

Election 2019: Regulate and reform the housing sector

- **Regulation of property agents** – The new Government must commit to regulating property agents and take forward the recommendations of the Regulation of Property Agents (RoPA) Working Group chaired by Lord Best.¹ We call for Government regulation to ensure that everyone in the industry is licensed, adheres to a strict code of practice and holds at least a Level 3 qualification (the level equivalent to an A-level). Regulation offers huge potential to professionalise the sector and to stamp out bad practice.
- **Abolish the 3% surcharge on additional residential property** - To boost the supply of rented housing the Government should remove the 3% surcharge on additional homes. The policy disadvantages those buying their first property with the help of Guarantor Mortgages as well as homeowners who must purchase a new main residence before sale completion of their previous property. The policy has also contributed to a stagnation of the private rented sector, which is now the second largest housing tenure after owner-occupiers.²
- **Introduce Property MOTs** - An annual ‘MOT’ of rental properties should replace the expensive existing discretionary licensing schemes, improve enforcement, and give landlords a steer on how to maintain or improve conditions for tenants. This would encompass all areas of property condition, including energy efficiency and minimum health and safety standards.
- **Exempt downsizers from stamp duty or give them incentives to encourage them to move** - Pensioners wanting to downsize to a smaller home should be exempt from paying stamp duty. There should be a programme of building for specialised homes for older people, and the Government should introduce over-65s bonds for downsizers.³
- **Court system reform** - Under the current system, it can take months to regain possession of a property. A potential Government ban on Section 21 evictions in England and restricting its equivalent in Wales, would put further pressure on current court processes. Introducing a dedicated Housing Court for England and Wales would considerably cut the time taken for a landlord to gain possession of a property and will make the process more straightforward for all parties involved.⁴

¹ <https://www.gov.uk/government/publications/regulation-of-property-agents-working-group-report>

² <https://www.arla.co.uk/lobbying/private-rented-sector-reports/>

³ In January 2017, we asked NAEA Propertymark members about enquiries they had received from over 55-year olds. Of the small sample of respondents, we know that 48.7% of agents received between 0 and 10 enquiries, 29.3% received between 11 and 20 enquiries and 22% received above 20 enquires. The results show that the main reason was downsizing 68%, bereavement 16.3%, affordability 5.2% and heating costs 0.6%. Other issues cited included lifestyle change, relocation, retirement or for family members 9.9%.

⁴ <https://www.arla.co.uk/media/1048315/a-new-deal-for-renting-consultation.pdf>

- **Introduce a digital logbook for every property bought and sold** - To cut down the number of failed property transactions and speed up the process of property buying and selling, the Government should introduce a digital property logbook. This would allow for a more interactive, streamlined and transparent process for both home buyers and sellers.
- **Legislate to ensure developers remedy leasehold agreements containing onerous clauses** - To support those who have been impacted by onerous clauses in a leasehold agreement, the next Government should legislate to ensure that developers find remedy for those affected. This will encourage mortgage lenders to lend to buyers of these properties and further encourage the sale of existing leaseholder properties.⁵
- **End the Local Housing Allowance cap and improve how Universal Credit operates** - The continued cap in Local Housing Allowance is having a significant impact on its recipients' ability to obtain good quality and well managed accommodation.⁶ The cap must be lifted in order to accurately reflect the cost of renting. To improve how Universal Credit is being delivered the next Government should do two things. Firstly, tenants should have choice over whether the housing element of their Universal Credit is paid direct to their landlord. Secondly, the new administration should also introduce the option for tenants to be paid their Universal Credit twice monthly to assist with budgeting.
- **An open database for rogue landlords and property agents** - Opening the existing Database for Rogue Landlords and Property Agents, currently only available to local authorities, would mean access for tenants, agents, and regulatory bodies alike. This will make the Database a stronger deterrent to the rogue operators it is aimed to target and will allow agents to better vet potential employees. The next Government must also merge the database estate agents to limit rogue individuals from moving into sales from lettings.⁷
- **Review of landlord taxes** - The next Government must launch a review of all taxes relating to private landlords. Investment is falling because the phasing out of tax relief on mortgage interest for landlords, the additional SDLT surcharge on buy-to-let property and the repercussions of the Tenant Fees Act means that landlords costs have significantly increased and many landlords can no longer make ends meet. Through a review the Government will be better placed to introduce policies that reduce costs for those wishing to invest in the sector, which in turn will help reduce rent for tenants, lead to longer-term tenancies and make it more affordable for renters.⁸

⁵ <https://www.naea.co.uk/lobbying/leasehold-properties/>

⁶ In January 2019, 36% of ARLA Propertymark members said they have seen a reduction in landlords renting to Universal Credit claimants. Furthermore, 32% said that rent arrears have increased amongst tenants on benefits since the introduction of Universal Credit. Concerns remain that the main reason landlords are reluctant to let to those on housing benefit is systemic failures of the system itself.

⁷ https://www.theyworkforyou.com/psc/2015-16/Housing_and_Planning_Bill/02-0_2015-11-10a.5.0?s=estate+agents#g5.12

⁸ <https://www.arla.co.uk/lobbying/private-rented-sector-reports/>

- **Introduce new regulations for short term lets** - New regulations must be introduced for short term lets such as Airbnb. Unlike the private rented sector, local authorities have no powers to license or register short-term lets but they have some powers under planning, trading standards and environmental health, antisocial behaviour and waste legislation. Without proper arrangements we believe Airbnb will have a bigger impact on the wider lettings market. Listings for Airbnb are split between private rooms and entire homes. However, as Airbnb grows, and more legal requirements are placed on letting agents and landlords, it could take more properties out of the private rented sector because the returns on short term lets are potentially more lucrative and there are less regulatory requirements.
- **Help the Private Rented Sector with Energy efficiency and climate change** - The Landlord's Energy Saving Allowance (LESA) should be reintroduced and extended to include anything contained within the Recommendations Report of an Energy Performance Certificate (EPC). Private landlords have little access to funding outside of their own income in order to make energy efficiency improvements to their properties. Ambition and setting targets for improving energy efficiency are meaningless if opportunities and support are not offered in order to achieve them.
- **Extend Flood Re to the leasehold sector and Private Rented Sector** - Flood Re is a levy and pool system in the UK, which replaced the Statement of Principles agreed between the Government and insurance companies to provide flood insurance coverage to domestic properties deemed at significant risk of flooding. The Flood Re obligation currently excludes the Private Rented Sector (PRS) and the leasehold sector. Therefore, an estimated seven million homes remain excluded from the Flood Re insurance obligation, including 1.1 million leasehold homes and three million homes in Urban areas.⁹

ARLA Propertymark is the UK's foremost professional and regulatory body for letting agents; representing over 9,500 members. ARLA Propertymark agents are professionals working at all levels of letting agency, from business owners to office employees.

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.

For further information please contact Timothy Douglas, Senior Policy & Campaigns Officer via email timothydouglas@propertymark.co.uk and telephone 01926 417777.

⁹ <https://www.bpf.org.uk/>