



Increasing Council Tax Premiums on Long Term Empty Homes & Second Homes: Well-being Impact Assessment Report

This report summarises the likely impact of the proposal on the social, economic, environmental and cultural well-being of Denbighshire, Wales and the world.

Assessment Number: 1197

Brief description: In Denbighshire we currently have a council tax premium of 50% on long term empty homes and second homes. (ie a charge of 50% above the standard council tax). From 1st April 2023, Welsh Government has granted local authorities in Wales the power to raise the council tax premium for these properties up to 300% above the standard charge. Welsh Government intend this to be a tool to help local authorities to change behaviours and encourage properties back into full time use. It is part of a plan to provide safe, secure and affordable homes by supporting local authorities to increase the supply of affordable housing and enhance the sustainability of local communities. Following these intentions Denbighshire County Council is proposing 1. To increase the premium for long-term empty homes and second homes from the current rate of 50% above the regular council tax 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. (ie This would make the total premium 150% above the standard charge from 1st April 2024, and 200% above the standard charge from 2025). It is recommended that there is parity between the standard second home and long term empty premium, to minimise avoidance by taxpayers (who may apply to switch to the more favourable category).

Date Completed: 03/07/2023 11:29:11 Version: 2

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Increasing Council Tax Premiums on Long Term Empty Homes & Second Homes

Responsible Service: Finance and Audit Services

Localities affected by the proposal: Whole County,

Who will be affected by the proposal? Those with housing needs (including the homeless, those in short term accommodation, those on housing waiting lists) owners of long term empty properties, owners of second homes, neighbours to these properties.

Was this impact assessment completed as a group? Yes

Summary and Conclusion

Before we look in detail at the contribution and impact of the proposal, it is important to consider how the proposal is applying the sustainable development principle. This means that we must act "in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs."

Score for the sustainability of the approach

3 out of 4 stars

Actual score : 30 / 36.

Summary for each Sustainable Development principle

Long term

In line with Welsh Government (WG) intentions, these proposals seeks to improve affordability and availability of housing in the County and so grow prosperous and sustainable communities. WG has not provided conditions on how to use money from these premiums. However it is an opportunity to address local housing needs including homelessness; lessen some of the impacts second homes and long term empty properties can have on local communities; potentially develop projects to tackle poverty.

Prevention

The proposals aim to increase the availability of housing, directly supporting those who are most socio-economically disadvantaged. For those who own such homes, there are several exemptions from the premium (see www.gov.wales/council-tax-empty-and-second-homes). There is also an existing process for such owners in financial hardship. A phased and balanced approach on the % increase has deliberately been adopted, with at least 6 months notice period given to owners impacted.

Integration

This is Welsh Government legislation which aims to help Local Authorities address the demand for affordable housing. In addition the proposals are very much in line with our Corporate Plan.

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Specifically it supports the priority to ensure sufficient good quality housing is available. By bringing properties back into full time use we expect to see a positive impact on local economies and so support a prosperous Denbighshire.

Collaboration

This is part of a Welsh Government approach to address the housing crisis. All Local Authorities in Wales have the opportunity to use these powers and whilst we are making proposals based on Denbighshire needs we are engaging with neighbouring Local Authorities. In the development of Denbighshire proposals we have worked closely with colleagues in Council Tax and Planning.

Involvement

In accordance with Welsh Government recommendations we have undertaken a public consultation on the proposals. The consultation has been available online and computer access / paper copies available at all our libraries. Owners of long term empty homes and second homes have been directly notified of the consultation. A broader awareness has been undertaken through a press release and social media. Feedback received from the public consultation is included in this impact assessment.

Summary of impact

Well-being Goals	Overall Impact
A prosperous Denbighshire	Positive
A resilient Denbighshire	Positive
A healthier Denbighshire	Positive
A more equal Denbighshire	Positive
A Denbighshire of cohesive communities	Positive
A Denbighshire of vibrant culture and thriving Welsh language	Positive

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Well-being Goals	Overall Impact
A globally responsible Denbighshire	Positive

Main conclusions

By increasing the council tax charges on long-term empty homes and second homes, we aim to encourage homeowners to bring long term empty and second homes back into use for the benefit of the local community and economy.

When considering these aims against the themes and goals of the Well being of Future Generations (Wales) Act we are able to demonstrate strong positive impacts for both current generations and future ones, particularly in improving access to housing, supporting local economies and communities and creating a more financially equal Denbighshire.

For the current owners of long term empty homes and second homes who would be impacted by these proposals we have raised awareness at this early proposal stage, will give 6 months notice of any changes, are recommending a phased and balanced approach to the increase, have a hardship process in place, will be clear and transparent on the exemptions available.

The likely impact on Denbighshire, Wales and the world.

A prosperous Denbighshire

Overall Impact

Positive

Justification for impact

The aim of these proposals is to address the demand for housing in the county. This is intended to both support local economies and regenerate them whether they be rural or urban. In addition whilst Welsh Government has not provided any conditions on how councils should use additional money from these premiums, it is an opportunity 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.

Further actions required

By taking a phased and moderate approach to the increase in Council Tax premiums (ie WG allows us to increase the premium up to 300% but we are phasing in lower amounts) we hope to strike a balance between encouraging the return of properties in full time use against the impact on owners and tourism. Should the proposals be agreed we will be giving 6 months notice to relevant owners. There are also key exemptions from the premium and also a process for those in financial hardship.

Positive impacts identified:

A low carbon society

Feedback in the public consultation suggested that releasing existing properties back into the marketplace was better than building more properties.

Quality communications, infrastructure and transport

no known impacts

Economic development

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Addressing the housing demand is a key driver for these proposals. By doing this we anticipate a positive impact on the support and regeneration of the local economies in both urban and rural areas of the County.

Quality skills for the long term

Addressing the demand for homes may encourage those with certain skills to stay or move into the area.

Quality jobs for the long term

Consultation feedback noted bringing more properties back into the market is helpful for attracting workers into the area.

Childcare

no known impacts

Negative impacts identified:

A low carbon society

no known impacts

Quality communications, infrastructure and transport

no known impacts

Economic development

Some responses in the public consultation were concerned that these proposals would mean fewer second homes available as holiday accommodation and so negatively impact the tourism economy in Denbighshire.

The properties that would be impacted by an increase in premium would be second homes which come under Council Tax rather than Business Rates (those that are let for holiday purposes sufficiently in line with updated WG rules, come under Business Rates so would not be impacted by these proposals).

Quality skills for the long term

no known impacts

Quality jobs for the long term

no known impacts

Childcare

no known impacts

A resilient Denbighshire

Overall Impact

Positive

Justification for impact

Bringing back into full time use existing properties instead of building new developments on land that could otherwise be used to promote biodiversity and protect ecology.

Further actions required

The proposed extra premium for those properties which are long term empty for 5 years or more is designed to further encourage those properties back into use.

Positive impacts identified:

Biodiversity and the natural environment

Bringing back into full time use existing properties instead of building new developments on land that could otherwise be used to promote biodiversity and protect ecology.

Biodiversity in the built environment

no known impacts

Reducing waste, reusing and recycling

no known impacts

Reduced energy/fuel consumption

no known impacts

People's awareness of the environment and biodiversity

no known impacts

Flood risk management

no known impacts

Negative impacts identified:

Biodiversity and the natural environment

no known impacts

Biodiversity in the built environment

no known impacts

Reducing waste, reusing and recycling

no known impacts

Reduced energy/fuel consumption

no known impacts

People's awareness of the environment and biodiversity

no known impacts

Flood risk management

no known impacts

A healthier Denbighshire

Overall Impact

Positive

Justification for impact

Whilst there were some concerns from second home owners about either having to pay the premium or give up the second property, the overall impact is positive as it directly supports those individuals and families in our communities who need a home.

Further actions required

By taking a phased and moderate approach to the increase in Council Tax premiums (ie WG allows us to increase the premium up to 300% but we are phasing in lower amounts) we hope to strike a balance between encouraging the return of properties in full time use against the impact on owners. Should the proposals be agreed we will be giving 6 months notice to relevant owners. There are also key exemptions from the premium and also a process for those in financial hardship.

Positive impacts identified:

A social and physical environment that encourage and support health and well-being

Homes that are in full time use are more likely to be well maintained and present fewer physical hazards such as broken windows. This is positive for immediate neighbours to such properties and in turn enhances the wider community.

Access to good quality, healthy food

no known impacts

People's emotional and mental well-being

The availability of good quality housing is an essential factor for an individual's health and wellbeing.

Access to healthcare

no known impacts

Participation in leisure opportunities

no known impacts

Negative impacts identified:

A social and physical environment that encourage and support health and well-being

no known impacts

Access to good quality, healthy food

no known impacts

People's emotional and mental well-being

Some respondents to the consultation were concerned that the proposals would mean they would need to give up a second home. Some of these second homes hold strong emotional attachments or some provide a source of income.

Access to healthcare

no known impacts

Participation in leisure opportunities

no known impacts

A more equal Denbighshire

Overall Impact

Positive

Justification for impact

An increase in supply may stabilise house prices which would be positive for buyers although it is noted that this may have a negative financial impact on those selling. However the overall impact is viewed as positive as bringing properties back into the market place will increase the supply for the benefit of those needing housing.

Further actions required

No action required

Positive impacts identified:

Improving the well-being of people with protected characteristics. The nine protected characteristics are: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

no known impacts

People who suffer discrimination or disadvantage

These proposals are designed to encourage properties back into the marketplace and so help address the high demand for housing. This aims to support those who do not have a home or are in need of one eg are in temporary accommodation.

People affected by socio-economic disadvantage and unequal outcomes

Bringing properties back into the market place will increase the supply for the benefit of those needing housing. Also an increase in supply may stabilise prices which would be positive for those buying.

Areas affected by socio-economic disadvantage

no known impacts

Negative impacts identified:

Improving the well-being of people with protected characteristics. The nine protected

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characteristics are: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

no known impacts

People who suffer discrimination or disadvantage

no known impacts

People affected by socio-economic disadvantage and unequal outcomes

An increase in supply may bring down house prices which is a negative consequence for those selling.

Whilst the overall proposals aim to help meet the local demand for a home, there is no guarantee that all homes that are brought back into the marketplace will be bought by those without housing.

Areas affected by socio-economic disadvantage

no known impacts

A Denbighshire of cohesive communities

Overall Impact

Positive

Justification for impact

Full time residents have more opportunity to consistently contribute socially and economically to the community.

Encouraging the development of long term empty properties will improve visual attractiveness.

Further actions required

No action required

Positive impacts identified:

Safe communities and individuals

Tackling long term empty properties could reduce issues such as pest control and anti social behaviour

Community participation and resilience

Instead of having empty properties or second properties where people stay short term, these properties would be occupied full time and so the residents are more likely to be consistent participants in the local community.

The attractiveness of the area

Reducing the number of long term empty properties will result in fewer properties in various stages of disrepair with associated possible pest issues and anti-social behaviour.

Connected communities

no known impacts

Rural resilience

no known impacts

Negative impacts identified:

Safe communities and individuals

no known impacts

Community participation and resilience

In the consultation some second home owners noted their contribution to the local community by using eg local restaurants, shops, trades people.

The attractiveness of the area

no known impacts

Connected communities

no known impacts

Rural resilience

no known impacts

A Denbighshire of vibrant culture and thriving Welsh language

Overall Impact

Positive

Justification for impact

It is noted that the overall public consultation feedback did not see these proposals as having much relevance or impact on the Welsh language or culture. However it is anticipated that local people are more likely to purchase the properties that come back into the marketplace. For this reason it is felt that the overall impact would be positive.

Further actions required

No action required

Positive impacts identified:

People using Welsh

Having more housing available for local people may mean able to retain more Welsh speakers

Promoting the Welsh language

no known impacts

Culture and heritage

no known impacts

Negative impacts identified:

People using Welsh

More housing may become available and prices lower, but this may attract buyers from outside Wales who are less likely to be Welsh speakers

Promoting the Welsh language

no known impacts

Culture and heritage

no known impacts

A globally responsible Denbighshire

Overall Impact

Positive

Justification for impact

Having properties in full time use, rather than empty or in partial use, would provide a more consistent positive impact on local supply chains, with full time residents using supply chains full time eg local shops. Having a better supply of housing also improves chances of retaining or attracting workers, which supports the local economy.

Addressing the high demand for housing is a goal shared by a broad range of public bodies.

Further actions required

By taking a phased and moderate approach to the increase in Council Tax premiums (ie WG allows us to increase the premium up to 300% but we are phasing in lower amounts) we hope to strike a balance between encouraging the return of properties in full time use against the impact on owners. Should the proposals be agreed we will be giving 6 months notice to relevant owners. There are also key exemptions from the premium and also a process for those in financial hardship.

Positive impacts identified:

Local, national, international supply chains

Homes in full time use are more likely to contribute to the local economy. Workers more likely to be able to find somewhere to live locally to support the local economy.

Human rights

no known impacts

Broader service provision in the local area or the region

Improved access to housing.

Reducing climate change

no known impacts

Negative impacts identified:

Local, national, international supply chains

The reduction in second homes may impact on availability of a specific set of holiday accommodation (ie second homes which are let below updated WG rules and so fall under Council Tax rather than business rates) which may in turn have a negative impact on some local supply chains.

Human rights

no known impacts

Broader service provision in the local area or the region

no known impacts

Reducing climate change

no known impacts

