

# Factsheet

# Empty Homes

**From the Shelter policy library**

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# Shelter

## Empty homes

This information sheet summarises recent facts on empty homes in Scotland<sup>1</sup>. It also provides a brief analysis of why homes become empty and potential solutions to bringing empty properties back into use.

### The Policy Context

Bringing empty properties back into use should be part of a wider programme of government initiatives that includes: tackling low demand and market failure, tackling antisocial behaviour, the provision of affordable homes and ensuring that all homes meet a decent standard.

In Scotland, local authorities and Registered Social Landlords (RSLs) have made efforts to tackle the problem of empty properties through schemes such as Scottish Homes Lead Tenancies Scheme, launched by Scottish Homes in 1994, and the Empty Homes Initiative (EHI), which ran from 1997 to 2002.

The issue of empty homes is particularly important at a time when the lack of affordable homes is resulting in increasing numbers of homeless households being housed in temporary accommodation, including in bed and breakfast (B&B) hotels. Empty properties need to be tackled since they represent waste in terms of unmet housing needs. Properties that are vacant for long periods can also have an adverse affect on the local community as they can attract vandalism, arson or antisocial behaviour.

That said, the impact of bringing empty homes back into use on housing supply should not be overstated. Tackling the issue of empty homes should be part of a wider strategy to increase the supply of affordable housing. Shelter Scotland believes that it is important to use our existing housing stock effectively as well as addressing homelessness through a commitment to providing affordable homes.

### How many empty homes are there, where and in what tenure?

- It is estimated that there are approximately 87,000 empty homes in Scotland, which is 3.8% of the total dwelling stock.<sup>2</sup> There are 860,000 empty homes across the UK, 3.4% of dwellings.

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<sup>1</sup> The SHCS provides the following definition of empty homes: Transitional vacant is a dwelling defined as vacant during the survey, which was on the market (for sale or rent) at the time of the physical survey. Long-term vacant is a dwelling defined as vacant during the social survey, which was not being marketed, or was not fit for occupation, at the time of the physical survey.

<sup>2</sup> According to research by Bank of Scotland, published in May 2004. The Scottish House Condition Survey (2002) also states that 87 000 dwellings in Scotland are vacant.

- The majority of empty homes in Scotland are in Glasgow (10,080), Edinburgh (8,741) and Aberdeen (6,912). As a proportion of the local dwelling stock the most empty homes are in the Western Isles (7.3%, Aberdeen (6.6%) and the Orkney Islands (6.1%) while the lowest proportion of empty homes are in East Dunbartonshire (1.4%), Midlothian (1.6%) and West Lothian (1.7%).
- 4 out of the 9 high empty home areas in Scotland have an unemployment rate above the Scottish average, and 7 out of these 9 areas with high levels of empty homes also have an average house price below the Scottish average.
- The SHCS (2002) notes that it is not possible to classify vacant dwellings in terms of tenure. It does indicate, however, that most vacant dwellings (42%) were built before 1919, they are mainly tenements (40%) and of these tenements, vacant dwellings are as likely to be in long-term as transitionally vacant.
- The 2001 PCVS reveals that 34% of the vacant properties are Local Authority or Scottish Homes; 7% are Housing Association or other social landlords; and 59% of empty homes are in the private sector (which includes both owner-occupied and rented).

A major limitation with these statistics is that they largely relate to a single point in time: that is, they are “snapshot counts”. Because a dwelling is empty on the day in which a surveyor calls, this does not indicate if, for example, a new owner is about to move into the property in succeeding weeks. So, figures on empty homes are artificially inflated because of the way we count them. The following section provides more detail on the characteristics of empty homes and the varied reasons why properties become vacant.

## Why do homes become empty?

The SHCS (2002) provides a breakdown of total number of empty homes according to their vacancy status: 41,000 are transitionally vacant; 23,000 are long term vacant; and 23,000 were unknown<sup>3</sup>. The PCVS (2001) further reveals that 56.8% of vacant properties are unoccupied for less than 6 months. There will always be a number of properties that are vacant whilst households move from one property to another during a sale transaction and so on.

The PCVS (2001) estimates that 25.1% of properties are vacant from 6 months up to a year; 12.6% from 1 year up to 3 years; 2.8% from 3 years up to 5 years; and 2.7% are

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<sup>3</sup> This situation is believed to have arisen because a proportion of vacant dwellings were issued to surveyors by the fieldwork contractor, but no physical inspection was carried out because fieldwork had come to an end before there was an opportunity to do so.

vacant for 5 years or more. There are numerous reasons – individual, regional and national – for why homes become empty for longer periods<sup>4</sup>. For example:

- **National:** Housing market could result in households becoming trapped in negative equity or unable to manage mortgage debt; therefore repossession takes place and the lender is unable to dispose of the asset. Key reasons for empty homes in the social sector can include unsuitable offers, delays in re-letting through vandalism, and delays in tendering for repair work to be undertaken.
- **Regional:** An area may have low demand; an over-supply of certain properties or a property may be made empty pending renovation or demolition during area regeneration. A report published in July 2004 by Audit Scotland and Communities Scotland found that location is the main cause of empty homes<sup>5</sup>.
- **Property:** Factors relating to the property that can explain long-term vacancy include someone buying a property purely to let the house value increase; an unwillingness to rent out the property; being unable to afford to bring a property back into habitable condition; and also repossession.
- **Individual** factors could include an owner becoming bankrupt or protracted delays following the death of an owner.

It is difficult to find a true figure for the actual number of vacant properties in Scotland. The Scottish Executive recently stated that published figures do not tell the full story:

*'The vast majority of Scotland's empty properties are only temporarily vacant as households move from one to another after completion of sale or a letting agreement' (BBC News Scotland release, Saturday 22 May, 2004).*

It is important to make allowances for poor quality, the need for mobility in the housing market and for the housing stock to be progressively improved. There are also a number of reasons that will reduce the scope for re-use of empty homes. For example, the home may only be empty temporarily because a household will be moving in once a sale transaction is complete; the property may be in an unfit condition to live in or badly vandalised; or a property owner may be quite happy leaving a house empty because they have only purchased it in order to sell it on for more money.

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<sup>4</sup> For more detail refer to 'The Good Practice Briefing: Turning Empty Properties into Homes' by the Chartered Institute of Housing, Issue no 28, published in May, 2004.

<sup>5</sup> The report is available at: <http://www.audit-scotland.gov.uk/publications/pdf/2004/04pf04ac.pdf>

## What's the solution?

There is a need to ensure we maximise the use of housing stock where demand is greatest. In areas where demand for housing is lower, there is a need to understand better the range of reasons for this low demand, and to take corrective action where necessary. Emphasis must be placed on better management of existing housing stock in terms of housing investment and improved leasing schemes.

The recent report by Audit Scotland and Communities Scotland also included a review of good practice advice with particular reference to tackling low demand<sup>6</sup>. This study found that housing allocations systems are particularly relevant to tackling low demand since these tend to be among the most commonly attempted 'managerial' responses to the problem. It reported that landlords need to improve their understanding of different types of voids and reasons for tenancy turnover in their stock, including the impact their own policies and practices have on the rate of turnover. The review also highlighted the use of 'marketing' activities to boost demand for unpopular housing, but emphasised more far reaching or strategic options for dealing with low demand such as allocation policies to promote 'sustainable communities'. A key proposal resulting from this review is a new performance indicator for monitoring void performance and levels of low demand in local authorities and RSLs.

Council tax can provide perverse incentives for keeping homes empty. The current situation in Scotland is that there is a reduction of 50% in council tax for unfurnished long-term empty properties. Shelter Scotland welcomed the Scottish Executive's announcement on the 5<sup>th</sup> August 2004 that it intends to give local authorities discretion to reduce the council tax discount for second and empty homes to between 50% and 10%. It also welcomed the commitment that extra money raised will be earmarked for new affordable homes in the most pressured areas. This in itself, however, will not solve the problems caused by empty homes. Funds from the reduction of council tax discounts must be viewed as additional money to the existing housing budget and each local authority Local Housing Strategy should contain a plan to deal with empty homes.

In a response in August 2004 to the Public Petitions Committee for request for submission relating to a public petition on abandoned properties, Shelter Scotland referred to developments taking place in England to deal with the issue. In May 2003, The Office of the Deputy Prime Minister (ODPM) launched a consultation entitled 'Empty Homes: Temporary Management, Lasting Solutions'. It set out a number of recommendations targeting the issue of empty homes and contributing to sustainable communities. The paper proposed that a system of compulsory leasing should be introduced, giving local

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<sup>6</sup> A summary report is available at: <http://www.communitiesscotland.gov.uk/web/FILES/csprecis47.pdf>

authorities the power to take temporary management control of empty homes for 3, 5 or 7 years through the making of 'Management Orders'.

A lease is generally understood as an agreement between willing parties creating an interest in land for a definite duration on agreed terms. A system of compulsory leasing would mean that local authorities would seek permission to force a lease on an empty property and undertake refurbishment costs to make the property fit and ready for letting. The property could then be used as social housing and the fair rent, which would be paid to the local authority, to pay off the cost of refurbishment. The purpose of this seems to be to give authorities management control of empty properties and so enable them to deal with the problems to which such properties gives rise.

This proposal was taken forward into the English Housing Bill, which has recently received its second reading in the House of Commons. Support for the provision is high across the housing sector, and it looks likely to become law. Shelter supports the approach being used in the English Housing Bill, as it would bring back into use a considerable number of properties and provide much needed temporary accommodation for homeless households. Shelter urges the Executive to introduce similar legislative proposals for dealing with empty homes as part of the proposed private sector housing bill.

## **Conclusion: Recognising the bigger picture**

We must identify and prevent homes from being empty. While the responsibility for taking forward a strategy to reduce the number of empty homes lies with the Scottish Executive, local authorities should take a greater role in the prevention of empty homes; as present only 16 out of the 32 local authorities in Scotland currently have a dedicated Empty Homes Strategy. The key point to stress, however, is that the number of houses lying empty cannot fully provide accommodation for homeless people or address unmet need. It is vital that broader housing strategies place an increased emphasis on the need for affordable accommodation<sup>7</sup>. The recent Barker review in England into the supply of affordable housing recognised the need for 23 000 new social sector homes per annum to meet burgeoning demand. Securing the reuse of a proportion of empty homes could contribute to the supply of affordable housing across Scotland, but this measure alone is inadequate. Bringing empty properties back into use has significant benefits, but it is only part of a broader picture.

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<sup>7</sup> For more information on affordable homes, refer to the following briefing by Shelter, 'Memorandum to the ODPM select committee inquiry into affordable housing'. This is available at: <http://scotland.shelter.org.uk/policy/policy-421.cfm/plitem/97>