

Housing Strategy and Development

Empty Homes Strategy (Private Sector) 2016 - 2019



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1. Introduction

❖ National Context

Scotland currently has 34,000 long term empty homes in the private sector - long term empties are classed as any property that has been empty for 6 months or more. It is estimated in Scotland that's some 23,000 new homes will need to be built each year to keep up with the growing number of households in Scotland. The reuse of empty homes would help towards achieving these goals.

According to the 2014 Scottish Household Survey covering 2.42m households, the private rented sector (14.%%) has grown by 175% since 1999, whilst in the same time the social rented sector (currently 24%) has declined by 22%. There are currently 160,000 households on waiting lists in Scotland, and at the same time only 17,231 new builds were started across the country in 2015/16.

Therefore the empty homes problem is an issue that needs addressing. Through empty homes work the council can have an added boost to their housing supply and communities can be regenerated. The Scottish Government has recognised and prioritised the issues of empty properties by asking Local Authorities to demonstrate in their Local Housing Strategies how the issue of empty homes are being addressed.

❖ Local Context

The Council currently employs an Empty Homes officer that is a shared service between here and Renfrewshire Council. This post has been in place since August 2012. A system has been set up to allow empty homes to be handled in a targeted approach through information provided from Council Tax.

At present over 3900 applicants remain on West Dunbartonshire's Council housing list so increasing the number of properties that can be used for affordable housing will be beneficial. In 2014/2015 1249 homeless presentations were made in West Dunbartonshire, the added value of bringing empty homes

into use will have an effect on increasing housing options for the most vulnerable members of our community. West Dunbartonshire currently has over 400 properties recorded as being empty for over 6 months. Empty properties are an eyesore in the community and can attract unwanted antisocial behaviour and are a wasted resource.

Finally, there are the social benefits of having less empty homes in an area. These include greater pride in an area, which could lead to less crime, particularly vandalism. A high number of empty homes in an area reduces the confidence of investors in that area, whereas the sight of a number of formerly empty dwellings springing back to life gives confidence that an area is recovering and may be a safe or even desirable place in which to invest. People who live next to or in sight of empty homes tend to suffer from increased stress and anxiety, and can be shown to have decreased levels of trust in their council. Bringing these homes back into use could not only help alleviate these neighbours' stress levels, it could also help restore faith in the council.

Benefit to the community

There are other cost-benefits to the council which are less direct but no less important. When a home is occupied, the household will, depending on its size, spend thousands, potentially tens of thousands of pounds in the local community. This could be anything from buying groceries locally, going to local pubs/restaurants, buying clothes, furniture and other goods locally. It is sometimes better when thinking of this particular benefit to consider the costs of these houses remaining empty rather than the benefits of them being occupied; lots of empty homes in a particular area costs local businesses a huge amount of money. These companies could then go out of business and therefore make the area less desirable and actually increase the chances of there being more empty homes in that area.

Then there are the benefits that might be accrued from having empty homes bought by new owners who want to spend money on them. Those owners are likely to hire local builders to do their work, often using local building supplies. That creates job opportunities for people both in the building trade and the building supply industry. They are more than likely to spend money on decorating supplies and furnishings

too, and again are likely to source these locally. This could all have a positive effect on the local economy.

Environmental benefits

Of course there is also the benefit to the environment of reusing empty properties as opposed to building new ones. According to the Scottish Government; “*The Empty Homes Agency has calculated that each new home in its study generated 50 tonnes of GHG (CO2e) compared with 15 tonnes of GHG (CO2e) for bringing an empty home back into use. Renovating an existing property removes the need for the energy locked into new build materials and construction.*” Reducing the council’s impact on the environment is often a key consideration for councils in their strategies, as is increasing the supply of affordable housing in an area, so to be able to do both at the same time could be incredibly useful.

2. What is an Empty Home

An empty home is considered to be one that has been sitting empty for 6 months or more.

❖ Why These Homes Are Empty

There are a number of reasons why properties become empty including,

- The property is difficult to sell or let
- The property is being renovated
- The owner does not have the finances/motivation or time to deal with the property
- The property has been repossessed
- Probate issues
- The owner is in care/hospital or has moved out of the country

❖ Challenges Presented by Empty Homes

Not all empty properties are located in run down areas, nor are they always semi derelict boarded up and causing a problem. A large number of properties naturally become empty for periods of time between buying and selling and in

between tenancies etc. These properties can be viewed as 'quick win' properties where with a little intervention from the Empty Homes Officer (EHO) these properties can quickly be turned around and brought back into use. When a property remains empty for a significant period of time, or is attracting unwanted attention then it could be considered to be a problematic long term empty property. Engaging with owners of these properties and encouraging them to tackle such properties can be a lengthy process to achieve a successful end result of 'back in use' that requires persistence. Some owners simply do not want to engage with the EHO over their property as it is privately owned and they feel it is not the Councils business over what they do with their property. Some measure have been initiated to try to mitigate this response from owners but additional powers that could also help to force these owners into action would certainly help empty homes work.

3. Linking In

❖ Strategic Links

The Scottish Government has included Empty Homes within the scope for the new Local Housing Strategy which is being prepared. They recognise the part that empty properties can play in increasing housing supply. They ask for demonstration on what measures the Council is going to towards getting homes back into use.

The EHO also works closely with Shelter Scotland who run the Scottish Empty Homes Partnership and attends Best Practice Group meetings with fellow Empty Homes Officers and Shelter Scotland where best practice ideas are shared and knowledge developed.

4. Options for Owners

❖ Information, Advice & Guidance

The Empty Homes Officer uses an approach to engaging with owners that involves:

- Advice and Information
- Financial and Practical Assistance

- **Advice and Information**

The reasons for homes becoming and remaining empty are varied. In many cases, the provision of advice and information may be enough to encourage an owner to bring their property back into use. Advice and information will be made available through a suite of leaflets that are available on the Council's dedicated Empty Homes webpage. The Empty Homes Officer will go out to meet with the home owner at their empty property if necessary and work out why the property is empty and explain the various options that maybe available to them to aid getting the property back into use. The Empty Homes Officer will then maintain regular contact with the owner to see what stage the property is at and continually provide support and assistance until the property is brought back into use. The process of making contact with the owner and the end result of getting the property back into use with empty homes work can be a long process due to problems getting owners to engage and then getting them to address the problems associated with their property. To date since the project started 44 properties have been brought back into use through the advice and information route, some of these properties had been in progress for a year or so before the cases could finally be closed off.

❖ Financial Incentives

- **Financial and Practical Assistance**

Financial assistance is available to Empty Homes owners in the form of the Empty Homes Loan Fund. The Council has £150,000 pot of money from the Scottish Government to enable them to offer loans of up to £15,000 to owners of properties that have been empty for over 6 months and currently do not meet the repairing standard.

Once renovated to an acceptable standard, properties will be used as affordable housing for a minimum of 5 years. Rental income will run at approximately 10% below current Local Housing Allowance (LHA) rates. This income will be used initially to pay off loans then subsequently as income to the landlord.

Loan repayments to the council can be recycled allowing for the repayments to be used to fund further loans to upgrade more empty properties until repayment by the Council to the Scottish Government is required.

The Council also participates in the Loan to Sell option of this fund. This is designed to target owners of empty properties who wish to refurbish them and sell them on, as opposed to having to rent them out. Some landlords are reluctant to let out their properties and do not want to fall into the 'accidental landlord' situation. When participating in the Loan to Sell the owner can borrow up to the same amount then sell the property on, in line with Scottish Government LIFT (Low cost Initiative for First Time buyers) prices, based on number of bedrooms.

When an owner wishes to participate in either loan scheme the council carries out a Schedule of Works for the owner which highlights to them the necessary works required for the property to be brought up to the repairing standard.

To date the take up of each loan fund option has proven to be very low with owners being put off by the tight regulations placed upon them. The Council is looking into options to try to make the Loan Fund a more viable option for these homeowners and would also welcome an ease in the restrictions upon them from the Scottish Government for them to use the fund as a part loan/ grant or use the fund to help us buy empty properties back. Being able to link empty homes work up more closely with the buyback scheme would also help more suitable family homes being brought back into use. This could be possible by using the Affordable Housing Supply Program to fund the buyback scheme and allow the council to be more diverse in the properties it looks to buy back. Currently the scheme is very financially restrictive which means it is unable to open out to encompass empty homes work. Should more properties be able to be purchased through this scheme, the Council could then use the existing Empty Homes Loan Fund to refurbish these properties if necessary, and have more family homes available for social rent for perpetuity. To date 12 properties in total have been bought back through this scheme, 6 of

which had been sitting as empty properties.

The EHO also keeps up to date with any other financial streams that are being made available and would prepare bids for any that the council could benefit from.

- Scottish Government have said that they would consider changes to the loan fund to allow participating councils to use unspent money in conjunction with Registered Social Landlords (RSL's) for buying back properties. RSL's have been briefed about this potential funding stream and they have been asked to contact the EHO if they wish to express an interest.

❖ **Enforcement**

- The council may take the case to Compulsory Purchase Order to try and force the owner into action and, if they don't act, to take possession of the property so the council can sell it and recover their costs that way. But again this is itself a very costly and time consuming process and there is no guarantee that at the end of it all, the council will actually be able to recoup their losses (depending on the value of the property).
- The Scottish Government have said they intend to legislate to introduce a Compulsory Sale Order Power for vacant land and buildings. This would allow local authorities to force long term empty homes on to the open market so someone else can reuse them. This would give the EHO's a tool to help unstick the problem long term empty properties where all other means of engaging with the owner have been exhausted.

5. West Dunbartonshire's Approach to Empty Homes

❖ **Investigating Empty Homes**

Letters and surveys can be sent out to all registered empty homes owners dependant on the discount they are receiving for their council tax. Surveys are returned and the EHO can act on the results accordingly and tailor the empty homes service they offer to the owner. Follow up letters are also sent to those who do not

reply to initial enquiries about their empty properties. A database of information has been collated from these surveys and this outlines the properties that have been targeted and the progress to date. Through close working with other council departments properties that are empty but not recorded as such can also be targeted. These are usually highlighted through neighbour complaints, councillor enquires or referrals from other council departments such as Environmental Health. A property may have become empty for various reasons such as, reluctance to let out, probate, bankruptcy, long term care, or simply a lack of awareness on the owners part. The surveys can help the EHO find out why the property is empty and help point out the best course of action to rectify the case.

Empty homes can be a financial drain on owners and can cause unnecessary stress and anxiety, the EHO acts as a point of contact for these owners who in some cases feel they have no one to turn to and cannot see other options available to them. The impact of empty homes on owners has also been exacerbated by the current financial climate, due to an increasing number of owners being unable to sell their properties for the desired price. The introduction of the 200% Council Tax charge, (detailed below), on properties empty over a year, again means that owners who are not actively working on their empty property or have it for sale or let also have this extra financial burden.

The main benefit to empty homes work will often be seen as council tax retrieved, which occurs in a number of ways. Firstly, there is the simple fact that many empty homes are being charged a discounted rate of council tax for the first year (between 50% and 90% of the full charge), so if those properties are brought back into use quicker, then the owner is paying full council tax quicker, and therefore the council gets more money (see below chart for total amount brought back into the Council)

Evidence suggests that a large number of empty home owners are in arrears with the council tax payments on their empty property, and that this number grows proportionally throughout the year. The number, as a percentage of owners overall, is often higher than it is for owner/occupiers. The reasons for this are many; the owner may not realise they are being charged for the empty home, they may not be able to afford to pay and some disagree with the principle that they should be paying. There are many other, more personalised reasons besides. Clearly, however, the more of these houses that are brought back into use, the better for the council. Not

only do new owners/tenants tend to pay their council tax more promptly, but the old owner will often clear their arrears once their house is sold or let.

There is also the benefit of data cleansing, whereby an Empty Homes Officer helps council tax to reclassify properties correctly through correspondence with owners. This usually involves a transition from being classified as empty to being correctly updated to now being back into use, which some owners either forget to do or assume it will be done automatically when they update the electoral register.

❖ **200% Council Tax Charge**

On the 1 April 2013 the Local Government Finance (Unoccupied properties etc) (Scotland) Act 2012 became active. This allowed Local Authorities to charge increased Council Tax on certain homes that have been empty over a year. On 6 February 2014 the Council approved these changes and began charging the increased rate on 1 April 2014. 118 properties are now currently registered with the double charge.

The main changes approved were:

- to reduce the council tax discount for empty and unfurnished properties from 50% to 10% after 6 months;
- remove the 10% current discount currently awarded after 12 months; and
- charge the full council tax liability for the property plus an additional 100% charge for properties which have been empty for more than 12 months, except where the liable party can produce evidence of the property being actively marketed for sale or rent at realistic market price.

Supplementary Guidance on Local Authority Discretion was released by the Scottish Government in March 2015 to highlight to Local Authorities the blanket approach to the increased charge can be too punitive to force upon all empty home owners which resulted in a discretionary element being applied.

The discretionary element changes were:

- Introduce a discretionary element for a maximum of 3 months for new owners that have purchased a property and where the property has exhausted all previous exemptions and discounts. This option provides a safeguard for new owners who have purchased empty properties that require work to be completed, that is not structural or major, to bring the property up to a suitable standard for habitation.

- A further discretionary period of up to 9 months will be considered to bring the property back into use if the owner has agreed with the Council to:
 - a. take positive steps to occupy their property and
 - b. agree to an 8 weekly inspection to review progress.

Owners that wish to receive the discretionary element for their increased Council Tax are therefore signposted to the EHO by Council Tax staff. These owners then must allow for the EHO to carry out these 8 weekly inspections to see if works are being carried out on the property to bring it back into use, in order to be eligible for this discretion. 7 properties are currently receiving the discretionary element.

The EHO can also work closely with Council Tax over empty properties that are sitting with high levels of council tax debt in order to try to get these back into use and address the debt levels.

6. Monitoring and Review

❖ Targets

The council has developed ways of working in relation to empty properties that enables targets to be monitored. Homes that have been brought back into use through local authority involvement can count towards the target of 25 properties per year being brought back into use. Homes where the EHO is

directly working with towards and end use of being back in use can also count towards being back in use. Based on an average Council Tax band of C bringing 43 properties back into use equates to bringing £44,452 back into the council through council tax.

Summary Table of Results for Empty Homes Work

	West Dunbartonshire Council
Properties brought back into use through direct engagement	Year 1 -2 Year 2 – 6 Year 3 - 20 Year 4 – 16 to date
Work in progress to bring properties back into use	46
Work in progress longer term	13

Type of value	Number	Value per property based on Average Band D	Total amount
Empty homes brought back into use	44	£1,163	£51,172

❖ Reviewing Process

The first Empty Homes Strategy ran from 2012-2016, this is the second edition and reflects changes that have occurred in empty homes work over this period and also progress to date and opportunities that can be expanded upon moving forward.

7. Action Plan

❖ Key Objectives Outlined

- Maximise the re-use of empty homes
- Reduce the number of long term empty problem properties
- Help to alleviate the effects of homelessness and waiting list in WDC
- Support Town Centre regeneration