

STATES OF JERSEY



EMPTY PROPERTY TAX

**Lodged au Greffe on 8th March 2022
by Deputy M. Tadier of St. Brelade
Earliest date for debate: 29th March 2022**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

- (a) that an effective mechanism should be introduced to discourage domestic properties from being left vacant for long periods; and
- (b) to request the Minister for Housing and Communities to initiate the necessary arrangements for the preparation of an options paper identifying potential mechanisms with a view to publication before the end of September 2022.

DEPUTY M. TADIER OF ST. BRELADE

REPORT

Context

This proposition comes at a time that grave concerns are being expressed by members of the public with regards to plans to rezone green fields, and other sensitive environmental locations, for development. This sentiment has been expressed to all politicians from residents all over the island in the many emails, and no doubt conversations and phone calls, that we have all had.

In my time as a constituency deputy, I have always made it clear that I would oppose inappropriate building in St Brelade. I feel the same, more generally, about agricultural or open spaces being turned over to development, wherever that might be in the island.

At the same time, there is much *waste* in the built environment, with a great deal of residential properties – potential homes for Jersey families – being left empty, unused. This is despite several reports and policies flagging up the problem and calling for action. These empty properties should be seen as an opportunity to fulfil some of the current housing demand.

In 2015, the Environment, Housing and Technical Services Scrutiny Panel undertook [the Supply of Housing Review](#), chaired by Deputy David Johnson. Below is one of their key findings;

*As a means of identifying much needed affordable housing from existing housing stock, the SHU¹ [strategic housing unit] has proposed to review measures to bring long-term vacant homes back onto the market. The extent to which properties in Jersey are left vacant was revealed in the latest Census. For example, in 2011 **one in fourteen (7%) of all private dwellings were vacant on census day**, which equates to **[a] total of 3,103 dwellings**. Of these, 63% were flats and 37% were houses and, as you might expect, the majority of vacant dwellings were found in St Helier. - (Paragraph 6.3)*

The report also gives the following comparison: *(For comparison purposes) “2% of residential properties in England in 2014 were empty and a further 1% were holiday homes” – a significant difference.*

The report continues (p.29):

It is clear from the available evidence that a reduction in the vacancy rate from 7% to 5% could have a significant impact on the supply of housing, as it would mean that nearly 900 homes would be back into use. To put it into perspective, 900 houses would count for over two years’ target for supply through development in the Island Plan.

The Ministerial View

Speaking to the panel at the time *The Minister for Planning and Environment agreed that the matter of vacant properties needed further consideration. He told the Panel: “We do not want to build more than we have to; and it stands to reason that if you have 100 properties on the Island which are empty for no good reason and you could have 100 families living in these properties, government should do all it can to make sure those properties are best used. - (p. 30)*

¹ SHU = Strategic Housing Unit

The recommendation of the panel was that:

The Minister for Housing should investigate the possibility of bringing empty homes back into use using a variety of tools including the introduction of a form of empty property tax or charging an annual sum in addition to the current parish rates, by January 2016.

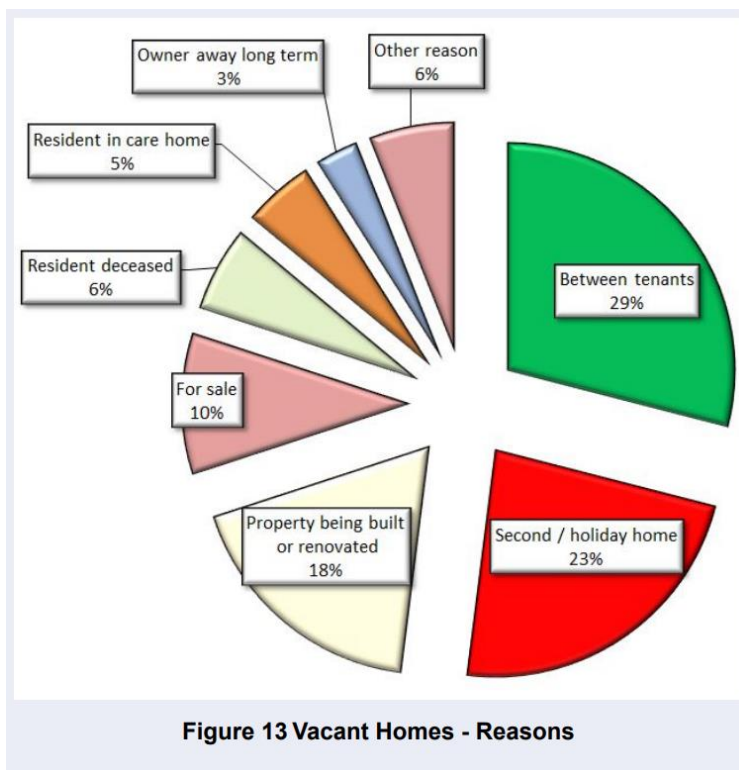
More specifically, the panel suggested that it would be realistic target to bring between 20 and 30 empty homes a year back into use. If this, relatively modest target, had been adopted and implemented, we would have seen between 120 and 180 new homes back in use in the past 6 years.

The Housing Strategy 2016

In its paper, [R.29/2016](#) (March 2016) simply called ‘Housing Strategy’, the Strategic Housing Unit (Department for Community and Constitutional Affairs) stated the following (para 2.26):

‘Vacant homes are a wasted resource and the Housing Minister is keen to see that all homes are occupied as efficiently as possible (whether new build or existing homes) and will consider measures to bring long term vacant homes back into the market.’

Data from the 2001 census shows that of the 3,103 properties (7% of total) classified as vacant, a large proportion were for valid short term reasons and would not necessarily contribute to the additional supply of homes. However, there is a percentage that are long-term vacant and these should be targeted through a policy review to return them to the active housing market where possible.’



Seven years later, in 2022, as we embark on another Island Plan, the issue of vacant properties has still not been addressed.

This proposition asks States Members to request that action be finally taken to implement the scrutiny panel's recommendation and that an *options paper* be drawn up and presented to the States that will ultimately seek to bring a significant number of these empty properties back into use, and therefore move them from being empty buildings to much needed homes for Jersey people

Exemptions

It is envisaged that as well as exploring mechanisms to implement this policy, reasonable exemptions should also be investigated. I do not wish to be prescriptive at this point, but Ministers might like to consider the length of time a property should be vacant before any surcharge occurs, as well as what constitutes a *good reason* for vacancy. For example, a second home might be exempt, provided it is occupied for a certain number of months a year. Longer periods of vacancy might be deemed reasonable for properties which are undergoing significant maintenance or repair. However, I would add that, with so many different reasons for properties being vacant, it is not so much the *reason* which should interest us so much as the length of time. For example, if a property is left unoccupied for 3 years, because the owner does not have the means to renovate it, then it really needs to be sold to someone who can. If a property is in fit condition, but is vacant simply because s/he has not got around to letting it (or indeed because a company or investor is holding on to the property for speculation purposes, and is deliberately leaving it empty), then it really needs to be put back into use as soon as possible.

Consideration of Human Rights

On the surface, there is a potential engagement of Article 1, protocol 1 rights from the ECHR which Jersey is party to, in its own law. This states that *Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the condition.*

In considering the extent to which a property owner rights would be infringed here, we also need to read the second part of that protocol which continues: *The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems **necessary to control the use of property in accordance with the general interest** or to secure the payment of taxes or other contributions or penalties.*

It is clear, then, that government has the right enforce laws on the way property can be used in accordance with the public interest. A term which has been used in Jersey law and policy making in the past is *A proportion means to a legitimate aim*. What I am asking, and the scrutiny panel of the day were asking, was in the context of a housing crisis and a small island community, with finite land and a general desire to preserve as much green/arable, open space as possible. As such, this should be considered a matter where the public interest benefits much more greatly than any detriment to the individual property owner.

Financial and manpower implications

It would be expected that the work needed to implement this proposition would be done in house and within existing resources. In terms of any financial implications, it is likely that there would be significant potential revenue raised. On the one hand, if properties remain empty, a surcharged would be levied. Depending on how this were achieved, through a tax or an additional rate, money would accrue to the Treasury and/or the Parishes. Where the policy is successful, and vacant properties which would not otherwise have been, are returned to the market (either for rent or for sale), these will generate income tax from property rental or stamp duty from property sales.

It should be added, however, that the ideal scenario is not to generate revenue from properties that remain vacant for long periods of time, but to get them back into use.

Further reading

<https://www.bailiwickexpress.com/jsy/news/owners-be-fined-if-properties-left-vacant/#.Yg7HpOjP1H0>

[Will your home be taxed the Empty Homes Tax | City of Vancouver](#)

<https://www.sro.vic.gov.au/vacant-residential-land-tax>

<https://www.mansionglobal.com/articles/are-empty-homes-in-san-francisco-going-to-be-taxed-01645100448>