



## **Increasing the Council Tax Charged on Long Term Empty Properties**

### **SUMMARY**

- 1.1 Since 1 April 2013 the Council has had discretionary powers to increase the amount of council tax charged on certain unoccupied properties. This includes being able to charge a premium of 50% on domestic dwellings that have been empty and unoccupied for more than two years, effectively meaning that council tax is charged at a rate of 150%.
- 1.2 The Council's approach has been to charge the maximum council tax possible on domestic dwellings that have been empty and unoccupied for more than two years. The drivers for this included;
  - a) To deliver a key objective of the Empty Homes Strategy to reduce the number of long term empty homes across the City,
  - b) Reducing the incidence of crime and anti-social behaviour associated with empty domestic dwellings,
  - c) Increasing council tax income.
- 1.2 In the Autumn Budget 2017, the Government gave a commitment to change the council tax rules to allow local authorities to increase the empty property premium to 100% from 1 April 2018, effectively meaning that council tax could be charged at 200% on domestic dwellings empty and unoccupied for more than two years. Based upon current information it is anticipated that there will be no changes to the types of properties that can be subject to this increase and the drivers to charge council tax at the maximum possible, as set out in paragraph 2.1, remain.

### **RECOMMENDATION**

- 2.1 Subject to the appropriate regulations being laid, to charge council tax at 200%, including an empty property premium of 100%, on properties that are empty and unoccupied for two years from 1 April 2018.

### **REASONS FOR RECOMMENDATION**

- 3.1 Adopting the recommendation will encourage the owners of empty properties to bring them back into use and will therefore align to the Council's Empty Homes Strategy 2015 - 2020. Further having more homes occupied within the city will help to reduce

the incidence of anti-social behaviour associated with empty properties

- 3.2 Adopting the recommendations will generate extra revenue and give an opportunity to increase the Council's tax base.

## **SUPPORTING INFORMATION**

- 4.1 Council tax is payable on every domestic property in the city unless a property is classed as exempt. In most cases the law prescribes the percentage of council tax payable but the Council does have a limited level of discretion, for example, the law currently allows Councils to levy an empty property premium of 50% on properties empty and unoccupied for two years or more. The Council is currently levying this premium and therefore, effectively, is charging council tax at 150% on these properties.
- 4.2 At the Autumn Budget 2017, the Government announced their intention to allow Council's to increase the empty property premium charged on properties empty and unoccupied for more than two years to 100%, effectively allowing council's to meaning charge these properties council tax at 200%.
- 4.3 The current demand for housing in our city far outstrips supply and as a result there are many families on the waiting list for housing in Derby. There are also many others living in cramped, overcrowded or otherwise unsuitable conditions. In addition, empty properties can be detrimental to the lives of local residents as they are a magnet for crime and antisocial behaviour, drive down property values locally and contribute to urban decline and blight. They also represent a risk for the emergency services and put added pressure on various council departments such as Environmental Health and Anti-Social Behaviour teams.

For the reasons set out above reducing the number of empty properties in the City is a priority as set out in the Council's Empty Property Strategy 2015 – 2020. Increasing the amount of council tax charged on long term empty homes acts as a disincentive for owners to keep their properties empty and therefore contributes to the Empty Homes Strategy's aims.

- 4.4 At 1 December 2017 there were 304 domestic dwellings in the city subject to an empty property premium. Raising the council tax charged on these properties from 150% to 200% will raise additional revenue although it is anticipated that there will be a level of avoidance, for example, fraudulently claiming that a long term empty property has become occupied.

As a result a prudent view of collection needs to be taken and therefore it is estimated that an additional £80,000 to £100,000 will be collected each year.

- 4.5 Within the Council's Single Discretionary Award Policy any council taxpayer having to pay more council tax as a result of the Council using it's discretionary powers and suffering demonstrable financial hardship as a result can claim council tax hardship. This provides a safety net for council tax payers across the city.

**OTHER OPTIONS CONSIDERED**

- 5.1 Do not increase the level of council tax charged on properties empty and unoccupied for more than two years from 1 April 2018. Taking this option will mean the Council’s council tax charging policy will not align to the Empty Property Strategy and will mean the Council missing the opportunity to raise additional revenue.
- 5.2 Increase the amount of Council Tax charged, but to a level less than 200%. The outcome of taking this option are the same as set out in 5.1

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Olu Idowu, Head of Legal Services Toni Nash, Head of Financial Services Liz Moore, Head of Human Resources  Mark Taylor, Interim Director of Finance Lynda Innocent, Head of Transformation and Business Applications
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	John Massey 01332 643774 <a href="mailto:jonh.massey@derby.gcsx.gov.uk">jonh.massey@derby.gcsx.gov.uk</a> None Appendix 1 – Implications

**IMPLICATIONS****Financial and Value for Money**

- 1.1 Increasing the amount of council tax payable on domestic dwellings that have been empty and unoccupied for two year or more is expected to result in around £80,000 to £100,000 more council tax being collected each year. It will also result in a small increase in the council tax base.

**Legal**

- 2.1 Applying a council tax increase on domestic dwellings that have been empty and unoccupied for more than two years from 1 April 2018 is subject to appropriate regulations being laid.

**Personnel**

- 3.1 Nil with this report.

**IT**

- 4.1 Nil with this report.

**Equalities Impact**

- 5.1 Nil with this report.

**Health and Safety**

- 6.1 Increasing the council tax charged on domestic dwellings that have been empty and unoccupied for more than two years will act as an incentive for owners to bring them back in to use. In turn this will reduce the incidence of crime and anti-social behaviour associated with long term unoccupied properties.

**Environmental Sustainability**

- 7.1 Reducing the number of domestic dwellings that have been empty and unoccupied for more than two years will reduce the level of urban decay and blight associated with them.

**Property and Asset Management**

- 8.1 Nil with this report.

**Risk Management and Safeguarding**

- 9.1 Nil with this report.

**Corporate objectives and priorities for change**

- 10.1 Having less empty properties within the city will reduce the numbers waiting for suitable housing and the potential for anti-social behaviour associated with empty properties helping the Council to become a safe, strong and ambitious city.