

# CABINET

## Lancaster District Empty Homes Strategy 7 October 2014

### Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
The report is to seek Cabinet approval to formally adopt the Lancaster district Empty Homes Strategy 1 July 2013 – 30 June 2015 and consider the options available to resource this area of work in the future.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	26/06/2014		
This report is public.			

#### RECOMMENDATIONS OF Councillor Janice Hansen and Councillor Karen Leytham

- (1) To formally adopt the draft Lancaster District Empty Homes Strategy 1 July 2013 - 30 June 2015.
- (2) That Cabinet give an indication of their preferred option going forward for further consideration during the 2015/16 Budget Process as appropriate.
- (3) That subject to the outcome of recommendation 2, that Cabinet gives delegated authority to the relevant Chief Officers to bid for external funds in line with the Empty Homes Strategy, subject to them being within the Budget & Policy Framework, and agrees to review the Empty Homes Strategy and ongoing need for supporting resources during the 2017/18 budget process.

#### 1.0 Introduction

- 1.1 When the council set its budget in 2013/14, resources were identified to create a new post of Empty Homes Officer in the Regeneration and Planning Service on a temporary fixed term 2 year contract. Subsequently, an officer was appointed on the 1<sup>st</sup> July 2013 and has now been in post for just over one full year. It is common practice for local authorities to have dedicated resources to tackle empty homes, and some authorities also have established budgets to spend on empty homes (locally Preston City Council have 2 full-time Empty Homes Officers and a dedicated budget and Rossendale Borough Council have specific budgets to bring empty homes back into use. Other local authorities such as Bolton and Manchester ring-fence some of their New

Homes Bonus payments specifically to housing related activities.

- 1.2 In order to ratify the work currently being undertaken by the post holder and in order to adopt a strategic approach to tackling empty homes, officers have prepared the Lancaster District Empty Homes Strategy 1<sup>st</sup> July 2013 - 30<sup>th</sup> June 2015, which has been formally presented to Housing Regeneration Cabinet Liaison Group and Planning Policy Cabinet Liaison Group on the 7<sup>th</sup> May 2014 and 27<sup>th</sup> May 2014 respectively following consultation with stakeholders and all elected members.
- 1.3 The key drivers for the appointment of the Empty Homes Officer and the subsequent Empty Homes Strategy were:-
  - 1.3.1 When Cabinet re-affirmed its housing regeneration priorities in 2011, one of its identified priorities was to bring empty homes back into use.
  - 1.3.2 Cabinet approved an Enforced Sales Procedure in July 2012 and needed the resources to implement this approach.
  - 1.3.3 Members and officers recognised that a strategic approach to empty homes could only be achieved through a dedicated Empty Homes Officer.
  - 1.3.4 Members have supported the implementation of new council tax rates in 2013/2014 for long term empty homes to act as a disincentive for homes remaining empty for more than two years.
  - 1.3.5 There are financial benefits achieved through the New Homes Bonus, and every net empty home brought back into use generates a bonus of £825 per property per year, which equates to around £5K over the lifetime of the New Homes Bonus.
  - 1.3.6 Lancaster City Council has established a sub-regional partnership with Methodist Action North West (MANW), a Preston based charity, Preston City Council and South Ribble Borough Council. MANW have secured government funding available to third sector organisations to bring empty homes back into use. The success and delivery of this initiative has only been possible with the support of the local authorities, and other than through existing officer resources, there have been no other direct financial implications provided by Lancaster City Council to date.
  - 1.3.7 The rationale of bringing empty homes back into use is widely supported both nationally and locally, with significant media interest in the context of maximising opportunities to meet local housing need and address housing shortages.

## **2.0 Empty Homes Strategy**

- 2.1 The Draft Empty Homes Strategy 1<sup>st</sup> July 2013 - 30<sup>th</sup> June 2015 (Appendix 1) is a 30 page document which provides a framework of priorities and approaches to bring empty homes back into use.
- 2.2 The Empty Homes Strategy period corresponds with the current contract period of the Empty Homes Officer, given that, as stated in this report, the Strategy can only be delivered with sufficient officer resources in post.

### **3.0 Structure and purpose of the Empty Homes Strategy**

- 3.1 The Empty Homes Strategy forms two parts: - it contains a contextual statement and an action plan, which includes and describes the following:-
- 3.1.1 An executive summary which details the main reasons why homes remain empty.
  - 3.1.2 The national context around empty homes and the recent funding opportunities that have become available.
  - 3.1.3 The regional context around empty homes and the partnership working that has been established regionally and sub-regionally.
  - 3.1.4 The local context and how the Empty Homes Strategy will link to other agreed Corporate and Service Priorities.
  - 3.1.5 Details of the funding that has been made available locally to support bringing empty homes back into use.
  - 3.1.6 The main objectives of the Empty Homes Strategy and how these will be delivered through specific actions.

### **4.0 Details of Consultation**

- 4.1 The draft document has been circulated to key stakeholders, which includes all elected members, Registered Providers of Social Housing and members of the Homelessness Forum.

### **5.0 Progress with the Empty Homes Strategy**

- 5.1 The figure reported for the number of long term empty properties from council tax records in Lancaster district on the 15<sup>th</sup> July 2014 is **846** including **297** on an empty homes premium for being vacant for more than 2 years (74 of these are within the West End's Chatsworth Gardens Scheme which the Council is actively involved in bringing back into use as referred to in Appendix 1). It should be stressed, however, that whilst this figure is used by central government to monitor empty homes by district, there are a number of other empty homes across the district that fall within 11 of 21 exempt categories that are not routinely counted within these figures, such as properties which are unoccupied and registered as second homes. If all the exempt categories were included it would more than double the figure provided for the number of long term empty homes.
- 5.2 In the first year of being in post, a total of 386 empty properties in the Lancaster district have been identified by the Empty Homes Officer and the owners have been contacted. 356 (92%) of these owners have responded or taken action further to correspondence being sent out by the Empty Homes Officer resulting in a total of 108 (28%) properties being returned to use so far. Only 30 owners (8%) of the 386 have not been in touch or done anything with their empty properties to date; these owners are being pursued. Whilst the primary focus of the Empty Homes Officer is to tackle the number of long term empty homes within Lancaster district, there may well be instances where properties that fall within an exempt category require some monitoring or intervention.
- 5.3 Appendix 2 provides a more detailed summary of progress made so far since the appointment of the Empty Homes Officer. The figures are based on the 386 empty home owners that have been contacted and it should be noted that figures are fluid and change on a daily basis and do go up as well as down.

## **6.0 Enforced Sales Procedure**

- 6.1 In July 2012, Cabinet approved the empty homes enforced sale procedure, as a mechanism to bring problematic long-term empty dwellings back into habitable use where council debts have been registered as a land charge against the property and not discharged.
- 6.2 The council is currently in the advanced stages of this new procedure in relation to a problematic empty property which has been the focus of much local attention for some years. To date, a formal section 215 notice under the Town and Country Planning Act 1990 has been issued with a list of works to be undertaken. No works were carried out by the owners, and therefore the council has carried out “works in default”. The cost of the works has been presented to the owners, with a request for payment. At the same time a local land charge for the cost of the works was placed on the property. Legal services have been instructed to progress the enforced sale by auction, under the Law of Property Act 1920. The outstanding debt with costs will then be taken from the sale proceeds and the remainder of the monies will be given to the property owner. There are another 6 properties at various stages of the new enforced sale procedure.

## **7.0 Empty Homes and the New Homes Bonus**

- 7.1 The New Homes Bonus (NHB) is a non ring-fenced payment the Department for Communities and Local Government has paid, since April 2011, to local authorities for every home added to their council tax register. It was introduced to act as a financial incentive to boost housing and economic growth. A pre-determined formula for calculating payments applies, which takes account of new housing, conversions and empty homes returned to use, and additional premiums apply for both affordable homes and for affordable traveller pitches.
- 7.2 The current scheme is for 6 years, however there is inference that the scheme will continue and may well end up replacing the current Revenue Support Grant funding arrangements but this is by no means clear; it is hoped the position will be clarified in future Local Government finance settlements. Even if it does continue, the methodology used to calculate funding may well change.
- 7.3 It should be noted however, that the current budget already includes an assumption on the number of new and empty properties being brought onto the council tax register each year, with £1.277m and £1.576M being estimated over the next two years. This will include the empty homes brought into use over the last 12 month period up to 30 June 2014. The amount to be included in future years will be determined as and when the future funding position becomes clearer.

## **8.0 Funding for Empty Homes**

- 8.1 Section 4 of the Empty Homes Strategy describes the sub-regional partnership set up in 2012 following Methodist Action’s successful bid for grant funding through the government’s Affordable Homes Programme 2011 – 2015 whereby £30M (Round 1) and £40M (Round 2) grant funding was available to Community Groups to bring empty homes back into use. The success of this partnership is reliant upon the local authorities involved being able to initially identify empty homes, target the owners of empty properties and make the appropriate referrals to Methodist Action to maximise the funding available.

- 8.2 In return for the investment made on empty properties that are eligible for the scheme, Methodist Action lease the property, normally for 10 years, and recover the grant through a reduced income to the property owner in the early part of the lease period. The properties are then let through the council's Housing Options Team to households in need.
- 8.3 It should be stressed that as with all funding made available in the Affordable Homes Programme 2011-2015, the funding is only available until March 2015, unless there are any future announcements which extend the programme period, or additional funding becomes available. Furthermore, the level of funding that applies per property is not sufficient to tackle the worst empty homes (with grant rates of £4.5K per bedroom) which often require substantial investment that could sometimes exceed £50K per property. However, Preston City Council, through their dedicated budget for empty homes, have also made a direct contribution of £40K to allow specific empty properties be brought back into use in the Preston area, that would otherwise have been unsuccessful.
- 8.4 Notwithstanding this, Methodist Action are keen to continue the empty homes partnership and are currently exploring financial mechanisms to do so. They may be in a position, in the future, to recycle the recovered grant monies and continue to roll the existing scheme out and they are investigating the merits of a bid for the Big Lottery Fund "Power to Change" which offers £150M funding to support sustainable community led enterprises. However, this funding is not specific to empty homes work and if Methodist Action are eligible to bid, a successful bid could not be guaranteed. In terms of future funding from the Homes and Communities Agency, the Affordable Homes Programme 2 (2015-2018) provides a single stream of funding, and unlike the previous Programme, does not set aside specific funding to bring empty homes back into use. In order for Methodist Action to access the new AHP2 funding, there would be a requirement that they gain Registered Provider status and the scheme would require properties to be within their ownership rather than securing a long lease, and therefore, at this point, Methodist Action cannot satisfy these requirements.
- 8.5 To date, Methodist Action have been involved in bringing 10 properties back into use in Lancaster district, which has required a total investment of £101,700.00. There are a further 10 properties earmarked for the scheme at varying stages, that potentially require £81,500.00.
- 8.6 Whilst much of the Empty Homes Officer's work is enforcement related, having some financial capacity to provide grants and undertake pro-active work would undoubtedly increase the impact and effectiveness of this area of work. Bearing in mind the level of funding that has been required to bring empty properties back into use, a dedicated budget of say £200K would mean that the work undertaken by Methodist Action and the existing partnership could continue beyond March 2015, but this amount is not fixed; it offers some degree of flexibility in terms of the level of funding required per property, but still providing some value for money.
- 9.0 Options and Options Analysis (including risk assessment)**
- 9.1 As referred to in paragraph 2.2, the Empty Homes Strategy delivery period is 1<sup>st</sup> July 2014 to 30<sup>th</sup> June 2015, to take account of the existing officer resources within the current establishment. Cabinet are asked to consider the future options available in tackling empty homes:-

	<p><b>Option 1:</b> Aim to continue a strategic approach to empty homes until 31 March 2017, and request Officers to consider how Officer support might best be provided/reallocated, for consideration during the budget.</p>	<p><b>Option 2:</b> Aim to continue a strategic approach to empty homes until 31 March 2017, and request Officers to investigate how Officer support might best be provided/reallocated, and what potential exists to create a dedicated revenue and/or capital budget for long term empty homes (including any external funding opportunities), for consideration during the budget.</p>	<p><b>Option 3:</b> Deliver the existing Empty Homes Strategy until July 2015 and discontinue the strategic approach to empty homes.</p>
<p>Advantages</p>	<p>Subject to budget decisions, the additional empty homes brought back into use would make a positive contribution to the overall housing supply and mix. The council will be fulfilling its strategic housing function by making effective use of existing housing, including empty homes, in order to meet housing needs. Empty homes work will contribute towards the Cabinet decision to engage in housing provision targeted towards affordable housing using a variety of methods. Empty homes work will contribute towards the strategic housing regeneration priority to bring empty homes back into use. Proactively identifying empty homes and the use of enforcement will send a strong message that the council does not tolerate empty homes, acting as a powerful disincentive to owners.</p>	<p>As with Option 1 but some additional resources (if identified) would ensure the pro-active work through grants can continue if alternative external sources of funding are discontinued or could allow potential match funding for properties that require a higher level of investment.</p> <p>The exact level will be determined as part of the annual Budget Process.</p>	<p>No further council resources would be required beyond those already committed and budgeted for.</p>

	<p>Bringing empty homes into use will attract positive media coverage and publicity for the council. This is particularly important in the context of the Local Plan and meeting the district's future housing requirements. Internal and external funding opportunities can potentially be identified and quickly responded to. The council can make informed decisions around the appropriate use of the different enforcement tools available.</p>		
Disadvantages	<p>Future funding would be required for a dedicated resource beyond those currently committed, and it is not yet determined how this could be afforded or whether it could be reallocated from elsewhere.</p>	<p>As with option 1 but additional resources may need to be committed which may impact on the council's budget and future savings which need to be identified, even if more New Homes Bonus is generated.</p>	<p>The number of empty homes in the district could increase. The council would not be positively contributing or fulfilling its strategic housing function by making use of the existing housing provision locally. There could be more opposition to the council's Local Plan proposals which will seek to significantly increase new housing supply to meet local need when the council is failing to deal with empty homes. The council will not be delivering against its previously agreed priorities. There would be a potential loss of New Homes Bonus. Negative media publicity. Loss of opportunity to benefit from future funding available to tackle empty homes. No regular monitoring of empty homes or relevant data being held and no targeted officer</p>

			resources to initiate enforcement action.
Risks	<p>Any empty homes officer resource is unable to return a satisfactory number of empty homes to use.</p> <p>Enforcement action may take longer than expected. Funding to support the pro-active work to bring empty homes back into use may be limited or not available in the future.</p>	<p>As with option 1 but even if further resources are identified it may still not be of a sufficient level to tackle the worst long term empty properties. Pro-active schemes require the co-operation of the existing owner.</p>	<p>Reputational and income loss for the council if the post was to be discontinued. May reduce the potential to secure future funding opportunities without the necessary officer resources. Impact upon the existing housing stock as properties continue to deteriorate, resulting in higher levels of capital investment required in the future. Could impact on other corporate priorities if there is more resistance to the Local Plan proposals if the council is not addressing empty homes.</p>



## **10.0 Officer Preferred Option**

- 10.1 The officer preferred option is Option 2 then Option 1. Both options may allow the Empty Homes Officer resources to continue until March 2017 in some form (subject to future budget setting processes and approvals) and may ensure that the strategic approach that has been adopted to tackle empty homes will continue in the medium term. Both options allow members to consider the extent to which the council can commit resources to tackling empty homes along with the council's other priorities when the budget is set for 2015/16 and beyond, and at a time when there is more clarity about any other funding that could be made available to support bringing empty homes back into use given the circumstances described in paragraph 8.3. Under Option 2, if there is an additional budget made available to tackle empty homes, there is the potential to continue the existing partnership with Methodist Action with or without the benefit of central government funding, which would mean that the grant paid by the council to Methodist Action could be fully recovered through a reduced rental income payable to the empty homes owner and the monies could then be recycled and rolled out for other empty properties.
- 10.2 Whilst Option 1 would allow consideration of officer resources, it would seem more fitting to consider a wider range of options at the appropriate time, as allowed for under Option 2. Furthermore, the role of the Empty Homes officer support could predominantly focus on enforcement instead of having the benefit of a wider range of approaches to tackle empty homes depending upon other available resources and funding opportunities. Option 3 would ultimately result in less action being delivered to tackle empty homes, with no specific resources available to tackle even the worst empty homes within the district and with all the associated negative impacts and loss of potential income outlined above.

## **11.0 Conclusion**

- 11.1 Members have been provided with the draft Lancaster District Empty Homes Strategy, which has emerged as a result of having the necessary resources for its delivery and to formalise the current arrangements. This report details the many potential benefits in adopting a strategic approach to tackling empty homes, whilst acknowledging the necessary resources required. Should Option 1 or 2 be approved, then officers will review the Empty Homes Strategy 1 July 2013-30 June 2015 and prepare a revised document up to 30 March 2017 for approval in due course.
- 11.2 Action around empty homes has been widely debated and subject to close scrutiny both nationally and locally. Officers can report that at every Local Plan consultation event that took place in June 2014, members of the public raised questions about what actions the council was taking to tackle empty homes in the context of the need for 12,000\* new homes across the district (\*figure from the Turley report which will be subject to further review), and the local community were furnished with very positive details of the activities and attention that has been given to tackling empty homes in the past 12 months. There would be a significant loss to Lancaster district not to be able to continue this very important work in the longer term.

## **RELATIONSHIP TO POLICY FRAMEWORK**

Corporate Plan 2014-2016 (Health and Wellbeing): Action: increase the number of improved homes and improve access to housing.

Housing Action Plan 2012/2017- reduce the number of empty homes within the District by taking appropriate enforcement action, developing an Empty Homes Strategy, pursue bids for funding and through council tax charging.

## **CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

There are no negative impacts identified.

## **LEGAL IMPLICATIONS**

There will be some resource implications for Legal Services where legal proceedings are initiated against the owners of empty homes but these are currently met through existing resources.

## **FINANCIAL IMPLICATIONS**

There are some minor financial implications arising from option 3 in terms of redundancy entitlement arising if the Empty Homes Officer post is not continued, for which any costs will be met from reserves.

The proposals under option 1 and 2 may require the continuation of additional staff costs in the region of £24.9K in 2015/16 and £34.2K in 2016/17; Officers would consider how best to address this, and report back accordingly. There will also be further costs arising under option 2 for a dedicated resource to enable pro-active work to take place to put empty homes back into a habitable condition through grants. This is likely to be revenue in nature rather than capital as it is expected that the majority of works will be classified as enhancement works. As there is no specific budget identified to cover the associated additional costs for these two options, the proposal falls outside of the current budget framework and will impact on the need to make savings in other areas of activity. Subject to whether or not members wish to progress with option 1 or 2, continuation would need to form part of Cabinet's proposals for further consideration and approval by Full Council as part of the 2015/16 Budget Process.

In terms of the New Homes Bonus payment although there may be potential for additional income it is difficult to quantify how much this will be at this stage. As referred to in the report, it is re-iterated that the current budget already includes estimates of £1.277M in 2015/16 and £1.576M in 2016/17 with future years being determined as and when the future funding position becomes clearer.

For information, out of the 386 empty properties identified, the 67 empty homes (17.4%) brought back into use with direct intervention from the Empty Homes Officer post will generate the following amounts of Council Tax for the District for each relevant precepting body as shown in the table below:

<b>Precepting Body</b>	<b>Additional Council Tax £</b>
Lancashire County Council	55,000
Police & Crime Commissioner for Lancashire	8,000
Lancashire fire Authority	3,000
Lancaster City Council	10,000
<b>Total</b>	<b>76,000</b>

Obviously, the City Council share is less than the annual cost of the post, and therefore from a financial point of view, continuation of the Empty Homes Officer post does not represent value for money. Furthermore, it is very difficult, if not impossible, to be sure that the above is as a direct and sole result of having a dedicated officer, as there are various other measures in place that may well have impact. The table does demonstrate that the other precepting bodies, Lancashire County Council in particular, are also potentially benefitting from additional council tax income generated by the Empty Homes Officer and so it may be considered appropriate to approach County and ask for a contribution towards the cost of extending the post and any associated dedicated resources, though clearly it has its own budget pressures and priorities. If the other precepting bodies were to contribute it would make options 1 and 2 more cost effective.

Irrespective of whether or not the proposals are cost neutral, from a social impact perspective, the business case for continuation may be viewed differently by members however, in terms of the value perceived by them and the community, etc.

Finally, should it be recommended that option 1 or 2 be progressed as part of the annual budget process, then this will also tie in with the current Housing Strategy and Action Plan 2012-2017 as well as providing more detailed evidence going forward when determining the impact of the Empty Homes Strategy and associated resources, such as the Empty Homes Officer post. It seems appropriate at this stage therefore to review any continuing need for this post / additional dedicated budget resource again during Autumn 2016 to feed into the 2017/18 Budget Process.

#### **OTHER RESOURCE IMPLICATIONS**

##### **Human Resources:**

In line with the Fixed Term Workers Regulations the Council is able to extend the current post holder's contract until 31 March 2017.

If consideration is given in the future to retaining the post of Empty Homes Officer beyond 31 March 2017, part of that consideration will involve the likelihood that the post will be converted to a permanent post, unless the Council was able to objectively justify why this should not be the case.

**Information Services:**

None

**Property:**

None

**Open Spaces:**

None

**SECTION 151 OFFICER'S COMMENTS**

Drawing on the Council's existing financial strategy, until such time as the funding outlook and Cabinet's overall budget priorities and proposals become clear, there can be no guarantee that any proposal to extend or increase resources for tackling empty homes will be affordable.

Considering this matter further during the budget process will ensure that it is appraised alongside all competing pressures.

If officers can identify savings and/or ways of reallocating resources from other activities, this would help manage such budgetary pressures and challenges.

**DEPUTY MONITORING OFFICER'S COMMENTS**

None arising from this report.

**BACKGROUND PAPERS**

None.

**Contact Officer:** Kathy Beaton  
**Telephone:** 01524 582724  
**E-mail:** kbeaton@lancaster.gov.uk  
**Ref:** KMB