

REPORT TO: Cabinet

6 February 2019

LEAD CABINET MEMBER: Lead Cabinet Member for Finance

LEAD OFFICER: Interim Executive Director – Corporate Services

Council Tax Empty Homes Premium

Purpose

1. To consider if the Council wishes to utilise recent legislative changes to increase the Council Tax empty homes premium to act as an incentive to bring empty homes back into use.
2. This is a key decision because it is significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions, and it was first published in the November 2018 Forward Plan.

Recommendations

3. It is recommended that Cabinet consider the options at point 15 of the report. If members recommend either option 15A or 15C then they will be required to make the formal recommendations to Council to either implement the additional empty homes premium or remove the empty home premium.

Reasons for Recommendations

4. If members decide to recommend option 15A then charging the additional premium would further incentivise owners of empty properties to take steps to get their properties back into use. Homes that are empty for long periods are more likely to fall into disrepair and can attract anti-social behaviour.

Background

5. Within the regulations that govern the administration and collection of Council Tax, a number of exemptions apply where properties are empty for specified reasons. For example, an exemption could apply where the liable party has passed away and the executors become liable, or where a property is left empty as the liable party has moved away to receive care. Full details of circumstances under which such exemptions apply can be found in APPENDIX A.
6. Since April 2013, local authorities have had discretion to set some discounts and exemptions locally. These include for properties that are empty and those undergoing major structural repair. The government also allowed billing authorities to charge an additional 50% of the Council Tax on properties that had been empty for more than two years.
7. For the purposes of this charge, the legislation defines an empty property as one that is “empty and substantially unfurnished”. The calculation period for the empty homes premium does not start with a change of ownership, but rather from the date that the property became empty. Therefore it is sometimes the case that the additional

premium is payable from the date of purchase, where properties have already been empty for more than two years.

8. At a meeting of the full council in January 2013, it was agreed that the levels of locally-set discounts would be as follows:

Undergoing Major Structural Repair	100% discount up to 12 months
Empty and Substantially Unfurnished	no discount
Empty and Substantially Unfurnished for more that 2 years	50% additional premium

9. In November 2018, new legislation was passed to allow billing authorities to increase the premium charged on homes left empty for more than two years, by the following proportions:

1st April 2019 – 100% premium on properties empty for two years or more

1st April 2020 – 200% premium on properties empty for five years or more

1st April 2021- 300% premium on properties empty for ten years or more

Considerations

10. There has been much publicity around the subject of empty homes over the past few years which has highlighted that empty homes could be utilised to provide extra housing for those that are in need.
11. It is inevitable that there will always be some empty homes in the district, however it is widely accepted that properties left empty for long periods of time deteriorate more quickly, and may also attract anti-social behaviour which could negatively impact on communities.
12. The reasons for which properties are left empty can be varied and complex, although for many of the homes left empty across the district the reasons remain unclear.
13. As at 1st November, there were 180 homes in the district that were being charged the additional premium. Of these, the periods for which they had been empty are as follows:

Empty between 2-5 years = 100 properties

Empty between 5-10 years = 41 properties

Empty more than 10 years = 39 properties

14. The total average band D Council Tax charge in South Cambridgeshire is £1,745.51. Based on this figure, the annual charge for an average band D property empty for more than ten years would increase as follows:

2018 charge (50% premium) £2,618.26

2019 charge (100% premium) £3,491.02

2020 charge (200% premium) £5,236.53

2021 charge (300% premium) £6,982.04

15. The Council has a general discretion to reduce or remit Council Tax payable under section 13a of The Local Government Finance Act 1992 (as inserted by section 76 of the Local Government Act 2003). Where hardship is experienced, residents may apply for assistance via this route. Applications under section 13a are considered on

a case by case basis, and would need to set out the financial hardship experienced, along with details of action taken by the council tax payer to reduce the hardship. The full cost of any reductions via this route would be borne solely by the Council, and so decisions on such applications would need to consider the interests of all council tax payers.

Options

16. The options available in this matter are as follows:

- A) Increase the empty homes premium as permitted in law and outlined at point 9 of the report
- B) Retain the empty homes premium at the rate of 50%
- C) Remove the empty homes premium

Option 1 would act as an incentive for homeowners to take action to bring their property back into use, especially where homes have been empty for more than five years. Whilst there may be some dissatisfaction from those currently paying the 50% premium, when the views of all residents that participated in the consultation are combined, nearly 59% were in favour of increasing the premium. APPENDIX B contains the full details.

Option 2 would see the premium retained at the rate of 50% additional charge. Whilst this should still act as an incentive for some, there currently remains 80 properties where the charge has been imposed since 2013 that are still empty, 39 for more than 10 years now. Retaining the charge at the current level is unlikely to result in a reduction in the number of homes empty for more than 5 years.

Option 3 would see the empty homes premium being removed in its entirety, also removing the incentive for homeowners to take action to get their properties back into use. This option could lead to an increase in the number of long-term empty homes in the district.

Implications

17. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

18. In 2017, just over £130,000 was charged in empty homes premium. The amount retained by South Cambridgeshire District Council was around £17,000, with the remainder shared proportionately with major preceptors. In 2018, the forecast yield for South Cambridgeshire District Council is expected to be in the region of £20,000.

Legal

19. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 was enacted on 1st November 2018, amending section 11B of the Local Government Finance Act 1992 to provide for the increased premium to be charged. Advice has been sought from the 3C Legal and no concerns raised.

Consultation responses

20. Throughout November 2018, residents were consulted on the proposed changes. 180 letters were sent directly to the homeowners currently paying the additional premium,

