

**SUBJECT: FURNISHED PROPERTIES WITHOUT A RESIDENT – COUNCIL TAX PREMIUM**

**DIRECTORATE: CHIEF EXECUTIVE & TOWN CLERK**

**REPORT AUTHOR: MARTIN WALMSLEY, ASSISTANT DIRECTOR – SHARED REVENUES AND BENEFITS**

## **1. Purpose of Report**

- 1.1 The number of holiday/second homes has grown nationally over recent years reducing housing stock for residents in areas with a high number of holiday homes used personally or for Airbnb. This also increases prices in the area, and absent owners are taking up housing stock but not contributing to the area socially or economically.

This report is to consider using new discretionary powers to introduce a premium charge for furnished domestic dwellings that are occupied periodically.

## **2. Background**

- 2.1 The Levelling Up and Regeneration Act received Royal Assent on 26th October 2023.

Section 77 of the Act provides a discretionary provision to the Local Authority to raise a premium of no more than 100% on second homes. 'Second homes' are not defined within the Council Tax legislation and the properties that are the subject of the premium are dwellings where;

- a. There is no resident of the dwelling, and
- b. The dwelling is substantially furnished.

A resident in relation to the dwelling means an individual who has their sole or main residence in the dwelling.

As 12 months' notice to existing owners of second homes is required, the earliest that the new charges will apply is from 1<sup>st</sup> April 2025.

- 2.2 Since 1<sup>st</sup> April 2017, local authorities in Wales have been able to charge the premium of up to 100% of the standard Council Tax on dwellings periodically occupied.

The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 includes regulations for classes of dwellings to which a billing authority may not make a determination to apply a premium. The local authority must have regard to these exceptions before deciding to implement a premium. These include –

Class 1 – dwellings being marketed for sale or where an offer to buy the dwelling has been accepted, time limited for 1 year.

Class 2 – dwellings being marketed for let or where an offer to rent has been accepted, time limited for 1 year.

Class 3 – annexes forming part of, or being treated as part of, the main dwelling.

Class 4 – dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation.

Class 5 – occupied caravan pitches and boat moorings.

Class 6 – dwelling where, by virtue of the planning condition, year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation only or prevents occupancy as a person's sole or main residence.

Class 7 – job-related dwellings.

- 2.3 A consultation in September 2023 was held to identify properties where the premium charge will not be applied in England.

The outcome of this consultation has not been received although officers expect that new legislation will be received before 1<sup>st</sup> April 2025.

It is expected that the exceptions will follow similar lines as the Welsh regulations to include:

- Furnished annexes which are being used as part of a sole or main residence
- Job related
- Caravan pitches and boat moorings
- Seasonal homes where year-round or permanent occupation is prohibited
- Properties empty short term between tenants.

### 3. Significant Policy Impacts

#### 3.1 Strategic Priorities

##### Let's deliver quality Housing

The number of holiday lets/second homes and Airbnb properties directly affects the increases in housing prices and rental prices in the area, at the same time as reducing the availability of good quality homes for local residents.

#### 3.2 Organisational Impacts

##### Finance

The introduction of a premium will increase revenue to the Council, however until the exceptions to the premium charge are known, it is difficult to predict the amount of increased revenue.

Numbers of domestic furnished dwellings currently without a resident for more than a year, are shown below:

Council Tax Band	A	B	C	D	E	F	G	H
No. properties	133	86	27	12	15	3	1	1

Total number of properties: 278

Assuming these additional properties were at Band B, this would equate to additional income of c£67,000 p.a to the Council. However, given the potential exceptions to the premium the actual additional income is likely to be much lower.

The actual additional income will be calculated as part of the Council Tax Base and Council Tax Requirement for 2025/26 and will be included in the development of the next Medium Term Financial Strategy.

### **3.3 Legal Implications inc Procurement Rules**

There are no legal impacts as a direct result of this report.

### **3.4 Equality, Diversity and Human Rights**

There are no impacts as a direct result of this report.

### **3.5 Staffing**

No implications.

## **4. Risk Implications**

If the introduction of a premium charge results in a reduction of holiday lets and Airbnb properties, this may have an impact on the number of visitors to the area.

## **5. Recommendation**

### **5.1 That Executive considers, and recommends to Full Council, the introduction of a premium charge of 100% from 1<sup>st</sup> April 2025 for dwellings where;**

- a. There is no resident of the dwelling, and
- b. The dwelling is substantially furnished.

NB – details of exceptions to this premium are expected to be mandated in legislation before 1<sup>st</sup> April 2025.

**Is this a key decision?** Yes

**Do the exempt information categories apply?** No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** None

**List of Background Papers:** None

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