REPORT TO:	Cabinet
DATE:	3rd March 2011
SUBJECT:	Empty Homes and the Core Strategy
WARDS AFFECTED:	All
REPORT OF:	Alan Lunt - Neighbourhoods and Investment Director and Andy Wallis - Planning and Economic Development Director
CONTACT OFFICER:	N Davies Strategy Manager 934 4837
EXEMPT/ CONFIDENTIAL:	No

PURPOSE/SUMMARY:
To provide a report on empty homes in the borough, as requested by Cabinet, in relation to previous discussions concerning the Green Belt Land Release Study and the future Planning Core Strategy.

REASON WHY DECISION REQUIRED:
Cabinet requested this report so that it may consider the issue of empty homes in relation to the Green Belt study, the results of which were deferred.

RECOMMENDATION(S):
That Cabinet;

1. Note Sefton’s position in relation to empty homes

2. Confirm that the current risk based approach, focussing on the most problematical vacant properties, is the most appropriate response to the issue within current resource constraints.

KEY DECISION:	No
FORWARD PLAN:	No
IMPLEMENTATION DATE:	NA

ALTERNATIVE OPTIONS: The current Empty Property Strategy is based upon taking action by agreement or enforcement actions, involving a small number of high risk and problematic empty properties. Section 4 of this report discusses alternative approaches.

IMPLICATIONS:

Budget/Policy Framework: A revised Empty Homes Strategy was adopted in July 2009

Financial: No direct expenditure proposals are contained in this report

CAPITAL EXPENDITURE	**2009 2010 £**	**2010/ 2011 £**	**2011/ 2012 £**	**2012/ 2013 £**
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N		When?		
How will the service be funded post expiry?				

Legal:

Risk Assessment:

Asset Management:

CONSULTATION UNDERTAKEN/VIEWS
LD 63/11, The Director of Legal Services has no comments to make on this report.

CORPORATE OBJECTIVE MONITORING:

Corporate Objective		Positive Impact	Neutral Impact	Negative Impact
1	Creating a Learning Community		X	
2	Creating Safe Communities	X		
3	Jobs and Prosperity	X		
4	Improving Health and Well-Being	X		
5	Environmental Sustainability	X		
6	Creating Inclusive Communities	X		
7	Improving the Quality of Council Services and Strengthening local Democracy	X		
8	Children and Young People		X	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Empty Property Strategy July 2009

Letter from CLG 20th May 2009, re Planning Policy Statement 3, to Cheltenham BC

1.0 Background

1.1 At the Cabinet meeting held on the 30th September 2010, Members considered the report of the Planning and Economic Development Director on the findings of the draft Green Belt Study in relation to future development in Sefton, which would be the subject of further consultation. The report also indicated that the results of the draft Study would be incorporated into the Preferred Options Stage of the Emerging Core Strategy, which would be the subject of a further report.

1.2 It was Resolved that;

(1) the report be deferred for consideration at a future meeting to enable the report to be considered by each Area Committee and a presentation on the draft Green Belt Study to be given to Members of the Council prior to the Council meeting on 21 October 2010; and

(2) a report on long term empty homes in the Borough be submitted to a future Cabinet Meeting

This report seeks to address the second issue resolved above.

2. 0 Extent of empty homes in Sefton

2.1 The following table illustrates the level of empty homes based upon Council Tax records as at 1st October 2010.

Total Empty Homes	5788 4.7% of total stock	Source: Council Tax records
Of which Private	4937	
Long-term (6 months and longer) empty homes	2735 2.2% of total stock	Source: Council Tax records
Of which Private	2359	
New build properties [2009-10] of which vacant at [1/10/2010]	56	Source: Council Tax and Building Control records
Empty properties earmarked for demolition	459	Source: [Housing regeneration records]

Appendix 1 provides a comparison to other Local Authorities using Council HSSA Statistics, as at April 2010.

2.2 Using the April 2010 information, at 4.8% the level of vacant homes in Sefton is relatively high compared to a North West average of 3.99%, and is 8th worst out of 39 Authorities in the North West. In terms of long term empty properties, at 2.24%, Sefton is also relatively high compared to an average of 1.94% in the North West, and is 11th worst.

2.3 There has been a small decrease in the number of vacant and long term vacant homes in Sefton, between April and October 2010. It should be noted that the large majority of empty homes are privately owned.

3. 0 Council Response to empty homes

3.1 In July 2009, the Council adopted a revised Empty Property Strategy. This is very much based upon;

- carrying out Risk Assessments of Long term empty properties [6 months+]
- targeting action at a small number of High Risk Category properties, within the target areas of the HMRI area and central Southport
- identifying and working with property owners, or taking enforcement actions, to get owners to take action with their properties [though this doesn't always result in properties being brought back into use, but may mitigate some negative effects of homes being empty].

3.2 This approach is an acknowledgement of the fact that it is not realistically possible to deal with the totality of the problem, given that we work with finite human and financial resources, and that the severity and nature of the problems presented will differ from property to property, as will the solutions.

3.3 The range of actions taken could include the following:

- compulsory purchase orders
- demolition orders
- use of enforced sales
- empty dwelling management orders
- encouraging owners to bring the property back into use

However, each is only suitable in certain situations, and most have either capital, or revenue [or both] resource implications.

3.4 In the current economic climate there are difficulties with some newly built private homes not selling and remaining empty. The Council has actively supported bids from Housing Associations for grant funding from the Homes and Communities Agency to purchase unsold homes wherever that is feasible. Currently the number of identified new-build and unoccupied homes in Sefton [56] is quite low.

3.5 Many of the empty homes (including long term empty homes) are in South Sefton. This area includes areas of housing stress designated as a housing market renewal area. Two Southport wards (Cambridge and Dukes wards in North Sefton) that are relatively deprived areas also contain fairly significant numbers of empty homes. The housing market renewal area of Sefton is a weaker housing market. The housing market renewal programme has concentrated primarily on tackling two sub-areas deemed to have had high housing stress, and progress to redevelop these areas continues. However, the majority of the housing market renewal area has benefited from only low level intervention. These remain weaker housing markets, with relatively poorer housing, socio-economic, environmental, etc, conditions. A high level of empty homes is a symptom of an underperforming market. It is to be hoped that regeneration initiatives that lift areas away from decline will impact positively upon numbers of empty homes as confidence in the area increases.

3.6 It may also be no coincidence that the 2 areas with the highest levels of empty homes, are also those where there is likely to be the greatest proportion of privately rented homes. In a report for New-Heartlands, Nevin–Leather associates recommended the need for some further analysis, including;

- The future role of the PRS and the impact of the growth of this sector on vacancy rates;

3.7 Previous analysis has indicated that 30% of all long term vacant properties in the Borough are in the HMRI area, and Cambridge and Dukes wards in Southport contain approximately 12.5% of the long term vacant properties. Hence nearly half of all long term empty homes are within these two areas

3.8 With many long term empty homes we encounter problems of finding the owners, and getting positive responses from them when we do. With the majority of empty homes being privately owned, virtually all are owned by different individuals.

3.9 Whilst in some cases it really is sensible and less costly to bring an empty home into use rather than fund new build, in many other cases it is not an inexpensive option and/or the empty home is in an area where need and demand is low or it has features which means it does not perfectly meet housing need. One example is empty flats over shops. Bringing these back into use can be fraught with problems around obtaining consents and agreements with numerous freeholders and leaseholders. The refurbishment costs can be high and the resulting accommodation is invariably unsuitable for families, a client group where need is greatest. Furthermore a town centre location where parking is difficult to find means that the accommodation is less attractive to prospective tenants.

3.10 Interventions such as Compulsory Purchase Orders are expensive and with less local authority capital available it is difficult for the Council to pursue this route. Economic renovation of older and poor condition empty homes is difficult to achieve without some form of public subsidy.

3.11 The first test case of Enforced Sale is currently in progress, but outcomes need public subsidy. These can only be used in cases where certain categories of debts are owed to the Council, and recorded as land charges.

3.12 We have yet to utilise Empty Dwelling Management Orders, and in order to obtain these it is necessary to demonstrate that other interventions have been tried but failed, which is no doubt why, nationally, very few authorities have used EDMOs. Another limiting factor is the view that these only tend to work for those properties which need a relatively low level of renovation expenditure – due to their 7 year period, limiting rental income to meet capital payback. The Government have also recently announced that Councils will only be able to use EDMOs in more limited cases. Currently we could pursue an EDMO for any property empty for over 6 months. In future we would only be able to pursue EDMOs where a property has been empty more than 2 years, and it has been subject to vandalism, anti social behaviour or squatting. This will limit the potential use of this mechanism

3.12 Much of our efforts are based upon working with owners, or using enforcement powers to mitigate the negative effects of empty homes. Nevertheless, Sefton does have a Strategy and tool kit. Currently we try to intervene only in 'extreme' cases. However, the scale of the problem is beyond the scale of current financial and human resource levels.

4. Possible alternative approach

4.1 To seek to reduce a greater number of empty homes will require a much more proactive and costly approach.

4.2 All Local Authorities were formerly required to report on a BV Performance Indicator [64] 'Reducing the number of private sector empty homes'.
The last year when this was reported was 2007-8. For Metropolitan LAs;

Mets	
	units
Top Quartile	263.5
Median	183.0
Bottom Quartile	80.5

For Sefton the reported level of reduction in private empty homes was126 units; BUT this figure included properties demolished [HMRI], and these were the majority. Looking at the performance figures of other Local Authorities, a 'target' of 200 properties returned to use per year, is not impossible. However, it is much greater than anything Sefton has previously achieved, and would require us to catapult our service delivery toward the upper quartile of LAs. Given the very limited human and funding resource position we are in, and the reductions in Council funding for all services, it is unlikely we could invest more staff resource to be proactive, as it will have resource implications.

4.3 Members should consider that our current approach [and policy] is about trying to tackle the most problematic, long term empty properties, ie. the ones having most detrimental effect on neighbourhoods. If the Council wanted to pursue a policy based upon reducing the greatest number of empty homes, we would need to think of different approaches to the empty properties in the borough, such as; surveys of owners, mail-shots to owners, offers of advisory assistance, property brokering with developers/RSLs, threats of enforcement, incentive schemes, and other 'good practice' approaches we could learn from. But if the Council switched priority attention toward those at the 'easier to tackle' end of the scale of empty homes, not only would we need to develop other assistance tools and partnerships, but this could present a problem of responding to the service complaints received about the problematic empty homes.

4.4 Following the Comprehensive Spending Review, the Government announced that it is establishing a £100m Empty Property Initiative, with the aim of returning 3000 long term empty homes nationally back into use. It is interesting to note that the Government estimates that currently there are 300,000 long term empty homes nationally. Details of this initiative are yet to be announced, but we know it will be managed through the Homes and Communities Agency, to support housing associations to refurbish empty properties and manage them at an affordable rent for up to 10 years. Officers have begun a dialogue with local housing associations to begin to generate schemes which may be suitable for future bids for a share of this funding. Hopefully this could include some proactive work aimed at a greater number of empty properties. However, given the scale of the initiative nationally, any successful bid and initiative may only tackle a relatively small number of properties locally. A further issue could also be that the HCA have indicated that unit refurbishment costs should not exceed £30,000, while experience in Sefton suggests unit costs are usually significantly higher than this, particularly with older properties.

4.5. In November 2010 the Government published it's consultation on the proposed 'New Homes Bonus' scheme, which was to conclude on the 24th December. This states that the current planning system does not incentivise local authorities to bring empty homes back into use. This consultation asks whether bringing long-term empty homes back into use should be counted as additional supply for the New Homes Bonus. If this is ultimately included in the New Homes Bonus scheme, there may be potential for the Council to earn extra income, where it can demonstrate it has returned empty homes back into use. However, there is a risk that the costs of providing proactive services might be greater than the rewards the Council 'may' earn from this scheme.

5. Vacant Homes and Current Planning Policy Advice

5.1 'Planning Policy Statement 3: Housing', is clear that local authorities should seek to make the most effective use of existing housing. In this regard paragraph 31 is clear that:

'Local Planning Authorities should develop positive policies to identify and bring back into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase orders .'

5.2 In this regard, the clear advice from the Planning Inspectorate at Core Strategy examinations and similar, is that local planning authorities should be aiming to bring down vacant dwellings to a level of 3% of total housing stock, which is widely regarded as the level necessary to ensure the efficient recycling of the existing housing stock. However, the unequivocal advice from CLG is that whilst the reduction of dwelling vacancy rates should be a legitimate priority of all local authorities, bringing back vacant dwellings into use cannot count against any borough housing requirement, as vacant homes already constitute part of the existing housing stock. Specifically, in a Department of Communities and Local Government (CLG) letter from the then Director General of Housing and Planning on 20 May 2009, at the bottom of page 2 and the top of 3 (under the sub title 'Empty homes') he has , inter alia, stated that:

'Bringing back empty homes into use is a key priority for Government and local authorities. But for statistical purposes <u>they do not count towards the indicator of "net additional dwellings",</u> as they are, put simply, <u>not additional dwellings</u>. They are existing

stock that is being brought t back into use. However, local authorities should not confuse this data collection tool as evidence that bringing empty properties back into use is not important.'
(emphasis has been added)

5.3 The above constitutes a very important point of planning policy guidance with regard to vacant homes and one that, as far as we are aware, has remained unaltered with the change of Government last year. Notwithstanding this, and for the avoidance of uncertainly, the Planning and Economic Development Director wrote to the current Chief Planner at CLG on 6 January 2011 asking him to comment specifically on the following:

(i) whether the advice quoted about vacant homes in the CLG letter (referred to above) is still the view of the current Government. If not, could he please advise what is the current Government's view on the matter and where this is documented.

(ii) in the light of (i) above could he please comment on whether the approach suggested by some parties that bringing back the excess of 3% vacant dwellings into use (i.e. 2,500 plus dwellings) in Sefton can possibly count, <u>under any circumstances</u> (and if so, what?), towards meeting some of Sefton's unmet housing needs.

5.4 At the time of drafting this Cabinet report and despite a reminder letter, no reply has been received from the Chief Planner at CLG. Accordingly, if this is forthcoming ahead of the meeting of Cabinet it will be reported verbally, or if not it will be reported as a separate report to a subsequent meeting of Cabinet at a later date.

6.0 <u>Conclusion</u>

6.1It is accepted that it is very important that we bring back into use as many long term vacant homes as possible, in order to both secure the most efficient use of the existing stock and minimise local dereliction. Such an approach needs to be complementary to (although it cannot replace) housing policies in a Core Strategy, which makes adequate provision for new housing. However, given current budget constraints it is unlikely we could increase service levels to bring back into use a large number of empty homes each year.

Appendix1

2010 Housing Strategy Statistical Appendix

LA Name	Vacancy Rate	Total stock	Total vacant	Vacant for regeneration	Vacant for more than 6 months	Long term vacancy rate
Burnley	8.15	40,562	3,305	408	1,214	2.99
Hyndburn	6.37	36,390	2,319	45	1,239	3.40
Manchester	6.14	217,874	13,376	0	5,678	2.61
Liverpool	5.98	214,867	12,858	1,417	6,363	2.96
Pendle	5.95	39,676	2,362	145	1,702	4.29
Salford	5.66	106,717	6,037	..	2,080	1.95
Rossendale	5.24	30,726	1,610	0	844	2.75
Sefton	**4.80**	**124,622**	**5,984**	**183**	**2,790**	**2.24**
Allerdale	4.61	45,069	2,079	0	1,370	3.04
Oldham	4.49	94,789	4,254	636	1,702	1.80
Blackburn with Darwen UA	4.33	59,637	2,585	37	862	1.45
Wirral	4.19	145,544	6,099	251	2,739	1.88
Lancaster	4.11	61,406	2,521	60	807	1.31
St. Helens	4.06	79,317	3,217	0	1,239	1.56
Rochdale	4.02	90,394	3,631	42	1,572	1.74
South Lakeland	3.86	51,932	2,007	0	947	1.82
Barrow-in-Furness	3.72	33,062	1,230	144	640	1.94
Cheshire East UA	3.69	164,955	6,083	36	3,921	2.38
Knowsley	3.68	64,570	2,375	20	677	1.05
Halton UA	3.59	54,407	1,955	0	785	1.44
Wigan	3.47	139,367	4,842	0	2,746	1.97
Ribble Valley	3.33	24,605	820	0	354	1.44
Bolton	3.32	120,921	4,012	0	2,179	1.80
Chorley	3.22	45,706	1,470	0	345	0.75
Cheshire West & Chester UA	3.12	146,626	4,571	1	2,303	1.57
Fylde	3.02	36,248	1,095	80	448	1.24
Bury	2.94	81,160	2,389	0	1,342	1.65
Stockport	2.91	125,667	3,661	0	2,337	1.86
Trafford	2.84	96,511	2,743	0	1,188	1.23
Carlisle	2.80	49,244	1,380	0	860	1.75
Copeland	2.79	32,702	912	0	591	1.81
South Ribble	2.61	47,549	1,240	0	276	0.58
Wyre	2.51	49,671	1,248	0	1,248	2.51
Warrington UA	2.46	87,988	2,163	0	580	0.66
Preston	2.37	59,953	1,421	74	1,347	2.25
Blackpool UA	2.34	69,995	1,640	0	1,450	2.07
Tameside	2.04	98,878	2,019	0	1,858	1.88
West Lancashire	1.86	47,418	880	0	22	0.05
Eden	1.49	25,008	372	0	372	1.49
North West	**3.99**	**3,141,733**	**125,235**	**3579**	**61017**	**1.94**
ENGLAND	**2.85**	**22,847,142**	**650,127**	**7961**	**287558**	**1.26**

Source reference (published on the CLG Website)
http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localauthorityhousing/dataforms/hssa0910/hssadata200910/)
Also it must be noted that the Sefton figure above is a REVISED April 2010 figure- following a review of the previous methodology -rather than the reported one.
It is worth stressing that all of this data (for all LAs) is dependent on Council Tax records and therefore could be potentially open to error.