1.0 PURPOSE OF REPORT

To inform members of changes to the levels of Council Tax premium available to charge against long term empty properties and seek approval to increase the level of Council Tax premium charged on long term empty properties as a result of these changes.

2.0 RECOMMENDATION/S

2.1 Members note the outcome of the consultation at Appendix C.

2.2 Council Tax for empty properties over two years is charged in line with the maximum allowable premium as permitted through the Rating (Properties in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

3.0 RECOMMENDED REASON/S FOR DECISION/S

The district is facing a range of challenges around the availability of quality affordable housing. Utilising the powers made available through the Rating (Properties in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 promotes a buoyant real estate market and encourages sellers to ensure residential properties are priced to sell. The change may also result in a small increase in the Council Tax expected within the district to support local services.
4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 To maintain the 25% premium, or make a change that does not maximise the level of premium charged.

5.0 THE REPORT

5.1 From 1 April 2013, amendments were made to Section 11B of the Local Government Finance Act (LGFA) 1992 allowing properties classed as unoccupied and unfurnished for over two years to be charged up to a 50% Council Tax premium, allowing a maximum charge of 150% liability. This is known as the Long Term Empty Property Premium. At the time Harrogate Borough Council (HBC) agreed to apply a 25% premium, increasing the charge for residential properties empty over two years to 125%.

5.2 On 1 November 2018, the Ratings (Property in common occupation) and Council Tax (empty dwellings) Act 2018 received Royal Assent. The Act makes further amendment to section 11B of the LGFA 1992 allowing authorities to increase the Long Term Empty Property Premium within the following limitations:

<table>
<thead>
<tr>
<th>Implementation date</th>
<th>Criteria</th>
<th>Max. Council Tax increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April 2019</td>
<td>Empty and unfurnished at least 2 years</td>
<td>100% increase (200% liability)</td>
</tr>
<tr>
<td>1 April 2020</td>
<td>Empty and unfurnished at least 2 years but less than 5 years</td>
<td>100% increase (200% liability)</td>
</tr>
<tr>
<td>1 April 2020</td>
<td>Empty and unfurnished at least 5 years but less than 10 years</td>
<td>200% increase (300% liability)</td>
</tr>
<tr>
<td>1 April 2021</td>
<td>Empty and unfurnished at least 10 years</td>
<td>300% increase (400% liability)</td>
</tr>
</tbody>
</table>

5.3 HBC propose to implement premiums to the maximum amounts allowed by legislation, meaning that empty properties that have been empty and unfurnished for two years or more will be charged as detailed in section 5.2 above.

5.4 Appendix A shows a list of the current 223 property references that are subject to an empty and unfurnished premium. This amounts to a total of £96,000 additional council tax collectable within the district for the 2018 financial year.
5.5 Appendix A also calculates the values of the premium based on the new charged detailed in 5.2 for the 2019 financial year, and potential for the 2020 financial year based on the current numbers, 2018 Council Tax liability and period they have remained empty. This data is summarised below and the HBC direct benefit shown based on the current 13% retention of Council Tax by the authority.

<table>
<thead>
<tr>
<th>Year</th>
<th>2018 (current)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross income from proposed CT premiums</td>
<td>£96,000</td>
<td>£384,000</td>
<td>£592,000</td>
<td>£743,000</td>
</tr>
<tr>
<td>Net HBC income from proposed CT premiums</td>
<td>£12,500</td>
<td>£50,000</td>
<td>£77,000</td>
<td>£97,000</td>
</tr>
</tbody>
</table>

Note the figures used are for demonstration purposes only, and it is likely that some properties will have been re-occupied meaning the level of funding at the higher premium levels is lower than detailed above.

5.6 The Harrogate Borough Council Empty Homes Strategy 2019-24 outlines the councils approach to reduce the number of empty homes across the district through encouragement and the use of enforcement powers. The strategy includes the objective 'To maximise income from empty homes in the short term', implementation of this increase would directly contribute to delivery of this objective.

5.7 The proposed changes have been out for public consultation and the actual questionnaire is shown in Appendix B. The consultation was promoted through the residents’ newsletter in December, and on social media. A total of 228 responses were received as detailed in Appendix C and comments have been reviewed.

5.8 Of the responses, five identified themselves as currently owning an empty property subject to the current premium of 25%. One of these agreed with the increase to premiums, the other four did not.

Some recurring themes have been identified from the comments and are addressed below:

- The application of premiums is only proposed to residential properties categorised as empty and unfurnished. Where an occupant or the property is eligible for a discount or exemption for the period in question, the premium will not apply.
- The residential property will only become eligible for a premium once it has been classified as empty and unfurnished for two years or more.
- Where owners are trying unsuccessfully to bring an empty home back into use, support will be available through the Housing Empty Property team from the point the property has been empty for six months.
6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

6.2 The application of a 100% premium from 1 April 2019 on long term empty properties has been assumed in the calculation of the council tax base for 2019/20. The increase in council tax income resulting from the increased premium is therefore reflected in the draft budget that was recommended by Cabinet on 2 January 2019.

6.3 Section 11b Local Government Finance Act 1992 (as amended) allows the Council to charge a council tax premium. Section 67(2) of that Act provides that the power to decide to introduce a premium can only be exercised by full Council. The Rating (Property in Common occupation) and Council Tax (Empty Dwellings) Act 2018 provides for the premium to be increased as detailed in the body of the report.

7.0 CONCLUSIONS

The provision of sufficient housing is a key element of developing the Harrogate District. The implementation of the above increases to premiums once a property has been empty and unfurnished gives an incentive to ensure property for sale is appropriately priced and brought back into occupation. Where owners fail to do this, the additional council tax premium will help to support council services in the district whilst further action is progressed through Housing and/or Planning legislative powers.

OFFICER CONTACT: Please contact Alison Wilson if you require any further information on the contents of this report. The officer can be contacted by e-mail – Alison.wilson@harrogate.gov.uk