



*Empty homes:  
national commitment, local action*

*DISCUSSION DRAFT*

*V2 November 2010*

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## Summary of main proposals

1. Every community deserves an effective, broad-based empty homes initiative in its area. Local councils are best placed to implement such initiatives but people face a post-code lottery where most councils fall well short of what the best councils offer. The government can help by:
  - establishing **minimum standards** for council empty homes initiatives so that auditors and local people know what they can reasonably expect to see;
  - supporting initiatives that meet specified minimum standards with revenue match-funding
  - making sure that capital funding for grants and loans is available in every area.
2. Whilst empty homes are a source of revenue for government, there is no government funding ring-fenced to support empty homes work. We need guaranteed revenue and capital funding commitments, albeit at low levels, to build sustainable initiatives.
3. We urgently need a review of the grant and loan packages offered by local authorities to establish relative value-for-money (VFM) and effectiveness. The best models need to be replicated. They can make a major contribution. Schemes set up with government funding should be tied to proven models but with flexibility for councils to reflect their local housing market; and they should be independently audited for VFM prior to implementation.
4. There are insufficient delivery vehicles at local level able to offer voluntary refurbishment and management solutions to dis-engaged owners. Involvement by self-help housing organisations, housing associations and enablers such as Rochdale Housing Initiative can help, but the private sector also has a vital part to play. We'd like to work with key agencies such as the Royal Institution of Chartered Surveyors to build a successful template and toolkit for local Empty Homes Delivery Partnerships.
5. We'd like to see strong leadership from the government on publicly-owned empties. The severe shortage of affordable housing means no stone should be left unturned to bring them back into use. Empowering communities by extending EDMO powers to publicly-owned dwellings and extending the scope of Public Orders to Request Disposal to more agencies would help. But given that it is the ultimate source of funding for the agencies concerned, we think it is fair for the government to accept some responsibility and take a direct lead.
6. We'd like to see the government use its influence with the banks to ensure that loan facilities are available to fund first-time buyers for green homesteading of homes that have been empty for over a year. The homes should be refurbished to high standards particularly around energy conservation. Loans should be combined with "green grants" to cover the gap between overall capital cost and out-turn capital values (offering some protection to lender and borrower against negative equity whilst enabling the greening of the building). Green Homesteading should also be available as a part-rent part-buy option through housing associations; and loans should be available to self-build and short-life organisations. It could also be extended to publicly-owned empties where expanding home ownership would contribute to a better tenure mix.
7. When assessing the value-for-money of empty homes affordable housing scheme, the HCA and government should ensure a level playing field by (a) deducting tax revenues (eg VAT on refurbishment costs) from grant to arrive at the true level of public subsidy; and (b) taking developer contribution into account when calculating the grant cost of new-build units. In addition, tax revenue should be credited back to the HCA at year-end for re-investment.
8. Current council tax exemption and discount options should be reviewed. Any tax breaks for homes that are empty need to be robustly justified. The loop-holes that allow owners to avoid council tax by having their home removed from the Valuation Lists should be plugged. Council tax income from long-term empty homes should be retained locally rather than being returned to government with the proviso that a proportion is re-invested in empty homes work.
9. Empty homes are a difficult issue that won't go away. We'd like to contribute to a stronger partnership involving key players at national level to keep policy moving forwards. We suggest this might be hosted by an independent charity such as Shelter.
10. A systematic review of all enforcement options for empty homes is needed, including Empty Dwelling Management Orders. The issues are too complex and detailed to present in this document.

# Introduction

## Who we are

The Empty Homes Network (EHN) was launched in May 2001 as the National Association of Empty Property Practitioners with the support of the Empty Homes Agency and the then Under-Secretary of State, Sally Keeble, who said “*NAEPP 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*”. We became fully independent in November 2002 and changed our name to the Empty Homes Network in 2010. We have around 350 members.

As an organisation of practitioners which exists to help people achieve results at grass-roots level, we are not in the business of launching demands or political lobbying. But because our members carry the responsibility of working in their communities day in, day out to bring empty homes back into use, they see what works and what doesn't. As the experience accumulated by empty homes practitioners has grown over the years, it has seemed more and more important to share this not only amongst ourselves but also with policy-makers.

## 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 problem as well as a local one.

## Common sense about empty homes

1. The **separate agendas** identified above are all important but do not always overlap. Not every intervention to reduce empty homes will hit all of them. We should encourage and celebrate any type of success. For example:
  - getting a long-term nuisance property into owner-occupation may not help homeless people but it will still end nuisance and blight;
  - an on-going reduction in the overall number of short-term empties by 50,000 might not tackle blight but it would still reduce the need to build on green field sites;
  - securing transactional (short-term) empties for homeless people might not reduce the number of empty homes overall but would still help homeless people.
2. It's also time to separate the agendas of **delivering affordable housing** and **bringing empty homes back into use**. Significant amounts of subsidy are typically required to deliver affordable housing. If empty homes funding is always tied to the delivery of affordable housing (which much has, in the past) this can greatly over-state the amount of public subsidy needed to tackle empty homes. Similarly, organisations that are well-adapted to delivering on affordable housing - including councils and RSLs - are not necessarily well-adapted to delivering on empty homes.
3. **An empty home is a saleable asset**. When we hear that homes are standing empty because owners "can't afford to repair them", we might equally consider that it is "because owners decline to sell them". We do not see any justification in principle for giving taxpayers' money to owners of empty homes to bring them back into use (other than as a loan), although we accept that pragmatically it may be useful to offer incentives- on a small and appropriate scale.
4. The phrase "**long-term empty**" is used in official statistics and elsewhere to describe homes that have been empty for over 6 months. People often take this to mean that these homes are empty indefinitely whereas in fact many are in the process of being brought back into use, perhaps more slowly than we would like (to be replaced by others)
  - It's useful to speed up the process by systematically engaging with owners, to encourage and push them along. The positive outcomes from this type of work cannot always be measured or proven.
  - Long-term empties must remain the priority but we should aim to reduce vacancy periods for short-term empties too. The housing gain from reducing the vacancy period of a short-term empty from 5 months to 2 months is exactly the same as reducing that of a long-term empty from 11 months to 8 months. Giving tax breaks to owners of short-term empty homes might be considered a perverse incentive.
5. **Small is beautiful**: major regeneration projects need larger, well-organised players. But scattered individual empty homes can be dealt with most cost-effectively by small builders and crafts people, local lettings agents, independent surveyors, "homesteaders", self-build housing groups and private individuals. We must make use of their potential rather than restricting delivery partners to large-scale organisations.

6. **There is no magic bullet.** We know that there are many different reasons for homes standing empty. The reasons why public sector homes are empty are different from the reasons why private sector homes are empty. The state of the local housing market may be an important factor or it may just be down to the personal circumstances of a private sector owner - and there's a whole range of personal circumstances that can come into play. The challenges are varied: the solutions must be diverse and appropriate. It's not a question of one or two measures to sort the problem out, but pursuing a coherent agenda nationally as well as locally to reflect the multi-faceted challenges of the issue.
7. **The problem of empty homes will continue.** We've highlighted the multiple causes of empty homes. Common sense dictates and experience proves that there will be a continuing flow of new empties. So we need to build **sustainable responses that will keep on delivering over the long-term.** Expertise to deal with empty homes must be retained and developed; policy initiatives continually refined and developed. We need proper ownership of the issue rather than short-term responses. Empty homes work must be mainstreamed.
8. **Expectations must be realistic.** The public sector can deliver a lot more on the empty homes issue. It should certainly deliver far more on public-sector empties. But in a free-market society its ability to tackle private sector empties has limits. Communities need local councils to do the best job they reasonably can, but local councils are not ultimately responsible for the action or inaction of private sector owners or the failures of the market.
9. **Empty homes initiatives are cheap.** A credible, visible and effective empty homes initiative can be delivered locally with modest levels of revenue and capital. The cost to the government of backing such initiatives in a systematic way would be trivial in the context of overall public spending. The need for spending cuts overall doesn't justify inaction in a policy area that has previously been ignored and underfunded..
10. **It's time to play fair with the money.** Changes in council tax discounts for long-term empties have increased government (but not local authority) revenue from empty homes by tens of millions of pounds. The VAT incurred when empty homes are refurbished or empty homes goes to the Treasury. So does capital gains tax when some empty homes are sold. So does any taxable income from letting homes that were previously empty. Reductions in discounts for second homes have also created income which, in two-tier authorities (counties), is not ploughed back into housing, contrary to what John Prescott promised in the Rural White Paper. **It's time to re-invest at least some of these windfalls into addressing the empty homes issue.** By helping return wasted assets into sources of income, we think the government will get back more than it puts in.

# Localism

## What the government wants

There's been a clear message from both Coalition partners over the last 18 months or so: more needs to be done about empty homes<sup>4</sup>. It's good to see the commitment in the Coalition Programme to “*explore a range of measures to bring empty homes into use*”. But the government has also expressed clear views about its preferred approach to tackle such problems:

*The Government believes that it is time for a fundamental shift of power from Westminster to people. We will promote decentralisation and democratic engagement, and we will end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals.*<sup>5</sup>

## Who can deliver the localism agenda on empty homes?

Street-level regeneration by community groups, self-build organisations, homesteaders and the like can all play an important part in helping bring empty homes bring back into use at relatively low cost. There are proven models that can be replicated. **Such expressions of localism certainly deserve more support.** (See *Delivery* below).

But we must not overlook the fact that it is **only local councils** that

- possess a wide range of legal powers to deal with nuisance properties
- can address all the long-term empty homes in their area systematically
- enjoy a democratic mandate for the action they take in their communities
- are best placed to work with the full range of statutory, third sector and private sector partners at local level
- can arbitrate fairly between community groups competing for scarce resources
- can tailor grant/loan schemes to the local housing market
- can access the widest range of funding streams to address the issue (increasingly so, as the localism agenda develops)
- have statutory duties to house homeless people
- have a moral - if not legal - obligation to make their communities better places to live by addressing the issue

If the government is serious about tackling problematic empty homes in a systematic way and serious about localism, **it needs to place local authorities centre stage.**

## What does a local empty homes initiative look like?

The evidence from 20 years of empty homes initiatives shows that active intervention by councils can produce results. Reports in local newspapers suggest that it is what residents want and expect. Success normally depends on co-ordinating a wide range of resources, partners and activities. (See Annex A). In practice, though, communities face a post-code lottery<sup>6</sup>. The best councils have impressive empty homes initiatives; but they are few and far between. Get a group of empty homes practitioners together and they are as likely to be discussing the problems they face with their own council as those they face with empty homes owners - for example:

- an officer is assigned to develop an empty homes initiative but no financial resources have been allocated to help implement it;

- a pot of capital funding has been secured to deal with empty homes but no one really knows how to use it effectively;
- with no statutory duty to tackle empty homes, other areas of work take priority;
- the “no-can-do” mentality eg the reluctance to use appropriate legal powers to tackle nuisance properties
- “it’s all too difficult” - nobody has the skills or understanding to see what needs to be done or how to do it;
- “private empires” - one part of the council is signed up and keen to deliver, but other services don’t see it as a priority and won’t play ball.

These inadequacies rarely reflect the wishes of councillors. On the contrary, we find that there is a genuine appetite amongst Members of all political hues in all local authorities to address the issue. It is just that it’s a demanding issue that cuts across the normal silos of local government. The combined effect of inertia, shortage of resources and the marginal status of empty homes in national policy are sufficient to stifle progress at local level.

### *How to improve the local response*

These issues are not easy to shift. We tend to agree with the new government that top-down approaches such as performance indicators are as likely to engender a bureaucratic, box-ticking response as to add real substance to work on the ground.

The dissemination of best practice is another line of approach. But “best practice” has been around for decades: it is has been well-documented and extensively promoted by the charity Empty Homes over the years. Take-up has been patchy at best.

Residents can play an important role in holding councils to account for their action or inaction. To do so, they need good information and an idea of what their council might reasonably be expected to do. It follows that auditors have an important role to play in providing an independent assessment, so people know how well their council is doing.

### *The Government role in supporting localism*

Paradoxically, we think that it is the government that has a key role to play here. We’d like the government commit itself to the position that **all communities deserve an effective local empty homes initiative**. We are confident that the necessary action will flow from this commitment. These are some ways it might play out in practice:

- supplying a definition of **minimum standards** that communities should expect their local empty homes initiative to meet (see Annex C)
- an **audit framework** that ensures that councils are measured against those standards
- a **dedicated capital funding stream** to support local authority empty homes initiatives (see next section)
- a **limited amount of revenue match-funding**, tied to delivery of a satisfactory audit report

In return for its support, the government should expect to see its involvement highlighted on the signboard attached to every home refurbished with its help, showing that “localism” is not an empty slogan but means real improvements at local level.

In addition, the government could support direct involvement by local people by

- funding **capacity-building** for **self-help housing groups** and ensuring capital funding is available for their schemes;
- supporting homesteading initiatives

In short, we'd like to see the government set itself up as the **senior partner** in a re-invigorated campaign to do more about empty homes across the country.

## *Supporting the government through partnership*

To develop a fit-for-purpose policy framework on empty homes, the government itself needs support given a limited track-record on the issue. Ad hoc consultations are not sufficient. We propose that an independent charity such as Shelter be invited to convene an Empty Homes Partnership where representatives from key agencies<sup>7</sup> can learn to appreciate one another's viewpoints and hammer out solutions to critical issues.

## *Public sector empties*

Currently the government requires local authorities to collect information on "Other Public Sector" empties in their areas every year as part of the Housing Strategy Statistical Appendix return. The information, once collected, is of limited value: there is a single overall total with no information about which agency owns the homes. This imposition on local authorities is inefficient in practice and wrong in principle. It illustrates how disengaged central government has been from tackling public sector empties.

It is gratifying that the government has set up a cross-departmental meeting of 8 ministers to help address homelessness, yet there is not even a single civil servant dedicated to the empty homes issue. It is time to redress the balance and creating a unit to address the scandal of public sector-empties would be a good place to start. Practical solutions include:

- extending the scope of Empty Dwelling Management Orders to empties owned by public sector bodies, thus making it easier to find temporary uses for dwellings that may eventually be redeveloped;
- giving local authorities powers equivalent to Public Requests to Order Disposal so they can act on behalf of their communities;
- adapting Public Requests to Order Disposal to apply to a wider range of agencies
- making any funding needed to refurbish public sector empties a priority within spending plans;
- requiring all public agencies to report their empty dwellings (including any removed from valuation lists) and removing this burden from local authorities;
- promoting and funding homesteading of empty social housing where mixed tenure would be an advantage.

# Delivery options

## The delivery gap

There are three main phases in bringing most longer-term empty homes, with reluctant or disengaged owners, back into use:

- **engaging** with owners, identifying barriers and solutions, negotiating and persuading, enforcement, possible funding;
- **refurbishing** the property;
- **securing** re-occupation.

Councils are best equipped to deliver on engagement, but they are rarely well-equipped for the direct delivery of refurbishment or management of scattered, non-standard private sector homes at a reasonable cost. Housing associations occasionally help out, but most are similarly ill-equipped for the role. This is a major obstacle to success in many empty homes initiatives. It has hindered implementation of Empty Dwelling Management Orders but more importantly has meant a lack of **voluntary schemes** that would make enforcement unnecessary in the first place.

## What does a voluntary scheme do?

In a voluntary scheme, an owner is offered an all-in package where their empty home is refurbished at reasonable cost to a high standard and is then let and managed. Management costs are covered from the rental stream—the standard private letting arrangement. Importantly, with sufficient legal safeguards in place via a lease or management agreement, the refurbishment costs can also be recouped from the rent. But in principle the owner receives the rent and sees their wasted asset turn into one that produces income. All they have to do is sign on the dotted line. There is a world of difference between this option and thrusting lots of useful information into their hands or badgering them to do things that, for whatever reason, they are not up to doing.

Implementations of this model can be seen in Private Sector Leasing schemes, social letting agencies and Temporary Social Housing Grant schemes. But closer inspection may highlight weaknesses. For example, a PSL scheme is driven by the need for temporary accommodation. If there is no current need, no homes will be taken on. Or it might only be seeking 3-bed homes. Or owners are expected to carry out the refurbishment before homes are taken onto the scheme. Or management costs might be unacceptably high. Normally some level of revenue support (gap funding) is required. This may be acceptable if it helps discharge housing duties but not otherwise.

We think it is feasible to develop the voluntary model as a mainstream, essentially cost-neutral empty homes tool rather than just as an adjunct to homelessness initiatives.

## *Building Local Empty Homes Delivery Partnerships*

All-in voluntary schemes need to combine value-for-money with adequate standards. The council can make a direct contribution by offering guarantees and (perhaps with government backing) providing the up-front capital to cover refurbishment costs. But its main role might be to weld together the delivery partnership that will take care of all the details to an acceptable standard so that it can promote the scheme with confidence.

The delivery partnership might centre on a housing association as suggested above. It's great where they have the will and capability to deliver, as some undoubtedly do. But most don't, for perfectly legitimate reasons which we should respect. The net needs to be cast wider. Firstly there self-help housing groups or housing charities might play a part as we have mentioned earlier. They will have low costs and help meet housing need. But suitable agencies won't exist in many areas and, where they do exist, may have limited capacity. Secondly, there is the private sector: small builders, private letting agents and the like. These can be found everywhere. They could accommodate any projects associated with a local empty homes initiative within their existing work-flows without remodelling the entire business.

The main challenge is to ensure appropriate standards. For refurbishment, if council money is being offered up front, it should insist on the involvement of a professional building surveyor for all but the most trivial jobs. Letting agents might be chosen based on a formal tendering/evaluation process. A qualified surveyor could occupy a pivotal enabling role in the project, (such as facilitating the occupation).

Sound empty homes delivery partnerships will depend on a web of legal agreements - contracts, service level agreements, leases etc; and on effective procurement processes. - None of this is particularly complex or unusual in itself but perhaps intimidating for any single council to develop. We think if the models existed, many councils would want to implement them. We'd like to see a project – perhaps led by the Royal Institution of Chartered Surveyors or a similar professional property organisation – to develop the Empty Homes Delivery Partnership model and the necessary toolkit to make it work.

Until we have adequate delivery vehicles, good enabling work on empty homes work will continue to be undermined at the implementation stage.

## *Green Homesteading*

Many homes are brought back into use via a change of ownership. We'd like to see schemes that would encourage first-time buyers to take on homes that have been empty for over a year and upgrade them to high environmental standards. The government should have enough leverage with the banks to ensure that loan facilities are available.

We envisage that loans would be carefully controlled in terms of income multiples; that refurbishment standards would be high; that standard specifications would be developed for common construction details; that works would be overseen by chartered surveyors or architects; but on the other side of the equation: interest rates should be restricted to base rate + 1% for the life of the loan (capped at 6%); charges restricted to £500; and deposits kept at 5%.

Loans would need to be combined with “green grants” to help cover the gap between overall capital cost and out-turn capital values (offering some protection to lender and borrower against negative equity whilst enabling the greening of the building).

We'd also like to see Green Homesteading available as a part-rent part-buy option through housing associations; and loans should be available to self-build and short-life organisations.

Selling empty council or housing association stock is contentious given the shortage of affordable housing. But there is a case for exploring the role of Green Homesteading in estate situations where expanding home ownership would contribute to a better tenure mix.

## **Value for Money**

### **Revenue support**

Experience demonstrates the importance of a skilled co-ordinator to build local initiatives, whether directly employed by the council or outsourced. This is not necessarily a full-time post, and some councils are reducing costs by sharing services with other authorities. Unfortunately, in the era of cuts, and where there is no statutory duty to tackle empty homes, the resources devoted to empty homes work are under threat. But you cannot have your cake and eat it: if the government wants more done about empty homes it will require some level of resourcing.

We have previously promoted extending the “new homes bonus” to successful interventions by councils to bring long-term empties back into use.<sup>8</sup> Certainly, the principle of a reward is a good and fair one. But there are practical issues associated with measuring the outcomes that are to be rewarded. It would be more straightforward and less bureaucratic if the government simply put some match-funding on the table to support local initiatives, as we unsuccessfully proposed to the previous government<sup>9</sup>. If a council chose not to accept the offer, it would be expected to justify its decision to the local community. Funding should be dependent on local initiative meeting Minimum Standards.

We estimate it might cost the government about £8Million p.a. at 50% match-funding<sup>10</sup>. This could be easily offset by the boost to the economy and additional tax revenues generated by refurbishment of empty homes catalysed by local initiatives.

Provided a business case can be made, we would also support revenue funding for specialist services (eg regional enforcement officers as proposed by the Homes and Community Agency). The most appropriate way to deliver those services requires further thought.

### **Capital funding:- homesteading**

See section on homesteading above. If we assume that interest rates on loans are at Base Rate + 1% then these are effectively self-financing for the lender.

## **Capital funding:- Homes and Community Agency grant**

We recognise the value of existing Homes and Communities Agency grant regimes, such as Temporary Social Housing Grant (TSHG) and Purchase and Repair (P&R), for delivering affordable housing by re-using empty homes. These are well-proven and fit into a coherent fabric of grant funding. They don't need radical overhaul, but it is essential to make the value-for-money comparisons between empty homes with new-build fairer, putting them on a level playing field. Two adjustments are needed.

- Grant-per-unit on new-build must be properly calculated taking into account additionality rather than being averaged over units provided by developers.<sup>11</sup>
- The **net costs** to the public purse must be used for both new-build and empty homes projects: this means subtracting the tax revenue gained through VAT on refurbishment costs from the grant amount to arrive at a true public subsidy figure.

## **Capital funding: local authority schemes**

We urgently need a quick, authoritative and independent review of a representative sample of the local authority funding schemes that have been set up to tackle empty homes<sup>12</sup>. We are confident that any review would highlight a number of successful schemes that involve minimal amounts of public subsidy or incentive, with most up-front investment clawed back over relatively few years<sup>13</sup>. The Kent loan scheme, for example, has helped bring 178 empty homes back into use for a true capital cost (after repayment of loans) of a little over £2,500 per home. (See Annex A).

These schemes might require pump-priming, but once established on-going funding would be low. The proven models (there may be more than one) can be refined as necessary and then packaged up to be quickly and easily replicated elsewhere. Local schemes can be tailored so levels of incentive reflect local housing markets and councillors can exercise their discretion to address particular circumstances of individual cases. We strongly advocate that the government provides funding for these schemes.

To control value-for-money and given the apparently arbitrary levels of incentive currently found around the country, if it is to channel government funding any proposed council scheme should be independently audited against benchmarks established in the review before it is implemented.

## **Fiscal measures**

Whilst introducing punitive rates of council tax on empty homes has always had its proponents it is debatable whether it would be a legitimate or equitable approach outside of a comprehensive system of land and/or wealth tax. We consider it too political to fall within our remit, as practitioners, to propose.

However there is a good case for reviewing some of the council tax concessions that currently provide tax breaks to owners of empty homes. For example, the option to give a 50% discount on long-term empties (decided at local level) might be scrapped. Or the Scottish model might be adopted whereby homes receive a 50% discount until the end of the first year and the discount is then removed. All the exemption codes should be reviewed. Are these tax breaks really justified?

We have seen no evidence to demonstrate the benefits of or necessity for many of the concessions. They appear to assume that paying normal rates of tax is in some punitive. We suggest that the minority of people who can afford to keep a home empty can afford to pay council tax on it. People who can't afford to keep homes empty generally won't. Councils already have the power to make exceptions in individual cases, or classes of case, should circumstances demand it.

Consideration should also be given to allowing housing authorities to retain all the council tax collected on empty homes rather than returning some of it to central government as at present - provided it is re-invested in housing. As suggested earlier, the promise in John Prescott's *Rural White Paper* should be honoured: receipts from the reduction in second homes council tax discounts should be retained by housing authorities<sup>14</sup>.

The criteria used to remove dwellings from Valuation lists (thereby escaping council tax altogether and dropping out of statistics) should be tightened up. Only dwellings that are truly beyond economic repair should be removed ie where the cost of refurbishment exceeds the value of the refurbished dwelling.

# ***Annex A – Broad empty homes initiatives described***

A good local empty homes initiative is likely to feature

- a detailed assessment of the pattern of vacancy to inform the right response
- identifying, engaging with and incentivising delivery partners to procure, refurbish and manage homes
- devising and marketing new grant or loan schemes
- securing the necessary capital and revenue budgets
- tracing owners and helping resolving ownership issues
- providing advice, accurate and extensive information and signposting to owners
- negotiating with nervous, confused or hostile owners to encourage them to act
- mastering the demanding legal procedures required for enforcement where other avenues to address nuisance empties have been exhausted
- building internal partnerships to ensure a proper joined-up response
- establishing mechanisms to secure homes for people in housing need
- monitoring results and keeping the public informed of what is going on

The following were not solicited for this document but were submitted independently to the HCA Empty Homes Debate. We have extracted the descriptions of local initiatives and these are reproduced with permission from the authors.

## ***Bradford***

(contributed by Lorna Frost, Environmental Health Officer)

Here at Bradford we are late joining the debate but have read the comments so far with interest and a great feeling for how much shared passion, opinion and expertise there is in the arena of empty homes.

### **Funding and Resources**

As a non statutory function, empty homes work could be seen as an easy target for cuts in funding. However, there is a huge demand for the service we provide from members of the public, and an expectation of what we can deliver. At a time when government is keen for the electorate to decide what services they want in their area, we are sure empty homes will feature heavily in this wish list. People are very passionate about the effect empty homes are having on their neighbourhood, and this has always been an important driver for the work we do.

Politically, at a local level, it is an important issue for Councillors. We have close and regular contact with Members throughout the district regarding particular empty properties, and they are always very supportive of the work we do and share frustrations over lack of enforcement tools available. Recently Councillors in Bradford voted to increase Council Tax charge to 100% for empty properties, with the increased revenue to be ploughed into empty homes work, introducing initiatives to help owners of empty properties bring them back into use.

Politically, at a central government level, we are pleased that the opportunities that empty homes represent and the barriers to further success are being seriously explored.

Empty homes work can be very resource intensive. To bring one long term empty property back into use may involve hundreds of hours of Officer time. We take the view that one empty brought back into use can lift a whole neighbourhood, especially when the property was causing long term serious blight in an area. It is something very visible that the community can see the Council are doing, and something that the public themselves cannot do.

A good revenue budget is essential for successful empty homes work, but this needs to be backed by a good capital budget. The ultimate threat of CPO can only be achieved if the funding is in place. In most cases CPOs do not come to fruition because the threat and process up to the approval of the order force the owner into action. However, without the capital to back this process, should it be needed, there is no tool of last resort. In Bradford approximately 9 out of 10 CPOs do not come to fruition, but the properties are brought back into use. Not spending the capital budget for empty properties should not be seen as a failure. Also, it is difficult to tie spend on CPOs to a financial year, and often there has to be carry over. We support the proposal of HCA acting as a bond guarantor for CPOs. Even if the CPO does come to fruition, in the majority of cases some or all of the money will be refunded when the property is subsequently sold on by the LA. This HCA CPO fund would therefore be replenished.

### **Partnership Working**

We have tried with limited success to work with RSLs, a view that seems to be shared by many others. Where we have been successful in bringing them to the table, the proposals of the LA giving the RSLs properties for them to renovate and include in their stock do not add up for them. It is always the same story, new build is where the funding is. More emphasis should be placed on the regenerative gain to an area of renovating a property and bringing it back into use, instead of looking at the property in isolation. We have had one success with an RSL taking empty properties from us, renovating and renting for 7 years, after which they will be sold as part of a low cost home ownership scheme.

Where properties are being purchased from the private sector for the public sector, someone has to pay, whether it is the Local Authority or the RSL. It is an expensive option for the public purse, but again, we would emphasise the gain to the neighbourhood and the advantages of mixed tenure communities. Some changes need to occur, from HCA, that give RSLs the confidence to take on empty properties.

Other partnerships that we are engaged in are working better with Planning Officers to use planning legislation to tackle blight, Council Tax and Social Services to use debt to enforce the sale of properties.

We also work with the Police, on an informal basis. Many empty properties are associated with crime, such as mortgage, benefit and credit fraud, money laundering, identity fraud, cannabis factories etc. We would like to strengthen the relationship with the Police, perhaps on a more formal footing regarding what information we can share. We would also like better links to the CPS. A better national profile for empty homes work and an acknowledgement of our role in tackling crime would assist in achieving these links.

We attend sub-regional and regional empty homes groups which work very well at providing advice, information and sharing good practice.

### **Enforcement**

We have a small dedicated team working on empty homes. We feel this is crucial as empty homes work, absolutely reliant on regular and sustained contact with owners, gets lost amongst other housing enforcement work. The core of the Team is 2FTE Environmental Health Officers who bring structured, housing based knowledge and enforcement mindset to deal with the worst properties. Complementing this are an Empty Homes Officer, Technician and 2 Empty Homes advisors (soon to commence in post). These 4 Officers deal with securing properties, making first contact with owners, soft touch action and advice.

The aspects we think are important in empty homes work are

- a range of initiatives to help bring empties back into use
- sound working knowledge of legislation (housing law, property law , probate )
- good investigative skills and access to systems that allow this
- understanding of the mindset of empty property owners ,
- consistent personal contact and sustained, relentless pressure enabling good relationships with owners,
- good partnership working. We are constantly looking for ways to work with other agencies.

Wherever possible, we want the owner to bring the property back into use, and will persist with this whilst we think there is a chance of this being achieved.

We have a range of “soft touch” interventions, including introducing a service by which we will prepare action plans with owners to help them achieve their ambition with regard to an empty property.

We use all appropriate legislation for tackling insecure premises , building defects and statutory nuisance.

Tools we use to try to effect a change of ownership are

- CPO using Section 17 Housing Act 1985
- Enforced sale- using whatever appropriate debt we can. We would be interested in HCA or Empty Homes exploring the governments announcement that it would “ ban orders for sale on unsecured debts of less than £25,000.” This could seriously affect the work we do in this area.
- Putting prospective purchasers in touch with empty property owners
- We purchase the property from the owner for either sale on the open market or release to partner RSL
- Legal Assistance scheme. Free appointment with a solicitor to discuss work needed to rectify defective title, probate etc. If appropriate will pay for all legal work needed, which is re-paid to us on sale.
- Loans- to be introduced in January 2011. Equity based fixed term loans.

## **Kent**

Contributed by Andrew Lavender, Project Consultant, Kent County Council

There is no single solution to the problem and if we are to be effective in bringing these properties back into use, we need to have a broad range of options and solutions to deal with them.

Partnership working is a key ingredient; with limited resources it is important to bring all the relevant partners together to ensure a comprehensive and cohesive approach. (LA, HCA, RSL, Developers, Landlords, Housing Charities etc)

Kent County Council launched its ‘No Use Empty’ campaign in 2005 as part of its second round PSA commitments to examine better ways of delivering services, and particularly at working more effectively with the 12 district councils in the County. The primary aim of the Initiative is to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation.

The Initiative developed three strands of financial assistance to use its capital funding to encourage the re-use of empty properties: -

1. Loan scheme – loans are available to help owners/developers refurbish/convert empty homes or redundant commercial buildings to provide good quality residential accommodation. On completion properties must be made available for sale or rent. The loan fund is operated as a revolving fund, so that as loans are repaid, the money is re-lent to support new schemes. £25K per unit, max £175K per applicant, secured as a charge based on a max 90% LTV.

To date KCC has provided interest free loans in the amount of £3.2 Million, which has secured private sector leverage of £6.8 Million, giving a total investment of £10.1 Million

KCC average investment £18,440 per unit, but capital fund is returned within 2-3 years, so the actual cost per unit of accommodation brought back into use is £2,557. This is the lost opportunity of interest. Total number of units being funded through the loans = 178

22% of funding is to individuals & 78% of funding to developers

2. Partnership fund – funding available to help the Districts undertake enforcement where deemed necessary e.g. Compulsory Purchase Orders, works in default, direct purchase. District Councils have extensive powers to deal with run down empty properties, but often lack both financial resources and personnel or knowledge to effectively utilise these powers.

We utilise the full range of legislative options and use them in appropriate cases and maximise the publicity from any successes.

3. Direct purchase scheme – acquisition of empty properties by KCC or their partners for redevelopment into good quality housing accommodation.

The success of the project can be measured by the tangible results achieved through the number of empty homes brought back into use. A revised target of 850 properties by March 2010 was set having exceeded the original target of 650 earlier than expected.

### **Financial Years Cumulative Target Achieved**

2005-08 372 487 properties

2008-09 650 728 properties

2009-10 850 1,266 properties

The Initiative currently has budget approval to March 2013 and has made a commitment to return a minimum of 600 units during this period.

We have tried to adopt a wide range of mechanisms to encourage owners to engage with the scheme, from advice and guidance, discount with local auctioneers, enforcement, private sector leasing, direct purchase etc. This was with a view to establishing what works on the ground.

### **Empty Property Legislation**

The very worst properties will generally not be brought back into use through negotiation and the LA to use their statutory powers to resolve the problem.

I think that Local Authorities (LAs) have sufficient legislation in place. The main issue is whether the LA consider empty properties a priority and often lack a corporate approach to the problem.

In addition, there is often a lack of knowledge, experience and confidence in using the different forms of legislation. This can often be resolved by training or hands on experience. A regional approach can provide a cost effective solution to this and there are a number of excellent schemes.

However, much of the legislation is cumbersome and recovery of expenditure in some instances is difficult. Consequently, there is reluctance by LAs to use their powers to their full extent.....

[Refer to the original HCA debate for extensive and useful comments on legislation and other general issues]

# ***Annex B – Draft Minimum Standards for local authority empty homes initiatives***

## ***Making the plan***

Drawing up the action plan should involve:

- an assessment of the evidence base around empty homes: How many? Where are they? Who owns them?
- public involvement in drawing up the plan (eg for example consultation about local priorities)
- an options appraisal process to consider the measures that might be put in place, taking into account Value-For-Money and available resources

## ***Checking the plan***

An effective action plan could be expected to :

- feature clear priorities that make sense and reflect consultation
- contain SMART targets tailored to deliver those priorities ie targets that are specific, measurable, realistic and resourced and feature a delivery timeline;
- describe the tools to be used in the delivery of the plan, which should include
  - ✓ relevant enforcement measures to tackle nuisance empties
  - ✓ regular contact with owners of long-term empties to encourage progress
  - ✓ good quality information and signposting for owners
  - ✓ availability of voluntary schemes featuring grant or loans
- set out how the plan will be delivered - including an identified, accountable co-ordinator (i.e. Empty Homes Officer or the like) dedicated to the task
- spell out a Corporate commitment to the plan, involving all relevant departments
- incorporate customer service standards for owners and members of the public

## ***Seeing the results***

Communities should be able to find evidence that the plan is being implemented through:

- evidence of progress against targets in the action plan
- benchmarking against comparable authorities
- records of interventions that accord with the action plan
- active promotion of the assistance available to owners of empty homes (eg via advertising)
- records of contacts made with owners and the public
- records of complaints received and/or reports of empty properties; and of adequate responses being given
- customer satisfaction surveys in respect of actions taken by the local authority
- case histories that demonstrate that action is being taken with sufficient focus and consistency
- reports of performance against service standards

## *Minimum standards in delivery*

Communities should expect to see their housing authority deliver the following as a minimum:

- effective enforcement action against nuisance empties, with the option of Compulsory Purchase or Empty Dwelling Management Orders being used to address the most intractable cases
- well-signposted access to advice and information for empty home owners
- well-signposted mechanisms for residents to report empties that are of concern
- partners able to offer a wide range of services such as sales, lettings, refurbishment
- regular contacting of longer-term empty homes owners encouraging them to act and offering appropriate support
- systematic engagement with all long-term (as defined locally) empty homes with evidence of escalation where problems persist
- the availability of voluntary schemes for “reluctant” owners that offer the same all-in service of refurbishment and management that EDMOs offer.

# Annex C: EDMOs and enforcement

## Introduction

Many different pieces of legislation can be used to address empty homes. Most are reasonably sound but most also have definite flaws that can make councils reluctant to use them. None, other than Empty Dwelling Management Orders, are specifically designed to tackle empty homes. The issues are too detailed and complex to cover in this document. Instead, we recommend that a systematic review of enforcement in relation to empty homes is conducted. Regardless of what happens with EDMOs we think the issues associated with empty homes need to be better reflected in the legislation.

## Empty Dwelling Management Orders (EDMOs)

Empty Dwelling Management Orders are a special case because it is known that the government is considering repealing the legislation, the Conservatives having trailed this in the lead-up to the election and currently on their policy website.

The main objections to the EDMO legislation are philosophical/political i.e. that it is an unjustifiable interference with private property rights. The opposing view is that the interests of the community outweigh the rights of the owners. Either position can be justified. However, we think it fair to report that the majority of empty homes practitioners believe that the interests of neighbours suffering the stress of lowered property prices, vandalism, squatting, dampness, vermin etc etc that might be associated with an empty home should outweigh the interests of an absentee owner. Unlike cars, empty homes can't be towed away. Councils have powers to deal piecemeal with individual problems that might arise but only re-occupation can address the underlying problem.

This view seems to be shared by people across the political spectrum, with Conservative local authorities having taken a lead in pursuing EDMO action. At one point, an Empty Homes Agency analysis showed that 13 out of the 17 authorities that had taken EDMO action were Conservative-controlled (we do not know the current position). Similarly, the Conservative Mayor of London's recent *Housing Strategy for London* notes that "*where other measures fail, the Mayor encourages boroughs to use their powers of enforcement through legal sanctions, including the use of Compulsory Purchase Orders and EDMOs*".

We suggest that one reason that politicians of many hues are comfortable with EDMOs is because the quasi-judicial Residential Property Tribunal (RPT) process offers a high degree of protection to the absentee owner. The rigour of the process can be verified reviewing the rulings published by the RPT. Local authorities do not underestimate the rigour of the RPT's evaluation of the evidence presented and do not undertake an EDMO application lightly - there is simply too much work involved.

We think the other main reason is simply that local Members, like practitioners, think the interests of the community outweigh the interests of a negligent, absentee owner and in some circumstances an EDMO seems the best option available. "An Englishman's home is his castle" but it is not much of a castle, nor of a home, if it is affected by dry rot, vermin, dampness etc connected with the empty dwelling next door.

## EDMOs - practicalities

There seems to be a unanimous view amongst those that have used, or attempted to use, or have threatened to use the EDMO legislation that it has been very helpful in focusing owners' minds on the need to do something about their empty dwellings. We think it is well-established that the positive outcomes attributable to the EDMOs legislation are many, many times more numerous than the cases heard at the Residential Property Tribunals. For example in the early days of the legislation a Manchester City Council officer stated that his council had threatened EDMOs on 30 properties without ever getting as far as an RPT hearing - because the owners had then voluntarily brought their properties back into use.

The repeal of the EDMO legislation would thus be a much bigger blow to empty homes initiatives than the raw figures of EDMOs granted would suggest. It would, we think, send the wrong message to empty home owners and potentially obscure any positive steps the Coalition is going to take to tackle empty home.

## The balance between the interests of the owner and community

In considering where the balance lies between the interests of owner and community it is often-overlooked that, unlike every other enforcement measure, EDMOs are unique in conferring significant benefits on the absentee owner. A property that was previously a wasting asset now starts to generate income which, after deducting appropriate costs, is passed to the owner. If the costs include repairs, the owner benefits from the capital value of the repairs and avoids further and more expensive deterioration of the property. Far from being oppressive this offers a substantial quid pro quo for the interference with property rights.

## Striking a better balance

We do, however, think the legislation can be adjusted to provide a better balance between private and community interests.

Firstly the current legislation unfairly singles out privately owned dwellings for action whilst granting exemption to publicly owned dwellings. This is inequitable and we see no justification for it. Quite the opposite: some public bodies have a record of keeping dwellings empty for future plans that never quite seem to materialise. These plans would probably be sufficient to scotch attempts at Compulsory Purchase or Public Request to Order Disposal. But through an EDMO a community could secure an interim use for the dwelling. **We propose that the exemption applicable to publicly-owned dwellings are removed.**

Secondly there is the fear that EDMOs can be used as a procurement tool rather than being used as a tool of last resort. This fear could be addressed by introducing a criterion restricting the use of EDMOs to "nuisance properties" i.e. cases where there is evidence of a negative impact on the community. Appropriate evidence would need to be clearly specified in any Order implementing the restriction. We think it should include, for example, evidence from the police about anti-social behaviour and crime associated with the dwelling; evidence of recent enforcement action by the local authority under housing, planning or environmental health legislation; or a petition expressing the concerns of a given number of local residents. It would be down to the RPT to assess the adequacy of the evidence presented.

The “nuisance property” criterion outlined above should only apply to privately-owned dwellings. With publicly-owned dwellings there must be a presumption that they should be put to productive use and we would positively encourage the use of EDMOs as a procurement tool.

If “nuisance property” criterion is introduced, we would like to see the criterion regarding the length of time a property has to be empty removed. This is because there is an **over-riding requirement that the local authority demonstrate to the RPT that the subject property will be empty for the foreseeable future** if an EDMO is to be granted. To insist that the home must also have been empty for a certain period of time is the equivalent of saying to residents “We know that this property is causing a nuisance, and we are satisfied that it is not going to come back into use in the foreseeable future, but we nevertheless require you to suffer for another x months until it has been empty for y months”. We can see no justification for such a stance. It is important to note that squatting counts as occupation; therefore squatting “resets the timer to zero” for a nuisance dwelling if the duration-of-vacancy criterion is retained.

Again in the interests of equitability, the reasonable costs associated with securing an EDMO against a nuisance dwelling should be recoverable, as they are with other enforcement options.

To deal with the final anomaly associated with EDMOs, the costs of storing any furniture, if so required by the owner, should be recoverable from the rental stream on the basis that storage of the furniture is a precondition for the generation of the income stream in the first place.

We recommend the foregoing adjustments in the interests of equitability

# NOTES

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<sup>1</sup> There were 51,230 households in temporary accommodation, 1<sup>st</sup> quarter 2010, including 74,610 children (CLG Live Tables on Homelessness *Table 775 Statutory homelessness: households in temporary accommodation1, by type of accommodation, at the end of each quarter*). There were 1,634,301 households on council waiting lists, 1<sup>st</sup> April 2009 (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 available for download from <http://www.emptyhomes.com/documents/publications/reports/New%20Tricks%20With%20Old%20Bricks%20-%20final%2012-03-081.pdf>

<sup>4</sup> Eg, the Liberal Democrat General Election Manifesto, 2010; the Conservative housing policy document *Building Strong Foundations*.

<sup>5</sup> *The Coalition: our programme for government* p.11.

<sup>6</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>7</sup> Key bodies would include: Homes and Communities Agency, National Housing Federation, Empty Homes, the Empty Homes Network, the Council of Mortgage Lenders, the Royal Institution of Chartered Surveyors, an appropriate audit, HM Treasury, Local Government Better Regulation, the Local Government Association, HM Revenue and Customs, the British Property Federation, the Federation of Master Builders, Shelter.

<sup>8</sup> See *From Empty Promise to National Action Plan* at <http://www.ehnetwork.org.uk/NationalActionPlanFinal>

<sup>9</sup> Our consultation submission on the £500M+ Housing and Planning Delivery Grant suggested top-slicing the a small amount to match-fund empty homes initiatives.

<sup>10</sup> We estimate an **average** £50,000 of revenue per authority per year is needed for an effective initiative. Government match-funding at £25,000 would cost it around £8million per annum for 320 authorities..

<sup>11</sup> To illustrate: suppose 10 affordable homes are provided on a site of 40 dwellings; suppose, without any public subsidy it would be viable for the developer to provide 7 affordable homes.; suppose the total grant from the HCA is £300,000; then this grant should rightly be considered to have produced the remaining three units at a cost of £100,000 per unit. However, as under normal arrangements all 10 units are likely to be transferred to a housing association in a single transaction, the RSL bid for grant and any statistical returns are likely to show a scheme of 10 units that cost £300,000 in grant, at £30,000 per unit. A grant figure of £100,000 per unit is the true one. The £30,000 figure is a fiction— but it is likely to be the one used when comparing value for money against a £90,000 per unit empty homes scheme (where no developer subsidy is present). That billions of pounds of public expenditure has been misrepresented in this way is something of a scandal but our immediate concern is that it grossly distorts the playing field when the value-for-money of empty homes schemes is being assessed.

<sup>12</sup> The finance being deployed may come from the authority's own capital, commuted sums received from developers, government funding for private sector renewal or prudential borrowing.

<sup>13</sup> The Kent loans scheme, the Exeter grants scheme associated with its social lettings agency EXtraLet are just two examples of useful models.

<sup>14</sup> "We propose (subject to consultation) to give local authorities discretion to charge the full council tax on second homes, rather than the 50% discount that they are required to apply at the moment... We propose that the extra revenue raised should be retained by the local authorities concerned [=the billing authority] and we will consult on whether the funds should be earmarked to provide affordable homes in the areas affected. Rural White Paper, "Our countryside: the future" (November 2000).

## ***Document History***

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