

## CHC's Response

### About Us

**Community Housing Cymru (CHC)** is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. CHC launched its twenty-year 'Housing Horizons' vision for Welsh housing associations in November 2017. Our vision is a Wales where good housing is a basic right for all, and the vision's commitments include a pledge to build 75,000 new homes by 2036.

In 2017/18, our members directly employed 9,138 people and spent more than £2bn (directly and indirectly) in the economy, with 84% of this spend retained in Wales. Housing association provided 1876 additional affordable homes in 2017/18. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

### Inquiry into Empty Properties

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

- 1.1 While estimates of empty homes in Wales vary between 20,000 and 40,000<sup>1</sup>, and it is difficult to measure precisely how many empty homes there are in Wales at any one point, it is widely accepted that there is a significant issue in the number of homes that lie vacant across the country. The committee's estimate of 27,000 empty homes is slightly higher than estimates of 26,000 made in 2009<sup>2</sup> which demonstrate that there has not been enough progress in this area.
- 1.2 While returning as many of these homes as possible to use should be a policy aim of all those with an interest in ending the housing crisis, there are numerous reasons, including disrepair, ownerships and location which will limit this ambition, and resources must be directed in a proportionate and appropriate way. Even if all 27,000 of the estimated empty homes were returned to use, this would meet housing need and demand in Wales for just over two years.
- 1.3 The number of empty properties held by housing associations in Wales has varied, but the number of social housing vacancies held housing associations has decreased by 9.2% in homes vacant for more than 6 months, as set out in the table below.<sup>3</sup>

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<sup>1</sup> <https://www.itv.com/news/wales/2018-04-25/more-than-40-000-empty-homes-a-wasted-resource-in-wales/>

<sup>2</sup> [http://www.cih.org/resources/PDF/Wales%20Policy/EMPTY\\_HOMES\\_ENGLISH.pdf](http://www.cih.org/resources/PDF/Wales%20Policy/EMPTY_HOMES_ENGLISH.pdf)

<sup>3</sup> <https://statswales.gov.wales/Catalogue/Housing/Social-Housing-Vacancies/vacancies-by-provider-vacancytype>



Year	Vacant for more than 6 months
2014/15	1072
2015/16	950
2016/17	1007
2017/18	973

- 1.4 Housing association properties which are vacant for more than 6 months are often vacant due to the need for significant repairs and maintenance work, or because they are in “hard-to-let” areas with low demand. While these homes are only a small proportion of the overall number of empty homes in Wales, it is a priority for housing associations to make best use of their stock and they invest significant resource in ensuring that these homes can be returned to use for those in need.
  - 1.5 As well as the significant resource employed by housing associations in returning both and long term voids in their ownership to use, housing associations also have an important role to play with the wider housing sector.
  - 1.6 Housing associations work closely with local authorities to bring empty homes back into use, and with the sector’s proven track record on maintenance and development, are well placed to assist local authorities. With appropriate funding available for housing associations, and sufficient powers and resource for local authorities, there is significant potential to increase partnership working in this area.
- 2. What impact can empty properties have on a community?**
- 2.1 The impact of empty properties on a community are well documented, with properties which are left empty for the long term often attracting anti-social behaviour including vandalism and fly tipping. As well as leading to negative perceptions of the area, and often decreasing the value of empty properties and those nearby, this can have a substantial impact on the quality of life of those living in close proximity.
  - 2.2 Returning empty homes to use as affordable housing can provide much needed homes and reduce the burden on other agencies operating in the community, including Police and Local Authorities who are tasked with tackling the issues highlighted above.
- 3. How effectively are local authorities using the statutory and non-statutory tools at their disposal to deal with empty properties?**
- 3.1 Local authorities have a number of tools at their disposal to help tackle the issue of empty properties, ranging from Compulsory Purchase Orders (CPOs) to powers to increase council tax on long term empty homes. However, in recent years, local authorities have faced challenging budget settlements and local authorities often do not have sufficient resource to tackle the issue.



- 3.2 The Compulsory Purchase Order process is widely viewed and complex and time consuming, with significant costs associated, and some local authorities face challenges to bring properties back into use following the execution of a CPO. We welcome the recommendation by the recent *Independent Review of Affordable Housing Supply in Wales* that the Welsh Government should act to streamline this process, as well as improving the process relating to Empty Dwelling Management Orders (EDMOs) which face similar challenges. Furthermore, the proposal in the Review, that an arms-length body should be established to act as a hub for public sector land management and professional services has significant potential in this area, where the pooling of resources and expertise relating to CPO could assist local authorities who face resource challenges.
- 3.3 The Housing (Wales) Act 2014 gave local authorities in Wales the power to increase council tax on long term empty homes, and this is another area we believe could be used more effectively to incentivise the use of empty homes. While a number of local authorities have chosen to exercise these powers, the number of long term empty homes remains stubbornly high, and more proactive use of these powers could have an impact.
- 3.4 Housing associations work proactively with local authorities, and our members report that many local authorities do not have a dedicated resource to deal with empty homes. In many areas, there are opportunities for greater partnership working between housing associations and local authorities, including ensuring that local authorities play a role in signposting homeowners to housing associations who are able to bring homes back into use.
- 4. Do local authorities need additional statutory powers to deal with empty properties? If yes, what powers do they need?**
- 4.1 As well as the streamlining of existing powers – including CPO and EDMO – we believe that there is scope to improve the ability of local authorities to share data on empty properties. If local authorities were enabled to release basic information on empty properties to housing associations, it could assist greatly in raising the number of empty properties brought back into use.
- 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?**
- 5.1 In the sector’s experience of engaging with homeowners, the majority don’t wish for their homes to remain empty, but the major barrier tends to be in the lack of finance and relevant expertise to make their home fit to live in again.
- 5.2 While owners have access to a wide range of information and advice, it can often be unclear where to obtain this and what support is available if they wish to engage in bringing an empty home back into use. Housing associations report that this can often lead to unrealistic expectations from some owners who may not understand the amount of work that is required to bring a property up to the standards required. Similarly, when owners wish to sell an empty property, there can often be a mismatch between the price and which they are willing to sell and the value of the property due to the work required, which can be a major barrier to bringing the property back into use.



**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?**

- 6.1 Housing associations felt that awareness of the assistance available to owners of empty homes they have dealt with has been limited. Further partnership working between housing associations and local authorities has the potential to improve awareness in the communities in which they work.
- 6.2 However, additional support may be required for owners who find themselves in negative equity. Many owners report that keeping a property that is in negative equity, and continuing to pay the associated costs e.g. additional council tax, is more costs effective than selling a property for less than they owe on a mortgage.
- 6.3 Another barrier for many owners to return empty properties to use is the bureaucracy associated with becoming a landlord themselves. Housing associations reported a number of experiences with owners of empty properties who were reluctant to rent their home out due to requirements such as the need to register with Rent Smart Wales. We believe that one way of overcoming this would be support housing associations to engage with homeowners on a leasing model which sees a housing association take a lease on the property, complete refurbishments, and then rent the property out on behalf of the owner. However, there are limitations to this model where there is a mortgage on the property as mortgage lenders are required to grant consent for any lease on the property.

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

- 7.1 Housing associations are well placed to bring empty properties back into use, and have significantly increased their spending in this area in recent years. Between 2014/15 and 2017/18, the amount spent by housing associations on specific empty homes projects has increased from £0.6m to £5.9m. Of the 20,800 additional affordable homes provided by housing associations over the last ten years, 5.2% (1096) have been brought into use through renovations, including bringing long term empty properties back into use.
- 7.2 Housing associations have a strong track record maintaining homes to a high standard and have both in-house expertise and relationships with existing contractors which mean that the sector is well placed to assist homeowners facing challenges. However, specific funding for housing associations in this area is limited, and much of this work is funded either from the Social Housing Grant (SHG) budget or from housing associations' own reserves.
- 7.3 There are a number of examples of good practice in this area, including work by United Welsh, who run two projects aimed at bringing empty properties back into use. **Homestep Plus** is delivered by United Welsh and Rhondda Cynon Taf Council, in partnership with Welsh Government, which gives first-time buyers the chance to buy refurbished homes, which previously stood empty, at less than market value.



7.4 The **Empty Homes Wales** project – also run by United Welsh – works with homeowners to refurbish empty homes on a leasing model. United Welsh take a lease on the empty property, funding and arranging any refurbishment work required and renting the property once the work is complete. Rental income received during the period of the lease is used to recover the cost of the work and management costs. Once the cost of the work has been covered, the owner of the property is given the opportunity to take the property back, or to continue to rent the property out and receive a monthly rental income (minus fees). The project means homeowners end up with a refurbished property which protects their asset rather than risking further deterioration of the property and its value, while also providing an affordable home.

7.5 In rural areas, Rural Housing Enablers play a vital role in bringing empty homes back into use, particularly in the identification of empty properties and facilitating discussions between homeowners, local authorities and housing associations. The impact of bringing an empty property back into use in a rural area can be more significant than elsewhere, with a small number of homes making a significant difference to the viability of many local amenities. It is therefore vital the recognition of the role played by Rural Housing Enablers in this area, and funding, remain in place.

**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?**

8.1 As set out above, there are a number of examples of good practice by housing associations, working in partnership with local authorities, Rural Housing Enablers and others to bring homes back into use as affordable housing.

8.2 To ensure this work continues, it is vital that funding remains available for the renovation and acquisition of empty properties, which often require significant investment to bring them up to the standards required.

**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?**

9.1 While a number of Local Authorities have used the power to charge a council tax premium, housing associations reported limited evidence of any impact in reducing the number of empty homes or increasing the supply of affordable housing. Anecdotally, there are concerns that loopholes remain which allow the owner to register as a sole occupant and receive a single person discount on their Council Tax, thus reducing the effectiveness of this measure.

9.2 Given the financial pressures faced by local authority, we believe further support is required ensure local authorities have the resources available to maximise their existing powers to bring homes back into use in partnership with housing associations.