

EMPTY PROPERTIES & SECOND HOMES **CONSULTATION**

**RHONDDA CYNON TAF CBC
NOVEMBER 2022**



RHONDDA CYNON TAF

CONTENTS

	<u>Section</u>	Page
	Executive Summary	3
1.	Introduction	4
2.	Background	4
3.	Methodology	5
4.	Questionnaire Results	6
5.	Letter and email responses	15

EXECUTIVE SUMMARY

- This report presents the findings of the Empty Properties and Second Home consultation with regard to the proposed introduction of a Council Tax Premium.
- The consultation was conducted in-house. The consultation period ran from the 24th October and ended on the 21st November 2022.
- Views were sought on proposals to;
 - Introduce a Council Tax Premium on long-term empty properties at 50% for those which have been empty between 1 and 2 years. The level of premium would then increase to 100% for those properties which have been empty for more than 2 years.
 - To charge a 100% premium in respect of all second homes, as classified under Class B of the Council Tax (Prescribed Class of Dwelling) (Wales) Regulations 1998.
- The following methods were used to consult with stakeholders;
 - A letter was sent to all empty property and second home owners (2699)
 - An online questionnaire
 - Promotion online on the Council's website/social media
 - A telephone number for the Council's Contact Centre
 - A dedicated email address
- Overall, 311 responses were received to the consultation.
- Respondents provided their comments on the proposals via the survey and through letters and emails, the majority of comments were from owners of empty properties and second homes and in disagreement with the proposals.
- The most frequent concern expressed was that a blanket policy of higher rates will unfairly impact people with individual circumstances beyond their control. Circumstances described included; increased costs of renovation work, or a struggle to source supplies and/ or labour; collapsed sales or longer than expected time spent on the sales or letting markets; inherited property; being unable to meet the costs of selling or letting a property; having ties to the local area but being unable to live here at present and a number of other situations.
- A number of respondents have let/ currently let/ intend to let properties but state that they are unable to afford or complete necessary works to bring properties up to legislative standards. Causes including damage by former tenants, unexpected redundancy or ill-health and a perceived excessive legislative burden are cited.

- When the proposals are analysed in the survey by the type of respondent, the majority of residents agreed with the 2 proposals (65.3% / 60%).

1. INTRODUCTION

1.1 This report presents the findings of the Empty Properties and Second Home Council Tax Premium consultation.

1.2 Section 2 outlines some brief background to the consultation process.

1.3 Section 3 details the methodology.

1.4 Section 4 provides the results of the online questionnaire.

1.5 Section 5 presents the feedback received from letters and emails.

2. BACKGROUND

2.1 The Council has discretionary powers to charge higher amounts of Council Tax (a premium) on certain properties provided for by the Housing (Wales) Act 2014.

2.2 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.

2.3 This report provides the results of the consultation on the Council's proposals to:

- Introduce a Council Tax Premium on long-term empty properties at 50% for those which have been empty between 1 and 2 years. The level of premium would then increase to 100% for those properties which have been empty for more than 2 years.
- To charge a premium in respect of second homes, 100% for all properties classified as a second home under Class B of the Council Tax (Prescribed Class of Dwelling) (Wales) Regulations 1998.

3. METHODOLOGY

- 3.1 The Empty Properties and Second Home consultation was conducted in-house and ran from the 24th October to the 21st November 2022. This section presents the methodology which was utilised to promote and collect the data.
- 3.2 The consultation involved an online survey which was built using Snap XMP. The survey aimed to gain public feedback on the Council Tax premium proposals. A printed format of the survey was also provided for those who needed it.
- 3.3 To ensure wider outreach and involvement of the community the consultation was promoted on the [Councils online consultation webpage](#) to encourage engagement. An email was also sent to key stakeholders to promote the consultation and encourage participation on the Snap XMP survey.
- 3.4 As part of engagement, a letter was sent to 2699 empty property and second home owners within RCT to gather their views on the proposals.
- 3.5 Respondents were encouraged to respond through a dedicated email address consultation@rctcbc.gov.uk, in order to allow them to share their views, concerns, and share their personal circumstances in regard to the proposals introduced in the consultation. Overall, there were a total of 69 emails/letters received from the public relating to the consultation.
- 3.6 A telephone consultation option is in place for all Council consultations, through the Council's contact centre. This option allows people to discuss their views or request consultation materials. Individual call backs were available on request and a consultation Freepost address was available for postal responses.
- 3.7 Overall, 311 responses were received to the consultation.

4 Questionnaire Results

- 4.1 The following section outlines the results from the questionnaire, which received 242 responses. A selection of comments are provided and the full list of the comments will be provided to Cabinet and senior officers to assist with decision making.
- 4.2 Respondents were asked whether they were responding as the owner of an empty property in RCT, the owner of a second home in RCT, a resident or 'other'.

Table 1: Respondents

Analysis % Respondents	%
Are you replying to the questionnaire as;	
The owner of an Empty Property in Rhondda Cynon Taf?	28.1%
The owner of a second home in Rhondda Cynon Taf?	14.6%
A resident of RCT	49.0%
Other (please state)	8.3%

- 4.3 Respondents were asked whether they agreed with the following 2 proposals:

Table 2: Agreement with proposals

	Yes	No	Don't Know
Proposals	%	%	%
Proposal 1 - It is proposed that a Council Tax Premium is introduced on long-term empty properties at 50% for those which have been empty between 1 and 2 years. The level of premium would then increase to 100% for those properties which have been empty for more than 2 years.	42.5	50.0	7.5

<p>Proposal 2 - 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.</p>	<p>38.8</p>	<p>53.2</p>	<p>8.0</p>
---	-------------	-------------	------------

Comments Proposal 1 – Empty Properties

4.4 After viewing the comments received on the first proposal, the following are a selection of the comments received;

Agreement with the Proposal

“Brilliant idea”

“Hopefully it would become a deterrent for those that own empty properties to do something positive with them.”

“I agree with this proposal. Hopefully the homeowner will sell or rent out the empty property so that another person/family can have the benefit of the same.”

“Affordable housing is very important to me. I earn good money and am old enough to have spent time renting in house shares in cities, younger residents will not be able to afford the privilege of owning or even renting by themselves or in a house share when our property is being selfishly hoarded by wealthy people.”

“Houses are for living in, not just for market speculation”

“Homes need to be kept to a decent standard and lived in. Increasing council tax on derelict and empty properties will encourage this but won't necessarily solve the problem.”

“Empty properties need to be done up and sold. There's plenty of people looking for places to live”

Disagreement with the Proposal

“some properties are empty for longer as due to the current financial market owners cannot afford to renovate, charging extra would mean

even less cash to renovate and these properties are not using council services”

“The properties have no cost to the council and additional taxation in one of the highest council tax areas in the country is wrong.”

“This would disincentivise builders to take on properties that have been empty and bring them up to a modern acceptable standard.”

“I agree with addressing long term empty properties, however if an owner of a rental property can evidence it being advertised, and/or undergoing extensive renovation, then they should not be penalised. In cases of extensive renovation, a complete waiver to council tax should be granted (time bound).”

“I understand that there are long term empty properties in RCT but this new rule will unfairly penalise the private rental sector at a time when so many other factors are weighing on landlords. There is not enough social housing in RCT so there is a reliance on private landlords who are already being squeezed.”

“You should be incentivising property developers - not penalising them. When the property is empty no council services are being used so no Council Tax should be payable.”

“I am currently undertaking a long-term project to update/renovate my property, with the view of eventually providing reasonable quality, affordable accommodation, which will hopefully provide long term secure accommodation for a local family/individual. I am currently undertaking work when time and finances allow, should my council tax increase this will dramatically slow or even put a stop on my ability to complete this work.”

“Renovations under way. We are having difficulties with the cost of materials and getting builders. Been hampered by ill health mortgage costs and fuel prices. If you're current proposals are implemented, we will have to sell”

Comments Proposal 2 – Second Homeowners

- 4.5 After viewing the comments received on the second proposal, the following are a selection of the comments received;

Agreement with the proposal

“Once again fully support, great idea”

"I agree that those with second homes should be charged premium tax rates, but there should be something in place to prevent landlords from exploiting tenants with high rental charges to cover this cost"

"If you can afford the second home then you can afford to pay the associated fees, etc."

"Yes, it's ridiculous how many 2nd homes & air B&B are in the valleys. This is putting prices up for local people. You want to encourage people stay and live in the Valleys you must provide the properties for them to purchase."

"Accommodation is desperately needed, and people cannot afford to buy, hence more renting."

"A second home is a privilege of a wealthy minority at a time of housing shortage. It should be paid for"

Disagreement with the Proposal

"This is a very poor way to force people with second homes to sell them. Additional housing is the responsibility of the council, and this is an attempt to remove the responsibility to private house holders."

"Once again the property is the individuals to which they have worked long and hard for I do not agree that the council has the right to look into an individual's dwelling"

"This proposal is pure greed. The premium if applied, should be based on the owner's ability to pay and not exceed 15%."

"Another money-making scheme. People should not be penalised for working hard to be able to have a second home or if unfortunate enough to have lost family members and inherited the homes."

"You are penalising people who have made provision for themselves and I intend writing to UK government as your proposals will mean that nobody will buy property to rent anymore"

"I was born & raised in the area where I have my second property & intend to retire there. If this additional charge is applied, I will not be able to afford to do this. My family & friends all live in this area & I would be devastated to sell my home."

"I claim benefits and would be financially unable to make payment"

- 4.6 When the proposals above are analysed by the type of respondent we can see that the majority of residents are more likely to agree with these proposals (65.3% / 60%) than empty property (8.5% / 15.5%) or second homeowners (27% / 2.7%);

Table 3: Agreement with proposals by type of Respondent

Analysis %				
Respondents	Empty property Owner % Agreed	Second home owner % Agreed	Resident % Agreed	Other agreed (%)
Proposal 1 - It is proposed that a Council Tax Premium is introduced on long-term empty properties at 50% for those which have been empty between 1 and 2 years. The level of premium would then increase to 100% for those properties which have been empty for more than 2 years.	8.5	27.0	65.3	33.3
Proposal 2 - 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.	15.5	2.7	60.0	38.1

Timescales of proposals

- 4.7 The Council is proposing 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).
- 4.8 The majority of residents who took part agreed with this part of the proposal (65.3%), with only 21.1% of empty property owners agreeing and 25% of second homeowners.

Table 4: Timescale for proposals

	Total	Timescales		
		Yes	No	Don't Know
	236	45.3%	42.4%	12.3%
Are you replying to the questionnaire as;				
The owner of an Empty Property in Rhondda Cynon Taf?		21.1%	66.2%	12.7%
The owner of a second home in Rhondda Cynon Taf?		25.0	63.9%	11.1%
a resident of RCT		65.3%	24.8%	9.9%

Extra Revenue Received

- 4.9 The Council is proposing 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.

	Total	Extra revenue		
		Yes	No	Don't Know
Base	239	38.5%	53.1%	8.4%
Are you replying to the questionnaire as;				
The owner of an Empty Property in Rhondda Cynon Taf?		9.9%	88.7%	1.4%
The owner of a second home in Rhondda Cynon Taf?		19.4%	75.0%	5.6%
A resident of RCT		61.3%	32.3%	6.5%

- 4.10 The majority of residents agreed with the approach for the extra revenue (61.3%), with the majority of the empty home respondents (88.7%) and second homeowners disagreeing (75.0%).

- 4.11 The following are a selection of “other” comments received in the survey, under a number of main themes;

Comments

Agreement with the Proposals

“Anything that can reduce the waiting time for people to find somewhere to live would be so beneficial to many communities”

“Some owners let things drift with their properties. These proposals will make decisions to be made.....”

“No one should be able to make a profit from property while there are many people struggling to afford rent or mortgages. Property should not be an attractive investment for anybody, the Rhondda could set an example to the country with stricter rules on property letting and owning more than one residential property”

“The basic principle of spending money from long term empty properties to support the strategy we agree with. In our situation, I believe we have brought our house back into use and if work situation changes, we would move back in tomorrow.”

“What is the reason for this delay? This is an opportunity to collect additional money at a time when there is great pressure on the public purse. Move faster.”

Disagreement with the Proposals

“As stated earlier this would disincentivise builders or developers taking on properties that have been unoccupied for long periods”

“All that will happen is lots of properties become empty and up for sale as the owners of second homes do not want to pay thousands in council tax more than they should need to. It will not put more houses into use by anyone requiring a home!”

“no I do not agree as you are making money off the back of people where you are forcing them and giving them no other option than to sell their homes at reduced prices. You have builders waiting for these homes to buy at a cheaper price who then make a good profit on them once renovated and sold on. If they choose to rent them the rental price is usually a lot higher than what housing association would charge, so how is this providing affordable homes when young people or first time buyers, or renters cannot afford the price they are asking. as for renting them, if you are lucky enough”

Timescales

- 4.12 Some of the respondents felt that the timescales suggested in the proposal were unfair, as they were perceived to not provide the owners with enough time to rent, sell or improve the condition of empty properties to a decent standard.

“Although I agree in general with charging extra on empty homes to encourage owners to bring them in to use, I think the timeline of April 2023 is actually too soon. I believe if you delay it by a year you will give owners adequate time to do something with the property. Be that sell it as is or renovate and sell/let the property. 5 months from today to do any of those with the current economic conditions is a tall ask and could be seen as profiteering more than helping.”

“Not long enough for empty properties which are to be sold. Builders will just stop renovating and renting as it will not be cost effective to pay the 200%”

Costs

- 4.13 A number of respondents felt that the proposals could lead them into financial difficulties;

“If council tax and other relevant outgoings are paid on the property what other issues remain. The extra expenditure for me would be crippling adding to a very difficult situation already.”

“again, financially people cannot afford to renovate and would not leave properties empty when they could be charging rent...”

“Currently, I do not qualify for any of the grants/loans provided by RCT under the empty homes scheme. I would therefore be paying extra tax to help pay for other people’s properties and renovations while I struggle to pay for my own due to increased outgoings due to premium council tax.”

Individual Circumstances

- 4.14 A number of responses felt that the council needed to take into account the individuals own circumstances, rather than taking a blanket approach, this included ill health, family situations and inheriting houses;

I agree with it in principal. If a person has more than one home and one stands empty, then yes, but not if it is the main home and it is empty for another reason (health/unliveable conditions etc)

I do not think you can take a blanket approach to this issue.

I think there should be a differential made between empty homes and those that are undergoing renovation, with a delay in implementation as peoples planned budgets to undertake works have been completely blown out of the water for reasons stated above (lack of supplies, tradesmen and excessively greedy tradesmen.

It should be on an individual basis and means tested

I've looked at the empty home scheme and don't feel it's suitable for everyone , therefore I'd be paying an extra premium to renovate other peoples homes

Help/Support

- 4.15 Some of the respondents suggested that the Council could provide more support to bring empty properties up to an appropriate standard.

"..... the Council should be looking at ways of incentivising owners of empty homes to bring them back into use by offering grants for certain improvements to be made rather than taking punitive measures through increased taxes for services which are not being used by the owners of said properties"

"You need to work closer with landlords and property owners, providing help and support to bring properties up to an acceptable standard for occupation. your punitive strategy will simply force more landlords to give up and without the private sector the council will have to provide more homes."

"I understand that the local authority is financially in a very difficult position and are looking to make cuts and increase revenue wherever possible. However maybe providing more support to get empty properties back into the rental arena would be a more practical/positive step, rather than penalising people who already in a challenging position...."

"Would it not be better for the council to make it more appealing for people to do up houses that they buy to either rent or sell to the council, this way there would be more housing stock on the market"

5 Letter and Email Responses

- 5.1 The following section outlines a summary of the comments from letters and emails received in response to the consultation. Letters were sent out to over 2,699 owners of empty properties in Rhondda Cynon Taf. 1 letter and 68 emails were received in response to the consultation.
- 5.2 The most frequent concern, expressed in the majority of emails and letter, is that a blanket policy of higher rates will unfairly impact people with individual circumstances beyond their control. Each letter or email detailed the circumstances that the writer felt should exempt them from the Council Tax premium.
- 5.3 Circumstances described included; increased costs of renovation work, or a struggle to source supplies and/ or labour; collapsed sales or longer than expected time spent on the sales or letting markets; inherited property; being unable to meet the costs of selling or letting a property; having ties to the local area but being unable to live here at present (including holding property on behalf of a younger relative); and a number of other situations.
- 5.4 A number of respondents have let/ currently let/ intend to let properties but state that they are unable to afford or complete necessary works to bring properties up to legislative standards. Causes including damage by former tenants, unexpected redundancy or ill-health and a perceived excessive legislative burden are cited. A number of these respondents requested information about grants or other financial assistance to complete required renovations.
- 5.5 Multiple respondents stated that they feel it is unreasonable to be charged any/ higher Council Tax on properties that are empty, as these properties make no demands on the services that they perceive Council Tax to be paid for e.g., waste collection, road maintenance and so on.
- 5.6 The following table shows the frequency of comments made.

Table 10: Count of themes / categories emerging from comments

The themes / categories that emerged from the comments are as follow:	Count
Individual circumstances: a blanket approach will unfairly penalise people with circumstances beyond their control including e.g. unable to sell/ collapsed sales, ill-health, delays to renovations etc.	27
Renovations: problems with building supplies/ labour, work unable to be completed	8
Financial security: owners who are pensioners/ on reduced income unable to meet costs/ forced sales would threaten future finances	7

Costs: Not in a financial position to be able to afford this proposal/ already struggling to afford the bills. Costs of renovation high before sales	11
Renting: Problems with tenants and damage to property	4
Sales Market: not enough local sales demand, delays selling	6
Services: Unfair to pay Council tax on an empty property when services aren't being received / no amenities benefits	6
More information on grants requested (particularly help with renovations to rental properties)	6

5.7 The following are a selection of comments from the main themes;

Note: Service Managers and Members will be provided with all emails to consider the full responses in detail.

Comments

Individual Circumstances

"...such a policy of Premium Charging, if introduced must allow each situation to be examined individually not be applied automatically via the Council Tax charging process."

"...I think it would be better to first ask the owner of a property why his property is empty before you impose an extra charge."

"Individual circumstances need to be considered before forcing what I consider a punitive increase on already struggling citizens like myself."

Renovations

"I am a single person who is currently trying to renovate an empty property and really struggling with the current cost of living and the increasing cost of materials and trades people. I have been paying full council tax now for a number of months alongside trying to cover the costs of the renovation so with a premium on the council tax this will have to place the renovation on hold until I can save up enough money to continue so effectively leaving this property empty for a lot longer."

"In January 2020 I was made redundant from my full time whilst in the middle of carrying out an extensive renovation on my property. To compound matters, the covid pandemic then hit, which put stop to all work on my property for well over 12 months, whilst making it incredibly difficult for me to find work during a tumultuous period for society as a whole. Since recommencing work on my property, I've had to endure huge price increases to both materials and labour which have hugely affected my build schedule as I'm having to find money to cover unforeseeable budget increases which I'm struggling to cover."

Financial Security & Costs

“I believe that pensioner owners of second properties should be exempt from the proposed 100% penalty charge. Some, including ourselves, have inherited properties and have bought adjoining terraced houses just to make life a bit easier for themselves.”

“I am a pensioner and single occupant who is currently paying council tax on two properties. Your proposal would leave me with a council tax bill of over £450 and I am now paying over £200 month in utility bills. My state pension is less than £600, so for the first time in my life it is likely that I will have to default on my bills. The cost of living is spiralling and house prices now falling.”

“...we are due for retirement and this is part of retirement plan as we have lost a lot of money off our pensions.”

Renting

“I had a tenant that stopped paying the rent who I had to remove from the property. Hence it is now empty and has been on the market for over a year.”

“The former occupant – who did not leave my property undamaged, left at the time of the introduction of Covid restrictions. As a person on the Welsh Governments “shielding” list I was unable to visit the property and carry out the necessary repairs and refurbishing for over a year. It then took me over 6 months to complete the refurbishments. Shouldn’t that time when it was not possible for someone to live in the property be discounted from any period of “long term empty property”?”

“My three houses were badly damaged by tenants and I do not have the necessary funding to repair / renovate them. I am now retired, not in good health and unable to borrow against the houses.”

Sales Market

“...the house was sold last August and I am still waiting for solicitors to finish their enquiries. It will cost me a further £5,000.00 just to sell the house when I add agent’s fees, solicitors’ fees, council tax, insurance, with the possibility that the sale could fall through and the process would have to be repeated.”

“My own currently empty property was placed for sale with a local Estate Agent some months ago and is currently under offer – it is unlikely to be purchased by someone who needs to rent.”

“We purchase a new build and were told it would be completed in March 2022. We therefore put our house on the market and moved into our downsized home believing we would sell within 6 months. Unfortunately, given the economic climate, our buyer pulled out in September 2022. We therefore

are in the situation now where we are being penalised due to the economic situation.”

Grants/ information

“If you wish to have an Empty Homes strategy then maybe you should look at helping landlords through the provision of improvement grants or loans to assist works to be carried out.”

“I would love to have my property rented but the pandemic and now the financial crisis has made it virtually impossible to find either materials or building trade to do the work. Are there any grants/assistance which could enable me to get my property to a rentable standard ?“

Services

“I have been paying 100% council tax each year at ~£1,700 per annum, which is in my opinion, for an empty property is already a fair contribution towards the services that the local council and police force provide, which, as far as I understand is the primary reason for paying council tax.”

“I always thought Council Tax was a payment for services that you the Council provide e.g., Refuge and Recycle Collection, Road Sweeping and for facilities such as libraries, parks, and sport centres. Considering all the things the Council provide the property is empty and therefore nobody there to use these facilities. We feel you are claiming this money under false pretences.”

“We are currently paying 100% Council Borough tax, even though we only use council facilities (roads, tip, rubbish collection etc) less than 25% of the year, not to mention the many facilities we never get to use. As it stands, having our second home in Wales means that we pay 25% of council tax for services that we may use, and 75% towards services that we never use. We are happy to pay that amount to support the local community. However, the 100% premium, if it comes into effect, will mean that we are paying 8 times the services we are actually using! This feels really unfair.”
