



Council Tax Consultation:

Detailed public engagement report

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Purpose of this report

To provide a detailed analysis of data received from interested parties on the proposals to raise the council tax premium in Denbighshire for long-term empty homes and second homes.

Background to this report

The current charge for long-term empty homes and second homes in Denbighshire is 50% over the standard charge.

Welsh Government have granted local authorities the power to raise council tax premiums for long-term empty homes and second homes, by up to 300% over the standard charge, from 1st April 2024.

The Council consulted on the following proposals:

1. To raise council tax for long-term empty homes and second homes to 100% above the standard charge from 1st April 2024
2. To raise council tax for long-term empty homes and second homes to 150% above the standard charge 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.

Stakeholder Engagement:

- Owners of second homes and long-term empty homes, whether or not resident in Denbighshire
- Elected members
- Planning, Public Protection & Countryside Services
- Corporate Support Service: Performance, Digital and Assets
- Corporate Support Service: People
- Finance and Audit Services
- City, Town and Community Councils
- MPs and MSs
- Citizens Advice Denbighshire
- Tackling Poverty Operational Group (includes BCUHB, DWP & Housing Associations)

Summary of engagement and consultation activities:

A public consultation was conducted from the 26th May 2023 to the 21st June 2023 to ask for views on the proposed increase.

The public consultation was available online via the Denbighshire County Council website and paper copies were available at all Denbighshire Libraries / One Stop Shops.

The consultation was promoted through the Council's website, social media, and by a press release.

662 emails and 351 letters were sent to all long-term empty and second home owners that would be impacted by the proposed increase in premium.

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| Date | Planned Engagement Activity | Stakeholders involved |
|---|--|--|
| 26 th May to 21 st June | Public Consultation | General Public |
| 25 th May | Email /Letter notification to owners of second homes and long-term empty homes | Owners of long-term empty homes and second homes in Denbighshire |
| 26 th May | Press Release | General Public |
| 26 th May to 21 st June | DCC Council Tax Web Page highlight | General Public |
| 26 th May to 21 st June | Weekly Social Media Campaign | General Public |
| 26 th May to 21 st June | Paper copies of the survey made available to print upon request | General public |

Summary of responses:

The responses received related to properties from a cross section of Denbighshire County Council’s parishes; the majority of responses were received from South of the County, post codes LL20 and LL15, and North of the County from LL18 and LL19.

The survey allowed for respondents to make some general comments and these are summarised below with clarification.

| | Comment summary | DCC Point of clarification |
|---|--|--|
| a | <p>This is a money making exercise by Local Authorities.</p> <p>Where will the extra money go?</p> | <p>The power to charge a premium has been granted to Local Authorities by Welsh Government. A decision whether to charge is to be made by each Local Authority in Wales. Welsh Government’s purpose in granting these powers is intended to be a tool to help Local Authorities: -</p> <ul style="list-style-type: none"> bring long-term empty homes back into use to provide safe, secure and affordable homes; and support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities <p>Welsh Government have also stated ‘authorities are encouraged to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premiums.’</p> |
| b | <p>Local Authorities should be more proactive in helping owners to bring these homes back into use</p> | <p>Denbighshire County Council are focussed on long term empty homes, and support is available by way of:</p> <ul style="list-style-type: none"> • Grants for properties which have been unoccupied for more than 6 months and properties with no viable plan to bring them back into use. |

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| | | <ul style="list-style-type: none"> The Landlord Offer where landlords are given incentives to allow Denbighshire to use their property for 6 months to help a homeless person or family |
| c | You shouldn't punish people for owning these homes | Noted |
| d | Denbighshire County Council should compulsory purchase empty homes and sell to local landlords/local construction businesses | This feedback has been noted for further consideration. |
| e | Empty properties are not good for the area and people who need homes could be living in them. | Empty homes can be a blight on an area, especially when there is high housing demand. Denbighshire County Council recognises this and has adopted a twin approach of working closely with owners, landlords and Housing Associations, as well as colleagues from within the Local Authority, to bring empty properties back into use, whilst working closely with internal and external enforcement agencies to target the most problematic 'eyesore' properties to find a solution that benefits the local community through a supply of properties at affordable rates. |
| f | Yes- should encourage long term empty homes to come on to the market as accommodation for others. | If council tax premium is enacted, this should encourage more owners of long term empty homes to work with Denbighshire County Council to bring these properties back into use. |
| g | I can't meet the self-catering eligibility criteria to transfer my property to Business Rates, so I am penalised. | If a property does not meet the Valuation Office Agency criteria to be assessed as a commercial holiday home for Business Rates, it |

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| | | will be placed in the Council Tax list and treated as a Second Home. |
| h | Second Home owners contribute to the local community and don't use the services as frequently. | Noted |
| i | The housing market is slow; I am paying a premium on a property I can't sell | <p>The premium charge can be waived for up to 12 months on long-term empty and second homes if they are being marketed for sale or let.</p> <p>100% exemption from Council Tax charge is available for 6 months if a property is unfurnished and unoccupied, and up to 12 months for a property undergoing major work or structural alteration.</p> |
| j | Local landlords and small construction businesses support DCC by buying long-term empty properties to bring them back in to use, but usually the exemptions have already been used. | <p>The Class A Exemption is available for properties undergoing major renovation or structural alteration. Empty Homes Grants are also available for long-term empty homes.</p> <p>This feedback has also been noted for further consideration</p> |
| k | You should consider homes in probate differently, and help people who have inherited properties | Exemptions are available on properties that have been left empty following the death of a taxpayer for up to six months after the date of Probate. Please see below for examples of reductions available in these cases |
| l | I own a long term empty property that isn't habitable | <p>The Class C Exemption is available for up to 6 months for a substantially unfurnished and unoccupied property.</p> <p>The Class A Exemption is available for a property which requires, or is undergoing major renovation or structural alteration to make it habitable, for a maximum period of 12 months.</p> <p>If the property is <u>not capable of repair</u> a request can be made directly to the Valuation Office to delete the property from the Council tax list.</p> |

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| m | People will buy second homes in other areas instead. | Noted: However, all Local Authorities in Wales have been granted these powers. Some Authorities have already implemented an increase in the premium charge and others are considering doing so. In England the power to charge a premium has been in place since 2013 |
|---|--|---|

Common Themes:

Inherited properties

Owners of inherited properties disagreed with the proposals and suggested an increase in the premium would cause financial difficulties as they struggle to sell their long-term empty homes and second homes.

Denbighshire's position (in line with Welsh Government): The Council Tax (Exempt Dwellings) Order 1992 provides exemptions for properties that have been left unoccupied by a deceased person for up to 6 months after probate is granted.

The Grant of Probate and transfer of property to a beneficiary, on average, can take 2-4 years to complete. During this time the property, in most cases, is fully exempt from the Council tax charge whilst unoccupied.

In addition, the premium charge is not paid on a property for a maximum of 12-months if it is being marketed to sell or let.

Example 1: Inherited Properties

A property becomes unoccupied following the death of an owner, and probate is granted 2 years later:

| | |
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| Class F Exemption awarded (100%) | 01.04.2023 to 01.10.2025 (ends 6 months after probate) |
| Furniture removed Class C awarded (100%) | 01.10.2025 to 01.04.2026 |
| Long Term Empty Standard charge | 01.04.2026 to 01.10.2026 |
| Long Term Premium charge starts | 01.10.2026 |
| Total reduction awarded: | 36 months at 100% exemption from Council Tax charge |

Properties that are inherited have usually benefitted from a minimum 18 months' full exemption from the Council Tax charge.

Example 2: Inherited Properties

A property becomes unoccupied following a death. The family inherit the property and the property is placed on the market to for sale.

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| Class F Exemption awarded (100%) | 01.04.2023 to 01.04.2024 (ends 6 months after probate) |
| Furniture removed Class C awarded (100%) | 01.04.2024 to 01.10.2024 |
| Long Term Empty Standard charge | 01.10.2024 to 01.04.2025 |
| Long Term Premium charge waived for 12 months (being marketed for sale) | 01.04.2025 for 12 months |
| Total reduction awarded: | 18 months at 100% exemption from Council Tax and 12 months' premium charge waived |

Hardship

Owners in the following categories were concerned that the proposals would cause hardship for:

- Inherited properties due to slow housing market
- Small self-catering businesses due to higher running costs
- Second Home owners that use properties to visit family in the area
- Landlords due to delays in rental market and renovation timescales
- Small businesses that buy empty homes to renovate.

Denbighshire’s position (in line with Welsh Government): Section 13A(1)(c) of the Local Government Finance Act allows a billing authority to reduce the Council Tax payable after taking into account any discounts, disregards, reliefs, and exemptions. Payments for Section 13A reductions are funded wholly by the Council.

The Council must balance the need of the individual requesting financial support, against the interests of Denbighshire’s Council Tax payers and will consider a Discretionary Reduction on a case by case basis for exceptional financial hardship.

Tourism and Second Homes:

Owners of self-catering second homes noted that:

- they already struggle to meet the new self-catering eligibility rules for National Non-Domestic rating introduced in April 2023, to be moved to Business Rates, and;
- an increase in the premium would result in increased running costs which would have to be passed on to paying customers, and;

- this could reduce the number of holiday rentals in the area. In turn this would have an impact on the number of tourists visiting Denbighshire and spending in local businesses.

Owners of Second Homes noted:

- the financial burden may force second home owners to sell
- said there should be two categories of second homes. Those used as self-catering accommodation, and those used as second homes to visit family and friends.
- second home owners use local trades people, tourist attractions, support the local economy, and the Welsh language/culture.

Denbighshire’s position (in line with Welsh Government): Section 139 of the Housing Act (Wales) 2014 and appended to Section 12A of the Local Government Finance Act 1992. A ‘Second Home’ is defined in Council Tax legislation as a property that is furnished, but is no one’s main residence.

Self-catering properties must either be listed in the Council Tax list, or the Non-Domestic rating list if the eligibility criteria is met to be classed as a commercial holiday let.

Long Term Empty Homes

Responses received stated the slow housing market impacts how long a property is left empty as it is difficult to sell or let.

Landlords and small constructions companies stated they support Denbighshire with bringing long-term empty properties back in to use, and there is usually no discount available in Council Tax for the renovation period. The impact of a proposed increase would result in less capital to spend on properties and financial difficulty.

Denbighshire’s Position (in line with Welsh Government): Section 139 of the Housing Act (Wales) 2014 and appended to Section 12A of the Local Government Finance Act 1992. The Council Tax premium charge starts 12 months after a property becomes substantially unfurnished, and a further 12 months’ exemption from the premium charge is available whilst a property is being marketed for sale or let.

The Council can offer support for empty properties by way of:

- Landlord offer scheme can assist, by providing incentives to an owner to use their empty property to accommodation homeless families-
<https://www.denbighshire.gov.uk/en/housing-homelessness-and-landlords/landlords/landlord-offer.aspx>
- Empty Homes Grants - <https://www.denbighshire.gov.uk/en/benefits-grants-and-money-advice/adapting-or-improving-a-property/empty-homes-assistance.aspx>

Further consideration will be made for cases where landlords and small businesses that support the Council in bringing long term empty properties back in to use, following responses received.

Recommendation:

A robust engagement campaign was conducted for the duration of the public consultation period to ensure maximum exposure, and to encourage responses from members of the public.

There were 2142 page views (37 Welsh) on the Council's page that hosted the consultation to the general public, with 898 visits directly to the consultation survey. 175 customers completed and submitted a response.

Alternative channels were also open to customers through written or supported submission from Libraries and One Stop Shops.

As part of the consultation survey we identified the following groups:

- Live or work in Denbighshire
- Live or work in Denbighshire and own a second home
- Own a second home
- Own a long-term empty home
- Councillor (either DCC or Community)
- Other

On legal advice, we undertook a communication exercise to make over 1000 second home and long term empty home owners aware of the consultation, and advice and guidance was provided on how to complete a survey response.

71 responses out of 175 were received from the second home owner or long term empty home owner group, and 17 from second home owners that live or work in Denbighshire.

We were conscious that proactively engaging this group could have a disproportionate impact on the results of the consultation, and so note the importance of identifying these groups of customers.

Detailed quantitative data analysis is provided in the '**Appendix 1 - Consultation data tables**' attachment.

Overall the consultation confirmed the majority vote was **in favour** of the 100% and 150% increase for **long term empty homes**.

When you look specifically at Denbighshire residents, they contributed to a high number of respondents that felt there is a need to increase the premium charge on long term empty and second homes

- 68% supported the proposal for long term empty increase from 1st April 2024
- 64% supported the proposal for long term empty increase from 1st April 2025
- 71% supported a 150% increase for long term empty properties over 5 years from 1st April 2024
- 66% supported a 150% increase for long term empty properties over 5 years from 1st April 2025

Second home owners are less supportive of the proposals for the long term empty homes increase of 100% and 150%, however, their support increases in favour for the proposals for the long term empty properties over 5 years.

Support from Denbighshire residents ebbs away slightly from second home and long term empty home owners the higher the premium.

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Overall, at a high level the consultation looks like there is less support for the proposed increase for second homes across all demographics.

However, when you look specifically at Denbighshire residents:

- 61% supported the proposal for the second home increase from 1st April 2024
- 57% supported the proposal for the second home increase from 1st April 2025

The majority of respondents when asked about their opinion on any effect the proposals may have on the Welsh language and Welsh culture, overall felt there wasn't going to be a significant impact.

Out of 175 responses:

- 104 disagreed or strongly disagreed that the proposals could lead to an increase in people speaking or learning Welsh in Denbighshire; and,
- 104 disagreed or strongly disagreed that the proposals could lead to an increase in people participating in Welsh culture.

When asked about the impact on tourism:

- 60% of people overall said there would be an impact on tourism whereas 28% said there wouldn't.
- The majority of second home owners and long term empty home owners felt there would be an impact
- 51% of Denbighshire residents that don't have second homes felt there wouldn't be an impact on tourism

52% of respondents thought that overall the proposals would not have an impact on house prices in Denbighshire, whereas 27% thought there could be a decrease in house prices, and 8.5% an increase in house prices.

40% of Denbighshire residents, who don't own a second home, felt there would be no impact, or a decrease in house prices.

83 out of the 175 responses say there would be no impact supply on rental in Denbighshire, and 50% of Denbighshire residents, that don't own a second home or long term empty home, believe there would be an increase in supply of rental properties.

48.3% of respondents believed there would be impact on supply of affordable housing in Denbighshire, whilst 51% of Denbighshire residents, that don't own a second home or long term empty home, believe there would be an increase.

The consultation has concluded, and the results demonstrate that the majority of respondents who live in Denbighshire felt there is a need for an increase in the Council tax premium charges.