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Our ref: Empty Homes Premium
Your ref:
Date: 19 September 2019

Dear John

LONDON BOROUGH OF BROMLEY: COUNCIL TAX LONG-TERM EMPTY HOMES PREMIUM CONSULTATION RESPONSE BY GREATER LONDON AUTHORITY (GLA)

Thank you for your email of 13 August informing the GLA about the Council's consultation on proposals to introduce a council tax premium for long-term empty properties from 2020-21. The proposals consulted on are summarised in this letter. This letter sets out the GLA's response to the consultation.

Introduction

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act received Royal Assent in November 2018. The Act has enabled councils from April 2019 to charge, as well as the standard council tax charge for which the property is liable, an additional premium equivalent to a maximum of 100% of its council tax charge, for properties which have been empty for two years or more. The legislation also gives councils the ability to charge higher premiums in subsequent years for properties which have been empty for longer periods of time. From 2020-21, councils will be able to charge a premium of up to 200% for a property empty for at least five years. From 2021-22, for properties empty for ten years or longer, authorities will be able to charge a premium up to 300%.

There does not appear to be a statutory duty on billing authorities, in determining the level of premium to apply to long-term empty properties, to consult on proposals, either with local tax payers or precepting authorities. However, as the major precepting authority for Greater London, the GLA clearly has a relevant interest in the level of the premium, as it affects the council tax income received from the billing authority. Therefore, the GLA welcomes the opportunity to respond to the consultation by the LB Bromley.

Proposals for Changes to the Premium

The Council is proposing to charge a premium of 50% on properties left unoccupied and unfurnished for between 2 and 5 years and a 100% premium on properties left empty for more than 5 years. These are below the maximum percentages permitted by the 2018 Act. The Council's proposals and the maximum percentages are set out in the table below.

	Proposed long-term empty property premium charged by LB Bromley	Maximum premiums which can be charged from April 2020
Long-term empty properties over 2 years up to 5 years	50%	100%
Long-term empty properties over 5 years up to 10 years	100%	200%
Long-term empty properties over 10 years	100%	200% (300% from April 2021)

Bromley estimates that the empty property premium would apply to approximately 250 homes in the borough, which have been empty for two years or longer.

GLA Response

The GLA supports the council's proposals to introduce a long-term empty property premium. The GLA notes the proposals will bring Bromley in line with almost every other London borough by charging a premium.

The council has proposed these changes based on the clear rationale that the increases in the premium are intended to change behaviour, in order to reduce the number of properties that are 'long-term empty'. The borough faces a housing shortage, as do other areas of London. In addition, the council notes that empty homes tend to attract anti-social behaviour and consequent additional costs to public services

However, as outlined above, the new powers granted to billing authorities by Government mean higher premiums can be charged on empty properties than the council is proposing to introduce from April 2020. The Mayor is committed to tackling London's housing crisis; as such, the GLA has welcomed the additional flexibilities provided to billing authorities by central government, with the aim of bringing more empty homes back into use.

The GLA would encourage the council to consider increasing the empty homes premium further, up to the maximum percentage permitted for each category. Whilst reducing the number of empty homes is clearly the primary objective of the premium, the GLA has previously encouraged billing authorities to consider the impact of the additional revenue councils can raise from the current empty homes premium, when determining schemes for council tax support. If the increases in income from charging the premium result in significant additional revenues, we recommend the council should take these into account when considering changes to its council tax support scheme.

It would be helpful if the council could inform the GLA of the agreed policy once finalised, in order to assist us in assessing the potential impact on the Mayor's funding and tax base for 2020-21 and future years. I would like to thank you again for consulting the GLA on your proposals for council tax premiums for long-term empty properties in 2020-21 and future years.

Yours sincerely



Martin Mitchell
Finance Manager