



***Filling the empties:  
National commitment, local action***

Empty Homes Network Policy Statement

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# *Filling the empties: five point plan*

## ***At national level***

1. A commitment from government to implement a sustainable, evidence-based, cost-effective national Empty Homes Initiative.
2. A national Empty Homes Loans Fund, administered by local authorities.
3. Dedicated capital funding streams, appropriately managed, for organisations of all sizes that create social housing from empty property.
4. An Empty Homes Act to bring coherence to the hotchpotch of legislation affecting empty homes.

## ***At local level***

5. Sustainable, effective empty homes initiatives in every local authority, supported by appropriate financial frameworks, delivered through cost-effective partnerships and enjoying local support.

# Introduction

## ***Building on progress to date***

We recognise that under the Coalition government there has been considerable progress in addressing the issue of empty homes. We have benefited from dedicated capital funding programmes, changes to council tax and the introduction of New Homes Bonus for reducing numbers of empties. But already the dedicated funding stream for empty homes has been discontinued and there are concerns about the long-term position with New Homes Bonus.

Drawing on the experience and insight of practitioners who work across the public, private and voluntary sectors, the Empty Homes Network is proposing five policy strands, each backed up with practical measures that will not only sustain the progress made but build on it.

We will happily work with any incoming government to help them implement the measures outlined.

## ***Why empty homes matter***

Empty homes make headlines because they matter to lots of people, people who

- are offended by the sight of wasted homes when so many families still do not have a decent roof over their heads<sup>1</sup>; and/or
- worry about empty homes blighting their neighbourhoods; and/or
- find the condition and/or value of their home affected by an empty property next door<sup>2</sup>; and/or
- suffer from anti-social behaviour associated with an empty property; and/or
- oppose the building of much-needed new housing on open space when existing homes are not being put to good use; and/or
- care about climate change and the carbon cost of building new homes compared with upgrading and re-using existing ones<sup>3</sup>.

These issues concern large numbers of people in every **community in Britain**. **That's why empty homes** are a national concern as well as a local one and why we need a national initiative to address the problem.

But a national initiative is no use unless it can deliver at local level, street by street, property by property: **that's where we need councils to take the lead by building effective programmes** in their local area.

**Empty homes can't solve Britain's housing problem. But unless there is a coherent, strenuous, visible programme to do something about the empties, attempts to build the new homes we need will continue to meet local opposition.**

# 1. A national empty homes initiative

A commitment from government to implement a sustainable, cost-effective, evidence-based national Empty Homes Initiative

“A commitment” **means** producing and publicising SMART action plans to underpin the initiative



“sustainable” **means** recognising that property will continue to fall empty and creating frameworks and programmes that conserve investments in skills and knowledge and permit long-term planning

“cost-effective” **means** balancing costs and benefits based on the evidence, leveraging private sector finance and exploiting the hidden value lying fallow in empty homes.

## 1. A national empty homes initiative (continued)

“evidence-based”

**means**

evaluation of schemes and approaches to identify what works

### **Evaluation of**

Approaches to funding

- loan schemes (Wales, Kent, councils)
- private sector grant schemes (councils)
- funding for affordable housing via HCA, Community Grants Programme
- “Clusters of Empties”, **homesteading**
- prudential borrowing by councils

Fiscal measures

- Council tax discounts, exemptions and premiums
- VAT

Incentives to local authorities - New Homes Bonus and alternatives

Frameworks for delivery

- national initiatives (e.g. Wales, Scotland)
- regional partnerships (e.g. Wales, Kent)
- community-led housing

Effectiveness of enforcement legislation

Data issues

- accuracy of council tax
- quantifying the social and economic benefits of empty homes work
- hidden costs of empties

“national”

**means**

recognising the national dimension of the solutions we need and acting accordingly

### **National Dimension**

- improving the law
- improving taxation measures
- developing national funding programmes to support local responses and avoid a “postcode lottery”
- creating and disseminating templates and models that can be replicated locally
- promoting best practice at local level
- building in flexibility appropriate to different regional housing markets
- negotiating with lending institutions to create an appropriate framework for tackling empty homes<sup>4</sup>

## 2. An empty homes loan fund

A national Empty Homes Loans Fund, administered by local authorities

“national”

**means**

recognising the advantages of a national framework to support the Loans Fund

**National Framework**

- national publicity for the scheme
- using a national funding body such as the HCA<sup>5</sup> to manage distribution of funding to councils
- standard templates and models for procedures, documents etc.
- skill and knowledge sharing across the country

“Loans Fund”

**means**

an initial pot of money is made available for councils to lend; on being repaid the funding becomes available for re-use – a **“revolving fund”**

“administered by local authorities”

**means**

taking advantage of **“localism”**: commitment, skills, infrastructure and legal powers:

**Localism**

- the commitment of local councils to tackling empties in their areas
- the existing legal powers of councils to offer loans
- the existing procedures and partnerships available in most areas for providing loans to the private sector
- specific experience in loans to bring empties back into use

IN WALES: The Welsh Government introduced its national *Houses to Homes* loan scheme in 2012, working in partnership with the Welsh Local Government Association. Together, they joined with local authorities to build a successful Welsh empty homes initiative around the loans scheme, with well-documented benefits described in the [evaluation reports](#) produced by Sheffield Hallam University.



### 3. Funding for social housing

Dedicated, sustainable capital funding streams, appropriately managed, available to organisations of all sizes that create social housing from empty property

“dedicated”

**means**

exclusively for bringing empty homes back into use

“sustainable”

**means**

with a view to long term delivery so that partner organisations can confidently invest in the skills, knowledge and processes required in this challenging work

“capital funding streams”

**means**

dedicated funding opportunities tailored to the needs of different organisations: “**horses for courses**”, like the £50million Communities Grant Programme<sup>6</sup>

“appropriately managed”

**means**

proportionate to the scale of funding and the size of the funded organisation, protecting public money without unnecessary bureaucracy<sup>7</sup>

“organisations of all sizes”

**means**

local authorities, housing associations, community-led housing organisations, small companies, concerned individuals

**so that**

- anyone able to make a contribution can do so
- we utilise the strengths of diverse, often small-scale agencies best suited to tackling scattered empty street properties
- we reap the wider social benefits offered by community-led housing groups.

“social housing”

**means**

affordable housing, homeless accommodation, supported accommodation

“empty property”

**means**

empty dwellings, wasted space above shops, redundant offices

## 4. An Empty Homes Act

An Empty Homes Act to bring coherence to the hotchpotch of legislation affecting empty homes

“coherence” **means** making the law consistent, proportionate and able to address the issues particular to empty homes compared with occupied homes

“hotchpotch of legislation” **means** cutting through the red-tape to produce new sensible rules that work

**including**

<i>Definitions</i>	⇒ Give consistent definitions of second and empty homes that make sense across council tax / housing statute.
<i>“Antisocial property”</i>	⇒ The law should recognise that some property, like abandoned cars, creates problems for communities and should be categorised and dealt with accordingly <sup>8</sup> .
<i>Compulsory Purchase</i>	⇒ End the loophole whereby owners of problem empties can get a £75,000 bonus if councils have to compulsorily purchase them <sup>9</sup>
<i>Empty Dwelling Management Orders</i>	⇒ End the rules that prevent owners voluntarily agreeing an EDMO with a council <sup>10</sup> . Bring in a simpler process of application and appeal the same as for other Housing Act measures.
<i>Cost recovery</i>	⇒ Rationalise the law to give councils simple, consistent rules that provide an unqualified right to recover taxpayer money spent on enforcement <sup>11</sup> e.g. up-front costs associated with EDMOs <sup>12</sup> .
<i>Valuation Office Agency</i>	⇒ Revise the definitions that allow the worst empty homes to be removed from council tax lists altogether <sup>13</sup> .
<i>Council tax exemptions</i>	⇒ Introduce a time-limit of two years on council-tax exemptions available to people inheriting homes <sup>14</sup> . (See also further council tax proposals in next section.)
<i>Council tax data</i>	⇒ Improve access to council tax data for empty homes purposes. <sup>15</sup>
<i>VAT</i>	⇒ Reduce the costs of repairs by harmonising VAT on repairs with new-build; review current perverse VAT incentives to keep homes empty. Make Works-in-Default subject to VAT to prevent tax avoidance.
<i>Housing Act</i>	⇒ Review and improve legislation and Statutory Guidance relevant to enforcement on empty homes e.g. the Housing Health and Safety Rating System.

# 5. Local empty homes initiatives

Sustainable, effective empty homes initiatives in every local authority, delivered through cost-effective partnership, enjoying local support and backed by appropriate financial frameworks.

“sustainable” **means** building for the longer term with suitably skilled and trained staff, which should include a dedicated empty homes officer.

“effective” **means** meeting at least the **EHN’s Recommended Good Practice Standards for: Local Authority Empty Homes Initiatives**<sup>16,17</sup>

**including**

- a deliverable action-plan that is evaluated
- a range of options able to address the diverse issues faced by owners and neighbours of empty homes
- the **necessary, “can-do”** culture

“every local authority” **means** either each council on its own or in partnership with neighbours<sup>18</sup>, but either way ending the postcode lottery that denies many communities adequate initiatives<sup>19</sup>.

“cost-effective partnerships” **means** working with community-led housing groups, homesteaders, small builders, property investors and other agencies best able to deal with scattered street properties

**so that**

- outreach and negotiation are conducted as effectively as possible, helping overcome the inertia of reluctant owners
- owners have a range of genuine alternatives available, meaning enforcement need only be used as a last resort
- local authorities can move forwards confidently knowing they have the tools and options needed to tackle a diverse range of empties

## 5. Local empty homes initiatives (continued)

“enjoying local support”

**means**

effective consultation with local communities to ensure that measures to tackle empty homes are properly understood and widely supported in the light of the available options<sup>20</sup>. Regeneration schemes should observe **George Clarke’s Recommendations for housing regeneration areas**<sup>21</sup>

“appropriate financial frameworks”

**means**

a fair council tax framework for empty and second homes, encouraging owners to keep homes occupied; suitable incentives for councils to encourage the best use of the local housing stock; adequate funding to allow **implementation of the government “Ten point plan for regeneration”**<sup>22</sup>

**including**

**Fair Council Tax**

- a more compelling Empty Homes Premium, consistent with that applied in Scotland and Wales<sup>23</sup>
- a stepped approach to Empty Homes Premium, reflecting length of time empty<sup>24</sup>
- treating second homes broadly the same as empty homes for council tax purposes, including the element of Empty Homes Premium<sup>25</sup>
- more appropriate penalties for tax evasion<sup>26</sup>

**Incentives For Councils**

- a review of the New Homes Bonus and the consideration of potentially cheaper alternatives, such as match-funding of local empty homes initiatives<sup>27</sup>

**Adequate Funding**

- an acceptance that housing is an essential part of the **nation’s infrastructure and that maintaining and improving it to an adequate standard in some cases requires central government investment**

# NOTES

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<sup>1</sup> There were 57,910 households in temporary accommodation in England, 2<sup>nd</sup> quarter 2014; those households included 84,930 children (CLG Live Tables on Homelessness *Table 775 Statutory homelessness: households in temporary accommodation 1, by type of accommodation, at the end of each quarter*). There were 1,688,892 households on council waiting lists in England, 1<sup>st</sup> April 2013 (CLG Live tables on rents, lettings and tenancies *Table 600 Rents, lettings and tenancies: numbers of households on local authorities' housing waiting lists, by district*).

<sup>2</sup> Hometrack estimated that a home next door to an empty property would lose an average 18% of its value (2003 report)

<sup>3</sup> See *New Tricks from Old Bricks* published by Empty Homes and the Building and Social Housing Foundation and available for download from the [BSHF website](#).

<sup>4</sup> The Empty Homes Network has been working the Council of Mortgage Lenders and leading banks such as the Lloyds Group to create more focus around the part that lenders can play to contribute to bringing empty homes back into use. We have published a *Briefing for Lenders* that the CML makes available to its members on its website. It is downloadable from our Library at <http://www.ehnetwork.org.uk/library-item/private-sector-leasing-lender-briefing>.

<sup>5</sup> “HCA” – Homes and Communities Agency. The HCA currently administers billions of pounds worth of government investment in “recoverable funds”. However, the assumption is that once the funding was distributed to local authorities they would retain it in a recirculating pot for a significant number of years, if not in perpetuity.

<sup>6</sup> The £50million Community Grants Programme [CGP] strand of the government’s 2012-15 empty homes funding programme allowed community-led housing organisations to get involved with inspiring results. See <http://www.pinterest.com/selfhelphousing/empty-homes-community-grants-programme/> for some examples.

<sup>7</sup> The CGP programme (see previous note) was administered by Tribal and DCLG with appropriate regard to the nature of the community-led organisations involved. Few of those organisations would have met the range of criteria associated with the Homes and Communities Agency funding stream or would have had the necessary skills or confidence to deal with the standard HCA contracts and procedures that are geared to much larger amounts of funding and larger organisations.

<sup>8</sup> Where the local authority has needed to intervene because a property has been neglected, the property might be categorised as “anti-social” for a period of five years or until such time as there is a change of ownership. Properties thus categorised would no longer qualify for Basic Loss Adjustment under the compulsory purchase legislation and local authorities would be given enhanced powers of intervention to prevent a recurrence of problems.

<sup>9</sup> Owners of empty homes that are compulsorily purchased normally benefit from a 7.5% Basic Loss Adjustment on the value of the home, up to a maximum of £75,000.

<sup>10</sup> Rules introduced by the Coalition government mean that, unless a home has been empty for two years, it cannot be subject to an EDMO no matter how many problems the vacant home causes for neighbours and not even if the owner would like the council to issue an EDMO.

<sup>11</sup> Provided the enforcement is found to be justified should there be an appeal.

<sup>12</sup> Rules for cost recovery vary from one piece of legislation to another. We think the community interest in the property should take precedence over all others, meaning that any debt to the local authority arising out of its intervention would have the first call on any equity should the home be sold. With Empty Dwelling Management Orders, local authorities turn an unproductive asset into one that earns money for the owner, yet council-tax-payers are unable to recover the up-front costs of doing so.

<sup>13</sup> When a building becomes uninhabitable through lack of repair or deliberate damage, it may be possible for the owner to have it “de-listed” so that it is no longer subject to council tax, meaning that some of the very worst empties can avoid council tax. This loophole should be removed. Nor should such homes be eligible for demolition without planning permission (a loophole that has already been plugged as far as we know: “Development is not permitted by Class A where the building has been rendered unsafe or otherwise uninhabitable by the action or inaction of any person having an interest in the land on which the building stands, if it is practicable to secure safety or health by works of repair or works for affording temporary support” see [here](#)).

<sup>14</sup> Homes can benefit from an indefinite council tax exemption following the death of an owner if there is no grant of probate. Some of the worst eyesore empty homes fall into this category as a result of deliberate inaction by whoever would be responsible for securing probate.

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<sup>15</sup> There is only limited availability of council tax data for empty homes strategy purposes.

<sup>16</sup> Downloadable from the EHN website [here](#).

<sup>17</sup> In Wales, the Welsh government and the Welsh Local Government Association worked with local authorities to build regional partnerships that share best practice and some administration overheads: this was a pre-condition for councils to receive *Houses to Homes* funding. See the evaluations of the initiative for further detail, accessible via our library [here](#).

<sup>18</sup> Wales, Scotland, Kent, London, Greater Manchester, and West of England all provide excellent examples of the advantages of cross-boundary partnerships.

<sup>19</sup> "... authorities vary significantly in the level of resources devoted to tackling LTE and while those with relatively high LTE are more likely to devote more resources to tackling the problem and vice versa, there are exceptions to this pattern". *Application of Discretionary Council Tax Powers for Empty Homes*, CLG, 2008.

<sup>20</sup> Based on the views of the Government's Empty Homes Adviser, George Clarke, some of the issues that have arisen in regeneration areas might have been avoided if consultation had been conducted more effectively with a clearer range of options and more consideration given to the needs of the local community.

<sup>21</sup> The government's *Ten point plan for regeneration* states:

... Full engagement with the community is required for any existing homes regeneration programme. The local community and stakeholders should be able to make informed decisions about the future of their homes and areas and consultation with them should be clear, open and unbiased...

(<https://www.gov.uk/government/news/91-million-cash-to-tackle-over-6000-empty-and-derelict-homes> )

We would endorse the phrasing in George Clarke's original 12-point version which said:

The questions in a consultation should clearly consider all of the options openly and fairly and not directly or indirectly give preference to one option over another.

(see <http://www.ehnetwork.org.uk/newsitem/george-clarkes-manifesto-change> )

<sup>22</sup> The *Ten point plan for regeneration* suggests rights to occupiers that would have costs attached, e.g. Point 8:

... this means giving first refusal to new or refurbished houses at the same price as the compensation paid to the occupier when they were displaced.

Central government should support its strategy with the necessary funding as part of a renewed commitment to regeneration.

<sup>23</sup> In Scotland and Wales, the Empty Homes Premium is set at 100% instead of 50% as in England.

<sup>24</sup> It would be appropriate for the Empty Homes Premium to rise according to how long a property has been empty. The minimum level of premium should be applicable after one year (as in Scotland and Wales), not the two years currently applicable in England.

<sup>25</sup> Wales has already led the way. See our news story at <http://www.ehnetwork.org.uk/newsitem/wales-leads-way-with-second-homes-premium>. If treated the same as long-term empty homes, it would no longer be possible to evade the Empty Homes Premium by furnishing a property.

<sup>26</sup> Currently the penalty for providing misleading information on a council tax form is understood to be £75 in England whereas in Scotland there is a fixed penalty of £1,000 which is more appropriately aligned with the gains made by misrepresentation.

<sup>27</sup> The New Homes Bonus has been effective in encouraging many local authorities to tackle empty homes and maintain their empty homes initiatives. Nevertheless, the response by local authorities has been patchy and the NHB regime overall has been subject to considerable criticism. There may be more direct options that would be equally or more effective. For example, EHN suggested in 2008 that central government offer match-funding for empty homes initiatives in every housing authority. We costed this at £8million per annum. By comparison, in 2014-15 an estimated £114million was paid to local authorities for the "empty homes" element of New Homes Bonus (*Evaluation of the New Homes Bonus*, DCLG, 2014, para122). The match-funding model would allow the creation of a planned and sustainable national empty homes strategy rooted in local authority initiatives based on a more predictable source of funding.

## About the Empty Homes Network

We are a national network with approximately 500 individual members, launched in 2001 as the National Association of Empty Property Practitioners with the support of the government. Then-Minister Sally Keeble wrote

*“NAEPP[=EHN] will provide a national voice for local authority and RSL staff in their work to bring empty homes back into use. The Government is keen to see its membership grow into a national network of empty property practitioners. So I would urge all local authorities to take out membership of NAEPP[EHN]. This will ensure that all relevant officers in the authority benefit from the good practice and training opportunities developed by, and for, empty property practitioners”.*

Since then we have expanded our membership to include those working in regeneration companies, in self-help and community groups, and in private sector firms involved in helping bring empty homes back into use.

We are a not-for-profit membership organisation that is separate from and completely independent of the charity Empty Homes Agency.

Our main role is to support all practitioners and organisations involved in addressing the issue of empty homes, helping them work as effectively as possible. We do this by facilitating the sharing of information and experience, by organising training events and conferences, by promoting best practice amongst delivery partners and by promoting sound policy at national level. We will argue for service improvement; help practitioners with the least time and resources to gain confidence; and support DCLG and other policy makers in developing approaches that will work in all localities.

### For further information

Contact:

David Gibbens, Policy Lead  
Empty Homes Network, PO Box 703, Exeter, EX1 9PX

Telephone: 0844 736 5 736

web: [www.ehnetwork.org.uk](http://www.ehnetwork.org.uk)

e-mail: [david.gibbens@ehnetwork.org.uk](mailto:david.gibbens@ehnetwork.org.uk)

### Document History

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2<sup>nd</sup> draft: 27Nov2014: Works in default

3<sup>rd</sup> draft: 7Dec2014: add: footnotes to provide detail and background; credit for government action to date; EHN's **desire** to contribute to implementation; work with lenders; sustainability of local authority initiatives; penalties for supplying misinformation about council tax liability; review of Housing Act legislation and guidance; value of cross-boundary partnerships and property investors

4<sup>th</sup> draft: 8Dec2014: add: mainly improved wording unintentionally omitted from 3<sup>rd</sup> draft.

5<sup>th</sup> draft: 8Dec2014: remove reference to NEHLF

6<sup>th</sup> draft 16Dec2014: new detail around finance and local initiatives

7<sup>th</sup> draft 18Dec2014: corrected amount of NHB related to empties

8<sup>th</sup> draft 12Jan2015: included points related to George Clarke's 10-point plan for regeneration.

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