

Solve your empty property problem!

Your property could be making you money now,
not just in the future – see inside to find out how.



INTRODUCTION

An empty property can be very distressing for neighbours, as it can become a magnet for anti-social behaviour such as vandalism and graffiti and is also at risk of being squatted as well as other fraudulent criminal activities. Owners of empty properties often live elsewhere and are unaware of the impact their empty property is having on the local community.

An empty property is an expensive asset at risk. Owners of empty properties are losing money on assets, which should be making them money. As an owner you're likely to be faced with the cost of insurance, Council Tax, security measures, regular inspections, repair and maintenance, renovation and depreciation, not to mention the missing potential income from letting or selling your property.

In the district of Bradford there is a high demand for affordable homes; figures from the period 2006/2007 recorded approximately 8,000 empty properties, 5,000 of which had been empty for longer than six months. Owners are missing out on an opportunity to change these empty properties to occupied homes.

Officers in Bradford Council's Housing Division responsible for Empty Homes provide advice and information on empty and derelict properties across the District as well as reducing the number of vacant properties. This involves working directly with the owners of empty properties to give advice on returning their property back into use; however when this is not possible, as a last resort, they carry out enforcement action to ensure that long term empty properties are renovated and reoccupied.

Owners options. - Selling, renovation and/or letting are all good options for returning your property into use and are covered in this information pack.

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SECTION 1 SELLING

Initially you will need to have your property valued; there are 3 ways of doing this:

By a professional. - A property surveyor can professionally value your property. This is likely to provide the most accurate valuation of a property.

By an estate agent. - Estate agents value a property based on the price that properties of a similar size, condition and type are selling for in the same area. They will then set an estimated asking price. The selling price achieved by comparable properties in your local area will affect the value of your property. Estate agents are able to monitor changes in the property market and adjust the asking price accordingly to ensure that the property will sell.

By estimating the value yourself. - You could do your research and value your property yourself. Find out what similar properties have sold for recently in your local area. You can also look through local newspapers and on the Internet to find out what price similar properties have sold for. This will give an idea of the value of your property. However, there is a risk that you may get it wrong, which may affect the sale of your property.

Once your property has been valued you can proceed to put your property on the market. There are three main ways to do this – using an estate agent, advertising the property yourself or putting the property up for auction.

Employing an estate agent. - Using an estate agent to sell your property makes the process easier as they will arrange many things for you. An estate agent can:

- Value your property and advertise it in the best way in order to target suitable buyers.
- Erect a 'For Sale' board outside your property.
- Produce an information pack on your property, which will include photographs of the property and measurements of each room.
- Arrange viewings of the property for you and show people around the property. If you have little free time, they can also show people around the property when you are not there.
- Receive offers made by potential buyers and can help to negotiate offers to help you to achieve the maximum price for your property.
- An estate agent may also give you tips on any improvements you could make to your property to help achieve a sale.
- Commission a Home Information Pack by the time that the property is on the market. (Properties marketed for sale from 14 December 2007 in England and Wales need a Home Information Pack). The Pack includes an Energy Performance Certificate, containing advice on how to cut carbon emissions and fuel bills. Also included are documents such as a sale statement, searches and evidence of title.

Most estate agents charge between 1% and 3% commission on the sale price of the property for their services. VAT is charged on top of the commission percentage. Some agents charge a flat fee instead of commission. However, you have to pay this fee whether they sell your property or not.

You can use just one agency to sell your property or you can use several agencies, which is called 'multi-agency'. If you use the 'multi-agency' option you have to pay a higher rate of commission to whichever agency sells your property.

Please note: The estate agent does not carry out the legal side of the selling process; you will still need to employ a legal professional to carry out the legal process for you.

Advertising the property yourself. - Selling your property without using an estate agent is a cheaper option, although it does require more of your time.

You will save money on estate agency fees, although you will still need to employ a solicitor to take over the legal process of the sale.

You could find a prospective buyer for your property by advertising it in your local newspapers or on the Internet. To advertise on the Internet you usually have to pay a one-off fee for an advertising package. You will need to produce an information pack for prospective buyers with details of your property, including the room dimensions together with internal and external photographs of the property.

Potential buyers will contact you directly to arrange viewings and make offers so you must have the time available to show people around the house yourself. To effectively market and sell your own home in this way you need to be motivated and well organised. To increase your chances of selling your property, you could use an estate agent as well as advertising yourself.

Putting the property up for auction. - If you sell your property at auction it may sell for more or less than what you expect. However, you can set a 'reserve price', which means that the property cannot be sold for less than this price. You agree on the minimum price with the auctioneer before the auction.

If you sell your property at auction, you have to pay commission to the auctioneer, which is usually around 2.5% of the sale price. One advantage of selling your property at auction is that auctions may attract a large number of investors, who might be prepared to pay more for your property if they feel that it is a good investment.

SECTION 2 RENOVATION

Before beginning renovation you will need to plan the required works. If the job is on a large scale or is very complicated, you may need to seek professional advice from an architect or a surveyor. They can also help develop your plans and manage the project for you.

You need to consider if the changes you are intending to make to your property will require planning or building consent from the Local Authority.

Planning Permission may be required for any substantial work to the property, such as an extension, change of appearance, or new access to the property. If the building is listed or is within a conservation area, you will need to apply for Listed Building Consent or Conservation Area Consent as well as planning permission. You can contact the Planning Department on 01274 437186 to find out if you need consent for the work you are doing. If you are employing an architect or a surveyor they can arrange this for you.

Building Regulations Consent may be required for changes to the structure or the services of the property, such as an internal wall or a sewer connection. You can contact Building Control on 01274 433807.

The Party Wall etc. Act 1996. - If the work you are carrying out impacts on an existing party wall, boundary wall or includes excavation near neighbouring buildings The Party Wall Act 1996 may apply. For further advice you will need to contact a Party Wall Surveyor.

Finding a building contractor. - Refurbishing your empty property is an important investment so choosing the right building contractor to carry out the work for you is an important decision.

Selecting a building contractor is a potential minefield! So many are in operation it is difficult to ensure that the quality of their work will be of a high standard. You may wish to use a builder who can give a warranty to cover their work in case things go wrong. You could also cover the work additionally with a guarantee scheme.

You could also look for a builder who is a member of the Federation of Master Builders (FMB), a trade association that promotes higher standards among small and medium sized building firms. You can search for an FMB-registered builder in your area on the website: www.fmb.org.uk, or by calling 0113 248 5122.

When selecting a builder, bear in mind these useful tips:

- Use contractors that belong to a trade association or have been recommended to you, to guarantee the quality of the workmanship and give you some extra security. Some associations have protection schemes and may also be able to help to resolve any disputes between the builder and yourself.
- Get a written quote for the costs of your project from more than one building contractor so you can compare prices. Make sure they give you a quote for a fixed price, not an estimate. You are not under any obligation to use a builder who has given you a quote.
- Do not accept an estimate from a builder who has not visited the property – a detailed inspection of the property is needed before an estimate can be made.
- Don't be pressurised by builders into carrying out any unnecessary work.
- Check that the contractor is insured for damage to work and materials and to your and your neighbours' property.
- You may of course need several different tradesmen for the job. If you need to employ an engineer to install or check gas appliances, make sure that they are C.O.R.G.I. registered as legally required.
- Be wary of builders who knock on your door or ring you up and do not have premises that you can visit: Anyone can claim to be a builder.
- Never pay for all of the work in advance. If necessary agree to stage payments.
- Finally, make sure you are happy with the builder you choose and you can trust them.

Finalising the work. - Remember that the design and specification of the works must be finalised before a building contractor is appointed. The cost estimates must also be finalised, allowing for a contingency provision.

Try to obtain a quote as these are legally binding.

Short-list a number of contractors and weigh up their proposals. After choosing the quotation that offers the best value (which is not always the lowest price!), it is advisable to draw up a written contract with the builder you have chosen.

A written contract will need to detail exactly the work to be done, start and finish dates, details of any guarantees and the price that you have agreed. You will also need to arrange how the work will be paid for; avoid paying a large sum up front. However, a small deposit may be required and for large projects, payment may be required in stages. You may need to seek legal advice when drawing up a contract.

When you refurbish your property, it is advisable to install additional security measures to keep your property safe and secure.

We advise you to:

- Contact your local police station for advice on security measures.
- Fit a burglar alarm system to the property.
- Fit good quality locks together with deadlocks to the front and back entrance doors.
- Fit a security light with a sensor to dimly lit areas. They attract people's attention and deter burglars.

SECTION 3 ENERGY SAVING AND TAX INCENTIVES

It is advisable to install energy efficient products and use energy saving measures in your refurbished property as these will save you money on energy costs and reduce wasted energy. They may also improve the value and saleability of your property.

Here are some energy saving measures that you might want to consider:

Loft insulation. - More than 50% of heat loss is through loft spaces and walls. Loft Insulation is the easiest and most cost effective energy efficiency measure you can take. Installing loft insulation to a depth of at least 6” (150mm) will save up to 20% of your heating costs for as little as £75.

Floor insulation. - Installing under floor insulation and filling the gaps between skirting boards and floors will prevent heat loss through the floors.

Fit a modern, energy efficient boiler if the current boiler is unreliable or over 15 years old. Condensing boilers and fan-assisted boilers are more energy efficient.

Installing heating controls improves the efficiency of the heating system.

Double Glazing reduces the amount of heat lost through the windows by up to 50%. It will also help to reduce noise. Alternatively, you could install secondary glazing, which is less expensive.

A Rated Appliances. - The European Community has a labelling scheme for fridges, freezers, washing machines and tumble dryers. It rates the energy efficiency of the appliance between A and G. ‘A’ is the most energy efficient and can use less than half of the energy of a similar ‘G’ rated model. Therefore buy appliances as close as possible to ‘A’.

There are many other energy saving measures at little or no cost that will make your property more energy efficient and save you money on fuel bills.

Here are a few low cost energy saving measures:

- Fit energy saving light bulbs. Fluorescent tubes are slightly more expensive but will save even more energy.
- Fit an insulating jacket to your hot water tank and insulate hot water pipes.
- Fix a brush seal or PVC seal to the exterior door to eliminate draughts.
- Make sure windows are insulated and draught proofed.

There are '**tax incentives**' which enable owners of empty properties to claim reduced VAT rates on the refurbishment costs of bringing an empty property back into use; up to 15% cheaper (at the current VAT rate of 15%).

You may be able to take advantage of a reduced VAT rate of 5% if your property has been empty for more than 2 years. If your property has been empty for over 10 years, you may not have to pay any VAT on the costs of refurbishment.

The refurbishment work must be carried out by VAT-registered building contractors. The building contractors can then reclaim the VAT on the refurbishment costs from HM Customs and Excise, instead of you.

Please note: There are various conditions attached to these tax incentives. We advise you to contact the Inland Revenue to find out if your property would be eligible for any VAT reduction before you begin any refurbishment work. For more information, call HM Customs and Excise on 0845 0109000 or visit their website: www.hmce.gov.uk.

SECTION 4 BECOMING A LANDLORD

If you want to keep your property for investment purposes or for any other reason but don't want to live there, letting your empty property is the ideal way to bring it back into use and make money at the same time. Even if you plan to move into the property in the future, you could be gaining an income from rent by letting the property in the meantime.

Many people leave their property empty because they are unsure of how to let it, or, how to survive the renting 'jungle'. This fact sheet provides a brief introduction to the different ways of letting your property and gives some basic advice and information on letting.

There are two different ways of letting your property which are:

- Becoming a private landlord and managing the property yourself
- Employing a letting agent to let the property and take over part of the management of the tenancy.

This leaflet guides you through these two options.

Please note: Whichever option you choose for letting your property, we advise you to seek independent legal advice before entering into any agreements.

Many people decide to become a private landlord and manage their property themselves, as they want to put their property to good use rather than sell it or leave it empty. Below is some basic advice on becoming a landlord, including tips on the things you might need to consider, what you will and will not be responsible for and information on setting up a tenancy. There is also information on schemes that you may be able to join as a landlord that will provide support and can help you let properties successfully.

Things to consider:

Demand. - Investigate the area your property is in to ensure there is a demand for your type of property. You could do this by asking local estate agents and letting agents and by reading property guides in newspapers, this will give you an idea of the likely income you could get for letting your property.

Costs. - There are costs involved in letting your property, including mortgage repayments (if applicable), insurance, maintenance and repair costs. However, these should be offset against the income gained from the rent. Be aware that income tax must be paid on any rental income from letting your property.

Insurance & Mortgages. - Before you let your property, check with your building insurance company that your policy covers leasing and letting. You should take out insurance against injury to occupants and damage to the property. You should also consider taking out contents insurance to cover any furniture and fittings in the property.

If you have a mortgage on the property, you must make sure that the mortgage lender has no objection to you letting or leasing your property. You will need to gain your mortgage lender's consent before entering into any agreements. If you are unable to let the property, you will remain liable for mortgage and insurance payments.

Furnished or unfurnished. - You have to decide whether you will let your property with or without furniture. Furnishing a property may mean you can charge more for it than unfurnished. However, sometimes this may not be as much as you expect.

Furnishing the property usually gives it a broader appeal as there are generally more tenants looking for furnished properties. The minimum to supply is kitchen appliances, fittings and fixtures, curtains, carpets, beds and lounge furniture. All furniture has to comply with current fire regulations. The crucial factor is that a furnished property should be ready for immediate occupation.

An unfurnished property should normally include carpets or other floor coverings, curtains and 'white goods', such as a fridge and freezer, oven and possibly a washing machine.

Generally, tenants prefer smaller properties, such as one or two bedroom flats, to be furnished. Larger houses, which tend to attract families who already have their own furniture, are usually in greater demand when let unfurnished.

In all cases, all the repairs must be done and the decoration finished before the tenant moves in. Additionally, furnished properties should be let to a very good standard.

Houses in Multiple Occupation (HMOs) - The way in which the property is let may bring it into 'multiple occupation'. If the property is occupied by more than one 'household' e.g. Split into flats or bed-sits, it may be classed as a 'House in Multiple Occupation' (HMO). It is a legal requirement that Houses in Multiple Occupation (HMOs) must meet certain standards of fire protection, amenities and management.

Some HMOs may have to be licensed, properties which are three stories or more and which contain 5 or more people. To find out if your property would be classed as a HMO and/or need licensing, please contact the Houses In Multiple Occupation Team on 01274 437107. They can give you advice and discuss the specific requirements for letting the property.

SECTION 5

LANDLORD RESPONSIBILITIES

You should be aware that there would be a number of legal responsibilities placed on you as a landlord. Don't be put off by these requirements as most are straightforward and your property may already reach most of the requirements.

Landlords have the following main areas of responsibility when letting their property:

Property Condition, Repairs & Maintenance. - Landlords are responsible for keeping the structure and exterior of the property in a good state of repair and the property's water, gas, electricity and sanitary installations in good working order. If your property reaches certain standards, you may be eligible to join Bradford's 'Landlord Accreditation Scheme'. There are numerous benefits of belonging to one of these schemes such as advertising your property on home-hunter (a widely used web-based letting service). For more information please contact the Private Sector Housing, Projects Team on 01274 437148.

Gas Safety. - Landlords are required to ensure that all gas appliances are maintained in good order and commission an annual safety check on gas appliances carried out by a C.O.R.G.I. registered contractor, to be completed before any tenant moves in. Landlords must also keep a record of all the safety checks and give a copy of the Gas Safety Certificate to the tenant within 28 days of each annual check.

NB: Do not attempt to check or repair a gas appliance yourself. If you suspect any problems call Transco on the 24 hour gas emergency number 0800 111999.

Electrical safety. - The electrical system and any electrical appliances supplied by the landlord must be safe to use and should have been tested. Landlords are recommended to arrange a periodic test every 5 years by a competent person.

Fire Safety. - You must be able to verify that any furniture and fittings that you supply adhere to the standards set out in the Furniture and Furnishings (Fire Safety) Regulations 1988, as amended in 1993. These regulations set levels of fire resistance for domestic upholstered furniture. All new and second hand furniture must meet these standards unless it was made before 1950. Most furniture and fittings that are covered by these regulations will have a permanent label on if it meets the standards.

Legislation also requires any new houses built since 1992 to have mains-operated smoke detectors installed. It is advisable to have smoke detectors installed to alert the occupants in case of fire. Battery operated smoke detectors are very cheap to install and can save lives.

SECTION 6 LETTING ISSUES

Setting the rent level. - The level of rent you can charge for your property will depend on several factors, including its location, the type of property, its size, quality and number of bedrooms. You will need to find out what price similar properties in the same area are being let for. You can get an idea by looking through the property pages in newspapers and magazines, checking local shop windows and asking letting agents.

Finding a tenant. - You can find a tenant for your property in several ways. You could advertise the property in local shops and newspapers, or on the Internet. Housing Associations or letting agents may also be able to nominate tenants for you and if you join Bradford's Accreditation Scheme (**Best^{BD} Homes**) you can also advertise your property free on Home Hunter.

Several people may be interested in your property, giving you a choice of tenant. Think about your decision carefully; it is important that you check any prospective tenant is of good character and standing and is in a financial position to take on the property. You should request written references from your prospective tenants; these could be from a previous landlord or a current employee. You may also wish to instruct a tenant referencing company to carry out a credit check on the tenant.

Setting up a tenancy. - Firstly, you must decide if you are going to rent out the property as a single let, or whether to let out the rooms separately on different tenancies. When you let your property, the tenancy will usually be an 'assured short-hold tenancy'. This is fixed for a term of at least 6 months. The length of the tenancy is agreed between you and the tenant.

Tenancy deposit scheme. - It is always a good idea to take a deposit from your tenant to cover for possible damage to the property or non payment of rent. After April 2007 the law requires that all new tenancy deposits must be protected in a government authorised scheme. Go to www.direct.gov.uk/tenancydeposit for more information.

Local Housing Allowance & Council Tax Benefit. - Some tenants on low incomes may be entitled to claim Local Housing Allowance to help them pay their rent. They may also be eligible for help to pay their Council Tax. For more information on these benefits, contact the Benefits Department on 01274 432772.

Landlord associations. - They are a number of associations set up specifically for residential landlords. For an annual fee you can join an association who can offer advice and support on all landlord related issues and legislation.

Employing a letting agent. - If you want to receive an income from letting out your property but do not want to be fully involved in the day-to-day management of the tenancy, you could employ a letting agent. Fulfilling your responsibilities as a landlord during a tenancy can be very time consuming. This is why some people decide to use a property management company to manage their property.

Role of the Letting Agent. - A letting agent can arrange the letting process and the day-to-day management for you. You will be required to pay the letting agent a fee for their services. They usually charge a flat rate fee for letting the property, plus a percentage of the rental income.

Letting agents offer different levels of service. They usually do most of the following for you:

- Advise you on the level of rent that you can expect for your property
- Advertise your property in their listings and local newspapers
- Show people around the property
- Find a tenant and check their references
- Collect the rent from the tenant and pass it on to you, either on a monthly basis or as agreed in the tenancy agreement
- Produce the tenancy agreement and take charge of the legal side of the tenancy

The tenant will report any problems or enquiries to the agent, who should arrange any necessary action or repairs. Any repairs to the property will be charged to you.

A letting agent may also be able to help you with other things, such as giving advice on yours and the tenant's rights and responsibilities, transferring the utility bills into the tenants name and arranging safety checks for gas and electric appliances.

Finding a Letting Agent. - There are a number of private letting agencies. It is advisable to use a letting agent that is a member of one of the following organisations:

The Association of Registered Letting Agents (ARLA)

The National Approved Letting Scheme (NALS)

The National Association of Estate Agents (NAEA)

The Royal Institution of Chartered Surveyors (RICS)

Other independent advice and assistance can be found from;

Accreditation Network (U.K) who promote accreditation in the private rented sector, have worked with the Improvement and Development Agency (I&DeA) to produce a landlord development manual. This can be viewed or downloaded at: www.anuk.org.uk or telephone 0113 205 3404.

CONTACT DETAILS

If you require any further advice or information, please contact the Regeneration Team on 01274 434742 or visit by appointment at:

The Regeneration Team
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