

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>15<sup>th</sup> FEBRUARY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR CORPORATE RESOURCES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/revenues and benefits/section 13a/proposal for 100% empty property premium
<b>SUBJECT:</b>	<b>COUNCIL TAX PREMIUM ON LONG-TERM EMPTY PROPERTIES</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 12</b>

## **1.0 Recommendations**

- 1.1 That consideration is given to increasing the Council Tax Premium from 50% to 100% on properties that remain empty for longer than 2 years.
- 1.2 That if approved, the increased Premium of 100% is effective from the financial year 2018/19.
- 1.3 That properties which have been actively marketed for sale or let are considered exempt from the Premium under the Council's Discretionary Policy.
- 1.4 That the Council Tax exemption for properties undergoing significant structural repairs is increased from 12 months to 2 years.

## **2.0 Purpose of Report**

- 2.1 To report a new discretion given to local billing authorities that will allow the Council Tax Premium on long term empty properties to be increased from 50% to 100%. This discretion was introduced in the Government's 2017 Autumn Budget in November.

## **3.0 Detail**

- 3.1 With the aim of bringing empty properties back into use, the Government introduced certain discretions, back in April 2013, for billing authorities to charge additional Council Tax on empty properties. The Council introduced these discretions locally and adopted the following Policy:
  - A free period with no Council Tax payable, of three months, after a property becomes empty, thereafter a full charge is made.
  - An empty property premium of 50%, on top of the full charge is levied after a property remains empty for two years or more.

3.2 A long-term empty property is defined as one which has stood unoccupied for longer than 2 years and is substantially unfurnished. Certain properties are excluded and these include:

- Properties where a person has been moved into residential care or hospital
- Properties where the occupant is away serving in the armed forces
- Properties that have been repossessed
- Properties classified as being derelict
- Properties that have been compulsory purchased awaiting demolition

3.3 Alongside this Premium, the Council also has a discretionary policy to reduce the Premium in exceptional cases, through a local discount. This applies where there are unavoidable circumstances that render a property impossible or extremely difficult to either let or sell. For example:

- Properties within retirement schemes where covenants/restrictions on sales and lets apply.
- Unused accommodation within retail or commercial units that cannot be made available to let or sale for access or security reasons.

3.4 This policy has been applied in a handful of cases since 2013.

3.5 The relevant property owners have been made aware that the Council is considering increasing the Premium, subject to Committee approval. Some feedback has raised other circumstances where property owners are having genuine difficulties in selling their property or making it habitable.

3.6 Two specific circumstances have been identified as follows:

- Where the owner has been actively engaged in attempting to sell the property over a period of time and can demonstrate this. It is proposed that these circumstances are added to the Council's discretionary policy and considered for the local discount.
- Where a property is subject to significant structural repairs or renovation. Currently, these properties are exempt from Council Tax for 12 months. It is proposed that this exemption is extended to 2 years.

3.7 It is envisaged that these circumstances will be rare and the policy would only be applied in exceptional circumstances.

#### **4.0 Financial Implications**

4.1 The Premium currently applies to 104 properties.

- 4.2 The increase from 50% to 100% would generate additional income of approximately £80,000 per year, of which £9,000 would directly benefit the Council.
- 4.3 In addition, a reduction in the number of empty homes generates additional New Homes Bonus at the national average Band D Council Tax rate of £1,590 per property.
- 4.4 The projected level of long-term empties is expected to increase to approximately 130 by April 2018. This is currently under review with remedial activity and intervention being progressed.

## **5.0 Corporate Implications**

- 5.1 The discretion would be enacted under provisions contained within the Local Government Finance Act 1992.

## **6.0 Community Implications**

- 6.1 The objective of Government Policy nationally of increasing the Premium, is to bring forward the use of empty properties to increase the supply of housing across the Country.

## **7.0 Background Papers**

- 7.1 None