

## ANALYSIS OF RESPONSES TO THE CONSULTATION PAPER ON PROPOSED CHANGES FOR SECOND HOMES AND LONG TERM EMPTY HOMES

### Section 1: Extent of local authority discretion over council tax.

The consultation paper invited views on:

- 1) whether local authorities should be given discretion to reduce or end council tax discounts for second homes
- 2) whether this discretion should also extend to long-term empty homes; and
- 3) whether local authorities should also have powers to create their own council tax exemptions and discounts, including powers to grant relief on a case by case basis.

We received 443 responses in total.

**Table A**

Respondent type	Q1 Support Discretion to reduce/end Discounts?		Q2 Should Include long term empties?		£3 Should have powers to create own discounts?	
	Yes	No	Yes	No	Yes	No
District authority	168	7	166	4	109	17
Metro Boroughs	11	0	11	0	7	3
London Borough	8	0	8	0	8	0
Unitary authority	19	0	8	0	7	0
County council*	13	1	13	1	8	4
Town & Parish Councils	55	1	46	2	38	3
Members of Public	42	35	21	5	13	9
Local auth assoc	7	0	7	0	7	0
Other Associations etc	59	11	49	7	39	10
<b>TOTALS</b>	<b>382</b>	<b>55</b>	<b>329</b>	<b>19</b>	<b>236</b>	<b>46</b>

\* inc GLA

<b>Commonly held views</b>	<b>Mainly Held by</b>	<b>No. Made</b>
<b>QUESTION 1 (Second homes)</b>		
If there are many second homes in an area, this will drive up house prices	<b>Associations etc</b>	<b>32</b>
Owners of second homes bring little to the economy of an area.	<b>Associations etc</b>	<b>30</b>
Owners of second homes should pay more than 100% council tax.	<b>Associations &amp; Members of Public</b>	<b>21</b>
Discounts for second homes should be made on a case by case basis.	<b>Local Authorities</b>	<b>16</b>
<b>QUESTION 2 (Long term empty homes)</b>		
Charging full council tax will act as an incentive for people to let or sell unoccupied property	<b>Associations etc</b>	<b>55</b>
Should include long term empty properties as they can fall into disrepair and encourage vandalism, graffiti etc	<b>Local Authorities &amp; Associations</b>	<b>54</b>
<b>QUESTIONS 1 &amp; 3</b>		
If a Local Authority grants discretionary exemptions and discounts to taxpayers and a neighbouring authority chooses not to use this discretion, may be unfair and could cause dissatisfaction among taxpayers.	<b>Local Authorities</b>	<b>76</b>
Some authorities believe that, even if they are given discretion regarding discounts and exemptions, there should still be some guidance from DTLR .	<b>Local authorities</b>	<b>62</b>
Close consultation should be made with Parish and Town Councils	<b>Parish &amp; Town Councils</b>	<b>9</b>
May increase number of appeals and place an additional burden on Valuation Tribunals.	<b>Local Authorities</b>	<b>6</b>

### **Key points**

87% of respondents agreed with the proposals to give local authorities discretion to reduce or end the council tax discounts for second homes. The main reasons for supporting the proposals were the effects that second homes can have on the local economy and house prices in an area.

“Owners of second homes bring very little to local economy. If they can afford to buy properties, they can afford to pay full council tax”. (Appledore Traders’ Association).

“The issue of second homes is a great concern in this area, driving house prices up and making the upkeep of village amenities and transport services very difficult.” (North Norfolk District Council)

95% of respondents who agreed with the proposals agreed that this discretion should include long term empty properties as well. 55 believed that charging full council tax on long term empty dwellings would act as an incentive for people to let or sell unoccupied property. They also felt that to charge 100% council tax on long term empty properties would help prevent them falling into disrepair thus encouraging vandalism.

“Long term empty homes can easily fall into disrepair and become a local eye-sore. as becoming a possible source of anti-social behaviour”. (Wareham Town Council)

76 of those supporting the proposals expressed concerns about inconsistency and fairness to taxpayers.

“Power to reduce or end discounts for second homes will result in differing treatment of properties across boundaries leading to confusion, uncertainty and discontent among taxpayers. Will lead to complaints and controversy and encourage avoidance and evasion, increased non-disclosure and ultimately to increased non-payment and recovery”. (Chesterfield Borough Council)

84% of respondents believed that authorities should have powers to create their own discounts and exemptions to meet local needs and also apply discretion on discounts for second and long-term empty homes fairly.

"In order to protect the individual and apply the proposed changes in a reasonable manner; it is imperative that local authorities should have powers to grant their own exemptions and discounts and apply discretion to reflect local/special circumstances and the plight of the individual." (Broadland District Council)

Of the 236 in favour, 62 expressed concern about consistency of application and the need for guidance from DTLR.

“ Feel that there needs to be some sort of framework laid down by DTLR for guidance which could be introduced as part of this process. Too much freedom for individual Local Authorities may result in confusion for everyone.” (Bedfordshire Rural Communities)

Those against also cited concerns about confusion to taxpayers and risk of challenge in courts.

"...would create confusion to taxpayers in understanding how council tax is charged. It would bring problems in enforcing debts in the courts as every local authority could have its own charging system, which could be subject to challenge". (West Dorset District Council).

**Section 2: Use of the proceeds from reducing or removing council tax discounts locally.**

The paper also sought views on whether individual local authorities ending or reducing the discount should retain the additional council tax raised and whether this should apply to long-term empty homes as well.

Number of responses received: 373

**Table B**

Respondent type	4 Should additional money be retained locally?		5 Should be retained for long term empties also?
	Yes	No	Yes
District authority	101	3	93
Metro Borough	10	0	9
London Borough	5	0	5
Unitary authority	6	0	4
County council*	12	1	8
Town & Parish Councils	50	0	37
Members of Public	25	1	14
Local auth assoc	7	0	7
Other Associations etc	51	1	46
<b>TOTALS</b>	<b>267</b>	<b>6</b>	<b>223</b>

- Inc GLA

**Key points**

There was overwhelming support for local retention for both second and long-term empty homes. This was viewed as a key component of the policy:

“Councils with second homes have to provide services at a level sufficient to cater for the whole residential dwelling infrastructure, whether it be main or second

homes. There is no logical reason therefore, to give away the proceeds from the additional tax revenue raised” (Kerrier Council)

In addition to whether the money should be retained nationally or locally by local authorities, the paper sought views on whether and how the additional money should be ring-fenced for housing purposes. The table below refers to the following proposals:

- A) National retention by local authorities, shared across England.
- B) Local retention with freedom to spend on housing and/or other local priorities such as bus or tourism services.
- C) Local retention but Ring-fenced for housing purposes.
- D) Identifying and spending additional revenue on affordable housing through Housing Corporation’s Approved Development Programme (ADP)

**Table C**

Respondent type	Which of options A-D would be most appropriate?			
	A	B	C	D
District authority	8	114	28	3
Metro Borough	1	6	2	0
London Borough	3	4	0	0
Unitary authority	0	5	0	0
County council*	1	8	2	0
Town & Parish Councils	0	24	9	1
Members of Public	3	8	5	2
Local auth assoc	0	7	0	0
Other Associations etc	0	36	10	2
<b>TOTALS</b>	<b>16</b>	<b>212</b>	<b>56</b>	<b>8</b>

**Key points**

Around 95% of respondents favoured local retention.

"Each local authority should be able to keep the additional money raised. If the money were distributed across England, individual authorities wouldn't have an incentive or the same

commitment to make it work. It is also likely that those people who are asked to pay more council tax might feel better about doing so if they know it will benefit their own community" (Bedfordshire Rural Communities Charity)

There was 72% support for Option B, local retention with freedom to spend on local priorities.

"In the spirit of the White Paper Strong Local Government - Quality Public Services we believe that districts should have the freedom to use the additional resources to meet local and national priorities. These priorities will be identified through the Community Planning process, through various strategies and the Best Value Annual Performance Plan. Option B therefore automatically includes options C and D, according to local priorities." (Lewes District Council)

22% supported ring-fencing for housing purposes either through local retention or through the Housing Corporation's Approved Development Plan.

"The provision of additional affordable housing by the strategic housing authority mitigates the most serious and long term effects of second homes on the local economy; that is making housing affordable for local people" (North Dorset District Council)

However, there was little support for Option D.

"Option D is not supported because it removes local accountability and merely adds to existing national bidding processes" (Chichester District Council)

"Option D is viewed as unnecessarily complicated - appropriate investment in housing can be achieved with both options B and C" (Winchester City Council)

### **Identifying and monitoring second homes**

The paper sought views on how, with local retention, we can continue to ensure that the additional amount raised by removing or reducing the discount is identified correctly in years to come?

Typical concerns about identifying the additional amount were:

"Integrity could only be assured by a monitoring system independent of LA, but this would be inordinately expensive as well as generating confusion about responsibilities for council tax administration." (Wandsworth)

"Separate accounting procedures would be required to account for additional procedures and discretionary awards, with appropriate return information to central govt. Could be separation of tax base for national purposes and local taxbase." (Redcar & Cleveland)

94 respondents believed that the best way to ensure that the additional amount raised is identified in years to come is by keeping regular checks and audits. 62 suggested that there should be a 5% or 10% discount as an incentive to ensure that the second homes are declared to local authorities. 42 respondents believed that the information could be obtained from CTB1 and QRC forms.

### Section 3: Other Issues

The consultation paper also asked respondents whether they:

- Agreed the distinction between unoccupied furnished and unoccupied unfurnished properties as the simplest and fairest approach to defining second homes and long-term empty homes?
- Agree that local authorities should meet costs of any additional exemption or discounts that they grant?

Number of responses: 257

**Table D**

Respondent type	Agree distinction between unoccupied furnished and unoccupied unfurnished properties?		Agree that Local Authorities should meet costs of any additional exemption or discounts?	
	Yes	No	Yes	No
District authority	135	8	119	20
Metro Borough	8	0	7	0
London Borough	6	0	4	1
Unitary authority	4	0	4	0
County council*	10	0	7	1
Town & Parish Councils	21	2	26	5
Members of Public	12	4	8	0
Local auth assoc	7	0	5	0
Other Associations etc	40	5	5	2
<b>TOTALS</b>	<b>243</b>	<b>19</b>	<b>185</b>	<b>29</b>

Definition of second/long-term empty homes

92% of respondents were satisfied with the distinction between unoccupied and furnished and unoccupied unfurnished properties.

However, 59 respondents suggested treating purpose built holiday homes as a separate class which would retain the 50% discount.

“Would be regressive in nature to charge full council tax for beach chalets which tend to be owned by low earners.” (Canterbury City Council)

“Paper rules out distinction allowing for discounts to be applied in the case of unoccupied and furnished dwellings with restrictions on occupancy. Chalets etc. Cannot form part of local housing stock as they cannot be occupied all year round. Planning conditions applying to the site owned by company effectively prevents chalets being occupied for over four months in each calendar year.” (Stalham Chalets Ltd)

### Meeting the costs of own discounts and exemptions

86% of respondents believed that it was fair that Local Authorities should meet costs of any additional exemptions or discounts. However, this was typically with the proviso that they would be allowed to retain the additional council tax from ending the discount.

“ If Local Authorities are to benefit from ending of any discounts it also seems fair that they should bear costs of any new discounts/exemptions. These could be funded from additional proceeds arising from abolition of discounts for second homes/long-term empty homes” (Wycombe Council).

### **Tied accommodation**

56 respondents, including members of the public and representative organisations thought it would be unfair to end the discount for owners of second homes where they are required to live in tied accommodation because of the nature of their work. These include members of the clergy, those in the licensed trade, farm workers and members of the armed forces. There were also concerns for people who buy homes in preparation for retirement.

“Most farm tenants are required by tenancy agreements to reside in farmhouse provided by the landlord. Those that are prudent take the opportunity to invest in a home which he and his family will go either on retirement or when the tenancy ends. It should be inappropriate for such individuals to be penalised through having to pay full council tax on those dwellings.” (Tenant Farmers Association)

“I am clergyman, married with children, who has purchased a property which use solely for ourselves. Should anything render me unable to work, or to become deceased, my wife and family would have a property in which to dwell, at no cost to the state. Likewise in retirement, the owning of the property would again remove any responsibility from the council for re-homing us” (G Paddick)

