

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate & Efficient Governance Committee: 25 November 2009

Subject: Council Tax Discount on Second Homes and Long-Term Empty Properties

1. Purpose

1.1 The purpose of this report is to recommend a change to the level of council tax discount granted to second homes and long-term empty properties.

2. Background

2.1 Currently, 50% exemption from council tax is available to properties whose owner has a main residence elsewhere, i.e. the property in West Dunbartonshire is their second home, and for properties after they have been unoccupied and unfurnished for more than six months. For the first six months, 100% exemption from council tax can be awarded to empty properties.

2.2 The Scottish Government has introduced legislation whereby the Council can reduce the level of discount awarded to second homes and long-term empty properties to 10% exemption from council tax and for the additional monies generated to be retained by the Council.

3. Main Issues

3.1 The guidance from the Scottish Government states that additional monies generated by reducing the level of council tax discount offered to second homes and long-term discounts can be used to:

- Fund the new build of affordable homes for social housing either through a registered social landlord (RSL) or the Housing Revenue Account (HRA).
- Provide Rural Home Ownership Grants.
- Bring empty HRA properties back into affordable use.
- Purchase land for affordable social housing developments.
- Purchase off-the-shelf houses from private developers for affordable housing use.

The income generated can be used to fund projects directly or used to support prudential borrowing for HRA to fund the projects.

3.2 There would be no loss of grant to the Council as second homes and long-term empty properties would still be declared as 50% exempt when calculating the council tax base.

- 3.3 During 2009/10, second home and long-term empty discounts have been awarded to the following number of properties:

| | <u>Second Home</u> | <u>Long-Term Empty</u> |
|----------------|--------------------|------------------------|
| Council Houses | 0 | 361 |
| RSL's | 0 | 48 |
| Private Owners | 180 | 15 |

On the basis of his level of award, reducing the council tax discount to 10% would generate £50,000 from second homes and £97,000 from long-term empty properties.

- 3.4 However, on the basis of the above number of properties, the council tax payable by HRA in respect of empty properties could increase by £81,000. However, the above level of long-term empty properties for HRA includes the 177 properties identified as surplus stock by HEED Committee in September this year. As such these properties are deemed exempt from council tax.

4. Personnel Issues

- 4.1 There are no Personnel issues associated with this report.

5. Financial Implications

- 5.1 The additional income generated by reducing the level of council tax discount awarded to second homes and long term empty properties can be used to fund approved projects directly or to support prudential borrowing for approved projects.
- 5.2 There would be no loss of grant to the Council as second homes and long-term empty properties would still be declared as 50% exempt when calculating the council tax base.

6. Risk Analysis

- 6.1 There is a risk that second home owners and RSL's will be reluctant to pay the additional charges and this could lead to a shortage in the funding targetted for approved projects. In order to minimise this risk, the scheme assumes that monies will be transferred at year end.

7. Conclusions & Officers' Recommendations

- 7.1 The Scottish Government has introduced legislation whereby the Council can reduce the level of discount awarded to second homes and long-term empty properties to 10% exemption from council tax and for the additional monies generated to be retained by the Council.

7.2 The additional income generated by reducing the level of council tax discount awarded to second homes and long term empty properties can be used to fund approved projects directly or to support prudential borrowing for approved projects.

7.3 It is recommended that the Committee:

- (i) agrees to implement reducing the level of council tax discount awarded to second homes and long-term empty properties to 10% with effect from 1 April 2010,
- (ii) that this money is retained within HRA to fund approved projects, and
- (iii) officers contact the owners of second homes and long-term properties to communicate the change in Council policy.

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Date: 4 November 2009

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Appendices: None

Background Papers: None

Wards Affected: All