

London Borough of Bromley

Second Homes Premium – Consultation Report

19<sup>th</sup> March 2024

## 1. Report Summary

At present owners of second homes within the London Borough of Bromley are expected to pay the standard rate of Council Tax for their additional properties.

A property is defined as being a second home when it does not have a permanent occupant and is substantially furnished.

In many areas, where there is a high demand for housing, bringing second homes back into permanent use could become an important source of homes for households who need them.

To encourage owners to bring these properties back into permanent use, it is proposed to charge a 100% premium to the Council Tax charges for second homes.

In other words, owners of second homes in the Borough would be required to pay 200% of the standard Council Tax bill.

This report is to approve the proposed charges for the financial year commencing 1<sup>st</sup> April 2025 and all years thereafter unless there is a further change in legislation which would allow the Council to vary the charges from a future date. At which point a further consultation exercise would be required.

### **This reports sets out:**

The background for the proposal to introduce the Second Homes Premium charges with effect from 1<sup>st</sup> April 2025 for the London Borough of Bromley

Details the proposed changes to the Empty Homes Premium charges for the London Borough of Bromley.

Details of the consultation exercise undertaken on the proposed introduction of the Second Homes Premium charges during the period from 19<sup>th</sup> February 2024 until 15<sup>th</sup> March 2024.

## 2. Reason for consultation

Bromley Council is keen to explore ways of bringing more homes back into use. The consultation asked residents for their views on whether Council Tax charges should be increased for owners of second homes.

There are currently around 362 homes in Bromley which are liable for Council Tax and are recorded as being second homes. A property is defined as being a second home when it does not have a permanent occupant and is substantially furnished.

In many areas, where there is a high demand for housing, bringing second homes back into permanent use could become an important source of homes for households who need them.

It is felt that the increased premiums would encourage the owners of these second homes to bring the properties back into use for the benefit of their local communities.

### 3. Consultation

A public consultation exercise was undertaken for the introduction of the Second Homes Premium charges to take effect from 1<sup>st</sup> April 2025. This consultation took place On-line from 19<sup>th</sup> February 2024 to 15<sup>th</sup> March 2024.

The survey was available through the Council's website:

- α. All second home owners were contacted (362). Primarily contact was made directly via e-mail, but postal invitations were issued to second home owners where no e-mail contact details were held on our database.
- β. A random selection of residents (638) who currently occupy homes in the Borough were also invited to take part via the on-line survey.
- γ. A social media campaign was conducted to encourage a wider completion of the survey.

In total there were 124 responses received. (21 second homes owners, 103 non owners)

The consultation exercise was based on one simple question to the Council Tax payers of the Borough, anyone that did not agree with the proposal was then allowed to share their reasons with a free text response. These responses have been captured in Appendix 1 at the end of this report.

### 4. Outcomes

Details of the full consultation question and analysis responses, are detailed below:

The question asked was as follows;

<b>Q1 The Council's recommendation is that Second Homes are charged a 100% Council Tax premium from 1 April 2025</b>		
	<b>Yes</b>	<b>No</b>
<b>Do you agree with the above recommendation?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>If you disagree please write your answer here:</b>		
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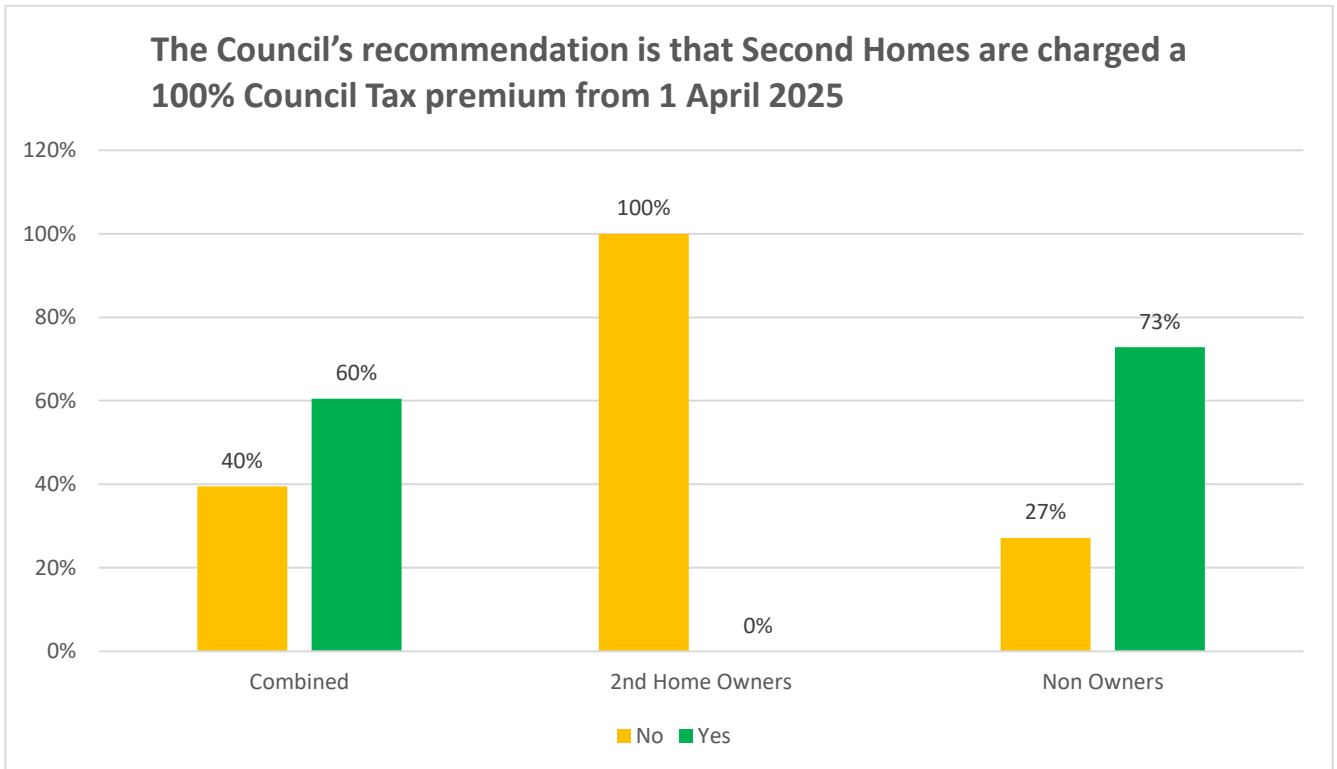
To summarise the main find was:

**60.5% of the respondents agreed with the proposal to introduce the Second Homes Premium.**

## 5. Detailed Outcomes.

Of those who responded the overall outcome was that 60.5% were in favour of introducing the Second Homes Premium with effect from 1<sup>st</sup> April 2025.

There was a higher approval rating from non second home owners, 73%, whilst those owning second homes were 100% against the proposal, this is perhaps to be expected as all directly affected residents were included in the consultation.

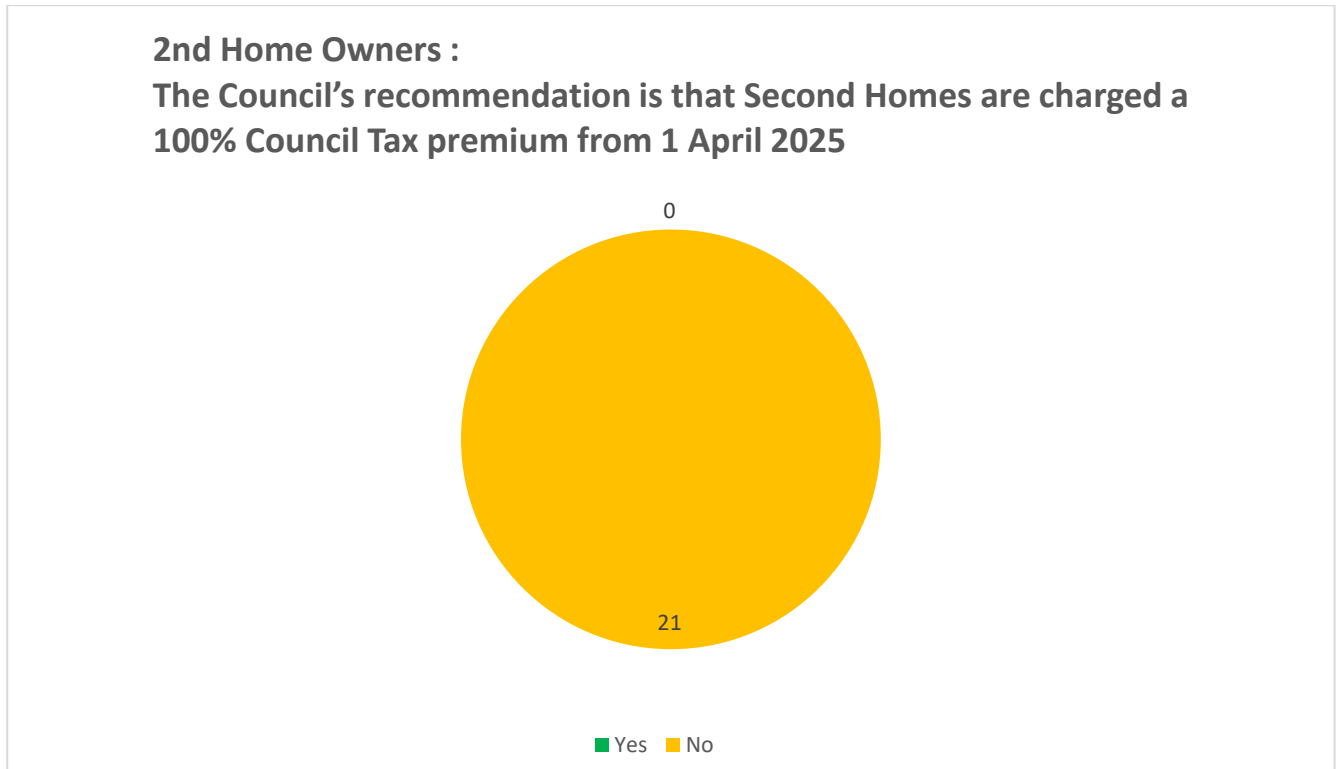


There were differing reasons given for not agreeing with the proposal, but many felt it was punitive and would not have the desired outcome. A full list of all responses can be found at Appendix 1.

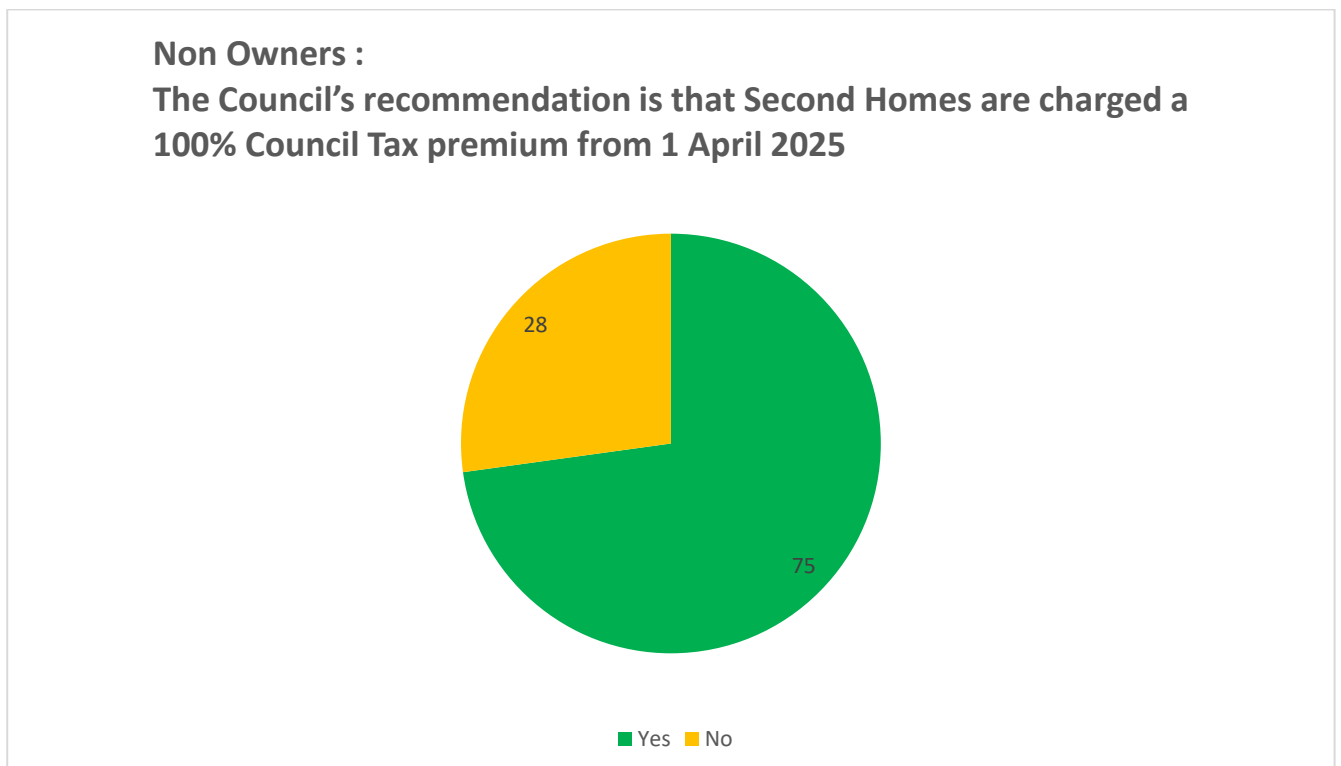
### Analysis of Respondents by Survey Type.

Of the 21 responses received from second homes owners, 100% were against the proposal.

362 second homes owners were invited to take part in the consultation, so the 21 responses represent just 6% of all second home owners.



Of the 103 responses received from non second home owners, 73% were in favour of the proposed increases.



## **6. Timetable for Implementation**

The new charges will commence on 1<sup>st</sup> April 2025 and will continue unless changed after future consultation.

## **7. Appendix 1 – Narrative responses.**

All narrative responses have been reproduced here for completeness.

### **Q1 Response - If you disagree please write your answer here**

#### **Comments from responders**

The number in question is very small and this is unnecessary, it will not increase the stock available to rent locally and is an additional admin burden adding to the council work. We are not a seaside town.

We have a second home, but it's not empty because we can't be bothered to do anything with it. It's empty because we had a terrible tenant who trashed it! By the time we did all the repairs and tried to sell it the market had fallen. We have had three sales fall through, through no fault of our own. Even getting to within a week of simultaneous exchange/completion before our buyer dropped out. I think a number of the empty properties are in the same situation. Bad tenant experiences and fears of more onerous landlord legislation doesn't make renting appealing to decent landlords who invest in their properties.

This would be yet another money grabbing scheme following in the vein of a money making Khan. Londoners have surely had enough! Yet successive governments have done nothing to curb mass Treasure Island immigration and wealthy overseas property investors which are both the real problem behind shortage of homes.

Second homes are often occupied by family members that bring much needed additional income to local businesses. It is sufficient to charge normal rates only in my view, especially where only a single second property is owned

This would be another tax but only in a different name. The UK now has a high tax regime and this would be making it worse.

People shouldn't be forced or coerced into this payment. An agreement or understanding between property owners and la should encourage and promote alternative housing solutions, but the owners should not be forced into this taxable situation.

"Could it depend on the state of the second property?"

My bungalow in Orpington needs important repairing work, and is not furnished."

We bought Flat 4 Markham Court not as a holiday home but to help our married daughter with childcare so that she could continue in employment. At time of purchase (2013), we paid 2/3 of the annual rateable value; this was quickly raised to 100%. Despite paying full rates, we have no vote in the Borough, no right to free travel on London Transport other than buses; we make no claim on educational or medical services or social care. We already pay full rates on our 'first home' to Swale Borough Council/KCC. If the proposal for

Second Homes in Bromley is adopted, we shall be required, as OAPs with two addresses in Kent, to pay residential rates three times over while living in only one place at any one time.

The rate of tax premium at 100% is far too high, and will be seen as a penalty for anyone to own a home in Bromley

council tax is to pay for services. Second homes use less services and if anything should pay less tax.

That would be punitive. If the idea is to drive those relatively few with second homes in the borough to sell their homes to avoid the premium, it's a very crude and inefficient way to add to the housing stock. It would likely only free up a very few properties. Much more practical and efficient would be to support the building of additional flats and homes, particularly for those with low incomes.

It is a second tax on the local people

"Thank you for contacting me to invite me to take part in the London Borough of Bromley's consultation exercise regarding Council Tax charges on second homes in the borough. The proposal is for a 100% premium to apply to second homes in the Borough from April 2025.

I fully understand the reasons why the London Borough of Bromley is proposing this premium.

I would like to propose that properties that are Seasonal Homes are considered exempt from this premium. My view mirrors the view of the UK government.

A Seasonal Home is defined by the UK government as a property that has restrictions or conditions preventing occupancy for a continuous period of at least 28 days in a 12-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence.

In July 2023, the UK government proposed that Seasonal Homes be exempt from the second home premium. This recommendation was included in the UK Government public consultation exercise (UK Government, Department of Levelling Up, Housing and Communities; Consultation on Proposals to Exempt Categories of Dwellings from council tax premiums in England, section 3, subsection 5:10. July 2023).

In my own circumstance, the property in question was built with very rudimentary materials by my grandfather in the 1920s and 1930s. This was with the intention of having a place for members of the family to have somewhere to spend time away from their homes in London. Five generations of my family have used the property for this purpose, primarily for day trips but with some overnight stays. The property has no insulation and very basic facilities. It is only habitable from May to September and even then, is only suitable for hardy individuals to stay overnight. We close the property in late October (including turning off the water supply) and it remains dormant for 6 months with just a regular short (1hour) visit to check the property and garden for winter storm damage / water ingress (November to end of March).

We do not charge any short term rent for any family member using the property and therefore do not make any income from it. We have no issues with paying the standard Council Tax each year and have an exemplary record of making these payments since Council Tax was introduced. Bearing in mind that the property is uninhabitable for six

months per year, we feel that The London Borough of Bromley are getting good value on this without the additional 100% premium, and as such, this property, and those like it, should be exempt."

"Dear Bromley Council,

Our flat was purchased 26 years ago while we were living fulltime in Beckenham and we have duly paid council taxes and fees over those 26 years. We left due to family concerns, but wanted to continue to maintain our place with neighbors, community, friends and family in England. Paying a double tax on our flat doesn't seem like a fair solution or help in solving the housing problem. I would so appreciate consideration to not go through with double taxing our home."

"NO. Reason 1. Surely a fair minded Conservative Council would leave things as they are, or at least appreciate that the second home tax should be REDUCED,

[ I believe some Councils have /do ], as children cannot go to the same school twice at the same time. Similarly. Taxpayers use of the roads, parks & many other L.B.B. services, ESPECIALLY if BOTH taxed homes/families are in the L.B.B. area.

Reason 2. It may well deter or interfere with those who try to make, themselves, long term financial & family plans to size down their homes.

Reason 3. It may well interfere with those who wish, themselves, to temporarily provide, , friends or family a bed etc"

"This 100% increase in council tax is just a very big slap in the face for people like me who have saved and saved to afford a second home to try and help out the family ! I already pay the full council tax, an expensive maintenance charge and insurance that goes up every year plus a ground rent and bills.All this was factored in when i bought the flat and i knew what i could afford. This increase will not affect the very wealthy it just targets the middle man like me who will be forced to sell. There is no way i can afford 100% increase and find this recommendation dispicable.

Perhaps a very wealthy person who does not really need it will buy my flat !"

I disagree with this proposal as it is punishing people for having second homes. The council should not punish residents who have worked hard for their assets, instead the council should look to cut costs in their own spending. If more homes are needed for bromley residents then please build suitable homes on appropriate brownfield sites.

Not all second homes are for people who make an income. This policy should be applied to people who are landlord or make any profit whatsoever on the property.

"1) There is nothing special about having a front door. The logical extension of the argument is that every household in a larger house should pay a premium excess tax, and yet the differential between housing bands is small.

2) An excess tax would be unfair because second home owners already pay full council tax without using the services that cost the council most money, such as education and social care.

3) There are many reasons that people have the need and desire to own a second home, and the assumption in applying a premium (penalty) tax is that the reasons are not justified. It would be intrusive and time-consuming to evaluate the reasons on a case-by-



case basis."

I agree but I think it should be phased you are not giving people enough time to adjust to the new policy.

2nd homes pay their Council Tax and are less of a cost on the Council as they use less services. To charge them double for using less is preposterously unfair.

Generally second homes are not a net drain on council resources. They pay council tax but don't require much in way of local resources eg education places. They are likely to be owned by people who bring money into economy rather than take out locally.

I don't own a second home in the Borough, all tax does is suppress business, entrepreneurs from investing. This country has turned into a socialist state where anyone has worked hard is penalised. I am a landlord with five properties in the Borough, all are being sold in the next few years due to excessive tax, regulation. It used to be that when a rental property was unoccupied whilst waiting for a tenant no charge was levied. Now as landlords we are penalised by charging when it is empty, also HB does not provide enough for families. Both local, and national Government are responsible for the decline of PRS properties. More tax is not the answer I'm afraid, that's why I'm leaving the sector. My tenants have been with me for over ten years. They don't deserve this treatment, nor do I, good luck providing an additional five families with homes in the coming few years.

No evidence of how much would be raised over the coming years or how that would be spent. Suspected Negligible impact.

"It should be more than 100%!

I am comfortable with a very high premium for those privileged enough to afford 2 homes."

I write from the perspective of a part owner of a property that is used only seasonally. I understand that the Government recommends that seasonal homes should be exempted from a Second Homes Premium.

Currently second home owners pay the full rate of Council Tax and receive the standard Council services. However, as non residents, they do not make any demand on the Council for educational or community care needs. It is therefore considered unreasonable to enforce this proposed additional Second Home premium. In particular, seasonal second homes, usually on the very rural outskirts of the Borough and paying the full Council Tax, should remain exempt from any extra premium.

This would apply inadvertently to homes that are not let for any period of time during renovation or other ongoing upgrades. It would not address the housing shortage in a meaningful way that could be quantified or regulated by the Council. It would operate as a deterrent for a 2nd home but does not promote or address home availability directly. If adopted a grace period and grandfathering approach should be adopted or strongly considered to ease the undue burden this tax would present to home owners. This excessive tax does not seem fair or appropriate for the Bromley home owner.

"1/ I believe that the second homes premium is too broad a brush as really it is aimed at the council generating income from professional landlords or people with one or more additional properties running lets or using the properties as a business/for profit, who won't actually care as they can claim back the CT in the rentals that they charge; the impact would therefore not be the release of properties back to the housing market as the Council think they would, just private rents will actually increase and become even more

unaffordable.

2/I do agree that there is a need for housing especially for social housing in the borough but some properties are used seasonally and never let out (a bit like a family holiday caravan) and are in the borough's more semi-agricultural areas not served well by public transport and therefore unsuitable for permanent housing use especially in the winter months. To charge a premium of 100% on them would be punitive and unfair."

In my case my property will not be affected as it will be occupied well before the new policy takes effect but I think it would be better to phase the introduction of the premium (25% first year, 50% second year, 100% third year) so as to allow time for property owners to either rent out or sell.

This is a disproportionate extra tax and is a very blunt instrument to try and increase homes in the borough. Building more homes for affordable prices to buy or rent is the way to proceed. Taxing second homes is not a suitable way to increase housing!

Better off building new social housing thus increasing the revenue (and reducing the waiting list)

"There are many reasons why someone would have a second home but it is doubtful that it would be as a holiday home (where the owner visits for a few weeks a year) unlike, for example, in Cornwall or Devon. The majority of second home owners would live in the Borough and actively contribute towards its economic life. However the reason for a second home might be that it is held so that when a relative in a hospice dies their partner has somewhere to live. It might also be that a marriage might only survive if the couple have separate accommodation. It is not about holidays.

The right or wrong of forcing people to sell their property is another issue. From looking at estate agents sites it is clear that there is an abundance of properties for sale in the Borough.

Nevertheless if a second home premium is considered necessary, for whatever reason, then 100% is punitive."

Increasing the cost of a second home by a few thousand per year is unlikely to entice people who own these homes to sell. Even if they did sell, the price would not be reduced enough to allow people struggling to buy a home access to the market. The number of second homes in the borough is low and building more houses may be a more feasible way of increasing the available housing stock. Bromley has much land to build on, and developments such as the one at Penge could be made elsewhere. That is not necessarily commending the Penge scheme, but the principle remains.

"As a second home owner, I am happy to pay Council Tax in line with all other properties in the street. This seems fair to contribute to the Bromley Community even although there are many services I will not use.

The property is well maintained and stayed in regularly throughout the year. Friends and neighbours keep an eye open and check all is in order. On staying in the property money is spent within the Borough on local services and community.

I understand the shortage of properties, but there is a difference between long term empty and regularly used properties. 100% Premium is totally unreasonable."

"I disagree due to the following reasons:

- 1, With the present economic climate 100% will only push people into poverty.
- 2, If the properties are on a mortgage, empty and on sale, with no revenue.
- 3, If there's no revenue on an empty property, where is the money going to come from?
- 4, Second homes in my opinion in some cases is not a luxury.
- 5, Some people through their life experience just want to be of help to others however best they can, irregardless of their status.
- 6, Some pensions are not enough to pay the extra bills especially if both properties are on a mortgage.
- 7, 3rd properties and above perhaps but even that I think there has to be a fairer system that avoids pushing people to poverty and an early grave.
- 8, In some cases that's probably their only means of earnings to looking after their families.

I hope more people will have the chance to express their opinion on this issue without prejudice.

1 Timothy 6:7

Thanks for the opportunity"

"I bought my flat in 1999 when I was living in Manchester but working in London and did not wish to continue paying rent. I used it five days a week until 2008 when I got work elsewhere, but let it for six years, after which I refurbished it and have kept it. I and family members use it regularly, and someone is there at least once a month on average. I do not object to the principle that there should be some Council Tax premium on second homes but I can see no reason why it should be 100%, which is a very substantial increase.

I note that further below on this form you require my address, stating that I must live in the borough. I thought the point of this consultation was that the home in question is a second home, but it seems as though it is aimed only at people whose main home AND second home is in Bromley. I have put the address as the address in question even though is it my second home."

People are having second homes/houses under very different circumstances and considering they don't have income from possession it's feels wrong to punish them for having it. Plus if it they owns the property it should be their right to decide, what to do with it without being forced.

We have a buy to let flat that is fully occupied by tenants. Given local property prices , young people can't afford mortgage costs nor purchase prices and thus we are providing affordable local homes. 100% council tax premium doesn't provide more affordable housing, just income for the council. The council should use its strategic estate and land to deliver affordable homes eg the old council offices campus. But I suspect you'll be selling to the highest bidder! How contradictory of you

If this is second home, then it is occupied as a home for a reason at least 50% of the time. Who are you to force someone to pay more or sell their home.

This is a penalty and does not reflect the fact that the second home uses substantially less of Bromley Council's expenditure e.g. so far as schools, social care etc.is concerned. This is particularly unfair on those who live in Bromley and already pay full Council tax and

have inherited a family home which needs a lot of work to be done on it before it can be fully habitable.

"The property belongs to the homeowner. It is therefore the homeowner's right to decide whether the use that properties as their second home, rent it out, or sell. There may be many qualifying reasons for a person to have a second home. For example, a person may have two homes in different places for vocational purposes, or they may have the financial means to allow close or vulnerable family members stay live close by.

I think that introducing 100% premium on council tax on second home owners is therefore quite unjust, especially if the second home is used for a circumstance like a job occupation that requires the homeowner to frequently stay in multiple places, which makes renting the property unfeasible as well. Especially in those circumstances, such a tax premium will put the homeowner in a financially staining and logistically complicated situation, and it will not help with housing shortages either as the homeowner would be in no position to rent out or sell the property.

Such a premium effectively penalises a resident who bought a secondary home under circumstances in which they were not aware of this premium. The owner committed to buying a this home when there was no secondary home premium. What if the 100% premium puts the second homeowner in a financial constraint, who took on a mortgage to buy this property? Additionally, there is already a 3% SDLT surcharge to deter secondary home transactions. If a buyer has already committed to a property despite such a hefty additional surcharge, it usually suggests that the buyer needs the secondary property. In my opinion, the effect of an additional tax premium is for the most part a penalty on those who need a second home, rather than an incentive to get more unoccupied properties on market. Unlike how this premium works for unoccupied buy-to-lets."

I disagree with the recommendation if only because bringing the 362 second homes back into permanent occupation will not make any difference to the target set by The Mayor of London for Bromley. 362 is such a small number in comparison with the tens of thousands of new homes that are required. The money raised might be useful to the council to pay for some services. This recommendation does not ring true with Conservative values and it sounds more like something out of a Labour Party policy.

Bromley is not Cornwall where there are many holiday homes reducing available housing for local residents. According to council figures, there are only 362 homes affected in Bromley which is less than 1% of the housing stock in the borough. Even if these homes are charged the proposed premium tax, it simply wouldn't be impactful. If the council wants to boost housing supply, it should channel efforts into getting more homes built, i.e. tackle the root cause. Although personally I don't think Bromley needs to expand its population further as local services are already unable to keep up with demand. Housing is just one part of the jigsaw and any increase must be met with corresponding increases in transport, healthcare, schools etc.. Bromley should be welcoming to all its residents and treat them all equally and fairly. Charging some residents more council tax than others goes against this principle. Thank you.

"People who own second homes are often providing accommodation via rental agreements to individuals who would otherwise be unable to afford to purchase in Bromley.

The course of action should be capping rental fees charged by the home owners to reasonable levels so that rental properties are more affordable."