



SCRUTINY COMMITTEE

Thursday, 16 September 2021

Subject	Empty Homes Update
Report by	Richard Kerry
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Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

This report has been prepared in response to a request from Scrutiny Committee for an update on the issue of empty homes.

Options:

Do nothing to encourage the re-occupation of long-term empty homes, other than continue to charge the permitted Council Tax Premium.

Continue to deal with problematic long term empty homes on an ad hoc basis as resources are available.

Develop a business case to employ additional resources to tackle problematic long term empty homes.

Recommendation/s:

That Scrutiny Committee, consider this report and advise on any changes it may recommend to the current approach to tackling long term empty properties.

Corporate Impact Assessment

Governance:

The Council is the Strategic Housing Authority for East Suffolk. One housing challenge within the district is that presented by long term empty homes. A long-term empty property is defined as a residential property that has been empty for more than two years. The challenge presented by these properties is managed within the Private Sector Housing team with oversight by the Head of Housing.

ESC policies and strategies that directly apply to the proposal:

[We are East Suffolk Strategic Plan 2020-24](#)

The approach in dealing with empty homes proactively contributes towards the Council's Strategic Plan with primary and secondary priorities in 3 of the 5 key theme areas including Growing our Economy, Enabling our Communities and Caring for the Environment.

[East Suffolk Housing Strategy 2017-23](#)

Empty homes are a wasted resource at a time of housing crisis and can cause blight on neighbourhoods: attracting anti-social behaviour, vandalism and fly-tipping.

Each year the councils review all those properties that are identified by Council Tax data as having been empty for more than 6 months. We will continue to prioritise within the list of long term empty properties so that the service focuses on those where re-occupation would bring most benefit in housing and community terms.

[Private Sector Housing Strategy](#)

"There is recognition of the value of bringing an empty home back into the housing stock when compared to building a new house. During the life of this strategy a case will be made,

along with other housing priorities, to bring in more resources to address the empty home problem, which at a time of housing shortage is not acceptable.

The solutions need to be tailored to each case and owner. They often require an empathetic approach and time to explore all options and present comprehensive arguments. Owners who have left properties vacant for years do not tend to be swayed by one letter or telephone call! Options considered may include encouraged or forced sale, private sector leasing, renovation plans and compulsory purchase.”

The Council’s Acquisitions policy sets out the principle of when a property may be purchased and this includes, on occasions an empty home:

“The Council will on occasions seek to purchase a property, either to meet a need or take an opportunity that assists us meeting a wider strategic objective. The Council may seek to purchase units where there is a wish to extend its housing stock to meet the demand for affordable housing within the district. When the financial opportunity permits, the Council will seek properties that meet our stated criteria (which is reviewed annually). Acquisitions will only take place when funding is identified during the year and they meet a strategic desire to increase our council housing stock or a critical operational objective. It is not expected that any acquisition will take place that does not meet these requirements.”

Environmental:

Empty homes represent a wasted resource. Where there are opportunities to renovate and return to use, the end result will be a modernised, more energy efficiency home utilising fewer resources than a new build. The solutions are often in the private sector, but the council can have a key role in opening up the opportunity for investment and restoration where this has stalled.

Equalities and Diversity:

ESC has declared Deprivation and Disadvantage as a 10th 'characteristic' for the purpose of assuring Equality in our District. Many of the private sector housing initiatives seek to assist those on low incomes who are suffering from poverty. There are opportunities in working to bring back into use long term empty homes (LTEH), to develop housing units offered at affordable rents, thereby supporting those on low incomes.

Some empty homes may become part of the Council’s own stock and provide affordable accommodation, whilst also addressing much needed regeneration. An example of this is 87 The High Street, Lowestoft. This property was a long-term empty home and retail unit in very poor condition within the Heritage Action Zone. Having been empty for over 6 years the property was recently purchased by the Council and plans are being prepared for conversion to flats to be retained as part of our Housing Revenue Account stock to provide homes for future council tenants. Other properties (560 London Road and 87 Park Road, both in Lowestoft) have been brought into use in a similar way and yet more are now occupied via private sector leasing schemes with housing associations or private landlords as partners. Appendix A provides some more detailed examples of solutions that have been implemented.

Financial:

The Local Government Finance Act 1992, amended by the Local Government Finance Act 2012, allows Councils to charge a Council Tax Premium for homes that have been empty and substantially unfurnished for more than 2 years. Subsequent Regulations have been introduced to increase the amount of that premium such that from 1 April 2020, if a property has been empty and unfurnished for more than 5 years, then an extra 200% is payable (meaning a 300% charge) and from 1 April 2021 if a property has been empty and

unfurnished for more than 10 years, then an extra 300% is payable (meaning a 400% charge). In 2020/21 ESC issued Council Tax bills including premium charges of £622,862 related to long term empty properties.

The New Homes Bonus (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The aim of the bonus was to provide a financial incentive to reward and encourage local authorities to help facilitate housing growth. Where housing growth occurred, each annual in-year reward was initially paid for six financial years, such that allocations built up incrementally over time. The longevity of these legacy payments was reduced when the Bonus was reformed in 2017/18. The Council uses this funding to support the delivery of community projects and initiatives.

The local government funding settlement for 2020/21 was for one year only and included payment of NHB for one year instead of four years, i.e. no legacy payments. Another one-year only round of NHB funding (year 11), was announced in the settlement, for 2021/22 so the total payments of NHB to be received in 2021/22 will be a NHB allocation for the year of £103,529, and two legacy payments in respect of years 8 and 9, and one payment in respect of year 11, amounting to £1,073,380.

Increasing the return of empty homes to occupation is an important element in the calculation of NHB. Under the current system, NHB allocations are based on growth in the number of properties between one year and the next as shown on the Council Tax CTB1 forms, and an allocation is payable over a growth threshold of 0.4%. In this calculation, bringing an empty home back into use effectively counts as the equivalent of an additional new home. Conversely, an increase in the number of empty homes compared with the previous year reduces the amount of the NHB allocation.

During the current year, the government has undertaken a consultation on the future of NHB and is looking to reform the scheme to ensure it provides an effective incentive, focused and targeted on ambitious housing delivery. The scheme intends to complement the reforms outlined in the government's Planning White Paper and dovetail with the wider financial mechanisms, including the proposed infrastructure levy and the National Home Building Fund. The Government's response to this consultation is currently awaited and the reforms are intended to be introduced in 2022/23. It is expected that bringing long term empty properties back into use will continue to be a feature of the scheme, and in its response to the Consultation, the Council responded to the relevant question regarding this as shown below:

Question 7:

Should a reformed Bonus continue to reward local authorities for long-term empty homes brought back in to use?

We consider that rewards for bringing long-term empty properties back into use should continue to be part of the system. In addition, we are of the view that the workload involved for authorities in this is greater than that for new properties being developed in the district. Consequently, we would suggest that a premium be considered in respect of Bonus for empty properties in addition to the standard per property allowance. A measure such as this would both make better use of existing housing stock and incentivise authorities in areas where new development may be more problematic or less attractive to developers.

Human Resources:

Additional staff resources and supporting budget would be required to deliver a comprehensive empty property programme.

ICT:

No issues

Legal:

There are few legal provisions that specifically relate to empty homes, but there are a number that can be applied to empty homes in the same way as to occupied housing. Legal interventions tend to be implemented when the condition of the property deteriorates to the extent that it impacts on the community. Options to act in various situations are listed below:

- Rodent infestations can be dealt with under the Prevention of Damage by Pests Act 1949 where action can be taken in an owner's default to clear land and property of pests.
- Properties that are in such a condition as to be seriously detrimental to the amenity of the neighbourhood, often badly overgrown gardens, can be dealt with under Town and Country Planning Act 1990.
- Dangerous structures can be dealt with under the Building Act 1984.
- Vandalised buildings can be boarded up to prevent unauthorised entry under Local Government (Miscellaneous Provisions) Act 1982
- Buildings causing damage or disrepair to neighbouring ones can be dealt with under the Environmental Protection Act 1990 as a statutory nuisance.

None of these options by themselves are likely to bring a home back into use but they do enable acute issues to be tackled.

Most long-term empty homes need a change of owner to bring them back into occupation. This can sometimes be achieved by persuasion and support but sometimes needs a more forceful approach.

- Where there are debts on the property, which can arise from action under the above provisions, or Council tax debts linked to additional premiums, there are options to force sale to recover debts.
- The most complex option is Compulsory Purchase under the Housing Act 1985. Government guidance states that Compulsory Purchase Orders for housing may be justified as a last resort in situations where there appears to be no other prospect of a suitable property being brought back into residential use. When considering whether to confirm such an order the Secretary of State will normally wish to know: how long the property has been vacant; what steps the authority has taken to encourage the owner to bring it into acceptable use and the outcome; and what works have been carried out by the owner towards its reuse for housing purposes

Both of the legal options above are complex and time consuming and, whilst there are specialist law firms that can take on the challenge and deliver efficiencies, the financial and staffing resources required are significant.

Risk:

There are risks associated with both acting and not acting on empty properties. The risks of not acting include: the deterioration of the property resulting in damage and nuisance to adjoining property and deterioration over time resulting in detriment to the amenities of the local area. Both examples can result in costs to the Council.

Acting and financing the additional resources to deliver an empty homes programme on receipts from New Homes Bonus, risks proposed changes to this scheme significantly altering the funding received. If individual properties cannot be negotiated back into use quickly and compulsory purchase becomes the only option this can be time consuming and risks tying up specialist legal, enforcement and finance staff.

External Consultees: Not at this stage

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input checked="" type="checkbox"/>

How does this proposal support the priorities selected?

Ensuring there are sufficient homes for our residents and these homes are safe, secure and suitable is a key priority that sits within the priority for maximising well-being and health. Empty homes can also attract anti-social behaviour. (PO8) Empty homes are a wasted resource and can be brought back into use at a fraction of the cost and material used on new builds (P21). Renovation and reoccupation addresses supporting infrastructure (P05), tackling what matters most to communities by addressing an eyesore and restoring a home (PO7). The opportunity to utilise external funding to deliver the proposal makes good use of the rewards available. (P13)

Background and Justification for Recommendation

1 Background facts	
1.1	There are a number of ways of defining Empty Homes. Councils report on all empty homes that are unoccupied and unfurnished, and then further defines them by the length of time they have been empty. Long-term empty homes (LTEH) are those that have been empty for more than 2 years. These homes are significant because their numbers are deducted from any net increase in housing units, when calculating the New Homes Bonus (see financial section above). Unoccupied homes that remain furnished are not part of this recording process but can also be significant and problematic.
1.2	Having a proportion of empty homes is a normal phenomenon in the housing market as they are empty for reasons such as being under renovation; for sale; or have been recently re-occupied, but the Council have not been notified by the new occupants. The numbers of empty properties fluctuate throughout the year and during the pandemic, rose to reflect the extended time matters such as probate and marketing were taking.
1.3	<p>Each LTEH has its own complex and specific reasons for being left empty. Owners tell us of ill-health, family disputes, sentimental attachment, apathy, “too hard” to dispose of, planning to renovate when they retire, they are too old to cope with doing anything or the owner is living abroad or occasionally can’t be traced. The longer the situation has remained, the more difficult owners are to engage with and persuade to act and the costs of remediation rise.</p> <p>A whole variety of incentivised tools have been developed by East Suffolk to support owners in these situations, from private sector leasing schemes, discounted auction fees and renovation grants, all of which have been successful in resolving some cases but, the remaining LTEHs are very challenging and require significant resources to resolve.</p>
1.4	There is no statutory requirement on Councils to deal with empty homes and only if their condition impacts significantly on the community or neighbours (rodent infestation, squatters, antisocial behaviour, dangerous structures) can any action be taken. This means that LTEH cannot take priority over other statutory work and there is limited resource available to support the sustained action required to achieve significant results.
1.5	Appendix A includes examples of some empty homes where we have been involved and the types of situations the council has encountered.

2 Current position

2.1 East Suffolk figures for long term empty homes in 2020/21. There are approximately 117,000 homes in East Suffolk. The number of LTEH represents less than 0.25%.

<u>Empty homes 2020/21</u>	<u>Number</u>
Empty between 2 and 5 years	212
Empty between 5 and 10 years	59
Empty 10+ years	45
TOTAL	316

In the same year the **total number of homes** identified as empty across the District were 1,976. (Empty in this context, for any length of time). As explained above, most of these are empty due to normal flux in the housing market. The pandemic has led to higher numbers due to an increase in the time taken for disposal of property and re-occupation. In 2019/20 the number was approximately 1,158 LTEH in total.

2.2 Of the 316 LTEH, the majority are in council tax bands A, B and C.

Total Dwelling Numbers	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Totals
Empty 2 years +	64	45	49	20	16	8	9	1	212
Empty 5 years +	22	16	9	6	3	2	0	1	59
Empty 10 years +	20	12	8	3	1	0	1	0	45
Total	106	73	66	29	20	10	10	2	316

2.3 The map at appendix B shows the distribution of the 316 LTEH across East Suffolk.

2.4 The annual exercise of reviewing empty homes is about to begin. This involves an initial letter to all homes identified as empty to encourage occupiers that have moved into previously empty homes, to register their occupancy, so the homes come off the empty list and normal Council Tax charges are applied. The letter also stresses the financial implications of the Council Tax Premium and details support available to bring homes back into use. No resources have been identified this year to follow up beyond this point to carry out visits, calls and trace owners.

3 How to address current situation

3.1 There is potential to utilise receipts from New Homes Bonus and/or Council Tax Premium to employ additional resources to take concerted action on LTEH. Further action will require a mix of technical administrator, housing inspection and legal skills. Properties earmarked for Compulsory Purchase could be outsourced to a specialist law firm. There are resources ear-marked in the Sizewell Accommodation Strategy to work on LTEH in the Leiston area, as a means of increasing housing supply but this will only address a small number of properties in the locality.

3.2	Any reliance on the NHB system to fund increased activity on LTEH brings a risk that the new system may not reward this type of activity or may result in reduced funding. The holistic assessment of LTEH as a wasted resource, however, brings into play other considerations that may warrant investment. The gains of dealing with LTEH are many: community eyesores removed, reduction in anti-social behaviour, adjacent buildings protected, new homes created at a fraction of the cost of new build, opportunity to add to social housing stock, publicity leading to self-generated action on other empty homes.
3.3	There are no immediate solutions to this situation, but investment in a programme of action could yield a significant reduction in numbers and address the issues listed above and create homes for local residents.

4 Reason/s for recommendation

4.1	The report enables Scrutiny Committee, having considered the report, to make recommendations to Cabinet for further action to tackle empty homes, or not as the Committee considers appropriate.
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Appendices

Appendices:

Appendix A	<p>Examples of some Long-Term Empty Homes.</p> <p><u>Property A</u> – Empty for over 20 years.</p> <p>Bought by owners as a renovation investment in late 1990s.</p> <p>Personal circumstances changed and they had to move in with elderly mother to care for her – taking much time and energy. She lived until she was over 100!</p> <p>Husband then became ill and again there was a prolonged period when the house was not a priority.</p> <p>Property owners received the standard annual Council Tax letter about empty homes support, over a number of years – no engagement.</p> <p>The Council received complaints from neighbours of overgrown garden attracting vermin and the general condition of the property. Visits to site and specific letters sent.</p>
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Engagement with owners by letter and telephone calls. Keen to sell to Council, if viable as a Council house.

Option considered but not suitable. Momentum with owner maintained and persuaded to put for auction. Auctioneer took on to sell for them at reduced fee in late 2020. Realised substantially above reserve. New owners undertaking full renovation.

Before:



Now:



Properties B – Empty for over 40 years

Semi-detached properties in prominent rural location. Owned by elderly owner as part of farming estate. Extensive engagement over many years including previously with mother, who died a few years ago. Unable to convince the owners that the financial losses accruing as a result of leaving empty, outweigh the potential tax liabilities of renovating and renting out or selling. Renting seen as too difficult.

Interest from potential purchasers who see it as an opportunity – diminishing interest as the condition of the properties deteriorate. At one point, just one of them was put up for sale. The liability of the other one meant no sale was forthcoming

Property C – Empty for 17 years

The property near Wickham Market had been occupied, but the owner left to care for relatives in about 2004 and never returned. The Council took emergency action (Dangerous Building Notice) in 2005 to deal with structural problems with the property that required the building to be shored up!

Property remained vacant and neighbour became increasingly concerned about its condition and the detriment to his own property. The Council undertook extensive enquiries to locate owner which took many months to bear fruit. Once contact was made, he was keen to sell but matters only moved forward when the Council agreed to act for him. The Council assisted with meeting the auctioneer at the property; helping with the completion of the various forms; corresponding with the auctioneer and the solicitors; arranging for the property to be cleared before the auction and helping with the completion of the transfer of the property at the Land Registry.

The property sold well above guide price, was fully renovated and extended by the new owner and has recently been put up for sale again.

Before:



Property D – Empty for 11 years

The property in Felixstowe was a 3-bed mid terraced property. The owner purchased it in 1978 and lived in it until 2010 when it became empty. The condition of the property had been a concern since 2003 when it was considered to be ‘filthy and verminous’ and was cleared using Public Health legislation. Further enforcement work was then undertaken by the Planning Department in 2005 to clear the garden. The property was in disrepair, but the owner wouldn’t engage and had considerable health concerns.

Complaints were received in 2010, but owners whereabouts unknown. In late 2011 the Police managed to obtain a mobile phone number for the owner. There followed months of attempted contact with some success but no action.

Finally, a warrant to enter the property was obtained in 2012 and initial targets for clearance agreed with the owner. He again failed to deliver. Further Planning Notices were served to clear outside areas and replace windows and doors. Threats to do this work in owner’s default finally

brought him to the discussions. At every step of the way he had to be cajoled, persuaded and assisted which was a huge commitment of time.

With the help of grant aid, a 10-year lease to Orwell Housing Association, a repayment agreement for accrued debts from collected rent, the property was brought back into use at an affordable rent. The same family that took the initial tenancy still call it home.

Before:



After:



Property E – Empty for 24 years

The property in Lowestoft is a large three-bedroom property which was in a very poor state of repair, with a significantly overgrown rear garden, affecting neighbouring properties and the amenity of the area.

Neighbours had complained of pests and the property had also been subject to vandalism and on occasion, reported as a potentially Dangerous Structure.

The property had been vacant since January 1995 and despite repeat contact with the executors of the previous owner occupier, on and off since 2009, no resolution had been achieved to the issues the property had created. The Private Sector Housing team took the property forward to Cabinet in April 2018 to seek consent to compulsorily purchase the

property, working with a law firm specialising in compulsory purchase. Permission was obtained to pursue the CPO, however once this was declared to the executors, they appointed a solicitor to handle disposal of the property, at which point, the Council itself secured the purchase of the property and completed this in early January 2019.

Following the purchase, the Council's own housing development team worked with the Council's in-house building maintenance team and managed the refurbishment of this property. Once completed, the property was let to a local family, in desperate need of a four-bedroom home.

Before and after photos front elevation



Before and after photos rear elevation



Appendix B

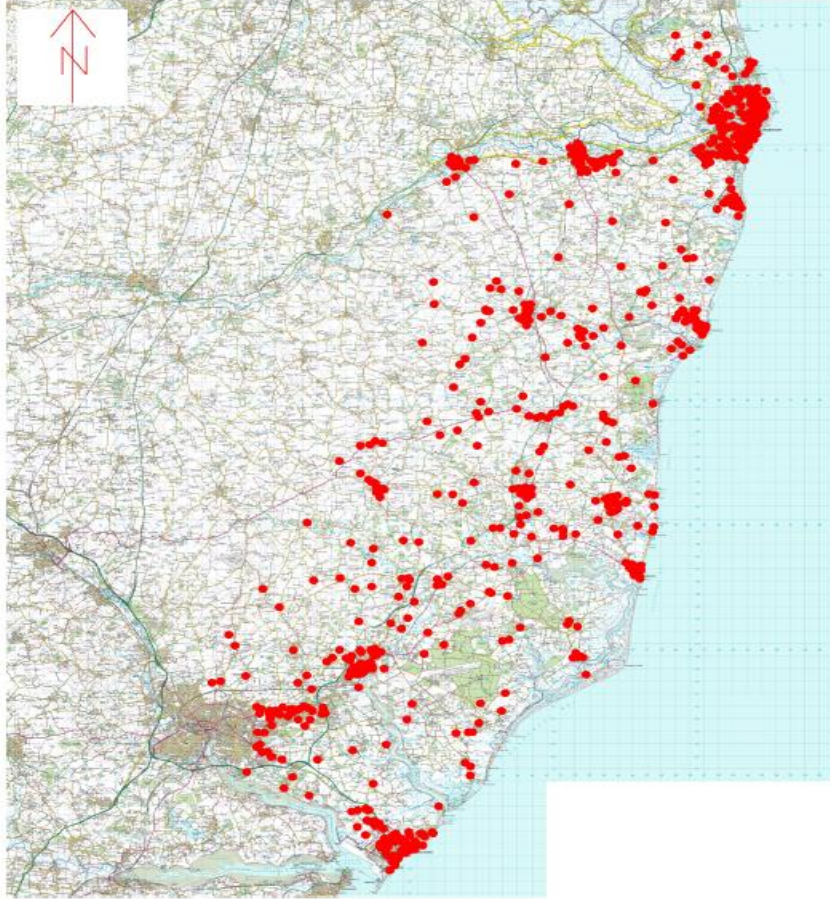
Map Showing distribution of 316 Long-Term Empty Homes (empty for more than 2 years) across East Suffolk (August 2021)

East Suffolk Council

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Scale 1:300000

Empty Homes East Suffolk



Background reference papers: None