

## EXETER CITY COUNCIL

### COMMUNITY SCRUTINY COMMITTEE 5 MARCH 2013

#### EXECUTIVE 19 MARCH 2013

### EMPTY HOMES ENFORCEMENT

#### 1. PURPOSE OF THE REPORT

- 1.1 To approve a systematic approach to tackling long term empty homes in the city and the use of enforcement powers where required to ensure empty homes are returned back into use.

#### 2. BACKGROUND

- 2.1 Long term empty properties are a valuable housing resource, particularly in areas of high housing demand like Exeter. Homes that are left unoccupied can quickly fall into disrepair and neglect, becoming a blight on the neighbourhood by attracting anti-social behaviour, accumulating refuse, encouraging vandalism and reducing property values in the local area. Bringing empty properties back into use can benefit the individual owners, potential future occupiers and the wider community.
- 2.2 The National Planning Policy Framework (NPPF) published in March 2012 makes a specific reference to empty properties. It states that:  
*“Local Planning Authorities should identify and bring back into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers”.*
- 2.3 The number of empty properties returned to use is a key element in the calculation of New Homes Bonus. For example, one Band D long term empty home returned to use will produce £8,634 over the six year period. Exeter City Council gets 80% of this – just under £7,000 over six years for each Band D property removed from the Council Tax Base figures.
- 2.4 An effective empty homes enforcement policy also helps maximise available housing stock in the city and normally improves the general condition and energy efficiency of properties.

#### 3.0 TACKLING EMPTY PROPERTIES IN EXETER

- 3.1 Compared to other similar areas, the Council already has a good track record in tackling empty properties. New Homes Bonus is calculated on the net reduction in the Council Tax Class C (long term empty properties) on 1 October each year. In October 2012, there was a net reduction of 62 homes to 230 properties which will deliver nearly £420,000 in New Homes Bonus over the next six years. This shows that 0.4% of all properties in Exeter are long term empty properties compared to an average of 2.5% nationally. However, it will be important to keep the number of empty homes at or below 205 every October in order to maintain New Homes Bonus funding at this level.

- 3.2 A long term empty property is defined as a property that has been empty for six months or longer. The majority of empty properties are identified through the Council Tax database because properties that are empty and unfurnished currently receive an exemption from Council Tax for up to six months and then receive an ongoing discount of 10%. These are classified as Class C long term empty properties.
- 3.3 However, this does not represent a full picture of empty properties as only those properties where the owner has advised the Council Tax department that the property is empty in order to receive an exemption are included. Where owners of empty properties continue to pay full Council Tax there is no way to know whether the property is empty unless it is reported as empty to the Council. In addition, properties that are empty but are furnished are currently recorded as second homes through the Council Tax database.
- 3.4 At Executive Committee in November, it was agreed that as part of the technical reforms to Council Tax that from April 2013 the exemption given to empty property owners will be reduced from six months to two months and properties that have been empty for longer than two years will be charged 150% Council Tax. In addition, the 10% discount given to second home owners will be removed. Therefore, from April 2013 there will be less incentive for owners to advise the Council that their property is empty and may make it more difficult for the Council to identify empty properties.
- 3.5 Many properties become empty at some point as part of the normal operation of the housing market and are usually empty for less than six months. These properties are considered “transactional” empties, usually properties that are in the process of being renovated, are being marketed for sale or for letting.
- 3.6 Properties may become empty for a number of reasons such as:
- lack of funds for refurbishment
  - reluctance to let out
  - bankruptcy/repossession/abandonment
  - buy for investment purposes
  - lack of knowledge / inaction of owners
  - probate, estate or legal ownership issues
  - illness
  - family dispute
- 3.7 In February, there were 310 long term empty properties on the Council Tax Class C list, with 77 having been empty for longer than 12 months. The table below shows the number of properties that are currently empty and the length of time they have been empty:

<b>Date empty</b>	<b>Number of empty properties</b>
7-12 months	233
1-2 years	38
2-3 years	8
3-4 years	12
4-5 years	3
6-10 years	13
11-15 years	3
16-20 years	0
20+ years	0
<b>Total</b>	<b>310</b>

- 3.8 The table shows an increase in the number of long term empty properties since October 2012. This has been the result of data cleansing of void properties on the Council Tax database which are now been listed as long term empty properties.
- 3.9 Despite the Empty Homes Enforcement Policy stating that enforcement action will not usually be taken on properties empty for less than a year, work is carried out on a regular basis throughout the year to ensure that the information on the Council Tax database is as accurate as possible through the use of verification visits to properties. This has shown to be a useful exercise and usually results in a significant reduction in number of properties empty between 7-12 months. It is expected that this number will be reduced significantly ahead of October 2013 and the next New Homes Bonus calculation.
- 3.10 The Council's existing approach to empty properties has not been ineffective. It is based on a step by step process which builds from offering advice and information, through the use of grants and loans as incentives, to more formal enforcement action using existing authorised powers. We could continue to use these powers to tackle the issues posed by long term empty properties. However, this normally offers only a short term fix and does not address the underlying issue of ultimately bringing the empty property back into use. We believe that what is required to tackle those properties that have been empty a long time is an ultimate sanction of removing the empty property from its existing owner, by means of either enforced sale, an Empty Dwelling Management Order (EDMO) and Compulsory Purchase Order (CPO). Obviously this is a very serious sanction and cannot be undertaken lightly. The draft Enforcement Policy attached at Appendix 1 sets out how and when such enforcement will be used.
- 3.11 Many owners need support, information or encouragement to help them bring their empty home back into use, whilst others have little or no intention of doing anything with their property. Empty property owners are offered advice, assistance and support by the Council to reach a solution in order to bring their empty property back into use. However, there are circumstances where owners cannot be traced or are reluctant to bring back into use their property within a reasonable timescale. In these circumstances, enforcement action may be deemed the most appropriate course of action.
- 3.12 Action will be taken on empty properties using the following criteria:
- Length of time empty
  - Condition of property
  - Causing a detrimental environmental impact
  - Subject to enforcement action by other departments
  - Affecting stability or causing harm to neighbouring properties
- 3.13 Some empty properties will require more immediate enforcement action due to the condition of the property where there are health and safety concerns or the condition has a negative impact on the local neighbourhood. This will ensure that the condition of the property is improved in the short term, whilst further action is taken to return the property into use longer term.
- 3.14 Enforcement action will not be limited only to empty homes listed as long term empty properties on the Council Tax database. The Enforcement Policy will permit the Council to take action against any privately owned long term empty property to return it back into use.

- 3.15 The Council would not seek to take action on properties that are empty for less than six months or properties that have been empty where there is clearly an intention to bring the property back into use. The Council will instead focus empty homes enforcement action on properties that have been empty for longer than six months where there is no prospect of the owner returning the property back into use in the foreseeable future.
- 3.16 The Council will not use enforcement action until all other avenues to encourage the owner to bring the property back into use have been exhausted. We will only use enforcement action where the owner is not engaging in finding a solution to bring the property back into use or where all avenues to find an absent owner have been explored. We will also use the most appropriate enforcement action to bring the property back into use. Often the threat of enforcement action will encourage the empty property owner to engage with the Council and is therefore a particularly useful tool.

#### 4.0 **ACTION PROPOSED**

- 4.1 Approval is sought to use the legal powers available to local authorities to return properties back into use, which include the enforced sale of the property, an Empty Dwelling Management Order (EDMO) and Compulsory Purchase Order (CPO).
- 4.2 Approval is also sought for delegated authority to be granted to the Assistant Director of Housing & Contracts, in consultation with the Portfolio Holder for Housing, to take action on long term empty homes identified. Delegation will ensure that the appropriate action can be expedited without the need for committee approval on a case by case basis.

#### 5.0 **RESOURCE IMPLICATIONS**

- 5.1 Using enforcement powers to bring empty properties back already requires staff resources across the Council, particularly in housing, environmental health and city development. It is not expected that enforced sale, Empty Dwelling Management Orders or Compulsory Purchase Orders will be used on large numbers of properties. Similar approaches in other areas of the country have demonstrated that the threat of enforcement action and a robust track record of enforcement is often enough to encourage property owners to take action.
- 5.2 However, in some cases robust action will be required and it is important to have the resources in place to both fund the complex administrative processes and to actually purchase the property, if necessary. It is proposed that the ringfenced New Homes Bonus funds be used to fund empty property enforcement on the exceptional occasions that additional funding is required. Revenue funding will be drawn from the capacity funding already set aside and any temporary capital funding required will be drawn from the Major Infrastructure Fund and replaced *without delay* with the proceeds of the onward sale.
- 5.3 Any empty properties that are purchased will be sold quickly to a new owner who is prepared to make the investment so that the capital outlay will be short-term. In certain circumstances, for example if the empty property was originally owned by the council, it might be purchased by the Housing Revenue Account and added to the council's housing stock. Alternatively, rather than funding the purchase ourselves, we may be able to agree a back-to-back sale with a housing association or private developer and reduce the Council's liability for Stamp Duty Land Tax. A risk-based disposal policy will be drawn up which sets out how the Council will dispose of any properties purchased as a result of enforcement action.

- 5.4 Delegating enforcement powers to the Assistant Director of Housing & Contracts will ensure that such action is only taken where there are no other options available to bring the property back into use.
- 6.0 **RECOMMENDED** that:-
- 6.1 Scrutiny Committee - Community approves the Empty Homes Enforcement Policy and requests Executive to
- (a) approve the Empty Homes Enforcement Policy
  - (b) authorise the use of New Homes Bonus to fund enforcement action on empty properties in exceptional circumstances where external services are required, to a maximum of £20,000 over the next three years
  - (c) authorise the use of New Homes Bonus in exceptional circumstances to fund the purchase of an empty property to a maximum of £300,000 per property
  - (d) authorise the Assistant Director of Housing and Contracts, in consultation with the Portfolio Holder for Housing and Community Involvement to undertake an Enforced Sale, an Empty Dwelling Management Order or a Compulsory Purchase Order to bring an empty property back to use

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Local Government (Access to Information) Act 1972 (as amended)

**Background papers used in compiling this report:-**  
None