

Task and Finish Group Review:

**Empty Properties**

**Final Report**

**February 2014**

## **Executive Summary**

Properties that stand empty are a wasted resource for the owner and the community.

With over 1,700 properties recorded as empty, representing 1.2% of total residential dwellings, Barnet has the 9<sup>th</sup> highest proportion of all London boroughs. In line with the national agenda, the Council's policy is to develop initiatives to encourage owners to bring long-term vacant properties back in to use.

The Empty Properties Task and Finish Group was set up to consider the approach being taken to tackling the challenge of empty properties in the borough.

This report provides a summary of the Group's approach and the research conducted to inform their review. Conclusions detail comments and recommendations relating to Council objectives and policies for bringing empty properties back in to residential use.

To pursue its aims, the Group received and discussed papers from Officers detailing the background to the subject and on policy and implementation. The Group also received evidence from a range of agencies which was subject to scrutiny and debate. Additional written and oral responses were received from Officers of the Council.

The Budget & Performance Overview and Scrutiny Committee will be requested to consider this report before the findings and recommendations are formally reported to the Cabinet. The Group recognise that some of the recommendations made may require the Council's partners, Re. Ltd. and Barnet Homes, to respond to and implement.

However the Cabinet Member for Housing is responsible for the portfolio of services provided by the Private Sector Housing team and Cabinet endorsement will be required to give effect to the recommendations. In order to track the implementation of any accepted recommendations, the Housing Committee (which will come in to effect on 2 June 2014) will be asked to monitor the implementation of any recommendations agreed by Cabinet.

Key recommendations emerging from the review were:

1. The Council should substitute the existing 'refurbishment loan' offer with a competitive grant funding option tied to tenancy nomination rights. Officers should evaluate the offer against those of comparable local authorities and review annually.
2. Barnet Homes should be encouraged to develop a clearer range of competitive offers for owners of empty properties.
3. In partnership with Barnet Homes, the Private Sector Housing team should develop a cohesive promotional programme to raise awareness of work being done to address empty properties in the borough. To be rolled out over the next 12 months and emphasising the following:

- rewards available for reporting previously unidentified empty properties which subsequently results in a New Homes Bonus payment being due to Council;
  - the revised Financial Assistance policy; and
  - the full range of support available from the Council and Barnet Homes.
4. Information outlining the various options available and highlighting penalties to be imposed for failing to comply with the Council's requirements concerning bringing empty properties back in to use should be produced and distributed with the 2015/16 council tax billing letter. The same information should be sent out every time an owner registers their empty property with the council tax team.
  5. To maintain the success of the current empty property programme the Council should develop a comprehensive strategy for the long-term identification and enforcement of empty properties. Enforcement action should be considered readily where it is appropriate to do so. The element of New Homes Bonus received by the Council as a result of empty properties being brought back in to use should be disaggregated from the total and reinvested in the programme to support on-going work in this area; alongside other income received as a direct result of action on empty properties.
  6. The Council should consider replacing the current temporary posts (due to terminate in 2014) within the Private Sector Housing Team with permanent posts dedicated to the identification, recording and inspection of empty properties and Houses of Multiple Occupancy (HMO). This could also maximise potential for fraud referrals to the Council's Corporate Anti-Fraud Team (CAFT).
  7. The Council should consider introducing a commission scheme to encourage public reporting of empty properties. A cash reward could be paid to anyone reporting a previously unknown empty property that is subsequently brought back in to use and results in New Homes Bonus income being received. This arrangement would provide a benefit to the Council.

Two additional recommendations were also put forward by the Group for consideration:

8. Vacant or otherwise available commercial units in the borough should be evaluated in partnership with Barnet Homes for possible conversion to residential use.
9. Officers working on Town Centre Regeneration projects should be required to report possible opportunities for residential use of spaces above shops.

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## **1 BACKGROUND INFORMATION**

1.1 For the purposes of the review, an empty property is defined as a residential dwelling that has been left empty and unoccupied for at least 6 months.

1.2 At the Business Management Overview and Scrutiny Committee meeting of 3 October 2013 it was agreed that a Task and Finish Group should be convened to review Council's approach to tackling empty properties.

1.3 The membership of the Group (as appointed by the Conservative and Labour Group Secretaries) was as follows:

Councillor Brian Salinger (Chairman)  
Councillor Graham Old  
Councillor John Hart  
Councillor Julie Johnson  
Councillor Ross Houston

Substitutes were:

Councillor Rowan Quigley Turner  
Councillor Zakia Zubairi  
Councillor Jim Tierney

1.4 The Group held its first meeting on 14 January 2014 to discuss the scope of the review. In order that recommendations emerging from the review could be considered at the 2 April Cabinet meeting, it was agreed that the review be conducted over two meetings at Hendon Town Hall during January.

1.5 The review focused on the policies and actions being taken to identify empty properties in the borough and the challenge of returning them to residential occupancy. Key lines of enquiry centred on:

- Identifying and tracking empty properties
- Current approach and methods available to bring empty properties back in to use
- Local awareness and engagement

1.6 Following protocol guidelines stipulated in the Council's Constitution under Overview and Scrutiny Procedure Rules, the Group considered a range of evidence provided by the following key stakeholders:

- Private Sector Housing Manager (Re. Ltd)
- Revenues Operations Manager, Revenues (CSG)
- Project Manager (Barnet Homes)
- Deputy Chief Operating Officer (LBB)
- National Landlords Association

1.7 To support the review, research was undertaken to provide Members of the Group with case study information on other local authorities. The work of the Group was promoted alongside a call for evidence asking for the views of owners of empty properties in the borough.

## 2 NATIONAL CONTEXT

- 2.1 710,000 homes are currently empty in England, according to the Homes From Empty Homes statistics<sup>1</sup>. Of these, 259,000 have been empty for more than 6 months. Empty homes account for approximately 3% of the total housing stock in England.
- 2.2 Bringing empty homes back in to use is a priority set out by the Government's Housing Strategy<sup>2</sup>; Chapter 5 identifies the importance of tackling empty homes as a means of increasing the overall supply of housing and reducing the negative impact that neglected empty homes can have on communities. Empty homes can quickly start to cause problems for neighbours, depressing the value of adjacent properties and attracting nuisance, squatting and criminal activity. Creating additional burdens on local authorities and the emergency services.
- 2.3 Actions set out in the Strategy include:
- Awarding the New Homes Bonus for empty homes brought back in to use. New Homes Bonus is paid to Local Authorities to match fund the Council Tax receipts for a period of six years;
  - Providing an 'Empty Homes Toolkit' available on the Homes and Communities Agency website;
  - Providing practical advice to local authorities and local community groups to help them to address empty homes;
  - Using £100 million of the Affordable Housing Programme to fund bringing empty properties (including non-residential properties) in to use as affordable homes;
  - The Government has given council tax billing authorities the discretion to levy an 'empty homes premium' of up to 50% in addition to the normal council tax payable from 1 April 2013. The premium may be imposed once a property has remained vacant, that is unoccupied and substantially unfurnished, for two years; and,
  - Proposed changes to Empty Dwelling Management Orders to limit their use to properties which have been empty for over two years and can be shown to have caused a nuisance. Local Authorities have to demonstrate that there is community support for the proposal.
- 2.4 The reasons homes are left empty are often complex – and can include inheritance, the cost of financing repairs, inability to achieve a desired sale or rental price, and stalled redevelopment or a decision to retain the property to benefit from house price increases. The Government has made tackling empty homes a priority within the Affordable Housing Programme with specific allocations targeted at bringing empty homes back in to use.

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1 <http://www.emptyhomes.com/statistics-2>

2 Laying the Foundations (November 2011)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/7532/2033676.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7532/2033676.pdf)

- 2.5 The National Planning Policy Framework<sup>3</sup> encourages Councils to use their Compulsory Purchase Order (CPO) powers to bring empty properties back in to use. Paragraph 51 states:  
*"Local planning authorities should identify and bring back in to residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers"*.
- 2.6 On 17<sup>th</sup> December 2013 the Government reported that a record 37,414 long term empty homes came back in to use in England in the year (Oct 2012- Oct 2013), reducing the total number of long-term empty homes to 222,428, its lowest ever recorded number. The drop is also the biggest ever annual drop. In the previous year (Oct 2011- Oct 2012)the total dropped by 17,945<sup>4</sup>.

### **3 LOCAL & REGIONAL CONTEXT**

- 3.1 London is divided in to 5 Housing sub-regions. Barnet is in the North London region (with Camden, Enfield, Haringey, Islington and Westminster).
- 3.2 In 2012, the North London boroughs jointly secured Empty Homes Programme (2012-2015) funding from the Homes & Communities Agency (whose powers in London have since been devolved to the Greater London Authority (GLA)).
- 3.3 As at October 2013, council tax base statistics<sup>5</sup> published by the Department for Communities and Local Government (DCLG) show Barnet as having 1,707 properties recorded as long-term empty. Barnet ranks third in the North London sub-region (ninth in London) with 1.2% of its 142,474 residential dwellings standing empty (3.4 - Table 1).

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<sup>3</sup> National Planning Policy Framework (2012)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6077/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf)

<sup>4</sup> <http://www.emptyhomes.com/2013/12/17/2013-a-record-year-for-empty-homes-coming-back-into-use/>

<sup>5</sup> <https://www.gov.uk/government/publications/council-taxbase-2013-in-england>

3.4 Council Tax Base (London) 2013 - Table 1 :

<b>Borough</b>	<b>Total residential dwellings</b>	<b>Total long-term empty</b>	<b>% long-term empty</b>
Kensington & Chelsea	87,393	2,301	2.63%
Camden	104,721	1,837	1.75%
Westminster	122,693	2,013	1.64%
Sutton	80,788	1,075	1.33%
Hackney	106,694	1,400	1.31%
Bromley	136,706	1,784	1.30%
Kingston upon Thames	65,152	812	1.25%
Havering	101,328	1,238	1.22%
Barnet	142,474	1,707	1.20%
Greenwich	106,039	1,221	1.15%
Islington	102,960	1,151	1.12%
Enfield	122,329	1,330	1.09%
Ealing	130,649	1,350	1.03%
Merton	82,241	789	0.96%
Hounslow	97,931	938	0.96%
Lewisham	120,684	1,145	0.95%
Croydon	148,625	1,376	0.93%
Lambeth	135,153	1,245	0.92%
Southwark	130,412	1,147	0.88%
Waltham Forest	100,068	847	0.85%
Hammersmith & Fulham	83,563	706	0.84%
Tower Hamlets	115,389	901	0.78%
Redbridge	101,781	759	0.75%
Barking & Dagenham	72,361	517	0.71%
Haringey	105,390	715	0.68%
Harrow	87,867	588	0.67%
Richmond upon Thames	82,617	489	0.59%
Bexley	95,731	513	0.54%
Hillingdon	107,706	556	0.52%
Newham	106,056	528	0.50%
Wandsworth	136,771	669	0.49%
Brent	113,530	355	0.31%
City of London	6,429	0	0.00%
<b>TOTAL</b>	<b>3,440,231</b>	<b>34,002</b>	<b>0.99%</b>

3.5 Bringing empty properties back in to use represents value for money for Barnet. For every property that moves from an unoccupied to occupied banding on council tax records, the Council is allocated New Homes Bonus for six years (a total of £8,734 per Band D property). This is in addition to council tax paid by the new resident.



- 3.6 Working with Barnet Homes and housing associations to increase the number of properties with nomination rights reduces the number of persons currently placed in nightly purchased accommodation. This currently costs the Council £2,345.89 per annum for an average for a two bed property. There is no net cost for the same size accommodation under the Private Sector Leasing Scheme.
- 3.7 The Council adopted an Empty Property Strategy (Appendix 1) and amendments to the Private Sector Financial Assistance Policy (Appendix 2) on 30 May 2013.
- 3.8 The amendments to the Private Sector Financial Assistance Policy and introduction of an Empty Property Strategy were designed to ensure that:
- Resources are effectively targeted
  - The work programme is in line with the Council's objectives
  - Maximum use is made of the resources available and
  - The team's objectives are transparent.
- 3.9 Despite the amendments, the Private Sector Financial Assistance Policy has not resulted in significant interest from property owners (two in the last year only) and is to be reviewed to try and secure more properties for Barnet Homes.
- 3.10 Council's key Corporate Priorities detailed in the Barnet Corporate Plan 2013-2016 which relate to this review as follows:
- Create the right environment to promote responsible growth, development and success across the borough – Bringing empty properties back in to use preserves the housing stock and improves its energy efficiency. Renovating existing homes has around a 33% smaller carbon foot print than building new homes;
  - Support families and individuals that need it, promoting independence, learning and well-being- The additional housing secured through Landlord Empty Property Assistance will assist in reducing the number of persons in nightly purchased accommodation used by Barnet Homes. This will enable more homeless families to be provided with secure accommodation which will enable stability in schooling, health care etc.;
  - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study - The nomination rights secured through Empty Property Financial Assistance will provide more housing security for some of Barnet's most vulnerable residents. Empty properties can be a magnet to criminal behaviour leading to increased crime in the local area. Bringing empty properties back in to residential use will reduce crime and reduce the fear of crime for local residents which will increase residents' satisfaction with their local community.

## **4 REVIEW FINDINGS**

### **4.1 Identifying and Recording Empty Properties**

- 4.2 As at the 1<sup>st</sup> April 2013, there were 1,707 residential properties recorded as being empty for longer than six months in Barnet.
- 4.3 The Group learned that a total of 290 properties were recorded as being brought back in to use in 2012/13. The Corporate Plan 2013-2016 set a target to bring 100 empty properties back in to use for the year 2013-14 (CPI 6003). Performance reports for Quarter 2 2013/14 recorded that a total of 186 properties had been brought back in to use. Although this year's annual target had already been exceeded, it was thought that this could be attributed to less complex cases being successfully brought back in to use. It is believed that the rate of improvement will dip during the remainder of the year as more complex cases are being tackled that require more effort, time and resources to complete.
- 4.4 The Council's Empty Property Team, sits within the Private Sector Housing Team as part of a range of services delivered by Re. Ltd. along with HMO (House in Multiple Occupancy) Licensing, Housing Enforcement, DFGs (Disabled Facilities Grants) and other minor works grants, under the Enforcement and Grants Team Leaders and the Private Sector Housing Manager. The team has been up and running in its current format for a year and currently consists of 1.5 Environment Health Officers, 2 Technical Officers, and a Technical Support Officer (4 days per week).
- 4.5 The current team has another 12 months to run, although the existing funding from the North London Sub Region will be stretched out for as long as possible in conjunction with 10% capitalisation from the £600,000 annual funding from Council. After this time there are staffing costs through capitalisation for one officer until December 2017.
- 4.6 The majority of empty properties are identified through the council tax database. Regular surveys (every year or so) are undertaken of all properties registered on the database as long-term empty. Data is updated based on the evidence provided from surveying officers. Empty properties may also become known through; referrals from other departments within the Council, being reported by members of the public or from other agencies such as the Police and Fire Brigade. However the properties on the database are dwindling following the removal of the empty property council tax exemption.
- 4.7 Since 1<sup>st</sup> April 2013, aside from properties meeting certain exemption criteria, Council Tax discounts for unoccupied properties (including homes undergoing major repair) were removed. The Council also used its discretionary power to impose a Council Tax premium of up to 50% for properties which have remained vacant for more than two years.
- 4.8 The Group considered that the removal of council tax discounts and the imposition of the premium had created a financial incentive for owners of

registered empty properties to let or sell the property, therefore, bringing it back in to use. However, the removal of these discounts no longer incentivises property owners to declare their property as empty. This loss of self-reporting has presented the Private Sector Housing team with a challenge in how to update and keep an accurate database of Empty Properties. In turn this poses a risk for the Council in no longer being able to collect evidence and pursue owners of empty properties to avoid deterioration of local communities and loss of housing units in the borough.

4.9 The Group were pleased to note that Officers working on empty properties were given appropriate access to the council tax database. However, it was thought that many empty properties were now being reported as second homes. This reduces Council income and is detrimental to on-going enforcement cases. Extra work to investigate properties is needed to be able to maintain the accuracy of Council-held information on empty properties. More work is also required on ensuring that the work completed by the Empty Property Team is being accurately recorded on the Council Tax data base. There was currently just one Council Tax Inspection Officer dedicated to this task.

4.10 Through discussion with the Private Sector Housing Manager for Re. Ltd., the Group heard that properties may become empty for short periods as part of the normal churn in the property market. Those that remained empty for the longer term were variously challenging and there could be a number of reasons that they had become long-term vacant.

4.11 Properties are assessed as high, medium or low-risk and owners are targeted accordingly. Risks could include:

- Nuisance to neighbours
- Dereliction/Disrepair
- Environmental health (rubbish, rats etc.)
- Squatters

4.11 The average timescale for bringing an empty property back in to residential use since the start of 2013/14 was 633 days, compared to 110 days for all other private sector housing service requests. The Council has been involved in 569 empty properties coming back in to residential use to date 2013/14. The majority of these were “easy hits” (i.e. cases where the Council has completed informal or advisory action).

4.12 The Group learned that some properties remain empty for a combination of complex reasons including: death; family breakdown; and personal health problems. Working with owners of such properties to bringing them back in to residential use is often a long and complicated process.

#### **4.13 Enforcement Options**

4.14 The preferred option is to work with owners of empty dwellings to bring them back in to use; enforcement powers are resource-intensive to implement and

are not appropriate in all cases. However, in rare cases of non-cooperation, Barnet uses its powers to bring these empty properties back in to use.

- 4.15 In dealing with an empty property, Officers first attempt to contact the owner to discover the reason for the property being empty and any issues in returning them back in to use. Support is offered, whether this be through advising of potential financial assistance or providing contact details of local builders/letting agents. If on-going discussion does not lead to positive action being taken, enforcement is considered and may be pursued. Options for enforcement are detailed at Appendix 3 – Local Authority Action on Empty Homes.
- 4.16 If enforcement is being considered, two reminder letters are sent detailing the enforcement action which will be taken if the owner doesn't bring the property back in to residential use. Private Sector Housing work closely with the Planning department and, where the property is detrimental to the local amenity, enforcement action will be taken by Planning. If the Council is still ignored, the property is referred to the Empty Property Steering Group for a decision of the next step (e.g. referral to the Cabinet Resources Committee (CRC) for a Compulsory Purchase Order (CPO), Empty Dwelling Management Order, Enforced Sale etc.) At this stage more often than not the owner will either sell the property or commence improvement. To date out of more than 30 cases that have been referred to CRC for approval for CPO, two properties are now in the Council's ownership and two more are due to go to the Secretary of State.
- 4.17 A property is identified for enforcement depending on the condition of the premises, impact on the local community and the level of co-operation from the owner. Successful enforcement is dependent on robust evidence of significant consultation with the owner, key procedures being in place and followed and comprehensive legal support. Where enforcement action is required, this elongates the process further due to the extreme nature of EDMOs, CPOs, Enforced Sales etc.

#### **4.18 Financial Assistance Policy**

- 4.19 The Group was advised that Council's current Financial Assistance Policy scheme was revised in May 2013 to make it more attractive to owners of empty properties. Currently, owners could apply to receive a loan towards improving the property, subject to agreeing to a minimum tenancy of through Barnet Homes. However, only two owners in the last twelve months had taken up the offer. For many owners, the incentives did not stack up as a business case when compared to the market for private tenants.
- 4.20 Bringing an empty property back in to use can be costly. However, as well as environmental and social benefits, bringing an empty property back in to use provides a source of income to the Council though the New Homes Bonus scheme.

- 4.21 Supported by the Deputy Chief Operating Officer, the Group investigated whether there would be a benefit to reintroducing a shorter, six-month, exemption period to encourage owners to report their property as becoming empty. It was confirmed that the council tax exemptions cost the Council an average of £2.2m a year, £2m of which was apportioned to vacant dwellings. The remainder (£200,000) to second homes. Long-term empty properties (those which were empty for six-months or longer) comprised £1.6m-£1.8m of the overall cost.
- 4.22 Income from the New Homes Bonus for properties brought back in to use is offset against those that became empty in the same year. Given the present housing trajectory, properties being brought back in to use were projected to provide a net annual income resulting from the New Homes Bonus of around £40,000.
- 4.23 The Deputy Chief Operating Officer confirmed that income from the New Homes Bonus was added to the Council's General Fund and would commonly be used towards infrastructure projects.
- 4.24 The Group accepted that there was no financial viability for bringing back the council tax exemption for empty properties. However, the Group explored how the element of the New Homes Bonus attributed to empty properties being brought back in to use may be disaggregated from the total and be used to support funding for work on empty properties.
- 4.25 The Group made enquiries as to whether flats or spaces above shops were being investigated. Officer reported that priority had been given to houses due to them posing a greater risk and higher value return. Houses were also in greater demand for homing families in the borough.
- 4.26 Engaging With Property Owners**
- 4.27 Following investigation on how other local property owners were being engaged with, the Group learned that work was underway to identify key sites and initiate a dialogue with the NHS (to discuss the regeneration of sites such as Elmbank House in Barnet Road), the Police (to investigate the potential of residential use of their property portfolio), and commercial property owners for example Tescos. The Group were informed that there is additional funding available from the GLA which it may be possible to use to convert commercial properties.
- 4.28 The Group met with an Officer from Barnet Homes to discuss their work undertaken in relation to empty properties. It was noted that Barnet Homes was a member of the Empty Homes Steering Group and also managed an online Landlords' Forum Network with over 300 landlords registered.
- 4.29 Barnet Homes reported that by increasing the management of units under their Private Sector Lease Scheme they would seek to mitigate the cost of providing temporary accommodation. Landlords in this scheme were being offered up to 100% of the local housing allowance. The Group noted that

following referrals there were two more previously empty properties being managed in this way, another being finalised and a further 31 properties were in the pipeline. In addition, Barnet Homes were working on turning a former office block in to 18 residential units.

- 4.30 The Group discussed the need for a flexible offer that was competitive and widely-promoted in order to attract experienced landlords as well as those who may need support and advice with their property. Through discussions on the competitiveness of the present offer, the Group learned that established landlords were more likely to rent to the private sector due to the limitations under Local Housing Allowance rates. Barnet Homes were open to review its current offer, possibly adding practical support with refurbishments, in order to develop a more attractive package.
- 4.31 The Group heard that Barnet was competing with other local authorities for tenancy contracts with property owners. Case study information on neighbouring local authorities confirmed the assertion that, where offered, financial assistance tied to nomination rights was available as a grant. By contrast, the funding offered from Barnet was through a repayable loan. The Group noted that local authorities as far away as Croydon Council were canvassing property owners in Barnet, offering enhanced incentives.

## **5 CASE STUDIES**

- 5.1 The Group were provided with a report giving an overview of the resources and approach taken by Brent, Harrow, Haringey and Enfield councils with regards to empty properties.

### **5.4 London Borough of Harrow**

- 5.4.1 In the period April 2009 to March 2012, Harrow Council enabled around 800 empty private sector properties to be brought back in to use through a combination of grant assistance and collaborative working with landlords.
- 5.4.2 As of 1<sup>st</sup> May 2012, there were 946 (1%) vacant private sector properties in Harrow, of which 302 (0.3%) had been empty for 6 months or more. Harrow state that their target is to bring 45 empty private sector properties in to use per annum.
- 5.4.3 In May 2012, a new Council-funded grant scheme called “Repair to Lease” was introduced in response to challenges arising from the housing market and government reform. The scheme aims to encourage more landlords to work with the Council and bring empty properties back in to use. The Repair to Lease scheme gives a grant in exchange for full nomination rights to the property for up to three years through the Council’s Help2Let scheme. Harrow’s Help2Lease scheme also provides management services for owners who are looking to rent out their properties.

- 5.4.4 Harrow has a funding allocation to bring empty properties back in to use and grants are offered for owners to turn empty properties in to homes for local residents if owners agree to work with local letting agency Help2Let to generate rental income.
- 5.4.5 From 1 April 2013 the exemption period for owners of empty properties was removed, and council tax rates increased for properties that had been empty for two years or more.

## **5.5 London Borough of Haringey**

- 5.5.1 Haringey do not currently award grants or offer financial assistance to owners of empty properties. Pending the outcome of the recent bid for funding through the Greater London Assembly (GLA), a new financial assistance policy is proposed. This will detail how up to £13,000 per unit from a funding total of £180,000 may be used.
- 5.5.2 As with many other local authorities, Haringey revised its council tax exemption policy following the Local Government Finance Act 2012. From 1<sup>st</sup> April 2013, any property that registered as empty is given one month exemption from council tax, following which there are no discounts. Also from this date if a property has been empty and unfurnished for two years or more owners are charged an additional 50% premium.
- 5.5.3 Empty properties are flagged through council tax records or via public reporting or Environmental Health becoming made aware of problems. Staff working on empty properties are given access to the council tax database. Haringey currently have a 0.5 FTE member of staff working on empty properties.
- 5.5.4 Pressure to bring an empty property back in to use is through enforcement only. This resulted in 52 properties being brought back in to use in last year.

## **5.6 London Borough of Brent**

- 5.6.1 Brent employs one Empty Property Officer, supported by a Surveyor. Previously the team consisted of two full-time Empty Property Officers, one Surveyor and a Team Leader.
- 5.6.2 As with the other examples, empty properties are identified on council tax records. There are no longer exemptions given for empty properties and a council tax premium of 150% is levied for properties that remain empty for over two years.
- 5.6.3 Following the successful bid for funding from the GLA, since April 2012 Brent has met a target of bringing 70 empty properties back in to use.
- 5.6.4 Brent offer grants to bring empty properties up to a standard suitable for letting. In return, owners must sign up to one of the council lettings schemes for five years. A grant may be approved for up to 70% of the cost of the work,

depending on the size of property (one-bedroom 50%, two-bedroom 60%, three-bedroom or larger 70%) or £6,500 for every person that could be accommodated to the lower of the two calculations.

#### 5.6.5 The types of grant available are:

- Refurbishment Grant - to cover works such as faulty and unsafe electrics, inferior heating system, windows that are so faulty as to be provide very poor insulation, inadequate kitchen food safety or food preparation arrangements and bathrooms that are very old. It may also cover work to provide an additional bedroom, subject to relevant planning and building control approval.
- Conversion Grant - towards conversion of a large empty house to smaller units, or for conversion of empty commercial premises to residential units. Subject to full planning consent.
- Interest Free Loan - As an alternative to the grant scheme, an interest free loan for properties that have been empty for two years. The loan could be up to £30,000 and is repaid from rental income. This is subject to a five-year nomination or lease agreement with the council or partner housing associations.

### 5.7 London Borough of Enfield

5.7.1 Enfield offer Renovation Grants to owners of long term empty homes up to 80% of the cost of major repairs (subject to the maximum grant limit of £25,000). The grant is able to be used towards replacement windows, central heating, roofing and electrical works and does not have to be paid back. In return owners are asked to lease the home to a family nominated by the Council for a minimum period of five years. During this five year period, owners receive a guaranteed rental income and full management service.

5.7.2 As with most of the other examples, there are no longer exemptions given for empty properties and a council tax premium of 150% is levied for properties that remain empty for over two years.

5.7.3 There are currently 1.5FTE staff working on empty properties in Enfield.

### 5.6 Results

5.6.1 Empty properties brought back in to use between October 2011 and October 2012 for each of the local authorities researched was:

<b>Local Authority</b>	<b>Number of Empty Properties brought back in to use (Oct 2011 – Oct 2012)</b>
Barnet	295
Brent	19
Enfield	293
Harrow	44
Haringey	-179



5.6.2 Financial assistance available to owners of empty properties was:

<b>Local Authority</b>	<b>Financial Assistance</b>	<b>Nomination Rights</b>
Barnet	Loan	3 years
Brent	Grant	5 years
Enfield	Grant	5 years
Harrow	Grant	3 years
Haringey	Currently none (pending outcome of GLA bid)	N/A

5.6.3 The cases studies show how other local councils have chosen to exercise powers to revise council tax exemption policies in a similar way following the Local Government Finance Act 2012.

5.6.4 Barnet has taken a unique approach to its financial support policy. Of the local authorities researched, each one either offered, or sought to offer, financial support through grants. Barnet's financial support is currently offered as a repayable loan. The Group agreed that that this was an uncompetitive offer and supported the notion that a carefully considered grant offer would be more attractive to property owners.

## **6 CONSULTATION**

### **6.1 Call for Evidence**

6.1.1 The Group issued a press release promoting the review which was subsequently published in a local newspaper<sup>6</sup>. The work of the Group was further promoted on the Council's website and via its Twitter feed. 334 letters were sent directly to known owners of empty properties.

6.1.2 Media promotion of the review encouraged owners of empty properties to fill out an online survey asking the following questions:

1. How long has the property been empty?
2. Why is the property empty?
3. What options are being considered for the property and have any decisions been made?
4. What are the barriers for bringing your property back in to use?
5. Are you aware that the Council offers financial assistance to help you bring the property back in to use? If so, what prevented you from taking up this offer? If not, how could the Council be communicating its policies better?
6. What could the Council be doing to assist you with bringing your property back in to use?
7. Do you have any other comments you feel are relevant to the review?

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<sup>6</sup> <http://www.barnet-today.co.uk/News.cfm?id=3256&headline=Owners+urged+to+help+with+bid+to+revive+empty+homes>

6.1.3 Despite the press coverage and direct mail-out only three responses (one of which was not from an owner of an empty property) were received. However, the low turnout and nature of the responses confirmed the Group's assertion that identifying and engaging with owners of empty properties was a significant challenge.

## 6.2 The National Landlords Association

6.2.1 The National Landlords Association (NLA) represent 1.4 million landlords in the United Kingdom. To learn more about the reasons for properties standing empty, the Group invited the NLA to provide a written submission for consideration. Their response was as follows:

### What leads to landlords letting their properties become empty?

Commonly landlords will not leave a property empty for any extended period of time. The letting of private residential property is a business; other than to have renovation work on the premises it doesn't make financial sense to leave a property empty between tenancies as it is an inefficient way of generating rent.

The majority of unoccupied residential housing is most likely to belong to property owners rather than landlords; for example property acquired through inheritance.

### Does the NLA give support to landlords who have 'empty dwellings', and what advice do you provide them?

Landlords who do not wish to manage their properties should instead enlist the services of a reputable letting agent.

Alternatively many landlords work with local authorities to bring empty and disused properties back in to use. For example, Private Sector Leasing Schemes and Social Letting Schemes allow local councils to let out private properties on behalf of their owners. This proves a successful way of bringing properties back in to use and provides a valuable source of good quality and affordable accommodation for low income or vulnerable tenants who may otherwise only have access to temporary accommodation.

### Are landlords trying hard enough to re-house their empty properties, and are these empty properties high on the NLAs agenda to help fix?

The letting of private residential property is a business and it doesn't make financial sense to leave a property empty for any prolonged period of time. The UK is in the midst of a housing crisis. Along with building many more homes, local authorities must use every tool at their disposal to bring the estimated 800,000 empty properties back in to use.

Gavin Dick, Senior Policy Officer at the NLA, wrote:

The National Landlords Association (NLA) supports proposals that focus on promoting and assisting with the renovation and restoration of empty

properties in Barnet and welcome efforts to work closely with landlords to bring empty homes back in to use.

It is important to note that landlords do not leave properties empty; void periods represent waste in terms of a failure to meet housing needs and in generating financial returns. Most commonly landlords will only leave a property unoccupied in order to have restoration or improvement work undertaken between tenancies, with the ultimate aim of bringing the property back onto the market.

We support the removal of tax exemptions for long-term empty properties as they are a blight on communities, bring with them an increased risk of squatting and criminal damage, act as a disincentive to investment and reduce local house prices.

However, we advocate the maintenance of current tax exemptions for short-term empty homes as this enables landlords to effectively prepare their property to be re-let.

- 6.2.2 In consideration of the response from the NLA, the Group acknowledged that experienced landlords were largely self-motivated and commercially focused towards bringing properties back in to use in a timely manner. The Group therefore did not consider this demographic to be the most challenging in terms of preventing long-term empty properties from being brought back in to use. However, the Group did agree that promoting competitive policies for assisting with the renovation and restoration of empty properties would support more empty homes being brought back in to use earlier.

## **7 CONCLUSIONS & RECOMMENDATIONS**

- 7.1 Having considered the actions being taken to bring empty properties back in to use, the Group agreed that Barnet was performing well. However, some key challenges to maintaining success in this area were identified during this review.
- 7.2 Barnet's Financial Assistance Policy is unusual, when compared to its neighbours, in offering a repayable loan. The existing policy has not proved popular and has resulted in only two applications in the past year.

### ***Recommendation 1:***

*The Council should substitute the existing 'refurbishment loan' offer with a competitive grant funding option tied to tenancy nomination rights. Officers should evaluate the offer against those of comparable local authorities and review annually.*

- 7.3 Engaging with owners of empty properties is the first step to success. The Group noted that this was an area of particular challenge. Priority should therefore be given to raising the profile of a high quality, competitive offer available from Barnet Homes and the assistance available from the Council. Consideration should be given to providing a range of attractive options;

comprehensive management for hassle-free guaranteed income (i.e. owner is totally hands-off, Barnet Homes carry out inspections/refurbishment and provide necessary certificates in return for a management fee), to the basic tenant-finding service (whereby owners are paid an incentive in return for a tenancy being arranged by Barnet Homes).

**Recommendation 2:**

*Barnet Homes should be encouraged to develop a clearer range of competitive offers for owners of empty properties.*

**Recommendation 3:**

*In partnership with Barnet Homes, the Private Sector Housing team should develop a cohesive promotional programme to raise awareness of work being done to address empty properties in the borough. To be rolled out over the next 12 months and emphasising the following:*

- *rewards available for reporting previously unidentified empty properties which subsequently results in a New Homes Bonus payment being due to Council;*
- *the revised Financial Assistance policy; and*
- *the full range of support available from the Council and Barnet Homes.*

**Recommendation 4:**

*Information outlining the various options available and highlighting penalties to be imposed for failing to comply with the Council's requirements concerning bringing empty properties back in to use should be produced and distributed with the 2015/16 council tax billing letter. The same information should be sent out every time an owner registers their empty property with the council tax team.*

- 7.4 The focus given to empty properties is founded on external funding received from the GLA, which is not guaranteed to be supported in the long-term. However, bringing empty properties back in to use should remain a priority for the Council due to the positive financial (reducing nightly purchased accommodation costs), social and environmental impacts. Notwithstanding these benefits, additional income is generated from New Homes Bonus payments (or sale of assets following enforcement action).

**Recommendation 5:**

*To maintain the success of the current empty property programme the Council should develop a comprehensive strategy for the long-term identification and enforcement of empty properties. Enforcement action should be considered readily where it is appropriate to do so. The element of New Homes Bonus received by the Council as a result of empty properties being brought back in to use should be disaggregated from the total and reinvested in the programme to support on-going work in this area; alongside other income received as a direct result of action on empty properties.*

- 7.5 The council tax database remains the key information source for identification of empty properties. Changes to council tax rules from April 2013 –

particularly the removal of discounts for empty properties and the introduction of a premium 150% rate for those properties empty for longer than two years - has compromised the value of this data and has led to some empty properties not being reported. In turn, this may prevent timely enforcement being achievable. The Group agreed that the removal of council tax exemptions for empty properties incentivises owners to bring back in to use those properties already known to be empty. However, there was now no incentive for owners to self-report as a property became vacant. Though there is no financial case for bringing back council tax exemptions, investing in resources to support identification of empty properties could provide a potential benefit for Council.

**Recommendation 6:**

*The Council should consider replacing the current temporary posts (due to terminate in 2014) within the Private Sector Housing Team with permanent posts dedicated to the identification, recording and inspection of empty properties and Houses of Multiple Occupancy (HMO). This could also maximise potential for fraud referrals to the Council's Corporate Anti-Fraud Team (CAFT).*

- 7.6 Given the size of the borough and diminished ability to rely on the council tax database, other methods of reporting empty properties will become increasingly valuable.

**Recommendation 7:**

*The Council should consider introducing a commission scheme to encourage public reporting of empty properties. A cash reward could be paid to anyone reporting a previously unknown empty property that is subsequently brought back in to use and results in New Homes Bonus income being received. This arrangement would provide a benefit to the Council.*

- 7.7 Though outside the scope of the review, the Group considered that the following additional recommendations had direct relevance to Council's housing strategy and should be considered:

**Recommendation 8:**

*Vacant, or otherwise available, commercial units in the borough should be evaluated in partnership with Barnet Homes for possible conversion to residential use.*

**Recommendation 9:**

*Officers working on Town Centre Regeneration projects should be required to report possible opportunities for residential use of spaces above shops.*