

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Cabinet

14 February 2023

| | |
|--------------------------|---|
| TITLE: | Empty Property Strategy Update |
| PORTFOLIO HOLDER: | Councillor Ross Ward – Portfolio Holder for Communities |
| CONTACT OFFICER: | Martin Owen – Executive Director Finance and Customer Services |
| WARDS INVOLVED: | Non-Specific |

Appendix A: Empty Homes Network report

Appendix B: Empty Homes Working Group Action Plan

Appendix C: Enforced Sales Policy

1. Reason for the Report

1.1 To advise the Cabinet of progress in relation to the Empty Property Strategy.

2. Recommendation

2.1 That the contents of the report be noted and the Action Plan (Appendix B), Enforced Sales Policy (Appendix C) and additional staff resource and capacity (Empty Homes Officer) be approved.

2.2 That the removal of the discount for empty and unoccupied properties s7.3.3 and the removal of the uninhabitable discount s7.3.4 be approved.

2.3 That the Council Tax premium on second homes outlined s7.3.9 and the empty property premium for properties that have remained empty for 1 year s7.3.10 be adopted.

3. Executive Summary

3.1 Empty homes are a wasted resource at a time when there is increasing pressure to address housing and homelessness need.

3.2 There has been a decline in empty properties and those empty for more than 6 months as a proportion of housing stock. However Staffordshire Moorlands shows a higher percentage compared with national figures for total empty and those empty for more than 6 months.

3.3 The cross service Empty Homes Working Group recently undertook a service review 'health check' with the Empty Homes Network (EHN).

- Recommendations within the EHN Service Review report (Appendix A) are to be taken forward as outlined in the Empty Homes Action Plan (Appendix B).
- 3.4 Changes are recommended to council tax discounts and premiums. The removal of the 3 month 100% discount for unoccupied and unfurnished properties, and the 12 month 50% reduction for uninhabitable properties. In line with proposals within the Levelling Up and Regeneration Bill 2022; adoption of the Council Tax premium on second homes and the empty property premium for properties that have remained empty for 1 year.
- 3.5 An Empty Homes Officer would provide a vital role in advising and supporting owners of empty homes to explore options and bring homes back into use.

4. **How this report links to Corporate Priorities**

- 4.1 The strategy contributes to the Corporate Plan 2019-23 aim of helping to create a safer and healthier environment for our communities to live and work.
- 4.2 A reduction in the number of empty properties generates income as part of the New Homes Bonus scheme.

5. **Options and Analysis**

- 5.1 Option 1- Proceed with the recommendations to approve the Empty Property Working Group Action Plan (Appendix B) and additional staff resource and capacity (Empty Homes Officer) – **Recommended**
- 5.2 Option 2- Not to proceed with the recommendation – **not recommended**. The Action Plan focuses activity and without a dedicated resource the council lacks the capacity to support owners of empty homes and bring homes back into use.

6. **Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)
A reduction of empty properties is proven to have a positive impact and improve the quality of an area and assist in the reduction of vandalism and anti-social behaviour.
- 6.2 Workforce
Additional staff resource, outlined under s6.4 financial considerations
- 6.3 Equality and Diversity/Equality Impact Assessment
The report has been prepared in line with Council policies
- 6.4 Financial Considerations.
The proposed changes to empty homes discount and second home premiums as detailed in section 7.3, will have a positive effect on receipts in the Collection Fund.
The appointment of an Empty Homes Officer is likely to have a positive effect on the number of empty properties in the

District and thereby increase the amount of New Homes Bonus received in funding by the Authority.

It should be noted that there is a risk that changes to the New Homes Bonus scheme will remove the benefits under the scheme associated with the reduction in empty property numbers.

Provision has been made in the Medium Term Financial Plan for the creation of an Empty Homes Officer on a fixed term contract.

6.5 Legal
There are no specific implications to this report.

6.6 Sustainability
There are no specific implications to this report

6.7 Internal and External Consultation
Consultation undertaken with internal Council departments

6.8 Risk Assessment
There are no specific implications to this report

Martin Owen

Executive Director (Finance and Customer Services)

| Web Links and Background Papers | Location | Contact details |
|--|--|--|
| Cabinet report 5/12/17: 'Empty Property Strategy' Delegated decision report 2018/15E: 1/3/2019 'Empty Homes Update: funding opportunity with EPIC' Information Digest 29/4/2020 'Empty Property Progress Update' | Website 'agenda & minutes' agenda pack | Helen Core Head of Housing Services Helen.core@staffordshiremoorlands.gov.uk |
| | | Joanne Wheeldon Head of Revenues & Benefits joanne.wheeldon@staffordshiremoorlands.gov.uk |

7. Background and Detail

7.1 Local context

7.1.1 Making the best use of existing stock and bringing empty homes back into use is fundamental to meeting housing need, it is not just a case of building new homes. Empty homes are a wasted resource at a time when there is pressure on housing stock to address housing and homelessness need. They can also

create problems for neighbours and the wider community such as disputes, blight, property deterioration and discourage inward investment.

7.1.2 Empty homes can generally be categorised as either transitional vacancies in a housing market or more problematic, inactive in the housing market and empty for over six months. The Empty Property Strategy 2017 targets for action properties empty for over six months and empty property complaints. The Environmental Health service deal responsively with empty property complaints and these properties may have been empty for more or less than six months.

7.1.3 The reasons why a property may be empty can be varied and often complex. These may include death or ill health of an owner, the property being subject to probate process or other legal disputes. An owner may be unable or unwilling to let or sell a property or inherited and not know what to do.

7.1.4 National and local empty property statistics are provided below. These show that locally, with the exception of 2022, there has been a decline in empty properties and those empty for more than 6 months as a proportion of housing stock. However Staffordshire Moorlands shows a higher percentage compared with national figures for total empty (2.02% v 1.90%) and those empty for more than 6 months (1.42% v 1.02%).

| | Total Dwellings | Total empty homes | Empty more than 6 months | % total dwellings empty | % total dwellings empty more than 6 months | % empty homes, empty for more than 6 month |
|------|-----------------|-------------------|--------------------------|-------------------------|--|--|
| 2017 | 24,076,200 | 454,558 | 216,932 | 1.89 | 0.90 | 48 |
| 2018 | 24,298,200 | 472,918 | 227,953 | 1.95 | 0.94 | 48 |
| 2019 | 24,549,014 | 482,896 | 237,594 | 1.97 | 0.97 | 49 |
| 2020 | 24,761,613 | 480,106 | 278,470 | 1.94 | 1.12 | 50 |
| 2021 | 24,987,468 | 468,070 | 246,644 | 1.87 | 0.99 | 53 |
| 2022 | 25,225,481 | 479,079 | 257,331 | 1.90 | 1.02 | 54 |

Fig 1: National empty statistics

| | Total Dwellings | Total Empty Homes | Empty more than 6 months | % Total dwellings empty | % total dwellings empty more than 6 months | % empty homes, empty for more than 6 month |
|------|-----------------|-------------------|--------------------------|-------------------------|--|--|
| 2017 | 43,932 | 1,162 | 635 | 2.64 | 1.45 | 55 |
| 2018 | 44,030 | 1,188 | 814 | 2.70 | 1.85 | 69 |
| 2019 | 44,170 | 1,099 | 715 | 2.49 | 1.62 | 65 |
| 2020 | 44,295 | 1,025 | 776 | 2.31 | 1.75 | 76 |
| 2021 | 44,410 | 899 | 605 | 2.02 | 1.36 | 67 |
| 2022 | 44,644 | 925 | 638 | 2.07 | 1.42 | 70 |

Fig 2: SMDC empty statistics

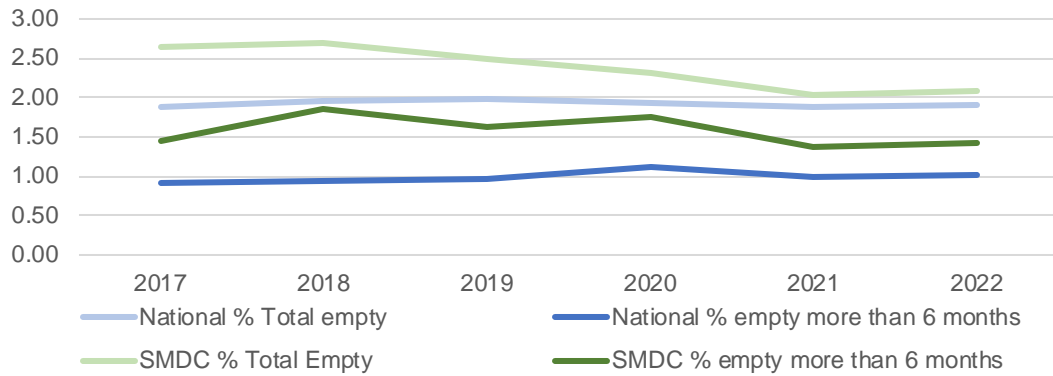


Fig 3: National and local comparison

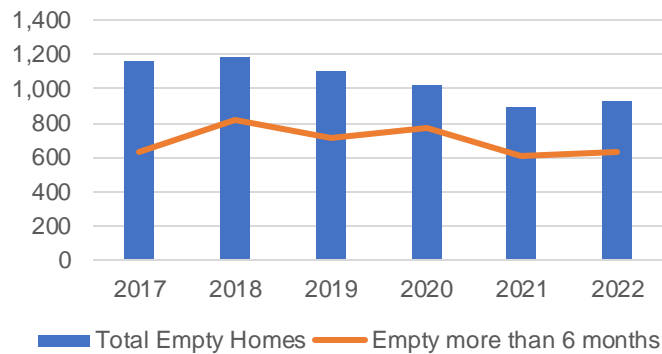


Fig 4: SMDC empty properties empty more than 6 months

7.2 Empty Homes Network (EHN) service review

7.2.1 The cross service Empty Homes Working Group review delivery of the Empty Property Strategy 2017 and recently undertook a service review 'health check' with the Empty Homes Network (EHN). EHN provide support to empty property practitioners including practical, operational and experience based training and consultancy to local authorities. The service review was undertaken to develop approaches and processes, share best practice and make recommendations to inform our ability to cost effectively bring empty properties back into use.

7.2.2 Recommendations within the EHN Service Review report (Appendix A) are to be taken forward as outlined in the Empty Homes Action Plan (Appendix B).

7.2.3 The report considers available tools and incentives to bring properties back into use. This includes policy relating to empty property Council Tax discount and premiums.

7.3 Council Tax policy

7.3.1 In accordance with powers granted under the Rating (Property in Common Occupation) and Council Tax Act 2018, the empty property Council Tax Premium requires, subject to other exemptions and discounts, empty property owners to pay 100% premium on top of the standard council tax bill after two years, 200% after five years and 300% after 10. The table below shows that 22% of empty properties are charged a premium and between 2017 and 2022

the proportion charged has reduced by 80 (-26.5%).

| | Properties charged premium (2yr+) | Empty for 2 to 5 years | Empty for 5 to 10 years | Empty for more than 10 years | % total empties charged premium | % empty 6m+ charged premium |
|------|-----------------------------------|------------------------|-------------------------|------------------------------|---------------------------------|-----------------------------|
| 2017 | 283 | 283 | | | 24.35 | 44.57 |
| 2018 | 306 | 306 | | | 25.76 | 37.59 |
| 2019 | 294 | 294 | | | 26.75 | 41.12 |
| 2020 | 245 | 136 | 109 | | 27.25 | 31.57 |
| 2021 | 200 | 107 | 41 | 52 | 22.25 | 33.06 |
| 2022 | 208 | 120 | 48 | 40 | 22.49 | 32.6 |

Fig 5: Council Tax premium

- 7.3.2 Changes are recommended to council tax discounts and premiums, enabling the removal of the 3 month 100% discount for unoccupied and unfurnished properties, and the 12 month 50% reduction for uninhabitable properties. Information below models the impact of recommended changes.
- 7.3.3 There are currently 129 properties which are unoccupied and unfurnished and qualify for a 100% discount for a period between 0-3 months. This discount starts from when the property was last occupied and became unfurnished. If this discount was to be removed completely, the estimated savings using current figures would be approximately £71,000.
- 7.3.4 In respect of properties that are currently uninhabitable and undergoing major or structural renovations, there are 77 properties in receipt of this discount, which can be granted for a period of 0-12 months. Again using current figures, if this discount was removed completely, the estimated savings would be approximately £45,000.
- 7.3.5 In order to make the above changes, a decision would need to be made prior to the financial year in which the changes would take place; recommended from 1 April 2024. There is also the requirement to publish a notice of the determination in at least one newspaper, circulating in the area within 21 days of the determination.
- 7.3.6 In addition to making changes to current discounts, the Government as part of the Levelling Up and Regeneration Bill in May 2022, have proposed legislation that includes more options for council tax premiums to be introduced on empty properties and second homes nationally. If the Bill receives Royal Assent, the proposed changes would come into effect from 1 April, 2024.
- 7.3.7 In terms of levy for unoccupied/furnished properties (second homes), a new Section (11)(C) is being inserted in the Local Government Finance Act 1992. The proposed section specifies the maximum premium as 100% and states that a first determination must be made at least one year before the beginning of the financial year to which it relates.
- 7.3.8 If the District Council wishes to adopt changes outlined in the Bill with regards to the premium for second homes, it is required to confirm its decision before 1

April 2023 and publish notice of the determination in at least one newspaper circulating in the area within 21 days of the determination. If a decision is not made by this date then the premium can only be applied from 1 April 2025.

7.3.9 It is recommended that the proposal to charge a premium on second homes is adopted and applied to properties meeting the qualifying criteria with the amount set in the relevant legislation, when set, up to a maximum of 100%. If the proposed maximum premium was applied to the current number of second homes currently 239 properties, this would create additional income of around £444,000.

7.3.10 Within the same Bill, proposes changes from 1 April 2024 to reduce the number of years in which a premium can be applied to empty and substantially unfurnished properties from 2 years to 1 year. It is therefore recommended, in line with the proposed actions of this report, to bring empty homes back into use, that the premium of 100% is applied from 1 April 2024. A decision for the empty home premium can be made prior to the financial year in which the change will take place. As with other changes, there is the requirement to publish a notice of the determination in at least one newspaper circulating in the area within 21 days of the determination. If the proposed maximum premium of 100% was applied to the current number of empty and unoccupied homes, currently 182 properties, this would create additional income of around £292,000.

7.4 Working with owners of empty homes

7.4.1 Council Tax premiums, discounts and exemptions are only one tool available to councils concerned about empty homes. Other initiatives targeted at encouraging empty home owners to return their property to use include a former purchase and repair scheme with EPIC housing association which is no longer available. Home Repairs Assistance grant for empty property owners is available, however there is limited uptake with only 5 grants issued in the last 3 years and only 1 related to an empty dwelling. Actions in Appendix B include the review and expansion of available options for owners; including initiatives such as grants, loans, available energy efficiency support and free options.

7.4.2 Several recommendations concern additional resource and capacity. There is limited capacity within the Environmental Health service to deal proactively with empty properties. Reactively 20-30 complaints a year are addressed, with minimal formal action undertaken when it is essential to address public health, safety and nuisance issues. For instance enforcement notices are served relating to waste/ rubbish, vermin and to secure premises, with works undertaken in default and recharged as necessary. However they do not require an owner to occupy, rent, sell or deal with an empty property and result in a property brought back into use.

7.4.3 Many councils employ a dedicated post, typically an Empty Homes Officer, and EHN recommendations relate to an Empty Homes Officer and Council Tax Visiting Officer. An Empty Homes Officer would develop an empty homes database to prioritise and monitor progress as part of a case management approach working with empty property owners. An officer can spend time

understanding the reasons why a property is empty and the barriers to bringing it back into use. They are able to work with the owner to support them to unravel complexities and start to remove the barriers. They play a vital role in advising and supporting owners to explore options, helping to publicise the premiums, sign post services to assist owners (how to engage an estate agent, get planning permission, building control services etc.), produce newsletters, develop strategies to support owners e.g. selling, helping to engage private buyers, taking property to auction etc.

- 7.4.4 In a previous survey of empty property owners, when asked for information about what might encourage them to bring the property back into use, those that responded to suggested options, indicated. Assistance related to 'repairs/ renovation' (40%), including loans and grants assistance (22%), management service and advice to manage repairs/ renovations. Assistance related to 'renting' (20%) with advice on becoming a landlord, finding a tenant, guaranteed rental income/ leasing and specifically EPC regulations. 20% suggest assistance related to 'sale' and finding a buyer/ selling. A further 20% suggest assistance related to 'planning' matters, including planning advice/ permission resolution and listed buildings.
- 7.4.5 Without a dedicated resource the council lacks the capacity to properly support owners of empty homes and this can place strain on the Council Tax service and Environmental Health service. Subject to Members' approval, it is therefore proposed that the Council recruits an Empty Homes Officer to work with owners of empty homes.
- 7.4.6 An Empty Homes Officer will progress engagement and enforcement, allow for the more intensive work of progressing with stricter enforcement tools where required to address empty and derelict homes. Policies focusing on Enforced Sales, Empty Dwelling Management Orders and Compulsory Purchase Orders will strengthen the councils position through negotiation with owners. The Enforced Sales Policy (Appendix 3) would better place the Council to pursue the forced sales of properties where local land charges have accrued.
- 7.4.7 The Empty Homes Officer could also support the Council's climate change objectives, for instance advising on energy efficiency upgrades and compliance with Minimum Energy Efficiency Standards (MEES) for properties available for rent.
- 7.4.8 The New Homes Bonus (NHB) is a government grant scheme that forms part of the Council's overall base funding. The scheme currently includes a one-off financial reward for every long term empty home (over 6 months) brought back into use. Any reduction in the number of empty homes gives rise to additional NHB payable in the following year, which would help offset the costs of an Empty Homes Officer. It should be noted that the scheme is currently under review and there is a risk that a future replacement scheme may not include reward for reduction in empty property numbers. Provision has been made in the Medium Term Financial Plan for the creation of an Empty Homes Officer on a fixed term.
- 7.4.9 Many actions within the Action Plan take into consideration and are subject to

the recruitment of an Empty Homes Officer (EPO). An updated Empty Property Strategy, with an updated view on local and national context, enforcement, policy direction and initiatives will be developed in order to comprehensively outline approach and available assistance.