

Report to the Cabinet



**Epping Forest
District Council**

Report reference: C/040/2006-07.

Date of meeting: 4 September 2006.

Portfolio: Finance and Performance Management.

Subject: Council Tax Discounts for Long-Term Empty Homes.

Officer contact for further information: Robert Pavey (01992 – 56 4211).

Democratic Services Officer: Gary Woodhall (01992 – 56 4470).

Recommendations:

That the discount for Class C properties (Long-Term Empty Properties) within the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003:

- (a) remains at 50% for six months; and**
- (b) be completely removed after a further six months.**

Report:

1. Regulations allow Councils to reduce the discount applied to second homes and long-term empty homes. In 2005, Members chose to reduce the Council Tax discount for second homes from 50% to the statutory minimum of 10%. At the same time, Members decided not to reduce the discount on long-term empty properties (ie. those empty for more than 6 months) but to review the situation in 2006 with a view to potentially changing the discount from 1 April 2007. Second homes are distinguished from empty homes as they remain furnished whilst being unoccupied.
2. The owners of empty properties are currently eligible to a 6 month exemption from Council Tax provided the properties are substantially unfurnished and no-one's sole or main residence. After this 6-month period a 50% discount is currently applied. The Regulations allow this discount to be reduced or removed completely.
3. The principal distinction between reducing the discount for second homes and long-term empty properties lies with the revenue implications. The tax base determines the capacity for a Council to generate revenues from Council Tax. This calculation has to take into account the effect of Council Tax discounts. The fewer discounts there are, the higher the tax base.
4. Where a Council reduces the second homes discount, both the Council and major precepting authorities benefit from the increase in their tax base used in their Council Tax setting decisions. The tax base used in the calculations of revenue support grant will not be increased. In essence, therefore, the Council and major precepting authorities retain the additional revenue. For 2006/07 the Council expects to receive around £60,000 in additional revenue from having reduced the second homes discount.
5. However, where the billing authority reduces or removes the discount for long-term empty homes this will be taken into account in calculating the tax base for council tax setting purposes. Therefore, neither the Council nor major precepting authorities receive the same financial benefit.
6. Nonetheless, Members have requested that the discount for long-term empty homes

be reviewed for 2007/08 as the issue forms part of the Council's empty property strategy. It was felt that by reducing the discount on these properties pressure should be brought to bear on the owners to bring them back into use and help to alleviate the housing problems within the District. The matter was referred to the Housing Scrutiny Standing Panel to bring forth recommendations for 2007/08.

7. The Housing Scrutiny Standing Panel met on 30 January 2006 to discuss the issue as part of the Empty Property Strategy. The recommendation from the Panel was that the discount for long-term empty properties should remain at 50% for six months after the period of exemption expires and after this period the discount is removed and a 100% charge is payable. This was recognition that a number of properties are sold between the period of six months and one year from being empty and therefore provides a more gradual reduction in discount after the period of exemption expires.
8. It is important to note that removing the discount on long-term empty properties will inevitably make the debt in some cases more difficult to collect. The extent to which this will be a factor in the overall collection process will be kept under review.
9. A Full Council decision is required to change the discount for long-term empty properties.

Statement in Support of Recommended Action:

10. The reduction in the Council Tax discount for long-term empty properties will assist the Council's empty property strategy by putting pressure on owners to bring properties back into use. Not reducing the discount until one year after the property becomes vacant will assist those owners experiencing delays in selling their properties.

Options for action:

11. To not remove the Council Tax discount for long-term empty properties.
12. To remove the Council Tax discount for long-term empty properties immediately after the 6-month exemption period has expired.
13. To allow a further period of six months discount of 50% after the exemption period has expired and then remove the discount.

Consultation undertaken:

14. The Housing Scrutiny Standing Panel has made recommendations in accordance with this report.

Resource implications:

Budget provision: None.

Personnel: None.

Land: None.

Community Plan/BVPP reference: N/A.

Relevant statutory powers: The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.

Background papers: None.

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A.

Key Decision reference (if required): N/A.