



# Preventing Wasted Housing Supply

Supplementary Planning Document

July 2015



## Preventing Wasted Housing Supply –Supplementary Planning Document

### 1. Introduction

- 1.1. This Supplementary Planning Document (SPD) will address the issue of so called 'Buy to Leave': when individuals or companies buy new residential dwellings for speculative investment purposes only, leaving the home vacant. This has the effect of removing these new dwellings from Islington's housing supply, as they are not available to be occupied.
- 1.2. It is the council's view that a meaningful number of dwellings in new developments are being bought by investors whose intention appears to be to benefit from capital appreciation only and not to seek rental income. They therefore do not let out their property which therefore does not become part of the available housing stock.
- 1.3. This SPD sets out the indicators that suggest Buy to Leave is a problem, along with evidence gathered from independent reports into the phenomenon. Qualitative information and evidence, along with quantitative proxy indicators suggests that intervention in the form of this SPD is both necessary and justified.
- 1.4. Islington is a very small borough, with no significant vacant sites. It is the most densely populated local authority area in the United Kingdom, according to the 2011 Census. It is a borough which continues to face intense development pressures from different competing land uses. It is therefore necessary to protect scarce land for key priority uses such as housing, and to ensure that supply that does come forward is not wasted.
- 1.5. The SPD does not seek to reduce investor demand for housing in Islington. Rather it seeks to ensure that the housing that comes forward will contribute to meeting housing need within the borough.
- 1.6. In March 2014, the council released a Discussion Paper and Questionnaire on this topic. In December 2014 and January 2015, the council consulted on a draft SPD, informed by the responses to the Discussion Paper. The responses to that consultation have been reviewed and taken into consideration in the minor revisions that have been made to this SPD.

### 2. Islington planning policy

- 2.1. Policy CS12 of the Core Strategy sets out how the council will meet the housing challenge, specifically in parts B and C:

#### **Policy CS 12**

##### **Meeting the housing challenge**

Islington will meet its housing challenge, to provide more high quality, inclusive and affordable homes by:

[...]

- Ensuring Islington has a continuous supply of land for housing by identifying sites in Islington's five, ten and fifteen year **housing supply**. Proposed developments which result in the reduction of land supply for conventional housing will be refused.
- Seeking to meet and exceed the borough **housing target**, which is set by the Mayor of London. The current annual target, which is in the process of being reviewed, requires Islington to build 992 conventional homes, 133 non-self-contained units and to bring 33 vacant homes back into use during the period 2007/8 to 2016/7.

- 2.2. The annual housing targets in the Core Strategy, based on the 2008 London Plan, were superseded by the targets in the adopted 2011 London Plan. These have subsequently been superseded by the targets in the Further Alterations to the London Plan (March 2015). This requires the borough to deliver a minimum of **12,641 homes between 2015 and 2025**, or 1,264 homes per annum.

### **National planning policy**

The National Planning Policy Framework (NPPF) in paragraph 47, states that

47. To boost significantly the supply of housing, local planning authorities should:

use their evidence base to ensure that their Local Plan meets the **full, objectively assessed needs for market and affordable housing in the housing market area**, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the

delivery of the housing strategy over the plan period;

identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;

identify a supply of specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15;

for market and affordable housing, illustrate the expected rate of housing delivery through a housing trajectory for the plan period and set out a housing implementation strategy for the full range of housing describing how they will maintain delivery of a five-year supply of housing land to meet their housing target; and

set out their own approach to housing density to reflect local circumstances.

- 2.3. Islington's Local Plan meets the requirements of NPPF paragraph 47 through Core Strategy policy CS12 (February 2011) and the Development Management Policies, Site Allocations and Finsbury Local Plan documents (all June 2013). These four documents together set out how the borough will meet the full, objectively assessed needs for housing through identifying sites and allocating them for housing, and delivering non-allocated sites through the development management process.

### **3. London Housing Targets and Need for Delivery**

- 3.1. Through the Further Alterations to the London Plan (March 2015) the Mayor of London has revised the overall London housing targets upwards, based on up-to-date evidence. The Mayor undertook a Strategic Housing Market Assessment (SHMA, Oct 2013), which found that London will require at least 49,000 and possibly as many as 62,000 more homes per year.
- 3.2. The target figure for London as a whole (as per 2011 London Plan), on which Islington's Core Strategy was based, was only 32,000; very significantly below

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what the up-to-date evidence suggests is needed. In collaboration with the London boroughs, the Mayor has also assessed housing land capacity across London through a Strategic Housing Land Availability Assessment (SHLAA, 2013). The housing capacity identified in the SHLAA came to a total of 42,000 units across London as a whole, leaving a significant gap between the capacity figure and the minimum need figure of 49,000. The Mayor's SHLAA identified the capacity in Islington to deliver 1,264 units per year which is now our current minimum target, and is slightly higher than our Core Strategy target.

- 3.3. In order to address the gap between the identified capacity and the overall need/requirement in London, the Further Alterations to the London Plan include the figure of 42,000 for London (and within that an annual figure of 1,264 for Islington) as a benchmark, or effectively a starting point, for developing the borough housing targets. The revised London Plan policy adopted in March 2015 directs the boroughs to “draw on” the housing benchmarks in the FALP, and that these should be “augmented where possible with extra housing capacity to close the gap between identified housing need and supply in line with the requirements of the NPPF”.
- 3.4. Just meeting the borough “benchmark” figure included in the London Plan will not be enough to comply with the London Plan and the national planning policy. Rather, each borough will need to undertake their own assessment of housing need through their local SHMA (Islington is currently in the process of preparing such a study) and seek to identify additional sources of housing capacity in order to make effective contribution towards the overall minimum need figure of 49,000 per annum.
- 3.5. This SPD should be seen in the context of the urgent need for all housing supply to contribute towards meeting Islington's, and London's overall housing need. It is imperative that there is no ‘wasted supply’ caused by newly delivered dwellings not forming part of the pool of housing supply.
- 3.6. Islington has very little land available for development. It is therefore challenging to meet the requirement for Local Plans to meet the full, objectively assessed needs for market and affordable housing. Given the challenging target, it is imperative that **all** new housing supply in Islington contributes towards meeting the objectively assessed need for housing as required by the NPPF, paragraph 47. The SPD will apply across the whole borough. All new residential development in Islington, including areas in the south of the borough which are considered to be ‘prime London’ will meet an element of Islington's and London's needs, but only if they are occupied.

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- 3.7. In this context, the Mayor has commented on several occasions that homes should serve their purpose and that this outweighs any role they might have as an investment asset:

*“London homes aren’t some kind of asset class. They aren’t just blocks of bullion in the sky. They should either be lived in by their owners or should be rented out to those who need them.”* – Speech at Mansion House, quoted in Financial Times, 17<sup>th</sup> January 2014<sup>1</sup>

*“What is certainly not acceptable is people who buy homes as assets and keeping them empty as a sort of bank balance in the sky.”* – London Evening Standard, 4<sup>th</sup> June 2014<sup>2</sup>

- 3.8. In addition, there has been an increasing level of recognition across London that vacancy in the existing housing stock is a problem that must be addressed. The London Plan (March 2015) emphasises the need to make efficient use of the existing housing stock in light of the acute housing needs of full time London residents<sup>3</sup>. In addition to resisting the use of the housing stock for non-permanent visitor accommodation, the Mayor is also seeking to reduce the levels of long-term empty (meaning they have been empty for more than six months) homes still further, with the London Housing Strategy 2014 setting out that no more than one per cent of homes should remain empty for more than six months<sup>4</sup>. The London-wide Strategic Housing Land Availability Assessment produced by the GLA in 2014 goes further, reducing the target to 0.75 per cent<sup>5</sup>. In Islington, this translates into an allowance for 22 vacant units returned to use within the annual average housing target of 1,264.
- 3.9. At the London level, Mayoral guidance is therefore clear that empty homes are a wasted housing resource.

## 4. EVIDENCE

- 4.1. A 2014 report<sup>6</sup> by Molior consultancy, for the British Property Federation, presented evidence that in developments of over 20 units in London, over **70% of new-build sales in the £1,000 to £1,500 per square foot range**

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<sup>1</sup> <http://www.ft.com/cms/s/0/6eef7008-7f83-11e3-94d2-00144feabdc0.html?siteedition=uk#axzz3GmlLq54A> accessed 28 October 2014

<sup>2</sup> <http://www.standard.co.uk/news/london/boris-johnson-rich-foreign-investors-should-pay-10-times-the-council-tax-9483332.html> accessed 28 October 2014

<sup>3</sup> London Plan (Greater London Authority, 2015) policy 3.14

<sup>4</sup> London Housing Strategy (Greater London Authority, 2014) section 2.8

<sup>5</sup> Strategic Housing Land Availability Assessment (Greater London Authority, 2014) paragraphs 2.73 – 2.79, pp39-41

<sup>6</sup> Who buys new homes in London and why? (British Property Federation, 2014) p20

were to investors, and over 50% in the £700 - £1,000 per square foot range, shown in Figure 1 below. These two market sectors are the most common in Islington. Research for the report included interviews with prominent developers and agents in the London residential market, as well as data from Molior’s own database. The Molior report acknowledges that some overseas buyers use their apartments in London as ‘a permanently available hotel suite’<sup>7</sup>.

Figure 1:



- 4.2. Data from Savills from 2013 in Figure 2<sup>8</sup> below shows that the proportion of UK buyers goes down as price goes up, suggesting that it is at this level in the market that overseas buyers predominate. The recent significant increases in new build values in the south of Islington may also indicate that a greater proportion of properties are being sold to international purchasers.

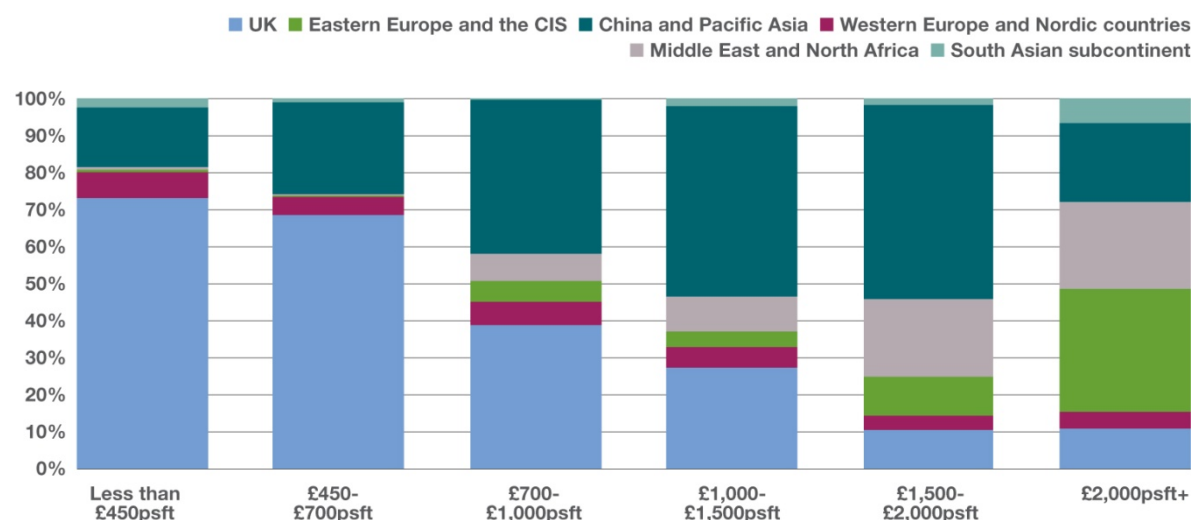
<sup>7</sup> Ibid, p17

<sup>8</sup> Spotlight: The World in London (Savills, 2013), p5

Figure 2:

GRAPH 4

**New build sales in prime London**



Source: Savills Research

4.3. For the avoidance of doubt, the council does not intend to try to limit overseas ownership – this is far beyond the remit of any planning document. Similarly we are not against investor purchasers. Investor purchasers, whether domestic or from overseas, who let out their property on the rental market, are contributing to meeting the need for private rented accommodation – this may have various different consequences for the housing market but this SPD does not intend to deal with them.

4.4. However, where investment purchases pre-dominate, there is a greater chance that an element of this activity will result in ‘wasted supply’ if these investment properties are not occupied by anyone. Where there are overseas purchasers<sup>9</sup> there is a greater likelihood that properties are being purchased for general ‘investment’ reasons (as by definition they are not being occupied by their owners), further contributing to the potential for ‘Buy to Leave’. The SPD measures are needed to ensure that all new housing meets Islington and London’s needs, and will have no material impact on investment purchasers who intend to participate in the rental sector, regardless of their current country of residence.

4.5. In their July 2012 report *London for Sale?* The Smith Institute found that:

“The implication of investing in overseas property for reasons that may not focus on rental return is that much of this property may be empty for all or

<sup>9</sup> ‘Overseas purchaser’ is intended to mean anyone who lives permanently outside the United Kingdom.



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much of the time. Some will simply be left vacant as investors wait for capital appreciation. Other property will be used as a ‘pied a terre’ empty for much of the year. Anecdotal reports suggest that a high proportion is in fact kept empty. Unfortunately quantitative research remains to be done in this area. It is urgently needed.”

- 4.6. As a report prepared for City of Westminster Council by consultants Ramidus acknowledges, “To fully answer the question of to what extent [residential] units are left vacant would require a large-scale primary data collection exercise and, *even then, it would be difficult to establish the true extent of vacancy without the full cooperation of owners and occupiers*” (emphasis added). Based on viability appraisals submitted during the planning application process and published land registry sales values, the council knows that a high proportion of new build units in Islington are offered for sale or sold at a price between £700 to £1,500 per square foot<sup>10</sup>. The Molior data shown in Figure 1 and paragraph 4.1 above indicates that a high proportion of buyers in that price range are investors. Even if a significant proportion will be let to private tenants, if the level of suspected vacancy seen in the developments we have analysed was to be repeated in new developments in the future, there is a risk that a meaningful proportion of Islington’s new housing supply will be left vacant. Savills’ data in Figure 2 shows that at these sales values, overseas buyers are prevalent, further increasing the potential for Buy to Leave activity, subject to the caveats in paragraphs 4.3 and 4.4 above.
- 4.7. There are issues relating to resources and investigative powers for local planning authorities seeking to establish definitively the level of properties being left vacant within the borough. However, there are proxy indicators of vacancy, such as the presence or absence of residents on the electoral roll and census returns.
- 4.8. The electoral roll is not confined to British Citizens as you do not have to be a British citizen to register on the electoral roll. Citizens of the Republic of Ireland, countries in the European Union, Commonwealth and British Overseas Territories living in the UK can register on the electoral roll, as they can vote in some elections. It is considered unlikely that these citizens would opt out of electoral registration, as it is usually a requirement to obtain consumer credit or basic services such as a bank account.

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<sup>10</sup> Based on viability evidence submitted to support planning applications and Land Registry data for recorded sales values for flats and maisonettes across the whole borough between September 2012 and September 2014. Values in the south of the borough are significantly higher. Sales values for flats and maisonettes rose by 23.4% year-on-year in September 2014.

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4.9. Islington’s Electoral Registration department has provided details of the number of registered electors at a representative sample of developments across the borough completed since 2008, in order to investigate the extent of potential vacancy across these developments via this proxy indicator. The developments that have been examined are located throughout the borough, and have a range of different sizes and proportions of affordable housing. It is clear that some buildings have a low level of non-registration on the electoral roll, reflecting a similarity with the overall stock of housing, old and new, in Islington. Some show a level of non-registration that cannot obviously be explained by factors such as non-eligibility or being registered elsewhere (for example students still registered in their non-term-time location).

4.10. Table 1 shows the overall number of units with nobody on the electoral register, across a range of developments completed since 2008.

**Table 1 – Non-registration across whole developments, including market and affordable housing elements**

Development	Postcode area	Units	Zero electors	
			Number	Percent
Bezier Apartments, Old Street <sup>11</sup>	EC2	188	88	42%
24 Leonard Street	EC2	45	26	58%
1 Lambs Passage	EC1	79	42	53%
12A Islington Green	N1	70	34	49%
Worcester Point	EC1	160	72	43%
1 Gifford Street	N1	154	57	37%
Dance Square	EC1	268	90	33%
Northstand Apartments	N5	213	55	26%
9 Clerkenwell Road/25 Goswell Road	EC1	174	44	25%
Eaststand Apartments	N5	111	23	21%
Weststand Apartments	N5	116	17	15%
Stadium Mews	N5	28	4	14%
Southstand Apartments	N5	254	34	13%

<sup>11</sup> Includes affordable housing at postal addresses 7 Leonard Street and 9-15 Leonard Street

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52 Holloway Road	N7	119	9	8%
TOTAL		<b>1,979</b>	<b>595</b>	<b>30%</b>

- 4.11. Table 1 can be compared to the borough as a whole as it includes market and affordable housing. Approximately 40% of Islington’s housing stock as a whole is in the affordable tenure (see more at para 4.12 below).
- 4.12. To get a borough-wide benchmark against which to compare the figures in Table 1, it is possible to use the 2011 Census. The Census investigated the number of dwellings ‘with no usual resident’<sup>12</sup>. It showed that across the whole borough, 4.8 per cent of household spaces had no usual resident. This was identical to Inner London as a whole, but lower than Westminster (11 per cent) and City of London (20.7 per cent).
- 4.13. Taking this 4.8% indicator of non-occupation as a benchmark, which would already include dwellings used as second homes or pieds-a-terre, the significant volume of new development in Islington with much higher indication of vacancy, shown in Table 3, again suggests that Buy-to-Leave is a significant issue.
- 4.14. However it is necessary to disaggregate market and affordable housing in order to get a more accurate picture. Affordable housing is occupied by people nominated from the housing list, and therefore void periods are always minimal, and never purposefully extended.
- 4.15. The council has obtained Land Registry title documents for a selection of developments in order to filter out affordable housing dwellings (including shared ownership) and to explore possible reasons why each dwelling could have nobody on the electoral register. The council examined the developments from Table 1 that had the higher levels of non-registration. Table 2 shows the percentage of market units with nobody on the electoral register:

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<sup>12</sup> ONS defines this term as: “A household space with no usual residents may still be used by short-term residents, visitors who were present on census night, or a combination of short-term residents and visitors.” Therefore a household space with no usual resident may not have been unoccupied on the day of the 2011 Census, but it is not ‘occupied’ in the sense of having a permanent resident, i.e. occupied in the sense that the SPD is using, that someone’s housing needs may be met by residing at the dwelling.

**Table 2: Non-registration in the market sector**

Development	Market units	Not registered	Not registered as % of market units
Bezier	127	75	59%
Dance Square	164	76	61%
Worcester Point	106	69	65%
Gifford Street	119	57	48%
1 Lambs Passage	58	41	71%
24 Leonard St	45	26	58%
12A Islington Green	70	34	49%

4.16. The council has sought to explore potential reasons for high level of non-registration on the electoral rolls in the selection of development schemes in question. Table 3 below shows a further filter of the data in Table 2. The ‘unexplained’ category shows the remainder of units with nobody on the electoral register after the following have been removed from the figures, based on data from Council Tax records:

- Students (assessed through council tax exemption, the exemption goes with the individual, not the address, so indicates occupancy).
- Tenant(s) (where the person registered for council tax is a different name to the leaseholder, we have assumed that the individual registered for council tax is a tenant. A possible reason for non-registration could be that the tenant is not eligible on the grounds of nationality to register to vote, although this is not possible to ascertain without primary data direct from the individual).
- Appears to be operated by a serviced apartment company (this may be unlawful use in breach of planning control, which the council will investigate separately).

**Table 3: ‘Unexplained’ non-registration in the market sector**

Development	Market Units	Unexplained non-Electoral Registration	Unexplained % of market units
Bezier	127	57	45%
Dance Square	164	15	9%
Worcester Point	106	32	33%
Gifford Street	119	10	8.4%
1 Lambs Passage <sup>13</sup>	58	14	24%
24 Leonard St	45	13	29%
12A Islington Green <sup>14</sup>	70	N/A	N/A

4.17. Table 3 shows that even where the council has made reasonable assumptions about possible explanations for non-registration, some developments have a very high percentage of non-registration, which suggests a meaningful proportion of this element of Islington’s new housing supply is being wasted.

4.18. The council is only concerned with dwellings that may be left unoccupied, regardless of the nationality or residence of the purchaser.

4.19. This SPD does not seek to discourage the supply of new residential development in Islington by dampening investor demand. There is a strong economic argument which indicates that investors are likely to seek to derive an income from property they have acquired and therefore the policy is unlikely to have any material impact on investor demand.

<sup>13</sup> *Lambs Passage also has 22 units where the council tax registration suggests dwellings are being used as serviced apartments, which could be a breach of planning controls. The council will investigate these separately, but they are also considered to constitute wasted supply, if they are being let on a short-term basis. This means that the true percentage of units at this development that are potentially being wasted is 36, or 62% of the scheme.*

<sup>14</sup> *12A Islington Green appears to be owned on a purely freehold basis, meaning it has not been possible to use leasehold title deeds to filter out possible explanations for non-registration on a consistent basis with the other developments in Table 3.*

### 5. Viability / Financial Considerations

- 5.1. Islington has the duty as a planning authority to enable sufficient housing delivery in order to meet the objectively assessed need. Paragraph 173 of the NPPF states that plans should be deliverable, and that sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.
- 5.2. Given that the council is proposing to use non-financial measures to mitigate the impact of buy-to-leave, it is not considered that there will be any viability issues. If the requirements set out in this SPD discourage some “buy to leave purchasers” from buying a new build property in Islington in the future, the impact of such potential reduction on the aggregate demand for new build dwellings is likely to be negligible. The demand for Islington residential development is strong, as evidenced in the significant increase in sales values realised in recent years, with potential purchasers located all over the world. Therefore it is highly unlikely that the SPD would have a downward impact on sales values.
- 5.3. The only theoretical financial disadvantage to purchasers is loss of the small ‘new build premium’ that can come with a new dwelling. The buy-to-leave investment concept, in effect, might artificially preserve this premium for a longer period, by postponing the first occupation of the dwelling. This depreciation after first occupation or use is common across many consumer products, as well as housing. It may be the case that some speculators hoping to take advantage of both the ‘rising tide’ of a significant overall increase in capital value as well as retaining the new build premium are put off by the measures in this SPD. However, all other purchasers who buy new build properties and do occupy or rent them out, accept the loss of new build premium and there is no reason why absent investors should be entitled to retain it. In any case, it is considered that the total negative impact on demand for new dwellings in Islington related to this specific point would be negligible and would not have any downward influence on sales values. It is considered that any potential lost demand will not be material given the significant demand from people who wish to either occupy or rent out dwellings.
- 5.4. In any case, the council has explored the relationship between new-build premium and data on rents achieved in Islington in 2012 and 2013. Research carried out for the council by BPS Surveyors suggests that it is likely that the new-build premium retained by potential buy-to-leave purchasers would be matched by rental income in approximately one year.

### 6. Implementation

- 6.1. In the informal discussion paper released for consultation in April 2014, the council explored measures to tackle buy-to-leave, including requiring a financial contribution towards providing replacement dwellings, to mitigate the impact of wasted housing supply. The council has chosen not to use this mechanism. The council is concerned that any financial contribution could be factored into the purchase price, and once the contribution was paid, the vacancy would be legitimised, which would not achieve the objective of reducing wasted housing supply. In addition, Islington does not have sufficient land to build ‘replacement’ housing to mitigate against dwellings lost to Buy to Leave vacancy.
- 6.2. The aim of the SPD is to ensure occupancy to avoid wasted housing supply. The council therefore considers that the most effective way to achieve this is by using a section 106 legal agreement, the provisions of which can be enforced through the courts. This is considered to be the most effective mitigation measure against “Buy-to-Leave” that can be achieved through the planning system.
- 6.3. The council is not concerned with the residency, citizenship or primary address of investor purchasers, and the measures in this SPD are not aimed specifically at purchasers from outside the United Kingdom.
- 6.4. The council considers that the optimal approach would be to apply the measures in this SPD to all developments that create one or more new dwellings. However, the council does not consider it practical to implement the provisions of the SPD for all developments that create one or more new dwellings. The practicalities of requiring a section 106 agreement for every application that includes new dwellings would have significant resource implications. It is considered reasonable to apply the SPD to those applications which will cover the majority of the borough’s new housing supply.
- 6.5. Given the above, it is considered necessary to specify a threshold above which the section 106 agreement set out in the SPD will be sought. Sites over 20 units deliver vast majority of housing in the borough. Data included in the 2013 Annual Monitoring Report (published in July 2014 ) shows that the current housing development pipeline<sup>15</sup> is made up of 375 schemes which

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<sup>15</sup> sites with extant planning permission for residential development, some of which are under construction and others have not commenced yet

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together will deliver a net total of 4,300 residential units. Only 28 schemes out of 375 are for 20 or more homes, but the total delivery from the 28 schemes is 3,544 units, which is equivalent to 82% of the housing pipeline.

- 6.6. Therefore a 20-unit threshold is considered appropriate as it will be practical to implement, and will cover most of the new residential development envisaged in Islington over the next five years. This 20-unit threshold will be monitored and may be adjusted up or down in subsequent revisions to this SPD or Local Plan revisions.
- 6.7. **The SPD will apply to new residential developments of 20 units and over across the whole borough.**

### Implementation through Section 106 agreement

- 6.8. For developments of 20 dwellings or more the council will require a Section 106 agreement to be entered into by the Owner which requires the owners of individual dwellings within the development to use and occupy the individual dwellings as a dwelling house or to ensure such use and occupation. The freehold / head lease owner (as the case may be) of the development will be required to include such an obligation in the lease/sub lease of the individual dwellings and to provide the council with reasonable evidence of compliance with this obligation. The Owner or developer will be required to publicise the details of this obligation in their sales material and ensure that prospective purchasers are aware of the obligation. Unless the context otherwise requires the definition of owner set out in section 336(1) of the Town and Country Planning Act 1990 applies.
- 6.9. Given the acute need for housing delivery in Islington, along with the borough's constrained land capacity, the council considers that the planning obligation contained in this SPD is necessary, reasonable and justified.
- 6.10. The Section 106 agreement will be based around the following indicative heads of terms which may be further adapted in the light of experience in securing the objectives of the SPD:

**The obligations set out at paragraphs 6.10.1- 6.10.3 shall apply from the date which is 6 months after the date of first purchase (or practical completion of the dwelling whichever is the later).**

- |         |  |
|---------|--|
| 6.10.1. | <i>Dwellings shall be fully furnished and equipped for use as a home.</i>  |
| 6.10.2. | <i>Dwellings shall not be left unoccupied or unused as a dwelling house for any continuous period of 3 consecutive months or more.</i> |



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- 6.10.3. *In any period of 3 consecutive months the dwelling shall be occupied for at least 14 days.*
- 6.10.4. *The owner shall provide reasonable evidence of the above on request from the council.*
- 6.10.5. *The freehold owner and/or head leasehold owner shall include the obligations at 6.10.1- 6.10.4 in any lease / sublease of an individual dwelling.*
- 6.10.6. *The freehold owner and/or head leasehold owner shall include details of the obligations in 6.10.1 – 6.10.4 in any sales or marketing material.*
- 6.10.7. *The freehold owner and/ or head leasehold owner shall provide the council on request with such information as it shall reasonably require in respect of the obligations at 6.10.1 – 6.10.6.*

- 6.11. The council proposes to consider the following as evidence of occupation, although each case will be considered on its own merits with the council giving such weight to any evidence submitted as it considers appropriate, and evidence other than that set out below will, so far as relevant, be considered:

- 6.11.1. *Tenancy agreement for more than 3 months together with evidence that the tenants are paying council tax.*
- 6.11.2. *Evidence that persons use the address for registration for health (GP, hospital or similar) education (nursery, primary, secondary or further) social services, church electoral roll or other similar.*
- 6.11.3. *Persons living at the property registered with that address are on the electoral roll.*
- 6.11.4. *Evidence of the consumption of power consistent with the required level of occupation (for example utility bills etc.)*
- 6.11.5. *Records kept by the freehold owner and/or head leasehold owner of the building (for example records kept by the concierge of deliveries to and collections from the dwelling and any other verifiable records.)*
- 6.11.6. *Other verifiable evidence.*

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- 6.12. There may be exceptional circumstances where the lack of occupancy in a property for a particular period of time might be acceptable, such as severe damage to a dwelling, and these cases will be assessed on a case by case basis.

### **Proposed enforcement of the SPD**

- 6.13. If the council suspects a breach of the S106 agreement, or if an allegation of a breach is received, it will investigate. The council will seek to establish whether on the balance of probabilities the dwelling is occupied and used as a dwelling house. Evidence that will be considered is outlined above in paragraph 6.11.
- 6.14. If expedient the council will seek to enforce the terms of the S106 including obtaining an injunction to enforce compliance with the terms of the section 106 agreement.

### **Council's lettings agency**

- 6.15. The council has set up a Lettings Agency, which can help with placing tenants in residential accommodation in Islington, should purchasers be unable or unsure how to go about finding a tenant for their property. There will be no requirement to use the council's agency to find tenants, but it will be available if necessary, to ensure that investment purchasers do not experience barriers to ensuring occupation.

## **7. Consultation and alternative options**

- 7.1. As outlined in paragraph 6.1, in the Discussion Paper which was consulted on in Spring 2014, the council considered requiring a financial contribution to offset the impact of wasted housing supply, but this approach has not been taken forward.
- 7.2. Another alternative approach to ensuring housing supply is not wasted through vacancy is to use Empty Dwelling Management Orders (EDMOs). This is a legislative mechanism set out in the Housing Act 2004. The council investigated how it might use the EDMO regime to bring vacant dwellings back to use. It is considered that EDMOs would not be an effective or practicable way to achieve the objective of this SPD.