

Cabinet Meeting

26 April 2017

Report title	Long Term Empty properties back into use – proposed pilot	
Decision designation	Amber	
Cabinet member with lead responsibility	Councillor Peter Bilson City Housing and Assets	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Lesley Roberts, Strategic Housing Director	
Originating service	Housing	
Accountable employee(s)	Chris Hale	Head of City Housing
	Tel	01952 551796
	Email	christopher.hale@wolverhampton.gov.uk
Report to be/has been considered by	Place Leadership Team	10 April 2017
	Strategic Executive Board	11 April 2017

Recommendation(s) for action or decision:

That Cabinet approve:

1. The introduction of a 6-month pilot programme to further encourage the bringing back into use of long term empty residential properties.
2. The introduction of 2 pilot schemes of financial assistance
 - a. Scheme 1, being the conditional offer of up to £500 financial assistance for legal/agents' fees connected with the sale of long term empty properties to encourage owners to sell
 - b. Scheme 2, being the conditional offer of up to £500 to incentivise owners of long term empty properties to participate in the Private Sector Leasing Programme

3. Amendments to the Council's private sector housing assistance policy to facilitate Scheme 1 and Scheme 2.
4. The priority groups for this pilot programme being:
 - Priority Group 1 - Unfurnished Properties listed as empty for more than 2 years.
 - Priority Group 2 - Properties listed as empty for more than 2 years and furnished.
 - Priority Group 3 - Properties Listed as being empty for between 6 months and 2 Years
 - Priority Group 4 - Properties listed as empty with an exemption as the owner is either in care or probate has not been achieved
5. That the financial expenditure and impact of the pilot is kept under review and agree to accept a future report to Cabinet on the impact and effectiveness of the Schemes.

1.0 Purpose

- 1.1 To consider proposals for a pilot scheme to further encourage the bringing back into use of long term empty residential properties.
- 1.2 To approve amendments to the Councils private sector housing assistance policy to provide assistance to facilitate the bringing back into use of long term empty properties.

2.0 Background

- 2.1 As at October 2016, there were 1,234 properties listed as long term empty (over 6 months) for the purposes of the Council Tax Base Return, 438 of which were listed as being empty for more than 2 years and subject to the 150% Council Tax charge with a further 88 being furnished and 854 properties being empty between 6 months and 2 years (December 2016). A further 72 properties were listed as empty with an exemption as the owner was either in care or probate had not been achieved.

Length of time empty

Tenure	< 4 months	4-6 months	6-18 months	18 month-2 years	2-5 years	> 5 years	Total	All Props	% Empty
PRIVATE TOTAL EMPTY	780	205	610	121	357	59	2132	81845	2.6%
COUNCIL OWNED EMPTY	177	24	57	6	24*	0	288	26679	1.1%
TOTAL EMPTY	957	229	667	127	381	59	2420	108524	2.2%

* For redevelopment/regeneration purposes

3.0 Progress

- 3.1 The Council has been very successful in dealing with long term private sector empty properties bringing over 200 properties back into use each year reducing the total number of empty properties year on year. The number of chronically long term empty properties has been reduced from 330 in 2009 when the current Empty Property Strategy commenced to 59 (October 2016) – a reduction of over 82%. This is based on data provided over the period from the Council tax baseline data and provides an accurate evaluation of the position regarding empty properties. It should be noted however, that some unoccupied properties do not feature in the Council Tax records as they are considered to have exempt status for reasons such as the owner is receiving care elsewhere.
- 3.2 It is not illegal to keep a property empty if it is well maintained. In such cases the Council's ability to require it to be brought back into use is limited to encouraging and supporting the owners. There is a range of legislation that the Council uses to tackle empty properties, for

example building act notices, housing act enforcement, environmental protection action, enforced sale, compulsory purchase orders and other notices. The use of statutory powers such as CPO (Compulsory Purchase Order) is used in extreme cases but as a wide scale solution could prove problematic if not impossible. Undertaking a CPO can be a lengthy and complex process and should be used as a last resort.

- 3.3 However, the Council should consider its role in further encouraging owners of such properties to bring them back into use to contribute to the overall housing offer and have a potentially positive impact on New Homes Bonus payments. This report proposes a pilot programme to evaluate different approaches to incentivising owners to bring their properties back into use.

4.0 Pilot Programme Proposals

- 4.1 Due to the diverse nature of empty property owners and the wide range of reasons for properties remaining empty for prolonged periods, it is difficult to predict the take up rate and therefore likely success of any initiative. Any financial incentive needs to be effective in engaging with property owners without creating an incentive for leaving a property empty.

- 4.2 An initial fund of £50,000 is suggested for pilot interventions which can be integrated with advice and assistance already delivered by the empty property team. It is recommended that the following schemes be implemented under the pilot through amendments to the Councils private sector housing assistance policy: -

4.3 Scheme 1

A conditional offer of £500 financial assistance through a grant specifically for legal fees/ agents' fees connected with the sale of the property which may prove sufficient to encourage the owner to sell.

The grant would be subject to the following Conditions

- The property must be within the City of Wolverhampton Council area
- The property would not have normally have sold without the intervention of the Council
- The offer is on a "first come first" served basis based on the priority groups and subject to funding being identified and available
- The property must be sold within 6 months of being marketed to qualify
- The property cannot be sold to a relative of the current owner
- Initial disbursements connected with the sale can be funded with any balance on completion of the sale, subject to the £500 maximum
- An agreement that any outstanding debts owing to the Council are be cleared from the proceeds of the sale

4.4 Scheme 2

Primarily targeted at owners of properties listed as empty for more than 2 years where the property is suitable for the Private Sector Leasing (PSL) Scheme (managed by Wolverhampton Homes) and the owner would rather rent than sell the property.

A conditional grant incentive of £500 would be offered when a property is taken on under the PSL Scheme.

The grant would be subject to the following Conditions

- The property must be within the City of Wolverhampton Council area
- The property would not have normally have been rented without the intervention of the Council
- The offer would be on a “first come first served” basis and subject to funding being identified and available
- The lease must be signed within 6 months to qualify
- The property must be judged as suitable and sustainable for PSL by Wolverhampton Homes

A small capital grant secured on the property to improve it to a lettable standard for PSL could be considered. However, uncertainties arising from tying the owner into a lease prior to any works being completed could prove to be problematic and it would not seem appropriate for the Council to bear the upfront cost of repairs if the property is not to be used for long term housing provision at below market rent. This option will be explored further with Wolverhampton Homes as part of the pilot.

4.5 **Target Groups and Incentives**

As funding for the pilot will be limited, it is proposed to prioritise those properties which are likely to benefit most from intervention. Schemes will be based around the following priority groups: -

Priority Group 1

Unfurnished Properties listed as empty for more than 2 years.

These properties will have hit the trigger for 150% Council Tax liability. Remaining empty at this stage suggests that the owners may require assistance to determining the future actions with respect to the property, including sale or making it available for let. It is proposed to test the effectiveness of any financial assistance and positive engagement by the empty property officers on this group.

Priority Group 2

Properties listed as empty for more than 2 years and furnished.

Unlike the properties in Group 1 these do not attract a higher Council Tax charge after 2 years. However, the incentives under the schemes could also act as a catalyst for the owner to sell or make the property available for let.

Priority Group 3

Properties listed as being empty for between 6 months and 2 years

The majority of long term properties (854 as at December 2016) are from this group. Early positive intervention may assist in bringing about a resolution prevent deterioration of the property and subsequent detrimental impacts.

Priority Group 4

Properties listed as empty with an exemption as the owner is either in care or probate has not been achieved.

While these cases would need to be approached with care, the prospect of financial assistance with legal costs to either settle probate or market a property for sale/ rent may

act as a catalyst for the owners or their representative to engage with the Council which may lead to a resolution.

4.6 **Monitoring**

It is proposed that the following criteria will be monitored to assess the effectiveness of the pilot incentives/ initiatives –

1. Take up within each of the groups for each option set out above.
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.

This monitoring criterion would 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.

4.7 **Timetable**

Should the proposals in this report be approved it is proposed that the following timetable will be implemented.

Revision to Housing Assistance Policy – April 2017

Implementation of Strategy – May 2017

Review and impact analysis – November 2017

5.0 **Financial implications**

5.1 The pilot scheme will be funded from the private sector housing capital programme. There is specific capital provision for the empty property strategy actions. The funding is also used to support voluntary and compulsory empty property acquisitions which are offset through the sale of such properties to new owners who undertake to bring them back into use. Funding the pilot programme will not adversely impact the acquisition actions under the Empty Property Strategy.

5.2 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 baseline and the award of New Homes Bonus (NHB). The impact on NHB will be evaluated as part of the pilot scheme with any “additional” NHB generated being used to offset the scheme costs.

[JM/11042017/M]

6.0 **Legal implications**

6.1 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.

[TS/11042017/Y]

7.0 Equalities implications

7.1 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 may provide additional housing opportunities in the City

8.0 Environmental implications

8.1 The bringing back into use of long term empty properties will have a positive impact on the city environment.

9.0 Human resources implications

9.1 The pilot scheme will be undertaken within the existing resources available to tackle long term empty properties within City Housing. Should the pilot prove to be successful any resourcing implications will be considered as part of the review and any proposals to extend or expand the scheme.

10.0 Corporate Landlord implications

10.1 There are no direct Corporate Landlord implications

11.0 Schedule of background papers

11.1 Wolverhampton Empty Property Strategy