

TRAFFORD COUNCIL

Report to: Executive / Council
Date: 21 / 23 January 2013
Report for: Decision
Report of: Executive Member for Economic Growth & Prosperity and the Director of Finance

Report Title

Council Tax – Introduction of Empty Property Premium

Summary

The Government has recently given discretion to billing authorities to introduce a premium of 50% to council tax bills for long term (over 2 years) empty properties.

The introduction of a premium is expected to encourage owners to bring long term empty property back into use and therefore is consistent with the Council's Empty Property Strategy.

For clarification there are no plans to amend the 12 month, 100% reduction awarded to properties that are undergoing structural alteration or major repair work.

Recommendation(s)

That the Executive recommends the Council to approve:

1. That from 1st April 2013 a council tax premium of 50% be applied for properties that have remained empty for more than two years;
2. That the Executive has the discretion to vary this premium if it deems appropriate to do so following the expected release of guidance from the Department of Communities and Local Government.

Contact person for access to background papers and further information:

Name: Ian Duncan
Extension: 4884

Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	This change would complement the Council's Empty Property Strategy.
Financial	There is the possibility of additional income of up to £200k per annum. However the intention is not to raise income as, if the initiative is completely successful in bringing long term empty property back into use, no additional council tax would be due.
Legal Implications:	The Council has discretion to implement this additional council tax charge by virtue of The Council Tax (Administration and Enforcement) Regulations 2012, Statutory Instrument (2012 No 3086).
Equality/Diversity Implications	None
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	None
Risk Management Implications	None
Health and Safety Implications	None

Background

1. A report elsewhere on the agenda concerning the Local Council Tax Support Scheme makes recommendations for changes to council tax from April 2013. These relate to a substantial reduction in the exemption from council tax for empty properties and also to abolish the 10% discount currently given on second homes.
2. The ability to make these changes comes from a change in the discretionary powers given to local councils to vary council tax, to be introduced from 1 April 2013.
3. A further discretion is for authorities to levy a premium of 50% in council tax payable on long term (over 2 years) empty properties. There are currently 433 properties in Trafford that have remained empty for longer than 2 years.
4. In considering whether to introduce such a premium, the Council has an adopted Empty Property Strategy, which has the overall aim of reducing the number of empty properties in the Borough. Empty properties can have an adverse impact on neighbourhoods; attracting vandals, drug-dealing and anti-social behavior.
5. The Council takes enforcement action against the owners of empty properties in poor condition, which can include carrying out works in default if the owner hasn't carried out essential repairs. In addition Adactus Housing Association, supported by the Council, has secured funding from the Homes & Communities Agency to bring eight empty properties back into use.

6. The introduction of an increased Council Tax premium for properties empty over two years would complement this activity in providing an extra financial incentive for owners to return their properties to beneficial use.
7. The Government may issue guidance around the introduction and application of these new Regulations. It is anticipated that they will make reference to protecting home owners who are genuinely having difficulty in selling their property. It will be up to each Authority to decide what to it considers is reasonable. However, any protection offered in these circumstances could diminish the desired impact from a premium and add to the administrative burden of raising and collecting it. Nevertheless there is merit in considering this option.
8. For clarification there are no plans to amend the 12 month, 100% reduction awarded to properties that are undergoing structural alteration or major repair work.
9. From a financial viewpoint the primary intention is not to raise additional revenue (potentially £200k could be due) but rather to bring properties back into use. If this is successful there would be no additional council tax collected. Also there are avoidance tactics that could be used. However it is worth noting that each property brought back into use would qualify for the New Homes Bonus Grant, which is payable for 6 years.

Other Options

The Council could decide not to introduce the premium. However this would lose an opportunity to strengthen the Empty Homes Strategy.

Consultation

Consultation has not been carried out. The success of the initiative will be kept under review during 2013/14.

Reasons for Recommendation

To supplement the existing Empty Homes Strategy.

Finance Officer Clearance (type in initials).....ID.....

Legal Officer Clearance (type in initials).....JL.....

DIRECTOR'S SIGNATURE

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.