

## STRATEGY AND RESOURCES COMMITTEE

17 DECEMBER 2019

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<b>Report Title</b>	<b>COUNCIL TAX – LONG TERM EMPTY PROPERTY PREMIUM</b>
<b>Purpose of Report</b>	To consider proposals for changes to Long Term Empty Property Premiums
<b>Decision(s)</b>	<p><b>The Committee RECOMMENDS to Council that the Long Term Empty Property Premium (currently set at 50%) is:-</b></p> <ol style="list-style-type: none"> <li><b>1. increased to 100% from 1st April 2020 for those properties which have been empty for two years and over;</b></li> <li><b>2. increased to 200% from 1<sup>st</sup> April 2020 for those properties which have been empty for five years and over;</b></li> <li><b>3. increased to 300% from 1<sup>st</sup> April 2021 for those properties which are/have been empty for ten years and over.</b></li> </ol>
<b>Consultation and Feedback</b>	Consultation has taken place with the representatives from all other Gloucestershire Councils, Housing Advice and empty homes team.
<b>Financial Implications and Risk Assessment</b>	<p>Financial implications are set out in detail in the body of the report.</p> <p>In general terms there will be an ongoing Council Tax benefit to the General Fund through an increase in taxbase. Where long term empty properties belong to the HRA this increases the Council Tax bill for those properties and further incentivises the work that is taken place to bring empty units into use.</p> <p>Andrew Cummings, Strategic Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a></p>
<b>Legal Implications</b>	<p>The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 amended the Local Government Finance Act with effect from the 2020/21 financial year to allow the maximum premium to increase incrementally subject to the relevant criteria being satisfied.</p> <p>Patrick Arran, Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a></p>
<b>Report Author</b>	Simon Killen, Revenue and Benefits Manager Tel: 01453 754013 Email: <a href="mailto:simon.killen@stroud.gov.uk">simon.killen@stroud.gov.uk</a>
<b>Options</b>	Leave the empty Homes Premium at 50%. This does not provide any further incentive for property owners to bring properties back in to use.

<b>Performance Management Follow Up</b>	Impact and outcome will be monitored on an on-going basis and will be reviewed annually with further changes considered as appropriate.
<b>Appendices</b>	Appendix A – Housing Revenue Account – Long Term Voids

## 1. BACKGROUND

Since 2013 Councils have been able to use their discretion to charge an additional 50% Council Tax, a premium, to long term empty properties which have been unoccupied and unfurnished for more than 2 years. This Council applied the 50% premium from 1st April 2016.

New legislation has been introduced increasing the premium to 100% then further incremental changes once properties have been empty for 5 and 10 years.

Unoccupied and unfurnished properties are awarded a 25% discount for the first 6 months, followed by the full 100% liability once the 6 months has expired. The premium becomes due once a property has been unoccupied and unfurnished for 2 years.

The empty property classification starts when the property becomes unoccupied and unfurnished. It does not start again as a result of a change in owner or tenant.

If a property becomes occupied or furnished this must be for a period of at least 6 weeks before it can be treated unoccupied and unfurnished again.

The decisions made so far support the council's strategy to bring empty homes back in to use more quickly and generate additional council tax income.

## 2. REASONS FOR RECOMMENDATION

In October 2015 152 properties had been empty for more than 2 years and became subject to the premium. The number of properties now is 193. Although the numbers have increased over the past few years the Government has reported that nationally, where Councils have been charging the premium consistently year on year, there has been a significant reduction in the number of homes being charged the premium.

The Government has introduced the changes as part of a number of measures to improve the housing market. It will increase council tax bill and incentivise owners to bring long-standing empty homes back into use.

A certain level of empty homes is inevitable and is a feature of a healthy housing market. However, properties which have been empty and unfurnished for 2 years or more are often subject to deterioration that can affect the fabric of the property, can cause damage to neighbouring homes and can attract other anti-social problems to the area. With increased pressure to find housing for people in need the Council wants to encourage homeowners to bring long term empty homes into use to the benefit of all residents.

Increasing the empty homes premium to the maximum allowed will send a clear message to owners that it is not acceptable to keep properties empty for long periods, often creating a local nuisance and wasting housing resource.

All Gloucestershire authorities have or are in the process of implementing these changes.

### 3. IMPACT OF CHANGES

Current position is as follows:

Empty Period	Number of properties	CTAX charge	50% Premium	Total	SDC%
2 years plus	193	297,108	148,554	445,662	53,479

Estimated impact of changes:

Empty Period	Number of properties	CTAX charge	Premium	Total	SDC%
2-5 years	111	163,443	163,443	326,886	39,226
5-10 years	53	84,767	169,534	254,301	30,516
10 years plus	29	48,898	146,694	195,592	23,471

### 4. IMPACT ON HRA

Tenant Services have been proactive in reducing the number of empty properties held within the council housing stock. Working in partnership with other service areas a recent initiative has been associated with preventing homelessness and providing temporary accommodation. A number of the empty properties are also already subject to the planned sheltered modernisation programme. Appendix A provides a breakdown of the properties and timeline.

Current position is as follows:

Empty Period	Number of properties	CTAX charge	Premium	Total
Current 2 years plus	41	51,311	25,655	76,966

The changes will have financial impact as outlined in the table below:

Empty Period	Number of properties	CTAX charge	Premium	Total
2-5 years	38	47,289	47,289	94,578
5-10 years	3	3,743	7,488	11,231

## 5. RECOMMENDATION

The proposal to increase the Council Tax premium will support the Council's priority to reduce the number of empty properties, whilst providing a modest increase in finances for the Council.

<b>Start date for level of premium</b>	<b>Length of time property has been empty</b>	<b>Level of Premium</b>
<b>From 1<sup>st</sup> April 2016</b> <i>Approved at Strategy and Resources Committee 1<sup>st</sup> October 2015</i>	<b>Properties which have been empty for 2 years or more</b>	<b>50% premium</b> <b>1.5 x Council Tax is payable</b>
<b>From 1<sup>st</sup> April 2020</b>	<b>Properties which have been empty for 2 years or more</b>	<b>100% premium</b> <b>2 x Council Tax is payable</b>
<b>From 1<sup>st</sup> April 2020</b>	<b>Properties which have been empty for 5 years or more</b>	<b>200% premium</b> <b>3 x Council Tax is payable</b>
<b>From 1<sup>st</sup> April 2021</b>	<b>Properties which have been empty for 10 years or more</b>	<b>300% premium</b> <b>4 x Council Tax is payable</b>

There are two exceptions in the legislation where the premium will not apply:

1. where the property is left empty by a serving member of the armed forces who is absent from the property as a result of such service
2. empty annexes.