

Gloucester City Council

Report to:	Cabinet Council	Date:	9 January 2019 24 January 2019
Subject:	Council Tax – Empty Homes Premium		
Report Of:	Cabinet Member for Performances and Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
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Appendices:	1. Council Tax – Empty Homes Premium – DCLG 2. Section 12 Local Government Finance Act 2012 – as amended 3. Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The purpose of the report is to recommend the introduction of a Council Tax Empty Homes Premium be applied to all homes which meet the criteria at the following rates;
- From 01 April 2019 – empty homes premium of 50% (total Council Tax charge of 150%) to apply to all homes which have been unoccupied and substantially unfurnished for more than two years
 - From 01 April 2020 – empty homes premium of 100% (total Council Tax charge of 200%) to apply to all homes which have been unoccupied and substantially unfurnished for more than two years but less than five years
 - From 01 April 2020 – empty homes premium of 200% (total Council Tax charge of 300%) to apply to all homes which have been unoccupied and substantially unfurnished for more than five years
 - From 01 April 2021 – empty homes premium of 100% (total Council Tax charge of 200%) to apply to all homes which have been unoccupied and substantially unfurnished for more than two years but less than five years
 - From 01 April 2021 – empty homes premium of 200% (total Council Tax charge of 300%) to apply to all homes which have been unoccupied and substantially unfurnished for more than five years but less than ten years
 - From 01 April 2021 – empty homes premium of 300% (total Council Tax charge of 400%) to apply to all homes which have been unoccupied and substantially unfurnished for more than ten years

2.0 Recommendations

2.1 Cabinet is asked to RECOMMEND TO COUNCIL that

- (1) A Council Tax Empty Homes Premium of 50% is implemented from 01 April 2019 in respect of properties that have been unoccupied and substantially unfurnished for more than two years, increasing to 100% from 01 April 2020..
- (2) The Empty Homes Premium be implemented from 01 April 2020 at 200% on properties which have been empty for more than five years and from 01 April 2021 at 300% on properties which have been empty for more than ten years.

2.2 Council is asked to RESOLVE that

- (1) A Council Tax Empty Homes Premium of 50% is implemented from 01 April 2019 in respect of properties that have been unoccupied and substantially unfurnished for more than two years, increasing to 100% from April 2020.
- (2) The Empty Homes Premium be implemented from 01 April 2020 at 200% on properties which have been empty for more than five years and from 01 April 2021 at 300% on properties which have been empty for more than ten years.

3.0 Background and Key Issues

- 3.1 Council Tax charges are the means by which local residents make a contribution towards the cost of local services, for example, the police, fire services, education and housing.
- 3.2 Local authorities have the discretion to charge between 0% and 100% Council Tax on properties which are 'unoccupied and substantially unfurnished' for a period of up to six months.
- 3.3 Currently empty properties in Gloucester City receive a discount of 25% for the first six months of being unoccupied, which then reverts to 100% of the Council Tax charge after that initial six month period expires.
- 3.4 Prior to April 2013 Local Authorities could charge up to a maximum of 100% council tax on domestic dwellings which had been empty for more than two years.
- 3.5 From 1 April 2013 Section 12 of the Local Government Finance Act 2012 amended Section 11B, which allows Local Authorities in England to set Council Tax on long term empty properties at 150% of the normal liability.
- 3.6 From 1 April 2019 Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increases this further in a 'stepped' approach which allows:
 - From 01 April 2019, an additional empty homes premium of 100% on properties which are empty for more than two years
 - From 01 April 2020, an additional empty homes premium of 100% on properties which are empty for more than two years and less than five years
 - From 01 April 2020, an additional empty homes premium of 200% on properties which are empty for more than five years

- From 01 April 2021, an additional empty homes premium of 100% on properties that are empty for more than two years but less than five years
- From 01 April 2021, an additional empty homes premium of 200% on properties that are empty for more than five years but less than ten years
- From 01 April 2021, an additional empty homes premium of 300% on properties which are empty for more than ten years

3.7 The purpose of the Empty Homes Premium is to encourage property owners of long term empty properties to bring those properties back into use.

3.8 A long term empty property must have been unoccupied and substantially unfurnished for at least two years. This legislation has become known as the 'Empty Homes Premium'.

3.9 The premium may be applied when the property has been empty for two years irrespective of how long the current owner has owned the property. If the property is occupied for a period of six weeks or less it is regarded as not having been occupied for the purposes of the two year period.

3.10 There are two classes of dwellings which are exempt from the empty homes premium. These are:

- A dwelling which would normally be the sole or main residence of a member of the armed services, who is absent from the property as a result of such service
- a dwelling [annexe] which forms part of a single property that is being treated by a resident of that property as part of the main dwelling.

3.11 Gloucester City has 57,256 domestic dwellings*. There are currently approximately 353 empty homes in Gloucester, which have been empty for more than two years and are unoccupied and substantially unfurnished. This represents 0.61% of properties in Gloucester. If those homeowners took no action to bring their properties back into use, then it is estimated that introducing an Empty Homes Premium of 50% will generate additional Council Tax income of approximately £225,791.78.

3.12 Gloucester City Council would retain approximately £26,756.23 of this with Gloucestershire County Council and Gloucestershire Police Crime Commissioner benefitting from the remainder.

3.13 In addition, if long term empty properties can be brought back into use then a further beneficial impact will be from the New Homes Bonus for which the City Council retains a payment per property, which is based on a national average council tax band D charge

4.0 Reasons for Recommendations

4.1 The Government encourages local authorities to tailor council tax policy and discounts towards local situations and priorities. Locally in Gloucester we have seen homelessness increase year on year, and some housing is in short supply. The purpose of the Empty Homes Premium is to encourage property owners of long term empty properties to bring those properties back into use. In Gloucester there are currently approximately 160 households in temporary accommodation, so even

if the policy were to bring a small number of empty properties back to the market then this would be beneficial to the local housing supply.

- 4.2 From April 2019, legislation does allow Gloucester City Council to impose a 100% levy on Council Tax to those owners of long term empty properties. However, by imposing a 50% premium initially, it is considered that this is a more moderate approach and will give those long term empty owners time to consider their options prior to a more significant increase in April 2020.
- 4.3 At the same time the policy would help address some negative community effects associated through long term empty properties which are more likely to fall into disrepair and be subject to anti-social behaviour, such as squatting or vandalism.
- 4.4 Some long term properties can be a source of complaint before the new proposed council tax measures can be implemented (properties empty for less than two years) and where a property is found to be causing a statutory nuisance, poses a risk to health and safety or is deemed an 'eyesore', the Council can take enforcement action through its regulatory functions including environmental health, planning enforcement and building control
- 4.5 In Gloucestershire, Stroud District Council, Cotswold District Council, Tewkesbury Borough Council and Cheltenham Borough Council all charge the Empty Homes Premium – it is not yet known how many of these will choose to apply the new premium level being introduced from April 2019
- 4.6 Nationally 291 out of 326 local authorities applied an Empty Homes Premium in the 2017/18 year. It is not yet known how many will choose to apply the new premium level being introduced from April 2019

5.0 Future Work and Conclusions

- 5.1 By setting out the policy now, for introduction over the next three financial years, Gloucester City Council would be using the most recent legislation and encouraging those owners of long term empty properties to bring those properties back into use. Gloucester City Council has also recently launched a private landlord incentive scheme to encourage landlords to bring properties back into use.
- 5.2 All potentially affected council tax payers would be written to and the letter would include details of the private landlord incentive scheme

6.0 Financial Implications

- 6.1 There are currently approximately 353 empty homes in Gloucester, which have been empty for more than two years and are unoccupied and substantially unfurnished. If these homeowners took no action to bring their properties back into use, then it is estimated that introducing the lower 50% Empty Homes Premium will generate additional Council Tax income of approximately £225,791.78, of which Gloucester City Council would retain around £26,000. However, the additional income is likely to be less than this in practice as it is expected that the new premium will have the desired effect to encourage those homeowners to bring their properties back into use instead.

(Financial Services have been consulted in the preparation of this report)

7.0 Legal Implications

- 7.1 Section 11B Local Government Finance Act 1992 (as amended).
Section 67(2) of the Act provides that the power to decide to introduce a premium can only be exercised by full Council

The Rating (Property in Common occupation) and Council Tax (Empty Dwellings) Act 2018 provides for the premium to be increased as detailed in 3.4 of this report

There is a legal requirement for the Council to publish any decision using these powers in a local newspaper with 21 days of the decision

(One Legal have been consulted in the preparation of this report)

8.0 Risk & Opportunity Management Implications

- 8.1 It may be difficult to collect the increased Council Tax due, but all available options will be explored to mitigate this risk
- 8.2 The premium may be viewed as unnecessarily punitive to empty home owners however this is mitigated by the positive social benefits that would accrue if more empty homes are brought back into use as a result of this policy

9.0 People Impact Assessment (PIA):

- 9.1 A PIA screening assessment has been undertaken and the assessment is neutral. A full PIA is not required

10.0 Other Corporate Implications

Community Safety

- 10.1 The Empty Homes Premium should have a positive effect on reducing anti-social behaviour associated with long term empty properties

Sustainability

- 10.2 Not applicable

Staffing & Trade Union

- 10.3 Not applicable

Background Documents:

*data as at 01.12.2018