VACANT DWELLINGS IN ENGLAND

The challenges and costs of bringing them back into use

Maggie Davidson and Kevin White













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or

IHS BRE Press Willoughby Road Bracknell RG12 8FB Tel: 01344 328038

Fax: 01344 328005 Email: brepress@ihs.com

Requests to copy any part of this publication should be made to the publisher:

IHS BRE Press

Garston, Watford WD25 9XX

Tel: 01923 664761 Email: brepress@ihs.com

Printed on paper sourced from responsibly managed forests

FB 25 © Copyright BRE 2010 First published 2010 ISBN 978-1-84806-131-6

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EXECUTIVE SUMMARY

This report examines the profile, condition and location of England's vacant dwellings using data from the English House Condition Survey (EHCS) from 2006. This survey estimates that there were around 935,000 vacant dwellings in England in 2006 which represents about 4% of the stock. Almost half (48%) had been vacant for six months or more. Although small in terms of absolute numbers, vacant dwellings are important in policy terms for two reasons: if the use of the existing housing stock is maximised, fewer new dwellings need to be built; and vacant dwellings restrict the supply of housing and can contribute to housing shortages and homelessness.

The report focuses mainly on privately owned vacant dwellings because these form the bulk of vacant properties (720,000 of 935,000). It confirms previous market research that showed that disrepair and poor condition are important factors related to long-term vacancy in the private sector. Across a number of indicators of condition (Decent Homes, energy efficiency, disrepair and health and safety) private sector dwellings that had been vacant for six months or more perform less well than either transactional vacant dwellings or occupied dwellings. However, it is important to note that these long-term vacant privately owned dwellings are not in uniformly poor condition - some 20% have no urgent repairs required and, at the other end of the scale, 20% need urgent repairs costing £11,000 or more. The total for carrying out all urgent repairs for all long-term vacant dwellings in the private sector would be £5,800 million. If repairs were focused on the 50% of these dwellings needing the least amount of urgent repairs, then this figure would drop to just £91 million. Overall, it is likely that a significant minority, possibly as high as 20%, of these long-term vacant dwellings do not require any significant repairs or improvements to make them reasonably habitable.

Long-term vacant private dwellings are also more likely to be flats or smaller properties which tend to be far less popular both for owners and renters alike than houses or larger properties. They are also more likely to be located in deprived areas and neighbourhoods with environmental problems than occupied dwellings which make them even less desirable. There is no evidence to suggest that long-term vacant dwellings are more likely to be located in areas of low or negligible demand for

homes. This suggests that it is something particular about these properties, or the immediate surrounding area, that is a more important driver of vacancy than generally depressed local markets.

Local authorities already have a number of statutory powers to deal with long-term vacant private sector dwellings and a number have clear empty property strategies. What is usually lacking is resources: both in terms of staff time to track down and negotiate with/take action against the owners and finding the money to provide grants to owners on low incomes. However, many authorities have made significant progress in tackling the worst 'hot spots' using highly focused action by officers. Landlord accreditation and support services run by local authorities and additional training and support provided by landlord associations have also played an important role in bringing vacant private sector dwellings back into use in many areas because they have helped to make the process of renting out a property less daunting or risky.

In the social sector, there are around 110,000 to 120,000 long-term vacant dwellings. These are more likely to be in medium or high-rise blocks and located in areas with high levels of social deprivation or environmental problems than occupied dwellings. While some of these dwellings are vacant because they are awaiting major renovation or demolition, the majority have been vacant for six months or more because of the type of dwelling and/or its location. Choice-based letting schemes are helping social landlords (local authorities and housing associations) to rent out more of these difficult to let long-term vacant dwellings although some landlords would need to carry out significant demolition and re-building programmes to rectify remaining imbalances between housing supply and needs, and to deal with the residual number of very hard to let dwellings.

Finally, we need to ensure that we are not currently building the new vacant dwellings of the future. Other research has suggested that there are significant numbers of newly built flats (often built with the buy to let market in mind) remaining vacant for long periods in some areas. Statistics on new building indicate that around half of all new dwellings are flats, yet market research studies and the analysis presented in this report indicates that these are not what people typically want to live in if they have a choice.



1 INTRODUCTION

This report examines the profile, condition and location of England's vacant dwellings. Government policy is to maximise the use of the existing housing stock in order to minimise the need for building new dwellings. Vacant properties restrict the supply of housing and can contribute to housing shortages and homelessness. Obviously there have to be some dwellings vacant at any one time to enable people to move house, but dwellings that are vacant for six months or more represent a problem rather than a way of facilitating movement.

Under part 7 of the 1996 Housing Act local authorities have a statutory duty to provide assistance to people who are homeless or threatened with homelessness and also to ensure that suitable accommodation is available for persons in certain priority needs groups and their households. The priority needs groups are:

- households with dependent children or a pregnant woman
- people who are vulnerable in some way eg mental or physical disability
- people aged 16 or 17
- people aged 18 to 20 who were previously in care
- people who are vulnerable as the result of time spent in care, in prison or in HM armed forces
- people forced to flee their home due to violence or the threat of violence.

In the first quarter of 2009, 25,890 applications were made to local authorities for assistance finding accommodation. Of these applications, 44% (11,350) were accepted as being in a priority needs group, and to be homeless through no fault of their own. Many of those accepted as in priority need are placed in temporary accommodation. At the end of March 2009 there were 64,000 households in temporary accommodation

arranged by local authorities under homelessness legislation, of which 88% were eligible to be housed in permanent accommodation once it became available. One in eight (12%) of these households were housed in accommodation with shared facilities, such as bed and breakfast establishments, hostels or refuges.

Social landlords (local authorities and housing associations) also try to maximise use of their own stock. They have their own targets and policies to minimise vacancy and re-let times for vacant properties. The majority of local authorities and housing associations also participate in choice-based letting schemes that enable them to offer 'hard to let' stock up to a wider range of applicants. In addition, there are centrally monitored performance indicators linked to the proportion of their stock that is vacant and the average re-let time for vacated property.

Vacant dwellings, whether in the private or social sector, detract from the quality of the local environment and can cause significant problems for local residents. Poorly maintained vacant properties attract vermin, cause damp and other problems for neighbouring properties and are magnets for vandals, squatters, drug dealers and arsonists. Local authorities therefore also actively encourage owners of vacant private sector dwellings to bring them back into use. There are a number of tools at their disposal, ranging from incentives such as loans, renovation grants or advice on selling, leasing and tax. They also possess some powers to require the sale or renovation of dwellings, the most commonly known of which is the compulsory purchase order. The Housing Act 2004 (implemented in 2006) also introduced Empty Dwelling Management Orders. However, powers such as these are rarely used because of the amount of work, time and legal fees involved (CLG, 2010).

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VACANT DWELLINGS IN ENGLAND The challenges and costs of bringing them back into use

Are we building the new vacant dwellings of the future? This report analyses the nature of vacant dwellings in England, which represents about 4% of the housing stock. It explores what types of dwelling are most commonly vacant, what, if anything, is likely to be wrong with them, and what it would cost to carry out the necessary repairs and improvements.

The report examines the type of barriers that may prevent dwellings being brought back into use, even when they are in good condition. It also discusses the benefits of bringing dwellings back into use compared with the risks of letting them stand empty.



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