



Communities Scrutiny Group

Thursday, 20 July 2023

Review of the Empty Homes Strategy and Council Tax Implications

Report of the Director – Neighbourhoods

1. Purpose of report

- 1.1. To provide the Communities Scrutiny Group with a better understanding of the Council's Empty Homes Strategy including the tools at the Council's disposal to bring empty homes back into occupation for the benefit of Rushcliffe residents, specifically those tools connected to additional Council Tax levies.
- 1.2. These discussions will inform the review of the Empty Homes Strategy due later this year and identify any additional measures the Group is interested in pursuing as part of the 2024/25 budget setting process in relating to Council Tax charges for empty homes.

2. Recommendation

It is RECOMMENDED that Communities Scrutiny Group considers and provides feedback on the information provided to shape forthcoming revisions to the Empty Homes Strategy.

3. Reasons for Recommendation

- 3.1. To update the Group on the Council's approach to empty homes which is a key function to support the delivery of the Corporate Priority on 'the Environment' and 'Quality of Life' as a well-kept Borough enhances how residents feel about their local area and supports the protection of public health.

4. Supporting Information

- 4.1. A copy of the current Empty Homes Strategy is included at Appendix 1. Officers will also provide the Group with a presentation at the meeting and be on hand to answer any specific questions members of the Group may have.

The Empty Homes Strategy 2019-2023

- 4.2. Rushcliffe Borough Council implemented its first Empty Homes Strategy in April 2019 and, at the same time, employed its first ever dedicated Empty Homes Officer (0.6fte). The Strategy identified that the benefits of tackling empty homes are widespread, including:
 - assisting in meeting housing need

- improving housing stock conditions
 - assisting with a reduction in crime and the fear of crime
 - regenerating blighted areas and detrimental effects on local communities
 - increasing Council Tax collection rates and empty home premiums
 - generating additional income through the New Homes Bonus (NHB).
- 4.3. Since its inception, much has been done to develop procedures and protocols, research the location of empty homes and formulate methods of tracing their owners. Time was also invested in building relationships with local contractors and researching other agencies who could assist with getting empty homes back into use. An empty homes specific webpage was built to provide a first point of reference for both the public and empty homeowners alike.
- 4.4. The existing Empty Homes Strategy expires at the end of 2023/24 and will need to be refreshed. There are no significant changes to legislation that this review needs to take into account; however, it does provide an opportunity to review progress and assess the effectiveness of the existing processes. This review aims to outline the progress, key achievements and operational successes over the past four years, as well as providing the Communities Scrutiny Group with a number of questions to consider.

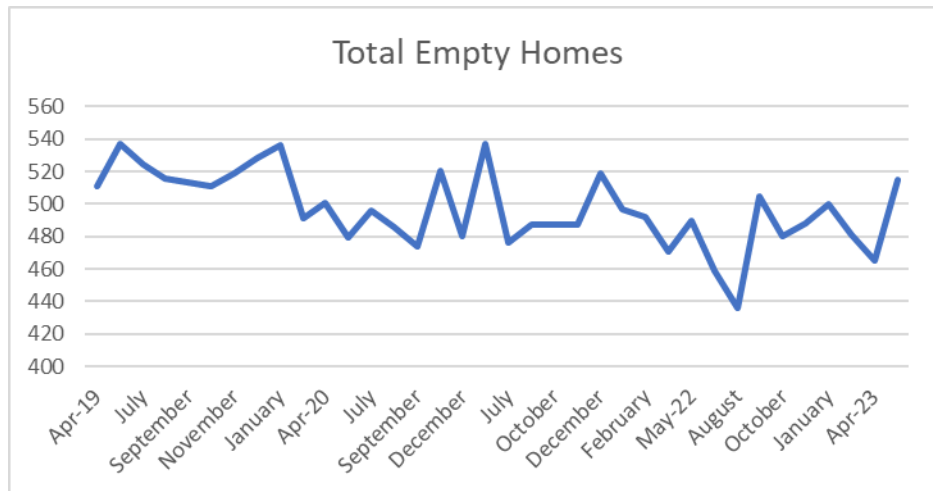
Key Achievements

- 4.5. The following activities have been undertaken during the last four years since the introduction of the Empty Homes Strategy:
- protocol and procedure documents have been completed to develop and enhance the Council's range of stricter enforcement options, including Enforced Sales, Empty Dwelling Management Orders and Compulsory Purchase Orders
 - positive media coverage on the Council's Twitter and Facebook pages, along with Rushcliffe Reports highlighting the work the Council are doing to tackle empty homes, as well as encouraging owners to come forward for assistance
 - an informative and accessible webpage has been developed, providing a single point of reference for complainants and empty homeowners, highlighting information on how to report, complain or seek support in relation to empty homes
 - established relationships with key internal partners such as Revenues, Benefits and Planning to ensure that relevant and accurate data is shared to best enable their functions
 - developed an empty homes database to record, monitor and categorise all reports and complaints. This allows the empty homes officer to accurately record and track statistics, but also for the prioritisation of workload and the focusing of resources. The database is split into categories dependant on a number of factors. These categories are the priority cases, probate cases, those owned by housing associations or companies, and properties owned by private individuals. Those recorded on the priority list, have been scored and assessed on a number of criteria to create a rating that prioritises each case on its own merits.

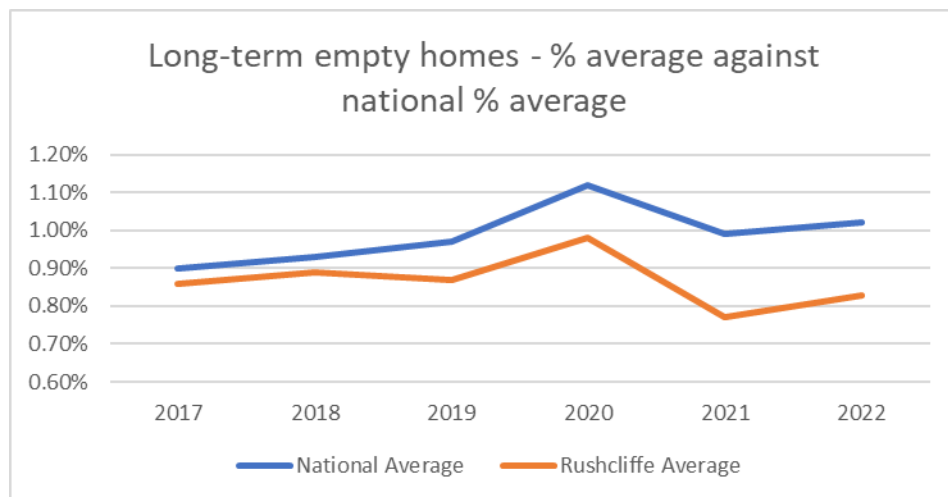
- 4.6. Since the adoption of the Empty Homes Strategy in 2019, 74 long-term and problematic empty homes that would have otherwise remained empty indefinitely, have been brought back into use involving the active intervention and or enforcement by the local authority.
- 4.7. During the same period, over 2,400 properties have been brought back into use without direct formal local authority intervention, but with assistance from positive media campaigns, support and advice in the way of letters, phone calls and signposting.
- 4.8. Over 30 'Reduced VAT' letters have been supplied to owners to support and encourage property refurbishment to bring them back into use, and to enable works to be carried out with a reduction in VAT liability. This scenario involves a reduction from 20% VAT to 5% on certain refurbishment works, where properties have remained empty for over two years.
- 4.9. 61 formal enforcement notices have been served to alleviate, remove, or improve issues surrounding condition, appearance, safety, and vermin relating to empty homes. Works in default have been carried out on several properties because of non-compliance with Notices, with subsequent debt recovery processes.
- 4.10. One Enforced Sale success saw a long-term empty home sold at auction, with the refurbishment and subsequent sale of the property now agreed. A decision has been made to proceed with the Enforced Sale of four further properties across the Borough, with a combined length of time empty of 22 years. This will encourage the properties back into use as well as recover significant debt owed to the Council.
- 4.11. The use of Capital Funding for the lease, acquisition, and enforcement of returning empty homes back into use has been agreed in principle and will be explored further with the strategic housing team in preparation for the revised Empty Homes Strategy due for publication in 2024.

Empty Homes Statistics

- 4.12. The standard metric defines a 'long term empty' as a home that has been empty for six months or longer. As of April 2019, this figure for Rushcliffe was 511 homes. This included properties registered with Council Tax as empty, but also those where complaints had been received concerning those not registered as unoccupied but considered vacant by the empty homes officer.
- 4.13. This figure has reduced to 465 in April 2023. Monthly statistical monitoring shows the number of empty homes is relatively static, with roughly 10% of cases becoming occupied, balanced with the addition of a further 10% of newly empty properties. The graphic below shows the reduction in numbers of long-term empty homes over the course of the Empty Homes Strategy being in place.



4.14. Rushcliffe have also remained below the national average in terms of their long-term empty homes figures since the Strategy’s inception. In 2019, the national average of long-term empty homes stood at 0.97% of total housing stock, rising to 1.02% in 2022. Rushcliffe reported figures of 0.87% and 0.83% for the same years respectively. Rushcliffe has, therefore, performed much better than the national average.



Priority Cases and Progressive Steps

4.15. There are currently 46 properties on the empty homes database classed as a priority. These are properties considered to be the most challenging, have been empty for the longest period, be in the worst condition, or have been the subject of a number of complaints. These cases are the focus of the empty homes officer’s time to pursue and progress cases to a successful resolution.

4.16. Of these 46, eight properties are expected to be returned to use within the next three months. The active engagement of the empty homes officer with the owners, often including enforcement action taken, means that they are now on the market for sale, rent, or actively being refurbished, and approaching the stage of being ready for reoccupation.

- 4.17. Empty Dwelling Management Orders (EDMO) are to be considered for three properties, one in each of Edwalton, Cotgrave and Radcliffe on Trent, having been empty for a combined estimate of 50 years. EDMO's give councils the right to possess a private unoccupied property that has been vacant for at least two years, make any necessary upgrades, manage the property, and rent it out for a period of seven years to recover its costs. Any such acquisitions will require the approval the Council's Section 151 Officer and Finance Portfolio Holder and considered in relation to the Council's overall financial position and corporate priorities.
- 4.18. Enforced Sales of properties in East Bridgford, West Bridgford, Gotham and Tollerton, are progressing within this financial year following significant enforcement activity, including works in default carried out to remedy issues effecting neighbours and the wider community.
- 4.19. The Revenue and Benefits department working with the empty homes officer, are pursuing charging orders on four empty homes with Council Tax arrears totalling just under £100,000 that have a combined empty length of over 40 years in West Bridgford, Radcliffe and Bunny.
- 4.20. Owners are engaging with the empty homes officer on a further 20 properties on the priority list. Positive negotiations and engagement have meant that steps to bring these properties back into use are ongoing and moving forward in a positive direction.
- 4.21. Enforcement action including the serving of formal notices, works in default and prosecution, are also in progress with all of the top 10 cases recorded on the priority list. This has been necessary as negotiations have stalled, failed, or engagement from the owners has not been forthcoming.

Proposed discussion points related to the Empty Homes Strategy

- 4.22. The following discussion points are intended to assist members of the Communities Scrutiny Group in assessing what (if any) changes need to be made to the existing Empty Homes Strategy:
- Is the Empty Homes Strategy supporting the Council to get empty homes back into occupation in the Borough?
 - Is the return of empty homes to occupation increasing residents' quality of life in the Borough?
 - Are there areas of the Empty Homes Strategy that the Group feel need to be strengthened or revised?
 - Does the Empty Homes Strategy need changing as a result of this review?

Council Tax Implications for Empty and Second Homes

- 4.23. The scrutiny matrix submitted by Councillor Thomas also asked if the Council could utilise additional tools to get empty homes back into occupation linked to Council Tax charging.

- 4.24. Section 11a of the Local Government Finance Act (2012) introduced discretionary powers which allow all councils to decide how much discount is allowed on empty properties and second homes.
- 4.25. In March 2018, Rushcliffe Borough Council decided to levy a premium on properties that have been empty and unfurnished for over two years. The current premiums are:

Length of time since last occupied	Premium level
2-5 years	100%
5-10 years	200%
Over 10 years	300%

- 4.26. Council Tax legislation categorises two different types of second homes. A Class A second home is a property that is sufficiently furnished for overnight accommodation but is not the occupier's main home. A Class B second home would be those properties where occupation is required as part of employment (for example a school caretaker).
- 4.27. In April 2013, the Council removed the discount from Class A second homes. The discount on Class B second homes is set at 50% and there is no ability to vary this.
- 4.28. The following is a breakdown of the current properties classified as unoccupied and unfurnished, the number of properties classified as a Class A second home, and their length of time empty.

Length of time	Number of unoccupied and unfurnished properties	Number of properties classified as a Class A Second Home
0-6 months	319	57
6-12 months	152	40
1-2 years	181	45
2-5 years	97	36
5-10 years	20	22
Over 10 years	14	28

- 4.29. For the current year, Rushcliffe Borough Council are billing an additional £385,000 due to the premium. Due to the split of Council Tax income between major preceptors, this equates to an income for Rushcliffe Borough Council of approximately £30,000.

- 4.30. All other local authorities in Nottinghamshire charge a premium on properties that have been unoccupied and unfurnished in the same way as set out above. The only exception is Mansfield DC, who limits the premium to 50% for all properties empty for over two years.
- 4.31. There are no exceptions to when the Council charges the premium on a long-term empty property. The liable party may choose to approach the Valuation Office Agency if the property is in a poor state of repair as they may decide to remove the property from the list of chargeable dwelling, hence removing all charges. The liable party may also make a claim to the Council to have the Council Tax reduced under Section 13A of the Local Government Finance Act 1992. This is a discretionary discount that considers the individuals circumstances and financial situation and will award relief in exceptional circumstances. Any award under this scheme will be met directly from Rushcliffe's funds.
- 4.32. The following is a breakdown of the charges raised as a result of levying the premium for long term empty properties since adopted by Rushcliffe Borough Council.

Financial year	Extra charge
2018/19	£89,647.23
2019/20	£183,724.93
2020/21	£260,818.43
2021/22	£276,613.60
2022/23	£294,192.64
2023/24	£384,634.27

Supporting the Empty Homes Strategy

- 4.33. The empty homes premium is an important element of the Empty Homes Strategy and provides a significant disincentive for owners to leave their property empty for long periods of time. It can focus the mind when carrying out refurbishments or can provide the final piece of encouragement when recommending an owner sell the property.
- 4.34. On the flip side, where complaints relating to a property being empty are confirmed by the empty homes officer, this information is often relayed to the Revenue and Benefits department for them to act upon and begin the stages of applying the premium or additional charges correctly based on evidence. This ensures that the Council is maximising their opportunities to apply the premium where applicable, but also to encourage owners to take action where they may have previously thought that their property fell under the radar for investigation.

Future Legislative Changes

- 4.35. The Government has introduced the Levelling-up and Regeneration Bill. Whilst the Government initially intended the Bill to be passed into law by March 2023, it is currently at the report stage in the House of Lords so it is unclear at this time when this Bill will be passed.
- 4.36. The Bill introduces two changes to the current position:
- Long term empty premiums can be levied on properties that have been unoccupied and unfurnished after 1 year (instead of two as currently)
 - A premium of 100% can be levied on Class A second homes after they have been unoccupied for 1 year (instead of the minimum being two years as currently).

Alternative options

- 4.37. There are other alternative options such as reducing the premium, however this would disincentivise the owner from bringing the property back into use in addition to the financial implications to the Council. For example, the Council could limit the premium to 200% which would reduce the Council Tax chargeable for these properties by £27,000 pa.
- 4.38. There is an option to remove the existing 28 day 50% empty homes discount which would bring in £8.6k for Rushcliffe.
- 4.39. Removing the premium from properties under renovation for new owners up to six months allowing the owners some time to bring the property back into use and incentivise owners to expedite repairs in a timely manner. Therefore, anyone who has a property and is not actively bringing it into use will pay the premium.
- 4.40. Options at paragraph 4.36 relating to the pending Levelling Up Bill (to apply 12 months after the bill receives royal assent).
- 4.41. The Communities Scrutiny Group are asked to consider these four alternatives to the current additional Council Tax levied on empty and unoccupied properties. The Group is also asked to suggest any further alternative options for consideration by officers.

5. Risks and Uncertainties

The Council already has an Empty Homes Strategy which is considered to be functioning efficiently. No major changes are planned or necessary. Should Councillors decide to alter the measures the Council has in place to incentivise home-owners bringing properties back into use then a risk assessment will be undertaken at that time. Each option presented has an impact on home-owners, the streetscene of the Borough and the Council's income.

6. Implications

6.1. Financial Implications

Additional charges linked to Empty and Unoccupied homes in the Borough provides additional income which is used to take positive action in this area.

The cost of the Empty Homes Officer is included in existing budgets.

Costs incurred by the Council undertaking works in default following non-compliance with a statutory notice, including all officer time and expenses, will be recovered in full from the property owner.

Any acquisitions of Empty Homes will require the approval of the Council's Section 151 Officer and Finance Portfolio Holder and considered in relation to the Council's overall financial position and corporate priorities.

Any reduction in the premium levied or any grace periods granted would reduce the Council Tax income due to the Council.

Any changes to the policy that affects the Council's ability to take enforcement action will delay the recovery of costs incurred by the Council and on recovery of Council Tax arrears.

6.2. Legal Implications

There are no legal implications associated with this report.

6.3. Equalities Implications

There are not considered to be any equalities implications in relation to this report. An Equality Impact Assessment will be undertaken alongside revisions to the Empty Homes Strategy later in the year.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

Empty and unoccupied homes in the borough can attract those with criminal intent. Additionally, these properties can have a negative effect on the fear of crime within a neighbourhood and suggest that an area is more prone to crime all of which have a negative impact on our residents' quality of life.

7. Link to Corporate Priorities

Quality of Life	The visual appearance of the Borough is an important factor in terms of the quality of life felt by residents. Unsightly, neglected and run-down properties contribute to a feeling that a neighbourhood is unsafe which also has a bearing on quality of life.
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Efficient Services	Additional charges linked to Empty and Unoccupied homes in the Borough provides additional income which is used to take positive action in this area.
Sustainable Growth	There are no links to this corporate priority.
The Environment	Protecting the local environment by minimising environmental crime.

8. Recommendations

It is RECOMMENDED that Communities Scrutiny Group considers and provides feedback on the information provided to shape forthcoming revisions to the Empty Homes Strategy.

For more information contact:	Geoff Carpenter Service Manager – Public Protection 0115 9148229 gcarpenter@rushcliffe.gov.uk
Background papers available for Inspection:	
List of appendices:	Appendix 1 Empty Homes Strategy 2019-23