



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

17TH OCTOBER 2022

COUNCIL TAX PREMIUMS – LONG TERM EMPTY PROPERTIES AND SECOND HOMES

**JOINT REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES,
DIRECTOR OF PROSPERITY AND REGENERATION AND DIRECTOR OF PUBLIC
HEALTH AND COMMUNITY SERVICES IN DISCUSSION WITH COUNCILLOR
C LEYSHON, COUNCILLOR B HARRIS AND COUNCILLOR M NORRIS**

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1. PURPOSE OF THE REPORT

- 1.1 This report provides information concerning discretionary powers that the Council has to charge higher amounts of Council Tax (a premium) on certain properties provided for by the Housing (Wales) Act 2014.
- 1.2 Having regard to these powers, to consider a formal period of consultation on a proposal to introduce a premium.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note the details of the discretionary powers relating to Council Tax Premiums as outlined in this report;
- 2.2 Agree to initiate a consultation exercise on the proposed use of these powers in respect of empty properties and second homes as set out in Section 10; and
- 2.3 Agree that a report, including the results of the consultation exercise, be presented to cabinet to consider and determine the proposed way forward which they would recommend to full Council.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The discretion given to Councils to charge a premium is intended to be used as part of a wider strategy to help Councils to:
 - a) Bring long-term empty homes back into use to provide safe, secure and affordable homes; and

b) Support Councils in increasing the supply of affordable housing and enhancing the sustainability of local communities.

3.2 The determination to charge a premium under these powers must be made by full Council. However, prior to doing so the Council must give due consideration to its statutory duties to carry out equality impact assessments under the Equality Act 2010 and the Welsh Public Sector Equality Duties 2011, as well as considering engagement and consultation with key stakeholders and the residents of the County Borough.

4. BACKGROUND

4.1 From 1st April 2017, Councils in Wales have been able to charge higher amounts (a premium) of up to 100% on top of the standard rate of council tax on second homes and long-term empty properties. The legislative changes were made by the Housing (Wales) Act 2014 and the powers given to Councils are discretionary. Whether to charge a premium on second homes or long term empty properties (or both) is, therefore a decision to be made by each Council.

4.2 The Act also provides regulations which make exceptions to the premiums and these are set out in the Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 and are detailed in part 5 of this report.

4.3 From 1st April 2023, the regulations will be updated, following a Welsh Government consultation exercise, to allow Councils to charge a maximum premium of 300% on top of the standard rate of council tax.

5. HOUSING STRATEGY CONTEXT

5.1 RCT's Empty Homes Strategy (2017-2022) was developed in recognition of the high numbers of empty homes in the County Borough, especially in the North, and the Council's commitment to addressing the problem. It was also in appreciation of the continuing pressure to deliver affordable housing for residents of RCT. Whilst most new housing supply will be delivered through new build developments, bringing empty homes back into use can offer an economically viable option, which can also contribute to increasing the affordable housing supply. At the same time, it will have a positive impact on existing communities by improving environmental and social conditions.

5.2 Since the strategy has been implemented the number of empty homes in RCT has reduced from 3,556 in April 2017 to 2,894 in April 2021, this a reduction of 662 (21%) homes. Whilst the reduction in the number of empty homes is positive, there are still a number of empty homes across RCT despite the Council's progress and commitment to bringing them back into use. To continue to address this issue a new Empty Homes Strategy is being developed and this proposal fully supports the new strategy.

5.3 A recent analysis of empty homes in RCT showed that 905 homes have been empty for the last 4 years. Whilst the Council continues to target these empty homes and provide advice and assistance to the home owners in order to support them to bring

them back into use, it is recognised that additional measures are required to encourage home owners not to leave these homes empty.

- 5.4 It is also important to note that the recent draft Local Housing Market Assessment (LHMA) 2022 – 2037 identified an annual need for 255 new affordable homes. It also identified that 6,208 new households will form during the period of the LHMA, of which 1,951 households will be unable to afford market housing costs. New build developments alone will not sufficiently meet this demand which further reinforces the need to bring existing housing stock across RCT back into use.
- 5.5 Since the introduction of the 100% Council Tax charge for empty properties, the Council has seen an increase in the number of requests for advice and assistance from both landlords and home owners, to bring their properties back into use evidencing the positive impact this has had on the number of empty homes across RCT.

6. **EXCEPTIONS TO THE COUNCIL TAX PREMIUMS**

- 6.1 A premium cannot be charged on a dwelling that falls within one of the seven Classes of Dwellings listed in Table 1. The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015, sets out the following exceptions:

Table 1 – Classes of Exceptions to Higher Amounts

Class	Definition	Application
Class 1	Dwellings being marketed for sale – time limited for one year.	Second Homes and Long-Term Empty Properties
Class 2	Dwellings being marketed for let – time limited for one year	
Class 3	Annexes forming part of, or being treated as part of, the main dwelling	
Class 4	Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation	
Class 5	Occupied caravan pitches and boat moorings	Second Homes
Class 6	Seasonal homes where year-round occupation is prohibited	
Class 7	Job-related dwellings	

- 6.2 Welsh Government have provided guidance in relation to assisting Councils in the application of the exceptions.

7. HIGHER AMOUNTS (PREMIUMS) FOR LONG TERM EMPTY DWELLINGS

- 7.1 For the purposes of charging a premium, a long-term empty dwelling is defined as a dwelling, which is both unoccupied and substantially unfurnished for a continuous period of at least **one year**.
- 7.2 In determining the length of time a dwelling has been empty, no account can be taken of any period before 1st April 2016. In addition, the furnishing or occupation of a dwelling for one or more periods of six weeks or less during the year will not affect its status as a long-term empty dwelling. In other words, a person cannot alter a dwellings status as a long-term empty dwelling by taking up residence or installing furniture for a short period.
- 7.3 Where a Council makes a determination to charge a premium on long-term empty dwellings, it may specify different percentages (up to a maximum of 300 per cent from 1st April 2023) for different dwellings based on the length of time for which they have been empty.
- 7.4 Should the Council determine to charge a premium on this type of property then notice of the decision must be published within 21 days of that decision but there is no requirement for the Council to provide a prescribed period of notice before charging a premium e.g. if Council determined in January/February 2023, after consulting, to charge a higher amount for this category of property then this could be effective from 1st April 2023.
- 7.5 Recent analysis of council tax data shows that around 40% properties classed as Long-Term Empty are owned by people who do not live in Rhondda Cynon Taf.

8. HIGHER AMOUNTS (PREMIUMS) FOR SECOND HOMES

- 8.1 A second home is defined as a dwelling that is not a person's sole or main residence and is substantially furnished. These dwellings are referred to in the Local Government Finance Act (LGFA) 1992 as dwellings occupied periodically but they are commonly referred to as "second homes".
- 8.2 In order for a premium to apply to dwellings occupied periodically, a Council must make its first determination under section 12B of the LGFA 1992, at least one year before the beginning of the financial year to which the premium relates. This means that in order to charge a premium from 1st April 2024, a determination must be made before 1st April 2023.
- 8.3 Recent analysis of council tax data shows that approximately 40% of properties classed as second homes are owned by people who do not live in Rhondda Cynon Taf.



9. CURRENT POLICY AND LEVELS OF LONG-TERM EMPTY PROPERTIES AND SECOND HOMES

- 9.1 The level of discount for second homes (i.e. 0%) has been unchanged since 1st April 1996 when this Council was formed but until 1st April 2018 a long term empty dwelling attracted a 50% council tax discount.
- 9.2 However, from 1st April 2018, owners of long-term empty dwellings have been required to pay a full council tax bill (i.e. no discount is allowed). Members took this decision as part of the Council's work in delivering its Empty Homes Strategy and the impact has been that the number of long-term empty dwellings has fallen by 22% since the discount was removed.
- 9.3 Latest data (August 2022) shows there are still around 2,000 long-term empty properties in the County Borough at any given time. Appendix 1 provides additional information in relation to the distribution of these properties across the communities of Rhondda Cynon Taf and the length of time that these properties have stood empty.
- 9.4 There are a smaller number of second homes in Rhondda Cynon Taf (346) but this number has increased by over 80% since April 2018 – Appendix 2 provides some additional information in regards to these.

10. PROPOSAL TO CHARGE A COUNCIL TAX PREMIUM

- 10.1 The Council remains committed to maximising the availability of good quality housing for our residents and on reducing the number of long standing empty properties, which have a negative impact on our communities.
- 10.2 It is proposed that in order to support this objective, a Council Tax Premium is introduced on long-term empty properties at 50% for those which have been empty for up to 2 years. The level of premium would then increase to 100% for those properties which have been empty for more than 2 years. This means that the amount of Council Tax which is payable on empty properties would be as shown in Table 2.

Table 2: Proposed Council Tax Liability for Empty Properties

Length of Time Property has been Empty	No of Properties	Current Council Tax Liability	Proposed Council Tax Liability
Empty Properties Exempt from Paying Council Tax (6 Month Statutory Exemption)			
0 – 6 Months	1,095	Nil	Nil
Empty Properties already Subject to a Council Tax Charge			
7 – 12 Months	248	100%	100%
Empty Properties already Subject to a Council Tax Charge and proposed to be Charged a Premium			
1 – 2 Years	406	100%	150%
2 Years +	1,310	100%	200%

- 10.3 Note that in assessing the length of time a property has been empty, and as set out at para 7.2, no account can be taken of periods before 1st April 2016 – this does not have relevance insofar as this proposal is concerned.
- 10.4 It is also proposed to charge a premium in respect of second homes and that this should be 100% for all properties classified as a second home under Class B of the Council Tax (Prescribed Class of Dwelling) (Wales) Regulations 1998.
- 10.5 It is proposed that the premium for long term empty properties is introduced and effective from **1st April 2023**, while the premium for second homes would be effective from **1st April 2024** (in line with the requirements of the Act).
- 10.6 The Council would write to each homeowner, once a decision is made, to advise them of the forthcoming changes, thereby providing as much advance notice as possible.
- 10.7 The Council Tax legislation already has a number of statutory exemptions defined and clearly these will continue unaffected by the proposal set out above. A schedule of statutory exemptions is set out at Appendix 3 for completeness.

EQUALITY AND DIVERSITY IMPLICATIONS

- 11.1 These will be considered as part of the consultation exercise.

12. CONSULTATION

- 12.1 It is proposed that a 4 week consultation process be undertaken on this proposal. This will include the Council writing directly to the owner of every empty property to invite their feedback.
- 12.2 The council has previously (2019) consulted on a proposal to introduce a premium on long term empty properties, however this was never subsequently determined due to the onset of the pandemic.

13. FINANCIAL IMPLICATION(S)

- 13.1 The charging of a premium on long-term empty dwellings would raise additional revenue through the council tax. This is estimated (initially) at £1.5M (full year impact), but will be subject to review and confirmation pending the identification and application of the exceptions set out in Table 1. It is proposed that the extra revenue raised would support the continuation of the Council's Empty Homes Strategy, and therefore be in line with the stated policy intentions of Welsh Government.
- 13.2 The charging of a premium on second homes would raise an estimated extra £0.4M council tax (full year impact).

14. LEGAL IMPLICATIONS

- 14.1 The legal framework for the implementation of premiums are referenced throughout this report and are summarised below:
- Housing (Wales) Act 2014
 - Local Government Finance Act 1992, Sections 12A and 12B;
 - Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015

15. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 15.1 The charging of Higher Amounts supports the Council's work in delivering its Empty Homes Strategy and in doing so contributes to the delivery of Corporate Plan priorities and well-being goals as set out in the Well-being of Future Generations Act.

16. CONCLUSION

- 16.1 The Council has discretionary powers to charge higher amounts (premiums) in relation to council tax for long-term empty dwellings and second homes with a view to bringing empty properties back into use, increasing the supply of affordable housing and enhancing the sustainability of local communities.



- 16.2 Despite the removal of a 50% discount in the council tax in April 2018, there remain almost 2,000 long-term empty properties across Rhondda Cynon Taf. The prospect of paying a premium on the council tax bill may encourage more property owners to bring their empty homes back into use in a timelier manner.
- 16.3 The number of properties classified as “second homes” is increasing within Rhondda Cynon Taf and while these are still relatively low, the properties are being kept vacant for long periods and in general terms precluded from the available housing stock. Therefore, it would be reasonable to consider whether a premium should be paid in addition to the council tax liability.
- 16.4 This report recommends that in relation to long-term empty properties and second homes, a consultation exercise is conducted to gauge the views of residents and property owners on the proposal as set out in this report.



APPENDIX 1 – DISTRIBUTION OF LONG TERM EMPTY PROPERTIES BY COMMUNITY AREA AND PROPERTY BAND

Community Area	7 - 12 Months	1 - 2 Years	2 years +	Grand Total
ABERAMAN	13	22	64	99
ABERCYNON	6	8	34	48
ABERDARE	26	23	91	140
CWM CLYDACH	8	13	39	60
CWMBACH	1	3	14	18
CYMMER	6	9	29	44
FERNDALE	11	10	51	72
GILFACH GOCH	2	6	9	17
HIRWAUN	2	8	25	35
LLANHARAN		7	19	26
LLANHARRY	4	5	9	18
LLANTRISANT	4	16	34	54
LLANTWIT FARDRE	4	8	30	42
LLWYDCOED			12	12
LLWYNYPIA	3	4	11	18
MAERDY	2	6	27	35
MOUNTAIN ASH	9	26	37	72
PENRHIWCEIBER	9	10	45	64
PENTRE	6	13	66	85
PENYGRAIG	9	12	28	49
PENYWAUN	3	3	3	9
PONTYCLUN	5	6	7	18
PONTYPRIDD	24	43	125	192
PORTH	5	14	36	55
RHIGOS		1	7	8



TAFFS WELL	2	2	16	20
TONYPANDY	5	10	35	50
TONYREFAIL	16	11	40	67
TREALAW	10	10	22	42
TREHERBERT	8	18	77	103
TREORCHY	10	28	80	118
TYLORSTOWN	19	28	113	160
YNYSHIR	6	3	21	30
YNYSYBWL	6	3	15	24
YSTRAD	4	17	39	60
	248	406	1310	1964

Period Empty	A	B	C	D	E	F	G	H	I	T	U	Grand Total
7 - 12 Months	163	54	12	8	6	2	3					248
1 - 2 Years	255	80	41	17	7	2		1		3		406
2 years +	825	274	110	45	21	11	6	2	2	13	1	1310
	1243	408	163	70	34	15	9	3	2	16	1	1964



APPENDIX 2 - DISTRIBUTION OF SECOND HOMES BY COMMUNITY AREA AND PROPERTY BAND

Community Area	A	B	C	D	E	F	G	Grand Total
ABERAMAN	8	2						10
ABERCYNON	2	4		2				8
ABERDARE	10	5	7		1		1	24
CWM CLYDACH	6							6
CWMBACH	2	1		2				5
CYMMER	6	2				1		9
FERNDALE	9							9
GILFACH GOCH	3	2			1			6
HIRWAUN	3	2	2	1	2			10
LLANHARAN		6	3					9
LLANHARRY		1	1					2
LLANTRISANT	1	1	4	3		1		10
LLANTWIT FARDRE		1	9	3	3	1		17
LLWYDCOED	1	2		3			1	7
LLWYNYPIA	3	1						4
MAERDY	6							6
MOUNTAIN ASH	9			1	1	1		12
PENRHIWCEIBER	6							6
PENTRE	5	2	1					8
PENYGRAIG	1	3	2					6
PENYWAUN				1	1			2
PONTYCLUN	1		2	3	1	1		8
PONTYPRIDD	8	23	20	2	2	2		57
PORTH	6	1						7
TAFFS WELL	1		2	2				5



TONYPANDY	3		2					5
TONYREFAIL	3	5	1	1				10
TREALAW	2							2
TREHERBERT	12		2	1		1		16
TREORCHY	16	9		1				26
TYLORSTOWN	10							10
YNYSHIR	6	1						7
YNYSYBWL	2	1	2					5
YSTRAD	10	1		1				12
	161	76	60	27	12	8	2	346

**Temporary Band awaiting confirmation from the Valuation Office Agency e.g. new build property*

***Property temporarily removed from the Valuation List e.g. property beyond economic repair*

APPENDIX 3 – SCHEDULE OF COUNCIL TAX EXEMPTIONS

Class A	Dwellings requiring or undergoing major repair or structural alteration to render it habitable	Available for a maximum period of 12 months, following which council tax payable at 100%
Class B	Unoccupied dwellings owned by a charity	
Class C	New Properties	Available for a maximum period of 6 months, following which council tax payable at 100%
Class C	Dwellings that have become vacant	Available for a maximum period of 6 months, following which council tax payable at 100%
Class D	Dwelling left unoccupied by persons detained elsewhere e.g., prison	
Class E	Dwelling left unoccupied by persons living in a care home or a hospital	
Class F	Unoccupied dwelling where the liable person is deceased and waiting for probate or letters of administration to be granted (exemption continues for up to six months after being granted)	
Class G	Dwelling left unoccupied where occupation is prohibited by law	
Class H	Unoccupied dwelling held available for a Minister of Religion	
Class I	Dwelling left unoccupied by a person requiring personal care	
Class J	Dwelling left unoccupied by a person providing care	
Class K	Dwelling left unoccupied by a student	
Class L	Unoccupied dwelling where there is a mortgagee in possession	
Class M	Halls of residence	
Class N	Dwellings occupied solely by students, school or college leavers or by certain spouses or dependents of students	
Class O	Armed Forces Accommodation (UK Forces)	
Class P	Dwellings occupied by Members and Dependents of Visiting Forces	
Class Q	A dwelling left empty by a bankrupt	
Class R	Unoccupied Caravan Pitches and Moorings for Boats	
Class S	Properties occupied solely by persons under 18	
Class T	An unoccupied annexe to an occupied dwelling	
Class U	Properties occupied solely by severely mentally impaired persons (SMI)	
Class V	Dwellings occupied by Diplomats	
Class W	Occupied Annexes	
Class X	Dwellings occupied by Care Leavers	