

Tackling Empty Homes

Overview of vacant housing in Ireland and possible actions

by Housing Agency

Discussion paper prepared for the
Housing and Homelessness Committee

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1. Overview and Key Points

Issue

Vacancies and efficient use of the housing stock.

Overall approach

1. **Vacancies should be seen as an important potential accommodation supply.**
2. **Get further information on the number and reasons for vacancies.**
3. **Consider long-term vacancy reasons (lack of demand in area, repairs needed) and short term reasons (services connections, probate, social housing allocation).**
4. **Develop strategy to address vacancies.**
5. **Implement and actively monitor approach.**

Some Ideas for Consideration

1. Find out the reasons why properties are vacant and develop an over-arching national two-year strategy to reduce vacancies in the general housing stock. Tackling the short-term reasons for vacancies (delays for example in: services connections, probate, turn-around times for social housing allocations) could show immediate results.
2. Based on the national strategy, each Local Authority to produce an empty homes strategy with objectives, aims and actions needed to tackle the issue.
3. Analyse existing information and databases on vacant properties and co-ordinate nationally by an organisation such as the Housing Agency.
4. Consider introducing Empty Dwelling Management Orders (local authorities given the power to take over a property and bring back into use without change of ownership).
5. Completion of the remaining unfinished housing estates.
6. Provide grants to owners of vacant homes in need of refurbishment. This could be linked to the refurbished dwelling being leased back to the local authority for use by a tenant on the social housing waiting list in high demand areas.
7. Consider penalties for owners of long-term vacant properties in areas of high housing demand.
8. Return more vacant social homes to use by linking Exchequer funding for local authorities with better performance in estate management.
9. Develop an empty homes tool kit to assist local authorities.

Information available

There are 230,056 unoccupied residential properties (excluding holiday homes) across the state (Census 2011); almost three-quarters (73%) are houses and the remainder are flats / apartments (27%).

There are a substantial number of vacant properties in our major urban areas. There are 7,995 vacant houses and 16,321 vacant apartments in Dublin city centre. Similarly, in areas of Cork and Galway city the vacancy rate is in excess of 25% of the total housing stock. There are just over 50,000 vacant homes in Cork, Dublin and Galway cities and suburbs combined.

The vacancy rate (percentage of unoccupied homes), tends to be highest in rural settlements where an area's population is lower than 3,000 people.

The most recent available data for Ireland presented suggests there is scope for policy intervention to promote more efficient use of the housing stock and reduce the number of vacant homes across the country.

Examples of international experience

Monitoring and incentivising use of vacant properties

- 1) In the United States some local jurisdictions have a vacant property registration ordinance that requires owners to register their vacant property. The register provides a way of tracking vacant property, finances the administration of vacant property monitoring and helps ensure enforcement of building codes and health and safety regulations near vacant property. Owners pay a fee that increases the longer a property stays empty and can incentivise owners to return properties to use.
- 2) A system of grants overseen by local authorities that assists owners of long term empty properties bring the housing back to productive use.
- 3) Financial incentives that encourage the owner to lease or sell long-term vacant houses to the local authority or a housing association that then oversees the refurbishment of the vacant home. For example in England some local authorities have the option for the property owner to let their property to council-nominated tenants on a long-term lease (5 to 10 years) and provide an Empty Property grant. The grant covers 50% of the cost of renovation work.
- 4) A New Homes Bonus paid by central government to local authorities linked to the number of vacant homes brought back into use.
- 5) Incentives to encourage people to move to areas with high concentrations of empty homes.
- 6) Empty Homes Toolkits.

Penalising owners of vacant properties

- 1) In Scotland, local authorities given discretionary power to remove the empty property discount on council tax or set a council tax increase of 100% on certain properties which have been empty for one year or more.
- 2) In England the councils have local flexibility to charge up to 50% extra Council Tax on property unoccupied and unfurnished for more than 2 years.
- 3) In France there is a Vacant Housing Tax on rental properties left vacant for more than a year. The rate is based on the rental value of the property, and in 2013 was 12.5% for the first tax year, and 25% for each following year. It applies to properties in regions with more than 50,000 inhabitants.

2. Introduction

A certain level of vacant properties is normal in a healthy housing market, with houses often vacant for short periods when being renovated, changing ownership or between tenancies. Long-term vacant housing, however, can have a negative impact on local communities. It reduces the supply of homes in areas of need and represents a waste of the overall housing resource.

Housing needs vary considerable across regions and countries. In Ireland and the EU, there are regions with a high demand for new housing in proximity to areas where a considerable amount of the housing stock is vacant. Differing reasons for vacancy rates can include population loss, rural to urban migration, differences between tenure types in maintaining housing stock, economic decline, dissatisfaction with neighbourhoods, location and the type and age of housing available.¹

Understanding vacancy rates and the differing reasons is the first challenge to local authorities and governments trying to tackle empty homes. Having a clear picture and evidence of the number, location and ownership of vacant properties is a key element in addressing the empty homes issue.

This briefing document first provides data on the scale of the issue of vacant homes in urban and rural areas across Ireland, in section three. Section four provides information on the current legislative framework for derelict sites and properties and vacant sites. Section five provides examples of measures that incentivise better management of the housing stock from the England, Holland and the USA. Policies that penalise the failure to return vacant properties to productive use are outlined in the final section, again drawing on policy experience in other developed economies: England, Spain and France.

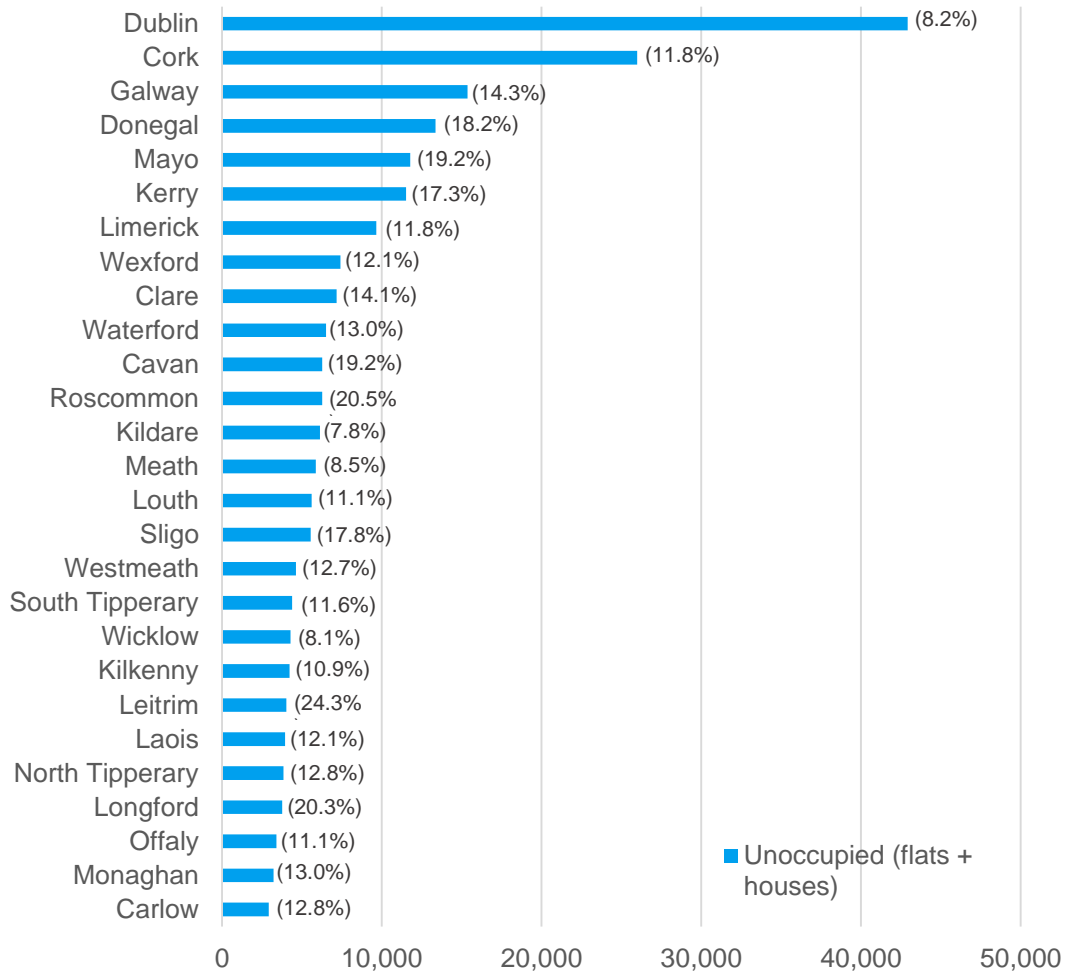
3. Vacant homes across Ireland

There are 230,056 unoccupied housing homes across the State². Of this total 73% are houses, with 61,629 unoccupied flats accounting for the remaining 27% of the total number of vacant housing. In addition, there are 59,395 holiday homes in the State. Comparing counties within the State it seems the issue of vacancy is particularly acute in the Upper Shannon area and the West. The vacancy rate, unoccupied homes as a percentage of the total number of houses and apartments, is highest in Leitrim. Approximately one-fifth of the housing stock is vacant in Mayo and Roscommon, highlighting an issue with vacant homes in the region outside of the urban area and suburbs of Galway. At an aggregate level, counties on the east coast—Dublin, Wicklow, Kildare and Meath, in particular—have a comparatively low vacancy rate. Dublin, Cork and Galway respectively have the largest stock of housing and the greatest number of unoccupied homes. Details on the vacancy rate and absolute number of vacant houses and apartments are presented below.

¹ Couch, C and Cocks, M (2013) ‘

² Census 2011, CD462 excluding holiday homes

Figure 1: Breakdown of the number of vacant homes by county, excluding holiday homes—vacancy rate as a percentage for each county presented in brackets



The vacancy rate, excluding holiday homes, tends to be highest in rural settlements where the population is lower than 3,000 people. The vacancy rate in these areas ranges from 13.1% to 18.2%. The range in the other more densely populated areas is from 8.27% (Dublin) to 14.50% (Waterford).

Table 1: Breakdown of the number of vacant homes by county and type of home
The vacancy rate in urban and town areas

	<i>Unoccupied , vacant flat</i>	<i>Unoccupied, vacant house</i>	<i>Unoccupied (flats + houses)</i>	<i>Total stock, excl holiday homes</i>	<i>Vacancy Rate (%)</i>
Aggregate Town Area	55,005	74,281	129,286	1,219,847	10.6
<i>Cork City & suburbs</i>	3,409	4,862	8,271	85,542	9.67
<i>Dublin City & suburbs</i>	23,569	14,978	38,547	465,908	8.27
<i>Galway City & suburbs</i>	1,692	1,913	3,605	33,907	10.63
<i>Limerick City & suburbs</i>	2,064	2,187	4,251	40,254	10.56
<i>Waterford City & suburbs</i>	1,475	2,058	3,533	24,361	14.50
<i>Towns 1,500 - 2,999 pop.</i>	3,964	10,726	14,690	80,556	18.24
<i>Towns 3,000 - 4,999 pop.</i>	2,064	5,272	7,336	53,381	13.74
<i>Towns 5,000 - 9,999 pop.</i>	5,115	11,006	16,121	128,675	12.53
<i>Towns 10,000 pop. & over</i>	11,653	21,279	32,932	307,263	10.72
Aggregate rural area	6,624	94,146	100,770	715,603	14.08
<i>Remainder of country</i>	2,406	71,005	73,411	559,799	13.11
<i>Towns 500 - 999 pop.</i>	1,481	8,209	9,690	57,267	16.92
<i>Towns 1,000 - 1,499 pop.</i>	1,825	6,104	7,929	43,997	18.02
<i>Towns under 500 pop. but with at least 50 inhabited houses</i>	912	8,828	9,740	54,540	17.86

The figures provide an indication of the counties and areas where housing supply was well above demand and point to possible challenges smaller settlements in rural areas face in sustaining communities. It is important to note Census 2011 took place during a low point in the recent housing crisis and at a time when poor labour market conditions and problems accessing credit impinged many peoples' ability to form a household. Improved labour market outcome and credit conditions and a more stable property market may have helped reduce the number of vacant homes in certain regions since 2011; though in rural areas, where demographic growth is weak, oversupply is likely to remain a problem for in the years to come.

However, vacancy levels remain an issue in major urban areas. Using Census data, the All Island Research Observatory identified 7,995 vacant houses and 16,321 vacant apartments in Dublin city centre (Figures 3, 4 and 5 in appendix—dark orange and red is above 25% vacancy). A high level of vacancy was identified on the north and south of the city centre in the docklands. Similarly, in areas of Cork and Galway city the vacancy rate is in excess of 25% of the total housing stock; streets in the vicinity of Saint Patrick's Quay had a vacancy rate close to half the stock in 2011, while housing in proximity to Eyre Square had a vacancy rate of up to 28.4%, for example. It is important to note there have been a number of initiatives to refurbish homes and regenerate certain areas around the city undertaken since 2011.

Looking at the UK market Couch and Cocks (2012:503) conjectured that a 2.5% vacancy rate would be a 'natural level' of vacancy.³ Comparing this to most recent available data for Ireland presented in this section suggests there is scope policy intervention to promote more efficient stock management and reduce the number of vacant homes across the country.

4. Current Situation in Ireland

Derelict Sites Act 1990

A derelict site is any land that 'detracts' or is likely to detract to a material degree from the amenity, character or appearance of land because of structures which are in a derelict or ruinous condition, neglected, unsightly or objectionable condition of land or structures or the presence, deposit or collection of litter, rubbish or debris.

The Act allows local authorities to:

- force owners to clean up their sites
- prosecute owners who don't comply with notices served
- purchase land compulsorily
- carry out necessary work themselves and charge the owners

Each local authority keeps a register of derelict sites in its area, including sites owned by the local authority itself. The register gives the market value of each site and the valuation is carried out by the local authority.

Owners of urban land entered on the derelict sites register pay an annual levy to the local authority.

In Louth County Council there is a pilot scheme running where the local authority has identified a number of vacant/derelict properties for social housing and is using CPOs (Housing Act, 1966) to purchase the properties. Some issues have arisen over costs to the local authority where the owner has objected to An Bord Pleanála. However, for the most part so far the process, from identifying to acquiring the property, has been relatively fast. It is simpler if properties identified are already on the Derelict Sites register.

Vacant Site Register and Levy introduced by Urban Regeneration and Housing Act 2015

From 1 January 2017 each local authority will introduce a vacant site register (residential and regeneration land). Each local authority will establish the register, enter a description, and provide a map of any site which in the opinion of the planning authority was vacant for 12 months preceding the date of entry. The local authority will write to each owner first saying why the site is being entered and giving the owner 28 days to respond. The owner can appeal to An Board Pleanála.

The levy will be 3% of the market value of the site determined by the LA. Where the site is subject to a loan then the levy is reduced. The owner of a vacant site can appeal the

³ Couch, C and Cocks, M (2013) *'Housing Vacancy and the Shrinking City: Trends and Policies in the UK and the City of Liverpool'* Housing Studies 2013 Vol 28 No3

market value to the Valuation Tribunal. An unpaid vacant site levy will become a charge on the property.⁴

Dangerous Structures (Local Government (Sanitary Services) Act, 1964

A dangerous structure is defined as any building, wall or other structure of any kind that in the opinion of the local authority is likely to be dangerous to any person or property.

The Act imposes duties on the local authority to maintain a dangerous structures register, make the register available for public inspection, serve notice on owner/occupier for works to be carried out and acquire by agreement or compulsorily purchase any dangerous site.

⁴ <http://www.environ.ie/sites/default/files/migrated-files/en/Legislation/DevelopmentandHousing/Housing/FileDownload,42027,en.pdf>

5. Policies that Incentivise

England

England has approximately 600,000 empty homes, of which over 200,000 are vacant long-term (over six months). This is out of a total of 23,543,000 homes. This information is taken from the local authority tax data.⁵ 'Laying the Foundations: A Housing Strategy for England' (2011)⁶ set out a housing strategy for England to unblock the housing market and get the nation building.

The Homes and Communities Agency provided local councils and communities with two toolkits to help with vacant housing. The first was the Geographical Information System (GIS) Empty Home Mapping Toolkit. This allows councils to pinpoint empty homes 'hot spots' in their areas. It also includes information on the surroundings of empty homes, numbers of households in temporary accommodation, data on local socio-economic indices- allowing councils to prioritise areas in need of attention. The second is the Empty Homes Knowledge Toolkit, a 'one-stop shop' for all involved (owners, housing associations, landlords, local authorities) with information on the legislative frameworks, funding and partnership possibilities.⁷

The following are some of the actions taken over the last few years to bring vacant properties back into use, these are taken from a government policy paper '*2010 to 2015 government policy: house building*'⁸

- Invested £235 million that has the potential to bring over 12,000 problematic empty homes back into use by March 2015, but also to provide opportunities for apprenticeships, training and employment
- Given the New Homes Bonus for long-term empty homes brought back into use - since April 2011 local authorities have received over £2.2 billion, recognising delivery of over 550,000 homes, and over 93,000 empty homes being brought back into use. The New Homes Bonus is a grant paid by central government to local councils and is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use.
- Given councils local flexibility to charge up to 50% extra Council Tax on property that has been unoccupied and unfurnished for 2 years or more
- Introduced changes to empty dwelling management orders to target their use on the very worst long-term empty homes causing a nuisance to the community
- Through the Empty Homes Initiative, provided funding to bring empty properties back into use as affordable homes this is being done through the Affordable Homes

⁵ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

⁶ *Laying the Foundations: A Housing Strategy for England* (<https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>)

⁷ http://www.homesandcommunities.co.uk/empty-homes-toolkit?page_id=&page=1

⁸ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-house-building/2010-to-2015-government-policy-house-building>

Programmes. Between 2001 and 2015 £100 million capital funding was made available through the Affordable Homes Programme. This funding was to deliver 3,300 affordable homes by March 2015.⁹

According to a 2015 report by the Empty Homes Agency there are certain actions that work when tackling empty properties. The key is to support owners to sell their properties or refurbish for the rental market. The Empty Homes Agency see the following as key actions in addressing empty homes.

- Local Authorities working with property owners to understand their financial circumstances and help them find a way to bring the property back into use and up to the Decent Homes Standard. Some local authorities offer financial assistance and loans. For example in Perth and Kinross the council has a budget to provide owners of long term empty properties a grant to bring properties up to the Repairing Standard as outline in the Housing (Scotland) Act 2006. Grants of up to £7,500 per bedroom are available and are awarded on a discretionary basis.¹⁰
- Encouraging owners to lease or sell properties to the local authorities, housing associations or community organisations who will refinance the refurbishment costs. For example some local authorities have the option for the property owner to let their property to council-nominated tenants on a long-term lease (5 to 10 years) and provide an Empty Property grant. The grant covers 50% of the cost of renovation work.¹¹
- Encouraging people to move back to areas with high concentrations of empty home. For example in Stoke and Liverpool the local authority targeted areas with high levels of empty properties. Properties were sold to people who live or work in Liverpool or Stoke for a £1 on condition they bring them back into use and up to the decent homes standard and do not sell them for five years.
- Strategies to tackle long-term empty homes as part of wider neighbourhood improvement schemes. In Ireland the work programme of the Joint Committee on Jobs, Enterprise and Innovation on 'Policy Options to Support Business Growth and Job Creation and Retention in Town and Village Centres' could be supported by a programme of targeting empty homes in rural towns and villages.¹²

Holland

In Holland 190,000 homes, or 2.5% of the stock, is long-term vacant (18 months or longer).¹³ In 2006 over 14% of all office space was empty and led to initiatives from the government to turn empty office space into residential homes. In 2004 the Dutch Minister of Housing sought to build 25,000 dwellings within five years by converting empty office

⁹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5926/2073102.pdf

¹⁰ <http://www.pkc.gov.uk/EHI>

¹¹ <http://www.grantsexpert.co.uk/empty-property-grants.html>

¹² <http://www.oireachtas.ie/parliament/media/committees/Final----Policy-Options-to-Support-Business-Growth-and-Job-Creation-and-Retention-in-Town-and-Village-Centres.pdf>

¹³ <https://www.cbs.nl/en-gb/news/2014/21/2-5-percent-of-dutch-housing-stock-vacant-for-extended-period-of-time>

space into housing.¹⁴ Research by Remoy and van der Voordt (2006) on converting office space stressed the importance of planning strategies, feasibility studies and agreeing with local authorities where zoning may need to be changed.

United States

An example of how one country is tackling a lack of information on vacancies can be found in the United States.

In the United States some local jurisdictions have a vacant property registration ordinance that requires owners to register their vacant property and pay a fee. These fees increase the longer a property stays empty and can incentivise owners to return properties to use.¹⁵ Some jurisdictions impose on owners a responsibility to reimburse the State for repair and remediation costs incurred by local governments (e.g. Fixing windows, securing doors, clearing away rubbish). Some provide penalties for non-compliance with registration requirements.

Owners are required to provide a property description, address, names and contact information for the owner and also a person who can immediately respond to inquiries from public officials, when the property became vacant and if it is in foreclosure proceedings.

The register provides a way of tracking vacant property, finances the administration of vacant property monitoring, and helps ensure enforcement of building codes and health and safety regulations near vacant property.¹⁶

Other areas in the United States are using IBM Smarter Cities to use big data to develop a forecasting model to help identify neighbourhoods and properties at risk of high vacancy rates and be able to target interventions.¹⁷

6. Policies that Penalise

Scotland

From 2013 new legislation in Scotland gave local authorities discretionary power to remove the empty property discount on council tax or set a council tax increase of 100% on certain properties which have been empty for one year or more.¹⁸

Spain

Spain has seen a 10.8% increase in empty properties in the last decade. The census in 2011 recorded 3.4 million homes (INE Census 2011). In Catalonia the 'Right to Housing

¹⁴ Remoy, H and van der Voordt, T 'A new life: conversion of vacant office buildings into housing' (2006)

¹⁵ <https://www.huduser.gov/portal/periodicals/em/winter14/highlight1.html>

¹⁶ Hirokawa, K (2010) 'Regulating Vacant Property' *The Urban Lawyer*, 42:3 627-37

¹⁷ http://www.ibm.com/smarterplanet/us/en/smarter_cities/overview/

¹⁸ <http://www.gov.scot/Topics/Government/local-government/17999/counciltax/Secondhomes>

Act (2007)' included the possibility of fining banks that have empty housing. The Regional government bill introduced fines to companies with unused housing for more than two years.

In Andalusia in 2010 a controversial law was passed and then suspended by Central Government as it was deemed anti-constitutional. It wanted to force banks and developers to rent out their housing stock and threatened fines of up to €9,000. It also included temporary expropriation of homes being repossessed to be let to families at risk.¹⁹

France

France saw changes in 2013 to the Vacant Housing Tax on rental properties left vacant for more than a year. The rate is based on the rental value of the property and in 2013 was 12.5% for the first tax year and 25% for each following year. It applies to properties in regions with more than 50,000 inhabitants. Tax exemptions were available if the property is uninhabitable in need of significant renovation (works that exceed 25% of the total property value).²⁰ Other local authorities have discretionary powers to levy a similar tax, although in their areas the property must be empty for five consecutive years.

Another programme in France is looking at targeting vacant properties in Paris. In 2014 the Government wanted to amend two existing laws that permit requisitions of vacant properties in certain situations. One of these was a 1945 order enacted in the throes of World War II, giving governments the right to requisition vacant properties for use by people without adequate shelter, for up to seven years. A second procedure, introduced in 1998, enables local councils to take over properties left vacant for more than 18 months if a gross disparity exists between the number of houses available and those needing shelter in the area. Until now, both laws have seldom been used. During the 1960s, 120,000 requisitions were made, while in 1995, then President Jacques Chirac used it for 1,200 properties.

England

In England, particularly in London, there have been reports of properties being bought primarily for their investment returns in areas of high and rising property values and then left empty. In Kensington and Chelsea up to 12% of the stock is vacant. There is a debate about what to do to discourage these 'buy-to-leave' properties. Islington in London has introduced a Supplementary Planning Document which requires all new homes to be regularly occupied to prevent 'buy-to-leave'.²¹

¹⁹ Feantsa 2014 Policy Conference Confronting Homelessness in the EU: Seeking out the next generation of best practices 24-25 October 2014

(www.feantsa.org/spip.php?action=accéder_document&arg)

²⁰ http://www.impots.gouv.fr/portal/deploiement/p1/fichedescriptive_1006/fichedescriptive_1006.pdf (pg.72)

²¹ <http://www.ft.com/intl/cms/s/0/6954f798-cb2c-11e5-a8ef-ea66e967dd44.html>

7. Appendix

Figure 2: Vacancy rate across Ireland

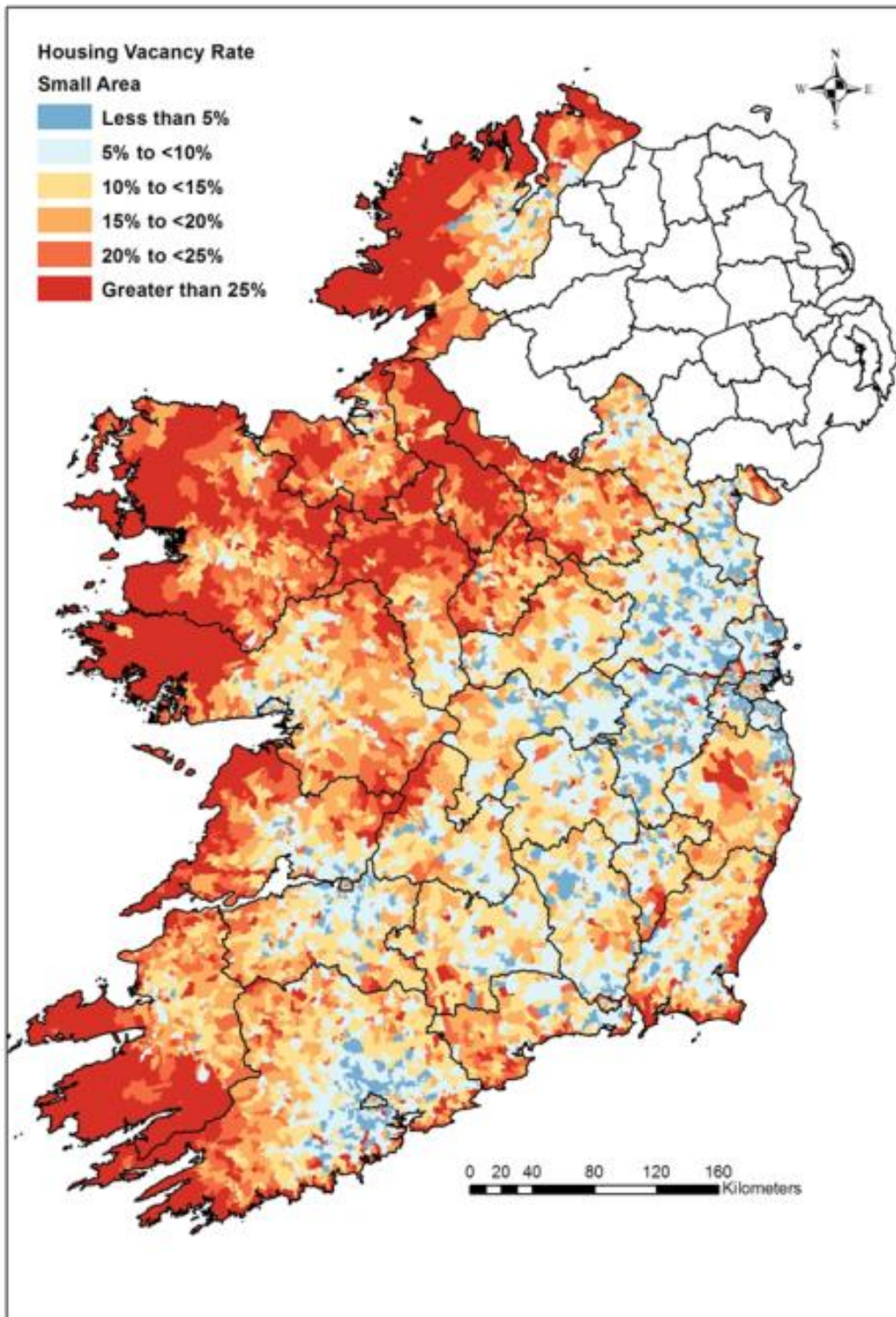
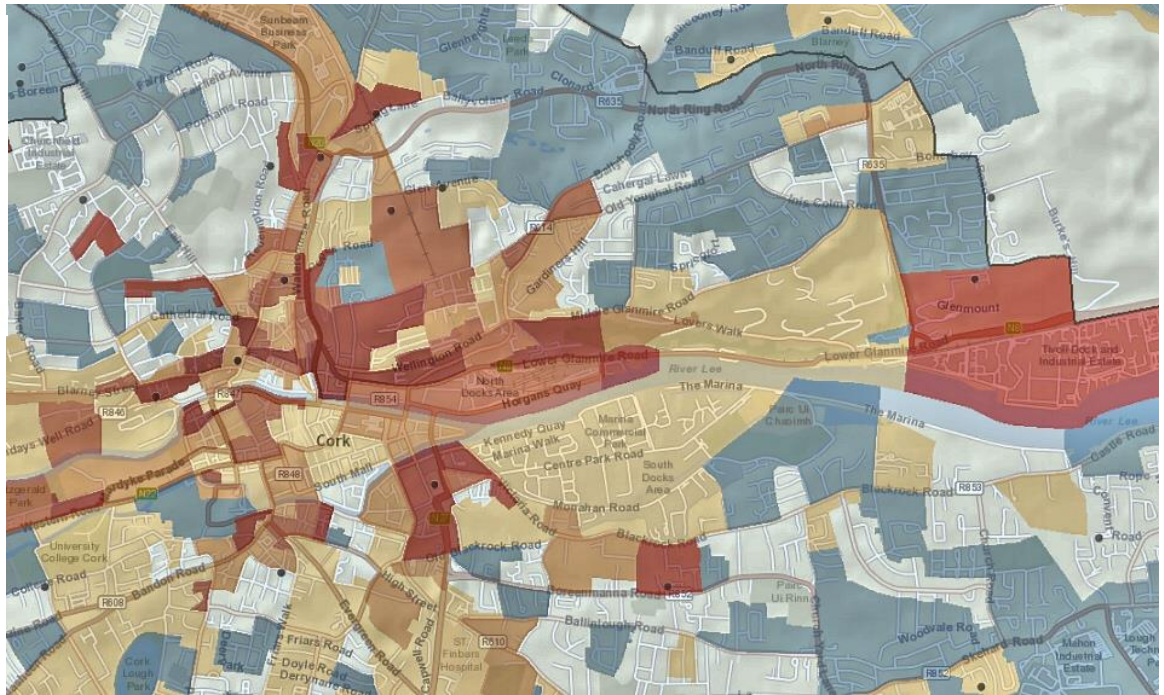
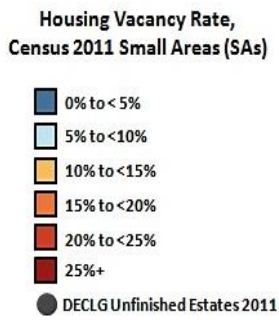
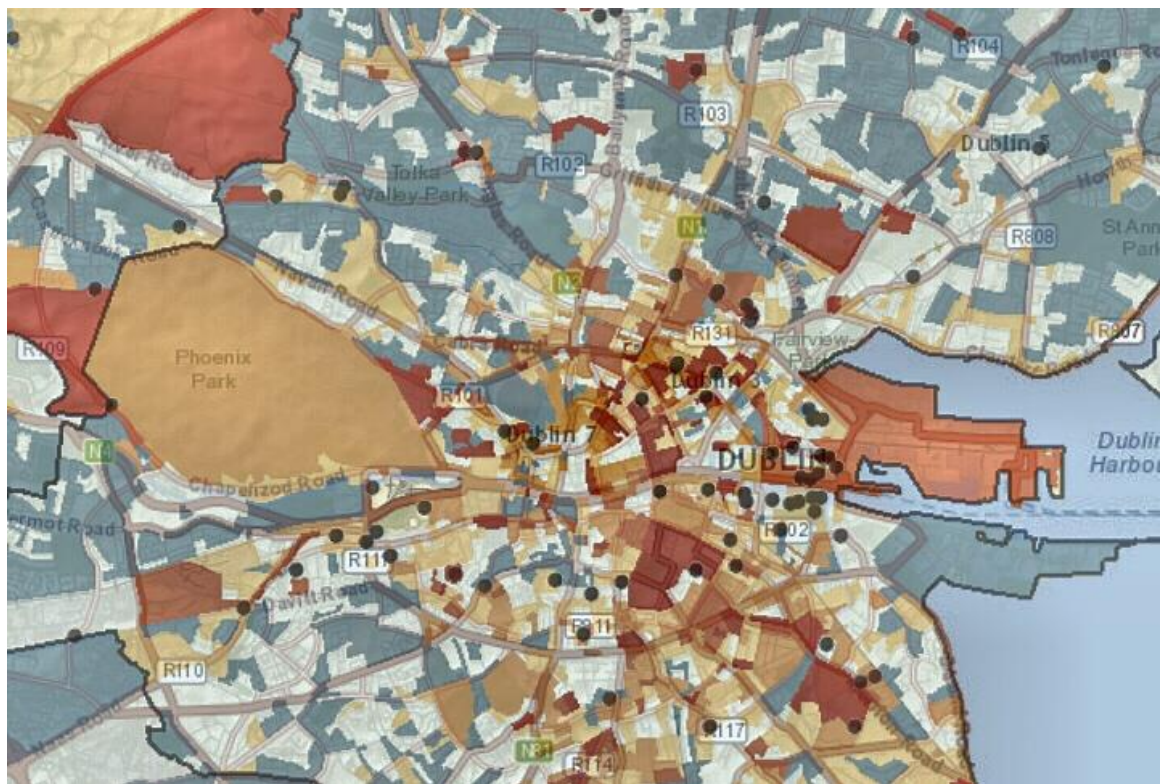
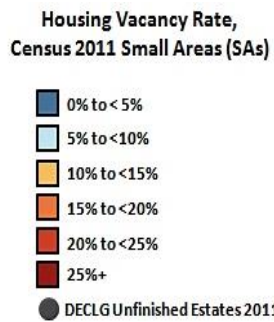


Figure 3: Vacancy rates in Cork city centre, Census 2011



Source: All-Ireland Observatory, Maynooth University

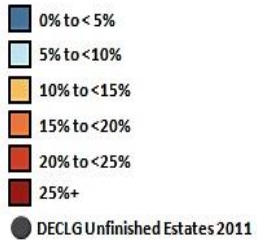
Figure 4: Vacancy rates in Dublin city centre, Census 2011



Source: All-Ireland Observatory, Maynooth University

Figure 5: Vacancy rates in Galway city centre

Housing Vacancy Rate, Census 2011 Small Areas (SAs)



Source: All-Ireland Observatory, Maynooth University

Figure 6: Overview of the composition of vacant home in Ireland, Census 2011

