

Decision maker:	Cabinet member finance and corporate services
Decision date:	Tuesday, 26 February 2019
Title of report:	Increasing council tax payments on empty properties
Report by:	Head of corporate finance

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To increase the council tax charge on empty properties.

Currently Herefordshire Council imposes a 50% premium council tax charge on unfurnished property empty for more than two years. This premium is proposed to increase to 100% from 1 April 2019. This is to encourage returning empty properties back into occupation.

Additionally it is proposed to increase the premium charge to 200% from 1 April 2020 if the property has been empty for more than five years and up to 300% from 1 April 2021 if the home has been empty for more than ten years.

Recommendation(s)

That:

- (a) The empty property council tax premium charge is increased as follows:-**
- a. 100% premium council tax charge on unfurnished property empty for more than two years from 1 April 2019 (this is currently 50%);**

- b. to increase the premium charge to 200% from 1 April 2020 if the property has been empty for more than five years;**
 - c. and up to 300% from 1 April 2021 if the home has been empty for more than ten years.**

Alternative options

1. The current premium charge could be retained. This is not recommended because to increase the premium charge is expected to increase the incentive for owners to bring empty properties back into use.
2. A lower level of premium charge could be levied. This is not recommended because the premiums proposed are the maximum charges permitted under current legislation in order to incentivise owners to bring empty properties back in to use.

Key considerations

3. Since 1 April 2014 empty properties have been liable for council tax. Where the property has been empty for a period of two years or more a premium of 50% may be imposed, meaning 150% of the council tax charge falls due. Where a property is left empty due to a deceased person, a statutory exemption from council tax is applied until probate is awarded.
4. Currently Herefordshire Council imposes a 50% premium council tax charge on unfurnished property empty for more than two years. Statutory authority has been granted to enable the council to increase this to a maximum of 300% for properties that have been empty for ten or more years. To implement this, it is proposed to implement the maximum increases allowable under statute in the following way:
 - 100% premium of the council tax charge payable from 1 April 2019;
 - increasing to 200% from 1 April 2020 if the property has been empty for more than five years; and
 - increasing to 300% from 1 April 2021 if the home has been empty for more than ten years
5. The council has seen decreases in long-term empty properties since the introduction of a premium charge, back in 2014. Currently there are around 130 properties paying the premium. Of those 130 properties, eight are registered as being empty for over 10 years and nine for over 5 years.
6. The council tax premium charge is only applicable to unfurnished properties that remain unoccupied for two or more years; furnished holiday properties would not be charged a premium.
7. The increase in the premium could see council tax income increase by around £100k pa and is proposed to support bringing empty properties back into use.

Community impact

8. Empty homes can attract anti-social behaviour or vandalism. By encouraging owners to bring homes back into occupation this risk is reduced.

9. It is intended to utilise resources generated from the premium charge to fund supporting solutions through the housing team. This will include providing guidance, support and sign posting to encourage the occupation of empty properties.

Equality duty

10.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
11. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

12. The council already monitors empty properties to apply the current premium charge therefore a premium rate change would not need additional resourcing.
13. Currently approximately 130 empty homes are charged the 50% premium therefore an increase in the premium rate could raise additional council tax income of approximately £100k pa. Actual numbers change daily and are dependent on external circumstances. The intention is for empty homes to be brought into use rather than to generate additional income.
14. Going forward it is proposed to increase the premium charge to 200% from 1 April 2020 if the property has been empty for more than five years, and up to 300% from 1 April 2021 if the home has been empty for more than ten years. Currently 8 properties are registered as being empty for over 10 years and 9 properties have been empty for over 5 years. This higher premium is proposed to encourage occupation of these properties to reduce the council tax charge to 100%.

Legal implications

15. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 gives councils discretion to charge a greater council tax premium on empty dwellings. Councils currently have power to charge a council tax premium of up to 50% on homes that have been unoccupied and substantially unfurnished for two years or more. This is in addition to the usual council tax charge for that property. From 1 April 2019 councils will be able to charge a premium of up to 100%.

16. The recommendations in the report comply with the legal requirements.

Risk management

17. There are no additional risks to this policy change however there is an implicit risk of empty properties not being identified to enable the premium to be charged. This is mitigated through visiting officers that are utilised to visit empty properties in addition to visits conducted as part of the council tax discount and exemption reviews to ensure these are correctly applied.

Consultees

18. None.

Appendices

None

Background papers

None identified