



Empty Homes Strategy

Draft - Version 1

Foreword

By the Cabinet Member for Housing and Property.

1. Introduction

What is an empty property?

There are broadly two main types of empty residential properties: transactional empty properties and long-term empty properties. Transactional empty properties are generally empty up to six months, usually due to a change in tenant or ownership and are part of the normal cycle of people moving house; though they may be empty longer should they be subject to major renovation works. Although transactional empty properties are less of a priority to the council, they can still present a concern should their condition become a hazard or contribute towards a poor street scene.

In some instances, a property may be empty or appear empty, but is not classed as empty. A property does not have to be used all the time to be classed as occupied. For example, if it is:

- a second home or a holiday home;
- a property which is part of a wider regeneration programme and could be in the process of being developed or marked for demolition;
- a property which has pending planning permission, could be waiting refurbishment or could be waiting for new occupants to move in;
- a property where the owner is living elsewhere to provide or receive personal care.

The Ministry for Housing, Communities and Local Government (MHCLG) classes problematic empty properties as those that are inactive in the housing market and have been empty for more than 6 months. Homes that have been recorded as empty for more than 6 months are classified as long-term empty by South Kesteven District Council.

Why do properties become empty?

Properties that have been empty for more than six months usually have an underlying problem. When properties have been empty for more than two years, it is likely that they will stay empty and decline without intervention. Long term empty properties can become a hub for crime and attract vandalism and anti-social behaviour. They can become run down, fall into disrepair, have overgrown gardens and blight the surrounding properties and neighbourhood. Neighbouring owners may be particularly dissatisfied and may find their house value has diminished or may be difficult to let or sell. Bringing long term empty properties back into use is a priority for the Council and will contribute to increasing the supply of homes in the district.

Most empty properties are privately owned. There are many reasons for properties being left empty, some are easily categorised, and other circumstances are more complex with owners having their own individual reasons for keeping their property empty. Some of the most common barriers that exist for owners of long term empty

properties that are preventing them from returning their property back into use include:

- issues with inheritance and/or delays with probate;
- lack of finance to carry out necessary repairs and/or refurbishment;
- perceived problems associated with letting of properties;
- owner unwilling to bring the property back into use.

Why have an Empty Property Strategy?

Issues

High levels of empty properties are recognised as having a serious impact on the viability of communities in terms of blight on neighbourhoods and potential for anti-social behaviour to occur. Empty homes are also a wasted resource and when brought back into use contribute to an increase in the supply of housing. Dealing with empty properties can therefore have social, economic and regenerative benefits.

As at the 30 June 2021 (the end of 2021/22 quarter one), South Kesteven had 396 properties empty for six months up to two years and 130 empty for two years or more (a total of 526 empty properties for six or more months). This is due to various reasons but most commonly it is because the occupant has deceased and the property is going through probate. There are only two empty properties in the district which are causing significant problems. One is where a bankruptcy order has been issued due to non-payment of Council Tax and for the other, the landlord is unable to let at the current advertised rent.

Of these total 526 empty properties, 21 of them are Council owned which have been empty for 6 or more months.

To compare this figure with the previous year, the total number of empty properties, which have been empty for 6 or more months, as at 31st March 2020 was 609, whereas, as at 31st March 2021, it was 567 properties. This shows an improved situation with a reduction of 42 empty properties.

Central Government collects data on empty dwellings in October of each year. For South Kesteven, the number of empty dwellings for the last three years were:

2018 – 512 (0.81% of total homes: 63,075)

2019 – 533 (0.84% of total homes: 63,751)

2020 – 672 (1.04% of total homes: 64,480)

In comparison to other Lincolnshire areas for 2020, apart from North Kesteven, who have a rate of 0.84% of total dwellings as empty, South Kesteven has the lowest amount.

For most areas of Lincolnshire there was a decrease in the number of empty dwellings across Lincolnshire in 2013 but there has been a gradual rise each year since. All areas of Lincolnshire saw an increase between 2019 and 2020.

The Coronavirus pandemic has had an impact on the rise in the number of empty dwellings in 2020. There were restrictions in movement, which resulted in restrictions to the letting and sale of properties. Even once restrictions were lifted, the level of property moves was not at the same rate as usual. In addition to this, employment redundancies lead to property repossessions, which meant more properties were left empty.

The rate of 1.04% empty dwellings of total dwellings for South Kesteven in 2020 is below the East Midlands rate, which is 1.45% of total dwellings and similar to the England rate of 1.05%.

This Empty Homes Strategy identifies how the Council, with support from partners, will reduce the number of empty properties within South Kesteven by bringing them back into use.

South Kesteven District Council is committed to tackling empty properties by adopting a proactive approach in supporting owners to help return their property to use. Empty properties constitute a wasted housing resource, both for individual owners and the local community. Long-term empty properties can fall into a state of disrepair and become dangerous as well as having a negative environmental impact. A coordinated and sustainable approach can deliver an increase in housing supply, improve standards and reduce the number of empty homes.

Benefits

New Homes Bonus

The New Homes Bonus is a grant paid by central government to local authorities for increasing the net level of housing. This bonus is for every additional home and paid each year for six years. The bonus is based on the amount of extra Council Tax revenue raised for new build homes, conversions and long term empty homes brought back into use. There is an additional payment for providing affordable homes.

The scheme is an incentive for local authorities to have an effective Empty Homes Strategy. Grant will only be paid for a net increase in housing, meaning that local authorities could miss out on rewards for new homes built if empty property levels are allowed to increase. At a time when local government grant funding has been significantly reduced, this provides an added incentive to continue our work to bring empty properties back into use.

Shortage of affordable homes

In addition, there is a shortage of affordable homes and increasing the number of occupied dwellings will assist with this shortage. The Peterborough sub-region (Peterborough, Rutland, South Holland and South Kesteven) and Boston Strategic Housing Market Assessment (SHMA), 2019 identifies a need of 16,125 dwellings from 2011 to 2036 for South Kesteven, which equates to 650 new homes per year. Of these, 244 are identified as needing to be affordable dwellings per year for the district.

The Government set a target for 300,000 new homes to be built each year across England but a House of Commons Briefing Paper: Tackling the under-supply of housing in England, January 2021, states “estimates have put the number of new homes needed in England at up to 345,000 per year, accounting for new household formation and a backlog of existing need for suitable housing”.

The total number of new homes built for South Kesteven for 2020/21 is 446 and of these, 56 are affordable dwellings.

The House of Commons Briefing Paper: Tackling the under-supply of housing in England states “in 2019/20, the total housing stock in England increased by around 244,000 homes. This is around 1% higher than the year before – and the amount of new homes supplied annually has been growing for several years – but is still lower than estimated need”.

2. Strategic Background

National Context

Empty homes continue to be on the National political agenda:

The 2011 government strategy ‘Laying the Foundations, A Housing Strategy for England’ identified long term empty homes as a priority.

It introduced New Homes Bonus payments for bringing empty homes back into use, provided grant funding from 2012-15 to bring properties back into use mostly as affordable housing through the former Homes and Communities Agency (now Homes England), and allowed councils to introduce an empty homes premium on council tax charges.

The 2017 Housing White Paper Fixing our Broken Housing Market set out the government’s plans to boost the supply of new homes in England. It included a commitment from the government to:

- Plan for the right homes in the right places
- Build homes faster
- Diversify the housing market
- Help people now

Within the White Paper there was the commitment to improve neighbourhoods by continuing to crack down on long term empty homes and support areas most affected by second homes. The Government pledged to continue to support local authorities to encourage efficient use of its existing stock, making best use of homes that are long-term empty.

The National Planning Policy Framework (NPPF) 2019 states that planning policies and decisions should promote and support the development of under-utilised land and buildings, especially if this would help meet identified needs for housing where land supply is constrained and available sites could be used more effectively. As part of this approach, plans and decisions should support efforts to identify and bring

back into use long term empty homes and other buildings, supported using compulsory purchase powers where appropriate.

The Ministry of Housing, Communities & Local Government continues to support Homes England, which is responsible for:

Increasing the number of new homes that are built in England, including affordable homes and homes for market, sale or rent.

- Improving existing affordable homes
- and bringing long term empty homes back into use as affordable housing.
- Increasing the supply of public land and speeding up the rate that it can be built on.
- Helping to stimulate local economic growth by using their land and investment and attracting private sector investment in local areas.

Homes England provides a number of funding programmes, including funding to bring long term empty homes back into use as affordable housing. South Kesteven District Council will work in partnership with Registered Providers (RPs) to access this funding to bring long term empty homes back into use as affordable housing.

Local Context

This Empty Homes Strategy complements the South Kesteven Housing Strategy 2020-2024. At the heart of the Housing Strategy is “the belief that homes are a fundamental part of our lives. Houses should be 'healthy', good quality, sustainable and secure, providing the environment for people to thrive and achieve.” The Empty Homes Strategy aims to address one of the challenges identified in the Housing Strategy: “As well as building more homes, it is important that we maximise the use of existing homes by working with landlords to bring empty homes back into use”.

It also plays a role in delivering the Corporate Plan priority: “Housing that meets the needs of all residents” and the Key Action: “Bring private sector empty properties back in to use”.

The Private Sector Housing Enforcement Policy (2018) has a section on empty properties. This states:

“Owners of long term (6+ months) empty residential properties are encouraged to bring them back into use through a range of informal action including guidance and advice. The Council may offer financial assistance to owners to bring properties back into use in certain circumstances. Where the condition of a property is having a severe impact on neighbours, the Council may use a range of appropriate enforcement powers. Where a property is unsecured and unauthorised entry is being made, the Council may use powers to secure the property, including boarding of doors and windows”.

The Policy allows for the use of Enforced Sale, the use of Empty Dwellings Management Orders (EDMOs) and Compulsory Purchase Orders (CPOs).

Enforcement by SKDC so far has been either boarding or tidying up the property and Enforced Sale. This is only possible where money is owed (minimum £1,000). The Council has not applied for a EDMO or CPO.

SKDC used to issue grants to the owners of empty homes to bring them back into use. The grants were originally for £3,000 and this was raised to £5,000 to create more interest. The availability of these grants was in place for 11 years but came to an end in 2018/19 due to a lack of interest. This was mainly because owners of properties can get bank loans with a low interest and the conditions in place as part of the loan (the property needing to be rented out at the Local Housing Allowance rate and to applicants on the Council housing register) were considered to be onerous. The grants were administered as part of someone's job role, not a specific Empty Homes Officer, and they were funded through monies received from the New Homes Bonus.

Council tax charges at South Kesteven District Council:

EMPTY 100% DISCOUNT	EMPTY 25% DISCOUNT	EMPTY 0% DISCOUNT	LTE +50% premium	LTE+100% Premium	LTE+200% Premium	LTE+300% premium
1 month from date property first becomes empty	2 to 5 months	6+ months	Up to 2 years	Over 2 years	Over 5 years	Over 10 years

Legislation

Particularly useful powers and procedures for the Council include:

- Town and County Planning Act 1990 – section 215
- Planning and Compulsory Purchase Act 2004
- Historic Buildings and Conservation Areas Act 1991
- Building Act 1984 – section 76-80
- Housing Act 2004 – Parts 1-4
- Local Government Act 2003
- Local Government (Misc Prov) Act 1982
- Local Government Act 2000
- Prevention of Damage by Pest Act 1949 – section 4
- Environmental Protection Act 1990 – Part 2 and section 80
- Anti-Social Behaviour Act 2003 – Part 1

This list is not exhaustive

The Housing Act 2004 introduced Empty Dwelling Management Orders (EDMOs) which are a legal device which enable local authorities to put an unoccupied property back into use as housing.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allows local authorities to increase the percentage by which a billing authority in England may increase the council tax payable in respect of a long-term empty dwelling.

3. Priorities

Priority 1: The Council will identify and work with owners of long term empty properties to bring them back into use for re-occupation

Priority 2: Develop effective partnerships with key stakeholders to bring empty properties back into use.

Priority 3: Improve our neighbourhoods by addressing long term empty homes that have become the focus of anti-social behaviour and neglect.

Priority 4: Provide advice and information to help raise awareness around empty properties.

The Council will focus on those homes empty for two years or longer, to make the best use of limited resources, as these homes are considered to have the greatest impact on the community.

Homes become vacant as part of the natural cycle of the housing market, whether for sale or between lettings. A policy of “no vacant homes” would be both unreasonable and unrealistic, but the Council does not want to tolerate long term empty homes when there is an unmet demand for housing, nor does it want to tolerate the impact that problematic empty homes have on the community.

4. Resources/Finance and Implementation/Delivery

Resources/Finance available to the Council

A report will be presented to the Head of Service/Director for any high resource eventualities such as Compulsory Purchase, Empty Dwelling Management Orders and Enforced Sales - This will ensure proper processes are considered and the risks to the Council mitigated as much as possible.

Any incurred expenditure will be funded from the Flexible Homelessness Support Grant and any New Homes Bonus received.

Homes England funding – Shared Ownership Affordable Housing Programme

Implementation/Delivery

An officer from the Council’s Environmental Health/Housing teams will attempt to:

Engage with the owner of each empty home from 6 months empty, offering advice, assistance and voluntary options for occupation, and assessing the background, condition and impact of each property.

At the two years empty stage or from 6 months empty, if complaints are received that an empty home is causing problems, the officer will refer the matter to a newly introduced Empty Property Working Group, once initial options have been explored. The working group will include officers from different departments across the Council such as Environmental Health, Council Tax and Housing. They will work jointly in identifying problematic empty properties and finding solutions to bring them back into use. The working group will meet quarterly and will determine the most appropriate way forward and create an action plan to bring back to use each long term empty home.

The impact of each two-year long empty home, on matters such as the extent of anti-social behaviour and vandalism, will be assessed using a scoring matrix. Those properties with the highest scores are those most likely to be identified for enforcement action if the initial options are unsuccessful.

5. Tools and Powers

Initial Options

Advice & Guidance

In the first instance, owners will be given advice and assistance on how to bring their property back into use. These options could be renting out the property, selling the property or advice on becoming a landlord. The aim is to encourage owners to bring the property back into use through voluntary action. This action will commence from six months empty, but the length of time it takes to bring a property back into use will depend on the owner's personal and financial circumstances.

Financial assistance

The Council directs owners to advice on VAT reductions which may be available when renovating an empty property and discounts from local building merchants and estate agents. The Council will look for any funding sources in partnership with other organisations.

Voluntary Arrangement

The Council may facilitate the introduction of the owner to a Registered Provider, Community Land Trust or private individual(s) to sell or lease the empty property. The Council, in this instance, will not be acting as an estate agent or providing advice or recommendation to either party. Any negotiation and sales processes would take place between the owners, interested party and their legal representatives.

It is useful to have the option to offer a voluntary lease and repair agreement to owners prior to an EDMO, and necessary to offer a voluntary acquisition of the property prior to proceeding to Compulsory Purchase, in a staged approach to enforcement. Models for voluntary acquisition need to be developed, whether for Council housing stock, a housing company, or in partnership with a Registered Provider or Community Land Trust. Funding sources need to be identified, and the

barrier of mortgage companies refusing second charges on leased properties remains a national issue.

Statutory enforcement

Where owners show reluctance to engage with the Council officers and continue to ignore their responsibilities in respect of the property, the officers will use relevant enforcement powers to reduce the impact the property is having on the area and abate any statutory nuisance being caused to neighbouring properties. Persistent enforcement of this type can result in the owner bringing the property back into use to prevent further notices being served. Non-compliance with a statutory notice can reduce the compensation costs of compulsory purchase or lead to works in default and an enforced sale.

A co-ordinated approach will be planned by the Empty Property Working Group.

Where these initial options are unsuccessful in bringing the empty home back to use, specific empty home enforcement powers will be considered.

Enforced sale

Purpose:

Many statutes allow the Council to serve a notice requiring the owner of a property to carry out works, for example to deal with the dangerous or untidy condition of the property. Non-compliance of a statutory notice can lead to the council carrying works in default, which create a land charge against the property. Enforced Sale is a procedure to recover such a debt owed to the Council, and a similar procedure can be used to recover unpaid Council Tax.

Enforced Sale is not in itself a procedure to deal with problematic properties, but the enforced sale of empty properties brings two main benefits: a debt owed to the Council is recovered; and a change of ownership is secured with the expectation that the new owner will bring it back to use.

Legal costs are recouped from the sale of the property, and any surplus is paid to the owner or mortgagee.

Legislation:

The power to enforce the sale of a property to recover a local land charge is in the Law of Property Act 1925, section 103. Once an initial notice is served, owners have 3 months to pay the debt before the sale is enforced.

Council tax debts are personal debts and not charged against a property. The process to recover a council tax debt requires an application to court for a charging order followed by an order for sale.

Considerations:

- a) The owner may pay the debt and the property remains vacant and unsold:
 - The threat of an Enforced Sale will usually be sufficient to encourage an owner to dispose of the property or return it to use voluntarily, if not other enforcement options can be explored.
 - The council is unable to recover its costs to date and these need to be offset against the recovered debt. It is recommended that the minimum debt level prior to commencing action is £1000.

- b) There is not sufficient equity in the property to recoup the costs owed to the Council:
 - Where the charge is binding on the “premises and on all estates and interests therein” it is a priority charge. Performing an Enforced Sale, due to non-compliance of a S215 Town and Country Planning Notice, would only be suitable if there is equity after any other registered charge.

- c) The property is sold but the new owner does not return the property to use:
 - This will remain a risk, but in most cases, people purchase as they have an intention to utilise the property for income or occupation. The usual process for sale is through auction, however a preferred purchaser can be used. Other enforcement options can be considered against the new owner.

Costs:

Relative to Compulsory Purchase Orders, Enforced Sales are swift, less complicated, and economical. There is no requirement, as with the compulsory purchase order, to pay market value or any compensation.

When the Council's debt is a priority charge, all costs incurred by the Council in the sale process are recoverable before any third party charges on the property are repaid. As such, the procedure should be cost neutral to the Council.

An initial budget is needed to cover these costs, which should be recycled from the recovered funds.

Empty Dwelling Management Order (EDMO)

Purpose:

The intention of EDMOs is to bridge the gap between voluntary measures and existing compulsory purchase powers to provide better management of a property deliberately left vacant for at least two years that is having a negative impact on the community.

The threat of an EDMO can put pressure on the owner to engage with the authority and agree the best course of action to secure occupation of the dwelling, thereby avoiding the need for an interim or final EDMO, to be made.

A EDMO is intended to operate alongside existing measures, such as voluntary leasing schemes explored above. It will provide an effective back-up to such

arrangements where owners turn down offers of assistance and do not have plans of their own to bring the property back into use. Properties subject to EDMO can be used to meet housing need without the upfront cost of acquisition, subject to risk assessment.

A management scheme sets out in detail how the Council intends to manage the property, to include the works it intends to undertake, Capital and Revenue estimates for the costs of these works, how much rent the Council will seek from tenants, and provisions for paying any surplus to the owner.

Legislation:

Housing Act 2004 Part 4, S132–138 & Schedule 7.

The Council must give the owner at least 3 months' notice of their intention to make an application for an EDMO.

The Council applies to the First Tier Tribunal (Property Chamber) for an Interim EDMO, which lasts for one year. During this time the Council can enter the property to determine works required and make arrangements for the property's management. If the property is in reasonable condition occupation can be secured with the consent of the owner.

If voluntary measures fail to bring the property back into use during this interim period, the Council then makes a final EDMO to take control of the property for up to seven years, carrying out improvement works prior to renting the property out.

Costs:

The rental income is used to pay for any works and management costs. Therefore, the condition of the property is a critical consideration when determining whether or not this is a viable financial option. A budget of £10,000 to £15,000 is needed up front for the refurbishment works.

Considerations:

- Property must have been vacant for 2 years, be having a negative impact, and it is useful to show community support for the EDMO.
- The Council may be unable to recover the cost of the initial works from the rental income, if the home is in very poor condition or rent is unpaid.
- The owner or mortgage lender can appeal against the application for an EDMO
- Arrangements for the management of the property need to be made, through the Council's housing directorate or housing company or procurement of a private firm.
- A budget is needed for the initial capital works.
- There are a number of exemptions in the Act which make properties unsuitable for EDMO, including the home being for sale, awaiting or recently granted probate, or the owner being cared for elsewhere.

Compulsory Purchase Orders (CPO)

Purpose:

Many empty homes are in poor condition and an eyesore. A CPO both secures an improvement in the local environment and brings a wasted housing asset back into use. This power allows the Council to purchase a property from the owners and, depending on the specific power used, retain it as housing stock, dispose of it to a housing partner, or sell it on the open market before or after renovation.

The initial decision to progress with compulsory purchase arises out of exhausting all other voluntary and statutory powers and is agreed by the Empty Property Working Group. The decision in principle is conveyed to the owner and efforts continue to seek a voluntary solution throughout the process.

The end use will be considered for each case, but where the property is sold at auction or to a preferred partner then the funds can be recycled for further empty homes work.

Legislation:

The primary powers to acquire property land compulsorily, where an owner is uncooperative or untraceable, are as follows:

Statute Purpose Section 226(1)(a) of the Town and Country Planning Act 1990 (amended by Planning & Compulsory Act 2004)

- A local authority can CPO any land and buildings if it thinks that the acquisition will facilitate the carrying out of development, redevelopment or improvement on, or in relation to, the land and buildings.
- The development, redevelopment or improvement must contribute to the promotion or improvement of economic, social or environmental well-being.
- Where the empty home requires improvement, perhaps because of its poor external appearance or because of its poor condition inside, this power is available.

Section 17 of the Housing Act 1985

- A local authority can acquire a house, or houses, for the provision or improvement of housing accommodation (whether by itself or someone else).
- If an empty property is in good condition and not in need of improvement, then only the housing power will be available for the CPO.

Section 47 of the Planning (Listed Buildings and Conservation Areas) Act 1990

- This power is available when the empty home is a listed building in poor condition.
- It is a pre requisite to a listed building CPO that a repairs notice under section 48 of the Act has been served at least two months before the CPO is made.
- Section 93 Local Government & Housing Act 1989
- This power is rarely used

If compulsory purchase is identified as the most satisfactory course of action, then from that point on legal process is followed.

Risks:

The decision to compulsorily purchase an empty property must be shown to be in the public interest, and CPO is a costly and lengthy process. This power is usually limited to where persuasion and statutory notices have failed and the owner refuses to co-operate with the voluntary measures offered by the Council to bring the property back into use; or if the owner is untraceable.

Objections may be heard resulting in a potentially costly public enquiry and the Secretary of State may or may not support the action.

Costs:

The Council is required to pay compensation, comprising of the market value of the property plus, if there are no outstanding legal notices on the property, basic loss value. If the property is sold back to back to a new owner, these costs may be paid from the onward sale, but a considerable budget is needed for legal and other costs.

6. Performance and Evaluation

The number of empty homes brought back into use is a corporate measure.

Performance will be reported through the Directorate of Housing and Property.

There will be an annual report on the impact of empty properties and the successful interventions. The report will include:

- a) The changes in the number of empty properties year on year
- b) The number of complaints received in respect of empty homes
- c) Any local authority expenditure incurred in the management of neglected empty properties
- d) The number of properties brought back to use through council involvement
- e) The amount of New Homes Bonus achieved through empty homes
- f) The amount of debt recovered through interventions such as negotiation and enforced sale
- g) The progress and current circumstances of any homes vacant for over 2 years and any barriers or hold ups to identify where resources are needed.