



<u>Committee and date</u>
Enterprise & Growth Scrutiny Committee
Thursday 2 <sup>nd</sup> July 2015

<u>Item No</u>

## Report of the Empty Homes Strategy Task and Finish Group

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### 1. Summary

- 1.1 This paper presents the report of the Empty Homes Strategy Task and Finish Group to the Enterprise & Growth Scrutiny Committee. The work of the Group has focused on the aims and objectives of the Empty Homes Strategy, how the Empty Homes Team works and is funded, and how additional funding and staff resource could be utilised to further Empty Homes work and what this would achieve for the Council and Shropshire communities.
- 1.2 The Empty Homes Strategy 2014 – 2017 was adopted in November 2014 and is currently being worked to. The remit of the Task & Finish Group was to consider current empty homes statistics, and how the Strategy could be enabled to be more ambitious in the future in order to further reduce the number of empty homes in the county.
- 1.3 The Task and Finish Group has developed its conclusions and recommendations based on the evidence gathered through its work.

### 2. Recommendations

- 2.1 Members are asked to consider and comment on the report and recommendations, and endorse them for presentation to Cabinet.

### 3. Report

- 3.1 The Report of the Empty Homes Strategy Task and Finish Group is attached as Appendix A

3.2 The Empty Homes Strategy 2014 – 2017 is attached as Appendix B

#### 4. Risk Assessment and Opportunities Appraisal

4.1 There are no identified issues relating to Risk Management, Human Rights or community associated with this report.

#### 5. Financial Implications

Accurate identification and reporting of empty homes has positive financial implications for the Council in two main forms. Firstly through New Homes Bonus, the central government grant paid to local authorities for newly created or returned to use units of housing. Secondly through Council Tax, in terms of ensuring that properties are correctly registered and therefore paying the right level of council tax e.g. properties empty for longer than two years should be paying 150% council tax, but are not always correctly registered. Empty homes work contributes significantly to ensuring these sources of income are maximised through both its case work and data management.

##### **Background Papers**

- Empty Homes Strategy Task & Finish Group Scoping document
- Empty Homes Strategy Task and Finish Group Minutes: 26<sup>th</sup> February, 4<sup>th</sup> March, 18<sup>th</sup> March

##### **Cabinet Member/s**

Portfolio Holder for Regulatory Services, Housing and Commissioning (Central)

- Councillor M Price

##### **Local Member/s**

All

##### **Appendices**

Appendix A – The report of the Empty Homes Task and Finish Group

Appendix B – Empty Homes Strategy 2014 – 2017



## APPENDIX A



# **Enterprise & Growth Scrutiny Committee**

# **Report of the Empty Homes Strategy Task and Finish Group**

June 2015

## **Acknowledgments**

We would like to thank all those who have answered our questions and queries: Officers of the Council who have supported us in our work and those who have answered our questions and provided us with information.

We were very impressed with the knowledge and commitment of those who have spoken to us and we were particularly pleased to have been able to be involved in this process.

Members of the Task and Finish Group:

Councillor Steve Davenport [Chairman]  
Councillor Roger Hughes [Vice Chairman]  
Councillor Andy Boddington  
Councillor Pauline Dee  
Councillor David Turner

## Report

### Introduction

This report sets out the findings of the Empty Homes Strategy Task and Finish Group and subsequent recommendations for the integration of these findings into the work of the Empty Homes Team, and future Empty Homes Strategies.

### Background

The Enterprise & Growth Scrutiny Committee recognises the importance of returning empty property to use and its contribution to the Council's strategic objectives and outcomes, specifically those relating to good quality affordable housing, town centre regeneration, economic growth and sustainable communities. The Empty Homes Strategy 2014 – 2017 is an important contributor to delivering and achieving targets against these key priorities. It is also a key delivery mechanism for several income streams into the Council, primarily New Homes Bonus. For these reasons the Task & Finish Group was established to explore how empty homes work in Shropshire can be further enabled and strengthened.

The main aims of the Empty Homes Strategy are to reduce the significant negative impact empty property has on communities and their surrounding areas, contribute to the supply of affordable and decent housing in Shropshire and support the regeneration and economic growth of town centres.

To ensure the Strategy is as effective as possible it is renewed every three years, however monitoring and reviewing of the content and targets takes place periodically to ensure it is up to date and reflects both the work taking place and available resource.

### Scope and focus of the work

At its meeting on 9th December 2014, the Enterprise and Growth Scrutiny Committee established an Empty Homes Strategy Task and Finish Group to investigate and address whether the current Empty Homes Strategy is ambitious enough in its aims and targets in order to effectively tackle and reduce the number of empty homes in the county.

Three main objectives were established to achieve this:

1. To understand the national and local context of empty homes and how the Empty Homes Team work in Shropshire.
2. To understand how the primary funding stream for empty homes work, New Homes Bonus, is generated and allocated to the Council and empty homes work, and what benefits this delivers for the Council and Shropshire Communities.
3. To understand how additional funding could be utilised to further the work of the Empty Homes Team and what value the additional funding would achieve for the Council and Shropshire Communities.

## **What has the Task and Finish Group done?**

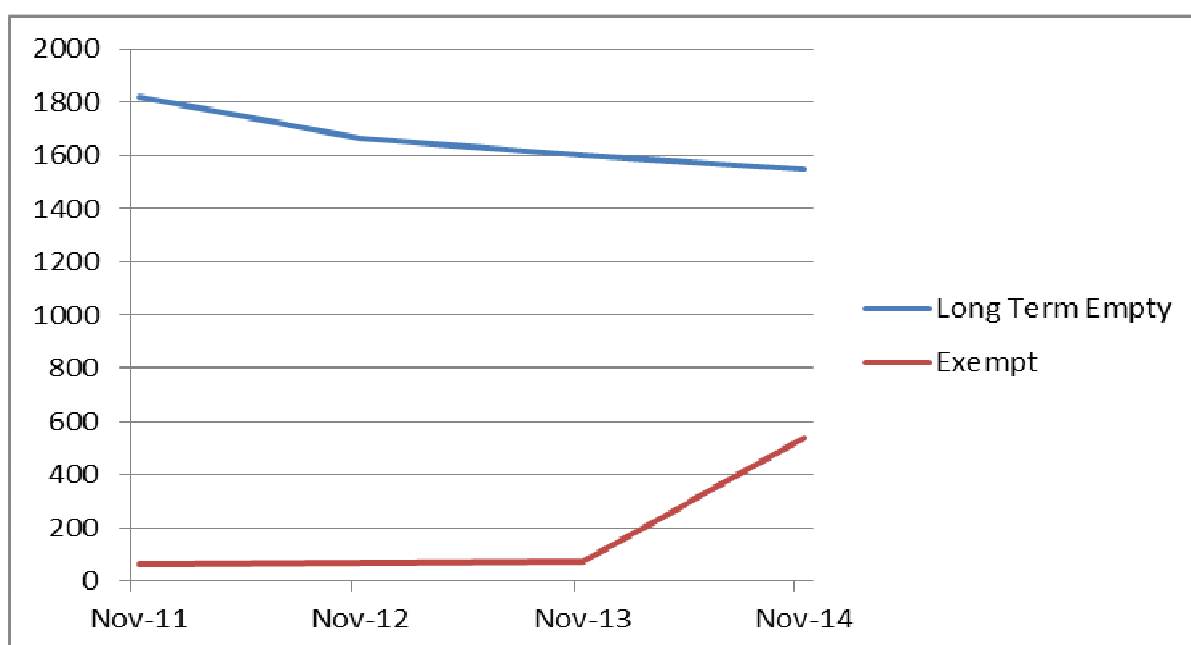
The Task and Finish Group has met four times over a period of four months. The Group has:

1. Received a detailed presentation from the Empty Homes Team, defining their work, how it takes place and the impact it has. This included a summary of current empty homes statistics, targets, funding and feedback from previous Empty Property Incentive Grant recipients on how the grants enabled the return to use of their properties.
2. Reviewed the statistics relating to empty homes in Shropshire from various published sources and considered their accuracy in comparison to the data held by the Empty Homes Team, and other teams within the Council.
3. Examined the importance of the relationship between the Empty Homes Team and Council Tax in terms of data and information sharing, and heard from the Revenues and Benefits Service Manager and Information Governance Officer on this. A request for information was made of other local authorities, through an online Empty Homes Forum and the West Midlands Empty Property Officer Group, as to what arrangements they have in place for sharing and accessing Council Tax data for the purposes of empty homes work.
4. Discussed specific high profile cases raised by Members where there has been a long running issue with an empty property, progress has been slow or difficult and the reasons behind this, and how cases like this could be more effectively progressed.
5. Considered in detail how empty homes work is funded, the funds empty homes work brings in to the Council in terms of New Homes Bonus and Council Tax, and how additional funding resource could further the benefits currently being experienced in the county's Empty Homes Action Zones.
6. Considered the targets currently included in the Empty Homes Strategy in comparison to the current resources and against the targets of other similar local authorities. Further to this the group explored how the targets could be increased through increasing the resource in the team and the type of activities extra resource could carry out to ensure maximum return for the funding invested in empty homes work.

## Findings

The Empty Homes Strategy Task and Finish Group found the following:

1. One of the original concerns leading to Scrutiny consideration of the Empty Homes Strategy 2014-2017 was the perceived increasing number of empty homes in Shropshire in comparison to some nationally reported statistics. It has been found that several organisations, websites and groups publish empty homes statistics, using various sources for their data. Some of these have been shown to be inaccurate or out of date. According to Shropshire Council data there are currently 1592 properties registered as long term empty, and 491 empty properties which are exempt from paying Council Tax in Shropshire (April 2015). The below graph shows empty homes in Shropshire according to Shropshire Council Tax Data. There is a general downward annual trend in the overall number of long term empty properties registered as empty with Council Tax, from November 2013 – November 2014 there was a 14% reduction.



The group found that the Empty Homes Team is largely dependent on Council Tax data as their main source of monitoring and reporting as it is the most accurate data source held by the authority. It was however noted that between November 2013 and November 2014 there was a dramatic increase in the number of empty homes exempt from paying Council Tax. It was found that this was due to the Empty Homes Team not being supplied with a list of all of the properties in this group by the Council Tax Team in their monthly report. No properties empty due to the owners being in hospital and residential care or those going through probate were being included. Due to the nature and demography of Shropshire, there are a significant number of properties of this nature in the County. Once it was requested that these properties were included in the monthly report the numbers of exempt properties has remained consistent. Accurate data was requested for previous years; however the Council Tax system was not able to supply this. The group is however confident that there has not been a significant increase in the number of empty exempt properties in real terms.



2. Empty Property Incentive Grants are often central to the viability of returning a property to use, particularly with very large or rundown buildings. Feedback from grant recipients demonstrated that several projects would not have been viable without the input of the Empty Homes Team, and provision of a grant. These projects have enabled the return to use of prominent long term empty properties which would still stand empty, but now provide affordable accommodation for local people in town centres.

The below example is 16 High Street in Market Drayton, an ex-bank and then nightclub this property was in extremely poor condition internally and externally. A prominent property on the High Street it was having a significant detrimental impact on its surroundings and was a cause for concern for the local community. The Empty Homes Team worked in partnership with Wrekin Housing Trust and provided a grant contribution to return this property to use as six affordable housing units. It is now fully occupied, providing good quality housing for local people in the town centre. The owner of the next door property, 17 High Street, also received an Empty Property Incentive Grant to return it to use as three affordable flats. The impact of this work on the High Street in Market Drayton has been significant and vastly improved its appearance, contributing to the regeneration of the town as well as providing much needed housing.



3. Shropshire’s empty homes performance is in line with, or better than, other comparable authorities. In 2013/14 Shropshire returned 180 empty properties to use according to the New Homes Bonus report for the year. This is relatively high in comparison to other similar counties such as Herefordshire who returned 152 to use or Cornwall who returned 82.

Authority	Returned to Use 2013/14 (according to NHB allocation)
Shropshire	180
Herefordshire	152
Cornwall	82
Telford & Wrekin	68
Birmingham	- 165

4. Council Tax data is the primary source of information for empty homes work and is integral to case work and investigations. It is also the only official data used to report on the number of properties returned to use in order to determine the empty homes contribution to the Council’s New Homes Bonus allocation. It is therefore crucial for Officers to have timely access to the data and for the data to be as up to date and accurate as possible. The impact of errors in the data being provided can be seen in the mis-reporting of exempt properties as shown above. This could mean that empty homes are going un-noticed and being overlooked when the Empty Homes Team could be assisting their return to use.

The Empty Homes Team and Council Tax currently work well together, however there are some methods which could be employed to improve the speed and accuracy of information provided to Officers. This would save time for both Council Tax Officers and Empty Homes Officers and be a more effective way of working for both.

It was found that of the 25 authorities who responded to the request for information all have provided direct access to Council Tax systems for Empty Homes Officers, in accordance with provisions in the Housing Act 2004 and Local Government Act 2003. This access ranged from read only access, so information on addresses could be searched for, to full access where Empty Homes Officers were able to update the Council Tax system with information gained through the course of their investigations.

Some, but not all, had required a data protection agreement to be signed to allow this access. All of the responses highlighted the importance of this access to their work, how it had made their processes much quicker and allowed them to be much more effective.

Following the provision of this information, the Task & Finish group agreed that access to the Council Tax system should be provided to Empty Homes Officers. The Information Governance Officer and Revenues and Benefits Service Manager were requested to draw up a data sharing agreement to this effect, and the Empty Homes

Officers supplied detailed information relating to the reasons they would need to access the council tax system in order to inform the details of the agreement.

5. Empty homes work often identifies properties which are not registered as empty with Council Tax but investigations have shown them to be unoccupied. This may be a mistake on the owner's part, but there are situations where this is done intentionally to avoid a higher Council Tax charge. There are also instances where empty property owners wrongly claim a Council Tax discount when they should be paying the empty property premium of 150%. In some instances this could mean owners are paying up to 75% less Council tax annually than they are required to. All of these circumstances represent a loss of income to the Council.

Council Tax is informed of these cases when they arise, and provided with evidence. Council Tax records are not however generally updated following this to register the property as empty, this means that the property may not be being charged the correct level of Council Tax, and a potential source of income to the Council is being lost.

6. Funding for empty homes work, specifically Empty Property Incentive Grants, is provided through Shropshire Council's annual New Homes Bonus allocation. New Homes Bonus is a central government grant calculated from a snapshot of Council Tax data on a specific date each year. The amount of grant allocated is based on the amount of extra tax revenue raised from new build homes, conversions and empty properties brought back into use. For each new unit of housing New Homes Bonus is paid for 6 years. New Homes Bonus is not ring fenced – the Empty Homes Team currently bid internally for funding on a bi-annual basis.

For the year 2015-2016 Shropshire Council's total New Homes Bonus award was £7,353,179. In total 1,049 units of housing contributed to the New Homes Bonus payment and of those 180 (17%) were empty homes returned to use. 17% of the total funding for the year would have been £1,250,040. These 180 properties include those which naturally return to use without any intervention. However a significant proportion of these properties were returned to use with the involvement of the Team.

In 2014/15, 85 homes were returned to use and 12 residential units created through direct intervention from the Empty Homes Team. On average, for a Council Tax band C property, the New Home Bonus payment for its return to use or creation would be c.£9,500 (£130/month x 12months x 6years). Based on these averages it is estimated that empty homes work generated in the region of £600,000 - £800,000 in New Homes Bonus for the Council in 2014/15.

The funding for empty homes grants in 2014/15 was £250,000, therefore the investment in Empty Homes work more than pays for itself, both in terms of income generated and the additional social and economic benefits of properties no longer standing empty. The estimated New Homes Bonus generated by empty homes returned to use in 2014/15 could have funded in the region of five Empty Homes Action Zones as opposed to one, which would have allowed a more widespread approach to incentivising the return to use of empty homes throughout the county.

There are also other potential sources of funding for Empty Homes work. In April 2014, following amendments to the Council Tax (England) Regulations in 2013, the Council

introduced a 50% empty homes premium in respect of property that had been empty for more than two years, meaning these properties now pay 150% council tax. This premium generated an additional £265,664 of revenue for the Council in 2014/15, which was paid into the Council's overall collection fund.

7. There are alternative courses of action which can be considered for returning empty homes to use other than incentivising through grant funding, primarily enforcement. Section 215 of the Town & Country Planning Act 1990 specifically is an important tool for empty homes work; it addresses the negative impact empty property can have on its surrounding area, and provides local authorities the power to require works to be done by the owner to rectify this. If the owner does not act there is then the option to carry out works in default or prosecute for non compliance with the notice.

At present the Empty Homes Team do not have delegated powers to utilise this legislation, the authority currently sits with Planning. Specific problematic cases were considered by the group, and it was found that it can be difficult to them forward without the ability to utilise this legislation. If an owner won't take action once informal options have been exhausted there are then limited routes for the Team to consider, and some cases can become 'stuck'. It was found that whilst careful consideration has to be given to the use of any enforcement action, and it should be a last resort, there are several current cases where this would be an invaluable tool for the Empty Homes Team to utilise in order progress some of the most problematic and long term cases.

8. Members, community groups, Town and Parish Councils and other local groups provide an invaluable source of information and connection to local areas. Developing and maintaining a good working relationship with these groups, in areas other than the Empty Homes Action Zones, is an important facet of empty homes work which requires development. Currently there is not enough resource within the Team to do this effectively on a proactive basis.
9. There are currently 1.5 FTE equivalent Officers in the Empty Homes Team. In 2014/15 the return to use target was 75 and the target for new dwellings created from empty property was 10. These targets were well exceeded with 85 properties returned to use through direct intervention from the Team, and 12 units created. In comparison Herefordshire Council (a county similar in terms of size and geography) had a target of 40 long term empty properties returned to use for the year.

Whilst the Team's targets already increase gradually on an annual basis, it was found that there are several ways these targets could be further increased. This would however be dependent on additional staffing resource in the Team to carry out essential tasks which could significantly increase the number of empty properties being identified and targeted.

The Empty Homes Team holds a database of empty property in the County. This includes all properties registered as empty for Council Tax purposes, and those which are not registered empty but are unoccupied, which the Team have been informed of in another way.

It is crucial that this database is managed on an on-going basis with full data cleansing exercises taking place regularly. At present the Team's resource is taken up with case

work and Empty Homes Action Zones, and this is not an activity they are able to perform as often as necessary. The major benefit of this data cleansing function is the possibility of identifying properties which have 'slipped through the net'. Properties which may have returned to use but the owners have not informed the Team and Council Tax are also unaware. These properties could be included in the annual New Homes Bonus calculation, and therefore could be providing an income. Considering the potential payment of New Homes Bonus for one Council Tax band C property is c. £9,500, this exercise has the potential to be largely self funding in terms of cost of staff resource.

Additional staffing resource would also present an important opportunity for more early intervention and preventative work. As per the Empty Homes Strategy all cases are RAG rated according to their severity. This means that the Team deal first with those cases which present the biggest risk in terms of the property itself and the impact it is having on the surrounding area. With limited resource this means that properties with a lower RAG score are less likely to be worked on, unless they deteriorate and their RAG score increases. Additional staff resource would enable more work to be done on these less serious cases, preventing them from becoming more problematic in the long term.

There is also the opportunity to develop the more informal side to empty homes work, including providing information and advice to property owners and developing the Team's relationship with Town and Parish Councils, community organisations and other groups such as housing associations. At present this happens on an ad hoc basis when the Team are approached and when resource allows. However it is recognised that there is a great deal of potential in developing these relationships in terms of local knowledge and information in order to move cases forward more quickly. Through Empty Homes Action Zones the Team have already demonstrated how important the links with local groups is in terms of carrying out efficient and effective work. This is an approach which could be employed on a more widespread basis with the benefit of additional resource.

## Recommendations

These recommendations are made in order to facilitate achievement of the Task & Finish group's main objectives, specifically: enabling future Empty Homes targets to be more ambitious, for a greater number of empty homes to be returned to use annually, for a higher level of income to be generated for the Council through empty homes work and to maximise the benefit of empty homes work in Shropshire communities.

1. The Empty Homes Team continues to work in accordance with the current Empty Homes Strategy.
2. It is strongly recommended that improvements are made to the working arrangements between Council Tax and Empty Homes, allowing better and faster access to the necessary data:
  - 2.1 A data sharing agreement is produced and put in place within one month to allow the Empty Homes Officers read only access to the Council Tax system.
  - 2.2 The Council Tax Team should, on receipt of investigation/case evidence from Empty Homes Officers that a property is empty or incorrectly registered, update property records to reflect this. This will ensure properties are correctly registered and being charged accordingly. Council Tax should inform the Empty Homes Team of the type of evidence they require in order to be able to do this.
3. The Empty Homes Officers are enabled to utilise appropriate enforcement action when necessary in order to return empty properties to use, either in partnership with the Planning team, or by having these powers delegated to them.
4. The Task & Finish group considers that both additional funding and staff resource in the Empty Homes Team would be of significant benefit to both the Council and Shropshire communities. It is therefore recommended that a business case is produced, to be considered by Cabinet on an agreed date, detailing the level of additional funding required to deliver a more widespread and comprehensive approach to Empty Homes work. This should include the additional staffing resource required to carry out the tasks identified in the reports findings, and budget required to be able to effectively utilise enforcement powers, including works in default. It should highlight the positive benefits these measures could have for the Council and Shropshire Communities.