

LOCAL GOVERNMENT AND REGENERATION COMMITTEE
LOCAL GOVERNMENT FINANCE (UNOCCUPIED PROPERTIES ETC.)
(SCOTLAND) BILL

**SUBMISSION FROM SCOTTISH EMPTY HOMES PARTNERSHIP – SHELTER
SCOTLAND**

The Scottish Empty Homes Partnership (SEHP) is a Scottish Government-funded partnership hosted by Shelter Scotland, with the aim of supporting local authorities to take action on Scotland's 23,000 long term private sector empty properties. Its members include Shelter Scotland, COSLA, Historic Scotland, Scottish Land and Estates, Rural Housing Scotland, and the Scottish Housing Best Value Network. We have canvassed our Advisory Group for views, however this group represents a number of membership organisations and as such this response cannot be taken as the equivalent of a response from any of our individual members who may be submitting more detailed responses themselves.

The SEHP is supportive of the aims of the Unoccupied Properties Bill, specifically the provisions to enable councils to reduce the council tax discount on long-term empty homes and to charge a further levy on long term empty homes should they chose to. We have welcomed the opportunity to work with the Scottish Government in developing the proposals to date.

To reflect the remit of the SEHP we are commenting only on the empty homes elements of the Bill. That is, we will leave it to others to provide evidence on those provisions relating to non-domestic property and the abolition of Housing Support Grant.

Summary

- We support this bill because it will allow councils to put in place a financial incentive to bring empty homes back into use, it provides a revenue stream to councils, and it reflects the true costs of empty homes in a community.
- The bill itself is largely about setting a legislative vehicle for subsequent regulations which will articulate the main policy goals. The regulations are not yet available so much of our commentary is based on what the Bill's policy memorandum sets out as the intention of regulations.
- It is important that the levy is seen as part of a package of measures councils can use to bring empty homes back into use that includes positive help and

assistance to owners. At least some of the money raised through any levy charged should ideally be used to fund wider empty homes work.

- Allowing councils to remove the discount and charge a levy on long term empty homes and not second homes may result in the unwanted consequence of owners misrepresenting the true status of their properties.
- It is important that the period before the discount can be removed and a levy charged is set at 1 year as this allows a long enough period of incentive (in terms of council tax discounts and exemption periods) for owners to declare their properties as empty to their council.
- Rather than create subjective exemptions to the levy we believe it would be better to offer additional assistance to owners in exceptional circumstances.

Making the powers effective

- In order to be effective we believe any council tax levy charged by a council needs to be accompanied by a wider suite of measures to address private sector empty homes, such as:
 - Provision of advice and information to empty home owners on selling, renting and renovating their homes;
 - Negotiation and problem solving with empty home owners
 - Provision of incentives like empty homes loans and grants to encourage owners to bring properties back into use for affordable housing
 - Use of enforcement powers in extreme cases to bring the worst case empty homes back into use.
- Without this wider approach to empty homes work any levy charged could be seen as disproportionate and unfair, especially in current economic circumstances.
- We would like to see reference to the merits of the above approach in Scottish Government guidance accompanying this bill.
- We will encourage councils to recycle some of the money from any levy charged back into this wider package of empty homes measures.
- Although there are various scenarios, the minimum period for which a property has been empty before a levy (i.e. council tax in excess of 100%) can be applied is one year. We agree with this approach for two reasons:
 - It gives owners an incentive, during this first year, to declare a property empty – in order to secure council tax discount.
 - It gives adequate time for owners to make arrangements to bring property back into use, with the help of the council, and with various

circumstances in which a period of longer than one year can attract council tax discount.

Specific points relating to the Policy Memorandum

- Paragraph 23 of the Policy Memorandum states an intention to amend in regulation the existing definitions of Long Term Empty and Second Homes. It is important to note that this will be the first time that councils will have different taxation powers for these two categories of property (i.e. councils will be able to increase council tax on Long Term Empty Homes but not Second Homes). There is a risk that this could provide an incentive for owners to classify long term empty homes as second homes to avoid paying increased council tax. MSPs may wish to ask the Minister how this issue can be addressed.
- Paragraph 28 of the Policy Memorandum highlights types of unoccupied properties currently exempt from council tax that will continue to be exempt following the passage of this bill. Two are worth mentioning briefly:
 - The first is unoccupied new build properties which are exempt for six months after they are entered on the valuation list by the Assessors. We have no issue with this exemption in general but an issue has been raised with us about potentially inconsistent approaches from assessors towards these types of properties and when they are entered on the valuation list. Arguably, in certain areas large pockets of unoccupied new build properties are a problem which needs attention.
 - The second is worth highlighting simply because it speaks to the concerns some may have about this bill. That is the exemption for unoccupied properties that were last lived in by a person who has died where either no grant of confirmation to that person's estate has been made or for up to six months after a grant of confirmation was made. MSPs should take comfort that this exemption will continue and therefore this bill will not enable the introduction of a tax on grieving families.
- Paragraph 31 of the Policy Memorandum notes that reduced discounts to date on long term empty homes have not been a sufficient incentive for owners to bring their properties back into use, and that in fact the number of long term empty homes have increased. It is important to note that even with the reduced discounts in many councils from 50% to 10%, it is still cheaper – in terms of council tax - to keep a home empty than to occupy it, so it should

not be surprising that reducing the discount alone had limited effect. We believe that removing the discount and charging a council tax levy along with an integrated approach to empty homes that includes advice, information and incentives, will prove a far more effective mix in encouraging owners to bring their properties back into use.

- We agree with the statements in Paragraph 36 of the memorandum which make it clear that it is not intended for an empty home to be subject to any tax increases until it had been empty for at least a year. This allows time for any available help and advice to be taken up by owners as well as providing a long enough period at discounted council tax rates to incentivise owners to alert the council when their property becomes vacant. This is key because if this period were shorter home owners may decide not to inform the council to avoid being charged more.
- We agree with the statement in Paragraph 40 of the Policy Memorandum that we need to avoid making the exemptions system overly complex both for administrative purposes and to avoid exploitation by owners. We would however ask for clarity on the statement in the same paragraph “Therefore, in some cases, the Scottish Government intends that it should be up to the local authority to decide whether or not they wish to offer an exemption, depending on whether or not they feel owners have strong grounds for being unable to bring their homes back into use.” MSPs may wish to query whether this statement refers to a specified list of cases or is a more general exemption for local authorities to exercise.
- Paragraphs 41 and 42 of the memorandum refer to specific types of exemption. MSPs may wish to consider the merits of limiting exemptions to those that can be judged by objective facts, i.e. the owner has died (this will be recorded); the property is due for demolition (this will be recorded), etc. Where subjective judgements are necessary this makes any increase harder to administer and to defend locally. Subjective exemptions could therefore result in greater enforcement costs for local authorities. To the extent that some circumstances may cause hardship or merit special treatment, we believe that it is far more effective to offer targeted assistance than to create new types of exemption which simply make the system more complex and cumbersome. Being in a position to offer support, including financial support, to owners who require it in order to make use of their property is much better than trying to create a series of exemptions. In general, we think the creation of classes of exemptions from the levy should be avoided and discretion over the levy exercised sparingly.

- In Paragraph 46 of the Policy Memorandum it is made clear that there is no intention to ring fence the additional money raised by councils above a 100% council tax. The Scottish Empty Homes Partnership believes that councils, at their own discretion, will find it easier to both implement and justify an increase in council tax if at the same time as applying such changes they also make a commitment to use some of the money raised for wider empty homes work, including the provision of advice, information and incentives to owners.
- Lastly, in the interests of transparency, MSPs may consider asking the Minister to set out in a diagram when a levy would be applicable for properties in different situations.

Please contact Debbie King, Public Affairs officer if you require any further information on 0344 515 2447 or email debbie_king@shelter.org.uk.

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