

Cabinet (Resources) Panel

14 November 2017

Report title	Empty Residential Property Pilot Programme Update	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson City Assets and Housing	
Corporate Plan priority	Place - Stronger Economy	
Key decision	Yes	
In forward plan	Yes	
Wards affected	(All Wards);	
Accountable Director	Lesley Roberts (Strategic Director: City Housing)	
Originating service	Private Sector Housing	
Accountable employee	Richard Long, Ruth Fletcher Tel Email	Housing Improvement Officer, Business Manager 01902 555705 richard.long@wolverhampton.gov.uk, ruth.fletcher@wolverhampton.gov.uk
Report to be/has been considered by	Directorate Leadership Team	30 October 2017
	Strategic Executive Board	31 October 2017

Recommendations for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve continued work in-conjunction with Revenues and Benefits to ensure records are correct and up to date regarding empty properties.
2. Approve a revised budget of £10,000 to allow the continuation of the incentive scheme in 2018/19.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The progress, outcomes, and the impact of the pilot scheme.

1.0 Purpose

- 1.1 The purpose of this report is to allow members to consider progress, outcomes, and the impact of the pilot scheme since April 2017.

2.0 Background

- 2.1 On 26 April 2017, Cabinet (Resources) Panel approved a pilot scheme aimed at owners of long term empty properties. The basic outline of the scheme was to offer an incentive of up to £500 to owners to either sell their property or to sign up to the established Private Sector Leasing Scheme managed by Wolverhampton Homes.

- 2.2 The following criteria was selected to be monitored to assess the effectiveness of the pilot incentives/ initiatives:

1. Take up of the incentive as targeted at groups of properties based on length of time empty.
2. Number of owners positively engaged, negatively engaged or not engaged at all.
3. Reasons that the options were not acceptable to owners within each group above.

The monitoring criterion aimed to show the effectiveness of the proposed interventions and inform the development of future initiatives aimed at minimising the number of empty properties across the City.

- 2.3 A close working relationship with the Revenues and Benefits team during 2016/17 established an agreed format for information on a monthly basis that has allowed in-depth monitoring and analysis since April 2017.

3.0 General Analysis of Data

- 3.1 Appendix 1 sets out monthly trends for each Council Tax exemption and “discount” type. The “discounts” are then further broken down by tenure and length of time empty.
- 3.2 The number of properties that are exempt from Council Tax has fallen by 44 over the monitoring period. There is limited scope to intervene in many of the exemption categories. However, revenues and benefits are now checking records against the probate registry to ensure that discounts are removed 6 months after probate is granted.
- 3.3 The empty furnished category shows a dramatic rise in short term empty properties (empty less than six months) during July and August. This rise of almost 300 can be attributed to student accommodation being vacated for the summer break.
- 3.4 Empty unfurnished properties show an increase across tenures. Again, this is mainly in the empty less than six months category. Continued monitoring and comparison of data (including the Council Tax Base return) continues to better identify if this increase is seasonal, arising from the welcome increase in new-build completions, a housing market issue or other reason.

4.0 Incentive Scheme Analysis

- 4.1 Take up of the £500 incentive has been much lower than anticipated. Most respondents did not meet the criteria (e.g. already occupied or for sale) or had plans for the property which excluded the property from the incentive (such as the intention to rent privately). Of the 309 respondents to date, 20 qualified for the incentive and stated that they were now considering sale of their property, and a further 22 stated that they would be interested in Private Sector Leasing through Wolverhampton Homes. To date, 2 owners have provided evidence of a sale and are in the process of receiving the incentive. No properties have been taken on through Private Sector Leasing via the scheme to date.
- 4.2 The scheme is considered successful in terms of the rate of response to the mail-out. To date, the response rate is 19.37% and it may be that the £500 incentive showed that the issue of empty properties was important to the Council and prompted owners to respond.
- 4.3 The scheme and high response rate has allowed solid information to be collected on why properties have remained empty for long periods. This has been supplemented with information from live cases currently subject to the Council's encouragement/enforcement approach to empty properties.
- 4.4 Analysis of responses has established a range of reasons for properties remaining empty where an exemption does not apply. Owners stated either one or a combination of the following:

Refurbishing for Private Rent	47
Currently for Sale/ recent sale	36
Lack Finance/ Time	31
Refurbishing for Owner Occupation	28
Looking to market for sale	22
Interested in Leasing	20
Probate/ Legal Disputes	9
Over Shop	9
Ownership not established	7
Second Home	7
Illness	6
Bad Experience Renting	5
Illegal Conversion	2
Removed from Banding	1
Secure Tenancy Issues	1
Redevelopment	1

- 4.5 Where properties do not attract complaints or cause nuisance, there is little that can be done other than encourage owners to make use of their property. However, over 224 properties are either the subject of enforcement or are being monitored by the empty property team while refurbishment work/ a solution progresses.

5.0 Occupied Properties

- 5.1 An additional benefit of the pilot scheme was the number of owners who responded to inform the Council that the property was occupied. To date 117 (37.86% of respondents) advised that the property was now occupied and in some cases, had been occupied for some time.
- 5.2 When a property is initially listed as empty, the Council Tax system relies on owners to inform the Council that the property is now occupied. There is no financial difference to the owner (unless the property has been empty over two years) and it is apparent that the Council is not always being advised of the change of circumstances.
- 5.3 There is also evidence of a sub-set of occupied properties where accommodation is let out on the basis that the rent is inclusive of Council Tax and/ or Utilities. While this practice is not illegal, it may be that some tenants are not receiving benefits that they are entitled to. It may also be that some unscrupulous landlords prefer the property to remain listed as empty to avoid scrutiny regarding legal and taxation responsibilities.
- 5.4 Based on the responses to the pilot, it appears that the overall number of empty properties in the City is overstated. As this situation could be financially detrimental to the Council by way of reduced New Homes Bonus, it is suggested that options to ensure that records are correct are fully explored.
- 5.5 The mail out and returns have been analysed at Appendix 2 and show the possible impact of improving the accuracy of the records.

6.0 Review of Options

- 6.1 The options available are to either continue or discontinue the incentive scheme.
- 6.2 The incentive offered has been effective in terms of “starting the conversation” with owners of empty properties, quantifying the reasons for properties remaining empty, and identifying where properties are currently occupied and amending these records.
- 6.3 For reasons set out in 4.0 of this report, qualification for/ take up of the incentive is lower than anticipated and a reduced budget would therefore be required both this financial year and going forward.
- 6.4 The bringing back into use of long term empty properties has a positive impact on the city environment.

7.0 Reasons for Decision

- 7.1 For a relatively modest cost per property the incentive has proven effective in engaging with owners. Where properties do qualify, the incentive of £500 encourages owners of empty homes to sell them on the open market or be taken on via the council's Private Sector Leasing scheme.

- 7.2 The bringing long term empty properties back into use has a positive impact on the city environment/ economy. Minimising the number of properties listed as empty is financially beneficial to the Council in terms of New Homes Bonus.

8.0 Financial implications

- 8.1 The original budget for the pilot scheme was £50,000 within the Housing General Fund capital programme. Given that a lower number of owners who meet the qualifying criteria have been identified than anticipated, and the nature of the expenditure it is recommended that this be reduced to £10,000 to be funded from revenue budgets.
- 8.2 As the pilot incentive has enabled the Council to engage with owners, improve intelligence regarding reasons for properties remaining empty, and identify properties incorrectly listed as empty, it is considered appropriate for a budget of £10,000 to be authorised for the 2018/19 financial year. This will be funded by establishment of a corresponding budget to reflect the income received from the recovery of expenses from enforcement action under the Housing Act, Section 49.
- 8.3 Bringing long term empty properties back into use or preventing empty properties being categorised as long-term empty, will have a direct impact on the Council Tax Base, and the amount of New Homes Bonus awarded to the Council.
[JM/03112017/M]

9.0 Legal implications

- 9.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 confers a power on local authorities to improve living conditions in their area. It provides that assistance can be given for a range of matters including repairing living accommodation and the adaptation or improvement of living accommodation. Assistance can be provided in any form i.e. grant or loan and can be made subject to conditions. This power to provide assistance can only be exercised once a policy has been adopted and published thereafter the local authority can only provide assistance in accordance with that policy.
- 9.2 The incentive as set out was adopted as a policy in April 2017.
[TS/26102017/R]

10.0 Equalities implications

- 10.1 An initial equalities analysis has been undertaken indicating that there are no direct equalities implications. The bringing back into use of long term empty properties provides additional housing opportunities in the City.

11.0 Environmental implications

- 11.1 The bringing back into use of long term empty properties has a positive impact on the city environment.

12.0 Human Resources implications

- 12.1 The pilot scheme has been undertaken within the existing resources available to tackle long term empty properties within City Housing in-conjunction with existing Revenues and Benefits staff. Should it be considered necessary to implement increased canvassing of owners, the resourcing implications will need to be considered as part of these proposals.

13.0 Corporate Landlord implications

- 13.1 There are no direct Corporate Landlord implications.

14.0 Schedule of background papers

Long Term Empty properties back into use – proposed pilot – 26/4/17 Cabinet (Resources) Panel