

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
9 January 2018

Subject: COUNCIL TAX DISCOUNT – EMPTY HOMES

All Ward(s)
Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

1.1 To seek agreement on changes to the Council's current Council Tax empty homes discounts.

1.2 Background legislation:

1.2.1 Local Authorities have the discretion to charge between 0% and 100% Council Tax on properties which are empty. The legislation allows local Authorities to apply the following:

1. Vacant properties undergoing 'major repair work or structural alteration' can attract a discount of 0%-100% for up to 12 months;
2. Properties which are 'unoccupied and substantially unfurnished' can attract a discount between 0% -100% for a period of 6 months;
3. Empty Homes Premium of up to 50% on properties which have been unoccupied and substantially unfurnished for two years or more, except where the property is left empty by a serving member of the armed forces or its an annexe. It is not the intention to penalise owners whose property is genuinely on the market for sale or rent and any policy should consider all factors regarding why the property is empty.

1.2.2 The Autumn budget of 2017 has indicated that this premium will increase to 100% with effect from 1 April 2019.

1.3 Current position:

1.3.1 With regards to empty properties Hambleton District Council currently applies the following:

1. Vacant properties undergoing 'major repair work' or 'structural alteration' attract a discount of 100% for 12 months.
2. Properties which are 'unoccupied and substantially unfurnished' attract a discount of 100% for 1 month followed by 50% discount for next 5 months.
3. Empty Home Premium is not charged in respect of properties which have been empty for more than 2 years

1.3.2 The Council Tax Base return for October 2017 shows that 1118 properties were classed as empty of which 494 had been for more than 6 months. On average over the previous 3 years 943 properties have been empty of which 428 have been for more than 6 months.

1.3.3 Analysis of the properties empty for more than 2 years shows the following:

25 properties empty over 10 years
 37 properties empty between 5 and 10 years
 68 properties empty between 2 and 5 years

1.3.4 When compared with neighbouring Councils it would appear that Hambleton is more generous. The table below shows the comparisons:

Council	'Major repair work' or 'structural alteration' discount (i)	'Unoccupied and substantially unfurnished' discount (ii)	Empty Homes Premium (iii)
Hambleton	100% discount for 12 months	1 month discount at 100% then 5 months 50% discount. After 6 months full charge due	No premium charged
Richmondshire	No discount	1 month discount at 100% then full charge due	Additional 50% charge on full amount of rates payable after 2 years being empty
Craven	100% discount for one month only	1 month discount at 100% then full charge due	Additional 50% charge on full amount of rates payable after 2 years being empty
Harrogate	50% discount for 12 months	7 days 100% charge followed by 25 weeks discount at 40% then full charge due	Additional 25% charge on full amount of rates payable after 2 years being empty
Ryedale	100% discount for 28 days	28 days discount at 100% then full charge due	Additional 50% charge on full amount of rates payable after 2 years being empty
Selby	20% discount for 12 months	100% for 1 month followed by 20% discount for 5 months	Additional 50% charge on full amount of rates payable after 2 years being empty
Scarborough	100% for 28 days only	100% for 28 days then full charge	Additional 50% charge on full amount of rates payable after 2 years being empty
York	50% discount for 6 months possible further 6 months on review	No discount	Additional 50% charge on full amount of rates payable after 2 years being empty
North East of England excluding Sunderland and Hartlepool Council	No discount	No discount	Additional 50% charge on full amount of rates payable after 2 years being empty

1.3.5 By law applicants cannot receive both the (i) 'major repair or structural alteration' and the (ii) 'unoccupied and substantially unfurnished' discounts so the Council determines the most relevant discount in accordance with the individual facts. As the facts rely on the state of the property this often involves the Enquiry Officer undertaking visits to verify the facts usually via photographic evidence as customers often challenge the decision regarding the readiness of properties.

1.3.6 The Council's Enquiry Officer has undertaken 95 visits in 2017 so far to establish the state of the reported empty home to ensure accurate application of discounts. In 216/17 a total of 167 visits were undertaken.

1.4 Proposed Position:

1.4.1 There is an opportunity to raise additional Council Tax income

1. by reducing the current level of discount awarded in respect of properties which are in need of 'major repair work or structural alterations' (i) from 100% for 12 months to no discount (0%); and
2. by reducing the level of discount awarded in respect of properties which are 'Unoccupied and substantially unfurnished' (ii) from 1 month discount at 100% then 5 months 50% discount to no discount after 1 month
3. by introducing an Empty Homes Premium (iii) where a property has been uninhabited for more than 2 years from no premium charge to an additional 50% charge on full amount of rates payable after 2 years of being empty

1.4.2 Lowering the 'major repair work or structural alteration' (i) discount at this Council from 100% for 12 months to no discount (0%) would result in all properties which were regarded as empty being assessed by the Council but by law are likely to fall into the category of 'unoccupied and substantially unfurnished' discount (ii). Therefore it is suggested that the 'Unoccupied and substantially unfurnished' (ii) discount at this Council is also changed – the 1 month 100% discount would remain the same but this would be followed by the full charge. .

1.4.3 The maximum Empty Homes Premium regulations currently allows Councils to charge 50% after a property has been empty and unfurnished for 2 years, this Council charges no premium. In the Autumn Budget 2017 it is indicated that there will be the option for Council's to charge 100% on empty homes from April 2019. It is suggested that the Council, from 1 April 2018 charges 50% empty homes premium which would bring Hambleton's discount in line with the majority of its neighbouring authorities as detailed in the table above.

1.4.4 In summary the proposed changes are:

Council	'Major repair work' or 'structural alteration' discount (i)	'Unoccupied and substantially unfurnished' discount (ii)	Empty Homes Premium (iii)
Current level of discount	100% discount for 12 months	1 month discount at 100% then 5 months 50% discount. After 6 months full charge due	No premium charged
Proposed level of discount	0% discount	1 month discount at 100% then full charge due	Additional 50% charge on full amount of rates payable after 2 years being empty

1.4.5 Additionally these changes also support the Council's wider strategy to encourage empty homes back into use as some owners may take action to improve or repair the property sooner thus preventing a negative impact on the neighbourhood.

1.4.6 It is proposed that these changes take effect from 1st April 2018.

2.0 LINK TO COUNCIL PRIORITIES:

2.1 Providing a special place to live is a priority for the Council. Empty homes can be waste of a precious resource in the district, particularly in areas of low availability. Some of the most problematic properties can cause distress to neighbours e.g. attract anti-social behaviour and may require enforcement action to be taken by the Council. Targeting empty homes could add benefits to regeneration areas sooner.

3.0 RISK ASSESSMENT:

3.1 Risk in approving the recommendation

Risk	Implication	Prob*	Imp*	Total	Preventative action
Council is seen to be unduly harsh to empty home owners	The reputation of the Council is negatively affected	3	4	12	Explain the aim of the policy is to bring back empty homes into use for the benefit of individuals and communities

3.2 The key risk is in not approving the recommendation(s) as shown below:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Premises remain vacant for an extended period and deteriorates having a negative impact on the neighbourhood	The reputation of the Council may be affected if it is seen to be ineffective in bringing back empty homes into use	4	3	12	Appropriate Enforcement action should be carried out by the Council.

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

4.0 FINANCIAL IMPLICATIONS:

4.1 Reduction of the 100% discount for 'major repair works or structural alterations' (i) to no discount (0%) would result in an increase of council tax of £124,571 based on current information from the system in December 2017.

4.2 Reduction of the 'unoccupied and substantially unfurnished' (ii) discount with the 1 month 100% discount remaining the same but this would be followed by the full charge would result in an increase of council tax of £278,848 based on current information from the system in December 2017.

4.3 The introduction of an Empty Home Premium would generate additional income at 50% of the Council Tax charged from 1 April 2018. Currently there are 130 properties which have been empty for over 2 years. Based on an average of all properties being a Band D equivalent at £1557.49 per annum this would introduce an additional charge of £778.74 per annum, which would result in a total of £101,236

- 4.4 In regards to the Empty Homes Premium, charging an additional 50% Council Tax after 2 years may encourage empty properties to be brought back into use sooner which would contribute towards the new homes bonus as well as increase the Council Tax base.
- 4.5 The additional council tax generated as described in paragraphs 4.1, 4.2 and 4.3 totals £544,655 and this Council, based on current proportionate split between all precepting authorities, would receive around 6% at £31,036. This will be absorbed into the overall council tax funding position in 2018/19.
- 4.6 Additional savings would be made in officer time and administration process (e.g. visiting time, queries and appeals) plus making eligibility for discounts easier for customers to understand.

5.0 LEGAL IMPLICATIONS:

- 5.1 There are no legal implications in considering this report.

6.0 EQUALITY/DIVERSITY ISSUES

- 6.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

7.0 RECOMMENDATION(S):

- 7.1 That Cabinet approves and recommends to Council that:
- (1) with effect from 1 April 2018 the 'Major repair work' or 'structural alteration' discount on empty properties will be reduced from 100% to no discount (0%) as detailed in para 1.4.1.1;
 - (2) with effect from 1 April 2018 the discount in respect of unoccupied and substantially unfurnished discounts will be 1 month 100% discount followed by a full 100% charge as detailed in paragraph 1.4.1.2; and
 - (3) with effect from 1 April 2018 the Empty Homes Premium is introduced at the maximum level of 50% where the property has been empty for 2 or more years as detailed in paragraph 1.4.1.3

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Background papers: None

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