

The Crisis logo, featuring the word "Crisis" in white lowercase letters on a red square background.

Crisis

Make History: Ending homelessness with homes

**Unlocking the potential of
England's empty buildings**

**MAKE
HISTORY**

**A future free from
homelessness**

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Executive summary

Home is the foundation on which people can thrive. Making sure that everyone has a safe, settled and genuinely affordable home benefits us all by creating a stronger, more productive society. Crisis is calling on the next Westminster Government to commit to a national mission to end all forms of homelessness in England, and at the heart of this should be a commitment to end homelessness with homes. This will require a long-term commitment to a major programme of social housebuilding to deliver 90,000 social homes per year, and more investment to ensure Local Housing Allowance rates cover the cost of rents. However, the next Westminster Government could also have immediate impact by unlocking the potential of existing unused and obsolete buildings to help deliver more genuinely affordable homes.

There are currently more than 100,000 families stuck in temporary accommodation, often for months and even years, making it impossible to put down roots or plan for the future. As well as the damaging cost to individual lives, this has a high economic cost with local authorities spending £1.6 billion a year on temporary accommodation, a bill that is rising fast and putting enormous pressure on council budgets.

Shockingly, at the same time, an increasing number of homes are being left unoccupied on a long-term basis. In 2022 the number of long-term empty properties stood at 248,149, 24% higher than in 2016.¹ This definition excludes long-term empty properties that are exempt from Council Tax e.g. where the owner has died and probate has not yet been granted or they have moved into a care home or hospital. This means that the true number of long-term empty properties is actually higher. There are also numerous empty offices and other commercial buildings that have potential to be converted for use as housing. Even a small proportion of the estimated 165,000 empty commercial buildings could have a positive impact in providing genuinely affordable, settled homes.

Empty buildings are a wasted resource that could be used to increase the supply of genuinely affordable settled housing, but where there are high concentrations of unoccupied properties, they can also have a profoundly negative impact on local communities. Negative effects include dampening property prices for remaining residents and creating a focus for anti-social behaviour. Many of the homes currently sitting empty are older properties in poor condition. By bringing them back into use, there is significant potential to retrofit to a net zero

carbon standard, improve energy efficiency for future occupiers and contribute to our national clean energy ambitions.

Currently, however, there is no national initiative or targeted resource in England to support councils and social landlords to bring empty homes and other unused buildings into use, to tackle homelessness and other local housing needs.

Crisis has carried out research with local authorities, community-led organisations, housing associations and national representative organisations, including the Empty Homes Agency and Empty Homes Network, to identify what the next Westminster Government should do to unlock the potential of long-term empty homes and unused commercial buildings. We have examined learning from Scotland and Wales, where the devolved Governments have adopted national strategies to tackle empty homes. We have also drawn on the findings of a recent joint APPG inquiry into the role of commercial to residential conversions in tackling homelessness to highlight the scope for making better use of obsolete commercial buildings.

What we found

Unlocking the potential of long-term empty residential properties

In 2012, the Coalition Government launched an Empty Homes Programme, making over £200 million available to bring empty homes back into use as affordable housing. Over the same period, £50 million was made available to community and voluntary groups, enabling them to acquire and renovate empty homes while delivering wider community benefits including employment and training opportunities and improving the fabric of local neighbourhoods. By 2016, the number of empty homes in England was reduced to just above 200,000. Since the impact of the funding ended in 2016, the number of residential properties that have been empty for six months or more in England has risen by 24%, sitting at 248,149 in 2022.

While Councils continue to have access to a range of tools and resources to bring long-term empty properties back into use and funding for empty homes acquisitions is made available through Homes England, the extent to which local authorities and registered providers across England take action on

1. This figure refers to properties recorded in Council Tax statistics as unoccupied and substantially unfurnished for at least six months. This paper does not address the issue of second homes and short term lets.

empty homes varies considerably. This in part reflects the absence of either national strategic direction or targeted funding at a time of severe constraints and pressures on council and housing association budgets. It also reflects limitations with some of the enforcement tools available to councils.

In 2018, local authorities were granted the power to charge double rates of council tax on homes left empty for two years or more, but this money is not ringfenced to bring long-term empty homes back into use. We found that in the absence of dedicated funding, community-led organisations face significant viability challenges in acquiring or leasing empty homes. These challenges are compounded by the gap between Local Housing Allowance rates and local rent levels, which undermine the viability of investment in acquisitions.

Despite these challenges, some councils and community organisations are continuing to proactively address the challenge of empty homes. Key features of successful approaches include councils making empty homes a clear strategic priority and backing this with resources. For example, some councils earmark a proportion of income generated from Council Tax premiums for empty homes work and employ dedicated empty homes officers. The case study examples included

in this briefing demonstrate what could be achieved if the next Westminster Government acts to incentivise more councils to adopt the practices of the best. If a national initiative is backed by targeted funding, this would act as a powerful incentive for local authorities to make tackling long-term empty properties a strategic priority.

Importantly, a strategic response to empty homes could help boost genuinely affordable housing supply to tackle homelessness. **We estimate that over the four years to 2028, a concerted strategic approach to bring long-term empty properties back into use could result in local authorities across England providing an additional 40,000 genuinely affordable homes.**²

Unlocking the potential of empty commercial buildings

Government action is also needed to unlock the potential of empty commercial buildings to tackle homelessness. A recent joint inquiry by the All-Party Parliamentary Groups (APPGs) for Housing Market and Housing Delivery and for Ending Homelessness found that there is potential to use some of the relatively

high number of vacant commercial buildings to create good quality, settled, genuinely affordable homes for people experiencing homelessness and other low-income households.³

To enable this to happen the APPG report recommended that the Government acts to introduce more comprehensive mandatory standards for building conversions delivered through permitted development, and to ensure this type of development includes affordable housing. While the Government has recently intervened to strengthen national requirements on space standards and natural light where buildings are converted through permitted development, action is urgently needed to strengthen these standards further. In addition, there is scope for the Government to do more to enable the viable delivery of genuinely affordable homes in affordable-led mixed tenure developments in former commercial buildings.

2. This estimate was calculated using evidence of the potential reduction in empty homes that could be achieved as reported by 47 local authorities taking part in our survey. This figure was then applied to the national figure for long-term empty homes.

3. <https://www.appghousing.org.uk/release-joint-inquiry-with-the-appg-on-ending-homelessness-into-housing-solutions-for-homeless-households/>

Recommendations

To unlock the potential of empty buildings to tackle homelessness, the next Government should:

- Develop a National Empty Homes Initiative in partnership with organisations best placed to deliver its work including the Empty Homes Network of leading local authority empty homes practitioners, the Empty Homes Agency, Homes England, LGA, GLA, London Councils, NHF and Homes for Cathy. The aim of the initiative should be to create a framework that facilitates and supports a primarily proactive approach alongside targeted enforcement activity, to bring more long-term empty properties back into use for preventing and ending homelessness.
- Introduce a non-statutory code of practice to help guide local authorities on how to make best use of the tools available, to bring as many properties back into use as reasonably possible and how to prioritise the provision of settled homes for people at risk of or experiencing homelessness.
- Explore ways to improve data collected about long-term empty residential properties and consult on how best to tighten the definition of 'empty property' for the purposes of applying the Council Tax premium. Local authorities also need support to build the right IT infrastructure for effective case management, enforcement, and monitoring, which would improve the data collected beyond the statutory Council Tax base.
- Review Empty Dwelling Management Order, Compulsory Purchase Order and enforced sales processes and the way they are currently being used by councils to tackle empty homes and consider the case for reforms to ensure local authorities can maximise their impact.
- Enable community-led organisations and registered social housing providers to do more to bring long-term empty properties back into use as homes for people at risk of, or experiencing homelessness with the right financial support and strong local authority partnerships.
- Create a flexible national fund to enable local authorities and their partners to access both capital and revenue funding, incentivising councils and their partner organisations

to bring homes back into use with the primary purpose of meeting local housing need. We estimate that an average of £345.5 million per year, over four years, would enable local authorities and their partner agencies to bring up to 40,000 homes back into use to tackle homelessness - £1.38 billion in total. This would be made up of £340.4 million per year to fund property acquisitions, leasing and refurbishment/retrofit and an average of £5.1 million revenue funding per year to boost council staff capacity to bring more properties back into use. This fund should also be used to enable local authorities to fund the acquisition and conversion of smaller commercial buildings such as individual shops and small office buildings to provide genuinely affordable homes. The structure of the fund should draw on the learning from local authorities and other providers that have acquired empty homes and converted commercial buildings as part of the Rough Sleepers Accommodation Programme, the Single Homelessness Accommodation Programme and the Local Authority Housing Fund.

- Unlock the potential of empty commercial buildings by adopting the recommendations of the joint APPG inquiry including to introduce mandatory minimum standards based on Healthy Homes Principles, encourage local authorities to make better use of available tools to give greater direction over conversion and give councils the immediate ability to require affordable housing contributions through Permitted Development Rights.
- Encourage Homes England and the GLA to consider piloting a number of affordable led mixed tenure housing developments in converted commercial buildings. The purpose of the pilots would be to showcase what can be achieved by Registered Providers using cross subsidy and affordable housing grant to deliver a proportion of settled homes at social rents within larger commercial to residential developments.
- Encourage public bodies to make effective use of empty commercial buildings that are already in public ownership, reviewing the case for conversions to deliver affordable-led housing development that can address homelessness pressures.
- Restore LHA rates to the 30th percentile. This would play a critical role in underpinning the viability of community-led empty homes investment, while having far wider benefits for homelessness prevention.

Policy context

A safe and settled home is the foundation on which people can thrive and build a better future for themselves. Having a decent home is vital for health and well-being. It makes it easier for people to succeed at work and in education and to maintain relationships with family and friends and wider networks in their community. Making sure that everyone has a safe and genuinely affordable home benefits us all, creating a stronger, more productive society where everyone can play their part.

Crisis is calling for the next Westminster Government to commit to a national mission to end all forms of homelessness in the next 10 years.

In our report, [Let's Make History: A Manifesto for a Future Free From Homelessness](#), we set out the three pillars of change to achieve this mission.

This briefing will focus on the solutions needed for the Westminster Government, and all political parties, to make ending homelessness with homes in England a reality, and in particular the potential to unlock long-term empty residential properties and unused commercial buildings and bring them back into use as a short-term, impactful measure. With the right policies and political will, we know an end to homelessness is achievable.

Three Pillars of Change

- 1. Ending homelessness with homes:** Creating a secure foundation for a life without homelessness by increasing the supply of truly affordable, decent homes.
- 2. Urgent action to support people experiencing, or at risk of, the worst forms of homelessness:** Ensuring the right support is available now for people who would otherwise be forced to sleep rough or in squats, cars and other forms of temporary shelter or dangerous accommodation.
- 3. Fixing the system for the long term:** Re-designing the welfare, health and homelessness systems so that in the future, people facing homelessness get the help they need when they need it, instead of being forced to cycle in and out of homelessness.

The current scale of homelessness in England

Ending homelessness with homes means making sure that people can access truly affordable, long-term, stable housing. This will help prevent people from becoming homeless in the first place and, when homelessness cannot be prevented, will ensure people can be quickly supported into settled housing. But, it is becoming almost impossible for people on the lowest incomes to get access to decent homes for rent or to keep their home as the cost of living and rising rents squeeze people's incomes.

As a consequence, homelessness continues to rise.

The number of households experiencing the worst forms of homelessness⁴ on a given night in England in 2022 was 242,000 households, 17% higher than in 2012.⁵ This means thousands more families and individuals stuck in poor temporary accommodation, B&Bs, sofa surfing and staying in cars, squats, and other forms of unsuitable shelter. The Government's own statistics show that the number of households being placed in

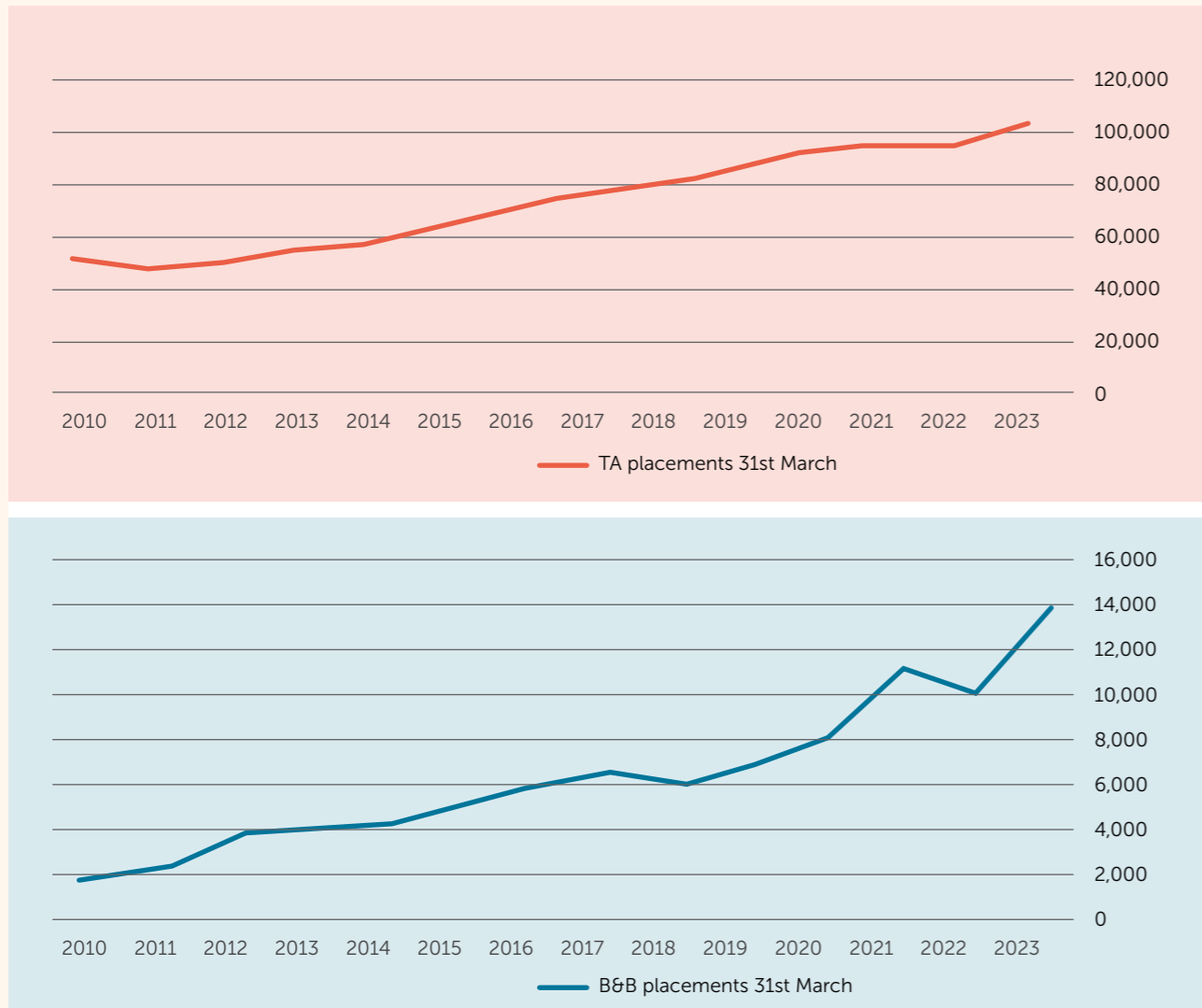
temporary accommodation has also risen steadily (Figure 1). By March 2023, it stood at 104,510 households – the highest in 18 years – and included over 130,000 children.⁶ Shockingly, B&B use has also jumped, with 13,780 households now living in this highly problematic form of accommodation. London Councils report a 781% increase in homeless families placed in bed and breakfast accommodation beyond the legal six-week limit over the 12 months to March 2023.⁷

Because of the acute shortage of truly affordable settled homes, people are having to spend months and even years in temporary accommodation. As of March 2022, 25,980 households had been living in temporary accommodation for between two and five years, and a further 18,630 for more than five years.⁸

This makes it impossible for people to put down roots or plan for the future, while having a hugely damaging impact on children's education and wellbeing. This also has a high economic cost with local authorities spending £1.6 billion on temporary accommodation alone in 2021/22.⁹

4. The concept of core homelessness captures some of the most severe and immediate forms of homelessness, including people sleeping rough, those living in hostels, refuges and shelters, people placed in unsuitable temporary accommodation and people sofa surfing.
5. Fitzpatrick, S., Bramley, G., McMordie L., Pawson, H., Watts, B & Young, G. (2023) *The Homelessness Monitor: England 2023*. London: Crisis.
6. DLUHC *Statutory Homelessness in England: Jan-March 2023* Statutory homelessness in England: January to March 2023 - GOV.UK (www.gov.uk).
7. <https://beta.londoncouncils.gov.uk/news/2023/one-50-londoners-homeless-housing-disaster-unfolds-capital>
8. Fitzpatrick, S., Bramley, G., McMordie L., Pawson, H., Watts, B & Young, G. (2023) *The Homelessness Monitor: England 2023*. London: Crisis.
9. DLUHC *Local authority revenue expenditure and financing 2021 to 2022*, <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing#2021-to-2022>.

Figure 1: Local authority homelessness temporary accommodation placements 2010-2023.



Source: DLUHC Homelessness Statistics

The links between housing and homelessness

Rather than spending long stretches in expensive and often poor-quality temporary accommodation, people should have rapid access to a safe place to call home, which they can afford to stay in for the long term.

Social housing is the most affordable for people on the lowest incomes, including people who are homeless or at risk. Yet on average, fewer than 7,000 social rent homes a year were built in England between 2015/16 and 2021/22, and more social housing is sold or demolished than built each year. In 2021/22 there was a net loss of 14,000 homes for social rent, and analysis suggests that as many as 57,000 more social rent homes will be lost by 2030.¹⁰ With so many people without a safe, stable home, living in poor quality forms of accommodation and shelter, this is an unacceptable state of affairs.

At the same time, it is becoming much harder for people on the lowest incomes to find or retain homes in the private rented sector. Across the country, private rents have been rising at record rates. For people on low incomes, the possibility of finding affordable housing is collapsing around them and they're being forced into homelessness as a result. The increase in rents is coinciding with a

freeze on Local Housing Allowance rates since 2020, which set the amount of financial support people on the lowest incomes can receive to cover the cost of their rents. This means that people are facing huge shortfalls between rents in their local area and their incomes. Crisis analysis in partnership with Zoopla found that just 4% of 1–3-bedroom properties listed in the last year were affordable to the 1.9 million households who need some form of housing benefit to help pay their rent.¹¹

This overall pressure on the private rented sector and people's incomes is also being borne out in other key statistics. Landlord possession claims and evictions have been rising since 2020, when government protections in response to the Covid-19 pandemic ended – and are now at their highest point in eight years.¹² Through Crisis' frontline services, we are increasingly hearing of people being evicted from their homes due to landlords also struggling to meet costs. As rising financial pressures from the cost of living crisis bear down, people on the lowest incomes are bearing the brunt. A growing number of local authorities report that limits on the availability of accommodation within Local Housing Allowance rates and the acute shortage of homes at social rent levels have reduced their capacity to prevent or resolve homelessness.¹³

10. <https://www.local.gov.uk/about/news/almost-60000-homes-sold-through-right-buy-will-not-be-replaced-2030#>.
11. <https://www.itv.com/news/2023-06-27/low-income-renters-totally-priced-out-of-housing-market-data-shows>.
12. Private landlord evictions and accelerated procedure combined. [Mortgage and Landlord Possession Statistics](#).
13. Fitzpatrick, S., Bramley, G., McMordie L., Pawson, H., Watts, B & Young, G. (2023) The Homelessness Monitor: England 2023. London: Crisis.

At the same time, local authorities have reported that their increased reliance on privately rented housing to provide temporary accommodation means they are less able to use private tenancies to provide settled homes.¹⁴

This focus on crisis intervention is undermining homelessness prevention efforts as it limits the resources available to carry out earlier intervention work. Reports that councils are 'running out of' options even for providing temporary housing demonstrate the extent of the crisis we face.¹⁵

The solutions needed

The next Westminster Government must increase the supply of truly affordable new homes to address the challenges that lie at the heart of recent increases in homelessness in England.

Analysis for Crisis and the National Housing Federation projected that 90,000 social rent homes are needed each year in England to address the backlog of housing need and reverse increases in homelessness.¹⁶ The same research found that building significantly more social rented housing would create a virtuous circle of improved affordability and reduced housing need that in turn delivers significant societal and economic benefits.

A major public programme to increase the delivery of social rent housing would have a positive impact for the economy, creating new jobs, boosting wages and increasing corporate income.¹⁷ Enabling councils and housing associations to provide significantly more social rent housing would also have counter-cyclical benefits, helping to secure a supply of new homes at a time when wider economic pressures would otherwise reduce new housing supply.

Housing is a determinant of health. Increasing the supply of energy efficient homes would reduce energy use and costs for residents, as well as contribute to improved health.¹⁸ Research by the Building Research Establishment calculated that investment of £10 billion to improve all poor housing in England would save the National Health Service £1.4 billion per year and pay for itself in just over seven years, before accruing further benefits.¹⁹

While the scale of the challenge facing the next Westminster Government is significant, there are solutions that will resolve this crisis.

- **First and foremost, the next Government must demonstrate its ambition to significantly increase the number of new homes built at social rent levels by putting in place a long-term plan to deliver social rent housing to meet**

current and future demand. Social rented housing is the most affordable type of housing provided by councils and housing associations, with rents set at a level that reflects the wages of lower earners.

In the short-term, both the current and the next Westminster Government can implement pragmatic measures that can immediately increase the supply of genuinely affordable housing to support people facing homelessness. To achieve this, a package of measures should be brought forward, including:

- **Shifting the focus of the Affordable Homes Programme so that it predominantly delivers homes for social rent:** The current Affordable Homes Programme runs from 2021-2026 and is expected to deliver 32,000 homes for social rent over five years.²⁰ The programme is heavily focused on supporting the delivery of 'Affordable Rent' homes, which are widely accepted as unaffordable for many low income households.²¹ Just 11% of all affordable homes delivered were for social rent in 2020/21, down from 65% in 2011/12.²² Westminster Government could have an immediate impact within the current spending envelope of the Programme by committing to rebalance the focus on the delivery of social rented housing. It

could also take steps to preserve the stock England already has by moving to halt the conversion of social to affordable housing and reform the Right to Buy to manage the overall loss of social housing through this policy as recommended by the Local Government Association and others.²³

- **Investing in Local Housing Allowance rates so they cover the cheapest rents:** Investing in Local Housing Allowance helps to make private renting affordable for people on low incomes and is one of the most effective ways to prevent homelessness. With the rates currently so far out of step with actual rents, the financial pressure this creates is both pushing people to the brink of homelessness and preventing them from being able to move on from homelessness. Unfreezing the rates and investing so they cover the 30th percentile rents in an area will immediately make more genuinely affordable properties available for people who are experiencing or at risk of homelessness.
- **Enabling conversions of existing properties to rent at social rent levels:** In 2020, the Affordable Housing Commission made the case for a £1.3 billion National Housing Conversion Fund to deliver 42,500 additional social and affordable homes through a combination of

14. Fitzpatrick, S., Bramley, G., McMordie L., Pawson, H., Watts, B & Young, G. (2023) The Homelessness Monitor: England 2023. London: Crisis.
15. Fitzpatrick, S., Bramley, G., McMordie L., Pawson, H., Watts, B & Young, G. (2023) The Homelessness Monitor: England 2023. London: Crisis.
16. Bramley, G. (2018) Housing supply requirements across Great Britain for low income households and homeless people. London: Crisis and the National Housing Federation.
17. Capital Economics (2019) Increasing Investment in Social Housing: Analysis of public sector expenditure on housing in England and social housebuilding scenarios, report for the Shelter Commission
18. The Marmot Review (2010), Fair Society, Healthy Lives.
19. Perry, J & Lister, S. (2021) Housing for people on low incomes – how do we make the best use of government subsidies in England? Chartered Institute of Housing/Centre for Homelessness Impact.

20. Question for MHLG: Social Housing – Coronavirus. 1st Feb 2021: [Hansard UIN 147083](#).
21. Affordable Housing Commission (2020), [Making Housing Affordable Again: Rebalancing the Nation's Housing System](#).
22. Watts, B., Bramley, G., Fitzpatrick, S., McMordie, L., Pawson, H., and Young, G. (2022) The Homelessness Monitor: Great Britain 2022. London: Crisis.
23. [LGA Budget Submission Autumn 2017](#).

acquiring homes coming onto the market as private landlords leave, buying long-term empty homes and flipping the tenure of new homes on stalled developments.²⁴ The Commission found that this targeted intervention would have a wide range of benefits including improving housing affordability and reducing the Housing Benefit bill, placing a 'floor under the market' at a time of stagnant or falling house prices, improving housing conditions and energy efficiency with consequent well-being impacts, and helping to revive run down neighbourhoods. Targeting investment for conversions into lower value markets could also help level up the disproportionate concentration of housing investment in the South of England and address the relatively poorer condition and energy efficiency of homes in the North.²⁵ The net cost of the £1.3 billion package to government would be £600 million, while delivering wider economic benefits of £1.4 billion.

- **Unlocking the potential of empty properties and other unused buildings to tackle homelessness:** Acquiring properties from the private market as recommended by the Affordable Housing Commission should be part of a new government's strategy to boost supply, but this will have most impact if it also addresses the problem of unused, empty buildings.

Almost 250,00 properties in England have been empty for six months or more, while we are seeing high vacancy rates in office and commercial space, including 7,000 vacant council owned commercial and business premises. At a time when so many people have nowhere to call home, this is a shocking waste of potential.

Crisis is calling for these measures to be brought forward, alongside a long-term plan to significantly increase the scale of social house building to deliver the 90,000 social homes needed per year to meet current and future demand.

In this briefing, following new analysis, we will focus on how the next Government can have impact in the short-term by unlocking the potential of long-term empty residential properties and unused commercial buildings to help deliver more genuinely affordable homes.

While it is not realistic to assume that all of these empty buildings can play a part in meeting housing need for people on the lowest incomes, as a level of vacancy is necessary to allow for churn within the housing and commercial markets, there is still potential for empty properties to contribute to the supply of genuinely affordable, settled homes at a level that compares with the

scale of current delivery of social housing. This briefing therefore sets out to explore what realistic scope there is to bring at least some of these properties back into use as genuinely affordable, settled homes, and what interventions are needed from the Government and other stakeholders to enable this to happen.

With strategic leadership and targeted funding, it will be possible to deliver a transformative programme of change in the short-term to increase the supply of genuinely affordable, good quality, accessible settled homes.

24. Affordable Housing Commission (2020) A National Housing Conversion Fund: buying properties to boost affordable housing supply.

25. Affordable Housing Commission (2020) A National Housing Conversion Fund: buying properties to boost affordable housing supply, drawing on analysis from homes for the North.

Unlocking the potential of long-term empty residential properties

Background

Successive governments have recognised that empty properties are an unacceptable waste of resources at a time when the country faces an acute housing shortage. When measures were introduced in 2018, to boost local authorities power to charge double the rates of Council Tax on homes left empty for two years or more,²⁶ the then Local Government Minister and now Prime Minister, Rishi Sunak, said it was, “simply wrong that, while there are 200,000 long-term empty properties across the country, thousands of families are desperate for a secure place to call home”.²⁷ But while such fiscal measures are welcome, they are not enough. The total number of residential properties that have been empty for six months or more has since skyrocketed to 248,149.²⁸ The number of long-term empty properties in 2022 was 24% higher than the low of 2016. Over the same period the number of households living in temporary accommodation arranged by their local authority increased by 32%.²⁹

In addition to providing more genuinely affordable homes to help with tackling homelessness, bringing long-term empty homes back into use also has wider benefits for local areas. High numbers of empty properties can have a profound, negative

impact on local communities, in some cases leading to a reduction in neighbouring property values or attracting anti-social behaviour such as vandalism, arson or squatting.³⁰ Many of the homes currently sitting empty are also older properties in poor condition, so bringing them back into use provides significant retrofitting opportunities as part of the Government’s plan to decarbonise the UK’s homes.³¹

The case for renewed action could not be clearer.

Over the course of six months from March to August 2023, we examined the impact the next Westminster Government could have if it adopts a wider range of measures to incentivise and support councils to take action on empty properties, and in particular to make use of long-term empty properties to tackle homelessness and other local housing needs. This research involved the following:

- A desktop literature review.
- Analysis official data on empty homes.
- Consultation with key stakeholders such as Empty Homes Agency, Empty Homes Network, Shelter, Scottish Empty Homes Partnership, and National Housing Federation.

- Interviews with various practitioners in the field, including local authority empty property practitioners, community-led housing group leaders, and housing association representatives.
- A survey of local authority empty property practitioners.³²

Through this research we identified the main obstacles preventing full utilisation of available resources and in this briefing, we suggest potential changes that, if implemented by the national government, would empower local authorities to achieve greater impact in this area. We also use the insights gathered to present viable solutions for directing a significant portion of repurposed properties towards individuals at risk of or experiencing homelessness.

Our findings indicate that while a range of tools and mechanisms currently exist to support local authorities with their efforts to limit the number of long-term empty properties in their areas – including Council Tax premiums, enforcement powers, and various income streams like Right to Buy receipts and the New Homes Bonus – they are insufficient to prevent a continued increase in the number of properties left empty. We also found that some local authorities are not making use of the full range of available tools

because competing pressures on resources mean action to tackle empty properties will often be a lower priority than statutory demands.

Drawing on our analysis, **we estimate that over the four years to 2028, local authorities across England could provide up to 40,000 more households at risk of or experiencing homelessness with good quality, genuinely affordable homes, if the next Westminster Government provides adequate support and investment.**³³

What do we mean by ‘long-term empty’ properties?

For the purposes of this briefing, ‘long-term empty’ properties primarily means all properties that are recorded as empty and substantially unfurnished for six months or more and which are chargeable for Council Tax. This is the official definition used to monitor the number of long-term empty properties and is the basis for the numbers presented in this report, but it is worth noting the wider group of properties that are exempt from Council Tax when they are empty. These are recorded separately to the long-term empty properties we explore here, although references will be made to some classes of exemption e.g. where the owner has passed away and probate has not yet been granted.³⁴

26. This enhanced the existing powers introduced in 2013 via the Local Government Finance Act 1992 so local authorities can charge properties a premium of up to 50% on properties that were unoccupied and substantially unfurnished for two years or more.

27. <https://www.gov.uk/government/news/government-boosts-councils-powers-to-help-bring-empty-homes-back-into-use>.

28. Local authority level data table 1.20 “Number of dwellings that are classed as empty and have been empty for more than 6 months excluding those that are subject to empty homes discount class D or empty due to flooding (Line 16 - line 16a - line 16b - line 17) (Line 18)” <https://www.gov.uk/government/statistics/council-taxbase-2022-in-england>.

29. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>.

30. House of Commons Library (2020). Briefing Paper No 3012. [Empty Housing \(England\)](#).

31. The UK Government’s Heat and Building Strategy 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1036227/E02666137_CP_388_Heat_and_Buildings_Elay.pdf.

32. A total of 49 local authority empty property practitioners responded to our survey. The local authorities represent a reasonable spread of geographic areas, urban and rural locations, and housing market pressures across England.

33. Based on survey responses from 47 (15%) local authorities across England, representing a reasonable spread of geographic areas, urban and rural locations, and housing market pressures. Two out of a total of 49 responses could not be used for this modelling because participants did not name their local authority. Responses represent 22% of total long-term empty properties in 2022. The modelling assumptions have taken into account the sample size of the survey data available to estimate at the lower end of the scale of how many long-term empty properties could be brought back into use to address homelessness. The average potential reduction in empty homes that could be achieved across our sample each year was applied to the national figure for long-term empty homes, indicating that almost 10,000 long-term empty properties could potentially be brought back into use across England each year to help tackle homelessness if changes were made by central government.

34. [Local authority level data table 1.02](#). Number of dwellings on valuation list exempt on 3 October 2022 (Line 2).

While there are increasing concerns about the impact of 'holiday' homes on PRS supply,³⁵ the focus of this report is on empty, unfurnished property not in use as a household's primary residence over long periods – second homes and holiday/short term lets are outside of the scope of our analysis.

What action has been taken by Governments to tackle empty homes and what impact has this had?

Between 2012-15 the Coalition Government provided £216 million direct funding to help bring empty residential properties back into use through several targeted funds.³⁶ £156 million was allocated between 2012 and 2015 under two rounds of the Empty Homes Programme, which included £50 million made available via the Empty Homes Community Grants 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. This programme and accompanying investment had a significant impact in enabling local authorities and their partners to bring empty homes back into use. Over the course of the programme, the total number of long-term empty properties was reduced by 50,463 - from 254,059 to 203,596 (a 20% reduction).³⁷ The following year, 2016, saw a further drop in

numbers to a low of 200,145, due to ongoing work funded by the national programme. This means that between 2012-16 the total number of long-term empty properties had been reduced by 53,914 - a 21% reduction.

In 2015, the then Housing Minister Brandon Lewis highlighted the success of the programme noting that the number of long-term empty properties was "at its lowest since records began."³⁸ He added that over the course of the Coalition Government's time in Parliament, they "provided the right tools and incentives to tackle empty properties."³⁹

Since the programme ended almost all of the positive impact it helped achieve has been reversed. Over the course of 2012-16, 82% of local authorities in England achieved a reduction in the number of long-term empty properties in their areas.⁴⁰ However, between 2016 and 2022, 74% of these areas recorded an increase in the number of long-term empty properties. Last year, there were 248,149 properties that had been empty for six months or more and were being charged full Council Tax across England.⁴¹

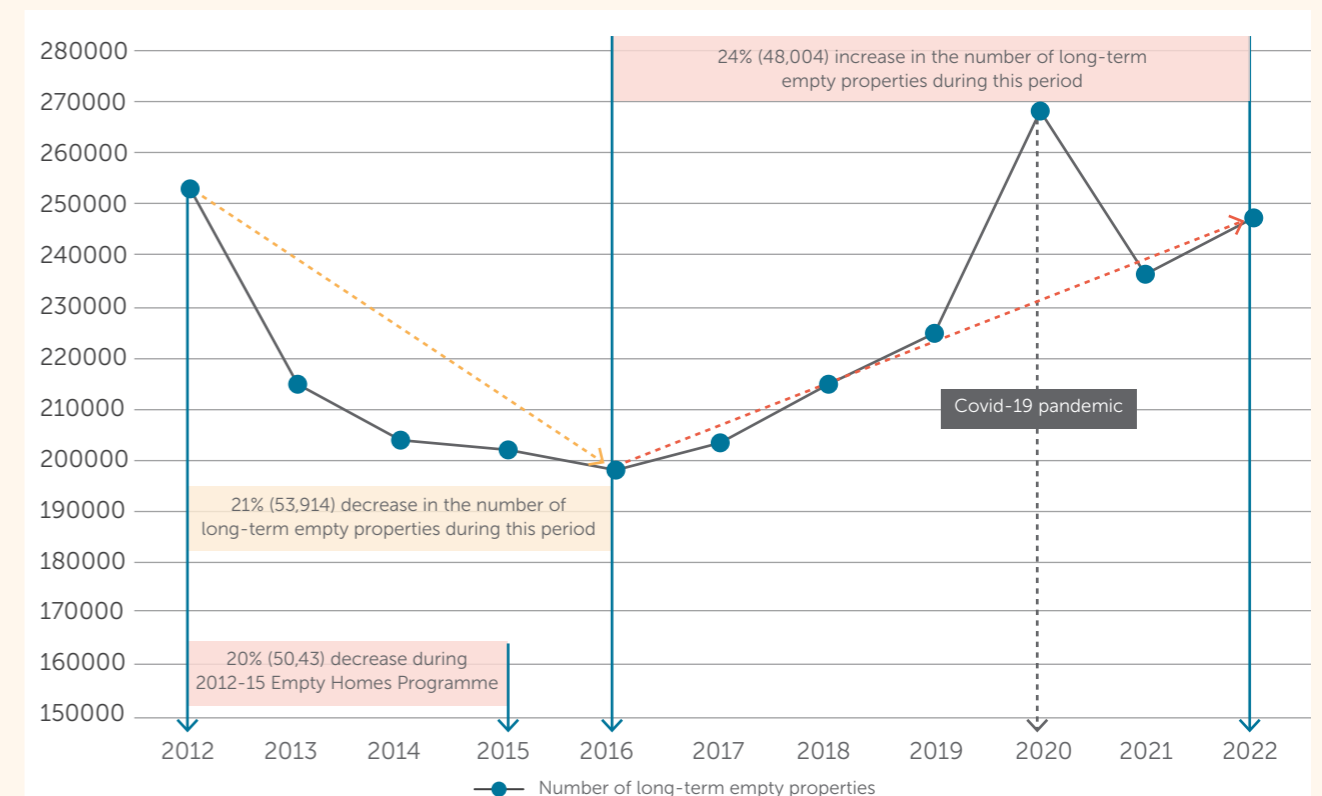
The regional distribution of long-term empty properties

The number of long-term empty properties has increased in every single region over the last six years, albeit to varying degrees.

London, for instance, which has an acute homelessness and housing problem, saw a rise of 73%. And while its share of long-term empty properties as a proportion of its total housing stock remains below the national average (0.98%), the capital now has over 34,000 long-term empty properties. In terms of regional shares of all long-term

empty properties between the Northwest and London, they had almost one third of the country's total long-term empty properties in 2022, with 16% and 14% respectively. But while the Northwest's share of the total has dropped from 19% in 2016 to 16% in 2022, London's share has risen from 10% to 14%.

Figure 2. Total number of long-term empty properties in England 2012-22



Source: DLUHC Council Taxbase statistics <https://www.gov.uk/government/collections/council-taxbase-statistics>

35. Generation Rent (2023) [Your holiday, our home?](#)

36. <https://questions-statements.parliament.uk/written-questions/detail/2015-10-09/10766>.

37. It is worth noting that not all properties brought back into use over this period are directly attributed to the national funding programme. However, the availability of resources enabled local authorities to prioritise targeted activity including proactive intervention with owners to bring empty properties back into use.

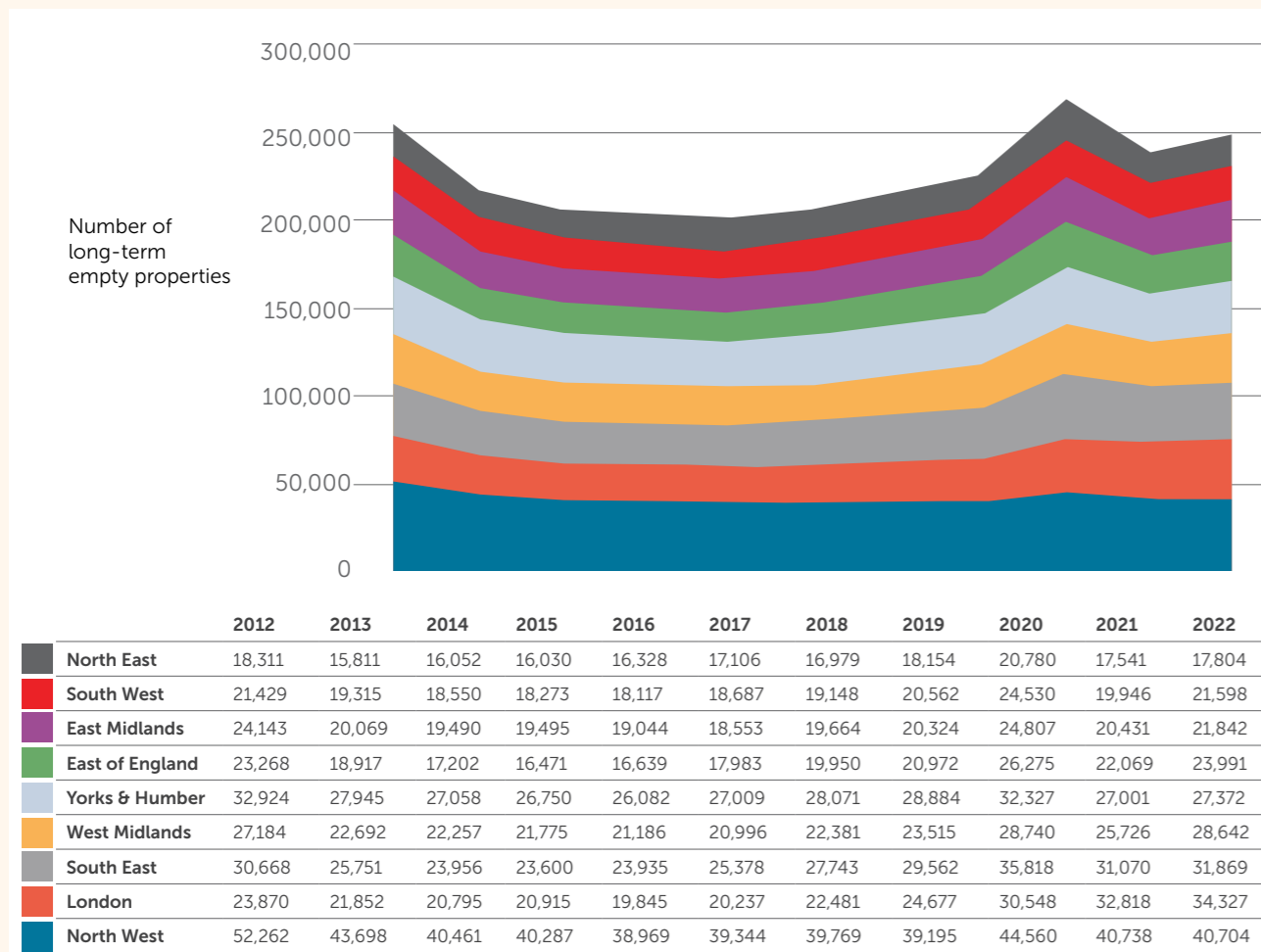
38. UK Parliament. Written questions, answers and statements. Empty Property (2015).

39. UK Parliament. Written questions, answers and statements. Empty Property (2015).

40. Based on our analysis of official [Council Taxbase data](#) for 310 local authorities 2016 and 2022. Not all local authorities' data could be used for this analysis due to changes to local authority affiliations over the 2012-22 timeframe being investigated.

41. [Local authority level data table 1.20](#), Number of dwellings that are classed as empty and have been empty for more than 6 months excluding those that are subject to empty homes discount class D or empty due to flooding (Line 16 - line 16a - line 16b - line 17) (Line 18).

Figure 3. Regional share of total number of long-term empty properties in England, 2012-22.



Source: DLUHC Council Taxbase statistics <https://www.gov.uk/government/collections/council-taxbase-statistics>

Of the nine regions, five have higher than the 0.98% national average number of long-term empty properties as a proportion of their total dwelling stock. Figure 4 shows the proportional trends by region relative to

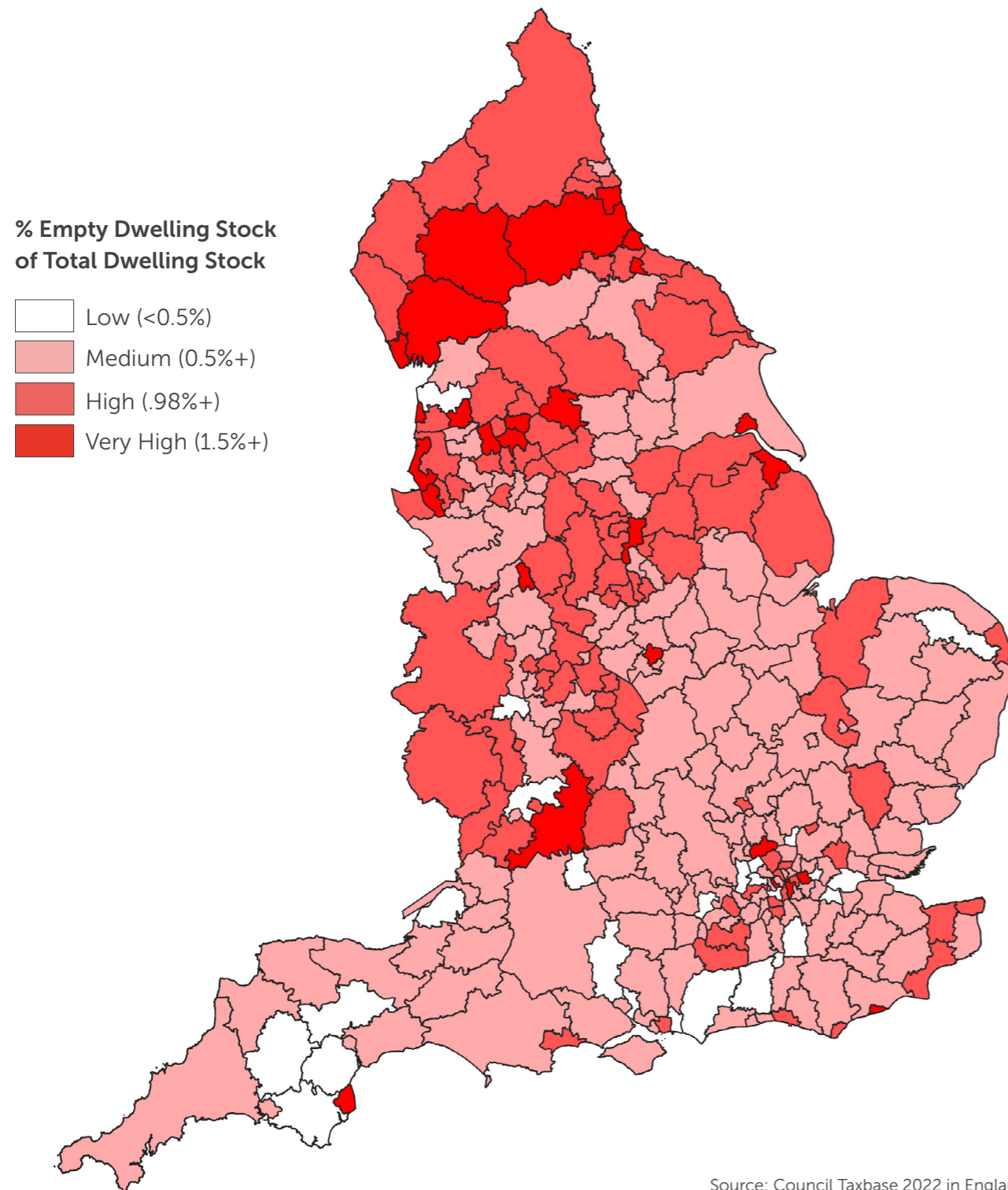
the national average. It highlights increases and decreases in these proportions over two periods – 2012-16 and 2016-22 – and highlights the areas with the highest proportions of long-term empty properties.

Figure 4. National and regional shares of long-term empty properties as a proportion of total dwelling stock.

	2012	2016	2022	Difference 2012-1026	Difference 2016-2022	Difference 2012-22
England	1.10%	0.84%	0.98%	-0.26%	0.14%	0.12%
North East	1.55%	1.36%	1.42%	-0.19%	0.06%	-0.13%
North West	1.66%	1.21%	1.20%	-0.45%	-0.01%	-0.46%
West Midlands	1.14%	0.87%	1.11%	-0.27%	0.25%	-0.03%
Yorkshire & the Humber	1.41%	1.09%	1.10%	-0.32%	0.00%	-0.32%
East Midlands	1.22%	0.93%	1.00%	-0.29%	0.07%	-0.21%
London	0.70%	0.57%	0.91%	-0.14%	0.35%	0.21%
East of England	0.91%	0.63%	0.86%	-0.28%	0.23%	-0.05%
South West	0.89%	0.72%	0.81%	-0.16%	0.09%	-0.07%
South East	0.82%	0.63%	0.78%	-0.20%	0.16%	-0.04%

Source: DLUHC Council Taxbase statistics <https://www.gov.uk/government/collections/council-taxbase-statistics>

Occurrence of long-term empty homes by local authority



Source: Council Taxbase 2022 in England

Reasons why properties are long-term empty

Not all empty residential properties require intervention to bring them back into use. When a home initially becomes empty, a reasonable amount of time is needed for it to be relet or resold. And homes left empty because the owner has died will often remain empty until the family have gone through probate. However, a notable proportion of empty properties remain empty beyond any reasonably justifiable period and will therefore require some form of intervention to bring them back into use.

Our conversations with practitioners indicate that the main reasons why properties remain empty over long periods of time can be described with reference to the following four broad categories:

- 1. Difficulties tracing the owner or identifying who the owner is.** This is a particular challenge in cases where the previous owner had passed away.⁴²
- 2. The owner has limited capacity to take the necessary action to bring a long-term property back into use.** This could be in the form of limited financial resources, time, knowledge and emotional well-being. Owners who have inherited a property will often fall into this category.

- 3. The owner is not willing to take action to bring their property back into use,** either because they have purchased it as an investment,⁴³ or they simply refuse to take action.

- 4. Limited local authority commitment and/or capacity** to employ the tools available to them.

Action being taken locally since the national programme ended in 2015

Our research highlights that appropriate action to prevent and address the reasons why a property may be long-term empty will depend on the circumstances of each individual case, although a range of tools and mechanisms are currently available to help local authorities bring many of these properties back into use. These interventions are broadly as follows:

- 1. Proactive approaches:** Proactive engagement with owners of long-term empty properties can facilitate the identification of a reasonable, informal solution. This type of activity is frequently carried by dedicated roles e.g. empty homes officers (EHOs), and may include:
 - Awareness raising among the public to encourage reporting of empty properties and to highlight the link between tackling empty properties and the housing crisis.

42. There has been a 69% increase in the number of long-term empty properties becoming empty following the death of their owner in the decade to 2022 - increase of more than two thirds (49,749 properties). [Local authority level data table 1.02](#). Number of dwellings on valuation list exempt on 3 October 2022 (Line 2).

43. So-called 'buy to leave' properties "left empty to maintain resale value over time in the expectation of asset appreciation, or simply as a 'safe haven' for capital, whether legitimate or illicit". [Action on Empty Homes, Wealth investment in London Homes and its impact on access to housing](#).

This can help identify empty properties, and their owners, at the earliest available opportunity.

- Proactive targeted communication with owners based on Council Tax information and reports from the public.
 - Providing general advice, information and support to owners to help identify and take necessary action to bring their properties back into use for sale or rent.
- 2. Financial assistance:** Making financial assistance available in the form of grants and/or loans can include conditions for the owner to make the home available to let or sell within a specified period or make it exclusively available to the local authority to help meet its statutory housing functions. Local authorities can also help owners access the 15% VAT reduction for contracted works to refurbish and renovate long-term empty properties.⁴⁴
- 3. Council Tax premiums and discounts:**⁴⁵ Applying the Council Tax premium on all known long-term empty properties, and ensuring full powers are exercised to reflect the length of time a property has been empty for can trigger contact from owners and can generate revenue income to fund a local authority's empty homes work. Councils can also apply discretionary

discounts where it may help support an agreement to bring a property back into use within an agreed timeframe.

4. Exercising statutory enforcement

powers: Local authorities have a range of enforcement powers available,⁴⁶ to help them achieve one of the following outcomes:

- a. compel owners to take specified action to remediate or sell their property.
- b. take over the direct management of the property.
- c. compulsorily purchase the property off the owner.

These enforcement measures can be useful, but they require expertise, funding, legal knowledge, and local political backing to utilise them effectively. They can also act as a powerful behavioural tool with the threat of action often triggering engagement from owners.

- 5. Partnership working:** Working with partners (internal and external) can help maximise local resources and build and sustain the infrastructure required to effectively bring properties back into use to help tackle homelessness. For example, working across council directorates, like planning, environmental health, revenues and benefits, and facilitating a voluntary change of ownership, leasing or housing management arrangements with a third party such as

registered providers of social housing, local community led housing groups, charities and ethically minded property developers. Building this type of system can help local authorities avoid taking enforcement action.

Government action is needed to empower local authorities to unlock the potential of long-term empty properties

We asked local authorities how many additional homes they think they could bring back into use if the Government took action to support and invest in their work. Based on their responses, we estimate that over the next four years to 2028, a concerted strategic approach to bringing empty homes back into use could result in local authorities across England providing an additional 40,000 genuinely affordable homes.⁴⁷

The average potential reduction in empty homes that could be achieved across our sample each year was applied to the national figure for long-term empty homes.

This indicates that almost 10,000 long-term empty properties could potentially be brought back into use across England each year to help tackle homelessness if changes were made by central government. The rest of this section sets out what those changes are and why they can help unlock the potential of England's long-term empty properties to provide homes to people in housing need.

Time for a new empty homes initiative

Our research with empty homes practitioners across England highlights that clear strategic prioritisation, combined with political will, are vital for local authorities to leverage maximum resources for the effective identification and reduction of long-term empty properties in their areas

Local authorities can make the best use of a broad range of tools, mechanisms and expertise to bring long-term empty properties back into use where there is a specific strategic commitment to tackle the problem.

44. <https://www.gov.uk/vat-builders>.

45. Councils are currently permitted to apply a premium to a property owner's Council Tax charge if their property has been "unoccupied and substantially unfurnished" for two years or more. Section 75 of the Levelling-up and Regeneration Bill, as currently drafted, would amend the 1992 Act to reduce this period to one year. This premium can be up to 100% of chargeable Council Tax. For properties empty for five years or more, the premium can be up to 200%, and 300% for properties empty for ten years or more.

46. House of Commons Library (2020). Briefing Paper No 3012. [Empty Housing \(England\)](#).

47. Based on survey responses from 47 local authorities covering all regions of England, 15% of all local authorities, and representing 22% of total long-term empty properties in 2022. The modelling assumptions have taken into account the sample size of the survey data available to estimate at the lower end of the scale of how many long-term empty properties could be brought back into use to address homelessness.

Wigan Council

Wigan Council's approach to bringing long-term empty properties back into use is strengthened by its alignment with their broader priorities, such as 'The Deal 2023,' which includes a commitment to providing "a home for all." This commitment extends to working with the community to build community wealth, creating opportunities for residents.

Wigan MBC adopts a multifaceted approach that combines incentives and support, and a focus on early intervention and collaboration with the community.

The Wigan MBC approach favours proactive engagement by targeting their communication based on Council Tax information. When writing to owners, they highlight the urgent requirement for homes to help meet housing need and prevent homelessness, and encourage them to get into touch. Wigan MBC seeks face-to-face engagement with owners to understand their circumstances and encourages them to bring the property back into use, wherever possible.

A central government initiative could help drive strategic commitment across local authorities, attract interest from local community-led housing groups and leverage the experience and infrastructure of registered providers of social housing.

The Scottish and Welsh Governments have both adopted a strategic response to tackling empty homes, demonstrating the power of

national co-ordination and support to enable local partners to do more:

- Since 2010, the Scottish Government has funded an Empty Homes Partnership (SEHP) hosted by Shelter Scotland, with the remit of bringing privately owned empty properties back into use, ideally as social or other forms of affordable housing to help tackle homelessness. All local

authorities are encouraged by SEHP to employ dedicated empty homes officers, while housing associations and community groups are also encouraged to play a role in bringing homes back into use as affordable housing. Empty homes officers have brought over 9,000 homes back into use since 2010, and the number of homes empty for six months or longer fell by 2% in the year to 2022.⁴⁸

A strategic response to tackling empty homes also forms part of the Government's 'Housing to 2040' strategy including a commitment to carrying out an Empty Homes Audit.

- The Welsh Government has also adopted a national strategic approach, most recently with a National Empty Homes Scheme aiming to bring 2,000 long-term empty homes back into use with £50million in funding available to homeowners, councils housing associations and community groups. This operates in parallel to the Leasing Scheme Wales, a national scheme encouraging private landlords to make homes available to provide settled affordable homes within Local Housing Allowance rates.

Recommendation

The next Westminster Government should develop a National Empty Homes Initiative in partnership with organisations best placed to deliver its work e.g. the Empty Homes Network of leading local authority empty homes practitioners, the Empty Homes Agency, Homes England, LGA, GLA, London Councils, NHF and Homes for Cathy.

The aim of the initiative should be to create a framework that facilitates and supports a primarily proactive approach alongside targeted enforcement activity to bring more long-term empty properties back into use for preventing and ending homelessness. A national initiative would act as a powerful yardstick for local authorities to make tackling long-term empty properties a strategic priority.

48. <https://emptyhomespartnership.scot/annual-report-2023/>.

Introducing a code of practice to encourage a proactive approach and prioritise homes for people at risk of or experiencing homelessness

Local authorities are already facing huge pressures when it comes to meeting their statutory homelessness obligations, especially considering the additional demands associated with the Homes for Ukraine and Afghan citizens resettlement schemes, as well as wider asylum dispersal pressures.⁴⁹ It is understandable that local authorities will consider their empty homes work as an effective way to help meet these obligations. However, temporary housing is not a sustainable exit from homelessness - homes are. A primary objective of a new national empty homes initiative should therefore be to bring long-term empty homes back into use as good quality, genuinely affordable, 'settled' housing for people who are at risk of or experiencing homelessness.

Our anecdotal evidence shows local authorities use a range of inhouse schemes and work with a variety of partners to enable use of properties brought back into use as genuinely affordable homes for people in housing need, including:

- Match-making schemes where empty property owners are connected with

private and/or social landlords, and local community groups who are interested in purchasing the property.

- Renovate and lease/rent schemes where owners are provided with support (financial and/or work carried out) to undertake necessary repairs to the property in return for leasing to, or renting through, a local authority or partner PRS renting scheme or guaranteeing nomination rights to the local authority for a minimum period.
- Standard leasing or renting arrangements that provide guaranteed income and property maintenance with rents capped at no more than LHA rates.
- Acquisition and incorporation into local authority's own stock.

Leasing schemes, like the national government backed scheme in Wales, can help local authorities offer additional incentives to convince owners to lease their homes to them at relevant LHA rates for up to 20 years. The Leasing Scheme Wales offers grants of up to £25,000 to help bring properties up to EPC band C if they were previously long-term empty and being brought back into use through the scheme.

Recommendation

The next Westminster Government should introduce a non-statutory code of practice to help guide local authorities on how to make best use of the tools available to them to bring as many properties back into use as reasonably possible and how to prioritise homes for people at risk of or experiencing homelessness. A code of practice would:

- Provide valuable, practical guidance on the types of interventions and approaches most likely to have impact.
- Strongly recommend the development of a dedicated empty homes strategy.
- Encourage the adoption of a proactive model delivered by a team of dedicated empty property practitioners.

Unlocking the power of good data

If collected and used properly, data can provide immensely powerful information to local authorities to help them fully understand the scale of the issue in their areas and to better understand the profile of properties that are long-term empty, including the reasons

why homes are empty; the size, type and condition of such homes; and the estimated cost of bringing these homes back into use.

Understanding the profile of existing empty properties is vital for informing the types and nature of various policy and regulatory tools that are most likely to have impact. However, there is no statutory requirement on local authorities to report on empty properties specifically. Instead, data is captured in the form of Council Tax information which provides no detail about property size, type or condition, and therefore offers very little insight into the reasons why properties are long-term empty in the first place. Furthermore, the definition of long-term empty property, for the purposes of applying the Council Tax premium is too open to exploitation, meaning owners can avoid some forms of action simply by putting in some items of basic furniture - in these cases the properties will be classed as second homes.

Planned changes being introduced by the Levelling up and Regeneration Bill are expected to bring a welcome parity between the way Council Tax premiums are applied to long-term empty properties and second homes.⁵⁰

49. Fitzpatrick, S., Bramley, G., McMordie L., Pawson, H., Watts, B & Young, G. (2023) The Homelessness Monitor: England 2023. London: Crisis.

50. These proposals are currently subject to consultation. Department for Levelling Up, Housing and Communities (2023). [Proposals to exempt categories of dwellings from the Council Tax premiums.](#)

Recommendation

The next Westminster Government should explore ways to improve data collected about long-term empty homes and consider an alternative definition for the purposes of applying the Council Tax premium. Local authorities also need IT infrastructure to help with case management, enforcement and monitoring, which would improve the data collected beyond the statutory Council Tax base.

Opportunities to improve the existing enforcement powers

Our research highlights the need for a review of three important enforcement tools, to understand how they may be improved to make them simpler to use and to strengthen their impact.

Local authorities use a wide range of powers to help them tackle problematic empty properties but improvement notices, enforced sales, and compulsory purchase orders (CPOs) are most commonly used in their work to bring long-term empty properties back into use. Some local authorities told us they would use some of these powers more often if there were more resources (i.e. funding and staffing)

available to enable them to do so. EDMOs were used the least by our survey respondents, echoing existing evidence about their limited use.⁵¹

Empty Dwelling Management Orders (EDMOs)

EDMOs were first introduced in 2006 via the Housing Act 2004, to allow local authorities to bring empty properties back into use by taking over management of private residential properties that have been empty for at least six months. In 2012 the Coalition Government tightened the rules to make EDMOs more of a last resort.⁵² Critics argue that these changes have reduced their potential impact, hampering councils' ability to address the negative impact of empty homes on local communities and bring homes back into use to meet local housing need.⁵³

Our research with practitioners suggests that EDMOs are not commonly used by local authorities because they are not fit for purpose and that they would be a lot more effective in local authorities' work to bring long-term empty properties back into use if the following issues were addressed:⁵⁴

- The process for securing an EDMO is too complicated and time consuming.

- EDMOs are not currently a viable short-term option because local authorities risk being out of pocket if they are unable to recover their costs.
- The owner can challenge the process at any time if they present new facts.
- They require the right infrastructure to own and manage the asset which can be a challenge for non-stockholding local authorities.

Enforced Sales

The Enforced Sales process provides local authorities with a route to transfer ownership of long-term empty properties where the present owner is either unwilling or unable to take necessary action to bring it back into use and either refuses or is unable to repay a relevant debt owed e.g. Council Tax or any debt accrued following works carried out by the council after service of a relevant statutory notice. Enforced Sales can be less effective at helping local authorities recover money spent on repair works because if the owner has a mortgage, the mortgage lenders get priority charge on the property. Forced sale of a property does not guarantee its future improvement or reoccupation, and local

market conditions will heavily influence the extent to which local authorities can make use of them in their empty homes work. To maximise their use, local authorities need staff with the right technical knowledge and experience as well as some important reassurances that they can recover their costs through the sale.

Compulsory Purchase Orders (CPOs)

Where agreement cannot be reached with the owner of an empty property a local authority can seek to acquire the property by obtaining a CPO under their statutory powers to acquire land compulsorily for a specified purpose. CPOs can only be sought in cases where the authority can demonstrate that the acquisition would be in the public interest.⁵⁵

Our research highlights the following barriers to more effective and widespread use of CPOs:

- They can be extremely costly, long-winded, and labour intensive due to their complexity.
- Local authorities need the right staff with the right knowledge and expertise to use CPOs well, but this costs money.

51. Only six out of the 49 local authorities who responded to our survey told us they use EDMOs. Improvement Notices (24/49), enforced sales (23/49), and CPOs (15/49). For evidence on the limited use of EDMOs see [RICS Property Journal \(2019\)](#).

52. The main changes, in addition to extending the period a property has to be empty for from six months to two years, included requiring councils to provide evidence that the empty property was causing nuisance to the community, and give property owners at least 3 months' notice before applying for an EDMO.

53. House of Commons Library (2020). Briefing Paper No 3012. [Empty Housing \(England\)](#).

54. 20 respondents told us that use of EDMOs could make their work to bring more long-term empty properties back into use more effective if changes were made.

55. House of Commons Library (2020). Briefing paper No 3012. [Empty Housing \(England\)](#).

- Their use requires a significant capital budget, especially in higher housing cost areas, which not all local authorities are prepared to fund.

Recommendation

The next Westminster Government should review EDMO, CPO and enforced sales processes and the way they are currently being used by councils and consider the case for reforms to ensure local authorities can maximise their impact.

The potential role of community groups and registered providers of social housing

The Empty Homes Community Grants Programme (EHCGP) provided nearly £30 million in 2012 to community-led groups in England to help bring empty properties back into use as affordable housing. A second round provided £20 million bringing the total funding to £50 million. Research into the impact of this funding highlights the important role that community groups can play in unlocking access to England's long-term empty properties. It also highlights how this type of programme can strengthen the sustainability of grass roots organisations by providing them with a sustainable asset base and income stream.⁵⁶ The same research also highlighted the programme's value for money, with benefits including increased housing supply employment and training places, as well as improved neighbourhoods and sustainability of community organisations.⁵⁷

Our conversations with community groups reiterates the evidence. They explained how the assets secured during the years of the EHCG funding enabled them to lay the foundations required to leverage private finance in the current, extremely challenging financial environment.

They can borrow against their assets, but this approach is not sustainable. The more they rely on private finance, the less flexibility they have with setting rents low enough for people on the lowest income because Local Housing Allowance rates remain frozen at 2018-19 levels. Some community groups have to provide supported exempt accommodation to enable them to set rents high enough to meet loan obligations at the same time as maintaining the quality of the homes and ensuring good housing management standards. While revenue costs are broadly the same across the country, the potential for the community group model to provide good quality homes in higher value areas is even more limited, unless significant capital grant funding is made available.

LATCH (Leeds Action to Create Homes)

LATCH is a community benefit society which provides homes for people experiencing homelessness by bringing empty properties back into use in Leeds. Homes are allocated under the Leeds City Council's housing allocation scheme to applicants awarded the highest priority 'Band A'. Securing funding is an ongoing challenge, made harder by limited grant funding and an increased reliance on private loan finance.

56. Evaluation of the Empty Homes Community Grants Programme - Midlands. Accessed via World Habitat.
57. Tribal (2015) [Empty Homes Community Grants Programme. End of Programme Assessment Report.](#)

7 years ago, they were gifted 15 council properties on 99-year leases, at a peppercorn rent, which provided them with a strong foundation. Supporting People funding enabled them to focus on delivering a combined housing and support model, which meant they were well prepared to maximise the potential of the EHCG programme. Their rate of delivery during the programme was on average 6-8 homes per year, and sometimes up to 10.

Since the EHCG programme ended, they still deliver 6-8 properties per year but to do they have to subsidise grants with higher risk private finance. This makes it unfeasible for them to deliver general needs PRS homes with rents set at levels affordable for people facing homelessness i.e. no higher than LHA rates. Instead, their model is highly reliant on delivering supported provision which enables them to set rents in line with exempt housing benefit entitlement.

Increased interest rates and reduced grant availability now threaten the sustainability of organisations like theirs. LATCH believe the funding model most likely to scale up impact of community groups like theirs

would be to combine grant with affordable loans such as those made available by councils at Public Works Loan Board rates.

Our research also highlights that the contribution of community groups relies very heavily on strong partnerships with councils who are not only committed to bringing empty properties back into use but who are also willing and able to be creative with unlocking capital finance.

Giroscope

Giroscope is a charity based in West Hull and their core purpose is to buy properties, renovate them to a high standard with a focus on energy efficiency, and rent at affordable levels to people in housing need. Since its inception in 1986, Giroscope has brought 140 homes back into use, and is currently in the process of renovating an old church.

Giroscope's success in bringing empty homes back into use is due to two key factors:

1. Funding from the Empty Homes Programme built their asset base and strengthened their financial resilience.

Funding from the UK government's Empty Homes Programme between 2012-2015 allowed Giroscope to scale up from 50 to 80 properties.

2. A strong partnership with Hull City Council who are strategically committed to tackling empty homes and support Giroscope's work. Hull City Council are committed to bringing empty properties back into use. They help identify potential properties and supports Giroscope's work.

Giroscope currently have 35 supported exempt accommodation tenancies which have higher rents set to account for the intensive housing management provided with these types of tenancies. They adopt a flexible approach to their supported provision – rather than earmark properties as either general needs or supported, they provide the right type of accommodation according to the needs of each tenant.

Registered providers of social housing would be ideally placed to work with local authorities to acquire and renovate long-term empty properties so they can be made available as social rented homes for people in housing need. However, our conversations with registered providers indicate that their potential role is being constrained by the

financial pressures they currently face, including expectations for delivering new supply, investing in existing homes so they are fit to live in, decarbonisation and meeting new EPC requirements, and remediating unsafe stock and buildings.

With borrowing costs rising, providers are having to make tough decisions about what to prioritise. Against this backdrop, the prospect of acquiring individual, dispersed and often dilapidated empty 'street properties' presents a less attractive option than acquiring new build developments at scale. This is in part because there is potential for this activity to undermine associations' net zero targets unless sufficient per-unit retrofit funding is made available to cover the realistic costs of bringing these homes up to the required standard.⁵⁸ In addition, acquiring properties outside associations' neighbourhood or estate 'patches' is less efficient from a housing management perspective.

While the Affordable Homes Programme does currently allow use of grant funding to support the purchase and renovation of empty properties, council and registered provider landlords are expected to contribute a proportion of the cost. It is often not possible within available grant rates to deliver homes to the required standard and set rents at social rent levels.

58. The UK Government's Heat and Building Strategy (2023) reiterated its expectation that registered provider of social housing will attain an energy performance of at least EPC band C for a significant proportion of their residential stock, by 2030. <https://www.gov.uk/government/publications/heat-and-buildings-strategy/heat-and-building-strategy-accessible-webpage>.

Recommendation

The next Westminster Government should enable community organisations and registered social housing providers to do more to bring long-term empty properties back into use as homes for people at risk of or experiencing homelessness with the right financial support and strong local authority partnerships.

Enhancing the level of funding available for local authorities and their partners

Sufficient capital and revenue funding is required if local authorities are to effectively employ the above types of activities or interventions, and target any properties brought back into use towards preventing and tackle homelessness requires infrastructure to purchase, refurbish, manage, and allocate properties. Despite this, there is no specific ringfenced funding available to support local authorities' efforts to bring long-term empty properties back into use. The various routes and their limitations are set out, on the next page.

Earmarking a proportion of income generated through applying Council Tax premiums

Council Tax charges, discounts and premiums can be an effective behavioural tool, but the money generated is not ringfenced in any way so it is up to local authorities to decide if and how much they will commit to tackling long-term empty properties. Our research revealed that income generated via the premium can help local authorities pay for staffing resource, grant funding schemes, and local awareness raising initiatives.

Grant funding via the Affordable Homes Programme (AHP)

Registered providers of social housing can apply for grant funding via the AHP to cover a portion of the cost of acquisition and renovation of empty properties for use as social housing, but this route is least likely to be financially viable for delivering homes for social rent, because grant levels often need to be subsidised by additional loan finance which has an impact on their ability to set the lowest possible rent levels.

Use of Right to Buy (RTB) receipts

Income generated via Right to Buy receipts cannot be combined with AHP funding, so will likely only cover a percentage of total costs.⁵⁹

Securing approval to use accumulated section 106 commuted sums for empty property acquisition

The extent to which this type of approval is sought in the first place will depend on how a local authorities structure their various departments. For example, if planning is dealt with via a completely separate directorate to housing standards and enforcement, it is likely to be particularly challenging to influence decisions about how to use this valuable funding resource.

Using New Homes Bonus (NHB) payments

Income generated via the NHB rewards local authorities for net additional occupied homes added to their stock can provide a source of revenue funding for dedicated resource for proactive and enforcement work.⁶⁰ The prospect of receiving New Homes Bonus payment are widely understood to motivate local authorities to carry out empty homes work, but changes to the scheme have reduced its impact.⁶¹

59. In 2021, Bury Council cabinet approved £1 million of accumulated commuted sums secured through Section 106 planning agreements to fund the acquisition of empty properties across the borough. <https://councildecisions.bury.gov.uk/ieDecisionDetails.aspx?id=3558>.
60. 2020 was the last proposed year of the Government's New Homes Bonus scheme in its current form and consultation about its future took place February-April 2021. Government are yet to publish their response.
61. LGA submission to The Future of the New Homes Bonus: consultation. <https://www.local.gov.uk/parliament/briefings-and-responses/lga-submission-future-new-homes-bonus-consultation>.

Borrowing through the Public Works Loan Board (PWLB)

The PWLB enables local authorities to borrow money, at a lower than average interest rate, to finance capital projects.⁶² Local authorities can then use the funds to make loan finance available to community led housing groups with fixed assets they can borrow against.

Despite the existence of these funding routes, our research has revealed that in the context of significant pressures and competing priorities for local authority finances, targeted, supplementary investment and strategic commitment is required from national Government. Without this, local authorities are unlikely to be able to reverse the ongoing increase in the number of long-term empty properties and bring more homes back into use to help tackle homelessness and meet local housing need.

This should include both capital and revenue funding. Capital funding enables local authorities to buy or lease and renovate or retrofit properties and revenue funding pays for staff and enables officers to offer financial incentives to owners to help them take action required to bring their properties back into use. Local authorities need access to dedicated funding to help them establish new and expand existing programmes and services. Where resources exist, activities can often be reactive due to time and capacity constraints. Reactive approaches, while better than

nothing, can severely limit opportunities to engage with owners early to find ways to bring properties back into use as soon as possible. This is because in a reactive setting, efforts are focused on properties that are causing the most nuisance in local neighbourhoods. These properties are most likely to have been empty the longest, will likely require the most work and therefore will cost the most to bring up to a required standard. In a proactive setting, work is focused on preventing properties from causing a nuisance in the first place by identifying them early and engaging with owners to take required action where possible, and in the worst cases to enable them to take necessary enforcement action to compel an owner to take remediation action, to force a change of ownership or take on the legal management of the property themselves.

The number of local authorities in England that currently employ a dedicated empty property practitioner is unknown. In Scotland the Scottish Empty Homes partnership aims to get all authorities to employ an empty homes officer (EHO) as part of a predominantly proactive, strategic approach.⁶³

Bradford Council

They have very strong political backing for dedicated resource for tackling empty properties in Bradford. Bradford Council manage to identify and commit funding to it, despite empty properties work not being a statutory function. For example, 12 years ago when the Council Tax premium was increased, they were able to earmark a sizeable capital budget from that increased income. Their capital budget helps to fund their Compulsory Purchase Order activity as well as the loans they make available to owners who need financial assistance to carry out works on their properties. They also received revenue from this budget at that time to fund permanent posts in the team. In Bradford, they have a separate team based in their Housing Services department, who are responsible for tackling empty properties. The team is made up of the following:

- One manager - 50% of this post is dedicated to empty properties work.
- Two empty property advisers.
- Two environmental health officers.
- They also have use of an enforcement officer for low scale enforcement, who is part of the wider housing standards service.

Recommendation

The next Westminster Government should create a flexible national fund to enable local authorities and their partners to access both capital and revenue funding, incentivising councils and their partner organisations to bring homes back into use with the primary purpose of meeting local housing need. We estimate that an average of £345.5 million per year, over four years, would enable local authorities and their partner agencies to bring up to 40,000 homes back into use to tackle homelessness - £1.38 billion in total. This would be made up of £340.4 million per year to fund property acquisitions, leasing and refurbishment/retrofit and an average of £5.1 million revenue funding per year to boost council staff capacity to bring more properties back into use.⁶⁴

62. UK Debt Management Office. PWLB lending facility. UK Debt Management Office. PWLB lending facility. <https://www.dmo.gov.uk/responsibilities/local-authority-lending/about-pwlb-lending/>

63. Scottish Empty Homes Partnership (2023). Annual Report 2022-23. <https://emptyhomespartnership.scot/wp-content/uploads/2023/07/SEHP-Annual-Report-2023-v9.pdf>.

64. Our funding estimate assumes 75% leasing and 25% acquisition of 40,000 properties over 4 years. Grant for acquisition reflects the regional split of 40,000 properties that could be brought back into use based on our survey sample, and grant costs are assumed at 40% of adjusted lower quartile house price per region (ONS Statistics and Zoopla house price index). Refurbishment and retrofit grant for acquisitions is assumed at £10,000 per unit for 50% of leased properties and £20,000 per unit for the remaining 50%.

Unlocking the potential of commercial buildings

Our revenue funding estimate assumes that resources made available through the fund would be targeted specifically at activity to bring homes back into use to tackle homelessness. This level of funding would enable authorities to bid to create dedicated empty homes and enforcement posts or increase existing staff capacity to deliver these functions. It would also enable local authorities to build IT infrastructure for effective case management, enforcement, and monitoring, which would improve the data collected beyond the statutory Council Tax base.

Capital grant funding would enable local authorities and their partners to acquire or lease properties and allocate the homes either through the local housing allocation scheme or via a local charity or not-for-profit lettings agency. Our estimate also includes provision for retrofitting, with this funding having the potential to contribute to net zero objectives as well as reduce spending on temporary accommodation. Net zero and energy efficiency improvement should be a central element of the outcomes sought through the initiative alongside increasing the supply of genuinely affordable, settled housing.

The Empty Homes Agency estimate that the average cost of bringing an empty home back into use is £20,000 per home, although this varies depending on the property type and size. In some cases more significant investment will be needed to ensure homes meet both the decent homes and the net zero carbon standard, and to allow for property acquisition where appropriate. The initiative should therefore enable local authorities to apply for refurbishment and retrofit funding that reflects the condition of empty stock in their areas.

A flexible national fund for empty homes should sit alongside funding to enable the acquisition and repurposing of properties coming onto the market as private landlords sell up or on stalled sites, along the lines of the recommendations of the Affordable Housing Commission for a National Conversions Fund.⁶⁵

The Local Authority Housing Fund provides Westminster Government with a working example of a fund that provided local authorities with a relatively light touch mechanism for securing capital funding to obtain housing for people who arrived in the UK via Ukrainian and Afghan relocation schemes.⁶⁶ Our cost estimates for acquisition and refurbishment reflect the assumptions of this programme.

Background

A recent joint inquiry by the All Party Parliamentary Groups (APPGs) for Housing Market and Housing Delivery and Ending Homelessness found that there is potential to use some of the relatively high number of vacant commercial buildings to create good quality, settled, genuinely affordable homes for people experiencing homelessness and other low income households. It has been estimated that 165,000 privately-owned commercial and business premises are empty across Great Britain.⁶⁷ These buildings include large scale office blocks and retail buildings with capacity to provide substantial numbers of homes through to smaller shops and offices with potential for just a few apartments.

In the wake of the Covid-19 pandemic, despite a small rebound in occupancy levels, there are still high rates of vacancy in the commercial sector, estimated at 14% of retail unit space and 7% of office space.⁶⁸ Some empty commercial buildings are in public ownership. Research by Habitat for Humanity has estimated that there are 6,324 local authority owned vacant commercial and business spaces with capacity to create in the region of 20,000 additional homes.⁶⁹

Where empty shops, offices and other commercial buildings are located in town or neighbourhood centres experiencing high rates of vacancy, conversion can also provide regeneration opportunities by increasing residential density, bringing footfall back into neighbourhood centres and helping to support remaining businesses.⁷⁰ Conversions can also provide a more environmentally friendly alternative to demolition and redevelopment of obsolete buildings, with refurbishment typically emitting less carbon than redevelopment, helping contribute to the delivery of net zero targets.⁷¹ Investing in conversions to deliver genuinely affordable homes would therefore be beneficial for environmental targets as well as tackling the acute shortage of affordable homes and supporting levelling up ambitions.

In recent years, however, the track record of commercial to residential conversions in England has often been characterised by poor development quality and negative community impacts, wasting this critical opportunity to deliver good quality, genuinely affordable, settled homes. If we are to realise the potential of empty commercial buildings, there are policy and viability challenges to be overcome.

65. Affordable Housing Commission (2020) A National Housing Conversion Fund: buying properties to boost affordable housing supply.

66. <https://www.gov.uk/government/collections/local-authority-housing-fund>

67. Habitat for Humanity/M&G/Empty Homes Network (2021) Repurposing Empty Spaces to Help Address the Housing Crisis Across England, Scotland and Wales. Slough: Habitat for Humanity.

68. APPG for Housing Market and Housing Delivery and APPG for Ending Homelessness (2023) Joint Inquiry into Rethinking Commercial to Residential Conversions.

69. Habitat for Humanity/M&G/Empty Homes Network (2021) Repurposing Empty Spaces to Help Address the Housing Crisis Across England, Scotland and Wales. Slough: Habitat for Humanity.

70. Create Streets (2021) Why the government should end permitted development rights for office to residential conversions.

71. Create Streets (2021) Permitting Beauty.

What should Government do to empower local authorities to unlock the potential of unused commercial buildings?

Improving the standard of commercial to residential conversions and their contribution to affordable housing supply

Under rules known as Permitted Development Rights, it has been possible since 2013 to convert commercial buildings to residential use without needing planning permission. Between 2015 and 2021, 83,611 homes were created in this way, including 73,575 from office conversions.⁷² It has been estimated that between 2017 and 2020, 1,325 net additional homes were provided in converted shops via permitted development.⁷³

While some new developments have been of good quality – typically involving the delivery of higher value homes or student accommodation – in too many cases, permitted development has resulted in the construction of poor-quality, under-sized, poorly located homes.⁷⁴ The location of some buildings selected for conversion has been wholly inappropriate for people without access to cars, with homes isolated from

local shops, health services, employment opportunities and transport links. Despite this, schemes have often been targeted at households experiencing homelessness, either as privately rented housing funded through exempt Housing Benefit or as statutory temporary accommodation. Where this happens, the well-being of people experiencing some of the most significant forms of disadvantage is then further undermined by dreadful housing conditions and inaccessible, isolated locations.⁷⁵

The Government's own research in 2020 concluded that 'permitted development conversions do seem to create worse quality residential environments than planning permission conversions in relation to a number of factors widely linked to the health, well-being and quality of life of future occupiers'.⁷⁶

Permitted developments are also exempt from having to contribute to affordable housing supply through the planning system, meaning that local authorities have missed out on as many as 18,000 affordable homes to respond to homelessness and meet wider housing needs.⁷⁷

Following publication of its 2020 research, the Government has acted to address some of these concerns. There are now requirements that homes must comply with the Nationally Described Space Standards, and provide

for adequate natural light. Whilst this is an improvement on the previous situation, there was wide consensus amongst respondents to the recent joint APPG inquiry that these new standards do not go far enough to deliver high quality homes.⁷⁸ Furthermore, while Government has included provisions in the Levelling Up Bill to ensure that in future permitted development scheme would have to contribute to affordable housing delivery, they've taken no action to extend these requirements to the current Section 106 regime.

The APPG inquiry concluded that if empty commercial buildings are to play a role in meeting housing need, a mandatory standards regime is needed based on Healthy Homes Principles. At the same time the APPG report recommended local authorities are encouraged and resourced to make better use of existing powers to direct the way commercial to residential conversions are delivered outside the full planning permission route, including their location.

Recommendation

The next Westminster Government should act to unlock the potential of empty commercial buildings by adopting the following measures in line with the joint APPG inquiry recommendations:

- Introduce mandatory minimum standards where homes are provided through conversions or new build, building on Healthy Homes Principles. All homes should provide good quality settled housing, avoid tenure segregation and ensure tenures are indistinguishable in terms of design, quality and appearance
- Encourage local authorities to make better use of available tools to give greater direction over conversion.
- Give councils the immediate ability to require affordable housing contributions through Permitted Development Rights as proposed in the Levelling Up and Regeneration Bill
- Promote case studies showing what good looks like in converting commercial buildings, particularly where these have included provision for people on lower incomes and those experiencing homelessness.

72. Ben Clifford and Manuella Madeddu (2022) The conversion of buildings to housing use: England's permitted development rights in comparative perspective. Progress in Planning Article 100730.

73. Create Streets (2021) Permitting Beauty.

74. RICS (2018) Assessing the impacts of extending permitted development rights to office-to-residential change of use in England. Levitt Bernstein (2019) Why the government should end permitted development rights for office to residential conversions.

75. <https://www.theguardian.com/cities/2019/dec/19/it-feels-almost-like-prison-the-developers-building-homes-with-no-natural-light>; <https://inews.co.uk/news/conditions-homeless-families-living-office-blocks-michael-gove-2150689>.

76. UCL/University of Liverpool (2020) Research into the quality standard of homes delivered through change of use permitted development rights. London: DHCLG.

77. <https://www.local.gov.uk/about/news/over-18000-affordable-houses-lost-office-residential-conversions>.

78. APPG for Housing Market and Housing Delivery and APPG for Ending Homelessness (2023) Joint Inquiry into Rethinking Commercial to Residential Conversions.

Addressing the viability challenges to converting unused commercial buildings into homes for people at risk of or experiencing homelessness

As well as an urgent need for Government action to improve standards and ensure this type of development includes affordable housing, there is also a need to address the viability challenges faced by social landlords and other not for profit providers.

Contributors to the Joint APPG inquiry identified viability as a key challenge in the delivery of genuinely affordable homes through conversions. The reduced availability of grant through the Affordable Housing Programme has inhibited social landlords' ability to take on conversions that have potential to deliver a mix of tenure types, even with cross subsidy. Over the past decade, grant funding has played a declining role in housing association investment, with the Regulator for Social Housing projecting that it provided only 6% of development funding in 2022.⁷⁹ The UK Housing Review 2023 calculates that of the affordable homes completed in 2021/22 just 24% were grant funded.⁸⁰ Crisis is calling on Government to increase grant rates per home and increase overall funding for the Affordable Housing Programme to enable increased investment in social renting. This would also have the potential to improve the viability of affordable-

led commercial to residential development schemes. But specific additional concerns included the lack of scope for economies of scale in the case of smaller commercial buildings, and the complexity of converting some types of larger building for residential use.

A further concern expressed by housing providers in delivering housing for people experiencing homelessness, is limited availability of revenue funding to cover the costs of support where this is required. While it has been possible to access specific funding streams to convert commercial buildings for people experiencing rough sleeping and single homelessness through the Rough Sleepers Accommodation Programme (RSAP and the Single Homelessness Accommodation Programme (SHAP), funding is time limited, without any clarity about how people will be supported at the end of the funding timeframe. Further in the case of RSAP, tenants are expected to move on from their homes after just two years, creating significant issues for well-being and engagement with services for some. It can also be highly problematic to secure suitable alternative accommodation, particularly accommodation that matches the standard of homes provided with RSAP funding. It is critical that these deficiencies in current programmes are addressed by a new Government with a move towards restoring dedicated funding for support services and a shift away from short-term

tenancies. Instead, a new Government should commit to delivering a housing-led response to addressing homelessness that means people are offered settled homes rather than short term tenancies, along with tenancy sustainment support where needed.

This would also help to underpin the viability of affordable housing investment, whether in new developments or through the conversion of existing buildings.

Recommendation

The next Westminster Government should commit to addressing the specific viability concerns associated with using commercial to residential conversions to provide settled homes for people experiencing homelessness through the following measures:

- Encourage Homes England and the GLA to consider piloting a number of affordable led mixed tenure housing developments in converted commercial buildings. The purpose of the pilots would be to showcase what can be achieved by Registered Providers using cross subsidy and affordable housing grant to deliver a proportion of settled homes at social rents within larger commercial to residential developments;
- Encourage public bodies to make effective use of empty commercial buildings that are already in public ownership, reviewing the case for conversions to deliver affordable-led housing development that can address homelessness pressures;
- As set out in our recommendations in relation to empty homes, create a flexible Housing Fund for empty homes and property acquisitions that could also be used to enable local authorities to fund the acquisition and conversion of smaller commercial buildings such as individual shops and small office buildings to provide genuinely affordable homes. This should draw on the learning from local authorities and other providers that have acquired empty homes and converted commercial buildings as part of the Rough Sleepers Accommodation Programme, the Single Homelessness Accommodation Programme and the Local Authority Housing Fund.

79. Regulator of Social Housing Sector Risk Profile 2019 quoted in Stephens, M. et al (2023) 2023 UK Housing Review. Coventry: Chartered Institute of Housing.

80. Stephens, M. et al (2023) 2023 UK Housing Review. Coventry: Chartered Institute of Housing.

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