

Cabinet Report

Report of Head of Finance

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To: CABINET

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Council Tax Empty Homes Premium

Recommendation(s)

That the Council be recommended

- (a) That in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 the Long Term Empty Property Premium (currently set at a 50%) is:
 - (i) Increased to **100%** from 1 April 2019 for those properties which are empty for **two years** and over
 - (ii) Increased to **200%** premium from 1 April 2020 for those properties which are empty for **five** years and over
 - (iii) Increased to **300%** premium from 1 April 2021 for those properties which are empty for **10 years** and over

Purpose of Report

1. The purpose of this report is for Cabinet to recommend to Council the level of premium to be applied to long-term empty dwellings.

Corporate Objectives

2. By reviewing and varying the levels of discount that can be applied to long term empty properties it may encourage owners to bring dwellings back into use and therefore contribute the strategic objective of “homes and jobs for everyone”.

Background

3. Long-term empty dwellings that have already received any relevant discounts or exemptions are currently charged an additional 50 per cent of the council tax due, where that dwelling has been empty for at least two years.

Options

4. The Government introduced new legislation on 1 November 2018 (Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018) to allow councils to:
 - apply from 1 April 2019 a premium to long-term empty dwellings of up to an additional 100 per cent of the council tax due, where that dwelling has been empty for at least two years
 - apply from 1 April 2020 a premium to long-term empty dwellings of up to an additional 200 per cent of the council tax due, where that dwelling has been empty for five years and over
 - apply from 1 April 2021 a premium to long-term empty dwellings of up to an additional 300 per cent of the council tax due, where that dwelling has been empty for ten years and over
5. There are currently **136** properties which have been unoccupied and unfurnished for over two years and are already subject to a **50 per cent** long term empty homes premium.
6. There is a lack of available housing within the district and long-term empty dwellings could be put to better use in easing the pressure on housing stock. Applying a premium to long-term empty dwellings should encourage owners to bring them into occupation.
7. There are however certain exemptions to this premium being applied. These include premises owned by members of the armed forces; annexes; and, properties that are genuinely on the market for sale or let.

Financial Implications

8. If the long term empty homes premium was increased to **100 per cent** from the current 50 per cent from 1 April 2019 then, based on the 2018 charge, it could potentially bring in an extra **£138,019.39** of council tax revenue, meaning from Vale’s point of view the annual financial benefit of applying the premium would be **£9,656.59** based on current

property figures. Other principle preceptors such as the County Council will see a more significant additional benefit.

Legal Implications

9. The recommendations to vary existing discount levels and apply a premium are in accordance with proposed regulations under the Local Government Finance Act 1992 (as amended) and The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. Where a determination is made to amend the premium, the council will be required to publish notice of it in at least one newspaper circulating in its area before the end of the period of 21 days beginning with the date of the determination.

Risks

10. It is hoped that owners would consider bringing properties back into use, but there is a risk of owners avoiding the premium on long term empty properties by just moving furniture into the property and claiming they are occupied (which will pay 100% council tax). **For this reason, if the proposal to increase the premiums is approved, we would assume that only 50 per cent of the current dwellings would attract the 100 per cent premium and increase the taxbase accordingly.**

Conclusion

11. It is hoped that the adoption of higher premiums may encourage the owners of the remaining long term empty properties to bring them back into use, as well as increase the supply of dwellings generally by discouraging second home ownership, thus contributing to the strategic objective of “homes and jobs for everyone”. At the same time, the new flexibility to increase the premium provides additional revenue to the council and other principle preceptors, where owners choose not to bring properties back into use.

Background Papers

- None