

TACKLING EMPTY HOMES

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| Summary: | This report sets out the scale of empty homes in the district, the Council's current approach to empty homes, assesses what other councils do in relation to empty homes and recommends options to address the issue of empty homes in North Norfolk. |
| Options considered: | <p>Details of options considered are set out in Section 6. of this report and in summary are:</p> <ul style="list-style-type: none">• Do nothing more - continue with NNDC's current approach.• An additional resource to identify and monitor empty homes• A dedicated empty homes officer to tackle long term empty homes• Provide Grants or loans to owners to bring homes back into use• NNDC to purchase or lease empty homes. |
| Conclusions: | Taking into account the costs and benefits of the options to tackle empty homes; using additional resources to better identify and monitor empty homes would be a cost-effective approach to tackling large numbers of empty homes. This approach would ensure the Council holds accurate information on empty homes, charges owners correctly and could increase revenue income for the Council. |
| Recommendations: | <p>That Cabinet agree to:</p> <p>A temporary (12-month fixed term) resource to identify, investigate and monitor empty homes (and Second / Holiday homes and de-listed properties) more proactively. The post to be funded from reserves.</p> <p>Pilot the use of Homeless Prevention Grant to pay for repairs to bring a small number of empty homes into use to provide temporary accommodation for homeless households. Funded from existing budget.</p> <p>Arrange training for existing officers on the powers available to tackle Empty Homes. Funded from existing budget.</p> |
| Reasons for Recommendations: | To support use of funding from reserves to be used for an additional temporary post |

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

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1. Introduction

- 1.1 With high levels of housing need in the district and new homes in short supply it is even more important to make the best use of all existing homes – including empty homes. The challenge of empty homes was raised during consultation on the development of our current Housing Strategy and as a result the Corporate Plan Action Plan contains the following action:

1.3.3.1 The Council will carry out research to identify examples of good practice (use of legislation, grants and other incentives) to reduce the number of long-term empty homes. The Council will consider adopting good practice measures where these bring benefits which justify the costs of the interventions. Outcome - Report with recommendations on actions the Council could take by June 2022

Definition of Empty Homes

- 1.3 Homes may be empty for a number of reasons. There will always be a certain number of properties which are unoccupied during 'turnover' (sale or re-letting) and these are generally not a cause for concern. Long Term Empty Dwellings (LTED) are those that are unoccupied and unfurnished for six months or more. This definition is used in Council Tax legislation and reporting and this report concentrates on these LTED.
- 1.4 LTED may occur for a number of, often complex, reasons such as:
- Lack of funds available to enable owners to do repairs or renovation works;
 - Inheritance issues where new owners may be reluctant to let or sell an inherited property;
 - Lengthy probate or legal disputes;
 - Family/business disputes;
 - Repossession;
 - Housing market conditions make the property difficult to sell/let;
 - Land banking, investment/retirement purchases;
 - Lethargy/indifference: often including owners of multiple properties, where returning the property to use is not a priority.
- 1.5 **Exemptions** - There are a number of situation where a home may be unoccupied for a period of time but does not count as a LTED and may not be liable to pay Council Tax. These include:
- Empty homes where the owner has died ahead of probate being granted

- Homes empty as the occupier is in prison
- Homes empty as the occupier has moved into a care home or hospital
- Homes empty as they have been repossessed

1.6 **Second Homes** – the definition of a LTED is unoccupied AND unfurnished. Therefore a home that is reported to be used as a Second Home and is furnished does not count as a LTED.

1.7 **De-listed properties** – homes that are empty but in such poor repair/dereliction that they cannot be lived in are not liable for Council Tax. Owners can request that the property is removed from Council Tax banding by the Valuation Office and these homes then ‘disappear’ from the Council Tax base and reporting of empty homes. At the end of June 2022 Revenues undertook an exercise and identified 333 un-banded properties. Of these, 255 were reported as undergoing works, leaving 78 properties that were ‘genuinely’ un-banded. It is estimated that approximately 20 of these may need to be investigated, and potentially could be reported to the Valuation Office Agency and re-banded. Revenues also hold additional manual records from prior to the system conversion in 2011-12 that may also include properties that were removed by the VOA and may need to be re-banded. When a property is de-listed properties the Council loses one of the key tools for managing empty homes, the levy on Council Tax for empty homes, and can only use enforcement action in limited circumstances (see section 3.)

2. Number of empty homes

2.1 LTED are reported to government annually as part of the Council Tax Base return. The latest figures are for 2021 and are as at 4/10/21. Figures comparing North Norfolk to other Norfolk districts and England as a whole are shown in the table below:

| Area | Total | Second Homes | | Long Term Empties | |
|----------------------------|---|---|------|---|------|
| | Total number of dwellings on the Valuation List | Number of dwellings classed as second homes on 4 October 2021 | % | Number of dwellings that are classed as empty on 4 October 2021 and have been for more than 6 months. | % |
| Breckland | 62,934 | 441 | 0.7% | 427 | 0.7% |
| Broadland | 59,784 | 376 | 0.6% | 254 | 0.4% |
| Great Yarmouth | 48,760 | 2,325 | 4.8% | 574 | 1.2% |
| King's Lynn & West Norfolk | 74,550 | 3,228 | 4.3% | 996 | 1.3% |
| North Norfolk | 55,754 | 5,397 | 9.7% | 497 | 0.9% |
| Norwich | 68,141 | 813 | 1.2% | 622 | 0.9% |
| South Norfolk | 64,214 | 633 | 1.0% | 388 | 0.6% |

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|---------|------------|---------|------|---------|------|
| England | 24,987,468 | 253,357 | 1.0% | 246,644 | 1.0% |
|---------|------------|---------|------|---------|------|

2.2 Whilst North Norfolk is below the English average for LTED, some other Norfolk council have fewer LTED. The trend in North Norfolk is reducing numbers of LTED: 572 (October 2019), 554 (October 2020), 497 (October 2021).

3. NNDC's current approach

3.1 NNDC's current approach is summarised as identify, encourage, incentivise, enforce.

3.2 **Identify** - The main way of identifying empty homes is through Council Tax records. To an extent this relies on owners telling us their home is empty (e.g. when a tenant moves out or an owner sells they notify us that their Council Tax liability at the property will end, triggering us to contact/bill the new occupier / owner). Information can also come from other members of the public (concerned about an empty home/problems it may be causing) or through staff cross-matching data (for example checks on Council Tax single occupier discounts are carried out every two years by an external company and these sometimes identify undeclared empty homes), Revenues contacting owners, and regular monitoring of known empty homes. The work also involves carrying out visits to confirm the status of a home (e.g. empty/unfurnished or Second Home/furnished); which presents a resource challenge.

3.3 **Encourage** - Where a LTED is identified our approach is to encourage and support the owners to bring their property back into use. The Council will work with owners to identify reasons why a property is empty and which actions are needed to bring the property back into use. A range of information, advice and support is available to assist owners to return the property into use. This might include encouraging an owner to sell their home, advice on the repairs needed to bring a home up to standard, advice on how to let a home (such as links to letting agents), encouragement to lease a home to the Council to use for temporary accommodation for homeless households. One area of advice that can be very helpful relates to VAT, as properties undergoing renovation that have been empty for 2-years or more (before works are started) may be eligible for a reduction in VAT on the costs of works.

3.4 Advice on empty homes is provided by officers across Revenues, Housing Options, Combined Enforcement, or Environmental Protection service areas – depending on the nature of the case and the route it comes to the attention of the Council. However, there is no dedicated resource for this type of advice and support.

3.5 **Incentivise** – Arguably the biggest tool we have for managing empty homes is the levy that can be applied to Council Tax charges for LTED. NNDC currently uses discretionary powers to maximise the charges for empty homes. For the first two years when a home is empty the full Council Tax charge is applied (except in the limited circumstances set out above) i.e. there is no discount for empty homes. When an empty home has been empty for 2-years, the Council Tax charge increases, as the Council imposes a financial levy of 100% of the Council Tax charge, so the total charge then becomes 200%. If a property is empty for 5-years or more the charge is increased to 300% and when a property has been empty for 10-years or more charge is increased to 400%.

The Council retains the same share of the levy as it does of 'normal' Council Tax charge, i.e. 8p in every £1.

- 3.6 As at 1st September 2022 according to Council Tax records there were a total of 1,130 empty homes. Of this total 574 had been empty for under six-months and 556 had been empty for over six-months. Of the 535 homes empty for over 6-months, 87 of these were empty over two-years (liable for 200% Council Tax), 39 for 5-years (liable for 300% Council Tax) and 9 for 10-years (liable for 400% Council Tax).
- 3.7 **Enforce** – In reality enforcement action is minimal as, unless a property is causing a nuisance or Council Tax debt is owed, our powers to tackle empty homes are limited. Appendix A lists the powers that the Council has available in these circumstances. Resources to tackle 'problem' empty homes are focussed on the very worst properties and relieving the community impacts of these. The Council's Enforcement Board deals with some of these properties. Currently there are only two domestic / residential dwellings under consideration by the Enforcement Board, using differing enforcement approaches, with one now being sold. Previously the Council had an Empty Homes Officer and the capacity to take enforcement action was greater, for example in 2015 five properties were subject to Compulsory Purchase action. The resources within the Combined Enforcement Team are primarily focussed on planning enforcement with one officer (0.8 FTE) carrying out all the Revenues property based work which includes, in addition to empty properties, large developments, completion notices and monitoring Council Tax and Business Rates commencements. The administration linked to this post in Revenues requires substantial resource to ensure revenue is not lost. Limited resources available to deal with empty homes results in the necessary focus on tackling the very worst properties where there is significant amenity loss.

4. Other Councils' Approaches

- 4.1 Research has shown that the majority of other councils follow a similar approach to NNDC with few having policies to do anything other than identify empty homes, encourage owners to bring them back into use, incentivise by applying Council Tax levies to empty homes and, in limited circumstances, take enforcement action against the worst cases. However, there are a few other approaches employed by some councils:
- 4.3 **Enhanced monitoring resources** – some council employ additional resources (in-house or outsourced) focussed on more pro-active identification of empty homes through data-matching with other information and/or increased inspections of homes.
- 4.4 **Dedicated empty homes officer** - some councils employ a dedicated empty homes officer/s to work with owners. This provides a focussed resource to work with owners to provide support and encouragement to bring empty homes back into use, or to take more enforcement action against empty homes where powers are available. This can also involve a "tenant finder scheme" (vetting tenants / guaranteeing rents) or providing dedicated support to help an owner let their home.
- 4.5 **Grants or loans** – some councils provide financial support to owners to bring homes back into use. In cases where grants are available these are usually financially limited (e.g. maximum of £5k or £10k) and often are in return for

nomination rights, i.e. for the council to be able to place households from its housing list into the home. Loans tend to be more common but again these are generally limited (maximum of £20k) and are in 'exchange' for the home being brought into use as a rented property (which attracts the higher loans rate) or to sell.

- 4.6 **Purchase or lease** – some councils hold a dedicated budget to purchase and bring homes up to a decent standard to be used to house those in need (either as long term affordable homes held by stock owning councils, or as temporary accommodation for homeless households). Others provide a budget to allow Private Sector Leases (and repair) of empty homes for a period of time (with longer leases where more money is spent on repairing the home) for use as temporary accommodation.

5. Objectives / approach to managing empty homes

- 5.1 As can be seen in the definitions section above, reducing the number of empty homes may not be always mean returning a property back to use as an occupied home. The number of reported LTED could be reduced by homes being recorded as Second Homes or being de-listed when disrepair means they are not suitable for occupation.
- 5.2 The objectives relating to empty homes may in some cases be also opposing. For example, as LTED pay a levy on Council Tax it may be financially advantageous (for the Council) for homes to be recorded as these rather than Second Homes. New Homes Bonus provides a financial incentive to encourage local authorities to facilitate housing growth. As well as providing a bonus for new affordable homes being built, the incentive recognises that empty properties returned to use also provide additional accommodation and the number of empty homes at the beginning of October each year is used in the calculation of New Homes Bonus. North Norfolk received £886,575 NHB in 2021.
- 5.3 The aims of our approach to reducing empty homes need to be clear and could include
- Accurately record empty homes
 - Maximise charges / revenue (including Empty Homes Levy and/or New Homes Bonus)
 - Return homes to occupation
 - Tackle the negative impact on communities of empty homes
- In some cases these aims may be contradictory, for example accurately recording empty homes may increase their number and reduce the amount of New Homes Bonus being received.

6. Options for tackling empty homes

- 6.1 By making comparisons with other councils' approaches, it is possible to identify a number of options to tackle empty homes. A high level assessment of the cost-benefit of these is set out below:
- 6.2 **Option A - Provide additional resources to identify & monitor LTED** – Empty homes may currently be hidden, because they have not been declared by accident or on purpose and therefore not liable for the correct charge. For example:

- Homes may be empty but not declared as such to avoid levies in Council Tax, or
- Classed as Second Homes when they are really empty, or
- De-listed due to major disrepair but are capable of occupation or are being occupied.

Currently there is 0.8 FTE resource based in the Combined Enforcement Team to carry out all Council Tax and Business Rate visits. Much of the work of this post is reactive visits requested by Revenues or as a result of being notified by another department that a property requires investigation. Current resources allow for very limited pro-active identification of empty homes or checking of information supplied. Additional resources would allow more data matching and checking of information. For example, this might involve using the National Fraud Initiative local fraud hub data sharing more to establish the true position of homes.

6.3 If the changes the government has proposed to charges for Second / Holiday Homes come into force then additional work will be required in Revenues to deal with this. Two changes are proposed:

- Evidence to be supplied by owners that homes are actually let for at least 70 days per year (rather than the current position where owners simply need to declare the home is 'available' to let for 140 days per year) in order for a home to be eligible for Business Rates rather than Council Tax
- Discretion for councils to impose a levy to increase the Council Tax charge to 200% on Second Homes.

6.4 It is likely as a result of these changes that many owners of Second / Holiday homes will apply to change the status of homes in NNDC. To process these, and ensure that they are legitimate status changes, investigations / further work will be involved.

6.5 Employing an additional monitoring resource would be a relatively simple and cost-effective approach to tackling large numbers of empty homes, ensuring they are recorded and charged correctly. Whilst it does risk identifying more 'hidden' empty homes, rather than reducing the numbers, this would ensure accurate information as a base for tackling LTED and could increase revenue (from bringing exempted homes back into Council Tax, charging more levy increases in Council Tax for LTED).

6.6 Option B - Provide dedicated empty homes resource to work with owners to return homes to use – previously NNDC had an Empty Homes Manager but we no longer have a dedicated resource focussed on empty homes. If such a resource were introduced the role would be reactive (responding to complaints regarding empty homes) and proactive (working with owners of identified LTED to bring them back into use, including taking enforcement action where appropriate).

6.7 Whilst this would give 'ownership' and focus to the issue of empty homes it is unclear what outcomes it might achieve. The reality is that most LTED are 'stuck' for often complex reasons. Tackling individual homes is resource intensive and may involve both staffing resources and budget to tackle relatively few homes. In North Norfolk homes are not generally empty because of problems in the wider housing market (e.g. lack of demand or falling house values) it is generally due to individual owners' circumstances. In these cases, where levies on Council Tax and leaving a valuable asset to deteriorate have not had an impact, it is unlikely that advice and encouragement alone will make

a difference. Intensive work with an owner, plus legal action and possibly budget to assist with repairs etc. are likely to be required to have any impact. This may not be the most cost-effective approach to tackling what is a relatively small number of properties (at the end of May 2022 there were 129 homes that had been empty for 2+ years). Further, it is likely that the ultimate outcome for most LTED is that they will be sold – to be used as owner-occupied or even Second/Holiday homes - not as affordable homes to meet local housing need.

6.8 Option C - Provide a budget to fund grants or loans to repair LTED – this is a tool that could be employed by a dedicated empty homes resource to provide funding to assist owners to undertake repairs to bring homes back into use. This could unlock some of the problem LTED where owners genuinely do not have the resources to tackle the repairs needed. It could also be used to incentivise owners to bring properties back into use as rented homes and help tackle housing need. However, it is unlikely to be cost effective or tackle large numbers of empty homes. The ‘stuck’ LTEDs rarely have superficial repairs issue and significant grant or loan funds (e.g. £10-20k per property) are likely to be required to have any effect. A relatively substantial budget would be required to bring relatively few homes back into use

6.9 However, it may be possible to use some of our Homeless Prevention Grant to provide upfront funds to bring empty homes back into use. This would be in exchange for owners leasing their property to the Council for an agreed period of time and at a reduced rent to be used to house homeless households. Whilst this is not likely to be an option for many homes it tackles two issues – bringing empty homes back into use and tackling homelessness using existing grant finance. This option could be piloted on a small number of existing empty homes to better understand the real costs / likelihood of success.

6.10 Option D - Undertake training for existing officers on powers to tackle Empty Homes – tackling empty homes is often split across a number of functions in the Council – Revenues, Environmental Protection, Combined Enforcement, Housing, Legal – and empty homes is no-one’s speciality. There has been a turnover of staff in many of those sections and the powers that can be used to tackle empty homes are complex. Expert training could be provided to all teams represented on Enforcement Board giving staff greater knowledge and confidence in tackling empty homes. This would be a relatively inexpensive ‘boost’ to tackling empty homes. It will not create additional resources to tackle empty homes and will still mean that only the very worst cases are tackled using enforcement powers, but it means we can be more effective in using the powers available.

7. Corporate Plan Objectives

7.1 Considering options to tackle empty homes is a specific action in the Council’s Corporate Plan delivery plan under the Local Homes for Local Need theme.

8. Medium Term Financial Strategy

8.1 The aim of Recommendation 1 – to employ a temporary resource to help identify and monitor empty homes more robustly - is that the post would be self-financing. However, we are unable to confirm this prior to this work commencing. The review of the effectiveness of this post will include the financial impact of the post in terms of costs versus benefit (including additional revenue raised through e.g. Council Tax / levies).

9. Financial and resource implications

- 9.1 Current budget is available to fund the cost of training on empty homes powers for existing staff and to pilot the use of some Homelessness Prevention Grant to bring empty homes back into use for the Council to lease to accommodate homeless households. However, additional budget would be required to support the creation of a temporary monitoring post in Recommendation 1. Budget provision of £41k has been estimated but this would be subject to finalising the pay grade of the post. Funding for this post is available from reserves.

10. Legal implications

- 10.1 The powers the council has relating to empty homes (including raising levies on Council Tax for these properties) are set out in the body of the report and Appendix A.

11. Risks

- 11.1. The key risk associated with the recommendation are set out in the body of the report, i.e.
- That more empty homes are identified and presenting a statistically worse position for the Council.
 - That identified empty homes place more work demands on other teams, e.g. those dealing with enforcement action.

12. Sustainability

- 12.1 No specific implications

13. Climate / Carbon impact

- 13.1 No specific implications

14. Equality and Diversity

- 13.1 No specific implications

15. Section 17 Crime and Disorder considerations

- 15.1 No specific implications

16. Conclusions and Recommendations

Balancing the options set out in Section 6., together with the suggested objectives for tackling empty homes set out in section 5.3, the following three recommendations are made:

- 16.1 Recommendation 1: An additional resource (a temporary 12-month fixed term post) to identify, investigate and monitor empty homes more proactively.** The priorities for this role would be:

- Investigate newly identified empty homes (and other changes such as switches between Second, Holiday and Empty homes) to ensure homes recorded accurately and identify incorrect / fraudulent recorded homes. Ensure homes are charged correctly
- Investigate homes de-listed and removed from the Council Tax Base to understand their current status / whether should be 're-banded'.
- Carry out sample checks on older cases of Second Homes, LTEDs etc. and undertake data matching to identify conflicting information / potential inaccurate reporting / fraud
- Assist in applying for Charging Orders – to lead to enforced sales where Council Tax in excess of £1000 is owed on empty homes

16.2 It is estimated that this post would be at Grade 8 (£28,226 to £31,895) and a budget of £41,464 (to include on-costs) will be required. This option is the most cost-effective approach to better identification of empty homes and has the potential to be self-funding (raising additional revenues from LTED levies, un-banded homes brought back into Council Tax banding, charges for commercial waste collection for Holiday homes, etc.). The effectiveness of this post would be reviewed prior to the end of the 12-month contract in order to identify: the work undertaken, the outcomes in terms of homes identified or re-classified as their correct status, the revenue impacts of these changes, and the impact on further work needed (e.g. additional enforcement action or work generated for other teams).

16.3 The risk associated with this recommendation is that it will result in more LTEDs being identified and presenting a statistically worse position at the outset. However, as stated earlier in the report this will provide an accurate base to assess the action needed and would likely generate additional income from Council Tax / levies. This post will not deal with complex cases requiring enforcement action, so when considering the objectives for tackling empty homes set out in 5.3 the post will have limited effect on tackling the negative impact on communities of empty homes. However, the post will help achieve the other objectives: Accurately record empty homes, Maximise charges / revenue (including Empty Homes Levy and/or New Homes Bonus), and, to a lesser extent, Return homes to occupation.

16.4 Recommendation 2: Pilot use of Homeless Prevention Grant to bring empty homes into use to provide accommodation for homeless households – whilst this is unlikely to tackle many empty homes it is a legitimate use of grant funding the Council already receives and could provide a further a small number of homes to house homeless households. To be suitable homes would need to be in reasonable condition / have limited repair needs, be in the right location (generally in towns or large villages with facilities) and be available for reasonable lengths of time.

16.5 Recommendation 3: Undertake training of existing officers on powers to tackle Empty Homes – this should include the new post identified above in addition to existing potholders across the teams currently involved in tackling empty homes. It is estimated that the costs of this will be £2-3k – and this can be covered from a project budget held by Strategic Housing. Whilst this will not provide additional resources to tackle empty homes, it will lead to resources being used more effectively.

Appendix A

Enforcement Powers Available to deal with 'Problem' Empty Homes

- Buildings Act 1984 sections 77 to 79 – allows the Council to require an owner to make their property safe, carry out works of repair or demolition or, if the owner fails to carry out the works required, or in an emergency, for the Council to carry out works in place of the owner.
- Housing Act 1985 section 265 – this allows the council to demolish a property if it cannot be repaired.
- Housing Act 2004 – allows the Council to serve notices to advice of hazards in the property, require works of improvement to be carried out to the property, or carry out works in default.
- Local Government (Miscellaneous Provisions) Act 1982 section 29 – allows the Council to require that the owner secures a property which is insecure as well as allowing the Council to secure an insecure property in an emergency.
- Prevention of Damage by Pests Act 1949 – allows the Council to require works or undertake works on behalf of an owner or occupier to prevent damage to buildings being caused by rats and mice (can include works to property or gardens).
- Public Health Act 1936– allows the Local Authority to require and undertake works on behalf of an owner or occupier to improve filthy and verminous properties.
- Town and Country Planning Act 1990 section 215 – this allows the Council to take action to require the owner to improve the appearance of an unsightly building or land (including gardens).
- Housing Act 2004 section 132: enables the Council to take control of and manage a property that has been empty for 2 years or more by way of an Empty Dwelling Management Order (EDMO).
- The Housing Act 1985 section 17 – allows the Council to apply to the Secretary of State to compulsorily purchase (CPO) empty homes to bring them into use where there is a proven housing need.
- Local Government Finance Act 1992 – allows the Council to force the sale of an empty home when Council is owed at least £1000 on matters relating to the property and a charging order has been unsuccessful in recovering the debt. OR when the Council has carried out works in default and the owner has not reimbursed the Council's costs.