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| To: | Audit and Governance Committee |
| Date: | 11 April 2022 |
| Report of: | Head of Financial Services |
| Title of Report:  | Empty Property Report |

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| Summary and recommendations |
| Purpose of report: | To provide an update on empty properties, the Council Tax Premium, and how empty properties are being brought back in to use |
| Key decision: | No |
| Cabinet Member with responsibility: | Councillor Mike Rowley, Cabinet Member for Customer Focused Services |
| Corporate Priority: | All |
| Policy Framework: | Council Strategy 2020-24 |
| Recommendation(s):That the Committee resolves to: |
| 1. | Note the content of this report. |

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| Appendices |
| Appendix 1 | Council Tax Exemption Classes, numbers and value of relief granted |
| Appendix 2 | Flow chart detailing processes used to bring an empty property back into use |
| Appendix 3 | **Exempt** information on specific empty properties |
| Appendix 4 | Template letter and questionnaire |

# Introduction and background

1. The Council collects Council Tax for properties within its administrative area. This report explains the impact of empty properties, the Empty Property Premium and the work that the Council is doing to bring empty properties back into use.

**Council Tax**

1. The Council’s net annual collectable debit for Council Tax is approx. £98 million per annum, which can fluctuate due to changes in property bands, discounts and exemptions etc.
2. Within the Council Tax legislation there are also a number of discounts, exemptions, and reduction schemes available for the Council Tax payer to apply for. These are explained in more detail below.

**Exempt properties**

1. Council Tax is not payable on exempt dwellings. Exemptions are prescribed by the Secretary of State and would include properties wholly occupied by students, student halls of residence and where the taxpayer is deceased, or is receiving care elsewhere. A more detailed list of all eligible reasons for exemption is given in Appendix 1.
2. As at 1 February 2022, 5,938 properties in Oxford were classified as being exempt from Council Tax out of 62,682 dwellings shown on the banding list at this date. If all those properties were occupied at an Average Band D figure of £2,130.64, the annual loss of income before any other reductions such as discounts or benefits etc. would be in the region of £12.6m.

**Empty properties**

1. Council Tax is payable on empty properties at 100% after the expiry of a period of one month up to 2 years after which an additional ‘long term empty premium’ is levied as discussed below. Empty properties as at 1st February 2022 are shown in Table 1 below:

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| **Table 1: Empty Properties as at 1/2/2022** |
| Total number of dwellings | Total number of empty dwellings | % | Empty for more than 6 months | % | Empty for 2 years or more | % |
| 62,682 | 901 | 1.44 | 525 | 0.84 | 94 | 0.15 |

1. A snapshot taken on 21 February 2022 shows there were 634 properties that had been empty for between 1 month and 2 years that would be liable for 100% Council Tax.
2. These figures fluctuate daily as the Council is advised of changes to occupancy.

**Long Term Empty Premium**

1. Long term empty properties i.e. those that are empty for 2 years or more can have their Council Tax liability charge increased. This is referred to as the Long Term Empty Premium. The Council has discretion under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to increase the amount of Council Tax payable dependant on how long a property has been empty.
2. At its meeting on 13 February 2019 the Council resolved the Long Term Empty Property Premium, as an addition to the Council Tax charge, (then set at 50%) be increased in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to:
* 100% from 1 April 2019 for those properties which are empty for 2 years and over
* 200% from 1 April 2020 for those properties which are empty for 5 years and over
* 300% from 1 April 2021 for those properties which are empty for 10 years and over
1. The premiums have been charged in line with the rates above. As the premium applies to a property, should that property remain empty following a change of ownership or tenancy, the premium is not removed.

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| **Table 2 : Council Tax premium as at 21/3/22** |  |  |
| **Type of premium** | **Empty****properties** | **Additional premium**  | **Total Charge** | **Collection rate** |
|  | **Nos.** | **%** | **£** | **%** |
| Premium (empty over 2 to ≤ 5 years) | 94 | 100 | 340,337 | 87.57 |
| Premium 1 (empty over 5 to ≤10 years) | 22 | 200 | 112,370 | 77.72 |
| Premium 2 (empty over 10 years)  | 9 | 300 | 75,327 | 98.50 |
| **Totals** | **125** |  | **528,034** |  |

1. The additional annual income collected from raising the Long Term Empty Premium (“the Premium”) is approximately £528,034 per annum. Collection rates of this premium together with the associated Council Tax charge are shown above. The confidential Appendix 3 provides details of properties which have been empty for more than 10 years. Advertising the property addresses and details of action being taken could lead to increased criminal activity.
2. The government is looking at allowing councils the discretion to increase the Premium after a property has been empty for 1 year rather than 2 years. As this may require primary legislation to change, it is unlikely to come into effect until 2024.

**Action to ensure re-occupation of empty properties**

1. All Council Tax properties that are empty for more than 6 months are referred to the Council’s Empty Homes Officer for action.
2. The Empty Homes Officer sends a mailshot twice yearly to owners of empty properties encouraging contact and bringing the properties back into use. See Appendix 4 for the template letter and questionnaire that is used.
3. The most recent mailshot was sent to 232 owners in relation to properties that have been empty for between 6 months to 2 years. This also included a letter regarding the potential to let the empty properties to refugees. One response has been received in relation to the letter. The last mailshot in relation to properties paying a Premium Council Tax was sent to 78 owners in June 2021.

**What the Council does and what can be done to encourage property usage**

1. Appendix 2 to the report provides a flow chart illustrating the processes undertaken by the Council to bring empty properties back into use. All empty property owners are written to at least twice a year. A sample of the letter is shown in Appendix 4. Regular contact via site visits, emails and telephone conversations with owners are made in respect of those properties that have been empty for over 2 years.
2. In conjunction with the Council’s Investigations Team and the Valuation Office Agency the Council conducts a review exercise annually to attempt to bring empty homes into use, checking on those that are currently recorded as empty and ensuring new properties are quickly banded for Council Tax purposes. This feeds into the process for calculating the amount of New Burdens funding that the Council receives each year. For the 2022/23 financial year the Council’s provisional allocation is £471k.
3. The Council has, at its discretion, the option to take possession of empty dwellings and bring them back into use by either:
* Empty Dwelling Management Order (EDMO) for a period of up to seven years; or
* Ownership through Compulsory Purchase Orders (CPO).
1. Previously the council has applied for three EDMOs, one was withdrawn prior to the hearing and 2 were confirmed but later withdrawn due to one owner selling and the other renting their property out.
2. In 2017 the council implemented a CPO following the order being granted. The property was refurbished and adapted for a family from the Council’s housing register and is now occupied. The property had been unoccupied for over 30 years during which no Council Tax had been paid. The property had been granted a Council Tax Exemption Class F (owner deceased and no probate applied for or granted). EDMOs cannot be used for properties in this situation.
3. Both EDMOs and CPOs require financial and officer commitment from several internal services. Obtaining a CPO costs the Council the value of the property (c£300,000), advertisements in local press (£10,000) and legal support, internal and external, which can be anywhere between £5000 and £20000 dependant on whether the application is dealt with by written representations only or a public inquiry.
4. The latest property identified for a potential EDMO would require c£30,000 to bring it up to good habitable condition. Of note is that all monies spent are recoverable through rent throughout the term of the order, including interest on refurbishment costs. Management of the property would be organised through the Council’s Tenancy Management Team and again a fee may be charged for this service, also recovered through rent.
5. Whilst regular contact with owners to encourage them to bring their properties back into use continues, and for the majority a gentle nudge by the Council is enough to achieve this, it is less likely to be as successful in respect of the long term empty dwellings. A flow chart of process adopted by the council is at Appendix 2.

**Other implications**

1. Health and safety - Empty properties that are left unoccupied can become neglected and potentially become unsafe and require remedial works to protect their surroundings.

1. Crime and disorder - An empty property could attract criminal behaviour.
2. Environmental - A neglected property could lead to vermin in the vicinity and require action.

# Financial implications

1. There are no financial implications arising directly from the report. The Premium does not deter people from leaving a property empty. However, by applying a premium the Council does receive more income.

# Legal issues

1. There are no legal implications arising directly from the report. The Council has some discretion in applying exemptions and premiums in relation to Council Tax but must act within the constraints of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. Completing an EDMO or CPO can take time and can be expensive. The Council will only seek to go down these routes when other measures and communications have failed.

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| Background Papers: None |