

Government Press release – 18 July 2018

Council Tax Amendments

James Brokenshire [Secretary of State for Housing, Communities and Local Government] provides stronger powers for councils to tackle empty homes



Councils across England will have powers to charge even greater Council Tax premiums on homes left empty for many years following an amendment to a government bill.

Introduced in March, this legislation [*Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill 2017-19*] originally contained provision for councils to double the rate of tax on properties that had been empty for 2 years or more.

The government is now going further and introducing an amendment that would allow councils to **triple the council tax on homes left empty for five to 10 years and quadruple it on those empty for more than a decade.**

Homes which have been empty for between 2 and 5 years would still be subject to the Council Tax bill being doubled under the proposal.

Secretary of State for Communities the Rt Hon James Brokenshire MP said:

We're determined to do everything we can to ensure our communities have the housing they need. That's why we're giving councils extra flexibility to increase bills and incentivise owners to bring long-standing empty homes back into use.

By equipping councils with the right tools to get on with the job, we could potentially provide thousands more families with a place to call home. Councils will be able to use funds from the premium to keep Council Tax levels down for hard working families.

Currently, there are just over 200,000 homes empty for 6 months or more in England, compared to 300,000 in 2010. This number has reduced dramatically since 2013 after councils were given powers to charge a 50% premium on council tax bills.

The vast majority of councils have introduced 50 per cent premiums on long-term empty homes. Where councils have applied the premium consistently every year, there has been a nine per cent fall in the number of homes being charged the premium.

To ensure the proposed new powers are not used to unfairly punish those facing difficult circumstances, the government has also announced today that it will publish revised guidance for councils on the use of premiums. This will also take into account issues relating to low-demand areas and ensure it does not hinder complex regeneration schemes.

The move is one of a range of measures introduced by the government to fix the country's broken housing market. Through an ambitious package of long-term reform and targeted investment, government is ensuring communities have the homes they need.

Further information

The amendment was made during the Third Reading of the *Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill* in the House of Lords today (18 July 2018). Decisions on whether to charge a premium, and the exact rates to be charged will remain a matter for councils, taking local circumstances into account. It is anticipated that councils will be able to charge **100%** premiums from April 2019, **200%** premiums from April 2020 and **300%** premiums from 2021.

The government is clear that the premium must not be applied where homeowners can demonstrate that their properties are genuinely on the market for sale or rent, or in cases of hardship. Councils will also need to take into account the issues of low-demand areas.

Councils have powers to refrain from charging the empty homes premium in individual cases, and there are various exemptions. No Council Tax at all can be charged on empty properties where the liable council taxpayer:

- has gone into care or hospital, is severely mentally impaired or has gone elsewhere to provide care
- is living elsewhere in armed forces accommodation for job-related purposes
- has died and probate has yet to be granted

No Council Tax premium can be charged on annexes being used as part of a main property.

Councils already have powers and incentives to tackle empty homes. Through the New Homes Bonus scheme introduced in 2011, councils earn the same financial reward for bringing an empty home back into use as for building a new one.

Since 2013, councils have been able to charge a 50% premium on the council tax bills of owners of homes empty for two years or more. A total of 291 out of 326 councils applied an empty homes premium in 2017 to 2018. All but 3 are charging the premium at the maximum 50% rate.

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Footnote:

The *Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill 2017-19* will make provision, where two or more hereditaments occupied or owned by the same person meet certain conditions as to contiguity, for those hereditaments to be treated for the purposes of non-domestic rating as one hereditament; and to increase the percentage by which a billing authority in England may increase the council tax payable in respect of a long-term empty dwelling.

Final amendments were made to the Bill during the third reading on 18 July.

The Bill will now go to the Commons for consideration of Lords amendments.