

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

**LOCAL GOVERNMENT FINANCE (UNOCCUPIED PROPERTIES ETC.)
(SCOTLAND) BILL**

**SUBMISSION FROM ASSOCIATION OF LOCAL AUTHORITY
CHIEF HOUSING OFFICERS (ALACHO)**

Introduction

1. As the representative body of Scotland's Chief Housing Officers, ALACHO welcomes the opportunity to respond to the Local Government and Regeneration Committee's call for written evidence on the general principles of the *Local Government Finance (Unoccupied Properties Etc.) (Scotland) Bill*. ALACHO also intends to take the opportunity of providing oral evidence to the meeting of the Committee on 16th May 2012. Given ALACHO's remit, we have limited our comments to the sections of the Bill dealing with long term empty (LTE) homes and the abolition of housing support grant.

2. It should also be noted that in general local authority chief housing officers are not directly responsible for the collection of council tax, nor the design and maintenance of the IT and revenue collection systems which support this function. It is very likely that the proposals set out in the Bill and supporting regulations *will* have implications for these functions, which generally come within the remit of local authority Directors of Finance and IT. We would expect such implications to be covered in the written evidence submitted by COSLA and the relevant representative bodies for this group, and indeed by individual local authorities themselves.

Policy Objectives: Overview of the Bill

3. In principle, ALACHO supports the policy objective of the Bill to encourage owners of LTE homes to bring these back into use by giving local authorities the power to increase council tax charges in certain circumstances. We note the intention of the Scottish Government to bring forward regulations to facilitate this objective, and have agreed to work with Scottish Government officials to this end. ALACHO particularly welcomes the permissive nature of the legislative proposals, which should allow local authorities the flexibility to decide the extent to which LTE homes are a problem in their area (or particular parts of their locale) and decide on the balance between the additional income likely to be raised by levying increased council tax charges for LTE homes and the costs of setting up and implementing systems to monitor and enforce compliance and collect revenues due.

4. We also wholly concur with the view that bringing empty homes back into use could play an important part in providing homes for people who need them. The Scottish Empty Homes Partnership, in which Scottish local authorities play a prominent role, estimate that currently there are just over 23,000 LTE private sector

empty homes in Scotland. Given recent cuts to Scotland's affordable housing budget, the likelihood of continued public expenditure constraints for the foreseeable future, and the Scottish Government's own estimate that over 156,000 households are currently on council housing waiting lists, for social *and* economic reasons it is clearly of vital importance that as many empty homes as possible are brought back into productive use.

Policy Proposals

5. ALACHO welcomes in broad terms the proposal to give local authorities the discretionary power to charge a maximum council tax increase of 100% of the standard council tax rate for certain LTE homes (i.e. twice the standard rate), after they have been empty for at least one year (i.e. long term empty for at least six months). We are content that the current situation, whereby owners receive council tax exemption for unfurnished empty homes for the first six months they are empty, followed by a 10-50% discount for the next six months at least, is to remain.

6. We note the government's intention that owners in certain specified situations shall be entitled to claim continued exemption following the lapse of the six month long term empty period, and that it shall be for local authorities to satisfy themselves that an owner is entitled to such exemption on the grounds claimed. We also note the discretion it is proposed be afforded to local authorities to consider other valid reasons for exemption, such as acceptable evidence that the owner of an LTE property is pro-actively trying to sell or let their empty property. In such circumstances a local authority may also be in a position to offer advice and information to the owner on different options available for bringing their property back into use.

7. ALACHO welcomes the power to levy a maximum £200 penalty on owners who fail to provide the required information on the status of their property or who provided false information. For those authorities who utilise the power, this amount should act as a disincentive to owners minded to avoid the regulations, and provide recompense to authorities for the cost of collection.

8. As a body representing housing professionals concerned with alleviating housing need, ALACHO welcomed the proposal in the consultation document that any additional income raised from increased Council tax charges for LTE homes should be ring fenced for housing purposes. We are disappointed to see this proposal removed from the Bill, but given the on-going pressure on affordable housing budgets, remain hopeful that this issue might be re-visited at some stage. We would hope that many authorities will indeed set aside any additional resources for housing related purposes, and are in any event pleased to see that the current arrangements, whereby revenue raised from existing reduced discounts on long term empty and second homes are used to fund affordable housing and empty homes projects, are to be retained.

Policy Options

9. Of the three policy options considered by the Scottish Government to tackle the problem of LTE homes i.e. (i) no change (ii) allow local authorities *not to offer any discount* to LTE property owners and (iii) allow local authorities to remove the discount *and* charge an increased council tax for LTE homes, ALACHO, in common with the Scottish Government, favours the third option. We agree with the Scottish Government that this option maximises local authority flexibility to design policies and systems appropriate to their area, taking cognisance of the scale of the LTE problem.

Summary

10. Evidence shows that the incidence of empty homes is growing in Scotland and that further powers to tackle the problem are timely. ALACHO recognises the arguments against the proposal, in particular that the cost of implementing the proposals may outweigh the intended benefits, such as the number of homes brought back into use, or the additional income realised as a result of levying the increased council tax charge. We believe that the discretionary nature of the proposed legislation, in particular Option 3 as outlined in the Policy Memorandum to the Bill, will permit local authorities to make up their own minds on this, following due diligence into the magnitude of the problem of LTE homes, and an estimation of the likely monetary and non-monetary benefits to be gained from adopting a policy of increased council tax for LTE homes.

11. ALACHO would wish to emphasise strongly our view that a discretionary power to allow local authorities to increase council tax for LTE homes is not a panacea for dealing with this growing problem. Authorities need to develop co-ordinated strategies to deal with the challenges of LTE homes, as indeed many are doing. Such strategies should bring together the full range of powers available to local authorities and their partners in this area, including the provision of effective advice and information for owners unsure about how to bring property back into effective use, signposting towards other sources of advice, information and possibly even finance where available. Only in this context can the role of an additional council tax power be used most effectively. ALACHO firmly supports the efforts of the Scottish Empty Homes Partnership to raise awareness of the challenges presented by LTE homes and in developing appropriate responses to this problem.

12. We also understand the libertarian argument that property owners should have the right to leave their property empty if they choose. However, aside from the social opportunity cost of leaving LTE homes unoccupied when families are homeless, empty homes can also impose a financial burden on society at large if public funds are required to remedy problems of disrepair or environmental blight.

The Proposed Abolition of Housing Support Grant by April 2013

13. In common with most local authorities, ALACHO has no fundamental objection to the abolition of housing support grant (HSG), for similar reasons to those outlined in the Policy Memorandum to the Bill. We would however expect to see appropriate transitional arrangements put in place for Shetlands Islands Council, the single authority still in receipt of HSG, to avoid undue hardship resulting to the tenants of this local authority from its removal.

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