

NFoPP MANIFESTO 2010: BUILDING AND MAINTAINING A BUOYANT PROPERTY SECTOR



Introducing the NFoPP...

The National Federation of Property Professionals (NFoPP) is a membership organisation consisting of approximately 14,000 practitioners working in the property sector. We are made up of different member organisations, including:

NAEA (National Association of Estate Agents)

ARLA (Association of Residential Letting Agents)

ICBA (Institution of Commercial and Business Agents)

NAVA (National Association of Valuers and Auctioneers)

NAEA International (incorporating the Federation of Overseas Property Developers, Agents and Consultants)

Our over-arching aim is to promote the highest standards of professionalism and integrity among those working within the property industry, and to encourage members of the public to proactively seek out our members when involved in any kind of property transaction.

...bringing a unique perspective from the frontline of the property market

Estate and letting agents are the first port of call for many consumers in the UK looking to move house, whether this is purchasing a property or moving into rented accommodation. This gives NAEA and ARLA members a unique insight into the state of the housing market, and how quickly the market is moving.

Official government statistics often confirm what estate and letting agents have known for some time – only many months later.

Similarly, our ICBA members specialise in managing the sale, letting or purchase of commercial premises, giving them a great insight on the commercial viability of the UK high street.

A buoyant property market is essential for the overall British economy. There is an important role for Government in maintaining and supporting an efficient and effective property market. Our manifesto sets out the priorities for the new Government in achieving this:

Reform of Stamp Duty

The dampening effect of Stamp Duty on the housing market recovery is recognised across the industry. Now is the moment to act decisively and introduce a fundamental review of how it operates in both the residential and commercial sectors.

The current 'slab structure' of Stamp Duty distorts the UK housing market and places a disproportionate burden on first-time buyers. It also acts as a deterrent to large investor landlords.

As a first step, the new Government should immediately review Stamp Duty thresholds, to take into account regional variations, and the impact on both residential and commercial properties. A return to the 2009 "Stamp Duty Holiday" would also be a welcome move that would immediately stimulate the market.

It is perverse that the rate of Stamp Duty for multiple purchases is calculated on the basis of the full transactional price, rather than at the rate applied to each individual property. The Government should take immediate action to reform the way that Stamp Duty is charged on bulk property purchases to encourage institutional investment in the property market.

We would then like to see longer-term review, aimed at modernising the duty to move away from the current 'slab' structure to create a fairer, more logical system.

Support for first-time buyers

First-time buyers are central to a properly functioning housing market. However obstacles such as Stamp Duty and the current lack of mortgage finance particularly impact on this group.

In the existing economic climate, with historically low rates of saving and high deposits being demanded as part of mortgage lending criteria, the Government should do all it can to stimulate access to homeownership for first-time buyers. NAEA calls on the Government to work closely with lenders to ensure that lending criteria are appropriate and that sufficient lending is available to those who are looking to buy a house for the first time.

The Government should consider a one-off stimulus for first time buyers, such as the \$8,000 First Time Home Buyer Tax Credit in the United States which is widely credited with stimulating the US housing market in 2009.

We also support and recognise the need for responsible lending. However, this must not be done in a way which curtails sensible lending. We believe there is still a role for high loan-to-value (LTV) mortgages, which are vital for first-time buyers; providing the appropriate risk management is in place.



Incentives for private sector landlords to improve housing stock

The private rented sector makes a significant contribution to the UK economy. However, little has been done to incentivise private sector landlords to improve the quality of their housing stock, despite Government estimates that approximately 750,000 homes (25% of properties in this sector) are below standard. We believe that incentives for private sector landlords to improve existing housing stock should be considered, including:

- removing VAT on the purchase of materials and labour for capital expenditure to improve older property brought into the rental market
- introducing capital allowances for landlords improving housing stock over a certain age
- increasing the Landlords Energy Saving Allowance (LESA) to include the installation of central heating systems.
- examining a Stamp Duty 'clawback' to purchasers of older properties where a survey report and an Energy Performance Certificate show a property is likely to benefit from capital investment

Suspension of Home Information Packs (HIPs)

The Government should consider other steps to relieve the burden on the residential property market, such as suspending Home Information Packs.

The cost of the packs punishes sellers, while more than three quarters of buyers - 77% - do not consider them before they decide whether to buy a property.

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Reinstate Empty Property Relief

Empty Property Relief was removed in the 2007 Budget at the peak of the property market, to encourage owners to bring empty property back into use as soon as possible. However, in the current climate, where it can be difficult for landlords to rapidly lease properties, commercial landlords are under increasing pressure with reports that some firms are finding it more profitable to demolish buildings than pay the extra tax now required.

ICBA calls on the Government to reinstate Empty Property Relief. In the alternative, the Government should extend the temporary increase in the threshold for the Empty Property Relief for empty commercial properties from the current £15,000 level which benefits few properties.

New homes and planning

NAEA and ARLA are concerned at the lack of new homes constructed during the past few years; the latest housing statistics for England show that 55% fewer house starts took place in the 12 months to September 2009 compared to the 2005-06 peak.

The planning system has not taken into account the way the economy has impacted on the supply of new dwellings. Instead, attempts to streamline the planning system have led to an increase in regulations for developers, and so more delays to house-building. Commercial lending also needs to increase in order for these developers to fund new schemes.

NAEA and ARLA call on the Government to make housebuilding one of its top priorities, in recognition of the current crisis of supply in the housing market. The ongoing decline in housebuilding will lead to a permanent skills loss from the sector, as workers seek alternative forms of employment, which we believe the Government must try to prevent. The Government must consider an overhaul of the planning system to enable developments to progress at a faster rate.

Government regulation of the letting and sales agents

Estate and letting agents are currently un-regulated, meaning that anyone can set up an agency without the appropriate qualifications or industry knowledge. NAEA and ARLA believe that regulation of sales and letting agents is the quickest and most effective method to eliminate unprofessional and unqualified agents from the sales and rental market.

In the absence of a government run scheme, ARLA and NAEA are in the process of introducing licensing schemes for its members, which we believe will provide the most effective protection for consumers that is currently on offer.

For more information, please contact:
Peter Bolton-King, Chief Executive, National Federation of Property Professionals
T 01926 417750 e peter@nfopp.co.uk