

Subject:	CHARGING PROPOSAL FOR EMPTY HOMES		
Date of Meeting:	11 October 2018		
Report of:	David Kuenssberg, Executive Director, Finance & Resources		
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Ward(s) affected:	All		

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1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report outlines new regulations that allow local authorities to apply further charges to domestic tax payers based on the length of time that properties are left empty.
- 1.2 It considers the case for applying these charges to properties in Brighton & Hove.

2. RECOMMENDATIONS:

- 2.1 That Committee notes the background and context to the new regulations on Empty Homes.
- 2.2 That Committee agrees to recommend to council to apply the charges permitted under the new regulations to the owners of empty domestic properties in Brighton & Hove once legislation is in place.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Since 2013, councils have had the powers to charge a 50% premium on the council tax bills of owners of homes empty for two years or more.
- 3.2 On 13 December 2012 the following recommendation at Council was agreed to introduce the 50% Empty Homes Premium from 1 April 2013.

“That the Council introduces an Empty Home Premium at the maximum 50%, meaning that those liable for empty dwellings will have to pay 150% Council Tax after two years of the dwelling remaining empty...”

- 3.3 The table below shows the Brighton & Hove element of the premium charged in each financial year:

Financial Year	Premium £000
2013/14	58
2014/15	48
2015/16	60
2016/17	63
2017/18	82
2018/19 estimate	108

- 3.4 On 18 July 2018 the government announced stronger powers for councils to tackle empty homes.

<https://www.gov.uk/government/news/james-brokenshire-provides-stronger-powers-for-councils-to-tackle-empty-homes>

- 3.5 It is anticipated that councils will be able to charge 100% premiums from April 2019, 200% premiums from April 2020, and 300% premiums from 2021 based on the length of time a property has been empty:

Length of time empty	Current	From April 2019	From April 2020	From April 2021
2 years + to 5 years	50%	100%	100%	100%
5 years + to 10 years	50%	100%	200%	200%
10 years +	50%	100%	200%	300%

- 3.6 Once the legislation has gained Royal Assent (date yet to be announced) the council will have the freedom to increase the premiums up to the legal maximum for 2019/20. This is likely to be a report to Council in December 2018 assuming the legislation is in place, and confirmed in the Council Tax base report which is presented to Policy Resources and Growth Committee in January 2019 to enable any additional resources to be included in the 2019/20 budget.

- 3.7 As of 31 July 2018 there were 153 empty homes premiums in place and the split for each band into the proposed years of being empty is as follows:

Empty	A	B	C	D	E	F	G	H	TOTAL
2yrs – 5yrs	40	19	22	8	19	12	3		123
5yrs – 10yrs	9	6	3			1	1		20
10yrs +	5	2	2			1			10
	54	27	27	8	19	14	4	0	153

- 3.8 291 councils across England introduced the premium. Based on government council tax returns, Brighton & Hove has a relatively low proportion of long term empties (based on 2 years +) ranking 259th with 0.11% of properties. Burnley has

the highest proportion at 1.14%. Southwark is the highest London Borough with the 4th largest proportion.

- 3.9 Brighton & Hove's relatively low proportion of empty homes is largely down to a long-established and effective Empty Property Strategy. The council was one of the first in the country to establish a service to specifically deal with empty properties in the private sector in recognition of the housing constraints in the city.
- 3.10 The Empty Property Team works to a standard process of identify – encourage – enforce, working closely with other relevant teams as needed, bringing an average of 150 properties back into use each year. Owners are made aware of the responsibilities that go along with ownership of property in the city and are offered advice and guidance including details of any schemes in operation through other partners – such as Housing Associations or Housing Co-ops. Enforcement action is pursued in cases where there is no move to return a property to use and/or the property is causing local nuisance. The 150% Empty Property Premium has so far proved an extremely effective tool for the Empty Property Team in concentrating owners' attentions on bringing their properties back into use more quickly.
- 3.11 In the past ten years 1,621 have been brought back into use through the actions of the Team. The majority of these provide additional homes in the private sector, but 254 (16%) of these properties were returned through leases to the council to use for those in recognised housing need.
- 3.12 In 2018/19, 205 properties have at some point been charged the premium. Below is a breakdown of the numbers by Ward and by type of ownership.

Brunswick and Adelaide	34	Portslade South	5
Rottingdean Coastal	30	Moulsecoomb and Bevendean	5
Goldsmid	24	Hollingbury and Stanmer	5
Hanover and Elm Grove	18	Hove Park	5
Regency	17	Withdean	3
Queens Park	17	Wish	2
Central Hove	12	Portslade North	2
St Peter's and North Laine	7	East Brighton	1
Westbourne	6	Patcham	1
Preston Park	6	Hangleton & Knoll	0
Woodingdean	5		

- 3.13 The majority of properties are owned by individuals, as shown by the table below:

	01/06/2018			01/08/2018	
Type of Ownership	No. of Properties	%		No. of Properties	%
Company Ownership	37	28%		40	26%
Housing Associations	11	8%		21	14%
Public Bodies (NHS & BHCC)	3	2%		3	2%
Executors	5	4%		5	3%
Individual ownership	76	58%		84	55%
Total	132	100%		153	100%

- 3.14 Based on the assumption that the current spread of property bandings continues, the maximum BHCC element of additional premium that would be raised is as follows (based on 18/19 council tax levels):

Year	Additional Premium £'000	Current Premium £'000	Total Premium £'000
2019/20	107	108	215*
2020/21	146	108	254*
2021/22	158	108	266*
Total	311	324	635

*this makes no allowance for reductions in long term empty properties as a result of the increased premium. Any reduction in numbers will reduce income.

- 3.15 It is not anticipated that there will be increased administrative costs as a result of taking the proposed measures. The current collection rate of the premium is very high and this is expected to continue.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The council could choose not to implement the new charging regime. This would result in the extra income not being available to the council, and potentially miss out on incentivising domestic property owners to bring properties back into use.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There is no statutory requirement to consult although consultation took place prior to introducing an additional charge for long term empties. This proposal is a variation to the level of premium rather than introducing a new premium. Existing actions as outlined in paragraph 3.10 will remain in place with the aim of bringing properties back into use, rather than simply prioritising extra revenues from the increased premium.

6. CONCLUSION

- 6.1 The council has the opportunity to extend charges for empty properties. This will increase income and potentially incentivise more homes being brought back into use.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Additional income of up to £0.300 million may be secured over the next three financial years. However as outlined in paragraph 3.14. This does not take account of the impact of the higher charges on the number of empty properties. Any additional income will be reflected in Council Tax base projections for future years.
- 7.2 The additional cost of administration and revenue collection are not material.

Finance Officer Consulted: James Hengeveld

Date: 21/09/2018

Legal Implications:

- 7.3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill is yet to receive Royal Assent and is currently awaiting House of Commons debate of the amendments made in the House of Lords. Once enacted, the proposed changes to enable the empty property premiums as set out in the report will be required to be approved by full Council pursuant to the Local Government Finance Act 2012 prior to 1 April 2019 for the financial year 2019/20.

*Lawyer Consulted: Elizabeth Culbert
21/09/18*

Name Date:

Equalities Implications:

- 7.4 We will review and update the Equalities impact Assessment that was produced in 2012 to ensure that it remains fit for purpose.

Sustainability Implications:

- 7.5 Homes that are brought back into use are more likely to be maintained appropriately and less likely to contribute to urban decay and social problems in the communities affected.

Any Other Significant Implications:

- 7.5 None.

