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| Meeting of: | Cabinet |
| Date of Meeting: | Thursday, 19 December 2024 |
| Relevant Scrutiny Committee: | Corporate Performance and Resources |
| Report Title: | Council Tax Premiums on Long Term Empty Properties and Second Homes |
| Purpose of Report: | To seek approval for the policy to be adopted for Council Tax Long Term Empty Properties and Second Homes for 2025/26 |
| Report Owner: | Executive Leader and Cabinet Member for Performance and Resources |
| Responsible Officer: | Head of Finance/Section 151 Officer |
| Elected Member and Officer Consultation: | No Elected Members have been consulted as this is not a ward specific matter Operational Manager Exchequer Services |
| Policy Framework: | This is a matter for Cabinet referral to Full Council for final consideration. |
| <p>Executive Summary:</p> <p>The purpose of the report is threefold:</p> <ul style="list-style-type: none"> • To reaffirm the Cabinet’s previous decision to not grant any discount in Council Tax for long term empty properties or second homes and refer the matter to Full Council for final consideration; • To reaffirm changes to the level of premium charged in relation to long term empty properties for the forthcoming 2025/26 financial year; and • To reaffirm the Cabinet’s previous decision to levy a premium on periodically occupied properties (second homes) for 2025/26. | |

Recommendations

1. That the policy to not grant any level of discount for unoccupied dwellings that have remained so for 6 months which was agreed for 2024/25, be agreed for 2025/26.
2. That the long term empty property premium of 100% agreed by Full Council on 6th March 2024 for the 2024/25 financial year continue for such properties from 2025/26 that remain so for the period up to (but not including) 24 months.
3. That the long term empty property premium of 150% agreed by Full Council on 6th March 2024 for the 2024/25 financial year continue for such properties from 2025/26 that remain so for a continuous period of 24 months up to (but not including) 36 months.
4. That as agreed by Full Council on 6th March 2024 a premium of 200% be introduced from 1st April 2025 for long term empty properties that have remained as such for a continuous period of 36 months or more.
5. That the premium of 100% for periodically occupied properties for the 2024/25 financial year agreed on 6th March 2024 be reaffirmed and continue for 2025/26.
6. That the report be referred to Full Council for final consideration.

Reasons for Recommendations

1. The Council is required to determine its policy on discounts in relation to unoccupied dwellings as defined in classes A, B and C to the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998 each year.
2. The Council is required to determine its policy regarding premiums in respect of long-term empty properties as defined in Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014.
3. Upon reviewing the implementation of the premium for long term empty properties introduced from the start of 1st April 2023, it is felt that a straight increase to the premium levels as previously proposed, may counteract the intention of the policy, which is to bring long term empty properties back into use, if the level of charges due hinder necessary works required to make a dwelling habitable. As such it is felt that a stepped approach would be more in keeping with the policy to ensure that persistent long term empty properties are targeted.
4. As 2. above.
5. The Council is required to determine its policy regarding premiums in respect of second homes as defined in Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014.
6. To enable Full Council to consider the matter.

1. Background

- 1.1** The Council is experiencing a shortage of properties especially for rental accommodation and undertook a review of its policy on Council Tax Premiums alongside the Council's Housing Strategy during 2022.
- 1.2** A public consultation was undertaken in late 2022, following which the Council took the decision to introduce a 100% premium from 1st April 2023, on long term empty properties that had remained as such for a minimum period of 12 months and that this premium level be increased to 150% from 1st April 2024 followed by 200% from 1st April 2025. And further, to charge a premium of 100% on second homes from 1st April 2024.
- 1.3** 528 long term empty properties were initially identified as being potentially eligible for a premium from 1st April 2023. This figure was expected to reduce due to exceptions put in place in regulation (which would only last for a maximum of 12 months) and through properties being brought back into use. In November 2023, 392 properties were subject to the premium. At present there are 426 properties subject to the long term empty premium. However, 203 of these are 'new' properties that have only started to be charged the premium within the last 12 months and 223 are subject to the 150% premium as they have remained empty for 2 years or more.
- 1.4** It was originally approved by Full Council that the premium level be increased from 1st April 2024 to 150% and again from 1st April 2025 to 200%. This was changed by Full Council on 6th March 2024 so that the 100% premium remain for properties empty for over 12 months and less than (but not including) 24 months. For properties that had been empty for 24 months and over it was agreed that a 150% premium be introduced from 1st April 2024. Additionally, it was agreed that from 1st April 2025, a 200% premium be introduced for properties that had remained empty for 36 months and over. It also set out the expectation that in future years the Chief Executive and Leader review the premiums agreed at that point and bring any changes to Cabinet and Council for approval as appropriate.
- 1.5** Similarly, 402 periodically occupied properties (second homes) were initially identified as being eligible to be subject to a premium. In November 2023, this number had risen to 508 possible properties that could have become subject to the premium from 1st April 2024. There are presently 339 properties subject to the 100% premium for periodically occupied properties.

2. Key Issues for Consideration

- 2.1** The Council's current policy is not to allow any discount on unoccupied dwellings (classes A, B and C). It is proposed to continue this policy for 2025/26.
- 2.2** For properties that have been long term empty and are periodically occupied the Council is proposing to continue the policy approved on 6th March 2024.
- 2.3** The Council's current policy is to charge a premium of 100% on properties that have been long term empty for a continuous period from 12 months up to (but

not including) 24 months and a premium of 150% for properties that have been long term empty for a continuous period of 24 months or more. It is proposed that for 2025/26 this policy continue until a property has remained in this state for a period of 36 months at which time a 200% premium be charged.

- 2.4** The Council's current policy is for a 100% premium to be charged on periodically occupied properties (commonly referred to as second homes). It is proposed that this policy continues 2025/26.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The proposals in this report will enable the Council to continue to work towards the Well-being Outcome of Cohesive Communities by contributing to the goal of attractive, viable, safe and well-connected communities.
- 3.2** It will also work towards the outcome of a Globally Responsible Wales as fewer properties will be left empty, providing access to housing for more people and less requirement for building new homes.

4. Climate Change and Nature Implications

- 4.1** By bringing more long term empty and periodically occupied properties back into use, it reduces the requirement to develop new properties to meet housing demands, therefore reducing the carbon footprint of such developments and helping to protect green belt land.

5. Resources and Legal Considerations

Financial

- 5.1** When applying the full charge on unoccupied properties as specified in classes A, B and C to the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998, then this is reflected in the Council Tax Base, which is used by the Welsh Government in determining the Revenues Support Grant Settlement.
- 5.2** Any income raised through the introduction of premiums on long term empty properties and second homes is retained by the Council. However, additional resources have been needed in order to monitor properties subject to the premium and represent the Council at Valuation Tribunal where appeals are made against the decision to charge a premium. These resources have now been embedded in the base budget moving forward.
- 5.3** To effectively tackle nuisance long term empty properties, a revised Joint Working Agreement has been needed in place with Shared Regulatory Services so that they undertake proactive enforcement work in the Vale of Glamorgan as they currently do in Cardiff and Bridgend. Additional resource has been required in the Regeneration Service to support the outreach work and the number of schemes being delivered.

Employment

5.4 None as a direct result of this report.

Legal (Including Equalities)

- 5.5 The legal framework for Council Tax premiums has changed with the implementation of the Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 ('the 2022 Regulations') which came into force on 1st April, 2022 which amends sections 12A and 12B of the Local Government Finance Act 1992 which provide statutory powers to all Local Authorities in Wales to charge, or vary, a Council Tax premium, increasing the higher amount of Council Tax a billing authority (a County Council or County Borough Council) in Wales can apply to long-term empty dwellings and dwellings occupied periodically to 300% for the 2023 to 2024 financial year and for subsequent years.
- 5.6 Section 13A(1)(c) of the Local Government Finance Act 1992 provides a discretion to Local Authorities in Wales to reduce the amount of Council Tax payable, including reducing the amount to nil, in circumstances where it is felt appropriate to do so. As a result, where properties are being used to assist elderly/disabled relatives and an increase in Council Tax would cause financial hardship, then the Council can consider using its discretionary powers to reduce the amount of Council Tax.

6. Background Papers

None.