

# Providing homes, helping recovery

scottish  
empty homes  
partnership 

every home matters

# Refitting empty homes can help economic recovery

Empty Homes are an asset on our doorstep. They have a vital part to play in revitalising local economies after Covid 19 and should be a cornerstone of post-pandemic recovery plans.

In the 2019/20 financial year, **1,412 empty homes were brought back into use following direct intervention with the owner by an empty homes officer.**

## Covid-19 will cause a significant increase in empty homes

The number of **long-term empty properties are likely to increase**, both as a result of more properties becoming empty, either through the death of owners or downturns in the rental market, and fewer existing long-term empty properties being purchased and brought back to use. Empty Homes Officers can work with owners to help to bring these property back to use.

## Renovating empty homes will help local economies

Covid 19 has severely affected sole traders, independent businesses and local retailers working in building and construction. Where someone is repairing or renovating an empty home, they are likely to hire local builders and contractors who purchase materials from local suppliers.

Scottish Government figures show that **every £1 spent on renovating property in Scotland generates £1.60 for the economy.**

## Investing in empty homes will help meet affordable homes targets

A recent report found that the Covid-19 pandemic has placed Scotland's ability to deliver 50,000 new affordable homes at risk.

The average cost of a new build home continues to be in the region of 120k per home. In contrast the average costs of returning empty homes to a habitable state is between £6,000 and £12,000.

Encouraging empty homes back in to use would be a **cost-effective way of providing much needed affordable homes** after the pandemic.

## Council tax surcharge could provide loan or grant system for empty homes

Using the empty homes Council Tax surcharge to create a loan or grant scheme would reward owners taking active steps to return their property to use, while still applying the surcharge to owners who leave properties empty with no intention of bringing them back to use. The economic benefits of carrying out work required to bring properties up to a suitable standard, together with the contribution made to the local economy means this policy would have a wide-reaching impact.

## EMPTY HOMES AND POST COVID RECOVERY PLANS

The Scottish Empty Homes Partnership was established to encourage and support local authorities, individuals and other organisations to bring long term private sector empty properties back to use.

We believe that empty homes have a vital part to play in revitalising local economies and should be a cornerstone of post-pandemic recovery plans. While the full long term impact on the housing market is still unknown, it is likely that more homes will become long term empty, as a result of a stalled market at present, meaning existing empty properties remain on the market for sale or let, and also because of an increase in the number of homes becoming empty as a result of the disproportionate impact of the virus amongst people over 75. Housing Minister Kevin Stewart has noted that “The skills and expertise of empty homes officers will be invaluable in helping us face this unprecedented challenge”. This paper sets out the contribution that empty homes and empty homes officers can make to help to meet this challenge.

**“The skills and expertise of empty homes officers will be invaluable in helping us face this unprecedented challenge”.**

HOUSING MINISTER - KEVIN STEWART

## Supporting SME and local businesses

Covid 19 has severely affected sole traders, independent businesses and local retailers working in building and construction. Work on renovations, extensions, repairs and redecoration have been put on hold, putting the future of local tradesmen and the merchants they purchase materials from in doubt.

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

Bringing empty homes back into use can provide a vital income stream to these businesses and the local economy. Where someone is repairing or renovating an empty home, they are likely to be hiring local builders and contractors who purchase materials from local suppliers to work on the property. The money spent directly on bringing the property back into use has a further knock-on effect for the local economy as a proportion of it is then recycled via leisure and retail spend, which in turn helps other businesses to increase revenues and generate further spending.

The Scottish Government's Multiplier Tables , show that **every £1 spent on renovating property in Scotland generates £1.60 for the economy** (including the initial £1). Average costs of refurbishing empty homes start from a few thousand pounds for homes requiring small alterations and repairs to above £30,000 where complete renovation and structural alterations are needed. The revenue that can be generated for the local economy through empty homes officers working with owners to bringing long term empty homes back to use far exceeds the costs of operating an empty homes service.

## Contributing to meeting the demand for affordable housing



A recent report found that the Covid-19 pandemic has placed Scotland's ability to deliver 50,000 new affordable homes at risk. Its authors noted that 'the private rented sector, in particular, is ill-equipped to cope with crisis conditions', and concluded that 'this challenge renders the necessity of meeting Scotland's housing need all the greater.'<sup>2</sup>

<sup>2</sup> Affordable Housing Need in Scotland Post-2021  
[https://scotland.shelter.org.uk/\\_data/assets/pdf\\_file/0010/1925668/Affordable\\_Housing\\_Need\\_in\\_Scotland\\_Post-21\\_final\\_report.pdf/\\_nocache](https://scotland.shelter.org.uk/_data/assets/pdf_file/0010/1925668/Affordable_Housing_Need_in_Scotland_Post-21_final_report.pdf/_nocache)

The average costs of returning empty homes to a habitable state have been quoted as between **£6,000 and £12,000.**



Empty homes are often overlooked as a means to help address the need for affordable housing. However, bringing empty homes back to use is a more cost-effective way of increasing housing supply than new build properties. Recent examples suggest the average cost of a new build home continues to be in the region of 120k per home. In contrast the average costs of returning empty homes to a habitable state have been quoted as between £6,000 and £12,000, while the cost of major structural work to refurbish existing houses have been found to be 39% less than the cost of an average new build.



**Because bringing empty homes back to use involves existing buildings, that do not require land acquisition or planning approval, most empty homes can be brought into use sooner than new build developments.**

They also support local communities as they are likely to be within existing residential areas. At a time of economic uncertainty an empty homes officer can help to support owners looking to bring their property back into use. Where councils have buyback schemes or other schemes that use private sector properties generally to increase affordable housing supply, an empty homes officer can assess whether long term empty homes may be suitable for such a scheme, advise owners about this as an option for bringing their home back to use, and also help them to bring properties up to Scottish Housing Quality Standards where they do not currently meet these.

### Managing the likely increase in empty homes as a result of Covid 19

The loss of life that has occurred as a result of coronavirus has been predominantly felt by older members of society. The over-75s are particularly vulnerable to Covid-19 and more than half of all deaths from the virus in Scotland have been in care homes. This is likely to mean an increase in the numbers of homes becoming empty, many of which will previously have been exempt from council tax due to the owner being in long term care.

In areas characterised by declining population levels and an ageing population, the increased numbers of empty homes that may be a consequence of the virus can add to the difficulties of trying to sustain and revive fragile communities.

Against the backdrop of a stalled housing market, help and support to relatives who may have inherited a property as a result of a Covid-19 death will be vital in managing the increase in properties that may go on to become long term empty. Empty Homes Officers can provide this, working on a case by case basis with individual owners to understand the condition of the property and the owner's personal situation and to identify options for a best way forward to bring the property back to use. In the 2019/20 financial year, 1,412 empty homes were brought back into use following direct intervention with the owner by an empty homes

officer, some of which had been empty for five years or longer. This shows the role that empty homes officers can play in unlocking a wide variety of empty properties and helping owners to bring them back into use.

### Loans and grant schemes to support bringing homes back into use

The full impact of the pandemic on the housing market is still unknown. People's willingness or ability to buy property may be affected by job losses and lost income amongst the self-employed. First time buyers, and others who may previously have looked to purchase new build properties, may find that these properties are now out of their price range. Equally, many who would have brought homes that were 'ready to move into' may now be unable to afford them and may also find that less properties are coming on to the market as people hesitate over whether to move.

At the same time, the number of long term empty properties are likely to increase, both as a result of more properties becoming empty, either through the death of owners or downturns in the rental market, and fewer existing long term empty properties being purchased and brought back to use.



By helping to make it financially viable for people to purchase and repair long term empty properties, housing supply is increased, people who may not otherwise have been able to afford a property can become property owners, and vital new work is provided for the local tradesmen and businesses they use to help them to bring the properties back into use.

The council tax surcharge was introduced under The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. It is intended as an additional tool to help local authorities encourage owners to bring empty properties back into use. The Scottish Government's guidance on the surcharge notes that it 'could be used as part of a wider approach to tackle long-term empty homes including support and guidance to owners and provision of loans or grants if available'<sup>3</sup>



**We believe that using revenue generated by the council tax surcharge to operate a loan or grant scheme that can help would be buyers to cover the cost of work needed to bring empty properties back to use would support post Covid recovery plans.**

Adopting such a scheme would reward owners who are taking active steps to return their property to use, while still seeing the surcharge applied to owners who are unwilling to engage with empty homes officers and are leaving properties empty with no intention of bringing them back to use.

We envisage that Empty homes officers would work with owners and potential buyers to ensure that the schemes are targeted at those who will benefit from them.

<sup>3</sup> <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/council-tax-second-long-term-unoccupied-homes-guidance-2013-pdf/council-tax-second-long-term-unoccupied-homes-guidance-2013-pdf/govscot%3Adocument/Council%2Btax%2Bon%2Bsecond%2Band%2Blong-term%2Bunoccupied%2Bhomes%2B-%2Bguidance%2B2013.pdf>

The economic benefits of carrying out work required to bring properties up to a suitable standard for occupation, together with the contribution made to the local economy by the new owners, and the positive message this sends out to other empty homes owners and potential buyers, means that any such scheme can have a wide reaching impact.

## Summary

Empty homes have always been an asset on our doorstep, and that is even more the case at the present time. The need for local authorities to provide empty homes services and to offer advice and support to members of the public looking to bring empty homes back to use, is vital not just to tackle the number of homes becoming, and remaining, long term empty as a result of the pandemic, but also to assist local authorities in delivering their wider post-Covid recovery plans.

**We would welcome the opportunity of discussing the ideas in this paper with you.**