

Running on empty

Bringing empty homes back into use



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Introduction

According to the Empty Homes Agency 635,127 homes are currently empty across England. The numbers vary across the regions and different areas have a higher proportion of their stock empty at any one time, with London reporting the lowest percentage of empty homes at 1.76% of properties compared with the North-West which has the highest proportion of empty homes at 3.7% as well as the highest number of empty homes (114,882), accounting for 18% of all the empty homes in England.

With the demand for housing outstripping supply in many areas there is a clear need to make the best use of the existing stock as well as building as many new homes as possible. Empty homes brought back into use can contribute to the housing supply to meet local needs and help tackle homelessness. In other areas the blight of empty homes can cause anti-social behaviour problems as well as leading to wider low demand issues for whole neighbourhoods, so tackling empty homes is also crucial to protecting sustainable neighbourhoods and regenerating key areas of our towns and cities across England.

Numbers of empty homes

The table below shows the regional breakdown for the latest available figures.

	Total empty	% empty	2013	
			Long term empty	% Long term empty
NORTH-EAST	40,411	3.47%	16,325	1.40%
YORKSHIRE & HUMBER	81,322	3.56%	28,997	1.27%
EAST MIDLANDS	57,317	2.94%	21,435	1.10%
EAST OF ENGLAND	61,741	2.45%	20,562	0.82%
LONDON	59,313	1.76%	24,056	0.71%
SOUTH-EAST	89,010	2.43%	28,470	0.78%
SOUTH-WEST	65,641	2.76%	21,563	0.91%
WEST MIDLANDS	65,490	2.78%	24,445	1.04%
NORTH-WEST	114,882	3.70%	46,747	1.50%
ENGLAND TOTAL	635,127	2.79%	232,600	1.02%

Notes The data is obtained from council tax information. Councils offer exemptions and discounts from council tax for empty homes, they can also charge a higher level of council tax, called a premium. These statistics are produced by adding together the exemptions, discounts and premiums.¹

The numbers of empty homes across England has now been falling for many years, which is very good news, but the Empty Homes Agency recently warned that "in over a third of English local authorities the number of homes that have been empty for more than six months are on the rise."² The charity issued a warning that if this trend is not nipped in the bud this could threaten the successes of recent efforts to tackle the waste of empty homes.

¹ Empty Homes (Figures from October 2013, published March 2014) www.emptyhomes.com

² Empty Homes www.emptyhomes.com

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The ALMO role

Bringing empty homes back into use is a stated priority for the Coalition Government and for many councils across the county. As part of the Comprehensive Spending Review in October 2010, the Government announced a £100m fund to bring more empty homes back into use and included tackling empty homes as a key priority in its 2011 Housing Strategy.

ALMOs have been working alongside their councils across the country to develop appropriate responses to tackling empty homes in their areas and many have bid for the HCA funding that was available. Changes to council tax charging on empty homes were also introduced by the government in 2013 which has created further incentives for owners to get their empty properties back into use quickly to avoid incurring additional council tax.

As most empty homes are privately owned and the majority of the owners own just one or two properties, it is these homes that ALMOs have looked to tackle as they roll out services to the private rented sector. Often they are rented homes that have fallen into disrepair; sometimes the owner has inherited the property, in many cases the owner lacks the funds or the skills to repair and manage the property. ALMOs across England are therefore offering packages to these landlords which help them access available grants, bring the properties back up to a decent standard and then let them out to families in need of housing in their area.

The following examples focus on what some ALMOs are doing currently in relation to bringing private sector empty properties back into use. Key areas are:

- Private Landlords Managing Agent Schemes
- Acquisitions
- Purchase and Repair Schemes

Ascham Homes

In 2012, Ascham Homes took on services traditionally delivered by the local authority; homelessness, housing advice, the housing register and allocations. Under the Localism Act 2012 local authorities were given the power to discharge an accepted housing duty into the private sector and so Ascham Homes developed an innovative social lettings agency, Lettings Waltham Forest, to ease the increasing pressure on the housing register.

The agency provides three different packages for landlords who benefit from guaranteed rent and close working relationships with Housing Benefit and other housing departments. Landlords can choose from the Tenant Finder Service, the Tenant Finder and Rent Collection Service and the Full Management Service – providing flexibility for landlords depending on how involved they want to be in managing their properties.

The agency also has a valuable partnership with the Council's Empty Properties, Housing Standards and Housing Benefit Teams. They work closely with council-led initiatives such as 'Homes on the High Street' to raise the standard of private sector accommodation for local residents and meet the Council's Property Accreditation standards.

If an empty property requires improvements, the lettings agency will contact the Empty Properties Team for grant funding. This leads to better quality local housing and supports the Council's priority of regenerating the borough and contributes to a sustainable Waltham Forest, providing people with a chance to remain in their local area rather than being housed outside the borough, and providing stability for families with local schools and employment.



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Berneslai Homes

The Local Authority Housing Strategy identifies long term empty homes as a key priority. There are currently 1,800 properties in Barnsley that have been empty for over six months, the majority are within the private rented sector. Berneslai Homes have developed the following schemes to try to tackle the issues in their area:

Property Management Service

This was established in 2005 originally utilising s215 monies to tackle private rented properties, some of which long term voids, in the east of the borough.³ Berneslai Homes has a portfolio of between 70 and 80 properties and are currently reviewing the service.



Private Sector Leasing Scheme

Barnsley Metropolitan Borough Council provide grants and loans to private landlords to bring empty properties up to decent home standard. The properties are then leased to the council for a period of five years and managed by Berneslai Homes. They currently manage about 20 homes under this scheme.

Acquisitions

There are a number of differently funded schemes operating in the area by the ALMO and the council; one of which is the Berneslai Homes Acquisition Programme which is funded by the Berneslai Homes' company surplus (£4m) and HRA funding (£1m). Some of the acquired properties will be empty homes. To date they have acquired 19 properties with 14 in the pipeline.

Berneslai Homes also run a scheme funded through the DCLG Empty Homes Community Grant Scheme. This is a purchase and repair scheme for owner occupiers with funding and renovation work by Barnsley College, managed by Berneslai Homes with a maximum of 30 properties.

Barnsley Metropolitan Borough Council also run an HCA funded Empty Homes Grant Scheme. This was formally a lease and repair scheme but was changed to a purchase and repair scheme for empty properties that have been empty for more than six months. The scheme is delivered through the Berneslai Homes Acquisition Programme and the HCA grant of £15,000 is paid to the HRA for reinvestment in the acquisitions programme. To date three properties have been purchased.

Kirklees Neighbourhood Housing



Acquisitions

Kirklees Neighbourhood Housing has made use of funding available through the HRA as well as HCA grant for acquisitions of empty commercial properties into the HRA.

Kirklees Neighbourhood Housing also works with Kirklees Community Association, a local charitable organisation, to invest in private sector properties in poor condition and RTB buy backs and bring them into use as affordable housing for the local community.

³ For guidance on s215 good practice see: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11491/319798.pdf

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Salix Homes

Salix Living launched in summer 2012 as a new business venture to enable Salix Homes to enter the Private Rented Sector (PRS). The drivers behind launching the project include:

- Driving up standards – By setting minimum standards for property condition it has enabled them to improve standards in the PRS – a key local objective for the council.
- Tackling empty homes – There are over 11,000 people on the housing waiting list in Salford and a shortage of social or affordable housing. This scheme has enabled them to bring empty homes back in to use at affordable rents and assist in reducing the housing waiting list.
- New funding income – Salix Living is an additional funding source for Salix Homes and has helped mitigate the impact of current financial challenges such as the loss of resources through the Housing Market Renewal Fund (HMR).
- Business development -Funding cuts to social housing providers means the PRS is growing fast and housing providers have an opportunity to tap into this market. The PRS has doubled nationally from 8% to 16% in the last 20 years and they have seized the opportunity to expand into this market.



Salix Living recognises that the impact empty homes can have on a community is significant. Void properties are often boarded up, targeted by vandals, become a source for anti-social behaviour, pose a fire hazard and can bring down the appearance of an entire area. They subscribe to the 'Broken Windows Theory' which suggests that something as simple as a broken window signals abandonment on an estate, which in turn generates a lax attitude and disregard for the law. The theory suggests the 'broken window' represents the first step in a community's decline. So by bringing these properties back in to use they are able to promote pride in the area and help to create a community where people want to live and work.

Salix Living has its own unique brand and micro-site <http://www.salixliving.co.uk/> providing a property rental and leasing service in three areas:

1. Properties owned by Salford Council and leased to Salix Living.
2. Properties leased to Salford Council by private homeowners under the Empty Homes funding initiative.
3. Properties owned by private landlords and leased or managed by Salix Living in a direct agreement.

To date Salix Living has brought more than 70 empty properties brought back into use and manages a further 44 properties leased on behalf of private landlords.

Salix Living offers landlords:

- Empty property brought back in to use and no longer a financial burden.
- Guaranteed rental income of 75% of the local housing allowance.
- Support to access Empty Homes' grants of up to £10,000 to carry out refurbishments.
- Opportunity to benefit from the full range of housing services Salix Homes provides including a 24-hour contact centre, repairs service as well as the experience and knowledge of staff.

As part of the project, homeowners with an empty property can apply for a grant of up to £10,000 from the 'Empty Homes Initiative' through Salford Council to fund refurbishments needed to bring the property back into use. In exchange the landlord must lease the property through Salix Living for a minimum of five years.

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St Leger Homes of Doncaster



Private Landlords Managing Agent Scheme

Launched in 2011 St. Leger Homes of Doncaster Private Landlord Service is a pioneering managing agent scheme that provides high quality affordable rental homes by working in partnership with private owners.

The scheme addresses the issue of empty, privately owned properties across Doncaster (currently 3,600). Many of these have been inherited but the owner does not want to take on the work of becoming a landlord. Their service is designed to bring these homes back into use by taking the 'hassle' out of letting for non-professional landlords.

Landlords pay a competitive monthly rate for a range of support services, from finding and checking tenants, to managing every aspect of the tenancy. Help is also available to owners needing to access an Empty Homes Grant where repairs are necessary to bring the property to an agreed standard. In return for grant (up to £12k) the property is then let by St. Leger Homes for a five year period.

So far St Leger Homes of Doncaster has helped 26 landlords to access grant funding of up to £12,000 each to make improvements to rental properties. The scheme has also brought 76 properties which had been standing empty back into use and currently manages 77 houses for 64 owners, with all properties let at Local Housing Allowance rates. Tenants are sourced from the Housing Register in the first instance, however, the scheme has been particularly useful to households excluded from Doncaster's Housing Register following changes in the council's allocations policy – helping to find properties of a high standard at a fair and affordable rent.

This service has helped strengthen their communities because empty properties can be a magnet for crime and anti-social behaviour and are often a target for break-ins and theft of items such as heating systems and pipework. Empty properties can also be an eyesore and unattended gardens are frequently used for fly-tipping. By reducing their number they are able to support sustainable communities in Doncaster. Where properties are located in areas covered by their estates teams, they check on them as part of estate patrols, giving reassurance to the tenant, the property owner, and the surrounding community. They also work with Doncaster Council's Neighbourhood Response Teams to identify and tackle any community issues that relate to the private rental properties that they manage. These could include crime, noise nuisance, and anti-social behaviour.

Acquisitions

St. Leger Homes also runs a purchase and repair scheme in conjunction with Doncaster Metropolitan Borough Council and funding from the HCA. Where properties in appropriate areas have been empty for 12 months or longer the council offers to purchase them through the HRA, and they are brought up to the Decent Homes Standard and added to the housing stock managed by St. Leger Homes. This delivers social value to communities by providing good quality affordable rental homes in areas of high demand.

The purchase and repair scheme is receiving £10 million funding from the Housing Revenue Account between now and 2016/17. The Homes and Communities Agency contribute £17,000 per property to the scheme. The scheme was set up in 2013, and so far they have taken management of 16 properties, with a target of a further 71 properties for 2014/15. There is a focus on buying up former RTB's and properties which blight neighbourhoods or cause anti-social behaviour in area.

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The Gateshead Housing Company

Acquisitions

The Gateshead Housing Company works with Gateshead Council and its former charitable subsidiary Keelman Homes to fund acquisitions of empty homes through General Fund Prudential Borrowing and HCA grant. The focus is on ex RTB properties and Housing Association stock where there is no local presence in the area. All of the properties are let at Affordable Rents and acquired by the ALMO's former charitable subsidiary, Keelman Homes. This is now an independent charity focused on providing housing for the local community and as such acquisitions are excluded from the Right to Buy. On average the acquisitions have cost £50,000 to purchase plus £10,000 refurbishment costs. This provides a new letting for £60,000 versus about £100,000 for the charity to build new homes in the area.



Newark and Sherwood Homes

Acquisitions

The council and the ALMO are in agreement that acquisitions are the best value for money in terms of increasing the supply of affordable housing in the area. They have acquired four properties into ALMO ownership using HCA Empty Homes Funding. Their focus is on properties empty for over six months and a financial focus to ensure that acquired properties cover their costs and are self-sustaining over 30 years. Similarly, with RTB buy backs, full financial appraisals are completed as part of an options appraisal.



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Learning from existing practice

An ALMO discussion group on how to tackle empty properties identified some key issues in relation to empty property acquisitions. These are listed below:

Joint working

Councils and ALMOs need to be aligned in terms of their understanding of the local context and agreement on what action to take. Issues to be discussed together include:

- Corporate Social Responsibility
- Increasing the supply of well managed stock and growth
- Doing what's best locally
- Replenishing stock lost through RTB
- Creating a sustainable HRA Business Plan
- Diversification for ALMO
- Potential for growing local economy
- Agreeing a *Lettable Standard* which meets decency.

Differential levels of service

Dependant on the funding streams and different expectations or criteria to be met from different projects (e.g. HCA funding and affordable rent / AST model) the ALMO could be left managing a range of different tenures. This will have implications for retention and different options for tenants across an ALMO and council stock, for example on the Right to Buy versus the Right to Acquire. ALMOs should note the following:

- It is important to understand different tenure / tenancy agreement requirements.
- There is a need for good asset management systems
- There is a need for good housing management systems

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Useful information and websites

The Homes and Communities Agency (HCA)

www.hca.gov.uk

The HCA has developed a web-based [Empty Homes Toolkit](#) that provides relevant legal and operational information on empty homes, as well as good practice examples for local authorities and housing associations. It includes statistical data, a legislative framework, information on partnership building and investment, examples of best practice and a reference supplement.

Empty Homes

www.emptyhomes.com

Empty Homes is an independent charity. They help people create homes from empty property and campaign for more empty homes to be brought into use, for the benefit of those in housing need. Empty Homes was established in 1992 as “The Empty Homes Agency” a campaigning voice for those who needed homes, and for those who were dismayed at the thousands of homes left empty and abandoned. They provide training, carry out research and advise organisations on how best to get empty property into use.

Contacts for further information on ALMO work on empty homes

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Designed by Jeremy Spencer
Cover photograph: mscornelius/istockphoto.com

July 2014

Published by:
NFA – National Federation of ALMOs
Octavia House
Westwood Way
Coventry
CV4 8JP
www.almos.org.uk

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