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This is the fourth annual Halifax survey of Empty Homes in England. The Empty Homes National Week of Action runs from December 3rd to 7th 2007. The research in this report is based on data from the Department for Communities & Local Government (DCLG) and Halifax's own extensive housing database.

Nearly 290,000 empty homes in England

To coincide with the Empty Homes National Week of Action (3rd to 7th December), new Halifax research shows that there were 288,763 empty private homes* in England in April 2006, accounting for 1.6% of all privately owned dwellings in England.

Empty homes account for 3% or more of all homes in 15 local authorities

Fifteen local authorities (LAs) have a high proportion of empty homes. In these areas, at least 3.0% of the private dwelling stock is empty. This is nearly double the English average of 1.6%. (*Table 1*)

Areas with a high proportion of empty homes are nearly all in the north of England

Fourteen of the fifteen LAs with a high proportion of empty private homes are outside southern England and nine are in the North West. The biggest proportions of private empty homes are in Pendle (6.2%), Manchester (5.7%) and Liverpool (5.0%). Significantly, there was a rise in the number of private empty homes in 12 of these 15 LAs during the past three years, with a combined rise of 10,260 empty homes in these areas.

House prices are 17% lower in areas with highest proportion of empty homes

The average house price in all 15 of the LAs with a high level of empty homes is below the regional average. The discount is, on average, £30,004 (or 17%). The largest discount is in Stoke-on-Trent, at £63,145 (34%). (*Table 2*)

High levels of deprivation in most areas with high level of empty homes

Twelve of the 15 LAs with a high level of empty private homes rank amongst the 20% most deprived areas in England, according to the government's Indices of Deprivation. (The Indices of Deprivation are produced by the Department of Communities and Local Government and rank LAs in England by a range of factors including income, education, health and living conditions.)

Average earnings are below the regional average in all 15 LAs with a high level of empty private homes. Average weekly earnings in areas with a high amount of private empty homes are, on average, 10% below the regional average and 17% below the English average.

Nine of the 15 LAs with a high level of empty private homes have an unemployment rate at, or above, the regional average. On average, high empty home areas had a claimant count rate 0.3 percentage points above the regional average. The worst performer in the group – Liverpool – had an unemployment rate of 5.1%, more than double the regional average of 2.5%.

* Empty home is defined as a property that has been vacant for more than six months.

6% fall in the number of empty homes in England over the past three years

There was a 19,675 fall in the number of empty homes between April 2003 and April 2006, reducing the total from 308,438 (1.8%) in April 2003. There was also a fall in the number of areas with a high level of empty homes with the number of LAs where at least 3% of private properties are empty dropping from 40 in 2003 to 15 in 2006.

12 areas with a high level of publicly owned empty homes

There are 89,953 vacant public dwellings, 1.5% of the public dwelling stock**. Twelve LAs have more than 5% of their public dwelling stock vacant. Nine are in the north of England with the highest proportions in Tyndale (7.9%), Hartlepool (6.7%) and North Norfolk (6.5%). (*Table 4*)

Restoring an empty home vacant for less than two years attracts 17.5% VAT

The cost of restoring an empty home attracts the full rate of VAT (17.5%) unless the property has been vacant for more than two years when a reduced rate of 5% applies. A property vacant more than 10 years, which is renovated and sold, attracts a zero rate of VAT. New build properties, by contrast, are not liable for VAT on construction costs.

Restoring an empty home could attract VAT of more than £5,200

Halifax estimates that the average cost of restoring an empty home is £29,824*** and involves significant repair to many aspects of a house including plumbing, kitchen, windows, roof and wiring. On this basis, the average VAT payment for restoring an empty home vacant for less than two years would be £5,219. This is three and half time more than the VAT for restoring an empty home vacant for more than 2 years, which would attract an average VAT payment of £1,491.

Reduced VAT rate on renovating empty homes should be extended.

Halifax calls on the government to extend the reduced 5% rate of VAT for restoring an empty home to all properties vacant for more than 6 months, not just properties vacant for more than 2 years. This will provide a more level playing field between individuals and local authorities. Typically, local authorities do not pay VAT on renovation activities.

There should be a unified approach to council tax reductions for empty homes

Local authorities adopt various approaches to council tax reductions for empty homes. Halifax calls for a unified approach. Buyers of empty homes should receive a discount of up to 50% for a maximum 12 month period, up to six months of which can be after renovations are complete. This will encourage people who take on an empty home to re-introduce them into the housing stock within a 12 month period.

Little use of Empty Dwelling Management Orders by local authorities

Empty dwelling management orders (EDMOs) were introduced in July 2006, giving LAs the power to take control of empty private homes and bring them back into the housing stock. However, only six EDMOs have been granted since July 2006 and none have been granted in areas with a high level of empty homes.

Martin Ellis, Chief Economist at Halifax, commented:

"It is encouraging that the number of empty homes in England has fallen by nearly 20,000 over the past three years, but it is also notable that the problem has become worse in many areas with the highest number of empty homes.

Rising property prices encourage the rejuvenation of empty homes in many parts of England. However, it is clear that intervention is also necessary. We would like the government to extend the 5% rate of VAT for renovating an empty home to all properties vacant for more than 6 months not just those properties that have been un-occupied for more than two years."

** Public vacant dwellings cover vacancies over all timeframes, including less than six months. It covers LA and RSL vacancies.

***see Editors' notes

Other Key Findings

- **Eleven LAs had more than 3,000 empty private homes in April 2006.** The highest numbers of empty homes are in Birmingham (7,703), Manchester (7,504) and Liverpool (7,432).
- **Three LAs have virtually no long-term empty private homes** – South Northamptonshire (0.1%), Cambridge (0.1%) and Harlow (0.1%). There are 24 LAs with less than 0.5% of their private dwelling stock empty for more than six months.
- **Regionally, the North West has the highest proportion of private empty homes (2.6%).** The South West has the smallest proportion of empty homes (1.0%). (*Table 3*)
- **The largest fall in empty homes by region over the past three years was in London with a 0.6 percentage point drop.** The number of empty homes has fallen in six of the nine English regions over the past three years. The percentage of empty homes has increased by 0.1% in the West Midlands over the past three years and held steady in Yorkshire & the Humber and the South East.

TABLE 1: Local Authorities with more than 3% of private homes empty

Local Authority (LA)	Region	No of Vacant Private Dwellings (Apr 06)	Total No of Private Dwellings (Apr 06)	% Empty Private Dwellings (Apr 06)
Pendle	North West	2,163	34,547	6.3%
Manchester	North West	7,504	131,897	5.7%
Liverpool	North West	7,432	148,871	5.0%
Newcastle upon Tyne	North East	3,923	83,039	4.7%
Carlisle	North West	1,875	40,355	4.6%
Salford	North West	3,111	69,975	4.4%
Hyndburn	North West	1,321	31,240	4.2%
Stoke-on-Trent UA	West Midlands	3,346	84,589	4.0%
Burnley	North West	1,301	34,386	3.8%
Bolton	North West	3,111	91,267	3.4%
Kingston upon Hull	Yorkshire & the Humber	2,704	79,604	3.4%
Leicester	East Midlands	2,924	88,372	3.3%
Dartford	South East	1,029	32,284	3.2%
Mansfield	East Midlands	1,115	36,733	3.0%
Rossendale	North West	744	25,194	3.0%

TABLE 2: House Prices in Local Authorities with more than 3% of private homes empty

Local Authority (LA)	Region	% Empty Private Dwellings (Apr 2006)	Average House Price (yr to Sept 2007)	Region's Average House price (yr to Sep 2007)	Discount to region's house price £s (yr to Sep 2007)
Pendle	North West	6.3%	145,540	171,817	-26,277
Manchester	North West	5.7%	164,675	171,817	-7,142
Liverpool	North West	5.0%	151,793	171,817	-20,024
Newcastle upon Tyne	North East	4.7%	178,686	154,235	24,451
Carlisle	North West	4.6%	152,112	171,817	-19,706
Salford	North West	4.4%	157,667	171,817	-14,150
Hyndburn	North West	4.2%	127,024	171,817	-44,794
Stoke-on-Trent UA	West Midlands	4.0%	120,503	183,648	-63,145
Burnley	North West	3.8%	126,373	171,817	-45,444
Bolton	North West	3.4%	150,456	171,817	-21,361
Kingston upon Hull	Yorkshire & Humber	3.4%	115,136	164,510	-49,374
Leicester	East Midlands	3.3%	145,086	175,105	-30,018
Dartford	South East	3.2%	217,987	289,905	-71,917
Mansfield	East Midlands	3.0%	135,573	175,105	-39,532
Rossendale	North West	3.0%	150,185	171,817	-21,632

TABLE 3: Empty private homes by region

Region	No Private Empty Homes (Apr 06)	% of Private Dwelling stock Empty (Apr 06)	Percentage point change in number of Private Empty Homes (2003 to 2006)
North East	18,079	2.1%	-0.1%
North West	63,606	2.6%	-0.1%
Yorkshire & the Humber	36,326	2.0%	0.0%
East Midlands	24,831	1.6%	-0.2%
West Midlands	35,565	1.9%	0.1%
East of England	26,996	1.3%	-0.2%
London	30,470	1.3%	-0.6%
South East	32,890	1.1%	0.0%
South West	20,000	1.0%	-0.4%
England	288,763	1.6%	-0.2%

Table 4: Local Authorities with more than 5% of public dwellings empty

Local Authority	Region	No of Vacant Public Dwellings (Apr 06)	Total No of Public Dwellings (Apr 06)	% Vacant Public Dwellings (Apr 2006)
Tynedale	North East	304	3,860	7.9%
Hartlepool	North East	703	10,502	6.7%
North Norfolk	East of England	427	6,565	6.5%
Walsall	West Midlands	1,709	26,322	6.5%
Alnwick	North East	318	4,919	6.5%
Rushmoor	South East	477	7,524	6.3%
Calderdale	Yorkshire & Humber	797	14,389	5.5%
Chester	North West	427	7,867	5.4%
Preston	North West	643	11,858	5.4%
Tameside	North West	1,182	22,653	5.2%
Middlesbrough	North East	804	15,871	5.1%
Bromley	London	780	15,403	5.1%

EDITORS' NOTES

The house price data in this report is sourced from the Halifax House Price Index - the UK's longest running monthly house price series with data covering the whole country going back to January 1983.

House prices referred to in the report are for the year to September 2007. Claimant count unemployment data by local authority has been sourced from the ONS and is at August 2006. Earnings data has also been sourced from the ONS and is at March 2007.

353 local authorities in England have been surveyed in this report.

Definition of an empty home

An empty home is classified as a dwelling, which has been vacant for more than six months either because it is between occupants, undergoing modernisation, in disrepair or awaiting demolition.

A Vacant public dwelling is classified as one which is empty for any length of time. Data on publicly owned dwellings which have been vacant more than six months is not available.

Data on empty homes in England has been sourced from the "Housing and Investment Programme: Housing Strategy Statistical Appendix 2006" by the Department for Communities and Local Government. The number of English empty homes is measured as at April 2006.

***Estimated cost of renovating an empty home

	Estimated cost of renovating an empty home £s
Replace kitchen	2,072
Central heating / plumbing	4,144
Double Glazed windows & doors	3,108
Rewire electrics	2,590
Redecoration	2,072
New roof cover	3,833
Repair roofing and gutters	725
Replaster 1 room	1,140
Roof and cavity wall insulation	1,813
Damp proof course replacement and internal plastering	1,554
General repairs	2,305
Professional fees	4,468
Total	29,824

VAT ON EMPTY HOMES

- 17.5% VAT is payable for renovating an empty home vacant for less than 2 years.
- 5% VAT is payable for renovating an empty home vacant for more than 2 years.
- No VAT is payable on renovation of a property vacant more than 10 years, which is renovated and then sold.
- 5% VAT is payable for restoring and subdividing an empty home vacant for less than 10 years.

An extension of the VAT discount for renovating empty homes vacant for more than 2 years from more than 3 years was announced in the 2007 Pre-Budget Report.

Empty Homes Dwelling Management Orders

New powers, known as Empty Dwelling Management Orders (EDMOs), introduced in England in July 2006 allow councils with housing responsibilities to take over the management of some residential properties that have been empty for more than six months. The property does not have to be run down or uninhabitable.

A parliamentary question on October 16th 2007 disclosed the number of EDMOs which have been granted since their July 2006 introduction.

[House of Commons Hansard Written Answers for 16 Oct 2007 \(pt 0022\)](#)

Empty Homes Grants

Some local authorities give grants for restoring empty homes. However, these vary by area and usually require the owner to then let the dwelling as social housing afterwards.

Council tax discount for empty homes is discretionary

Legislative changes in 2003 gave Local Authorities the power to abolish the council tax discount for empty homes. However, some local authorities still retain this discount, up to 50% of the annual council tax charge.

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