

Cabinet

13 November 2019

Review of the Council Tax Long Term Empty Premium Charges

Key Decision: CORP/R/19/03



Report of Corporate Management Team

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Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To consider the outcomes of the consultation on potential changes to the council's policy in terms of Empty Homes Discounts and the policy of applying a 50% premium on properties which have been unoccupied and unfurnished for more than 2 years, where councils now have the power to:
 - (a) apply a maximum 100% premium on such properties (from April 2019) along with;
 - (b) apply a maximum 200% premium on properties which have been unoccupied and unfurnished for more than 5 years (from April 2020).
- 2 The report outlines the positive impact the policy makes in terms of contributing to the council's Housing and Homeless Strategies and includes updated modelling of the impact of changing the current policy,

proposing changes to the existing policy to provide greater protection and support to households in certain circumstances.

Executive summary

- 4 Since April 2013, councils have been able to apply a maximum 50% council tax premium on properties that have been unoccupied and unfurnished for more than 2 years. In line with most councils, Durham introduced the premium charge from April 2013.
- 5 The aim of the policy is to encourage the owners of long-term empty (LTE) properties to bring those homes back into use. It underpins and supports the council's Housing Strategy and Homelessness Strategies, which seek to:
 - (a) raise standards in the private rented sector;
 - (b) meet the housing needs of our older people;
 - (c) bring empty homes back into use where possible;
 - (d) deliver affordable housing;
 - (e) improve the quality of our existing housing stock and the wider residential environment;
 - (f) prevent homelessness;
 - (g) increase the supply of accommodation available to assist homeless people;
 - (h) ensure that support services are available to help homeless people.
- 6 When the current policy was implemented in April 2013, there was an initial sharp reduction in the number of LTE properties (approximately 33% in the first 6 months), after which the numbers have remained static, along with an increase in revenue to the council from those properties that were not brought back into use.
- 7 Following a change in legislation, which came into effect from April 2019, councils now have the power to charge a 100% council tax premium for properties which have been unoccupied and unfurnished for more than two years and will be able to charge a 200% premium on those properties which have been unoccupied and unfurnished for five years or more from April 2020. Further powers to charge a 300% premium on those properties that have been empty for more than ten years comes into force on 1 April 2021, though that is not subject to consideration currently.

- 8 To implement these powers the council would need to change its adopted policy on Long Term Empty Property Charges, the advantages of implementing these changes would be as follows:
 - (a) There will be a further incentive for the owners of LTE properties to bring them back into use, potentially boosting the supply of properties available to rent in the county and making a positive impact on our Housing and Homeless strategies. Most LTE properties are in the lowest council tax band (A), often in the more deprived areas of the county and could therefore be a useful source of affordable housing.
 - (b) Where properties are not brought back into use there would be an increase in revenues to the council, providing the opportunity for MTFP savings.
- 9 On 10 July 2019 Cabinet approved a 12 week public consultation on the potential to implement these changes from April 2020. The consultation ran from 15 July 2019 to 6 October 2019.
- 10 This took the form of an on-line consultation via the council's website, targeted correspondence to key stakeholders, discussions with representatives of the County Durham Housing Forum and presentations to Corporate Overview and Scrutiny Management Board and to the Local Councils Working Group.
- 11 There were 258 responses to the online questionnaire, 255 comments left on the council's social media page and 10 responses from various stakeholders during the consultation.
- 12 The results are summarised in the report and set out in detail in Appendix 4. They show that views were mainly polarised with those who were generally unaffected by the policy supporting the proposed changes while those directly affected by it generally not supporting any changes.
- 13 For those who did not support a change in the policy this tended to be on the basis that the properties affected were not being deliberately kept empty but rather the owners could not be sell or let them for various reasons often beyond their control and that this would lead to an increased financial burden. Guidance issued by the Department for Communities and Local Government in May 2013 recommends that the policy was not intended to penalise owners in such circumstances.
- 14 Large social landlords also described circumstances where they are working with the council to regenerate certain areas of the county which

required them to proactively manage voids in an area which they could otherwise have let, with a view to demolition and estate remodelling.

- 15 The report recommends that the council amends its policy, to take up the full powers available with effect from April 2020, but in doing so, to mitigate the effects of amending the policy, adopt a new section 13A(1)(c) policy to address the issues and concerns highlighted in the consultation. The current policy does not contain the proposed exemptions, instead there is reliance placed on applications to the council's Hardship Relief Policy.
- 16 This will ensure that those who are genuinely attempting to bring their properties back into use or are being prevented from doing so due to justifiable and evidenced reasons, are not penalised by the policy, but absent landlords, and those who are keeping long term empty properties empty for speculative purposes are subject to it.

Recommendation(s)

- 17 It is recommended that Cabinet:
 - (a) implement the full powers allowed by the change in legislation by amending its Long-term Empty Property Charges Policy to increase the empty homes premium charge from April 2020 as follows:
 - (i) charge a 100% empty homes premium on properties that have been unoccupied and unfurnished for between two and five years at 1 April 2020;
 - (ii) charge a 200% empty homes premium on properties that have been unoccupied and unfurnished for five years or more at 1 April 2020; and
 - (iii) charge the empty homes premium on properties that have been unoccupied and unfurnished for two years or more that require or are undergoing major repairs;
 - (b) adopt and implement a new section 13A(1)(c) policy to provide assistance to owners who have been unable to sell or let their properties for legitimate reasons, have purchased long term empty properties and are renovating them to return to the property market, or who have deliberately kept properties empty due them being in an area subject to regeneration or where the properties have been earmarked for demolition. The proposed new section 13A(1)(c) policy is attached at Appendix 4.

Background

- 18 Billing Authorities in England, Scotland and Wales have had the power to increase council tax on properties which have been 'unoccupied and substantially unfurnished' for a period of two years or more. This is known as the 'empty homes premium'. In England this was introduced in the Local Government Finance Act 2012 and was effective from 1 April 2013. It is for the billing authority (the district or unitary council) to decide whether to levy an empty homes premium.
- 19 From 1 April 2013, in England, billing authorities were given the powers to charge up to 150% on properties which had been unoccupied and substantially unfurnished for at least two years. A period of occupation of over six weeks qualifies as a break in the empty period, effectively 'resetting the clock' for the purposes of the empty home's premium.
- 20 Liability for the empty home's premium is determined by the length of time that the property has been empty and unfurnished. An individual who purchases a property in England which has already been empty for two years may be required to pay the premium as soon as they take ownership. Billing authorities are not required to apply a discount or exemption if the buyer subsequently renovates the house without living in it. Where an empty property has benefited from a discount or exemption from council tax, the two-year qualifying period for the empty home's premium begins from the date on which the property became empty, not from the date at which the discount or exemption ended.
- 21 In England, the empty homes 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 a main property. In addition, guidance for local authorities in England, published in May 2013, stated:

'The government's intention behind the decision to provide billing authorities with the power to charge a premium was not to penalise owners of property that is genuinely on the housing market for sale or rent'.

'The government expects billing authorities to consider the reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent, and decide whether they want such properties to be included in their determination'.
- 22 Applying a LTE Property premium encourages the owners of these properties to bring them back into use. This in turn makes a positive contribution to the council Housing and Homelessness Strategies, which seek to:

- (a) raise standards in the private rented sector;
 - (b) meet the housing needs of our older people;
 - (c) bring empty homes back into use where possible;
 - (d) deliver affordable housing;
 - (e) improve the quality of our existing housing stock and the wider residential environment;
 - (f) prevent homelessness;
 - (g) increase the supply of accommodation available to assist homeless people;
 - (h) ensure that support services are available to help homeless people.
- 23 In April 2013, when the council introduced the current policy, there was a 33% reduction in the numbers of LTE properties.
- 24 Increasing the premium provides a further financial disincentive for absent landlords to retain long term empty properties. It is recognised, however, that some owners may find it impossible to let properties where there is no demand and some owners of LTE properties could feel forced into letting properties to avoid paying the premium, which could result in property management problems where properties are let to unsuitable tenants.

Legislative Changes – Additional Powers

- 25 From April 2013 to March 2019, the maximum empty homes premium that a local authority in England could set was 50% (effectively making the owner liable for a 150% council tax charge).
- 26 In the November 2017 Budget, the Chancellor announced the Government's intention to legislate to bring the maximum charge for long term empty homes in England up to 200%, with the chancellor making the following statement:
- 'I want to address the issue of empty properties. It cannot be right to leave property empty when so many are desperate for a place to live, so we will legislate to give local authorities the power to charge a 100% council tax premium on empty properties.'*
- 27 The Rating (Property in Common Occupation and Council Tax (Empty Dwellings)) Act 2018 subsequently included provisions to implement this commitment and went further by incorporating the power to charge

even higher premiums for properties which have been unoccupied and unfurnished for 5 years and 10 years.

- 28 Subsection 1A of Section 11B of LGFA 1992 amended this figure to 100% from 1 April 2019 (making the owner liable for a 200% council tax charge). Subsection 1B also incorporated provisions to charge an additional 200% premium on properties which have been unoccupied and unfurnished for 5 years or more from 1 April 2020 (making the owner liable for a 300% council tax charge) and (subject to further legislative changes) a 300% premium on properties which have been unoccupied and unfurnished for 10 years or more from 1 April 2021 (making the owner liable for a 400% council tax charge).
- 29 Billing authorities (district and unitary councils) have the discretion over whether to adopt these powers and implement policy changes locally, and at what rate it should be set at. The Act provides that the 100% ceiling on the empty home's premium came into force for the 2019-20 financial year. It also provides that the 100% ceiling can apply to LTE properties as of 1 April 2019 irrespective of when they became empty.
- 30 The possibility of 'phasing' an increase in the empty homes premium over several years is not currently available to councils as the legislation (s.11b Local Government Finance Act 1992) only allows for one 'blanket' resolution by the council for one percentage for all LTE homes.
- 31 There have been no changes to the criteria for class B (unoccupied furnished) empty properties and the maximum council tax that can be charged for such properties (100%).
- 32 The class B exemption (maximum period 6 months) for properties that are owned by a charity and were last occupied in accordance with the charitable purposes remains. This covers properties managed by Registered Social Landlords.

Durham's Current Policy

- 33 Since 1 April 2013, Durham County Council has charged the previous maximum 50% empty homes premium on all LTE properties, the policy decision having been taken by Cabinet in December 2012. Nationally, 299 out of 326 councils (92%) applied an empty property premium in 2018/19, with most councils choosing to implement the maximum 50% premium.
- 34 Figures at the end of September 2019 show the following number of properties in Durham subject to the empty home's premium along with the premium charge they generate:

Council Tax Band	Number of properties incurring a LTE Premium Charge	Premium Charged
A	1,109	£751,893.93
B	100	£76,057.25
C	62	£53,874.68
D	54	£53,415.71
E	29	£34,593.47
F	12	£16,696.45
G	12	£19,264.53
H	4	£7,911.02
Total	1,382	£1,013,707.04

NOTE: The figures above are for total council tax revenues. The council's share of the council tax revenues generated is circa 79%, therefore the income attributable to the council is circa £801,000.

- 35 A breakdown of the above properties by postcode and by council tax Band can be seen at Appendix 2.
- 36 Of the 1,382 properties subject to the 50% premium as at 30 September 2019, 824 (60%) have been empty between two to five years and 558 (40%) have been empty for over 5 years.
- 37 When it was introduced in April 2013 there were 2,007 properties subject to the empty home's premium within the county. After an initial sharp drop (approximately 33% in the first six months), suggesting that either the rationale behind the legislation to bring properties back into use had worked to some extent or people who were occupying these properties became registered, the numbers have since been fairly static as shown below (figures taken as at October each year unless stated):

	2013	2014	2015	2016	2017	2018	September 2019
Number of dwelling classed as long-term empty and subject to a LTE premium	1,280	1,413	1,591	1,576	1,528	1,448	1,382
Total number of dwelling classed as empty	7,630	8,252	8,147	7,642	8,013	7,637	7,330

	2013	2014	2015	2016	2017	2018	September 2019
Percentage of empty dwellings subject to LTE premium	16.78%	17.12%	19.53%	20.62%	19.07%	18.96%	18.85%

38 The national position is shown in the table below:

	2013	2014	2015	2016	2017	2018
Number of dwelling classed as long-term empty and subject to a LTE premium, of which	56,055	56,482	58,756	59,443	60,898	62,419
- 10% LTE Premium	47	295	125	282	139	473
- 25% LTE Premium	428	443	444	258	245	228
- 50% LTE Premium	55,580	55,744	58,187	58,903	60,514	61,718
Total number of dwelling classed as empty	480,322	460,881	448,999	443,197	454,558	472,918
Percentage of empty dwellings subject to LTE premium	11.60%	12.10%	13.10%	13.30%	13.40%	13.20%

39 The proportion of empty properties subject to the LTE property premium in Durham has been consistently higher than the national average over the last five years. Circa 81% of these are in the lowest council tax band (Band A) and will be subject to an additional charge of circa £673 in 2019/20.

40 Approximately 30% of the properties in Durham have been identified as being owned by landlords as opposed to private individuals.

41 Unsurprisingly, the collection of the council tax charges for properties subject to the empty homes premium has proved to be more challenging, with an in-year collection rate of 85.62% for 2018/19 compared to the overall council tax in year collection rate of 96.65%. However, over time the collection rate does improve, as demonstrated in the table below:

Financial Year	Recovery Rates – Accounts Subject to the LTE Premium			
	In Year Position – As at Year End		Position as at 31 March 2019	
	% Recovered	% Outstanding	% Recovered	% Outstanding
2013/14	83.04%	16.96%	98.01%	1.99%
2014/15	81.30%	18.70%	96.50%	3.50%
2015/16	79.38%	20.62%	95.18%	4.82%
2016/17	79.42%	20.58%	92.83%	7.17%
2017/18	85.39%	14.61%	91.54%	8.46%
2018/19	85.62%	14.38%	85.62%	14.38%

- 42 The Customer Relationship Management system (CRM) records show that in 2018/19 the council received 7 complaints from customers objecting to having to pay additional council tax in relation to unoccupied properties.

Benchmarking

- 43 In terms of other authorities in the North East, three have already made decisions to amend their policies considering the legislative changes in the Rating (Property in Common Occupation and council tax (Empty Dwellings) Act 2018. The table below shows the current position for neighbouring councils:

Sunderland	Charging 100% premium from April 2019 and will charge 200% premium from April 2020.
Northumberland	Currently charge 50% premium and have no plans to change for 2020.
Stockton	Currently charge 50% premium and have no plans to change for 2020.
South Tyneside	Charging 100% premium from April 2019 and will charge 200% premium from April 2020.
North Tyneside	Do not charge empty homes premium
Newcastle	Charging 100% premium from April 2019 and will charge 200% premium from April 2020
Middlesbrough	Currently charge 50% premium and have no plans to change for 2020.

Gateshead	Currently charge 50% premium and have no plans to change for 2020.
Darlington	Currently charge 50% premium and plan to charge the new maximum amounts from April 2020.
Hartlepool	Currently charge 50% premium and have no plans to change for 2020.
Redcar and Cleveland	Currently charge 50% premium and have no plans to change for 2020.

- 44 It is worth noting that Durham is the only authority in the North East that retains a Local Council Tax Reduction Scheme in line with the former National Council Tax Benefit system and does not cap the level of support working age claimants can receive or require vulnerable working age claimants to pay a minimum amount of council tax.

Consultation

- 45 On 10 July 2019 Cabinet approved a twelve-week public consultation on the potential to implement these changes from April 2020. The consultation ran from 15 July 2019 to 6 October 2019, providing the opportunity for respondents to comment on the proposals and to highlight any potential implications on individuals and agencies on introducing these changes.
- 46 The consultation was widely publicised in the local press, on the council's website and on the council's Social Media page. The consultation process took the form of:
- An online consultation via the council's website;
 - Letters issued to town and parish councils via the County Durham Association of Local Councils, the major precepting authorities (Police & Fire) and the key organisations that offer welfare advice in the county;
 - Discussions with representatives of the County Durham Housing Forum;
 - Presentations to Corporate Overview and Scrutiny Management Board and to the Local Councils Working Group.
- 47 258 replies were received to the online consultation (1 was incomplete) and a full breakdown of these is attached at Appendix 3. The responses can be summarised as follows:

Person responding to the consultation	
Private landlord	57
Landlord agent	3
Owner of a second property	25
County Durham resident	147
Tenant	12
Other	13

48 Ten direct replies were received by letter and email, including three from Registered Social Landlords (LIVIN, Bernicia Homes and Karbon Homes) and a collective one from the County Durham Housing Forum (the County Durham Social Housing Registered Providers) and five from local Town or Parish Councils.

49 255 comments were left on the council's Social Media page.

50 The results of the online consultation are summarised below:

On line Consultation Responses	Agree	Disagree
Proposal to increase the premium for properties empty for 2 to 5 years	55.2%	42.8%
Proposal to increase the premium for properties empty for more than 5 years	60.1%	37.1%
Will increasing the premium have a positive effect on reducing the number of LTE properties?	52.8%	39.7%
Will increasing the premium have a positive effect on reducing homelessness?	37.2%	47.7%

51 Of those who responded in favour of increasing the premium, 63.3% supported increasing it to 100% for properties empty for between two to five years and 57.6% supported increasing it to 200% for properties empty for more than five years.

52 Online feedback showed that people who were not affected by the change in premium were generally supportive of implementing the powers to increase it, whereas those who would be directly adversely affected were generally not in favour of an increase. 74.6% of responders classed as residents agreed with proposals to increase the

premium whereas 78.8% of private landlords, agents and owners of second homes disagreed with the proposals.

- 53 Feedback from town and parish councils supported increasing the premium but with some discretion being applied in the practical application of the policy. This was echoed by the view of members of the Corporate Issues Overview and Scrutiny Management Board, where there was also broad support for increasing the premium to tackle issues of homelessness and encourage owners to bring properties back into use.
- 54 Comments from individuals followed a similar pattern, broadly supporting the goals of the proposals but advocating greater flexibility in its application rather than a blanket approach.
- 55 Local Registered Housing Providers both collectively and individually supported the objectives of the policy in principle, however they identified situations where they had some properties that they could let but where they were working with the council as part of a wider regeneration scheme and were proactively managing voids and leaving properties empty that they could let as part of an estate/full street regeneration or demolition programme, that would become subject to the premium.
- 56 The Housing Providers felt that as they were working in partnership with the council in implementing such schemes, which required some properties to remain empty for a long period of time, it was not fair to be penalised for keeping these properties empty. They felt that imposing the premium in such circumstances would be contrary to the spirit of the objectives behind increasing it and therefore requested that the properties affected should not be subject to it.
- 57 Facebook comments received were more difficult to gauge, with the majority not being directly related to the proposals themselves or suggesting amendments to other aspects of council tax which are beyond the scope of the consultation and the council's powers e.g. making representations that students should not be exempted from council tax. The relevant comments broadly mirrored the outcome of the online consultation.
- 58 For those who did not support a change in the policy this tended to be on the basis that the properties affected were not being deliberately kept empty but rather the owners could not sell or let them for various reasons often beyond their control and that this would lead to an increased financial burden but would not act as a further incentive to bring the properties back into use in these cases.

59 Landlords were also concerned that upon buying long term empty property empty properties to renovate and return to the property market, they would immediately be subject to the empty homes premium which would be a disincentive for them to purchase such properties. All the responders in these circumstances sought the flexibility not to impose the premium under such circumstances.

Council Tax Section 13A(1)(c) - Discretionary Reduction Policy

60 Section 13A of the Local Government Finance Act 1992 as amended by section 76 of the Local Government Act 2003 provides the Billing Authority (Durham County Council) with the power to reduce or remit council tax where it is considered that "hardship" would otherwise be caused.

61 It is the provisions under this aspect of council tax legislation that, when the current policy was implemented in April 2013, the council adopted a Hardship Relief Policy to provide support to individuals who were adversely affected by the introduction of the 50% premium.

62 In order to be considered for the relief the council must satisfy itself that there is evidence of financial hardship and personal circumstances that justifies a reduction in council tax liability.

63 Each application for hardship is considered on its merits with issues that will need to be considered on each occasion including: -

- All applications should be made in writing from the council tax payer, their advocate/appointee or a recognised third party acting on their behalf, using the relevant form and contain the necessary information.
- All applications are only intended as short-term assistance and will not extend beyond the current financial year and should not be considered as a way of reducing council tax liability indefinitely.
- Hardship relief or remission will be the exception and not the rule.
- There must be evidence of hardship or personal circumstances that justifies a reduction in council tax Liability.
- The council must be satisfied that the customer has taken reasonable steps to resolve their situation prior to application.
- The council's finances allow for a reduction to be made and it is reasonable to do so considering the impact on other council tax payers.

- The council tax payer does not have access to other assets that could be realised and used to pay council tax.
- All other eligible discounts/reliefs have been awarded to the council tax payer.
- The liable person for a long term unoccupied domestic property has made their best efforts to sell or let the property and to levy a council tax charge would cause them exceptional financial hardship.
- Has an appeal against the council tax band been made to the Valuation Office Agency, therefore an impact on charge/relief.

- 64 Reduced liability is only agreed to in exceptional circumstances. Instances where someone is in a situation not within these guidelines does not necessarily mean that they should be dismissed but should be evaluated upon their own merits as there may be extenuation circumstances.
- 65 There have been no instances over the last five years of the LTE property premium being withdrawn or remitted due to hardship, though there have been several instances where recovery of the premium has been deferred until completion of the sale of a property. This flexibility has proved beneficial in cases where the LTE property an inherited dwelling, often in cases where the family member who originally resided in it originally had been admitted to residential or nursing care.
- 66 In response to the consultation feedback consideration has been given to the development of a new policy, with defined circumstances where properties subject to the Empty Homes Premium may have the impact of the Empty Homes Premium offset by the application of a section 13A(1)(c) discount is adopted.
- 67 In all such circumstances the liable person will remain subject to a 100% council tax charge. A proposed new section 13A(1)(c) policy is attached at Appendix 4. This would complement the current Hardship Relief Policy, which would remain in place to provide a further safety net.
- 68 Each application against the new policy would be assessed on its individual merits and be based on the evidence available. When assessing applications, the following considerations will be made:

- (a) **Properties for sale or rent** – only where the owner is genuinely seeking to sell or rent the property in local market conditions (at a realistic selling price or rent level) advertised on the open market through an estate agent. Applicants will need to provide evidence that they have engaged with the council's Housing Solutions team in terms of any help that may be available from the council concerning potential upgrades and grants to enable the property to be sold/let;
- (b) **Properties in need of renovation** – only where the new owner is acting to return the property to occupation and can provide evidence that the action has been continuous and realistic (i.e. work underway etc.);
- (c) **Owners who are experiencing legal or technical issues** which are preventing the sale or letting of the property. A solicitor's or legal conveyancer's letter should be produced as evidence detailing the reasons preventing sale or letting. This would be assessed alongside evidence that all reasonable and practicable steps were being taken to remedy the situation;
- (d) **Properties being deliberately kept empty as a result of interventions to support regeneration of an area** and for those waiting to be demolished as part of this – details of the regeneration scheme and how it affects the properties involved will need to be supplied.

69 Providing relief (remitting the premium charges) would only be intended as being for short-term assistance. Any award would not normally extend beyond the financial year in which it is awarded and should not be considered as a way of reducing council tax liability indefinitely. All applications would however be considered on their own merits.

Housing Solutions

70 The council's Housing Solutions Empty Homes Team work to engage with property owners and bring properties back into use that have been empty for 6 months or more. The team can help support owners bring their properties back into use by:

- Helping owners to renovate their properties using their own funds or via an interest free loan from the council. To qualify for a loan from the council the property must be in council tax band A or B and the landlord must be (or become) a member of the Private Landlord Accreditation Scheme for the term of the loan. All loans are registered as a restricted charge at HM Land Registry

- Providing move-in incentive grants to purchasers of long-term empty properties who are going to live in the property themselves as their main residence for a period of at least five years. These grants are registered as a local land charge for the five-year term
- Providing help to owners to rent their property through Durham Key Options (DKO)
- Helping owners to sell their properties – the team have a list of investors who are interested in purchasing and renting out properties in County Durham
- Helping owners to lease the properties – there are a number of organisations (including the council) who lease property from owners to rent out

71 In the last 5 years the team has returned 1,038 empty properties back into use as follows:

- 509 through negotiation with the owners homes back
- 447 through financial assistance (202 loans to renovate and 245 residents helped to become home-owners through grants)
- 82 through leasing
- £4 million of financial assistance has been provided;

Since April 2019:

- 113 properties have been brought back into use

72 The Empty Homes team can be contacted via:

- the web page <http://www.durham.gov.uk/emptyhomes>
- by email at privatesectorhousing@durham.gov.uk or
- by telephone 03000 268000

Long Term Empty properties which require or are undergoing major repairs - currently in receipt of a Class D exemption

73 From 1 April 2013 the exemption for properties which required or were undergoing major repair works to make them habitable (class A – maximum period 12 months) was abolished.

74 This was replaced by discount class D and Local Authorities were given the discretion to set a discount of between 0% and 100% for properties that meet the criteria (maximum period 12 months). Durham has not awarded any discounts for such properties since 1 April 2013 and therefore properties which meet the criteria are charged 100% council tax.

- 75 In circumstances where a property is subject to the Empty Homes Premium and then subsequently meets the criteria for a class D discount, Durham has charged 100% council tax rather than 150% (for a maximum period of 12 months).
- 76 Neighbouring councils vary in their approach to the relationship between the empty property premium and locally set class D discounts, for example Newcastle and Northumberland currently adopt the same approach as Durham, however, Stockton, Sunderland and South Tyneside do not and have adopted the approach that where a property is subject to the empty homes premium, locally set discounts will not apply.
- 77 This approach appears to be consistent with s.11B (4) of the local Government Finance Act 1992 which says of the empty home's premium:
- “(4) Where a determination under this section has effect in relation to a class of dwellings—*
- (a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and*
- (b) any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.”*
- 78 If Durham was to change its approach and take a policy decision not to award a class D discount for properties subject to the empty homes premium, this would appear to be able to be successfully defended if appealed at a Valuation Tribunal based upon this legislation.
- 79 Currently Durham has 19 properties that fall into discount class D. The potential premium charge that would be forgone by not applying the empty homes premium (at 100%) in these cases is as follows:

Band	Number of properties	Premium Charge forgone
A	15	£20,481.90
B		
C	2	£3,491.10
D	1	£1,930.74
E	1	£2,321.47
F		
G		
H		

Total	19	£28,225.21
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80 Some LTE properties which may formerly have benefitted from a class D discount could potentially still avoid the premium if a new owner is carrying out work to return the property to the housing market by qualifying for a Section 13A(1)(c) discretionary discount.

Equality Impact Assessment

81 The Equality Act 2010 aims to advance equality of opportunity and provide protection from discrimination for people based on their 'protected characteristics' of: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

82 We are legally required under the public sector equality duty (PSED) to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between those who share a relevant protected characteristic and those who do not.

83 Should the council decide to implement the increased level of empty property premium from 2020/2021, there would be negative financial impact on the owners of these properties which remain unoccupied.

84 Of the 1,382 properties subject to the 50% premium as at 30 September 2019, 824 (60%) have been empty between two to five years and 558 (40%) have been empty for over five years. Circa 81% of these are in the lowest council tax band (Band A) and will be subject to an additional charge of circa £673 in 2019/20.

85 Should the policy changes set out in this report be adopted, owners of Band A properties that have been empty for between two and five years will see the premium doubled to circa £1,246. Owners of Band A properties that have been empty for more than five years will see their premium quadrupled to £2,692.

86 In circumstances where the owners of LTE properties are unable to sell or let them, this could lead to further debt and legal action to recover these debts however the introduction of a new section 13A(1)(c) should help mitigate this. These impacts are unlikely to disproportionately

impact in relation to health, wellbeing, gender, age, disability, race, sexual orientation, transgender status, religion or belief.

- 87 The potential to incentivise owners of LTE properties to bring them back into use, should prove positive for those groups more likely to experience housing issues such as younger people, single men and single parent families. Therefore, this policy may lead to positive impacts in relation to the council's approach to housing and homelessness.
- 88 An Equality Impact Assessment Screening was completed as part of the development of the proposals that were reported to Cabinet in July and this has been updated in line with the outcomes of the consultation. The updated impact assessment is attached at Appendix 5.

Medium Term Financial Planning

- 89 The aim of the proposed policy changes is to support the council's Housing and Homelessness Strategies - to encourage owners of LTE properties to bring them back into use, i.e. occupy it, let it or sell it. In that respect the policy changes are not driven by Medium Term Financial Planning requirements.
- 90 Appendix 6 demonstrates what the impact would be in terms of the LTE property premium charges that would be levied if the policy was changed in line with the proposals set out in this report. This can be summarised in the table below:

	Total Premiums - Current		Total Premiums		Difference	
	Overall	DCC Share	Overall	DCC Share	Overall	DCC Share
	£'000	£'000	£'000	£'000	£'000	£'000
Empty 2 – 5 Years	600	473	1,200	946	600	473
Empty 5+ Years	414	328	1,656	1,312	1,242	984
Total	1,014	801	2,856	2,258	1,842	1,457

- 91 It is impossible to accurately determine what the impact of the new section 13A(1)(c) policy outlined in this report will be. However, estimates need to be made to allow the impact of the proposed policy changes to be factored into the council tax base calculations. For financial planning purposes, it has been assumed that 35% of all LTE properties premiums could be remitted by applying this policy going forward.

- 92 Should the actual application of the new policy mean that more than 35% of properties subject to the LTE property premium are awarded the relief then this would impact on overall council tax yield next year and place pressure on the Collection Fund and on the tax base calculations and assumptions for future years. That said, the tax base is dynamic and constantly changing due to new builds, demolitions, changes in eligibility for other statutory council tax discounts and exemptions and the LTE property premium as a proportion of overall council tax yield is small.
- 93 If 35% of all LTE property premium charges are remitted from 1 April 2020 onwards, the table below shows the impact on total charges and the councils MTFP:

	Total Premiums - Current		Total Premiums – Assuming 35% Removed		Difference – To be Factored into MTFP10	
	Overall	DCC Share	Overall	DCC Share	Overall	DCC Share
	£'000	£'000	£'000	£'000	£'000	£'000
Empty 2 – 5 Years	600	473	780	615	180	142
Empty 5+ Years	414	328	1,076	853	662	525
Total	1,014	801	1,856	1,467	842	667

Conclusions

- 94 Durham County Council currently charges a 50% empty homes premium on properties that have been unoccupied and unfurnished for 2 years or more.
- 95 Applying a LTE property premium encourages the owners of these properties to bring them back into use. This in turn makes a positive contribution to the council Housing and Homelessness Strategies, which seek to:
- (a) raise standards in the private rented sector;
 - (b) meet the housing needs of our older people;
 - (c) bring empty homes back into use where possible;
 - (d) deliver affordable housing;
 - (e) improve the quality of our existing housing stock and the wider residential environment;

- (f) prevent homelessness;
 - (g) increase the supply of accommodation available to assist homeless people;
 - (h) ensure that support services are available to help homeless people.
- 96 From April 2019 councils have been given the power to charge a maximum of 100% empty homes premium on properties that have been unoccupied and unfurnished for two years or more.
- 97 From April 2020 councils will be able to charge a 200% premium on properties that have been unoccupied and unfurnished for 5 years or more.
- 98 Most properties in the county are in the lowest property band (Band A) and bringing these properties back into use should help to boost the supply of affordable housing.
- 99 Durham County Council currently do not charge the empty homes premium on properties that have been unoccupied and unfurnished for 2 years or more but require or are undergoing major repair work to make them habitable (class D - maximum period 12 months).
- 100 On 10 July 2019 Cabinet approved a twelve-week public consultation on the potential to implement changes to its LTE property premium Policy from April 2020. The consultation ran from 15 July 2019 to 6 October 2019.
- 101 This took the form of an on-line consultation via the council's website, targeted correspondence to key stakeholders, discussions with representatives of the County Durham Housing Forum and presentations to Corporate Overview and Scrutiny Management Board and to the Local Councils Working Group.
- 102 There were 258 responses to the online questionnaire, 255 comments left on the council's social media page and 10 responses from various stakeholders during the consultation.
- 103 The results are summarised in the report and set out in detail in Appendix 4. They show that views were mainly polarised with those who were generally unaffected by the policy supporting the proposed changes while those directly affected by it generally not supporting any changes.
- 104 For those who did not support a change in the policy this tended to be on the basis that the properties affected were not being deliberately

kept empty but rather the owners could not be sell or let them for various reasons often beyond their control and that this would lead to an increased financial burden. Guidance issued by the Department for Communities and Local Government in May 2013 recommends that the policy was not intended to penalise owners in such circumstances.

- 105 Large social landlords also described circumstances where they are working with the council to regenerate certain areas of the county which required them to proactively manage voids in an area which they could otherwise have let, with a view to demolition and estate remodelling.
- 106 There is a strong case for increasing the empty homes premium charge in line with the powers contained in The Rating (Property in Common Occupation and Council Tax (Empty Dwellings)) Act 2018.
- 107 These powers would increase the incentive for the owners of long-term empty properties to bring them back into use which should increase the supply of low-cost accommodation available to buy/let and would be consistent with the council's stated Housing and Homelessness Strategy objectives.
- 108 A new section 13A(1)(c) policy is proposed, which will provide more flexibility in the application of the Empty Homes Premium and will mean that in some circumstances, as outlined in the policy, properties that are currently subject to the premium may have the effects of it mitigated going forward.
- 109 The report recommends that the council amends its policy, to take up the full powers available with effect from April 2020, but in doing so, to mitigate the effects of amending the policy, adopt a new section 13A(1)(c) policy to address the issues and concerns highlighted in the consultation. The current policy does not contain the proposed exemptions, instead there is reliance placed on applications to the councils Hardship Relief Policy.
- 110 This will ensure that those who are genuinely attempting to bring their properties back into use or are being prevented from doing so due to justifiable and evidenced reasons, are not penalised by the policy, but absent landlords, and those who are keeping long term empty properties empty for speculative purposes are subject to it.

Background papers

- Local Government Finance Act 1992
- The Rating (Property in Common Occupation and Council Tax (Empty Dwellings)) Act 2018

- Report to Cabinet 10 July 2019: Review of the Council Tax Long Term Empty Premium Charges

Other useful documents

- Local Council Tax Support Scheme, Review of Discretionary Council Tax Discount on Unoccupied Properties & Calculation of Council Tax Base 2013/14 – Report to Cabinet 19 December 2012

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Appendix 1: Implications

Legal Implications

The Local Government Finance Act 2012 amended the Local Government Finance Act of 1992 and gave councils in England power to increase council tax on properties which have been 'unoccupied and substantially unfurnished' for a period of two years or more by a maximum of 50%. This is known as the 'empty homes premium'.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which came into force on 30 November 2012 applies to the financial years beginning 1 April 2013 onwards and contains the rules which require the council to calculate the council tax base.

Part of the tax base calculation is the council's policy in terms of any locally determined council tax discounts and premiums.

The Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018 included provisions to increase the premium on properties that had been 'unoccupied and substantially unfurnished' for more than 2 years to 100% from 1 April 2019, and also incorporated the power to charge even higher premiums for properties which have been unoccupied and unfurnished for 5 years and 10 years from 1 April 2020.

Subsection 1A of Section 11B of LGFA 1992 amended the legislation to increase the maximum premium to 100% from 1 April 2019 (making the owner liable for a 200% council tax charge). Subsection 1B also incorporated provisions to charge a 200% premium on properties which have been unoccupied and unfurnished for 5 years or more from 1 April 2020 (making the owner liable for a 300% council tax charge) and a 300% premium on properties which have been unoccupied and unfurnished for 10 years or more from 1 April 2021 (making the owner liable for a 400% council tax charge).

Finance

The aim of the proposed policy changes is to support the council's Housing and Homelessness Strategies - to encourage owners of LTE properties to bring them back into use, i.e. occupy it, let it or sell it. In that respect the policy changes are not driven by Medium Term Financial Planning requirements

Appendix 6 demonstrates what the impact would be in terms of the LTE property premium charges that would be levied if the policy was changed in line with the proposals set out in this report. This can be summarised in the table below:

	Total Premiums - Current		Total Premiums		Difference	
	Overall	DCC Share	Overall	DCC Share	Overall	DCC Share
	£'000	£'000	£'000	£'000	£'000	£'000
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Empty 5+ Years	414	328	1,656	1,312	1,242	984
Total	1,014	801	2,856	2,258	1,842	1,457

It is impossible to accurately determine what the impact of the new section 13A(1)(c) policy outlined in this report will be. However, estimates need to be made to allow the impact of the proposed policy changes to be factored into the council tax base calculations. For financial planning purposes, it has been assumed that 35% of all LTE properties premiums could be remitted by applying this policy going forward.

If 35% of all LTE property premium charges are remitted from 1 April 2020 onwards, the table below shows the impact on total charges and the council's MTFP:

	Total Premiums - Current		Total Premiums – Assuming 35% Removed		Difference – To be Factored into MTFP10	
	Overall	DCC Share	Overall	DCC Share	Overall	DCC Share
	£'000	£'000	£'000	£'000	£'000	£'000
Empty 2 – 5 Years	600	473	780	615	180	142
Empty 5+ Years	414	328	1,076	853	662	525
Total	1,014	801	1,856	1,467	842	667

Consultation

A 12-week web-based consultation took place between 15 July 2019 and 6 October 2019. The consultation was widely publicised in the local press, on the council's website and on the council's Social Media page. The consultation process took the form of:

- An online consultation via the council's website;
- Letters issued to town and parish councils via the County Durham Association of Local Councils, the major precepting authorities (Police & Fire) and the key organisations that offer welfare advice in the county;

- Discussions with representatives of the County Durham Housing Forum;
- Presentations to Corporate Overview and Scrutiny Management Board and to the Local Councils Working Group.

Full details of the consultation outcomes are set out in Appendix 3 and summarised in the body of the report.

Equality and Diversity / Public Sector Equality Duty

The Equality Act 2010 aims to advance equality of opportunity and provide protection from discrimination for people based on their 'protected characteristics'. We are legally required under the public sector equality duty (PSED) to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between those who share a relevant protected characteristic and those who do not.

In relation to the empty property premium charge, this means that the council needs to take account of the available data and broader evidence to actively consider how the charge might affect people who share a relevant protected characteristic and people who do not share it. The PSED does not prevent public authorities making difficult decisions but we must ensure that the decision-making process is fully informed by equality impacts and, where there is potential for negative impact, full consideration is given to mitigating actions and implementation of the final decision can be clearly justified.

Should the council decide to implement the increased level of empty property premium from 2020/2021, there would be negative financial impact on the owners of these properties which remain unoccupied. In circumstances where the owners of LTE properties are unable to sell or let them, this could lead to further debt and legal action to recover these debts, however, a new section 13A(1)(c) discretionary reduction policy should alleviate this and there is no evidence to demonstrate a disproportionate impact in relation to the protected characteristics.

The potential to further incentivise owners of LTE properties to bring them back into use, should prove positive for those groups more likely to experience housing issues such as younger people, single men and single parent families. Therefore, this policy may lead to positive impacts in relation to the

council's approach to housing and homelessness and contribute towards the advancement of our public sector equality duty.

An Equality Impact Assessment Screening was completed as part of the development of the proposals that were reported to Cabinet in July and this has been updated in line with the outcomes of the consultation. The updated impact assessment is attached at Appendix 5

Climate Change

Bringing LTE properties back into use has impacts on the environment / climate change in several ways: carbon emissions emanating from the works undertaken to bring these properties back into use and for their subsequent occupancy. There are also climate change impacts from changes in the visits and inspections of such properties and in various agencies responding to incidents such as anti-social behaviour that some of these properties attract.

Human Rights

None

Crime and Disorder

Any increase in the level of empty property premium could have a positive effect if the desired outcome of bringing long term empty properties back into use is successful, with the potential for less properties standing empty resulting in a reduction of vandalism and anti-social behaviour. However, where owners of LTE properties feel forced into letting properties to avoid paying the premium this could result in property management problems where properties are let to unsuitable tenants.

Staffing

None

Accommodation

None

Risk

The report outlines the potential increase in revenue from implementing the full powers to increase the empty homes premium charge from April 2020.

A new section 13A(1)(c) discretionary reduction policy is proposed to help owners of LTE properties where they evidence that they are taking all practicable steps to sell or let their property.

The purpose of the change in legislation however is to encourage the owners of these properties to bring them back into use and the success of this would result in a corresponding reduction in revenue. It is therefore difficult to accurately forecast the increase in revenue that could be achieved by charging a higher premium on long term empty properties.

Due to local factors some owners find it impossible to let properties as there is no demand, however the new section 13A(1)(c) discretionary reduction policy is proposed to help owners of LTE properties in such circumstances

The report shows that collecting the empty homes premium has proved to be more problematical than accounts which are not subject to it, with greater resistance from council tax payers and a lower in year collection rate.

Where owners of LTE properties feel forced into letting properties to avoid paying the premium this could result in property management problems where properties are let to unsuitable tenants.

Where the owner of a property subject to the premium does not pay their council tax this could jeopardise any help that they could receive from council in bringing the property back into use.

Procurement

None.

Appendix 2:**Breakdown of current premium charge according to postcode and council tax property band**

Postcode area	Number of properties subject to LTE Premium			LTE Property Premium levied per Property Band (£)								
	Empty 2 to 5 Years	Empty 5+ Years	Total	A	B	C	D	E	F	G	H	Total
DH1	38	21	59	£13,466	£11,229	£5,952	£10,638	£3,547	£2,796			£47,627
DH2	25	16	41	£22,345	£3,012	£1,737			£1,398			£28,491
DH3	19	7	26	£8,264	£4,458	£3,410		£2,331		£1,609		£20,072
DH4	3	8	11	£5,123		£868	£976		£1,383			£8,350
DH6	45	29	74	£40,307	£5,304	£908	£4,021	£2,499				£53,039
DH7	52	28	80	£39,521	£6,816	£4,323	£978	£2,380	£1,413	£1,620		£57,051
DH8	39	32	71	£31,039	£7,389	£3,377	£3,810			£3,166	£3,799	£52,579
DH9	63	62	125	£75,762	£3,856	£2,660	£1,964	£1,219				£85,461
DL11	4	2	6		£1,489	£857	£1,927		£1,371			£5,644
DL12	13	19	32	£7,156	£3,837	£5,173	£5,808	£3,524	£1,388			£26,887
DL13	43	35	78	£31,789	£6,022	£8,570	£3,864	£5,872	£1,393	£1,608		£59,117
DL14	96	66	162	£89,446	£6,021	£4,323	£4,872	£3,538	£1,371	£1,618		£111,188
DL15	34	19	53	£29,920	£1,489	£3,456						£34,865
DL16	43	20	63	£42,403	£824	£942	£1,060					£45,229
DL17	63	57	120	£80,356	£2,435		£1,979				£1,941	£86,711
DL2	7	9	16	£3,237	£1,490	£877	£968	£4,731	£1,397	£3,228		£15,928

Postcode area	Number of properties subject to LTE Premium			LTE Property Premium levied per Property Band (£)								
	Empty 2 to 5 Years	Empty 5+ Years	Total	A	B	C	D	E	F	G	H	Total
DL4	62	19	81	£57,840		£964						£58,804
DL5	23	7	30	£17,875	£1,668		£2,144		£1,415			£23,102
NE16	3		3	£633	£739					£1,583		£2,955
NE39	1		1						£1,371			£1,371
SR7	25	16	41	£27,480	£833	£857						£29,170
SR8	71	58	129	£87,561	£805	£1,885	£4,292	£1,265			£2,171	£97,980
TS21	9	6	15	£4,090	£2,395	£2,736	£2,052	£1,254				£12,527
TS27	16	7	23	£10,430	£1,563		£1,043	£2,434		£4,833		£20,303
TS28	14	7	21	£12,094	£2,384							£14,478
TS29	13	8	21	£13,757			£1,021					£14,778
Grand Total	824	558	1,382	£751,894	£76,057	£53,875	£53,416	£34,593	£16,696	£19,265	£7,911	£1,013,707

Appendix 3: Consultation Responses

Breakdown of the results of the online consultation:

Format used to complete the consultation (note 1 was not completed):

	Frequency	Percent
PC	146	56.6%
Mobile	82	31.8%
Tablet	30	11.6%
Total	258	100.0%

Are you responding to this survey as?

	Frequency	Percent
A private landlord	57	22.2%
An owner of a second property	25	9.7%
A County Durham resident	147	57.2%
A tenant	12	4.7%
An agent (on behalf of landlords)	3	1.2%
Other	13	5.1%
Total	257	100.0%

If other, please specify.	Frequency
Chartered surveyor	1
Durham Constabulary	1
Executor	2
Friend of landlord	1
Local Authority Department	1
Local councillor	2
Potential property investor	1
Waiting to move into property undergoing renovation	1
Public house landlord	1
Recently purchased property	1
Sildon Town Council	1
Total	13

Empty 2-5 years: Do you agree or disagree with the proposal to increase the premium?

	Frequency	Percent
Strongly agree	118	45.9%
Agree	24	9.3%
Neither agree nor disagree	5	1.9%
Disagree	14	5.4%
Strongly disagree	96	37.4%
Total	257	100.0%

If we were to increase the premium, what do you feel we should increase it to?

	Frequency	Percent
75% (one and three quarters the usual council tax)	66	36.7%
100% (double the usual council tax)	114	63.3%
Total	180	100.0%

If you feel you will be affected in a negative way, which of the following may help you?

	Frequency	Percent
Hardship relief scheme	10	7.4%
Help letting properties	35	25.9%
Help selling properties	33	24.4%
Help with financial advice	1	0.7%
Renovation loans/grants	30	22.2%
Other	26	19.3%
Total	135	100.0%

Empty 5+ years: Do you agree or disagree with the proposal to increase the premium?

	Frequency	Percent
Strongly agree	130	52.4%
Agree	19	7.7%
Neither agree nor disagree	7	2.8%
Disagree	18	7.3%
Strongly disagree	74	29.8%
Total	248	100.0%

If we were to increase the premium, what do you feel we should increase it to?

	Frequency	Percent
100% (double the usual council tax)	73	42.4%
200% (treble the usual council tax)	99	57.6%
Total	172	100.0%

If you feel you will be affected in a negative way, which of the following may help you?

	Frequency	Percent
Hardship relief scheme	8	7.1%
Help letting properties	23	20.4%
Help selling properties	36	31.9%
Help with financial advice	3	2.7%
Renovation loans/grants	26	23.0%
Other	17	15.0%
Total	113	100.0%

Do you agree or disagree with the proposal to charge properties undergoing repairs the premium?

	Frequency	Percent
Strongly agree	44	18.9%
Agree	30	12.9%
Neither agree nor disagree	30	12.9%
Disagree	33	14.2%
Strongly disagree	96	41.2%
Total	233	100.0%

If you feel you will be affected in a negative way, which of the following may help you?

	Frequency	Percent
Hardship relief scheme	8	8.3%
Help letting properties	14	14.6%
Help selling properties	13	13.5%
Help with financial advice	1	1.0%
Renovation loans/grants	46	47.9%
Other	14	14.6%
Total	96	100.0%

Do you agree or disagree that increasing the premium will have a positive impact on reducing the number of long-term empty properties?

	Frequency	Percent
Strongly agree	89	37.6%
Agree	36	15.2%
Neither agree nor disagree	18	7.6%
Disagree	18	7.6%
Strongly disagree	76	32.1%
Total	237	100.0%

If you disagree or strongly disagree, please state why.

	Frequency	Percent
Comment made	66	70.2%
No comment made	28	29.8%
Total	94	100.0%

Do you agree or disagree that increasing the premium will have a positive impact on reducing homelessness?

	Frequency	Percent
Strongly agree	55	23.0%
Agree	34	14.2%
Neither agree nor disagree	36	15.1%
Disagree	25	10.5%
Strongly disagree	89	37.2%
Total	239	100.0%

Are you:

	Frequency	Percent
Male	109	48.7%
Female	115	51.3%
Total	224	100.0%

What is your age?

	Frequency	Percent
18-24	3	1.3%
25-34	14	6.3%
35-44	43	19.2%
45-54	60	26.8%
55-64	56	25.0%
65-74	41	18.3%
75-84	6	2.7%
85+	1	0.4%
Total	224	100.0%

Do you consider yourself to be a disabled person?

	Frequency	Percent
Yes	37	17.1%
No	179	82.9%
Total	216	100.0%

What is your sexual orientation?

	Frequency	Percent
Heterosexual/straight	193	97.5%
Gay woman/lesbian	2	1.0%
Gay man	1	0.5%
Bisexual	2	1.0%
Total	198	100.0%

What is your religion or belief?

	Frequency	Percent
Christian	117	60.3%
Buddhist	1	0.5%
None	71	36.6%
Muslim	1	0.5%
Pagan	1	0.5%
Atheist	2	1.0%
Jedi	1	0.5%
Total	194	100.0%

What is your ethnicity?

	Frequency	Percent
White British	202	95.7%
Mixed Race	1	0.5%
White non-British	8	3.8%
Total	211	100.0%

Empty Property Premium Survey 2019: Owners/Landlords

Are you responding to this survey as:

	Frequency	Percent
A private landlord	57	67.1%
An owner of a second property	25	29.4%
An agent (on behalf of landlords)	3	3.5%
Total	85	100.0%

Empty 2-5 years: Do you agree or disagree with the proposal to increase the premium?

	Frequency	Percent
Strongly agree	9	10.6%
Agree	9	10.6%
Neither agree nor disagree	0	0.0%
Disagree	4	4.7%
Strongly disagree	63	74.1%
Total	85	100.0%

If we were to increase the premium, what do you feel we should increase it to?

	Frequency	Percent
75% (one and three quarters the usual council tax)	27	73.0%
100% (double the usual council tax)	10	27.0%
Total	37	100.0%

Empty 5+ years: Do you agree or disagree with the proposal to increase the premium?

	Frequency	Percent
Strongly agree	18	21.4%
Agree	7	8.3%
Neither agree nor disagree	4	4.8%
Disagree	7	8.3%
Strongly disagree	48	57.1%
Total	84	100.0%

If we were to increase the premium, what do you feel we should increase it to?

	Frequency	Percent
100% (double the usual council tax)	24	66.7%
200% (treble the usual council tax)	12	33.3%
Total	36	100.0%

Do you agree or disagree with the proposal to charge properties undergoing repairs the premium?

	Frequency	Percent
Strongly agree	6	7.9%
Agree	2	2.6%
Neither agree nor disagree	3	3.9%
Disagree	8	10.5%
Strongly disagree	57	75.0%
Total	76	100.0%

Do you agree or disagree that increasing the premium will have a positive impact on reducing the number of long-term empty properties?

	Frequency	Percent
Strongly agree	6	7.7%
Agree	9	11.5%
Neither agree nor disagree	8	10.3%
Disagree	10	12.8%
Strongly disagree	45	57.7%
Total	78	100.0%

Do you agree or disagree that increasing the premium will have a positive impact on reducing homelessness?

	Frequency	Percent
Strongly agree	6	7.4%
Agree	1	1.2%
Neither agree nor disagree	8	9.9%
Disagree	11	13.6%
Strongly disagree	55	67.9%
Total	81	100.0%

Empty Property Premium Survey 2019: Residents

Are you responding to this survey as:

	Frequency	Percent
A County Durham resident	147	100.0%
Total	147	100.0%

Empty 2-5 years: Do you agree or disagree with the proposal to increase the premium?

	Frequency	Percent
Strongly agree	97	66.4%
Agree	12	8.2%
Neither agree nor disagree	5	3.4%
Disagree	7	4.8%
Strongly disagree	25	17.1%
Total	146	100.0%

If we were to increase the premium, what do you feel we should increase it to?

	Frequency	Percent
75% (one and three quarters the usual council tax)	36	28.3%
100% (double the usual council tax)	91	71.7%
Total	127	100.0%

Empty 5+ years: Do you agree or disagree with the proposal to increase the premium?

	Frequency	Percent
Strongly agree	97	69.8%
Agree	10	7.2%
Neither agree nor disagree	3	2.2%
Disagree	8	5.8%
Strongly disagree	21	15.1%
Total	139	100.0%

If we were to increase the premium, what do you feel we should increase it to?

	Frequency	Percent
100% (double the usual council tax)	41	34.5%
200% (treble the usual council tax)	78	65.5%
Total	119	100.0%

Do you agree or disagree with the proposal to charge properties undergoing repairs the premium?

	Frequency	Percent
Strongly agree	32	24.2%
Agree	27	20.5%
Neither agree nor disagree	24	18.2%
Disagree	21	15.9%
Strongly disagree	28	21.2%
Total	132	100.0%

Do you agree or disagree that increasing the premium will have a positive impact on reducing the number of long-term empty properties?

	Frequency	Percent
Strongly agree	71	53.0%
Agree	24	17.9%
Neither agree nor disagree	8	6.0%
Disagree	6	4.5%
Strongly disagree	25	18.7%
Total	134	100.0%

Do you agree or disagree that increasing the premium will have a positive impact on reducing homelessness?

	Frequency	Percent
Strongly agree	42	31.3%
Agree	30	22.4%
Neither agree nor disagree	25	18.7%
Disagree	10	7.5%
Strongly disagree	27	20.1%
Total	134	100.0%

Social Media comments concerning proposals to increase the premium.		
Agree	27	10.59%
Agree but with a degree of flexibility	28	10.98%
Disagree	52	20.39%
Unable to gauge	65	25.49%
Comments not applicable to topic	83	32.55%
Total	255	

Appendix 4:

Long Term Empty Property Premium

Council Tax Section 13A(1)(c) Reduction Policy

LONG TERM EMPTY PROPERTY PREMIUM

Council Tax Section 13A(1)(c) Reduction Policy



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- 2 Long Term Empty Property Premium**
- 3 Council Tax – Section 13A(1)(c) Reduction Policy**
 - 3.1 Introduction**
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 - 3.4 Criteria**
 - 3.5 The Application**
 - 3.6 The Decision-Making Process**
 - 3.7 Review of Decision**
- ANNEX 1 Application Form**

1 Introduction and purpose of Policy Document

1.1 This policy sets out the council's approach to the awarding of a discretionary Section 13A(1)(c) discount under certain circumstances for properties subject to the council's Empty Homes Premium. It has been designed to ensure that all customers making an application for relief are treated in a fair, consistent and equal manner.

1.2 This policy has been written to:

Set guidelines for the factors that should be considered when deciding to award or refuse an application.

Set out the delegated authority to award relief in appropriate circumstances.

Establish an appeals procedure for customers dissatisfied with a decision.

Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way.

2 Long Term Empty Property Premium

2.1 The council's policy with regards to Long Term Empty Properties is as follows:

From 1 April to 31 March 2020 any domestic property that is deemed to be long term empty (empty for more than two years) will be charged a 50% premium (extra charge)

From 1 April 2020 any domestic property that is deemed to be long term empty will be charged the following premium (extra charge):

- Properties empty between 2 and 5 years – a 100% premium
- Properties empty greater than 5 years – a 200% premium

3 Council Tax Section 13A(1)(c) Discretionary Reduction Policy

3.1 Introduction

3.1.1 Councils have the power to reduce the amount of council tax a person must pay to such an extent as they see fit. This includes the power to reduce an amount to nil and may be exercised in relation to cases or by determining a class of property in which liability is to be reduced to an extent provided for by the determination. There is a cost to the council in respect of any hardship relief awarded and is met by the council's collection fund.

3.2 Legislation

3.2.1 The ability to reduce a council tax charge is included in Section 13A Local Government Finance Act 1992 as amended by Local Government Act 2003, section 76. Section 76 gives councils the authority to make a discretionary reduction in council tax in circumstances that it deems appropriate.

3.3 Durham County Council Policy

3.3.1 Durham County Council has defined certain circumstances where properties subject to the Empty Homes Premium may have the impact of the Empty Homes Premium offset by a section 13A(1)(c) discount. In all such circumstances the liable person will remain subject to a 100% council tax charge.

3.3.2 Applications for a reduction will only be considered in individual cases where extenuating circumstances can be demonstrated for a property remaining unoccupied and unfurnished for more than two years.

3.3.3 Where an application is successful, the discount will be applied directly to the council tax account.

3.4 Criteria

3.4.1 Each application will be assessed on its individual merits. When assessing applications, the following considerations will be made:

- **Properties for sale or rent** – only where the owner is genuinely seeking to sell or rent the property in local market conditions (at a realistic selling price or rent level) advertised on the open market through an estate agent. Applicants will need to provide evidence that they have

engaged with the council's Housing Solutions team in terms of any help that may be available from the council concerning potential upgrades and grants to enable to property to be sold/let.

- **Properties in need of renovation** – only where the new owner is acting to return the property to occupation and can provide evidence that the action has been continuous and realistic. The Housing Solutions team may be able to help with grants to assist.
- **Owners who are experiencing legal or technical issues** which are preventing the sale or letting of the property – A solicitor's or legal conveyancer's letter should be produced as evidence detailing the reasons preventing sale or letting.
- **Properties being deliberately kept empty as a result of interventions to support regeneration of an area** and for those waiting to be demolished as part of this – details of the regeneration scheme and how it affects the properties involved will need to be supplied.

3.4.2 All applications are only intended as short-term assistance. Any award will not extend beyond the financial year in which it is awarded and should not be considered as a way of reducing council tax liability indefinitely.

3.4.3 Details of how the Housing Solutions team can help you can be found via:

- the web page <http://www.durham.gov.uk/emptyhomes>
- by email at privatesectorhousing@durham.gov.uk or
- by telephone 03000 268000

3.5 The Application

3.5.1 All applications should be made in writing or electronically from the council tax payer, their advocate/appointee or a recognised third party acting on their behalf, using the relevant form and contain the necessary information including all necessary evidence. Postal application forms and any supporting information should be completed and returned to: -

Durham County Council
Revenues and Benefits
PO Box 238

Stanley
Co Durham
DH8 1FP

- 3.5.2 It is the responsibility of the council tax payer applying for relief to provide enough information and documentary evidence to support their applications. If the council tax payer applying does not or will not provide the required evidence; the application will still be considered, but only based on the information and evidence provided. No costs will be borne by the council in the provision of this evidence.
- 3.5.3 Further information may be requested to support an application. Where a request for further information is made, the information must be provided within four weeks. Failure to provide information within four weeks may lead to the refusal of the application unless good cause can be shown.

3.6 The Decision-Making Process

- 3.6.1 Upon receipt of a signed application and all supporting documentation / information a standard decision-making process will be followed:
- Applications will be considered by Assessments and Awards Team within 28 days of receipt of a signed application and all supporting information.
 - The council tax payer will be advised in writing of the decision within 21 days of receiving enough information and revised council tax demand notices issued where applicable.

3.7 Review of Decision

- 3.7.1 The council will accept a request from a council tax payer for a re-determination of its decision.
- Re-determination of the decision will be by Head of Finance and Transactional Services.
 - Requests should be made in writing stating reasons why it is believed that the decision should be reviewed.
 - In the case where the council tax payer has been notified of a decision and they exercise their rights to appeal, payment

cannot be withheld pending an appeal decision. If an appeal is successful, remaining instalments will be adjusted accordingly.

- The council will consider whether the council tax payer has provided any additional information that will justify a change to its original decision.
- The council will notify the council tax payer of its final decision within 21 days of receiving a request for a re-determination.
- Whilst every effort will be made to meet the deadline outlined above, failure by the council to do so does not qualify the claimant for relief.
- If a claimant remains dissatisfied with the refusal of their application, they may appeal to the Valuation Tribunal for England (VTE). They have two months to do this from the date of our reply.

Valuation Tribunal
3rd Floor
Crossgate House
Wood Street
Doncaster
DN1 3LL
Telephone: 0300 1232035
Fax: 01302 329935
E mail: ytdoncaster@valuationtribunal.gov.uk

ANNEX 1

Application for Council Tax Reduction under Section 13A of the Local Government Finance Act 1992

*Please note that if a joint bill has been issued then the application must also be made in joint names

Name of applicant/s:

Contact Address:

Telephone number:

Email Address:

Address of property for which relief is being claimed:

What is the value of equity in the property? £

Is the property currently marketed for sale? *YES/NO

How long has the property been up for sale?

*Please provide details of marketing agent/estate agent for the property:

Is the property currently marketed for rent? *YES/NO

How long has the property been available for rent?

*Please provide details of marketing agent/estate agent for the property:

Have you bought a property in need of renovation and you are acting to return the property to occupation? *YES/NO

*Please provide evidence of what action has been taken and that the action has been continuous and realistic

Are you experiencing legal or technical issues which are preventing the sale or letting of the property? *YES/NO

*Please provide details along with a solicitor's or legal conveyancer's letter as evidence detailing the reasons preventing sale or letting.

Is the property being kept empty as it is part of an area which is undergoing regeneration? *YES/NO

*Please provide official details of the regeneration work that is/is going to be carried out.

Please provide any additional information you wish to provide in support of your application:

All applicants must provide the appropriate documentary evidence in support of their claim.

I declare that the information given on this form is, to the best of my knowledge, accurate and complete.

I also understand that whilst this application for a discount is pending, I am not entitled to withhold payment of council tax due to the council.

Signed:

Capacity of person signing:

Date:

Daytime telephone number:

Please return your completed form to: -

Durham County Council

Revenues and Benefits

PO Box 238

Stanley

County Durham

DH8 1FP

If you have any queries relating to completion of the form, please do not hesitate to contact us.

For information: In line with Data Protection law we may use information you give us to prevent or detect fraud or other crimes. We may also share it with other council services or public organisations if they need it to carry out their legal duties.

Appendix 5:

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Finance & Transactional Services, Resources – Assessment & Awards Team
Lead Officer	Andrew Hall
Title	Review of the Council Tax Long Term Empty Premium Charges
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	13 November 2019
Start Date	15 July 2019
Review Date	

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

To consider reviewing the council's position in terms of Empty Homes Discounts and the policy of applying a 50% premium on properties which have been unoccupied and unfurnished for more than 2 years, where councils now have the power to:

- (a) apply a maximum 100% premium on such properties (from April 2019) along with
- (b) the power to apply a maximum 200% premium on properties which have been unoccupied and unfurnished for more than 5 years (from April 2020).

To review the results of the public consultation which took place from 15 July 2019 to 6 October 2019 on reviewing the council's council tax policy for long term empty properties.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

- Social Landlords including RSL & private Landlords
- Individual Home Owners
- Council Taxpayers
- Major Precepting Bodies (Police and Fire)
- Town & Parish Councils
- Organisations providing welfare advice and support

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	?	?
Disability	?	N
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	?	?
Race (ethnicity)	?	N
Religion or Belief	?	N
Sex (gender)	?	?
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

There is potential for a negative financial impact on some individuals and businesses where they will be required to pay more council tax on long term empty properties. In circumstances where the owners of LTE properties are unable to sell or let them, this could lead to further debt and legal action to recover these debts.

There is very limited evidence available relating to personal characteristics of individuals subject to the LTE premium, so it is not possible to specify which equality groups are particularly affected.

Public consultation provided an opportunity for those affected to highlight any specific equality related impacts. No specific equality related impacts were highlighted in consultation feedback, overall consultation analysis showed no disproportionate impact in relation to the protected characteristics.

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The proposal to change the council's policy on LTE homes from April 2020 (subject to consultation) should further incentivise the owners of LTE properties to bring them back into use, potentially boosting the supply of properties available to rent or buy in the county, leading to a positive impact on our Housing and Homeless strategies. This potential knock on effect should prove positive for those groups more likely to experience housing issues such as younger people, single men and single parent families. Therefore, this policy may lead to positive impacts in terms of age, sex and potentially pregnancy and maternity and help to advance our commitment to the public sector equality duty.

There are safeguards in place for those negatively financially impacted, such as hardship relief for exceptional circumstances. Although, there have been no instances over the last five years of the long-term empty property premium being withdrawn or remitted due to hardship, there have been several instances where recovery of the premium has been deferred until completion of the sale of a property. This flexibility has proved beneficial in cases where the LTE property an inherited dwelling, often in cases where the family member who originally resided in it originally had been admitted to residential or nursing care. No data is held on how this has impacted in terms of equality.

Where long term empty properties cannot be brought back into use due to extenuating circumstances and increasing the premium would not be an incentive for the owners to bring them back into use but would be an increased financial burden a new section 13A(1)(c) discretionary reduction policy will be introduced to mitigate the effects of imposing the premium. This may mean that in certain

circumstances, some homes currently affected by the premium may be able to avoid it from next year.

Evidence

What evidence do you have to support your findings?

Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

Circa 81% of people subject to the current 50% LTE premium are in the lowest council tax band (Band A) and are currently subject to an additional charge of circa £673 (2019/20). Changing the policy to levy a 100% LTE premium on those properties empty between 2 to 5 years on 1 April 2020 would increase the premium levied to £1,346 (based on 2019/20 council tax levels at Band A) and for those properties empty more than 5 years to £2,692

Approximately 29% of long-term empty properties empty between 2 and 5 years are owned by landlords which rises to 31.2% for properties empty for more than 5 years.

There is very limited evidence available relating to personal characteristics of individuals subject to the LTE premium, so it is not possible to specify which equality groups are particularly affected.

Durham County Council housing strategies and policies:

<https://www.durham.gov.uk/article/2813/Housing-strategies-and-policies>

Public Consultation – Update October 2019

Public consultation took place between 15 July 2019 and 6 October 2019 to provide an opportunity for those affected or who could be potentially be affected in the future to comment on the impacts the proposals may have in their individual circumstances. The key elements included:

- an online consultation via the council's website;
- letters issued to town and parish councils via the County Durham Association of Local Councils, the major precepting authorities (Police & Fire) and the key organisations that offer welfare advice in the county;
- presentations to Corporate Overview and Scrutiny Management Board and to the Local Councils Working Group.

The following tables provide diversity data of consultation respondents where this was provided:

Sex	Frequency	Percent
Male	109	48.7%
Female	115	51.3%
Total	224	100.0%

Age	Frequency	Percent
18-24	3	1.3%
25-34	14	6.3%
35-44	43	19.2%
45-54	60	26.8%
55-64	56	25.0%
65-74	41	18.3%
75-84	6	2.7%
85+	1	0.4%
Total	224	100.0%

Disability	Frequency	Percent
Yes	37	17.1%
No	179	82.9%
Total	216	100.0%

Sexual orientation	Frequency	Percent
Heterosexual/straight	193	97.5%
Gay woman/lesbian	2	1.0%
Gay man	1	0.5%
Bisexual	2	1.0%
Total	198	100.0%

Religion/Belief	Frequency	Percent
Christian	117	60.3%
Buddhist	1	0.5%
None	71	36.6%
Muslim	1	0.5%
Pagan	1	0.5%
Atheist	2	1.0%
Total	193	100.0%

Ethnicity	Frequency	Percent
White British	202	95.7%
Mixed Race	1	0.5%
White non-British	8	3.8%
Total	211	100.0%

Analysis of consultation feedback shows no disproportionate impact in relation to the protected characteristics. Views were mainly polarised between those who were generally unaffected by the proposed change in policy such as residents supporting it, while those affected by it generally, such as landlords, did not support it. Of those who responded in favour of increasing the premium, 67% supported increasing it to 100% for properties empty for between 2 to 5 years and 58.6% supported increasing it to 200% for properties empty for more than 5 years.

For those who did not support a change in the policy this tended to be on the basis that the properties affected were not being deliberately kept empty but rather the owners could not be sell or let them for various reasons often beyond their control and that this would lead to an increased financial burden. In order to mitigate the effects of amending the policy in such cases, it is recommended a new section

13A(1)(c) policy should be introduced to assist those who fall into the categories described in the government guidance where the premium should not be applied, and the exceptional cases highlighted in the consultation.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	N
No evidence of actual or potential impact on some/all of the protected characteristics?	Y

Sign Off

Lead officer sign off: Andrew Hall – Assessment & Awards Team Leader	Date: 17/05/2019 Reviewed 09.10.19
Service equality representative sign off: Equalities Team Leader	Date: 30 May 2019 Reviewed 10.10.19

Appendix 6:

Breakdown of Premium Charges for properties that have been unoccupied and unfurnished for between 2 and 5 years and for over 5 years.

Empty for more than 2 years but less than 5 years				
Band	Number of properties	Current Charges – 50% Premium	Proposed Charge – 100% Premium	Additional Charges
A	673	£456,717.23	£913,658.91	£456,717.23
B	54	£41,231.93	£82,484.87	£41,231.93
C	36	£31,256.90	£62,529.81	£31,256.90
D	30	£29,519.69	£59,054.37	£29,519.69
E	18	£21,309.64	£42,630.28	£21,309.64
F	6	£8,321.96	£16,648.25	£8,321.96
G	7	£11,260.03	£22,525.89	£11,260.03
Total	824	£599,617.38	£1,199,532.38	£599,617.38

Empty for 5 years or more				
Band	Number of properties	Current Charges – 50% Premium	Proposed Charge – 200% Premium	Additional Charges
A	436	£295,176.70	£1,180,706.79	£885,530.09
B	46	£34,825.31	£139,301.27	£104,475.96
C	26	£22,617.77	£90,471.09	£67,853.32
D	24	£23,896.02	£95,584.10	£71,688.08
E	11	£13,283.83	£53,135.32	£39,851.49
F	6	£8,374.49	£33,497.97	£25,123.48
G	5	£8,004.50	£32,018.00	£24,013.50
H	4	£7,911.02	£31,644.08	£23,733.06
Total	558	414,089.66	£1,656,358.63	£1,242,268.97

Grand Total	1,382	£1,013,707.04	£2,855,891.01	£1,841,886.03
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