

Economy Scrutiny Panel

DATE	10/01/2023
REPORT OF	Sharon Wroot, Executive Director Environment, Economy & Resources
SUBJECT	Empty Property Strategy
STATUS	Open

CONTRIBUTION TO OUR AIMS

This report contributes to the strategic priorities of the Council to promote a Stronger Economy and Stronger Communities and is directly linked to the Council Plan and Outcomes Framework, namely that People in North East Lincolnshire:

- Enjoy good health and wellbeing;
- Benefit from a strong local economy;
- Live in a safe environment, can have their say about things that are important to them and participate fully in their communities.

EXECUTIVE SUMMARY

This report outlines the actions and progress made to deliver the North East Lincolnshire (NEL) Empty Property Strategy (EPS).

MATTERS FOR CONSIDERATION

Economy Scrutiny is asked to consider and take note the progress of the EPS and the activities which have been undertaken to manage the number of empty homes in the Borough.

1. BACKGROUND

1.1 In July 2020, Cabinet approved a three-year EPS, detailing how the Council and its partners will work to bring empty properties back into use. The EPS will be reviewed in July 2023. The Council continues to take full advantage of legislation at its disposal and continues to charge increased council tax on long term empty properties with premium rates, as below;

- 200% increase for those dwellings empty for over 2 years
- 300% increase for those dwellings empty for over 10 years

1.2 As part of the 2014/15 Mid Term Finance Plan (MTFP) review in 2014, the Council withdrew funding for discretionary schemes which was used to bring empty homes back into use. In line with the withdrawal of funding a service review was completed which resulted in the reduction of staff to 0.6 FTE. The Council are currently reviewing the current Housing Assistance Policy (HAP) and looking at ways to provide loans to assist bringing empty homes back into use as well as actively bringing council teams together to work more closely and deliver stronger results, with no additional funding for staffing resource.

- 1.3 A Long Term Empty (LTE) property is defined as a property which has been unoccupied for six months or more, this can include single-family dwellings, Houses of Multiple Occupancy (HMO) flats, second homes and accommodation located above commercial premises. These properties can be, for example, from a deceased estate, private owners, private landlord, social landlord, housing associations and charities. Not all empty property causes anti-social behaviour, many are well maintained and looked after and pay the additional council tax charge.
- 1.4 Nationally, in 2022 LTE property numbers rose across England with rises recorded in every region apart from the North West, where numbers remained static. In 2022, national numbers rose by 11,293 (or 5%) to 248,633 in total.
- 1.5 The trend locally over the last three years has seen an increase of 5 LTE properties overall. In the period between 2020 (1,636) and 2021 (1,348) there was a reduction of -288 properties (or 18%) and in the period between 2021 to 2022 (1,641) there was a significantly increase of 293 (or 22%) properties. Considering the 2020 (1,636) and 2022 (1,641) figures, this highlights the increase of 5 properties over the three year period and shows the number of LTE homes has returned to pre-pandemic levels.
- 1.6 There could be several reasons for this and it is highly likely to be linked to an increase in construction costs and a slowdown in the housing market. The Council will continue to monitor any future changes and we are working with the Revenue and Benefits Team who feed into the national data to check the accuracy of this.
- 1.7 Appendix A - LTE properties categories in North East Lincolnshire, highlights the LTE properties using localised data and shows the 19 categories which are reported monthly. In top 14 categories on the table, there is little if any influence which the Partnership/Equans can assert on reducing these numbers. The reason for this is these categories are related to third party intervention and are reliant on other parties making decisions on the future intentions of the properties. The Council can influence the remaining 5 categories by ensuring these are correctly classified, we actively write and call owners to offer advice and guidance, explore opportunities with investors to bring the properties back in to use, encourage change of ownership by financially supporting local housing providers e.g., YMCA and Doorstep, and use enforcement powers. For those properties which are presenting a hazard, intervention through enforcement is explored.
- 1.8 The Empty Property Team (EPT) have continued to assess the top 100 longest empty properties in the borough as a priority. The properties are impact assessed and scored to show which properties have the greatest impact on the community/neighbourhoods and action is taken where applicable.
- 1.9 The performance target for the delivery partnership (Equans Services Ltd) is to bring 40 empty homes per year back into use, however Equans endeavour to return as many units as possible. As of the 30 November 2022, 29 empty properties had been brought back into use with a pipeline of projects underway

to meet and hopefully exceed the contractual target this year.

- 1.10 The current economic downturn and the increase in costs for materials and labour means landlords and investors are finding it difficult or are unwilling to access funding to finance repairs to bring properties back into use. Along with an increase in mortgage rates and increasing borrowing costs, the cost to purchase a property is less viable or affordable than previous years. General Housing market activity has continued to weaken last month with house prices dropping across the country for the first time in more than two years, according to the Royal Institute of Chartered Surveyors (RICS) and buyer queries weakening further to -55% in October compared with -36% in September. This is mirrored locally but with a lesser impact.
- 1.11 The Housing team have been integral with the identifying, securing and housing the additional social workers which the Council have recently recruited. This required the majority of those involved in empty homes work to divert their efforts to ensure the social workers project was adequately resourced. This has had an impact on delivering empty home activity but Equans are confident the 40 dwellings will be returned to use as per the annual contract target.

NELC Empty Property Working Group

- 1.12 The Empty Property Working Group (EPWG) has representatives from Council Tax, Home Options, Debt Recovery, Environmental, Planning, Building Control and the ASB teams, who collaborate to assist and add value in delivering the EPS. The group targets empty units, particularly problematic LTE properties to look at ways they can work together to bring them back into use.
- 1.13 A particular recent success of note: the EPT in partnership with NELC debt recovery successfully enforced the sale of an empty derelict property on the outskirts of Healing which had been empty since 2008. The property was a source of ASB and had attracted a group of travellers. The owner of the property disappeared several years ago with considerable debt to the Council. The group have now overseen the change of ownership of the property, resolving the ASB and recovering £8K of outstanding Council tax from the sale of the property.

The Empty Property Hub

- 1.14 The Empty Property Hub (EPH) meets every quarter and brings together registered providers and charities, with the sole purpose of identifying empty properties and working together to bring them back into use. Officers and representatives of the group also liaise with these stakeholders on a regular informal basis.
- 1.15 The EPH continue to support local charities, including the YMCA, Women's Aid, Doorstep, Foresight and East Marsh United, working closely with the charities to identify suitable empty properties that can be brought back into use. This also provides good quality housing for vulnerable people. The

Council, subject to a business case, can provide some financial assistance enabling these organisations to acquire the dwellings and refurbish them. Conditions are applied to the grant.

- 1.16 Over the last 24 months the Council have awarded seven grants, ranging from £5k to £15k, which resulted in long term empty properties being brought back into use. In the last 12 months one charity grant was awarded and two further applications are at the feasibility stage.
- 1.17 The team are currently in the process of reviewing a further five grants. One of the grants is targeting a property which has been empty in excess of 10 years.

Providing Housing for Homeless and Disabled Households

- 1.18 The Council is working towards registered provider status. Currently, the Council lease several properties providing housing to discharge their homelessness duty. In future, the Council aims to lease more properties, to reduce the use of Bed and Breakfast accommodation. In addition, the Council is reviewing its Housing Register, for families who have been on the waiting list for some time, or who are unable to find suitable alternative accommodation that will meet their long term needs which can be adapted. Once registered provider status is in place, the Council, subject to funds, could acquire additional housing and gain external funding through Homes England and using commuted sums from S106s that would help purchase and cover the cost of any refurbishment works. Once the Disabled Facilities Grant Funding (DFG) policy is approved, it is hoped these funds can be used to acquire/adapt a property or properties, to meet the needs of households on the housing register with special needs.

Housing Assistance Policy

- 1.19 The Housing Assistance Policy (HAP) is currently out for consultation which closes 11 January 2023. Subject to approval, it will be implemented from 1 April 2023. The policy will aid owners of empty properties who are unable or unwilling to bring a property back into use to access repayable funding schemes. The property would be leased for a period of up to seven years to the Council. Leasing to the Council will be either voluntary or regulatory and based on provisions within the Housing Act 2004 (Empty Dwelling Management Orders). The loan is repaid through rental income received during the period of the loan.
- 1.20 Also, the Landlord Energy Repayment Loan Scheme is being relaunched and offered to landlords, encouraging them to carryout improvements to their properties. The loans cover costs to improve the energy efficiency of a property and can include window/door replacements and central heating repairs/replacement.

Community Housing

- 1.21 East Marsh United (EMU) have recently published a community share offer, raising around £500,000 to purchase ten properties. The EHT are working with the group to identify problematic empty homes in the area, to purchase and refurbish using the share offer funding. Properties are refurbished through East Marsh CIC who provide skills training to unemployed local residents, with the aim of getting them back into full time employment. EMU have identified several properties which they are hoping to acquire. EMU currently have a waiting list of residents keen take up a tenancy with them, and the three properties they own still have the original tenants which is a success in an area where there is a high level of tenant transiency, helping to build a sustainable community.
- 1.22 The Council will explore the opportunity to consult with West Marsh Community Groups to set up a similar scheme.

Engagement with Owners of Empty Properties

- 1.23 Within the last 2 years the EPT wrote to owners of empty properties. The letter included a questionnaire establishing what future aspirations the owners had for the properties, and if they would be interested in selling them.

Opportunity for a data cleanse exercise

- 1.24 Separately, the information used to work out the number of empty properties needs cleansing. This task was last completed several years ago and supports improving the quality of data for both the EHT and Council Tax. Specialist companies offer a service whereby they approach owners of empty properties and find out which ones are back into use. This service is paid for through a % of increased empty homes tax contributions. The Council will consider a procurement exercise in the new year. This will also support development of the updated Housing Strategy due in 2023.

Properties in Probate

- 1.25 The use of a tracing agency is a useful tool to assist tackling properties that are in probate and the owners cannot be found. This has proven successful in one case in our area where the agent managed to identify the owner of the property. The process of finding the owners is very lengthy. It can also take considerable time before the legal complexities have been resolved so the responsible person is in a position to sell the property. The EPT are currently looking to complete a procurement exercise to establish a framework of providers who can deliver this service. This is due to be completed in 2023, subject to staffing resource and emerging priorities.

Database to Prioritise Case Loads

- 1.26 The Council have recently completed a procurement exercise, to replace the previous database. The new database is due to launch in January 2023. The new database will improve how we record empty homes and provide a more streamlined approach to case management.

Working with developers

- 1.27 The EPT, work pro-actively with investors and developers. There are currently approximately 100 investors on the approved list. The Housing team have previously held open days to coincide with Empty Homes week. The next event is due to be held in March 2023 to engage with investors and owners of empty properties to try to attract new investment and change of ownership. Over the last 12 months, four empty properties have been sold with a further three to be advertised to investors, before Christmas 2022.

New Homes Bonus Scheme

- 1.28 New Homes Bonus Scheme (NHBS) award can be received by the Council. The simple methodology for achieving NHBS is based on the net number of new homes built and the net number of homes brought back into use (but this only relates to those dwellings that have been de-registered and are exempt from council tax). The more homes you build and bring back into use the larger the payment. The Council will target these dwellings. A separate working group consisting of Council Tax, EPT and the Housing Strategic Manager has been established to explore verification of numbers ensuring we maximise the opportunity of payment which the Council receives.
- 1.29 Economy Scrutiny asked the Council to explore the opportunity to access funding available from the New Homes Bonus Scheme (NHBS) award to divert back in to reducing LTE homes. Currently NHBS is held centrally by Finance.

Council Tax Premium Rating & Second Homes

- 1.30 Data shows there are currently 180 second homes in the borough. Up and coming changes in legislation mean that the Council can increase Council Tax for second homes by 100%. The Council will review current policy, assess options and submit a separate paper for consideration.
- 1.31 Some owners of empty properties class them as a second home, to avoid paying premium empty homes Council Tax rates. Bringing second homes in line with empty homes could reduce the number of properties incorrectly claimed as second homes, increase revenue and encourage empty property owners to bring the properties back into use.

Compulsory Purchase Order

- 1.32 The EHT are currently preparing to seek Cabinet approval for the Council to pursue Compulsory Purchase Order (CPO) formal action on three long-term problematic properties provide how long been empty where all other informal and formal action has failed because of property owners being unwilling to engage.

Monthly Reporting

- 1.33 A monthly report is prepared for the Council which identifies the monthly trend throughout all categories of empty homes, see Appendix A - LTE properties

categories in North East Lincolnshire. This provides a greater understanding of what is happening with empty properties to allow flexible and effective solutions to be explored.

1.34 The table 1 shows the breakdown of LTE properties by Ward in order of highest to lowest. The wards with the most empty properties are those in areas of high deprivation and low housing demand. Please note that not all empty dwellings are in a poor condition or classed as long-term problematic properties. Properties may be undergoing refurbishment or are being actively marketed via an agent but ensuring this data is available and accurate is key and will determine best action to take.

Ward	Over 6 months (LTE)
East Marsh	293
Sidney Sussex	265
West Marsh	230
Croft Baker	228
Park	186
Heneage	182
Scartho	114
Humberston	109
South	98
Immingham	94
Yarborough	93
Haverstoe	83
Waltham	57
Freshney	47
Wolds	68

Table 1 – LTE Property by Wards

Performance

1.35 At the time of writing this report, the EPT has currently brought back into use 29 properties, which can be broken down into the following wards:

- Heneage Ward - The EHT advice and assistance has resulted in a total of six properties being brought back into use. The length of time that they have been empty range from nine months up to three years. Three of the properties were poor quality self-contained flats, which have now been purchased from the previous owner and converted into high quality HMO's.
- Sidney Sussex Ward - Four empty properties have been brought back into use through advice and assistance by the EHT. The length of time these properties have been empty range from eight months and 19 years.

- East Marsh Ward - A total of six empty properties have been brought back into use in the East Marsh. The length of time these properties were empty were between one month and four years. Two of these properties have been converted into high quality HMO's.
- Park Ward - Two properties have been brought back into use within the park Ward. The length of time these have been empty range from eight months and six years. The LTE property had been left to family members in a will which has now been subsequently sold following advice and support from the EHT.
- Croft Baker Ward - Two properties have been brought back into use in Croft Baker Ward. The properties have been empty for six months and two years. Both properties have been converted into a very high-quality HMO's.
- West Marsh - The six empty properties brought back into use have been empty between 10 months and 11 years. The longest empty property was owned by a well-known local landlord who passed away and the EPT assisted the solicitor in selling the property portfolio.
- South Ward - One property has been brought back into use in South Ward through advice and assistance by Equans. The property had been empty for 19 months.
- Yarborough Ward - One long-term empty property which was affected by contamination from the garage, was successfully brought back not use after 14 years.
- Freshney Ward- One property has been brought back into use through advice and assistance from the EHT, which had been empty for eight months.

NEXT STEPS

- 1.36 The Council will endeavour to deliver the following actions to reduce the number of empty homes.
- Utilise DFG funding to purchase and bring properties back into use to contribute to independent living.
 - Explore the Compulsory Purchase of properties to bring properties back into use.
 - Complete a review of empty homes in the borough to identify trends, understanding why the number of empty homes has suddenly increased in the borough.
 - Seek to complete an impact assessment of all properties vacant for 2 years and over. This will provide an updated list of the worst offending properties in the borough so officers can take appropriate action.
 - Seek to complete a procurement exercise to commission a review of empty homes data.
 - Write to the owners of empty properties and potentially include an offer of a lease agreement with the Council and also try to verify what status the property is in.

2. RISKS & OPPORTUNITIES

- 2.1 Impact of economic environment, creating more empty homes.
- 2.2 A lack of financial assistance available for landlords to bring properties back into use and limited staffing resource due to other Council wide pressures
- 2.3. Opportunity to data cleanse the empty homes register owned by Council Tax Team. Enabling reassurance that New Homes Bonus Payments and the premium Council Tax Rates and second homes are being classified/issued accurately.
- 2.4 With over 180 properties registered as second homes on the Council Tax register, charging premium rates on second homes would increase revenue for the Council.
- 2.5 Review the Council Tax Teams process for charging premier rates on LTE properties, as this presents an opportunity to increase revenue to the Council by penalising owners of empty properties. Speeding up the process is likely to encourage landlords to engage and access advice and assistance quicker.

3. FINANCIAL CONSIDERATIONS

- 3.1. There are no financial considerations included within this report, beyond scrutiny's enhanced role in monitoring delivery of the Council plan, budget, and medium-term financial plan.
- 3.2 Diverting NHBS away from central finance may cause funding issues and pressures in other areas of the Council.

4 AND YOUNG PEOPLE IMPLICATIONS

- 4.1 There are no impacts on children and young people as a direct result of this report. The reports that this update has come from will have been assessed for any such impact.
- 4.2 Returning more family homes back into use will provide additional housing for children and young people, who may have a disability.
- 4.3 Any actions which the council may undertake as a result of recommendations made by scrutiny will be the subject of further reports, which will include children and young people implications by the author(s) concerned.

5. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 5.1 There is no direct climate change or environmental implications arising from this report.

6. MONITORING COMMENTS

- 6.1 In the opinion of the author, this report does recommended changes to policy or resources (people, finance, or physical assets). As a result, monitoring comments have been sought from the Council's Monitoring Officer (Chief Legal Officer), Section 151 Officer (Director of Finance) or Strategic Workforce Lead.

7. WARD IMPLICATIONS

7.1 Affects all Wards

8. BACKGROUND PAPERS

8.1 July 2020 – Empty Homes Strategy

<https://www.nelincs.gov.uk/assets/uploads/2020/08/Empty-Property-Strategy.pdf>

8.2 2019 – Housing Assistant Policy

<https://www.nelincs.gov.uk/assets/uploads/2020/10/Housing-assistance-and-disabled-adaptions-policy-a11y-Oct20.pdf>

8.3 December 2022 – Action on Empty Homes Government Report

[ps://www.actiononemptyhomes.org](https://www.actiononemptyhomes.org)

8.4 Appendix A - LTE properties categories in North East Lincolnshire

9. CONTACT OFFICERS

9.1 Mark Nearney, Assistant Director of Housing, Highways, Planning, Transport & Assets

9.2 Paul Thorpe – Operations Director, Equans

**SHARON WROOT
EXECUTIVE DIRECTOR
ENVIRONMENT, ECONOMY & RESOURCES**

Appendix A LTE Properties categories in North East Lincolnshire

COUNCIL TAX CATEGORY	Under 6 Months			LTEH - Between 6m-2y			LTEH - Over 2 Years			LTEH - TOTALS		
	01/11/21	02/11/22	12m diff.	01/11/21	02/11/22	12m diff.	01/11/21	02/11/22	12m diff.	01/11/21	02/11/22	12m diff.
CLASS B - Charity Owned / RSL's	190	170	-20	56	133	77	20	17	-3	76	150	74
CLASS D - Occupant in Prison	0	2	2	4	2	-2	0	0	0	4	2	-2
CLASS E - Receiving Personal Care in Hospital / Nursing Home	19	11	-8	73	61	-12	24	37	13	97	98	1
CLASS F1 - Awaiting Probate	119	128	9	64	93	29	19	27	8	83	120	37
CLASS F2 - Probate Granted	27	25	-2	70	68	-2	5	2	-3	75	70	-5
CLASS G - Occupation Prohibited	1	0	-1	3	3	0	37	29	-8	40	32	-8
CLASS H - Awaiting Minister of Religion	0	2	2	1	1	0	4	3	-1	5	4	-1
CLASS I - Left Empty as Receiving Personal Care	1	1	0	9	3	-6	4	8	4	13	11	-2
CLASS J - Moved to Provide Personal Care to Another	0	0	0	1	1	0	2	3	1	3	4	1
CLASS K - Student Resident Elsewhere	0	0	0	0	0	0	0	0	0	0	0	0
CLASS L - Mortgagee / Repossession	5	4	-1	3	5	2	5	7	2	8	12	4
CLASS Q - Owner Bankrupt	0	0	0	0	0	0	1	1	0	1	1	0
CLASS R - Pitch / Mooring not Occupied by Caravan / Boat	0	0	0	0	0	0	3	3	0	3	3	0
CLASS T - Part of Single Property which can't be let separately	1	0	-1	3	3	0	19	19	0	22	22	0
PCLB2 - Second Home	8	6	-2	19	30	11	116	120	4	135	150	15
PCLC1 - Long Term Empty Over 1 Month	727	609	-118	667	818	151	408	500	92	1075	1318	243
PREM100 - Empty Over 2 Years and Charged 100% Premium	0	0	0	0	0	0	68	55	-13	68	55	-13
PREM200 - Empty Over 5 Years and Charged 200% Premium	0	0	0	0	0	0	27	19	-8	27	19	-8
PREM300 - Empty Over 10 Years and Charged 300% Premium	0	0	0	0	0	0	28	23	-5	28	23	-5
TOTALS	1098	958	-140	973	1221	248	790	873	83	1763	2094	331

Note - The definition for a Long Term Empty Home (LTEH) is a property which has been empty for more than 6 months.

No. LTEH March 21	No. LTEH ytd
	2094

Month	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
EH over 6m	1815	1820	1841	1935	1980	2018	2008	2043	2091	2147	2094

Brief Overview

Dec-22