

CORPORATE OVERVIEW PANEL: 18 NOVEMBER 2004
CABINET: 1 DECEMBER 2004

COUNCIL TAX DISCOUNT: POLICY REVIEW LONG TERM EMPTY PROPERTIES

1. INTRODUCTION

- 1.1 Members will probably recall that Local Authorities now have discretionary powers to reduce the council tax discount on
 - Long term empty properties and
 - Unoccupied furnished properties (often referred to as 'second homes')
- 1.2 On 7 December 2003 the Cabinet reduced the council tax discount on all unoccupied furnished properties ('second homes') from 50% to 10%, effective from 1 April 2004.
- 1.3 The council tax discount on long term empty properties was not changed and currently remains at 50% of the full charge. Further analysis of these properties was considered appropriate before any changes were considered.
- 1.4 This report gives Members the opportunity to review the discount policy in respect of long term empty properties, taking into account the results of a survey of the owners of these properties.
- 1.5 Once the policy has been set by Members discretion cannot be exercised in individual cases no matter how deserving the circumstances may be.
- 1.6 A separate report has been prepared in respect of unoccupied furnished properties ('second homes').

2. THE LEGISLATION

- 2.1 From December 2003 Billing Authorities have had the discretionary power to change the discount on long-term empty properties (i.e. those that have been empty for six months or more), in accordance with certain Regulations.
- 2.2 The Regulations set out one class of such properties

Class C: Dwellings which are unoccupied and substantially unfurnished
- 2.3 The Regulations provide that a billing authority may reduce the council tax discount from the nationally set 50% to a lower discount or allow no discount at all, in some or all of its area.

3 SURVEY OF OWNERS OF LONG TERM EMPTIES

- 3.1 A survey was conducted in July 2004 on all properties registered in the council tax records as ' long-term empties'. Officers from Tax & Benefits and Housing undertook the survey. This approach was taken because the Council has to comply with the Best Value Performance Indicator (BVPI 64) relating to bringing back in to use long term empty properties. A copy of the survey form is attached for information (Appendix 1)
- 3.2 The information obtained from the survey will help to inform Members about the best course of action to take in respect to council tax discounts and enable Officers to create initiatives to assist in the delivery of a balanced housing market not just for homelessness but other groups, e.g. key workers, families wishing to rent in the private sector only, etc.
- 3.3 The survey was sent to 576 properties and 344 responses were received. This equates to a 60% response. An analysis of the 344 responses is shown below. Most respondents ticked a number of boxes.

For Sale	87
Occupied	50
Being Renovated	156
Trying to Let	22
Outcome of will or probate	1
Keeping options open	6
Second Home	49
Help or advice required	52
Seeking Demolition	25
Caravans chalets etc.	24
Publicly owned	13

- 3.4 The survey has shown that a number of properties registered as long term empties were wrongly classified in the council tax records. This is partly due to the fact that the owners of the properties have not kept the council informed of relevant changes and partly due to the status of properties changing between the times the survey forms were printed and the date they were completed by the owners.
- 3.5 Officers from Tax & Benefits currently verify the status of all empty properties every six months by carrying out inspections. Any changes required are applied retrospectively.
- 3.6 Importantly, the results of the survey have not revealed good reasons why the discount should remain at 50%.

4. FINANCIAL IMPLICATIONS

- 4.1 Where a Billing Authority reduces the council tax discount on long-term empty properties, the financial impact on the Billing Authority and the precepting authorities is largely dependant on their individual Revenue Support Grant positions.
- 4.2 For many authorities, the additional income raised from the empty properties is matched by a reduction in Revenue Support Grant (RSG). As this Council is on the RSG 'Floor', the policy change will generate approximately £38,000 additional Council Tax income for the Council with no RSG reduction. The Town and Parish Councils will benefit be approximately £14,000.
- 4.3 Any additional cost of administration will fall entirely on the District Council, as the billing authority.
- 4.4 Clearly if Members were to remove the discount completely, the council tax bills for the owners of the long term empty properties would more than double next year. In addition to the financial benefit to this Council and the Town and Parish Councils, there may be other good reasons for considering this possible option. In particular it may lead to a reduction in the number of empty properties.

5. **EMPTY PROPERTY STRATEGY**

- 5.1 The Council's Empty Property Strategy aims to bring empty properties back in to use. Using the Council's 'Heart of the Forest' objectives then linking together cross and inter – departmental working aids this approach. The strategy is then achieved via a number of initiatives – including:
 - Engaging with owners to inform them of what grants are available for renovation work.
 - Advising how to improve heat conservation.
 - Advising on the grants that are available for low income vulnerable tenants.
 - Advising owners how to let and manage their properties (via the private landlord forum) and via the Council's leasing scheme.
 - As a last resort an enforcement notice to owners can be issued.
- 5.2 As previously mentioned the Best Value Performance Indicator (BVPI 64) measures the number of long term empty properties that are returned back to use. Currently the Council has achieved top quartile performance. Reducing the council tax discount on long term empty properties is one other step that the Council can take to try and encourage owners to bring properties back into use.
- 5.3 The number of long term empty properties shown in our council tax records reduced from 588 in April 2004 to 489 in October 2004.
- 5.4 Follow up contacts with empty property owners following the recent survey are already proving fruitful. This includes a private owner and the County Council who have agreed to provide properties for the Council's leasing scheme.

6 CONSULTATIONS

- 6.1 Town and Parish Councils have been informed of the discretions available to the District Council and asked if they wish to express any views on the subject. Five responses have been received. The general view from the local councils that responded is that the discounts should be reduced to the lowest levels possible.

7. CORPORATE OVERVIEW PANEL RECOMMENDATION

- 7.1 At the Corporate Overview Panel of 18 November 2004, Members agreed to recommend to Cabinet that no Council Tax discount should apply to Class C properties.

8. PORTFOLIO HOLDER COMMENTS

- 8.1 The empty property strategy as outlined in this report and the resulting recommendation has my full support..

9. CONCLUSIONS

- 9.1 Empty properties do have an adverse impact on neighbourhoods and neighbouring properties. They can attract unwarranted and unwanted attention from criminal elements in society, i.e. illegal drug and drinking dens, vandalism, etc. Therefore, this type of activity can have a major effect on the value of neighbouring properties by at least a drop of 10% of the open market value, (Empty Homes Agency, 2003).
- 9.2 A survey of long term empty properties has been carried out. This shows the position at a snap shot in time but it has not revealed a list of valid reasons for keeping the council tax discount at 50%.
- 9.3 A reduction in the discount rate is another tool that the Council can use to try and encourage owners to bring long term empty properties back into use.
- 9.4 The Council may reduce the discount from 50% to a lower discount or allow no discount at all.

10. RECOMMENDATION

- 10.1 It is recommended that Members apply no council tax discount to class C properties - dwellings that are unoccupied and substantially unfurnished (i.e. those that have been empty for six months or more)

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Background Papers:

Part 6 of the Local Government Act
2003, subsequent Government
Regulations and Information Letters

Report to Cabinet dated 7 January 2004

COUNCIL TAX REF: XXXXXXXX

EMPTY PROPERTY QUESTIONNAIRE

Please read the attached notification carefully and return this questionnaire duly completed in the pre-paid envelope provided.

Q1. What type of property is this address?

TICK ONE BOX ONLY

House Flat/maisonette **Q2. Is this property above a shop, office or any other commercial premises?**

TICK ONE BOX ONLY

Yes No **Q3. How many rooms does this property have, excluding kitchen and bathrooms?**

WRITE IN BOX/ES

Q4. Why is this property currently empty?**TICK ALL BOXES THAT APPLY**

- | | | | |
|---|--------------------------|------------------------------------|--------------------------|
| It is being repaired/renovated | <input type="checkbox"/> | Short lease, not worth letting | <input type="checkbox"/> |
| I am planning to repair/ renovate it soon | <input type="checkbox"/> | Planning restrictions | <input type="checkbox"/> |
| I can't afford to repair/renovate it | <input type="checkbox"/> | Tax reasons | <input type="checkbox"/> |
| It has no separate/usable entrance | <input type="checkbox"/> | I am trying to sell it | <input type="checkbox"/> |
| I am trying to let it | <input type="checkbox"/> | Waiting for the right time to sell | <input type="checkbox"/> |
| I would like to let it, but don't know how to | <input type="checkbox"/> | Keeping my options open | <input type="checkbox"/> |
| I don't want the trouble of finding tenant to let it to | <input type="checkbox"/> | Property is occupied/not empty | <input type="checkbox"/> |
| I don't want the trouble of having tenants living there | <input type="checkbox"/> | I live in part of building | <input type="checkbox"/> |
| Awaiting outcome of will/ probate | <input type="checkbox"/> | I wish to live in it myself | <input type="checkbox"/> |
| There is more than one owner | <input type="checkbox"/> | Family/friends will live in it | <input type="checkbox"/> |

Q5. Which of these services, if any, do you think might encourage you to bring this property back in to use? **TICK ALL BOXES THAT APPLY**

- | | | | |
|--|--------------------------|---|--------------------------|
| Grant to help pay for repairs/renovation | <input type="checkbox"/> | Help/advice in finding letting/managing agent | <input type="checkbox"/> |
| Loan, with preferential rate, to help pay for repairs/ renovation | <input type="checkbox"/> | Guaranteed rental income, with no involvement | <input type="checkbox"/> |
| Professional service to manage repairs/ renovation for you (eg finding architect/ builder) | <input type="checkbox"/> | Help/advice in finding a tenant | <input type="checkbox"/> |
| | | Help/advice in selling it | <input type="checkbox"/> |
| | | None of these | <input type="checkbox"/> |
-

Q6. Generally, who would you prefer to get these services from?

TICK ALL BOXES THAT APPLY

- | | |
|-----------------------------------|--------------------------|
| Council | <input type="checkbox"/> |
| Landlord organisation | <input type="checkbox"/> |
| Bank/other financial organisation | <input type="checkbox"/> |
| Independent advice agency | <input type="checkbox"/> |
| Housing Association | <input type="checkbox"/> |
| None of these/don't want any | <input type="checkbox"/> |
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