



SIGNED OFF BY	Director of People
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TO	Executive
DATE	Thursday, 18 April 2019
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Housing and Benefits

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Empty Homes Policy
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RECOMMENDATIONS
<p>(i) That the Council agree that from 1 April 2020 homes that have been empty and substantially unfurnished for more than two years and less than five years will be charged a Council Tax long term empty premium equivalent to 100% of the Council Tax in addition to their current Council Tax.</p> <p>(ii) That the Council agree that from 1 April 2020, homes that have been empty and substantially unfurnished for five years and more will be charged a Council Tax long term empty premium equivalent to 200% of the Council Tax.</p>
REASONS FOR RECOMMENDATIONS
<p>The government believes that these changes could help to reduce the number of empty homes by incentivising owners to bring their properties back into use and therefore help to meet the current housing shortage in the borough with the secondary benefit of raising additional revenue for the borough residents in the interim.</p>

EXECUTIVE SUMMARY

In accordance with the Local Government Act 2012, the Council already charges a Council Tax premium in respect of properties that have been empty for more than two years. Currently the premium is set at 50%, the maximum allowed under the 2012 legislation. This has been in place since 1 April 2013.

The policy is to encourage owners to bring these properties back into use, and to address the current shortage of housing within the borough.

The amounts that local authorities can charge for the long term empty premium has recently been changed with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, which received Royal Assent on 1 November 2018. The new rules came into force from 1 April 2019.

In addition to raising more Council Tax, any homes that could be brought back into use would help to ease the housing shortage and have a positive affect on the number of people approaching the Council for housing.

There will be a financial implication on the owners on long term empty properties, but in cases where an owner demonstrates financial hardship, existing legislation allows the Council to reduce the Council Tax charge at its discretion.

The above recommendations are subject to approval by Full Council.

STATUTORY POWERS

1. The Local Government Finance Act 1992 provides for local authorities to levy and collect Council Tax.
2. The proposals in this report are permitted under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

BACKGROUND

3. From 1 April 2013 the Council has been charging an empty homes premium of 50% for domestic properties that have been empty for over two years.
4. The premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job related purposes, or to annexes being used as part of the main property. Furthermore, there are specific exemptions within the legislation in relation to properties left empty for a specific purpose, for example when a person goes into care.
5. It is not the intention of the legislation or the council to penalise home owners who are struggling to rent or sell a property in a depressed market, and earlier government guidance from 2013 makes it clear the premium should not be used to penalise owners of homes that are genuinely on the market for sale or rent. It will therefore be up to the Council to look at individual cases and grant exemptions where appropriate.
6. The Act allows local authorities to further increase the premium to 300% from April 2021 where a property has been empty and substantially unfurnished for ten years. This is not part of this report, but will form part of the Council Tax setting process for 2021/22.

KEY INFORMATION

Numbers of Properties

7. In April 2013 there were around 150 properties that were affected by the long term empty premium, and at 29 March 2019 this figure had reduced to 56 properties that were being charged the current 50% premium. This generates additional Council Tax of £53,603 from these properties. Based on the same number of empty properties, by increasing the premium to 100%, a further £53,603 would be generated from April 2020 (based on the 2019/20 Council Tax charge). However, the primary aim is to reduce this number of properties by bringing them back into use.
8. The legislation permits the premium to be increased to 200% for properties that have been empty and substantially unfurnished for at least five years from April 2020. As at 29 March 2019 this would affect 30 of the 56 properties mentioned in paragraph 8. To apply both premiums, it would generate additional Council Tax of £106,457.
9. The properties currently subject to the 50% premium are a combination of properties owned by housing associations, private companies and private individuals.

Impact on Residents and Services

10. The increase of the premium from 50% to 100% and 200% will not have any significant impact on the Council or its services. There may be some impact on Council Tax recovery, but this is likely to be minimal and will be absorbed by the existing recovery team.
11. As an example, for an average Band D property (outside of Horley or Salfords & Sidlow), the annual Council Tax is £1,941.53. With a 100% premium this would increase the chargeable amount to £3,883.06, and a 200% premium would increase the charge to £5,824.59.
12. The additional Council Tax will be proportioned between the Council and its preceptors, Surrey County Council and Surrey Police.
13. The impact of these changes on residents of the borough will be minimal, as this will only affect around 0.1% of the properties within the borough.

OPTIONS

14. Option 1 – Preferred Option - to apply the increases to the premiums for long term empty properties from April 2020, at both the 100% increase and 200% rates. This is the recommended option. By notifying the owners at an early stage, the Council would be able to give owners reasonable notice of the increase, and work with the owners where needed to assist them in finding people to occupy the homes.
15. Option 2 - to apply only the increase of 100% to all long term empty properties from April 2020, and to further consider the additional increase in subsequent years, in respect of properties that have been empty for five years or more. This is not recommended, as the Council would not be fully utilising the full incentives available from April 2020, in line with legislation.
16. Option 3 - to apply neither increase from April 2020. This would not provide any incentive for the owners to bring the properties back into use, and it is unlikely to see any major change in the number of long term empty properties.

LEGAL IMPLICATIONS
17. There are no specific legal implications for this report.
FINANCIAL IMPLICATIONS
18. The additional council tax income paid will be accounted for in the Collection Fund for 2020/21 onwards and allocated to precepting authorities in line with their respective shares.
EQUALITIES IMPLICATIONS
19. There are no equalities implications arising from this report. Any individual cases which do give rise to equalities concerns can be considered under additional discretionary powers contained within legislation.
COMMUNICATION IMPLICATIONS
20. The proposed changes will come into effect from April 2020, and in the period prior to this, the Council will communicate with all the property owners that could be affected, to advise them of the forthcoming changes to the Council Tax charges. Further publicity will be included on the relevant pages of the Council's website, and can be included within other publications that are sent out by the Council.
HUMAN RESOURCES IMPLICATIONS (if applicable)
21. There are no human resources implications arising from this report.
RISK MANAGEMENT CONSIDERATIONS
22. There is a risk that additional Council Tax will be harder to collect from owners, but there is legislation and recovery processes in place to facilitate this.
OTHER IMPLICATIONS
23. There are no further implications in respect to this report.
CONSULTATION
24. A full consultation exercise is not required, and the increases will only affect a low number of property owners. Owners who will be affected will be contacted directly about the changes.
25. Consultation has been made with the Leader and Deputy Leader and Portfolio Holder for Housing and Benefits.
POLICY FRAMEWORK
26. The determination of the Council Tax is a function of full Council under the Council's constitution (Article 4.12).

BACKGROUND PAPERS

There are no background papers.