

For interviews in Birmingham next week or for case studies, contacts or other background, please contact Maddie Williams at the British Property Federation on 020 7828 0111 or email [mwilliams@bpf.org.uk](mailto:mwilliams@bpf.org.uk)

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**BRITISH PROPERTY FEDERATION PRESS RELEASE**

**Tories set for Birmingham backlash over empty rates**

Birmingham's council leader, Mike Whitby, will lead a Conservative backlash over empty rates next week as the stealth tax on vacant commercial property begins to damage regeneration and business across the Midlands.

The Tory council leader is set to say that the removal of empty property rate relief is having a detrimental impact upon Birmingham when he attends a British Property Federation (BPF) breakfast meeting with other council leaders next Tuesday.

Whitby's statement comes as Birmingham City Council figures reveal an annual rates bill on council owned empty property of £817,153 – to be paid out of local tax payers' pockets. This is cash that could be used for local projects, such as schools or parks.

Businesses with empty property in the council will be hit for a staggering £22,733,736, according to the city council's official stats.

Cllr. Whitby said:

“Birmingham's large scale regeneration has propelled it on to the global stage but the government's current 'tax now, ask questions later' policy is threatening this growth and suffocating vital new developments.”

In a private conversation with the BPF at the Labour Party conference on Tuesday, local government minister, John Healy MP, said that there were no plans to restore rate relief. He also claimed to have not heard claims made by all 19 of the country's urban regeneration chiefs, who said the tax was leaving towns looking like 'broken teeth' as owners demolished buildings to avoid payment.

BPF chief executive, Liz Peace CBE, said:

“We need MPs to sign the Commons motion which was laid against this before recess. It is vital that local politicians come forward and stop the damage being done by this ill thought out tax.”

The Conservatives' communities spokesman, Eric Pickles MP, strengthened the Tories stance, saying:

"We will be reviewing empty rates as a priority if we win power. We just hope in the remaining 18 months the government's got left that they can't do any more damage."

Prior to April of this year, empty offices and retail outlets received 50% relief on rates, whilst industrial units received 100% relief. However as of 1 April 2008 all relief was removed, resulting in premature demolitions, shelving of regeneration projects and, in certain cases, bankruptcy.

Carl Griffin, managing director of Folkes Holdings Ltd, a property investment and development company based in the West Midlands, said:

"This is a tax on the failure to let a property. As such it is unfair and totally nonsensical. Firms like us are paying empty rates, money that could be spent on new development, creating jobs and new schemes to allow businesses to grow, ultimately raising more tax revenue.

"It undermines everything we do and contradicts every government policy about regeneration and supporting business. It also shows how government yet again fails to understand the drivers of economic growth.

"It's the most detrimental piece of legislation I've seen and is extremely damaging to all areas of business – from pension funds to regeneration schemes; it's self defeating."

David Allen, head of investment at Atisreal's Birmingham office, said:

"The recent increase from nil to 100% void rates on industrial property and the less certain letting market has had a significant impact on reducing development land values as developers build in these significant extra costs. Equally, occupiers are now penalised twice over for not occupying premises that they own or lease."

Julian Shellard, chairman of regional business at CB Richard Ellis in Birmingham, said:

"The rates are deterring private developers from taking on projects which already have a marginal return, in what are already tough times for the property development industry. Regeneration projects will be shelved and usable buildings will be demolished. This is the consequence of the empty rates tax, but surely not its aim?

"Regeneration companies, developers and landlords need to make the case for the relief and put continuing pressure on the government to reverse or check this onerous levy."

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