

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **CABINET**

**DATE:** **TUESDAY, 16 OCTOBER 2012**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **COUNCIL TAX AND LONG TERM EMPTY HOMES IN WALES**

### **1.00 PURPOSE OF REPORT**

1.01 To provide members with background information on Welsh Government proposals to amend legislation allowing local authorities the discretion to charge additional council tax on long term empty properties in Wales.

1.02 To recommend that members support the proposals, in principle, as set out in the consultation paper, which could provide the Council, if it wished, to vary Council Tax above the standard levels.

### **2.00 BACKGROUND**

2.01 There are estimated to be around 22,000 privately owned homes in Wales which have been empty for a period of six months or more. More locally, there are around 1,000 properties in Flintshire that have been left empty for six months or more – around 1.5% of all domestic properties in the County.

2.02 The length of time properties are left empty does vary significantly. Some are left empty for short periods of time but others are left empty for several years. The following table provides a 'snapshot' of the position in Flintshire:

Number of Long Term Empty Properties	Number of years empty
437	> 6 months
191	1
94	2
70	3
58	4
107	5
55	10
6	15
<b>1,018</b>	-

- 2.03 Empty homes are recognised as being a wasted resource at a time when there are many first time buyers and families in need of homes. In helping to bring these properties back into use, it is hoped that they can be used to ease the housing shortage in Wales.
- 2.04 Bringing such properties back into use can also have positive outcomes on local communities as empty properties can be blight on communities and neighbourhoods, especially when they become unsightly if disrepair or vandalism occurs.
- 2.05 The recently published Housing White Paper sets out the Welsh Government's proposals for tackling problems affecting housing in Wales and includes proposals to bring empty homes back into use. By providing local authorities with more tax raising powers, the use of the council tax system is seen as one practical way of providing a real financial incentive to owners to bring empty properties back into full use.

### **3.00 CONSIDERATIONS**

- 3.01 In line with the current council tax system, when a property initially becomes empty, and is both unoccupied and unfurnished, it is entitled to a six month exemption period, during which time no council tax is charged against the property. This is commonly known as a Class C exemption.
- 3.02 In most cases, once this six month period ends the exemption from council tax ends and each local authority is required to determine what, if any, discount is then given, if the property remains unoccupied and unfurnished.
- 3.03 Members may recall that in 2006, following previous tax varying powers introduced by the Welsh Government, the Council agreed to end the 50% previously afforded to owners of long term empty homes. Flintshire, like most local authorities in Wales, continue not to offer any discount on long term empty homes. Owners are therefore required to pay the full rate of council tax.
- 3.04 The latest Welsh Government proposal is that council tax levels could be extended above the standard full rate by extending the discretionary powers available to local authorities.
- 3.05 To create the right balance, and to protect taxpayers, the Welsh Government is suggesting that a cap of 200% of the relevant council tax charge is put in place. This could mean, for example, a maximum charge of £2,360 is levied on an average band d long term empty property, compared to £1,180. Ultimately, each local authority would be responsible for setting the council tax rate for long term empty homes by developing a local council tax scheme.

#### **4.00 RECOMMENDATIONS**

- 4.01 For members to support the principals of the proposals and authorise officers to respond appropriately to the consultation.
- 4.02 Assuming that members support the proposals, the recommended responses to several consultation questions are detailed in Appendix 1 to this report.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 Local authorities would be free to retain any additional funding generated by the flexibility to set an additional levy on long term empty properties, including how it might use the funding raised from additional council tax on long term empty homes.

#### **6.00 ANTI POVERTY IMPACT**

- 6.01 The proposals are being introduced with the aim of easing the housing shortage in Wales, providing much needed housing for first time buyers and families.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None

#### **8.00 EQUALITIES IMPACT**

- 8.01 None

#### **9.00 PERSONNEL IMPLICATIONS**

- 9.01 None

#### **10.00 CONSULTATION REQUIRED**

- 10.01 The purpose of the report is to provide members with the opportunity to comment on the consultation proposals.

#### **11.00 CONSULTATION UNDERTAKEN**

- 11.01 This Welsh Government consultation is part of the wider housing programme and is in conjunction with the consultation on Homes for Wales : "A White Paper for Better Lives and Communities".
- 11.02 A member briefing seminar, led by colleagues from the Community Services Directorate, was held on 5<sup>th</sup> September 2012 to look at the need of tackling empty property in the private sector and ways in which the Council is addressing the problem. The seminar covered this consultation paper and explored how the Council Tax system

could, if the proposals are made law, provide a mechanism to provide a financial incentive for owners to bring their empty properties back into use.

- 11.03 Members present at the seminar were broadly in support of the proposed changes providing that adequate safeguards are implemented to assist those taxpayers who might face difficulties in paying additional Council Tax.
- 11.04 The report was presented to the Housing Overview and Scrutiny Committee on 26 September, 2012 where the following was resolved:-
- (a) That the Committee supports the final draft of the Tenancy Agreement which will be presented to Cabinet for approval;
  - (b) That the Committee supports the inclusion of a clause in the tenancy agreement that where tenants breach their tenancy, that the Council reserves the right to withhold improvements to their property; and
  - (c) That the means of providing low cost home contents insurance be investigated further.

## **12.00 APPENDICES**

- 12.01 Recommended response to the consultation questions.

### **LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS**

- Welsh Government Consultation Document July 2012 – Council Tax and Long Term Empty Homes in Wales
- Local Government Finance Act 1992 (as amended by the Local Government Act 2003)
- Home for Wales: A White Paper for Better Lives and Communities
- Proposed Housing Bill (to be introduced in the Autumn of 2013)

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