



THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
THE TOWN HALL KENSINGTON W8 7NX
Tel: 020 7937 5464 Fax: 020 7938 1445

Kit Malthouse
House of Commons
London SW1A 0AA

5th October 2018

Dear Kit

You will be aware that the severe lack of social housing in London is a critical issue and that RBKC faces particular, though not unique difficulties.

We are effectively the smallest borough in London (discounting the City of London) yet in absolute terms we have the second-highest ratio of homelessness per household in London (after Newham).

This is a result of the high land and property values in the borough and the fact that land for new housing developments is severely limited. Therefore, despite our best intentions, we will never be in a position to build a sufficient number of new social units to meet the pressing need here in Kensington and Chelsea.

The challenges in this borough are also, of course, framed by the Grenfell tragedy. We are committed to listening and being sensitive to the needs and wants of our residents, especially those affected by the tragedy. New social housing is a priority across our communities.

To that end, we are looking at new and innovative ways to increase social housing stock in the borough. We realise that there is no silver bullet but the Council leadership is keen to work with you to pilot new ways of housing the homeless.

In that regard, I want to thank you for your recent announcement that you will allow local authorities to double the council tax premium charged on empty homes, increasing it to 300%. This will help generate much-needed income.

It may also encourage some absentee owners to live in their properties, rather than leave them empty. However, in this Borough with the highest property prices in London, there is a huge 'buy-to-leave' investment market. We have 621 properties that have been empty and unfurnished for more than two years.

347 of these 621 properties are "Band G" or "Band H" properties, meaning they are amongst some of the most expensive in the borough. Many are worth many millions of pounds including at least one worth almost £30m.

High-end properties in particular are attractive to investors, including from overseas, who buy up expensive homes and leave them empty indefinitely. At the same time, many residents are desperate for a place of their own, but cannot afford to rent or buy in the borough in which they were born, live and work. This disparity does not sit easily with the Council's leadership team.

As you will be aware, there is legislation in place under the 2004 Housing Act, amended by your predecessor in 2012, that allows local authorities to temporarily take over empty properties and offer them to social tenants, albeit it under strict conditions.

This tool – the Empty Dwelling Management Order (EDMO) – has great potential, but has rarely been used by any local authority. It is, despite best intentions, cumbersome, slow and expensive, making its use prohibitive.

Essentially, a local authority needs to demonstrate that a property has been vacant for two years – not easy to do, especially if an owner occasionally places a 'resident' in the dwelling for the sake of appearances. The dwelling must also be vandalised, proven to be a burden on local residents and the local authority must apply for the order to a tribunal.

The vandalism prerequisite is the single biggest obstacle to using EDMOs. Many empty dwellings in this borough are high-end investment properties and are therefore looked after; many for example are within protected gated communities.

In addition, given that a property must be vandalised or used for anti-social purposes, the orders are more likely to be relevant to squatters and those living in poverty, whilst financially solvent, absentee owners are left untroubled. We believe that the burdens can be lightened and EDMOs financially incentivised such that it is easier, quicker and financially viable to target all empty properties that could and should be put to use to alleviate pressing housing needs – including expensive dwellings as well as those that have been abandoned and vandalised?

I should add that as a Tory administration, we are pro-investment. In proposing this we would seek to find a solution that works for all – the buy-to-leave owner, the government, the local authority and the community.

Therefore, we would like to incentivise investors so that they offered their dwellings to local authorities voluntarily by, for example, making provision for a favourable taxation scheme on the income provided to them from tenants, via the managing local authority.

Property investment ought not be used as an obstacle to using empty dwellings to house those in greatest need in this borough, or indeed anywhere in the capital.

However, owners should not lose out. We want to collaborate with, not clobber, the property investor.

A second obstacle to using EDMOs is that there is no financial incentive for local authorities. It is reasonable for Councils not only to recoup costs on the temporary

takeover of an empty dwelling but also to be able to levy a management fee – as would any letting agency. This need not be punitive, simply sufficient to support hard-pressed councils to bring empty properties into use.

Essentially, we are proposing a model that works for all, a model that would see an increased tax take for central government on rental income, an income stream which incentivises local authorities and, crucially, a vital reduction in housing pressure which will benefit social tenants and key workers in the capital and elsewhere.

As things stand now, the requirements for an EDMO to be agreed are so stringent as to make them practically unworkable. Indeed, we are unaware of any EDMOs ever being used successfully in London.

We would therefore like to work with your department to develop a more effective and potent system to bring empty properties back into play. We would offer to pilot any scheme we co-developed.

We are hopeful the changes required by this council could be dealt with by reliance on secondary legislation and that therefore this ought not clog up the Parliamentary timetable.

I need not stress that this would be a powerful signal in London and nationally, given the attention that is on RBKC and your department at this time.

Yours sincerely,
Kim

A handwritten signature in black ink, appearing to read 'Kim Taylor-Smith', with a stylized flourish at the end.

Councillor Kim Taylor-Smith
Deputy Leader
Lead Member for Grenfell and Housing

