

**REVIEW OF THE COUNCIL TAX LONG-TERM EMPTY PROPERTIES  
DISCRETIONARY DISCOUNT POLICY FOR 2010/11****Responsible Officer**

e-mail: laura.rowley@shropshire.gov.uk Tel: 01743 252007 Fax: 01743 255901

**Summary**

The Local Government Act 2003 gave councils new discretionary powers to reduce or remove the 50% discount awarded in respect of long-term empty properties with effect from 1<sup>st</sup> April 2004.

In the 2008/09 financial year, immediately prior to the creation of Shropshire Council, there was a disparity between Shropshire's five borough and district councils regarding this discretionary power in respect of properties classed as long-term empty. Three of the councils had removed the discount and two had retained the full 50% discount.

With the creation of Shropshire Council from 1<sup>st</sup> April 2009 Members took the opportunity to standardise this discretionary power across the new Council's geographical area and subsequently approved retention of the full 50% Council Tax discount awarded in respect of long-term empty properties.

The number of long-term empty properties in Shropshire has marginally increased between 2008 and 2009 and the Council is now seeking to further encourage these properties back into the housing market and so increase the range of affordable housing available to Shropshire residents.

This report recommends that Members formally approve a revised discretionary Council Tax discount policy in respect of long-term empty properties for the 2010/11 financial year, i.e. retention of the full 50% discount for six months and then completely removing the discount after six months.

**Recommendations**

Members are asked:

- A. In accordance with the Local Government Act 2003 to approve a revised discretionary Council Tax discount policy awarded in respect of long-term empty properties for the 2010/11 financial year, i.e. retention of the full 50% discount for six months and completely removing the discount after six months and, therefore, inclusion of an additional 421.42 Band D equivalents (a total of 1,264.25 Band D equivalents for the whole of Shropshire) in the taxbase.
- B. To approve the publication of a notice regarding the new discretionary Council Tax discount policy awarded in respect of long-term empty properties within 21 days of the determination.

**REPORT**

**Long-Term Empty Properties Discretionary Discount Policy**

1. The Local Government Act 2003 gave councils new discretionary powers to reduce or remove the 50% Council Tax discount previously awarded in respect of long-term empty properties with effect from 1<sup>st</sup> April 2004. Empty properties, i.e. properties which are unoccupied and unfurnished, are initially exempt from Council Tax for up to six months. A property, therefore, is classed as long-term empty if it has been empty and unfurnished for more than six months and does not qualify for an exemption.
2. In the 2008/09 financial year, immediately prior to the creation of Shropshire Council, there was a disparity between Shropshire's five borough and district councils regarding this discretionary power in respect of properties classed as long-term empty. Bridgnorth District Council (BDC), Oswestry Borough Council (OBC) and Shrewsbury & Atcham Borough Council (SABC) had removed the discount, whilst North Shropshire District Council (NSDC) and South Shropshire District Council (SSDC) had retained the full 50% discount.
3. With the creation of Shropshire Council from 1<sup>st</sup> April 2009 Members took the opportunity to standardise this discretionary power across the new Council's geographical area and subsequently approved retention of the full 50% Council Tax discount awarded in respect of long-term empty properties and, therefore, exclusion of an additional 394.44 Band D equivalents (a total of 831.12 Band D equivalents for the whole of Shropshire) from the taxbase.

**Long-Term Empty Properties Within Each of the Former Borough and District Council Areas**

4. The table below details and compares the number of long-term empty properties within each of the former borough and district council areas as at October 2008 and October 2009.

Former Borough / District Council Area	Number Of Long-Term Empty Properties	
	As At October 2008	As At October 2009
BDC	344	343
NSDC	513	500
OBC	215	239
SABC	356	364
SSDC	479	494
<b>Totals</b>	<b>1,907</b>	<b>1,940</b>

The table shows that the number of long-term empty properties has marginally increased between October 2008 and October 2009. Furthermore, the attached **Report Appendix** shows that over 70% (1,379) of these long-term empty properties are in property valuation bands A, B and C.

5. One of Shropshire Council's priorities for improvement is "to provide a range of affordable housing options for Shropshire residents". One way of contributing towards this priority is by increasing the number of properties in the housing market and reducing or removing the 50% Council Tax discount in respect of long-term empty properties may encourage owners to either sell or rent out homes that have been empty for more than six months. Revising the discretionary Council Tax discount will also impact on the Council Tax taxbase and, ultimately, Council Tax income.

6. Empty properties are currently brought back into use as a result of work undertaken on a reactive basis by the Private Sector Housing Assistance Team. This Team is part of Housing (Community) based in the Community Services Directorate.
7. The Council's Housing Assistance Policy is focussed on incentives, offering a range of Empty Properties to Homes Grants providing up to £20,000 per unit to bring properties up to an acceptable standard and available for a 5 year period. 30 units of accommodation are expected to be made available through this route in 2009/10.
8. The Private Sector Housing Team is currently drafting an Empty Homes Strategy. This Strategy will build on best practice and will consider other successful techniques used nationally to bring larger numbers of properties back into occupation. An effective Empty Homes Strategy and Policy can bring social, economic and environmental benefits, reducing the number of neglected empty homes to create safe and attractive neighbourhoods for all our residents. The first draft of the Strategy is anticipated in 2010.

#### Revising the Long-Term Empty Properties Discretionary Discount

9. The following options for revising the long-term empty properties discretionary discount have been modelled in terms of the effect on both Shropshire's Council Tax taxbase and Council Tax income:

- **Option 1:** Retaining the full 50% discretionary discount, i.e. current policy.
- **Option 2:** Retaining the full 50% discretionary discount for six months then completely removing the discount after six months.
- **Option 3:** Completely removing the discretionary discount.

Option 2 has been modelled assuming that the net effect of the constant changes in property status, i.e. empty, occupied, exempt, long-term empty, etc., is that 50% of long-term empty properties will have been empty for less than six months and the remaining 50% will have been empty for more than six months.

10. The table below summarises the effect of each of the discretionary discount options on both the Council Tax taxbase and Council Tax income.

	<b>Council Tax Taxbase (Band D Equivalents)</b>	<b>Additional Council Tax Income Generated (£)</b>
Option 1	842.83	N/A
Option 2	1,264.25	498,844
Option 3	1,685.66	997,688

The table shows that compared to the current policy, i.e. Option 1, Option 2 results in the inclusion of an additional 421.42 Band D equivalents in the Council Tax taxbase generating additional Council Tax income of £498,844, whilst Option 3 results in the inclusion of an additional 842.83 Band D equivalents in the Council Tax taxbase generating additional Council Tax income of £997,688.

11. Option 2 will provide owners with an incentive to either sell or rent out homes that have been empty for more than six months but also recognises and eases the financial pressures that Council Tax taxpayers are subjected to in the present economic climate by retaining the full 50% discount for the initial six month period.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
<b>Human Rights Act Appraisal</b> None.
<b>Environmental Appraisal</b> None.
<b>Risk Management Appraisal</b> None.
<b>Community / Consultations Appraisal</b> None.
<b>Cabinet Member</b> Keith Barrow, Leader of the Council. Malcolm Price, Portfolio Holder - Housing
<b>Local Member</b> N/A.
<b>Appendices</b> Report Appendix: Long-Term Empty Properties Discretionary Discount Policy Options