

Empty Homes Task Force

Health, Social Care and Housing Committee

11 September 2012

1 Purpose of report

- 1.1 'A New Contract with the Capital' the Coalition Agreement includes a commitment to set up a task force to investigate ways to bring empty homes in the private sector back into use. This report sets out a proposed remit and membership for the Task Force and seeks approval to set it up.
- 1.2 The report sets out the actions the Council is currently taking to reduce empty homes and proposals for further actions.

2 Summary

- 2.1 Edinburgh has a relatively low level of empty homes, both in the social and private sectors. There are currently two services provided in Edinburgh, Private Sector Leasing (PSL) and Letfirst, which help owners of empty homes let them out to people in housing need.
- 2.2 Local authorities have some flexibility in terms of the amount of Council Tax discount they apply to empty homes. Edinburgh has already made use of this power and has reduced the Council Tax discount to the maximum 50%. Changes to rules governing Council Tax will give local authorities powers to reduce the discount further and apply an excess charge for long-term empty homes.
- 2.3 The Scottish Government has launched a new Empty Homes Loan Fund and a bid for Edinburgh will be developed in partnership with a housing association or other agency.
- 2.4 It is proposed that a new Empty Homes Task Force is established to look at the various options available to help bring empty homes back into use, drawing membership from the Scottish Empty Homes Partnership, private landlords and managing agents of Letfirst and PSL.

3 Main report

Context

- 3.1 As reported to Health Social Care and Housing Committee on 6 March 2012, Edinburgh has a relatively low number of empty homes in both the private sector and social rented sector.
- 3.2 The latest report from National Records of Scotland shows the percentage of all empty homes in Edinburgh has been steadily decreasing since 2008 from 2.4% to 2.0% in 2011, consistently less than the Scottish average of 2.8%. These figures include all homes which are empty at that point, including many which are empty for short periods as they are between owners or tenants.
- 3.3 It was reported to Health, Social Care and Housing Committee on 6 March 2012 that, at December 2011, 1486 private sector properties were empty for more than six months, which represents 0.8% of all private sector homes. Of these, 967 had been vacant for more than a year. This analysis is constantly being reviewed and refined and may include some second homes where the owner has registered the property as empty rather than as a second home.
- 3.4 In July 2012, 108 Council homes had been empty for more than six months, representing 0.5% of all City of Edinburgh Council homes. The majority of these are undergoing major refurbishment or awaiting demolition as part of major regeneration projects. This small number of empty properties is reflected in the fact that Edinburgh has one of the lowest levels of rent lost due to empty homes in Scotland. In 2011/12, the Council lost 0.7% of rental income due to empty Council homes – the fifth lowest across the 26 local authorities who still own and manage tenants' homes.
- 3.5 The Council has two services which help to make use of private sector properties by renting them to households who are homeless or at risk of homelessness. The Private Sector Leasing (PSL) scheme is managed through Link Group Ltd. This allows owners to convert their homes to private rent for a set length of time in return for a guaranteed income. Letfirst, managed by Orchard and Shipman, helps people who might otherwise find it difficult to access the private rented sector; they also offer assistance to owners who wish to refurbish their property. These services can provide an easier route into renting as they offer the financial security of a guaranteed rental income to owners, as well as providing a management service.
- 3.6 The Council has also helped to reduce the potential for a greater number of empty homes during the recession. It has worked with house builders and housing associations to buy unsold new properties and convert them to affordable homes. Working with house builders and housing associations, a total of 76 new build unsold properties have been purchased since 2010/11. This includes 23 which were purchased with funding from the Scottish Government Innovation Fund, 19 that were purchased through the Council's Housing Revenue Account, 12 funded through the 2010/11 Affordable Housing Investment Programme and 22 funded through the Council's 2012/13 Affordable Housing Supply Programme.

- 3.7 In the first half of 2012, Council Tax data was used to contact owners of homes that had been empty for more than six months. Just over 1,000 owners were contacted and provided with a leaflet outlining the benefits of bringing their homes back into use. It provided details on the range of options through which to rent or sell the property and provided contact details for PSL and Letfirst. This information is also available on the Council website.
- 3.8 Since distributing the leaflet, 32 owners have contacted the Council directly to update the status of their property. Ten owners advised that their property has recently been rented out. Five owners are in the process of renovating their home with the intention of renting or moving into the property upon completion. Several owners advised that their property was actually in regular use as a second home. This information has been passed on to the Council's Revenues and Benefits division so that records can be amended. The Council Tax discount for long term empty properties and second homes is identical. Letfirst and PSL have also received various enquires from empty home owners exploring the options available to them to bring homes back into use.
- 3.9 From time to time the Council receives enquiries from people who have identified an empty home and are interested in either buying or renting it. The Council has no powers to enforce any sale. However, details could be passed on to the owner of the property (with consent). This would allow both parties to consider whether a rental or sale option would work. In some cases it may be financially justifiable for the Council to purchase a property where this would achieve 100% ownership of a mixed tenure block.

Council Tax

- 3.10 Unfurnished empty homes are currently entitled to a six month Council Tax exemption. After six months, homes are classed as long-term empty. Local authorities have the flexibility to offer a discount of between 50% and 10% after the initial six months. The Council currently applies a 50% discount from month seven to twelve and then moves to the minimum discount of 10% from month thirteen onwards. The additional revenue generated is retained by the local authority and ring fenced for increasing the supply of affordable housing.
- 3.11 The Scottish Government recently introduced the Local Government Finance (Unoccupied Properties etc.) (Scotland) Bill to Parliament. This will give local authorities the power to remove any discount for long-term empty homes and apply an excess charge of up to 100% of the standard Council Tax rate for long-term empty homes. It also allows local authorities to charge an additional fixed penalty fee if an owner does not declare their home empty within the six month period. However it is possible that any increase in the Council Tax rate will lead to an increase in evasion. If the Bill is passed, a cost/benefit analysis on the use of these powers will be carried out and reported to the Empty Homes Task Force.

Empty Homes Loan Fund

- 3.12 The Scottish Government launched an Empty Homes Loan Fund on 13 July 2012, with a budget of £4 million for Scotland; £2 million of this will be targeted specifically at empty homes in rural areas. The loan fund is open to bids from any legally constituted body, including local authorities, registered social

landlords and private sector bodies. Collaboration between organisations is encouraged.

- 3.13 It is intended that the loan fund will be used to renovate properties and make them available for affordable housing for at least five years, either as social rent, mid market rent, shared equity or private sector leasing. The loans must be used for homes that have been empty for six months or more and fail at least one aspect of the Repairing Standard, which is set out in Appendix 1.
- 3.14 Bids to the loan fund are to be submitted to the Scottish Government by 3 October 2012. Options for the delivery of an empty homes loan fund have been explored with the Edinburgh Affordable Homes Partnership. The Empty Homes Task Force will be updated on progress.

Empty Homes Task Force

- 3.15 'A New Contract with the Capital' the Coalition Agreement included a commitment to establish an Empty Homes Task Force to look at options for bringing these homes back into use.
- 3.16 It is suggested that the remit of the group is to:
- review current actions to address empty homes in the private sector;
 - take an overview of any service developed following the bid to the Empty Homes Loan Fund;
 - consider using the proposed flexibility for charging higher Council Tax for empty homes; and
 - consider setting up advice and support services for the owners of empty homes.

The group will have no decision making powers, but will be able to make recommendations to the relevant Committee.

- 3.17 The Empty Homes Task Force will be member led, including a nominee from each Group. The Empty Homes Task Force would be able to co-opt additional representatives with a range of experiences and perspectives. This could include:
- Scottish Empty Homes Partnership;
 - private landlord representatives;
 - Link Housing Association (as Private Sector Leasing managing agent); and
 - Orchard and Shipman (as provider of Letfirst service);

4 Financial Implications

- 4.1 There are no financial implications associated with this report. However, actions emerging from the Empty Homes Task Force may have financial implications. The Scottish Government will decide on bids to the fund from local authorities, housing associations and the voluntary sector. Any change to Council Tax discounts would have implications in terms of resources and this will be reported separately following a cost benefit analysis.

5 Equalities Impact

5.1 This report has no negative impact on any equalities groups.

6 Environmental Impact

6.1 Making the best use of the existing housing stock will have a positive environmental impact.

7 Conclusions

7.1 Edinburgh has low levels of empty homes; however, the Council provides a number of services which are available to empty home owners, including PSL and Letfirst. Homeseekers who contact the Council about a specific empty property should be provided with the owner's details where permission is granted. This will help people to work together to make use of empty homes. In some cases it may be financially justifiable for the Council to purchase a property where this would achieve 100% ownership of a mixed tenure block.

7.2 In line with 'A New Contract with the Capital' the Coalition Agreement, an Empty Homes Task Force will be set up to look at further ways to reduce the number of empty homes in the private sector. Discussions will take place to establish if any Edinburgh organisations are likely to submit a bid to the empty homes fund.

Recommendations

7.3 It is recommended that Health, Social Care and Housing Committee agree that an Empty Homes Task Force is set up in line with the membership and remit set out in this report.

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Appendices	1 – The Repairing Standard
Contact/tel/Email	Gillian Campbell: Senior Project Manager, 0131 529 2252, gillian.campbell@edinburgh.gov.uk
Wards affected	All
Single Outcome Agreement	1. Edinburgh's economy delivers increased investment, jobs and opportunities for all 4. Edinburgh's communities are safer and have improved physical and social fabric

Background
Papers

Empty Homes in Edinburgh (Health, Social Care and Housing
Committee; 6 March 2012)
A New Contract with the Capital, the Coalition Agreement Between the
Edinburgh Labour Party and the Scottish National Party
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The Repairing Standard

Chapter 4 of Part 1 of the Housing (Scotland) Act 2006 establishes a Repairing Standard. This applies to any tenancy of a house let for human habitation that is **not**:

- a Scottish secure tenancy or a short Scottish secure tenancy (they are covered by schedule 4 of the Housing (Scotland) Act 2001);
- a tenancy of a house retained or purchased by a local authority under section 121 of the Housing (Scotland) Act 1987 for use as housing accommodation;
- a tenancy of a house included in an agricultural lease of a specified type and occupied by the tenant of that lease;
- a tenancy of a house on a croft; or
- a tenancy of a house on a holding situated outwith the crofting counties to which any provision of the Small Landholders (Scotland) Acts 1886 to 1931 applies.

Under the Repairing Standard a landlord must ensure that:

- **the house is wind and water tight and reasonably fit for human habitation** (taking account of the extent to which the house falls short of any building regulations, because of disrepair or sanitary defects);
- **the structure and exterior of the house** (including drains, gutters and external pipes) **are in reasonable repair and proper working order** (having regard to the house's age, character and prospective life and the locality). Where the house forms part of premises (eg, a flat), this criterion includes any part of the premises that the owner is responsible for maintaining, solely or communally, but the Repairing Standard only applies if any part of, or anything in, the premises that the tenant is entitled to use is adversely affected;
- **the installations in the house for the supply of water, gas and electricity and for sanitation, space heating and heating water are in reasonable repair and proper working order** (including installations outside the house but serving it, and which the owner is responsible for maintaining, solely or communally);
- **any fixtures, fittings and appliances provided under the tenancy are in reasonable repair and proper working order;**
- **any furnishings provided under the tenancy are capable of being used safely for the purpose for which they are designed;** and
- **there is satisfactory provision for detecting and giving warning of fires.**