

**REPORT OF: CHIEF EXECUTIVE**

**TO: SPECIAL BUDGET POLICY AND RESOURCES COMMITTEE**

**DATES: 12<sup>th</sup> FEBRUARY 2019**

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## **EMPTY HOMES PREMIUM**

### **PURPOSE OF REPORT**

1. The purpose of this report is to seek the Committee's approval to policy guidelines for the application of the Council Tax Empty Homes Premium.

### **RECOMMENDATIONS**

2. It is recommended that the Executive recommend the Council Tax Empty Property Premium Policy Guidelines provided at **Appendix A** to Council for approval.

### **REASONS FOR RECOMMENDATIONS**

3. To implement a further measure aimed at encouraging owners of empty homes to bring them back into use.

### **ISSUE**

#### ***Background***

4. At the Policy and Resources Committee on 18<sup>th</sup> December 2018, Councillors considered a report on the Council's Taxbase. Included in the report was a proposal to change the amount of the Council Tax Empty Homes Premium which is an additional Council Tax charge applied to long term empty properties.
5. By way of a reminder, the Council currently charges a premium of an additional 50% of the annual standard Council Tax charge over and above the normal Council on unoccupied homes that have been empty for a period of more than 2 years. Up until recently, that is the maximum possible premium under the current regulations.

6. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 now means that with effect from 1<sup>st</sup> April 2019 the Council can charge for the following premiums:-

**From 1 April 2019**

- Properties empty for over 2 years – the maximum premium will be 100% (increased from 50%)

**From 1 April 2020**

- Properties empty for a period of 2 to 5 years – the maximum premium will be 100%
- Properties empty for a period of more than 5 years – the maximum premium will increase to 200%

**From 1 April 2021**

- Properties empty for a period of 2 to 5 years – the maximum premium will be 100%
- Properties empty for a period of 5 to 10 years – the maximum premium will increase to 200%
- Properties empty for a period of more than 10 years – the maximum premium will increase to 300%

7. Following consideration of the report, and in relation to this matter specifically, the Committee resolved that:-

*‘A policy on the application of the Council Tax Empty Homes Premium from 1<sup>st</sup> April 2019 be produced and submitted to a future meeting of this Committee’*

***The Council Tax Empty Homes Premium – Policy Guidelines***

8. **Appendix A** provides a draft set of policy guidelines for the application of the Council Tax Empty Homes Premium with effect from 1<sup>st</sup> April 2019.
9. The guidelines set out when the Premium will be applied along with those circumstances where, subject to agreement by the Council, the Council will defer the application of the Premium.
10. In relation to the deferral of the Council Tax Empty Homes Premium, this is being proposed to acknowledge that there are certain circumstances which may prevent the Owner of a property from bringing it back into occupation. For the purposes of the draft Policy, it is proposed that upon a successful application, a Property Owner could have their liability to the Premium deferred for a period of up to 12 months (and subsequently waived if the property is brought back into occupation in that period).
11. Councillors are asked to consider the draft Policy Guidelines and to recommend them to Council for adoption.

## IMPLICATIONS

### Policy

12. The proposed policy for deferring the Council Tax Empty Homes Premium is provided at **Appendix A**.

### Financial

13. It is not possible to be precise about the implications of the financial impact of the changes to Empty Homes Premium. At the time of writing, the Council has 1,619 Empty Properties as set out below:-

Duration	No
Under 2 years	1,180
2 to 5 years	209
5 to 10 years	122
More than 10 years	108
Total	1,619

14. As the table indicates, the majority of these properties have been empty for less than 2 years. There are 439 properties that have been empty for periods in excess of 2 years and which would attract the Empty Homes Premium. As might be expected, given the structure of the Council's Taxbase, most of these properties are in Band A.
15. If the owners of the 439 properties classed as long term empties pay the premium from 1<sup>st</sup> April 2019, the net additional gross yield would be c£291k (an amount which would increase as the incremental increases in the premium as set out above are applied annually). However, this is not expected to be the case as either owners will take action to bring properties back into use or benefit from a deferral as referred to in the report – resulting in no additional Council Tax – or will not pay. As in previous years, no account has been taken of the additional premium income from 2019/20 onwards, and therefore any additional income from the Empty Homes Premium will be treated as a 'windfall' income.

### Legal

16. The Council is permitted to charge an Empty Homes Premium following recent amendments to the Local Government Finance Act 1992 and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

### Risk Management

17. As set out in the Empty Homes Strategy, there is a risk that empty properties fall into disrepair and become blight on the area in which they are located. The Empty Homes Premium is one of a number of actions the Council is taking to deal with these properties.

### Health and Safety

18. There are no Health and Safety implications arising directly from the contents of this report.

### **Climate Change:**

19. As with health and safety implications, there are no climate change implications arising directly from this report.

### **Community Safety**

20. There are occasions when empty properties are the target of anti-social behaviour and so action taken by the Council to encourage and assist owners to bring empty properties back into use may help alleviate these issues.

### **Equality and Diversity**

21. There are no equality and diversity implications arising from the contents of this report.

### **APPENDICES**

Appendix A – Draft Council Tax Empty Homes Premium – Policy Guidelines

### **LIST OF BACKGROUND PAPERS**

Papers held in Financial Services