



Long Term Empty Residential Properties (Private Sector):

Interim Strategy Statement

March 2023

1. Introduction

- 1.1 This new interim Strategy Statement sets out our new approach to proactively tackling long term empty residential properties (LTEP). This forms part of our wider Fairer Westminster Strategy, key goals of which are to make housing more affordable and to make our communities a better, more vibrant place to live.
- 1.2 We believe the current 1,150 properties registered as long-term empty on council tax data is likely to be a significant under-representation and although we don't know the scale of this, the real number is expected to be higher. To date we have had to rely on self-reporting and the council has had very limited resources and powers to check this, which means we do not know with confidence the true number of properties that are long-term empty. Despite all this, even on the basis of these reporting methods, the declared number of LTEP rose by 123% between 2021 and 2022. There is a need to understand this recent rise, more fully assess the wider picture and examine the best ways of tackling LTEP in an area like Westminster which contains some highly affluent areas that are attractive for absentee international investment.
- 1.3 Because of this, the council is now taking a new approach to tackling long term empty properties (LTEP) with the goal of:
 - **Increasing housing supply** (particularly in the private rented sector) and to support the local economy
 - **Improving our knowledge** and understanding of empty properties and about the best ways of tackling them including through building an **alliance of stakeholders** interested in addressing them.
- 1.4 This work over the next year will help shape the scope and focus of a future full Empty Properties Strategy.

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2. Defining Long-Term Empty Properties (LTEP)

2.1 LTEP are those that are substantially unfurnished and unlive in and are generally accepted to be properties left empty for over six months¹. They should not be confused with under occupied or second homes which may only be occupied for a few weeks each year. However, in some cases second homes may become LTEP.

2.2 Many properties are only left empty for a short period, so where councils tackle them, activity focuses on those empty for at least six months. There are many reasons why properties are kept long term empty (i.e. over six months) such as:

- They have been inherited and probate is taking time
- A landlord can't afford to carry out repairs
- They have been purchased to redevelop and work is taking time or has stalled
- Owners are hoping for a rise in the market before selling or they are simply bought as an investment, known as Buy to Leave

2.3 Vacant homes are generally identified through Council Tax data where owners register their property as vacant.

2.4 Data shows that LTEP are generally more prominent in regions outside of London, particularly in the Northeast and Northwest of England. In London they made up 0.9% of the stock in 2021 compared with 1.4% and 1.2% respectively in the Northeast and Northwest². Concentrations outside London have been found in areas with lower-than-average house prices and incomes and high levels of low quality private rented accommodation. In these regions, LTEP can be associated with social and economic decline.

3. Why tackling long term empty properties in Westminster is important

3.1. The council is committed to achieving a Fairer Westminster which prioritises ensuring private and other public sector developers are building more affordable housing as part of their developments, in addition to the council providing more council homes for social rent and genuinely affordable lower rent homes for key workers on its land.

3.2 Long term empty residential properties (LTEP) matter to our residents. The London Housing Strategy³ recognises public concerns across the capital about empty homes

¹[Empty Housing \(England\) \(parliament.uk\)](https://www.parliament.uk/economy/empty-housing-england)

² www.actiononemptyhomes.org/Handlers/Download.ashx?IDMF=ff9ccad5-2b55-4be0-b64e-c3a806b6c69c

³ www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf

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and properties bought by foreign investors and not brought into use. These concerns are shared by our residents.

- 3.3 Most importantly they are a wasted resource at a time of acute housing need across the city and rising rents in the private rented sector. We have identified at least 1,150 LTEP in the city which to put in context is more homes than the city's annual housing target⁴.
- 3.4 LTEP properties can also have a detrimental impact on communities, in terms of attracting anti-social behaviour, negative perceptions of safety as well as devaluing neighbouring properties. They can also impact on the local economy.

4. Long Term Empty Properties in Westminster

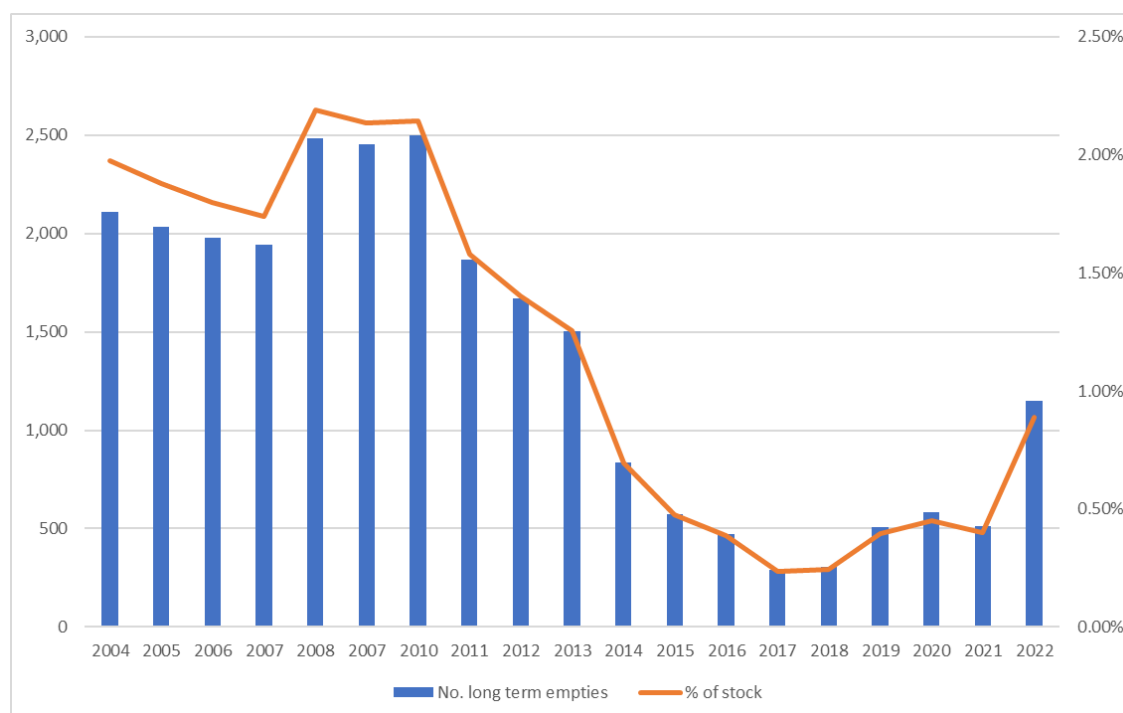
- 4.1 The council must rely on owners or their agents to declare a property empty, and as there is no incentive on them to do this and the council has very limited powers and resources to check, we believe that the that current 1,150 properties (less than 1% of the council's total housing stock) recorded as LTEP on council tax data is a huge underestimate.
- 4.2 Despite this, we also saw a dramatic 123% increase in self-declared LTEP between 2021 to 2022. The reason for this is unclear and it could be part of wider population and market changes arising from the pandemic.
- 4.3 Council Tax data shows that LTEP are in every ward in Westminster but, unlike in Northern towns and cities, a higher volume of LTEP are in the more affluent wards in the city such as Knightsbridge and Belgravia. As a high value area, some parts of Westminster could be subject to Buy to Leave (where investors purchase a property and leave it empty in order to sell it later for a higher price or keep it empty simply as a safe place for their capital), however it is an area which needs more research.
- 4.4 There appears to be a correlation between the ownership of second homes in Westminster and wards with higher occurrences of LTEP but the reason for this is not known. From research conducted by the GLA⁵, we know that LTEP in London are complicated by the interrelated issues of second homes and potential Buy to Leave occurrences and that overall it was unable to establish a direct link between LTEP, second homes and Buy to Leave.

Chart 1: Long Term Empty Properties in Westminster

⁴ [Westminster's planning policies | Westminster City Council](#). The annual housing target is the total amount of new homes that can be developed across Westminster

⁵ [Overseas Investors in London's New Build Housing Market, University of York and Centre for Housing Policy \(June 2017\)](#) and [The Role of Overseas Investors in the London New-Build Residential Market: Final Report for Homes for London \(May 2017\)](#)

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Source: Westminster Council Tax data 2022

Table 1: Empty properties in Westminster 2022

	No Empties	% Occurrence
Empty homes	1,713	1.31%
<i>Of which</i>		
Empty less than 6 months	563	0.43%
Long Term Empty Properties		
Empty more than 6 months, less than 2 years	804	0.61%
Empty 2- 5 years	277	0.21%
Empty 5 – 10 years	45	0.03%
Empty over 10 years	24	0.02%
Total LTEP	1,150	0.87%

Source: Westminster Council Tax data 2022

5. Powers to Tackle Long Term Empty Properties

While local authorities have no statutory duty to tackle LTEP, they have powers to help bring them back into use, not all of which are likely to be effective in a high value area like Westminster. These powers include use of:

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- **Council Tax Premiums** – From April 2020, local authorities have been able to charge a 100% premium on properties that have been empty for 2 - 5 years and a 200% premium on properties empty for over 5 years and 300% of the normal Council Tax for properties that have been empty for more than 10 years. (The council already charges this maximum premium that is allowed).
- **Compulsory purchase orders (CPOs)** – Where the council acquires a property through this route, consent is needed from the Secretary of State and the decision to grant a CPO is subject to a number of rigorous tests, such as it must be in the public interest and result in better housing or lead to housing gain. However, with the average property price in the city at £930,185⁶, large budgets would be needed in more expensive areas to make Compulsory Purchase Orders, if as a last resort they were the only way of bringing a property into use i.e. if negotiation were unsuccessful
- **Empty Dwelling Management Orders (EDMOs)** - The Housing Act 2004 enables local authorities to take over the management of certain LTEP that have been empty for 2 years, and where they are associated with vandalism or anti-social behaviour by seeking an Empty Dwelling Management Order. The local authority must usually charge market rent, but they may charge a lower rent. However, if the local authority does this it can only reclaim a proportion of the rent that they would take to cover other relevant expenditure such as the repair and improvement of the property, the surplus rent being paid to the owner.
- Fewer properties are likely to meet the current EDMO criteria (i.e. they are less likely to be associated with vandalism etc.) in Westminster compared with other areas. Even where the criteria was met (and the council could manage them) many of them wouldn't provide a solution for low-income households on our social housing list or for temporary accommodation for homeless households, as market rents have to be charged. The cost of a median two bedroom privately rented flat in Westminster is £549⁷ per week and the Local Housing Allowance rate (the maximum amount of housing benefit that can be claimed) is well below this, at £365.92 per week
- **Improvement of empty properties** - Councils have a range of powers to improve empty properties under Buildings, Housing and Public Health legislation. Powers include, to:
 - Require the owner to make the property safe
 - Evaluate potential risk to health and safety and to take enforcement action
 - Require the owner to secure a property or to board it up in an emergency
 - Require the owner to take steps to address a property which is adversely affecting the area due to its disrepair.

⁶ UK House Price index, September 2022

⁷ Hometrack 2022

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For some of these measures, where the owner has shown no interest in bringing the property back into use, the authority can step in, undertake the works and reclaim the cost from the owner. A charge can be attached to the property.

- **Planning powers** - The Town and Country Planning Act 1990 allows a local planning authority to use a maintenance notice (section 215 notice) where the condition of land or buildings adversely affects the amenity of an area. The Notice can be used by local authorities to require the owner or occupier to deal with the poor state of a building. Council powers to address LTEP through the planning system i.e. to require new build homes are left empty as part of planning agreements are limited.
- **Grants** - Local authorities have the power to offer owners grants to bring properties back into use using the 2002 Regulatory Reform Order. Grants are used by some boroughs as incentives, or as the owner cannot afford to bring them back into use, but they may not be as attractive in a high value area and if properties are left empty for other reasons. LTEP are in Westminster are generally more prevalent in wards with higher property values (although LTEP are in every ward)

6. **Actions to tackle LTEP in Westminster**

As part of this new interim strategy we are introducing a package of key measures to tackle LTEP. These take into account the different approach that may be needed in Westminster compared with other boroughs, such as because some of the existing powers to tackle them are likely to be less effective. Also some properties could be subject to Buy to Leave, which would also require a different approach.

We will:

1. **Respond to reports of LTEP from residents** by working with owners to understand why properties are left long term empty and to encourage them to be brought back into use, providing advice and support where needed and assessing the approach and course of action which could work best, including the use of legal powers and incentives such as grants.
2. **Provide ways for residents to report LTEP** to the council i.e. through a dedicated email address or hot line. Most homes in Westminster are flats, so LTEP, particularly those that are not run down etc. are not always immediately obvious, making community intelligence important
3. **Provide information for owners of LTEP on our website** encouraging them to bring their properties back into use and setting out the council's role. Information could include, for example, how they can claim a VAT reduction for the cost of refurbishment if their properties have been empty for two years or more
4. **Proactively identify further empty properties across the city**, utilising partnerships with stakeholders and wider data sources, such as information from utility

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companies where possible. We'll consider if commissioning research or working with universities would be useful.

5. **Improve our knowledge of LTEP and the best ways of tackling them** by holding a workshop bringing together partners and stakeholders. The aim is to share best practice and to help develop creative new ways of tackling LTEP and also to make the case on how local authority powers could be improved. We'd also like to understand if private new build properties are being left empty and if there are ways to address this. We also want to identify the most appropriate tools to use to bring properties back into use where owners do not wish to cooperate.
6. **Make the case to Government and work with them on how local authority powers to tackle LTEP could be improved.** EDMO's in particular require reform and are little used. The process overall should be streamlined and the requirement for EDMO's to only be agreed where the property is linked to anti social behaviour etc. rules them out for many LTEP in a place like Westminster.
7. **Improve our knowledge** to help understand the growth in LTEP and their impact by working across the council and with stakeholders to better understand the type and location of them and of occupancy in the city more generally. Using Census and other data, we aim to look into the relationship between the new population estimates and Council Tax and wider data on empty properties. Part of this will be to better understand the socio-economic characteristics that are associated with higher proportions of LTEP and the wider financial and economic impacts.
8. **Align our action on LTEP with our wider Tackling Dirty Money Strategy**, making full use of the new register of beneficial ownership to identify owners and attempt to bring properties back into use.