

COUNCIL TAX - EMPTY HOMES PREMIUM

1. INTRODUCTION

- 1.1 The purpose of this report is to consider the Council Tax empty homes premium as recommended in 4 December 2019 Cabinet report.
- 1.2 The effective date of any change would be 1 April 2021.

2. Background

- 2.1 The government have stated that they “want to address the issue of empty properties. It can’t be right to leave a property empty when so many are desperate for a place to live”. Two years is considered sufficient time for homeowners to sell, rent or complete any major renovations that might be required, and the premium seeks to incentivise owners to bring their properties back into use.
- 2.2 Under the Council Tax (Empty Dwellings) Bill 2018, from April 2019 local authorities have the discretion to charge up to 100% council tax premium on properties which have been unoccupied and substantially unfurnished for more than two years, thereby doubling the council tax on a property.
- 2.3 The government introduced additional changes so that:
 - From April 2020, local authorities can charge up to 200% council tax premium on properties which have been empty for more than 5 years
 - From April 2021 local authorities can charge a premium of up to 300% on properties which have been empty for more than 10 years
- 2.4 There are certain exemptions in place for homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of the main property. While not an exemption, guidance states that consideration should be given for properties which are genuinely for sale or available to rent, and that owners should not be penalised in cases of hardship. These decisions are to be made on a case by case basis.

3. THE CURRENT COUNCIL TAX PREMIUMS

- 3.1 For properties that have been empty for more than two years, the council introduced an Empty Homes Premium of 50% from 2019, and increased this to 100% from April 2020.
- 3.2 For properties that have been empty for more than five years, the council considered an incremental approach and introduced an Empty Homes Premium of 150% from April 2020, with a recommendation to review this in 2020 and consider if the premium should be increased to 200%. The 2019 Task and Finish Group also recommend reviewing the Empty Homes Premium in 2020 for properties that have been vacant and unfurnished for more than 10 years.
- 3.3 The aim of introducing the premiums is to encourage owners of empty properties to bring them back into use.

3.4 The current number of empty properties are summarised as follows:

Conditions	Discretion available	Current premium applied by NFDC	Quantity
Vacant for 2 years or more	Up to 100%	100%	108
Vacant for more than 5 years	Up to 200%	150%	32
Vacant for more than 10 years	Up to 300%	150%	11

(Quantities are based on figures as at 21 August 2020)

3.5 Taxpayers affected could avoid the premium by furnishing the property so that the premium does not apply.

3.6 Tackling empty homes is part of our emerging Private Sector Housing Strategy and the council's Private Sector Leasing Scheme is promoted on any communication.

3.7 Due to the impact of COVID-19 the 2020 Task and Finish Group was not formed and the review did not take place. It is recommended by the Revenue and Benefits Service Manager, who has been in consultation with the Portfolio Holder for Finance, Investment and Corporate Services, to retain the current premiums and to review this in 2021. The aim of the premium has not been to generate additional income but to incentivise and encourage properties to become occupied.

4. **IMPACT OF COVID-19**

4.1 The impact of COVID-19 has affected some homeowners of empty properties, including building works having to be suspended and the housing market.

5. **FINANCIAL IMPLICATIONS**

5.1 The financial implications of the above are:

Empty Homes Premium – Increasing the premium to from 150% to 200% could increase income by £34,000 and introducing a 300% premium for properties which have been vacant and unfurnished for more than 10 years could increase income by £42,000, of which the council's share is 10%.

6. **RECOMMENDATIONS**

6.1 That the Panel recommends to Cabinet that the current empty homes premiums remain unchanged from 1 April 2021.

6.2 To review, by Task and Finish Group in 2021, the Empty Homes Premium applicable from 1 April 2022.

Further Information:

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