There is a drastic shortage of housing in England. This impacts negatively on households’ aspirations and needs; one million children live in overcrowded conditions, households delay starting families because they can’t afford a home, more and more people live in the sector with the highest rates of non-decency (the private rented sector) and over a third of us believe that our children will not be able to afford a decent home.

It is a common assumption that, with the supply of new housing failing to keep pace with demand or fill the backlog of need, homes which are currently unused can fill the gap. Shelter has investigated the possibilities of using the existing housing stock more effectively. The three key issues of focus are empty homes, second homes and under-occupied homes. Our analysis reveals that:

- The 288,000 long term private empty homes in England could make a contribution to meeting housing need. However, they are not spatially concentrated in the areas of greatest housing need and local authorities face challenges both in getting empty homes back into use and preventing homes from falling empty.
- There are approximately 252,000 second homes in England, concentrated in coastal areas. Evidence is mixed as to the impact that second homes have on local communities and housing markets. Local authorities have limited tools available to mitigate any negative impacts.
- There are almost 7.8 million under-occupying households in England, 88 per cent of which are owner-occupiers. Under-occupation is narrowly defined by relation to the bedroom standard. While a range of policy levers exist to reduce social sector under-occupation, the scope for intervention in the free market is less clear cut and politically more difficult; few policies exist to encourage or facilitate downsizing in this sector.

Under-utilised stock cannot meet housing need on its own. In most cases it would be both impractical and undesirable to redistribute stock, and only draconian policies that would negatively impact existing occupiers could achieve this. The government should urgently focus efforts on the drive to increase the supply of new housing and avoid an escalation in homelessness and overcrowding. Nonetheless, improvements could be made to enable more effective use of stock. The housing crisis is so great that we must welcome even a small number of homes being brought into use.

We recommend that:

- Council tax subsidies for empty and second home owners, which reward underuse of stock, should be abolished.
- Councils should be allowed to charge higher rates of tax for unused stock and use the revenue raised to fund housing development.
- Rent a Room tax relief, which encourages efficient use of space, should be up rated in line with rental inflation.
- Capital gains tax avoidance by second home owners must be minimised to generate revenue and promote behaviour change.
- Alongside these smaller reforms, we urge Government to review the effects of taxation on distribution of and use of housing.
- Funding for empty homes work should be targeted at areas where the greatest potential can be realised, and local people should be able to hold their councils to account for their performance on empty homes.
- Government must also explore ways to encourage and facilitate downsizing in the private sector and support development for older people, including retirement homes.
- Local, tailored, incentive and support driven schemes to reduce social sector under-occupation should be pursued instead of disproportionate, punitive, national measures.
England faces a drastic shortage of housing. Whether it’s the huge list of households waiting to secure a social home or would-be first time buyers, there appears to be a fundamental imbalance between the demand for housing and its supply. The prohibitive cost of housing is affecting the way we live in profound ways. At the sharpest end it results in homelessness and unacceptably high numbers of people suffering from the effects of bad housing; more than one million children in England live in overcrowded conditions.

In this context Shelter’s overarching goal continues to be to drive up the supply of genuinely affordable housing, so that more people can access and keep a decent, secure home. But the supply of new housing has consistently failed to keep pace with demand, leaving a huge backlog. As the country slowly emerges from recession and public spending tightens there are significant constraints to building sufficient numbers of new homes. Recent government proposals to improve the flow of new supply have yet to be tested, and come at a time of huge cuts to the capital budget. It is therefore timely to examine how efficiently England’s existing housing stock is being used. Shelter has set out to identify ‘hidden capacity’ and uncover the potential of existing homes to help ease the pressure. We hope that this initial research will open up a debate on how effectively we distribute our housing, and kick start new ideas on how to unlock hidden housing potential. As the population ages and wealth disparities grow, these issues must be tackled to avoid a worsening generational divide in which younger, poorer families are locked out of decent housing for good. A fifth of 18- to 44-year-olds without children admit they are delaying starting a family because of a lack of affordable housing, while a similar number, about 2.9 million, 18- to 34-year-olds live with their parents. Adult children living at home in the UK cite lack of affordable housing as the key reason for not moving out.

Figure 1: Housing completions in England 1990–2010

Source: CLG Live Table 209 & Homes for the Future, Shelter 2008
This paper identifies three key ways in which housing stock is either unused or not used to the fullest potential:

- empty homes
- second homes
- under-occupied homes.

The research is informed by national statistics, secondary literature and eight local area case studies commissioned by Shelter and conducted by the Centre for Housing and Planning Research (CCHPR) at the University of Cambridge. The case studies selected were Nottingham, Bradford, Tower Hamlets, Scarborough, South Hams, Bedford, Crawley and Oldham. Each was selected to explore a different issue that was prevalent in the area. The case study areas are broadly representative of the problem (rather than extreme cases), to help enable comparisons to similar areas. The report is available at to download via the CCHPR website.9

**Scope of this paper**

Housing supply, housing need, and spare capacity: an overview

At the most basic level, it appears as though under-utilised stock could make a clear contribution to meeting housing need, if the right homes could be distributed to those who need them in the right areas. But there are complicated issues behind each type of under-utilisation, which we examine in more detail below. The presence of ‘under-used’ stock is not inherently problematic – second homes may bring economic benefits to an area through seasonal, domestic tourism, an empty home may be empty because it is unfit for habitation and being replaced, and an under-occupying householder may be a well valued and long standing member of their community who does not wish to leave the family home simply because a government standard defines it as too large for their needs.10 In every case there are difficult trade-offs between the needs and wishes of an existing owner or occupier, and the interests of those in housing need. The issues are discussed in turn below.

### Figure 2: Regional comparisons of newly arising housing need and under-utilised housing stock.

<table>
<thead>
<tr>
<th>Region</th>
<th>Housing need over 5 years (estimate)</th>
<th>Housing need per year (estimate)</th>
<th>Empty LA &amp; HA Homes, 2010</th>
<th>Long Term Private Empty Homes, 2010</th>
<th>Second homes in England 2010</th>
<th>Under-Occupation, 2008/9 Social Renters</th>
<th>Under-Occupation, 2008/9, PRS and Homeowners</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>30,000</td>
<td>6,000</td>
<td>4,000</td>
<td>20,000</td>
<td>9,000</td>
<td>32,000</td>
<td>329,000</td>
</tr>
<tr>
<td>North West</td>
<td>125,000</td>
<td>25,000</td>
<td>10,000</td>
<td>61,000</td>
<td>19,000</td>
<td>73,000</td>
<td>957,000</td>
</tr>
<tr>
<td>Yorkshire &amp; Humber</td>
<td>120,000</td>
<td>24,000</td>
<td>8,000</td>
<td>33,000</td>
<td>18,000</td>
<td>44,000</td>
<td>759,000</td>
</tr>
<tr>
<td>East Midlands</td>
<td>105,000</td>
<td>21,000</td>
<td>5,000</td>
<td>30,000</td>
<td>11,000</td>
<td>36,000</td>
<td>734,000</td>
</tr>
<tr>
<td>West Midlands</td>
<td>95,000</td>
<td>19,000</td>
<td>5,000</td>
<td>30,000</td>
<td>17,000</td>
<td>53,000</td>
<td>806,000</td>
</tr>
<tr>
<td>East of England</td>
<td>150,000</td>
<td>30,000</td>
<td>4,000</td>
<td>28,000</td>
<td>29,000</td>
<td>50,000</td>
<td>917,000</td>
</tr>
<tr>
<td>London</td>
<td>165,000</td>
<td>33,000</td>
<td>14,000</td>
<td>29,000</td>
<td>53,000</td>
<td>64,000</td>
<td>655,000</td>
</tr>
<tr>
<td>South East</td>
<td>180,000</td>
<td>36,000</td>
<td>5,000</td>
<td>33,000</td>
<td>45,000</td>
<td>45,000</td>
<td>1,317,000</td>
</tr>
<tr>
<td>South West</td>
<td>145,000</td>
<td>29,000</td>
<td>3,000</td>
<td>23,000</td>
<td>52,000</td>
<td>32,000</td>
<td>869,000</td>
</tr>
<tr>
<td>England</td>
<td>1,115,000</td>
<td>223,000</td>
<td>59,000</td>
<td>288,000</td>
<td>252,000</td>
<td>429,000</td>
<td>7,345,000</td>
</tr>
</tbody>
</table>

**Source:** Homes for the Future (Shelter), HSSA, CLG Live Tables, EHS, Council Tax Base

7 Estimations of housing need are derived from Homes for the Future, Shelter 2008. This calculates newly arising need and demand across English regions between 2006–26. Projected numbers of newly arising second homes and empty homes were removed, and the total figure averaged out by region to give annual estimations.

8 Including the Census 2001, The Survey of English Housing, the Council Tax database, and Communities and Local Government Live Tables. A key issue across all forms of under-utilisation is how they are defined and measured; this leads to some data discrepancies. We have used the most reliable data available in each case and cited sources accordingly.

9 The methodology consisted of statistical analysis and interviews with key local players. Further references to the case studies are uncited. Details of the housing stock in each case study area can be found at Annex 1 of this report. The full case study report can be accessed at [http://tinyurl.com/5v7and3](http://tinyurl.com/5v7and3)

10 Many under-occupiers would not define themselves as such. Barelli (1992) reported a discrepancy between real life experience and the technical measure: ‘…for a large majority, one spare bedroom (if not two) means having the right amount of space… It is possible that up to half of measured under-occupation is more technical than real, because the “spare” bedrooms are being slept in on a regular basis.’ Barelli, J. Underoccupation in Local Authority and Housing Association Housing, DoE 1992.
**Figure 3:** Comparisons of newly arising housing need (over five years) and the potential contribution from currently under-utilised housing stock.

Source: Homes for the Future (Shelter), CLG. Excludes under-occupation

**Figure 4:** Comparison of under-occupation (all tenures) and over-crowding (all tenures), 2008/09.

Source: English Housing Survey, CLG
Empty homes can be a highly visible indication of housing waste, and it is often reported that they blight local communities, attracting weeds, vermin, anti-social behaviour and crime. This makes them an emotive issue, and the public, campaign groups and politicians have spoken out, calling for empty homes to be brought back into use as a green and cost-efficient way of meeting housing need. Successive governments have introduced measures to help bring empty homes back into use, ranging from legislative measures to increased funding for local authority work.\(^\text{11}\)

The facts about empty homes
The total number of empty homes across all tenures, which stands at roughly 700,000 in England, is often referred to.\(^\text{12}\) Included in the 700,000 figure are:

- Properties which reflect normal ‘churn’ in the housing market. These are private homes which are empty and unfurnished for short periods of time (generally defined as less than 6 months), usually because they are being sold, repaired, or re-let. In 2009 there were approximately 390,000 private sector homes that had been empty for less than 6 months, representing two per cent of the total stock of private sector homes.\(^\text{13}\)

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11 For a comprehensive summary of initiatives see Wilson, W. Empty Housing: Standard Note, Social Policy Section, House of Commons Library, November 2010
12 CLG Live Table 615 reports the total number of empty homes in England as 738,000
13 Derived from CLG Live Table 615
14 Research in London suggested that about 1/5 owners were private companies as opposed to individuals. Survey of Empty Properties, North London sub-region, Ipsos MORI 2006
15 Housing Strategy Statistical Appendix (HSSA) 2010. Some empty properties may be owned by non-resident individuals.
Longer term privately owned empty homes. About 288,000 private homes are left empty for more than six months (1.6 per cent of the stock of private sector dwellings). Shelter believes this to be the most relevant figure when discussing empty homes.

There are approximately 59,000 vacant homes in the social sector at any one time. However, this figure only accounts for general needs lettings and may be a significant underestimation as publicly owned buildings, such as those owned by the Defence Estate, are not counted. There is no national record of the total number of local authority owned social rented homes which have been vacant for less than 6 months, however of the 28,000 empty housing association owned general needs properties, 47 per cent had been empty for less than six months.

As Figure 6 shows, the amount of newly arising housing need dwarfs the number of long term empty properties in almost all areas, to say nothing of the backlog of housing need. There is a geographical mismatch between concentrations of empty homes and concentrations of housing need, with a large proportion of empty homes in northern areas, where demand for housing, although evident, is not as great as London and the south.

Why are some properties empty, and can they be brought back into use?

Homes that are vacant for a long period may be empty for a variety of complex reasons. Common drivers identified from regional and local studies include inability to sell, lack of finance to renovate, inability to let, or ongoing repair and renovation work. Less commonly, the owners are not actively trying to bring homes back into use, or are engaged in legal disputes about the property. Reasons for empty property may also be of a highly sensitive nature – homes may be vacant following the death of the owner, the owner may be in care or have long term mental health problems.

High levels of privately owned empty homes are evident in many post industrial northern cities, including one of the case study areas, Bradford. Here, there are almost 3,500 privately owned long term empty homes representing over two per cent of the private stock. The research revealed how localised the problem can be, with much of the stock believed to be older back-to-back terraced housing concentrated in particular areas, often areas where housing quality is poor. This trend is also evidenced by the fact that many areas with concentrations of empty homes are also Housing Market Renewal Pathfinder areas, including Hull and Manchester.

The location and quality of empty homes may therefore represent a significant barrier to restoring them, either because they are poorly situated in areas of low demand, or because the quality may be such that restoration would be disproportionately expensive. Similarly, empty properties may not be of the size required by potential occupiers.

The recession has affected the amount of empty property. In Bradford, speculative purchasers bought properties in anticipation of a major new city centre shopping development, but were left with empty properties when the development stalled and potential buyers and tenants lost interest.

Empty new build properties, including city centre apartments bought off plan by investors and would-be landlords, are evident in cities such as Liverpool, where it has been reported that some 35 per cent of new build flats lay empty, and Manchester.

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14 About 288,000 private homes are left empty for more than six months (1.6 per cent of the stock of private sector dwellings). Shelter believes this to be the most relevant figure when discussing empty homes.

15 The charity Empty Homes estimates that there are 100,000 empty publicly owned properties: http://www.emptyhomes.com/whatwedo/our_campaigns.html

16 CLG Live Table 615

17 For example: Survey of Empty Properties, North London sub-region, Ipsos MORI 2006; Empty Properties Survey 2008, University of Nottingham 2008

18 These projects aim to rebuild housing markets in low demand areas. For further detail please see www.homesandcommunities.co.uk/

19 The oversupply of city flats: Liverpool and other northern cities have a glut of apartments The Times January 18, 2008

20 How boom quickly converted to bust: Repo man comes calling at former mill’s flats bought at the height of rush for riches The Guardian 25 March 2008
Empty properties in the social sector are also a pertinent sign of housing waste; un-let social homes represent lost rental income as well as missed opportunities for those on the housing register or transfer list to move into a social let. In one case study area, Nottingham, there are over one thousand vacancies across the local authority and housing association stock (just under three per cent of the total stock); theoretically these vacancies could house about ten per cent of the households registered on the council’s waiting list. However, local authority officers explained that the vacancies were largely voids which were in the process of being re-let, and about a third were properties due to be demolished or redeveloped. Social sector empty homes were not seen as a major problem in any other case study area.

Can empty homes meet housing need?

Without a detailed assessment of the stock of empty homes, including their location and conditions, it is not possible to estimate the extent to which long term private sector empty homes could meet national housing need. However, it is clear that any policy which targets areas with the greatest concentration of empty homes will have significant regional variations. For example, an effective measure to bring the proportion of long term empty homes to the current national average of 1.6 per cent across all local authorities could bring a maximum of 65,000 empty homes back into use. Even if this were achieved, it would only meet six per cent of England’s newly arising housing need over five years. However the proportion varies from 21 per cent of need in the North East to only one per cent in the South West.23

Given some of the barriers, as well as more practical difficulties involved in bringing these homes back to use, private empty homes are unlikely to solve the housing crisis alone, and while the housing market remains weak there will continue to be newly arising vacant properties. But at a local level they can make a difference, and are taken seriously by many authorities including Bradford, which has over 13,000 households waiting to access a social home. Beyond their contribution to meeting housing need, renovation of empty homes could also be environmentally beneficial24 and cost effective.25 Innovative community schemes to renovate empty homes can also generate employment and training opportunities.26

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23 Housing Strategy Statistical Appendix (HSSA): 2009/10 DCLG 2010
24 Empty Homes Agency/Building and Social Housing Foundation, New tricks with old bricks – How reusing old buildings can cut carbon emissions, March 2008
25 The Audit Commission estimated that use of just 5% of long term empty homes could save local authorities £500 million in homelessness costs. Audit Commission, Building better lives - Getting the best from strategic housing, September 2009
26 See, for example, http://tinyurl.com/6jm4ndS and http://tinyurl.com/5vfw28v
Second homes, meaning properties that are not usually occupied (by tenants, for example) and are not holiday lets,\textsuperscript{27} can be the cause of heated debate, particularly in rural communities. Opponents claim that second homes can push up house prices and freeze out locals, create conflict between ‘part-time’ and ‘full-time’ residents, have negative impacts on local ways of life, and reduce demand for local services. They starkly illustrate wealth disparity; one commentator has even suggested that ‘there is no greater inequality in this country than that some people should have two homes while others have none.’\textsuperscript{28}

However, this debate can be over simplified, with second home ownership issues often conflated with other population trends such as seasonal tourism and wider in-migration to an area. This makes it difficult to quantify the potential benefits of second home ownership such as increased expenditure on local goods and services, and the potential downsides.\textsuperscript{29}

\textbf{Figure 7:} Proportion of dwellings designated as second homes.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure7}
\caption{Proportion of dwellings designated as second homes.}
\end{figure}

\begin{tabular}{|c|c|}
\hline
 & \textbf{Proportion of dwellings designated as second homes} \\
\hline
 & \textbf{Missing Data} \\
\hline
 & \textbf{Less than 1\%} \\
\hline
 & \textbf{1\% to 2.5\%} \\
\hline
 & \textbf{2.5\% to 5\%} \\
\hline
 & \textbf{More than 5\%} \\
\hline
\end{tabular}

\textsuperscript{27} Literature of the Purchase and Use of Second Homes, NHPAU 2008. For ease of reference we use the Survey of English Housing definition, accessed via http://www.communities.gov.uk/. Holiday lets, etc are excluded. However, it should be noted that this only records second homes of people whose main home is in England. Concerns have also been raised that council tax records under report second homes, as households may avoid the tax.

\textsuperscript{28} George Monbiot ‘Cannibal Feast’ posted on www.monbiot.com October 1999

\textsuperscript{29} Wallace et al, The Impact of Empty, Second and Holiday Homes on the Sustainability of Rural Communities – A Systematic Literature Review, Centre for Housing Policy University of York 2005
The facts about second homes
There are approximately 252,000 second homes in England. As the map below shows, second homes are largely concentrated in attractive rural and coastal locations (including Cornwall and the south west, Norfolk, and Cumbria) plus the City of London.

The local area case studies show that beyond this regional trend, second homes are extremely localised, with properties clustered in particular villages or neighbourhoods.

In Tower Hamlets, for example, almost half of the 1,839 homes classified as second homes in current council tax records are located in one postcode, E14, which includes the Canary Wharf area. Second homes in Scarborough, a coastal area in Yorkshire, were also spatially concentrated. One local housing officer commented that ‘The biggest concentration of second homes is in parishes in the National Park area. For example, up to 20 per cent of the housing stock is second homes in … Fylingdales and Mulgrave.’

Why do people own second homes?
Growth in second home ownership, including a surge in the number of English households who own property abroad, may be attributed to demographic and sociological drivers, as well as economic factors including growing gentrification, and (global) affluence since 1990, more recently ‘checked’ by the recession. If economic inequality continues to grow, it can be expected that second home ownership will too. There has been no indication of a slowdown in 2009 and if trends follow those of the 1990s, house price drops may modestly affect appetites for second home ownership but the market will quickly bounce back. Buyers have been attracted by the potential for capital gains, but also purchase second properties as a lifestyle option, for holidays, retirement or leisure. This explains the concentration of second properties in coastal and rural regions, and was borne out in the case study research.

South Hams is an attractive rural area which includes 130 square miles designated as an Area of Outstanding Natural Beauty as well as coastal paths and some beaches. It has higher than average house prices and second homes make up over 10 per cent of the housing stock, about the same level as social housing stock in the area.

A local estate agent stated that ‘Many people buy second homes with a view to eventually retiring to them. About 50 per cent of second home owners treat them as an investment and undertake holiday letting to a greater or lesser extent.….. Also many people like to have regular access to their second homes which wouldn’t be available if they went abroad. Other types of people purchase second homes purely as an investment.’

Figure 8: Number of English second homeowners and location of second home (1996–2008). Figures based on a three-year moving average.

Source: Survey of English Housing (CLG Live Table S366)

30 252,000 homes are recorded as second homes in England for Council Tax purposes in 2010. This compares to 240,000 homes in England according to the English Housing Survey for 2008/09.

31 Analysis of foreign second home ownership is not included in the scope of this report. Growth in ownership of second homes overseas may have been fuelled by increasing availability of low cost flights and, until recently, a relatively strong pound against the euro.

32 Paris, C. Affluence, mobility and second home ownership, paper for the CCHPR conference September 2010

Data suggests that, nationally, 60 per cent of second home owners are aged 45-60, compared with 40 per cent across all owner occupation in this age group. Studies have also shown that second home owners are older and wealthier than local residents, but there are exceptions to this. The extent to which second homeowners contribute to the local economy is fiercely debated - second homeowners may spend a lot in local shops and restaurants for example, but these benefits are difficult to isolate and must be weighed against economic losses, such as failure to use local services outside of holiday seasons and weekends.

Changing labour patterns and an increasingly flexible approach to working are also drivers to second home ownership, with more households living between two houses, including one in a city close to work. So while there has been a great deal of policy debate about rural second home ownership there has been relatively little focus on urban centres such as London, indeed second homes are not mentioned in the London Housing Strategy. The case study research showed that they were not generally seen to be a problem in the inner London borough Tower Hamlets:

‘Unlike the rural areas, there were no adverse effects on local businesses reported. This is likely to be because Tower Hamlets is in such a large city, and also possibly that the second homes are in use throughout the year rather than seasonally.

Estate agents did not perceive the high house prices in Tower Hamlets to be attributable to the presence of second homes. The estate agent at Canary Wharf explained that the second homes market is very localised. Tower Hamlets is part of a much larger housing market so the impact of second home ownership is likely to be diffuse.’

There are extremely high levels of housing need and demand in London however, and further research is needed to disaggregate and analyse the effects of second homes in this market.

Can policies on second homes help to meet housing need?

Second homes have limited potential to directly meet housing need. In South Hams, for example, estate agents agreed that second home ownership had contributed significantly to house price inflation, but also noted that ‘…second home buyers were not generally purchasing the style of property that many local people on lower incomes would be looking to buy. Their impact may therefore be stronger at the upper end of the market, though a knock on effect may also be felt by the whole market.’ But beyond limiting council tax discounts, there is little councils can do about second homes. Some councils have used planning tools to dampen the effects, including Scarborough which operates rural exception policies for development of affordable housing, thereby ensuring that there is some development created specifically for local, primary residents.

Figure 9: Reasons for second home ownership

<table>
<thead>
<tr>
<th>Reason cited for second home ownership</th>
<th>Per cent citing this reason</th>
<th>Predictions for growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday home</td>
<td>50%</td>
<td>Holidaying in the UK grew in 2009, partly due to the economic crisis, a weak pound and increasing environmental concerns about air travel. Fuel prices and the cost of travel will probably have the greatest effect on this trend in the future.</td>
</tr>
<tr>
<td>Long term investment</td>
<td>40%</td>
<td>The recession has made consumers more aware of the risks of property investment, but housing is still the preferred investment vehicle, and affluent households can take advantage of depressed property prices.</td>
</tr>
<tr>
<td>Retirement home</td>
<td>17%</td>
<td>Demographic trends suggest that the number of over-65s will have doubled by 2050, so this trend is expected to continue.</td>
</tr>
<tr>
<td>Previously main home</td>
<td>9%</td>
<td>This may reflect inability to sell a main home; or couples where both parties already own a home - likely to increase as the divorce rate rises and with relationship formation happening later in life</td>
</tr>
<tr>
<td>Working away from home</td>
<td>8%</td>
<td>Competition for jobs geographical concentrations of some industries may cause an increase in households moving to a property close to their work, while retaining a family home elsewhere</td>
</tr>
<tr>
<td>Other reason</td>
<td>10%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Sources: Survey of English Housing 2008-09; Knight Frank 2010; ONS Social Trends

35 Paris, C. Affluence, mobility and second home ownership, paper for the CCHPR conference September 2010
36 Oxley et al, Rapid Evidence Assessment of the Research Literature of the Purchase and Use of Second Homes, NHPAU 2008
37 ibid
38 Taylor, M. Living Working Countryside; The Taylor Review of Rural Economy and Affordable Housing, Communities and Local Government 2008
39 The London Housing Strategy, Greater London Authority 2010
Under-occupation is the term given to households who occupy more space than they technically need according to the bedroom standard, having two or more bedrooms above the standard. There has been a great deal of attention on under-occupation within the social rented sector, where local authorities or housing associations have direct control over allocation of the stock. About 11 per cent of social renters (or 429,000 households) have two or more spare bedrooms above the bedroom standard. National policy levers are also used; the government has recently proposed to cap housing benefit payments for under-occupying (in this context meaning one spare bedroom only) social renters of working age. Additional funding has been allocated to under occupation work, and there are also proposals to restrict security of tenure for new social tenants so that they may be required to leave when a property is no longer deemed to meet their needs, so making way for a larger household. Less attention, if any, has been directed at the private sector, where households are not widely viewed as being state subsidised. About 47 per cent of owner occupiers and 16 per cent of private renters have two or more bedrooms above the bedroom standard (or 6.9 million and 491,000 households respectively).

Figure 10: Proportion of dwellings that are under-occupied (census standard; all tenures).

Proportion of Dwellings that are Under-Occupied

- Less than 30%
- 30% to 40%
- 40% to 50%
- 50% to 60%
- 60% to 70%

Source: Census 2001
Contains Ordnance Survey data © Crown copyright and database right 2011

40 The bedroom standard calculates the size of property a household needs so that no one has to share a bedroom unless they are a couple; both aged under 10; or aged between 10 and 21 and of the same sex. Case studies used in this report refer to under-occupation by the census 2001 standard as this data is more reliable at a Local Authority level, but it should be noted that the standards differ slightly; please see the full case study report for more detail.

41 Welfare Reform Bill 2011
42 ‘Councils given £13m to tackle under-occupancy’, Inside Housing, 21 January 2011
43 New proposals have been outlined in the Localism Bill 2010-11. Existing ‘Ground 9’ powers may be used to evict under-occupying households in some circumstances.
44 English Housing Survey/ Labour Force Survey 2008-09 combined data set
The facts about under-occupation

The vast majority of under-occupation is in the private sector; 88 per cent of under-occupiers are homeowners.45 Homeowners also have the largest homes in terms of floor space.46 The social rented sector (SRS) accounts for the smallest proportion of under-occupying households.

As the map above shows, living in a home that is considered to be technically larger than your needs is extremely common across the whole of England, although there is generally less under-occupation in large urban areas, including London and Manchester, and more under-occupation in rural areas.

Why are some homes under-occupied?

Under-occupation in the private sector is partly driven by affluence; under-occupying households are over-represented in all groups earning more than £700 a week and under-represented in groups earning less than this amount. In Bedford, for example, where there is a high rate of under-occupation in the private sector as well as high rates of overcrowding, the unemployment rate is slightly lower than the average across England and the wages are slightly higher. Additionally the population includes a high proportion of older people whose family may have left home, and the housing stock is largely made up of detached and semi-detached houses, which tend to be larger than flats or maisonettes.

On the whole people are likely to buy as large a house as they can afford in order to benefit from larger capital gains and to enjoy space and the convenience of spare bedrooms for family and friends to use. Households may also choose to buy a house with spare bedrooms in anticipation of having children, or to use as work or study areas. As figure 11 shows, couples living without children tend to be the most likely to have spare rooms. Of the 4.1 million under-occupying households in this category, two thirds are aged between 50 and 79 compared to 11 per cent aged under-34. This suggests that a large proportion of this group are empty nesters; couples who remain in the family home once their children have moved out.

In the social sector, households are less likely to under-occupy from the start – although this does happen – but can become under-occupiers, most commonly because of household changes such as children leaving home.47 Pensioners account for approximately half of social sector under-occupiers but research in the late 1990s indicated that there was a growing group of middle aged under-occupiers in their 40s and 50s.48

Figure 11: Under-occupation, by household type.

Source: 2007–08 Survey of English Housing, three year average

45 A total of 6.9 million households with 1.4 million children.
46 ‘The average (mean) total usable floor area of dwellings in 2009 was 91m². Dwellings in the owner occupied stock were most likely to be larger than 110m²; 30% compared to 12% of the privately rented stock and 2% of social sector homes, Figure 5. In contrast 65% of local authority homes and 61% of housing association homes were smaller than 70m² compared with 52% and 24% of the private rented and owner occupied sector respectively.’ Issue 3: English Housing Survey Bulletin, DCLG 2011
47 Barelli, J. & Pawson, H. Underoccupation in social housing, DETR 2001
48 Ibid.
The people who are most likely to under-occupy, older households without children at home, are also those least likely to want to move.49 Just six per cent of home movers moved primarily because they wanted a smaller home. This proportion is much higher among outright owners; 22 per cent cited wanting a smaller property as their reason for moving compared with six per cent of social renters and five per cent of private renters, suggesting that age and un-mortgaged equity are key influencers in the decision to downsize or not to downsize.50

Under-occupiers tend to be older, often long standing, residents in a community, so any proposals to make them downsize can be a cause of tension or controversy. One of the case study areas, Crawley just south of London, has an under-occupation rate of almost 30 per cent; homes which could potentially alleviate the housing needs of households living in overcrowded conditions. Yet there is a strong feeling from tenants and some local politicians that homes are for life and that no-one should be forced out of their home to make space available for others. Few tenants have downsized.

Oldham, by contrast, was selected as a case study area due to its successful record in encouraging downsizing to free up space for the large number of overcrowded households in the area, including those in the private sector. Under-occupation policies are often linked to overcrowding in this way, and the rationale for Oldham, a metropolitan borough of Greater Manchester is clear:

‘Much of the housing stock consists of two bedroom terraced properties and in some cases there are known to be families of up to twelve living in them… First Choice Homes Oldham are aware that living in overcrowded conditions impacts directly on the health and well being of tenants… some places have mould on the walls… the children’s education suffers as there is no space… There is a great incentive in these cases to free up under-occupied family housing in order to accommodate these households.’

In addition, Oldham residents with larger properties often report that they have trouble affording costs such as heating or have mobility problems. Under-occupying social tenants in Oldham are mainly older households whose children have left home. The costs of rents are similar for all sizes of property, so households gain little financially by downsizing.

Can reducing under-occupation help meet housing needs?

Overall, there are 5.1 million under-occupying households aged over 50.51 This figure far exceeds the number of over-crowded households across England (656,000), and suggests that targeted downsizing policies may be effective in dealing with over-crowding. However, solving over-crowding through downsizing policies alone would require more than one in eight under-occupying households aged over 50 to relocate to a smaller property. Furthermore, this under-estimates the actual level as it does not consider whether the under-occupying households would be vacating a property that is in an appropriate location to house an overcrowded family – or whether they would be in a position to afford such a property.

The chronic shortage of social housing, coupled with high levels of overcrowding, means that most social landlords are keen to move tenants around, often through incentives rather than punitive measures. Schemes that are successful, including the Oldham scheme, work in partnership to offer a good range of smaller properties to potential downsizers, give ongoing tailored support to under-occupiers,52 offer financial incentives, and give under-occupiers priority on transfer lists.

But there are many challenges. Research into under-occupation in the social sector has highlighted starkly some of the difficulties in encouraging under-occupiers to move, from having the right properties available to provide attractive alternative homes, to having enough local authority resources to run a personalised and dedicated service. Case study interviewees noted the emotional attachment people have to their homes and their reluctance to move given the time and money they had invested in decorating properties. Policies to reduce under-occupation can also be at odds with some of the concepts of ‘lifetime homes’.53

This situation has led the coalition government towards more punitive measures, through restriction of housing benefit and introduction of fixed term tenancies. However, the proposals to reduce security of tenure for social tenants will do little to reduce under-occupation in the short term, as existing tenants will not be affected.

49 Mobility Matters: Exploring mobility aspirations and options for social housing residents Broomleigh Housing Association 2009
50 CLG Live Table S225
51 I.e. where the ‘Household Reference Person’ is aged over 50. Survey of English Housing, 2005-06 to 2007-08 Combined Dataset
52 Such as making removal redecoration arrangements, offering debt advice, helping with disconnections.
Few politicians would suggest forcing under-occupiers in the private sector to downsize; as a free market it is expected that private owners or renters can occupy as much or as little space as they choose. However councils can try to make appropriate provisions through planning, to ensure that the right mix of homes is available, as in the Bedford case study:

‘The [Bedford] Strategic Housing Market Assessment has also drawn attention to the scale of under-occupation of large family homes especially in the owner-occupied sector. There is therefore a focus on ensuring that new built housing includes a good mix of different types of housing, including smaller units suitable for active older people, thus making downsizing attractive’.

It is also important to note that downsizing can be beneficial for under-occupying households as well as those in housing need. Larger houses are more expensive to maintain and heat, and as people age they have more difficulty moving around a large house; problems getting up and down stairs is one of the most commonly cited reasons wanting to downsize. These drivers are common across both the private and social sector, which is why it is crucial for government to help facilitate downsizing, for those that want or need it, across the board.

For older homeowners, particularly outright owners, with significant equity, downsizing can also release funds to help them maintain their standard of living after retirement. The over 60’s are estimated to own approximately £1 trillion of un-mortgaged housing equity. Transaction costs, or simply the upheaval of moving, may be barriers and it is important to recognise that factors outside of government’s control will influence people’s decisions to move - as is the case with social renters. Life-cycle factors and satisfaction with location are key, so policy is unlikely to influence all under-occupiers to downsize. Nonetheless, we need to more rigorously establish why people choose to downsize or not, and what factors would help them to make informed choices about downsizing or help facilitate the moving process, which can be a daunting prospect for older households in particular.

One suggestion is a ‘Homes for Life’ toolkit to provide housing advice and support to potential downsizers across all tenures. A major commission into housing for older people also noted the lack of housing options available to older people and called for ‘a national effort to build the homes that will meet our needs and aspirations as we all grow older’, recommending a co-ordinated plan of action form developers, designers, planners and government to achieve this goal. To enable effective planning and housing development further research is also needed into what kind of homes, including size, location and provision of services, downsizers are looking for across all tenures.

54 Bailey, L, 2010 Retirement Housing Report, Knight Frank 2010
55 Ibid.
57 Sutherland, J. Viewpoint on Downsizing, Housing Learning and Improvement Network 2010
58 HAPPI Housing our Ageing Population: Panel for Innovation, HCA 2009
The housing system is not perfectly balanced. Some households have more housing space than they are deemed to need, and some properties sit empty and fall into disrepair while local households languish on the waiting list. As documented elsewhere, housing wealth is very unevenly spread. With an ageing population and in the absence of new supply, the trends outlined in this report are likely to continue. More effective distribution and use of stock must therefore be considered.

However, our research has shown that these issues are not black and white. The basic, national figures show that there is a potentially huge amount of under-utilised stock, but redistribution is practically impossible in many cases, particularly in the private sector, and would not necessarily tackle housing need directly.

Taking social sector under-occupation as one example, it does not follow that if 100 under-occupiers downsize that their properties will be the right size and located in the right area for 100 larger households. Furthermore, 100 suitable smaller properties need to be available for the 100 under occupying households to move to, so there are impacts on the supply chain. Even if these were addressed through strategic planning, there are practical difficulties in redistributing stock. Under-occupiers will only move if the incentives and conditions are right for them to do so, but incentives are rarely the sole trigger for a move - downsizers will move, essentially, if they want to. There are serious moral, not to mention practical and political, challenges to forcing under-occupiers to move, and significant resources are required to make any such scheme effective.

When it comes to the private market, only politically radical, even draconian measures could truly rebalance stock use to the level required. Even measures to curb the volume of empty homes, perhaps the least controversial issue, have been accused of being heavy handed and in danger of infringing homeowners’ rights.

This underlines and reinforces the argument that building new homes is the only way we can meaningfully address England’s housing crisis. This must be the priority in the Government’s vision for housing. Nonetheless this research has highlighted some examples of housing waste, where local residents are being priced out or are unable to access housing while others have more than enough. We suggest five key areas where policy could respond:

Sharing space
There are 7.8 million households with spare rooms, and it is likely that many would welcome the opportunity to gain extra income through taking in a lodger. Renting out a spare room also provides much needed affordable private rented supply. While renting out a spare room should always be a choice and not a requirement, the Government can do more to facilitate lodging. This could include improved information and advice to would-be landlords through local authority and web channels. Social landlords should readily give permission to tenants’ requests to take in lodgers.

The Rent a Room scheme provides a £4,250 a year income tax exemption to households who take in a lodger. But this threshold has not been updated since 1997/8 and no longer accurately reflects rental values, which have inflated by 119 per cent in the meantime (increasing from £3,200 in 1997/98 to £6,900 in 2008/09). The cost of raising the threshold in line with inflation would be modest at about £5 million a year. Shelter believes that the threshold should be raised to £9,000 to allow for further rises and reviewed at least every five years, to better reflect rental values and encourage more under-occupiers to share space.

The Government should also encourage schemes such as ‘Homeshare’; small, community based services that match householders who have spare rooms and need some help or support with people in housing need who are seeking a low cost housing solution. These community-led schemes can also contribute to other policy objectives, notably the provision of affordable care for older people.

Private sector under-occupiers might also be encouraged to lease properties to the council while they rent smaller, more suitable accommodation. In this way, larger homes can be used to the short-term benefit of households in need, whilst the value and long-term ownership of the property remains with the owner, or their inheritors.

60 Limitations to the use of Empty Dwelling Management Orders were recently announced, ‘Pickles acts to protect the rights of homeowners’, DCLG, 07 January 2011
61 None of the local authorities interviewed for this research promoted it in their housing strategies
62 Mean rents across all housing types and private tenures, English Housing Survey, 2008/09
63 House of Commons Official Report, 22 Oct 2008: Column 358W
64 See http://www.naaps.org.uk/en/homeshare/
Fiscal policy

Local authorities have limited powers to intervene in private markets, beyond limiting the council tax subsidies available to owners of second homes and long term empty homes. This discount can be set between 10 per cent to 50 per cent for second home owners and zero per cent to 50 per cent for long term empty home owners. About 80 per cent of councils have now reduced the discounts available to second home owners and about half have fully removed the discount available to long term empty homeowners. Financial considerations are a key factor in deciding whether to retain the discount - additional revenue raised is eventually offset by reductions in central government grant.

The discount effectively rewards those who choose to keep additional homes, and represents a financial loss to councils. Revenue raised through these taxes could contribute to funds for housing projects. Shelter believes that the council tax subsidies should be abolished, and some MPs in rural constituencies have supported this proposal. Councils are currently forgoing taxation revenue in the region of £112 million as a result of the discounts, including £70 million from long term private empty homes and £42 million from second homes.

A truly localist solution would be to give councils discretionary powers to set council tax on second or empty homes above the standard rate, so that local tax policy can respond effectively to local housing issues and pressures. Councils could then operate escalating rates dependent on the length of time a property is empty. Receipts from additional revenue raised should be ring fenced for affordable housing work. However, this policy could be open to gaming by households seeking to minimise their tax burdens by not declaring second or empty homes. More sophisticated mechanisms for identifying second or empty homes must be developed.

Most people who are the single adult in a household can also apply for a 25 per cent single occupancy council tax discount, a policy which indirectly favours under-occupation. Reduction or removal of this discount could cause hardship to low and middle income households, especially pensioners, lone parents or those ineligible for council tax benefit. But, if effectively coordinated, such a move could help to discourage under-occupation, simplify the tax regime and generate revenue. At a time when under-occupiers in receipt of housing benefit are being penalised and there is a drastic shortage of housing, such measures must be considered.

Second properties are also subject to capital gains tax (CGT) at 18 or 28 per cent. It is disappointing that the Government’s £900m drive to reduce tax avoidance and evasion includes no reference to capital gains. We urge the Treasury to include CGT in the scope of its review, in order to identify the amount lost through second home flipping, other avoidance tactics and capital gains allowances and the impact that restricting such measures would have on mobility. The government should urgently clamp down on these tactics if they are representing a significant financial loss and can bring in much needed funds which can in turn help to fund housing development. A clampdown would also increase distributional fairness and encourage behaviour changes that can steer people away from additional home ownership. At present, the Treasury has made no estimation of the cost of second home CGT avoidance.

These relatively niche tax distortions lie beneath a complex property tax framework. Whilst much public and political attention is given to the subsidy received by housing benefit claimants, it is also important to remember that homeowners gain a significant tax advantage – effectively a form of subsidy – that renters do not gain. Differing taxation treatment of housing and non-housing assets skews tenure choices, which in turn distorts distribution of housing with people choosing to invest in large homes, or second homes, above other investments. With the recent Institute of Fiscal Studies Mirrlees Review describing the current taxation of land and property as ‘inefficient and inadequate’ and proposing a radical rethink, it is clear that housing taxes can no longer be ignored. Further investigation into the effects of taxation on use of housing stock is needed and we urge the government to review this as part of a wider consideration of property taxation.

Effective planning

Trends indicate that second home ownership, single person households and under-occupation have risen over recent years, and will probably continue to do so. The population is ageing and our housing system is simply not flexible enough to respond. Local authorities must take such considerations into account when making strategic assessments of housing need and demand, and plan accordingly so that enough affordable housing is available. Strategies for new and existing stock should be linked and

65 Roger Tym and Partners Application of discretionary council tax powers for empty homes, Communities and Local Government 2009
66 Source: Shelter analysis
67 The Office of Tax Simplification recently considered CGT relief for principal private residences, recommending that the relief be retained, but scope for simplification explored. Office of Tax Simplification, Review of tax reliefs: final report, 2011
68 Tips on CGT avoidance are common in online trade press and mainstream newspapers
69 Including transfer between spouses. Unmarried couples can have, effectively, one home each and so avoid CGT charges.
70 Crawshaw, T., Rethinking property taxation: options for reform, Shelter 2009
71 Housing and the Economy: Policies for Renovation, OECD 2011
72 Mirrlees et al., Tax by design, Institute for Fiscal Studies 2010
73 ONS population projections suggested that the average household size will decline from 2.32 persons per household in 2006 to 2.13 persons per household in 2031, suggesting that under-occupation is likely to increase in the absence of significant conversions to the existing stock to smaller unit sizes. Household Projections to 2031, England, DCLG 2009

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co-ordinated. More sophisticated local data will be required to ensure that local planning systems are effective.

Planning can also help to encourage downsizing; older residents are more likely to move out of large homes if there is a ready supply of suitable, good quality, affordable accommodation. The planning system does not work well for developers of retirement villages at present. One of the top reasons given for wanting to downsize is that stairs have become too difficult, so provision of bungalows and easily accessible homes is important. In one survey of tenants, four in five said they would want to move to a house or bungalow, while only 12 per cent would move to a flat or maisonette. However, older people are not a homogenous group and needs vary greatly. Many empty nesters are couples in their 50s who remain active, their needs will clearly be different from much older people and people with health or care needs, for example.

**Tackling empty properties**

Dealing with empty homes is a key housing policy for the coalition government. While it is crucial to understand that dealing with empty homes cannot be a substitute for new supply, the level of empty homes should be brought down as far as possible to help meet housing needs. Although there is little that can prevent homes becoming empty in the first place – this is largely a reflection of market cause and effects – Shelter believes that more can be done to prevent short term vacancies becoming long term, and to deter owners from leaving properties vacant.

Evidence suggests that legislative measures are little used, but that targeted local schemes, working with owners and developing incentives, can be effective. Legislative tools, including Empty Dwelling Management Orders (EDMOs) should be used when all other options have failed. That just seventy EDMOs have been issued since the 2004 Housing Act indicates that the legislation could be simplified, although recent restrictions mean that fewer EDMOs are likely to be issued.

Shelter supports proposals to revise and extend the scope of Public Right to Order Disposal (PROD) legislation, which will now be called the Community Right to Reclaim Land. Beyond making it easier for local people to report and request sale of unused land, initiatives like this should also aim give local communities easier routes to taking over vacant property. Property guardian schemes can offer cheap – if insecure – living in unused buildings, a model that could be developed more widely.

The 2010 Comprehensive Spending Review allocated £100m to empty homes work. We recommend that this funding is allocated to those areas with the greatest potential to meet housing need and alleviate homelessness through empty homes renovation, and that can demonstrate a clear cost benefit analysis and a considered plan of action. This would be more effective than simply allocating funding to those areas with the greatest amount of vacant stock. In line with the Big Society agenda, community groups should also be able to bid for loans or grants. The funding could be put to good use through bonds or loans. As the Audit Commission estimates generous cost savings from renovating empty homes, the state could see a return on its investment.

Shelter supports the application of the New Homes Bonus to empty home renovations, and recommends that mechanisms should be developed to incentivise local authorities to tackle the worst properties first.

There are currently no national frameworks, minimum standards, or performance measures for empty homes work. Although councils wish to avoid bureaucracy, and although problems may be very localised, empty homes practitioners are strongly supportive of more consistent national strategies; in a recent HCA online debate a key suggestion was that empty homes work should be mainstreamed and made a statutory duty. Local people have little way of knowing if their council is doing enough on empty homes. Communities should be able to hold their councils to account on empty homes work, and it is vital that transparent, systematically collected, local data is available to residents, and that they are made aware of the routes for reporting empty homes. Data collection will be key for the New Homes Bonus, as councils will effectively lose money if new empty homes arise. This creates a perverse incentive for councils not to monitor empty home trends. We recommend that the government sets out a standard framework for collection of empty homes data and that all councils ‘clean’ their data prior to the implementation of the Bonus.

**Tackling under-occupation**

Beyond fiscal measures and initiatives to promote sharing space, there is little that national or local government can realistically do to prevent households from purchasing or remaining in large properties in the private sector. Yet households in this sector are by far the most likely to under-occupy. More could be done to effect gradual behaviour change. For example, little advice, information or practical support is currently available for those households who are thinking about moving to a smaller
property, planning their housing needs for old age, or have already decided to downsize. Further research is required to understand the needs of potential downsizers. Shelter supports the development of new build properties aimed at the older market. Retirement homes and communities developed for market sale do not directly help those households in greatest housing need, but they do help to free up the supply chain and can also be beneficial to occupants in terms of wellbeing and health. We urge planners and government to support building in this sector, and developers to grow into this burgeoning market.

Conversely, the government has been active in pursuing policies to reduce social sector under-occupation. Shelter does not agree that effectively forcing people out of their homes through Housing Benefit cuts or tenancy reviews is a proportionate or practical response given some of the impacts of these changes. In particular, the proposed Housing Benefit cuts are a national, blanket solution to a problem that has variable local impacts and – as only working age claimants are affected – are poorly targeted. There is insufficient supply for downsizers to move to, so it could take several years for larger properties to be freed up.

Incentive or support schemes can work effectively to help under-occupiers downsize without resorting to punitive measures, and will be more effective than tenancy restrictions in freeing up space over the short to medium term. The Oldham programme, for example, has freed up over 130 family sized homes in sixteen months, and with 11 downsizers per 1000 dwellings has one of the highest transfer rates in the country. If it were possible to replicate the success of Oldham nationwide, the roll-out of such a scheme would free up a maximum of 45,000 homes (assuming 11 downsizers per 1,000 social rented properties). However, local authorities without stock to transfer downsizers to may struggle to meet these levels, local political will is needed as well as sufficient local resource - Oldham offer some cash incentives as well as offering support with moving arrangements.

We urge the government to support targeted schemes that incentivise and support social renters to downsize.

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80 670,000 HB claimants living in social housing will be affected, losing approximately £13 per week. DWP have not quantified how many will be incentivised to move.
Annex 1: Case study details

Full details of the case studies used in this report can be found at http://tinyurl.com/5v7and3. Brief snapshots of the areas explored are included below. These include a breakdown of the stock in each area. From the total number of dwellings we have highlighted the proportion that are ‘under-utilised’ in some way and broken this down into empty, second, and under-occupied properties. It should be noted that ‘under-occupation’ at this local level is defined by the Census 2001 definition, not by the bedroom standard. See footnote 40 for further detail.

Case Study: Bradford
Bradford is a city in West Yorkshire classified as a Centre with Industry. It was chosen as a case study due to the relatively high proportion of private empty homes in the area. Bradford has a waiting list of over 13,400 households. There are approximately 198,984 dwellings:

Case Study: Nottingham
Nottingham is a city in the Midlands, classified as a Centre with Industry. It was chosen as a case study due to the relatively high proportion of empty social homes in the area. Nottingham has a waiting list of 9,734 households. There are approximately 129,155 dwellings:
Case Study: Tower Hamlets
Tower Hamlets is classified as a London Centre. It was chosen as a case study due to the relatively high proportion of second homes in the area. Tower Hamlets has a waiting list of 22,707 households. There are approximately 98,339 dwellings:

![Pie chart of housing stock in Tower Hamlets]

- Empty Homes: 16,730
- Second Homes: 1,839
- Under-used housing stock: 10,288

Case Study: South Hams
South Hams, in the South West, is classified as a Coastal & Countryside region. It was chosen as a case study due to the relatively high proportion of second homes in the area. South Hams has a waiting list of 1,001 households. There are approximately 42,817 dwellings:

![Pie chart of housing stock in South Hams]

- Empty Homes: 25,468
- Second Homes: 4,489
- Under-used housing stock: 20,317

Under-used housing stock of which:
- Empty Homes
- Second Homes
- Under-occupied
- All other housing stock
Case Study: Scarborough
Scarborough in Yorkshire is classified as a Coastal & Countryside region. It was chosen as a case study due to the relatively high proportion of second homes in the area. Scarborough has a waiting list of 2,569 households. There are approximately 55,018 dwellings:

- Under-used housing stock of which:
  - Empty Homes
  - Second Homes
  - Under-occupied
  - All other housing stock

- Scarborough: 2,750
  - Empty Homes: 812
  - Second Homes: 27,472
  - Under-occupied: 27,546
  - All other housing stock: 23,984

Case Study: Crawley
Crawley, in the South East, is classified as a New & Growing Town. It was chosen as a case study due to the relatively high proportion of under occupying social tenants in the area. Crawley has a waiting list of 2,470 households. There are approximately 43,319 dwellings:

- Under-used housing stock of which:
  - Empty Homes
  - Second Homes
  - Under-occupied
  - All other housing stock

- Crawley: 19,244
  - Empty Homes: 53
  - Second Homes: 23,795
  - Under-occupied: 19,524
  - All other housing stock: 19,244
Case Study: Oldham
Oldham is a Centre with Industry in the North West which was chosen as a case study due to its high rates of downsizing. Oldham has a waiting list of 6,414 households. There are approximately 93,711 dwellings:

- Empty Homes: 56,434
- Second Homes: 37,277
- Under-occupied: 34,162
- All other housing stock: 3,036
- Under-used housing stock: 79

Case Study: Bedford
Bedford, in the South West, is classified as a New & Growing Town. It was chosen as a case study due to the relatively high proportion of private sector under-occupiers in the area. Bedford has a waiting list of 2,046 households. There are approximately 66,282 dwellings:

- Empty Homes: 32,537
- Second Homes: 33,745
- Under-occupied: 31,999
- All other housing stock: 1,603
- Under-used housing stock: 143
**Recommendations**

**Housing supply**
- This research has highlighted that the chronic shortage of housing supply cannot be addressed simply by property redistribution or renovation. The government’s priority for housing must be to secure a huge increase in house building. Capital funding for housing must be increased at the next spending round.

**Taxing property fairly**
- Long-term empty homes and second homes should be charged full council tax rates. National government should remove councils’ ability to subsidise these owners. Councils should have discretionary power to charge higher rates if necessary. Receipts should be ring fenced for reinvestment into local empty homes work or affordable housing provision and mechanisms for identifying unused properties identified.
- The Government must clamp down on capital gains tax avoidance by second home owners, in order to effect behaviour change and grow revenues.
- Government must consider the effects of taxation on distribution of stock as part of a wider property tax review.

**Sharing space**
- The Rent a Room tax relief should be uprated to £9,000 to better reflect rental incomes and encourage more households to share space.
- Both local and national government should support, and potentially help to facilitate, community-led home share schemes to match households in need with people looking to use spare rooms.
- Local councils should also consider targeting private sector under-occupiers for leasing temporary family sized homes.

**Tackling under-occupation**
- The proposal to restrict Housing Benefit for social sector under-occupiers should be scrapped.
- DCLG should develop a robust good practice guide to encourage more councils to adopt effective, targeted downsizing schemes.
- Private sector under-occupation can be tackled through, better understanding of downsizers needs, and encouragement through information and advice.
- We need greater provision of good quality homes for downsizers, including increased development of retirement villages and good quality homes designed for older people.

**Empty Homes**
- The New Homes Bonus represents a real opportunity for empty homes work to be prioritised locally. We recommend that councils:
  - are incentivised to tackle the worst properties first
  - are required to use a consistent methodology for collecting empty homes data
  - are not penalised for failing to restore properties that are unavoidably empty, such as those earmarked for demolition.
- Over the longer term, the Government should set out a national empty homes strategy and benchmark, including provisions for local people to hold councils to account on their empty homes record.
- Communities should also be empowered to take over empty property and the property guardian model expanded.
- The £100m funding for empty homes work should be targeted carefully at areas with the greatest housing need, where renovations have the greatest potential.

**Next steps**
There are other aspects of the demand side of housing that have not been discussed in this paper, and further work is needed to identify other examples of inefficiencies and opportunities for gaining the maximum housing potential from England’s stock. Shelter is seeking to open up a debate about how well we use our housing, and would welcome ideas and contributions from interested parties.

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