

Housing Strategy and Council Tax Long Term Empty Premium Charges

Corporate Overview & Scrutiny
Management Board

13 September 2019

Paul Darby

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Housing/Homeless Strategy

Aims of the Housing Strategy:

- Raising standards in the private rented sector.
- Meeting the housing needs of our older people.
- Bringing empty homes back into use where possible.
- Delivering affordable housing.
- Improving the quality of our existing housing stock and the wider residential environment.

Aims of the Homeless Strategy

- To prevent homelessness
- To increase the supply of accommodation available to assist homeless people
- To ensure the support services are available to help homeless people

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Housing Need

- Circa 9000 on Social Housing Register (Durham Key Options)
 - Approx. 1600 excluded annually
- Almost 5000 presentation to Housing Solutions Annually
- Financial Assistance Policy (FAP) to give grants and loans to bring empty properties back into use
- DCC Empty Property Premium part of the strategy

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Current Policy

- Implemented 1 April 2013
- Applies to Long Term Empty (2 years or more) Properties
- Must be unoccupied and unfurnished
- 50% Premium charged on these
- Average Band A Council Tax charge is £1,346 therefore Premium = £673, total Band A charge for a Long Term Empty Property = £2,019

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Current Policy

- Starting Point = date the property is unoccupied
- Occupation doesn't change if ownership / liability changes
- Only a period of occupation of over 6 weeks (a person is registered as living there) 'resets the clock'
- £0.985million levied in 2019/20 (£0.788million relates to DCC)

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Number of Long Term Empty Properties

- March 2013 – 2,007
- April 2019 – 1,364
- Reduction of 33% - properties brought back into use
- In line with the Housing and Long Term Empty Property Strategies

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The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

The Act aims to encourage the owners of long term empty homes to bring them back into use by enabling Councils to charge a higher premium from 1 April 2019

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New Maximum Premium Charges Allowed

- 100% from April 2019 – applies to properties empty 2 years+
- Empty for more than 5 years (from 1 April 2020) – 200%
- Further powers expected from 1 April 2021- to charge 300% (Empty for more than 10 years)

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Potential Impact in 2020/21

- If 100% Premium applied to those properties empty 2 to 5 years:
 - Premium would be £1,346 at Band A
 - Total Band A charge levied = £2,692
 - increase in charges levied would be c£0.985million
 - c£0.788million could be a MTFP saving to DCC

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Potential Impact in 2020/21

- If 200% Premium applied to those properties empty for over 5 years
- Premium would be £2,692 at Band A
- Total Band A charge levied = £4,038
- Further increase in charges levied would be c£0.845million
- c£0.676million of these further charges could be a MTFP saving to DCC

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Government Guidance

- ‘Not to penalise owners of property that is genuinely on the housing market for sale or rent’
- Local authorities encouraged to use their discretionary powers under Section 13A

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Potential Issues

- Collection rate for long term empty properties
- Impact on owners of properties that cannot be sold/let
- Avoidance

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Hardship Relief

- Section 13A of LGFA 1992 – the power to reduce or remit council tax
- The Council must be satisfied that there is evidence of financial hardship
- Each application considered on its own merits
- Exceptional circumstances
- Usual approach is to defer payment and place a charge on the property

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Proposals

- Report considered by Cabinet in July – permission to consult on changes
- Consultation over 3 months – including online questionnaires, presentations to Landlord Associations, Durham Social Housing Group and targeted consultation with welfare advice services
- Further report back to Cabinet in December

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Conclusions

If following consultation and Cabinet approval the Council could (from April 2020):

- Charge a 100% Premium on properties that have been unoccupied and unfurnished for between 2 and 5 years
- Charge a 200% premium on properties that have been unoccupied and unfurnished for more than 5 years or more

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Key Dates

- Report to Cabinet in July outlining options and implications – permission to consult
- Consultation live from July 2019 – Oct 2019
- Report to Cabinet – Dec 2019 – decision point in terms of any changes
- New Policy implemented – April 2020
- Review of impacts – July 2021

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QUESTIONS?

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