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# Council Tax Empty Property Changes - Supporting Information

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## 1. Introduction/Background

- 1.1 This report makes recommendations about the way in which empty property is treated for Council Tax purposes from the 1<sup>st</sup> April 2019.
- 1.2 At the present time all empty properties which have been empty for less than 2 years pay a 100% full Council Tax charge. Where properties have been empty for more than 2 years an additional 50% premium is charged, meaning in effect owners of empty properties pay a 150% charge. The recommendations propose to increase these charges.

## 2. Supporting Information

- 2.1 Under the Local Government Finance Act 2012, Local Authorities were given greater powers to vary the way in which some classes of empty property were treated for Council Tax purposes.
- 2.2 Appendix D is a copy of a report dated 13<sup>th</sup> December 2012 detailing these changes together with the recommended actions. The second recommendation related to charging the 50% empty home premium on properties which were empty for more than 2 years.
- 2.3 Since its introduction on the 1<sup>st</sup> April 2013 the actual number of empty properties paying the premium has reduced by about 50%.
- 2.4 The introduction of the Rating (Property in Common Occupation) and Council Tax (Empty Properties) Bill 2018 (see Appendix E) means that Local Authorities can now charge the following;  
  
2019/2020 – 50% premium charge to increase to 100% if a property has been empty for more than 2 years. Meaning that the charge would be 200% of the full council tax bill  
  
2020/2021 – 100% premium to apply to properties that have been empty for between 2 and 5 years. 200% premium where the property has been empty for more than 5 years. Meaning that the charge would be 300% of the full council tax bill  
  
2021/2022 – 100% to apply to properties that have been empty for between 2 and 5 years. 200% premium where the property has been empty for between 5 and 10 years. 300% premium where the property has been empty for more than 10 years. Meaning that the charge would be 400% of the full council tax bill
- 2.5 However it is clear that some flexibility should be considered if there are genuine difficulties in selling the property and the premium should remain at 50%.

- 2.6 These changes have no effect on any other charges relating to unoccupied properties where an exemption may apply or the property is a second/holiday home.

### 3. Options for Consideration

- 3.1 The options appear clear – government is giving further powers to Local Authorities to increase the premium charge which should result in reducing the number of long term empty properties to meet the shortfall of affordable homes.

### 4. Proposals

- 4.1 The proposal is that empty property charges should increase in line with the government legislation. However due consideration should be given where the owner is having difficulties in selling

### 5. Conclusion

- 5.1 The proposal above will lead the increase liability / charges for home owners. However this does need to be viewed in the context of the challenges being faced by the Council in protecting its services whilst managing on a reduced budget. Government is obviously keen to reduce the number of empty properties because of the lack of affordable homes.

### 6. Consultation and Engagement

Not applicable

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**Background Papers:** None

**Subject to Call-In:**

Yes: No: ☒

The item is due to be referred to Council for final approval



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**Strategic Aims and Priorities Supported:**

The proposals will help achieve the following Council Strategy aim:

**x MEC – Become an even more effective Council**

The proposals contained in this report will help to achieve the following Council Strategy priority:

**x MEC1 – Become an even more effective Council**

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## Appendix D

A previous paper 'Technical Reforms to Council Tax' considered by Council at its meeting on the 13th December 2012 is also attached.

This provided guidance on previous changes permitted by government as the Local Government Finance Act 2012 gave local authorities greater flexibility to the operation of certain exemptions and discounts.