## Report No. 04/16 National Park Authority

#### REPORT OF THE HEAD OF PARK DIRECTION

#### SUBJECT: COUNTY COUNCIL GUIDANCE ON IMPLEMENTING OF COUNCIL TAX PREMIUMS ON LONG-TERM EMPTY HOMES AND SECOND HOMES

#### Purpose of Report

The Welsh Government will issue the above Regulations to local authorities on 31 Jan 2016. Draft Regulations were issued in December 2015. This guidance relates back to the Housing Act (Wales) 2014. The Regulations requires the local authority to undertake a consultation exercise and a regulatory impact assessment before making a decision on whether to introduce a council tax premium. To introduce in April 2017 the local authority must give a full year's notice. A report will therefore be considered at the County Council's meeting on March 10 2016. This Authority has been asked by the County Council for its views on the introduction of a premium due to the National Park Authority's role in enabling affordable housing.

#### **Background**

From 1 April 2017, local authorities will be able to charge a premium of up to 100% of the standard rate of council tax on long-term empty homes and second homes in their areas (where Council Tax is charged). The legislative changes were made by the Housing (Wales) Act 2014 and the powers given to local authorities are discretionary. Whether to charge a premium on long-term empty homes or second homes (or both) is, therefore, a decision to be made by each local authority. A consultation to support this decision is due to start week commencing 25 January 2016.

Pembrokeshire County Council is not proposing to make a decision on whether to introduce a premium on empty homes at this point in time. This issue will be considered during 2016/17 and there will be a separate consultation.

The council tax system already provides a number of specific exemptions from council tax. The exempt groups are set out in the Council Tax (Exempt Dwellings) Order 1992.

#### Section 12B: Higher amount for second homes

A second home is defined as a dwelling which is not a person's sole or main home and is substantially furnished. These dwellings are referred to in the 1992 Act as dwellings occupied periodically but they are commonly referred to as "second homes".

In order for a premium to apply to dwellings occupied periodically, a billing authority must make its first determination under section 12B at least one year before the

beginning of the financial year to which the premium relates. This means that in order to charge a premium from 1 April 2017, a billing authority must make a determination before 1 April 2016. A determination to charge a premium in 2018 must be made before 1 April 2017 and so on.

#### Making a Determination to charge the Council Tax Premiums on Long-term Empty Homes and Second Homes

This will of course be a matter for the County Council's determination but it is useful to understand the Welsh Government's rationale for legislation. *'The discretion given to local authorities to charge a premium is intended to be a tool to help local authorities to:* 

- 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.'

In considering whether or not to charge a premium, regard should be given to these aims. Authorities should take into account the particular housing need and circumstances in their area.

There are a range of factors which could help inform local authorities in deciding whether to charge a premium. Whilst some factors will be specific to either long-term empty homes or second homes, others will be common to both. A list of these factors is set out below to assist local authorities. It is not intended to be exhaustive.

- Numbers and percentages of long-term empty homes or second homes in the area;
- Distribution of long-term empty homes or second homes and other housing throughout the authority and an assessment of their impact on property values in particular areas;
- Potential impact on local economies and the tourism industry;
- Patterns of demand for, and availability of, affordable homes;
- Potential impact on the local community;
- Other measures that are available to authorities to increase housing supply;
- Other measures that are available to authorities to help bring empty properties back into use.

## Exceptions to the Council Tax Premiums on Long-Term Empty Homes and Second Homes

Sections 12A and 12B of the 1992 Act provide Welsh Ministers with powers to make regulations to prescribe one or more classes of dwellings in relation to which a billing authority may not make a determination to apply a premium. The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 are made under these powers – a premium may not be charged on a dwelling that falls within an exception. A local authority must have regard to these exceptions before deciding to implement a premium.

The regulations prescribe seven classes of exempt dwellings. Classes 1, 2, 3 and 4 apply to both long-term empty homes and second homes. Classes 5, 6, and 7 only apply to second homes. The classes of dwelling are outlined in the table below and are detailed further in paragraphs 28 – 46 of the guidance (see Appendix 1).

| Classes of Dwellings | Definition   | Application                               |  |  |
|----------------------|--|---|--|--|
| Class 1              | Dwellings being<br>marketed for sale – time-<br>limited for one year   |   |  |  |
| Class 2              | Dwellings being<br>marketed for let – time-<br>limited for one year  | Long-Term Empty Homes<br>and Second Homes |  |  |
| Class 3              | Annexes forming part of,<br>or being treated as part<br>of, the main dwelling  |   |  |  |
| Class 4              | Dwellings which would<br>be someone's sole or<br>main residence if they<br>were not residing in<br>armed forces<br>accommodation |   |  |  |
| Class 5              | Occupied caravan<br>pitches and boat<br>moorings   | Second Homes                              |  |  |
| Class 6              | Seasonal homes where<br>year-round occupation is<br>prohibited   |   |  |  |
| Class 7              | Job related dwellings  |   |  |  |

The guidance also advises under section 13A of the 1992 Act how a billing authority has discretionary powers to reduce council tax liability to such extent as the billing authority thinks fit (see paragraphs 47 to 51). Guidance on appeals is also provided (paragraphs 52 to 54).

#### Officer Appraisal

The County Council will decide on the way forward on this guidance. These are the factors the Council will need to include in the appraisal:

- a) Numbers and percentages of long-term empty homes or second homes in the area;
- b) Distribution of long-term empty homes or second homes and other housing throughout the authority and an assessment of their impact on property values in particular areas;
- c) Potential impact on local economies and the tourism industry;
- d) Patterns of demand for, and availability of, affordable homes;
- e) Potential impact on the local community;
- f) Other measures that are available to authorities to increase housing supply;

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g) Other measures that are available to authorities to help bring empty properties back into use.

Looking at each of those factors that Officers here are in a position to comment on for the National Park:

a) Empty Homes and Second Homes in the Area: A survey by the Welsh Local Government Association identified approximately 23,360 second homes in Wales.<sup>1</sup> This figure includes self-catering holiday lets. The current council tax system allows for discounts on council tax for second homes at the discretion of local authorities and therefore this figure which is compiled from records of discounts being applied does not provide a precise data set for all properties that are used as second homes. The 2011 population census also suggests that of the people with a second home used for holiday purposes in Wales, approximately 80% have that home in Gwynedd, the Isle of Anglesey, Ceredigion, Pembrokeshire Powys.<sup>2</sup> or The Explanatory Conwv. Memorandum for the Housing Bill advises that such places with higher concentrations of second homes are considered more likely to introduce the additional charge.

Data available on second homes is attached at Appendix 2.

b) Links to House Prices: The desirability of any location will cause prices to rise and demand for second homes along with demand for retirement homes, will all impact on the local pattern of prices, pushing some locations out of the price range of buyers with less spending power. Average house prices in the National Park are generally higher than those in Pembrokeshire outside the National Park and in Wales. Some of these more desirable and attractive locations also correspond with traditional Welsh speaking areas of the County. Housing pressure in these areas is likely to mean the pricing out of some local households, with implications for the sustainability of local communities. Data on house prices is attached at Appendix 3. The map shows the County Council's estimates of what the house price to income ratio in difference localities is in Pembrokeshire. This has been derived from house price data as well as estimates of median incomes from the Paycheck database. Whilst these are estimates we can be confident about the general picture they paint. Affordability of housing is much more of an issue in rural, coastal areas, the same areas that have high proportions of second homes. Figures based on Jan – March 2015 data suggest that, overall, house prices are five times higher than incomes in Pembrokeshire. In common with many other areas, there has been a substantial increase in the size of the private rented sector in Pembrokeshire between 2001 and 2011. Rents tend to be higher in coastal areas – See Appendix 3 maps.

<sup>1</sup> Explanatory Memorandum for the Housing (Wales) Bill 2013 http://www.assembly.wales/Laid%20Documents/PRI-LD9558-EM%20-%20Housing%20(Wales)%20Bill%20-%20EXPLANATORY%20MEMORANDUM-18112013-251741/pri-ld9558-em-e-English.pdf

<sup>2</sup> Explanatory Memorandum for the Housing (Wales) Bill 2013

c) **Impacts on Local Economies etc.:** The Housing (Wales) Bill 2013 Explanatory Memorandum advises that while the benefits of second homes for the local economy and tourism are recognised, the fact that they are occupied for only part of the year has raised questions about the impact they can have on local services and on the availability of affordable housing.

Looking at external housing pressure more closely here, having external housing pressure is acceptable only so long as that pressure can be absorbed without causing difficulties for local communities. Whilst the renovation of surplus stock may act as a positive economic and environmental force in the countryside, the change of use of mainstream housing stock may be seen as a natural successor to economic stagnation as a force contributing to the social decline of rural communities. <sup>3</sup> 'External pressure' in Pembrokeshire largely manifests itself through inward migration (including lifestyle change and retirement) and the purchase of second homes. The distribution of these pressures varies throughout the County.

Impacts on communities no doubt will vary and a comprehensive assessment is a difficult exercise. Potentially there are benefits to having additional funding for affordable housing provision (Pembrokeshire County Council Officers advise that there is a potential revenue stream of £3.5m); potentially properties are being used more and therefore local services and businesses being supported more. Additional affordable housing provision helps sustain local communities.

Potential issues could include perhaps less spend within the local community for those occupying a second home with an increased council tax bill. This cost would be lower if second home owners rented or even sold their properties. The County Council's consultation will seek views on impact.

Exemptions would apply to those properties registered for business rates and those with a planning condition that prevent occupancy for a continuous period of at least 28 days in any one year. Those business owners that pay business rates for holiday let would potentially be liable for the higher Council Tax if occupancy fell below 70 days in the year. This stipulation is to ensure that properties are not listed as holiday lets for Council Tax purposes while not actively looking to rent them out. Data on the number of properties in each community which are listed as holiday lets for Council Tax purposes is also attached – Appendix 1. They are predominantly to be found in the National Park area.

A commonly occurring suggestion during the County Council's recent consultation on 'Pembrokeshire County Council is Changing' - Second Round - Community Engagement Events was increasing Council Tax on second homes in Pembrokeshire. The consultation was carried out in November 2015. The Council is currently also providing an opportunity for further comment.

<sup>&</sup>lt;sup>3</sup> Rural Second Homes in Europe, Nick Gallent and Mark Tewdwr Jones 2000, page 60

- d) Affordable housing need is identified throughout Pembrokeshire in the County Council's Local Housing Market Assessment. The level of need identified cannot be fully addressed by social housing grant and S106 obligations contributions. Additional funding through this mechanism would be of benefit in Pembrokeshire.
- e) See c)

#### Financial Implications

The Council will need to consider other issues such as the cost of administration although this was not considered to be prohibitive for local authorities when looked at nationally.<sup>4</sup>

The guidance sets out specific guidance for the Council on the use of additional revenue. Local authorities are encouraged to use the funds for meeting local housing needs in line with policy intentions of the premiums. Specific requirements in relation to reporting on additional revenue generated and its subsequent use will be set out at a later date by the Welsh Government. Paragraphs 60 to 62 of the guidance sets out what will be covered in further guidance to be published later.

#### **Conclusion**

Officers would advise that on balance given:

- There is external pressure on the housing market in parts of Pembrokeshire which makes properties more difficult to afford.
- That the Council's recent consultation shows local support for such a proposal in Pembrokeshire.
- the exemptions available in order to exclude holiday let businesses
- the opportunity to alter current arrangements to make more use of properties maximising best use of the existing stock.
- that this mechanism provides an opportunity to raise revenue by imposing increased council tax to directly benefit local communities (including the potential for greater spend on affordable housing delivery) and compensate for the economic loss that arises from concentrations of non-primary accommodation in some areas.

That, with the funding used as suggested to meet local housing needs in line with the policy intentions of the premiums, the proposal should be supported in principle.

#### **Recommendation**

1. Members to discuss and agree an Authority response to this consultation.

Background Documents

<sup>&</sup>lt;sup>4</sup> Explanatory Memorandum for the Housing (Wales) Bill 2013

http://www.legislation.gov.uk/anaw/2014/7/section/139/enacted

Guidance on the Implementation of the Council Tax Premiums on Long – Term Empty Homes and Second Homes in Wales (attached) (For further information, please contact Martina Dunne on ext 4820)



Llywodraeth Cymru Welsh Government

## Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales

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### Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales

#### Introduction

- From 1 April 2017, local authorities will be able to charge a premium of up to 100% of the standard rate of council tax on long-term empty homes and second homes in their areas. The legislative changes were made by the Housing (Wales) Act 2014 and the powers given to local authorities are discretionary. Whether to charge a premium on long-term empty homes or second homes (or both) is, therefore, a decision to be made by each local authority.
- 2. The purpose of this guidance is to assist local authorities in their decision whether or not to charge a premium in their area.
- 3. This guidance has been produced to ensure that there is a fair and consistent implementation of the premiums and their exceptions across Wales.
- 4. The guidance is statutory and is issued under powers in sections 12A (3) and 12B (4) of the Local Government Finance Act 1992 ("the 1992 Act") as inserted by the Housing (Wales) Act 2014 ("the 2014 Act"). It applies to all local authorities in Wales.
- 5. This guidance should not be treated as an interpretation of the legislation. The interpretation of legislation is in the first instance a matter for the local authority, with definitive interpretation the responsibility of the courts.

#### Legal Framework for the Council Tax Premiums

- Paragraphs 7 14 set out the legal framework which is common to both the premium on long-term empty homes and the premium on second homes. Requirements which are specific to long-term empty homes are set out in paragraphs 15 - 17, and those which are specific to second homes are detailed in paragraphs 18 - 19.
- 7. The 2014 Act amends the 1992 Act by inserting new sections 12A and 12B to enable a billing authority (a county council or county borough council) in Wales to disapply any discount granted to long-term empty dwellings and dwellings occupied periodically and apply a higher amount of council tax (a premium).
- 8. Local authorities have discretion to decide on the amount of the premium up to a maximum of 100% of the standard rate of council tax that applies to the dwelling.

- 9. Where a determination to charge a premium is made, a local authority must publish a notice of the determination in at least one newspaper circulating in its area within 21 days of the date of the determination.
- 10. A determination by a billing authority to charge a premium will also disapply any discount that is granted under section 11(2)(a) of the 1992 Act for dwellings in which there are no residents.
- 11. A billing authority can make, vary or revoke a determination made under sections 12A and 12B of the 1992 Act, but only before the beginning of the financial year to which the determination applies.
- 12. The Welsh Ministers also have powers under section 12A(4) and 12A(5), and 12B(5) and 12B(6) of the 1992 Act to prescribe through regulations certain classes of dwelling which may not be subject to a premium. The Council Tax (Exceptions to Higher Amounts Wales) Regulations 2015 have been made under these powers and the exceptions they prescribe are detailed later in this guidance.
- 13. The council tax system already provides a number of specific exemptions from council tax. The exempt groups are set out in the Council Tax (Exempt Dwellings) Order 1992. There are a number of exemptions in place for unoccupied dwellings, such as, for example:
  - where the resident is in long-term residential care or hospital,
  - where a dwelling is being structurally repaired (for up to one year),
  - where the resident has died (for up to six months after grant of probate or letters of administration).
- 14.A dwelling that is exempt from council tax is not liable for a premium. However, where a dwelling becomes no longer eligible for an exemption, but remains unoccupied, it will become liable for the premium. In the case of an empty home, it will be liable for a premium after it has been empty for a continuous period of one year.

#### Section 12A: Higher amount for long-term empty dwellings

- 15. A long-term empty dwelling is defined as a dwelling which is both unoccupied and substantially unfurnished for a continuous period of at least one year.
- 16. In determining whether a dwelling has been empty for one year, no account is to be taken of any period before 1 April 2016. In addition, the furnishing or occupation of a dwelling for one or more periods of six weeks or less during the year will not affect its status as a long-term empty dwelling. In other words, a person cannot alter a dwelling's status as a long-term empty dwelling by taking up residence or installing furniture for a short period.

17. Where a local authority makes a determination to charge a premium on long-term empty dwellings, it may specify different percentages (up to a maximum of 100 per cent) for different dwellings based on the length of time for which they have been empty. This will enable local authorities to take a stepped approach with incremental increases applying over time.

#### Section 12B: Higher amount for second homes

- 18. A second home is defined as a dwelling which is not a person's sole or main home and is substantially furnished. These dwellings are referred to in the 1992 Act as dwellings occupied periodically but they are commonly referred to as "second homes".
- 19. In order for a premium to apply to dwellings occupied periodically, a billing authority must make its first determination under section 12B at least one year before the beginning of the financial year to which the premium relates. This means that in order to charge a premium from 1 April 2017, a billing authority must make a determination before 1 April 2016. A determination to charge a premium in 2018 must be made before 1 April 2017 and so on.

#### Making a Determination to charge the Council Tax Premiums on Long-term Empty Homes and Second Homes

- 20. The discretion given to local authorities to charge a premium is intended to be a tool to help local authorities to:
  - 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.
- 21. In considering whether or not to charge a premium, regard should be given to these aims. Authorities should take into account the particular housing need and circumstances in their area.
- 22. There are a range of factors which could help inform local authorities in deciding whether to charge a premium. Whilst some factors will be specific to either long-term empty homes or second homes, others will be common to both. A list of these factors is set out below to assist local authorities. It is not intended to be exhaustive.
  - Numbers and percentages of long-term empty homes or second homes in the area;
  - Distribution of long-term empty homes or second homes and other housing throughout the authority and an assessment of their impact on property values in particular areas;
  - Potential impact on local economies and the tourism industry;
  - Patterns of demand for, and availability of, affordable homes;

- Potential impact on local public services;
- Potential impact on the local community;
- Other measures that are available to authorities to increase housing supply;
- Other measures that are available to authorities to help bring empty properties back into use.
- 23. The determination by a local authority to charge a premium under section 12A or 12B of the 1992 Act must be made by full Council. Prior to doing so, a local authority must give due consideration to its statutory duties to carry out equality impact assessments under the Equality Act 2010 and the Welsh Public Sector Equality Duties 2011 and to all other relevant considerations. A local authority should also give consideration to engagement and consultation with key stakeholders, including the local electorate, before taking a decision as to whether or not to charge one or both of the premiums.
- 24. Having made a determination to charge a premium, in addition to the requirement to publish a notice in a local newspaper within 21 days, a local authority should give consideration to how its decision is communicated more widely, particularly to those who might be affected. This may be through the publication of press notices, providing information on website pages or other avenues to raise awareness such as, for example, direct communication with council taxpayers who are likely to be liable for the premium. A local authority may also wish to give consideration to how they advise or inform those who may be affected but who normally reside outside the local area.

#### Exceptions to the Council Tax Premiums on Long-Term Empty Homes and Second Homes

- 25. Sections 12A and 12B of the 1992 Act provide Welsh Ministers with powers to make regulations to prescribe one or more classes of dwellings in relation to which a billing authority may not make a determination to apply a premium. The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 are made under these powers a premium may not be charged on a dwelling that falls within an exception. A local authority must have regard to these exceptions before deciding to implement a premium.
- 26. The regulations prescribe seven classes of exempt dwellings. Classes 1, 2, 3 and 4 apply to both long-term empty homes and second homes. Classes 5, 6, and 7 only apply to second homes. The classes of dwelling are outlined in the table below and are detailed further in paragraphs 28 46.

| Classes of Dwellings | Definition  | Application  |  |
|----------------------|---|--|--|
| Class 1              | 1 Dwellings being marketed<br>for sale – time-limited for<br>one year   |  |  |
| Class 2              | Dwellings being marketed<br>for let – time-limited for one<br>year  | <ul> <li>Long-Term Empty</li> <li>Homes and Second</li> <li>Homes</li> </ul> |  |
| Class 3              | Annexes forming part of, or being treated as part of, the main dwelling   |  |  |
| Class 4              | Dwellings which would be<br>someone's sole or main<br>residence if they were not<br>residing in armed forces<br>accommodation |  |  |
| Class 5              | Occupied caravan pitches and boat moorings  |  |  |
| Class 6              | Seasonal homes where<br>year-round occupation is<br>prohibited  | Second Homes   |  |
| Class 7              | Job-related dwellings   |  |  |

- 27. Each exception is described further in the next section. Additional guidance will be provided in relation to assist local authorities in the application of the exceptions for:
  - dwellings being marketed for sale;
  - dwellings being marketed for let; and
  - job-related dwellings.

#### Class 1: Exception for dwellings being marketed for sale

- 28. This exception applies to both the premium on long-term empty homes and the premium on second homes. It excepts dwellings that are being marketed for sale. It also covers dwellings where an offer to buy the dwelling has been accepted but the sale has not yet been completed.
- 29. In order to qualify for this exception a dwelling must be on the market for sale at a reasonable price. In considering whether a price is reasonable, regard should be given to the sale price of comparable dwellings in the area. Additional guidance will be provided to assist local authorities in the application of this exception.
- 30. The exception period runs for up to one year from the granting of the exception. After an exception has ended, a dwelling being marketed for sale will not be eligible for a further exception period unless it has been sold.

#### Class 2: Exception for dwellings being marketed for let

- 31. This exception applies to both the premium on long-term empty homes and the premium on second homes. It excepts dwellings that are being marketed for let. It also covers dwellings where an offer to rent has been accepted but the tenant is not yet entitled to occupy the property because the tenancy has not yet started.
- 32. In order to be eligible for this exception, a dwelling must be on the market for let at a reasonable rent, that is, the rent the property would be expected to fetch having regard to the rent raised on comparable dwellings. Additional guidance will be provided to assist local authorities in the application of this exception
- 33. The exception period runs for up to one year from the granting of the exception. After the end of the exception period, a dwelling being marketed for let will not be eligible for a further exception period unless it has been subject to a tenancy that was granted for a term or six months or more.

#### <u>Class 3: Exception for Annexes forming part of, or being treated as part</u> of, the main dwelling

- 34. This exception applies to both the long-term empty homes premium and to the second homes premium.
- 35. This exception applies where an owner has adapted their dwelling to provide an annexe and the annexe is now being used as part of the main dwelling.

#### <u>Class 4: Exception for Dwellings which would be someone's sole or</u> <u>main residence if they were not residing in armed forces</u> <u>accommodation</u>

- 36. This exception applies to both the long-term empty homes premium and to the second homes premium.
- 37. This exception applies to dwellings that would be a person's sole or main residence but which is unoccupied because that person resides in armed forces accommodation.
- 38. This exception is also intended to cover armed forces personnel whose homes are unoccupied because they are living in armed forces accommodation overseas.

#### Class 5: Exception for Occupied caravan pitches and boat moorings

39. This exception applies to the second homes premium. It covers dwellings that consist of a pitch occupied by a caravan or a mooring occupied by a boat where the boat or caravan currently has no resident, but when next in use will be a person's sole or main residence.

## Class 6: Exception for Seasonal homes where year-round occupation is prohibited

- 40. This exception applies to the second homes premium. It is applicable to dwellings that are subject to planning conditions that prevent occupancy for a continuous period of at least 28 days in any 12-month period.
- 41. This exception is intended to cover purpose-built holiday homes or chalets which are subject to planning conditions restricting year-round occupancy. The exception is based on the definition of the existing discretionary discount for seasonal homes (Class A) in The Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998<sup>1</sup>.

#### Class 7: Exception for job-related dwellings

- 42. This exception applies only in relation to the second homes premium and applies to dwellings occupied by a person who is:
  - a qualifying person in relation to the dwelling, but who is resident in another dwelling which is job-related (as defined in Schedule 1 to the Regulations); or
  - a qualifying person in relation to a job-related dwelling.

43. A qualifying person is defined as:

- a person who is liable for council tax in respect of a dwelling on a particular day, whether or not jointly with another person; and
- a person who would be liable for the council tax in respect of a dwelling on a particular day, whether or not jointly with another person if that dwelling did not fall within:
  - i. Class O of the Council Tax (Exempt Dwellings) Order 1992; or
  - ii. Class E of the Council Tax (Liability for Owners) Regulations 1992.
- 44. This exception applies where a person is required to reside in a job-related dwelling. It applies to a second home that is occupied periodically because a person is required to live in job-related accommodation elsewhere. It also applies where the job-related accommodation is a person's second home.
- 45. The definition of a job-related dwelling is given in the Schedule to the Regulations. Although this exception is similar to the job-related discount under the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998, it differs because the discount only applies if the job-related dwelling is a person's sole or main residence.

<sup>&</sup>lt;sup>1</sup> SI 1998 No 105

46. Another difference from the job-related dwelling discount is that there is no requirement for the taxpayer to be liable for council tax in respect of two dwellings, meaning that a person who has either a main home abroad or a job-related dwelling abroad can also benefit from the exception. Additional guidance will be provided to assist local authorities in the application of this exception

## Reducing Liability for the Council Tax Premiums on Long-Term Empty and Second Homes

- 47. Under section 13A of the 1992 Act, a billing authority has discretionary powers to reduce council tax liability to such extent as the billing authority thinks fit. The power can be exercised in particular cases or by determining a class or case. The power may be used to reduce council tax liability in circumstances where a local authority may otherwise charge a premium.
- 48. Some illustrative examples of where a local authority might consider using these powers include:
  - where there are reasons why the dwelling could not be lived in;
  - where there are reasons why a dwelling could not be sold or let;
  - where an offer has been accepted on a property but the sale has not yet been completed and the exception period has run out;
  - where charging a premium might cause hardship.
- 49. The above list is not exhaustive and billing authorities will want to consider all factors they think are relevant.
- 50. It is a matter for a local authority as to whether the discretionary 13A powers are used to reduce council tax liability in respect of a premium. In the interest of fairness and transparency, a local authority should have a clear policy on whether, and how, these powers will be used. The authority should, however, consider each case on its merits having taken into account the circumstances of the case.
- 51. It should be noted that deliberations around the use of the discretionary 13A powers are likely to be different when they are considered to reduce council tax liability resulting from a premium compared to reducing liability from the standard rate of council tax. This is because dwellings liable to a premium are already liable for the standard rate of council tax.

### Appeals

- 52. If a person is aggrieved by a calculation by the local authority of the amount of their council tax liability including their liability to pay a premium, they must, in the first instance, make an appeal to their local authority.
- 53. If they are aggrieved by the decision taken by their local authority or if the local authority does not provide a decision within the required timescales, they can appeal to the Valuation Tribunal for Wales but only after they have exhausted the local authority's appeals process.
- 54. Further information on the appeals process can be found on the Valuation Tribunal for Wales' website via the link below:

http://www.valuation-tribunals-wales.org.uk/home.html.

#### **Next Steps**

#### Amendments to related legislation

55. In order to ensure that local authorities are able to administer and enforce the premiums the Welsh Government will amend relevant legislation to reflect the introduction of the premiums for example, changes to the calculation of the tax-base and to the appeals process.

#### Administration and Enforcement

- 56. In order to assist local authorities with the administration and enforcement of the premiums, in particular the application of the exceptions, additional guidance will be provided.
- 57. In response to concerns raised by some authorities about administrative difficulties and potential avenues for abuse, this guidance will also provide additional information to assist local authorities in applying the exceptions for:
  - dwellings being marketed for sale;
  - dwellings being marketed for let; and
  - job-related dwellings.

#### Use of additional revenue generated from the Council Tax Premiums

58. A local authority will be able to retain any additional funds generated by implementing the premiums and amendments to the calculation of the tax base will be made to facilitate this. However, authorities are encouraged to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premiums.

59. Specific requirements in relation to reporting on additional revenue generated and its subsequent use will be set out in further guidance. Further details on this are provided in the next section.

#### Monitoring and Reporting

- 60. In order to monitor the effectiveness of the premiums and to ensure that information on their usage is clearly made available to local council tax payers, the Welsh Government will require local authorities to monitor and report on the implementation of the premiums.
- 61. The specific requirements in relation to this will be set out in further guidance which will be published prior to April 2017. This is likely to include:
  - Number of properties liable for the premiums;
  - Additional income raised from implementing the premiums;
  - How any additional income has been used;
  - Number of empty homes which have been brought back into use.
- 62. A new module is currently being developed on Datatank for local authorities to use in modelling, monitoring and reporting on the premiums. This will be available to all authorities in the New Year.

Local Taxation Team Welsh Government December 2015

| Community            | Ctax Total 2nd home exc Class 6 |
|----------------------|---------------------------------|
| Ambleston            | 4                               |
| Amroth               | 95                              |
| Angle                | 29                              |
| Boncath              | 6                               |
| Brawdy               | 35                              |
| Burton               | 12                              |
| Caldey               | 6                               |
| Camrose              | 23                              |
| Carew                | 23                              |
| Cilgerran            | 38                              |
| Clydau               | 14                              |
| Clynderwen           | 6                               |
| Cosheston            | 17                              |
| Crymych              | 22                              |
| Cwm Gwaun            | 11                              |
| Dale                 | 40                              |
| Dinas Cross          | 80                              |
| East Williamston     | 30                              |
| Eglwyswrw            | 9                               |
| Fishguard & Goodwick | 108                             |
| Freystrop            | 4                               |
| Haverfordwest        | 35                              |
| Hayscastle           | 17                              |
| Herbrandston         | 3                               |
| Hook                 | 4                               |
| Hundleton            | 7                               |
| Jeffreyston          | 7                               |
| Johnston             | 5                               |
| Kilgetty/Begelly     | 27                              |
| Lampeter Velfrey     | 22                              |
| Lamphey              | 84                              |
| Letterston           | 9                               |
| Llanddewi Velfrey    | 3                               |
| Llandissilio West    | 5                               |
| Llangwm              | 23                              |
| Llanrhian            | 75                              |

### Table 1: Council Tax Total 2<sup>nd</sup> home excluding class 6<sup>1</sup>

<sup>&</sup>lt;sup>1</sup> Properties based on the information that Pembrokeshire County Council hold could be charged a second home premium.

| Community                   | Ctax Total 2nd home exc Class 6 |
|-----------------------------|---------------------------------|
| Llanstadwell                | 12                              |
| Llawhaden                   | 9                               |
| Maenclochog                 | 15                              |
| Manorbier                   | 37                              |
| Manordeifi                  | 11                              |
| Marloes & St Brides         | 32                              |
| Martletwy                   | 24                              |
| Mathry                      | 40                              |
| Merlins Bridge              | 4                               |
| Milford Haven               | 51                              |
| Mynachlogddu                | 11                              |
| Narberth                    | 26                              |
| Nevern                      | 52                              |
| New Moat                    | 6                               |
| Newport                     | 179                             |
| Neyland                     | 31                              |
| Nolton & Roch               | 40                              |
| Pembroke                    | 62                              |
| Pembroke Dock               | 48                              |
| Penally                     | 48                              |
| Pencaer                     | 38                              |
| Puncheston                  | 12                              |
| Rosemarket                  | 3                               |
| Rudbaxton                   | 12                              |
| Saundersfoot                | 248                             |
| Scleddau                    | 14                              |
| Solva                       | 72                              |
| Spittal                     | 5                               |
| St Davids & Cathedral Close | 135                             |
| St Dogmaels                 | 95                              |
| St Florence                 | 20                              |
| St Ishmaels                 | 18                              |
| St Mary Out Liberty         | 13                              |
| Stackpole & Castlemartin    | 36                              |
| Templeton                   | 19                              |
| Tenby                       | 355                             |
| The Havens                  | 185                             |
| Tiers Cross                 | 3                               |
| Uzmaston Boulston & Slebech | 3                               |
| Walwyns Castle              | 8                               |
| Wiston                      | 9                               |
| Wolfscastle                 | 6                               |

| Planning Authority Area           |      |
|-----------------------------------|------|
| Pembrokeshire County Council      | 1147 |
| Pembrokeshire Coast National Park | 1838 |
| Grand total                       | 2985 |

# Table 2 Distribution of NNDR (National Non-Domestic rated) holiday lets byvarious geographies

| Community Council name | Num |
|------------------------|-----|
| Ambleston              | 1   |
| Boncath                | 4   |
| Brawdy                 | 26  |
| Carew                  | 9   |
| Clydau                 | 5   |
| Cosheston              | 3   |
| Crymych                | 7   |
| Cwm Gwaun              | 9   |
| Dale                   | 8   |
| Dinas Cross            | 32  |
| Fishguard & Goodwick   | 25  |
| Hayscastle             | 5   |
| Jeffreyston            | 6   |
| Lampeter Velfrey       | 8   |
| Lamphey                | 69  |
| Llandissilio West      | 5   |
| Llanstadwell           | 2   |
| Llawhaden              | 3   |
| Maenclochog            | 6   |
| Manorbier              | 34  |
| Manordeifi             | 4   |
| Marloes & St Brides    | 8   |
| Martletwy              | 5   |
| Merlin's Bridge        | 1   |
| Milford Haven          | 5   |
| Mynachlogddu           | 2   |
| Narberth               | 5   |
| Nevern                 | 25  |
| New Moat               | 2   |
| Newport                | 63  |
| Neyland                | 2   |
| Pembroke               | 8   |
| Pembroke Dock          | 3   |
| Penally                | 20  |
| Pencaer                | 29  |
| St Davids              | 84  |
| St Dogmaels            | 25  |
| St Florence            | 13  |
| St Ishmaels            | 7   |
| St Mary Out Liberty    | 4   |

| Saundersfoot                   | 75  |
|--------------------------------|-----|
| Solva                          | 38  |
| Templeton                      | 4   |
| Tenby                          | 134 |
| The Havens                     | 70  |
| Walwyns Castle                 | 5   |
| Wiston                         | 2   |
| Wolfscastle                    | 2   |
| Clynderwen                     | 1   |
| Amroth                         | 31  |
| Angle                          | 7   |
| Burton                         | 5   |
| Camrose                        | 3   |
| Cilgerran                      | 3   |
| East Williamston               | 6   |
| Eglwyswrw                      | 7   |
| Freystrop                      | 2   |
| Haverfordwest                  | 2   |
| Hook                           | 1   |
| Hundleton                      | 5   |
| Johnston                       | 1   |
| Kilgetty/Begelly               | 8   |
| Llangwm                        | 2   |
| Llanrhian                      | 54  |
| Mathry                         | 24  |
| Nolton & Roch                  | 41  |
| Puncheston                     | 3   |
| Rosemarket                     | 3   |
| Rudbaxton                      | 2   |
| Scleddau                       | 5   |
| Stackpole & Castlemartin       | 13  |
| Tiers Cross                    | 2   |
| Uzmaston, Boulston and Slebech | 1   |

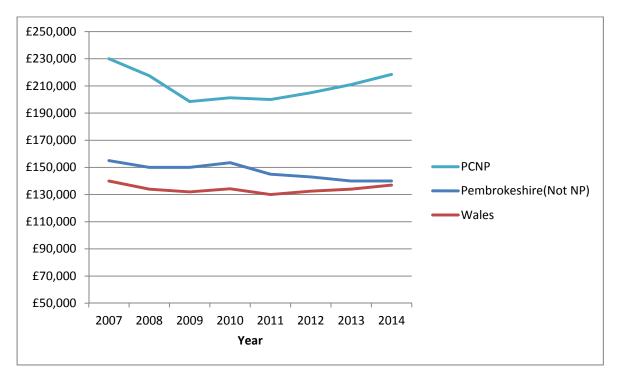
| Planning Authority Area           |      |
|-----------------------------------|------|
| Pembrokeshire County Council      | 300  |
| Pembrokeshire Coast National Park | 844  |
| Grand Total                       | 1144 |

#### Appendix 3

#### House Prices in Pembrokeshire Coast National Park

The Land Registry regularly releases "Price Paid" data<sup>1</sup>, which is a complete record of all housing transactions in England and Wales. This data set provides details pf the price paid for each property, its address and post code. This means that the data can be narrowed down to specific geographies using a postcode look up and an average price for a given area can be calculated.

The following graph provides trend data for house prices (all types) in the National Park compared to the area of Pembrokeshire outside of the National Park and Wales.



The Land Registry Price Paid transaction data is broken down into 4 rough property types:

- Detached
- Semi-detached
- Terrace
- Flat

Tables 1 - 3 below provide a breakdown of the median average house price by type, year and area.

<sup>&</sup>lt;sup>1</sup> https://www.gov.uk/government/statistical-data-sets/price-paid-data-downloads

#### Table 1

| Pembroke | Pembrokeshire Coast National Park: Median Average House Price |          |          |          |          |          |          |          |  |  |
|----------|---|----------|----------|----------|----------|----------|----------|----------|--|--|
|          | 2007  | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |  |  |
| Detached | £286,500  | £250,000 | £248,250 | £256,000 | £245,000 | £240,000 | £247,475 | £245,000 |  |  |
| Semi     | £182,000  | £180,750 | £165,000 | £183,725 | £168,500 | £178,500 | £176,000 | £180,000 |  |  |
| Terrace  | £189,000  | £215,000 | £186,250 | £178,000 | £190,000 | £160,000 | £203,000 | £195,500 |  |  |
| Flat     | £192,000  | £192,500 | £158,000 | £158,000 | £157,000 | £184,500 | £140,000 | £161,250 |  |  |
| All      | £230,000  | £217,500 | £198,475 | £201,250 | £200,000 | £205,000 | £211,000 | £218,500 |  |  |

#### Table 2

| Pembroke | Pembrokeshire excluding the National Park: Median House Price |          |          |          |          |          |          |          |  |  |
|----------|---|----------|----------|----------|----------|----------|----------|----------|--|--|
|          | 2007  | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |  |  |
| Detached | £221,000  | £205,000 | £195,000 | £205,000 | £184,000 | £192,750 | £191,000 | £195,000 |  |  |
| Semi     | £144,000  | £143,000 | £136,000 | £138,000 | £125,000 | £123,500 | £123,950 | £123,000 |  |  |
| Terrace  | £130,000  | £125,000 | £113,500 | £114,250 | £112,000 | £110,000 | £103,750 | £105,000 |  |  |
| Flat     | £118,950  | £86,950  | £81,000  | £98,000  | £84,000  | £87,000  | £73,500  | £85,000  |  |  |
| All      | £155,000  | £150,000 | £150,000 | £153,500 | £145,000 | £143,000 | £140,000 | £140,000 |  |  |

#### Table 3

| Wales: Median House Price |          |          |          |          |          |          |          |          |  |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|--|
|                           | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |  |
| Detached                  | £217,000 | £210,000 | £195,000 | £204,000 | £196,995 | £195,000 | £200,000 | £209,995 |  |
| Semi                      | £138,000 | £135,000 | £129,995 | £130,000 | £125,000 | £125,000 | £125,000 | £130,000 |  |
| Terrace                   | £110,000 | £105,000 | £99,000  | £100,000 | £99,950  | £100,000 | £100,000 | £105,000 |  |
| Flat                      | £125,000 | £117,250 | £112,500 | £110,000 | £107,950 | £105,000 | £105,000 | £110,000 |  |
| All                       | £140,000 | £134,000 | £132,000 | £134,253 | £130,000 | £132,500 | £134,000 | £137,000 |  |

