

Council Tax – proposed changes long term empty homes

Operations Committee, item 7

Committee: Operations Committee

Agenda Item

Date: 22 March 2007

7

Title: Council Tax – Review of policy on long term empty homes

Author: Susan Ellis, 01799 510340

Item for
decision

Summary

Members are being asked to reconsider the level of the long term empty discount available to council tax payers on properties which have been empty six or twelve months after the initial exempt period has expired, in order to ease the financial hardship for Council Tax payers who are having difficulties in selling properties in light of the Stansted Airport second runway proposal

Recommendations

Members should consider the options available of either retaining the current zero discount on long term empty properties or of increasing the discount on long term empty properties with effect from 1 April 2008.

Background Papers

Section 11A Local Government Finance Act 1992 and The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003
CTB1 central government return

Situation

1. With effect from 1 April 2004 the Council used the powers contained in the 'The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003' and reduced the discount on Long Term empty properties from 50% to 0%.
2. This was to encourage home owners not to leave properties empty in excess of six or twelve months. It was hoped this would boost the Housing Market and free up homes across the District for local people requiring homes.
3. Currently the Council has decided that a 0% discount should apply to properties which have been empty over 6 or 12 months and fall in the exemption classes 'A' (Uninhabitable properties which have been empty over 12 months) Class 'B' owned by a charity and empty over 6 months and Class 'C' (properties unfurnished and empty over 6 months).
4. There is no local retention but the extra resources are kept by local government at a national level and redistributed.

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Changed Circumstances

5. There have been a few verbal comments from council tax payers indicating that that due to the second runway plans properties are becoming increasing difficult to sell on the open market and that this is taking in excess of six months . In these circumstances it is causing financial hardship to resume paying the council tax. One council tax payer approached their local councillor on this issue, although has now successfully sold the property involved.

The decision on removing the discount has had little effect on the number of properties which are long term empty. See table below;

Financial year	Number of long term empty homes with zero discount
2004	201
2005	273
2006	301

Options available

- Increase or reinstate to the full 50% the discount for unfurnished long term empty homes, for whole or part of the district. If the Council decide on only part of the district this would cause problems on which parishes to include or exclude. Those excluded from the discount relief will argue that they are as equally affected as those which have been included.
- Grant additional relief in exceptional circumstances that are not already covered by the current national discounts and exemptions in response to local factors, such as flooding and other natural disasters. Authorities, which exercise these powers, will meet the costs of any new discounts or exemptions
- Leave discount at 0% for long term empty properties.

Financial implications

6. The local Authority does not retain monies raised from charging council tax on long term empty properties. Sums received from such empty properties is pooled nationally and redistributed as part of the Local Government Finance Settlement. It is not clear how much of this the Council will receive back as part of the complex formula that determines a council’s Revenue Support Grant, but it initial calculations indicate that it may be £10,000 to £20,000.

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- 7. Local Scheme Discount – The local Authority would have to fund locally any discount provided to these properties.
- 8. Any change cannot be made until 1st April 2008 as the council tax base, on which all precepting body payments are based, can be amended.

Conclusion

- 9. Members should consider the above both in terms of Uttlesford’s Housing Strategy and the impact the proposal of the second runway at Stansted Airport has had on the Uttlesford Community.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
None	N/A	N/A	N/A