

every home matters

Empty Homes Value Tool 2020

scottish
empty homes
partnership



Shelter
Scotland

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Introduction 01

The Empty Homes Value Tool assesses the impact and value for money of bringing empty homes back into use.

In considering the impact of bringing an empty home back into use we have taken into account the benefits to a community from having a property occupied, the savings achieved in comparison to meeting the housing demand through new build properties, and where applicable, the re-use of the property the owner lived in prior to moving in to the empty home. We have also considered the saved costs of maintaining the property and dealing with wider social impacts of empty properties.

To understand the full benefits of bringing empty homes back into use and why every house matters, it is important to look at the long term impact on communities of living in areas with high levels of long-term empty homes.

A House of Commons Briefing Paper published in June 2018 states;

“High levels of empty properties are recognised as having a serious impact on the viability of communities... As the number of empty properties within an area increases, so can the incidences of vandalism, which acts as a further disincentive to occupation...This spiral of decline can continue as further households are deterred from moving into an area devoid of amenities and where empty properties and derelict shops add to a sense of neglect.”¹

The tool focuses on nine broad areas where there are costs and missed opportunities that arise for local authorities and/or home owners when properties are left long term empty. The first six look primarily at what is gained by bringing empty homes back into use, and focus on the following areas;

- Housing supply – looking at the role that empty homes can make to meeting targets for delivery of affordable housing, and also looks at carbon emissions and environmental concerns, as non-financial benefits of bringing empty homes back into use.
- Restoring confidence in the property market – looking at how bringing empty homes back into use can help to increase the value of homes and their chances of selling on the open market.
- Addressing mismatch in housing supply – looking at how larger empty homes can be converted into smaller units to meet changing demographics and demand for different types of housing.
- Community Regeneration – looking at the ways in which bringing empty homes back into use supports community regeneration by increasing expenditure in the local economy and the knock-on effects this has on businesses and longer-term regeneration.
- Sustaining fragile communities – looking at the factors that drive depopulation in fragile communities and how bringing empty homes back into use can help to reverse these.
- Town Centre Renewal – looking at the role that addressing empty homes and empty commercial premises in town centres can play in making towns attractive, diverse places where people want to live, visit and work.

1. House of Commons Library Briefing Paper Number 3012, 13 June 2018
<https://researchbriefings.files.parliament.uk/documents/SN03012/SN03012.pdf>

The next three sections focus primarily on costs incurred by empty homes and how these represent money lost to councils and the local economy.

These look at the following areas;

- Costs of empty homes for the owner – this highlights the money spent per year on an empty home and potential lost income for the owner to highlight money lost to the local economy.
- Anti-social behaviour and community blight – this looks at the cost to councils and other public bodies in dealing with problems commonly associated with empty homes.
- Council tax implications – this looks at revenue generated by a 200% council tax levy, alongside money lost through properties exempt from council tax, and opportunities to re-invest money raised by the levy into bringing empty homes into use as affordable housing.

The Value Tool is intended for use for a variety of audiences, and we recognise that some sections will be of more immediate interest than others to each reader. For this reason, the sections are also intended as standalone documents, although we have tried to avoid 'double claiming' benefits and therefore there is some read across between sections.

Housing Supply 02

The chronic shortage of housing supply in Scotland has resulted in rising house prices and rents across the country, as well as contributing to increasing numbers of people homeless or at risk of homelessness. While the Scottish Government has pledged to deliver 50,000 affordable homes over the lifetime of this parliament this will only go part of the way to meeting the country's housing needs.

At the same time, there are currently more than 39,000 homes that are long term empty. Bringing these back into use can make a significant contribution to increasing housing supply, which in turn will help to ease inflationary pressures that can make more homes unaffordable.

Bringing empty homes back into use is also a more cost-effective way of meeting housing demand than new build properties are and come with a lower carbon footprint.

The Evidence

Financial costs

The 2008 study 'New Tricks with Old Bricks'² quoted studies commissioned by Kent County Council in 2005 and the Greater London Authority in 2006 showed that average costs of returning empty homes to a habitable state at £6,000 and £12,000 respectively per property. This contrasted with an average estimated building cost for new builds of approximately £125,000, excluding the cost of the land, meaning that the cost of each new build property would pay for at least ten empty homes to be brought back into use.

The report also compared the financial costs of building new houses with comparable work carried out in refurbishing existing houses (i.e properties likely to require major structural work) and concluded that the average refurbishment costs 39% less than the average new build, further demonstrating that the money spent on each empty home brought back into use represents a cost saving compared to the cost of a new build property.

In the time since the 2008 report, the cost of building new affordable housing seems to have remained constant. Figures for an affordable housing development in Arbroath that opened in 2019 report an £8.1m development of 71 affordable homes, equating to £114k per home, and a £4,542,580 grant to build 36 affordable homes, equating to £126k per home.³

2. <https://www.world-habitat.org/wp-content/uploads/2016/03/New-Tricks-with-Old-Bricks1.pdf>

3. https://www.scottishhousingnews.com/article/angus-and-cairn-to-officially-open-arbroath-affordable-homes?utm_source=Scottish+Housing+News&utm_campaign=a009656b06-EMAIL_CAMPAIGN_2019_05_29_01_07&utm_medium=email&utm_term=0_3d3bcd4a6e-a009656b06-66861437

Time savings

Furthermore, the time taken to bring an empty home back into use is likely to be considerably shorter than the time taken to build a new build property. In 2016 it was reported that the length of time it takes for developers to complete a house had jumped from 24 to 32 weeks⁴. Elsewhere it is claimed that a full new build large house on a complex site could easily take between 12 to 18 months to build⁵. Work on the affordable homes in Arbroath began in October 2017 with the homes being completed and occupied in May 2019. Separately in Aberdeen, a project to deliver 118 affordable homes on the site of the old Fire Station was approved in June 2019 with construction scheduled to commence in November 2019 and completion of the properties by March 2021.⁶

In contrast, the assumption used in the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 is that even where an empty property requires major structural alterations or renovations, it should still be possible to bring it back into use within six months of purchase by a new owner. Where no such work is required, it can be brought back into use in a shorter time frame if not immediately.

This means that where an empty home is brought back into use, the benefits for the community in terms of spending are felt several months earlier.

Affordability for owners and tenants

Additionally, outside of affordable homes, most new homes come with a premium. People pay more for a new property. For many people, this premium is not affordable and can be the difference between them buying a property or continuing to rent. Empty homes do not carry this premium and so make it easier for people to access the property ladder. In turn this may free up more property within the rental market.

Carbon Emissions

Bringing an empty home back into use leaves less of a carbon footprint than a new home. A study for Historic Scotland estimated the carbon footprint of building a new 2 bed house as 80 tonnes CO₂. In contrast the carbon footprint of refurbishing an old house was just eight tonnes CO₂. Even the highest-specification new-build could not catch up this advantage over a 100-year period.⁷ This means that bringing empty homes back into use can play a vital role for councils looking to meet carbon emission targets whilst also increasing the supply of affordable homes.

'New Tricks with Old Bricks'⁸ noted that "although new homes are more energy efficient once built, 50 tonnes of carbon emissions are generated in their construction, compared to 15 tonnes for the refurbishment of an existing property. In most of the houses studied, it took more than 50 years for this difference to be compensated for by the lower carbon emissions generated from the day-to-day energy use."

Therefore, actively pursuing an empty homes strategy can demonstrate a commitment to making best use of existing housing stock and to ensuring that empty homes brought back into use are brought up to present days standards for energy efficiency.

Restoring Confidence in the Property Market 03

Long term empty homes can have a negative effect on the local property market. They can create buyer suspicion and reduce interest in the area, leading to lower house prices and homes becoming harder to sell, even at reduced rates.

While no recent estimates have been produced to show how much the value of a property can be reduced by when it is next to an empty home, figures from the 2000's give estimated reductions of between 12%⁹ and 20%¹⁰.

These figures generally referred to specific empty homes, often with visible signs of deterioration and vandalism. However, in addition to this, there is a more general downwards trend in property values where a neighbourhood has a high number of empty properties as a whole. They can send out a negative message about the area that reduces property values even before the reduction due to being near a problematic empty property.

Case Study Example

A number of years ago a couple bought a mid-terraced house next to an empty home. They did not know it was empty and because they were so focused on buying the other home, they did not pay much attention to it; they were not aware of the issue of empty homes and admitted later that they did not know what to look for. They noticed fairly soon after moving in to the property that the house next door was unoccupied, but it was only after a couple of years that they started to notice that the empty property was deteriorating badly, and when they moved a wardrobe in their upstairs bedroom they noticed a large patch of mould caused by damp coming through from next door.

Eventually the dilapidated state of the empty property started to cause them real stress and concern, especially as by now they had two young children who often played outside the empty home, and there was a real risk of glass or roof tiles coming loose and injuring the children. They took the decision they could no longer live next to such a property and decided to rent another property on the other side of town, and try to sell their house. This meant paying rent on one property and a mortgage on the other, at great financial burden to them.

They then discovered the true cost of living next to an empty home; the value of their property had dropped below their acceptable cut-off level, the level at which they could pay off all their debts. In this case the highest offer they were receiving was 20% less than the amount they had originally paid for the property, which they could not accept. In fact, they had moved out for so long whilst trying to sell that their own property became officially classified as a long-term empty property. For them, the reduction in value may as well have been 100%, because it meant they simply could not sell.

4. <https://www.independent.co.uk/news/uk/home-news/uk-housebuilders-restricting-the-supply-of-new-houses-to-keep-prices-unnecessarily-high-a6906016.html>

5. <https://www.studio-j.co.uk/how-long-does-it-take-to-build-a-house-extension/>

6. <https://www.scottishhousingnews.com/article/sanctuary-to-deliver-118-affordable-homes-in-aberdeen>

7. <https://www.theguardian.com/environment/green-living-blog/2010/oct/14/carbon-footprint-house>

8. <https://www.world-habitat.org/publications/new-tricks-with-old-bricks/>

9. <https://www.independent.co.uk/property/house-and-home/sam-dunn-the-house-next-door-is-a-derelict-eyesore-ndash-what-can-we-do-1229501.html>

10. https://webarchive.nationalarchives.gov.uk/20140805160414/https://www.homesandcommunities.co.uk/empty-homes-toolkit?page_id=3856&page=4

Case Study example

Since 2017 the North Ayrshire Housing Services Private Sector Team have been working with a local property developer who purchased seven tenement properties in Largs which had been either vacant or in extreme disrepair. This has facilitated completion of extensive internal repairs works as well as external improvements to the façade of two blocks which has made a positive contribution to the streetscape.

However, issues with another block in the street were more complex. A Council task force visited in October 2017, resulting in a Dangerous Building Notice being served under the Building (Scotland) Act 2003 on all owners of the property. The owners carried out the specified actions as stipulated within the Notice, but were unable to agree on a course of action for ongoing maintenance and repair, which resulted in the block continuing to deteriorate. A particular concern was that, unless a course of action for repair could be agreed upon, the adjoining blocks might begin to become affected.

The team took decisive action, and successfully worked with three owners within the block who agreed to sell their flats to the Council through the empty homes buy back scheme. At the time of writing, they are continuing to work with the owners of the remaining three flats with the intention of purchasing them, or seeking to exercise powers for compulsory purchase if negotiated agreement cannot be reached.

Following purchase of all six homes, a full refurbishment of the block will be undertaken to bring it into the Council's mainstream housing stock for let to those in need on the North Ayrshire Housing Register. This project will therefore help to improve property condition in the private sector, and increase housing supply to provide homes for local residents.

Bringing empty homes back into use sends out a positive message about an area, helping to restore confidence in the property market. It does this in a number of ways;

- As an empty home is repaired, its appearance improves and the appearance of the area around it also improves.
- Once an empty home is brought back into use, it is no longer a magnet for vandalism and squatters. This in turn lowers the 'appeal' of the wider area to people involved in criminal activity and anti-social behaviour.
- Neighbours general sense of well-being improves as they feel safer in their homes, their local environment improves and the area becomes a more attractive place to live.
- The area then becomes more appealing to first time buyers and others looking to move home, stimulating demand and increasing property values in the area.

This was confirmed in a 2008 report drawing on research from across Europe that identified many wider benefits offered by refurbishment of empty properties, including;

- The renewal of a single house has an immediate beneficial effect on neighbouring properties because it gives a clear signal that the neighbourhood is worth investing in.
- It has a positive impact on the wider neighbourhood, sending a signal that renewal and reinvestment will ensure the long term value and stability of an area. This in turn generates other investments and a broader upgrading.
- Older existing neighbourhoods and homes require constant upgrading. Renovation has a positive effect on street conditions, social mixing, service quality, local transport and schools, since it adds value and attractiveness.¹¹

There are also further knock on effects from the restored confidence in the local property market. These are;

- It means that homeowners are no longer trapped in properties that they can't sell, or can't afford to sell. They can instead look to move up the housing ladder, which can help to keep property markets healthy in other locations.
- At the other end of the property ladder, as others move up, it is likely somebody moves from rented accommodation (social or private) to owner occupying, thereby freeing up a property for someone to move into their first rental home.

Case Study Example

Live Margate is a 10-15 year program to convert derelict and unoccupied buildings in Margate into liveable family homes. The scheme is focusing particularly on the Cliftonville West and Margate Central areas with the hope of regenerating these areas by attracting people looking to buy a new home. £23.1m has been budgeted by Thanet and Kent councils to purchase 300 dwellings - mostly 'disused' houses of multiple occupation (HMOs) - and convert them into a smaller number of family homes. A third of these will be retained by the council as new affordable rented housing and the remainder will be sold.

Five years into the 'Live Margate' scheme, and alongside a wider regeneration programme, Thanet District Council is ahead of schedule and hailing the project a success. After several decades of decline, Kent's 'original seaside' destination is enjoying a renaissance. Between July 2015 and July 2016 house prices rose 12.5%, the sharpest increase in house prices outside of the UK capital in 2015, with the town recently voted the fourth 'hippest' place to live in the UK.

<https://aktax.co.uk/kent-accountants/regeneration-in-margate/>

11. https://www.london.gov.uk/sites/default/files/ad_52_anne_power_-_does_demolition_or_refurbishment.pdf

Addressing mismatch in housing supply 04

Within the existing property market there is often a mismatch in housing supply as more people are choosing to live on their own while houses remain designed to accommodate families with two or more children. Declining marriage rates, later average ages for marrying, and increased life expectancy have all contributed to a change in demand for houses for people living on their own.

The decline in average number of children per family and the increase in the number of single parent families following divorce or separation have also served to increase the demand for smaller homes and reduce the number of families looking for large houses.

At the same time, more people aged between 20 and 34 are living with their parents. Between 2008 and 2017 there was a 4% increase in this figure and over a quarter of people in this age group now live at home.¹²

One of the reasons put forward for this increase is the lack of suitable properties, meaning that young people often have no choice but to remain living with their parents. The mismatch between supply and demand also means that the selling prices of the homes that are available have increased and many young people cannot afford them.

2016 research by Emov found that Scotland's annual salary average was £27,404, while the property average was £143,711 – five times higher than the wages on offer.

Underneath this headline figure, there are large regional variations. East Renfrewshire had the highest property price to wage ratio, with an average property price tag of £204,925, and an average earned wage of £15,964, meaning the average house price is 13 times that of the average wage.

The average house prices in the City of Edinburgh, East Dunbartonshire and East Lothian were all ten times higher than the respective average wages of £25,012, £18,564 and £19,500.

Taking these four areas in 2017, East Renfrewshire property prices grew by 4.5% while average wage fell by 2.6% in real terms. In Edinburgh average property prices rose by 6.5% and average wage saw a real term growth of 2.9%. In East Dunbartonshire property prices rose by 7.2% and average wage saw a real term growth of 1.1%. In East Lothian property prices rose by 6.7% and average wage saw a real term growth of 3.5%.

In 2018, property prices in the four areas rose by 2.6%, 6.6%, 5.1% and 5.2% respectively.

With the average property price rises in these locations continuing to exceed the rise in average salary year on year, it becomes increasingly harder for younger people to get on to the housing ladder.

Table information from

1. <https://sp-bpr-en-prod-cdn.azureedge.net/published/2017/11/21/Earnings-in-Scotland-2017/SB%2017-80.pdf>
2. <https://www.ros.gov.uk/data-and-statistics/house-price-statistics>
3. <https://www.emov.co.uk/news/2016/10/10/average-scottish-house-price-wage-gap-hits-seven-times/>

At the same time, many homes are empty because they are too large to attract potential buyers. In some areas, the mismatch may mean young people have to move away to find accommodation, while the area they are leaving suffers from an increasing number of empty homes.

These homes may have been family homes that were most recently occupied by older people who may have died or gone into care because they are no longer able to live independently in the home and cannot find other homes that meet their needs. Age Scotland Chief executive Brian Sloan has noted said “Too many older people are already stuck living in unsuitable accommodation and unable to move or downsize if they wish.”¹³

As with the whole of the UK, Scotland has an ageing population and a shortfall of suitable housing for them. The Scottish Government Communities Analytical Services 2010 paper ‘The Impact of Population Ageing on Housing in Scotland’¹⁴, reported that ‘the population aged 65 and over is projected to rise from 857,000 in 2008, to 1,409,000 in 2033’ while at the same time noting that ‘at current levels the ratio of sheltered housing stock to disabled pensioners is projected to fall in all areas of Scotland... In order to maintain current ratios of provision to probable need, the combined numbers of sheltered and very sheltered housing stock would need to rise from 38,000 in 2008/9, to 45,900 in 2018 and to 61,400 in 2033, a rise of 23,400 units over the period.’

Eight years later, in the 2018 publication ‘Housing and Ageing: Linking strategy to future delivery for Scotland, Wales and England 2030’¹⁵ Kevin Stewart is quoted as noted that, ‘by 2030 there will be over 600,000 people aged 75 or over in Scotland’ and that ‘we will need to ensure there is suitable housing and services for individuals to continue living independently at home, maintaining their connections with people and place.’

New build properties may not be the solution to the problem of lack of suitable housing for an ageing population. In a 2019 Scottish Parliament debate¹⁶ it was noted that ‘it is imperative to consider not just the buildings themselves but the external environment that the homes are in—the surrounding community, support networks, nearby amenities, transport links and everything else that makes people feel part of a community when they are not at home. New builds and age-friendly designs, downsizing, public transport, accessibility and the urban-rural divide are all issues that older people are concerned about’.

Bringing empty homes back into use can work to address the mismatches in housing supply for people at both ends of the age spectrum as private developers look for large properties that can be converted into smaller units that can offer affordable accommodation for younger people, and accommodation that enables older people to continue living independently in established communities.

In this way, they can also help councils to ensure that there are a suitable balance of working age and retired people in communities, and to support efforts to maintain sustainable communities by converting existing housing supply into housing that is future proofed to meet changing demographic needs in particular areas.

12. <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/youngadultslivingwiththeirparents>

13. <https://www.scottishhousingnews.com/article/action-required-future-proof-rapidly-ageing-population>

14. <https://www2.gov.scot/resource/doc/319074/0101916.pdf>

15. https://www.scottishinsight.ac.uk/Portals/80/HousingAndAgeingFinalReport_1.pdf

16. <https://www.theyworkforyou.com/sp/?id=2019-01-29.8.0>

The Evidence

The Houses into Homes scheme was launched by the Welsh Assembly in April 2012. Over the first three years of the scheme loans were granted to bring 360 empty properties back into use. From the original total, after conversions of a number of properties, a total of 746 residential units were created. The number of occupied homes was therefore more than twice the number of empty properties they had replaced.

The immediate consequence of this was an increase in the number of homes available to young, single people.

The knock-on effect is that people taking on the properties would be able to live and work in their local communities, reducing the drain of youth from the area and helping to sustain the local economy both as consumers and employees.

Community Regeneration 05

Every empty home is money lost to the local economy.

For each empty home brought back into use, there is another family generating money for the local economy. Irrespective of whether they are new to the area, they may be buying furniture and other items for the house. Where they are moving in from outside the area, they will be spending money in the local community on food and drink and leisure activities that was not previously spent there. This can all be seen as falling into the category of household expenditure.

They may also be carrying out more extensive work to the property to bring it back into use. Where they are doing this, they are likely to be using local businesses and hiring local builders and contractors to do work on the property. As a result, this may also stimulate economic demand in that business to the extent where they are taking on additional employees, which again benefits the local economy, either by reducing unemployment or by meaning that someone stays in, or moves to, the area to work. This can be classed as local economic benefits.

Finally, there are the longer term effects that may come in the form of wider regeneration triggered by increased population and extra expenditure. This can be seen as wider community regeneration benefits.

The Evidence

Household expenditure

The Office for National Statistics 2017/18 annual survey¹⁷ estimates that over the period of 2016-2018 the average Scottish household spent around £492 per week (this compared to a UK wide average spend of £552), or £25,584 per year.

It can be difficult to establish how much of this money is spent locally, and how much of the money that is spent locally stays within the community.

The following fall outside of the local economy;

- 16.4% of average household spend according to ONS is spent on gas, electricity and communications bills.

- Online retail expenditure; Figures from 2018¹⁸ showing online retail sales in the UK account for 18% of total retail sales, while ONS figures suggest that retail sales account for around 32% of average household expenditure (meaning that online retail expenditure accounts for around 5.6% of average weekly expenditure).
- Online non-retail expenditure; This includes spending on holidays and other recreation and culture activities. Overall this may account for around 13% of weekly expenditure according to ONS figures.

17. <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2018>

18. <https://www.invespcro.com/blog/global-online-retail-spending-statistics-and-trends/bulletins/familyspendingintheuk/financialyearending2018>

Of the money spent within the local economy, the amount that stays within the local community can depend upon type of business.

- Research on spending by local authorities shows that for every £1 spent with a small or medium-sized business 63p stayed in the local economy, compared to 40p with a larger business¹⁹
- This is mirrored by similar studies in the US. For example, a study in Portland, Maine, found that every \$100 spent at locally owned businesses contributes an additional \$58 to the local economy. By comparison, \$100 spent at a chain store in Portland yields just \$33 in local economic impact.²⁰

From all of this, if we assume 65% of average spend is made in the local community and 50% of that money then stays in the local community, it means that each empty home brought back into use is bringing approximately £8,314 a year into the local economy.

This is in addition to income that is brought in to the local economy as a result of the work carried out to bring the empty home back into use.

Local Economic Benefits

Whether or not they already live in the area, people purchasing empty homes increase local economic activity by providing for new expenditure on the houses themselves. They may be buying furniture and other items for the house from local businesses and/or hiring local builders and contractors to do work on the property.

The effect on the local economy goes beyond the immediate spend by the home owner and each £1 spent will generate further economic activity that would not have existed without it.

For example;

- If the businesses hire new employees as a result of the work involved in bringing an empty home back into use, then it will result in increased local employment opportunities.
- It will also increase the money the new employee has to spend, and a proportion of that will be recycled back into the local economy, possibly via increased leisure or retail spend in the short term.
- Alternatively, the work on empty properties may be the difference between retaining its current employee base or reducing it. In these instances, it is helping to sustain the local economy with the follow on spend.
- Additionally, there is the non-wage element of the cost spent on returning the empty property into use. This includes the building materials and carpets etc. If the contractor is obtaining these from local suppliers, then that money is retained within the local economy effectively passed on from the builder to the local supplier rather than a supplier from outside the community.
- A proportion of this money will go towards the wages of the people making or supplying the materials, and a proportion of that will be recycled into the local economy via leisure and retail spend in the short term.
- In the long term, the employees of the companies carrying out the work or supplying the materials, may themselves use the wages they have received towards the purchase of a property, and the cycle starts again.

Putting a figure on this, is difficult, and a variety of methodologies have been used by different organisations to establish the multiplier effect of each pound spent. However, the Scottish Government's Multiplier Tables²¹, and the Welsh Houses into Home final evaluation report both settle on a broadly similar figure.

The Multiplier table shows that every £1 spent on renovating property in Scotland generates £1.60 for the economy (including the initial £1). The Welsh report found that assuming the initial direct output expenditure of £28,395,000 on homes covered in the report remains within Wales, then an additional £17,605,000 worth of output expenditure is supported within the immediate supply chain. This is a 1.62% multiplier.

Working on this basis and using the average figure of £15,000 as the cost of bringing an empty home back into use, each empty home brings around £24,000 spend to the local economy.

Wider community regeneration benefits

Where shops and other commercial premises have been empty as a result of depopulation and declining trade, the increase in population that comes from bringing empty homes back into use can help to reverse that trend and encourage small independent businesses back to the community.

This has a further knock-on effect as money is recycled through the local economy. The American Express High Streets Ahead study²² found that consumers living in areas with a higher proportion of small, independent businesses spent an average of 21% of their annual retail budget shopping locally, compared with those living near fewer independent traders, who spent 6% locally, further emphasising the contribution that independent businesses can make to community regeneration.

Additionally, the value of homes within the areas should increase in value. The American Express study found that houses near town centres full of prospering small traders climbed by an average of £40,000 in the first decade of this century, and the rise in property values was 17% higher than the growth in comparable areas with proportionally fewer independent traders. This contrasts with the decline in property values experienced by properties near to empty homes.

For all of these reasons, every empty home brought back into use is making a significant contribution to the local economy and can support community regeneration.

19. <https://www.theguardian.com/money/2013/dec/06/shop-locally-small-business-saturday-seven-reasons>
<http://turfbusiness.co.uk/contractors/fsb-report-reveals-power-small-businesses-local-economy/>

20. <https://ilsr.org/key-studies-why-local-matters/>

21. <https://www2.gov.scot/Topics/Statistics/Browse/Economy/Input-Output>

22. <https://www.theguardian.com/money/2013/nov/22/house-prices-boosted-thriving-local-trade-small-businesses>

Sustain Fragile Communities 06

Fragile communities can be caught in a spiral of decline. Communities that were built on traditional industries have seen their population decline as those industries shrank or disappeared entirely. As a result, younger generations leave the community to take up employment opportunities elsewhere.

This then leads to reduced businesses for local shops and independent traders - already at risk from online retailers or out of town shopping developments - increasing the likelihood of them going out of business and further reducing the appeal of the community to potential newcomers.

With fewer new parents in the area, there is a decline in the need for schools and other parent and children facilities, which eventually may lead to school closure, and the withdrawal of other facilities, acting as a further disincentive to a new generation of potential homeowners and members of the community.

The limited existing workforce resources available and limited ability of the area to attract incomers also serves to reduce the likelihood of new employers moving into the area and establishing businesses there. As a result, the average age of the community increases, while, at the same time, the total population reduces, both as a result of people moving out of the area and elderly residents passing away, leaving empty homes that no one from outside of the community wants to move into.

For the residents that remain, the cycle of decline has significant implications for their educational achievement, access to work and physical and mental health.

Case Study Example

An empty schoolhouse in Achiltibuie has been transformed into two affordable dwellings thanks to an innovative funding package secured by The Highlands Small Communities Housing Trust and the Coigach Community Development Company (CCDC) with support from The Scottish Government, The Nationwide Foundation and The Highland Council. The last social housing built in Achiltibuie was in 1975 and this lack of affordable/rentable accommodation has largely contributed to the loss of population: particularly younger working people who move away because they are unable to secure a home in their rural community.

The schoolhouse has been central to the tiny community of Achiltibuie since it was built in the late 19th Century following the 1872 Education Act, and was home to successive head teachers until the head teacher Mr Fraser retired and moved to a modern, comfortable home more than 5 years ago. The Schoolhouse remained empty and fell into a state of disrepair, presenting a neglected face in the middle of the community.

Transforming the property into two flats instead of one large dwelling meant that they could maximize the potential to provide local housing for key workers and local people in a community which is severely lacking affordable housing. The total population of the rural community of Achiltibuie is only 260 so creating two new homes has a great impact on retaining the population.

Bringing empty homes back into use can help not only to sustain fragile communities but reverse their decline. The process of renovation itself can be used as a vehicle for engaging and rebuilding communities, for developing skills and confidence, supporting vulnerable and excluded households and, by doing so, addressing, in a lasting way, the underlying issues and breaking the cycle of decline.

Case Study Example

After over 120 years in operation, The Port Ellen Police Station, on the Isle of Islay stopped functioning as a Police Station back in 2007. The historic building was left to fall into disrepair and was added to the Buildings at Risk register in 2009.

The property was purchased by the Ian MacTaggart Trust in 2014, with the vision of converting the property to provide affordable housing and opportunities for young Illeachs. The trust engaged with young Illeachs and the wider population to determine what the local aspirations and needs were for housing in the area. The results supported the Trust's vision of an affordable housing development prioritised specifically to sustain and retain young people of the Island.

The two storey building was transformed to provide six high quality affordable flats, with works completed in September 2017. The renovation of this significant existing building structure was undertaken sensitively by retaining original features and using traditional stone, slate and hardwood materials. The renovation specification also focussed on low energy costs through use of up to date insulation materials throughout, FENSA compliant windows and low carbon, renewable energy heat sources.

The flats are intended as a stepping stone for young people to gain independence and achieve financial sustainability which will allow them to be able to save and move on up the housing ladder.

West Highland Housing Association (WHHA), as an experienced Registered Social Landlord committed to helping smaller, more rural, fragile communities attain both housing and economic growth, manage the property and the lettings to young people. They ensure that the tenants are given the necessary preparation and support in order to ensure successful tenancies.

The project is particularly unique as there is no other affordable private housing initiative across Argyll and Bute that has been delivered specifically to meet the needs of young people. It demonstrates creative approaches to strong, focussed partnership working, regeneration and integration driven by local people, that will deliver lasting improvement to the local area and go some way to addressing a major problem in Argyll - affordable housing for young people - whilst saving a feature building.

Empty Homes are a resource that can play a significant role in enabling communities to take responsibility for shaping their future and creating vibrant, strong communities.

Brought into use by communities, empty homes can lever in investment and enhance the sense of ownership and belonging, provide work experience and training for local and vulnerable or excluded people, create opportunities for social enterprise and put in place community-based infrastructure to help to address long-standing underlying issues.

In doing this, they can also help to ensure that the unique cultural assets of communities are preserved and enjoyed by new generations.

Town Centre Renewal 07

The role town centres play in the economy has changed considerably over recent years, as out-of-town retail developments followed by the growth of online retailers have seen town centres lose their focus as shopping destinations.

As well as empty commercial premises, many town centres have large numbers of empty properties turning them into places people visit rather than live in. This increases road traffic congestion and carbon emissions at a time when local authorities are under pressure to reduce them. It also means that town centres can lose one of their other main roles as social spaces to meet and interact.

At the same time, most local authority areas do not have enough affordable properties to meet demands, and new housing developments that aim to address this are often either on the outskirts of towns, or work as a feeder for travel to larger cities, meaning that town centres continue to be neglected resources with no resident community taking pride in them.

Additionally, a 2008 study noted that New estates on the edge of existing areas do not offer the proximity, familiar landmarks, neighbourhood identity and local culture of established areas. Location and proximity are increasingly important for access to employment and services and to reduce environmental impact²³

To address the decline in town centres, the town centre first principle has been established. This calls for government, local authorities, the wider public sector, businesses and communities put the health of town centres at the heart of decision making²⁴ and create attractive, diverse places where people want to live, visit and work.

Bringing empty homes has a key role to play in this in helping to turn town centres into places where people can live, both by returning or converting property to the local housing stock, and by providing affordable property for people who work in the town.

Where this is done, it can reduce the amount of money and time spent travelling into a town to work and increase the amount of money and time people have available to spend in a town. This both helps to fuel wider town centre renewal by bringing more money into the local economy, and to remove traffic congestion and reduce carbon emissions by allowing people to live nearer to their workplaces.

Attracting people to move into empty properties can also bring a more vibrant atmosphere to a neighbourhood or attract new customers to a high street helping to promote sustainable economic development through increased community spending, safer communities and social inclusion.

Town centres that combine housing with shopping and leisure facilities also become more welcoming, vibrant centres that draw people in outside of the working week, providing friendlier and safer environments than places relying largely on out of town visitors at evenings and weekends.

Case Study Example

Perth and Kinross Council have created 20 new affordable homes through five projects focusing on a mixture of commercial property, derelict space above shops and long term empty homes. These include;

A two bedroom flat above a shop in the centre of Perth which had been empty for over 30 years and was in a state of very poor repair. It had become an eyesore property in a prominent street in the city centre. The area above the shop had become derelict as a result of the external stairs being removed 30 years ago, preventing access to the upper floors. The owners will bring the long term empty back into use as an affordable, two bedroomed home providing affordable city centre living and removing a major blight on this part of the street.

Commercial premises over three floors in the heart of the city centre which were vacated by the previous tenants moving to an edge of town, modern office with parking, and were not attracting interest from other commercial investors are being converted into 13 flats. The conversion will add to the footfall in the city centre and support local shops and businesses as well as providing much needed affordable accommodation. The proposals are to create 13 affordable one and two bedroom flats in the heart of Perth to meet the demand identified in the Council's Local Housing Strategy for one and two bedroomed flats in the city centre.

23. https://www.london.gov.uk/sites/default/files/ad_52_anne_power_-_does_demolition_or_refurbishment_.pdf

24. <https://www.gov.scot/binaries/content/documents/govscot/publications/report/2013/11/town-centre-action-plan-scottish-government-response/documents/00437686-pdf/00437686-pdf/govscot%3Adocument>

Costs of empty homes 08

Costs for the owner

Leaving a home empty costs money and loses money for the owner, and the council. This is money that could be being spent in the local economy, generating further additional expenditure as a result.

The evidence

No Use Empty give the total cost of leaving a property empty as between £8,638 and £10,438 per year.²⁵

This breaks down as follows:

- Loss of rental income at £450-£600 a month (£5400 to £7200 per year)
- Maintenance at £500 per year
- Security £290 per year
- Insurance (where obtainable) £280 per year
- Council tax (Band D with a 50% premium) £2,168 per year

This is based on an average 2/3 bed terraced property.

This is money lost to the local economy where the owner is living. If the owner brings the empty home back into use as a rental property, they get this money back and their local economy reaps some of the benefit of their increased spending power, while the economy of the place where the home is located benefits from the spending of the new occupant.

More recent figures published by MoneySuperMarket.com note that the cost of insuring an unoccupied home can be considerably higher than this, at an average of just over £150 for every two months the property is unoccupied.²⁶

Anti-social behaviour and community blight 09

Empty homes are more prone to anti-social behaviour than an occupied home because there is nobody living in the house keeping it secure. Consequently, they can be entered more easily (a rotten door or a loose window won't do much to stop a determined attacker) either by squatters or people looking to use the property for anti-social purposes or to commit anti-social acts.

As well as locking communities into a spiral of decline, areas with concentrations of empty homes can trap local authorities and other public services into a spiral of reactive spend.

This occurs when;

- Local authorities act to address fly-tipping and statutory nuisance
- Police services respond to vandalism, anti-social behaviour and substance misuse
- Fire services respond to arson
- Health services manage and treat poor physical and mental health brought on by the stresses of living in areas with large numbers of empty homes and problems associated with them.

Initial costs

The costs of dealing with these will not fall entirely on the owner. For arson, emergency services may need to be called. The cost of a single fire service callout is £1,970 per call.

For any criminal activity, police are likely to be called, and the cost for the police is around £1,000. More importantly, having these services constantly tied up dealing with a house that should be filled is a waste of valuable resources at a time when these are already stretched.

Follow – up costs

After dealing with the immediate break in and/or criminal activity, there is likely to be further work required to secure the property. The cost of securing a home (i.e. boarding it up) is estimated at between £500 and £2500, depending on the size of the property and how much of it needs secured. This work is usually carried out by the council on the instruction of the police, and then recharged to the owner, but if the owner is not in a position to pay, then that cost falls to the public purse.

25. <https://www.no-use-empty.org.uk/newsletter-edition-no-8-10-years/>

26. <https://www.moneysupermarket.com/home-insurance/unoccupied/>

Effect on home prices

Additionally, where areas become prone to any of these activities because of a large number of empty homes, it can deter new owners from moving into the area, reducing the value of neighbouring homes and making them less likely to attract buyers even at reduced prices.

Evidence from the monitoring data used in evaluating the Houses into Home Scheme in Wales also found that where empty homes become a focus for anti-social behaviour and crime (such as vandalism, arson, squatting and fly-tipping) it can reduce the value of neighbouring properties. Using some of the figures quoted earlier in this document, they estimated the reduction in house prices for the four nearest properties could be as high as 10 per cent. This may be in addition to any other falls in house prices as a result of a large number of empty properties generally in an area.

Other costs

Empty homes also lead to other costs that often fall to be paid from council budgets. These include;

- Cost of garden maintenance, where it is deemed necessary/desirable
- Cost of remedial repair work where there is a risk to neighbouring properties or members of the public
- Cost of clearing up fly tipping at the property

Due to the large variations in amount of rubbish involved in an average fly tipping incident, from a single black bin bag to an entire van load of rubbish, it is difficult to give a precise figure for this cost, but in England DEFRA estimates that the average cost to a council for a fly tipping incident is around £5,000. This also includes enforcement costs.

The types of remedial repair works that might be required, include;

- Damp work, if this is affecting an adjoining property
- Repairing a roof, for the same reason
- Adjusting tiles and securing windows etc., if there is a risk of them falling onto people below
- Repairing fire damage or theft

With each of these, in addition to the time and money spent dealing with the problem at the home, there will be the staff time and costs incurred in dealing with initial complaints, progressing them and taking follow up action including attempting to locate the property owner.

Case Study Example

A property had lain empty since its previous owner, who had fallen behind with their mortgage payments, had set the house on fire in 1999 before fleeing. The bank repossessed the property and auctioned it off. A new owner bought the property in 2000 without viewing it, and did intend to renovate it, but other matters intervened and he was unable to complete any work on the property. Its condition gradually deteriorated and it attracted looters, vandals and ultimately arsonists. When an Empty Homes Officer came into post in 2012, she did some research and came up with an estimation that roughly 100hrs per year of staff time had been spent dealing with this property since it became empty.

Compulsory purchase and demolition

If the owner does not reply, or the property continues to remain a significant problem, the council may consider enforcement action, such as a Compulsory Purchase Order or, if there is a risk of the property collapsing and major structural repairs are not appropriate, demolition.

The cost of demolishing an average sized family home is estimated at between £8,000 and £12,000 by Home Building and Renovation²⁷. Again, this cost should be borne by the owner but if they are not able to pay, the cost would fall to the local authority until that money is recouped.

In all cases, an investment approach, where money is spent on bringing empty homes back into use, will provide better 'value for money' and help to reduce the amount of public funding currently pouring into reactive spend.

The value delivered by investing includes; enabling communities to meet their need for secure affordable housing; providing work and training for unemployed and vulnerable adults; rebuilding communities to create a better sense of place, fostering resilience and supporting opportunities for change and growth.

27. <https://www.homebuilding.co.uk/demolish-and-replace/>

Council Tax 10

The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 specify that 'The amount of council tax payable in respect of a chargeable dwelling and any day is subject to a discount of 50% of that amount if on that day there is no resident of the dwelling'. However, the regulations give councils the power to vary this and empty properties can be charged 200% council tax once they have been empty for more than a year, or two years if being actively marketed for sale or let. This is often referred to as the 'Council Tax Levy'.

The aim of the policy behind the levy is to reduce the number of empty homes – as evidenced in the quote below from the Scottish government's 2013 supplementary guidance on the levy²⁸

"The power is intended as an additional tool to help local authorities encourage owners to bring empty properties back into use, both to increase the supply of housing for those who need homes and to reduce the blight on communities caused by houses being left empty and allowed to fall into disrepair."

For a Band C property the additional sum raised per property through the levy is in the region of £1,100 per year (the 200% charge does not cover water and waste water charges).

While this means that each year after an empty home is brought back into use, a council may lose the equivalent of the standard rate council tax for the property, for councils operating buy back policies, or other schemes that bring empty homes back into use as affordable homes, the loss of £1,100 per property is more than offset by the savings on creating a 'new' property.

The evidence

Contribution to affordable housing

In contrast to the estimated £125,000 a new build property costs to build, an empty home was estimated to cost a maximum of £12,000 to bring back into use.

Bringing an empty band C home back into use and out of the scope of the council tax levy may represent a loss of £1,100 per annum in council tax, but overall it delivers average savings of more than £100,000 when compared to what it costs to create a new home. The shorter timescale for bringing empty properties back into use also means that council tax revenue is collected earlier from new owners and the new owners are making an earlier contribution to the local economy.

Case Study Example

South Ayrshire Council have established an active policy for buying back ex-local authority properties as a strategic objective to increase the supply of affordable housing in the area. Maximising potential subsidy from the Affordable Housing Supply Programme the scheme has successfully inter-linked with the Empty Homes Initiative and established joint objectives for unlocking empty homes in the area and increasing affordable supply.

Many owners who approach the Empty Homes Officer have bought a council property under the right to buy with no contingency plans for maintenance, modernisation or common repairs. As a result the properties have lost value or the demand for housing in the area has dropped making it difficult for the cash poor owners to bring the properties back into use.

Since 2016 The Empty Homes Officer has actively worked with the owners and has successfully returned 22 long term empty properties to mainstream council stock through linking with the Buy Back Scheme.

The properties which have on average been unoccupied for 18 months have been modernised, upgraded and repaired and have now been returned to mainstream stock within an average time scale from assessment to occupation of six months.

Temporary Accommodation

By increasing council/social housing stock through buyback schemes and similar initiatives, councils can increase the amount of temporary accommodation for homeless applicants available to them, and make savings comparative to the average costs of sending applicants to B&Bs of £188.45 per week, per household.

28. <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2018/04/council-tax-on-second-and-long-term-unoccupied-homes-guidance/documents/6d9bfccb-b6a1-4e90-bd75-8327221d274d/6d9bfccb-b6a1-4e90-bd75-8327221d274d/govscot%3Adocument>

Case Study Example

As part of South Ayrshire Council's duty towards provision of Temporary Accommodation to households in a homeless situation and to reduce the use of Bed and Breakfasts, a scheme was set up to utilise properties in the Private Sector as Temporary Accommodation.

A single supplier has been procured with the task of acquiring 50 properties in suitable areas to be brought up to a standard and to be used as Temporary Accommodation.

One of the objectives of the programme is, where possible, to purchase long term empty properties and bring them back to a habitable standard.

To date 38 properties have been brought onto the scheme and are currently in use and compliment other forms of Temporary Accommodation used by the Housing Options Service.

Of those 38 an Empty Homes Loan has been able to be used on nine occasions to assist with bringing long term empty properties back into use. The length of time these properties have lain empty has ranged from 6+months to more than 10 years.

This has resulted in loan funding to the value of £49,841.88 being granted to assist in the repair and upgrade of these properties. The loan recovery works by not deducting the rental amount we pay to the supplier ensuring that loan money is easily recoverable. There is also other revenue brought into the Local Authority as now these properties have occupiers who are liable for Council Tax payments and will also be contributing to the local economies.

Through the use of this scheme, as well as being able to bring those empty properties back into full time use, South Ayrshire Council are now in a position where they no longer use Bed and Breakfast accommodation for clients in a homeless situation.

Effect of properties exempt from council tax

In terms of the lost revenue from the council tax levy, it is also important to note that, some empty properties may be exempt from council tax, because the owner is in care or deceased, or the property has been repossessed. In these cases no council tax is collected, so bringing the home back into use, will increase not decrease council tax revenues.

Council tax arrears

Furthermore, in some instances, council tax may have been in arrears prior to the 200% charge being imposed, or go into arrears as a result of the charge being imposed. If the owner cannot afford to pay council tax, the money is a debt that the council may find hard to recover.

Increasing council tax on such properties can prevent people from carrying out any repairs that may be necessary in order for the property to be sellable or rentable. This is where discretion on the part of councils in applying the levy can be helpful and, in the relatively short term, provide better value for money. It can help the owner to bring the property back into use so that previous arrears can be cleared and a new owner can begin paying standard rate council tax rather than accruing further unpaid arrears. This also saves on any costs associated with debt collection for such arrears.

Example

Towards the end of 2014 in Fife, a number of owners were appealing against the increased charge because they claimed they were trying to renovate their properties and could not now afford to do so due to the extra amount of council tax they were being charged. The council agreed that if the owners would agree to do the work necessary to bring the home back into use, they would decrease the charge from 200% to 90%, in effect giving the owner a 110% discount while the work was progressing.

Recognising the specialist knowledge of the council's Empty Homes Officers, from January 2015 owners were required to work with EHOs, who would come out and inspect the property, take photos and make notes of what work needed to be done. After an initial visit the Empty Homes Officers would report back to council tax with their recommendation and if it was decided that the owner should now receive a discount, they would be subject to planned visits every 6-8 weeks to ensure they were on track with repairs. If they dropped the ball and stopped renovating the house, without good reason, they were put back on the 200% charge.

Once the process was established and fully operational, it was mainstreamed in April 2018 into the work of council tax officers who were given the tools and training they needed to be able to effectively exercise the discretion themselves. This has also freed up some time for EHOs allowing them to focus additional resource on casework for more complex long term empty properties.

Data Cleansing

Data cleansing allows councils to verify the accuracy of council tax information and correct (or 'cleanse') any mistakes. This has the benefit of more accurate figures being reported, and potentially better rates of collection. An Empty Homes Officer normally carries out data cleansing as a result of correspondence with owners.

This often involves a transition from a home being classed as a second home, or exempt from council tax, to it being correctly classed as an empty property. This may lead to the home owner bringing the property back to use and/or a council tax levy being applied if it remains empty.

Case Study Example

In one local authority, a large-scale property owner had fallen into major arrears with seven separate properties, and the council tax department were struggling to make contact with the owner, let alone get them to pay the arrears. An Empty Homes Officer looked at the case and fairly quickly discovered that the previous owner had gone bankrupt and the houses had been sold to a new buyer eight months before. The new owner had failed to register the houses as having changed hands. Once the billing information had been updated the new owner was charged the correct amount and the charge was backdated, meaning a recovery of close to £10,000 for the council.

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