

Harborough District Council



Report to Cabinet 20 January 2025

Title:	<i>Draft Empty Property Strategy and Council Tax Premiums</i>
Status:	Public
Key Decision:	Yes
Report Author:	Elaine Bird Head of Regulatory Services
Portfolio Holder:	Cllr J Knight, Portfolio Holder for Wellbeing Cllr M Graves, Portfolio Holder for Finance
Appendices:	<ol style="list-style-type: none">1. Draft Empty Property Strategy2. Council Tax Premiums additional income forecasts3. Consultation questions4. Draft Council Tax Discounts and Exemptions5. Equalities Impact Assessment.

Summary

- i. The Council approved its current Empty Homes Strategy in 2015; it is timely to update the strategy.
- ii. Since the new government was elected, it is clear that one of their primary objectives is to increase the provision of residential properties over the medium-term – this is clearly stated in their objective to build and develop 1.5m homes over the course of the next 5 years.
- iii. Although not specifically a part of that programme, the government has enacted additional statutory provisions to incentivise owners of empty properties to bring them back into residential use by increasing council tax premiums based on the time that a property has been empty (increasing to 4 times council tax if empty for 10 or more years). Further, the government is introducing a premium on all second homes (a doubling of council tax). The increases in premiums and removals of discounts will be subject to consultation, which will follow the same process as the 2025/26 budget consultation.
- iv. In addition, the Council itself is in the process of developing a risk-based process to establish a programme to prioritise bringing empty homes back into residential use along with recruiting an officer to directly support this activity.

Recommendations

That Cabinet agree the:

1. Draft Empty Homes Strategy at Appendix 1.
2. Draft Council Tax Premiums, Discounts and Exemptions at Appendix 2 and 4.
3. Consultation questions to go out for consultation at Appendix 3.

Reasons for Recommendations

The updated empty homes strategy and the changes to council tax premiums, discounts and exemptions should help to incentivise the owners of respective empty or second homes to bring them back into residential use.

1. Purpose of Report

1.1 The purpose of this report is:

- a. Members to consider the draft empty property strategy ahead of public consultation.
- b. Member to consider the introduction of additional Council Tax Premiums for empty properties and second homes

A further report will be brought to a future cabinet meeting to consider the outcome of the consultation and to approve the final empty property strategy.

2. Background

- 2.1 There is no statutory duty to bring empty properties back into use, however it is recognised that long term empty properties can have a detrimental impact on the local community and when brought back into use can provide much needed accommodation.
- 2.2 At the meeting of the Executive on the 19 October 2015, members approved the Council's Empty Property Strategy which has been reviewed and refreshed and the draft updated strategy can be found in Appendix 1.
- 2.3 The strategy consolidates all the powers/initiatives currently available to the Council in relation to bringing empty properties back into use into a single document and introduced a tool for officers to use to prioritise their work on empty properties. This enables resources to be targeted to properties where there is the greatest impact.
- 2.4 As part of the review of the Empty Property Strategy review, the Council conducted a review of the council tax discounts and exemptions with the focus on empty homes and second homes to promote occupancy and reduce the impact of housing shortages. The proposed changes align with other local authorities in the Leicestershire Revenues and Benefits Partnership.
- 2.5 The Empty Homes Premium and Second Homes Premium are additional charges levied on properties that are not the primary residence of the owner. The Empty Homes Premium applies to properties that have been unoccupied and substantially unfurnished

for a specific period, while the Second Homes Premium targets properties used as a secondary residence

2.6 In addition to proposals in respect of empty and second homes, there are further proposals in respect of empty, unoccupied and unfurnished discount .

3. Details

3.1 Empty properties are distributed across the district and there is no large-scale concentration of empty properties in any particular area such as occurs in many larger urban authorities. The majority of empty properties are in the main centres , but scattered across those settlements and not concentrated in particular streets or neighbourhoods.

3.2 In Harborough District in April 2022 there were 528 properties empty for more than 6 months, of which 121 properties were empty for more than 2 years. In October 2024 there were 286 properties empty for more than 6 months of which 123 were empty for more than 2 years. Empty Property trend data can be found in the table 1 below

Historic & Current Empty Property Information				Table 1
Classification	2021/22	2022/23	2023/24	Oct 24
Empty unoccupied and unfurnished	199	170	208	337
Long term empty after 6 months	337	383	396	286
Premium 2+ years empty	127	150	138	123
Total empty	703	703	742	746

3.3 The strategy review has focused on the following priority areas

- Utilising the application of council tax premiums for empty properties as a deterrent against continued long-term empty properties (see later).
- Standardising the application of Council Tax Premiums across the Leicestershire Revenues and Benefits Partnership
- Establishment of a risk matrix of empty properties that will enable a programme of redevelopment to be undertaken that will award the community the widest benefit in based on the principles of value for money.
- Consideration of the use of financial assistance to owners of long-term empty properties which are suitable to be used to tackle temporary accommodation issues.
- Provision of a dedicated resource to tackle empty properties across the district.

Empty Homes Premium

3.4 The Local Government Finance Act 2012 introduced the power to charge premiums in addition to the standard Council Tax for properties that have been unoccupied (empty) and substantially unfurnished for more than two years.

3.5 Since 1 April 2013, billing authorities have been able to charge this premium of up to an extra 50% of the Council Tax on the property. Since the introduction of The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 it has been possible from April 2019 to increase this premium to 100% (i.e. pay double the

standard Council Tax charge in total) for non-exempt properties that remain empty longer than two years.

- 3.6 The Act also phased in over the next two years further increases for properties empty for longer than five years (200%) and ten years (300%). This legislation has recently been amended by the Levelling Up and Regeneration Act 2023 which received royal assent in October 2023. In summary the new amendments, reduce the time threshold that the empty homes premium can be applied (from 2 years to 12 months) from 1 April 2024 and additionally introduce the option to charge a new second homes premium from 1st April 2025 (see below).
- 3.7 The Council currently charges a Council Tax premium of 50% for properties empty between two and five years only. The proposal is to charge a:
- 100% premium between one and five years (2 x Council Tax),
 - 200% premium between five and 10 years (3 x Council Tax), and a
 - 300% premium for over 10 years (4 x Council Tax).

Approximately 570 properties will be affected by the proposed changes.

Second Homes Premium

- 3.8 In addition to long term empty properties the Levelling Up and Regeneration Act allows billing authorities to introduce a 100% premium for second homes (furnished homes which are not a main residence) A billing authority wishing to use this power must give 12 months' notice before it first uses it. Therefore, the Council is required to decide before 1 April 2025, if it intends to introduce the charge from 1 April 2026.
- 3.9 Second homes can contribute to a shortage of available housing for local residents. When properties are often taken off the market for long-term rentals, exacerbating the housing crisis.
- 3.10 There are currently 187 properties identified on the Council Tax system as second homes.
- 3.11 Currently, the Council does not impose a premium on second homes. However, the proposal is to introduce a 100% premium on these properties. This change aims to encourage owners of second homes to either sell or rent out their properties, thereby increasing the availability of housing for residents.
- 3.12 The primary objective of the proposed long-term empty and second home premiums is to bring unoccupied property back into use. However, where owners choose not to do so, they will be subject to the premium which will result in additional Council Tax revenue.

Empty, Unoccupied and Unfurnished Discounts

- 3.13 Under the Council's current discount scheme, a property that is empty and unfurnished is not be charged Council Tax for one month. The proposal is to remove the discount i.e. the charge becomes payable from day one.
- 3.14 The estimated number of properties that will be affected is 70.
- 3.15 The financial implications of these changes are show in Appendix 2 and discussed further in 4.3 below.

4. Implications of Decisions

Corporate Priorities

- 4.1 This report contributes to the delivery of the following corporate priorities
- 4.1.1 **Place and Community**; there will be adequate supply of housing to meet local needs across all tenures and price ranges and reducing the potential for homelessness.
- 4.1.2 **Environment and Sustainability**; In line with our climate action plan, our carbon footprint will be reduced ensuring a sustainable future.
- 4.1.3 **Prosperous local economy**; Ensure that Harborough District's towns, villages and rural areas remain attractive and vibrant places to live, work invest and visit

Consultation

- 4.2 It is important that the council considers feedback from stakeholders with regards to the draft empty property strategy and proposed changes to Council Tax premiums. Subject to the outcome of this report, consultation will take place with direct communication to all owners of empty properties and second homes along with wider community consultation. This process will ensure that all stake holders will have the opportunity to have their say prior to the implementation of any changes and any comments received will be considered through the decision-making process. Draft consultation questions are shown at Appendix 3.

Financial

- 4.3 The cost relating to the update of the Empty Homes Strategy will be met from within current resources. However, there are specific elements that will have individual financial implications; these include:
- i. Consideration of the use of financial assistance to owners of long-term properties which are suitable for to be used to tackle temporary accommodation issues.
 - The council could provide capital funding to support redevelopment costs; this would be linked to potential overage/clawback upon sale. An allocation of £100k is included in the 2025/26 capital programme.
 - ii. Provision of dedicated resource to tackle empty properties across the district.
 - The 2025/26 budget includes a proposition of a full-time, 2-year fixed term contract post to support the delivery of the empty property strategy.
 - iii. Application of council tax premiums and discounts to deter against the continuation of long-term empty properties and use of second homes.
 - If the premiums and discounts are agreed, the Leicestershire Revenues & Benefits Partnership will be able to administer a 3-partner approach to the application of premiums and discounts.
 - Based on the number of empty properties in Table 1 (and no reduction in such properties); the estimated net total council tax income (for all preceptors and the billing authority) is £556k in 2025/26; £981k in 2026/27. For the council alone (billing authority), the net council tax income is £35k in 2025/26, £69k in 2026/27.

Legal

- 4.4 Section 11B of the Local Government Finance Act 1992 (the 1992 Act) (as amended by section 79 of the Levelling Up and Regeneration Act 2023) (the 2023 Act) gives the Council as a billing authority the power to charge a discretionary Council Tax premium for properties empty for at least one year up to a maximum level set by law, depending on the length of time the property has been empty. There are a number of discounts and exemptions which would prohibit the ability to charge a premium are set out in Appendix 4.
- 4.5 Section 11C of the 1992 Act inserted by the 2023 Act gives the Council as a billing authority power to charge a discretionary Council Tax premium of up to 100% for properties which are periodically occupied, referred to as second homes.
- 4.6 A second home is defined as a dwelling that is substantially furnished and has no resident (i.e., it is not someone's sole or main residence). Section 11C (3) of the 1992 Act requires that the first decision to impose a premium for second homes must be taken at least 12 months before the financial year to which it would apply.
- 4.7 This means that if the Council decides to apply a premium for second homes it cannot take effect until the 2026/27 financial year at the earliest. However, it is essential that a decision is made by the Council at the latest before 31 March 2025 to give the required one-year notice. The Council has discretion on whether to apply a premium and at what level to apply the charge below these maximums.
- 4.8 The 1992 Act also provides the framework for Council Tax including provisions for discounts and exemptions.

Environmental Implications

- 4.9 Long term empty properties have the potential to increase anti-social behaviour in a local community. Focusing resources on the long-term empty properties can reduce the impact of anti-social behaviour.
- 4.10 Bringing empty properties back into use provides an opportunity to promote sustainable housing practices through improved energy efficiency measures. There is the potential to reduce carbon emissions and support the Council's commitment to achieving as far as practicable net zero carbon emissions within the district.

Risk Management

- 4.11 Bringing empty properties back into use can be challenging and time consuming. Enforcement action may be costly and there is no guarantee that all enforcement cost will be recovered.
- 4.12 The introduction of higher Council Tax premiums may increase the amount of nonpayment which will increase the demands on the debt recovery process or result in owners of empty properties employing strategies to evade the premium, taking into consideration the exemptions.
- 4.13 The Empty Property Officer resource, will be funded for a fixed term of 2 years. Working with empty property owners can be resource intensive and time consuming. Following the 2-year period, the lack of a dedicated resource will have an impact on the effective delivery of the strategy.

Equalities Impact

- 4.14 There has been a large increase in the number of applications to the Council's housing register over recent years. Bringing empty properties or underutilised second homes back into use can help meet this demand for housing.

Changes to discounts and exemptions may disproportionately affect vulnerable populations, including low-income families, the elderly, and individuals with disabilities. It is essential to assess how these groups might be impacted by increased financial burdens and to ensure that support mechanisms are in place. We will continue to monitor the impact of the introduction of additional premiums on vulnerable groups

The Equalities impact assessment is set out in appendix 5

Data Protection

- 4.15 There are no data protection issues associated with this report

5 Alternative Options Considered

The Council does have the option not to implement a strategy and/or make changes to the Council Tax Premiums or discounts and do nothing. However, there is a high demand for suitable accommodation across the district and bringing empty properties back into use could meet some of this unmet need.

Doing nothing with empty underutilised and problem properties may create further social consequences and implications for Council resources and service delivery, including more enforcement action which requires more significant invention.

6. Recommendation

That Cabinet agree the:

1. Draft Empty Homes Strategy at Appendix 1.
2. Draft Council Tax Premiums, Discounts and Exemptions at Appendix 2 and 4.
3. Consultation questions at Appendix 3.

7. Background papers

None

