



POLICY AND RESOURCES SCRUTINY COMMITTEE – 30TH SEPTEMBER 2015

SUBJECT: EMPTY HOMES IN THE PRIVATE SECTOR

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 This report has been prepared in response to a Member's request at the Policy and Resources Scrutiny Committee meeting on 5th December 2013. The request sought information in respect of the Authority's activities and opportunities for dealing with empty homes in the private sector within the county borough.

2. SUMMARY

- 2.1 This report has been prepared following the request of a Member of the Policy and Resources committee. The original request made reference to initiatives being undertaken by other Local Authorities and specifically one in particular which referred to a scheme being undertaken by the City of Stoke on Trent.
- 2.2 Stoke on Trent had some 2,500 privately owned long term empty homes and had areas of the city (2 in particular) where large concentrations of empty homes existed. These 2 areas contained terraced housing previously earmarked for wholesale clearance and were in the Council's ownership. The Council were successful in securing funding from the English Government's Clusters of Empty Homes Grant programme and subsequently developed a scheme whereby the houses were sold for £1 and the area redeveloped in partnership with the new house owners. The scheme has now been completed and is regarded as being a success.
- 2.3 Empty homes within the Caerphilly County Borough are not found in concentrations, and consequently we do not have the opportunity, or the need, to embark on a scheme such as that undertaken in Stoke on Trent. The properties within the Caerphilly County Borough are also in private ownership and so the opportunity for the Council to sell to developers or other landlords does not exist.
- 2.4 This report, therefore, outlines the extent of the problem of long term empty homes in the private sector, the Authority's activities and performance in respect of any direct action taken to assist in bringing empty homes back into beneficial use and the potential partnership opportunities that exist to assist in tackling the problem.

3. LINKS TO STRATEGY

3.1 The contents of this report link to the following key strategic objectives:-

“To meet housing requirements through the provision of a range of good quality, affordable housing options.” (*Aim 5: Affordable Housing – Local Housing Strategy*)

“To provide good quality, well-managed homes in communities where people want to live, and offer people housing choices which meet their needs and aspirations.” (*Aim 6: Housing Management - Local Housing Strategy*)

“To promote sustainable and mixed communities that are located in safe and attractive environments.” (*Aim 11: Community Regeneration - Local Housing Strategy*)

There is a need to increase the number of affordable homes for purchase or rent (*Improving Lives and Communities – Homes in Wales – April 2010*)

“The return to use of long term empty Houses” – (*Key Priority 3 – CCBC Private Sector Housing Renewal Strategy*)

4. THE REPORT

LONG TERM EMPTY DWELLINGS IN THE PRIVATE SECTOR

4.1 In Wales, Local Authorities’ activities in bringing long term empty dwellings back into beneficial use by direct action are measured via a National Performance Indicator (PSR004) reported upon annually. “Long term” empty is classified as those dwellings empty for 6 months or more with the following exclusions:

- A second or Holiday Home
- A newly completed dwelling awaiting occupation
- An existing dwelling undergoing conversion or modernisation
- A dwelling that is in use but for non-residential purposes

4.2 Each year, at 1st April, Authorities must establish the number of empty dwellings within their county borough that fall within the above definition and thereafter set themselves a percentage target in respect of the number of empty dwellings they feel they can return to occupation as a result of direct action. The numbers are collated utilising the Authority’s Council Tax records and “Direct Action” includes:

- Providing Grants or Loans
- Providing Advice such as:
 - Literature on the authority’s empty homes strategy
 - Advice on letting, including legal and housing benefit requirements
 - Advice on grants and other financial assistance including tax concessions available
 - Details of landlord forums or accreditation schemes
 - Advice on repairs, including details on building contractors meeting minimum requirements
- Referral to partner Registered Social Landlords (RSLs) or other intermediary with relevant expertise
- Enforcement action including statutory notices
- Enquiries made to establish ownership of property and follow up action

4.3 The following table outlines Caerphilly CBC's recent years' activity in respect of the Performance Indicator:

Year	No. Of Empty Dwellings @ 1 st April	Target For Return	Actual Outcome
2014/15	932	37 (4.0%)	42 (4.51%)
2013/14	914	33 (3.6%)	35 (3.83%)
2012/13	944	36 (3.8%)	29 (3.07%)
2011/12	941	32 (3.4%)	36 (3.8%)
2010/11	900	30 (3.3%)	37 (4.0%)

4.4 The table below outlines all Wales performance for 2012/13, 2013/14 and 2014/15:

Authority	No. Of Empty Dwellings @ 1 st April			No. Brought Back Into Use			% Brought Back Into Use		
	12/13	13/14	14/15	12/13	13/14	14/15	12/13	13/14	14/15
Anglesey	800	835	829	69	100	109	8.63%	11.98%	13.15%
Gwynedd	1,106	1,030	1,193	48	54	68	4.34%	5.24%	5.70%
Conwy	1,090	1,557	1,569	39	41	42	3.58%	2.63%	2.68%
Denbigh	879	851	641	200	151	142	22.75%	17.74%	22.15%
Flintshire	554	490	774	33	33	30	5.96%	6.73%	3.88%
Wrexham	206	286	250	20	29	43	9.71%	10.14%	17.20%
Powys	1,495	1,504	1,530	37	101	28	2.47%	6.72%	1.83%
Ceredigion	742	805	747	9	32	27	1.21%	3.98%	3.61%
Pembrokeshire	763	1,352	1,240	5	0	30	0.66%	0.00%	2.42%
Carmarthen shire	2,142	2,015	2,479	109	115	135	5.09%	5.71%	5.45%
Swansea	1,828	1,978	2,101	46	94	456	2.52%	4.75%	21.70%
Neath & Port Talbot	739	1,375	1,681	39	514	1,153	5.28%	37.38%	68.59%
Bridgend	1,029	1,105	1,172	74	59	76	7.19%	5.34%	6.48%
Vale of Glamorgan	690	887	994	14	436	175	2.03%	49.15%	17.61%
Cardiff	1,476	1,439	1,391	77	79	91	5.22%	5.49%	6.54%
Rhondda Cynon Taff	2,480	3,083	3,381	86	94	114	3.47%	3.05%	3.37%
Merthyr Tydfil	677	641	651	29	33	36	4.28%	5.15%	5.53%
Caerphilly	944	914	932	29	35	42	3.07%	3.83%	4.51%
Blaenau Gwent	542	498	540	19	21	21	3.51%	4.22%	3.89%
Torfaen	235	332	292	72	189	165	30.64%	56.93%	56.51%
Monmouth shire	-	537	623	-	25	64	-	4.66%	10.27%
Newport	1,134	1,339	1,250	48	58	42	4.23%	4.33%	3.36%
Wales Total:	21,551	24,853	26,260	1,102	2,293	3,089	5.11%	9.23%	11.76%

4.5 The level of success in respect of bringing long term empty homes back into use is very much dependant on available resources, both in terms of finance to offer pump priming grant/loan assistance and also staff to undertake the extremely time consuming practical element of engagement with owners of empty homes. Far more empty homes are returned to use by way of advice and education than by way of grant/loan assistance. (For CCBC, of the 179 properties returned to use from 1st April 2010 to date, 40 received grant assistance and 2 had loans).

- 4.6 Finance has previously been available in the form of both grants and loans to assist owners to refurbish their homes both via the Authority's own Private Sector Housing Renewal Strategy and also, more recently, via the National Houses Into Homes Loan Scheme and the National Home Improvement Loan Scheme. A revision of the Authority's Private Sector Housing Renewal Strategy in 2014, however, now restricts grant aid to conversions only (generally from disused retail to domestic).
- 4.7 As mentioned above, however, staff resources are severely overstretched, with the Authority having no dedicated Empty Property Officer(s). Arrangements for the past 3 years or so are such that the majority of activity in respect of this function has been undertaken by the 3 District Environmental Health Officers based within the Private Sector Housing Team. A recent time disaggregation exercise for the purposes of the Wales Audit Office "Delivering with Less" audit identified that the actual amount of officer time dedicated to this function equated to 0.5 FTE.
- 4.8 Following the failure to hit our 2012/13 Performance targets, staff resources were increased slightly and it is pleasing to report that the Authority thereafter surpassed its targets for both the 2013/14 and 2014/15 financial years. Unfortunately, however, the recent introduction of the National Home Improvement Loan scheme, whilst bringing obvious benefits in respect of loan availability, has also brought additional duties to the same team responsible for Empty Homes. Every effort is being made, therefore, to ensure that these additional duties are managed in such a way that future performance is not prejudiced.

5. OPTIONS AVAILABLE FOR TACKLING LONG TERM EMPTY HOMES

- 5.1 Local authorities have a range of options available to them when dealing with long term empty homes. As already mentioned, however, by far the most successful option is to provide advice and education to owners to bring about reoccupation of their properties by way of persuasion and agreement, wherever possible utilising the tools outlined in para 4.2 above.
- 5.2 Where advice and education fails, however, there are a range of legislative options available. Some examples are:

- Empty Dwelling Management Orders (EDMO).

In essence EDMOs allow a local housing authority to step into the shoes' of the owner of a privately owned unoccupied dwelling and secure its occupation and proper management. However, the ownership of the property is not transferred to the housing authority, rather it manages the property. The housing authority meets its management costs from the income produced by letting out the dwelling.

There are two forms of EDMO: the interim EDMO and the final EDMO. Interim orders can only be made with the authorisation of the Residential Property Tribunal(RPT). They assume some form of co-operation between the owner and the housing authority, as the property can only be let with the owner's consent. Final orders allow the authority to let without the owner's consent. Final EDMOs do not require the authorisation of the RPT, however, the owner can appeal to the tribunal against the making of the order.

Since their introduction in 2004, in Wales only a handful of EDMO's have been made due, in the main, to the complexity of the legislative process. Also, the level of engagement demanded with house owners inevitably brings about the return to use of the property without recourse to an EDMO.

- Increased Council Tax

Welsh Government have recently consulted with stakeholders in respect of the opportunities afforded by the recent Housing (Wales) Act 2014 where in certain

circumstances Local Authorities will have the option to increase the council tax payable on long term empty homes from 1st April 2017. Welsh Government intends to consult further this Autumn regarding possible exemptions from the premiums with detailed council tax regulations planned for December 2015, after which a separate report will be presented to the Committee by the Interim Head of Corporate Finance.

- Enforced Sale

The Law of Property Act 1925 affords Local Authorities the power to enforce the sale of a property in circumstances where certain debt charges placed on a property remain outstanding following the issue of a demand for repayment. When the property is sold the Authority recovers its debt and the remaining funds from the sale go to the owner. As one would expect this process can be somewhat long winded. The Authority has, however, been successful in utilising this method, along with similar "Order of Sale" cases on some 5 occasions, often working with partners such as Housing Associations who purchase the property and thereafter manage it as a rental unit.

- Compulsory Purchase

This is an option which can be pursued under both Planning and Housing legislation and affords Authorities the power to compulsory purchase properties where circumstances are appropriate. This power has never been utilised by the Housing Division due to the lengthy legal process, substantial financial implications and the availability of other, better, options for dealing with empty homes.

6. PARTNERSHIP OPPORTUNITIES

- 6.1 Given the relatively low level of resources available to the Authority to tackle empty homes the opportunities for Partnership working need to be exploited wherever possible. However, a major frustration to officers working to bring empty homes back into use is the inability to exploit the opportunities presented when landlords and potential homeowners request details in respect of empty homes within the county borough.
- 6.2 We are regularly asked to provide details of empty property ownership to interested purchasers and whilst most prospective purchasers are often only interested in a particular property, we also receive requests from portfolio landlords genuinely interested in purchasing and refurbishing empty homes in numbers.
- 6.3 In either case Data Protection rules prevent us from disclosing even basic information as to the location (addresses) of empty properties and this situation is extremely frustrating when to do so would undoubtedly assist us greatly in raising the numbers of empty homes brought back into beneficial use.
- 6.4 Within the past 6 months alone we have been approached by United Welsh Housing Association, Gofal Cymru and also a private consortium with a view to undertaking some partnership working in respect of empty homes. All three (and potentially others) can bring resources that could assist the Authority in raising the numbers of empty homes brought back into use. Such opportunities are hindered, however, by our inability to facilitate direct engagement between these potential partners and empty home owners themselves.
- 6.5 Realistically, the best the Authority can do to assist would be to write to the owners of the empty homes that appear on the list secured from Council Tax for Performance Indicator purposes on 1st April. When writing, the letter can outline, amongst other things:
 - The wasted resource empty homes present and the potential income an owner could receive if the property is brought back into use and let as a rental unit.
 - The benefits of reoccupation to owners as the size and importance of the private rented sector, in particular, increases

- The financial assistance available to bring the property back into use (grants/loans)
 - The practical assistance available from potential partners for owners who either do not have the capability to undertake property refurbishment or else simply do not wish to undertake such functions
 - The opportunities for partnership arrangements in relation to short to medium terming leasing for those owners who do not wish to manage properties themselves
 - The potential enforcement implications should the property remain empty.
- 6.6. The letter would ask interested owners if they would be prepared to allow the Authority to pass their contact details to partners such as those outlined in para 4.1.12 above. This exercise would then hopefully stimulate meaningful relationships that would lead to greater numbers of long term empty homes being brought back into use. There is, of course, always the possibility that owners will not respond
- 6.7 Officers, nevertheless, propose to undertake this exercise later this year and if successful, the exercise could thereafter be repeated on a regular basis.

7. SOCIAL LETTINGS AGENCY

- 7.1 Officers brought a report to Policy and Resources Scrutiny Committee in September 2014 recommending the creation of a Social Lettings Agency. The Committee and thereafter Cabinet, endorsed the recommendation and Officers are currently engaging with Cartrefi Hafod with a view to the Social Lettings Agency being commissioned in partnership along similar lines as currently exist in respect of the temporary accommodation we use for homeless persons.
- 7.2 The Social Lettings Agency will need a stock of properties and our ability to engage with owners of suitable properties which currently lie empty will greatly assist in building a portfolio of properties for this particular use. Often, a major deterrent to owners of empty homes is the apprehension in respect of the management responsibilities that come with letting out a property. This may now become an even greater concern for such owners given the impending introduction of a mandatory registration and licencing scheme for landlords renting in Wales.
- 7.3 Officers will, therefore, also promote this further opportunity when attempting to engage with owners as outlined in para 6.5 above.

8. EQUALITIES IMPLICATIONS

- 8.1 This report is for information purposes, so the Council's EqIa process does not need to be applied.

9. FINANCIAL IMPLICATIONS

- 9.1 There are no financial implications. This report is for information purposes only.

10. PERSONNEL IMPLICATIONS

- 10.1 There are no personnel issues. This report is for information purposes only.

11. CONSULTATIONS

- 11.1 Any views of the consultees listed below have been incorporated into the report.

12. RECOMMENDATIONS

12.1 That Members note the contents of the report.

13. REASONS FOR THE RECOMMENDATIONS

13.1 To provide the Committee with the information requested by the Member.

14. STATUTORY POWER

14.1 Housing Act 1985, Housing Grants, Construction and Regeneration Act 1996, Housing Act 2004, Housing(Wales) Act 2014.

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Consultees: Cllr Dave Poole, Deputy Leader & Cabinet Member for Housing
Cllr Hefin David – (Chair) Policy and Resources Scrutiny Committee
Cllr Sean Morgan – (Vice Chair) Policy and Resources Scrutiny Committee
Shaun Couzens - Chief Housing Officer
Fiona Wilkins – Public Sector Housing Manager
Paul Smythe - Housing Repair Operation Manager
Claire Davies – Principal Housing Officer (Strategy and Standards)
Suzanne Cousins - Principal Housing Officer (Housing Portfolio)
Ian Burgess – District Environmental Health Officer
John Carpenter – Council Tax and NNDR Manager