



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>EXECUTIVE – 8 MARCH 2023</b>
Subject	<b>COUNCIL TAX PREMIUM – SECOND HOMES AND EMPTY PROPERTIES</b>
Wards affected	All
Accountable member	Cllr Dan Levy – Executive Member for Finance Email: <a href="mailto:dan.levy@westoxon.gov.uk">dan.levy@westoxon.gov.uk</a>
Accountable officer	Mandy Fathers – Business Manager for Environmental, Welfare and Revenues Email: <a href="mailto:mandy.fathers@publicagroup.uk">mandy.fathers@publicagroup.uk</a>
Report author	Mandy Fathers – Business Manager for Environmental, Welfare and Revenues Email: <a href="mailto:mandy.fathers@publicagroup.uk">mandy.fathers@publicagroup.uk</a>
Summary/Purpose	To consider the proposals to implement a Council Tax Premium on second homes.
Annexes	None
Recommendation(s)	That the Executive resolves to:  a) Note the report and agrees in principle to the implementation of charging 100% premium for second homes and reducing term for applying charge for empty properties from 2 years to one year, subject to the emerging legislation being passed; and  b) Instruct officers to bring a further report back to the Executive when the legislation has been passed providing detail on the legislative implications and proposed implementation.
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering excellent modern services whilst ensuring the financial sustainability of the Council</li></ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Chief Finance Officer, Monitoring Officer, Interim Head of Legal Services, Finance Business Partner, Assistant Director Resident Services, Director of Finance (Publica), Executive Member for Finance

## **1. BACKGROUND**

- 1.1** The government encourages all billing authorities to adopt Council Tax premiums on empty properties with a view to incentivising property owners to bring those properties back into use. Premiums can currently be charged where properties are left unoccupied and unfurnished for periods exceeding 2 years.
- 1.2** In May 2022, the Government published the Levelling Up and Regeneration Bill (“the Bill”). The Bill includes proposals aimed at further addressing empty properties through the reduction in the time after which a premium on an empty property can be charged ( from 2 years to 1 year) in addition to measures which seek to recognise the impact that high levels of second home ownership can have in some areas of the country
- 1.3** The intention with the Bill is to:
  - reduce the minimum period for the implementation of a Council Tax premium for empty premises from two years to one year; and
  - allow Councils to introduce a Council Tax premium of up to 100% in respect of second homes.
- 1.4** The Bill has completed its passage in the House of Commons and had its first reading in the House of Lords on 19 December 2022.
- 1.5** The premium for second homes can only be implemented if the Council has given at least one-year's notice to council tax payers. Therefore, the Council would need to make a decision before 01 April 2023. Should the legislation not be passed as intended, the premium will not be introduced
- 1.6** Councils such as Cornwall and North Yorkshire have already considered the issue and have both published reports asking their councils to support the measures in principle.

## **2. MAIN POINTS**

- 2.1** For Council Tax purposes, a second home is defined as a dwelling, which is not a person's sole or main home and is substantially furnished. There are approximately 996-second homes in the West Oxfordshire district. These properties are subject to the full 100% Council Tax charge.
- 2.2** Second home ownership within parts of the District is significant and is recognised to have a negative impact in terms of the supply of homes available to meet local housing need. The Bill recognises the impact that high levels of second home ownership can have, and that more needs to be done to disincentivise people from simply doing nothing with their property, or not using it to its full potential.
- 2.3** If the bill is introduced, it will allow councils to apply a Council Tax premium of up to 100% ensuring that the mandatory 12 month notice has been given to second home owners.

2.4 With increased pressure on the Council to find houses for local people in need, the implementation of this premium will support the Council's priorities by establishing financial resilience to enable investment and providing additional housing to meet the needs of the district.

2.5 There are some wider issues to consider.

- Incentivise owners of empty properties to bring these back into use
- Properties available to let can be treated as a business and therefore would be subject to business rates (properties that are available to let for more than 20 weeks in a calendar year and was available to let for more than 20 weeks in the previous year).
- Couples who own second homes may claim that they are living separately and are single occupants of each respective property (information supplied to claim any discount can be checked and verified. Financial penalties can be imposed where false information is provided).

2.6 A further report will be brought back to Executive when the legislation has been implemented to provide details around the administration and proposed changes to the Long Term Empty property premium.

### **3. FINANCIAL IMPLICATIONS**

3.1 If a 100% premium on second homes was charged, the additional revenue would be approximately £2.1 million with the District Council retaining around £117,346

### **4. LEGAL IMPLICATIONS**

4.1 The recommendation to adopt the new legislation relating to second homes and empty properties in principle will be subject to the Levelling Up and Regeneration Bill receiving Royal Assent. There will need to be a review of the legalities once it becomes Law in conjunction with any relevant guidance issued.

### **5. RISK ASSESSMENT**

5.1 There is a small reputational risk to the Council for imposing additional premiums; however, this should be weighed against the need for more available housing within the District and bringing more empty properties back into use.

### **6. EQUALITIES IMPACT**

6.1 There are no unacceptable adverse effects on the protected characteristics covered by the Equalities Act 2010 that have been identified.

### **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

7.1 There are none associated with this report.

### **8. ALTERNATIVE OPTIONS**

8.1 The Council could choose not to introduce a premium.