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*The National Association of Empty Property Practitioners*

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*From empty promise to national action plan:*

*Creating a national empty homes initiative*



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## *from the Empty Homes Agency.....*

*An internal memo dating from the 1990s lurks in the Empty Homes Agency's archives. It says, "six local authorities in England have empty property officers and are active in tackling empty homes". Earlier this year when updating our ReportEmptyHomes.com website, we found for the first time that every council in the country had a named person responsible for tackling empty homes. It certainly doesn't mean "job done", but it is an indicator of the amazing progress we have seen on this issue in just over a decade. Across the country every local authority acknowledges the problem of empty homes and sees the need for council intervention to try and resolve it.*

*The very obvious reason why it is not "job done", is that there are still over three quarters of a million empty homes in England. Meanwhile, the population has reached record highs, and the house-building rate is at an eighty year low. There are enough empty homes in England right now to house the whole of the population of Northern Ireland! Repossessions and stalled regeneration schemes have even added to the problem, meaning that despite record levels of housing need, the numbers of empty homes are still going up.*

*We ardently believe that council empty property practitioners have a significant impact in tackling the waste of empty homes. Through their unique knowledge and expertise they can help property owners overcome the obstacles to reusing their property, they can bring people together to sort out problems, and they can tackle the long-term eyesores that blight people's neighbourhoods and would otherwise stand no chance of being resolved.*

*The question raised by this publication is how can the abundant ability and potential of empty property practitioners be tapped to help turn around the rising tide of vacancy? In our view there are two crucial factors. Firstly let's encourage owners to act so councils can concentrate their work where it is most needed. Property owners need more incentives to bring their properties into occupation. For most there is currently no financial support for refurbishment; in fact it attracts heavy taxation in the form of VAT. Instead, they receive council tax exemptions and discounts for leaving the property empty. This situation is patently absurd. Tax reform and a small national grant scheme would encourage thousands of people to act.*

*Secondly, there will always be some properties where financial incentives do not work. It is here that empty property practitioners' work is so valuable. But it does not happen automatically. All councils have acknowledged the need to tackle the issue. But to be effective their skills and capacity have to be developed and supported. Together with the NAEPP, we call on government to ensure that this support is provided through coherent and coordinated*

*national initiatives. Only then will property owners and councils be properly equipped to turn the country's wasted property into the homes people so desperately need.*



**Nick Aldridge, Chair,  
Empty Homes Agency**



**David Ireland, CEO,  
Empty Homes Agency**

*Nick Aldridge*

*David Ireland*

# Foreword

**By Ashley Horsey**

*[Chief Executive of the Empty Homes Agency (1999-2001)]*

*[Head of the government's Bed and Breakfast Unit (2001-2004)]*

*Making better use of the hundreds of thousands of empty homes and properties across the country is something few people will argue against. Using this valuable resource to provide much needed homes for those without accommodation, making best use of what already exists before building new homes on greenfield sites and tackling a major source of petty crime and anti-social behaviour from our existing communities and neighbourhoods is truth, honesty and mom's apple pie. The trick is how to do it?*

*The National Association of Empty Property Practitioners (NAEPP) knows how – their members in local authorities and housing associations up and down the country work day in and day out with owners of empty homes and with those who are seeking solutions. This proposal for a national empty homes initiative is a positive contribution to the debate.*

*After I left the post of Chief Executive of the Empty Homes Agency in 2001 I moved to central Government to take responsibility for delivery of a national target to reduce the time homeless families need to stay in B&B hotels as temporary accommodation. This was another area where few people if anyone argued against the importance of tackling the issue – the target was appropriately resourced and those responsible for delivering the target (local authorities) were supported and assisted with good practice and peer support.*

*I see the principal call of this document – for a government-inspired national initiative to tackle empty homes led by an Empty Homes Unit – as having the same potential as the Bed & Breakfast Unit to generate impetus by providing focus and a central policy drive. We were able to build a really effective partnership between central and local government that made a big difference to many people's lives.*

*Bringing empty homes back in to use is not something central Government can do – that can only be done by the people that own the properties and those that wish to own them and make better use of them. But government at Whitehall and Town Hall has a major role to play in helping, encouraging and ultimately compelling if necessary better use of empty homes.*

*We live on a small island. Whilst filling empty homes will not solve all problems, it would be a major positive step forward. If nothing else it would enable future policy on meeting housing needs or regenerating neighbourhoods, tackling crime or protecting the environment to focus on the harder problems knowing that we are meaningfully addressing the wasted resource of empty homes.*

*Ashley Horsey  
April 2009*



# *Dedication*

*This proposal for a national empty homes initiative is dedicated to the memory of **Bob Lawrence**, the first Chief Executive of the Empty Homes Agency, who through his tireless efforts and passion did more than any other single individual to promote the importance of tackling empty homes.*

*Without Bob's work, it is unlikely that a proposal such as this would ever have seen the light of day.*



*In Memoriam  
Bob Lawrence  
died November 2008*



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The National Association of Empty Property Practitioners

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*From empty promise to national action plan:*

*Creating a national empty homes initiative*

# *Executive Summary*

*October 2009*



# *Why we need a national initiative*

## *Who cares about empty homes?*

Empty homes make headlines because they are a big issue for lots of people, people who may be

- concerned about the blight of empty homes in their neighbourhoods;
- offended by the sight of wasted homes when so many people still do not have a decent roof over their heads; or
- hostile to the building of much-needed new housing because existing homes are not being put to good use.

## *What's needed to deal with empty homes?*

In most parts of the country, the main obstacle to bringing empty homes back into use is **the inertia of the owners**, whether in the private sector or the public sector. The best local authorities have developed an energetic response to that inertia, building empty homes initiatives that typically depend on three things:

- strong commitment at senior level and political leadership
- a tool-kit containing a good range of practical measures
- a dedicated individual, a “champion”, able to drive the initiative forwards

## *Leadership at all levels*

But whilst central government, for its part, has introduced some welcome measures, such as Empty Dwelling Management Orders (EDMOs) and some changes to the VAT and capital allowance regime, **there is no coherent plan or framework at national level able to do justice to the scale of the problem.** In fact, despite there being around 1 million empty homes in the country, to the best of our knowledge there is not a single civil servant devoted exclusively to moving the empty homes agenda forward.

It is not that the government doesn't care about empty homes, but we think there is a **mismatch between the importance of the problem to the wider community and the scale and coherence of the government's response.**

## ***Balancing local and national dimensions***

So while local action remains key it would be a huge boost if **the government itself took the lead by engaging more systematically with the issue.**

Currently, the lack of focus at national level means that local initiatives struggle to compete with areas of work where the centrally-defined drivers, such as national indicators, statutory duties and so on, are more compelling. So long as the resources available to local authorities are stretched ever more thinly it is hardly surprising that optional activities such as empty homes work are pushed down the list of priorities. 20 years after the first local initiatives were set up it would be unrealistic to expect this to change unless there is a shift in the priority assigned to the problem in more senior tiers of government.

## ***A Value-for-Money Framework***

The National Association of Empty Property Practitioners would like to see communities in every local authority area benefit from effective, properly-resourced empty homes initiatives, set up to deliver action plans that are carefully tailored to the local situation. But we want to see such local initiatives supported with resources at regional, sub-regional and national level, to ensure continuity and offer the best value-for-money. There are too many specialist dimensions involved in empty homes work to expect all local authorities to be able to create cost-effective initiatives.

The best approach is for the government not only to give more substantial support to local authorities and other partners **but also to throw its own hat into the ring, by taking some responsibility for delivery.** Mirroring what works at local level, that would indicate an accountable, dedicated national unit to champion the issue and drive the agenda forwards. This is not about undermining localism - it is about complementing it. Local targets should be set locally. **But the government should have the courage to set itself national targets, confident that it can work with local authorities to deliver them.**

## ***Building Partnerships***

The challenge lies in building partnerships that cross recognised organisational boundaries such as those between central and local government, between one local authority and the next. But citizens, being at one and the same time national and local tax-payers, rightfully expect effective integration between the different tiers of government they fund. So where the issue is a universal one - and we believe this is true of empty homes - creating that integration and building the necessary partnerships does not challenge democracy but strengthens it.

We empty homes practitioners are optimistic about the possibilities of success because at local level an empty homes initiative normally relies on effective partnerships both within and outside the local authority: we know it can be done - and part of our role now is to suggest to central government how to do it, too.

## *A service not a threat*

Some of the reluctance of central government to engage more decisively with the issue of empty homes may derive from fears about “state interference” with property rights. But these can be addressed by explaining more clearly the extent to which the beneficiaries of empty homes work are home-owners themselves: the owners of adjacent properties and the owners of the wasted asset. A national initiative would offer an enhanced **empty homes service**, giving more assistance, more advice, more funding to repair and refurbish empty properties.

## *Now is the time for action*

The problem of empty homes, after some years of slow decline, is growing rapidly again. This reflects the seizing-up of the housing market and difficulties obtaining credit. Homelessness is likely to grow too, and sometimes repossessions will generate both problems at the same time. This is no time for complacency.

But better-resourced empty homes initiatives will do more than just address housing problems - they will also provide a much-needed boost to the real economy. **Capital invested in refurbishing empty properties, which is typically labour-intensive, goes straight into the building industry**, keeping crafts-people in work at local level and retaining a skill-base that is under serious threat and will be badly needed when the economy picks up again. Unlike major infrastructure projects that have long lead-in times, empty homes projects can start quickly, anywhere in the country.

## *Making it happen*

As an organisation of practitioners whose whole raison d'etre is to help achieve results at grass-roots level, street-by-street, we are not in the business of launching demands or political lobbying. We've drawn on the extensive experience built up by our members over the years to make **practical suggestions** that we hope decision-makers will pick up and develop.

We believe our proposals contain sufficient balance and common sense for them to appeal to a broad spectrum of opinion. We don't want the issue of empty homes to become a political football. Like the Rough Sleepers Initiative in the 1990s, we think a national empty homes initiative should attract cross-party support as a common-sense and practical response to a difficult problem.

In what follows we spell out the sorts of measures an action plan could be expected to contain if a national empty homes initiative were to be created.

## Key Proposals

Our proposals cover a range of issues. All are important, but clearly some are more important than others. We highlight here the key proposals, ones we think:

- can be implemented immediately; and
- will also have the biggest impact on the problem.

Our main proposal, from which all others flow, is that

- ✓ **the government should support a national empty homes initiative, underpinned by a coherent action plan, spearheaded by an Empty Homes Unit and focused on achieving national targets for bringing empty homes back into use through a framework that supports delivery at local level.**<sup>1</sup>

The other measures that we think will help most to deliver results cost-effectively are the following:

- ✓ **The human resources needed to mount effective empty homes initiatives should be enhanced and better organised, so that there are enough dedicated empty homes officers with access to relevant expertise to ensure sustained delivery in all communities.**<sup>2</sup>
- ✓ **A larger proportion of available capital funding should be allocated to support empty homes work as part of enhanced funding for private sector renewal generally**<sup>3</sup>
- ✓ **Extra support should be given to integrated empty homes and homelessness prevention initiatives, eg by allowing local authorities to lease homes outside of Housing Revenue Accounts and by providing a better deal to private landlords letting to those on housing benefit**<sup>4</sup>
- ✓ **Local authorities should receive financial rewards for helping bring long-term empty homes back into use.**<sup>5</sup>
- ✓ **An initiative should be launched to encourage and support conversion of redundant commercial space into homes**<sup>6</sup>

The above are the delivery-oriented measures that will help the most: but that is not to underplay the importance of the other proposals that would collectively contribute to a well-rounded, well-respected initiative.

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<sup>1</sup> See in particular proposals: 1, 2, 3, 6, 7, 29,31

<sup>2</sup> See in particular proposals: 8, 9, 10, 11

<sup>3</sup> See in particular proposal: 30

<sup>4</sup> See in particular proposals: 27, 28, 31

<sup>5</sup> See in particular proposal: 29

<sup>6</sup> See in particular proposal: 41

# ***A draft National Action Plan - summary***

## ***Local Delivery within a National Framework***

- 1 We propose that the government should draw up and implement an action plan to promote the re-occupation of empty homes, providing direction, resources and support to partners at all levels to ensure delivery through a **national empty homes initiative**.
- 2 To invest the plan with sufficient direction and impetus, we think the government should establish an **Empty Homes Unit** headed by a national empty homes “champion”, tasked with developing and implementing the action plan.
- 3 Meaningful but achievable national targets should be set for interventions resulting in
  - **re-occupation** of long-term empty properties
  - **preventing** properties becoming empty long-term
- 4 Figures should be collected and reported for empty homes re-occupied by households that were previously homeless or threatened with homelessness.
- 5 Local targets should be a matter for local citizens and auditors. Central government should support local housing authorities in producing and implementing Empty Homes Action Plans (with suitable encouragement to work cross-boundary) and negotiate with them to help meet national targets.
- 6 As a first step, the government, the National Association of Empty Property Practitioners, the Empty Homes Agency and the Audit Commission should work together to establish a transparent methodology for evaluating local Action Plans, developing clear criteria that both auditors, local authorities and citizens can refer to.
- 7 Regional agencies should be tasked with producing Action Plans for aspects best handled at regional level eg support for regional empty homes forums, transparent allocation of any dedicated funding streams regionally to empty homes work etc.

## ***Human resources to ensure delivery***

- 8 The proposed Empty Homes Unit should negotiate with education providers to ensure that suitable professional training is available for empty homes practitioners leading to a recognised certificate.
- 9 The proposed Empty Homes Unit should review the human resources (skills, expertise etc) needed to implement effective action plans at local level and should take the initiative in establishing - with the support of stakeholders - the

most cost-effective resource network whether through provision at local, regional, sub- or supra-regional or national levels.

- 10 Delivery should be boosted at local level by ensuring - through match-funding where necessary - that there are sufficient well-trained, dedicated empty homes officers to sustain coherent action plans.
- 11 To build more effective partnerships, it will be important to create a network of people identified as empty homes “champions” within key agencies such as the Homes and Community Agency, Government Offices, construction industry associations, the Local Government Association: people who are first points of contact, able to put the viewpoint of their organisation forward and with the will to make a difference.

### *A Fair Deal for the Tax-payer and the Owner*

- 12 The action taken to address empty homes needs to be proportionate. The appropriate balance between the needs of the community and individual rights can usefully be expressed by making it more explicit in a Charter for Empty Home Owners.
- 13 Local authorities should publish service standards setting out how they will respond to complaints and reports about empty homes.
- 14 The cost of dealing with nuisance empties that adversely affect local communities should not fall on the local tax-payer but on the property owner and the costs to be recovered must include the staff-time involved in taking whatever action is needed.
- 15 A fair share of the income generated by bringing empty properties into use via EDMOs should be reserved to cover the reasonable costs to the tax-payer of doing so.
- 16 The website facility whereby concerned citizens can report empty properties should be provided with long-term funding and given wider publicity.
- 17 A national hotline or website aimed at helping empty property owners should be piloted.
- 18 More robust action should be taken against those evading council tax by providing false information on their council tax returns.
- 19 The government should combat tax avoidance by revising relevant guidance to Valuation Offices to ensure that empty homes are not removed from council tax lists inappropriately.
- 20 Property owners should have a legal obligation to keep the Land Registry informed of their current address.

### *Publicly-owned empties*

- 21 A specific programme needs to be set up from within government to tackle once and for all the issue of empty homes under the control of public authorities such as the MOD and health authorities. All such public authorities should be required to supply details of their empties at local authority level.
- 22 The exemption of publicly-owned homes from EDMO action should be removed.
- 23 The scope of Public Requests for Order of Disposal of empty properties should be extended to the assets of all publicly-funded bodies (including housing associations, NHS Trusts).
- 24 Local authorities, as the democratically elected representatives of the public, should be granted the power to initiate a Public Request for Order of Disposal.
- 25 Where the obstacle to re-use of a public-sector home is lack of funding, the government must step in and provide the necessary funding urgently via a high-priority programme, if necessary including stock-transfer..
- 26 The potential for an expanded and better-supported short-life housing programme should be explored.

### *Filling the Empties to Tackle Homelessness*

- 27 Local authorities should be empowered to lease homes outside of the Housing Revenue Account for homelessness prevention, where the lease does not constitute capital expenditure; consequent adjustments to the housing benefit subsidy and rent regimes would be also be needed.
- 28 Housing Benefit arrangements for households threatened with homelessness should be modified to make partnerships more attractive to owners of private sector empties.

### *Resources*

- 29 In the short term, **sufficient revenue funding should be set aside from the Housing Planning and Delivery Grant pot** to establish the national framework for tackling empty homes. Longer term, we suggest that local authorities are allowed to retain council tax receipts on empty homes they have helped bring back into use for the same period of time as the home was previously empty.
- 30 The amount of government funding allocated to private sector renewal should be significantly increased. A proportion must be ring-fenced for pump-priming of grant or loan schemes targeted at empty homes.

- 31 The proposed Empty Homes Unit should facilitate the introduction of such grant/loan schemes by working with leading local authorities to create “good practice” templates with suitable terms, conditions, processes and procedures; and research into appropriate levels of incentive should be conducted.

### *Information and Research*

- 32 Monitoring of local authority empty homes interventions should be included in the Housing Strategy Statistical Appendix along with profiling of the local empty homes initiative and grant expenditure.
- 33 National statistics on empty homes down to local authority and neighbourhood level should be published promptly and systematically by the government and the methodology should be transparent.
- 34 The requirement for local authorities to calculate figures for private sector and “other public sector” long-term empties should be dropped: the government should calculate these from the figures collected by it from other sources.
- 35 A sounder methodology should be established for estimating the number of second homes, referring to common-sense, widely-recognised definitions rather than the current “council tax” definition. Longer term, relevant distinctions should be reflected in council tax recording categories.
- 36 A research programme is needed to cast more light on what works and is best value for money in empty homes interventions and to achieve greater clarity about the accuracy of empty homes data.

### *Improving the EDMO process*

- 37 There needs to be a **systematic and thorough review of the EDMO regime** and associated procedures. This should include reconsideration of the balance of cost and benefit between the local taxpayer and the empty home owner. Specific measures deserving early implementation to help make the EDMO procedures more responsive include the following:
- It should be made explicit that the “market” rent to be assessed as part of the Management Plan under a final EDMO should be no more than the relevant Local Housing Allowance unless there are exceptional circumstances
  - storage of furniture and other chattels left in an unoccupied property and subsequently removed as part of an EDMO management plan should be a recoverable cost under the management plan
  - capital costs involved in refurbishing a property subject to an EDMO should be registrable as a Land Charge and should take priority over any other charge.

### *Fiscal Measures*

- 38 VAT on refurbishment and repair of homes should be reduced and equalized with VAT on new-build homes.
- 39 The introduction of a more favourable tax regime (such as 100% capital allowances) should be considered to assist owners of listed buildings with refurbishment that produces housing.
- 40 Council tax exemption for unfurnished homes should be abolished and replaced with a discount that can be set locally as with second homes council tax.

### *Re-building the momentum of Living-Over-The-Shop*

- 41 A national empty homes initiative should include a specific workstream to promote and support conversion of redundant commercial space. This should include:
- securing dedicated funding streams
  - a focus on building effective delivery partnerships
  - a review of Flat Conversion Allowances, looking at value-for-money and the criteria for qualification for the allowance
  - stronger encouragement to housing associations to become involved.

### *Publicising Success*

- 42 A national empty homes initiative should be suitably branded and publicised to maintain momentum; and opportunities should be taken to improve value-for-money of publicity at local level.

## ***Other strands***

We are mindful that our proposals do not adequately cover area-based regeneration schemes.

In areas of housing market failure there is normally a complex set of factors operating that require a more strategic response than envisaged here. That response would often need to consider the wider economic picture.<sup>7</sup> Initially at least we would not propose for any national Empty Homes Unit to become involved in designated areas of this kind and careful boundaries would need to be drawn to avoid conflict with other agencies.

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<sup>7</sup> But even in such areas, the potential for housing-oriented solutions on a more restricted, neighbourhood basis has been demonstrated, for example by Urban Splash in Salford, by the Affordable Housing Development Company in Anfield, Liverpool and by Meden Valley Making Places in Nottinghamshire.



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The National Association of Empty Property Practitioners

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*From empty promise to national action plan:*

*Creating a national empty homes initiative*

*Detailed Proposals*

# Introduction

## Background

### *Who Cares about Empty Homes?*

Neighbours of empty homes can be badly affected by the physical, social and environmental problems associated with empty homes including damp penetration, timber decay, vermin, vandalism etc. They may also be concerned about the effect on the value of their own homes. A *Times* newspaper article stated: “A Home-track study in 2003 reported that, on average, a property next to an empty house sells for 18 per cent less than one that is occupied.”

Beyond the neighbourhood immediately affected, there are large numbers of people who accept the compelling moral case for ensuring people have a decent home. For them, the contrast between a home standing empty and a family that needs housing is too stark to be ignored.

There are also many people sufficiently concerned about the environment to demand that priority is given to filling the empties before land is released for new house-building: as long as their legitimate concerns are not adequately addressed a significant section of the population will resist the delivery of the government's house-building targets.

### *Who's Responsible?*

Ultimately, it is owners who are responsible for leaving their properties empty. But government, whether at local or central level, cannot just walk away from the problem when those empty properties affect the rest of the community in the ways described above.

### *What can be done?*

It is not surprising, then, that empty homes continue to make headlines. But on the other hand it is a little surprising that politicians haven't shown more consistent interest and a more coherent response, when initiatives to tackle empty homes are obvious vote-winners.

One reason politicians may be reluctant to engage too closely with the issue is there are no magic bullet available, thus no guaranteed certainty of headline-grabbing success. None of the policy initiatives over recent years can be proven to have made a significant difference to the overall numbers of empty homes.

We practitioners recognise that our efforts to tackle the problem will have an impact mainly at the margins: that the ups and downs of the housing market are likely to have a bigger impact on headline statistics than what we can achieve; that new empties appear as older ones come back into use.

**But the lack of magic solutions does not justify inaction.** Quite the opposite: it means we should do everything reasonably possible in the circumstances. We don't think the public expects miracles: but they do expect that the authorities will give this issue their best shot: they can reasonably expect to see in place **systematic, coherent, ongoing initiatives** that leave no stone unturned in the drive to bring vacant properties back into use.

In our detailed proposals below we show how it is possible not only to achieve this but also to create meaningful targets that would give the public confidence that progress was being made.

## **What works**

### ***The private sector***

Most long-term empty homes are brought back into use by the private sector. Sometimes, owners who have previously neglected their properties re-engage with them. Otherwise, even long-term empty homes may come onto the market eventually and be picked up by small builders or developers for refurbishment and onward sale or letting. Thus any measures that make this more likely, such as tax incentives, are invaluable.

### ***The public sector: empty homes initiatives***

Beyond this, the evidence from 20 years of empty homes initiatives shows that **active intervention by local authorities does produce results**. Such success depends on a wide range of resources and partners, giving empty homes work a characteristic intensity and complexity that involves amongst other things:

- devising and marketing new grant regimes
- identifying and incentivising delivery partners to procure, refurbish and manage homes
- securing the necessary capital and revenue budgets
- establishing effective tenant referral mechanisms
- tracing owners and resolving ownership issues
- negotiating with nervous, confused or hostile owners
- operating the demanding legal processes required for enforcement where other avenues have been exhausted

and so on.<sup>8</sup>

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<sup>8</sup> A recent piece of research published by the Department for Communities and Local Government concluded that "Dealing with LTEs [=long-term empties] is complex and resource intensive" (*Application of Discretionary Council Tax Powers for Empty Homes*, 2008)

This is highly dependent on the human element: the leadership of members and senior officers; and the skills, knowledge, perseverance and creativity of the practitioner dealing with individual homes. The success of the initiative often rests on the dedication of its “champion”, the Empty Homes Officer, who pulls all the threads together, translating ambition into practical intervention.

### *What are the obstacles to success?*

The underlying problem in many areas is that empty homes work is too marginal to attract the quality and quantity of resources needed on a sustained basis. It simply isn't a high enough priority. But even where successful initiatives are launched, they are not always sustained: a key individual moves on, budget pressures mean resources are withdrawn, other priorities take precedence: the “Empty Homes Strategy” languishes on the shelf, a dusty reminder of past aspirations and successes. Looking across the country as a whole, the work is patchy and inconsistent.

**But it is not fair to blame local authorities for lack of interest or commitment:** they have huge pressures on their budgets to address statutory duties - which do not include tackling empty homes - and, as indicated above, no one should underestimate what's involved in doing the work well.

## *Moving the agenda forwards*

### *New approaches*

Some local authorities have started to address resource issues through cross-boundary working, sharing expertise and so on. And whilst measures like Empty Dwelling Management Orders are not the answer in themselves, they do give more leverage to local authorities to deal with long-term empties.

### *Potential for more resources*

Meanwhile, the government has allocated significant amounts of money to housing, for example as Housing and Planning Delivery Grant or the billions of pounds available for new affordable housing, much of which cannot easily be spent in the current market. **A trivial proportion of those resources diverted into empty homes initiatives would make a huge difference.**

Overall, then, the **potential for empty homes work has never looked so promising.** There is an opportunity, if the government wants to grasp it, to build a national network of empty homes initiatives that will produce better results more cost-effectively. All that is required is for the government to show the vision and commitment and a willingness to engage more directly with delivery. We think such a move would earn the whole-hearted respect of the public.

# ***Credit crunch: challenge and opportunity***

## ***Challenge***

### ***Rising numbers of empties***

The difficulties being experienced in the housing market mean that the number of empty homes is rising. Typical contributing factors are:

- unsold new-build stock
- hard-to-let new-build stock (city centre flats)
- repossessions
- difficulties in borrowing money to refurbish properties, coupled with falling rents
- half-completed conversion and refurbishment projects

### ***Fewer opportunities for conversion***

Conversions of redundant commercial space and sub-division of larger homes have made a useful contribution to new housing stock over the last few years. Falling prices and uncertainty about the potential for sales will hold back developments of this nature, particularly given the wariness of lenders about providing finance.

### ***Growing housing need***

Whilst on the one hand the housing market has stalled and house-building can be expected to be depressed for some time, on the other hand the demographic pressures on housing will continue to grow. Repossessions and unemployment can both be expected to add fuel to the fire. Thus increasing supply by bringing empty property back into use has never been more important.

## ***Opportunity***

### ***Boosting the building industry***

Most interventions to bring empty street properties back into use involve a greater or lesser degree of refurbishment. Current concerns about the environment would make it desirable to bring the standard of empty properties being refurbished above the Decent Homes Standard - certainly in respect of energy conservation measures - implying an investment of several thousand pounds a property.

We outline in later sections schemes that draw on a combination of grant and loan to encourage refurbishment of empty properties (usually for letting to

households that are at risk of homelessness). Such voluntary schemes are well-proven and typically involve clawing back from the owner's rental income most of the money invested. The clawed-back money is then available for re-investment in yet further refurbishment.

There must be few areas of the country where such schemes would not be beneficial for housing and regeneration whilst also delivering a direct and beneficial impact on the local economy. Delivery could be expanded with very little lead time because:

- grant / loan schemes already exist or templates are readily available to set them up
- planning permission is not normally required
- the craft skills and materials involved in refurbishment are universally available
- there is demand from those in housing need for nearly all house-types

### *The win-win scenario*

In short, it would be a simple matter to focus a national initiative on the development of empty homes services and schemes that would

- secure private sector renewal through improved property standards
- reduce carbon emissions
- bring empty homes back into use
- help prevent homelessness
- maintain employment for building workers
- boost the local economy
- provide more opportunities for partnership with owners of empty properties, reducing the need for enforcement

Although this is only one of the proposals discussed below, it is certainly a key one.

# Creating a National Framework

## *Leading from the Front*

The government has reacted to other sensitive and complex housing issues by setting up special units to drive the agenda forwards. Obvious examples have been the **Rough Sleepers Unit** and the **Bed and Breakfast Unit**. By contrast, not only has there never been an **Empty Homes Unit** but, according to the Department of Communities and Local Government, there has never even been a single civil servant dedicated to and accountable for the empty homes issue.

This seems a significant mismatch between the priorities of the public and the response of the government. Perhaps the Empty Homes Agency has been all too effective in its role as the nation's conscience on the issue, allowing successive governments the luxury of settling back into a reactive attitude rather than being pro-active.

To redress the balance, we propose that the government forms a **small Empty Homes Unit**. Such a unit need not be expensive: it should be lean and focused, offering leadership, direction and organisation, working in partnership with local authorities and others and enhancing value-for-money in delivery at all levels. Its work would involve:

- ✓ developing and promoting a national action plan
- ✓ leading on empty homes policy developments and championing progress of relevant measures through government
- ✓ commissioning and/or leading the development of the resource networks needed to sustain empty homes initiatives cost-effectively
- ✓ commissioning relevant research
- ✓ devising and setting national targets and monitoring progress against them
- ✓ ensuring there are adequate criteria for the evaluation of local action plans
- ✓ supporting the development of benchmarking framework for local initiatives
- ✓ commissioning training programmes and promoting best practice
- ✓ leading on the task of developing more effective delivery mechanisms and vehicles
- ✓ developing appropriate funding mechanisms for empty homes work including control of specific budgets available to the EHU and liaising with lenders
- ✓ processing bids for revenue and capital
- ✓ providing support where local initiatives are failing
- ✓ developing a programme to tackle publicly owned empties

- 1 *We urge the government to draw up and implement an **Action Plan** to promote re-occupation of empty homes, providing direction, resources and support to partners at all levels to ensure delivery through a **national empty homes initiative**.*
- 2 *To invest the plan with sufficient direction and impetus, we think the government should create an **Empty Homes Unit** tasked with developing and implementing the Action Plan.*

### *Setting National Targets*

National targets would have an essential role to play in focusing attention just as they do - if properly constructed - at local level. But establishing them is not straightforward. For example targets around **total numbers of empty properties** would be exposed to problems around the robustness of data and the influence of macroeconomic factors. Given the technical nature of the issues, the discussion has been placed in Annex A at the end of this document.

The conclusion reached is that national targets should be set for the number of **successful interventions** ie cases where government (including local government) action has helped bring a property back in to use.

- 3 *Meaningful but achievable national targets should be set for interventions resulting in:*
  - *re-occupation of long-term empty properties*
  - *preventing properties becoming empty long-term through early intervention*

Further refinement may be needed around what constitutes a “successful intervention”. But disaggregating preventive interventions from the often more onerous task of dealing with long-term empties should allay concerns about misleading reporting without, at the same time, throwing out the baby (ie prevention) with the bathwater.

In addition, because the moral imperative for empty homes intervention is so closely connected with housing need, we think this should be highlighted in any performance figures. In this case, it does not seem appropriate to set a target: but the connections can be highlighted by reporting how many of the homes brought back into use have been re-occupied by households that were homeless or at risk of homelessness.

4 *Figures should be collected and reported for empty homes re-occupied by households that were previously homeless or at risk of homelessness.*

### *Integrating Local and National Action Plans*

The underlying approach in any national action plan should be one of central government working pro-actively with local authorities in a supportive way. We believe that a positive, constructive approach from central government will engender positive and constructive responses from local authorities, imparting new dynamism to empty homes work at all levels.

Local commitment needs to be reflected in local action plans. Such plans might be free-standing or incorporated into housing strategies. Whilst the exact priority given to empty homes work can be left to local discretion, there should be a minimum level of expectation that includes a coherent plan with SMART targets and the plan must be implemented. Evidence suggest that this is what is required by the Audit Commission when it inspects local authority services.

### *Working cross-boundary*

Effective plans might best be implemented by working cross boundary with other authorities. Shared services seem to work and are being promoted by LACORS. A key role for a national Empty Homes Unit would be to encourage such initiatives, for which good models have started to emerge, most notably in Kent and some London sub-regions.

### *Local and national targets*

**Local targets should be set locally, not handed down from central government.** Thus, central government would need to negotiate with local authorities and/or provide sufficient support or reward to make sure that it achieved its national targets. We believe it could do so with every confidence of success.

For consistency and benchmarking purposes, it would be reasonable to expect all local authorities to set targets that corresponded in content to the national targets described above, alongside whatever it was appropriate to set in the context of the local situation.

Our proposals for targets would **not** generate a measure suitable for use as a National Indicator (ie allowing meaningful comparison between areas). In our view, the most productive way to establish and promote a dynamic and effective national Empty Homes Initiative would be via “performance indicators” but via a free-standing programme outside of the byzantine mechanisms of National Indicators and Local Area Agreements.

**5** *Local targets should be a matter for local citizens and auditors. Central government should support local housing authorities in producing and implementing Empty Homes Action Plans (with suitable encouragement to work cross-boundary) and negotiate with them to help it meet its national targets.*

### *Designing empty homes initiatives that work*

The best results will be achieved by careful design and planning of local empty homes action plans. If the planning process is satisfactory then the outcomes can be expected to be favourable. This means drawing on best practice whilst paying close attention to local circumstances and priorities. It will help to have a template to guide the action planning process and against which the resultant action plans can be measured. The proposed Empty Homes Unit would play the lead role in clarifying and disseminating good practice, drawing on the expertise of practitioners and auditors.

NAEPP has already started the process of clarifying what goes into a good action plan in its response to the Housing and Planning and Delivery Grant consultation in 2007 and this continues to be refined:

### *Drawing up the action plan should involve:*

- an assessment of the evidence base around empty homes
- public involvement in drawing up the plan (eg in determining issues priorities)
- an options appraisal process

### *An effective action plan could be expected to :*

- include evidence documenting the process involved in the production of the plan and supporting the conclusions drawn
- feature clear priorities
- be SMART ie to contain specific, measurable targets that are realistic; allocate resources to their delivery against a timeline; and that to be reasonably tailored to the priorities for action
- describe the tools to be made available for the delivery of the plan, which should include relevant enforcement measures such as CPOs and EDMOs and the availability of voluntary schemes featuring grant or loans
- set out an organisational framework capable of delivering the plan and including an identified, accountable member of staff dedicated at least half-time (in the smallest authorities) to implementation along with a corporate support and reporting framework

- incorporate standards for levels of service to owners and members of the public

*Effective implementation of the plan would be expected to be evidenced by:*

- adequate progress against targets in the action plan
- records of interventions that accord with the action plan
- the existence of appropriate mechanisms for owners of empty properties to contact the empty homes team
- the existence of appropriate mechanisms for concerned members of the public to refer empty properties to the empty homes team
- active promotion of the assistance available to owners of empty homes
- records of contacts made with owners and the public, 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
- project records associated with active cases demonstrating that action is being taken with sufficient focus and consistency

**6** *The government, the National Association of Empty Property Practitioners, the Empty Homes Agency, LACORS and the Audit Commission should work together to establish a transparent methodology for evaluating local Action Plans, developing clear criteria that both auditors, local authorities and citizens can refer to.*

*Other Pieces of the Jigsaw*

Delivering an effective action plan is likely to involve a wide range of partners over and above local authorities. We have suggested above that some resources might be created at regional level. And there are important regional funding streams, such as the single housing pot, which could be expected to provide vital capital funding for empty homes grant or loan schemes. (See below for discussion on resources).

The degree to which delivery structures should be set up at regional level remains to be established and should emerge as a part of the resource-network planning process. Our sense is that so long as a regional framework exists in the form of regional offices of the HCA and government and Regional Development Agencies it would be logical to create sub-national resources at that level. Certainly, regional structures should not be set up just for the sake of it but only

where there are clear benefits in improved or more cost-effective delivery at local authority level. The potential would need to be evaluated.

**7** *Regional agencies should be tasked with producing Action Plans for aspects best handled at regional level eg support for regional empty homes forums, transparent allocation of any dedicated funding streams regionally to empty homes work.*

## **Human resources to secure delivery**

### ***Building a profession***

Any action plan is only as good as the people involved in delivery. But tackling empty homes draws on skills and expertise that are often in short supply. For example the processes involved in Empty Dwelling Management Orders or Compulsory Purchase Order are long-drawn-out and procedurally demanding. There is also a wide **range** of skill needed to establish an empty homes service or initiative, such as vision, the ability to negotiate, to sell the service, to create new funding arrangements etc etc.

Generally, though by no means universally, the profession of empty homes practitioner is under-appreciated and under-paid. The role is sui generis, to the extent that in some authorities it is allocated to environmental health experts and in others to housing enablers. Whilst both skill sets are relevant what this really demonstrates is that “empty homes” is a profession in its own right. Unfortunately, there are too few practitioners to make professional development easy to achieve.

In these circumstances the mantra tends to be around “sharing good practice”. But we think the need for training and professionalism is more fundamental than this. There needs to be at least one academic institution in the country offering a **coherent training programme leading to a recognised certificate** in empty homes work. A good example would be the distance learning modules offered by the University of the West of England for housing advisors (ie people involved in the prevention of homelessness) which we understand cost around £50,000 to create.

**8** *The proposed Empty Homes Unit should negotiate with education providers to ensure that suitable professional training is available for empty homes practitioners leading to a recognised certificate.*

### ***Setting up a resource network***

Even with improved training opportunities, we think there is a more deep-seated and structural mismatch between what a good empty homes initiative demands and what many local authorities are realistically capable of delivering in a sustained way at a reasonable cost. Exhorting local authorities to do better, requiring they invest more resources in empty homes work to create sufficient critical mass is a glib solution unlikely to achieve anything (unless they're given more resources).

Some local authorities have recognised the structural nature of the problem by setting up cross-boundary initiatives. These deserve to be studied and

replicated. Initiatives such as that in Kent involve a transfer of skills from a central support at the County Council to districts. Others such as Brighton and Hove or South East Devon involve creating a shared resource.

But taking the national picture and looking at the slow and patchy pace of progress, our view is that **these “bottom-up” initiatives now need to be met by a “top-down” response.** This means central government not only encouraging and supporting resource-sharing amongst local authorities but working with its partners to **designing a national resource network** so that people in **every** community have a realistic option of seeing a professional empty homes initiative operating in their area.

What would such a resource network look like? Without anticipating the design in detail, it would worth considering the creation of what we shall call “Beacon Plus” councils whose role would be not only to exemplify and disseminate good practice but to offer relevant services on a bureau basis to other local authorities. An example would be Great Yarmouth Council's Legal Services offer to carry out Compulsory Purchase work. Quality and capacity would be the paramount criteria.

Such agency services could just as well be delivered by independent organisations other than local authorities and if sufficient budget is made available nationally then such services could be tendered and funded centrally. This could be the fastest and most direct way of creating the necessary resource.

The impact on individual local authorities would be that an over-stretched empty homes officer, rather than having to master an impossible array of skills for occasional use, would be able to call instead on existing expertise that could be delivered cost-effectively in specialist areas such as the following:

- rarely used enforcement powers
- Compulsory Purchase
- Empty Dwelling Management Orders
- analysis of empty homes data
- media strategies
- establishment of grant frameworks
- owner tracing service

It would not be useful to pre-empt the design of a national resource network further here. But as this would be a fundamental building block in any national initiative, the shaping of the network would need to be a top priority for an Empty Homes Unit and would usefully be kick-started by setting up a think-tank/conference for those with relevant expertise able to contribute to the design.

**9** *The proposed Empty Homes Unit should urgently review the human resources (skills, expertise etc) needed to implement effective action plans at local level and should take the initiative in establishing - with the support of stakeholders - a cost-effective resource network whether through provision at local, regional, sub- or supra-regional or national levels.*

### *Local co-ordinators*

In addition to these more specialist resources, local empty homes initiatives will continue to need the lynch-pin of the traditional empty homes officer, as focal point, co-ordinator and champion. We believe the lack of dedicated empty homes officers can seriously impair delivery. A key component of any national action plan should be to provide some additional funding, which we would expect to be **match-funding to complement investment by councils**, to ensure there are sufficient empty homes specialists to maintain impetus at local level. Achieving this without unsettling successful local initiatives or simply substituting central funding for local funding would be a challenge, but one well worth rising to.

**10** *Delivery should be boosted at local level by ensuring - through match-funding where necessary - that there are sufficient well-trained, dedicated empty homes officers to sustain coherent action plans.*

### *A network of champions*

Strong partnerships with other agencies can be made easier by ensuring that each one has an “empty homes champion” ie someone who cares and who is the first point of contact and spokesperson for that organisation<sup>9</sup>. We are not talking about new posts but about ownership of the issue. With bodies organised regionally such as the Homes and Communities Agency, the expectation would be that each regional agency would have a champion but that one of those champions would take a national lead.

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<sup>9</sup> Candidates for this kind of arrangement would certainly include: government regional offices, the Homes and Community Agency, Regional Development Agencies, relevant internal sections at the Department of Communities and Local Government, the Department of Works and Pensions, the Office for National Statistics, the National Housing Federation, the Chartered Institute of Housing, the Chartered Institute of Environmental Health, the British Property Federation and the Local Government Association.

**11** *To build more effective partnerships, it will be important to create a network of people identified as empty homes “champions” within key agencies such as the Homes and Community Agency, government offices, construction industry associations, the Local Government Association: people who are first points of contact, able to put the viewpoint of their organisation forward and with the will to make a difference*

# ***A Fair Deal for the Tax-payer and the Owner***

## ***Overview***

For the most part, action to deal with empty homes involves **partnership** with owners who gratefully accept the assistance offered by local authorities. Empty homes initiatives may reasonably designate themselves “Empty Homes Services” and indeed any government initiative might consider dubbing itself a “National Empty Homes Service”.

But with the small minority of recalcitrant owners there is a more delicate balance between the rights of individuals and the legitimate concerns or needs of the community.

## ***Protecting the Rights of the Individual***

Whilst some sections of the press have made much of the supposedly oppressive nature of Empty Dwelling Management Orders, the reality, however, is quite different. The determinations of the Residential Property Tribunals<sup>10</sup> clearly document a process that insists on scrupulous and proportionate action by local authorities. The independent Tribunals bend over backwards to protect the interests of the absentee property owner.

The reality is that after 20 years of empty homes initiatives it is doubtful whether newspapers have produced a single factual report documenting heavy-handed intervention by local authorities.

Nevertheless, the concerns of citizens about the abuse of state power are, in broad historical terms, well-justified and deserve to be taken seriously. Such concerns could be expected to re-surface with renewed vigour in some quarters if a national empty homes initiative is launched. The concerns arise primarily in the context of Compulsory Purchase Orders and Empty Dwelling Management Orders. Better information should allay some concerns<sup>11</sup> but we think there is a case for going further by introducing a **Charter for Empty Homes Owners** that guarantees that enforcement action will be proportionate and respect the rights of the individual.

Such a Charter can be drawn up with the assistance from organisations that specialise in the area of civil liberties. It would build on the **Enforcement Concordat** drawn up in consultation with the Cabinet Office in 1998. Pending more detailed work, a tentative list of protections would include:

- EDMOs and CPOs should only be used in the context of an agreed local action plan to tackle empty homes
- there should be evidence as to why properties being targeted for action are priorities

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<sup>10</sup> see <http://www.rpts.gov.uk/cgi-bin/rptsSearch?method=and&words=EDMO+case&Submit=GO>

<sup>11</sup> See the final set of proposals on *Building Awareness*

- a voluntary scheme to bring a property into use should be available and there must be clear evidence that the owner has been given every opportunity to take advantage of that scheme
- the steps that the local authority will take should be clearly set out in advance in published procedures
- where costs are recoverable from the owner these will be subject to detailed quantification
- the services offered by the council in respect of empty properties should be clearly signposted
- specific service standards should be published in respect of time taken to respond to contacts from the empty property owner

**12** *The action taken to address empty homes needs to be proportionate. The appropriate balance between the needs of the community and individual rights can usefully be expressed by making it more explicit in a Charter for Empty Home Owners.*

### ***Protecting the interests of the community***

The protections available to empty property owners need to be balanced by corresponding protections to the community. Where an empty property becomes a problem for the community - which can happen in a number of ways - it is important that

- the local authority takes action speedily
- the action taken is appropriate to the problem
- the cost of taking action does not fall on the tax payer but on the owner of the property.

Here there is an obligation to the local community and this too needs to be made explicit in the form of published service standards regarding prompt and appropriate response to any reported empty properties. It is important that such standards pay due regard to **preventing empty properties becoming problematic** by taking relatively early action.

**13** *Local authorities should publish service standards setting out how they will respond to complaints and reports about empty homes.*

## *Securing the interests of the tax-payer - cost recovery*

Regarding costs to the tax-payer, it is essential that these include not just the direct costs incurred, such as those of boarding up a property or clearing a garden of rubbish, but the staff time involved in all aspects of the process, from receipt of a complaint onwards. It is also essential that costs are recovered in full and in a timely way.

At the moment, the available remedies are inconsistent. Some pieces of legislation such as the Housing Act 2004 have well-designed mechanisms for cost recovery that also include appeal procedures to guarantee fairness. Other pieces of legislation allow recovery of some expenditure but not others (eg action under Section 215 of the Planning Act where staff time is not recoverable) or lack appeals procedures. More consistency would be appropriate from all points of view.

Some authorities do not make effective use of the remedies that exist, such as land charges and enforced sales, to ensure cost recovery. The use of land charges and the resort to enforced sale to protect local tax-payers' interests might usefully be emphasised by auditors inspecting local authorities.

## *Striking the right balance with Empty Dwelling Management Orders*

Specific mention must also be made about balance of costs and benefits associated with Empty Dwelling Management Orders. EDMOs are unusual in that there is a dual justification ie both to provide additional housing and to tackle a nuisance property or to prevent it becoming a nuisance.

Normally, any scheme for compensation - such as found with Compulsory Purchase Orders - should put a property owner back in the position they would have been had the action not been taken. In a no-fault situation there should then reasonably be some additional compensation for "disturbance" or "basic loss". On the other hand, where action is taken in response to problems under the owner's control then compensation may not be applicable eg the 7.5% "basic loss" compensation is not granted on a compulsory purchase where various types of enforcement action have been needed.

What is unusual with an EDMO is that, by generating rental income, it puts the owner in a far better position than they would have been had the EDMO action not been taken. Even if the income is used to pay for refurbishment then the owner still benefits from the increase in capital value and savings on council tax, insurance etc. It would be reasonable to expect this to be taken into account in the financial arrangements associated with the EDMO.

However, unlike other enforcement action taken under the Housing Act 2004, the local authority cannot recover its costs in actually making the EDMO. The staff time involved is considerable, as can be clearly seen by reading any of the determinations made by the Residential Property Tribunals. So the tax-payer pays a heavy price for securing a significant benefit to the owner.

Considering that the significant staff costs involved in taking EDMO action are the biggest single obstacle to wider usage of the powers a better balance needs to be established. The simple solution is to treat all the associated costs in the same way as they are with other enforcement orders under the Act.

It might be objected that an EDMO is not strictly speaking enforcement action. But reserving to the local authority its administrative costs does not involve any punitive element - it simply reduces the gain made by the owner as a result of the local authority's action, balancing out fairly the interests of the two parties. At the very least, where enforcement action **has** been taken in respect of a property eg boarding up or action under S215 of the Planning Act, the EDMO should be seen as a part of a wider enforcement intervention designed to protect the local community. As the government's *Guidance for Residential Property Owners* says, "boarding up long-term empty properties to prevent them being broken into by squatter, vandals, drug dealers and arsonists is not a sustainable solution".

**14** *The cost of dealing with nuisance empties that adversely affect local communities should not fall on the local taxpayer but on the property owner and the costs to be recovered must include the staff-time involved in taking whatever action is needed.*

**15** *A fair share of the income generated by bringing empty properties into use via EDMOs should be reserved to cover the reasonable costs to the tax-payer of doing so*

### *Involving the Community*

To give more support to people concerned about empty homes in their communities, all local authorities need to have a well-publicised empty homes initiative. These opportunities for civic involvement can usefully be bolstered by use of an existing website at national level specifically set up to help people report empty properties: <http://reportemptyhomes.com/>. Funding for this needs to be secured.

**16** *The website facility whereby concerned citizens can report empty properties should be provided with long-term funding and given wider publicity.*

## *Helping owners*

Equally as important as this support to concerned neighbours is support given to the owners of empty properties to prevent problems arising in the first place. **Early intervention can make the whole wasteful cycle of enforcement unnecessary.** Many empty homes owners are probably unaware of the help that exists and may be frightened to turn to their local authority, but a balanced approach requires that every opportunity is given to owners to seek and receive help.

A national hotline or website may be of some value here as its perceived remoteness could overcome some of the reluctance to turn to the local council though obviously to be effective it would require the involvement of the council. At the very least it would be worth piloting such a resource.

*17 A national hotline or website aimed at helping empty property owners should be piloted.*

## *Challenging Tax Evasion and Tax Avoidance*

Finally, it is important to challenge tax evasion and avoidance more robustly. To take an example of tax evasion, blatant lying on a council tax return is illegal but is scarcely ever prosecuted - the main aim is simply to recover any money owed. But toleration does nothing to discourage the practice.

We cannot gauge the prevalence of owners claiming that properties are empty when they are in fact occupied (in areas retaining relevant discounts); or that they are occupied when they are empty (in areas where relevant discounts have been abolished); but it is likely to be higher if the only penalty for being found out is paying the money that would have been due anyway - and never mind the costs that the council may have incurred in the process of uncovering the lie. Clearly this has implications for tax income - but also for the accuracy of statistics on empty homes.

The most disconcerting form of tax avoidance is the process whereby empty homes are damaged to make them uninhabitable. It is then possible for owners to apply to have them removed from Valuation Lists altogether. They effectively cease to exist, such that (despite being in many people's perceptions the "worst" empty properties) they no longer appear as empty homes in any council-tax based statistics and of course nor is any council tax payable on them. There is evidence from some areas (eg Bristol) that empty property owners have got hold of this as a technique for avoiding tax and are applying it systematically. A senior council tax officer (who wishes to remain anonymous) has said she has been "surprised" at some of the decisions taken by the local Valuation Office in respect of some properties put forward by owners for removal from the list.

We believe that this practice must be stopped. Where it is clear that homes can never come back into use because area-based regeneration means they will eventually be demolished then a full council tax exemption would be appropriate. Otherwise, so long as the four walls of the home exist, they should be subject to normal discount arrangements and the option of removing them from valuation lists should be discontinued. This would mean revised instructions to those responsible for maintaining valuation lists.

**18** *More robust action should be taken against those evading council tax by providing false information on their council tax returns.*

**19** *The government should combat tax avoidance by revising relevant guidance to Valuation Offices to ensure that empty homes are not removed from council tax lists inappropriately.*

### *Knowing who's responsible*

An issue that often arises is the difficulty in tracing the ownership of an empty property. This can waste significant amounts of staff-time and delay positive outcomes. For car-owners, there is a requirement to notify the DVLA of changes of address; but there is no corresponding requirement for owners of property. And whereas an abandoned car can be towed away, an abandoned house can continue to create problems for neighbours. We think that ownership of property involves sufficient responsibility to the rest of the community to warrant making notification of the owner's address - including changes of address - a legal requirement for any registered property.

**20** *Property owners should have a legal obligation to keep the Land Registry informed of their current address.*

# Publicly-owned Empties

## *An even-handed response*

Any national action plan to tackle empty homes would be open to justified criticism if it focused on the private sector without at the same time addressing the issue of public sector vacants. Whilst the scale of the problem is not as significant as in the private sector the moral case is even stronger: what can be more unjustifiable in the public eye than the waste of public resources?

Currently, government attention to this issue is inadequate. Perhaps nothing illustrates the lack of engagement more clearly than the fact that the government has to ask local authorities to count up the number of “Other Public Sector” empty properties in the annual Housing Strategy Statistical Appendix, a process that wastes an unacceptable amount of staff-time in the 300-odd local authorities around the country. Meanwhile, despite all sorts of good intentions, the Public Accounts Committee recently published a report disclosing that 17% of MOD properties are empty - against a target of 10%, which is already high.

A more vigorous response to putting the public sector's own house in order needs to start with proper reporting procedures. All public agencies should be required to report their empty homes direct to central government annually (complementing the Housing Strategy Statistical Appendix reporting cycle) with reasons given as to why properties are empty.

**21** *A specific programme needs to be set up from within government to tackle once and for all the issue of empty homes under the control of public authorities such as the Ministry of Defence and health authorities. All such public authorities should be required to supply details of their empties at a local authority level.*

## *Different options for intervention*

The levers to bring publicly-owned empties back into use are currently different from those applicable to private sector empties. For example there is the little-used Public Request to Order Disposal<sup>12</sup>. This currently suffers from two main drawbacks. Firstly, it cannot be used on many quasi-public assets such as those owned by housing associations or NHS Trusts. We think the legislation should be extended to cover all publicly-funded organisations. Secondly, only members of the public can initiate a PROD. We think local authorities, as democratic representatives of the local public, should be empowered to initiate a PROD too.

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12 see [http://www.emptyhomes.com/usefulinformation/policy\\_docs/prods.html](http://www.emptyhomes.com/usefulinformation/policy_docs/prods.html)

Another key tool that is missing is that of Empty Dwelling Management Orders, from which homes owned by public authorities are exempt. **We think this exemption should be removed.** The EDMO system of independent review by Residential Property Tribunals is designed to guarantee a fair and proportionate outcome and we see no reason why public authorities should be exempt from it.

- 22** *The scope of Public Requests to Order Disposal of empty properties should be extended to the assets of all publicly-funded bodies (including housing associations, NHS Trusts).*
- 23** *Local authorities, as the democratically elected representatives of the public, should be granted the power to initiate a Public Request to Order Disposal*
- 24** *The exemption of publicly-owned homes from EDMO action should be removed.*

### ***Making it a priority***

More strategically and obviously there is the direct and indirect control available through the machinery of government: EDMO and PROD action should not really be required because bringing empty homes into use should be a priority for public bodies. We think there needs to be a **separate work-stream** within any national initiative dedicated to invigorating the task of tackling publicly-owned empty homes.

### ***Providing resources***

Although there are various reasons why publicly owned properties remain empty, one of them is lack of funding for refurbishment. This applies particularly to local authority housing. Local authorities do have limited options to raise finance and where this is the obstacle the government must, quite simply, make the resources available, if necessary conditional on a “trickle transfer” of stock to minimise the impact on public borrowing. This needs to be a priority in any investment plan.

- 25** *Where the obstacle to re-use of a public-sector home is lack of funding, the government must step in and provide the necessary funding urgently via a high-priority programme, if necessary including stock-transfer.*

## *Boosting short-life housing initiatives*

One alternative to stock transfer is short-life housing, where homes are handed over for short-term occupation whilst they are awaiting more comprehensive refurbishment (or sometimes demolition). The homes are normally refurbished by their occupants to a minimum standard. This form of housing is insecure but rents are low and the occupants are there by choice. Demand exists particularly amongst younger people.

Such schemes require trust between the home owners and the occupants (who normally belong to housing co-operatives); they typically also depend on a steady flow of properties to give sufficient scope for re-housing as refurbishment programmes roll onwards. The conditions for success are not present everywhere, but we think short-life housing has greater potential than has so far been realised and more support from government could make a difference. Such support might take the form of guidance, but could also include a small capital funding stream.

**26** *The potential for an expanded and better-supported short-life housing programme should be explored.*

# *Filling the Empties to Tackle Homelessness*

## *Removing barriers to local authority initiatives*

Local authorities are in an excellent position to offer solutions for empty homes where they are able to offer integrated grant/social housing schemes that give direct practical help with refurbishment tied to subsequent occupation by those in housing need. Such schemes could be expanded by tweaking the environment in which local authorities operate.

One useful measure would be to give councils the ability to lease properties outside of the Housing Revenue Account (HRA). At the moment, any home acquired by a local authority for housing falls within the HRA unless it is leased by a council for less than 10 years and used as temporary accommodation for homeless households. But this dispensation does not apply to homes leased to **prevent homelessness**, so these fall **within** the HRA.

However, leased homes that fall within the Housing Revenue Account become so financially unattractive, because of adverse subsidy arrangements, that no authority would ever be likely to pursue this option. Income would be tied to the mainstream social housing rent and subsidy system, whilst expenditure (ie the costs of leasing a property) would be governed by the private sector housing market. So under current rules, leasing other than for temporary accommodation for homeless households is simply not a realistic option.

Consequently, local authorities wanting to pursue leasing for homelessness prevention have to rely on housing associations, for which leasing is just another business opportunity. But of course it is not a very attractive business opportunity, with the consequence that many local authorities cannot interest any housing association in taking it forward. Or if it is taken forward it is done so reluctantly or at great expense in the form of revenue subsidy and without the benefit of managing the tenancies in the way that the local authority itself would (ie with a particular eye to avoiding repeat homelessness).

## *Matching powers with responsibilities*

In summary, then, councils have an obligation to prevent homelessness, but they do not have all the tools to do it; and housing associations have the flexibility and tools to prevent homelessness but do not have the responsibility to do so.

A simple solution, as we have already indicated, is to give local authorities the power to lease properties as a General Fund, homelessness prevention function. This seems to require only minor adjustments to the existing statutory framework<sup>13</sup>, along the following lines:

- adding properties leased for homelessness prevention to the list of cases excluded from the HRA

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13 Details to follow

- creating housing benefit subsidy arrangements that keep subsidy at reasonable levels, comparable with those that would apply to homes leased by registered social landlords
- inclusion of relevant properties in local authorities' allocation schemes

Such arrangements are likely to incur some element of subsidy from the local council taxpayer but provided this is kept low enough, the strategic advantages for addressing both homelessness **and** empty homes are likely to make this approach worthwhile. As a new housing option, this proposal could be introduced without it needing to become embroiled in the general debate about the future of the HRA.

### *No impact on Public Sector Borrowing*

Concerns about any impact on Public Sector Borrowing Requirement would be misplaced. This is governed by existing CiPFA guidance on Prudential Borrowing which stipulates that payments over the duration of the lease need to be kept below a certain proportion of the capital value of the property to count as revenue. Provided this is done, there are **no implications for the PSBR in these proposals.**

**27** *Local authorities should be empowered to lease homes outside of the Housing Revenue Account for homelessness prevention, where the lease does not constitute capital expenditure; consequent adjustments to the housing benefit subsidy and rent regimes would be also be needed.*

### *Making partnership with the private sector easier*

Housing options for households threatened with homelessness would be further enhanced by refining housing benefit arrangements to make it easier to engage with private sector landlords directly. The Department of Work and Pensions, in the time-honoured tradition of bringing comfort to the comfortable and affliction to the afflicted has placed a whole array of disincentives in the way of this eg:

- housing benefit is paid in arrears instead of advance;
- low levels of Local Housing Allowance are often not reflective of market rents;
- bureaucracy creates unacceptable delays in paying landlords;
- households threatened with homelessness may not be treated as “vulnerable” so rents cannot be paid direct to landlords.

This depressing list conceals genuine hardship and insecurity for many families in low-paid work: and addressing it would provide yet more opportunities for constructive partnership between council and property owners, mediated by the local empty homes initiative.

**28** *Housing Benefit arrangements for households threatened with homelessness should be modified to make partnerships more attractive to owners of private sector empties.*

# Resources

## Revenue

We have talked about a mismatch between the importance of empty homes in the eyes of the public and the extent to which the government is directly involved in delivering solutions: this is reflected in the allocation of available resources.

Taking the **income** side first: the government has rightly allowed councils to remove the 50% discount on long-term unfurnished empties (six-months empty). The majority of councils (62% according to a recent report<sup>14</sup>) have taken advantage of this. However, the money is not retained locally, except in the first year, but returned to central government. Estimating the amount involved is difficult but taking crude figures of an average of £1000 council tax bill, therefore a £500 discount, and say 150,000 long-term empties affected then this equates to £75million pounds per annum of **extra** income compared with the historic position. More income could be generated but some authorities are reported to have declined to implement any changes because they involve additional administration costs locally, with no corresponding gain in income.

To this additional income arising from the removal of discounts one could with some justification add the 50% of council tax that has always been payable on long-term empties - a further £150million pounds on the above figures. Thus, on these crude figures, an estimated £225million in income is being received by central government from council tax on long-term empty homes.

Meanwhile, the debate about VAT on repairs and refurbishment continues. We hope that VAT is reduced as the Cut-the-VAT coalition demands. But in the meantime, significant amounts of VAT continue to be collected on refurbishment of empties: why cannot some of this be ploughed back into supporting yet further refurbishment via a national Empty Homes Initiative?

Then, the government has allowed local authorities to reduce discounts to 10% on so-called second homes (ie furnished properties that are no one's principal residence) and most local authorities have taken advantage of this welcome measure. However, in two-tier areas (ie with both district and county councils) the government has not allowed the additional money to be retained by the housing authority: instead it goes to the higher level, county authority - which has no housing duties. Consequently this potential funding stream for empty homes and other housing initiatives has, in such authorities been lost, contrary to the proposals contained in Chapter 5 of the rural white paper *Our Countryside: the Future - a Fair Deal for Rural England*<sup>15</sup> (2000) to link reduced second homes discounts directly to housing outcomes.

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14 *Application of Discretionary Council Tax Powers for Empty Homes* – Communities and Local Government research report, 2009. See <http://www.communities.gov.uk/documents/localgovernment/pdf/1127769.pdf>

15 See <http://www.defra.gov.uk/rural/ruralwp/default.htm>

We think it reasonable that **some of the substantial income streams arising from empty homes should be re-invested** to create the national network of empty homes initiatives that communities deserve. One option is for housing authorities to retain such funding from removal of discounts on unfurnished empties as is clearly re-invested in its empty homes initiative.

Whilst hypothecation of the income streams arising from empty homes has a satisfying logic to it, NAEPP had previously proposed top-slicing from an existing source of funding namely Housing Planning and Delivery Grant. Apart from anything else, it became clear that the housing delivery targets on which the grant spend was predicated would not be met. What better and more appropriate use for a small proportion of this £500million+ pot than to increase housing supply via re-using empty properties, whilst simultaneously addressing some of concerns of those lobbying against house-building on environmental grounds? Unfortunately the government looks unlikely to pursue this option, despite having trailed it in its first consultation on Housing Delivery Grant.

Yet the revenue needed to create an effective national framework to tackle empty homes would be frankly trivial in the context of other government expenditure on housing and homelessness. We estimate that £7.5million per year, covering both central and local revenue expenditure, would comfortably fund such an initiative - representing under 5% of the overall HPDG pot. Briefly, the revenue funding ought to support:

- setting up a national Empty Homes Unit to drive a national action plan forwards, with separate arms for private and public sector empties
- support for the development of a Charter for Empty Homes Owners and for resources to help individual citizens
- match-funding for local authority empty homes co-ordinators
- an appropriately scaled research programme (see below)
- the creation of a resource network to support local initiatives
- the development of standard materials reflecting best practice that can be freely drawn on by
- improvements to national statistics

This is such a small amount of money that one can reasonably say “where there is a will there is a way” - even if it does not come from HPDG.

Longer term, we think there is merit in local authorities receiving a reward for bringing long-term homes back into use, calculated as a “council tax equivalent” for the same period of time that the home was previously empty. So if a home was empty for one year, the local authority would receive a reward equivalent to a year’s worth of council tax for bringing it back into use, if empty for two years, it would receive a reward equivalent to two year’s worth of council tax. We suggest that this would only apply to homes empty for over six months and that the NAEPP criteria for establishing whether the result stemmed from local authority intervention should be used.

**29** *In the short term, sufficient revenue funding should be set aside from the Housing Planning and Delivery Grant pot to establish the national framework for tackling empty homes. Longer term we suggest that local authorities receive a reward calculated as a “council tax equivalent” for the same period of time that the home was previously empty.*

## *Capital*

The other vital ingredient for an effective empty homes initiative is sufficient capital to help with **refurbishment**, often mainly as forward funding to **incentivise** owners to make progress with their properties.

Experience shows<sup>16</sup> that the extent of the incentive (ie grant) to get owners on board can be quite modest, particularly if they are being offered an **all-in** solution that not only brings their property back into use but secures management for it and offers rent and deposit guarantees. More significant amounts of grant can then be recovered out of the rental stream using claw-back mechanisms.

Where such clawback mechanisms exist to recycle financial assistance back into a private sector renewal pot, the initial injections of capital into the pot are highly efficient forms of pump-priming. The money in the pot can be recycled several times. An effective national empty homes initiative would need to ensure that funds were available for such purposes.

Meanwhile, whilst the government's ambition to deliver more housing, particularly affordable housing, is laudable the focus should not be allowed to move so emphatically towards new-build that private sector renewal is starved of funding. Particularly when new-build targets are unachievable, the funding distribution should be revisited to arrive at a more balanced programme.

In this context, it cannot be emphasised enough that the kinds of integrated scheme outlined earlier create lettings for those in housing need, preventing homelessness and relieving pressure on limited social rented stock. In other words **they meet many of the same objectives as new-build affordable housing.**

## *Macroeconomic benefits*

Finally, there are compelling economic reasons to invest in private sector renewal in the face of the current recession. **The money goes straight into the real economy, providing jobs for craftsmen and craftswomen and suppliers of building products.** It supports the industry that has been most devastated by

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<sup>16</sup> eg from social lettings scheme such as Exeter's ExtraLet or some private sector leasing schemes

the current recession - construction - and helps preserve the skill-base that will be needed when the economy recovers. And the “multiplier effect” of recycled grant described above, magnifies the benefit several times. On top of all this, recent research shows that spending on construction has a bigger impact on the economy than almost any other sector.<sup>17</sup>

To have the greatest impact sooner rather than later, it will be useful if templates for suitable grant schemes are readily available for authorities that do not currently have them, allowing them to be set up more or less out of the box. The option of a central grant scheme (either with local authorities as agents, or literally direct to property owners) should also be explored.

- 30** *The amount of government funding allocated to private sector renewal should be significantly increased. A proportion must be ring-fenced for pump-priming of loan / grant schemes targeted at empty homes.*
- 31** *The proposed Empty Homes Unit should facilitate the introduction of such grant / loan schemes by working with local authorities to establish “good practice” templates with suitable terms, conditions, processes and procedures; and research into appropriate levels of incentive should be conducted.*

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<sup>17</sup> *Construction in the UK Economy* (LEK Consulting, 2009) See <http://www.building.co.uk/story.asp?sectioncode=284&storycode=3151947&channel=30&c=1>

## ***Information and Research***

### ***Information about local empty homes initiatives***

Information and evidence-based interventions form an essential requirement for any serious action plan. An obvious requirement is that the activities of local authorities in tackling empty homes need to be recorded. Previously the closest approximation to this was the inclusion of Best Value Performance Indicator 64 in the annual Housing Strategy Statistical Appendix return from local authorities to the Department of Communities and Local Government. The inadequacies of this discontinued performance indicator have already been alluded to. And as a result of inadequate monitoring requirements we simply do not have any remotely satisfactory overview of what is happening to tackle empty homes nationally. This cannot be acceptable.

The NAEPP executive has already given consideration to much more granular monitoring to replace BVPI64. This is discussed above under *Setting Targets* (p14). This outcome monitoring needs to be accompanied by some further questions that allow empty homes initiatives to be profiled. This will help plot trends in the developing formats of local empty homes initiatives and allow them to be correlated with the scale of the problem and the results achieved in different areas. This in turn can feed into good practice and benchmarking exercises.

Questions that would help establish the profiles of local initiatives would include:

- do you publish a separate empty homes strategy?
- how many FTE empty homes officers do you have (ie only individuals dedicated exclusively to empty homes work)?
- what other FTE staff resources are specifically devoted to empty homes work (eg a staff member who might work half-time on empty homes alongside another area)?
- how many of the properties enumerated as successful empty homes interventions benefited from the expenditure of council grant
- how much council grant was spent on those properties in total

**32** *Monitoring of local authority empty homes interventions should be included in the Housing Strategy Statistical Appendix along with profiling of the local empty homes initiative and grant expenditure.*

## *Information about empty homes themselves*

The other information of great interest is the actual number of empty properties. This information needs to be available promptly and the methodology and its limitations made clear. It appears that recently there has been a switch, in national reporting, from using the information reported in the Housing Strategy Statistical Appendix to that provided from the Council Tax Base returns but this switch has not been well-publicised, nor the differences in methodology highlighted nor the differences in figures from area to area as a result of the change analysed or reported on. This is all unsatisfactory.

Nevertheless, the move to a more consistent and auditable source for empty homes figures is positive as are other steps such as:

- the Electronic Survey of Empty Homes (ESEH), which extracts data about empty homes from council tax systems and is able to map data at a fine level of detail
- the attempt to “lift the burden” from local authorities by collecting information about empty housing association properties directly from social landlords.

However, these well-intentioned moves have been let down by shortcomings in implementation, eg:

- the ESEH does not seem to have become fully operational, with its last newsletter dated March 2007; and publishing of ESEH data lags years behind, presumably because of delays at the Office for National Statistics
- the government still expects local authorities to provide figures for **long term** private sector empties in its HSSA returns; yet these figures cannot be calculated without reference to the number of long-term empty housing association and “other public sector” homes which require time-consuming work by local authorities.

Two other issues of concern are:

- the lack of proper recording and reporting of “other public sector” empties (ie empties that are not owned by local authorities or registered social landlords)
- the switch from a common sense definition of “second homes” (as used historically in the HSSA return) to a council tax legislation definition (any furnished property that is no one’s principal residence)

Of these, the issue about “other public sector” empties has been discussed earlier in the section on *Public Sector Empties*.

The “second homes” issue is harder to address. The council tax definition covers many homes that most people would view as genuine second homes (eg holiday homes used intermittently by the owners; or homes occupied during the working week by people working away from their normal home) **but also many homes that they would not view as second homes** (eg furnished properties

empty between lets, homes that are not used but happen to have furniture in them). The significance of categorising a property as a “second homes” is that **second homes are not included in the figures for empty homes**. Thus over-counting second homes is tantamount to under-counting empty homes and could be viewed as manipulation of the figures if the properties being counted as second homes do not by any normal definition belong in that category.

One attractive solution in the longer term is to distinguish the type of home via new council tax categories eg making “private letting” a special category. Such categories could be used for differential tax treatments and at the very least would provide useful information about the pattern of property usage. But in the shorter term we suggest using a pragmatic approach to this problem by regarding homes that are furnished and no one's principal residence as second homes if they have been empty for 6 months and over, and as transactional empty properties if empty for less than 6 months. This methodology would **not** increase the number of long-term empty homes being reported.

- 33** *National statistics on empty homes down to local authority level should be published promptly and systematically by the government and the methodology should be transparent.*
- 34** *The requirement for local authorities to calculate figures for private sector and “other public sector” long-term empties should be dropped: the government should collect these figures directly from the relevant governmental agencies.*
- 35** *A sounder methodology should be established for estimating the number of second homes which should refer to common-sense, widely-recognised definitions rather than the current “council tax” definition: longer term, relevant distinctions should be reflected in council tax recording categories.*

## *Research to support delivery*

The priority for any research programme should be supporting better delivery. Specific research projects (going beyond the consultation that would be involved in developing the national action plan) might include:

- auditing existing empty homes initiatives to provide a baseline picture
- factors contributing to success (as measured by BVPI64)
- the outcomes and value for money of new approaches developed through the national action plan
- a comparative study of approaches used and issues encountered in other countries

As a priority, and to establish value-for-money and identify best practice, systematic research is needed into the appropriate levels and type of incentive for empty property grant / loan schemes .

Further attention needs to be given to empty homes statistics. Inaccurate or misleading data can lead to wrong assumptions and misguided action. The following might usefully be explored:

- the reliability of council tax data regarding empty homes (based on samples from representative authorities, and paying attention both to the type of authority, the nature of the local housing market, the matrix of applicable discounts and also to the different emphasis given to data integrity and checking in different authorities)
- the frequency distribution of different categories of homes classed as “second homes” within the council tax system (sample authorities)
- the numbers of homes removed from valuation lists because classed as uninhabitable and thus no longer dwellings

**36** *A research programme is needed to cast more light on what works and what offers best value for money in empty homes interventions and to achieve greater clarity about the accuracy of empty homes data.*

## Improving the EDMO process

Empty Dwelling Management Orders (EDMOs) are seen as one of the most effective tools to address problematic, long-term empty homes<sup>18</sup>.

The low number of orders made so far disguises the effectiveness of the actions that would precede an application being made to a Residential Property Tribunal. For example Manchester City Council had an explicit ambition to be the first local authority to issue an EDMO. It failed in this not through lack of trying but because the outcome of initiating action against over 40 longer-term and problematic empty properties was that the owners brought their homes back into use voluntarily.

Nevertheless, some shortcomings to the EDMO procedures have come to light which can usefully be addressed. But prior to dealing with these known issues, a systematic and thorough review of the EDMO regime is essential to make sure that all the potential improvements are captured and thoroughly explored. (Note also that a specific issue around the costs to the tax-payer and the income generated for the owner are covered in the section on *The Tax-payer and the Owner* above.)

A more detailed issue that can cause problems is around what constitutes a “market rent” applicable to a final EDMO management plan. This is a potential problem where market rents appear to be higher than the local housing allowance figure, possibly making it harder to let the home to a household in housing need. Pending a more thorough review of the financial aspects of EDMOs we think that this could be resolved by the guidance indicating that the market rent would normally be no higher than the local housing allowance (it could in some cases be lower).

Some other specific issues include the following:

- Homes subject to EDMOs can sometimes be left cluttered up with furniture and other personal possessions, although the owner is given the opportunity to remove them. The local authority then becomes responsible for them. If they are put into storage the costs of storage are currently not treated as an allowable expense within the management arrangements for the property. This should be changed.
- There is a possibility in some circumstances of a property being re-possessed from under the local authority's feet and expenditure incurred by the local authority during refurbishment being lost. The local authority needs to be able to protect its investment in refurbishment via a Land Charge as with other expenditure under Housing Act 2004 enforcement powers.

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<sup>18</sup> Although in principle an EDMO could be requested in respect of a home empty for 6 months, in practice a local authority would have to demonstrate to a Residential Property Tribunal that there was no likelihood of the home coming back into use in the foreseeable future and the evidence needed to demonstrate this would normally imply a much longer period of vacancy

**37** *There needs to be a systematic and thorough review of the EDMO regime and associated procedures. This should include reconsideration of the balance of cost and benefit between the local taxpayer and the empty home owner. Specific measures deserving early implementation to help make the EDMO procedures more responsive include the following:*

- *It should be made explicit that the “market” rent to be assessed as part of the Management Plan under a final EDMO should be no more than the relevant Local Housing Allowance unless there are exceptional circumstances*
- *Storage of furniture and other chattels left in an unoccupied property and subsequently removed as part of an EDMO management plan should be a recoverable cost under the management plan.*
- *Capital costs involved in refurbishing a property subject to an EDMO should be protected via a land charge.*

# Fiscal Measures

## *Impacts and limitations*

The impact of broad fiscal measures is hard to quantify. The recent Communities and Local Government research on council tax discounts did not identify as much clear evidence as might have been expected on the positive impact of reducing council tax discounts.

## *VAT*

The reduction of VAT on the refurbishment and repair of empty homes is the subject of extensive campaigning by a wide range of organisations, making it redundant to repeat the arguments in favour here. Increasingly those arguments are less about immediate impacts on the number of empty properties and more about the need to husband finite resources and combat climate change. For those reasons alone we support the proposal in the Rogers report *Towards an Urban Renaissance* to reduce VAT on new-build and refurbishment and harmonise it with new-build.<sup>19</sup>

As long as there is a substantial VAT income from repair and refurbishment of empty properties, the minuscule scale of government investment in tackling empty homes can be thought to add insult to injury.

On the other hand we are wary of tinkering with the system in ways that might create perverse incentives. For example, lowering the threshold to qualify for VAT reduction on refurbishing empties below 2 years could create a perverse incentive to keep a property empty until the threshold was reached.

## *Council tax*

Although higher rates of council tax on empty properties (eg double council tax) might produce better results than simply removing discounts, this could be also seen as a punitive approach that would be difficult to reconcile with fundamental principles around the role of, and justification for, taxation.

However avoidance and evasion do need to be tackled as described earlier, particularly the option of avoiding council tax by dwellings being removed from valuation lists.

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<sup>19</sup> “Harmonise VAT rates at a zero rate in respect of new building and conversions and refurbishments. If harmonisation can only be achieved at a 5% rate, then a significant part of the proceeds should be re-invested into urban regeneration.” *Towards an Urban Renaissance* See <http://www.eukn.org/binaries/united-kingdom/bulk/policy/2005/10/towards-an-urban-renaissance-final-report-of-the-urban-task-force.pdf> page.22

## *Listed buildings*

Our members have also identified the need for a more favourable tax regime for listed buildings. The costs to the exchequer would be small in comparison to the benefits to the community of preserving heritage. A possible contribution would be 100% capital allowances for refurbishment of listed buildings that offer housing.

## *Local discretion*

Wider discretion could be given to local authorities to adjust council tax discounts and exemptions. The nationally-set exemption for unfurnished empties of 6 months could reasonably be replaced by a local discount structure similar to that applicable to second homes. The current six-month exemption is much longer than is reasonably necessary for the operation of the housing market: the full six month exemption is only likely to be taken up by those with significant assets able to afford two homes at once.

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| <p><b>38</b> <i>VAT on refurbishment and repair of homes should be reduced and harmonized with VAT rates on new-build.</i></p> <p><b>39</b> <i>The introduction of a more favourable tax regime (such as 100% capital allowances) should be considered to assist owners of listed buildings with refurbishment that produces housing.</i></p> <p><b>40</b> <i>Council tax exemption for unfurnished homes should be abolished and replaced with a discount that can be set locally as with second homes council tax.</i></p> |
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# Re-building the momentum behind Living-over-the-Shop

## *The potential*

The government report *Unlocking the Potential* concluded in 2003 that “*there is a significant body of commercial space that is under-utilised. This includes office accommodation and space above shops. It is estimated that UK businesses could save up to £18 billion a year through improved use of their property. In these cases, owners are often unaware of the potential to free up space and the possibility of viable conversion to a residential use.*” The report went on to estimate the realistic potential for new homes created through conversion of wasted commercial space at **420,000** homes.

To its credit, the government introduced Flat Conversion Allowances in May 2002 to help promote Living-over-the-Shop. These allow 100% capital allowances to be claimed against the cost of creating or-refurbishing homes in upper floors in certain limited, but relatively common, circumstances. For people or organisations on higher rates of tax this offers a substantial tax break. Someone paying tax at 50p in the pound would effectively save half the cost of a flat conversion project. RSLs paying Corporation Tax could also take advantage of the concession.

The government-funded evaluation of this measure<sup>20</sup> suggested that the measure had not been well-publicised, under-scoring NAEPP’s view that a much more dynamic and focused approach is called for nationally: The report concludes that “*..these measures seem to suffer from a low level of awareness with no organisations seemingly championing their use*”.

## *The challenge*

Over recent years the private sector has responded well to the opportunities offered by a buoyant housing market for conversion of wasted commercial space. But delivery can now be expected to reduce for a number of reasons such as a perceived over-supply of flats, difficulties in raising development finance on what may be considered risky schemes, problems faced by potential purchasers in obtaining mortgages.

## *Reviewing the criteria for Flat Conversion Allowances*

The criteria for Flat Conversion Allowances are quite strict, including a limit on the height of the building, the sizes of any new flats created, the need for continuing commercial activity at ground floor to name but a few.

Meanwhile there is a question of whether the tax allowance might be becoming too generous in respect of high-income individuals who are certainly put at a significant advantage in the market compared with say a housing association

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<sup>20</sup> *Evaluation of the Urban White Paper Fiscal Measures* (2006) by University of Ulster and Arup.

that might only be able to claim an allowance against a tax rate of 30p in the pound or less. In some circumstances, the main winner will be the owner of upper floors with potential for conversion who will be able to sell them at a higher price.

The foregoing aspects are not necessarily unreasonable but still warrant a review to see if better results might be achieved by changing the rules.

## *Solutions*

Many of the current obstacles to pressing forwards with conversion projects relates to finance and in particular loan finance. The government can help here by establishing dedicated loan funding streams from the huge amount of money it is making available through quantitative easing. Money could be made available for conversion direct to local authorities (to be distributed via their private sector renewal loan programmes), to consortia of local authorities, to RSLs under a new dedicated programme, to other development vehicles, or via banks following a competitive selection process.

Again, the option exists to provide an integrated package that houses people in need whilst offering a seamless service covering conversion, letting and management of the finished home and where conversion costs are recouped via rental streams. Flat Conversion Allowances permit this kind of arrangement ie the person benefitting from the tax allowance can create a sub-lease of the premises for up to 49 years without losing the benefit of the tax allowance.

**41** *A national empty homes initiative should include a specific workstream to promote and support conversion of redundant commercial space. This should include:*

- *securing dedicated funding streams*
- *a focus on building effective delivery partnerships*
- *a review of Flat Conversion Allowances, looking at value-for-money and the criteria for qualification for the allowance*
- *stronger encouragement to housing associations to become involved.*

# ***Building awareness***

## ***Publicising success and avoiding misunderstanding***

A successful empty homes initiative creates win-win situations and good news stories:

- ✓ benefits for owners who are able to derive value from an otherwise wasted asset
- ✓ opportunities for people needing housing who will see an expanded supply
- ✓ relief for neighbours of empty properties
- ✓ reassurance for concerned citizens
- ✓ jobs for local workers

Success breeds success - but only if people know about it. So good publicity is essential. It should:

- make sure empty property owners know that is help available, and where to get it
- make it clear to owners of problem properties that action will be taken where necessary to protect local communities
- underline to concerned citizens that the problem of empty homes and inadequate housing are being taken seriously
- create an awareness of how public money is being spent to address the issue
- develop sufficient energy and momentum amongst partners and stakeholders to overcome inertia and show that the sometimes complex issues can be overcome

At the same time, the opportunity could usefully be taken to reduce misunderstandings about the possible negative impact of empty homes work on owners of empty properties. This can be achieved by emphasising the degree of partnership involved and pointing up the benefits to owners of having their properties bought into use.

## ***Local and national publicity***

Local empty homes initiatives have their own flavour and style, but a national initiative would need its own publicity too, which could at the same time boost work at local level. Some publicity arranged at regional, sub-regional or national level **could be more cost-effective and more professional** than some locally-arranged publicity. This is a good example of how a national initiative could add value to local initiatives.

Potentially a national Empty Homes Initiative would be recognisable through its own brand and this could be promoted in various ways to lend momentum to the whole initiative:

- on signboards attached to properties where empty homes grants included an element from a national funding stream
- on vehicles funded through a national funding stream (eg electric pool cars for empty homes officers)
- in advertising centralised facilities for reporting empty properties or offering assistance to owners

**42** *A national empty homes initiative should be suitably branded and publicised to maintain momentum and opportunities should be taken to improve value-for-money of publicity at local level*

## ***The role of NAEPP***

The National Association of Empty Property Practitioners (NAEPP) was launched in May 2001 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.*”. It became fully independent after adopting a constitution at its first national conference in November 2002.

NAEPP is currently funded by membership fees from around 90 organisations, mainly local authorities, and has around 200 individual members. We're a small organisation with an income of little more than £5,000 a year. We are a “community of practice” whose biggest resource is the experience and expertise of our members.

We have taken the lead by drawing up and promoting this proposed **national action plan** because we believe it is **our** members who have the most thorough grasp of what works and what doesn't, who deal with the tricky business of actually trying to bring empty homes back into use day in, day out - and who know how much difference it makes to have committed people driving the agenda forwards. It is a plan we are asking the government to take up and organisations such as *Inside Housing*, the Empty Homes Agency, the Chartered Institute of Housing, the Chartered Institute of Environmental Health, the Local Government Association, the Homes and Community Agency, the homelessness charities and all the political parties to support. **The draft plan seeks to create a balanced framework that, over the longer term, can make a real difference.**

If, as we hope, the call for a national empty homes initiative does gain momentum, it will not change the role or status of NAEPP: our job we will continue to be sharing best practice between our members and feeding as much useful expertise as we can into refining and implementing the national action plan. We look forward to doing so.

# *Annex A – Setting Targets*

One obvious candidate for target-setting is the overall number of empty homes - or of long-term empty homes. But there are good reasons to avoid this.

Firstly, there is a concern amongst practitioners about the **robustness of statistics** (derived from council tax data) around numbers of empty homes. The problem is that changes in recording/reporting practices could have a disproportionate effect and disguise the impact of any national action plan. Practitioners find that supposedly empty properties are occupied and supposedly occupied ones are empty. One practitioner reported that his local authority halved the number of long-term empty properties simply by thoroughly checking whether they were occupied or not (many so-called empties proved to be occupied). This was entirely legitimate and the council tax records for that local authority thereby became more accurate - but this is NOT the kind of process that we would want any national empty homes initiative to depend on for its success or failure.

Other relevant factors creating statistical bias include:

- the rate (currently unknown, as no research has been done) of false-reporting by owners eg pretending a property is single-occupied when it is vacant; or claiming empty property discount when a property is occupied
- furnishing a property to attract the second-homes discount
- owners damaging homes to get them removed from valuation lists altogether
- the rigorousness of local authorities in checking council tax returns.

The impact of some of the factors just mentioned would hinge on the council tax discount policy applicable within any given local authority area. Such policies are set locally and can change over time; it is also possible that future changes to national policy on council tax discounts could have an impact.

Secondly, **macro-economic changes** such as those typified by the credit crunch could easily outweigh the impact of a national initiative. As the housing market recovers, this is likely to be favourable to any global target for reducing the number of empty homes. As the trends would be beyond the control of any Empty Homes Unit, any success claimed on that basis would be likely to be met with cynicism. In the shorter term, housing market factors could have a negative effect, potentially undermining the credibility of a national initiative: effective intervention might make things “less worse” but there would be no way of demonstrating this from global figures.

In our view, the best focus for national target-setting would be the **absolute number of successful interventions** by local authorities and other relevant partners. If the point of a national action plan is to improve the performance of empty homes initiatives, then it would be essential to demonstrate a positive impact. The data needed to create a target for this does exist, in the now-discontinued Best Value Performance Indicator 64. This was audited and covered all successful interventions by local authorities. Although BVPI64 was a poor measure for comparing the relative performance of local authorities,

it did capture the essential fact of local authority intervention. And whilst it was insufficiently granular (because it lumped together different types of intervention such as conversion, demolition and re-occupation) the volumes of data are low enough to make it a realistic option to ask local authorities to disaggregate historic, audited BVPI64 returns to produce more useful comparators.

What figures should, then, be pulled out of BVPI64 data and used as a basis for national targets? The NAEPP Executive has already considered monitoring of empty homes interventions by local authorities and has published revised guidance.<sup>21</sup> We have identified 7 main categories of data that we think should be recorded:

- re-occupation of properties empty less than 6 months
- re-occupation of properties empty 6-24 months
- re-occupation of properties empty over 24 months
- re-occupation of homes through rent-and-deposit schemes
- demolition of empty properties
- creation of new dwellings through conversion (net increase)
- occupation of dwellings never previously occupied if completed for over 6 months (the last is a new category specifically geared to current housing market issues)

The first three of these are classic empty homes interventions and are of most interest to the general public. **National targets can be established for each of these** as follows:

- the average figure for the last three years for each category can be established for each local authority
- the local figures can be aggregated into a national total
- a target improvement of x% for each category can be set

Establishing the appropriate target percentage in each category would best be left till after disaggregated data had been analysed, but certainly for longer term vacants a credible national action plan should expect to offer a substantial improvement in performance - say at least 50% but more likely double (eg a headline national target of **“Doubling the number of long-term empty homes brought back into use”**).

Re-occupation of properties empty for less than 6 months must be viewed as **preventive** work. Local authority performance here is often closely tied to homelessness strategies eg leasing schemes, social lettings etc. The scope for improvement might be more limited because there could be dependencies on the volume of available referrals, government targets for temporary accommodation, or the success or otherwise of other strands in local homelessness strategies: potentially, improvement targets might have to be less ambitious.

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<sup>21</sup> See <http://www.naepp.org.uk/statsinfo/latest>

# ***DOCUMENT PROFILE***

## ***Background to the draft Action Plan***

In the past, NAEPP has put its views forward in an ad hoc way, via our responses to various consultation exercises mounted by the government over the years. It was the *Inside Housing* “Empty Promise” campaign, launched in January 2009, that prompted the NAEPP Executive to draw together its ideas and crystallize our vision in a draft Action Plan. We are grateful to *Inside Housing* magazine for the impetus it has given to empty homes work.

Having prepared an initial draft, the Executive circulated it to our members for comment and improvement: and we would expect to see further changes made if the government takes up the challenge of establishing a national empty homes initiative. We'd want to help organise a “Think Tank” to review the suggested actions and refine them, to assign priorities more clearly. But the proposal that there *is* a national action plan and initiative - and a government unit, no matter how small, focused on driving it forwards - is a firm one. So we have written to *Inside Housing* asking that this proposal is supported as a fourth “demand” alongside the three Demands featured in the existing “Empty Promise” campaign.

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We are grateful to the following for their feedback during the consultation on the draft Action Plan:

**Steve Bradley**, Compulsory Purchase Manager, Westminster City Council  
**Alan Broadbent**, Group Manager, Community and Private Sector Housing, Bolton Council  
**Nick Caprara**, Senior Business Development Manager, Pathmeads Housing Association  
**David Gibbens**, Independent Consultant, ex-Housing Enabling Manager, Exeter City Council  
**Graham Everett**, Private Sector Housing Officer, Watford Borough Council  
**Keith Gunner**, Empty Property Officer, Southampton City Council  
**Philip Hanson**, Housing Enabling Officer (Empty Homes), Luton Borough Council  
**Andrew Lavender**, Independent Consultant, retained by Kent County Council  
**Darryl Lawrence**, Director, Rochdale Housing Initiative  
**Sue Lee**, Empty Homes Officer, Shelter Cymru  
**Nick Long**, Empty Homes Officer, LB of Lewisham  
**Jeremy Mason**, Empty Homes Manager, Derby City Council  
**Carson Millican**, Empty Property Project Officer, East London Regeneration Partnership  
**Paul Palmer**, Empty Property and Compulsory Purchase Officer, Westminster City Council  
**Owen Raybould**, Enabling Officer, Worcester City Council  
**Alex Starritt**, Empty Homes Officer, Preston City Council  
**Matthew Smith**, Principal Enforcement Officer, Birmingham City Council  
**Andrew Vickers**, Empty Homes Officer, Nottingham City Council  
**Wasył Wolczuk**, Empty Homes Officer, Gloucester City Council

## **Document History**

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9<sup>th</sup> draft – with new address details / recycled paper October 2009  
10<sup>th</sup> draft: additional measures to address public sector empties; re-invigoration of LOTS initiatives; moved target-setting discussion to Annex A; proposals for councils to receive council tax reward for empties brought back into use.

## **For further information**

For further information contact:

David Gibbens (Policy and Support)  
National Association of Empty Property Practitioners  
PO Box 703, Exeter, EX1 9PX

Tel: 0844 736 5 736

Fax: 0844 736 5 736

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

e-mail: [admin@naepp.org.uk](mailto:admin@naepp.org.uk)