LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEWS ON EMPTY HOMES IN SCOTLAND

SUBMISSION FROM ABERDEENSHIRE COUNCIL

1. What, in your view, are the main causes of empty homes?

There are a number of reasons why a property may be empty. There are the usual generic reasons, but in Aberdeenshire there are also other factors locally which may have had an impact on the number of empty homes in this area.

Aberdeenshire has two housing market areas – there is the Aberdeen Housing Market Area (AHMA) and the Rural Housing Market Area (RHMA). House prices in the AHMA are generally higher along with higher incomes and this is partly due to being closer to Scotland’s third largest city of Aberdeen, which was dubbed the offshore oil capital of Europe. The RHMA contrasts this with lower average house prices and incomes. A major downturn in the global price of oil a few years ago led to an economic slump in Aberdeen and Aberdeenshire with substantial job losses, business closures and impacts that extended to other industries. The local economy declined and the housing market was affected with house prices dropping significantly and taking much longer to sell than previously in both HMAs. Indeed figures show that in April 2017 the average time on the market (average of all property types and sizes) in Aberdeenshire was 202 days¹ and this had risen to 262 days by April 2018. By April 2019 this had again increased to 313 days². Although the market is still sluggish there are signs that it is improving slowly with sales up by 1.7% in Q3 of 2018 compared with the same period in the previous year³. There is also a reluctance by some owners to sell until prices start to rise again as they don’t want to be in negative equity or make a loss.

Net inward migration has also been on the decline. DWP figures⁴ show that there were 1112 registrations for NINOs (National Insurance Numbers) registered by adults entering Aberdeenshire from overseas in the financial year 2017/18. Of these, 960 applicants were from EU countries. However during 2018/19 total registrations were down by 29.5% to 784, with 673 applications from EU countries, a reduction of 30% of EU applicants on the previous year. Typically, EU migrants tend to rent privately therefore less immigrants may mean that there are less opportunities to rent properties out to this group. Some properties may, although not always, be of a standard that is below the Repairing Standard; anecdotally some sections of the community may be happy to accept this standard of property. Typically properties of a lesser standard may be harder to let becoming vacant and remaining empty for longer periods of time and falling into further disrepair.

The new Private Residential Tenancy which came into force in 2017 under new legislation offers tenants more security than previously. This has possibly resulted in a reluctance for some landlords to relet their property once empty, and the prospect
of becoming a landlord for other property owners may be too daunting. This may also be a contributor to the number of empty homes. Although the new tenancy offers tenants more security it also offers tenants far more flexibility in terms of terminating their lease so there is a higher risk of shorter term lets resulting in more turnover and void periods. Changes to the Repairing Standard that have come into force over the last couple of years in regards to smoke detection and electrical safety may also be a contributing factor for some properties becoming empty. A further factor affecting the attractiveness of the private rental sector for landlords relates to changes in tax relief. Aberdeenshire is a predominantly rural area with a high proportion of remote rural areas. Due to this rural nature there are difficulties in some area with access to public transport, transport links, digital inclusion and employment opportunities. There are also a high number of empty properties in these rural areas which would be typically older and require higher costs to repair, maintain and upgrade, and challenges in terms of procurement - securing contractors and the costs of works, delivery costs etc. Some of these properties may be historic buildings in conservation areas or be listed. If they are in need of repair the problem is exacerbated by the fact that the market value of the property is often less than the cost of carrying out the refurbishment of the building. Owing to these factors, properties are more likely to sit empty.

2. Is this a problem which affects all tenures of housing? Please provide further information to explain your answer.

Empty homes are mostly likely to occur in the private housing sector, however the social rented sector does have its challenges at the moment too. The new EESSH requirements set by the Scottish Government for all local authorities to meet to increase energy efficiency and reduce fuel poverty for tenants has issues associated in meeting this. A high proportion of stock in Aberdeenshire is older and the works required may be significant. The works required to be done to each property are identified when the property is void (untenanted) as they may be extensive and disruptive. As mentioned previously, due to the rural nature of Aberdeenshire, the procurement and logistics of doing the works may impact on the length of time it takes to achieve these works, resulting in some properties being empty for substantial lengths of time. However social rented properties should not come under the empty homes category as there is always a waiting list with applicants in housing need to fill vacancies.

3. What is the impact on communities in areas where there are large numbers of empty homes?

Empty properties can attract vandalism and anti-social behaviour, causing feelings of insecurity in a community, so impacting negatively. It can also adversely affect other house prices in the area. Further disrepair such as damp and structural problems may creep into adjoining properties if not kept in check. They are a wasted resource in
terms of housing and potentially a loss of resources into supporting local amenities, services and the local economy had they had a household living in them.

4. Is the issue of empty homes a problem in particular areas and if so, why?

Empty homes exist across Aberdeenshire and can be a problem in smaller rural towns and can contribute to cause them to fall into decline and in need of regeneration – economic, physical and social regeneration are key drivers in stimulating vibrant town centres creating places where people want to live. With the demise of the high street due to changes in the way we shop, there are more flats above empty shops becoming empty. With the lack of job opportunities and accommodation, people are tending to move away to bigger more thriving towns and cities. This can lead to other properties being low demand to rent or buy and the possibility of these further properties standing empty. Again these impacts will be felt in the community. At a regional level the slowing down in the housing market in the North East means that properties, sometimes empty, are staying on the market for considerably longer.

5. Are you aware of any areas which have made progress in addressing the issue of empty homes and if so, what other local authorities could learn?

Each local authority will face challenges and opportunities that are unique to each area in addressing empty homes. What works in one will not necessarily work in another.

For example one local authority may be quite successful in purchasing properties on the open market, especially if they are former local authority, to bring back into stock. However house prices might be considerably cheaper in that local authority area to enable those purchases, whereas the average purchase price of a residential property in Aberdeenshire was the 5th highest in Scotland in 2017/18, and 21.5% higher that the Scottish average.

North Ronaldsay Trust in the Orkney Islands plan to bring one empty property per year back into use as a “gateway home” to encourage people to move there and experience island life before committing to a permanent move there. This is an inspiring initiative that can contribute to regeneration there and may well work in more rural areas, and indeed the Rural Housing Fund is suited to this type of empty homes work for community groups to undertake.

Working with the Scottish Empty Homes Partnership has been beneficial with the support, information and training tools available. Membership of the Northern Best Practice Group and attendance at regular meetings with other LA empty homes officers is a valuable resource, where ideas, issues and examples of best practice can be shared.
6. How effective are current tools open to local authorities/central government to deal with empty homes? Should they have more powers?

Local Authorities have some tools available to deal with empty homes.

CPOs (Compulsory Purchase Orders) are an effective tool to use if a local authority is considering a certain property that would have an overriding benefit as housing rather than leaving it in its current condition. However, there are legal and financial implications to consider i.e. where does the monies come from for the purchase, compensation for the owner and the refurbishment of the property, as well as the overall time for the CPO if there are any problems encountered such as ownership queries/objections. Accessing an empty home at market value through a CPO is rarely financially viable based on the level of additional investment typically required before a return to the new owner can be made.

CSOs (Compulsory Sales Orders) may prove to be useful but as yet this is unknown due to the legislation still to be approved.

Environmental Health departments have powers under legislation such as Works Notices, Maintenance Orders, Environmental Protection Act (Nuisance legislation), Closing and Demolition Orders, Demolition Notices. Works Notices and Maintenance Orders can be used against empty homes where there are disrepair issues, but it is not an offence not to comply with a Works Notice – it simply allows the council to do works in default. Costs can be recovered but this is not always achievable therefore budget implications need to be considered carefully. Additional powers for these notices e.g. enforcement and penalties may be an effective tool. Closing Orders prevent occupation if a property is below the Tolerable Standard, however these do little to bring them back into use once in place. This is perhaps an area where a new type of notice would be required instead.

Building Standards can issue a Defective or Dangerous Buildings Notice to an empty property owner to make the property safe but again the owner may not do the required works. If that is the case the Local Authority then has a legal duty under that Notice to do the works and try to recover the costs from the owner. If they cannot, then the Local Authority can put a charging order on the property so that expenses can be recovered once it is sold, however that could sit there for potentially 30 years. Research⁶ from the Scottish Government has shown that around half of the costs from charging orders had not been recovered. The enforcement of these orders and effective penalties for non-compliance may be necessary alternative tools to establish.

Funding has previously been an invaluable tool especially where there is a deficit in the value of a building e.g. as provided through CARS and HLF schemes for conservation areas and historic buildings. The Small House Scheme previously operated by NTS was valuable in helping to bring traditional buildings back into
alternative uses. It would be helpful if a similar initiative could be re-introduced alongside the continuation of other funding streams. The reduction of grant funding has had an impact on individual property owners in particular.

7. Should there be more enforcement powers for local authorities/central government to deal with the issue? If so, what could these be?

Enforcement and penalty tools as mentioned previously may be necessary to introduce. This could consist of a Financial Evaluation and Intentions Assessment to see if the owner could afford the works required and what their intentions were for the property in the next two years. If they could afford the works then they should be done with financial penalties if not done within a set period of time. If they cannot afford to do them and/or there were no plans to bring the empty property back into use then the use of a Compulsory Sales Order to be sold at auction could be raised. Alternatives to Closing Orders need to also be considered as once in place the owner can simply leave the building to further deteriorate without any concern of further action.

8. Is there enough information/data to provide an accurate picture of empty homes in Scotland? If not, how could this be improved?

The data produced by Council Tax does not show the tenure or status of a property, the reasons why a property is empty and requires further analysis to find out the length of time the property has been empty. There is significant potential to integrate Council Tax data with other data held on the private sector, such as the national landlord registration database and the Energy Performance Certificate database. This information will become more critical to support the efforts of local authorities in improving the energy efficiency standards in the private sector as part of the obligations under Energy Efficiency Scotland and the new Fuel Poverty strategy.

Certain classes of empties are not reported upon, such as properties exempt from Council Tax due to being subject to Closing Orders, empty former agricultural properties, empty flats above commercial properties which have been empty, for example, for over 20 years as they may have been categorised as storage or something else. Thus they are excluded from the overall numbers reported and the true picture of empty homes may not be realised.

References:

2. https://www.home.co.uk/guides/time_on_market_report.htm?county=aberdeen&lastyear=1
4. https://stat-xplore.dwp.gov.uk/webapi/jsf/tableView/tableView.xhtml#