



SHELTER

Home Again: A 10-City Plan to rapidly convert empty homes into social rent homes – Annex 1 and 2

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Annex 1 - Methodology

What are 'long-term empty homes' and why are we specifically focusing on them?

Long-term empty homes (LEHs) are substantially unfurnished homes, liable for Council Tax, that have been empty for more than six months. This is the official definition used by the government to record the number of long-term empty homes. Our modelling is based on this category of empty home. There are 261,000 LEHs in England.

There are in fact nearly 700,000 homes in England that are classified as empty in the government statistics.¹ However, many of these are only empty for a short period, for instance between lets. This stat also includes homes that are empty for a 'legitimate' reason (and therefore exempt from Council Tax) such as the homeowner going to prison or being taken into care, or homes in which the owner has recently died and the property is held in probate awaiting transfer to a beneficiary.²

The 10-City Plan focuses on the acquisition of LEHs because other categories of homes that are only empty for short periods are not as meaningfully underutilised as those that are empty for long periods. The 261,000 LEHs are therefore the most suitable target for acquisition.³ We also predict that LEHs will be easier to acquire as push factors such as council tax premiums and CPO powers usually only apply to these types of empty homes.

We haven't included short-term lets or second homes in the scope of this analysis as it is more financially sound to acquire LEHs. Outside the 10-City Plan, short-term lets, second homes and certain categories of 'legitimate' empty homes (see footnote 3) should still be seen as valid targets for open-market acquisition where appropriate. However, short-term lets and second homes require a different policy approach to address their root causes and the significant problems they create for local communities and our wider housing system. As set out in the main report, council tax reform combined with premiums can help tackle this issue.

Which cities are we focusing on and why?

The 10 cities in the report are:

- Newcastle
- Greater Manchester
- Liverpool
- Bradford
- Sheffield
- Birmingham
- Bristol

¹ There are further homes that could be considered empty but escape classification. These are typically second homes that are substantially furnished but remain largely empty. As stated in the main body of the report, we recommend the government tighten the definition of long-term empty to ensure homes that are meaningfully empty but misclassified as second homes are correctly classified.

² Full list of exemptions available at [Tables 1 to 5: Council Taxbase in England, Table 5.](#)

³ The focus on LEHs within our modelling excludes homes that are empty for 'legitimate' reasons. The largest number of homes in this group are homes left empty by deceased persons (otherwise known as class F exemptions). It is unclear how long these homes have been empty, and many will be held in probate awaiting transfer to a beneficiary, which is why we have not included these homes in our modelling. However, some of these homes could be acquirable. While there may be additional complications associated with these homes, this category represents an additional stock of 136,000 empty homes for which open-market acquisition should be explored if done sensitively. This could also create a simple, quick, and easy route for recently bereaved families to deal with their estate if they so wish.

- London
- Bournemouth, Christchurch and Poole
- Plymouth

The criteria for inclusion were a) substantial (> 800) number of LEHs, and b) significant housing need, as measured by social housing waiting lists and temporary accommodation use. We also wanted to ensure there was a geographic spread of cities across England. Cities were chosen over rural areas to ensure newly acquired and converted standalone social homes would be in areas with sufficient amenities, economic opportunity, and infrastructure to allow new residents to thrive. The conversion of rural LEHs would likely require a complementary development strategy as discussed in the report.

Our analysis predominantly focuses on the key local authority area within a city since most cities in England are well represented geographically by a single local authority area. Since London is not well-represented by a single local authority, we considered all boroughs, but excluded those in which the average price of an LEH is above £500k. This is because the cost of acquiring homes above £500k would require significantly more grant funding, undermining the value for money of empty home acquisition and conversion. We focus on all local authorities in the Greater Manchester region, as the Manchester local authority does not sufficiently represent the whole city. This ensures a consistent and robust sampling approach.

The city focus illustrates the local impact that empty homes could make on social housing delivery, waiting lists and temporary accommodation use. We are not suggesting, however, that these 10 cities are the only areas in which empty home acquisition ought to take place. By looking at empty home acquisition in 10 areas, we hope to illustrate the potential (and limitations) of increasing social housing delivery through empty homes in general.

What is our methodology?

To estimate the number of long-term empty residential properties that could be converted into social rent homes, and the cost of acquiring these homes, we used two principal datasets:

- 1) The number of long-term empty homes in each area.** This information is published by DHLUC in Live Table 615: Vacant dwellings by local authority area: England. Tab: 'All long-term vacants'.⁴
- 2) The average cost of long-term empty homes in each area.** We used an updated version of the empty homes data from Bourne (2019) on the value of low use properties to estimate the price of long-term empty homes in different areas.⁵ For this project Bourne created a bespoke dataset estimating updated average prices of long-term empty homes in different local authority areas. For local authorities not covered by the UCL data (Liverpool and a small minority of local authority areas in London and Greater Manchester) we used the average house price in that local authority to estimate the cost of a long-term empty home.⁶ For cities containing multiple local authority areas such as Greater Manchester and London, we calculated the weighted average LEH price, taking into account varying distribution of long-term empty homes across the local authorities.

⁴ DLUHC, [Live Table 615](#)

⁵ Bourne, J. (2019): [Empty homes: mapping the extent and value of low-use domestic property in England and Wales](#), Palgrave Commun.

⁶ Average house price: [UK House Price Index](#).

Finally, we estimated how many empty homes in each area could be turned into social housing within three years, modelling three indicative scenarios:

Scenario	Proportion of empty homes acquired and converted into social housing within three years	Basis
Low	10%	Half of mid scenario
Mid	20%	IRRV Insight Crisis report
High	40%	Double mid scenario

The mid (20%) scenario, which the report adopts, is informed by analysis in IRRV Insight which compared empty homes figures for councils that removed the 50% council tax discount to those who retained it.⁷ Their findings show that simply removing the 50% discount led to a 17% reduction of long-term empty homes within a single year. While some of these homes may have been moved into by the owner or converted into second homes, many of these homes will have been sold. Given this, it is reasonable to assume that 20% could be acquired by councils over three years, especially with the right policies in place such as increased council tax premiums and a reformed CPO system.⁸ We have also found it useful to consider Crisis' recent report which suggests that 40,000 homes (16% of all long-term empty homes) could be brought back into use nationally within four years.⁹ While the Crisis work suggests a lower proportion could be brought back into use than our modelling, we believe that focusing only on areas with high numbers of empty homes means a higher proportion could be turned into social housing within our 10 City Plan. See Table 1 below for full modelled scenarios.

These estimates are intended to be indicative – ultimately the number of empty homes that are acquired, and the speed at which this is done, is a function of political will and policy. Greater efforts will lead to the acquisition of more homes, and less concerted efforts will lead to fewer homes. We have modelled a range of scenarios to reflect this.

To work out the total estimated grant required to acquire 20% of the long-term empty homes in a given area, we multiplied the average grant required per home by the estimated number of homes that could be acquired in each area. To work out the overall estimated cost of the 10-City Plan, we added together the estimated cost in all 10 cities.

What additional assumptions have we made?

We have modelled that, on average, each home would cost £35,000 to refurbish and bring in line with the Decent Homes Standard. This estimate was informed by discussion with and analysis by experts on empty homes, including Action on Empty Homes, Empty Homes Network, Shelter Scotland, and Crisis. We have allowed for higher refurbishment costs than previous empty homes programmes to take account of some of the costs involved in the potential to retrofit.¹⁰ While government must use the opportunity presented by empty home acquisition and

⁷ IRRV Insight: [The Impact of Council Tax Charges on the Numbers of Empty Homes.](#)

⁸ Please see body of report for more detail on policy recommendations.

⁹ Crisis (2023): [Ending Homelessness with Homes, Unlocking the potential of England's empty buildings.](#)

¹⁰ In 2012 £25m was allocated to refurbish 1,600 homes at an average cost of £15,625 per home ([Empty Housing \(England\)](#)), page 34. In a separate scheme in 2013 £91m was allocated to refurbish 6,000 at an average cost of £15,165 per home. [£91 million cash to tackle over 6,000 empty and derelict homes - GOV.UK \(www.gov.uk\)](#)

refurbishment to retrofit this stock, we have not fully included the cost of this in our modelling as we anticipate this would also be funded by a separate decarbonisation grant programme.

The average grant required to build social homes in different regions was obtained from NHF figures, updated to today's prices.¹¹ The average grant rate is around 50% of the total cost of building a new social home.

To estimate the total cost required to purchase and refurbish a long-term empty home in a particular area, we added the average cost of a long-term empty home + £35,000 refurbishment costs. Using existing grant rates, we estimated the grant required to acquire and refurbish a long-term empty home is 50% of this total figure.

Our costings do not include the additional revenue funding that will be required from central government to implement the 10-City Plan. This is because there is not accurate publicly available data on the number of existing empty homes officers within councils which makes estimations of additional staffing costs difficult. As stated in the body of the report, most councils (roughly 60%) already have an empty homes team so it is expected that additional revenue costs to national government will be relatively low.

Cost modelling also assumes that councils/housing associations/community groups purchasing empty homes will be provided with stamp duty relief as is currently the case under the Finance Act 2003 for publicly funded acquisition programmes by registered providers.¹² This should be extended to non-RP community organisations too.

As per our recommendations for government to set up national and/or regional CPO and empty homes CPO 'flying squads' in Subsection 4.3 and Annex 2 of the report, we have therefore excluded the costs of CPO from our modelling which we envisage will play only a supportive role to open-market acquisition. CPO costs will instead be covered by an entirely different fund. The price of a CPO per empty home is on average around £20,000.¹³ Our recommendations for CPO reform, as well as the economies of scale resulting from national and/or regional CPO teams, will help to significantly reduce this cost.

¹¹ Figures on average grant rate are from [CEBR: The economic impact of building social housing](#), page 16

¹² HM Revenue & Customs. 2024. [Stamp Duty Land Tax – acquisitions by registered social landlords and public bodies.](#)

¹³ as informed by consultation with councils and experts.

Table 1: findings and all modelled scenarios

10 CITY PLAN - DATA AND FINDINGS

Potential new number of social rent homes at different conversion rates of total long-term empty homes stock within LAD areas

City-based LAD area(s)	Number of long-term empty homes in 2023 (DLUHC data)	Average purchase cost of long-term empty homes (UCL data)	Current grant funding to build a new social rent home	Estimated total grant needed per empty home - (50% of average cost of home + cost refurbishment)	Number of new social rent homes in the last 3 years (2020/21 to 2022/23)	Low scenario - 10% converted	Estimated total grant required	10-city modelled scenario - 20% converted	Estimated total grant required	High scenario - 40% converted	Estimated total grant required
Birmingham	6,399	£185,617	£141,948	£110,650	521	640	£57m	1,280	£113m	2,560	£226m
Greater Manchester	13,385	£166,541	£156,468	£101,082	1,113	1,339	£108m	2,677	£216m	5,354	£432m
Bournemouth, Christchurch and Poole	2,165	£379,642	£159,953	£207,962	87	217	£36m	433	£72m	866	£144m
Newcastle	1,769	£146,146	£149,242	£90,853	95	177	£13m	354	£26m	708	£51m
Sheffield	2,644	£169,485	£165,764	£102,559	2	264	£22m	529	£43m	1,058	£87m
Bradford	3,323	£115,339	£165,764	£75,402	7	332	£20m	665	£40m	1,329	£80m
Bristol	1,881	£335,636	£181,154	£185,891	413	188	£28m	376	£56m	752	£112m
Plymouth	818	£170,368	£181,154	£103,002	85	82	£7m	164	£13m	327	£27m
Liverpool	5,351	£186,730	£156,468	£111,208	10	535	£47m	1,070	£95m	2,140	£190m
Greater London (all 15 boroughs with average long-term empty house price <£500k)	15,147	£436,676	£252,646	£236,567	1,074	1,515	£286m	3,029	£572m	6,059	£1.143bn
All ten cities	81,414	£259,313	£184,469	£147,611	3,427	5,288	£623m	10,576	£1.25bn	21,153	£2.49bn
All cities excluding Greater London	51,120	£188,118	£157,103	£111,904	2,535	3,774	£337m	7,547	£674m	15,094	£1.35bn

Annex 2 - Recommendations for CPO reform

This Annex sets out our key recommendations for CPO reform in relation to the delivery of social rent homes through acquisition of long-term empty residential properties. While still used successfully, the current CPO process is overly burdensome, costly, and is not fit-for-purpose to acquire empty properties as it was designed for use on occupied properties. The main aims of these proposed reforms are to 1) increase the effectiveness of the CPO process on empty properties, 2) make CPOs more efficient and less costly for councils to use, 3) help to support the use of CPO powers to acquire and convert LEHs into social rent homes. Please see below.

Government guidance needs to change

Government guidance currently states that CPO of private property should always be a last resort. In cases of CPO deployment that acquire LEHs to deliver social rent homes, this should be adjusted to enable councils to achieve better balance between public and private interests and to reduce the amount of public resource needed to justify the use of CPO. A presumption in favour of LAs pursuing CPO to deliver social rent homes should be inserted into the guidance in accordance with this shift in balance. Engagement with the owner and a consideration of any representations against the desired acquisition must be considered.

Guidance should also make clear that, in these cases, existing use value must be the primary consideration in value assessments. This will also ensure the price is reflective of any potential disrepair.

Councils should be supported in the CPO process

Many councils are currently apprehensive about using CPO due to the high associated resource and costs. The next Westminster Government should explore options to reduce the procedural burden of CPOs:

- An CPO guarantee fund should be made available to ensure that councils have the necessary funding to engage effectively in the CPO process. This should underwrite any losses or costs to the local authority.
- CPO and Empty homes 'flying squads' at the regional and/or national level should also be set up to provide specialised CPO legal resource to local councils whose legal teams are not currently well set up to progress CPOs. For instance, this could be managed through Homes England alongside a specialist planning squad. The long-term aim should be to build legal and planning capacity and skills within local councils.

Reduce the financial risk to councils

Currently, in the case of appeals, councils must pay planning inquiry and surveyor costs regardless of whether an appeal is upheld. This incentivises owners to appeal. Where it relates to the CPO of an LEH for use as social rent, this should be rebalanced on a case-by-case basis to more fairly distribute responsibility of payment where appeals are rejected. Costs should "follow the event" as they normally do in civil cases. Similarly, the tribunal could have an overall discretion to apportion the costs if it appeared just and reasonable to do so.

Where an objector fails to respond regarding written representations, it is important that written representations are taken as the default approach as opposed to going to a public enquiry, unless a council elects to proceed in person. This will save councils and the tribunal system significant time and resource.

The class/type of notices that currently exclude the payment of basic home loss payment (7.5% of Market value up to £75k) when applied to an LEH prior to CPO should be extended. Basic home loss payments not only increase costs to the public purse, but can also create a perverse incentive for empty homeowners to resist open-market acquisition in favour of CPO. Councils expend significant resource to engage with empty homeowners. A lack of engagement from the owner should not result in additional compensation.

In cases where an LEH is compulsorily purchased by a council, the liability for the council to pay stamp duty if the ex-owner of the long-term empty property purchases another property within 12 months should be ended. This compensation is important and fair where a person's primary residence is compulsorily purchased. In these cases, the affected person will need to find a new place to live and so it is right to make the council liable for stamp-duty tax given they are the agent of change. However, in compulsory purchase cases of LEHs where a property has sat empty for over 6 months, often years, the property will not be the main residence of the homeowner and so government should not resource them to buy additional property, for instance to replace the empty home they have lost. Government legislation shouldn't encourage people to own more homes that will likely sit empty, especially during a housing emergency.

Speed up the process

Within the CPO process, agreement between both parties regarding the valuation of the property can create significant costs and delays. Councils will often pay for both parties to have a valuation. Surveyors working on behalf of the empty homeowner can often work to inflate the property value. When parties cannot agree, the matter goes to a Planning Inquiry or, if only compensation is in question, then the matter is referred to a Lands Tribunal/Upper Tribunal. To address these delays and additional costs, government, in consultation with local councils, should consider implementing a new process whereby the assessment of market value is referred to a District Valuer (within the Valuation Office Agency). Councils should be able to opt in or out of this offer at their discretion. If a council chooses to use this service, both parties should then have to refer to this valuation as a fair, reasonable, and impartial assessment. This would be binding, subject to appeals. This mechanism could be used in the early stages of a CPO to prevent delays and additional costs.

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