

SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE

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Name:	Emily Carter
Date:	10 May 2019
Organisation: (if required)	Propertymark
Topic of submission:	Empty Homes in Scotland

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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEW ON EMPTY HOMES IN SCOTLAND

SUBMISSION 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.

Executive Summary

- A lack of investment in the local area, accessible funding and high levels of anti-social behaviour are the main causes of long-term empty homes.
- All tenures of housing are affected, but the issue is most prolific in the private sector.
- Long-term empty properties negatively impact local communities.
- Community-led strategies to combat empty properties must be considered by local authorities.
- Existing statutory powers are adequate to enforce against long-term empty homes.
- Owners of long-term empty properties must be provided with better incentives to bring them back into use.
- Datasets on long-term empty properties in Scotland must be aligned.

Questions

1. What, in your view, are the main causes of empty homes?

3. ARLA Propertymark and NAEA Propertymark believe that the cause behind empty homes can be attributed to three factors in particular. Firstly, a lack of investment in the local areas. Secondly, homeowners not having the means to bring properties up to standard for human habitation. Finally, social issues such as problems with anti-social behaviour. Conclusively, all three issues amount to certain areas that are particularly concentrated with empty properties, making it a less desirable place to live and exacerbating the problem of empty homes.

Lack of investment

4. In April 2019, we surveyed members in Scotland on the cause of empty homes.¹ From the responses, 60 per cent of participants highlighted that a lack of investment in areas directly contributes to an increase in empty homes. These areas may be lacking in amenities such as shops, adequate public transport links and schools. Another consequence may be a lack of sustainable jobs in the local area. Without adequate amenities, an area can become a less desirable place to live but may also leave some individuals with no choice other than to move elsewhere to ensure their children can go to school, or they can get to work.

¹ Propertymark, Scotland empty homes survey: April 2019

Affordability

5. Empty homes can be attributed to homeowners not having the means to keep the standard of a property fit for habitation. It is known that a large majority of empty properties are found in the private sector, and that empty properties are often prevalent in areas where property prices are low. The consequence of this, is where funding is not available for the homeowners, or they are not made aware of it, the homes sit empty and gradually become less habitable. Properties like this often require extensive works. The Scottish Empty Homes Partnership estimates the cost of bringing an empty home back to a liveable standard can be between £6,000 and £25,000.² Inability to fund works may derive from the owner's poor credit history, or due to the property's sale value or rental yield being too low financial institutions may not deem the sums required worth it.³ Loans and grants may be available through the local authority and advice provided by the Empty Homes Partnership is welcomed but could be better advertised.⁴ Properties may remain empty due to the previous owner passing away, and the person who has inherited it does not know how to proceed with the property. Further, these homeowners may not wish to be, or understand how to be a landlord, meaning that where a property could be brought back to habitation and let to tenants, they instead sit empty.

6. Further, ARLA Propertymark acknowledges that landlords in the private rented sector are becoming increasingly burdened by tax and legislative changes, both of which amount to increasing costs in order to legally let out a property. A consequence of this is that some owners of empty homes are reluctant to let their property out despite the lost rental income, overall contributing to a decline in housing available in the private rented sector. Scottish Government figures on stock by tenure, show that since 2016 where private rental stock had been steadily increasing, it is slowly beginning to deplete. In 2016, there were 370,000 private rented households, this decreased to 364,000 in 2017 and in 2018 decreased to approximately 360,000.⁵ Landlords may have had extensive void periods, causing it to fall into disrepair. Or, due to recent legislative change their property no longer meets the Repairing Standard or Tolerable Standard as outlined in the Housing (Scotland) Act 2006,⁶ meaning that they cannot legally let the property.⁷ If a landlord cannot afford to fund remedial works, or has no incentive to, the property will likely sit empty. Other costs involved in letting a property include landlord registration fees, obtaining safety certificates and instructing a letting agent. Conclusively, the costs associated with bringing a property back to standard combined with legal requirements act as a deterrent for owners of long-term empty homes to let their property out.

Anti-social behaviour

7. Areas with high levels of crime and anti-social behaviour are more likely to have empty properties due to low demand. The social impact often results in many leaving areas as crime rises and the area becomes a less desirable place to live. A study conducted in Denmark in 2008 found that anti-social behaviour has a very strong influence on individuals and families

² https://scotland.shelter.org.uk/empty_homes/why_empty_homes

³ <http://www.actiononemptyhomes.org/wp-content/uploads/2018/02/Empty-homes-why-do-some-areas-have-have-higher-levels-final-pdf.pdf>

⁴ <https://www.gov.scot/policies/more-homes/empty-homes/>

⁵ <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/KeyInfoTables>

⁶ <https://www.legislation.gov.uk/asp/2006/1/contents>

⁷ <https://www.gov.scot/publications/regulations-to-modify-repairing-standard-summary/>

who move away from certain areas.⁸ Local residents may struggle to sell their own properties as empty properties can devalue neighbouring homes by up to 20 per cent.⁹ Further, homes in areas with high crime and long-term empty properties can be difficult for both letting agents to advertise for rental, and estate agents to market for sale where an area's reputation is apparent. Crime levels can also affect the value of a property.¹⁰ In areas with a high concentration of long-term empty properties, vandalism and arson are often typical, bringing the appearance of an area down as well as residents perceived sense of safety, all of which contribute to a desire to leave the area.

2. Is this a problem which affects all tenures of housing? Please provide further information to explain your answer.

8. ARLA Propertymark and NAEA Propertymark believe empty homes are an issue across all tenures of housing. However, we note that it is a problem that largely affects private sector housing for reasons acknowledged in our response to Q1. Properties in the social rented sector may also sit empty for substantial periods of time, particularly when the area is due for a regeneration project or in the process. We also acknowledge that many homes reserved for military personnel sit empty for long periods of time, to the detriment of the taxpayer funding the upkeep. Conclusively, empty properties throughout Scotland contribute to a shortage of housing in all tenures.

Private

9. Many properties in the private sector sit empty due to the affordability issues highlighted in our response to Q1. Further, our members report that many properties that are long-term empty tend to be ex-social properties that have moved into the private sector. The 'Right to Buy' policy of the 1980s allowed local authority tenants to purchase their home at a discounted price, with around 500,000 Scottish homes being sold under the scheme.¹¹ Only one property per every five sold was built in replacement, which many attribute to the general shortage of housing in Scotland and the rest of the UK.¹² In the three decades following the policy introduction, many of these properties had moved into the private rented sector when it was scrapped in Scotland in 2016.¹³ Across the UK, around 40 per cent of council homes sold under the Right to Buy are now being let by private landlords.¹⁴ However, many of these properties not being let in the private rented sector, or lived in by occupiers, have fallen into disrepair and sit empty having a knock on effect on the surrounding properties. This suggests that although Council Buy Back schemes are often available,¹⁵ they are not used to the best of their ability.

⁸http://boligforskning.dk/sites/default/files/Why%20do%20residents%20want%20to%20leave%20deprived%20neighbourhoods_0.pdf

⁹ <https://www.plymouth.gov.uk/sites/default/files/EmptyHomesGuidanceBooklet.pdf>

¹⁰ <https://www.degruyter.com/downloadpdf/j/remav.2017.25.issue-3/remav-2017-0022/remav-2017-0022.pdf>

¹¹ <https://www.theguardian.com/society/2016/jul/31/right-to-buy-policy-scrapped-scotland-social-housing>

¹² <https://www.independent.co.uk/news/uk/politics/right-to-buy-homes-sold-private-landlords-latest-figures-rent-a8098126.html>

¹³ [Ibid](#)

¹⁴ <https://www.independent.co.uk/news/uk/politics/right-to-buy-homes-sold-private-landlords-latest-figures-rent-a8098126.html>

¹⁵ <https://www.northlanarkshire.gov.uk/index.aspx?articleid=33754>

Social

10. The issue of long-term empty homes is not restricted to privately owned properties. Many largely socially rented areas in Scotland have suffered from a considerable number of long-term empty properties, such as Craigmillar prior to regeneration. The Niddrie House area of Craigmillar suffered particularly in the late 1980s, where residents were setting their homes on fire in an attempt to be transferred elsewhere as they did not want to live in the area.¹⁶ The area suffered from high levels of anti-social behaviour and drug use was prevalent. Due to these issues, many people left their homes and consequently, the empty properties often became squats exacerbating problems further and increasingly deterring new residents from moving into the area.¹⁷ Edinburgh City Council has been regenerating Craigmillar in stages since the 1980s. This largely involved demolition of long-term empty properties to make way for new developments both for social rent and private sector ownership. Properties that are empty due for demolition and new builds awaiting occupancy contribute to the figures for long-term empty homes, evidencing social housing inclusion in the figures for long-term empty properties in Scotland.
11. Empty properties are also a considerable issue for homes reserved for military servicemen and their families in Scotland. It has been found that as of 2019, around a third (1,100) of these properties currently sit empty.¹⁸ This is despite the Ministry of Justice spending £10.5million to house military personnel in the private rented sector. In 1996, the Ministry of Defence sold off most of its housing stock to a private company, agreeing to pay the company rent for 200 years, even when the properties sit empty. Figures indicate that the empty homes cost the taxpayer £25 million a year on rent and maintenance.¹⁹ Although the Ministry of Defence is working towards returning unneeded properties to the private company, it is required under contract to undertake remedial work to ensure the properties are fit for habitation, resulting in more cost to the Exchequer and further contributing to the level of empty homes.

3. What is the impact on communities in areas where there are large numbers of empty homes?

12. In areas with large numbers of empty homes communities are negatively impacted. Empty homes are often seen as a blight on the community, resulting on a contribution to a general decline in the area, and sometimes going as far as decreasing the value of surrounding properties. All members that were surveyed reported a negative impact on the communities with a high concentration of long-term empty homes. Consequences that were reported included an impact on the local economy, and the social impact of those living in the surrounding area including an increase in crime. A result of this is that long-term empty homes make the surrounding area a less desirable place to live and have a damaging impact on the community. This creates a cycle where people with the means to leave the area do so, leaving those without “stuck” in an area blighted by long-term empty properties, and little appetite for new incomers to the area.
13. As iterated throughout this response, long-term 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

¹⁶ http://www.planum.net/download/edinburgh_fioretti_e-pdf

¹⁷ <https://niddrie.org/where-do-housing-schemes-come-from-a-brief-history-2/>

¹⁸ <https://www.glasgowlive.co.uk/news/glasgow-news/more-military-homes-empty-glasgow-15633072>

¹⁹ <https://www.bbc.co.uk/news/av/uk-46402777/empty-houses-mod-homes-standing-empty-across-uk>

economy and local authority too. Our members report that communities are largely impacted when 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. This leaves those still living in the area at a disadvantage and can result in low morale of those who are “left behind.” Further, long-term 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.

4. Is the issue of empty homes a problem in particular areas and if so, why?

14. ARLA Propertymark and NAEA Propertymark members report that long-term empty properties are typically a problem in two particular areas. Firstly, in areas with a high level of deprivation. Secondly, rural areas with lower housing demand and a high number of agricultural workers. Ultimately, the result is that the demographics of areas with high numbers of empty properties are very diverse and highlights that the issue is cross-country and not necessarily concentrated to specific areas.
15. Research indicates that areas, or neighbourhoods, with a higher concentration of empty homes tend to be places of high multiple social and economic deprivation. In a study conducted by the Scottish Greens, this was found to be mostly across west and central Scotland.²⁰ This can be attributed to areas where neighbourhoods are awaiting regeneration, typically meaning that properties are vacant ahead of remedial works or demolition. Furthermore, new build properties on areas being regenerated may also sit empty whilst awaiting occupancy.
16. In our April 2019 survey, members highlighted that with the introduction of the Private Residential Tenancy (PRT) in December 2017, there has been an increasing number of rural properties sitting empty. Houses are being left vacant as agricultural landlords may wish to move an employee into to property in the future. Under a PRT, it would not be possible to evict an existing tenant in order to move an employee into the property. Our members report that many agricultural landlords are instead leaving the properties vacant to avoid this. Research by the Scottish Greens indicates that although numbers of empty properties are lower than in urban areas, density is typically higher in the Island Communities. For example, according to data held by the National Records of Scotland 8.3 per cent of homes in Na h-Eileanan Siar are long-term empty; 6.7 per cent in Orkney Islands; and 6.4 per cent in Shetland Islands. Furthermore, Scottish rural economy is in a period of decline that can be attributed to factors such as a lack of jobs, poor transport links, inadequate communications and school closures,²¹ all of which contribute to an increase in long-term empty properties as people leave the areas.

²⁰ <https://greens.scot/sites/default/files/Empty%20and%20Second%20Homes%20report.pdf>

²¹ <https://www.sra.scot/rural-empty-property-what-are-the-options/>

5. Are you aware of any areas which have made progress in addressing the issue of empty homes and if so, what other local authorities could learn?

17. We believe that local authorities should consider community-led approaches in tackling the problem of empty homes. Across the UK, we are aware of community-based projects that have been successful in repurposing empty homes. ARLA Propertymark and NAEA Propertymark are partnered with the charity Action on Empty Homes.²² The charity focusses on community-led action on bringing 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 to improve the community as a whole through addressing the underlying causes of empty homes and meeting the needs of those living in the area. Addressing the causes, as well as providing homes that would otherwise sit empty, goes some way in ensuring that the issue does not reoccur and that these areas become an altogether more inviting place to live. Without considering what causes high levels of long-term empty properties, it is not likely that the causes of decline will be addressed. Thought needs to be directed towards how communities can benefit in the long-term alongside increasing homes available, such as local opportunities and investment in the area.

6. How effective are current tools open to local authorities/central government to deal with empty homes? Should they have more powers?

18. We believe that the current tools open to local authorities and central government are adequate but are not being used effectively to deal with empty homes. More powers need to be given to homeowners by providing a greater incentive to bring properties back into habitation themselves. For this reason, the focus should be to provide better choices and information to the owners of empty homes to bring a property back to habitation. Local authorities can help facilitate the works with local property agents. Thus, in endeavouring to repurpose long-term empty homes we support the choice of interest-free loans without conditions and grants with conditions for homeowners.

19. ARLA Propertymark and NAEA Propertymark support the use of interest-free loans for owners of long-term empty properties, however the Empty Homes Loan Fund²³ does not go far enough. Homeowners should be provided with greater incentive to bring empty properties back into habitation. The Empty Homes Loan Fund was a welcome measure when made available by the Scottish Government in 2012. However, by requiring the owners to either rent or sell at a reduced rate following works being done, we do not think this acts as a financially viable incentive for homeowners. The terms of the loan, although interest-free, to require the owner to rent or sell at a reduced rate can be disconcerting for homeowners in a time where market rents and house prices are increasing throughout Scotland. Furthermore, homeowners may be deterred by other associated costs with administration, such as legal fees. For the reasons stated above, we would advocate that the loan does not have any conditions based around setting rents or sale prices moving forward. Should these restrictive conditions be removed, we believe that more owners of long-term empty homes will be incensed to make good their property providing more housing for Scotland in the private sector.

²² <http://www.actiononemptyhomes.org/>

²³ <https://www2.gov.scot/resource/0039/00396877.pdf>

20. We support the use of grants to bring properties up to the Repairing Standard. For example, Perth and Kinross Council supply grants of up to £7,500 per bedroom in the property.²⁴ Understandably, the grants have conditions attached to them where the property is made available as affordable housing, but as this does not come at any 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 where a grant may be. By providing a choice between a loan without conditions and a grant with conditions we believe that more owners of long-term empty homes will be encouraged to bring their property back into habitation, whether that be for rent or for sale.

7. Should there be more enforcement powers for local authorities/central government to deal with the issue? If so, what could these be?

21. ARLA Propertymark and NAEA Propertymark support the use of existing enforcement powers for local authorities and central government to deal with the issue of empty homes. We believe the task ahead should be to support and give incentive to homeowners in order to limit the number of empty properties, as outlined in our response to Q6.

8. Is there enough information/data to provide an accurate picture of empty homes in Scotland? If not, how could this be improved?

22. ARLA Propertymark and NAEA Propertymark do not think that the publicly held data provides an accurate picture of empty homes in Scotland as there are considerable differences between the most prominent sources of information. We think that the National Records of Scotland²⁵ is an adequate dataset for measuring the amount of empty homes. However, discrepancies between this dataset and that held by the Scottish Government on Second Homes, Empty Properties and Unoccupied Exemptions²⁶ must be addressed. For example: the Scottish Government's data states there were 37,135 empty properties in 2018, whereas the National record of Scotland state 105,000 in 2017. This is a considerable gap in statistics, and we believe that the datasets need to be standardised in ensuring clarity and reliability of data. In attaining any additional data, we believe that Council Tax registers and Freedom of Information requests are accessible means of attaining further information.

²⁴ https://www.pkc.gov.uk/media/34365/Empty-Homes-Grants-Information-Leaflet/pdf/Empty_Homes_Grants_-_Information_Leaflet.pdf?m=636107517110170000

²⁵ <https://www.nrscotland.gov.uk/files/statistics/household-estimates/2017/house-est-17-publication.pdf>

²⁶ <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/LTemptysecondhomes/EmptySecondhometables>