

Empty homes



Council action to tackle empty homes

A practical guide to empty homes, and options for bringing them back into use

Council action to tackle Empty Homes

There are a number of reasons why councils take action to bring empty homes back into use. Long term empty homes have a negative impact on surrounding homes and areas, and while tackling empty homes will not provide a solution to the need for new homes, it is an important part of making best use of the existing housing stock.

Tackling empty homes can also:

- improve housing conditions and reduce anti-social behaviour,
- reduce pressure on the existing housing stock,
- provide opportunities for local suppliers in the property and construction trades, and on a larger scale can support training and employment,
- help create partnerships with housing associations and the private sector.

Renewing empty homes is one strand of a bigger housing picture, but it is an issue where council involvement can lead to visible and practical action.

This paper looks at the options for bringing empty homes back into use, and draws on the experience and practice of a range of councils. Just as there is no typical empty home owner, there is no standard response and councils will need to use a range of tools and actions to support this area of work.

The paper also sets out proposals that will make it easier for councils to bring empty homes back into use by removing barriers and streamlining legislation.

Section one – where are the empty homes?

There are 709,426 empty properties in England¹. About one third of these, around 260,000, have been empty for six months or more. Bringing these properties back into use would meet approximately one year of the government's estimate of housing need, or would equate to two years of new builds at the current rate².

The vast majority of the empty properties in England are in the private sector. Just under 10%³ are local authority owned.

There are significant regional variations in the number of empty homes. The contributions that tackling empty homes can make varies significantly across the country. For example, in the North West and East Midland regions, empty homes equal 24% and 22% of the waiting list respectively. However in others, for example London, this would have a much more marginal impact.

¹ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants#live-tables>

² 115,620 completions in the 12 months to December 2012

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/86119/House_Building_release_-_December_Qtr_2012.pdf

³ All figures in this paragraph from <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants#live-tables>

Table 1: Regional breakdown of empty homes and households on council waiting lists (taken from DCLG housing statistics⁴)					
Region	Total dwellings	Total empty, 2011-12	Long term empty (over 6 months), 2011-12	Council waiting list, 2011-12	Long term empty as proportion of waiting list
North East	1,186,982	44,960	18,597	86,919	21%
Yorkshire & Humber	2,336,965	88,910	32,901	227,536	14%
East Midlands	1,989,361	64,503	24,143	106,719	22%
East Of England	2,556,412	69,654	23,868	190,911	12%
London	3,411,821	72,457	24,226	380,301	6%
South East	3,722,317	98,313	30,590	243,220	12%
South West	2,418,746	68,973	21,393	185,757	11%
West Midlands	2,387,061	72,289	26,637	188,365	14%
Northwest Total	3,168,731	130,081	57,487	238,808	24%
England Total	23,178,396	710,140	259,128	1.8m	14%

Section two: what can councils do about empty homes?

The reasons why homes are left empty for more than six months vary, although we can use the figures on the exemptions from council tax to gain an understanding of the picture of empty homes⁵. In 2012:

- 34% of council tax exemptions were for properties that were empty and unfurnished for a period up to 6 months,
- 4% of homes were exempted due to requiring major repair for a period up to 12 months,
- 9% were exempted because the letter of probate or administration had not been issued.

Some of the activities that councils can do will address all of these issues to encourage the home to be brought back into use, for example providing information and referrals to home owners. Others will be particularly relevant to properties in need of major renovation, for example providing grants and loans. These and other options are described below.

⁴ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants#live-tables>

⁵ <https://www.gov.uk/government/publications/council-taxbase-2012-in-england>

Provide information

Councils can offer a range of information on empty homes, including:

- providing information on options for renting, selling and refurbishment for owners. This could include information on financial support and tax rules,
- making it easy for residents to report empty homes, for example via online forms,
- referring owners to local partners and organisations providing professional advice such as empty homes partnerships and landlord accreditation schemes.

Examples of these can be found in the next section and in the “useful links and resources” section at the end of the paper.

Issues to consider:

- What contribution could empty homes make to the housing needs of the area?
- What resources could the council use to support work on empty homes?
- What are the opportunities to work with local partners? Local community and voluntary sector group can access different funding streams and may bring wider social benefits, for example in providing training opportunities. The Empty Homes toolkit published by the Homes and Communities Agency has extensive advice for voluntary and community groups.

Council tax levers

The Local Government Finance Act 2012⁶ gave councils greater discretion over the amount of discount applied to council payments for empty homes, and the power to introduce an empty homes premium on homes that have been empty for over two years.

Ipswich Borough Council has changed the discount on empty homes undergoing major works from 100% discount for 12 months to 10% discount for 12 months. Empty and unfurnished properties now qualify for a 50% discount for 28 days, instead of 100% discount for 12 months⁷. Ipswich have seen a rise in the number of empty homes returned to use since introducing a new toolkit in April 2012, and the council tax changes form part of a range of activities including grants and leasing schemes.

⁶ <http://www.legislation.gov.uk/ukpga/2012/17/contents>

⁷ http://www.ipswich.gov.uk/site/scripts/documents_info.php?documentID=586, applies to Class A and Class C council tax exemptions

Cornwall Council and **Leeds City Council** are among the councils charging an additional 50% on council tax rates for long term empty homes⁸.

Cornwall report that a number of empty property owners have come forward with previously unknown information about their properties since the introduction of the council tax premium. This has improved the accuracy of the Council's data on the housing stock and facilitated greater engagement between empty property owners and the Empty Homes Team. However, in some cases, the premium may result in a property being empty for longer where an owner is undertaking refurbishment works because their available funds are likely to be absorbed by the increased Council Tax.

Working with probate cases

Cases in probate formed 9% of the council tax exemptions in 2012. The period following bereavement can be a sensitive and difficult time and councils will act with care and concern for the owners. Some probate cases can become complicated and drawn out, and councils may decide to step in if no action has been taken within an appropriate period of time.

A 3 bedroom house in **Birmingham** was left empty after the death of the owner. The garden was overgrown and infested with rats, bringing complaints from the neighbours and blighting the surrounding area. In this case the owner left a will and appointed an executor, but the executor did not take any action with the property. The Council first contacted the executor in 2003 but despite repeated requests the property remained empty and continued to deteriorate. After 5 years the council sought authority for a compulsory purchase order (CPO), which was granted in 2008. The property was sold at auction and is now in use as a family home.

A probate case in **Reading** involved two sisters who left their late mother's house empty for 10 years after her death, although keeping it in good order. The daughters were reluctant to engage with the council and address the issue of what to do with their mother's house, finding the prospect of selling it too daunting on an emotional and practical level. Some sensitive advice from the Council on the options for selling brought them to a decision to sell the property, knowing that it could be sold to someone who would care for the property and use it as a family home.

⁸ <http://www.cornwall.gov.uk/default.aspx?page=33394>, <http://www.leeds.gov.uk/residents/Pages/Empty-properties-and-the-Council-Tax.aspx>

Encourage repair and regeneration

As noted above, 4% of council tax exemptions in 2012 were for homes requiring major repair. Owners who are willing to bring empty homes back into use may face practical barriers in doing so. The cost of renovating the property can be an issue, and owners may be daunted by the process of selling or letting their property. Councils can offer practical support in some cases. There are various models in use, some of which help owners to use the value locked up in their property to fund the cost of renovation.

Providing grants and financial incentives will require an upfront budget, although this can be recycled or used as a lever to bring properties into leasing schemes.

City of York Empty Property Loan

The empty property loan is provided on condition that the property is let for a minimum of 5 years through “YorHome”, the Council’s Social Lettings Agency. Owners can access free technical advice and the loan is repayable at the end of the agreement based on a percentage model. York is using the loan scheme to help an owner turn an empty shop and flats into 6 properties to be let through YorHome.
www.york.gov.uk/housing/private_housing/Empty_properties/

Kent No Use Empty Loan Scheme

The Kent “No Use Empty” programme offers loans up to a value of £175,000 per applicant. Loans are offered up to 90% loan to value with a 1st or 2nd charge being placed on the property (or another property with sufficient equity). The property must be brought up to meet decent homes standard and must be let or sold on completion of the works. Kent charge an application fee, typically £480 and conduct an initial meeting and site visit to support the loan application process. Kent have processed over 110 loan applications and note that many commercial lenders have withdrawn from the market or will only lend up to 60% loan to value.
<http://www.no-use-empty.org/loan-scheme-facts>

London Borough of Enfield empty property renovation grant

Enfield grants pay up to 25k per property, on condition that the property is let through an approved housing association for 5 years. The renovation grant is funded by income from the New Homes Bonus.

http://www.enfield.gov.uk/info/913/housing-empty_residential_properties/290/housing-empty_private_residential_properties/2

Sheffield Council has introduced leasing and purchasing options for empty home owners. The purchase scheme aims to refurbish 31 properties between 2013 and 2015.

<https://www.sheffield.gov.uk/in-your-area/housing-services/private-sector-housing-empty-properties/help-for-owners-of-empty-properties/houses-into-homes.htm>

Ipswich Council’s Empty Homes Toolkit includes grants for landlords and first time buyers. The First Time Buyers Empty Homes Grants are available to first time buyers whose mortgage is over 80% and have less than £7000 savings. The grant

can be used to fund major works on properties that were previously empty for 12 months. Ipswich have also set up an Estate Agency Discount Scheme, offering reduced fees for empty homes owners and free submission to auction.

Stoke City Council announced plans for a pioneering regeneration scheme funded by the city council and Government to revamp empty council-owned properties which have fallen into disrepair. The city council will initially cover the cost of refurbishing the homes and will sell them for just £1 to local residents. However, buyers meeting the eligibility criteria will have to pay back the cost of the refurbishment over a set period of time.

http://www.local.gov.uk/web/guest/housing/-/journal_content/56/10171/3979742/ARTICLE-TEMPLATE

Partnership with housing associations and the voluntary sector can also be an opportunity to regenerate empty homes, and bring about some wider social benefits including opportunities for skills and training. There may also be scope to work in partnership with a local housing association or voluntary group. A leasing arrangement with a local housing partner can be attractive to owners and councils, providing owners with an income and a management service in return for allocation rights.

“Our Croydon” is a social enterprise working with the London Borough of Croydon to bring empty homes back into use. The refurbishment provides work for skilled local tradesmen and placements to people from disadvantaged backgrounds.

<http://ourcroydon.org/>

Groundwork, Rochdale Boroughwide Housing and Rochdale Council have established the Housing Refurbishment programme. The refurbishment of empty homes will provide skills, experience and qualifications for trainees.

<http://www.northwest.groundwork.org.uk/oldham--rochdale/news--events/news/2012/trainees-start-empty-homes-ref.aspx>

Exeter City Council secured funding from the Homes and Communities Agency to bring 15 long term empty properties back into use. The Council will work alongside Chapter 1, a housing association who will provide housing and management support and their partner Shekinah Mission based in Plymouth who provide work, training and volunteering opportunities for vulnerable homeless people.

http://www.local.gov.uk/web/guest/housing/-/journal_content/56/10171/3845139/ARTICLE-TEMPLATE

Redcar and Cleveland Borough Council and Coast and County Housing are working with social enterprises to turn empty homes into affordable homes and support apprenticeship and training for young unemployed people.

http://www.redcar-cleveland.gov.uk/pressrel.nsf/published/march_2012_empty_homes_scheme_bringing_rundown_properties_back_into_use

Plymouth City Council Empty Property Sale Procedure

Plymouth City Council has set up a process to connect empty homes owners with developers. The Council sends the property details to developers on behalf of the owner and can arrange and conduct viewings. Developers submit sealed bids to the Council and these are passed to the owner for consideration. The process can be done in 2-3 weeks and the owner has no fee to pay. Once a bid is accepted the two parties are put in contact and proceed with the sale as normal. Plymouth formalised the process in January 2013 and have completed 3 processes to date with another 2 in progress. For more information contact plymouthcc.dhseht@plymouth.gov.uk

The PLACE Grant scheme from **Chelmsford City Council** can provide a grant of up to £50,000 for refurbishment. A condition of the grant is that the property is let through Genesis Housing Association for three years.
<http://www.chelmsford.gov.uk/empty-homes-grants-0>

Enforcement

In some cases encouragement by itself will not be enough and councils will need to take action through the range of legal powers open to them. There are a range of legal powers that are available to councils. The most frequently used in empty homes cases are detailed below.

Issues to consider:

- Enforcement action may incur some financial risk and costs.
- A budget may be required to cover the upfront costs of refurbishment , legal action and compulsory purchase.
- Effective empty homes enforcement requires experience and subject knowledge. This could be provided in house by the council, or developed as a joint approach with other councils or RSLs.

Compulsory Purchase Orders (CPOs) allow local authorities to acquire land or buildings where there is a justified cause. A CPO will ensure that a property is sold on, but it is a legal process that will require an investment of time and resources, taking between 6 and 18 months to carry out.

Since 2007, the **London Borough of Enfield** has approved 27 CPOs as part of it's Empty Homes Strategy. Most properties have been returned to use without running the full course of the CPO. Enfield have seen the process through to the end for 8 properties, 7 of which have been refurbished and are now re-occupied.

Enforced sales procedures. There are nine pieces of legislation that cover grounds for action, from drainage to unsecured buildings. Procedures can include sale but may also lead to prosecution, work carried out in default and cost recovery. Enforced sales procedures can be effective in dealing with empty homes, but they require investment of time and resources in legal fees, and may involve some upfront costs to make the property safe and secure. The council can recover reasonable costs through the sale of the property.

Swansea City Council used the enforced sale process to tackle an empty property which was attracting anti-social behaviour. Attempts to locate the owner, last heard to be living overseas, had failed. The Police had been called to the property on a number of occasions to deal with disturbances and on a few occasions found unattended fires within the property. The property was occupied by squatters and used as a sort of doss house. The Council served a notice on the owner under the Environmental Protection Act 1990, s80 to repair defective rainwater goods which were causing damp to the adjoining property. As this work had been carried out in default the debt was used as grounds for the enforced sale of the property. Swansea report that enforced sale was appropriate in this case where the property had fallen into disrepair and was causing a great deal of anxiety to local residents.

Empty Dwelling Management Orders (EDMOs) allow councils to temporarily take ownership of the property with the intent to bring it back into use as a rented home. The leasing arrangement lasts for up to 7 years and can be terminated by the owner at any point. This type of action is best suited to properties requiring minor repairs, as the council must pay the initial cost of refurbishment and recoup the cost from rental income.

A small number of councils have used EDMOs to good effect, however overall the use of EDMOs is low with only 43 authorisations between 2006-11⁹.

Swale Borough Council used an EDMO to support a property owner who was unable to sell due to negative equity, neighbour issues and the prohibitive cost of renovations. The Council secured an interim EDMO with the owner's consent, and arranged the works and short term letting. This avoided the repossession of the house. The debt was repaid and the owner is still letting the property, enabling him to meet his liabilities. The recent changes to EDMOs requiring properties to be empty for 2 years instead of 6 months would have prevented the council from acting, and the owner would have lost his home.

Section 3 considers how these powers could be simplified to make them more effective in tackling empty homes.

Resourcing empty homes work

Resourcing support and enforcement activity is an important activity to consider. There are a number of incentives, funding streams and powers that may be relevant.

- The power to introduce an empty homes premium (more information on the premium can be found on page 4)
- The New Homes Bonus is payable on long term empty properties brought back into use. Use of the bonus is not ringfenced.
- Empty homes funding is allocated through the Homes and Communities Agency¹⁰.

Central government funding for empty homes has largely been allocated through bidding processes (notably phases 1 and 2 of Empty Homes funding allocated through the Homes and

⁹ www.parliament.uk/briefing-papers/SN04129.pdf

¹⁰ <http://www.homesandcommunities.co.uk/ourwork/empty-homes-round-two>

Communities Agency). These processes take time and resources and add uncertainty therefore undermining a long term approach to tackling long term empty homes.

Local authorities already work to join up funding streams to tackle empty homes with wider regeneration initiatives and housing strategy. The LGA is arguing that funding for empty homes should be devolved to local authorities to ensure a more cost effective use of public money and allow local authorities to focus on delivery rather than bidding rounds.

Derby City Council has developed a twin track about to Empty Homes, focusing on empty homes that attract the New Homes Bonus and “core” empty homes work on homes that do not attract the bonus but are of concern to the community due to blight and anti-social behaviour. Derby “topslices” New Homes Bonus (NHB) funding to support the delivery of the Empty Homes Strategy and to maximise NHB results in future years. Since 2011, the Empty Homes Service has contributed to income in excess of £3million from the empty homes element of NHB and assisted in the recovery of in excess of £100,000 of debt associated with empty properties.

Section three: what more could be done?

In a time of limited resources, front line council support should be focused on identifying empty homes and working with local residents to find creative solutions. Central government can help with by reducing the amount of bureaucracy created by complex and poorly drafted legislation, and devolving decision making to the local level.

Our suggestions for simplifying and streamlining the legislation are set out below.

Compulsory purchase orders

Councils report that the existing CPO process is complex and places financial liability with the local authority even in circumstances where the CPO is on behalf of a third party. Analysis from a 2011 report indicates a downward trend in the use of CPOs for both planning and housing matters, with a total of 98 submitted in 2011¹¹. The same report also reflects a reduction in the number of local authorities using CPOs.

The CPO process was not designed with empty homes in mind, and there are some revisions that would help councils to use the process more effectively for long term empty homes.

1. Reduce the financial liabilities and costs for local authorities by removing the requirements to pay compensation on long term empty properties (currently 7.5% of the property value, up to £75,000) and enabling local authorities to formally share costs and liabilities with a third party.
2. Remove unnecessary requirements including the requirement to seek Secretary of State Approval for a CPO on a long term empty property.

¹¹ <http://www.compulsorypurchaseassociation.org/files/CPO-report-July-2012.pdf>

CPO powers are currently limited in their scope. We would like to see an extension of the powers to allow for the leasing of long term empty homes.

Councils should be enabled to acquire a time limited leasehold, enabling it to undertake refurbishment work to the property and bring it back into a habitable state. The authority would then recoup its investment through rental income over the set time period. The authority might also acquire nomination rights over the property for this period.

Empty Dwelling Management Orders (EDMOs)

The EDMO is the only legislative tool designed specifically for long term empty homes. They have not been widely used, and many councils are put off by the cumbersome process and financial risk.

EDMOs should be amended to:

1. Remove unnecessary tests on EDMOs, for example the extended time period before an empty property can be considered for an EDMO.
2. Reduce financial risk and costs for local authorities, for example giving greater security on their ability to recoup of the cost of remedial works.

Further reading and useful resources

LGA Housing case studies

Case studies on a range of housing issues including empty homes

http://www.local.gov.uk/web/guest/housing/-/journal_content/56/10171/3845114/ARTICLE-TEMPLATE

The Empty Homes Network

A membership network for empty homes practitioners

<http://www.ehnetwork.org.uk/>

Homes and Community Agency

Resources include an empty homes toolkit and case studies

http://www.homesandcommunities.co.uk/empty-homes-toolkit?page_id=&page=1

Empty Homes Charity

Statistics, advice for community groups and information on loan schemes

<http://www.emptyhomes.com/>

No Use Empty programmes

The original No Use Empty programme from Kent has been adapted by Bristol and councils in the West of England. Both websites are full of information and advice for home owners and local residents

http://no-use-emptywest.co.uk/site/home_1.asp

No Use Empty Kent website

<http://www.no-use-empty.org/>

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