

Equality, Local Government and Communities Committee Inquiry into Empty Homes

A Consultation Response from ARLA Propertymark and NAEA Propertymark

May 2019

Background

1. ARLA Propertymark is the UK's foremost professional and regulatory body for letting agents; representing over 9,000 members. ARLA Propertymark agents are professionals working at all levels of letting agency, from business owners to office employees.
2. NAEA Propertymark is the UK's leading professional body for estate agency personnel; representing more than 11,000 offices from across the UK property sector. These include residential and commercial sales and lettings, property management, business transfer, auctioneering and land.

Questions

Q1. Is enough being done to tackle empty properties in Wales? If not, what needs to change?

3. ARLA Propertymark and NAEA Propertymark do not think that enough is being done to tackle empty properties in Wales. The problem largely lies with that statutory and non-statutory powers are available, but in most areas, these measures are not being utilised enough or homeowners are not being made aware of options available to them. To this end, we believe that existing powers for local authorities must be better utilised and resources available for empty homeowners better publicised. Should these changes be made, we would expect a more pro-active impact on tackling empty properties in Wales.

Q2. What impact can empty properties have on a community?

4. In areas with large numbers of empty homes communities are negatively impacted. Empty homes are often seen as a blight on the community, resulting in a contribution to a general decline in the area, and sometimes going as far as decreasing the value of surrounding properties. A result of this is that empty homes make the surrounding area a less desirable place to live. This creates a cycle where people with the means to leave the area do so,

leaving those without “stuck” in an area blighted by empty properties, and little appetite for new incomers to the area.

5. Empty properties are often a result of areas in economic decline. An empty property costs money for not only the owner, but for the local economy and local authority too. As more properties become empty, so do commercial units and available amenities. Businesses may not be attaining the income needed within the area, and therefore move to a more prosperous area or cease trading entirely. As more people leave the community other amenities may be cut back on, such as local transport routes following a factory closure. With a decrease in amenities, local employment also suffers, and school numbers may also be impacted. Further, empty properties can be a danger to the health and wellbeing of the surrounding community. They attract anti-social behaviour, placing further pressure on already stretched public services should they be broken in to, vandalised or damaged. This leaves those still living in the area at a disadvantage and can result in low morale of those who are “left behind.”

Q3. How effectively are local authorities using the statutory and non-statutory tools at their disposal to deal with empty properties?

6. ARLA Propertymark and NAEA Propertymark think that most local authorities are not using the statutory and non-statutory tools at their disposal to deal with empty properties effectively. There is a suite of powers available to mitigate the problem of empty properties. However, evidence highlights these powers are rarely used in Wales thus having a minimal impact. Local authorities must make better use of their existing powers and provide more incentive to homeowners if they wish to bring more empty properties back into use.

Statutory tools

7. The Housing Act 2004¹ introduced Empty Dwelling Management Orders (EDMOs), which give local authorities the power to take over management where a property has been empty for at least two years. This power has been available for local authorities since 2006, when the Act came into force. Take up from local authorities has been significantly low, research conducted by the Liberal Democrats in 2018 highlighted that in Wales, EDMOs had only been utilised by three local authorities since introduction.² They are often referred to as a final option for bringing empty properties back into use. However, considering that figures show 1,100 homes across Wales have been empty for 10 years and over,³ it would indicate that even as a last solution EDMOs are not being used effectively in Wales.

8. Section 139 of the Housing Act (Wales) 2014⁴ allows local authorities a discretionary power to raise Council Tax on properties empty for 12 months or more by up to 100 per cent. Not all local authorities have implemented the Council Tax surcharge: Isle of Anglesey has implemented the full 100 per cent surcharge on empty homes; Gwynedd, Denbighshire, Flintshire, Wrexham and Powys have introduced an additional 50 per cent; and Conwy, Ceredigion and Pembrokeshire a 25 per cent surcharge.⁵ Up until 2004, all local authorities in Wales were required to charge discounted Council Tax on empty properties. A Council Tax discount of up to 50 per cent is now discretionary and at the time of writing, thirteen Welsh local authorities still apply some form of discount.⁶ This includes Carmarthenshire, which also accounts for the highest amount of empty homes (2,964).⁷ This highlights that many local authorities are not making use of powers to deter the number of empty properties. To make significant impact the Council Tax premium for empty properties must be mandatory. Further, the previous Council Tax discount for

¹ <https://www.legislation.gov.uk/ukpga/2004/34/contents>

² https://www.welshlibdems.wales/over_1100_homes_across_wales_empty_for_10_years_or_more

³ [Ibid](#)

⁴ <http://www.legislation.gov.uk/anaw/2014/7/contents/enacted>

⁵ [Ibid](#)

⁶ <https://www.walesonline.co.uk/news/local-news/50-council-tax-discount-long-15662949>

⁷ <https://gwedhill.gov.wales/docs/statistics/2019/190117-council-tax-dwellings-2019-20-en.pdf>

empty properties must be rescinded except in exceptional circumstances, such as when a property is on the market for sale or for rent for a period not exceeding six months.

Non-statutory tools

9. The Houses into Homes scheme was launched by the Welsh Government in 2012. This initiative provides interest-free loans of up to £250,000 to owners of empty properties and was part of the Welsh Government's strategy to bring 5,000 empty properties back in to use during the term of the 2011-2016 Government.⁸ Funding is provided to the owner before work commences and once the property is completed, a condition of the loan is that it must be put on the market for sale or for rent. This loan must be paid back within two or three years of when the property was sold or let. We believe that due to the limitations of the loan such as a strict time limit in which to pay it back and the requirement for it to be sold or let once work is finished, empty homeowners are not being given enough incentive to bring the property back into use. Further, due to the property's sale value or rental yield being too low, empty homeowners may be further deterred from taking out a loan that they may struggle to recoup.⁹ To mitigate this, we believe that restrictive conditions of the loan should be removed and publicised to incentivise more owners of empty properties to take up the funding.

10. Gwynedd Council offers empty homeowners the Vacant Homes Assistance Grant.¹⁰ Funding is limited to up to 75 per cent of the costs to bring the property back into use up to £20,000. This is under the condition that, the owner rents the property to a tenant identified by the local authority. As this does not come at any initial cost to the owner this is feasible. Further, owners of long-term empty homes are unlikely to have mortgages against the property, and therefore, loans to bring the property back to repair are not necessarily inviting whereas a grant may be. All local authorities must introduce grants for owners of long-term empty properties. This not only takes strain from the local authority

⁸ <https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/houses-homes-final-eval-report.pdf>

⁹ <http://www.actiononemptyhomes.org/wp-content/uploads/2018/02/Empty-homes-why-do-some-areas-have-have-higher-levels-final-pdf.pdf>

¹⁰ <https://www.gwynedd.llyw.cymru/en/Residents/Documents-Residents/Housing-documents/vacant-Homes-Assistance-Grants-17.pdf>

to house tenants without access to social housing but also benefits the landlord and tenant.

Q4. Do local authorities need additional statutory powers to deal with empty properties? If yes, what powers do they need?

11. ARLA Propertymark and NAEA Propertymark do not believe that local authorities need additional statutory powers to deal with empty properties. Instead, we think that local authorities need to make better use of the statutory powers already available to them.

Q5. 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?

Q6. 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?

12. No, ARLA Propertymark and NAEA Propertymark do not believe that owners of empty properties are given the support, information and advice that they need to bring properties back into occupation. Whilst we acknowledge that these services are available, there is not sufficient awareness of the practical assistance that local authorities can offer to owners of empty properties. Therefore, only benefitting a minimal number of empty homeowners. To combat this, these resources must be better communicated to the owners of long-term empty properties.

13. We believe it must be acknowledged that the owners of empty properties will not always live close to the property. This is particularly the case where a property has been inherited. Local authorities must be proactive in locating and contacting these owners in order to make them aware of the assistance available.

Q7. Are the skills and resources of housing associations and the private sector being fully utilised to tackle empty properties?

14. No, ARLA Propertymark and NAEA Propertymark do not think that the skills and resources of housing associations and the private sector are being fully utilised to tackle empty properties. Local authorities must work collaboratively with both housing associations and the private sector, through the promotion of existing tools and resources to mitigate the problem of empty properties. Local Authorities should also consider using an ARLA Propertymark agent to manage properties that have been brought back into use and an NAEA Propertymark agent to aid with listing the property for sale once work has been completed.

15. We believe that local authorities should consider community-led approaches in tackling the problem of empty homes through working alongside the third sector. ARLA Propertymark and NAEA Propertymark are partnered with the charity Action on Empty Homes.¹¹ The charity focusses on community-led action to bring empty properties back into use, rather than the “casework approach” taken by local authorities. They work on not only making good long-term empty properties, but also address the underlying causes of empty homes and meeting the needs of those living in the area. Thought needs to be directed towards how communities can benefit in the long-term alongside increasing the number of homes available, such as local job opportunities and investment in the area.

Q8. 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?

16. No, ARLA Propertymark and NAEA Propertymark do not think enough is being done to ensure empty properties can be brought back into use as affordable homes. This reflects our response throughout this consultation, local authorities in Wales are not being consistent in enforcing measures to bring empty properties back into use.

¹¹ <http://www.actiononemptyhomes.org/>

Q9. 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 more effective?

17. ARLA Propertymark and NAEA Propertymark believe that the power to charge a Council Tax premium on empty homes is a useful tool. However, we would argue that it is not being utilised by enough local authorities to have a significant impact on bringing empty properties back into use. To further understand this reasoning, please refer to our response to Q3.