



## BRIEFING PAPER

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# Empty Housing (England)

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## Summary

High levels of empty properties are recognised as having a serious impact on the viability of communities. Consequently, it has been identified that dealing with empty properties can have social, regenerative, financial and strategic benefits. This briefing outlines the powers local authorities have to deal with empty properties (section 2) and other relevant initiatives (section 3). It also outlines developments under the Coalition Government with regards to empty homes (section 4) and approaches adopted since 2015 (section 5).

Housing policy is devolved, tackling empty homes in Scotland, Wales and Northern Ireland is a matter for the devolved administrations.

### Numbers of empty homes

Statistics published by the Ministry of Housing, Communities and Local Government (MHCLG) put the number of empty homes in England in October 2018 at 634,453. This represents a 4.7% increase on the previous year's total. Of the 634,435, 216,186 were classed as long-term empty properties (empty for longer than six months).

### Powers to tackle empty homes

Local authorities have a range of powers and incentives at their disposal to bring empty homes back into use. These include, but are not limited to, Empty Dwelling Management Orders, Council Tax exemptions and premiums, enforced sales, compulsory purchase, and measures to secure the improvement of empty properties. There are also a range of other initiatives and incentives that can help reduce the number of empty properties, including the sale of empty Government-owned properties, planning measures and Value Added Tax (VAT).

### The Coalition Government's approach 2010-2015

The Coalition's Programme for Government included a commitment to "explore a range of measures to bring empty homes into use". Specific funding was made available for this purpose, including £156 million allocated between 2012 and 2015 under two rounds of the Empty Homes Programme (part of the Affordable Homes Programme). An additional £60 million was allocated as part of the Clusters of Empty Homes Programme, which aimed to tackle concentrations of poor quality empty homes in areas of low housing demand.

In 2011, the Government confirmed that councils could attract additional funding under the New Homes Bonus scheme for bringing empty properties back into use. Under the scheme, the Government matched the Council Tax raised for each property brought back into use for a period of six years. Following consultation in 2015, the Conservative Government introduced a national baseline for housing growth of 0.4%, below which the New Homes Bonus is not be paid. The number of years over which payments are made was reduced from six to five in 2017/18 and further reduced to four years from 2018/19.

In September 2013, the Coalition Government provided funding for the Empty Homes Loan Fund, a joint initiative between the charity Empty Homes, Ecology Building Society, and participating local authorities, under which loans were provided to owners of empty properties. The fund was abolished in August 2014 because of low take-up.

The Coalition Government made several other changes concerning empty properties, which are discussed in the briefing including, changes to planning policy; Council Tax

measures; and the appointment in April 2012 of George Clark as the Government's Empty Homes Advisor.

## Approaches since 2015

The Shared Ownership and Affordable Homes Programme 2016-21 does not include separate funding for empty homes. In 2015, the Conservative Government said that the £216 million of funding provided between 2012 and 2015 was intended to "provide a push in the right direction" and that there were no plans to provide additional funding. The New Homes Bonus scheme is still in operation.

In its 2018 [annual report](#), the national campaigning charity, Action on Empty Homes, made recommendations for central and local government on how to bring more empty homes back into use. A 2019 edition of Empty Homes in England will be published in due course.

Action on Empty Homes commissioned work by ComRes on 2018 to gauge, amongst other things, MPs' awareness of empty homes in the UK. The [results of this research](#) were published on the charity's website. A key finding included:

Across the House, the majority of MPs support tackling empty homes and believe it should be a higher priority.

# 1. Introduction

High levels of empty properties are recognised as having a serious impact on the viability of communities. As the number of empty properties within an area increases, so can the incidence of vandalism, which acts as a further disincentive to occupation. This in turn can lead to falls in the levels of equity and the collapse of local businesses as households move out. This spiral of decline can continue as further households are deterred from moving into an area devoid of amenities, and where empty property and derelict shops add to a sense of neglect.

The benefits of a local authority strategy to deal with empty properties have been identified as social, regenerative, financial and strategic. Such a strategy can:

- assist in meeting housing need;
- improve housing conditions;
- regenerate blighted areas;
- increase the Council Tax collection rate and produce savings on temporary accommodation expenditure;
- assist in managing urban areas; and
- produce better relations between local authorities and the private sector.

A key consideration for authorities when working to bring empty properties back into use is the reason why a particular property has been left empty. Some owners may have invested in a property with a view to profiting from its capital value while the market improves and have no intention of renting it out, while others may have inherited a property and have no idea how to bring it back into use. Local authorities must respond appropriately to these different situations.

A survey carried out on behalf of the charity Empty Homes<sup>1</sup> in October 2016 found that around three quarters (76%) of adults surveyed believed their local authority should place a higher priority on tackling empty homes.<sup>2</sup>

## 1.1 Trends in the number of empty homes

According to data published by the Ministry of Housing, Communities and Local Government (MHCLG), there were 634,453 empty homes in England in October 2018. This represents a 4.7% increase on the previous year's total. 216,186 homes had been empty for six months or more in 2017. This was a 5.3% increase on the previous year's total.<sup>3</sup>

The MHCLG data is not comprehensive: it is derived from Council Tax returns which don't cover all empty homes (see Empty homes 2018 report, below, for more on this).

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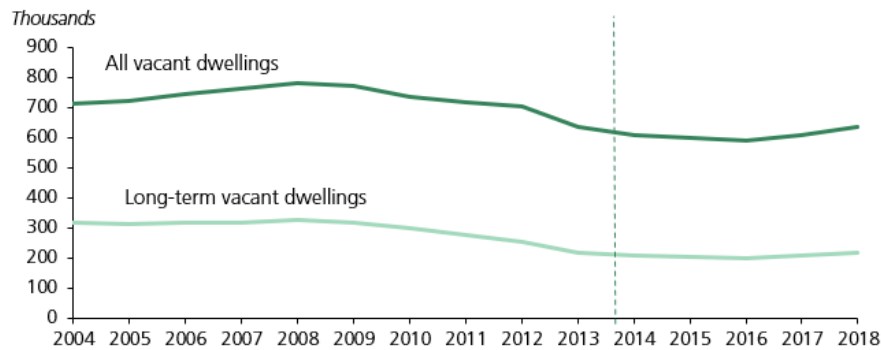
<sup>1</sup> Now renamed Action on Empty Homes.

<sup>2</sup> 'Strong public support for the Government to place a greater priority on tackling empty homes', Empty Homes Press Release, 28 November 2016

<sup>3</sup> MHCLG [Table 615: vacant dwellings by local authority district: England, from 2004](#), [Accessed 21 May 2019]

The chart below shows trends in the number of vacant and long-term vacant dwellings reported by MHCLG since 2004.

**NUMBER OF VACANT AND LONG-TERM VACANT DWELLINGS, ENGLAND, 2004-2018**



Notes: Figures from 2004-12 are not directly comparable with figures from 2013 onwards. Changes in council tax rules in April 2013 (see section 2.4) may have led to under-reporting of empty properties in some areas.

Source: MHCLG, [Live Table 615](#)

The table below shows the number of vacant and long-term vacant dwellings reported by MHCLG in each region.

<b>VACANT AND LONG-TERM VACANT DWELLINGS BY REGION</b>				
England, 2018				
	All vacant dwellings		Long-term vacant	
	Number	as % of total stock	Number	as % of total stock
North East	44,672	3.6%	16,679	1.4%
North West	104,900	3.2%	39,769	1.2%
Yorkshire & The Humber	75,656	3.1%	28,071	1.2%
East Midlands	55,755	2.7%	19,664	1.0%
West Midlands	63,362	2.6%	22,120	0.6%
East of England	64,009	2.4%	19,950	0.8%
London	67,055	1.9%	22,481	0.6%
South East	92,194	2.4%	27,743	0.7%
South West	65,903	2.6%	19,148	0.8%
<b>Total</b>	<b>633,506</b>	<b>2.6%</b>	<b>215,625</b>	<b>0.9%</b>

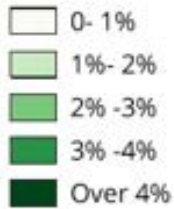
Notes: The number of vacant dwellings is as at 2 October 2018. The proportion is calculated using the total number of dwellings estimated at 1 April 2018.

Source: [MHCLG, Live Tables 615 & 100](#)

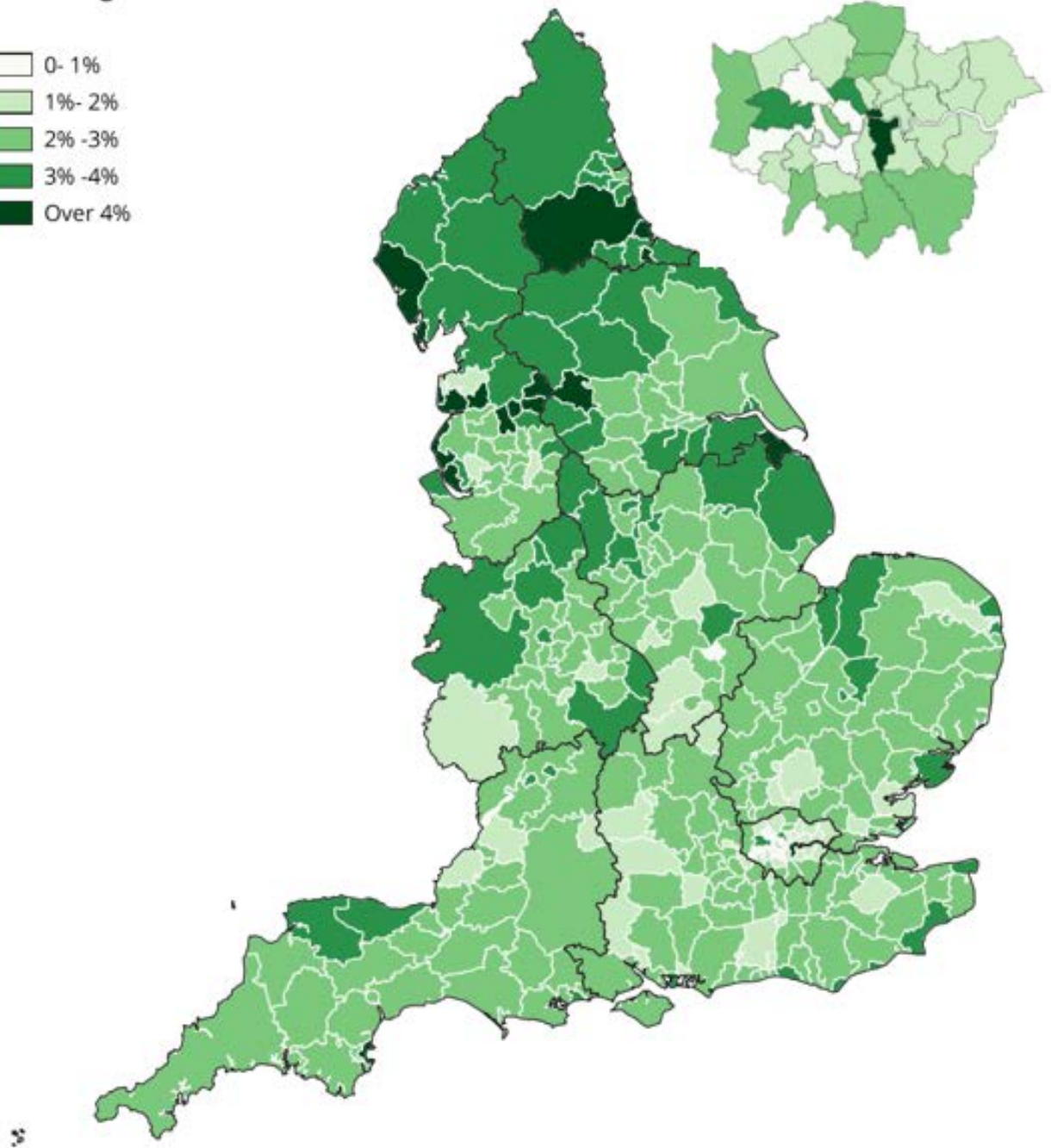
The map overleaf shows reported empty homes as a proportion of the total housing stock in each local authority in England. In general, local authorities with a higher proportion of empty dwellings tend to be in the North and Yorkshire and the Humber, but also in some coastal areas and the far South West. Those with a lower proportion of empty dwellings tend to be in more southerly locations. There are variations between local authority areas in all regions.

## VACANT DWELLINGS AS A PERCENTAGE OF TOTAL STOCK England, 2018

Percentage of total stock



London



Notes: The number of vacant dwellings is as at 2 October 2018. The proportion is calculated using the total number of dwellings estimated at 1 April 2018.

Source: [MHCLG, Live Tables 615 & 100](#)

## Action on Empty Homes 2018 report

In its 2018 report, [Empty Homes in England](#), the national campaigning charity, Action on Empty Homes, identified some limitations with the Ministry of Housing, Communities and Local Government (MHCLG) data on vacant dwellings, which is derived from Council Tax returns. In particular:

- Derelict properties are not classed as dwellings for Council Tax purposes.
- An owner may not inform the local authority that their property is empty, leading to undercounting. The point is made that owners who are still liable for Council Tax payments may have no reason to let their local authority know that the property is vacant.
- The data does not include dwellings where there is an exemption from paying Council Tax. So, for example, it does not include unoccupied clergy dwellings or properties held in the possession of a mortgage lender or trustee in a bankruptcy.<sup>4</sup>

Despite these limitations, the charity recognised that the data is helpful for comparing local authority areas and identifying trends.

The 2018 report compared the October 2016 empty homes data with that of October 2017:

The number of long-term empty homes recorded by local authorities in October 2017 was 205,293. An increase of 5,148 from the 200,145 recorded in October 2016 (a 2.6% increase). This was the first reversal in the downward trend in the *number* of long-term empty homes that has been seen each year since 2008. Then the Government data recorded 326,954 long-term vacant dwellings. However, there has also been an increase in the total number of dwellings recorded on the council tax valuation list over the year to October 2017 (up by 0.9%), as more homes have been built. Our analysis shows that when you take the increase in the number of homes into account, the percentage of homes long-term empty as a proportion of dwellings is 0.85% (a slight increase from 0.84% in 2016).<sup>5</sup>

Empty Homes identified several potential reasons for the “small upward numerical trend in the year to October 2017, after the downward trend recorded since 2008”:

- The housing market stalling in some areas, having previously picked up in many areas after the 2008 financial crisis.
- The slow sale of some new build properties in some areas in the last year.
- The ending of any dedicated empty homes investment programmes funded by Government in March 2015. For example, various programmes under the Coalition Government targeted funding at housing providers creating new affordable homes from empty properties, and

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<sup>4</sup> Action on Empty Homes, [Empty Homes in England](#), 2018, pp10-13

<sup>5</sup> *Ibid.*, p14



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additionally local authorities tackling concentrations of empty homes.

- Some local authorities cutting the number of staff they have working to tackle empty homes due to budget pressures.
- The exercises local authorities did to improve the accuracy of their empty homes data in previous years that led to reductions in the recorded level of empty homes in those years.<sup>6</sup>

The report made several recommendations concerning how to bring more empty homes back into use (see Section 5.3 of this paper).

A 2019 edition of Empty Homes in England will be published in due course.

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<sup>6</sup> Ibid.

## 2. Local authorities' powers

Most local authorities have dedicated empty property officers who work to broker the reuse or conversion of empty properties. Authorities may have systems in place for negotiating with owners to bring properties back into use and may provide grants to assist with the improvement of empty properties. Individuals who own or are buying an empty home may wish to ask their local authority about whether such schemes operate in their area.<sup>7</sup>

The Office of the Deputy Prime Minister (ODPM) issued guidance on unlocking the potential of empty properties in 2003. This [guidance](#) is available on an archived version of the website of the Ministry of Housing (MHCLG), which took over responsibility for housing matters from the ODPM in 2006 and which was renamed in January 2018.<sup>8</sup>

This section outlines local authorities' *powers* in relation to empty properties.

### 2.1 Identifying empty properties

Section 85 of the *Local Government Act 2003* allows the use of information gathered as part of the Council Tax billing process to identify empty properties within an authority's area. The purpose of section 85 is set out in the Explanatory Notes to the 2003 Act:

**Section 85: Vacant dwellings: use of council tax information**

202. Billing authorities will collect information about the numbers of empty (vacant) homes in their area which are exempt dwellings for council tax purposes. Many local authorities employ empty property officers whose role is to identify empty homes and develop policies and initiatives to bring them back into use. The presence of empty homes can lead to social, economic and environmental problems (e.g. reduce neighbouring property values, encourage vandalism and increase the pressure on housing stock and land for development).

203. The LGFA 1992 does not contain clear provision allowing information collected pursuant to council tax powers under that Act, to be used for other purposes. The Information Commissioner has issued guidance advising authorities that they cannot use council tax data for other purposes.

204. Section 85 inserts a new paragraph 18A into Schedule 2 to the LGFA 1992 to allow a billing authority to use information it has obtained for the purpose of carrying out its council tax functions for the purpose of identifying vacant dwellings or taking steps to bring vacant dwellings back into use. New subparagraph 18A(2) limits the extent of personal information which may be shared to an individual's name or an address or number (e.g. telephone number) for communicating with him.

205. The Government is conscious that it is arguable that allowing the use for other purposes of personal data collected for council

<sup>7</sup> Action on Empty Homes webpage, [FAOS about empty homes](#) [Accessed 28 May 2019]

<sup>8</sup> Office of the Deputy Prime Minister, [Empty property – unlocking the potential – an implementation handbook](#). May 2003 (now archived)

tax purposes may in some circumstances constitute an interference with an individual's right to privacy protected by article 8 of the European Convention on Human Rights. It is considered that any data sharing permitted under section 86 does not interfere with an individual's right to privacy. The data will be used only by the billing authority which collected it and it will be used only for public functions in the public interest. Section 85 does not permit disclosure to third parties such as commercial organisations.

### 2.2 Empty property strategies

Local authorities in England are not required to publish a specific strategy for dealing with empty properties but they are required to publish housing strategies; reference to tackling empty properties within the local area may form part of these strategies.

In its 2018 report, Action on Empty Homes recommended that local authorities should have an empty homes strategy for their area “with the aspiration to reduce the number of long-term empty homes. The plan should include arrangements for working in partnership with other housing providers and community-based organisations.”<sup>9</sup>

Amendments were tabled to the *Homelessness Act 2002* during its passage through Parliament to make reference to tackling empty homes a requirement in housing strategies and to require authorities to adopt targets for reducing the number of empty properties. The amendments were not accepted; Sally Keeble, the then Minister, said:

...we should not be overly prescriptive with regard to instructing local authorities about the content of their strategies. That should be determined by them in the light of their circumstances, such as the number of homeless people in their areas and the type and nature of their housing stock. They should be allowed to exercise their best judgment about how to deal with the difficulties that they face. The most important elements of the strategy are covered by the legislation; further elements might be considered as guidance—and an instruction that relates to the number of empty properties will certainly be considered.

Similar concerns are raised, and similar ground is more explicitly covered, in amendment No. 15, tabled by my hon. Friend the Member for Stafford [David Kidney]. I acknowledge my hon. Friend's lengthy and strong track record of action with regard to the issue, and I agree with him that local authorities should make every effort to bring empty homes back into fruitful use. We encourage them to do that through the housing investment programme, and we expect authorities to demonstrate their commitment to tackling the problem of empty properties by having a clear strategy that matches resources to the scale of the problems in their districts. Authorities are also required to report the number of homes in their area that have been empty for more than six months and that have been brought back into use as a consequence of their actions.<sup>10</sup>

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<sup>9</sup> Empty Homes, [Empty Homes in England](#), 2018, p31

<sup>10</sup> SC(A) 10 July 2001 c32

## 2.3 Compulsory purchase

Where agreement cannot be reached with the owner of an empty property a local authority may seek to acquire the property compulsorily. This is only possible where the authority has specific statutory powers to acquire land compulsorily for the proposed purpose, and should only be done where the authority can demonstrate that the acquisition would be in the public interest. The 2003 consultation paper, [Empty Homes: Temporary Management, Lasting Solutions](#), outlined the circumstances in which compulsory purchase may assist in tackling empty properties:

Compulsory Purchase Orders (CPOs) can be made by local authorities under their Housing Act powers e.g., acquisition of land or buildings for the provision of housing; clearance of unfit housing; or securing the aims of a housing renewal area. One potential use of CPOs is to acquire empty or under-occupied properties to bring them into housing use. Such CPOs should be considered on their merits as a last resort where owners have refused or failed to co-operate. Where the Secretary of State confirms such an Order, the acquiring Council would normally be expected to dispose of the properties acquired.<sup>11</sup>

In July 2001, Lord Falconer, then Minister for Housing, Planning and Regeneration, indicated that compulsory purchase procedures would be fast-tracked to short-cut procedures for buying up run-down abandoned buildings.<sup>12</sup> Measures were included in the *Planning and Compulsory Purchase Act 2004*.<sup>13</sup>

Following a [Technical consultation on improvements to compulsory purchase processes](#) in 2015, a number of technical reforms to the compulsory purchase system were enacted through Part 7 of the *Housing and Planning Act 2016*, with the aim of making the system clearer, fairer (for both acquiring authorities and for those whose interests are compulsorily acquired) and faster.<sup>14</sup>

Another consultation process in 2016 led to more changes designed to speed up and simplify the rules relating to compulsory purchase. These were enacted through part 2 of the [Neighbourhood Planning Act 2017](#).

## 2.4 Council Tax exemptions and premiums

Under the *Local Government Finance Act 2012*, since 1 April 2013 billing authorities in England have taken on additional powers over certain Council Tax discounts. “Unoccupied and substantially unfurnished” properties may receive a discount of anything between 0% and 100% of their Council Tax. Vacant properties undergoing “major repair work” or “structural alteration” may receive a discount of between 0% and 100% for a maximum of 12 months. The amount of

<sup>11</sup> Office of the Deputy Prime Minister, [Empty Homes: Temporary Management, Lasting Solutions: A Consultation Paper](#), May 2003, p63

<sup>12</sup> 'Falconer promises quicker compulsory purchase soon', *Inside Housing*, 12 July 2001 (log-in required)

<sup>13</sup> For more background information see Library Briefing Paper 1149, [Compulsory Purchase and Compensation](#).

<sup>14</sup> For further information on these reforms see Section 8 of the Commons Briefing Paper 7331: [Housing and Planning Bill \[Bill 75 of 2015-16\]](#)

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discount to be offered to properties falling into these categories is entirely at the discretion of the billing authority. Many authorities offer no discount for properties falling into these categories. Others offer a short period of exemption (for instance, one month) followed by full liability; or a short period of exemption, followed by a longer period of discount, followed by full liability.

Previously, “unoccupied and substantially unfurnished” properties were exempt from Council Tax for up to six months, followed by a discount of between 0% and 50%. Vacant properties which were undergoing “major repair work” or “structural alteration” were exempt from Council Tax for up to 12 months.

### **Box 1: Empty properties owned by social landlords**

Empty properties which are owned by a charity, last used for charitable purposes, and unoccupied for less than six months are exempt from Council Tax. In January 2015, the High Court ruled that social landlords must show basic evidence to councils in order for their properties to be exempt from Council Tax under this exemption.<sup>15</sup> This decision followed an earlier ruling from the valuation tribunal against three London councils which had refused to grant Council Tax exemptions to housing associations.<sup>16</sup>

## **Empty Homes Premium**

Since 1 April 2013, local authorities have also been able to set an ‘empty homes premium’ for long-term empty properties. Properties which have been unoccupied and substantially unfurnished for over two years may be charged up to 150% of the normal Council Tax. Guidance for local authorities was published in May 2013: [Council Tax empty homes premium: guidance for properties for sale and letting](#).

In June 2014, the *Guardian* reported that the Mayor of London, then Boris Johnson, had called for a change in the law to allow councils to impose 1,000% Council Tax rates on the owners of homes vacant for a year.<sup>17</sup>

Further information on current Council Tax charges in relation to empty properties is available in Library Briefing Paper 2857, [Council tax: discount on second homes and long-term empty properties](#).

## **Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018**

During the November 2017 Budget the Government committed to giving local authorities power to increase the Council Tax premium payable on empty homes from 50% to 100%.

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<sup>15</sup> Court rules landlords to prove tax exemption for empty homes, *Inside Housing*, 2 February 2015 (log-in required)

<sup>16</sup> Tribunal tells councils to end tax on empty homes, *Inside Housing*, 13 June 2014 (log-in required)

<sup>17</sup> [Boris Johnson calls for massive council tax rise for owners of empty homes](#), *Guardian*, 4 June 2014.

When originally introduced, the Bill would have permitted a charge of up to 200% of normal Council Tax on properties that had been unoccupied and substantially unfurnished for two years or more:

The Government has given strong powers and incentives to local authorities to tackle empty homes. From 1 April 2019, they will have discretion to increase the maximum level of premium charged on properties that have been empty for more than two years, from 50 per cent to 100 per cent extra council tax, through new powers afforded by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.<sup>18</sup>

A Lords amendment extended the premium to 300% on properties that have been unoccupied and substantially unfurnished for five years or more (in force from 2020), and 400% on properties that have been unoccupied and substantially unfurnished for ten years or more (in force from 2021).

For more information see the [Library briefing paper on the Bill \(8273\)](#).

## 2.5 Achieving the improvement of empty properties

The principal statutory enforcement powers available to local authorities to secure improvement of empty properties are set out in the table below. See also section 2.7 on Empty Dwelling Management Orders.

<b>Problem</b>	<b>Legislation</b>	<b>Power granted</b>
Dangerous or dilapidated buildings or structures	<i>Building Act 1984 ss77 &amp; 78</i>	To require the owner to make the property safe (Section 77) or enable the Local Authority to take emergency action to make the building safe (Section 78).
	<i>Housing Act 2004 Part 1</i>	Under the Housing Health and Safety Rating System local authorities can evaluate the potential risks to health and safety arising from deficiencies within properties and take appropriate enforcement action.
Unsecured properties (where it poses the risk that it may be entered or suffer vandalism, arson or similar).	<i>Building Act 1984, s78</i>	To allow the Local Authority to fence off the property.
	<i>Local Government (Miscellaneous Provisions) Act 1982, s29</i>	To require the owner to take steps to secure a property or allow the Local Authority to board it up in an emergency.
Blocked or defective drainage or private sewers.	<i>Local Government (Miscellaneous Provisions) Act 1976, s35</i>	To require the owner to address obstructed private sewers.
	<i>Building Act 1984, s59.</i>	To require the owner to address blocked or defective drainage.

<sup>18</sup> [Written question – 231954](#), 18 March 2019

	<i>Public Health Act 1961</i> , s17.	To require the owner to address defective drainage or private sewers.
Vermin (where it is either present or there is a risk of attracting vermin that may detrimentally affect people's health).	<i>Public Health Act 1961</i> , s34.	To require the owner to remove waste so that vermin is not attracted to the site.
	<i>Prevention of Damage by Pests Act</i> , s4.	
	<i>Public Health Act 1936</i> , s83.	
	<i>Environmental Protection Act 1990</i> , s80.	
	<i>Building Act 1984</i> , s76.	
Unightly land and property affecting the amenity of an area.	<i>Public Health Act 1961</i> , s34 (see above).	To require the owner to remove waste from the property. (see above).
	<i>Town and Country Planning Act 1990</i> , s215.	To require the owner to take steps to address a property adversely affecting the amenity of an area through its disrepair.
	<i>Building Act 1984</i> , s79	To require the owner to address unightly land or the external appearance of a property.

## 2.6 Enforced sale procedure

Where a local authority has invoked enforcement measures using some of the powers listed above, and the owner expresses no interest in bringing the property back into use, the authority may step in and undertake the works with a view to reclaiming the cost from the owner on completion. Once the works are completed, a charge may be attached to the property on the Local Land Charges Register. The objective is to ensure that the owner cannot dispose of the property with the benefit of the improvements. Under the enforced sale procedure, the property is sold on the open market at auction.

## 2.7 Empty Dwelling Management Orders (EDMOs)

Empty Dwelling Management Orders (EDMOs) are a discretionary power of local authorities aimed at bringing empty private sector property back into use.<sup>19</sup>

Chapter 2 of Part 4 of the *Housing Act 2004* made provision for local authorities to take over management of certain residential premises that had been empty for a specified period (originally six months).

Regulations providing that EDMOs can only be sought where a property

<sup>19</sup> For more background information on EDMOs see Library Briefing Paper [04129](#)

has been empty for two years (as opposed to six months) came into force on 15 November 2012.<sup>20</sup>

### Box 2: Legislation relating to the service of EDMOs

The law relating to the service of EDMOs is contained in sections 133-138 of the *Housing Act 2004* and associated Regulations. The power in section 134 of the 2004 Act allowing First-Tier Tribunals (FTTs) to authorise the making of interim EDMOs came into force on 6 July 2006. *The Housing (Empty Dwelling Management Orders) (Prescribed Exceptions and Requirements) (England) Order 2006*, which also came into force on 6 April 2006, set out the procedures local authorities must comply with in seeking approval from a FTT to make an interim EDMO. These procedures were amended by [The Housing \(Empty Dwelling Management Orders\) \(Prescribed Period of Time and Additional Prescribed Requirements\) \(England\) \(Amendment\) Order 2012](#) (SI 2012/2625) from 15 November 2012.

## Interim EDMOs

Where a residential property has been vacant for a minimum of two years, one option at the disposal of an authority is to seek an interim EDMO which will allow the authority to let out the dwelling with the proprietor's consent. Guidance issued by the Department for Communities and Local Government states:

Local Housing Authorities should always attempt to secure the occupation of empty dwellings with the consent and co-operation of the owner and only resort to the exercise of their formal enforcement powers, including the use of EDMOs, where occupation cannot be achieved through voluntary means.<sup>21</sup>

Under Section 134 of the *Housing Act 2004* a First-Tier Tribunal (Property Chamber) (FTT)<sup>22</sup> may authorise an authority to make an interim EDMO in respect of a dwelling that is unoccupied (except where the relevant proprietor is a public body) if:

- it is satisfied that the dwelling has been wholly unoccupied for at least 2 years (or such longer period as may be prescribed);
- there is no reasonable prospect of it becoming occupied in the near future;
- that, if an interim EDMO is made, there is a reasonable prospect that it will become occupied;
- that the authority have complied with section 133(3) of the Act;
- that any prescribed requirements have been complied with; and
- that it is not satisfied that the case falls within a prescribed exception.

EDMOs cannot be sought in respect of:

<sup>20</sup> [The Housing \(Empty Dwelling Management Orders\) \(Prescribed Period of Time and Additional Prescribed Requirements\) \(England\) \(Amendment\) Order 2012](#) (SI 2012/2625)

<sup>21</sup> DCLG, *Guidance Note on Empty Dwelling Management Orders*, July 2006, para 2.1

<sup>22</sup> The First-Tier Tribunal system in England has replaced Residential Property Tribunals.



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- a property that is a building or part of a building used for non-residential purposes; or
- it is *not* wholly unoccupied e.g. only part of the house or flat is unoccupied or there are spare rooms not in use; or
- it has been lived in at any time within the previous two years.

Circumstances in which other properties are exempt from the service of an EDMO, despite being empty for two years or more, are:

- The property is normally the owner's only or main residence, but:
  - they are temporarily residing elsewhere;
  - they are absent so that they can be cared for elsewhere;
  - they are absent because they are caring for someone elsewhere;
  - they are in the armed forces and are away from home on service.
- The property is occupied occasionally by the owner or their guests as a second home or a holiday home.
- The property is genuinely on the market for sale or to be let.
- The owner is expecting to inherit the property but has not yet obtained grant of representation (probate) following the death of the previous owner. In this case, the property will continue to be excepted for six months after a grant of representation is obtained.
- It is comprised in an agricultural holding within the meaning of the Agricultural Holdings Act 1986 or a farm business tenancy within the meaning of the Agricultural Tenancies Act 1995.
- It is usually occupied by an employee of the relevant proprietor in connection with the performance of his duties under the terms of his contract of employment.
- It is available for occupation by a minister of religion as a residence from which to perform the duties of his office.
- It is subject to a court order freezing the property of the relevant proprietor;
- it is prevented from being occupied as a result of a criminal investigation or criminal proceedings.
- It is mortgaged, where the mortgagee, in right of the mortgage, has entered into and is in possession of the dwelling.
- The proprietor has died and six months has not elapsed since the grant of representation was obtained in respect of this person.<sup>23</sup>

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<sup>23</sup> Regulation 3 of *The Housing (Empty Dwelling Management Orders) (Prescribed Exceptions and Requirements) (England) Order 2006* (SI 2006/367)

Ultimately, it is up to a FTT to decide if a particular exemption applies and whether to grant an interim EDMO. Once an interim EDMO is granted it will normally last for twelve months.

## Final EDMOs

Where consent to letting the dwelling cannot be obtained from the proprietor, the interim order may be revoked and replaced with a final EDMO; this will not require the consent of an FTT. Final EDMOs remain in force for a fixed period of no longer than seven years. Where a final order is in place authorities do not need the proprietor's consent to letting out the dwelling.

## Restricting the use of EDMOs 2012

On 7 January 2011, the then Secretary of State for Communities and Local Government, Eric Pickles, announced an intention to restrict the use of EDMOs:

- they will be limited to empty properties that have become magnets for vandalism, squatters and other forms of anti-social behaviour - blighting the local neighbourhood.
- a property will have to stand empty for at least two years before an Empty Dwelling Management Order can be obtained, and property owners will have to be given at least three months' notice before the order can be issued.<sup>24</sup>

The rationale for the changes was to "protect civil liberties":

There is a case for action to put boarded-up and blighted properties back into use. But these draconian and heavy-handed state powers have allowed councils to seize private homes in perfect condition, including their fixtures and fittings, just because the homes have been empty for a short while.

The Coalition Government is standing up for the civil liberties of law-abiding citizens. Fundamental human rights include the right to property. People suffering the loss of a loved one should not have to endure the added indignity of having their home seized because of a delay in them deciding what to do with it.

That's why the new Government is introducing new safeguards that mean the rights of responsible homeowners will be protected, while allowing action to be taken against genuine derelict buildings which blight neighbourhoods.<sup>25</sup>

[\*The Housing \(Empty Dwelling Management Orders\) \(Prescribed Period of Time and Additional Prescribed Requirements\) \(England\) \(Amendment\) Order 2012\*](#) (SI 2012/2625), which came into force on 15 November 2012, increased the period for which a property needs to have been empty before an EDMO can be applied for from six months to two years. The Order also provides that an authority must give the owner at least three months' notice of the intention to apply for an order.

<sup>24</sup> DCLG Press Notice, "Pickles acts to protect the rights of home owners," 7 January 2011

<sup>25</sup> As above

## 19 Empty Housing (England)

In terms of responses, Action on Empty Homes welcomed the decision to retain EDMOs but questioned whether there was a need for the changes:

We are pleased that the power has been retained. It has proved useful as a tool of last resort for councils. The amended regulations will not affect many cases as the power is generally only used in extreme cases which already meet the new amendments.

He [David Ireland] expressed concern that 'an effect of the changes would be to limit council's ability to deal with certain cases such as new blocks of empty speculatively built flats', but added that 'the main purpose of the legislation has been retained and we welcome that'.<sup>26</sup>

Respondents also pointed out that some of the cases cited by the Secretary of State on 7 January 2011 in support of case for reform would have been exempt from the existing EDMO process.<sup>27</sup>

### Further information

Further information on the operation and implications of EDMOs can be found in the Department for Communities and Local Government's (now (MHCLG) [guidance for local authorities](#).

The Department also issued [guidance on EDMOs for residential property owners](#) which can be accessed on the archived section of the MHCLG website.

In February 2015, the *Guardian* [reported](#) that 108 EDMOs had been issued since their inception. The Government does not collect data on the number of EDMOs issued.

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<sup>26</sup> "Councils face tougher empty homes rules," *Inside Housing*, 7 January 2011 (log-in required)

<sup>27</sup> [Empty Promises](#), *Inside Housing*, 12 January 2011 (log-in required)

## 3. Other initiatives

### 3.1 Value Added Tax (VAT)

Renovation and refurbishment work on existing homes is generally subject to VAT while new-build housing is zero-rated. Acton on Empty Homes has actively lobbied for VAT on new and refurbished homes to be harmonised at 5% in a bid to encourage the repair and conversion of empty properties.<sup>28</sup>

In the 2001 Budget, the Chancellor introduced lower levels of VAT on works to bring empty homes back into use, with works on homes empty for more than ten years being zero rated, and 5% charged on homes empty for more than three years. Action on Empty Homes welcomed this move but there was disappointment over the failure to harmonise VAT on new-build and refurbishment.<sup>29</sup> In October 2007 the Government announced that the three-year limit would be cut to two years, effective from 1 January 2008 (SI 2007/3448).

The 2006 ODPM: Housing, Planning and the Regions Select Committee report, *Affordability and the Supply of Housing*, called on the Government to reduce VAT on the refurbishment and renovation of all empty properties to 5%.<sup>30</sup>

*Inside Housing* magazine's Empty Promises Campaign (2009) focused on the potential impact of cutting VAT on renovations and repairs. Assuming an average renovation cost of £25,000 to bring each empty dwelling into use, the Campaign estimated the cost to the Treasury of around £625 million. However, the Federation of Master Builders said that cutting VAT would "diminish the financial incentive" for builders to employ "VAT dodging tradesmen to cut their costs."<sup>31</sup>

The Treasury has, in the past, cited prohibitive European rules governing VAT as a reason for not implementing a cut. However, in March 2009 European finance ministers agreed that Member States should be free to reduce VAT on repairs and maintenance.

### 3.2 Empty social housing

The chart below shows trends in the number of vacant social rented sector dwellings (local authority and private registered provider) since 2004. There were 45,632 empty homes in this category in 2017, a decrease of 55% on the 2004 total (100,821 homes). In 2017, 8% of all vacant dwellings were in the social rented sector. This is the same proportion as in 2016.

<sup>28</sup> Cut the VAT, Empty Homes [Accessed 22 December 2015].

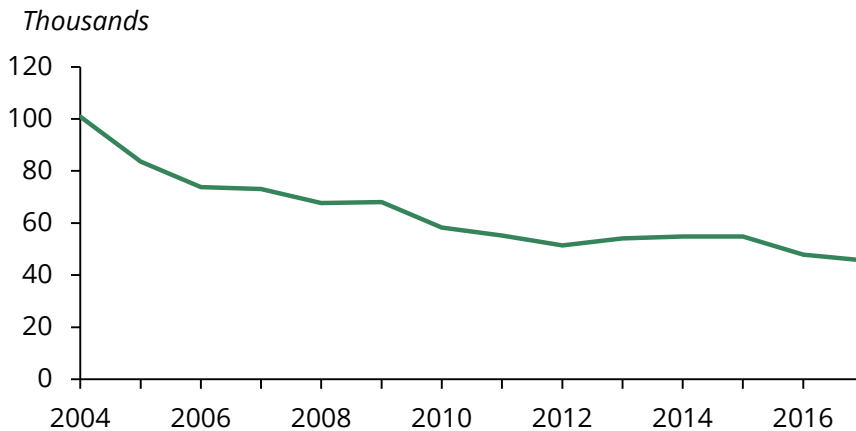
<sup>29</sup> "Empties boosted by VAT cuts," *Inside Housing*, 16 March 2001 (log-in required)

<sup>30</sup> ODPM: Housing, Planning, Local Government and the Regions Committee, [Affordability and the Supply of Housing](#), HC 703-I 2005-06, para 113

<sup>31</sup> 'And...action', *Inside Housing*, 20 March 2009 (log-in required)

## VACANT SOCIAL RENTED SECTOR DWELLINGS

England, 2004-17



Source: MHCLG, [Live Table 615](#)

A 2002 report into empty homes published by the Transport, Local Government and the Regions Committee concluded that the number of public-sector owned vacant properties “is small compared to those in the private sector” but stressed the importance of good housing management practices to minimise voids. The Committee found that one of the main causes of continuing high levels of voids in the public sector stock at that time was regeneration activity:

The Greater London Authority's memorandum observed, "Where vacancy rates are above 3 per cent in a Borough this is usually a feature of regeneration activity." In the Tarling Estate in Tower Hamlets, which we visited, we saw a 'decant process' which has now run for more than two years as the Council seeks to persuade residents of the benefits of moving to alternative accommodation until the whole block of flats is empty.

33. Where high public sector vacancy rates cannot be attributed to regeneration activity, management practices should be reviewed. We learned from the Housing Corporation that an appropriate vacancy rate in the registered social landlord sector would be a maximum of 2 per cent. **Aggregate figures on empty homes should identify the local authority and registered social landlord empty homes which are being held for demolition / refurbishment, separate from those which are intended for re-letting. Local authorities in healthy housing markets holding more than 2 per cent of their stock vacant and not for regeneration should be required to undertake an immediate review of the housing management function.**<sup>32</sup>

In May 2012 the Homes and Communities Agency (HCA)<sup>33</sup> amended guidance to allow housing associations to dispose of individual empty properties without first having to seek permission:

This means the HCA can give permission for a landlord to sell properties of a particular type, size or other criteria without having to get permission for the sale of each one individually. The

<sup>32</sup> Transport, Local Government and the Regions Committee, [Empty Homes](#), 20 March 2002, HC 240-I 2001-02

<sup>33</sup> Then the regulatory body of housing associations.

legislative power to alter the guidance, through the Housing and Regeneration Act 2008, has existed since April 2010, but until now has not been used.

The HCA argued the change will increase flexibility and reduce administration costs for landlords. The change only applies to non-profit providers.<sup>34</sup>

Information on funding to bring empty homes back into use is provided in section 4.1 below.

### 3.3 Government-owned housing

The Labour Government's consultation paper of May 2003, [Empty Homes: Temporary Management, Lasting Solutions](#), noted that although Government-owned housing stock comprises only a small proportion of the total, the proportion vacant was "considerably higher" than the national average, running at about 10%. The bulk of Government-owned housing belongs to agencies or trusts of four departments – the Ministry of Defence, Department for Transport, Department of Health and the Home Office.

The Labour Government's policy was to encourage departments that could not dispose of vacant properties due to long-term operational requirements to find short-term uses for them rather than leaving them empty. Annex 8 to [Empty Homes: Temporary Management, Lasting Solutions](#) summarised the range of actions being taken by these Departments to reduce the number of empty homes they owned:

- The Highways Agency, part of Department for Transport, has a policy of selling any property which it has acquired that is not needed for road operation. Where properties are required for longer-term plans, the Agency has recently introduced a policy of making more of them available for temporary social housing or for public sector key workers in areas of housing need.
- The Prison Service, part of the Home Office, operates a policy of offering vacant quarters for sale on the open market rather than trying to re-let them (except in London, where the high property prices have created problems in recruiting and retaining prison staff). In the last year, more than £12 million was raised for the expansion and improvement of the Prison Service estate by such sales.
- The Defence Housing Executive, an Agency of the Ministry of Defence, is striving to reduce the amount of surplus accommodation on the Ministry of Defence estate, having disposed of approximately 10,000 properties since January 2000. It plans to continue this practice, projecting the disposal of up to 3,500 properties in 2002/03; up to 2,500 in 2003/04; and up to 2,500 in 2004/05. In addition, it has identified some 2,000 properties that are available to lease on a temporary basis to public sector key workers.
- The National Health Service Estates produced a report 'Sold on Health' in 2000 which highlights opportunities to improve management of NHS healthcare estate and new

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<sup>34</sup> "[Landlords free to sell empty properties](#)", *Inside Housing*, 30 May 2012 (log-in required)

ways of driving out surplus estate and getting best value from the whole asset lifecycle from procurement through operation to disposal.

The Conservative Party Manifesto for the 2015 General Election referred to the Coalition Government "reducing the cost of government, by selling empty buildings."<sup>35</sup> In June 2015, Lord Bridges of Headley, Parliamentary Secretary for the Cabinet Office, responded to a parliamentary question concerning the vacant homes owned by government departments:

**Lord Hylton:** To ask Her Majesty's Government how many vacant houses and flats are owned by government departments or agencies; and what plans they have either to bring them into use or to redevelop their sites.

**Lord Bridges of Headley:** The Government Property Unit in the Cabinet Office is working with departments to reduce vacant space across the estate.

Since May 2010, we have reduced our Estate by 2 million square metres, saving over £625 million in running costs and generating £1.4 billion in capital receipts. On 31st March 2014 only 2.4% (204,327 sq m) of space was vacant across the mandated Civil Estate, well below the reported national average of 8.8%.

Information on the number of vacant houses and flats owned by departments or their agencies is not held centrally.<sup>36</sup>

### 3.4 Planning policy

The [National Planning Policy Framework](#) (NPPF, revised February 2019) has replaced previous Planning Policy Guidance. On empty homes, the Framework states:

Planning policies and decisions should:

...promote and support the development of under-utilised land and buildings, especially if this would help to meet identified needs for housing where land supply is constrained and available sites could be used more effectively (for example converting space above shops, and building on or above service yards, car parks, lock-ups and railway infrastructure)

[Footnote: As part of this approach, plans and decisions should support efforts to identify and bring back into residential use empty homes and other buildings, supported by the use of compulsory purchase powers where appropriate].<sup>37</sup>

Action on Empty Homes has lobbied to encourage the use of the planning system, via section 106 agreements, to bring empty properties back into use. This would require developers to subsidise the purchase price of empty properties.<sup>38</sup>

### Vacant building credit

Vacant building credit (VBC) is an incentive scheme introduced by the Government to reduce a developer's liability for planning obligations on

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<sup>35</sup> [Conservative Party Manifesto 2015](#), p47

<sup>36</sup> [PO HL217](#), 16 June 2015

<sup>37</sup> [NPPF](#), February 2019, para 118(d)

<sup>38</sup> "Planning solution for empty homes," *Inside Housing*, 16 January 2004 (log-in required)

vacant buildings. Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. Affordable housing contributions may be required for any increase in floorspace.<sup>39</sup>

The VBC was originally announced in a [written ministerial statement](#) on 28 November 2014. It was later withdrawn following a High Court challenge in the case of *R (on the application of West Berkshire District Council and Reading Borough Council) v Secretary of State for Communities and Local Government* [2015] EWHC 2222 (Admin). In the High Court, the judge noted that before the decision to introduce the VBC policy, no consideration was given to the lack of information on the impact of this policy change. Following this judgment, the Government cancelled those paragraphs in the PPG which had introduced the VBC.

The Government appealed this judgment in the Court of Appeal and on 11 May 2016 the High Court's ruling was overturned.<sup>40</sup> On 19 May 2016 the Government amended the PPG section on planning obligations and reintroduced the VBC policy. More information on VBC can be found on the [GOV.UK website](#).

### 3.5 Flats over shops

In the November 2000 Pre-budget Report, as part of a package of measures, the Chancellor announced the introduction of 100% Capital Allowances for creating 'flats over shops' for letting:

...an immediate tax relief to property owners for the costs of converting redundant space over shops and other commercial premises into flats for letting.<sup>41</sup>

This relief was repealed by the *Finance Act 2012* and is not available for expenditure incurred from April 2013 (1 April for Corporation Tax and 6 April for Income Tax).<sup>42</sup> HMRC stated that take-up of the measure had "been much lower than anticipated" and that its repeal supported "the Government's objective to simplify the tax system."<sup>43</sup>

A December 2017 report published by the Federation of Master Builders (FMB), [Homes On Our High Streets](#), identified potential for the creation of between 300,000 and 400,000 new homes by converting empty spaces above high street shops. The report contains the following recommendations to facilitate this development:

<sup>39</sup> HM Government, Planning Practice Guidance, [Planning obligations](#), Paragraph: 021 Reference ID: 23b-021-20160519, Revision date: 19 05 2016

<sup>40</sup> Secretary of State for Communities and Local Government and (1)West Berkshire District Council (2)Reading Borough Council [\[2016\] EWCA Civ 441](#)

<sup>41</sup> Cm 4917, para 6.80. Provision was made for this in section 67 and schedule 19 to the *Finance Act 2001*. It applies to expenditure incurred after 11 May 2001.

<sup>42</sup> [CA43100 - Outline, background and definitions](#), HMRC

<sup>43</sup> HMRC, [Capital Allowances - Flat Conversion Allowances: Repeal of Relief](#)



Local authorities should explicitly make reference to building homes above shops on the high street within their various planning documents.

Local authorities should help find ways to overcome disparate ownership and limited building access and/ or infrastructure in order to make redevelopment of residential units easier.

Where the market is not yet strong enough to make such development viable, central government should make available low cost loans, grants and fiscal incentives.

Local authorities, local community groups and developers should work collaboratively with property owners to highlight the potential of this type of development.

All partners involved in building residential units above shops should harness the ability of local community groups to catalyse development.<sup>44</sup>

## 4. Developments under the Coalition Government 2010-15

The [Coalition's Programme for Government](#) included a commitment to "explore a range of measures to bring empty homes into use." A parliamentary answer in October 2015 provided a brief overview of some of the measures taken:

- Through the New Homes Bonus, local authorities earn the same financial reward for bringing an empty home back into use as building a new one. Since April 2011 almost £3.4 billion has been paid in recognition of the delivery of over 700,000 homes, plus over 100,000 long-term empty properties brought back into use. 75 per cent of local authorities are financially better off in 2014-15 than if New Homes Bonus scheme didn't exist.
- We made changes through the Local Government Finance Act 1992 so local authorities can charge up to 150% council tax for homes empty for over two years.
- We extended permitted development rights to make it easier to convert property from business to residential to give new life to thousands of empty buildings.
- We amended Empty Dwelling Management Orders to ensure they are only used to tackle the most problematic empty homes.
- We provided £216 million direct funding to local authorities, registered providers and community groups between 2012- 2015 to help tackle the problem of empty homes and properties. This funding created 9,044 homes from empty properties.<sup>45</sup>

The Coalition Government's policy in relation to Council Tax measures is covered in section 2.4 above; changes to EDMOs in section 2.7;

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<sup>44</sup> FMB, [Homes On Our High Streets](#), December 2017, p3

<sup>45</sup> [PO 12962](#), 30 October 2015

planning policy in section 3.4, and the disposal of empty government-owned housing in section 3.3. The following sections contain information on other developments.

## 4.1 Empty Homes Programme

### First round

Following the Spending Review 2010 the then Housing Minister, Grant Shapps, issued a letter to local authorities setting out the settlement for housing. This letter identified £100 million within the Affordable Homes Programme for bringing empty homes back into use:

I believe that we have secured a package that will help deliver the homes this country needs over the Spending Review period. Despite the fiscal constraints, the Government is still investing nearly £6.5 billion of taxpayers' money in housing, with £4.5 billion to fund new affordable homes over the Spending Review period. As part of this investment we intend to provide £200m so that the Mortgage Rescue scheme can stay open to support vulnerable homeowners threatened with repossession **and £100 million to bring empty homes back into use.**<sup>46</sup>

The Coalition Government's housing strategy, published in November 2011, explained that the majority of the £100 million would be available from 2012-15. It additionally stated that funding for conventional housing providers would be administered by the Homes and Communities Agency (now Homes England), while funding for self-help, community, and voluntary groups would be administered by a national intermediary. The funding was intended to deliver "at least 3,300 affordable homes by March 2015."<sup>47</sup>

Information on how to access funding under the Empty Homes Programme was provided on the HCA's website:

Empty homes is a key part of the HCA's 2011–15 Affordable Homes Programme. The £100m funding is available from April 2012 and will be targeted at long term empty properties which would not come back into use without intervention.

The HCA is keen to offer providers as much flexibility as possible to ensure funding goes towards the most effective approaches at a local level. We are seeking expressions of interest (Eoi) from providers who are considering applying for funding to tackle empty homes. Details on the Eoi process are set out in the [HCA Investment Framework](#).

The funding is available for local authorities, housebuilders and developers, affordable housing providers and local community groups. If providers have schemes that can be delivered before April 2012, details should be submitted using the HCA's standard information template.<sup>48</sup>

<sup>46</sup> [Spending Review – Settlement for Housing](#), 20 October 2010

<sup>47</sup> DCLG, [Bringing Empty Homes back into use: Application guidance for Community and Voluntary Groups](#), January 2012, p3

<sup>48</sup> Homes and Communities Agency webpage on Empty Homes [Accessed May 2016]

Around £70 million was allocated by the HCA in the first round of the Programme.<sup>49</sup>

In January 2012, specific guidance was published for local community and voluntary groups on how to apply for funding: [Bringing Empty Homes back into use: Application guidance for Community and Voluntary Groups](#). This guidance stated that there was an aim of awarding at least £10m and as much as £30m, "if sufficient high quality bids come forward." In July 2012, Andrew Stunell announced that £25m would be allocated to 76 community groups to refurbish 1,600 homes.<sup>50</sup>

### Second round

In June 2013, the then Communities Minister, Don Foster, said that £61 million would be allocated under the second round of the Empty Homes Programme. Around £41 million of this would be allocated by the HCA to registered social landlords, with the remainder being allocated to community and voluntary groups. It was expected that together this would bring around 3,200 extra homes into use.<sup>51</sup>

The Empty Homes Programme came to an end in March 2015. Details of funding allocations made by the Homes and Communities Agency under both rounds of the Programme is available on the Gov.uk website at: [Empty Homes programme: guidance and allocations](#).

## 4.2 Affordable Homes programme 2015-18

The prospectus for the Affordable Homes Programme 2015-18 was published in January 2014. The prospectus invited applications for £1.7 billion of Government funding to increase the supply of affordable housing. A separate programme for London was administered by the Greater London Authority.

The prospectus said that, unlike the 2011-15 Affordable Homes Programme, there was no separate funding for empty homes. However, it further stated that bringing empty homes into use was a legitimate form of Affordable Rent provision that could be included in bids.<sup>52</sup>

## 4.3 Clusters of Empty Homes Programme

The Coalition Government's Housing Strategy also announced an intention to allocate an additional £50 million to tackle concentrations of poor quality empty homes in areas of low housing demand. Match funding would be sought from local partners. The funding allocated under the scheme was subsequently increased to £60 million. The removal of specific funding for certain areas of low demand (Housing

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<sup>49</sup> [Empty Homes programme: round 1 allocations](#), Homes and Communities Agency, 5 March 2012

<sup>50</sup> "[Empty homes schemes allocated £25m](#)," *Inside Housing*, 10 July 2012 (subscription only)

<sup>51</sup> Department for Communities and Local Government, [£91 million cash to tackle over 6,000 empty and derelict homes](#), 20 June 2013

<sup>52</sup> Homes and Communities Agency, [Affordable Homes Programme 2015-18: Prospectus](#), January 2014, p39

Market Renewal areas) in March 2011 had led to the suggestion that whole communities in northern England “are being left high and dry.”<sup>53</sup>

The scheme ended in March 2015.<sup>54</sup>

## 4.4 New Homes Bonus

On 11 January 2011 the Coalition Government confirmed that bringing empty homes back into use would attract additional funding under the New Homes Bonus (NHB):

The Government is offering powerful new incentives for councils to get empty homes lived in again, matching the council tax raised for every empty property brought back into use - which can be spent as they wish. Mr Stunell urged local communities to work with their council to identify where empty homes are blighting the neighbourhood, and start benefiting from extra cash that can be used to improve the local area.

[...]

Under plans recently consulted on, the Government will match through the New Homes Bonus any council tax raised from a property that previously stood empty. The extra funding can be spent to benefit the local community - whether on council tax discounts, boosting local services, renovating more empty properties or improving local facilities.

The funding is part of a two pronged attack to get to grips with the issue of empty homes, and will supplement the £100 million already announced as part of the Spending Review for Housing Associations to bring empty properties back into use.<sup>55</sup>

On 30 October 2015 the Minister for Housing, then Brandon Lewis, said the bonus had resulted in “over 100,000 long-term empty properties brought back into use.”<sup>56</sup> See section 5.1 for changes to the NHB introduced by the 2015 Conservative Government.

## 4.5 Empty homes advisor

In April 2012 the Coalition Government appointed George Clarke as its independent [empty homes advisor](#). His role involved:

- promoting bringing empty homes back into use
- raising public awareness of the benefits of bringing empty homes back into use and encouraging people to report empty homes in their area
- encouraging councils, housing associations and voluntary groups to identify innovative and good ideas and sharing this across communities
- challenging Government and other public bodies to ensure publicly-owned homes are not left empty; and

<sup>53</sup> Guardian, “[Housing schemes grind to a halt as funding dries up](#),” 22 September 2010

<sup>54</sup> Empty Homes Agency, [Empty Homes in England](#), Autumn 2015, p22

<sup>55</sup> DCLG, [New incentives to tackle the blight of empty homes](#), 10 January 2011

<sup>56</sup> [PO 12960](#), 30 October 2015

- exploring whether current plans for demolition in councils could be scaled back.<sup>57</sup>

In June 2013, George Clark made ten recommendations for housing regeneration areas, including that “Refurbishing and upgrading existing homes should be the first and preferred option rather than demolition.” The recommendations are listed in full in the following news story on the Gov.uk website:

- [£91 million cash to tackle over 6,000 empty and derelict homes](#), Gov.uk, 20 June 2013.

### 4.6 Empty Homes Loan Fund

In September 2013, a joint initiative between Action on Empty Homes, Ecology Building Society, central Government and participating local authorities, was launched. Under the scheme, loans of up to £15,000 were provided to owners of empty properties to help bring them back into affordable use. The loans would have a fixed interest rate of 5%. The scheme was backed by £3 million of funding from central Government and was administered by the Ecology Building Society.<sup>58</sup>

In August 2014, the Empty Homes Loan Fund was abolished because of low take-up; *Inside Housing* reported that several participating councils had reported “minimal or zero take-up.”<sup>59</sup> *Inside Housing* additionally reported that the Government wanted to ensure that the £3 million allocated for the scheme would still be used for bringing empty homes back into use. The article quoted a Government spokesperson as saying, “We are keen to ensure that this funding remains available to bring empty homes back into use.”<sup>60</sup>

### 4.7 Mayor of London

Responsibility for housing in London transferred to the Mayor on 1 April 2012. [Laying the foundations: a housing strategy for England](#) (2011) advised that the London Mayor at that time intended to use his additional housing and regeneration powers (contained in the *Localism Act 2011*) to:

- maintain his target that no more than 1 per cent of London’s homes should stand empty or unused for more than six months
- maintain and update his empty homes audit, to help target action and investment to tackle abandoned and derelict homes
- target a share of London’s funding for empty homes to bring residential buildings on the English Heritage ‘At Risk’

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<sup>57</sup> DCLG [Press Release](#), 11 April 2012

<sup>58</sup> “[£3m empty homes fund launches today](#),” *Inside Housing*, 2 September 2013 (log-in required)

<sup>59</sup> “[£3m empty homes loan scheme scrapped](#),” *Inside Housing*, 7 August 2014 (log-in required)

<sup>60</sup> “[DCLG promises money from scrapped fund will be used for empty homes](#),” *Inside Housing*, 12 August 2014 (log-in required)

register back into use and explore options to engage the public in this process

- encourage boroughs to remove any financial incentives to leaving homes empty
- encourage the involvement of the community in bringing empty homes back into use, for example self-help organisations
- make investment decisions that prioritise bringing back into use homes for affordable housing.<sup>61</sup>

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<sup>61</sup> HM Government, [\*Laying the foundations: a housing strategy for England\*](#), November 2011, p. 41

## 5. The approach since 2015

### 5.1 Government policy

In October 2015, a parliamentary question asked whether the Government intended to introduce a scheme similar to the Empty Homes Programme. In response, Brandon Lewis, then Housing and Planning Minister, stated that the Government had no plans to introduce additional funding:

**Craig Mackinlay:** To ask the Secretary of State for Communities and Local Government, how many empty properties were brought back into use as affordable housing by the Empty Homes programme; and if he will introduce a similarly-operating scheme to that programme.

**Brandon Lewis:** The Coalition Government set a new direction in tackling empty homes and property to ensure their value and opportunity was realised. It provided £216 million direct funding to local authorities, registered providers and community groups between 2012- 2015 and 9,044 homes were created from empty property. Of these 5,722 homes were brought back into use as affordable housing. The remaining 3,322 were brought back to use in line with local demand and the requirements of the neighbourhood as part of the Clusters of Empty Homes Programme.

This funding was intended to provide a push in the right direction, we have no plans to provide more. The Government has achieved a year on year reduction in long-term empty homes and the number of homes that stand empty for more than six months is now at its lowest level since records began.<sup>62</sup>

In line with this, the [prospectus for the 2016-21 Shared Ownership and Affordable Homes Programme](#) makes no specific reference to funding for empty homes.

As part of the Autumn Statement 2015 the Chancellor announced that the New Homes Bonus would be subject to a consultation exercise:

...the government will also consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately.<sup>63</sup>

The consultation paper, [New Homes Bonus: sharpening the incentive: technical consultation](#), was published on 17 December 2015. The Secretary of State for Communities and Local Government, then Sajid Javid, announced changes to the NHB scheme as part of the Local Government Finance Settlement in December 2016. He confirmed the following decisions:

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<sup>62</sup> [PO 10766](#), 19 October 2015

<sup>63</sup> [The Spending Review and Autumn Statement 2015](#), para 1.242

- From 2017 a **national baseline for housing growth will apply of 0.4%**. Below this, the NHB will not be paid. The aim of this change is to ensure that “the money is used to reward additional housing rather than just normal growth”.<sup>64</sup>
- **The number of years for which payments are made will be reduced** from six to five years in 2017-18 and reduced further to four years from 2018-19.<sup>65</sup>

Further information on this scheme can be found in Library Briefing Paper 5724, [The New Homes Bonus Scheme](#), and in a paper published by DCLG, [New Homes Bonus: Final scheme design](#).

## 5.2 London Mayor’s approach

Sadiq Khan’s [Housing Strategy for London](#), was published in May 2018 following consultation on a draft version. The Strategy notes that the recorded number of empty homes in London is at an historically low level of 0.6% of total housing stock.<sup>66</sup> The Mayor’s approach to tackling empty homes is focusing, in part, on ‘buy-to-leave’ investment at the top end of the market:

**The Mayor will address public concerns about empty homes and the impact of housing being bought for investment, particularly by overseas buyers, on the availability of homes for Londoners. This will include:**

- helping to ensure that Londoners have first dibs for more new homes, particularly those that are affordable to more first time buyers;
- addressing empty homes by encouraging all councils to levy the empty homes Council Tax premium and lobbying Government for changes to make it more effective; and
- continuing to urge Government to set new standards of transparency in the property industry and particularly for properties owned by companies registered overseas.<sup>67</sup>

## 5.3 Action on Empty Homes’ recommendations 2018

In its 2018 report, [Empty Homes in England](#), Action on Empty Homes made several recommendations on how to bring more empty homes back into use. The recommendations included:

1. Local authorities should have an empty homes strategy for their area, with the aspiration to reduce the number of long-term empty homes.
2. Local authorities and social housing providers should seek funding and allocate resources to buy and refurbish empty properties for people in housing need.
3. Local authorities should take a casework approach with owners of long-term empty properties to encourage, advise and support them to bring homes back into housing use.

<sup>64</sup> [HC Deb 1 December 2016 c977](#)

<sup>65</sup> Ibid.

<sup>66</sup> GLA, [Housing Strategy for London](#), May 2018, para 5.71

<sup>67</sup> Ibid., p156



Employing dedicated empty homes staff can ensure that the council is able to act on information about empty homes, and build up expertise in working with owners, including taking enforcement action where necessary.

4. Central Government should re-establish dedicated funding programmes to support local authorities, housing providers and community-based organisations to create affordable housing from long-term empty homes.
5. Central Government should adopt an investment programme targeted at areas with high levels of long-term empty homes. This programme should enable local authorities, social landlords and community-based organisations to buy/lease empty properties to refurbish them. It should also support wider community-based regeneration approaches that tackle the underlying causes of empty homes in these areas.
6. Local authorities with concentrations of long-term empty homes should look at how they can support community-based neighbourhood regeneration approaches.
7. Local authorities, particularly in high value areas, should conduct studies to understand the extent and impact of 'buy-to-leave' empty or hardly ever used. Where it is an issue, they should review the measures they could adopt to incentivise people to sell or rent those properties, or not to buy properties in the first place with the intention of leaving them empty or hardly ever used.<sup>68</sup>

A 2019 edition of Empty Homes in England will be published in due course.

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<sup>68</sup> Action on Empty Homes, [Empty Homes in England](#), 2018, p31

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