

Money Property

Taxing second home owners will fail. Britain's empty homes crackdown proves it

David Cameron's backfiring policy throws doubt on the effectiveness of the new premium



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Credit: Ed Maynard/iStockphoto

Twelve years ago, an empty homes tax was introduced across England in an attempt to bring “ghost homes” back to life.

The coalition government, under the premiership of David Cameron, was “straining every sinew” to ensure vacant homes became a thing of the past – yet fast forward to today, [and the attempted crackdown has fallen flat on its face.](#)

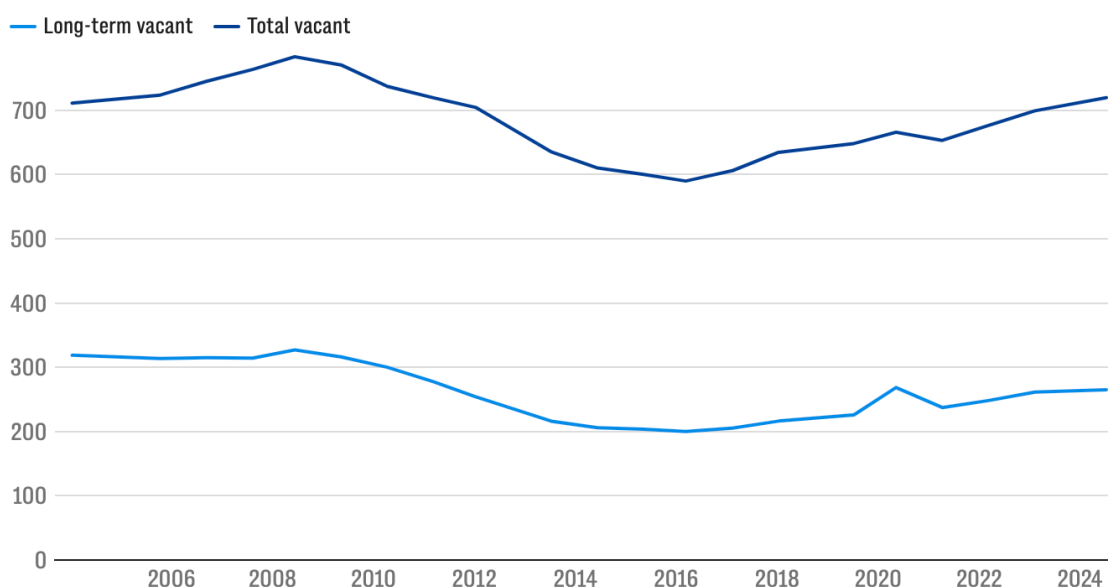
Almost 100,000 extra empty homes now litter England compared to 2013, when the original policy was introduced.

The number previously stood at 635,127, but it has since risen to 719,470 – the equivalent of the entire housing stock in Kent, and more than the combined size of Liverpool and Birmingham.

[The 13pc rise in vacant homes](#), which has added to the woes of would-be buyers frozen out of the market, has raised question marks over the effectiveness of the [second homes premium](#) introduced this month.

Britain's vacant housing stock is climbing again

Number of homes (thousands)



Two-thirds of English councils have brought in a [double council tax charge on second homes](#), piling misery on 280,000 owners who now face annual bills north of £10,000.

Local authorities hope owners will sell and free up homes for locals, yet Daniel Austin, of property finance firm ASK Partners, doubts the levy will work.

He said: “Like the empty homes tax, the second home premium assumes taxation alone can drive behavioural change. The premium won’t be enough to shift the dial. A more sophisticated strategy is needed.”

How the empty homes tax failed

Local authorities were granted powers to charge empty home owners up to 50pc extra on their council tax in 2013.

Prior to introducing the tax, Don Foster, Number 10's former deputy chief whip, stressed how the coalition government was "determined to exorcise ghost homes", and was "straining every sinew" to ensure [empty homes were flushed out](#).

Mr Foster said at the time: "Up and down the country, there are people who dream of one day seeing neighbourhoods revive and redundant homes come back to life.

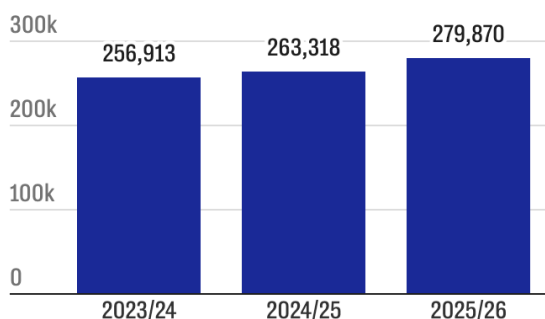
"I have little doubt that working together we will grant them their wish."

For the first three years, the levy made a difference, with the share of empty homes dropping 7pc by 2016. But the latest figures for 2024 show the number of empty homes are at a 14-year high.

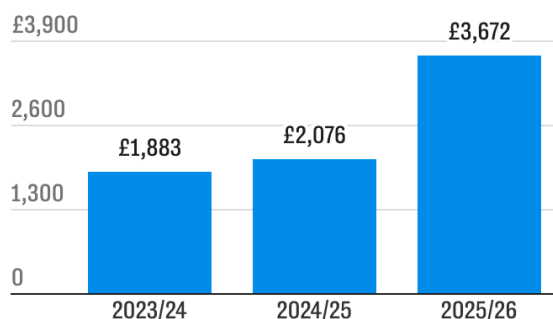
That's despite updated rule changes which have granted local authorities the power to charge much higher levies. For example, owners of homes which stand empty for 10 years or more now face [quadrupled council tax bills](#).

Councils' property tax take set to soar this year

Chargeable second homes



Average council tax bill



Source: MHCLG

Mr Austin said: “The tax has fallen short of its core aim. Many of these homes aren’t empty due to neglect or speculation, but because they’re not fit to rent or sell.

“With rising build and debt servicing costs, plus tougher requirements like EPC standards and stricter fire safety rules, refurbishment is often financially unviable. The result is a growing number of stranded assets.”

[Loopholes also allow for owners to swerve the surcharge.](#) Exemptions apply for properties that have been put up for sale for 12 months, or where a property is an annex to another.

A lack of research by councils in identifying empty homes is also a long-running issue which has hindered the effectiveness of the tax, according to previous research by the Local Government Association (LGA).

Figures from the Ministry of Housing, Communities and Local Government show that just 119,606 empty homes were charged a premium in 2024.

‘The tax hasn’t moved the needle’

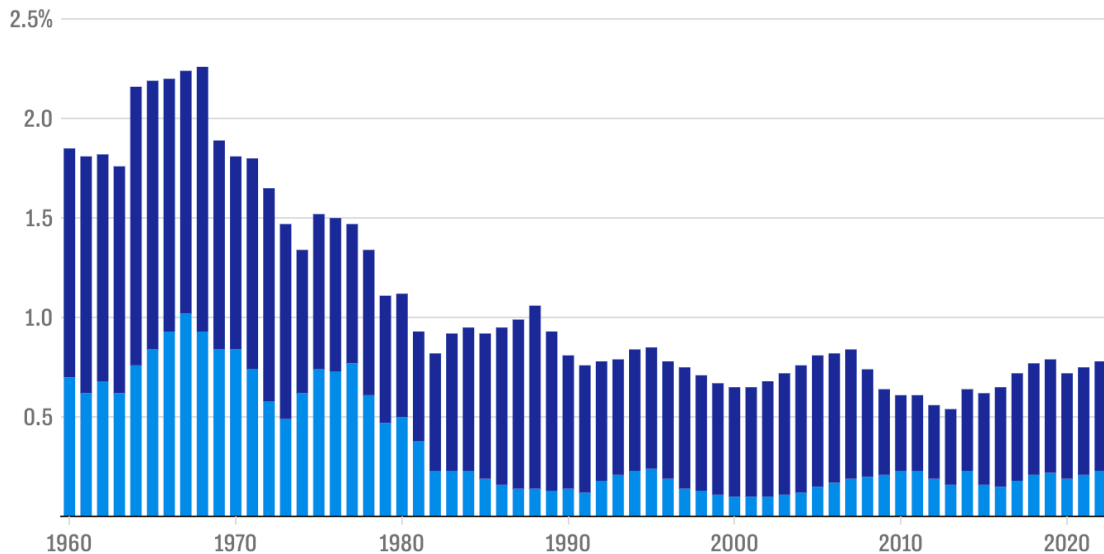
To address the country’s housing crisis, Labour is pressing ahead with the [“biggest building boom”](#) in a generation by pledging to deliver 1.5 million new homes by 2029.

Critics argue the countryside is being sacrificed, all the while hundreds of thousands ready-made homes stand idle.

Labour wants to ramp up housebuilding to 1970s levels

New homes as a percentage of overall housing stock

Public Private



Source: Centre for Cities

When asked by a Metro reader why new towns are proposed when many London flats remain vacant, Sir Keir Starmer responded: “You raise a good point about empty flats, however, we are absolutely encouraging councils to use the tools available to them on that issue. For example, they can charge additional council tax on vacant properties.”

The council powers, however, are not working.

Elliot Rainbow, of estate agents Ernest Brooks International, said “it’s clear this policy hasn’t moved the needle”.

“It completely misunderstands the psychology and profile of those holding these homes,” he added.

“At the top end of the market – think luxury flats in Mayfair or investment units in Canary Wharf – the tax is simply irrelevant. For many international or ultra-high net-worth owners, [a 300pc council tax bill is a rounding error](#).

“These properties aren’t left empty by mistake. They’re strategic assets, safety deposit boxes in a volatile world. While at the other end, many properties are stuck in probate, in disrepair, or located in areas with little rental demand,” said Mr Rainbow.

Rather than hitting owners with tax increases, opponents have called for a policy shake-up to entice empty owners into selling.

Babek Ismayil, of home buying platform OneDome, said: “A more effective approach might involve a mix of carrots and sticks - targeted tax relief for bringing properties back into use, streamlined planning processes for conversions, and better data-sharing between local authorities to track and manage vacancies more effectively.”

‘The second home tax will also fail’

In a similar vein to empty home owners, second home owners in England now pay a tax surcharge.

[The Telegraph is calling for the Government to abandon the punitive tax](#), which is driving up costs for thousands of families who heavily support local economies.

Fiona Peake, of loan firm Ocean Finance, “suspects the tax policy will run into the same problems”, while Harry Fenner, of Navana Property Group, cannot foresee the second home premium being a success.

“This is an incredibly bad business model, yet our government believes this works,” he said. “They want the vote of the working class man, yet these actions only harm the people they’re luring in to vote for them.

“The entire thing is illogical.”

Ms Peake added: “It could help in holiday hotspots where homes sit empty most of the year, driving up prices for locals. But again, it won’t do much unless it’s backed by broader changes – better enforcement, fewer loopholes, and real incentives to bring homes back into use.”

A spokesman for the LGA said: “Charging a council tax premium, for long-term empty and second homes, is one way of encouraging owners to bring these properties back into permanent use.

“However, we remain clear that council tax itself has never been the solution to meeting the long-term pressures facing local services, and councils need the powers and resources to build more affordable homes.”

A spokesman for the Ministry of Housing, Communities and Local Government (MHCLG) said: “These figures include properties to which the premium would not apply, including homes that have been empty for a short period of time.

“We are determined to fix the housing crisis we have inherited, and we know that having excessive concentrations of second and empty homes in an area can have a significant impact on the local area and damage local services.”

The MHCLG said the number of unfurnished empty homes which have sat vacant for more than six months is 264,884. Overall, however, the number of empty homes in England - including those with a tax exemption - is 719,470.