



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and Date of Committee	EXECUTIVE – 9 OCTOBER 2024
Subject	COUNCIL TAX PREMIUMS – SECOND HOMES AND LONG-TERM EMPTY PROPERTIES
Wards Affected	All
Accountable Member	Councillor Alaric Smith – Executive Member for Finance Email: alaric.smith@westoxon.gov.uk
Accountable Officer	Jon Dearing – Assistant Director for Resident Services Email: jon.dearing@publicagroup.uk
Report Author	Mandy Fathers – Business Manager for Environmental, Welfare and Revenues Email: mandy.fathers@publicagroup.uk
Summary	To consider the proposals to introduce a Council Tax Premium on second homes and apply a premium to long term empty properties after one year.
Annexes	Annex A – Council Tax Premium Exemptions Policy (Long-Term Empties and/or Second Homes)
Recommendations	<p>That Executive resolves to recommend to Council to:</p> <ol style="list-style-type: none">1. Agree from 01 April 2025 to levy the maximum level of premium for Empty Homes as set out in the Levelling Up and Regeneration Act 2023:<ol style="list-style-type: none">i) Premium of 100% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) after 1 year up to 5 years of becoming empty;ii) Premium of 200% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) between 5 years and 10 years;iii) Premium of 300% for dwellings which are unoccupied and substantially unfurnished (Empty Homes Premium) for 10 years or more;2. Agree from 1 April 2025 to the implementation of a premium (Second Homes Premium) of 100% for dwellings that are no one's sole or main residence and which are substantially furnished;3. Note that where premiums are to be applied, the Council is mindful of the outcome of the government consultation which recommends

	<p>exceptions in certain circumstances outlined within the report may be amended, and as such guidance may change;</p> <p>4. Agree that any amendments to the guidance which may change the criteria for Premiums be delegated to the Chief Finance Officer in consultation with the Executive Member for Finance.</p>
Corporate Priorities	<ul style="list-style-type: none"> • Putting Residents First
Key Decision	YES
Exempt	NO
Consultees/ Consultation	Executive Member for Finance, Chief Executive, Director of Governance, Chief Finance Officer, Interim Head of Legal Services, Interim Executive Director, Interim Managing Director (Publica)

1. EXECUTIVE SUMMARY

- 1.1** This report sets out for consideration the introduction of a 100% Council Tax premium in respect of Second Home properties commencing on 1 April 2025 as well as reducing the period a premium can be applied to a Long-Term Empty property from two years to one from 1 April 2025.
- 1.2** It supports the Local Plan and its ambition to provide 15,950 homes over its period and is an incentive for those owners of unoccupied or second homes to consider their properties to be brought back into use and made available for either rent or sale.

2. BACKGROUND

- 2.1** This report sets out for consideration the introduction of a 100% Council Tax premium in respect of Second Home properties as well as reducing the period a premium can be applied to a Long-Term Empty property from two years to one from 1 April 2025.
- 2.2** The adopted West Oxfordshire District Council Local Plan 2031 describes housing provision as critically important and sets out ambition to provide 15,950 homes throughout the plan period. The plan describes the importance of protecting the existing stock in meeting the housing needs of our residents
- 2.3** The Government encourages all billing authorities to adopt Council Tax premiums on empty properties with a view to incentivising property owners to bring those back into use. Premiums are currently being charged where properties are left unoccupied and unfurnished for periods exceeding 2 years within the district.
- 2.4** These proposals also support the councils Long Term Empty Property Strategy objectives with incentivising owners in bringing their empty properties back into use.
- 2.5** In March 2023 Executive Members agreed in principle to the implementation of charging 100% premium for second homes and reducing the term for applying a charge for empty properties from two years to one subject to emerging legislation being passed under the Levelling Up and Regeneration Bill (“the Bill”). The Bill received Royal Assent on 26 October 2023.

3. MAIN POINTS

3.1 Changes to Empty Homes Premiums (From 01 April 2024)

- 3.2** Legislation was introduced in 2013 to allow premiums to be charged on empty properties with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term. Initially premiums could only be charged at 50%, but legislation changed to allow a progressive charge to be made as follows:

- Dwellings left unoccupied and substantially unfurnished for 2 years or more, up to 100%
- Dwellings left unoccupied and substantially unfurnished for 5 years or more, up to 200%; and
- Dwellings left unoccupied and substantially unfurnished for 10 years or more, to up 300%

- 3.3** Section 80(1)(b) of the Levelling Up and Regeneration Act 2023 (“the Act) permits billing authorities in England to impose an empty homes premium after one year instead of two.

- 3.4 Section 80(2) and 81(4) provided that from 1 April 2024, a property can be charged an empty homes premium at 100% after one year.
- 3.5 This premium has not yet been implemented within the West Oxfordshire district.
- 3.6 Introduction of Premium for Second Homes (From 01 April 2025)**
- 3.7 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 currently subject to the full 100% council tax charge.
- 3.8 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 Act 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.
- 3.9 The Act now allows councils to apply a council tax premium of up to 100%, ensuring that the mandatory 12-month notice has been given to second homeowners.
- 3.10 Notification letters were sent to all second homeowners in March 2024 advising that the council is considering implementing this premium from 1 April 2025.

4. FINANCIAL IMPLICATIONS

- 4.1 If a 100% premium on second homes was charged, the additional revenue would be approximately £2.1 million with West Oxfordshire District Council retaining around £117,346 (prior to accounting for any reduction for second home properties that may be excluded as set out in the Policy)
- 4.2 For the additional revenue raised by implementing the 100% premium on long-term empty properties after one year is difficult to account for due to movements in property status; however a snapshot of properties taken on 3 July 2024 indicates that there were 375 properties that would fall into this premium. The council tax charged through a premium would be an additional £905,457 of which the council would retain £48,536. This figure does not account for those properties that may fall within the exemptions detailed within the policy.

5 LEGAL IMPLICATIONS

- 5.1 Section 79 of the Act amends the Local Government Finance Act 1992 (LGFA) by reducing the period a premium can be applied to a long-term empty property from two years to one.
- 5.2 Section 80 of the Act amends the LGFA by introducing the ability to levy a 100% premium on Second Home properties
- 5.3 There may be the need to review the legalities once the final guidance has been issued. A paper will be submitted to the Chief Finance Officer on amendments which will be consulted on with Executive Member for Finance.

6 RISK ASSESSMENT

- 6.1** There is a risk that second homeowners may seek to migrate from council tax to business rates assessments and offer their second home as a holiday let. This would reduce the level of council tax available to the local authority and the preceptors; however, the Valuation Office Agency have now put in place safeguards to mitigate this risk and not only do holiday lets need to be advertised for a period of time (140 days in a 12 month period), owners also have to provide sufficient evidence to show the property has been let for a period of time (70 nights in a 12 month period)

7 EQUALITIES IMPACT

- 7.1** None

8 CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1** There are none associated with this report.

9 ALTERNATIVE OPTIONS

- 9.1** The council could choose:

- Not to introduce a premium on Second Homes or Long-Term Empty Properties that have been empty for one year; or
- Introduce a premium of Second Homes only; or,
- Introduce the premium of Long-Term Empty Properties that have been empty for one year.

10. BACKGROUND PAPERS

- 10.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with Section 100 D.1(a) for inspection by members of the public:

- Executive report 8 March 2023 – Item Number 21.

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