

Report for: Cabinet 16 January 2024

Title: Council Tax Premium for Long-Term Empty Dwellings

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Ward(s) affected: All

**Report for Key/
Non-Key Decision:** Key

1 Describe the issue under consideration

- 1.1 This report sets out the proposed reduction in time that a property can remain empty before the premium on Council Tax is charged on long-term empty dwellings.
- 1.2 This follows changes to s11B of Local Government Finance Act 1992 as the definition of long-term empty dwelling has now been amended by the Levelling-up and Regeneration Act 2023
- 1.3 It is proposed that this change will take effect from 1st April 2024.

2. Cabinet Member Introduction

London is in the grip of a housing crisis, characterised by a scarcity of affordable long-term rental properties, low health and safety standards in the private rented sector, and high barriers to home ownership. This worsening crisis, alongside the cost-of-living crisis, has driven the huge spike in homelessness.

It is estimated that in London alone there are more than 34,000 long-term empty homes – that is over half the number of London households that are currently homeless and living in temporary accommodation. In the middle of a housing crisis, there is no justification for allowing these homes to remain empty, and the Council must use all its powers to free up these homes for use.

The additional 100% council tax charge on properties that have been empty for more than one year is designed to encourage owners to act with urgency and ensure that empty buildings are brought into use in a timely manner.

2 Recommendations

That Cabinet recommends to Full Council that –

- 2.1 With effect from 1 April 2024, that a determination be made that a premium shall be applied to long term empty dwellings as defined in s11B(8) of Local Government Finance Act (LGFA) 1992 (as amended from time to time), and that the amount of council tax payable in respect of that dwelling and that day shall be increased by 100 percent.
- 2.2 That a determination be made that, if on any day a dwelling is a long-term empty dwelling, the discount in s11(2)(a) of LGFA shall not apply to that dwelling.
- 2.3 Notes that until 1 April 2024, the decision made by Full Council in January 2019 in relation to the premium payable in respect of long-term empty dwellings, shall continue in full force and effect.
- 2.4 Notes that the premium shall not apply to dwellings that are exempt under Regulations 9 and 10 of the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.

3 Reasons for decision

- 3.1 In January 2019 full council agreed to increase the premium charged on long-term empty dwellings from 50% to 100% from 1 April 2019.
- 3.2 At that point, a dwelling was defined as a “long-term empty dwelling” if for a continuous period of at least 2 years ending with that day it had been unoccupied, and substantially unfurnished.
- 3.3 With effect from 1 April 2024, the definition of long-term empty dwelling in s.11B(8) LGFA has been amended by section 79 of the Levelling-up and Regeneration Act 2023 to substitute “1 year” for the previous “2 years”.
- 3.4 As the definition in the legislation has changed, the Council is making a new determination to clarify that the new time period applies.

4 Alternative options considered

- 4.1 The Council has considered not making a new determination but considers that, for the avoidance of doubt, the Council should make it clear that, from 1 April 2024, the premium shall apply to dwellings that are empty for at least 1 year in line with the changed legislation.
- 4.2 The Council could choose to remove or reduce the existing premium.
- 4.3 This is not proposed because the Council is under significant financial pressure to deliver a sustainable Medium Term Financial Strategy. Removing or reducing the Council Tax premium would reduce the Council’s income.

4.4 In addition, removing or reducing the premium may reduce the incentive for residents to bring long-term empty properties back into use.

5 Background information

5.1 Since April 2013, Councils have had the power to charge a premium on long-term empty properties empty for more than 2 years. This meant that such Council Tax payers could be charged a maximum of 150% Council Tax (a premium of 50%).

5.2 The Council adopted this change and between April 2013 and 31 March 2019 charged 150% council tax on long-term empty properties.

5.3 From 01 April 2019, councils had the power to increase the premium from 50% to 100%, and thereby increase the total Council Tax payable on long-term empty dwellings from 150% to 200%.

5.4 The Council adopted this change and from 1 April 2019 has charged 200% council tax on all long-term empty properties (2 years or more).

5.5 Further changes to legislation from 1 April 2020 allowed the council the power to further increase the premium from 100% to 200% on properties empty for more than 5 years, with another increase from 1 April 2021 from 200% to 300% for properties empty for more than 10 years.

5.6 The Council adopted these changes and from 1 April 2020 has charged 300% council tax on all long-term empty properties (5 years or more) and from 1 April 2021 has charged 400% council tax on long-term empty properties (10 years or more).

5.7 There are currently 1,028 dwellings which have been empty for between twelve months and five years.

5.8 It should be noted that Regulations 9 and 10 of the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 provide that the following classes of dwellings are exempt from the premium –

- a dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent from the property as a result of such service
- a dwelling, which forms part of a single property that is being treated by a resident of that property as part of the main dwelling

6 Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes

6.1 The proposal contributes to the Council's Medium Term Financial Strategy as it provides a potential income stream, which can be used to support the delivery of future services.

7 Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

7.1 Finance

The Council has applied the powers to charge premiums on long-term empty properties since April 2013 when these powers were introduced and has consistently applied subsequent premiums as and when the legislation changed. As set out in paragraph 5.4, continuing to apply allowable premiums could incentivise owners to bring properties back into use which must be welcome, given the demand for housing and shortage of supply in the Borough. Furthermore, applying the recommended premium is forecast to deliver c. £0.9m additional council tax income from April 2024 which, given the financial pressure on the Council's budget must be welcome.

7.2 Procurement

Strategic Procurement note the contents of this report and confirm the recommendations in Section 3 have no procurement related implications.

7.3 Head of Legal & Governance

The Head of Legal & Governance has been consulted and notes that s11B of the LGFA gives the Council the power to increase the amount of Council Tax payable in respect of long-term empty dwellings by up to 100%. With effect from 1 April 2024, the period of time for which a dwelling may be empty before being classed as a long-term empty dwelling, has been reduced from 2 years to 1 year.

This report recommends that Cabinet recommend that Full Council uses that power to determine that, with effect from 1 April 2024, the empty dwelling council tax premium shall apply to properties empty for 1 year or more (or such other period as may be defined in s11B(8) LGFA from time to time) and that the discount provided for in s11(2)(a) LGFA shall not apply. Any such determination must be made by Full Council.

There is no statutory requirement for consultation. However, section 11B(6) of LGFA requires that the determination be published in a local newspaper within 21 days of the determination.

The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under s149 of the Equality Act 2010 in considering whether to apply the premium and / or to maintain, change or remove the discounts.

The Head of Legal and Governance confirms that it is within the remit of Cabinet to recommend that Full Council adopts the recommendations in the report.

Equality

The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation, and other conduct prohibited by or under the Equality Act, of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- Advance equality of opportunity between people who share those protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

The decision relates to the increase of an existing Council Tax premium on long-term empty properties. For the people who currently pay the 100% premium, the Council has records only of their names and the nature of the property they are inhabiting. Therefore, the protected characteristics of those individuals are currently unknown. This is because the premium relates to the circumstances of properties in a specific time period, rather than to the circumstances of the people.

In relation to the nature of the property, the Council can break down current properties as:

- Haringey-owned vacant properties
- Housing Association properties
- Private individual-owned properties
- Company-owned properties

The Council holds data on individuals and groups who share protected characteristics for the borough as a whole. This information is available publicly on the Council's website:

www.haringey.gov.uk/sites/haringeygovuk/files/equalities_profile_of_haringey.pdf)

However, a comparatively small number of individuals currently pay a long-term empty property premium, therefore, it is not considered possible to state with any reasonable degree of certainty whether or not the people currently paying the existing 100% premium reflect the population as a whole.

It is considered reasonable to suggest that:

- It is unlikely that there would be many residents under the age of eighteen who have long-term empty properties, therefore children are unlikely to be disproportionately impacted by the decision

· There is no reason to think that any other group who share a particular protected characteristic would be overrepresented in the cohort of residents who will be impacted by this change.

When administering Council Tax, the Council seeks to identify vulnerabilities and respond appropriately. The Council will continue to monitor the impact of the proposed changes.

As part of the Council's procedures to respond appropriately to identified vulnerabilities, it promotes and implements a range of discounts, disregards, and exemptions, which seek to support residents who cannot pay the full Council Tax liability. The Council will continue to promote these relief options to maximise uptake and help residents who need additional financial support.

8 Use of Appendices

None

9 Background papers

[Cabinet 2019: Premium on Long-term Empty Properties](#)

[Full Council 2019: Premium on Long-term Empty Properties](#)

[Cabinet 2020: Premium on Long-term Empty Properties](#)

[Full Council 2020: Premium on Long-term Empty Properties](#)

[Local Government Finance Act 1992 s11B](#)

[Levelling-up and Regeneration Act 2023 s79](#)