Executive Summary

1.1 Cabinet is asked to recommend to Full Council an increase in the premium applied to properties empty for at least 2 years from 1st April 2019. With additional increases in subsequent years in line with the legislative maximums.

1.2 The proposed changes are:

1.3 From 1st April 2019 to increase the premium charged on long term empty properties (those empty for at least 2 years) from 50% to 100% and,

1.4 From 1st April 2020 to increase the premium charged for properties empty for at least 5 years to 200% and

1.5 From 1st April 2021 to increase the premium charged for properties empty for at least 10 years to 300%.

Recommendations

2.1 For the reasons set out in the report and its appendices, Cabinet is asked to recommend to Full Council:
2.1.1 To increase the level of premium charged for properties empty for at least 2 years from 1st April 2019 to 100% of the liable charge.

2.1.2 To increase the level of premium charged for properties empty for at least 5 years from 1st April 2020 to 200% of the liable charge.

2.1.3 To increase the level of premium charged for properties empty for at least 10 years from 1st April 2021 to 300% of the liable charge.

3 Background

3.1 Subject to statutory exemptions, properties that are empty for at least two years are currently liable for a surcharge of 50%. Government has enacted legislation (Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018) to provide the powers to increase the surcharge from 50% to 100% with effect from 1 April 2019 with further increases in subsequent years for properties that are left empty for periods of at least 5 and 10 years.

3.2 The premium is important as an incentive to bring long term empty properties back into use, increasing the supply of housing. In December 2019, there were 522 properties in the borough that have been empty for two years or more and of which 380 are Council owned (e.g. they are being held vacant pending redevelopment).

3.3 An increase in the long term empty homes premium would generate additional income of £270k in 2019/2020. However, this proposal to increase the premium has been made to encourage owners to occupy their properties. Therefore, it is likely that if this change produces the desired change in behaviour that the additional income will reduce over time.

4 Key Considerations & Proposals

4.1 The consideration of these changes should be seen as a way to support the stated council aim to increase the availability of housing within the borough. Allowing homes to stand empty for extended periods when homelessness in the borough is at significant levels.

4.2 The proposal to increase the premium for long term empty properties impacts all properties that meet the basic criteria. This includes 380 council owned properties, the majority of which are sited within the Carpenters Housing Estate and Canning Town / Custom House regeneration areas and are empty pending agreements and works related to large scale regeneration. This will result in a significant increase in charge to the Housing Revenue Account (£177k).

<table>
<thead>
<tr>
<th>Owner</th>
<th>No. of Properties</th>
<th>Council Tax 2018/19 50% Premium</th>
<th>Council Tax 2019/20 100% Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newham</td>
<td>380</td>
<td>£177,105</td>
<td>£355,814</td>
</tr>
<tr>
<td>Private</td>
<td>142</td>
<td>£66,604</td>
<td>£159,025</td>
</tr>
<tr>
<td>Total</td>
<td>522</td>
<td>£243,709</td>
<td>£514,839</td>
</tr>
</tbody>
</table>
4.3 Consideration was given to proposing that Council owned properties should be exempted from the long term empty premium but this was considered to be contradictory to the Council’s aim to increase the availability of housing and would send a mixed message to residents and homeowners. Administratively the creation of criteria for exemption from the premium and monitory compliance would be inefficient.

4.4 The legislation recognises that some properties remain empty for excessive periods, 5 or even 10 years and allows for further increases in the premium in future years to target these properties and provide an incentive to owners to bring these back into use. Within Newham of properties currently empty 326 properties would be empty for more than 5 years on the 1st April 2020 and could attract the increased premium of 200%. This would yield additional Council Tax receipts of £233,713.

<table>
<thead>
<tr>
<th>Owner</th>
<th>No. of Properties &lt;5 years</th>
<th>100% Premium</th>
<th>No. of Properties &gt;5 years</th>
<th>200% Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newham</td>
<td>28</td>
<td>£27,413</td>
<td>273</td>
<td>£508,545</td>
</tr>
<tr>
<td>Private</td>
<td>89</td>
<td>£105,457</td>
<td>53</td>
<td>£107,135</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>£132,870</td>
<td>326</td>
<td>£615,681</td>
</tr>
</tbody>
</table>

4.5 From April 2021 those properties empty for at least 10 years would under this proposal attract a 300% premium. At present no property would attract this charge in April 2021.

4.6 Consultation

4.7 Councillor Terrance Paul, Cabinet Member for Finance and Councillor John Gray, Cabinet Member for Housing Services have been consulted on these proposals.

5 Policy Implications & Corporate Priorities

5.1 The change in empty property premiums supports the Council’s priority to increase the availability of housing within the borough by encouraging long term empty properties back into use through an increased financial burden for leaving a property empty for extended periods of time.

6 Alternatives considered

6.1 The alternative considered was to keep the premium at its current levels but given the priority to increase the availability of affordable housing in the borough this would not help to utilise this measure to encourage owners to bring properties back into occupation.

7 Consultation

7.1 Name of Lead Member consulted: Cllr. Terry Paul Position: Lead Member
for Finance and Corporate Services

8 Implications

8.1 Financial Implications
8.1.1 Initially there will be an increase to the General Fund in 2019/20 £270k, with additional costs to the Housing Revenue Account in 2019/20 of £177k. However, the purpose of this premium is to provide an incentive to bring long term empty properties back into use, increasing the supply of housing, therefore, if successful the amount collectable may fall again.

8.2 Legal Implications
8.2.1 As from 1 April 2019, the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 will amend the Local Government and Finance Act 1992 (the 1992 Act) to allow for the increase in premiums recommended in this report, and from the dates specified, to become effective.
8.2.2 According to section 67(1) of the 1992 Act, the decision to increase the premiums is a Full Council function.
8.2.3 Within 21 days of the decision, a notice has to be published in a local newspaper.

8.3 Equalities Implications
8.3.1 The data available to understand the equality impacts of this proposal is limited. Of the 522 impacted properties, 380 or 73% are Council owned, of the remaining 142 properties only 55 (10%) are owned by individuals, the remainder are owned by Social Landlords or developers.
8.3.2 When looking at these 55 the properties are geographically spread across the borough and with the data held (Name and forwarding address) it is not possible to demonstrate that the proposal is impacting any group more proportionally than any other. It is less likely that individual owners of properties empty over 2 years will fall within the lower income groups.
8.3.3 To allow private landlords to move a property into occupation and avoid having to pay the proposed premium the Council offers opportunities to private landlords to let the property to the tenants through the Council. This offers potential landlords the opportunity to positively impact upon homeless people and families within the borough.

9 Background Information used in the preparation of this report
• None