

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
5 December 2019

Subject: COUNCIL TAX DISCOUNT – EMPTY HOMES

All Wards
Portfolio Holder for 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 and inform of the legislative changes to the levels of Empty Home premium available and for approval to increase the current premium to the maximums allowed in the legislation.

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:

- i. Vacant properties undergoing 'major repair work or structural alteration' can attract a discount of 0%-100% for up to 12 months;
- ii. Properties which are 'unoccupied and substantially unfurnished' can attract a discount between 0% -100% for a period of 6 months;
- iii. Empty Homes Premium of up to 100% 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 it is 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.

From 2020 where the property has been empty for 5 years or more the premium can rise to 200%.

From 2021 the premium can rise to 300% where the property has been empty for 10 years or more.

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 50% for 12 months.
2. Properties which are 'unoccupied and substantially unfurnished' attract a discount of 100% for 1 month followed by the full charge.
3. A 50% empty home premium is charged in respect of properties which have been empty for more than 2 years

1.3.2 The Council Tax Base return for October 2019 shows that 1,046 properties were classed as empty of which 498 had been for more than 6 months.

1.3.3 The latest empty home review showed that 190 properties are being charged the empty home premium.

1.3.4 The table below shows how Hambleton currently compares with neighbouring councils

Council	‘Major repair work’ or ‘structural alteration’ discount (i)	‘Unoccupied and substantially unfurnished’ discount (ii)	Empty Homes Premium (iii)
Hambleton	50% discount for 12 months	1 month discount at 100% then full charge due	Additional 50% charge on full amount of rates payable after 2 years being empty
Richmondshire	No discount	No discount <i>(recommendation waiting Council approval to be effective from April 2020)</i>	Additional 100% charge on full amount of rates payable after 2 years being empty From 2020 properties empty for 5years or more will be charged a premium of 200% From 2021 properties empty for more than 10 years will be charged a premium at 300% <i>(recommendation waiting Council approval)</i>
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 up to 12 months	7 days 100% charge followed by 25 weeks discount at 40% then full charge due	Additional 100% charge on full amount of rates payable after 2 years being empty. From 2020 properties empty for 5years or more will be charged a premium of 200% From 2021 properties empty for more than 10 years will be charged a premium at 300%

Council	'Major repair work' or 'structural alteration' discount (i)	'Unoccupied and substantially unfurnished' discount (ii)	Empty Homes Premium (iii)
Ryedale	100% discount for 28 days	28 days discount at 100% then full charge due	Additional 100% charge on full amount of rates payable after 2 years being empty From 2020 properties empty for 5 years or more will be charged a premium of 200% From 2021 properties empty for more than 10 years will be charged a premium at 300%
Selby	20% discount for 12 months	100% for 1 month followed by 20% discount for 5 months	Additional 100% charge on full amount of rates payable after 2 years being empty
Scarborough	No discount	100% for 28 days then full charge	Additional 100% charge on full amount of rates payable after 2 years being empty From 2020 properties empty for 5 years or more will be charged a premium of 200% From 2021 properties empty for more than 10 years will be charged a premium at 300%
York	50% discount for 6 months possible further 6 months on review	No discount	Additional 100% charge on full amount of rates payable after 2 years being empty

1.3.5 By law applicants cannot receive either 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.

1.4 **Proposed Position:**

1.4.1 There is an opportunity to raise additional Council Tax income

1. by reducing the level of discount awarded in respect of properties which are 'Unoccupied and substantially unfurnished' (ii) from 1 month discount to no discount (0%)

2. by altering empty homes premium charge (iii) where a property has been uninhabited for more than 2 years in line with the maximums stated in the legislation. (see point 1.2.1 (iii))
3. It is proposed that the 'major repair work' or 'structural alteration' discount of 50% for 12 months remains unchanged

1.4.2 The empty home premium regulations have changed to allow Councils to make further charges as outlined in paragraph 1.2.1 (iii) above. Currently the Council charges 50% on properties that have been vacant for 2 years or more. It is suggested that the Council, applies the empty home premium in line with the legislation. This means that from April 2020 any property, empty for more than 2 years, will incur an empty home premium at 100% (which is an increase of 50% on the current premium charged) Should the properties remain empty for 5 or 10 years then the higher premium as stated in the legislation would be applied.

1.4.3 In summary the proposed changes are:

	'Major repair work' or 'structural alteration' discount (i)	'Unoccupied and substantially unfurnished' discount (ii)	Empty Homes Premium (iii)
Current level of discount	50% discount for 12 months	1 month discount at 100% then full charge due	50% premium charged
Proposed level of discount	50% discount for 12 months (No change)	0% discount	Additional 100% charge on full amount of rates payable after 2 years being empty From 2020 where the property has been empty for 5 years a premium of 200%. From 2021 where the property has been empty for 10 years or more a premium of 300%

1.4.4 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 and provide an incentive for some owners to ensure that property for sale is appropriately priced.

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:

There are no significant risks identified with this recommendation.

4.0 FINANCIAL IMPLICATIONS:

- 4.1 Reduction of the 'unoccupied and substantially unfurnished' (ii) discount to no discount (0%) would result in an increase of council tax of £146,805 based on the average band D charge and current information from the system in September 2019.
- 4.2 The introduction of an empty home premium would generate additional income at 100% of the Council Tax charged from 1 April 2020. Currently there are 190 properties which have been empty for over 2 years. Based on an average of all properties being a Band D equivalent at £1,747.68 per annum this would introduce a charge of £1,747.68 per annum, which would mean an additional amount £166,0292 (50% additional premium charge)
- 4.3 The level of funding will alter as it is likely that some properties will have been re-occupied meaning they will be subject to the standard Council Tax charge rather than the higher premium levels.
- 4.4 In regards to the empty home premium, charging an additional amount in line with the legislation 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 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. This time could be spent more productively generating income by finding properties which would boost the tax base.

5.0 LEGAL IMPLICATIONS:

- 5.1 Section 11b Local Government Finance Act 1992 (as amended) allows the Council to charge a council tax premium.
- 5.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 provides for the premium to be increased as detailed in this report.

6.0 EQUALITY/DIVERSITY ISSUES:

- 6.1 There is no evidence suggest anyone covered by the Equality Act 2010 would be negatively impacted.

7.0 RECOMMENDATIONS:

- 7.1 That Cabinet approves and recommends to Council that:-
 - (1) with effect from 1 April 2020 the 'Major repair work' or 'structural alteration' discount on empty properties remains unchanged at 50% for 12 months;
 - (2) with effect from 1 April 2020 the discount in respect of unoccupied and substantially unfurnished discounts will be reduced from 1 month at 100% discount to no discount 1.4.3; and

- (3) with effect from 1 April 2020 the Empty Homes Premium is introduced at the maximum levels allowed in the legislation where the property has been empty for 2, 5 or 10 more years as detailed in paragraph 1.4.3.

LOUISE BRANFORD- WHITE
DIRECTOR OF FINANCE AND COMMERCIAL (S151 OFFICER)

Background papers: Section 11b Local Government Finance Act 1992 (as amended)
The Rating (Property in Common Occupation)
Council Tax (Empty Dwellings) Act 2018

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