

**North East Derbyshire District Council**

**Council**

**March 4<sup>th</sup> 2024**

**Implementation of a Council Tax premium for empty homes**

**Report of the Portfolio Holder for Strategic Leadership & Finance**

Classification: Public

Report By: Lee Pepper – Assistant Director – Communities

Contact Officer: Lee Pepper

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**PURPOSE/SUMMARY**

For Council to approve the implementation of a Council Tax premium charge for empty homes of 2 years or more.

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**RECOMMENDATIONS**

1. That Council endorses the Council Tax empty homes premium policy to commence April 1<sup>st</sup> 2024

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**IMPLICATIONS**

**Finance and Risk**

Yes ✓

No

**Finance**

The Council currently charges 100% Council Tax for long term empty properties. If the premium is supported, the proposal is a 200% charge to become payable after a property has been empty for 2 years or more.

There are currently 311 properties with the District that have been empty for 2 years or more. Depending on the uncertainty of collection rates, it is estimated that the increase will bring in an additional £50,000 per year. There is risk associated with this estimate as collection of the additional premium may prove challenging.

A premium will have financial implications for the Councils empty HRA stock. However, there are currently very low numbers of empty Council owned homes. In addition, there

is currently a strong focus on estate regeneration and asset disposal which will mitigate any cost impact.

**Legal including Data Protection**

Yes ✓ No

N/A

On Behalf of the Solicitor to the Council

**Staffing**

Yes ✓ No

This will be included within existing officer workloads.

On Behalf of the Head of Paid Service

**DECISION INFORMATION**

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|---|--|
| <p><b>Is the decision a Key Decision?</b></p> <p>A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><i>BDC: Revenue - £75,000</i> <input type="checkbox"/></p> <p><i>Capital - £150,000</i> <input type="checkbox"/></p> <p><i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/></p> <p><i>Capital - £250,000</i> <input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/> Please indicate which threshold applies</p> | <p>Yes</p>   |
| <p><b>Is the decision subject to Call-In?(Only Key Decisions are subject to Call-In)</b></p>  | <p>Yes</p>   |
| <p><b>Has the relevant Portfolio Holder been informed</b></p>   | <p>Yes</p>   |
| <p><b>District Wards Affected</b></p>   | <p>All</p>   |
| <p><b>Links to Corporate Plan priorities or Policy Framework</b></p>  | <p>Develop and improve the quality of housing providing a nice home and area for all residents to meet all needs</p> |

## **REPORT DETAILS**

### **1 Background**

- 1.1 The policy will provide guidance for council officers in providing advice, assessments and decision making in relation to implementation and general administration of the council tax empty homes premium.
- 1.2 Section 111B of the Local Government Finance Act 1992 gives council tax billing authorities the powers to apply a discretionary council tax premium to empty properties.
- 1.3 The Council Tax Empty Homes premium forms part of a plan to target the issue of empty homes. From 1 April 2013, billing authorities could charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. At that time the law stated that the premium may be up to 50% of the council tax on the property.
- 1.4 In accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, from 1 April 2019 the premium was amended and may be up to 100% of the council tax on properties unoccupied and unfurnished for between two and five years, 200% on properties unoccupied and unfurnished for between five and ten years, and 300% on properties unoccupied and unfurnished for more than ten years.
- 1.5 To help tackle the shortage of housing supply in the district, from **1 April 2024** a Council Tax Empty Homes Premium will be implemented at **100%** to properties that that have been empty for 2 years and more. This is in addition to the standard Council Tax charge of 100% for properties that are unoccupied and unfurnished, making a total charge of 200%.

### **2. Exceptions to the council tax empty homes premium**

- 2.1 Under the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, the government has prescribed two classes of dwellings which are exempt from the premium. These are:
  - a dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent from the property as a result of such service.
  - a dwelling, which forms part of a single property that is being treated by a resident of that property as part of the main dwelling.
- 2.2 The Council will also consider waiving the Council Tax Premium for owners who meet the qualifying criteria as specified in the policy.

- 2.3 The council tax premium is not intended to penalise owners of a property that is genuinely on the housing market for sale or rent.
- 2.4 The reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent will be taken into consideration. Therefore the policy sets out a range of criteria and scenarios to help officers in making their decisions.

**3 Reasons for Recommendation**

- 3.1 There are approximately 311 homes that have been empty for longer than two years. The premium, coupled with a fair, widely scoped policy, will help to bring more homes forward to be occupied by local residents.

**4 Alternative Options and Reasons for Rejection**

- 4.1 Not to adopt the policy would mean that a council tax empty homes premium could not be introduced.
- 4.2 The number of empty homes is rising. To not have a Council Tax premium will only hinder our work in this important area.

**DOCUMENT INFORMATION**

| Appendix No              | Title                                  |
|--------------------------|--|
| No1                      | Council Tax Empty Homes Premium Policy |
| <b>Background Papers</b> |  |
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| Report Author            | Contact Number                         |
| Lee Pepper               | 01246 217625                           |