

Introduction

The Empty Homes Network welcomes the work of the Housing Task Force. We are grateful for the opportunity to submit our views. Representatives or members of the Empty Homes Network attended all of the round-table meetings in the work-stream related to making best use of existing stock.

We have used our submission regarding Clusters of Empties to highlight the wider issue of empty homes and suggested the need for a strategic approach rather than an 'issue-specific' approach. Here we focus more narrowly on the specific issues associated with making better use of redundant commercial property..

Principles

Keep the horse before the cart. Generic solutions such as loan schemes, enforcement activities, and the provision of guidance and advice underpin *all* successful interventions. Priority should be given to building the necessary skill-base and delivery framework for tackling empty homes across a geographical area as a precondition for any more targeted interventions.¹

Local responses need support. Local authorities can and do take the lead on tackling empty homes in their area. But there is good evidence (Wales, Scotland, Kent)² that local responses receive huge benefits from wider partnerships that impart expertise, energy and sustainability to local initiatives and avoid re-inventing the wheel.

Conversions of wasted commercial space

Q1 What is the potential contribution of truly long-term empty commercial properties to creating new housing supply and how does that differ across England?

As regards numbers, the potential to deliver 400,000 homes from empty commercial space has been widely quoted.³ It would be helpful if this figure could be updated with new research.

Q2 What has been the impact of Permitted Development Rights (PDRs)?

The PDR has not had a significant impact on the work of our Members as far as we know. so we cannot contribute much insight. Reference should be made instead to published research, such as [Permitted development rights for office to residential conversions](#) by London Councils, and particularly [Office-to-residential conversion: Establishing the impacts of the prior approval regime](#) by British Council of Offices, which includes a literature review and cites other research.

It should be noted that some properties that would be suitable for conversion are not in any case covered by the PDRs (e.g. pubs).

Q3 How might Government (central/local/devolved) stimulate more new homes, including affordable homes, to be created from truly empty commercial properties without encouraging the exit of commercial property that has a viable commercial future?

This question involves separate aspects, which we address individually.

Stimulating development

The key point the Empty Homes Network would like to highlight is that **broad-based empty homes initiatives** create the necessary frameworks, partnership and skills and attract the resources to stimulate and enable appropriate developments.

This is well illustrated by Kent's 'No Use Empty' initiative⁴. It can be seen from Kent case studies that many of the projects funded by its loan scheme are conversion projects and mostly these are conversions of commercial properties. **But this does not require a special loan fund or dedicated team**: it relies on the same team and loan scheme, with the same conditions, used for tackling individual street empties.

A striking feature of the Kent loan scheme is the low net cost to the council of each dwelling brought into use, which is now calculated as £1,900 per unit. The figure of £1,900 is based on administration costs and lost interest (as Kent loans are interest free). Yet Kent County Council estimates that each £1 spent levers £20 of spending into the local economy (excluding multiplier effects). However, this is to produce housing, not affordable housing.

Commercial conversions, being larger projects, might require higher ceilings or caps on the total amount of loan available and we understand Kent is looking to raise its loan ceiling (currently up to 7 units at £25,000 per applicant=£175,000) to reflect this. Similarly, it is exploring loans that are not interest-free, now that the credibility of the scheme is well established amongst developers.

Organising for success – issues of scale and culture

The successes achieved in Kent do depend on a developer-friendly, property-oriented culture that is first and foremost an enabling culture not an enforcement culture, although Kent retains a very skilled consultant to ensure that enforcement levers are used appropriately when needed. Looking at the skills Kent brings to its work, we think this highlights the desirability of **operating at regional or sub-regional level**: many individual local authorities would struggle to build and retain a team with the necessary skills.

Given that relative failure of other authorities to replicate the Kent model, we think this also highlights an **important role that central government could play** in facilitating the development of the necessary partnerships. The Welsh model is a good one: in order to access the government's 'Houses to Homes' loan fund local authorities first had to set up effective sub-regional partnerships.⁵

A **national loan fund**, similar to the Welsh *Houses to Homes* fund, made available to groups of local authorities that are adequately organised to deliver, would provide a vital platform.

Affordable housing

The provision of affordable housing does bring further complexity in its wake. With standard loan schemes, once the loan is repaid after 2 or 3 years, that is the end of the relationship with the developer. The provision of affordable housing requires longer-term relationships and (normally) the involvement of specialist providers such as Private Registered Providers to deliver regulated housing management services; and in particular it implies the availability of subsidy.

The provision of subsidised affordable housing and viable conversions of commercial properties into homes need to be carefully distinguished, so that the opportunities available for the latter and the challenges posed by the former are properly understood.

We saw signs during the coalition government's empty homes programme that some people held naïve expectations that bringing empty homes back into use could produce affordable housing by magic, so that the government grant was connected in peoples' minds with repair or conversion costs rather than subsidies to produce affordable rents – although the latter was in fact the only 'official' rationale for the grant being given.

Focusing *exclusively* on affordable housing, whether in conversions or empty homes work generally, would make it harder to achieve the scale of delivery needed for a viable initiative and would have a negative impact on its longer-term sustainability, which would become subject to fluctuations in the level of government grant and changing government priorities. On the other hand, in disadvantaged areas, affordable housing might be the only viable option for some redundant commercial properties: private sector developers might consider them too risky regardless of the availability of loan finance.

Discouraging inappropriate conversions

An obvious solution to the problem of conversions that undermine local priorities for land use would be to revoke or refine the relevant Permitted Development Rights. Processes could be put in place to determine the viability of possible commercial uses. But government policy is clear and has been widely debated and challenged, so there seems little value in pursuing further challenges beyond collecting the evidence necessary to influence future policy.

Otherwise, to the extent that a local authority is an enabler, it can decide what it wants to enable.

Q4 What role could/should different parts of the housing sector play in creating new homes through long-term empty commercial properties?

In our view, if the market has not already brought a long-term empty commercial property back into use, then it suggests the need for greater involvement by **statutory agencies**. The local authority – preferably as part of a wider partnership with adequate skills – should be the linchpin of successful efforts. This would normally be as an enabler – e.g. via low-cost loans – but could also include direct delivery. We would expect local authority interventions to be on the back of holistic, sustainable, partnership-oriented empty homes strategies.

The successes of the Kent and Wales loan schemes demonstrate the potential for such schemes to draw in private finance and help the private sector tackle empty commercial properties. Refinements might be put in place to reduce the amount of 'deadweight' i.e. to avoid providing loans on projects that would have happened anyway. We consider the availability of revolving loan finance via governmental agencies as an important foundation for long-term empty homes strategies.

Where they exist, **community-led housing organisations** can play a vital role in conversion projects aimed at producing affordable housing. Many projects funded by the Empty Homes Community Grants Programme were in fact conversions of redundant commercial properties. Not only do they produce many social benefits such as training, employment and volunteering opportunities, but their low overheads and ability to source and manage construction work at reasonable costs mean that they can undertake projects considered unviable or too risky for larger social housing organisations. All of the partnerships that have won Empty Homes Awards in the Local Authority/Community Housing Organisation category focused mainly or exclusively on conversion projects.

Again, it is important to emphasise that these successful conversion projects were predicated on a **generic grant regime** (i.e. the EHCGP) and were part of **generic initiatives to tackle empty homes** as for example in the Hull Partnership⁶. It is unlikely that, say, an initiative that focused exclusively on conversions would have been viable. **We think that a successor to the EHCGP should be introduced to maintain this flow of conversions for affordable housing.**

The limitations of community-led housing organisations to deliver at scale also need to be recognised, both in terms of the capacity of existing organisations to deliver and also given the lack of candidate organisations in many if not most areas of the country. We suggest that pilot projects are developed with government or charitable funding to explore the feasibility of expanding the sector into different areas.

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About the Empty Homes Network

We are a national network launched in 2001 as the *National Association of Empty Property Practitioners* with the support of the government and the Empty Homes Agency. Since 2002 we have been fully independent. Whilst a significant majority of our 500 members work for local authorities in private sector housing, housing enabling and empty homes teams, we also have members belonging to housing associations, regeneration companies, self-help housing organisations and the private sector. We are committed to promoting evidence-based interventions.

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For further information or clarification

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NOTES

¹ See Kent's No Use Empty [10th Anniversary Newsletter](#), which highlights both the long-term success of the initiative and includes case studies of conversion projects. Further examples are documented on the NUE website at <https://www.nue.org.uk/>

² For Kent see previous note; for Wales see note 5. For Scotland, see the [Annual Reports of the Scottish Empty Homes Partnership](#).

³ Office of the Deputy Prime Minister, *Empty Property: Unlocking the Potential. A Case for Action* (HMSO, 2003). The original source is quoted as *Dwellings over and in shops in London* (Civic Trust/LPAC, 1998), *The English House Condition Survey* (DETR, 1996) and NLUD 2001.

⁴ See note 1 above.

⁵ For evidence of the Welsh loans scheme see the various evaluation reports at gov.wales/statistics-and-research/houses-into-homes

⁶ We are aware that the Taskforce already has a submission from Hull City Council which includes examples of commercial conversions.