
COUNCIL TAX EMPTY PROPERTY DISCOUNTS

**Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio**

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. To recommend for approval by Council changes to discounts for empty dwellings and the introduction of an empty homes premium for long-term empty dwellings.

Summary

2. Consultation has taken place based on the recommendations contained in the report to Cabinet in November 2012 (copy attached as **Appendix 1**). Responses to the consultation was minimal with only 4 responses, 2 in support and 2 against.
3. Since November the Department of Communities and Local Government (DCLG) have issued final guidance which amends one aspect of the November report. Although Councils retain flexibility over the level of discount they can award for properties undergoing major repairs; they cannot vary the length of the discount e.g. it must be 12 months. This change means that the Cabinet's proposal to allow a 100% discount for three months is no longer possible. As this is the case it is suggested that no discount is given.
4. The changes to discounts for empty dwellings, and the introduction of an empty homes premium for long-term empty dwellings, was subsequently considered, and endorsed, by Cabinet at a Special Meeting held on 15 January 2013.

Recommendation

5. Members are asked approve the discounts and premiums set out below:-
 - (a) Empty properties undergoing major repairs – no discount (0%)

- (b) Empty unfurnished dwellings - 100% discount for one month
- (c) Second home –no discount (0%)
- (d) Empty homes - +50% premium

Reasons

6. The recommendations are supported by the following reasons :-
- (a) Council is required to set the level of discounts for empty dwellings and consider the introduction of an empty homes premium from April 2013.
 - (b) The changes proposed are considered to be reasonable in the light of the current financial situation

**Paul Wildsmith
Director of Resources**

Background Papers

Local Government Finance Bill 2012

Anthony Sandys: Extension 2512

S17 Crime and Disorder	There are no issues
Health and Well Being	There are no issues
Sustainability	There is no environmental impact in this report
Diversity	There are no issues
Wards Affected	All wards are affected, but in particular those with higher numbers of empty dwellings
Groups Affected	Owners of empty dwellings would be directly affected by these properties, including social and private landlords who may experience void periods in some of their properties
Budget and Policy Framework	This is a Council decision .The issues contained within this report would represent a change to Council budgets and if progressed will increase income in 2013/14. This increase will be included in the budget considered by Council in March 2013.
Key Decision	This is a key decision
Urgent Decision	For the purpose of the 'Call-in' procedure this does not represent an urgent decision.
One Darlington: Perfectly Placed	This report has implications for the 'Prosperous Darlington' theme of the Sustainable Community Strategy.
Efficiency	The reforms to Council Tax charges for empty dwellings have the potential to generate

MAIN REPORT

Information and Analysis

7. At its meeting on 6 November 2012 Cabinet considered the attached report (Appendix 1) and agreed the recommendations for public consultation.
8. Since November the Department of Communities and Local Government (DCLG) have issued final guidance which amends one aspect of the November report, although Councils retain flexibility over the level of discount they can award for properties undergoing major repairs; they cannot vary the length of the discount e.g. it must be 12 months. This change means that the Cabinet's proposal to allow a 100% discount for three months is no longer possible.

Consultation

9. Consultation has taken place in the following ways:-
 - (a) An on-line survey on the Darlington Borough Council website
 - (b) A meeting held with the Darlington and District Private Landlords Association.
10. The response to consultation has been very limited as set out below:-
 - (a) Only 4 responses were received to the survey, 2 supporting the proposals and 2 against.
 - (b) The comments supporting the proposals included the following:

“We have hundreds of homeless people in this country and hundreds of houses stood empty. Unless the owner has been taken into hospital or care, they should have 100% charge like the rest of us. It may encourage people to hurry things along and reduce homelessness.”

“If someone can leave a property un-occupied for 2 years, then they have more money than sense. I think the council should be able to charge these lucky rich people as much as possible, so go for the 150%”.
 - (c) The comments against the proposals included the following:

“It would be unfair to penalise people who are spending money to do up properties to pay the full rate of council tax, especially when they will more than likely be paying it elsewhere on their main home and are in effect increasing the rental market which is low in darlington or increasing the value of their homes which is a boost for house prices in Darlington and also the general appearance of Darlington.”

- (d) "The purpose of Council Tax is to fund the council services allegedly being used by the occupier. Where there is no occupier, no services are being used."
- (e) A meeting was held with the Darlington and District Private Landlords Association in November 2012. Although no formal response has been received from the association, landlords commented at the meeting that they wanted an exemption for Council Tax for short periods (up to 3 to 4 weeks) where the property stands empty between tenancies. This is accommodated within these proposals.

Conclusion

- 11. The guiding principles for the decision around discounts and premiums as set out in paragraph 9 of the attached report led to the original recommendations by Cabinet and consultation has not highlighted any significant issues for Members to consider. However a decision is required in relation to properties undergoing major repair due to the changes highlighted in paragraph 7. In the previous report it was highlighted the current 12 month 100% discount was very generous and a cut to three months at 100% was recommended, given the changing circumstances and following consultation with leading Members is proposed that a zero discount is approved, this approach will encourage home owners to limit the time their properties are unavailable and maximise income to the Council.
- 12. In conclusion the following is recommended :-
 - (a) Empty properties undergoing major repairs – no discount (0%)
 - (b) Empty unfurnished dwellings - 100% discount for one month
 - (c) Second home discount –no discount (0%)
 - (d) Empty homes premium - +50% premium

Financial implications

13. The recommended changes to discounts and the introduction of a premium will increase estimated income by £645,000 per annum.

Estimated savings (amounts based on 2011/2012 expenditure)

	Current Discount	Proposed Change	Additional Income
Empty dwellings undergoing major repair	100% for 12 months	0%	£164,000
Empty unfurnished dwellings	100% for 6 months	100% for 1 month	£552,000
Second Homes Discount	10%	0%	£23,000
Empty Homes Premium	0%	50%	£125,000
Total gross income			£864,000
Savings for the Council (assume 83% excluding major preceptors)			£717,000
Net income for the Council (assume a 90% collection rate)			£645,000