

TEIGNBRIDGE DISTRICT COUNCIL

EXECUTIVE

LEADER: Cllr Jeremy Christophers

PORTFOLIO HOLDER: Stuart Barker

DATE: 4th December 2018

REPORT OF: Tracey Hooper, Revenue, Benefit & Fraud Manager

SUBJECT: Council Tax premium for long term empty homes

PART I

RECOMMENDATIONS

That Executive recommends to Council on 14 January 2019 to raise the premiums being charged on long term empty properties as follows:

- From April 2019 onwards to increase the premium up to the maximum of 100% for properties that have been empty for more than 2 years
- From April 2020 onwards to increase this to 200% for properties that have been empty for more than 5 years
- From April 2021 onwards to increase this to 300% for properties that have been empty for more than 10 years

1. PURPOSE

- 1.1 To advise members that legislation has recently been passed that will allow billing authorities to increase the long term empty homes council tax premium from 50% and to request that members make a recommendation to Council on the level of premiums to be applied with effect from 1st April 2019.

2. BACKGROUND

- 2.1 Since 1 April 2013, local authorities in England have been able to charge a premium of 50% on the full council tax charge. In the 2017 Autumn Budget, the Government announced its intention to legislate to give local authorities the power to increase this further. The legislation allowing this to happen

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became law on 1 November 2018 and is contained in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

- 2.2 The Government is keen to encourage owners of empty properties to bring their properties back into use. This is because:
- there are currently 200,000 properties standing empty in England
 - empty properties attract squatters, vandalism and anti-social behaviour; can be a blight on the local community; and can affect the value of the properties around them
 - when 1.6 million households are on social housing waiting lists, long term empty properties are a wasted resource.
- 2.3 An empty property for council tax purpose is defined as a property that is 'unoccupied and substantially unfurnished'.
- 2.4 As noted above there are currently just over 200,000 long-term empty dwellings in England. This compares to 300,000 in 2010. The number has reduced since 2013, when councils were given powers to charge a 50% premium, indicating that applying a premium has been a successful incentive in tackling empty homes.
- 2.5 The Government has introduced the following incremental increases that can be applied to reflect the length of time that properties have been empty:

| Financial year beginning | Length of time property has been empty | Maximum % premium that can be charged |
|--------------------------|--|---------------------------------------|
| 1 April 2019 | More than 2 years | 100% |
| 1 April 2020 | More than 2 years but less than 5 years | 100% |
| | More than 5 years | 200% |
| 1 April 2021 | More than 2 years but less than 5 years | 100% |
| | More than 5 years but less than 10 years | 200% |
| | More than 10 years | 300% |

- 2.6 It is for each Billing Authority to determine the percentage level up to the maximum amounts as outlined above.
- 2.7 The Government does not propose to change the qualifying period of two years believing it strikes a balance between providing a strong incentive for bringing empty homes back into use, and giving home-owners sufficient opportunity to sell or rent out their properties, or to complete any major renovations that might be required.

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2.8 Within the existing legislation there are certain classes of properties where a premium cannot be applied, these are:

- Dwelling which would be the sole or main residence of a person residing in armed forces accommodation (Class E)
- Annexes forming part of the main dwelling (Class F)

2.9 Teignbridge currently has 87 properties that are subject to the 50% empty homes premium.

The number of properties that would fall into the three categories, based on current data, is as follows:

| Council Tax Band | 2-5 years | 5-10 years | 10 years + | Total |
|------------------|-----------|------------|------------|-----------|
| A | 22 | 3 | 2 | 27 |
| B | 11 | 5 | 7 | 23 |
| C | 8 | 5 | 4 | 17 |
| D | 3 | 1 | 0 | 4 |
| E | 3 | 3 | 3 | 9 |
| F | 1 | 1 | 0 | 2 |
| G | 3 | 1 | 0 | 4 |
| H | 0 | 1 | 0 | 1 |

2.10 Assuming the maximum percentages are adopted, the additional council tax that could be generated based on these properties is as follows:

| Year | Additional Council tax £ | Teignbridge's share £ |
|---------|--------------------------|-----------------------|
| 2019/20 | 68,584.40 | 6,404 |
| 2020/21 | 128,915.10 | 12,039 |
| 2021/22 | 153,676.24 | 14,351 |

Above figures are based on 2018/19 average council tax charge

2.11 The additional income is relatively small in relation to the overall council tax raised but is significant from a relatively small number of properties. However, the focus of this initiative is to bring more empty properties back into use.

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3 MAIN IMPLICATIONS

- 3.1 Legal –The administration and collection of Council Tax is a statutory function. The level of premium available to local authorities is set down in primary legislation and provision has been made in the Rating (Property in Common Occupation) and Council Tax Empty Dwellings Act 2018 for premiums to increase in prescribed circumstances to the maximum levels outlined earlier in the report.
- 3.2 Equalities – No adverse impacts identified. The proposal could have positive impact by bringing more properties back into use.
- 3.3 Financial - There is a risk that some of these homeowners may struggle financially to pay additional amounts of council tax. However, this could provide an opportunity for the Empty Homes Officer to engage with owners who will be affected from April 2019 regarding how the property could be brought back into use.
- 3.2 Billing authorities have discretion to reduce or remit council tax in exceptional circumstances. This provides an appropriate safety net and can be used to provide support on a case by case basis for any deserving cases which are not subject to the statutory exemptions.

4. GROUPS CONSULTED

- 4.1 The Council's Housing Enablement and Development Manager has been consulted and has made the following comments:
- 4.2 Housing Services consider empty homes as a wasted resource and therefore support any intervention to bring empty homes back into use or alternatively raise income.
- 4.3 Housing Services have worked with Departments across the Council to reduce empty homes year on year for the past 10 years and support this proposal as yet another intervention to assist the Council in this aim.

5. TIME-SCALE

- 5.1 To commence higher premium of 100% with effect from 1st April 2019. This will be reflected in 2019/20 Council tax bills to be sent in March 2019. With incremental increases in 2020/21 and 2021/22. Owners will be contacted as soon as any decision is made to enable them to consider their position prior to the premium falling due.

6. JUSTIFICATION

- 6.1 The premium is not applied until the property has been empty for more than two years which strikes a balance between providing a strong incentive for

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bringing empty homes back into use, and giving home-owners sufficient opportunity to sell or rent out their properties, or to complete any major renovations that might be required.

7. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

N/A - Decision to be taken by Council on 14 January 2019

Alison Spargo
Revenue Manager

Cllr Stuart Barker
Portfolio Holder for Assets and
Resources

BELOW TO BE FILLED IN BY REPORT AUTHOR:

| | |
|--|---|
| Wards affected | Potential for all wards to be affected but negligible impact |
| Contact for any more information | Ali Spargo Ext 5230 or Tracey Hooper Ext 5266 |
| Background Papers (For Part I reports only) | Link to regulations: Rating (Property in Common Occupation) and Council Tax Empty Dwellings Act 1918 |
| Key Decision | N |
| In Forward Plan | N |
| In O&S Work Programme | N |
| Community Impact Assessment attached: | N |
| Appendices attached: | N/A |