

COUNCIL TAX EMPTY HOMES PREMIUM AND CARE LEAVER DISREGARD

1. RECOMMENDATION

- 1.1 That the Corporate Affairs and Local Economy Overview and Scrutiny Panel recommends to Cabinet the following:
- a) that the empty homes premium is increased from 150% to 200% for properties that have been vacant and unfurnished for more than five years, and
 - b) that the empty homes premium is increased from 150% to 300% for properties that have been vacant and unfurnished for more than ten years, and
 - c) where a property is subject to an empty homes premium and a new owner becomes liable for council tax, they will be exempt from the premium for a six-month period, and
 - d) the adoption of a care leaver disregard for care leavers aged under 25

2. INTRODUCTION

- 2.1 The purpose of this report is to consider the recommendations of the Council Tax Reduction Task and Finish Group on Council Tax Empty Homes Premium and a care leaver disregard for council tax purposes.
- 2.2 The effective date of any change would be 1 April 2022.

3. EMPTY HOMES PREMIUM

- 3.1 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.
- 3.2 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 2 years, thereby doubling the council tax on a property.
- 3.3 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 unoccupied and substantially unfurnished for more than 5 years
 - From April 2021 local authorities can charge a premium of up to 300% on properties which have been unoccupied and substantially unfurnished for more than 10 years
- 3.4 There are certain exemptions in place for properties 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 be made on a case-by-case basis and regularly reviewed.

4. OUR CURRENT POLICY

- 4.1 The aim of introducing the Empty Homes Premiums is to encourage owners of empty properties to bring them back into use.
- 4.2 Tackling empty homes is part of our emerging Private Sector Empty Homes Strategy and the Private Sector Housing and Revenues teams work together. The council's Private Sector Leasing Scheme is promoted on any Empty Home Premium communication.
- 4.3 If an unoccupied and substantially unfurnished property is furnished, such that it is capable of being lived in, a premium does not apply.
- 4.4 For properties that have been unoccupied and substantially unfurnished for more than 2 years, the council introduced an Empty Homes Premium of 50% from 2019, and increased this to 100% from April 2020.
- 4.5 For properties that have been unoccupied and substantially unfurnished for more than 5 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%. Due to the pandemic the Empty Homes Premium remained unchanged from 1 April 2021.
- 4.6 The Empty Homes Premiums can be summarised as follows:

Conditions	Premium applicable from 1 April 2019	Premium applicable from 1 April 2020	Premium applicable from 1 April 2021
Empty for 2 years or more	50%	100%	100%
Empty for more than 5 years	50%	150%	150%
Empty for more than 10 years	50%	150%	150%

- 4.7 The current number of empty properties subject to the empty homes premium and the level of discretion available are summarised as follows:

Conditions	Discretion available	Current premium applied by NFDC	Quantity
Vacant for 2 years or more	Up to 100%	100%	91
Vacant for more than 5 years	Up to 200%	150%	29
Vacant for more than 10 years	Up to 300%	150%	11

(Quantities are based on figures as at 21 August 2021)

5. TASK AND FINISH GROUP DISCUSSION

- 5.1 The Task and Finish Group discussed increasing the premium to 200% where a property has been vacant and unfurnished for more than five years and to 300% where a property has been vacant and unfurnished for more than 10 years to encourage properties to become occupied.
- 5.2 Currently, there are 29 properties which have been unoccupied and substantially unfurnished for more than 5 years and 11 for more than 10 years.

- 5.3 To encourage properties to be brought back into use, the Task and Finish Group recommend:
- a) increasing the premium from 150% to 200% where a property has been vacant and unfurnished for more than 5 years and
 - b) increasing the premium from 150% to 300% where a property has been vacant and unfurnished for more than 10 years.
- 5.4 The additional council tax charged would be approximately £24,000 and £32,000 respectively. Therefore, the potential additional total income could be circa £56,000 of which £5,600 would come to NFDC. However, if proposals are successful and properties are brought back into use the additional income could overall be less.
- 5.5 The Group were mindful of the impact of the premium on new owners of a property that has been subject to the premium and where the property remains vacant and unfurnished, and who are seeking to bring the property back into use. In these circumstances an exemption will be applied and be kept under regular review.
- 5.6 If the recommendations are approved, all affected taxpayers who will be liable to the increased premiums from 1 April 2022 will be notified in writing as soon as practically possible. Information promoting our Private Sector Leasing scheme will again be included in the letter.

6. CARE LEAVER DISREGARD

- 6.1 From 1 April 2020 to support the Government's "Keep on caring" strategy the Council introduced a council tax exemption for Care Leavers solely liable to pay council tax or where there is more than one occupier and all the occupiers are Care Leavers, aged under 25. Care Leavers are adults who have spent time in foster or residential care, or in other arrangements outside their immediate or extended family, before the age of 18.
- 6.2 The Group discussed introducing a new council tax person disregard so that there is a disregarded for council tax purposes to care leavers aged under 25. This will provide support to those liable to pay council tax where they were previously entitled to a 25% single person discount which no longer applies as the care leaver has reached the age of 18 and does not fall into any of the other disregard categories, for example a student, or where the person liable for council tax provides accommodation to a Care Leaver over the age of 18.
- 6.3 The Council has no accurate information on how many council tax payers this would affect as there is no requirement to disclose this information, but it is likely to be a small number.
- 6.4 The disregard is permitted under S13A Local Government Finance Act 1992.
- 6.5 The Group recommend that a care leaver disregard be introduced from 1 April 2022.

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications of each of the above are:

Empty Homes Premium – Increasing the premium to 200% for properties which have been vacant and unfurnished for more than 5 years could increase income by £24,000 and Increasing the premium to 300% for properties which have been vacant and unfurnished for more than 10 years could increase income by £32,000, of which the council's share is 10%. However, as stated, the aim is to encourage properties to be brought back into use so if the proposals are successful then there may be a reduction in long term empty properties so a reduction in current income.

Care Leaver Disregard – Implementing a care leavers disregard will be a cost to the council, however numbers are expected to be small.

8. CRIME & DISORDER IMPLICATIONS / ENVIRONMENTAL IMPLICATIONS / DATA PROTECTION IMPLICATIONS

8.1 There are none.

9. EQUALITY & DIVERSITY IMPLICATIONS

9.1 Implementing a Care Leavers disregard will provide support to households with a care leaver aged under 25.

For further Information Contact:

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Background Papers:

Minutes of Task & Finish Group