

EP 03

Ymchwiliad i eiddo gwag

Inquiry into empty properties

Ymateb gan: Scottish Empty Homes Partnership

Response from: Scottish Empty Homes Partnership

Scottish Empty Homes Partnership

Response to the Equalities, Local Government and Communities inquiry into Empty Homes (Wales)

May 2019

Introduction

The Scottish Empty Homes Partnership welcomes the opportunity to respond to your call for evidence to assist in consideration of your inquiry into Empty Homes.

The Scottish Empty Homes Partnership (SEHP) is funded by Scottish Government and hosted by Shelter Scotland. Its aim is to encourage private sector empty properties back into use. We do this in a number of ways: offering advice to individual owners; supporting a network of empty homes practitioners in councils and other bodies; and developing policy and practice ideas. Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help. We're here so no one has to fight bad housing or homelessness on their own.

As an organisation whose focus is on private sector empty properties in Scotland, we have not sought to comment on empty properties in Wales but have instead limited our answers to requests for information and views on the problems caused by empty properties and approaches to dealing with empty properties in Scotland.

Our responses draw on and repeat evidence we recently submitted to the Local Government and Communities Committee in Scotland in response to their call for views on empty homes in Scotland.

Response to questions

Q1: Is enough being done to tackle empty properties in Wales? If not, what needs to change?

We are unable to comment on this question.

Q2: What impact can empty properties have on a community?

Empty homes are a blight on communities and have a negative impact on residents sense of place. Leaving a home empty costs money and loses money for the owner, the council, emergency services and the local economy.

Long term empty homes can have a negative effect on the local property market. They can create buyer suspicion and reduce interest in the area, leading to lower house prices and homes becoming harder to sell, even at reduced rates.

Empty homes are more prone to anti-social behaviour than an occupied home because there is nobody living in the house keeping it secure. Responding to incidents of vandalism and criminal activity carries an immediate cost for local authorities and emergency services. Additionally, after dealing with the immediate break in and/or criminal activity, there is likely to be further work required to secure the property. This work is usually carried out by the council on the instruction of the police, and then recharged to the owner, but if the owner is not in a position to pay, then that cost also falls to the public purse.

Additionally, increasing numbers of empty homes can make fragile communities harder to sustain as they become caught in a downward spiral, where younger generations leave the community to take up employment opportunities elsewhere and this then leads to reduced businesses for local shops and independent traders - already at risk from online retailers or out of town shopping developments – increasing the likelihood of them going out of business and further reducing the appeal of the community to potential newcomers.

With fewer new parents in the area, there is a decline in the need for schools and other parent and children facilities, which eventually may lead to school closure, and the withdrawal of other facilities, acting as a further disincentive to a new generation of potential homeowners and members of the community.

The limited existing workforce resources available and limited ability of the area to attract incomers also serves to reduce the likelihood of new employers moving into the area and establishing businesses there, meaning that the average age of the community increases, while, at the same time, the total population reduces, adding to the economic problems the community is facing and reducing its ability to deal with them.

Every empty home is losing money for its owner. The total cost to the owner of leaving a 2/3 bed terrace property empty has been estimated as between £8,638 and £10,438 per

year¹ This is money lost to the local economy where the owner is living, as well as money lost to the local economy of the area where the house is situated.

Bringing empty homes back into use can help to tackle these problems and reverse trends towards depopulation in small communities.

Q3: How effectively are local authorities using the statutory and non-statutory tools at their disposal to deal with empty properties?

Our answer to this question considers the use of two funding tools available to local authorities in Scotland and comments on their effectiveness.

The tools are the Empty Homes Loan Fund and the Rural and Islands Housing Fund.

Empty Homes Loan Fund. The Scottish Government made available £4m for the Empty Homes Loan Fund in 2012. The fund aims to support a range of projects to bring empty homes back into use as affordable housing, with half of the fund particularly targeted at renovating empty homes in rural areas.

The loan fund was awarded to 17 organisations. The success of this tool has varied between local authorities in part due to the marketing of the scheme, however common issues that have emerged that limit the effectiveness of the loan fund as a tool have included; The loan fund condition of letting the property at affordable rates is not attractive to a private owner in a strong rental market; The terms of the loan can discourage an application; The bureaucracy attached to the loan application; Although the loan is interest free, legal fees and charges to administer the loan can make this finance option uncompetitive.

The Rural and Islands Housing Fund (RIHF) opened in Spring 2016. The fund is made up of 90% grant funding and the remainder in loan funding, which has made the fund more attractive to potential bidders, and also includes a feasibility funding element. The rolling element of the fund, as opposed to a strictly limited bidding window of a few weeks, has helped organisations to apply for the funding, as they are not often able to put a bid together quickly for a short bidding window.

However, the 10k funding limit for the feasibility stage is arguably too low and doesn't reflect the amount of work needed, particularly for larger projects. Architects surveys and reports are one example of something that often can't be undertaken under current funding limits.

The 75k per unit limit in the main fund is also something that prevents community groups from undertaking more ambitious projects, either involving multiple homes, large buildings, conversions, or buildings that are in strong states of disrepair. Instead it can mean that projects have to focus on smaller, easier to refurb properties, which don't have the same ambition of scale to make a real difference at a wider level.

¹ <https://www.no-use-empty.org.uk/newsletter-edition-no-8-10-years/>

In both instances, the current funding limits mean that it is only really private companies that can access the fund for larger projects, as they can offset a lot of the associated costs that are outside the funding, from their general balance sheet and operating costs. For community groups they are either reliant on multiple sources of funding or on good will and people going the extra mile in addition to day jobs, which can often slow down progress even if projects are pursued.

Q4: Do local authorities need additional statutory powers to deal with empty properties? If yes, what powers do they need?

SEHP sends out an annual survey seeking views of key empty homes stakeholders and practitioner groups across Scotland on a variety of issues and practices in dealing with empty properties. A consistent theme in the feedback the Partnership has received from councils via our surveys and other means has been the desire for more empty homes enforcement tools in Scotland.

The main enforcement measure that is currently available is the Compulsory Purchase Order (CPO). However, many councils have been reluctant to apply for CPOs because of concerns about both the cost, timescales and risks of pursuing a CPO. While we recognise efforts made by the Scottish Government to improve processing times once an application has been made for a CPO, there is still a very complex process that has to be followed before an application can be made. By its very nature, this means that a CPO can never be seen as a simple solution or a first choice option for a local authority, and will always be something that comes after other exhaustive attempts to engage the owner and bring the property back into use have failed.

Where other attempts have failed, and the conditions for applying for a CPO have been satisfied, local authorities still need to consider whether they will be able to sell on the property or bring it back into use as social housing before making an application, and this can also mean that a CPO will not be a viable option.

The main additional enforcement power that has been proposed by the Scottish Government, but not yet introduced, is the Compulsory Sale Order (CSO). This power would be a new legal mechanism available to local authorities to require an empty home that has been vacant or derelict, for an undue period of time (as yet undecided), to be sold by public auction to the highest bidder. SEHP has been part of an expert advisory group to explore the opportunities and challenges that a new CSO power presents. We have found that the main advantage that CSOs are seen to provide over CPOs is that the local authority does not have to take ownership of the property, therefore the level of financial considerations involved in deciding whether to proceed are reduced accordingly.

In our 2018 Annual Survey, we asked empty homes officers how many 'no hope' cases they could identify where they believe the Council would use a CSO Power if available. From the responses we received, officers identified 102 cases that they would consider appropriate for a CSO.

Q5: Are owners of empty properties given the support, information and advice that they need to bring properties back into occupation? If not, what additional help do they need?

Whilst we cannot comment on the levels of support, information and advice that is given to owners of empty properties in Wales, experience in Scotland tells us that a dedicated empty homes officer is crucial in delivering an effective service to owners of empty properties and people concerned about empty properties in their communities.

Since the establishment of the SEHP in 2010, 22 of Scotland's 32 local authorities now have dedicated empty homes officers. Our ambition, over our current three-year plan which runs until 2021, is to see a dedicated empty homes officer in every local authority in Scotland.

Our research shows that councils with a dedicated focus on empty homes, bring more properties back into use, in fact in 2017/18 95% of properties reported back into use were in areas where there is a dedicated Empty Homes Officer.

Having a dedicated empty homes officer means that empty homes owners and members of the public concerned about empty homes in their area have a service they can contact for help and support in getting empty homes back into use. It also allows local authorities to develop strategies to deal with empty homes in their areas.

Q6: Is there sufficient awareness of the practical assistance that local authorities can offer to owners of empty properties? If not, how could this be improved?

We have not commented on this question as we do not feel we are suitably placed to comment on levels of awareness and methods used to raise awareness of practical assistance offered by local authorities in Wales.

Q7: Are the skills and resources of housing associations and the private sector being fully utilised to tackle empty properties?

We have not commented on this question as we do not feel we are suitably placed to comment.

Q8: Is enough being done to ensure empty properties can be brought back into use as affordable homes? Are there examples of good practice in this area?

The strategies and approaches to dealing with empty homes vary across Scotland. Of particular note as examples of good practice we would draw the committee's attention to Perth and Kinross.

Perth & Kinross Council's Empty Homes Initiative was initially launched in 2012 as a means to target the 900+ empty homes in Perth & Kinross. The scheme builds on a long standing relationship with private sector landlords offering an incentive to bring empty homes back into use as affordable housing. Empty Homes Initiative Grants of up to £7,500 per bedroom are available to owners of long-term empty properties to bring them

up to the Repairing Standard and/or to undertake work which would be required to obtain an HMO License. On completion of the work there is a requirement for the property to be let at the Local Housing Allowance rate via Perth and Kinross Councils Rent bond guarantee scheme. As such the scheme not only tackles the issues associated with empty homes but also directly contributes to the supply of good quality affordable housing in the area. The success of the scheme has been clear to see in terms of the number of homes brought back into use and the number of households that have benefited from this affordable housing, preventing homelessness and the costs and disruption that would be associated with this.

Additionally, several local authorities have adopted 'Buy-Back' schemes where empty homes are purchased by the council and used to provide valuable additions to affordable housing stock and address the mismatch between the demand from customers and the existing housing stock profile.

One such example is North Lanarkshire, whose Empty Home Purchase Scheme has been developed to help address some of the issues faced by owners and communities in relation to such properties.

The scheme buys privately owned properties that meet at least one of the following specific criteria: There is an identified need for the type and size of property and it is located in a high demand area; The purchase of the property would give the council complete ownership of a block and allow major common works to proceed, and; To meet the particular needs of a household which cannot be met from within the existing council stock.

In addition; the following criteria needs to be met: The property must be sold with vacant possession and be empty at the time of application, and; The combined cost of purchasing and bringing the property up to SHQS letting standard represents value for money to the council.

Following on from the success of the scheme, the council has now commenced a new open market purchase scheme, that will see up to 100 homes, many of which will be ex-council properties, being bought each year to help meet peoples housing needs and increase local housing supply.

The main criteria set against the purchase of homes on the open market would be: There is demand for the type and size of property in that area; The combined cost of buying the property and bringing it up to letting standards would represent value for money to the council; Where the purchase of a property will enable the council to take complete, or majority, ownership of blocks of flats making communal repairs much easier to complete, and Homes purchased would meet the particular needs of households not currently available in the council stock, e.g. homes suitable for people with disabilities.

Schemes such as this may also help to reduce the number of homes becoming long term empty if they act as early intervention where properties may otherwise be difficult to sell or rent.

Q9: Is the power to charge a council tax premium on long-term empty homes a useful tool and is it being effectively used? If not, how could this tool be made more effective?

Since 2013 Scottish Councils have had discretion to vary the council tax payable on unoccupied properties. Initially a discount of between 10% and 50% is required, but after a property is unoccupied for 12 months (or 24 months if being actively marketed for sale or let), an increase of up to 100% may be imposed to encourage owners to bring empty homes back into use. All councils are using these variation powers to some extent, and most are now using powers to increase council tax beyond 100%.

The powers were introduced in The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 and are commonly referred to as 'The Council Tax Levy'. We feel that it is important that money generated by the levy is used to fund projects and initiatives that contribute to bringing empty homes back into use as part of overall work to increase housing supply and address the housing crisis in Scotland, rather than using the money to fund other commitments or make up for other budgetary shortfalls. Where the money is used towards this, local authorities are seen to be acting in the spirit of the legislation and working to actively tackle the problem of empty homes.

Where this tool is used effectively as a carrot and stick approach to encourage owners to bring homes back into use it can be very helpful as a means of tackling empty homes. However, as a blanket charge applied without discretion in individual cases it can have the opposite effect by adding to the financial hardship owners may be facing and further limiting the resources available to them to bring the property back to a condition where it may be suitable for sale or rent.