

# Cabinet Report



Listening Learning Leading

Report of Head of Finance

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To: CABINET

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## Council Tax Empty Homes Premium

### Recommendations

That the Council be recommended

That in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Long Term Empty Property Premium (currently set at a 50%) is:

- (i) Increased to 100% from 1 April 2019 for those properties which are empty for 2 years and over
- (ii) Increased to 200% premium from 1 April 2020 for those properties which are empty for 5 years and over
- (iii) Increased to 300% premium from 1 April 2021 for those properties which are empty for 10 years and over

### Purpose of Report

1. The purpose of this report is for Cabinet to recommend to Council the level of premium to be applied to long-term empty dwellings.

### Corporate Objectives

2. By reviewing and varying the levels of discount that can be applied to long term empty properties it may encourage owners to bring dwellings back into use and therefore contribute the strategic objective of “homes and jobs for everyone”.

## Background

3. Long-term empty dwellings that have already received any relevant discounts or exemptions are currently charged an additional 50 per cent of the council tax due, where that dwelling has been empty for at least two years.

## Options

4. The Government introduced new legislation on 1 November 2018 (Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018) to allow councils to:
  - apply from 1 April 2019 a premium to long-term empty dwellings of up to an additional **100 per cent** of the council tax due, where that dwelling has been empty for at least two years
  - apply from 1 April 2020 a premium to long-term empty dwellings of up to an additional **200 per cent** of the council tax due, where that dwelling has been empty for five years and over
  - apply from 1 April 2021 a premium to long-term empty dwellings of up to an additional **300 per cent** of the council tax due, where that dwelling has been empty for ten years and over
5. There are currently **183** properties which have been unoccupied and unfurnished for over two years and are already subject to a **50 per cent** long term empty homes premium.
6. There is a lack of available housing within the district and long-term empty dwellings could be put to better use in easing the pressure on housing stock. Applying a premium to long-term empty dwellings should encourage owners to bring them into occupation. At the time the 50 per cent premium was introduced in 2013 there were **504** long-term empty dwellings. As mentioned above this has now reduced to **183**.
7. Additionally, by applying the premiums it will increase the district “council taxbase”. This will mean that the council can decide to either lower the Band D rate of council tax, without reducing the total amount of tax raised, or keep the Band D council tax at the same rate and raise more tax, without increasing the burden on individual households. This equally applies to both the local precepting authorities (towns and parishes) and the major precepting authorities (Oxfordshire County Council and the Police and Crime Commissioner).
8. There are however certain exemptions to this premium being applied. These include premises owned by members of the armed forces; annexes; and, properties that are genuinely on the market for sale or let.

## Financial Implications

10. As stated above, by applying premiums it will increase the district “council taxbase”, which, in turn, will increase the taxbase for both the local precepting authorities (towns and parishes) and the major precepting authorities (Oxfordshire County Council and the Police and Crime Commissioner).

11. If the long term empty homes premium was increased to **100 per cent** from the current 50 per cent from 1 April 2019 then, based on the 2018 charge, it could potentially bring in an extra **£181,495** of council tax revenue, meaning from South's point of view the annual financial benefit of applying the premium would be **£11,647** based on current property figures. Other principle preceptors such as the County Council will see a more significant additional benefit. See **Appendix 1**.

## Legal Implications

12. The recommendations to vary existing discount levels and apply a premium are in accordance with proposed regulations under the Local Government Finance Act 1992 (as amended) and The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. Where a determination is made to amend the premium, the council will be required to publish notice of it in at least one newspaper circulating in its area before the end of the period of 21 days beginning with the date of the determination.

## Risks

13. There is a risk of owners avoiding the premium on long term empty properties by just moving furniture into the property and claiming they are occupied (which will pay 100% council tax). This being the case, **it is prudently recommended that the taxbase is not adjusted for 2019/20 and any additional income will be absorbed and distributed to the collection fund recipients at year end.**

## Conclusion

14. It is hoped that the adoption of higher premiums may encourage the owners of the remaining long term empty properties to bring them back into use, as well as increase the supply of dwellings generally by discouraging second home ownership, thus contributing to the strategic objective of "homes and jobs for everyone". At the same time, the new flexibility to increase the premium provides additional revenue to the council and other principle preceptors, where owners choose not to bring properties back into use.

## Background Papers

- None

# Appendix 1

SOUTH OXFORDSHIRE DC										
LTE premium % - band D Equivalent		A	B	C	D	E	F	G	H	No. of Props
SODC	100% LTE (IF NO PREMIUM CHARGE)	32	26	31	27	18	17	19	13	183
	<b>Ratio to band D</b>	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
	Band D =	21.3	20.2	27.6	27.0	22.0	24.6	31.7	26.0	200.3
SODC	150% LTE Premium (CURRENT)	48	39	46.5	40.5	27	25.5	28.5	19.5	274.5
	<b>Ratio to band D</b>	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
	Band D =	32.0	30.3	41.3	40.5	33.0	36.8	47.5	39.0	300.5
SODC	200% LTE Premium (IF INCREASED)	64	52	62	54	36	34	38	26	366
	<b>Ratio to band D</b>	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
	Band D =	42.7	40.4	55.1	54.0	44.0	49.1	63.3	52.0	400.7
Difference between 150% & 200% equates to (band D props)										100.2
Charge										Extra income
OCC 2018 charge £1,426.19										extra £142,904.24
Police £ 182.28										extra £ 18,264.46
SODC £ 116.24										extra £ 11,647.25
Town £ 86.62										extra £ 8,679.32
2018 Band D change £1,811.33										extra £181,495.27