



**COUNCIL**

**26<sup>TH</sup> FEBRUARY 2019**

**AGENDA ITEM (9)**

**PROPOSALS FOR CHANGES TO LOCAL COUNCIL TAX PREMIUMS**

<b>Accountable Member</b>	Councillor AW Berry Cabinet Member for Resources
<b>Accountable Officer</b>	Jon Dearing Group Manager - Customer Services, Revenues and Housing Support Services 01285 623304 <a href="mailto:jon.dearing@publicagroup.uk">jon.dearing@publicagroup.uk</a>

<b>Purpose of Report</b>	To consider proposals for changes to Long Term Empty Property Premiums (as recommended by the Cabinet).
<b>CABINET Recommendation</b>	<b>That the Long Term Empty Property Premium (currently set at 50%) be:-</b> <b>(a) increased to 100% from 1<sup>st</sup> April 2019 for those properties which are/have been empty for two years and over;</b> <b>(b) increased to 200% from 1<sup>st</sup> April 2020 for those properties which are/have been empty for five years and over;</b> <b>(c) increased to 300% from 1<sup>st</sup> April 2021 for those properties which are/have been empty for 10 years and over.</b>
<b>Reason(s) for Recommendation(s)</b>	This proposal seeks to incentivise owners to bring properties back into use as quickly as possible to maximise the housing stock of the District.

<b>Ward(s) Affected</b>	All (potentially)
<b>Key Decision</b>	Not applicable
<b>Recommendation to Council</b>	Yes, from the Cabinet

<b>Financial Implications</b>	<p>(i) An increase in the premium would provide a modest increase in finances for the Council (by up to £19,594 by 2021/22) although other principal preceptors such as the County Council will see more significant additional benefits (set out in <b>Appendix 'A'</b>).</p> <p>(ii) Should the premium prove successful from a policy perspective and reduce long-term empty properties, then there would be no financial benefit or indeed a small cost as current premium charges fall away.</p>
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<b>Legal and Human Rights Implications</b>	Councils now have discretion to apply higher premiums in respect of long term empty properties in an attempt to further incentivise property owners to bring properties back to the market by introducing a higher premium.
<b>Environmental and Sustainability Implications</b>	None
<b>Human Resource Implications</b>	None
<b>Key Risks</b>	There is a risk that raising additional charges on empty properties could lead to an increase in tax-avoidance tactics. This could include the creation of fictitious tenancies, increased claims for single person discount, and claims for exemption from premium payments. Steps will be taken to mitigate the risks identified through increased property controls, monitoring and on-site inspections.
<b>Equalities Analysis</b>	This was carried out as part of the national legislative process and there are no key groups affected beyond identified in that analysis

<b>Related Decisions</b>	Cabinet - 7 <sup>th</sup> November 2013 (CAB.51)
<b>Background Documents</b>	None
<b>Appendices</b>	<b>Appendix 'A'</b> - Proposal Illustration

<b>Performance Management Follow Up</b>	(i) Implement Council decision(s). (ii) The Revenues and Housing Support Service will monitor all premiums in line with local policy.
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<b>Options for Joint Working</b>	This approach has been developed in partnership West Oxfordshire District Council
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<b>Background Information</b>	
1.	Government has introduced new legislation intended to help local authorities increase the volume of their local housing stock by incentivising property owners to bring long term empty homes back into use to provide safe, secure and affordable homes. This will support local communities by increasing the supply of affordable housing and enhancing the sustainability of local communities without the necessity of additional new-build properties.
2.	A certain level of empty homes is inevitable due to housing market churn; however, long term empty properties are more likely to deteriorate and may result in associated anti-social behaviour in an area. There are a variety of reasons why properties remain empty, but it is important to try and encourage homeowners to bring empty properties back into use, particularly with the current pressure on finding housing for residents. There are currently 76 properties which have been unoccupied and unfurnished for more than two years within the District and, therefore, are already subject to an Empty Homes Premium.

3. Council Tax exemptions and discounts have historically been fixed nationally by law. For some years, the Council has been allowed discretion to locally set the level of discount which applies to second homes and empty homes - at between 10% and 50%. The Local Government Finance Act 2012 received Royal Assent on 31<sup>st</sup> October 2012 and the necessary enabling regulations were made to implement the changes in council tax discounts from 1<sup>st</sup> April 2013. The effect of this is that a number of nationally-set exemptions from council tax were abolished and replaced with locally-set discounts. In addition, the Council is entitled to charge an additional 50% council tax for most properties which have been empty for more than two years.

4. Cabinet gave approval for the premium to be applied with effect 1<sup>st</sup> April 2014 on those properties which had been empty for two years or more.

5. Government is now handing Local Authorities additional powers to further incentivise property owners to bring properties back to the market by introducing a higher premium. From 1<sup>st</sup> April 2019 this premium is set to increase to:-

- 100% premium from 1<sup>st</sup> April 2019 for those properties which are/have been empty for two years and over;
- 200% premium from 1<sup>st</sup> April 2020 for those properties which are/have been empty for five years and over;
- 300% premium from 1<sup>st</sup> April 2021 for those properties which are/have been empty for 10 years and over.

6. The above premiums reflect the maximum permitted increases - so Members could choose to apply lower percentage increases if they so wished.

7. There are, however, certain exemptions to this premium being applied. These include premises owned by members of the armed forces, annexes and properties that are genuinely on the market for sale or let.

#### 8. Cabinet Meeting - 17<sup>th</sup> January 2018

8.1 This matter was considered by the Cabinet at its Meeting held on 17<sup>th</sup> January 2019.

8.2 The relevant extract from the confirmed Minutes of that Meeting (Minute CAB.76 refers) is set out below:-

#### PROPOSALS FOR CHANGES TO LOCAL COUNCIL TAX PREMIUMS

*The Cabinet was requested to consider proposals for changes to Long Term Empty Property Premiums, for onward recommendation to the Council.*

*The Head of Paid Service introduced the item and, in conjunction with the Chief Finance Officer, responded to various questions from Members.*

*The Cabinet Member for Enterprise and Partnerships commented that, whilst he fully supported the changes proposed, he felt it was important that the changes did not penalise those whose properties were empty for good reason, e.g. probate.*

*In response, Officers confirmed that proportionate action would be taken, and owners, or indeed Members, could inform Officers of any empty properties and/or special circumstances within their Wards. The Cabinet was also advised that recruitment was currently taking place for an Empty Homes Co-ordinator, to lead on this and other aspects of empty properties.*

*In expressing their support for the proposals, a number of Members stressed the importance of communicating the changes as widely as possible.*

**RECOMMENDED that the Long Term Empty Property Premium (currently set at 50%) be:-**

**(a) increased to 100% from 1<sup>st</sup> April 2019 for those properties which are/have been empty for two years and over;**

**(b) increased to 200% from 1<sup>st</sup> April 2020 for those properties which are/have been empty for five years and over;**

**(c) increased to 300% from 1<sup>st</sup> April 2021 for those properties which are/have been empty for 10 years and over.**

**Record of Voting - for 6, against 0, abstentions 0, absent 0.**

(END)