

Consultation on increasing the council tax premium for long-term empty homes and second homes in Denbighshire

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What are we doing?

We are carrying out a public consultation on our proposals to increase council tax premiums for long-term empty homes and second homes in Denbighshire.

From 1st April 2023, Welsh Government has granted local authorities in Wales the power to raise the council tax premium for these types of property up to 300% above the standard charge.

The Council's Cabinet (a group of Councillors who make decisions on key policies within the Council) has reviewed these powers and now wish to consult on proposals to increase council tax for long-term empty homes and second homes from 1st April 2024.

A detailed explanation of our proposals are provided further down in the document.

Definitions:

What is council tax?

Council tax is an annual fee charged by the Council to all properties within the county boundary.

Council tax makes up around 17% of the Council's total income and helps the Council to finance provision of important services such as Social Services, Education/Schools, Waste & Recycling, and much more.

What is a long-term empty home?

A long-term empty home is a dwelling (a domestic property designed to be lived in) that remains unoccupied and substantially unfurnished for a continuous period of at least 1 year.

There are currently 637 long-term empty homes in Denbighshire.

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What is a second home?

A second home is a dwelling (a domestic property designed to be lived in) that is a substantially furnished property and not a person's sole or main residence.

There are currently 391 second homes in Denbighshire.

Exemptions to the proposals:

The council tax premium would not be charged under the following circumstances and the level of council tax charged would be at the standard level:

- Dwellings being marketed for sale or where an offer to buy the dwelling has been accepted, time-limited for one year
- Dwellings being marketed for let or where an offer to rent has been accepted, time-limited for one year
- Annexes forming part of, or being treated as part of, the main dwelling
- Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation
- Where a planning condition, restricting year-round or permanent occupation, or has been specified for use as short-term holiday accommodation only or prevents occupancy as a person's sole or main residence.

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Why are we doing this?

By increasing the council tax charges on long-term empty homes and second homes, we hope that homeowners will be encouraged not to leave their properties empty.

We would like to encourage homeowners to bring long term empty homes and second homes back into use for the benefit of the local community and economy.

What is the current situation in Denbighshire?

We currently charge an additional 50% premium on top of the standard charge for long-term empty homes and second homes in Denbighshire.

Under powers granted by the Housing (Wales) Act 2014, councils have been able to charge up to 100% over the standard charge for council tax on long-term empty and second homes, since 1st April 2017.

In 2016, before these powers were introduced, we carried out a consultation to understand what the approach should be locally on charging additional premiums for long-term empty and second homes.

As a result of that consultation, we agreed to introduce a premium of 50% on top of the standard charge on long-term empty properties in Denbighshire from 1st April 2018 and 50% on top of the standard charge on second homes in Denbighshire from 1st April 2019.

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What are the new proposals for Denbighshire?

From 1st April 2023, local authorities were given the power by Welsh Government to raise council tax premiums for long-term empty and second homes by up to 300% over the standard charge.

Following a Cabinet meeting on 23rd May 2023 where the new powers were discussed, the proposals which Denbighshire County Council wishes to consult on are:

1. To increase the premium for long-term empty homes and second homes from the current rate of 50% above the regular charge, to 100% from 1st April 2024.
2. To increase the premium for long-term empty homes and second homes to 150% from 1st April 2025
3. To charge an additional 50% premium for all long-term empty homes which have been empty for a continuous period of five years or longer. This would make the total premium 150% above the standard charge from 1st April 2024, and 200% above the standard charge from 2025.

To view the current (2023-24) council tax charges for Denbighshire, please visit the Council's website:

<https://www.denbighshire.gov.uk/en/council-tax/charges.aspx>

What will the additional revenue be spent on?

Welsh Government has not provided any specific conditions to how councils should use any additional money from these premiums. However it is an opportunity to use the funds to address local housing needs including homelessness and to lessen some of the impacts second homes and long term empty properties can have on local communities.

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Some examples of potential impacts long-term empty homes and second homes can have on communities include:

1. The availability of affordable housing
2. The availability more generally of housing available to rent or buy
3. The prices of housing available to rent or buy

Separate Welsh Government changes to how self-catering properties are taxed in Wales

Self-catering holiday accommodation can either be classed as a business property or a domestic property, depending on how many days the property is available for letting and how many days the property is actually let out to paying customers in each tax year.

The classification of the property would affect whether its owners pay domestic council tax, or business rates, and if paying business rates, whether the owners would qualify for small business rates relief.

From 1st April 2023, Welsh Government set new thresholds for properties to qualify as self-catering accommodation and pay business rates.

The full information is available on the Welsh Government's website but in brief the new requirements are:

1. The property must be advertised as available to let for at least 252 days in any 12 month period
2. The property must actually be let for at least 182 days in any 12 month period

For further information please visit the Government's website:

<https://businesswales.gov.wales/non-domestic-rates-self-catering-properties-wales>

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How to take part in the consultation:

The consultation will run from 26th May to 21st June 2023.

To get involved and have your say, you can take part in one of the following ways:

1. **Online:** please visit the Council's County Conversation website to take part and complete our consultation questionnaire online:



<https://countyconversation.denbighshire.gov.uk/project/717>

2. **In person or via post:** you can visit any Denbighshire Library or One Stop Shop to request a paper copy of the consultation questionnaire to complete at home. Completed paper questionnaires can then either be returned to any Denbighshire Library and One Stop Shop, or they can be posted to:
Revenues Services, Denbighshire County Council, Russell House, Churton Road, Rhyl, LL18 3DP

The closing date for all responses is Wednesday 21st June 2023