

EH 02

Ymchwiliad i eiddo gwag

Inquiry into empty properties

Ymateb gan: Cymdeithas Landlordiaid Preswyl

Response from: Residential Landlords Association

Thank you for the opportunity to respond to the above consultation. The Residential Landlords Association (RLA) are very grateful for the opportunity to highlight their views as an organisation in relation to the National Assembly for Wales' Equality, Local Government and Communities Committee's inquiry into empty homes.

About the RLA

The Residential Landlords Association (RLA) represents the interests of landlords in the private rented sector (PRS) across England and Wales. With over 30,000 subscribing members and an additional 20,000 registered guests who engage regularly with the Association, the RLA is the leading voice of private landlords. Combined, the RLA members manage over a quarter of a million properties.

The RLA provides support and advice to members and seeks to raise standards in the PRS through its code of conduct, training and accreditation. Many of the RLA's resources are available free to non-member landlords and tenants.

The Association campaigns to improve the PRS for both landlords and tenants, engaging with policymakers at all levels of Government to support its mission of making renting better.

1. Is enough being done to tackle empty properties in Wales? If not, what needs to change?

Although recent statistics suggest that current work in tackling empty properties has had some impact, we believe that more work is required to tackle the problem as well as a change in attitude from relevant stakeholders. We call for Welsh local authorities and relevant stakeholders to work with the Private Rented Sector to develop a stronger quid pro quo relationship. This is important to foster a more progressive relationship that supports PRS landlords particularly in hard to rent areas or areas that commend a low rental value.

Many local authorities in Wales appear reluctant to use the full extent of the powers on offer to them from the Housing (Wales) Act 2014 in relation to issuing a Council Tax premium of up to 100% for empty properties. We would be supportive of issuing Council Tax premiums of up to 100% where a property has been left unoccupied for twelve months or more as it is these long-term empty properties that are causing the biggest problems in relation to be unoccupied.

There are numerous examples of where local authorities provide financial incentives for PRS landlords to get their properties occupied. We very much welcome these initiatives and they are particularly useful to landlords that have properties that require structural improvements or have properties that are currently not fit for human habitation. However, using financial incentives are not a silver bullet in tackling the problem and can be a blunt instrument in tackling properties in areas that have low house price or rental values. For example, the prospect of an interest free

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loan or grant is going to be less of an incentive to a landlord who has a property that requires major and often expensive structural improvements in low rental areas such as the South Wales Valleys. Furthermore, we would welcome more support to landlords who have rental properties that are unoccupied potentially because they have poor accessibility or are in low demand areas. We would like to highlight Brighton and Hove Council as an example of good practice who support landlords with a variety of measures even if their property has accessibility issues such as access through a commercial premise. This support is provided through a leasing scheme or working in partnership with local universities to let for students.

2. What impact can empty properties have on a community?

As an organisation that presents the interests of PRS landlords, one of our concerns over empty properties is the loss of income to landlords in the sector who have empty properties as part of their portfolios. However, given the importance in securing rental incomes, there is generally a justification for why a property remains vacant. This could include properties requiring structural improvements or the property is currently not fit for human habitation. In these instances, we call for a more sympathetic approach which builds on a more supportive relationship between PRS landlords and local authorities.

An additional benefit for PRS landlords, and indeed the social and owner-occupied sector, is that when a property is occupied, then the security of the building is improved. Accordingly, when a building is left empty then the propensity that the property will be liable to vandalism and squatting vastly increases. Instances of other forms of anti-social behaviour are also increased in empty property, with many such properties becoming magnets for fly tipping. This, of course, is at the detriment of not just the housing sector, but wider community.

When a property is brought back into use, then there are benefits for neighbours living in close proximity of the property. Benefits to neighbours include, an increase in their home's property value and an improvement in the local environment often directly from improvements to the property or indirectly from a reduction in fly tipping and anti-social behaviour. There is strong evidence to suggest that overall these factors can have a positive impact on neighbours' sense of well-being and mental health.

By bringing back properties into use, communities will benefit with an increased housing supply, greater choice and flexibility, opportunities to house vulnerable people and potentially larger properties for people to buy or rent.

We believe that bringing empty homes back into use presents economic opportunities particularly for small and medium enterprises and we see a strong synergy between small developers and landlords within the PRS. Residential development is largely controlled by several large building firms, many of whom operate outside of Wales. The smaller jobs that would be required to bring homes back into use would be more desirable for small and medium developers. This in turn would create local job and training opportunities as well as bolster local supply chains.

We also recognise that there are advantages to both national and local government as well as public bodies when homes are brought back into use. Many local authorities have difficulties in housing vulnerable people and reducing homelessness. By bringing homes back into use, not only can local authorities have greater options to house vulnerable people, but they have less reliance on turning to temporary accommodation and bed and breakfasts, which will overall reduce costs for local authorities.

Furthermore, local authorities will potentially have larger populations to collect council tax from and subsequently protect and invest in local community services. With the refreshing of Local Development Plans, local authorities are increasingly under pressure to meet development targets to tackle housing shortages. By bringing more existing homes back in to use, local authorities will not have to turn to as many greenfield sites or sites that are contentious or

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unpopular with the public. It is also arguable, that by bringing back existing homes rather than continuing development often out of town or on the periphery of County Boroughs, then the demand of other public bodies such as the police, ambulance and fire service are less great.

3. How effectively are local authorities using the statutory and non-statutory tools at their disposal to deal with empty properties?

There are several statutory powers at the disposal of local authorities. We believe that local authorities should only use some of these powers in very special circumstances. For example, issuing Compulsory Purchase Orders (CPO) should only be used if it has not been possible to turn the property into a home by taking several measures previously and with the full cooperation of landlords and owners.

There are also several statutory powers that allow local authorities to take over properties and run them for landlords and home owners. These include Empty Dwelling Management Orders (EDMOs), which allows local authorities to take over the management of empty properties with any costs incurred taken from rents. When EDMOs are issued, the landlord effectively still owns the building with the local authority managing the property to get it back on the market. Again, we believe these orders should only be issued as a last resort and by developing a cooperative relationship with landlords. It is possible to issue an EDMO if a property has been empty for six months or more although we do not feel that this is sufficient time to explore other options. That said, EDMOs are a useful tool in tackling empty homes and we would be grateful of a full review to which local authorities are using them across Wales and to what extent.

Other tools available include Section 17 orders, Section 226 and Enforced Sales Procedures. We would also be interested in to what the extent these orders are used as anecdotally, we believe their use is not widespread across Wales. Again, using these powers should only be issued in cooperation with PRS landlords and after other measures have failed to have a positive outcome.

4. Do local authorities need additional statutory powers to deal with empty properties? If yes, what powers do they need?

We would like to see local authorities to have additional statutory powers to quickly take control of unoccupied commercial assets, which could then be converted into residential properties to be either let or sold privately. We would also like to see basing future planning permissions on developers' build-out rates; and procedures in place to pressure councils that fail to produce adequate proposals about the properties they plan to build. We are also very supportive of ensuring that parcels of land in planning applications are smaller to ensure local builders are not priced out of the market, who may favour doing smaller conversion work than the big national builders.

5. Are owners of empty properties given the support, information and advice that they need to bring properties back into occupation? If not, what additional help do they need?

There are many examples of support schemes across the UK. However, one holistic example comes from East Ayrshire Council who have recently secured money from the Scottish Government to assist owners of empty properties to bring their property up to a lettable standard by providing an interest free loan if the property is let at a market rent for five years or sold at an affordable level. East Ayrshire have also implemented the 100% council tax premium if a property is empty for over 12 months unless they are actively marketing the property for rent, the property is a second home, or the property requires structural repairs.

The Council have also opened communication with PRS landlords and offer advice on safety and security, renovation overviews, sourcing VAT discounts, advice on energy efficiency as well as supporting owners on selling options such as estate agents, auction houses and property

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buying companies.

East Ayrshire also provide interest free loans and grants, a buy back scheme and a 'Matchmaker Scheme' whereby owners can provide details of their property, this information can be passed to potential purchasers of empty properties. The council also provides several support services specifically in mind with PRS landlords.

6. Is there sufficient awareness of the practical assistance that local authorities can offer to owners of empty properties? If not, how could this be improved?

In our work in liaising with PRS landlords via landlord forums, we are aware that more needs to be done in raising awareness of assistance available from local authorities. We encourage all local authorities to develop landlord forums within their County Boroughs and to communicate support via these forums. 35,000 PRS landlord members across England and Wales, we are in a strong position to communicate and highlight local support on offer from Welsh local authorities directly to our members.

One area that does not appear to have been communicated well in some parts of Wales, where local authorities have taken away Council Tax exemptions for empty properties, is the prospect that these exemptions could continue for a period of time while properties are being maintained or made fit for human habitation. There does appear to be some ambivalence over this caveat of the exemption which has resulted in some PRS landlords being refunded Council Tax.

One issue is that there does not appear to be any definitive database of empty properties across Wales. In Northern Ireland, as part of John Semple's review into empty properties in Northern Ireland, he recommended a central database of all empty homes, a new system of rating to provide for 100% rating for private sector properties vacant for 6 months or more, rising to 200% if vacant for a year or more; incentives to bring empty properties back into use e.g. private sector grants; more use of existing powers to address empty dwellings and a review of demolitions. A central database would give the Welsh Government the opportunity to plan resources and consider different methods of tackling empty properties given the different economic and social challenges across different parts of Wales. We also feel that Rent Smart Wales are in a good position to promote support from their records of PRS landlords in Wales.

7. Are the skills and resources of housing associations and the private sector being fully utilised to tackle empty properties?

We have already stated that we would like to see a stronger relationship between the PRS, local authorities and their stakeholders. If a local authority or social housing landlord is unable to house a tenant, they should turn to the PRS especially landlords that have empty properties.

We would like to see local authorities use their unique community leadership role in supporting PRS landlords, which will reduce empty properties, house vulnerable groups and reduce homelessness. Local authorities are in a unique position to work with local universities to support students into suitable accommodation. Furthermore, their relationship with local prisons, military establishments and care homes should also give them the opportunity to support care leavers and ex-offenders into suitable accommodation.

8. Is enough being done to ensure empty properties can be brought back into use as affordable homes? Are there examples of good practice in this area?

We understand that the Welsh Government are looking to do three pilot projects across Wales on social lettings schemes. This is a scheme where local authorities or social landlords would manage the property on behalf of the PRS landlord. It is proposed that the landlord would get a guaranteed rental income at Local Housing Allowance Rate (LHA) and that the landlord would have the property back after five years. Other incentives include a £2,000 grant to get properties up to standard and a £8,000 interest free loan.

While we do not see this as an attractive option for all landlords in the sector, it might be an option for some. However, given the propensity that such schemes are likely to house the most vulnerable people in society, we remain concerned about support services on offer for tenants as it is in everyone's interest that tenants are safe, secure and able to stay in their property. The social sector does have the benefit of additional support both inhouse and from partners and this support can include money matters teams as well as a host of teams to support specific needs such as poor mental and physical health as well as sourcing employment opportunities. This scheme is likely to be more attractive to PRS tenants in isolated hard to rent properties. Therefore, we await clarification in relation to our concerns on this matter.

That said, one attractive opportunity of the scheme is the proposal that tenants could pay into a scheme that could cover the cost of refurbishment in the form of a bond. Rather than having to pay the lump sum of the bond it would be paid incrementally and at the end of the tenancy if no subtractions have been made, could be used as a future bond for subsequent properties.

Carmarthenshire County Council have an established social lettings scheme and the Welsh Government are in communication with the local authority in replicating the scheme across Wales.

9. Is the power to charge a council tax premium on long-term empty homes a useful tool and is it being effectively used? If not, how could this tool be made more effective?

We think that potentially it is. However, if it is used in isolation, then the probability is that it will do little in reducing empty homes. Also, as we have previously indicated, there appears to be a reluctance for many Welsh local authorities to implement the premiums and favour simply taking existing exemptions away.

Our favoured model would be for local authorities to provide a 100% Council Tax discount for one month for all empty properties. This would reduce unnecessary administration and costs for both the council and property owners. We also recommend a 50% discount for all properties for six months. Properties that require major refurbishment including those that are inhabitable would be awarded a 100% discount for twelve months. However, unless a very good reason can be provided, a premium Council Tax should be charged for properties that remain empty for over twelve months which could be up to the value of a premium of 100% on Council Tax.

We believe that our recommendations would reduce empty properties more effectively, achieve value for money for the authority and would further stimulate local housing shortages.

Thank you for taking our views into consideration. We look forward to reading your final recommendations.