

Council Tax Long Term Empty Premiums and Second Home Premiums

Long Term Empty Dwellings Background

- 1 Section 12 of the Local Government Finance Act 2012 added section 11B to the Local Government Finance Act 1992 enabling Local Authorities to increase the charge on long term empty dwellings (unoccupied and substantially unfurnished for at least 2 years) by up to 50%. The Council determined this change from 1 April 2013.
- 2 The Rating (Property in Common Occupation) and the Council Tax (Empty Dwelling) Act 2018 increased the amount local authorities can charge on long term empty dwellings up to 100%. The Council determined this change from 1 April 2019.
- 3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 also increased the amount local authorities can charge on long term empty dwellings from 1 April 2019, 1 April 2020 and 1 April 2021 to (unoccupied and substantially unfurnished for at least 2 years) 100% for 2 years to one day less than 5 years. 200% from 5 years to one day less than 10 years. 300% for 10 years+. The Council determined this change from 1 April 2021.

Second Homes Background

- 4 Sections 11A and 11B of the Local Government Finance Act 1992 enables Local Authorities to determine the level of discount, if any, on certain types of dwellings. Class B is classified as dwellings; which is not the sole main residence of an individual, which is furnished and occupation is not restricted - these are known as second homes.
- 5 The Council determined a 0% discount on second homes from 1 April 2013.

The Regeneration & Levelling Up Bill

- 6 The Regeneration & Levelling Up Bill (the Bill) is currently passing through Parliament and the Department of Levelling Up, Housing and Communities (DLUHC) is aiming for Royal Assent in Spring 2023. The Bill proposes, amongst other proposals, two important changes to council tax, as follows:
 - a) A change in the application of a council tax premium on 'long term empty' dwellings. Currently, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% council tax premium can be applied to the property. The Bill is proposing to shorten that 2 year period to 1 year. 'Long term empty' premiums are applied to encourage owners to bring properties back into use so they are not left empty for extended periods.

- b) The implementation of a council tax premium on 'second homes'. 'Second homes' are properties which are unoccupied but furnished. The Bill proposes the local authorities may apply a 100% council tax premium on second homes. This would mean an owner of a second home in the district would pay double the normal council tax charge.
- 7 Both of these changes can only come into effect if the Bill receives Royal Assent and even then the earliest that both of these changes can come into effect is 1 April 2024.
- 8 The Bill states that to apply these changes, approval to do so must be given at least 12 months before the implementation date. Therefore, approval is being sought now on the basis that should the Bill receive Royal Assent, the Council will have the required 12 months leading period, in order to apply the premiums from 1 April 2024.

Recommendation

- 9 The Recommendations are:
- The Council agree to shorten the premium on long term empty dwellings from the current 2 years (empty) to 1 year from 1 April 2024.
 - The Council agree to implement the 100% premium on all second homes from 1 April 2024.
- 10 The estimated additional income that can potentially be raised as a result of the recommendations are:
- 11 Long term empty dwellings: Estimated £156,000 in collectable debit. The Sevenoaks District Council proportion being £17,000. It will be assumed that some of the dwellings will be put back into use and based on collection, a potential additional income of £12,000 for the Council.
- 12 Second homes: Estimated £906,000 in collectable debit (372 dwellings). The Sevenoaks District Council proportion being £99,000. It will be assumed that some of the dwellings will become occupied as a main home and based on collection, a potential additional income of £60,000.
- 13 There is no legal requirement to consult on the recommended changes but there is a legal requirement to have a 12 month lead period from the decision to the implementation.
- 14 In excising its functions, Sevenoaks District Council must have regard to any guidance issued by the Secretary of State.

- 15 There is a legal requirement to publish any changes to the Council Tax regime in at least one newspaper circulating in the Billing Authority's area. This must be done within 21 days of the resolution being agreed by the Council.

- 16 Any amendments made to Council Tax premiums or to apply a second home premium are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.