



# Community-powered high streets

How community businesses will build town centres fit for the future

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## About this paper

This paper presents data on the ‘High Street Warning Lights’ – the 100 English towns with the greatest increase in the persistent vacancy rate since 2015 – and the picture of property ownership in these places. It also provides a snapshot of expert opinion on the state of the high street as well as comparative analysis of international examples of initiatives to drive high street renewal, which inform our policy recommendations for the next government to create community-powered high streets.

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## Foreword

This report is an important reminder of the state our high streets are in, and the positive role community businesses can play in turning their fortunes around. We see this turnaround happening across the country, but it still exists on the margins. I recently visited Back on the Map, a community business passionate about enhancing the quality of life of people living in and visiting Hendon and the East End of Sunderland. I saw the fantastic work they are doing – in part, through Power to Change’s Community Improvement District pilot – to bring local stakeholders together to transform their local high street, Villette Road. We now need to turbocharge this community-powered high street model.

In developing a blueprint for how to do this, it is important that we have looked at and learned from the approach taken by other countries grappling with similar challenges. The comparative analysis in this paper of international approaches to high street regeneration uncovers some key common features of successful high street renewal. Identifying the specific needs of a high street and tailoring policies is vital. Empowering local communities is key to increasing the likelihood of revitalisation. The new data presented in this report (building on our work since 2020 beginning with our publication *Saving the High Street: the community takeover*) also makes clear the need for political parties to develop a coherent offer for high streets which puts communities in the lead. Many of the places which have seen the biggest increases in persistent property vacancy rates over the last eight years are also marginal constituencies which will

determine the outcome of the next general election. High streets come up time and time again in polling and focus groups as a key issue for people locally. They are important barometers of local pride.

The policy recommendations in this report put us on the path towards a different future, a future where we move beyond the now struggling, retail-dominated model of the high street and towards town centres which become the beating civic heart of these places once again. Places where we see a mix of arts and culture, public services, housing and more, alongside the traditional shopping experience. In many places, this future is already happening and being built from the bottom up. Places like Hastings, Dumfries, Plymouth and Sunderland, where inspiring community businesses aren’t waiting for permission to make this shift. Our job now is to support them to make this transition more easily. I look forward to working with others to build this future together.



**Tim Davies-Pugh,**  
CEO, Power to Change



Power to Change





## Executive summary

The policy context for high streets has evolved significantly in the past year, since we last published major work on this issue.<sup>1</sup> The economic picture has shifted significantly: both Labour and the Conservatives have announced a slew of policies to revitalise our high streets. Despite this, many places are still struggling. While there are some signs of optimism – a small dip in online shopping, a narrowing of the closures and openings gap and a notable increase in the share of independent businesses on the high street – the need for transformation remains.

With some estimating a 40 per cent oversupply of retail space, the need to move away from the retail-dominated model is clear. There is a growing consensus that ‘experience’ will be at the heart of the future high street. Whether this is in the form of a bigger arts and culture offer, a greater role for public services or more residential property, places are looking at how to diversify their town centres. Power to Change has long made the case for greater community involvement in and ownership of our high streets and town centres. Community businesses are already doing all the above, and they will need to play a bigger role in the transformation.

### The high street ‘warning lights’

The new data we present in our chapter on persistent property vacancy rates shows a surprisingly diverse collection of towns in England which have seen the biggest increases in persistent vacancy since 2015 – they are found both in places with weaker economies and in more prosperous regions. Importantly, almost half of the town centres on this list are in marginal constituencies which will be ‘in play’ when the next general election comes around. As Figure 1. shows, when thinking about important issues affecting their local area, high streets and town centres were the fourth most important priority for the public.<sup>2</sup>

The data also shows that a huge amount of property vacancy in these places is driven by three forms of property ownership, with 90% of vacant units owned by limited companies (61.3%), private individuals (21.8%), or local authorities (10.3%).



Figure 1. The issues the public see as most important in their local community

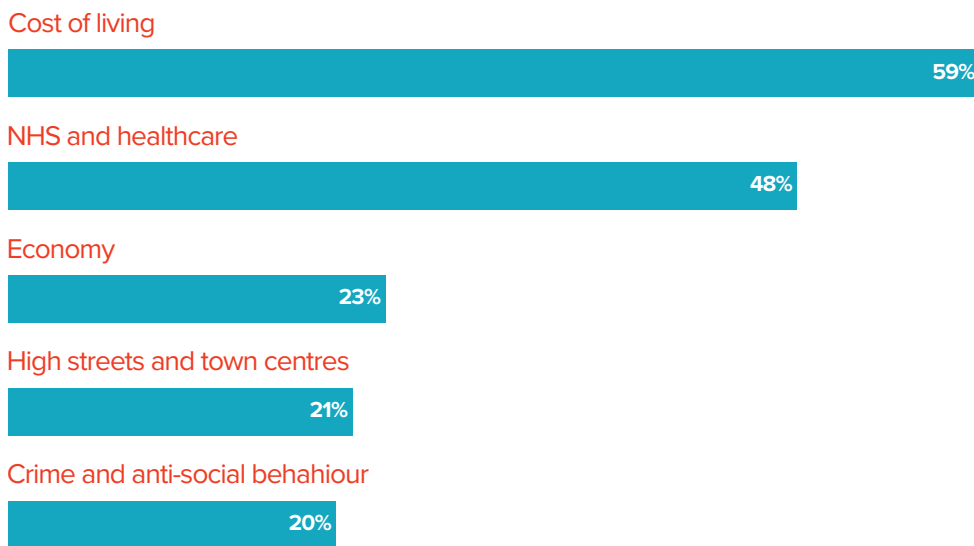


Table 1. The 46 'in play' towns: towns among the 100 in England experiencing the greatest increase in the persistent vacancy rate containing parliamentary constituencies with majorities less than 10,000.

Location	Region	2015 to 2023 PVR Variance
Stoke-upon-Trent	West Midlands	8.30%
Harborne	West Midlands	7.20%
Hanley (Stoke-on-Trent)	West Midlands	6.80%
Tunstall (Stoke-on-Trent)	West Midlands	6.80%
North Shields	North East	6.20%
Rotherham	Yorkshire and the Humber	5.90%
Stevenage	East Of England	5.40%
Morecambe	North West	5.40%
Middlesbrough	North East	5.20%
Blackpool	North West	5.00%
Ipswich	East Of England	4.90%
South Shore, Blackpool	North West	4.70%
Bradford	Yorkshire and the Humber	4.50%
Newcastle-Under-Lyme	West Midlands	4.50%



Location	Region	2015 to 2023 PVR Variance
Blyth	North East	4.50%
Barrow-in-Furness	North West	4.30%
Derby	East Midlands	4.30%
Birmingham	West Midlands	4.30%
South Shields	North East	3.90%
Burnham-on-Sea	South West	3.90%
Woking	South East	3.90%
Stockton-on-Tees	North East	3.90%
Heywood	North West	3.80%
Northwich	North West	3.80%
Leigh	North West	3.80%
West End, Morecambe	North West	3.60%
Doncaster	Yorkshire and the Humber	3.60%
Ashton-under-Lyne	North West	3.60%
Hull (Kingston Upon Hull)	Yorkshire and the Humber	3.60%
Carlisle	North West	3.50%
Grimsby	Yorkshire and the Humber	3.40%
Shipley	Yorkshire and the Humber	3.40%
Oxford	South East	3.40%
Plymouth	South West	3.40%
Whitehaven	North West	3.40%
Erdington	West Midlands	3.30%
Beeston	East Midlands	3.30%
Northampton	East Midlands	3.30%
Southport	North West	3.30%
Watford	East Of England	3.10%
Kendal	North West	3.10%
Hartlepool	North East	3.00%
Chester-le-Street	North East	3.00%
Morpeth	North East	2.90%
Canterbury	South East	2.90%
Leeds	Yorkshire and the Humber	2.90%





## Expert opinion: there is no single reason, nor solution, for high street vacancy

We also provide an up-to-date snapshot of expert opinion – in all its forms – on the challenges high streets are facing, and the solutions. We interviewed nine experts with experience in driving community-led projects on the high street, financial services, local government and investment. The structured interviews focused on the state of the high street, persistent vacancy, property ownership, and policy interventions.

We found that while predominantly negative, there was a mixed response to the state of the high street at a national level. Similarly, we found that interviewees' accounts differed in emphasis when explaining high street vacancy and that there were competing accounts of the role of landlords. Interviewees shared a common theme that persistent vacancies can instigate a spiral of decline on a high street. So too did the interviewees view the existing policy agenda with some scepticism, though it was noted the government has adopted many of the recommendations of previous reviews into the high street. Ideas for future changes ranged from greater public-private partnership, to putting more power in the hands of local leaders and changing the nature of property ownership on the high street.

## How other countries approach the high street challenge

A comparative analysis of international approaches to tackling high street vacancy shows that there are a number of existing policies which could be applied to the English context. We learn from the ways places with similar economies have approached this challenge, including the US, Japan, Canada, Australia, Southern and Northern Europe, and more. Some of the policy approaches share similarities with the English policy regime or are already being implemented in some form, such as the Main Street Approach which is common across North America. Others, such as a commercial vacancy tax, are newer ideas which would need further translation for the English context.

- ▶ **Main Street Approach:** This programme promotes a framework for how local communities can develop and implement revitalisation strategies through economic vitality, promotion, design, and organisational stability. It is mostly used across North America, but towns across the world have also imported various aspects of it, albeit with results depending greatly on the programme's implementation and context.
- ▶ **Formula Business Restrictions (FBRs):** A local planning regulation in the United States that prohibits or limits the entry of chain stores (those with standardised appearances and services) in a certain area. While they vary in stringency, research suggests that FBRs generally bolster local independent businesses, although their impact on the wider high street is less clear.



► **Placemaking:** This approach uses the public space assets of the town centre to make quick investments and infrastructure changes to support business and resident needs for an attractive and useful high street. The scale of placemaking varies greatly, though evidence from across the globe generally suggests that it is linked with increasing social and economic vitality in communities.

► **Commercial Vacancy Tax:** This policy levies an additional fee on businesses or property owners with an empty storefront to address their negative externalities and reduce long-term vacancies. This is a relatively new approach that has only been used in the USA so far, though it is based on a theory of change from residential vacancy taxes implemented in Canada, France, and Australia as well.

► **Alternative Ownership Structures:** Similar to community shares, these models use the unique context of a local commercial area to design and trial models that address some of the ownership-related barriers to high street revitalisation. Specific examples from California and Japan suggest that they can be used to increase stakeholder engagement and community control over the larger town centre area, with less disruption to property ownership rights.

Table 2, below, compares and contrasts five international approaches to high street renewal using a range of different metrics and assessing their applicability to the English context.

Table 2: A comparison of five international approaches to high street renewal

Policy	Community Centred	Evidence Based	Targeted at vacancies	Potential economic benefits	Feasibility	Applicable for English context
Main Street Approach	High	Medium-High	Medium	Medium	Medium-High	High
Formula Business Restrictions	Medium	Medium	Low	Medium-Low	Low	Medium
Placemaking	High	High	Medium	Medium-High	Medium-High	High
Commercial Vacancy Tax	Low	Low	High	Medium-Low	Medium	High
Alternative Ownership Structures	Medium-High	Low	Medium	Medium-High	Low	Medium-High



## Policy recommendations

Drawing on learning from the international comparative analysis of high street regeneration policies, expert opinion, Power to Change's work and experience on high streets, and the existing policy landscape, we set out three core policies and additional ideas for further exploration, to build the community-powered high streets of the future.

01

The next government should introduce a **National Community-Led High Streets Programme** that consolidates learning from existing high street interventions and provides a platform for building local partnerships and creating a shared vision for high street transformation that is flexible to communities' different challenges and needs.

02

Central and local government should use their powers to **create the conditions for more alternative ownership**, such as community business or community development companies, on the high street, and mainstream alternative ownership and the role of the community developer into high street regeneration practice.

03

The next government should consider how **a targeted empty property premium on business rates for long-term vacant properties** could provide an incentive for property owners to find new uses for vacant assets, while also generating income for local and central government to support other high street regeneration activities.



# 1.0

## Introduction: Some cause for optimism, but the need for transformation remains

Since we last published major work on high streets in March 2022<sup>3</sup>, the pace of change experienced in our country and economy has shown no signs of slowing. As the worst experiences of the Covid-19 pandemic receded, the cost-of living crisis loomed into view. During this period, we have seen two new Prime Ministers take office. The effects of the market reaction to Liz Truss and Kwasi Kwarteng's mini-budget are still being felt today. More than a million homeowners are dealing with significantly higher mortgage payments, for example.<sup>4</sup> Inflation is affecting the cost of essentials, particularly food and energy.<sup>5</sup> It is in this economic context that we consider the state of our high streets.

Less disposable income will no doubt have an impact on our high streets and town centres. However, it is not all doom and gloom. As new Local Data Company (LDC) data collated for Power to Change shows, town centre vacancy rates have dipped slightly from their peak in 2021. As Figure 2. Shows, online shopping, which is often cited as a key driver in the decline of the high street, has dropped back to a level only marginally higher than before the pandemic.

The huge spikes in online shopping during this period, which came about for obvious reasons during lockdown periods, do not look to have permanently altered people's shopping habits or accelerated the shift to internet shopping.

We know that people still value physical experience and that their local high street or town centre means a lot to them.<sup>6</sup> While online shopping has an important place in today's economy, we believe that if we strengthen the sense of place and community, high streets will remain hugely important.

There are other reasons for cautious optimism. As Figure 3. shows, while there are still more closures than openings on our high streets, which of course points to a sustained high vacancy rate, in the last couple of years we have seen a narrowing of the gap between the two.



Figure 2: Internet sales as a percentage of total retail sales (ratio)(%) <sup>7</sup>

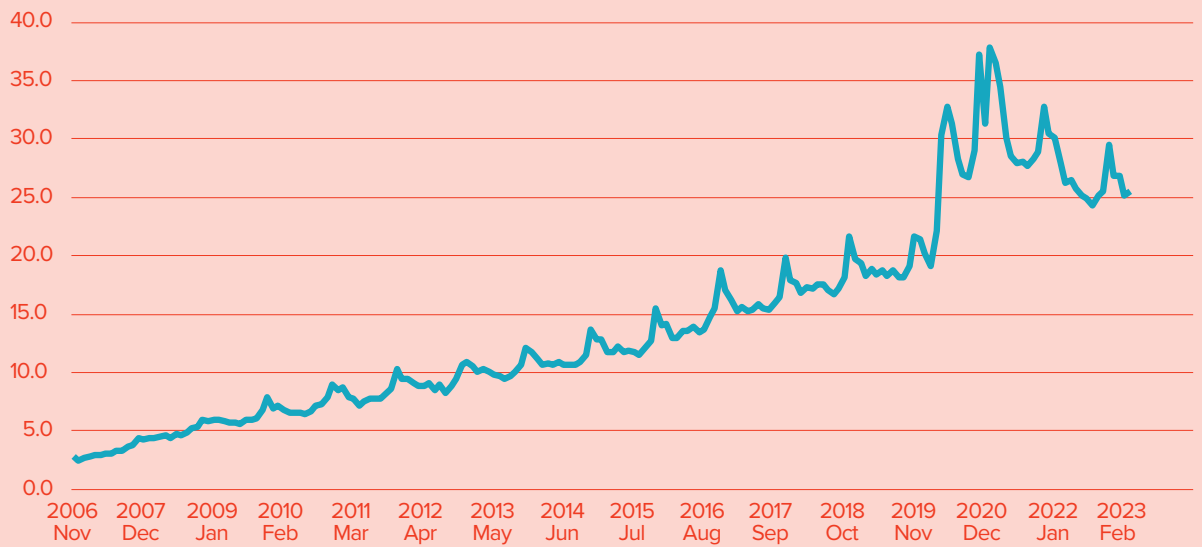


Figure 3. GB-wide high street unit opening and closures, 2015-2022.

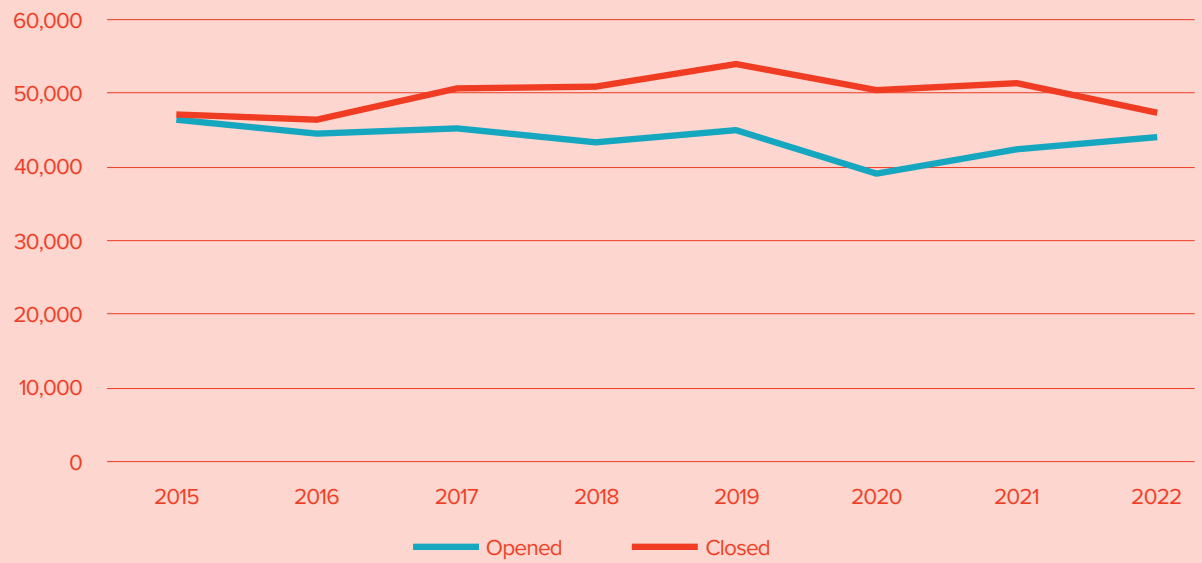




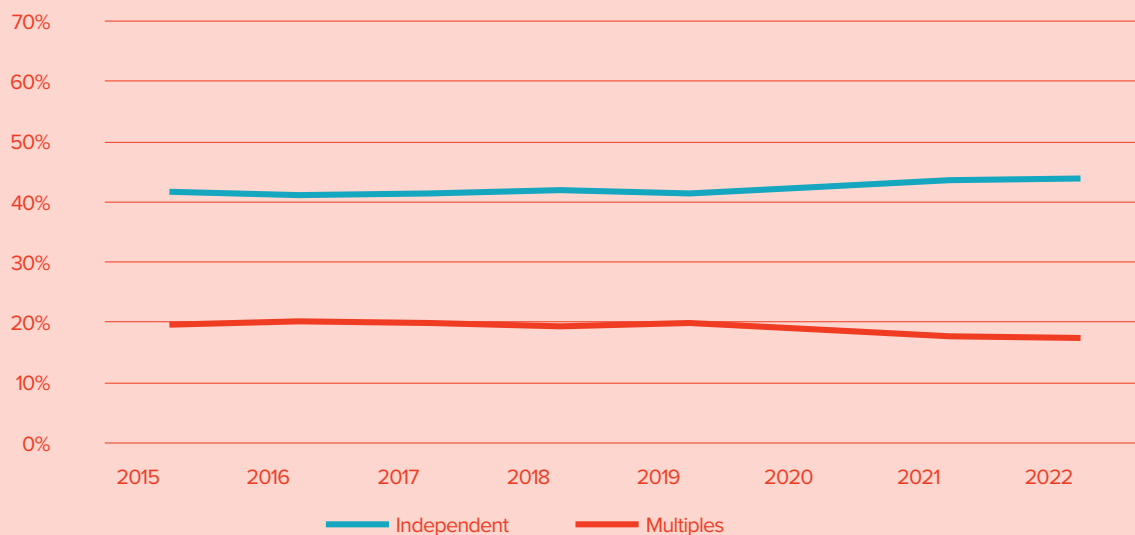
Figure 4. shows a notable increase in the share of independent businesses on the high street, particularly in the 2020s. In 2019, the independent / multiples split was 60.8% / 39.2%. Today that split is 63.3% / 36.7%. We've seen the demise of household high street brands such as BHS and Debenhams in recent years, which of course, isn't to be celebrated. But it does point to a future where local, independent businesses, often with less of an online retail offer, play a bigger role in our town centres.

“

[Property vacancy] kind of stabilised since COVID. There's not really been any significant change in the last year or two. I don't think since the Debenhams closed which was when Debenhams went into administration. That was a couple of years ago. That was the really the last big closure.

– Scott Mackay, Midsteeple Quarter.

Figure 4. Share of independent and chain businesses in GB high streets 2015-2022





## 1.1 Policy context

Aside from these national-level trends, we've seen a series of policy interventions which seek to tackle high street decline. Proposals for High Street Rental Auctions (HSRAs) – first announced in the Levelling Up White Paper<sup>8</sup> – have developed significantly. This new power for local authorities requires landlords to rent out persistently vacant commercial properties to new tenants, such as local businesses or community groups. Government is, as we write, consulting on the technical implementation of this policy.<sup>9</sup> The new data we present in this report looks specifically at those places which have seen the biggest increase in persistent vacancy (from 2015 – 2023) – precisely the issue the High Street Rental Auction process aims to tackle.

The work of the government's High Streets Task Force has continued in this period, with a shift from largely online support during the pandemic to more in-person support in the last year. This intervention – which provides tailored diagnosis and advice to places across the country – is now starting to generate significant data on the key factors holding town centres back.

In May 2022<sup>10</sup>, Chair of the High Streets Task Force, Mark Robinson, shared three key challenges Task Force experts were uncovering:

- ▶ **In 59% of places:** the absence of, or poor quality of, local networks and partnerships.
- ▶ **In 57% of places:** no compelling and ambitious vision that will make a difference to local communities.
- ▶ **In 61% of places:** a lack of place-based activation – little evidence of adequate events, markets and activities that drove visits to their high street.

In response to the findings related to a lack of vision and partnerships the government announced, in March 2023, a £2.5m High Street Accelerator programme to be piloted in up to 10 places.<sup>11</sup> The programme will “empower and incentivise local people to work in partnership to develop a long-term vision for revitalising high streets so they are fit for purpose.” There are many similarities between the Accelerator programme and Power to Change's Community Improvement District pilots, which we discuss in more detail below.

The Labour Party has also made high streets policy announcements in the past year. Lisa Nandy, at a speech in Darlington in July 2022<sup>12</sup>, announced that Labour would introduce a “powerful new Community Right to Buy” to give communities first refusal on assets of community value and long-term vacant high street property. In April 2023, Keir Starmer announced a five-point plan aimed at bolstering local high streets<sup>13</sup>,



which included measures to cut business rates and tax ‘online giants’; a voucher scheme to help businesses with energy efficiency; and powers for local authorities to take over empty properties. The last of these measures appears to be incredibly similar to the HSRA policy discussed above.

This flurry of policy action by both government and the opposition speaks to the continuing political salience of this issue. The state of the high street is a very visible barometer of local pride. Continued policy action is also a result of the complexity of the issue. The factors driving vacancy and decline are multifaceted and interlocking. Despite a whole range of policies and interventions in recent years, many high streets are still struggling.

Of course, some of this is as a result of wider economic conditions – in regions with weaker economies and less disposable income, it follows that there will be problems with high street decline. But there are also wider structural issues. Recent estimates suggest that the UK has a 40% oversupply of retail space.<sup>14</sup> Despite this, many places are struggling to imagine a future for their town centres which moves beyond retail.



**There is no one ‘high street’, there is no ‘one state of the high streets’, there are many high streets, they all have different challenges and opportunities.**

– Mark Robinson, High Streets Taskforce

## 1.2 The community-powered high street

The new data we present in our chapter on persistent vacancy rates reinforces this view and paints a stark picture. It is clear that we need to make further progress in the shift towards high streets fit for the 21st century. There is a growing consensus that ‘experience’ will be at the heart of the future high street<sup>15</sup>.

Whether this is in the form of a bigger arts and culture offer<sup>16</sup>, a greater role for public services<sup>17</sup> or more residential property<sup>18</sup>, places are looking at how to diversify their town centres.



**People want to move to Dumfries and Galloway, but there’s a lack of housing stock, both private ownership and rented... So there’s an opportunity for us there... There’s a market there for us to create these new flats... So that people can move into the town centre and then you’re creating that critical mass of locally based population which will spend their money locally on the high street.**

– Scott Mackay, Midsteeple Quarter, Dumfries.





Power to Change has long made the case for greater community involvement in and ownership of our high streets and town centres. Research by the London School of Economics has shown that community-owned town centre spaces serve as an important ‘destination space’, which drive footfall to other high street businesses.<sup>19</sup>

Community businesses are shining examples of what greater community involvement in high streets and town centres can do. Hastings Commons is providing flexible workspace and affordable housing in their town centre, while Nudge Community Builders is building a thriving music venue in Plymouth alongside local business start-up space and services for the local community such as a community café. The community management of Radcliffe Market Hall in Greater Manchester has transformed a struggling council-run traditional market. They now run a thriving day market and food market in the evenings, with a bar and live music. This destination drives footfall to other businesses in the town.

The benefits of community-led high streets are clear to see. Community-owned spaces contribute £220m to the UK economy, and 56p of every £1 they spend stays in the local economy, compared with just 40p for large private sector firms.<sup>20</sup> Importantly, these spaces provide affordable, appropriate services and products for the community – they meet shifting local demand more nimbly than many traditional high street occupants. As we look to the next general election and beyond, we need a bold set of policies to turbocharge the community-powered high street.



## 2.0

# Persistent vacancy rates: the high street warning lights

Data produced for Power to Change by the Local Data Company shows that there are 100 towns in England whose high street warning light is flashing bright. The 100 towns – which we name the ‘High Street Warning Lights’ – are a sign we need to take action to revitalise our high streets. These are the 100 towns in England which have experienced the greatest increase in the persistent vacancy rate (percentage of properties vacant for more than three years), since 2015. These towns are diverse and span the breadth of England.

Some, like Rotherham in South Yorkshire, had a relatively high vacancy rate in 2015 that has only gotten worse, whereas others, like Richmond in North Yorkshire – the Prime Minister’s constituency – have seen the persistent vacancy rate increase from a low base. It shows us that areas across England with very different demographics and in very different places face the same problem of increased shuttered up shops on the high streets and that this sticks over time. 83 of the 100 English towns in this list have a persistent vacancy rate higher than the English average.

Table 3. The High Street Warning Lights: the 100 English towns with the greatest increase in the persistent vacancy rate between 2015-2023

Location	Region	2015 to 2023 PVR Variance	Persistent Vacancy Rate	Vacancy Rate	Most ‘In play’ constituencies <sup>21</sup>	Received any High Streets-related funding <sup>22</sup>
Stoke-upon-Trent (Stoke-on-Trent)	West Midlands	8.3%	18.1%	25.6%	Yes	Yes
Waterlooville	South East	8.1%	15.4%	20.0%	No	No
Worksop	East Midlands	7.3%	12.1%	23.6%	No	No
Harborne	West Midlands	7.2%	8.8%	15.7%	Yes	No
Hanley (Stoke-on-Trent)	West Midlands	6.8%	15.5%	27.3%	Yes	No
Tunstall (Stoke-on-Trent)	West Midlands	6.8%	19.3%	28.5%	Yes	No
Basildon	East Of England	6.3%	18.7%	28.6%	No	No
North Shields	North East	6.2%	10.0%	17.9%	Yes	No
Slough	South East	6.2%	7.9%	16.1%	No	Yes
Redditch	West Midlands	6.2%	8.5%	18.5%	No	Yes
Southend-on-Sea	East Of England	5.9%	17.9%	30.2%	Yes	Yes



Location	Region	2015 to 2023 PVR Variance	Persistent Vacancy Rate	Vacancy Rate	Most 'In play' constituencies <sup>21</sup>	Received any High Streets-related funding <sup>22</sup>
Rotherham	Yorkshire and the Humber	5.9%	15.6%	23.4%	No	Yes
Ashbourne	East Midlands	5.8%	7.2%	13.0%	No	Yes
Stevenage	East Of England	5.4%	12.4%	18.7%	Yes	Yes
Morecambe	North West	5.4%	8.2%	16.5%	Yes	Yes
Middlesbrough	North East	5.2%	11.2%	22.0%	Yes	Yes
Bakewell	East Midlands	5.0%	12.3%	19.0%	Yes	No
Blackpool	North West	5.0%	6.9%	10.5%	No	Yes
Sutton Coldfield	West Midlands	4.9%	10.1%	20.4%	No	No
Andover	South East	4.9%	10.4%	20.3%	Yes	No
Droitwich	West Midlands	4.9%	6.4%	18.6%	No	No
Ipswich	East Of England	4.9%	6.3%	12.7%	No	Yes
Stockport	North West	4.7%	15.4%	23.4%	Yes	Yes
South Shore, Blackpool	North West	4.7%	12.3%	20.0%	No	No
Bradford	Yorkshire and the Humber	4.5%	15.8%	26.2%	Yes	Yes
Alfreton	East Midlands	4.5%	9.4%	19.9%	Yes	No
Basingstoke	South East	4.5%	9.1%	18.1%	Yes	No
Newcastle-Under-Lyme	West Midlands	4.5%	7.8%	17.8%	No	Yes
Blyth	North East	4.5%	7.7%	17.5%	No	Yes
Harlow	East Of England	4.3%	16.9%	25.1%	Yes	Yes
Barrow-in-Furness	North West	4.3%	13.0%	22.2%	Yes	Yes
Derby	East Midlands	4.3%	10.3%	18.8%	No	Yes
Byker	North East	4.3%	6.5%	15.2%	No	No
Goole	Yorkshire and the Humber	4.3%	6.5%	13.7%	No	Yes
Hinckley	East Midlands	4.3%	7.8%	19.4%	Yes	No
Birmingham	West Midlands	4.3%	7.6%	15.1%	No	Yes
Stourport-on-Severn	West Midlands	4.2%	5.8%	10.0%	No	No
Great Yarmouth	East Of England	4.2%	12.2%	21.4%	No	Yes
Tolworth	Greater London	4.1%	10.8%	11.6%	No	No
Burgess Hill	South East	4.0%	6.3%	11.9%	No	No
South Shields	North East	3.9%	14.1%	19.9%	Yes	No
Burnham-on-Sea	South West	3.9%	12.3%	27.6%	Yes	No
Woking	South East	3.9%	6.0%	16.3%	Yes	No



Location	Region	2015 to 2023 PVR Variance	Persistent Vacancy Rate	Vacancy Rate	Most 'In play' constituencies <sup>21</sup>	Received any High Streets-related funding <sup>22</sup>
Stockton-on-Tees	North East	3.9%	5.9%	8.8%	Yes	Yes
Evesham	West Midlands	3.8%	15.9%	23.0%	Yes	No
St. Austell	South West	3.8%	12.7%	21.2%	Yes	No
Northwich	North West	3.8%	11.9%	19.3%	No	No
Heywood	North West	3.8%	4.9%	11.5%	No	No
Leigh-on-Sea	East Of England	3.8%	7.9%	12.8%	Yes	No
Leigh	North West	3.8%	3.8%	6.9%	No	No
Kingsbridge	South West	3.8%	5.7%	13.6%	No	No
Blackburn	North West	3.7%	10.9%	20.1%	No	Yes
Chesham	South East	3.7%	5.5%	11.7%	No	No
St. Helens	North West	3.6%	10.3%	18.8%	No	Yes
Biggleswade	East Of England	3.6%	17.8%	27.0%	Yes	No
Bromsgrove	West Midlands	3.6%	10.1%	20.0%	Yes	Yes
Doncaster	Yorkshire and the Humber	3.6%	7.0%	14.3%	No	Yes
West End, Morecambe	North West	3.6%	5.3%	13.9%	No	No
Horsham	South East	3.6%	5.7%	10.5%	No	No
Lymington	South East	3.6%	4.1%	9.2%	No	No
Ashton-under-Lyne	North West	3.6%	12.1%	23.4%	Yes	No
Hull (Kingston Upon Hull)	Yorkshire and the Humber	3.6%	11.2%	20.0%	Yes	No
Cleethorpes	Yorkshire and the Humber	3.5%	5.6%	11.3%	No	Yes
Shanklin	South East	3.5%	4.9%	11.2%	No	No
Newark-on-Trent	East Midlands	3.5%	7.7%	18.8%	Yes	Yes
Carlisle	North West	3.5%	6.0%	16.5%	No	Yes
Weston-super-Mare	South West	3.5%	8.6%	19.3%	No	Yes
Looe	South West	3.4%	15.7%	25.0%	Yes	No
Mansfield	East Midlands	3.4%	10.1%	20.7%	Yes	Yes
Sittingbourne	South East	3.4%	9.6%	20.0%	Yes	No
Uttoxeter	West Midlands	3.4%	8.0%	18.5%	Yes	No
Grimsby	Yorkshire and the Humber	3.4%	6.2%	18.2%	No	Yes
Oxford	South East	3.4%	5.1%	14.7%	No	No
Plymouth	South West	3.4%	4.0%	14.3%	No	Yes



Location	Region	2015 to 2023 PVR Variance	Persistent Vacancy Rate	Vacancy Rate	Most 'In play' constituencies <sup>21</sup>	Received any High Streets-related funding <sup>22</sup>
ShIPLEY	Yorkshire and the Humber	3.4%	3.4%	6.1%	No	Yes
Whitehaven	North West	3.4%	8.4%	21.2%	Yes	No
Richmond, Yorkshire	Yorkshire and the Humber	3.3%	9.9%	23.6%	Yes	No
Torquay	South West	3.3%	9.3%	19.7%	Yes	Yes
Hackney	Greater London	3.3%	6.7%	18.0%	Yes	Yes
Erdington	West Midlands	3.3%	5.8%	13.7%	Yes	No
Beeston	East Midlands	3.3%	4.9%	12.5%	No	No
Northampton	East Midlands	3.3%	4.5%	11.2%	No	Yes
Southport	North West	3.3%	4.4%	10.3%	No	Yes
Cockermouth	North West	3.2%	6.1%	15.8%	No	No
Newmarket	East Of England	3.2%	4.8%	14.4%	No	No
Salisbury	South West	3.2%	4.6%	12.6%	No	No
Bracknell	South East	3.2%	4.2%	11.8%	No	No
Wolverhampton	West Midlands	3.2%	10.0%	23.8%	No	Yes
Devizes	South West	3.1%	6.9%	12.6%	No	No
Watford	East Of England	3.1%	5.0%	13.4%	Yes	No
Kendal	North West	3.1%	5.0%	11.6%	Yes	No
Bridlington	Yorkshire and the Humber	3.0%	15.6%	27.4%	Yes	No
Newton Abbot	South West	3.0%	7.8%	15.6%	Yes	No
Chester-le-Street	North East	3.0%	7.4%	14.8%	No	No
Hartlepool	North East	3.0%	3.7%	11.3%	No	Yes
Hexham	North East	2.9%	5.8%	13.2%	No	No
Morpeth	North East	2.9%	5.4%	10.3%	Yes	No
Canterbury	South East	2.9%	4.1%	11.5%	Yes	Yes
Gosport	South East	2.9%	4.7%	19.6%	No	No
Leeds	Yorkshire and the Humber	2.9%	8.6%	18.2%	Yes	Yes



These warning lights alert us to a worrying national picture when we look at data for Great Britain as a whole.<sup>23</sup>

We find that persistent vacancy rates have increased across Britain from 3.7% in 2015 to 5.2% in 2023. Some regions are faring worse than others. The North East is experiencing the highest persistent vacancy rate of all Britain's nations and regions at 8.4%. The North East is followed by Wales, experiencing a persistent vacancy rate of 7.7%, and the North West at 6.9%. Unsurprisingly, regions which are performing better than the GB average on economic indicators such as GDP per head such as London and the South East<sup>24</sup> similarly experience persistent vacancy rates significantly below that of the national average.

The persistent vacancy rate in London is 2.9%, and 3.9% in the South East. We can also see through the data on the 100 High Street Warning Lights, that persistent vacancy rates can vary hugely town to town. For example, Tunstall – one of the towns in Stoke-on-Trent – has a persistent vacancy rate of 19.3%, whereas a town like Bracknell has a persistent vacancy rate of 4.2%.

Looking at all vacancy rates, the picture is much the same. Across Britain, the average vacancy rate has risen from 10.8% in 2015 to 11.4% in 2022. Though down slightly from a peak of 12% in 2021 during the midst of the Covid-19 pandemic, it is still concerning that if you walk past 10 buildings in your

average British town centre, at least one is likely to be vacant. Regionally, the picture mirrors that of persistent vacancy rates. The North East and Wales experience the highest vacancy rates of 14.4% and 13.7% respectively. Vacancy rates are lowest in London (10.2%) and the South East (9.2%). Like persistent vacancy rates, the vacancy rate varies greatly between towns. Towns like Southend-on-Sea experience a vacancy rate of 30% whereas others like Shipley sit below the national average at 6.1%.



Figure 5: 2023 persistent vacancy rates across Great Britain

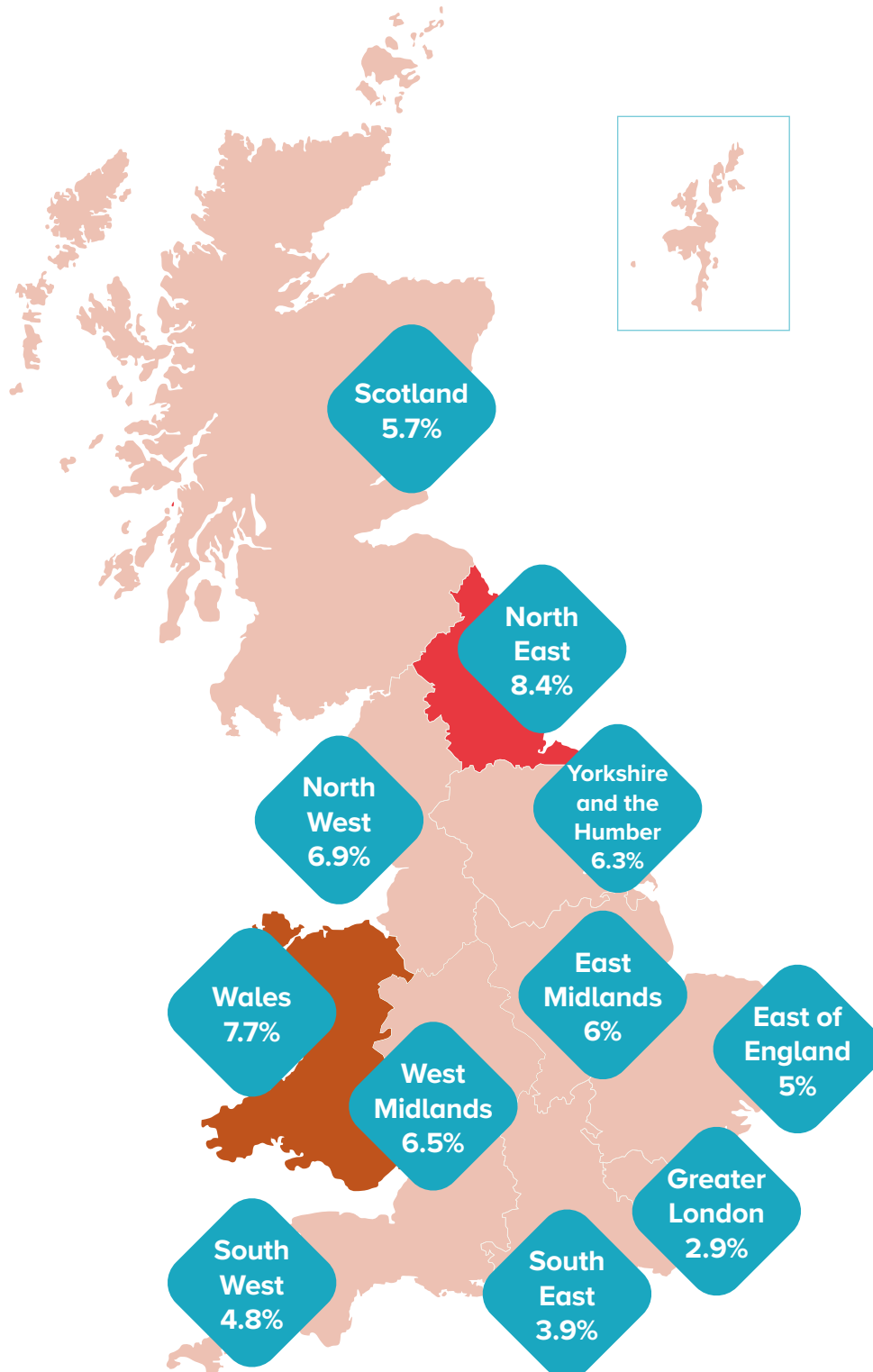




Table 4. Persistent vacancy rates (%) in Great Britain

Region/Nation	2015	2016	2017	2018	2019	2020	2021	2022	Current
East Midlands	3.9%	5.2%	3.8%	3.8%	3.8%	3.8%	4.6%	5.2%	6.0%
East Of England	3.2%	3.8%	3.0%	2.9%	3.0%	3.2%	3.8%	4.3%	5.0%
Greater London	1.8%	2.3%	1.8%	1.8%	1.8%	1.9%	2.3%	2.5%	2.9%
North East	6.1%	7.3%	5.9%	5.8%	5.8%	5.9%	6.9%	7.6%	8.4%
North West	5.5%	6.7%	5.4%	5.4%	5.4%	5.6%	5.9%	6.5%	6.9%
Scotland	4.4%	4.6%	3.8%	4.1%	4.8%	4.9%	5.1%	5.0%	5.7%
South East	2.7%	3.7%	2.9%	2.9%	2.9%	2.7%	3.2%	3.5%	3.9%
South West	3.4%	3.1%	2.6%	2.8%	3.1%	3.6%	3.9%	4.6%	4.8%
Wales	5.9%	6.0%	5.0%	5.3%	5.6%	5.8%	6.6%	7.0%	7.7%
West Midlands	4.6%	6.1%	4.6%	4.7%	4.5%	4.8%	5.4%	5.8%	6.5%
Yorkshire and the Humber	4.5%	5.5%	4.3%	4.3%	4.4%	4.3%	5.3%	5.9%	6.3%
<b>GB</b>	<b>3.7%</b>	<b>4.4%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.6%</b>	<b>3.8%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>5.2%</b>

Table 5. All vacancy rates (%) in Great Britain

Region	2015	2016	2017	2018	2019	2020	2021	2022
East Midlands	11.0%	10.3%	9.5%	9.8%	10.7%	11.7%	12.2%	11.5%
East Of England	9.6%	8.9%	8.4%	9.0%	9.7%	10.5%	10.9%	10.4%
Greater London	7.7%	7.6%	7.7%	8.2%	8.7%	10.2%	10.3%	10.2%
North East	14.1%	12.6%	12.3%	13.9%	14.0%	15.5%	15.9%	14.4%
North West	13.9%	13.2%	12.2%	12.2%	12.7%	13.2%	13.1%	12.1%
Scotland	11.6%	11.8%	10.9%	11.0%	11.6%	12.4%	13.0%	12.4%
South East	9.3%	8.8%	8.3%	8.7%	8.8%	10.1%	10.2%	9.2%
South West	9.3%	9.1%	9.1%	9.7%	10.0%	11.6%	11.6%	11.1%
Wales	12.4%	11.8%	11.0%	11.8%	12.7%	14.7%	14.7%	13.7%
West Midlands	12.7%	11.7%	10.7%	10.7%	11.1%	12.0%	12.5%	12.4%
Yorkshire and the Humber	11.6%	11.0%	10.9%	11.4%	11.8%	12.9%	12.7%	12.1%
<b>GB</b>	<b>10.8%</b>	<b>10.3%</b>	<b>9.8%</b>	<b>10.3%</b>	<b>10.7%</b>	<b>11.9%</b>	<b>12.0%</b>	<b>11.4%</b>



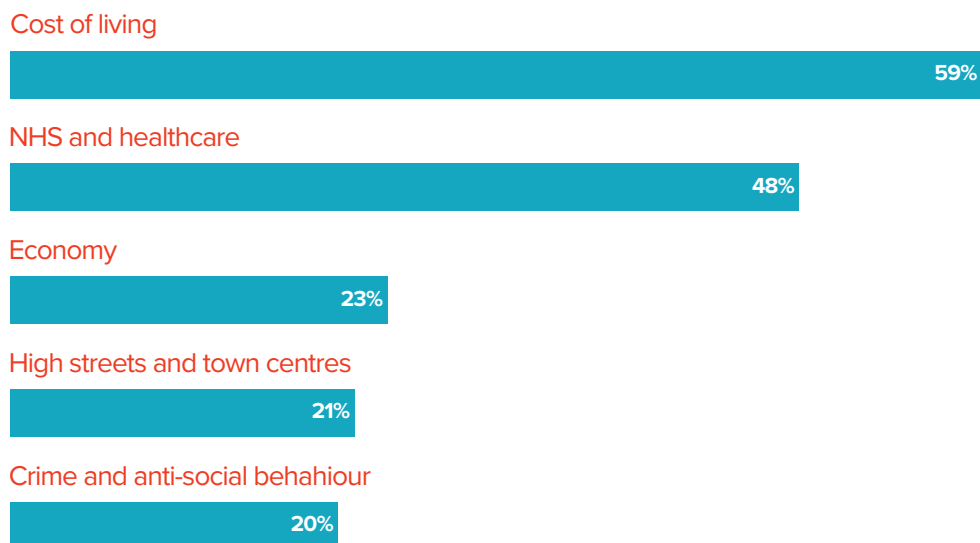


We know that restoring our high streets remains an important issue on the political agenda, even amongst the multi-pronged challenges the country is currently facing. There is continued interest from government in the future of our high streets, as discussed above. In the minds of the public, high streets remain important. As Figure 6 shows, when thinking about important issues affecting their local area, high streets and town centres were the fourth most important priority for the public.<sup>25</sup> Qualitative work has shown that high streets are key to people's sense of civic pride and dominate unprompted focus group discussions related to levelling up.<sup>26 27</sup>

There is interest from Labour too. In her book, *Beyond the Red Wall*, Keir Starmer's Director of Strategy Deborah Mattinson identified decline on the high street, particularly the symbolic loss of the high street staple Marks and Spencer, as prevalent in 'red wall' areas. Thriving high streets are a key outcome of the first of Labour's missions, to 'secure the highest sustained growth in the G7'.<sup>28</sup>

Our analysis of the 100 High Street Warning Lights shows that many contain the most marginal constituencies the major parties in England will be contesting at the next general election. Just under half (46) of the places with the greatest increase in persistent vacancy rates contain the most 'in play' seats at the next election (where majorities are less than 10,000).

Figure 6. The most important issues people think are facing their local community





When the next election comes, voters will have issues like the cost of living and the state of the NHS at the front of their mind. But as they make their way to the ballot station they will pass through their local high street and town centre. What voters see around them – whether it feels like their local area is declining – could shape their perception of how well life in the local area is going and their perception of which party has the most convincing plan to improve things in their local area may influence where their cross falls on the ballot paper.

## 2.1 Scope for change?

We have looked under the bonnet of the High Street Warning Lights to examine the ownership picture of properties in the 100 towns we identify, thanks to data from EG.

In terms of the overall ownership picture, we find that in these 100 towns, private individuals are the dominant type of property owner, owning 70.6% of units. Just under a quarter (24.1%) of units are owned by Limited or Public Limited Companies. Local authorities and corporate bodies own 3% and 1.4% of units respectively. All the other types of owners own fewer than 0.6% of units.

However, the picture changes substantially when looking at the ownership of vacant units through the data provided.<sup>29</sup> In the High Street Warning Lights the vacant units are predominantly owned by Limited or Public Limited Companies, who own 61.3% of vacant units in the High Street Warning Lights despite owning under a quarter of units overall. 21.7% of vacant units are owned by private individuals (compared to 70.6% of units overall), and 1 in 10 are

owned by local authorities. 4% are owned by corporate bodies and community groups and societies own 1.4% of vacant units. Beyond that point all the further ownership types, own fewer than 1% of the vacant units in the High Street Warning Lights.

Looking at the ownership picture, it is clear that the biggest opportunity to drive down vacancy rates is in designing policy interventions that affect the dominant owner of vacant units: limited and public limited companies. There is always going to be a level of vacancy amongst commercial units. For example, the asset might change hands between businesses, and it takes a few months for the new owner to get the business operational. Similarly, the blame may not always lie at the feet of the property owner, though sometimes it does, in instances of land banking for example.

Economic conditions can change quickly and cause a unit to become commercially unviable to operate and there may not be demand in the market to incentivise selling.

Nevertheless, with almost two thirds of vacant units in the High Street Warning Lights owned by limited or public limited companies, it suggests that policy intervention to tackle vacancy in those towns where the persistent vacancy rates are highest should be aimed at influencing the behaviour of those property owners in order to have the greatest impact.



Table 6: Ownership rate and ownership of vacant units by ownership type

Type of owner	Total number of units	Overall ownership rate	Ownership of vacant units
Private individual(s)	13,537	70.6%	21.7%
Limited company or public limited company	4,622	24.1%	61.5%
Local authority	566	3.0%	10.3%
Corporate body	266	1.4%	4.0%
Community groups and societies	92	0.5%	1.4%
Limited liability partnership	65	0.3%	0.9%
Other	21	0.1%	0.2%





## 3.0

# Expert opinion: there is no single reason, nor solution, for high street vacancy

We also provide an up-to-date snapshot of expert opinion – in all its forms – on the challenges facing high streets and the solutions needed. We interviewed nine experts with experience in financial services, local government, investment and community-led high street renewal. The structured interviews focused on the state of the high street, persistent vacancy, property ownership, and policy interventions. We found that while predominantly negative, there was a mixed response to the state of the high street at a national level. Similarly, we found that accounts of interviewees differed in emphasis when explaining high street vacancy and that there were competing accounts of the role of landlords. Interviewees shared a common theme that persistent vacancies can instigate a spiral of decline on a high street. So too did the interviewees view the existing policy agenda with some scepticism, though it was noted the government has adopted many of the recommendations of previous reviews into the high street. Ideas for future changes ranged from greater public-private partnership, to putting more power in the hands of local leaders and changing the nature of property ownership.

### 3.1 The state of our high streets

Interviewees presented a mixed picture of the state of the high street. It was clear that vacancy rates were seen to be a problem, but that the problem has not necessarily worsened since the onset of the Covid-19 pandemic. The GB average – in the context of Covid-19 and the current economic climate – was not seen as too negative by some interviewees. In addition, the level of vacancy was seen to be higher in some places than others, so that while some high streets and town centres such as Oxford and Cambridge are thriving, others are nearly empty. It was noted that this is not a new problem. There has been concern about the high street for the last decade at least and going back further to the 1990s. Nevertheless, there was a strong sense among interviewees that our high streets are not fit for the present nor the future as we have created identikit high streets that are not suited to a particular place.



**The vacancy rates are still stubbornly high, but they don't seem to be getting much worse. You know, it's almost as if we have picked at the worst. And again, it's regional. It varies from place to place.**

– Phil Prentice, Scotland's Town Partnership



“

I moved here in 2001 and it was quite a shock to me when I came to this country and I saw that actually, you have every high street looking the same. And now that people can go and get what they want online there isn't the same incentive for people to just pop down to the shops. The high streets need to offer something different.

– Kathryn Jones, Artspace Lifespace

“

I think one of the problems we ended up with in our town centres is we created... these clone towns, and they all end up looking the same, and the only thing that I am sure of is that every place deserves a different response now, and part of the answer is for every place to realize its own special purpose and its own reason to exist.

– Mark Robinson, High Streets Task Force

### 3.2 Drivers of persistent vacancy

Focusing on persistent vacancy, a number of reasons were given for this, ranging from demand and supply to incentives and disincentives, the role of landlords, and the lack of use of existing powers by local government.

There is no longer demand from traditional high street retailers to expand on the high street and this is contributing to rising vacancy. Coupled with this is the loss of big retailers such as Debenhams and River Island. But this is not just due to the wider market trends that are influencing demand

for high street property. It is also due to much of the property on the high street not being suitable for modern businesses, so there is not the demand for those types of spaces and there is an oversupply of retail space specifically.

“

Fundamentally, the reason why you see persistent vacancy on UK high streets is because there's too much poor quality retail space, and not enough businesses that want to take that space.

– Matt Soffair, Legal and General Investment Management

It was also raised that there are currently disincentives for creating the right type of spaces on the high street. Value Added Tax (VAT) is applicable to refurbishment on many units on the high street, whereas a retailer could build a new unit out of town, on a retail park for example, without VAT applying. This means it is often more affordable to do the latter than to renovate a high street space to bring it to standard. Interviewees also commented on recent changes to permitted development rights which enabled developers to convert properties into residential accommodation without planning permission. However, often these spaces – offices, for example – do not make the best living accommodation in terms of natural light. It was felt there needs to be a proper debate about the best use of these spaces and how to change those buildings in a way that is suited to the needs of that place.

There were mixed views around the role of landlords. For some it was felt that landlords, rather than intentionally leaving property vacant, are experiencing the effects of the



market forces outlined above, particularly the lack of demand for high street units. However, others that we interviewed felt landlords had played a more negative role.

There was a view from some interviewees that landlords benefit from keeping property vacant and that in these cases these landlords can be distant, being disconnected from the place in which they own property. Pension funds were mentioned by some interviewees as an example of this, where high street property is collateral for pension liabilities. This means there is little reason for the landlord to care whether a unit is vacant or not. It was also said that it is often hard to identify and to contact landlords. The interviews indicated this was a more acute problem in England compared to Scotland where the registry data appears to be more comprehensive and accessible.

“

**The landlord might be a pension fund, that is based somewhere entirely different and the asset only exists as collateral for the pension liabilities.**

– Julian Dobson, Sheffield Hallam

“

**We've seen some examples of buildings owned by large investment funds headquartered in other countries or just headquartered elsewhere...the property is seen as an investment and the business rates liabilities aren't material to the investor, it doesn't really matter to them whether it's used or not.**

– Bex Trevalyan, Platform Places

There was also a view among some interviewees that local government is not using the existing powers it possesses to tackle persistent vacancy. In part this was attributed to cultural factors such as risk aversion, but also due to constraints on local government such as lack of capacity and funding.

“

**I've heard from the council leaders I've been speaking with that it's not necessarily an issue of lack of powers to say acquire or takeover an empty, vacant unit...because they do have CPO [Compulsory Purchase Order] as an option. Often the barriers are a lack of funds, capacity and appetite for risk-taking**

– Bex Trevalyan, Platform Places

“

**The major issue is just risk aversion [to using powers]. 'Don't know how to do that. I'm too frightened. What if I make a mistake? Are people going to shout at me?' So, it is risk aversion that is the main barrier in Scotland. It's a cultural thing.**

– Phil Prentice, Scotland's Town Partnership

A common theme was that all of this contributes to a spiral of decline, whereby persistently vacant units drive the vacancy of other properties on the high street, increasing feelings of negativity and powerlessness towards the decline of that place. This can create the 'broken windows' effect whereby the environment contributes to a rise in antisocial behaviour.



“

Persistent vacancies in particular has a really psychologically damaging impact on the surrounding communities. They just feel powerless that actually switches them off, it makes things worse.

– Phil Prentice, Scotland’s Town Partnership

### 3.3 The existing policy regime: a mixed picture

The existing policy agenda was met with a fair amount of scepticism among interviewees, with the focus primarily on funding and the High Street Rental Auctions policy proposed in the Levelling Up and Regeneration Bill. On funding, the criticism was primarily based on the majority of high street-related levelling up funds being focused on capital projects. While this was not seen as negative in and of itself, the lack of revenue funding and funding to address economic fundamentals meant that these projects were viewed as short term and could not be sustained.

“

**I think often lack of imagination has characterised government interventions. So if you take the Future High Streets Fund, a lot of money is being spent on capital projects, some of them potentially useful, some of them less so... I think what’s been completely missing from a government response has been the understanding that building community and building an economy takes time.**

– Julian Dobson, Sheffield Hallam University

“

For all this capital money that’s been spent, we might get all of these outcomes, which is wonderful. But where’s the analysis to really say well, okay, once we’ve spent all of this, what’s going to actually sustain the benefits that you’ve said are going to happen? And so the concern for me would be that we end up with a whole load of capital money being spent...without the fundamentals and the revenue side coming...without those fundamentals having been addressed.

– Nalin Seneviratne, Porter Brook and Associates

The government’s High Street Rental Auction policy was criticised from different angles. On the one hand, it was seen as too radical, and it was felt that it would be ineffective. The basis of this criticism was that it would impinge on the rights of property owners and that it would not have the desired effect of reducing vacancies because it would not change the economic viability of that property. On the other hand, the policy was critiqued for its lack of radicalism, and the perception that it did not go far enough to produce larger shifts towards more local or community ownership. It should be noted that one interviewee made the point that the government has adopted many of the policy proposals, though not all, from the various reviews that have taken place into high street decline.



“

If an owner could lease the space, they would lease the space. So introducing a new compulsory auction process is unlikely to solve the fundamental issues causing persistent vacancy.

– Matt Soffair, Legal and General Investment Management

“

Maybe they're given a slap on the wrist, maybe they have to then rent their shop out, that goes some way to tackling the problem, but it feels short term. What happens if that's then vacant again, in a year's time, does the whole process start again? So, for me, what's more interesting is radical shifts...larger shifts in ownership towards more locally aligned owners.

– Bex Trevalyan, Platform Places

Interviewees had a range of perspectives on what future policy changes would produce the biggest impact on our high streets and town centres. That a large proportion of property is owned by local people means there is still scope for considerable change, leaving aside the problem of absentee ownership. The public sector was seen as having an important role, both in terms of intervention in partnership with the private sector to transform empty spaces, but also to strategically deliver public services in town centres in order to revitalise them. There was a view that trust needed to be put in local leaders, either from the community sector or local government, though some scepticism was expressed around the long-term viability of community ownership on the high street.

“

I think local and national government, and the public sector generally, massively squanders the power of influence of their own occupation with our town centre places. For example, the transformative effect of putting a community diagnostic unit in a town centre is huge.

– Mark Robinson, High Streets Taskforce

“

A lot of people are quite keen on community ownership. And I think that community ownership can work...but I think the problem is that it always is one or two individuals who then run out of steam. And then I always wonder what happens to that building.

– Cllr Kemi Akinola, Wandsworth Borough Council

The common theme from these expert interviews is that there is no one high street, no one cause of persistent vacancy, and no one solution. The state of our high streets can vary massively from place to place, with a wide range in persistent vacancy rates. There are several drivers of these rates, ranging from demand and supply to incentives and disincentives, the role of landlords, and the lack of use of existing powers by local government. Interviewees viewed the existing policy agenda with some scepticism, though it was noted the government has adopted many of the recommendations of previous reviews into the high street. Ideas for future changes ranged from greater public-private partnership to putting more power in the hands of local leaders and changing the nature of property ownership.







## 4.0

# A comparison of international approaches to high street renewal

Discussing high streets in England often brings up the traditional image of a single retail-dominated street at the centre of a small town. But this international review is not limited to places that meet the ONS definition of number of retail shops per metre of street. The social and cultural role matters as well – as the oft-cited Portas Review (2011) describes, high streets often refer to the “heart of towns and communities”.<sup>30</sup> And while there are many named ‘High Streets’ that fit this role, there are also collections of mixed-use streets, city neighbourhoods, and village centres that are equally important in this discussion. This is relevant both to consider a diversity of high street contexts in this research, but also to establish what potential international settings might be applicable.

In considering the rich variety of high streets, it becomes clear that they face a range of different issues, discussed above and all informed by local history and context. High street revitalisation represents a wicked problem full of complex interlocking issues and numerous proposed interventions.<sup>31</sup>

Specifically, in considering these problems and the policies that have been proposed or implemented previously, four overarching barriers stand out that consistently prevent high streets from escaping their downward spiral:

01

Lack of representation from the local community in high street decision-making due to a lack of engagement and coordination from business owners and public officials

02

Fragmented ownership and management of high street properties that prevents cohesive planning and programmes

03

Declining economic growth leading to lower availability of high-wage jobs for local residents that would increase community spending power

04

Lack of clarity around ideal property use mix for a resilient high street that appropriately balances retail, leisure, service and residential properties to meet community needs



## 4.1 International settings

With the diversity of local circumstances and issues facing English high streets, there is no universal solution or identical place to look to. Rather, in considering the lessons from research on international policy transfer and learning, it is necessary to review a wide range of policy approaches to determine what might be applicable. Specifically, research finds that successful policy transfers often depend on problem similarity, policy setting and context, and policy effectiveness.<sup>32</sup> The following section will discuss these with regards to specific policy approaches. But first, it is worth providing an overview of the settings that these approaches take place in to understand the contexts and their relevance for English high streets.

A review of policy research, reports, and proposals has identified three main types of international countries and regions that are working to address similar issues. None are an exact analogy for English high streets, but all present the opportunity for relevant policy learnings.

### 01

#### Rural town centres (i.e. Main Streets) in USA, Ireland, Canada, Southern Europe

Similar to high streets, main streets in older and rural towns play an outsized cultural role, often operating as hubs of social and economic activity. As the Canadian Urban Institute notes, they “create strong community connections that are critical to healthy neighbourhoods”.<sup>33</sup> Like high streets, they have experienced a period of decline due to increased online commerce, institutional investor models of property ownership, and reductions in local business presence

and social cohesion. Some of the US and Canadian contexts focus a bit less on commercial vacancy and more on economic revitalization, but by and large these settings are likely the closest international comparison for English high streets.

### 02

#### Smaller post-industrial downtowns in USA, Northern Europe, Japan

These regions are often less concentrated than high streets, generally focusing more on a small city centre or collection of streets (although some of them do closely mimic the single large high street model). However, they face many of the same issues related to addressing high and persistent vacancy rates, especially with regards to updating and diversifying their property use and working against a context of low economic growth and disinvestment spirals. Vacancy rates in these regions range from 14% in Japan to up to 40% in parts of the American Midwest, and the local community is often excluded from the policymaking discussion and implementation process.<sup>34</sup>

### 03

#### Neighbourhood districts in large cities in Australia, Canada, USA recovering from COVID lockdowns

While a relatively recent phenomenon, the sheer size of the impact of pandemic lockdowns has led to a number of policy experiments and approaches. Larger cities have meaningfully different contexts, especially in response to Covid-19, so English high streets must take care in adopting ideas and learnings from them. But there are similarities, especially with regards to increasing vacancy rates and changing community needs, demographics, and retail balance.



Australia's largest cities have seen Central Business District (CBD) vacancies rise from less than 5% to closer to 15%<sup>35</sup> while American downtowns have seen vacancy rates double as economic activity shifts towards the suburbs and smaller metro areas.<sup>36</sup>

As a final note, it would be remiss not to mention the similar issues facing Scotland and Northern Ireland. Whether on high streets or town centres, it is clear that England is not alone in the United Kingdom in working to address property vacancy and support local communities. With vacancy rates of 15-16 per cent<sup>37</sup>, both countries have been considering this issue carefully, from Northern Ireland's plan for Delivering a 21st Century High Street and Scotland's Town Centre Action Plan. While these plans are still being implemented and have yet to be evaluated, it will be important for policymakers to eventually identify and learn from what they have tried.

## 4.2 Policy Models

Based on a review of policy plans, programmes, and evaluations from the above international contexts, four main policy models have been identified for further examination: the National Main Street Approach; Formula Business Restrictions; Placemaking and a Commercial Vacancy Tax.

This section provides summaries of these models, and considers their effectiveness at achieving relevant outcomes, their potential applicability for English high streets, and any other learnings.

## 4.3 National Main Street Program

### Summary

Originating as a programme of the United States National Trust for Historic Preservation, the Main Street Approach has operated for over forty years with the goal of strengthening communities. Focusing predominantly on older downtowns and commercial districts, it promotes the creation of local Main Street Programs that can develop and implement community-based revitalisation strategies. These programmes tend to operate as independent organisations with a small staff, group of volunteers, and strong partnerships with local residents, business owners, and government<sup>38</sup>.

The approach is comprehensive, flexible, and has been implemented in over 2,000 communities across the United States.

A key consideration is that the specific models vary widely in size, structure, goals, and programmes. Instead, the approach prioritises four principles: economic vitality, promotion, design, and organisational stability, buffeted by consistent and inclusive engagement. Programmes may include a variety of different approaches, for example, storefront improvements, real estate development, business attraction, and/or community festivals. Regardless, guidance generally notes that action is what matters – small projects can make a difference as long as they meet community needs and bring together key stakeholders.



The Main Street Approach does not give towns a precise list of what they need to implement to solve their specific issues. Rather, it provides a framework for revitalisation – everything it takes to plan, fund, operate, design, implement, and evaluate a programme with the best chance of success.

### Effectiveness

To date, much of the evidence around the Main Street Approach has come from the programme's creator itself.<sup>39</sup> This data is reported by communities and largely descriptive, but still provides a good starting place, if perhaps an upper bound of success. In 2021, the average participating community reported \$4.8 million in new investment, compared to their average programme cost of around \$250,000. This represents a reinvestment ratio of almost \$20 invested for every \$1 spent on the program, which broadly lines up with data from previous years. Additionally, they report an average of 25 net jobs gained and 5-6 new businesses per year. Note that these results on reinvestment and businesses come from over 1,000 currently participating communities, meaning that these are not just newly established programmes but also those that have been operating for years, if not decades.

Additionally, while this data is promising, it does not provide a clear causal understanding of the programme's impacts. Were these investment and job creation trends nationally present in all similar towns, or were they limited to main street programme communities?

Two studies have been identified that attempted to compare outcomes more rigorously in participating towns to those in non-participants, looking at five US states in total.<sup>40</sup> These studies provide a more nuanced conclusion, suggesting that only two of the five states saw meaningful increases in jobs and economic retail activity. While there may have been other social and community benefits in the other three states, they were not reflected in this data. As such, the authors stress that the Main Street Program should not be considered a universally applicable approach – success depends greatly on institutional support, programme design, and local context.

### Applicability

The Main Street Program provides a clear theory of change for community revitalisation but was specifically designed for smaller older towns in the USA with a focus on preservation and economic development. This is especially important to consider as almost all the evidence cited above comes from these examples.

The approach was successfully extended to urban neighbourhood cores in larger cities<sup>41</sup>, but examples of international programme adoption are less frequent. A similarly comprehensive version of the programme has been implemented in Canada<sup>42</sup>, while elements of it have been used in projects in Australia<sup>43</sup> and Turkey.<sup>44</sup> At the same time, the flexibility of the framework means that it is not drastically different from similar approaches that have been tried in England, signalling some potential for a more formal comprehensive program.<sup>45</sup>



### Other learnings

- ▶ Policies and projects are often unsuccessful when they are simply replicated in a community that might be different from the original implementation.<sup>46</sup>
- ▶ Resourcing is key, including local champions and paid staff, a robust volunteer base, and stable funding.
  - ▶ Depending on town size, yearly budgets might range from \$100,000 (£80,000) at the start to \$250,000 (£200,000) for a more established programme.<sup>47</sup>
- ▶ Flexible funding is key to create a holistic strategy that avoids only addressing narrow problems.<sup>48</sup>

## 4.4 Formula Business Restrictions

### Summary

Formula Business Restrictions (FBR) are a type of local planning regulation in the United States that restrict the entry of chain stores. Specifically, they prohibit or limit the presence of formula businesses (those with standardised appearances and services and/or products) in a certain area.

These generally take the form of zoning ordinances designed to protect local character and independent businesses. They vary in stringency – whether smaller or larger geographic areas, type of industry, and level of restrictiveness. More than 30 communities have implemented FBR, often in small coastal towns though also in places as varied as San Francisco, California and Fredericksburg, Texas.

### Effectiveness

Much of the research on chain business entry barriers focuses on large retail ‘big box’ stores and is relatively inconclusive on whether these policies help independent businesses. However, one empirical study was identified that evaluated the impact of FBR policies in US communities as compared to similar towns without FBR.<sup>49</sup> They concluded that implementing FBR led to an increase in overall employment at local independent businesses and an increase in the establishment of new independent retail-specific businesses.

Additionally, cities that adopt FBR find that local businesses are “30% less likely to downsize,”<sup>50</sup> Finally, these impacts lasted and often increased over time, suggesting that they have longer-term benefits on community economic vitality as well.

### Applicability

FBR has to date largely been implemented in the US, and in a relatively limited style of community (except for San Francisco). As researchers have noted, “the communities that have adopted FBR are likely to be the ones that benefit the most from such entry barriers,” suggesting that other communities may receive fewer benefits.<sup>51</sup> At the same time, the type of community that they describe lines up relatively strongly with most English high streets: “a pedestrian-friendly commercial centre lined with small vernacular buildings with ground-floor retail.”<sup>52</sup> Additionally, a 2015 study found that previous UK regulations limiting large retail locations actually led to negative impacts on independent businesses as this policy led to the rise of smaller in-town chain locations.<sup>53</sup>



Combined, these factors suggest that a more focused FBR-style policy could be a better option for the English high street.

### Other learnings

- ▶ Communities can and should tailor FBRs based on their local market analysis in terms of what sectors to target and how restrictive they need to be.
- ▶ As seen in the US, these types of policies can drive stakeholder opposition, both from large retail corporations and from property owners interested in their tenancy.<sup>54</sup>
- ▶ Communities with an existing relationship with specific formula businesses may rely on them for essential services – any new policies should carefully work with existing businesses as well as consider what new chain businesses might be necessary based on a community's needs (e.g. a pharmacy).

## 4.5 Placemaking

### Summary

Revitalising high streets requires the consideration of them as physical places that people experience, not just ideas or destinations. Placemaking encourages local stakeholders to consider the environment around high streets, what makes them welcome and attractive, and what is necessary to support businesses and residents. This may include simplifying public parking, new infrastructure for safer roads, or adding benches and lighting for visitors. Importantly, it does not require transformational change.

The goal is to understand local concerns and what investments could quickly improve quality of life to give all residents the opportunity to use and benefit from high streets regardless of their mobility needs.

### Effectiveness

In general, there is a wide range of research showing that placemaking and streetscape improvements increase the economic vitality of communities.<sup>55</sup> Safer sidewalks, cycle lanes, reliable bus access, and even the presence of trees are associated with increased retail sales, new businesses and jobs, and fewer commercial vacancies when compared to similar areas without the same improvements.



This relationship works by attracting new visitors and footfall, increasing the frequency of visits by residents, inspiring residents to start businesses, and strengthening social capital around the high street to increase community involvement.<sup>56</sup>

While much of this research is from larger cities in the United States, the benefits have also been seen in Spain, Denmark, New Zealand and Turkey.

### Applicability

The scope and effectiveness of placemaking depends on existing infrastructure. Cars are still popular and necessary in most English communities, and any improvements must be flexible and responsive to that context rather than simply copied from other regions. However, placemaking does not need to solely rely on pedestrianisation or sustainable transport, unless those are what works best for a specific high street. Instead, the goal is for an “accessible, safe, and well-designed streetscape” that ensures that the high street is a place for everyone in the community.<sup>57</sup>

The National Infrastructure Commission has found that most residents in towns in England are not satisfied with their local transportation offerings and infrastructure, and addressing their concerns is key to improving economic opportunities for high street businesses.<sup>58</sup>

### Other learnings

- ▶ It is important to get an accurate picture of local travel – business owners often overestimate the car use of their customers as compared to those who walk or use other sustainable transport.<sup>59</sup>
- ▶ Placemaking does not have to take place in a bubble but may work best as part of a broader suite of high street-focused programmes.
- ▶ Research from the US suggests that most business owners establish residence in a community first, and only later decide to open a business, increasing the importance of creating attractive people-oriented places for residents and businesses.<sup>60</sup>

## 4.6 Commercial Vacancy Tax

### Summary

A relatively straightforward policy approach, this tax is designed to address the negative externalities and costs that vacant properties impose on a community.<sup>61</sup> Based on similar taxes on vacant residential property, governments in the American cities of Washington, DC, Arlington, MA, Oakland, CA, and San Francisco, CA have imposed additional commercial taxes on businesses or property owners that manage a vacant storefront.<sup>62</sup> The details of the tax can differ based on amount, applicable locations (e.g. commercial districts only), and/or types of property (e.g. street-facing properties only).<sup>63</sup> But the core idea is to reduce longer-term vacancy rates and revitalise an area by imposing an additional cost on maintaining a vacant property.





### Effectiveness

The relative novelty of the commercial vacancy tax means that little research to date has been found that evaluates the actual impacts. However, researchers have ex-ante modelled commercial property markets and conclude that these taxes would likely be associated with lower vacancy rates. Additionally, evidence from the housing sector suggests some potential benefits. A study of residential vacancy taxes in France found that municipalities that imposed the tax saw significant reductions in long-term vacancy rates when compared to similar regions without the tax.<sup>64</sup> Similarly, an independent review of the residential vacancy tax in British Columbia, Canada found a reduction in associated vacancies as well as improved property affordability for residents.<sup>65</sup>

### Applicability

The relatively limited implementation of a commercial vacancy tax suggests that its impacts would be difficult to predict for most English communities and their high streets without further data analysis and stakeholder engagement. However, the mix of large cities and smaller towns that are starting to impose the tax indicates that the tax might be more broadly applicable. Additionally, the Council Tax surcharge on empty properties in England at least suggests the possibility that a vacant commercial property tax could be feasible in England, for example by increasing business rates for properties vacant for more than a certain period of time.

### Other learnings

- ▶ The clarity of policy targeting and design might make this a politically attractive proposal – a vote on the topic in Oakland, CA resulted in 70% support.
- ▶ It is possible that this tax could have unintended consequences, such as increasing the presence of chain store locations or increasing business churn on a high street as property owners quickly bring in tenants without considering whether they are likely to be successful in the community.<sup>66</sup>
- ▶ The tax likely requires either strong self-reporting norms or a robust enforcement structure to produce desired outcomes.



## Examples of Commercial Vacancy Tax Design

- ▶ In Washington, D.C., vacant commercial properties face a 5% annual property tax rate instead of a 1.65% rate normally.
- ▶ Oakland, CA collects a yearly vacant property tax of \$3,000 on all ground floor commercial properties that are “in use less than fifty (50) days in a calendar year”.
- ▶ In Arlington, MA, landlords must register their vacant properties with the local government and pay \$400 for any commercial building that has been vacant for 90 days.
- ▶ San Francisco, CA levies a tax of \$250 per foot of frontage for ground floor spaces in specific neighbourhood commercial districts that are vacant more than half the year.

### 4.7 Policy concepts

#### Alternative ownership models for commercial development

While not a specific policy or programme, the review of international approaches identified two interesting models that address some of the ownership-related barriers to high street revitalisation. These project cases did take place in the context of full redevelopment of a commercial district but hold some interesting lessons that could apply to high streets in England.

#### Resident Ownership at Market Creek Plaza<sup>67</sup>

Owned by a local non-profit foundation, this blighted commercial area was transformed into the social and economic hub of the Diamond neighbourhood in San Diego, CA. While the bulk of the project was financed by a traditional federal grant for community development, the key to the project was the

creation of a community-development initial public offering (IPO) that allowed residents to purchase ownership shares in the property.

Bolstered by a robust and inclusive community engagement process, this model prioritised resident needs in the development, provided financial benefits to the local community (over 150 new jobs and \$7 million in local contracting for minority- or women-owned businesses), and improved social cohesion in the neighbourhood.

#### Consolidating the Management of a Shopping Street with Fragmented Ownership<sup>68</sup>

Marugamemachi Shopping Street in Takamatsu City, Japan was suffering from increased vacancy rates and reduced consumer footfall and demand. To address these concerns, the local businesses, residents and property owners created a



community development company (CDC) to take control of the revitalisation. This organisation worked with stakeholders to meet their needs and create a structure for property owners to separate their land use rights from ownership rights. As a result, “fragmented land lots with different owners were efficiently consolidated into a large parcel,” under the management of the CDC.<sup>69</sup>

This increased the cohesion of the revitalisation plan, created an easier structure for local community engagement, and increased access to government grant funding.

#### **4.8 International policy discussion**

Overall, it is apparent that many communities across the world are facing similar issues to English high streets, and that they are trying a variety of policy approaches to reduce vacancies and increase social and/or economic activity. Some ideas have spread across the world and faced robust evaluations, while others are more region-specific or only recently implemented. And while there is no panacea, they all provide lessons and suggestions for policymakers to consider in developing high street revitalisation strategies.

High streets face a variety of different issues based on their histories and local context. Identifying their specific needs and tailoring policies is key and requires robust and regular community engagement. For example, formula business restrictions might work well in communities with higher proportions of out-of-town visitors looking for local charm, while commercial vacancy taxes could be especially valuable in areas with high levels of investment ownership.

Quality evidence on most high street programmes is relatively limited. Continuing to evaluate and iterate will be key to understanding the actual impact of these policies and projects on high street vacancies and activity, especially since most evaluations find that interventions often work differently based on local context and implementation. For something like placemaking, low-cost temporary installations might first be tried to see what impacts they have before investing in larger scale changes.



Empowering local communities is key to increasing the likelihood of revitalisation. Residents and stakeholders must be part of the information-gathering, problem definition, and design and implementation as seen in the main street programmes or the Market Creek Plaza example. Whether it be through participatory budgeting or community-based planning, residents know their needs and what is feasible and sustainable. Involving the community also increases the potential for higher levels of social capital and civic activity in these regions, further increasing the chance of high street revitalisation.

With those lessons in mind, below is a brief review of the policy approaches discussed in this chapter. While all of them hold promise for high streets and are worth exploring further, this section focuses on the initial four main policy models as well as alternative ownership. These ideas have a longer track record, more clearly target vacancy and revitalisation, and are most applicable for English high streets in the current political context. Table 7 below, considers the merit of these five approaches, and the following chapter discussed ways to apply some of these policies in the English context.

**Table 7: A comparison of five international approaches to high street renewal**

Policy	Community Centred	Evidence Based	Targeted at vacancies	Potential economic benefits	Feasibility	Applicable for English context
<b>Main Street Approach</b>	High	Medium-High	Medium	Medium	Medium-High	High
<b>Formula Business Restrictions</b>	Medium	Medium	Low	Medium-Low	Low	Medium
<b>Placemaking</b>	High	High	Medium	Medium-High	Medium-High	High
<b>Commercial Vacancy Tax</b>	Low	Low	High	Medium-Low	Medium	High
<b>Alternative Ownership Structures</b>	Medium-High	Low	Medium	Medium-High	Low	Medium-High



## 4.9 Conclusion

Overall, this chapter suggests that for policymakers interested in high street revitalisation in England, there are valuable learnings from other international contexts. Considering everything from transport to ownership incentives, there are a variety of national programmes and local policies targeted at reducing vacancies in town centres. These approaches differ on the barriers they address, and their implementation and success often depend greatly on the local context.

However, lessons from the main street approach and placemaking strategies are likely of use for policymakers to standardise a fragmented group of national programmes and guidance for high streets stakeholders. Additionally, for communities that have analysed their circumstances and property markets, formula business restrictions, vacancy taxes, or a push for alternative ownership models might be worth exploring and enabling.





## 5.0

# Policy recommendations: how to build community- powered high streets

While significant investment has already been made in England's high streets, the High Street Warning Lights list indicates that new approaches to tackling vacancy and bringing life back to our high streets are needed. The testimony of high street experts and international examples in the previous chapters demonstrate that the solution to our current challenges lie at the community level.

International policy examples can provide a much-needed source of inspiration on how to tackle the problems on high street vacancy and create the 'compelling and ambitious vision' for high streets which Mark Robinson, Chair of the High Streets Task Force, identified as lacking.<sup>70</sup>

This chapter proposes three policy approaches to respond to the high street challenges that are demonstrated by the data and expert interviews. Each builds on one or more of the international policy examples outlined in the previous chapter which hold promise in tackling the challenges of high street vacancy and which merit further exploration in the context of England's high streets. They additionally utilise learning from, and build on, examples of high streets initiatives which are already having a positive impact in England.

- ▶ **A National Community-Led High Streets Programme** could consolidate learning from existing high street interventions and provide a platform for building local partnerships and creating a shared vision for high street transformation.
- ▶ **The mainstreaming of alternative ownership models** could provide an opportunity to bring community-led development of empty high street assets on par with local government and commercial property development and allow community businesses to unlock vacant spaces from which to support their local community.
- ▶ **An empty property premium on business rates for long-term vacant properties** could provide an incentive for property owners to find new uses for vacant assets while also generating income for local and central government to support other high street regeneration activities, such as a High Street Buyout Fund. This would fill an important gap in the placemaking and regeneration policy landscape by providing communities with the time to raise capital to purchase high street assets.

The final section of this chapter explores remaining policy questions and areas for further research.



## 5.1 A National Community-Led High Streets Programme

Lessons from the National Main Street Program point to the possibility that a comprehensive national programme could help to activate high street regeneration at the community level across England. While there have been many high street regeneration programmes in England to date, at the national and local level, these programmes are often made available on a competitively funded basis to a limited number of places, when demand for support to reimagine the use of our high streets for the future is in high demand. Furthermore, many regeneration programmes lack the space for community businesses and community-led organisations, who are well-placed to understand the needs of their local community, to have a say in the development of their future high street. A National Community-Led High Streets Programme, consolidating existing place-based regeneration schemes and extending these further, could offer a tool kit for locally led regeneration that addresses the lack of strong partnerships and shared vision identified as key barriers by the Chair of the High Streets Task Force. This programme would bring together local high street stakeholders, including community-led organisations, residents, businesses, property owners and local authorities. Flexibility to tailor regeneration activities to each place and its unique challenges and needs would be vital to its success.<sup>71</sup>

Key to the success of the National Main Street Program is its flexibility. Local Main Street Programs vary in size, structure, goals and activities, reflecting the different challenges, opportunities and capacity of different high streets. This flexibility to local circumstances avoids the challenges of clone towns and identikit high streets which arise when regeneration efforts are too prescriptive, whilst still providing a platform from which high street activity can be coordinated. Underlying their activities are the aims of strengthening local partnerships and building a shared vision for the future of the high street at a local level. National Main Street Programs help to build strong partnerships between local residents, local government, property owners and businesses, and their consistent and inclusive community engagement is essential to developing a plan for action which is reflective of local need. The lack of strong local partnerships and a shared vision for the future of the high street have been identified as common challenges which hold back the potential of investment in the high street, and which the adoption of this approach in England could seek to address.<sup>72</sup>



A National Community-Led High Streets Programme could build on the many place-based high street transformation initiatives which have been trialled in England to date and bring together learning from existing programmes such as the Town Deals and Future High Streets Fund, the work of the High Streets Task Force and community-led partnership initiatives like the Community Improvement Districts. While there have been many such interventions to date, few are comprehensive and open to any community that wants to take action on their high street.

CIDs are emerging as a relatively flexible model for community engagement in high street regeneration. Some pilots are hosted by established organisations, which enables them to move into action quickly without being bogged down in structural arrangements, keeping a focus on engaging local stakeholders and public activities.<sup>73</sup> Like the Main Street Program, CIDs demonstrate that momentum and buy-in appear to be more visible when there is action, and that small, local projects can make a difference when they bring together different local stakeholders and meet the community's needs.<sup>74</sup> Identifying quick wins appears to be an important part of the activity of the CIDs pilots that are making most progress.

The learning from our CIDs pilots has also informed a new £2.5 million High Street Accelerator programme that will empower local people to participate in developing a long-term vision for the revitalisation of their high streets.<sup>75</sup> Like CIDs and the Main Street Program, partnership will be central to the Accelerators, bringing together residents and community organisations with local businesses and local government.

A National Community-Led High Streets Programme could help to bring together learning from the many existing place-based regeneration interventions and create inclusive local partnerships and a shared vision around which to orient high street transformation. However, this approach would require significant time, resources and support to be set up and for the initial activation of local programmes, to ensure they can build effective and inclusive partnerships for local action. Funding and support would be needed to set up local high street stakeholder partnerships and develop innovative solutions based on local challenges and need. They could additionally be used to help leverage in further investment, such as from private sector businesses operating locally.





## Interim findings from our Community Improvement Districts Pilot

Community Improvement Districts (CIDs) are providing a platform to develop a community vision for high street regeneration. They are emerging as nodes in their local network of regeneration activity, rather than taking a distinct or uniform organisational form, much like organisations delivering the Main Street Programme.<sup>76</sup> They are beginning to play a convening role in drawing people together in their place, acting as hubs around which stakeholders and the public can gather to develop and realise their ambitions for town centre and high street regeneration. In some cases, CID pilots are building strong connections between the local community, businesses, property owners and the local authority to shape a more coordinated and inclusive approach to place-based regeneration. Furthermore, CIDs are creating spaces for discussion and action outside of traditional governance structures and in places which have not previously been prioritised. In doing this, they're enabling conversations and activities that likely would not have happened without the intervention of the CID pilot and are amplifying resident and less heard voices.

CIDs are emerging as a relatively flexible model for community engagement in high street regeneration. Some pilots are hosted by established organisations, which enables them to move into action quickly without being bogged down in structural arrangements, keeping a focus on engaging local stakeholders and public activities. Like the Main Street Program, CIDs demonstrate that momentum and buy-in appear to be more visible when there is action, and that small, local projects can make a difference when they bring together different local stakeholders and meet the community's needs. Identifying quick wins appears to be an important part of the activity of the CIDs pilots that are making most progress.



However, this approach may struggle within the UK's current fragmented and competitive funding landscape, which encourages bidders to adopt approaches which have been successful elsewhere, rather than locally tailored solutions, to secure funding. Integrating lessons from the National Main Street Program, a National Community-Led High Streets Programme would require flexible funding that could be accessed by the partnership of local high street stakeholders to develop solutions centred on local challenges and needs. As highlighted in our interviews with high streets experts, current high street interventions are overly focused on short-term capital projects, and a funding programme for a National Community-Led High Streets Programme should also enable revenue spending and be long-term in nature to drive sustainable change on the high street.

## 5.2 Alternative ownership models

Alternative ownership models – such as those developed in Market Creek Plaza in San Diego and Marugamemachi Shopping Street in Takamatsu City – could offer a promising way of rethinking the issue of high street property ownership. Alternative ownership of high street property can take many forms and allows stakeholders to overcome barriers of disinterested or fragmented property ownership, increasing community control over the design and outputs of their high streets while also working directly with property owners to ensure their interests are met.

Organisations like Platform Places and community businesses that act as community developers like Nudge Community Builders and Hastings Commons are already working to bring community developers onto a more equal footing with local government and private developers and reimagining the high street to deliver more community impact, shifting away from the retail-dominated high streets we know are no longer fit for purpose. These models offer real potential to address the challenges facing our high streets and deliver social and economic impact, and further investigation into how these approaches could be mainstreamed in high street regeneration and tackling vacancy is needed.

Platform Places is a new social enterprise working to shift the ownership pattern on our high streets to a healthier balance between private, public and community-owned buildings.<sup>77</sup> Like the Main Streets Program, Platform Places is focused on bringing together local high street stakeholders to create a shared solution to the problem of vacant and underutilised property. Platform Places convenes and supports councils, communities and property owners to create collaborative Local Property Partnerships.



These Local Property Partnerships take account of the needs and aspirations of these different local stakeholders: challenges such as the cost of living crisis and social isolation mean that local authorities want to see thriving local businesses that can meet multiple community needs; asset owners are seeking innovative and viable uses for their assets; and while community organisations have great ideas for their place, they need to access the spaces where they can grow and deliver their vision.<sup>78</sup>

Presently, property owners have few options available to them to help find new uses for their property where demand for commercial spaces is low. Local Property Partnerships can help to bridge the gap between supply of vacant property and a demand for spaces by community businesses looking to do things differently on the high street. It is hoped that these Local Property Partnerships will lead to long-term culture change in how local assets are used, moving towards a culture in which long-term vacant and overpriced property is no longer acceptable and decisions about town-centre assets, and access to the wealth those assets produce, becomes more local and democratic.

Nudge Community Builders in Plymouth and Hastings Commons in Hastings are already established exemplars of the community developer, using community ownership of vacant high street property to transform the space in a way which fulfils community need, creates opportunities for local residents and businesses and overcomes the challenges of fragmented and distant property ownership.

Nudge is buying vacant buildings on Union Street so that these buildings can help create a street which meets local people's needs and keeps the economic impact of these spaces in the community.<sup>79</sup> Its approach involves buying property that is not attractive to commercial property developers and 'nudging' them back into use to meet the needs of local residents and businesses. In doing so, it is helping to set the culture for Union Street's redevelopment in a way which makes high rates of vacancy unacceptable and rejects gentrification, keeping high street revitalisation focused on community need. Like Market Creek Plaza in San Diego, Nudge has used a community share offer to support the purchase of some of its buildings, bolstering local investment in its activities.

Hastings Commons is challenging traditional approaches and creating new models of town centre property ownership, management and collaboration for the common good.<sup>80</sup> The Hastings Commons Community Land Trust has brought a cluster of buildings in the centre of Hastings into custodian ownership and revitalised these challenging but much-loved local buildings to create spaces that local people and businesses can use for the long term, giving them more control of where they live and work.



These innovative examples demonstrate the scale of opportunity for communities to have more control in stewarding and transforming their high street through alternative ownership and management of vacant high street property. Further investigation is needed to determine how, and with what support, such approaches could be rolled out more widely and mainstreamed into existing high street regeneration efforts. Both central and local government should consider how community property developers can take an active role in transforming vacant spaces in the interest of local people and ensure suitable supporting and funding is made available for these activities in their approaches to tackling high street vacancy.

Both central and local government can also do more to empower communities to take ownership of important local assets. The next government should continue the momentum of the Community Ownership Fund by introducing a Community Right to Buy, giving communities the right of first refusal to buy assets of community value as they come up for sale. Labour has already committed to introducing a Community Right to Buy, which is a positive step that the Conservatives should follow. However, the next government should also go further, introducing a High Street Buyout Fund to purchase vacant high street assets of community interest, and then transfer them into community ownership.

Local authorities should also be prepared to use their Compulsory Purchase Order powers as a measure of last resort in tackling neglected and long-term vacant properties where there is a clear community interest in bringing the asset back into use. As our interviewees note, local authorities are often reluctant to use Compulsory Purchase Order to take control of problematic property in private ownership, but by transferring such assets into community ownership or long-term lease, community organisations can play a vital role in stewarding their high streets and delivering on the needs of local people.

### **5.3 Business rates empty property premium**

Policy options to encourage property owners to find new uses for their long-term vacant property should also be explored. The community-led models of high street regeneration and property development outlined above demonstrate that there are opportunities to bring vacant spaces into new and beneficial use for the local community. However, government also has a role to play in creating structural changes that will lead business behaviour in a new direction.

A commercial vacancy tax, as tested in some US cities, could help to disincentivise long-term vacancy while creating additional income for local authorities to support high street regeneration. This policy approach would encourage property owners to fill vacant spaces where there is demand for spaces for community use, specifically working to change the behaviour of property owners who intentionally leave their properties vacant. However, care must



be taken to ensure that this approach would not lead to poor quality and short-term lets by businesses looking to avoid additional charges, nor penalise property owners who are simply unable to fill their vacant spaces due to low demand in the local area. Further consideration is given to this last challenge in the final section of this report.

At present, national non-domestic rates (business rates) in England are applied to vacant commercial property, though property owners receive a three-month relief upon the property becoming vacant. Some property types receive extended reliefs, such as industrial property, while some, such as charities, can receive a full exemption when property is vacant.<sup>81</sup> Applying a business rates empty property premium for long-term vacant high street commercial property has the potential to discourage property owners from intentionally leaving property vacant long-term, such as in the practice of land-banking vacant properties by investment managers, institutional investors, and real estate property companies. Further research to gather more evidence on the impacts and potential unintended consequences would be worthwhile, but such an approach could increase engagement from disinterested and distant property owners and respond to vocal community concerns about vacancies whilst also generating funds for other regeneration projects.

As noted in the previous chapter, the application of a council tax premium on long-term vacant domestic property suggests that such a scheme could feasibly be applied to business rates. Currently council tax premiums are applied at a rate of 100, 200 and 300 per cent for properties vacant for two or more, five or more and ten or more years respectively.<sup>82</sup> Furthermore, the Levelling Up and Regeneration Bill which is currently in Parliament makes provisions for local authorities to impose a 100 per cent empty homes council tax premium after one year of vacancy (rather than the current two).<sup>83</sup> The Bill also introduces powers for local authorities to charge up to 200 per cent of the standard bill of council tax on furnished holiday homes, a 'second homes premium' to meet local housing need in areas with large numbers of second homes.<sup>84</sup> Notably, these measures were substantially supported by Labour during the House of Commons Committee Stage. Government's willingness to use taxation to tackle the problem of vacant homes suggests that there could be cross-party political appetite to extend this approach to tackling high street vacancy too.



Local authorities could use their retained share of a business rates empty property premium to offset the cost of business rates reliefs (including for eligible empty property) or to fund other high street regeneration initiatives. The government could also put its share of these funds towards other methods of tackling vacancy, such as by financing a High Street Buyout Fund. As the examples of alternative ownership in places such as Plymouth and Hastings demonstrate, community businesses across England have the vision and ambition to purchase vacant high street properties and bring them back into use for community benefit.

However, they often lack access to capital at pace and at the scale needed to compete with private investors, many of whom will purchase high street property and leave it vacant.

A High Street Buyout Fund would fill an important gap in the placemaking and regeneration policy landscape by providing communities with the time to raise capital to purchase high street assets and support to build their skills and plans before taking on a high street asset, helping to promote sustainable community ownership. Modelling for Power to Change suggests that an initial £100 million government investment could leverage an additional £250 million in commercial and social investment.<sup>85</sup> This would help more communities to take control of vacant high street spaces which matter to local people.

However, pursuing a tax-based policy intervention to tackling high street vacancy should be approached with an awareness of the potential for unintended consequences. Re-occupation of a vacant property for a minimum of six weeks allows the property owner to claim a further three months of exemption when the property becomes vacant again.

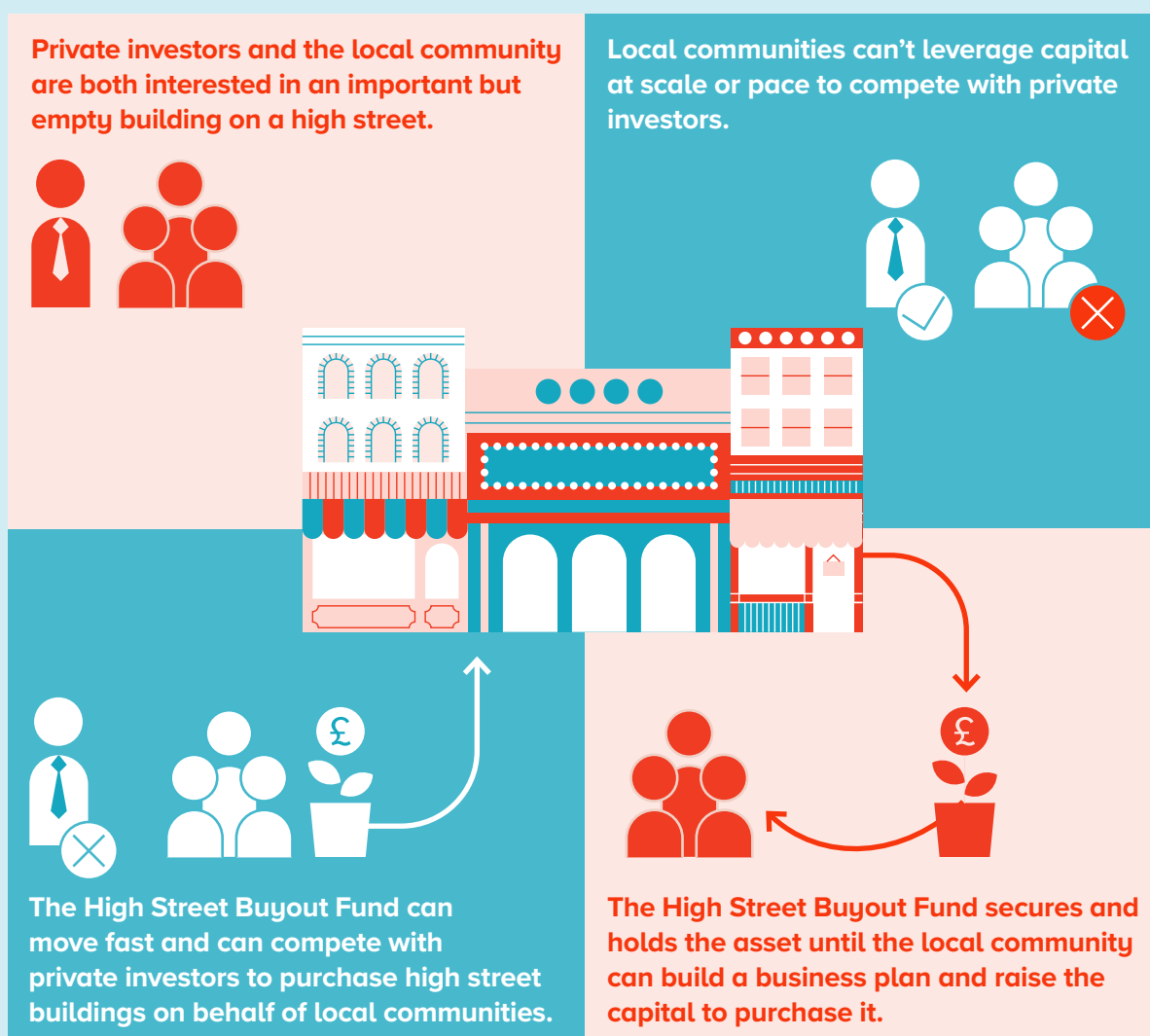
Applying a business rates empty property premium to long-term vacant property could encourage property owners to let their properties for short periods of time to access the exemption and re-start the clock on the period of vacancy and could motivate them to bring in tenants quickly without consideration for whether they are likely to be successful or motivated to remain in the location.



## The High Street Buyout Fund in summary

How the High Street Buyout Fund works for a particular high street.

Power to Change





Furthermore, an empty property premium would have to be constructed in such a way as to avoid additional harm to property owners who are actively attempting, but struggling, to find uses for their vacant spaces. While promising, this model of addressing high street vacancy warrants further research and modelling to assess feasibility and potential impact.

## 5.4 Areas for further research

### Beyond retail – creating high street spaces fit for the future:

From our interviews with high street experts, it is clear that there is a need to transform the use of some of the oversupply of vacant commercial property in a way which meets local need, such as by delivering housing supply. However, interviewees were also concerned that new permitted development rights, which enable the conversion of commercial property into residential accommodation, may not always deliver an appropriate use of vacant spaces or high quality of accommodation. Further research and conversation across a range of high street stakeholders and from central government to local communities, is needed about the best use of these spaces and how to transform empty buildings in a way which best meets the needs of that place.

Community businesses, some of whom are already providing community-led housing, can play a key role in finding appropriate and high quality uses for vacant high street property and ensuring that these uses align closely with local needs.

### Preventing the loss of private assets from our social infrastructure:

In addition to supporting more community ownership and management of vacant high street spaces, measures to prevent vacancy and the loss of valued assets, including those in private ownership, are also needed. Research for Power to Change and the British Academy has highlighted the value of ‘accidental’ social infrastructure to communities – places that are intended to serve another purpose but contribute to our social infrastructure, including supermarkets, shopping centres and other privately owned spaces.<sup>86</sup>

Diane Coyle and Andy Westwood propose that local authorities should have powers to intervene before these privately owned assets close, or are asset-stripped by distant owners, to prevent damage to local social infrastructure and to keep their economic and social value within the community.<sup>87</sup> They suggest that local authorities should have powers to maintain community asset registers and require that these assets are maintained and invested to a minimum standard, with the local authority raising a supplementary business rate to fund maintenance or using compulsory purchase powers to take over these assets as a last resort.<sup>88</sup>





## 06. Conclusion

Our high streets matter. They shape how we feel about our local area. But the data presented in this report shows that in too many places our high streets are not in the state that we want them to be. In too many places, too many buildings are left vacant for far too long.

Our interviews with high streets experts make clear that this is not a one-dimensional issue, nor is it one that a single country is facing, as our review of international approaches shows. But it is one that we need to tackle.

Our experience points to a new model for our high streets with community, and community business, at its heart. The policy recommendations in this report chart a course that a future government should follow and suggests some areas for further research.

At Power to Change we are already testing models for communities to have a greater say over the direction of their high streets and town centres through our Community Improvement Districts pilots, and working with exciting community businesses and community developers who are already transforming their places. But they are predominantly still working on the margins. This report has set out how we might ensure that these new approaches, backed by the energy and commitment of local communities, could spread to other places.

It is time that the recognition of the importance of our high streets is met with the appropriate and ambitious policy action to move beyond the retail-dominated model to one that is powered by communities. This report will help us get there.



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# About Power to Change

Power to Change is the independent trust that strengthens communities through community business. We use our experience to bring partners together to fund, grow and back community business to make places thrive. We are curious and rigorous; we do, test and learn. And we are here to support community business, whatever the challenge.

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