

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 19 MAY 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **WELSH GOVERNMENT CONSULTATION ON
COUNCIL TAX PREMIUMS FOR SECOND HOMES
AND LONG TERM EMPTY PROPERTY**

1.00 PURPOSE OF REPORT

- 1.01 To provide cabinet members with information on Welsh Government (WG) Consultations seeking views on the policy of giving Local Authorities discretionary powers regarding a council tax premium that they can apply to second homes and long term empty homes.
- 1.02 To provide Cabinet with a series of recommended responses (as set out in Appendix 1 and 2) to specific questions posed by WG on the proposals to exempt some properties from the premium (but only for time limited periods in some cases) and to seek members endorsement to the responses.

2.00 BACKGROUND

- 2.01 The Housing (Wales) Act 2014 was introduced to tackle problems of housing shortages in Wales. One of the measures contained in the Act is the provision for local authorities to charge a council tax premium at a level of up to 100% above the normal level of council tax on long term empty homes in their areas.
- 2.02 A number of respondents to previous consultations also highlighted the difficulties the prevalence of second homes can cause in communities. As a result, Welsh Government introduced further provisions giving local authorities discretionary powers to charge a council tax premium on second homes.
- 2.03 The consultation proposals to introduce a council tax premium on long term empty homes and second homes in Wales is similar to proposals introduced in England and Scotland. Unlike the Scottish and English schemes, the Welsh provisions generally also allow for a 'stepped approach' to charging the premium, with an increasing amount over time (up to a maximum of 200%) rather than a single fixed level of premium.

3.00 CONSIDERATIONS

- 3.01 The consultation papers seek views on the circumstances in which some long term empty or second homes might be exempt from the premium for time limited periods or indefinitely in some cases (i.e. they fall out of scope for charging the additional premium of up to 100% extra council tax). This is to ensure owners of long term properties, in certain circumstances, are not immediately affected by the premium.
- 3.02 For long term empty homes, the ability to charge a premium rate of Council Tax (up to an extra 100% beyond the normal rate) could therefore apply in circumstances where a property is unoccupied after time limits as indicated:
- Unoccupied property belonging to members of the Armed Forces who are living away in Armed forces accommodation – **exempt from premium without time limits**
 - Empty and substantially unfurnished properties – **12 months**
 - Unoccupied property where the only resident has passed away and probate has been granted – **12 months**
 - Empty properties undergoing major repairs – **18 months**
 - Empty and unfurnished properties being marketed for sale/let – **24 months**
- 3.03 In relation to second homes, local authorities already have discretion to vary council tax discounts or not to apply a discount. The current policy of the Council is not to award a discount on second homes.
- 3.04 Local authorities will, however, also have new local powers to charge a council tax premium on second homes though WG also propose a number of exemptions, some of which are time limited, for owners of second homes so they are not immediately affected by the council tax premium.
- 3.05 The ability to charge a premium rate of Council Tax on certain second homes (up to an extra 100% beyond the normal rate) could therefore apply even in circumstances and after time limits as indicated:
- Annexes - **exempt from premium without time limits**
 - Job related dwellings - **exempt from premium without time limits**
 - Caravan pitches and boat moorings - **exempt from premium without time limits**
 - Unoccupied property where probate has been granted – **12 months**
 - Properties being marketed for sale/let – **24 months**

4.00 RECOMMENDATIONS

- 4.01 For Cabinet to consider the proposals to exempt certain properties from the Council Tax premium for periods as laid out in the consultation and to authorise senior officers to respond appropriately to the consultation.

5.00 FINANCIAL IMPLICATIONS

- 5.01 Any additional funds raised through the council tax premium on second homes or long term empty homes would be retained locally and would not be incorporated into the tax base for the calculation of Revenue Support Grant.

- 5.02 Welsh Government are recommending that any additional funds generated by this policy are deployed in such a way to address local housing needs and to alleviate some of the impacts second homes and long term empty properties can have on local communities. These include impacts on the availability of affordable housing for example.

6.00 ANTI POVERTY IMPACT

- 6.01 Using the local tax system, there could be a potential increase in long term empty homes becoming available in the private rented sector by encouraging owners of empty property to bring these back into use.

- 6.02 Inevitably, there is fine line between charging a council tax premium on long term empty property as an incentive to bring empty property back into use and not placing an additional financial burden on the owners of such properties who may face genuine difficulty in disposing of property or bringing property back into use. The proposals in this consultation to provide a number of exemptions from the council tax premium and strike a sensible balance.

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 latest consultation proposals to exempt certain properties from the council tax premium and to endorse the responses as prepared by

officers in the Revenue service.

11.00 CONSULTATION UNDERTAKEN

11.01 This latest WG consultation builds on two previous consultations undertaken in 2012 and 2013 and as part of the development of proposals contained in the Housing (Wales) Act 2014 to introduce a council tax premium on second and long term empty homes.

11.02 The Council's response to the latest consultations have been referred to Corporate Resource Overview and Scrutiny Committee for cabinet to also consider any comments or observations coming from Scrutiny.

12.00 APPENDICES

12.01 Appendix 1 and 2 to this report contains the recommended responses to the latest consultation papers. Appendix 1 covers exemptions for the second home premium and Appendix 2 exemptions for long term empty homes premium.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

- Housing (Wales) Act 2014
- Welsh Government Consultations (WG 22894, WG 22895) on Exemptions to the Council Tax premium on Second Homes and Long Term Empty Homes in Wales

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