

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/18

COUNCIL
17th January 2018

REPORT OF:
Group Director, Corporate & Frontline Services

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Part: 1	Item No.9
COUNCIL TAX - DISCOUNTS	

1.0 PURPOSE OF THE REPORT

1.1 This report provides Council with details of the current policy with regard to Council Tax discounts and sets out a proposal to use its discretionary powers to amend the level of discount for Council Tax in respect of dwellings that are classified as long term empty properties.

2.0 RECOMMENDATIONS

2.1 It is recommended that Council:

- i) Agrees the continuation of no Council Tax discount for Class A and B properties;
- ii) Approves a new level of 0% Council Tax discount for all Class C properties in Rhondda Cynon Taf i.e. those properties which have been empty for longer than 6 months, effective from 1st April 2018;
- iii) Agrees, subject to 2.1(ii above), that additional resources generated as a result of the proposed policy change in 2018/19 be set aside and added to the funding available through the Council's Empty Property Grant Scheme; and
- iv) Gives delegated authority to the Group Director, Corporate & Frontline Services to implement the above changes as set out in paragraph 6 of the report.

3.0 BACKGROUND

COUNCIL TAX - PRESCRIBED CLASS OF DWELLING

3.1 In the case of a dwelling as defined in the Council Tax (Prescribed Class of Dwelling) (Wales) Regulations 1998, as amended, the Council has discretion to award up to

50% discount in respect of the two following prescribed classes of dwellings (usually described as second homes and holiday homes), i.e. Class A and Class B.

Class A

- (a) *which is not the sole or main residence of an individual;*
- (b) *which is furnished; and*
- (c) *the occupation of which is prohibited by law for a continuous period of at least 28 days in relevant year.*

Class B

- (a) *which is not the sole or main residence of an individual;*
- (b) *which is furnished; and*
- (c) *the occupation of which is not prohibited by law for a continuous period of at least 28 days in the relevant year.*

- 3.2 The Council has determined not to allow a discount (i.e. 0%) in respect of properties falling within Class A and Class B in paragraph 3.1 above. It is recommended that these existing arrangements continue for 2018/19.
- 3.3 The Council also has discretion to grant up to 50% discount on unoccupied and substantially unfurnished chargeable dwellings beyond the statutory 6 month exempt period, known as Class C properties.

4. LONG TERM EMPTY PROPERTIES (CLASS C)

- 4.1 Empty properties, i.e. properties that are unoccupied and unfurnished, are initially exempt from Council Tax for up to six months. A property is considered to be 'long-term empty' if it has been unoccupied and unfurnished for more than six months and does not qualify for another class of exemption from Council Tax.
- 4.2 With effect from 1st April 2004, the Local Government Act 2003 gave councils new discretionary powers to reduce or remove the 50% Council Tax discount awarded in respect of long-term empty properties.
- 4.3 The overall number of properties classified as 'long-term empty' within Rhondda Cynon Taf has remained relatively constant over the past 10 years with the number as at 31st December 2017 being 2,600.
- 4.4 An analysis of the distribution of these properties by Community Area and Council Tax band can be found at Appendix 1.
- 4.5 Since 2004, across Wales, a number of councils have used their discretionary powers to remove the discount entirely, and this Council is one of 11 councils that still apply the 50% reduction in the level of Council Tax charged for long-term empty dwellings (see Appendix 2).
- 4.6 It is now proposed that the Council use its discretionary powers and that the current policy of giving a 50% Council Tax discount on Class C properties be removed in order to discourage property owners allowing empty properties to remain empty for long periods and falling into disrepair.

- 4.7 Appendix 3 shows that 60% of the empty properties in Rhondda Cynon Taf have been empty for between 1 and 4 years, and a further 24% for 5 years or more. These properties can be detrimental to other properties in their vicinity in terms of both market value and quality of life, and can encourage anti-social behaviour such as vandalism, littering, squatting and crime.
- 4.8 Research indicates that the main reasons for homes remaining empty in the long term are¹:
- Owners unable to fund repairs/improvements to sell or rent out the homes
 - Owners and previous occupants allowing homes to become uninhabitable
 - Low housing demand due to perceived social problems, such as anti-social behaviour
- 4.9 Equally, there is a wide range of evidence available, which demonstrates that bringing empty homes back into use can have many positive impacts for the property owner, the local neighbourhood and wider community, and the local economy.

For the owner:

- If the property is sold, the owner can release any equity within the property
- If the property is rented, the owner receives an income from the property
- Leaving a property empty could increase insurance premiums
- Council Tax is paid for by the tenant as opposed to the owner

For the community

- The opportunity for fly-tipping and anti-social behaviour is reduced
- An empty home can have a negative effect on a neighbourhood, reducing house prices and lowering community pride in an area
- Provide much-needed housing for the Tamworth area.

For the wider community

- It may reduce demands on the Police, Fire Service and Council to deal with associated problems

For the local economy

- Bringing an empty home back into use can contribute to the regeneration of an area, increase spending in the local economy and helping to protect the value of surrounding properties
- Unsightly properties can often deter investment in an area, which can lead to decline

¹ Empty Homes in England - http://www.emptyhomes.com/assets/ehe_2017_final.pdf

5.0 FINANCIAL IMPLICATIONS

- 5.1 It is estimated that by removing the 50% discount, an additional £1.5M in Council Tax would be raised in 2018/19.
- 5.2 It is proposed that this additional income generated is ring-fenced to support the delivery of the Council's ambition to bring empty properties back into use and revitalise our communities and town centres. Accordingly the additional resource generated during 2018/19 would be added to the Council's Empty Property Grant Scheme, as initially established by Cabinet on 19th April 2016, the eligibility criteria for which is shown below :
- a) The property receiving grant must be within RCTCBC and must have been empty for more than 6 months prior to grant approval.
 - b) The grant will only be available to potential owner occupiers and they must live in the property for a period of 5 years after the grant has been paid.
 - c) Applicants are required to make a contribution of 15% up to a maximum of £3k.
- 5.3 To date, the Empty Property Grant scheme has approved 118 grant applications, 44 schemes have been fully completed and are transitioning to paying Council Tax at the assessed level.
- 5.4 The Council believes that providing additional resources to property owners will address one of the main barriers to bringing empty properties back into use as referenced in 4.8 above.

6.0 PROPOSED IMPLEMENTATION ARRANGEMENTS

- 6.1 Subject to Council's decision, it is proposed that the change of policy be implemented with effect from 1st April 2018, that is, for Council Tax payable during 2018/19 financial year.
- 6.2 It is a requirement for the publication of a notice of this change (if agreed) to be made within 21 days of the decision.
- 6.3 It is proposed that the Council also write to the owners of all affected properties to notify them of this change and of the availability of funding through the Empty Property Grant Scheme.

7.0 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 An Equality Impact Assessment screening form has been prepared for the purpose of this report. As a result of the screening exercise it has been determined a full Equality Impact Assessment report is not required in relation to the proposed policy change outlined in paragraphs 4 - 6 above. Existing good practice within the Revenues and Benefits department recommends that the impact of Council Tax collection on particular groups is monitored through customer feedback, complaints and liaison with stakeholders, with any identified equalities issues used to improve policies and procedures.

8.0 CONCLUSION

- 8.1 The proposed policy change for Council Tax liability for long term empty dwellings aims to encourage properties to be brought back into use and supports the Council's ambitions in terms of revitalising our communities and town centres.
- 8.2 The additional resources generated during 2018/19 are proposed to be set aside to supplement the funding available from the Council's Empty Property Grant Scheme.

APPENDIX 1**Distribution of Class C - Long Term Empty Properties by Community Area and Council Tax Band (as at 31st December 2017)**

Community Area	A	B	C	D	E	F	G	H	I	T	U	Grand Total
PONTYPRIDD	64	128	89	17	11	1	3			1		314
ABERDARE	129	22	23	4	1	1	1					181
TREORCHY	134	34	3	1								172
TYLORSTOWN	158	2										160
ABERAMAN	119	15	2	1	2				1			140
TREHERBERT	109	12	1		2						1	125
PENRHIWCEIBER	110	11	1	1	1							124
FERNDALE	86	6	1									93
PENTRE	65	21	1	1		1						89
PORTH	66	19		1								86
MOUNTAIN ASH	67	12	5				1				1	86
CWM CLYDACH	80											80
YSTRAD	59	14	3	1	1					1		79
TONYREFAIL	27	24	14	2	2							69
LLANTRISANT	14	16	21	9	4	3	2					69
ABERCYNON	45	19	4									68
TREALAW	35	24	1						1			61
LLANTWIT FARDRE	7	6	21	13	5	6	2			1		61
TONYPANDY	42	15	3	1								61
CYMMER	49	7								1		57
PENYGRAIG	33	17	1	3	1		2					57
YNYSHIR	40	6										46
MAERDY	40	2										42
LLANHARAN	1	18	12	4		2	1			1	1	40
YNYSYBWL	25	6	5	1								37
HIRWAUN	22	6	5	1	2							36
LLWYNYPIA	22	5										27
GILFACH GOCH	13	12		1								26
PONTYCLUN	2	2	4	7	3	3	1	1	1	1		25
CWMBACH	14	5	3	2			1					25
TAFFS WELL	4	1	9	5			1					20
LLWYDCOED	3	3	2	4	1			1				14
LLANHARRY		7	3	3								13
PENYWAUN	9	1	2									12
RHIGOS	2	2	1									5
Grand Total	1695	500	240	83	36	17	15	2	3	6	3	2600

Council Tax Band	Number of Properties	%
A	1695	65.2%
B	500	19.2%
C	240	9.2%
D	83	3.2%
E	36	1.4%
F	17	0.7%
G	15	0.6%
H	2	0.1%
I	3	0.1%
Temporarily Removed (T)	6	0.2%
Not Yet Banded (U)	3	0.1%
Grand Total	2600	100.0%

APPENDIX 2**Treatment of Class C - Long Term Empty Properties by Welsh LA's under Discretionary Powers**

LA	Council Tax Discount Level for Long Term Empty Properties 2017/18
Isle of Anglesey	0%
Gwynedd	0%
Conwy	0%
Denbighshire	0%
Flintshire	0%
Wrexham	0%
Powys	0%
Ceredigion	25%
Pembrokeshire	50%
Carmarthenshire	50%
Swansea	50%
Neath Port Talbot	50%
Bridgend	50%
Vale of Glamorgan	50%
Rhondda Cynon Taf	50%
Merthyr Tydfil	50%
Caerphilly	0%
Blaenau Gwent	50%
Torfaen	0%
Monmouthshire	0%
Newport	50%
Cardiff	50%

Number of LA's	
• Awarding 0% discount	10
• Awarding 25% discount	1
• Awarding 50% discount	11

Distribution of Class C - Long Term Empty Properties by Age Range (as at 31st December 2017)



