

# Factsheet: Higher amount for long-term empty dwellings - Clause 2

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## What is the Council Tax (Empty Homes) Premium?

Since 2013, local authorities in England have had the discretion to charge a premium of up to 50% on 'long-term empty dwellings' – that is, homes that have been unoccupied and substantially unfurnished for at least two years. The premium is in addition to the usual council tax charge that applies to the property.

This Bill increases the premium's maximum level to 100%. Decisions on whether to apply a premium, and the exact rates to be charged, will remain a matter for individual local authorities, which will take into account local circumstances.

## What is the policy hoping to achieve and where are we now?

There is no silver bullet to fix our broken housing market – we need action on all fronts. There is a serious shortage of decent, affordable housing in this country, and tackling the issue of empty homes, while also seeking to ensure that we respect the rights of property-owners, is part of the solution. There are currently more than 200,000 properties standing empty in England. As well as being a blight on the local community and attracting squatters, vandalism and anti-social behaviour, long-term empty properties are a wasted resource when 1.16 million households are on social housing waiting lists. Doubling the cap on the premium will allow local authorities to strengthen the incentive for owners of empty homes to bring them back into use.

The Government recognises that a one-size-fits-all approach is inappropriate, given that different areas will have different housing needs and different numbers of long-term empty homes. That is why we are keeping the premium as a *discretionary* discount, allowing local authorities to decide whether it is appropriate for their areas, and what level of premium should be charged.

We also recognise that local authorities will wish to reflect carefully on the local housing market in deciding whether to issue a determination – for example, where a home-owner is struggling to rent or sell a property in a challenging market. That is why we published guidance in 2013 that reminds local authorities to take into account the reasons why a property is empty. The guidance makes clear that the premium should not be used to penalise owners of homes that are genuinely on the market for rent or sale.

## Why is legislation needed?

The level of premium available to local authorities is set down in primary legislation and can be changed only through primary legislation. A Legislative Reform Order (LRO) would not be appropriate since the measure relates to changing the level of taxation. LROs are applicable to remove burdens on private individuals or bodies, whereas the effect of this measure would be to make adjustments to the level of council tax that local authorities could apply in certain circumstances.

## How do we see this working in practice?

Local authorities will continue to be required to make a determination setting out their policy. However, the Bill would not bring any additional properties within scope of an empty homes premium. Only properties that would already have been potentially liable for a premium would be

affected. In such cases, the only change is that these properties could be subject to a premium of up to 100%, rather than 50%. The qualifying period will remain two years.

### **How can I find out more?**

The *Empty homes premium: Guidance for properties for sale and letting* (2013) is at [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/194389/Empty\\_home\\_premium\\_guidance\\_-\\_May.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/194389/Empty_home_premium_guidance_-_May.pdf)

### **Key questions & answers:**

#### **Q. It is unfair to charge a premium on empty homes because they do not consume local services.**

Empty homes benefit from services such as police and fire services, street lighting and road maintenance, and the Government believes that owners of such properties should contribute towards these costs through council tax. Furthermore, we need action on all fronts to fix our dysfunctional housing market, and that includes working to reduce the number of long-term empty homes.

#### **Q. Why is the qualifying period two years?**

We are not proposing to change this period because we believe it strikes a balance between providing a strong incentive for bringing empty homes back into use and giving home-owners sufficient opportunity to sell or rent out their properties, or to complete any major renovations that might be required.

#### **Q. Why is the premium discretionary, not mandatory?**

It is right that decisions on whether to apply a premium, and the exact rate to be charged, remain a matter for individual local authorities. They are best placed to judge whether a premium would be appropriate, taking into account local circumstances, such as the number of empty properties and housing supply and demand.

#### **Q. Are there any exemptions?**

The premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. Furthermore, the council tax system provides specific statutory exemptions for properties left empty for a specific purpose – for example, when a person goes into care. Councils also have powers to apply discretionary discounts in cases where homes are empty due to special circumstances – for example, hardship, fire or flooding.