

COUNCIL TAX – EMPTY HOMES PREMIUM

REPORT OF THE EXECUTIVE DIRECTORE OF CORPORATE SERVICES

1. Purpose of the report

- 1.1 To provide an overview of the Council Tax - Empty Homes Premium and its application within Sunderland.

2. Background

- 2.1 Council Tax Billing authorities in England, Scotland and Wales have the power to increase council tax on properties which have been '**unoccupied and substantially unfurnished**' for a long period of time. This is known as the 'empty homes premium'. In England, billing authorities were able to charge up to 150% (i.e. 50% extra) on properties which have been unoccupied and substantially unfurnished for over two years. Cabinet approved the application of this premium in January 2013 effective from 1st April 2013.
- 2.2 At the November 2017 Budget, the Chancellor announced the Government's intention to legislate to bring the maximum in England up to 200% (i.e. 100% extra). The Government's intention was to strengthen the incentive for owners of empty homes to bring them back into use.
- 2.3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 brought in this power with effect from the 2019/20 financial year and included additional provisions covering properties that were empty for very long periods. The Act provides for maximum additional rates of:
 - 100% extra (for properties empty for 2 to 5 years) [commencing 1st April 2019]
 - 200% extra (for properties empty for 5 to 10 years) [commencing 1st April 2020]
 - 300% extra (for properties empty for 10+ years) [commencing 1st April 2021].
- 2.4 Cabinet at its meeting on 16 January 2019 approved the application of the premium consistent with the legislation which resulted in:

For the financial year beginning 1st April 2019 the additional premium is:

- 100% for properties that have been empty for at least two years.

For the financial year beginning 1st April 2020 the additional premiums are:

- 100% for properties that have been empty for at least two years; and
- 200% for properties that have been empty for at least five years or more.

For the financial year beginning 1st April 2021 the additional premiums are:

- 100% for properties that have been empty for at least two years;
- 200% for properties that have been empty for at least five years but less than ten years; and
- 300% for properties that have been empty for at least ten years.

- 2.5 The number of properties subject to the Council Tax - Empty Homes Premium is taken into account when Cabinet agrees the Council Tax Base each year which is then utilised in determining the council tax level as part of the annual budget process.

3. Current Position

- 3.1 In 2019/2020 there were 503 properties that were subject to the Council Tax - Empty Homes Premium. At the time of writing this report, 215 of those properties remain subject to the Council Tax - Empty Homes Premium a reduction of 288 properties.
- 3.2 The table below sets out the current number of properties that are subject to the Council Tax - Empty Homes Premium:

	1 st April 2021	1 st April 2022	Change
2 years but less than 5 years	383	463	+80
5 years but less than 10 years	135	154	+19
More than 10 years	61	60	-1
Total	579	677	+98

- 3.3 In addition to the premium acting as a financial incentive to reduce the number of empty properties, the Council's housing service works to bring empty properties back into use in line with the Empty Homes Strategy for Sunderland 2020-2025 and the Housing Strategy 2017-2022. The Empty Properties and Private Rented Sector teams have a suite of products and initiatives available to work with and support property owners to reduce the number of long term, problematic empty homes across the City including:

- Advice and assistance: The Empty Properties team will liaise with owners and support them to bring the property back into use via a range of measures, in some cases selling the property to the Council under the Purchase and Repair programme.
- Empty Homes Loans and Grants: as part of the Financial Assistance Policy owners are able to access loans up to £15,000 and grants up to

£10,000 (dependent on eligibility) to improve properties in order to bring them back into use.

- Private Sector Leasing: Landlords are able to lease their property to the Council in two ways – lease and manage or lease and repair. Landlords receive an income whilst the Council manage and/or improve their property for an agreed time.
- Tenant Passport: Landlords can receive up to £750 deposit guarantee from the Council by taking a tenant who has undergone tenancy training and asked for support in finding private rented sector accommodation.

4. Recommendations

- 4.1 The Scrutiny Committee is asked to note the information included in this report, and to consider and comment on the contents.

5 Glossary

- 5.1 None

6 Background Papers

- 6.1 None