

COUNCIL TAX ON DEVELOPMENTS MEETING DEFINED HOUSING NEEDS

1. EXECUTIVE SUMMARY

- 1.1 This paper proposes a permanent change to the Council's policy of charging double Council Tax on long term empty dwellings where the development contributes to meeting the Council's defined housing need and is being supported by public funds.

2. RECOMMENDATION

- 2.1 It is recommended that the Policy and Resources Committee approve that the double charge for Council Tax is not levied on any property where both the following apply:
1. The property has been identified as contributing toward meeting the Council's defined housing need.
 2. The applicant is in receipt of public sector or community development funding relating specifically to the property development.

3. DETAIL

- 3.1 The Council currently charges double Council Tax on long term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 where the property is:
- not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area with effect from 1 April 2014, or
 - being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.
- 3.2 On 14 May 2020 the Council's Business Continuity Committee (BCC) approved a temporary policy amendment to remove the double charge under the following circumstances:
- where there is conclusive evidence that efforts have been made, or are being made to bring the empty properties back into use and that the homeowners' ability to bring the home back into use is affected by COVID-19

- where there is conclusive evidence of financial hardship of the taxpayer caused by Covid-19 where the Council does not apply any new double charges of Council Tax
- on long-term empty dwellings where it becomes long-term empty between 1 April 2020 and 30 September

- 3.3 Since that BCC decision this temporary amendment has been extended twice and is due to expire on 30 September 2021.
- 3.4 When considering these previous extensions, it has been highlighted there are specific circumstances where the double charge policy does not work in harmony with the intention of funding streams such as Strategic Housing Fund (SHF) grants offered by the Council, or Rural Housing Fund and Island Housing Fund grants offered by the Scottish Government or any other public sector or community development funding which specifically relates to property development. These schemes are designed to attract applicants to conduct property development works in rural areas and there is a risk that applying a double charges for Council Tax may deter potential schemes from being developed.
- 3.5 Furthermore there are other funds operated by the Council which support the development of long-term empty properties in our area which may also be subject to the double Council Tax charge depending on how long it takes for them to be completed. This includes the element of the Rural Growth which relates to the development of empty properties and town centre development schemes such as Conservation Area Regeneration Scheme (CARS) or the Townscape Heritage Initiative (THI).
- 3.6 Officers in Financial Services and the Housing Team have engaged on this issue and developed a recommended solution which would see a permanent change to the double Council tax charging policy which would apply an exemption for long-term empty properties specifically where the properties have been identified as meeting the Council's defined housing need and the development is being supported by public sector or other community development funding.
- 3.7 This policy change would not only apply to Registered Social Landlords but also to community led property developments which are becoming more common across Scotland and there are currently a couple of relatively small property developments in our islands that would benefit from this policy change.
- 3.8 Double charging for Council Tax was initially introduced in April 2014 after the Scottish Government introduced new legislation The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This is the first time the policy appears to be working against public sector grant funding schemes because of delays in the completion of building projects and the increase in availability of public funds to support such developments. It is important that the policy evolves to be aligned to the delivery of the Council's identified

housing needs which, in turn helps underpin the Council's overarching aim that Argyll and Bute's economic success will be built on a growing population.

- 3.9 It is estimated there would only be approximately half a dozen projects in Argyll and Bute in the coming years that would meet this criteria for the exemption from the double charge so this policy amendment is unlikely to result in any significant cost to the Council in terms of Council Tax recovery. Furthermore the policy intent in relation to charging double council tax on long-term empty properties is to maximise the number of empty homes that are brought back into use rather than to generate more income for the Council by increase Council Tax charges. As such this recommended change is consistent with the overall intent of the double council tax charge policy.
- 3.10 Therefore it is recommended that the double charge for Council Tax will not be levied on any property where both the following apply
1. The property has been identified as contributing toward meeting the Council's defined housing need.
 2. The applicant is in receipt of public sector or community development funding relating specifically to the property development

4. CONCLUSION

- 4.1 There is a risk that property developments focused on meeting the Council's defined housing needs, and supported by public sector or community development funding, are jeopardised by attracting a double council tax charge in circumstances. This policy change would remove that risk.

5. IMPLICATIONS

- 5.1 Policy – Addition to the policy on double charging Council Tax on long-term empty properties to make property development projects supported by grant funding from the Council or the Scottish Government to meet defined housing need exempt from the charge.
- 5.2 Financial – The policy amendment may reduce the Council's ability to generate income from delays in building works associated with some housing developments that are specifically renovating existing properties. This reduction is not significant given the specific circumstances of the exemption
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands Duty - None
- 5.6 Risk – None.
- 5.7 Customer Service - None

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