

REPORT TO	DATE OF MEETING
Cabinet	12 th February 2014

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Long Term Empty Properties Council Tax Technical Changes	Cllr Hughes	Jane Maguire / Michael Fisher	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

In September 2013 South Ribble Borough Council adopted a new Empty Homes Policy. The stated aim of this policy was to:-

- Reduce the number of long term empty homes in the borough,
- Improve housing supply
- Tackle Issues relating to property nuisance.

The recommendations within this report further support this policy

This report supports the corporate priority of Strong and healthy Communities

1 BACKGROUND

- 1.1 In South Ribble the issue of empty homes has been set against a back drop of manageable numbers. The August 2012 stock condition survey reported 456 long term empty homes in the district. This has increased significantly over the last 18 months, in January 2014 this figure had risen to 593.
- 1.2 Central Government have placed the issue of dealing with empty homes and bringing them back into use high on the national agenda.
- 1.3 For South Ribble the strategic objectives to increase the availability of decent affordable housing has provided the requirement to prioritise bringing empty homes back into use.
- 1.4 South Ribble has taken a targeted approach to some of the worst properties following a prioritisation process. However it has been said on numerous occasions that this approach can only deal with limited numbers of properties due to the resource intensive nature of this approach. The recommendations included within this report are likely to have a much greater impact.
- 1.5 The Government introduced the technical reforms of council tax as part of the Local Government Resource Review.

One of the drivers for change was to give authorities stronger levers to ensure housing stock is effectively utilised. The changes outlined below were intended to encourage owners to bring empty dwellings into use quickly and discourage 2nd home ownership.

The Council decided initially not to implement these changes in 2013/14 whilst we developed a joined up strategy to deal with the issue of empty homes.

- 1.6 The Local Government Finance Act 2012 introduced discretion for billing authorities to vary some existing council tax discounts and exemptions from the 1st April 2013. The secondary

legislation, The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 detailing the changes was passed on the 26th November 2012.

- 1.7 In addition; powers have been in place since 2003 to reduce the level of discount on properties classed as long term empty to 0%. (Section 75 of the Local Government Act 2003).
- 1.8 The areas affected by these changes in regulations are
- **Empty dwellings under-going major repair (Former Class A)**
 - **Empty and unfurnished dwellings (Class C)**
 - **Long Term Empty Homes**
- 1.9 A Long Term Empty Home for Council Tax purposes is a property which is no longer subject to an exemption or discount from Council Tax. Typically no property is classed as long term empty until it has been empty for a minimum of 6 months. In many cases this period can be longer.
- 1.10 A significant number of Local Authorities across Lancashire have implemented all or some of the changes listed above. Reducing the level of discount and implementing Premiums on Long Term Empty Properties has seen a significant numbers of these properties being brought back into use in these authorities.

2 RECOMMENDATIONS

That Cabinet recommends that the Council approves the following with effect from the 1st April 2014

- 2.1 Maintain the Empty dwellings under-going major repair (Former Class A) at 100% Discount for 12 months
- 2.2 Maintain the Empty and unfurnished dwellings (Former Class C) at 100% Discount for 6 months
- 2.3 The removal of the Long Term Empty Property Discount for properties which have been empty (No one's sole or main residence) for a period greater than 6 months and providing the property is not subject to a prescribed class of exemption. (Therefore a property which has been empty for a period longer than six months would pay 100% of the charge levied on an occupied dwelling)
- 2.4 Levy a premium of 50% upon Long Term Empty Properties where a period of 2 years has elapsed since the property was last occupied. Unless exempted as detailed in this report. (Therefore a property which has been empty for a period longer than two years would pay 150% of the charge levied on an occupied dwelling)
- 2.5 Recommendations 2.3 & 2.4 support and will assist with South Ribble Borough Council's "Empty Homes Policy" and encourage owners to work with the council to bring these properties back into use.

3 DETAILS AND REASONING

- 3.1 The council implemented a new Empty Home Policy in September 2013; these changes complement and supplement this policy in returning long term empty properties back into use.

- 3.2 The number of long term empty properties has been increasing slowly over a number of years; in addition the council has received a number of complaints about some of these properties which can cause blight on an area.
- 3.3 This issue was looked at prior to these powers being available by South Ribble Borough Council's Scrutiny Committee
- 3.4 Looking at each of the individual areas listed above

Empty dwellings under-going major repair (Former Class A)

The current exemption for properties in this category is up to twelve months. After twelve months the exemption ceases and 50% of the full council tax is due. From 1st April 2013 billing authorities were able to vary the level of reduction and the time period which may apply. (Local Government Finance Act 2012)

South Ribble chose to maintain this discount at Pre-2012 levels last year whilst our Empty Homes Policy was developed. This discount enables people to purchase properties that require substantial amounts of work to bring them back up to habitable standards within a reasonable timescale without incurring Council Tax charges. This helps bring properties back into use which are currently in need of major repairs.

The recommendation is to maintain this discount. Once the discount has expired increase the 50% charge up to 100% for the first two years a property is empty. Beyond two years the charge would increase to 150%.

Empty and unfurnished dwellings (Former Class C)

The current exemption allows for a 100% reduction for up to six months. After six months the exemption ceases and 50% of the full council tax is due. From 1st April 2013 billing authorities were able to vary the level of reduction and the time period which may apply. (Local Government Finance Act 2012)

South Ribble chose to maintain this discount at Pre-2012 levels last year whilst our Empty Homes Policy was developed. This discount allows a six month period and enables people to sell and purchase properties that require some minor works/updating without incurring a council tax liability. This helps bring properties back into use which may require some minor works/updating/decoration.

The recommendation is to maintain this discount. Once the discount expires the council tax will increase from the 0% charge up to 100% for the first two years a property is empty. Once a property has been empty for two years the charge would increase to 150%.

Long term Empty Properties 6 to 24 Months

Currently properties which are no longer subject to a discount or exemption become liable to a charge of 50%. This charge applies irrespective of how long the property has been empty.

After a property has been empty for greater than six months with the exception of Class A properties, the recommendation is to charge 100% of the council tax for the first two years. Beyond two years the charge would increase to 150% including former Class A properties to reflect the addition of an empty homes premium (see below). **Thus supporting our Empty Homes Strategy.**

Empty Homes Premium

The Act introduces a new discretionary power to levy an empty homes premium of up to 50% on a dwelling that is unoccupied and substantially unfurnished for a continuous period of at least two years. Therefore a charge of 150% would be payable (Local Government Finance Act 2012). Except Properties as described below by the Government:-

- A dwelling which is the sole or main residence of a member of the armed forces who is absent due to service
- An annex treated as part of the main dwelling

The recommendation is to implement this change with effect from the 1st April 2014. **Thus supporting our Empty Homes Strategy**

3.5 The proposed changes will affect a number of properties. The number of Long Term Empty properties in early January show what the likely impact of this change to be:-

Long Term Empty Greater than 6 Months and Less Than 2 year's	294 properties
Long Term Empty Greater than 2 years	299 properties

4 Consultation

4.1 There is no legal requirement to undertake formal consultation; however any changes to these discounts will be formally advertised in accordance with the regulations. In addition all potentially affected charge-payers will be contacted prior to the annual billing process in March 2014

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	These changes will provide additional income to the Council Collection Fund. This would therefore benefit all participants of the collection fund (Lancashire CC, Police, Fire and South Ribble). The benefit is split in proportion of the Council Tax. Therefore all but 14% of the benefit would be passed to the other Precepting bodies. Dependant on Collection the financial benefits could be in the region of approximately £50,000 for South Ribble
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LEGAL	The Acts detailed in the report provide the framework to enable South Ribble Borough Council to implement these changes
RISK	None

THE IMPACT ON EQUALITY	It is considered that there are no adverse impacts on equality issues
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OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Local Government Finance Act 1992 as amended

Local Government Act 2003 as amended

Local Government Finance Act 2012 as amended

The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012

South Ribble Borough Council's Empty Homes Policy