

Report of	Meeting	Date
Director of Customer & Digital (Introduced by the Executive Member for Resources)	Executive Cabinet	17 January 2019

## COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS POLICY

### PURPOSE OF REPORT

1. To inform Members of consultation responses on proposed changes to the Council Tax Long Term Empty Premium.
2. To outline proposals and gain approval to increase the Long Term Empty Premium from 50% to 100% from 1 April 2019 and to phase in further increases to the premium from 1 April 2020.
3. To gain approval to amend the Council Tax Local Discounts and Exemptions Policy:
  - a. to reflect changes to the Long Term Empty Premium from 1 April 2019
  - b. to include discretion under delegated powers for the Executive Member for Resources to consider not charging the long term empty premium in special circumstances

### RECOMMENDATION(S)

4. Members are recommended to approve proposed policy changes to increase the Council Tax Long Term Empty Premium from 1 April 2019 as shown below:

Effective Date	Empty Period	Existing Premium	Proposed Premium
1 April 2019	2 years+	50%	100%
1 April 2020	2-5 years	50%	100%
	5 years+	50%	200%
1 April 2021	2-5 years	50%	100%
	5-10 years	50%	200%
	10 years+	50%	300%

5. Members are also recommended to approve amendments to the Council Tax Local Discounts and Exemptions Policy:
  - a. to reflect changes to the Long Term Empty Premium from 1 April 2019
  - b. to include discretion under delegated powers for the Executive Member for Resources to consider not charging the Long Term Empty Premium in special circumstances

### EXECUTIVE SUMMARY OF REPORT

6. Chorley Council's current Council Tax Local Discounts and Exemptions Policy makes maximum use of existing legislation by awarding a premium of 50% on long term empty homes.
7. In July 2018 an amendment to the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill has given local authorities powers from 1 April 2019 to charge even greater Council Tax premiums on homes that have been empty and unfurnished for more than 2 years.
8. The amendment allows Council Tax premiums charged for long term empty properties to be

increased from 1 April 2019 to 100% and in specific circumstances from 1 April 2020 up to 200% and from 1 April 2021 up to 300%.

9. The proposed changes will maximise the incentive for owners of long term empty homes to bring their properties back into use and support work undertaken by the Council to reduce the number of long term empty properties and make better use of existing housing in the borough.
10. On 15 November 2018 Executive Cabinet approved a consultation exercise with interested parties on these proposals taking effect from 1 April 2019. The outcome of this consultation is detailed within this report and at Appendix A.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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<b>Key Decision?</b> Please bold as appropriate	Yes	No
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<b>Reason</b> Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, <b>Significant impact in environmental, social or physical terms in two or more wards</b>

## REASONS FOR RECOMMENDATION(S)

### (If the recommendations are accepted)

11. Charging greater Council Tax premiums on homes that have been empty and unfurnished for more than 2 years will support the Council's Empty Residential Property Policy and encourage owners to bring these properties back into use.
12. The proposed policy changes demonstrate commitment to meeting the needs of residents and the local area by tackling the borough's shortage of housing and the demand for affordable homes.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

13. To leave Council Tax premiums unchanged on homes that have been empty and unfurnished for more than 2 years. This option has been rejected as the Council would not be using all available measures to incentivise long term empty property owners to bring their properties back into use.

## CORPORATE PRIORITIES

14. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	✓
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	✓

## **BACKGROUND**

15. From 1 April 2013, billing authorities may charge a Council Tax premium on a long term empty home. For these purposes a long term empty home is a property that has been unoccupied and unfurnished for more than two years.
16. At this time legislation allows the premium to be up to 50% of the Council Tax payable on the property, equating to a maximum charge of 150%.
17. Chorley Council's current Council Tax Local Discounts and Exemptions Policy makes maximum use of existing legislation and awards a premium of 50% for long term empty homes.
18. In July 2018 an amendment to the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill has given local authorities powers to charge even greater Council Tax premiums on long term empty homes from 1 April 2019.
19. The amended Bill received Royal Assent on 1 November 2018, which allows increased stepped premiums to be phased in from the start of next financial year, 2019-2020.
20. The revision will allow local authorities to double the Council Tax charged on unfurnished properties left empty for more than two years from 1 April 2019, triple it on homes left empty and unfurnished for five to 10 years from 1 April 2020 and quadruple it on homes left empty and unfurnished for more than a decade from 1 April 2021.
21. Introducing these changes will support the Council's Empty Residential Property Policy and encourage owners to bring long term empty properties back into use. In turn this will address the borough's housing shortage and demand for affordable homes.
22. The Government's intention behind the decision to provide billing authorities with the power to charge a premium was not to penalise owners of properties that are genuinely on the housing market for sale or rent. Chorley Council's current Council Tax Local Discounts and Exemptions Policy complements this and includes an exception to the premium, for a period of up to six months, for a property that is marketed for sale or to let in line with average prices in the local area.
23. There is an option to increase this period of exception, however, since its introduction in 2016 there has been no information to suggest a timeframe of 6 months is unreasonable to complete the sale or let of a property. No changes to this exception are therefore proposed.
24. However, it is recommended that in special circumstances the amended policy allows discretion, under delegated powers, for the Executive Member for Resources to consider not charging the Long Term Empty Premium.

## **CONSULTATION**

25. Following approval from Executive Cabinet on 15 November 2018 consultation was undertaken with interested parties on proposals to align the Council Tax Local Discounts and Exemptions Policy with the amended Bill from 1 April 2019.
26. A consultation was published on [chorley.gov.uk](http://chorley.gov.uk) from Monday 19 November 2018 until Friday 21 December 2018.
27. Furthermore to raise awareness of the consultation a total of 334 individual letters were sent to the owners of unfurnished properties that had been empty for more than 12 months as this group of Council Tax payers may be affected by the proposed policy changes.

28. Only 20 completed consultation responses were received, equating to less than 6% of the property owners that we contacted directly.
29. The major Precepting Authorities, made up of Lancashire County Council, the Police & Crime Commissioner for Lancashire and Lancashire Combined Fire Authority, were also contacted for their views on the proposed policy changes.
30. The consultation responses are shown in summary below and in full at Appendix A:

<b>Question 1: Please indicate below if you agree or disagree that Chorley Council should increase the Council Tax premium for long term empty properties to 100% from 1 April 2019, and where legislation allows to 200% from 1 April 2020 and 300% from 1 April 2021</b>						
<b>Response options</b>	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
<b>Number of responses</b>	13	2	1	1	2	1

31. Additional comments were also submitted by 13 of the respondents, these are shown in full at item 4 of Appendix A. In summary these comments raised the following concerns:
- Homeowners completing renovations works themselves, facing delays in completing development works or genuinely trying to sell a property may be penalised
  - An increase in premium may cause hardship
  - The proposed changes may discourage property regeneration and investors purchasing properties within the borough
  - Unoccupied homes use less services
32. Although the consultation responses appear to show significant opposition to the proposals it is recognised that this is a very small sample size and many of those who commented with the responses appear to have a vested interest, being owners of empty properties themselves. Whilst these responses are still valid and cannot be discounted, the council may reasonably attach less weight to these responses when considering the wider implications for all residents should the proposals be implemented.
33. The proposals provide discretion to the Executive Member not to charge the premium in special circumstances to ensure it is not levied in circumstances beyond the control of the Council Tax payer. This discretion may apply in the situations outlined in the consultation responses.
34. It should also be noted that a Council Tax discount of 50% may be awarded for empty and unfurnished homes requiring or undergoing major repair works/structural alterations to render a property habitable. This reduction may be awarded for a maximum period of 12 months.

## **IMPLICATIONS OF REPORT**

35. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## RISK

A risk register has been completed	Yes	No
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## COMMENTS OF THE STATUTORY FINANCE OFFICER

36. The potential additional Council Tax income which may be achieved should the recommendations be approved has not been reflected in the Council Tax Base for 2019/20. Any additional Council Tax arising from the proposed amendments would be taken into account in the estimate of the Council Tax surplus or deficit for 2019/20, which would be prepared by mid-January 2020. The council and other preceptors would receive the benefit of any additional income in financial year 2020/21. However, from 2020/21 the effect of amendments to the policy would be reflected in the Council Tax Base.

## COMMENTS OF THE MONITORING OFFICER

37. The amendments to legislation permit the proposed increases to the empty property premiums. It is noted that the consultation responses are broadly opposed to the proposals and whilst this is a consideration it is not the only consideration and this is addressed appropriately and reasonably within the report.

ASIM KHAN  
DIRECTOR OF CUSTOMER & DIGITAL

Background Papers			
Document	Date	File	Place of Inspection
Executive Cabinet Report: Council Tax Local Discounts & Exemptions Policy	15 November 2018	Agenda Item 16	<a href="https://democracy.chorley.gov.uk/Extranet/mgIssueHistoryHome.aspx?IId=66594&amp;\$LO\$=1">https://democracy.chorley.gov.uk/Extranet/mgIssueHistoryHome.aspx?IId=66594&amp;\$LO\$=1</a>

Report Author	Ext	Date	Doc ID
Alison Wilding	5438	03 January 2019	***

## Appendix A

### Consultation responses on proposed changes to the Council Tax Local Discounts and Exemptions Policy from 1 April 2019

1. Consultation responses from the major Precepting Authorities:

Precepting Authority	Response
Lancashire County Council	No response
Police & Crime Commissioner for Lancashire	No response
Lancashire Fire & Rescue Service	No issues with the proposals

2. Consultation responses submitted through the council's website were received from:

Type of respondent	Number of consultation responses
Councillor	1
Resident	12
Agent/Landlord	5
Future resident	2
Total	20

3. The following responses were received:

Question 1: Please indicate below if you agree or disagree that Chorley Council should increase the Council Tax premium for long term empty properties to 100% from 1 April 2019, and where legislation allows to 200% from 1 April 2020 and 300% from 1 April 2021						
Response options	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	Don't know
Number of responses	13	2	1	1	2	1

4. Additional comments were also made by 13 respondents:

1	I feel all councils should look into individual circumstances as to why the property has been empty for so long
2	I am actively doing this property up in order to bring back into use to rent. But as I work 6 days a week this is taking time to do to a high standard. I am already paying 150% on 24 Shaw Hill Street, which I strongly disagree with, now you are saying this will be 200% which is day light robbery!
3	100 percent should be more than sufficient as no bins are being emptied or SERVICES being used by residents the fact that the houses are empty should be up to the owners Not the councils or Executive member possibly after 5 years 150 percent OR save money and build affordable Homes
4	In my case and others, any further increase will cause severe hardship and debt.
5	We will be directly affected by such changes, as we purchased an empty property in need of updating and renovation with the intention of making it our new home. We obtained planning permission and started work in early 2017. The intention being to start the work then mid 2017 sell our current home to fund completion of the job. We would then move in. The current situation is that the work is around 60% complete however our current home was marketed at the suggested sale price of £565,000 in mid 2017, some 18 months later it is now on at £485,000. This reflects the current state of the market for houses of this type in Lostock, Bolton, basically very little demand. So we are stuck, with insufficient funds to complete the remaining work on our new home in Chorley until we sell, clearly there is a limit beyond which we can't reduce our house further in price..... We are

	<p>currently paying the council tax + 50% premium, which in itself is difficult to fund - reducing the remaining funds we can spend working slowly towards completion. We are not a developer working for a commercial profit so already feel the current situation makes our situation worse. We have looked at all the options to raise further funds to no avail - with the sale of our current home being the only realistic option. Should the new proposal go through this will simply cause us yet more difficulty for us. I understand the desire to get empty properties back into occupation, and believe me if we could we would move in tomorrow.. On a final note, the property is not an eyesore and cannot even be seen from the main road, so in no way has a negative impact on the community. For this reason we feel the existing penalty is unreasonable the proposed even more so....</p>
6	properties undergoing repair or renovation should be exempt
7	<p>I agree with the principle of encouraging landlords, property developers and speculators to enhance and release land and houses but I think that consideration needs to be given to people to whom the property is intended to become their home. When an elderly home owner dies, it takes time for the family to sell the property especially if it in need of repair and renovation and is not therefore suitable for immediate occupation. Even after finding a buyer prepared to take on such a project, the transaction can take a long time to complete if, like the property we have bought, has not previously been registered with the Land Registry. Our experience of trying to renovate our house is that it takes far longer than one would think or would want. Builders will not quote unless you have building regulation quality plans and planning permission. Then the quotes are far too high and the builder suggests a more sensible alternative and you are back to square one of design plans, planning permission and building regulation drawings. This is all before any building or renovation work can start. At very least, your clock needs to start/reset from any planning submission. We are living in a static caravan and I can assure you that we wish we were not, this will be our second winter and all we want to do is renovate an old farm house sympathetically so that it is a credit to your borough and be our sole property and home. I would be interested in any response you may have to these comments.</p>
8	<p>Landlords and property owners invest money into improving the property of the local area. Increasing council taxes for empty property only takes money away from property regeneration and forces landlords to let out property in a poor state of renovation and maintenance rather than keeping them back to be renovated to a higher standard before they are let. No landlord wants their property to be empty, so introducing a higher penalty when this is the case is only going to discourage investors from investing in the local Chorley property market and send buy to lets into a state of disrepair.</p>
9	<p>Some properties are generally left unoccupied whilst being re-developed and may take longer than anticipated to complete so should not be punished for council tax for these reasons.</p>
10	<p>Certain properties take longer to sell , certain properties to refurbish , I can only see this having a negative effective on your housing market , as landlords are going to think twice before purchasing in your borough</p>
11	<p>sometimes people are genuinely trying to sell their properties and are being penalised.</p>
12	<p>Council tax is supposed to be for services provided/funded by the council moneys. Unoccupied houses are using less services so a 100+% premium looks like the council is abusing its powers and discriminating against a minority group of empty property owners.</p>
13	<p>I had a flood in the property 6 months gone before dried out. Planning to draw plans have them passed get quotes and have a builder start and complete easily takes over 2 years with the best will in the world 5 years is reasonable if the property is not habitable as mine is.</p>