helps Adult Social Care Debt with difficult debt recovery cases where an empty home is involved. This work requires sensitivity and empathy as identified as 'high need specialist support' in the Council's Customer Experience Strategy. Debt recovery is important, but the helping families make their own informed decisions so they can overcome difficulties and plan better for the future is paramount.
- 4.14 **Flexible Home Improvement Loan Scheme (FHIL)** - the Council is part of a 16 Council consortium led by the Royal Borough of Windsor and Maidenhead delivering loans for home improvements. One loan product is the Empty Home Loan. This enables renovations so owners can let, sell or reoccupy the property.
- 4.15 **Enforcement Action** is used when owners prove unwilling or unable to cooperate with our informal requests. For example, Mr. X's home, empty for four years, presents health and safety issues to passers-by, is attractive to squatters and is a local eyesore. Mr. X owes £15,000 in Council Tax arrears. The Council asks him to carry out renovations and bring the house back into use. Mr. X believes that his home, empty or not, is no business of the Council and is belligerent. He does not comply with notices requiring him to carry out works. The service carries out the specified works under warrant and registers our costs as a charge on the property because Mr. X refuses to pay. The Council is now authorised to force the sale of the property to recover the debts (for enforcement action and Council Tax arrears) from the proceeds of sale. Mr. X decides to cooperate, settles the debts, completes all works and

lets the house again. The range of powers the Council can deploy on intransigent owners is set out in the Strategy.

- 4.16 **Joint Enforcement with the Planning Service.** While Environmental Health enforcement powers tackle hazards and risks, they are not explicitly designed to improve the visual impact of derelict property on a locality. Section 215 of the Town & Country Planning Act 1990 provides the statutory grounds to take action to improve the look of land or property. It is a highly appropriate power for empty homes work. The use of this power may expand since the National Planning Framework 2019 now places an obligation on Planning Authorities to take into consideration empty homes in their locality.
- 4.17 **Option Proposed**
- 4.18 That Members approve the Empty Homes Strategy 2020-2026 attached at Appendix 1 and continues to offer a range of responses matched to the characteristics of each empty homes case arising. We have increased our goal of bringing at least 20 High Priority LTEs back into use to 30 per year and will proactively publicise the work of the service.
- 4.19 **Other Options Considered**
- 4.20 **Withdrawing the service.** With no statutory duty to have an empty homes service or strategy, dispensing with the service would be lawful and could generate savings. But without the service, Reading would lose some social, economic and environmental benefits. Generating New Homes Bonus and recovery of complex debts might be compromised. While some impacts of some empty homes could be addressed through normal Environmental Health or Planning enforcement, the absence of a dedicated resource may constrain the Council in improving homes for local people, to tidy up the street-scene and to help improve the lives of some owners.
- 4.21 **Shared Empty Homes Services.** Numerous examples of service-sharing exist. Some are national (Scottish Empty Homes Partnership), some see the whole service shared across neighbouring Councils (e.g. Cherwell and South Northants) and others see some, but not all empty homes functions shared across borders (e.g. West Oxon, Cotswold, Cheltenham and Forest of Dean). During the last strategy, Reading considered shared service options for all Regulatory Service functions, but the Council opted to retain the service as is.
- 4.22 **What are other Councils doing?** Local housing market characteristics influence the approaches Councils take to empty homes in their areas. The larger scale schemes remaining are most likely to be found in the former Housing Market Renewal Areas. These Councils often use their own budgets to run schemes, where once national funding was available. Community-led housing or self-help housing projects bloomed during the housing recession of the mid-1990's and are moving up the agenda again in the UK's cities. The following are a few examples of activity elsewhere in England.
- 4.23 Brighton & Hove CC's 'City Plan - Part 1' commits the Council to seek opportunities for affordable housing in existing unused homes and business spaces along with a network of community-led and self-build housing projects within the Brighton & Hove Community Land Trust. The Council helps the

groups with issues such as business modelling, pre-planning application advice and developing external funding bids. ²

- 4.24 ‘Abolish Empty Office Buildings’, a Bristol community benefit society is using partners’ funds, loans, a community share issue and donations to acquire and convert unused business premises into affordable homes.³
- 4.25 North East Derbyshire DC have linked up with energy suppliers E.ON to offer a private sector service to owners of empty homes. E.ON offer free advice, Energy Performance Certificates and property surveys. Their paid-for services include house clearance and project management of repairs.⁴
- 4.26 Barnsley MBC approved a £150,000 budget to carry out works in default of enforcement notices on empty homes⁵. They initially carried out works on six homes that owners had refused to do at a cost of £39,000. Charges were registered against the property and sales were enforced to recover a total of £162,000 in debts, costs and fees. £12,500 of officer time was also recovered. Barnsley are also using part of their section 106 payments to support direct purchase of 30 empty homes to be managed by the charity, Human Kind⁶.
- 4.27 Rushcliffe BC work with UK Property Rescue Ltd, using some of their affordable housing capital budget to use enforcement tools to purchase, repair and let 30 empty homes in 2019/20. Rushcliffe then transfer the homes to Metropolitan Thames Valley Housing to manage, maintain and let at affordable rents.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 In relation to the Council’s Corporate Plan the following themes are appropriate
- 5.2 *“Keeping Reading’s environment clean, green and safe”* - working with owners to address property dereliction that attracts crime and anti-social behaviour.
- 5.3 *“Ensuring access to decent housing to meet local needs”* by bringing empty homes back into use increases access to good quality, energy efficient homes.
- 5.4 *“Securing the economic success of Reading and provision of job opportunities”* providing local work for local trades renovating empty homes.
- 5.5 The social, economic and environmental themes in the Council’s three strategic aims are supported through the work as set out in 5.1 above.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The service impact on the Climate Change Strategy is minor, though reuse of existing dwellings may reduce land-take needed for some new build schemes. Renovation of run-down homes is carried out in accordance with Approved Document L1B, Building Regulations 2010 thus all empty homes become more

² <https://bhclt.org.uk/bunker-housing-co-op-starts-building/>

³ <https://www.aeobhousepeople.org.uk/>

⁴ <https://www.ne-derbyshire.gov.uk/news-and-media/latest-news/pioneering-empty-property-scheme-extended>

⁵ <https://www.barnsleychronicle.com/article/council-crackdown-on-empty-houses-sees-a-rise-in-market-sales>

⁶ <https://barnsleymbc.moderngov.co.uk/ieListDocuments.aspx?MIId=5176&x=1>

energy efficient, warmer and cheaper to keep warm. In some refurbishments, developers have installed small scale renewable energy solutions. Though the service does not offer grants specifically for energy saving measures, the empty home grant and loan can be spent on such measures.

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 Regular feedback and suggestions for improvement from empty home owners, those directly affected by an empty home and agencies active in the agenda is gathered.

8. EQUALITY IMPACT ASSESSMENT

8.1 *Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—*

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

8.2 The service uses enforcement powers, in accordance with the Council's Scheme of Delegation and the Enforcement Protocol, that have significant impacts on owners' rights and lesser impact of the rights of neighbors. Customers include owners of empty homes and their representatives, neighbors' and the wider community. The 'client group' has no inherent protected characteristic. In each empty home case, we balance the rights of each owner against the interests of the wider community, a process formalised in the 'Statement of Reasons' part of compulsory purchase guidance. We will only interfere with an empty home owners' Article 8, European Convention on Human Rights (respect for private and family life, home and correspondence) if our interference is lawful and appropriate. Neighbors' also have the same rights. If the condition or use of an empty home interferes with the neighbor's rights, we may also act. Using and 'thinking' the 'Statement of Reasons' concept allied with the Council equalities policy insures against discrimination. The Strategy itself discriminates against no group.

9. LEGAL IMPLICATIONS

9.1 No new legal implications arise from the recommendations to this report. Appropriate application of enforcement powers set out in the Strategy is governed by the provisions of the Council's Corporate Enforcement Policy. The authority to use each enforcement power is delegated to named posts as set out in the Council's Scheme of Officer Delegations 2018.

10. FINANCIAL IMPLICATIONS

10.1 Continuing the Empty Homes Strategy requires revenue expenditure that will continue to be met from existing budgets. No capital funding has been allocated to the acquisition of empty homes through Compulsory Purchase. Should the situation arise where it is necessary to Compulsory Purchase an empty home a

report will be prepared and presented making the case for the necessary funding

11. BACKGROUND PAPERS

11.1 None