

MID SUFFOLK DISTRICT COUNCIL

TO: Mid Suffolk Cabinet	REPORT NUMBER: MCa/23/37
FROM: Cllr Richard Winch – Cabinet Member for Housing and Property	DATE OF MEETING: 9 th January 2024
OFFICER: Director of Housing - Deborah Fenton / Corporate Manager Housing Solutions – Amma Antwi-Yeboah	KEY DECISION REF NO. CAB460

EMPTY HOMES AND SECOND HOMES POLICY

1. PURPOSE OF REPORT

- 1.1 This report provides an overview of the current Council Tax charges levied on long term empty properties and second homes within Mid Suffolk and proposes changes to the policy in respect of premiums from 1st April 2024 in line with recent changes in legislation.

2. OPTIONS CONSIDERED

Option 1 – Introduce the 2018 and 2023 changes to the empty homes premium and introduce a premium for dwellings periodically occupied (second homes).

- 2.1 In line with the draft policy in appendix A, implement the proposed changes to introduce a premium of 100% for second homes from 1st April 2025, reduce the time period for empty premiums to 12 months and increase the premiums as below from 1st April 2024.

- Dwellings left unoccupied and substantially unfurnished for 12 months or more, a premium levied of 100%
- Dwellings left unoccupied and substantially unfurnished for 5 years or more, a premium levied of 200%; and
- Dwellings left unoccupied and substantially unfurnished for 10 years or more a premium levied of 300%.

Implementing the changes will generate additional income and incentivise bringing unoccupied properties back into use.

Implement only one of the proposed changes.

- 2.2 Implement only one of the proposed changes. This could be either implementing a premium of up to 100% for second homes and leaving the current long term empty qualifying time period for the premium at 2 years at a rate of 50%. Alternatively, it could just be reducing the long-term empty premium qualification time from two years to one, not linking the percentage charge to the length of time the dwelling has been unoccupied and unfurnished and not implementing any change for second homes.

This would have the same benefits as option 1 but to a lesser scale.

Do Nothing

- 2.3 Do nothing, leave existing premiums in place for long term empty properties, namely that they would be applied after the two-year period at 50%. Do not introduce a premium for second homes.

3. RECOMMENDATIONS
3.1 That Council approve the empty homes and second homes premiums policy for 2024-25 attached in appendix A
3.2 That Council delegate authority to the Director of Housing in consultation with the Cabinet Member for Housing and Property to make technical amendments to the policy to ensure it meets the criteria set by Government and the Council
REASON FOR DECISION
To maximise revenue, but more importantly to incentivise owners to bring empty and under-utilised properties back into use.
To ensure the policy is kept in line with Government regulations.

4. KEY INFORMATION

- 4.1 Prior to April 2013 billing authorities could charge up to a maximum of 100% Council Tax on dwellings that had been unoccupied and substantially unfurnished for more than two years (long-term empty dwellings). From April 2013 billing authorities were given powers to charge a premium of up to 50% of the Council Tax payable in these circumstances. The intention of the premium was to encourage homeowners to occupy homes and not leave them vacant in the long term.
- 4.2 Mid Suffolk used these powers and implemented a 50% premium on long-term empty dwellings that have been empty and unfurnished for more than two years from the 1st April 2013 in order to provide an incentive to bring long term empty properties back into use. Council taxpayers would be paying 150% Council Tax. The table below shows the number of premiums on the first Monday in October from 2019 to 2023.

	2019	2020	2021	2022	2023
Mid Suffolk	68	93	113	112	116

- 4.3 In 2018 the Rating of Property in Common Occupation and Council Tax (Empty Dwellings) Act allowed billing authorities to increase the levels of premiums on long-term empty dwellings with effect from 1 April 2019 as follows;
- Dwellings left unoccupied and substantially unfurnished for 2 years or more, - from 1 April 2019 a premium can be levied up to 100%

- Dwellings left unoccupied and substantially unfurnished for 5 years or more, - from 1 April 2020 a premium can be levied up to 200%; and
- Dwellings left unoccupied and substantially unfurnished for 10 years or more, - from 1 April 2021 a premium can be levied up to 300%.

4.4 Mid Suffolk did not implement the changes introduced by the 2018 regulations.

4.5 The Levelling Up and Regeneration Act 2023 provides for further changes whereby it permits the Council to impose an empty homes premium on long-term empty dwellings after one year instead of two years from the 1st April 2024.

4.6 Alongside changes to the empty home premium, the Levelling Up and Regeneration Act 2023 also introduces the ability to charge a Council Tax premium of up to 100% on dwellings which are occupied periodically (properties that are substantially furnished but no one's sole or main residence, second homes).

4.7 Unlike the changes to the long-term empty home's premium, which can be implemented from the 1st April 2024, a decision to implement a premium on second homes must be taken at least 12 months before the financial year to which it would apply. In other words, the earliest it could take effect would be 1st April 2025.

4.8 The Government have indicated that there will be some exceptions to both the long-term empty premium and second home premium being charged. Regulations are expected that cover these exceptions in the new year. As a guide, listed below are the exceptions listed in a previous Government consultation.

- Properties undergoing probate.
- Properties that are being actively marketed for sale or rent.
- Empty properties undergoing major repairs.
- Annexes forming part of, or being treated as, part of the main dwelling.
- Job related dwellings.
- Occupied caravan pitches and houseboat moorings.
- Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence.

4.9 An analysis has been undertaken to look at the current situation and what that might look like if the 2018 and 2023 changes are implemented. The table below shows the number of second homes and long-term empty properties as of 14th November 2023 by Council Tax band:

	A	B	C	D	E	F	G	H	Total
Second Homes	111	109	99	76	63	32	44	8	542

Empty/Unfurnished > 4wks	86	186	117	64	69	40	12	1	575
Empty/Unfurnished 2years and over (50% Premium)	32	16	20	17	7	7	7	2	108

- 4.10 The table below shows a breakdown of the long-empty properties on 14th November 2023 but forecasting the situation as of 1 April 2024, split by premium and Council Tax band:

Long-term empty Period	A	B	C	D	E	F	G	H	Total
12 months to 2 years	27	57	44	15	21	11	8	0	183
2-5 years	20	21	17	18	9	7	7	0	99
5 – 10 years	12	4	7	2	1	3	1	2	32
>10 years	5	5	2	1	1	0	0	0	14

- 4.11 You can see from the table in 4.10, that even though a 50% premium has been in place since 2013, there are still several properties that have been unoccupied and substantially unfurnished for some time.
- 4.12 Considering the recent changes introduced by the Government and the number of empty and second homes, it would be an ideal time to review and update the current scheme for premiums.

5. LINKS TO CORPORATE PLAN

- 5.1 The policy supports the Council's objectives in respect of housing, wellbeing and communities and the economy.

6. FINANCIAL IMPLICATIONS

- 6.1 Initial high-level analysis suggests that the adoption to commence a 100% premium on long-term empty homes after 12 months and the additional 200%, and 300% premiums (based upon length of time the dwelling is empty and unfurnished) could generate an additional £591,000 in Council Tax revenues (based upon the 23/24 Council Tax rate). Income generated would be shared across the preceptors, this would be £53,910 for Mid Suffolk
- 6.2 Introducing a 100% premium for periodically occupied dwellings (second homes) could generate around £1m in additional Council Tax revenue (based upon the 23/24 Council Tax rate). Like the long-term empty premium, the income generated would be shared across the preceptors. this would be £90,000 for Mid Suffolk.

- 6.3 However, it needs to be recognised that this estimate could be reduced once the Government legislates for the exceptions.
- 6.4 It also should be noted that these changes will also impact on the Housing Revenue Account if there are Council owned properties that meet the qualifying criteria.
- 6.5 The introduction of the premiums is to support bringing properties back in to use. If successful, the income generated from premiums should reduce over time.

7. LEGAL IMPLICATIONS

7.1 The legislation that covers this report and the recommendations made is as follows:

- S11A & S11B of the Local Government finance Act 1992
- S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Act 2023)
- The Levelling Up and Regeneration Act 2023
- S13A(1)(c) Local Government Finance Act 1992

8. RISK MANAGEMENT

8.1 This report is most closely linked with the Council's Significant Risk No. SRR004MSDC – We may be unable to respond in a timely and effective way to financial demands.

Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference*
Mid Suffolk District Council may be unable to react in a timely and effective way to financial demands	3	4	Monitoring and reporting of financial forecast Capital reserves. SLT position review workshops Cabinet briefings to review position and budget options. Budget approval Internal and external audits	SRR004MSDC
The additional premiums are difficult to collect			Regular review of cases All enforcement remedies will be used	
The long-term empty premium is levied against a Council Taxpayer who is unable to bring	2	3	The provision of Empty Homes and renovation Loan to help homeowners to bring the property back into occupation.	Operation Risk Register Housing Solutions and 050

the property back into use			Empty Homes Officers to provide support and guidance.	
The implementation of these premiums may cause exceptional hardship to a taxpayer			Consider such cases under the Council's Council Tax discretionary hardship scheme.	

**Name of risk register where risk is currently documented and being actively managed and it's reference number*

9. CONSULTATIONS

- 9.1 Consultations have taken place with Assistant Directors, Corporate Managers and other Budget Managers as appropriate.
- 9.2 There is no statutory requirement to consult on these proposals. However, contact will be made with those Council taxpayers likely to be subject to the changes prior to annual bills being issued in March 2024.

10. EQUALITY ANALYSIS

- 10.1 EQIA screening please the attached appendix (b)

11. Environmental Implications

There are no negative Environmental impacts directly associated with this report and policy.

12. Appendices

Title	Location
(a) Empty Homes and Second Homes Premium Policy 2024-25	Attached
(b) EIQA-Empty Homes and Second Homes Premium Policy 2024	Attached

13. REPORT AUTHORS

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