

Empty Homes Information Pack

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Introduction

Braintree District Council is committed to working with the owners of long-term empty homes. This pack explains some of the options available to improve empty properties and bring them back into use, and we hope that you find it useful whatever your intentions for your property.

Why are the Council interested in empty properties?

Braintree district has a number of empty properties, similar to that of other Council districts in England. It is appreciated that many of these empty homes may be on the market and remain empty for just a short period of time before they are either sold or let and that others will remain empty for longer periods whilst they undergo renovation and refurbishment works prior to the owners or tenants moving in. However, in some cases, homes can be left empty and in a state of disrepair for longer periods and have a detrimental effect on the immediate neighbourhood as their owners are unprepared or unable to return them to use.

There are many benefits associated with bringing empty homes back into use, including:

- Financial gain for the owner from rent, sale or a more valuable asset
- An increased choice of homes for local residents
- A reduction in vandalism and crime and better property security
- Lower home insurance costs
- Removal of the burdens of maintenance and local taxation
- A more attractive local neighbourhood, increasing trade and property values
- Fewer risks for neighbours from dangerous, unsightly properties and pests
- Lower costs and carbon emissions associated with building new homes by making better use of existing housing
- More affordable homes available for those in housing need

The Council proactively contacts owners of empty homes to offer advice and assistance, to encourage owners to take steps to bring their property back into occupation.

Next Steps

Within this pack you will find advice on renovating, selling or letting your property, and your responsibilities as a property owner. There is information on financial incentives, discounts and council tax.

We hope that by working together we can find the most satisfactory course of action for your property. Please read through the information provided and contact the Empty Homes Officer if you would like further assistance or to arrange a property visit.

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Renovating your Property

Properties that are left empty for a long period of time tend to deteriorate in condition due to the effects of cold, water ingress and lack of maintenance. Design and safety standards have been raised in recent years and a more dated home may have a number of hazards that need to be addressed before a new occupier can move in. Your property may require extensive works to bring it back to a liveable standard.

Schedules of Work

The first step is to decide on a list of works needed before someone can move in. The Housing Act 2004 states that a property should be free of “Category 1 hazards”, which means problems with the design or disrepair that mean someone is likely to have a serious accident or become ill. The property should be free from damp, efficiently heated and draught free and have safe gas and electrical installations. Staircases should be sound, well-lit and have appropriate handrails and guarding. There should be a safe means of escape and alarms to give early warning of fire. Properties that were built or previously updated before 2000 may contain asbestos, and care must be taken not to damage this, or it should be removed. Kitchens and bathrooms should be safely laid out, with surfaces in good condition that are easily cleanable. Yards should be tidy, free from trip hazards and well lit.

If you are planning to sell or let your property, you may need to exceed the legal minimum standard because the market demands more. Think about replacing older kitchens and bathrooms, decorating, and replacing floor coverings. If it is necessary to travel through a bedroom to reach the bathroom or another bedroom, consider altering the layout. Clear overgrown gardens, fix broken fences and outbuildings and think about landscaping gardens to reduce future maintenance needs. It is advisable to get advice from a local estate or letting agent to find out what improvements would add value to your individual property.

Permissions

If you are doing major works or alterations, or changing the use of the building, find out if you need planning and building control approval. For Planning queries: (01376) 557705 and ask for the Duty Planning Officer. For Building Control queries: (01376) 557 781 or email buildingcontrol@braintree.gov.uk

The planning team offer a pre-application advice service where they can advise if a development is likely to be approved before you proceed with a full proposal.

Energy Efficiency

While your property is empty and you are carrying out major works, it is a good time to consider improving the energy efficiency of the building. The benefits can include improvements to the external appearance, lower energy bills for the future occupiers, a better Energy Performance Certificate to market your home, and a lower carbon impact on the environment. From 2016, tenants are able to ask for minimum energy efficiency performance in rented homes. To find out if there is government funding for energy efficiency improvements to your property, visit www.energysavingtrust.org.uk

Finance

You may need to raise finance to pay for the renovation works. Take independent financial advice to see if you can borrow against the value of the property and/or the future income. Some schemes offer low cost loan finance to bring empty homes back to use, depending on available funding.

If your property has been unoccupied for at least two years, you may be able to claim a reduced rate of VAT on the works. See the separate section on VAT discounts or visit www.hmrc.gov.uk.

Unfurnished properties will be eligible for a 100% discount for the first three months that they are unoccupied. After the first three months Council Tax will be charged at the full amount. This discount will commence as soon as you (or your tenant) leaves the property to live elsewhere. This does not apply to properties where the occupier has left the property on a temporary basis, for example, for work or travelling purposes.

To find out more about the Council Tax reductions and discounts visit <https://www.braintree.gov.uk/council-tax/council-tax-empty-levy-charge-exemptions/3>

Standard building insurance will not normally cover a property that is empty for more than a month. You will need to arrange specialist empty homes insurance or think about how you would cover loss or damage to the property through fire, flood, accident or intruders.

Competent Contractors

It can be daunting trying to find reliable and competent tradesmen. Choose a professional contractor for specialist work such as remedial damp works, gas, electrics and joinery and ask to see their professional registration and public liability insurance. Only pay for works when they are completed. Ask friends who have used local builders for recommendations or use a trusted trader scheme. Braintree District Council is unable to recommend any tradesmen or professional services.

Letting Your Property

You may have bought your property as a rental investment, or you may be an “accidental landlord” through inheritance or a slow sales market. Letting your property can provide a regular income, and occupation should improve the home’s security. The tenant should heat the property in winter, pay the Council Tax and utility bills, and maintain the interior and gardens. You can let a property for as little as six months or provide a long-term home for a local family, so it is a flexible option if you do not want to commit to moving in or disposing of the empty home altogether.

Professional Recognition and Support

A landlord has complex legal responsibilities, and you need to keep updated with changes in housing law and practice. Consider joining a landlord association or accreditation scheme such as:

The National Landlord Association (www.landlords.org.uk)

Residential Landlord Association (www.rla.org.uk)

Decent and Safe Homes Landlord Accreditation Scheme (www.dashservices.org.uk)

Private Rented Sector Accreditation Scheme (<http://prsaccreditation.com>)

Online resources like www.landlordzone.co.uk offer news, forums and standard document templates to assist landlords.

Choosing an Agent

Letting agents offer a range of services from finding tenants if you live away, to full management and even guaranteed rental income schemes. Choose an agent who is a member of a professional body such as the National Approved Letting Scheme (NALS) or the Association of Residential Letting Agents (ARLA). All agents must by law be members of a redress scheme. Meet at least a couple of different agents at your property to obtain a rental valuation and find out what services they offer. Choose an agent who is qualified and experienced in letting homes in your area and who has a good reputation among landlords and tenants. Remember that you cannot assign your landlord responsibilities to your agent, so ask how quickly they will respond to repair needs and complaints about the tenants’ behaviour, if these arise.

Property Standards

A let property must be offered in a safe condition. It should be free from damp, efficiently heated and draught free. Staircases should be sound, well-lit and have appropriate handrails and guarding. There should be a safe means of escape and smoke alarms on each floor to give early warning of fire. Kitchens and bathrooms should be safely laid out, with surfaces in good condition that are easily cleanable. Yards should be tidy, free from trip hazards and well lit. Hazards are assessed under the Housing Health and Safety Rating System, and the council can ask for improvements to be made if a serious or “Category 1 Hazard” occurs.

You will need to obtain a Landlord’s Gas Safety Certificate, carry out checks to make sure that the electrics are safe, and fit carbon monoxide alarms in any rooms with solid fuel appliances. You will need to provide an Energy Performance Certificate

when the property is marketed. For more information see www.gov.uk/renting-out-a-property and www.dashservices.org.uk. You should assess the risk from legionella which can live in water systems that are not used for long periods. See www.hse.gov.uk/legionnaires/faqs.htm for more information.

Demand

There are areas within the Braintree district where the need for rented housing outstrips supply, which pushes up local rents to unaffordable levels. Consider letting your property within the local housing allowance rate for the area, as a local family who get some help from benefits with their rent may appreciate your property as a long-term home. On the other hand, there are pockets within the District that there is an oversupply of certain types of housing, and similar properties can be harder to let. If you own a home in these areas you will need to offer your property in its best possible condition, price it competitively, and carefully choose an agent who knows the local market.

Longer Term Leasing

Perhaps you are put off by the hassle of letting, even with the help of a managing agent. You would prefer just to hand over the property and forget about it altogether for at least a few years.

A charity, a University, a Property Guardian, (for information about this type of organisation visit; www.propertyguardianproviders.com) or similar organisation may be able to lease your property for two to fifteen years and pay you a regular, low rental income. Some schemes can fund works needed to bring the property up to a decent standard. If you have a mortgage, you will need the provider's permission to lease the property and to any registered charge for the works costs.

Selling Your Property

If you decide to sell your property you have a number of options available. Selling an empty home is in many ways similar to selling an occupied one, but the people who may be interested in buying it may vary depending on the condition, type, location and individuality of the property.

Choosing an Agent

Selling on the open market via a traditional Estate Agent

This may be the simplest option if your property is a standard build and there are no complications with planning permission, ownership or access. Always get more than one market valuation and look for an agent who specialises in selling properties of a similar style and location as yours. Choose an agent who is a member of the National Association of Estate Agents (NAEA). An experienced valuer should also be a member of the Royal Institute of Chartered Surveyors. You will normally agree an initial contract period and only pay a fee if the property is sold.

Some properties can be on the market for several months or longer. Take advice from your agent on offering your property in its best possible condition. Remove any clutter and personal items, give it a good spring clean and keep the exterior well maintained to attract potential buyers to look inside. Keep in touch with your agent and listen to their feedback, they are working to get the best deal for you.

Selling on the Internet

There are many websites now that offer property sales and advertising services. Some may specialise in properties that need renovation, or homes that will be popular with investment landlords.

Property Auctions

Selling at auction can be a quick and easy way to find a buyer. The auctioneer will market your property locally and nationally for several weeks before the auction, and the competitive bidding process helps to achieve the best market price. In a traditional auction, legally binding contracts are exchanged and a deposit received at the time of the auction, ensuring commitment to a timely sale. A modern or online auction will tend to work more like a traditional offer, allowing buyers time to arrange finance. You will normally pay a fee to list the property at in the auction and then a percentage commission of the price when it sells. Contact individual auctioneers and check their terms to find out which type of auction is best for you.

Sale at auction may particularly suit properties that need a lot of work, mixed commercial and residential use, rural or unusual properties or owners who need a quick sale. If you are worried about the final bid being under value, you will agree a reserve price with the valuer, under which the property cannot be sold.

To find out more about auctions in this area visit:- www.futureauctions.co.uk

Direct Sale

Marketing a property for sale can be difficult and for those with an emotional tie to the house it can be more so. The council are sometimes contacted by a local charity, family or private landlord who have expressed an interest in purchasing a property in the general area near your home and can buy direct. We never provide your personal details to these enquirers, but will provide their details to you if you have expressed an interest in selling your property. However, we would not be able to guarantee that they will purchase your property and negotiation would remain with yourself. Advantages of this type of an introduction would be that you would not have lots of people traipsing through your home and you would probably have a cash purchaser who can complete the sale quite quickly.

You may also like the idea that the property will benefit local people through the provision of affordable housing or construction training schemes, depending on the type of project. To find out if this is an option for your empty home, please contact the Empty Homes Officer on 01376 552525 extension 2152.

VAT Discounts on Long Term Empty Homes and Conversions

This information is given as a guide only and tax law is complex. For full details and eligibility please see [HMRC VAT Notice 708: buildings and construction](#) and [VAT form 431c](#) or seek the advice of an accountant.

Properties Empty for 2 Years

The VAT on renovations to an existing building is normally charged at the standard rate of 20%. However, a registered contractor may be able to charge VAT at a reduced rate of 5% if they are renovating or altering an eligible dwelling that has not been lived in during the two years immediately before work starts. For full details see section 8 of the VAT Notice 708.

Property Type

The residential premises that qualify for this scheme are:

- a single household dwelling
- a multiple occupancy dwelling, such as bed-sits
- a building (or part of a building) which, when last lived in, was used for a relevant residential purpose, and after the renovation or alteration will be used solely for such a purpose (e.g. a care home) – a certificate confirming this intended use will be needed, or
- a building (or part of a building) which, when last lived in, was one of a number of buildings on the same site that were used together as a unit for a relevant residential purpose, and after the renovation or alteration will be used solely for such a purpose (e.g. a care home) – a certificate confirming this intended use will be needed.

The Two Year Rule

The 5% VAT rate only applies if the property has not been lived in for at least two years immediately before work starts. Occupation by illegal squatters, property guardians as security, and non-residential storage can be ignored. If the property has been occupied occasionally, for example as a second home, you cannot claim the reduced VAT rate.

You will need to show the builder proof that the building has been unoccupied for the two year period. The Empty Homes Officer can supply a letter for this purpose confirming the empty status from council tax records. If council records are inconclusive, you will need to provide utility bills showing that no units have been used, the electoral register, or a similar reliable source of information.

Someone can move into the property after the work has started and the discounted rate will apply for works continuing once they are in, but if anyone moves in before work starts you will not be eligible for reduced rate VAT. However, if you are an owner occupier purchasing a previously two-year-empty home, that had not had any renovation or alteration carried out in those previous two years, then the contractor can charge 5% VAT on their own work that is carried out within one year of you moving in. Subcontractors will have to charge 20% VAT though.

Services eligible for 5% VAT

The contractor can charge the reduced 5% VAT rate on:

- Repair, maintenance and improvement works to the fabric of the building
- Works in connection with water, power, heat, access
- Works to provide drainage, security or waste disposal

- Renovation, construction or conversion of a garage carried out together with the above works on the main dwelling

You will have to pay the standard 20% VAT on anything else, like carpets, fitted furniture, scaffolding, hire of goods, landscaping, and professional services. All works must comply with planning and building control requirements to take advantage of the reduced rate VAT. If the works being invoiced include some works eligible for 5% VAT and some not, then the contractor will have to apportion the reduced rate works.

Conversion of Premises to a Different Residential Use

If you convert one type of residential premises to another, your contractor may be able to invoice you at 5% VAT.

The types of conversion that qualify for this are:

- Single household dwelling to a different number of single dwellings, or to multiple occupancy, or to a relevant residential use (e.g. care home).
- Multiple occupancy dwellings to single household or relevant residential dwelling
- Relevant residential use to single or multiple occupancy dwellings
- A building that has never been lived in to a single, multiple or relevant residential dwelling.

The living accommodation created must be a separate dwelling or adapted, so this excludes most granny annexes or flats above shops.

The services eligible for the reduced 5% VAT rate are the same as for the two year empty scheme above.

For full details and conditions see section 7 of the VAT Notice 708

Sale and Lease of Converted Buildings, 10-year-empty Homes and Reconstructed Listed Buildings

The sale or long lease of residential premises is normally exempt from VAT. However, if you are a developer who has converted a wholly non-residential building into a building designed as a dwelling, or to a building to be used solely for a relevant residential purpose (e.g. a care home), you can zero rate your first sale or long lease of the new dwelling. In this case a non-residential building includes a home that has not been lived in for at least ten years immediately before the sale or lease. The Empty Homes Officer can provide a letter confirming the length of time that the property has been empty, based on Council Tax records.

You can also zero rate the first sale or long lease of a listed building that has been substantially reconstructed from a shell and will be used as a dwelling, a relevant residential use or a charity's non-business use.

This will be useful to VAT registered developers wishing to deduct input tax on the cost of works through their VAT return. Individuals should see the section on VAT refunds below.

For the full scheme details and conditions please see sections 5 and 10 of the VAT Notice 708.

VAT Refund on Owner-occupied Ten-year-empty Homes

The VAT refunds for DIY housebuilders scheme allows you to claim VAT back on building materials you have purchased, and on the services of conversion, to convert a previously non-residential building into a dwelling. The property must on completion of works be used as your family home and cannot be sold, let or used in connection with a business.

The scheme includes bringing back to use a previously residential property that has not been lived in for ten years or more before the work began, or fitting essential amenities into a converted building that you bought as a shell. You cannot include works to other buildings such as a shed or workshop in your claim.

The Empty Homes Officer can provide a letter confirming the length of time that the property has been empty, based on Council Tax records. If these are inconclusive you may need other evidence such as the electoral roll or utility supplier records.

You will need to have planning permission for the conversion, and for the converted property to be used and sold as a separate dwelling, as well as a Building Control completion certificate.

Eligible Works

You can only claim back VAT that has been charged at the correct rate, so ask your builder to invoice you at 5% VAT for any eligible works to a property empty for two years or more, as detailed above. You then claim back 5% on these works, and 20% on building materials and services that have been correctly charged at the standard rate.

You can claim a VAT refund for goods that are:

- 'incorporated' in the building (or its site)
- incorporated 'in the course of the construction' of the building
- 'ordinarily' incorporated by builders in that type of building
- are not furniture, other than kitchen furniture
- Other than certain exceptions, are not electrical or gas appliances
- are not carpets or carpeting material

You can also claim for works to the fabric of the building, or closely connected to these works like laying drains.

You cannot claim back the VAT on professional or surveying fees, equipment hire, transport or the removal of soil and associated waste materials from a construction site.

There are full details on how to claim and what can be included in the HMRC VAT 431C claim form and guidance notes. You should ideally read and understand these before you start your project and take professional advice if need be, to make sure

that you keep the right records. You need to submit your claim within 3 months of the completion.

Proof of Time Empty

To help you progress your project, we will happily provide a letter confirming the length of time that the property has been empty, for two year and ten year discounts. Please contact the Empty Homes Officer on 01376 552525 extension 2152 or email emptyhomes@braintree.gov.uk with the full property address, and the council tax property reference if you know it.