

EXMOOR NATIONAL PARK AUTHORITY**5 FEBRUARY 2002****COUNCIL TAX: A CONSULTATION PAPER ON PROPOSED CHANGES FOR SECOND HOMES AND LONG TERM EMPTY HOMES****Report of the Head of Planning and Community****Purpose of Report:**

To recommend a response to the Council Tax Consultation Paper on changes for Second Homes and Long Term Empty Homes.

Legal Implications:

The National Park Authority is not the Rating Authority responsible for Council Tax collections, this is a District Council function.

Financial Implications:

None for the National Park Authority. The additional monies raised could potentially help local authorities fund increased provision of affordable housing within the National Park area.

Human Rights Act 1998 Implications:

None.

National Park Purposes:

Having vibrant local communities contributing to achieving National Park purposes is essential. Meeting local peoples' housing needs is currently an urgent issue needing focused action.

RECOMMENDATION:

That the Authority AGREE the proposed response set out in Section 2 of this Report.

1. INTRODUCTION

- 1.1 Following the commitment in the Rural White Paper (November 2000), the Department of Transport, Local Government and the Regions (DTLR) has issued a consultation paper on removing the current 50% discount for second and long term empty homes.
- 1.2 Local people at all of Exmoor's Planning for Real events strongly requested that second homeowners ought to be charged 100% Council Tax. The National Park Authority made this point to the Government in its consultation response before the Rural White Paper was prepared.
- 1.3 The Consultation Paper sets out proposals to give local authorities the discretion to:
 - Remove or reduce the existing 50% Council tax discount for second homes (defined as furnished dwellings which are no-ones main residence);
 - Remove or reduce the existing 50% Council Tax discount for unfurnished long-term empty homes; and also

- Grant additional Council Tax exemptions or discounts that are not already covered by the current national exemptions, in response to local factors (eg. flooding) or on a case-by-case basis.

1.4 The Consultation Paper invites views on:

- (a) How the additional monies raised should be distributed; and
- (b) Whether the additional money should be ring-fenced for housing purposes.

1.5 The response in Section 2 below focuses on these two principle issues. Discussions have taken place with officers from North Devon and West Somerset District Councils to ensure consistency of view between the National Park Authority and the Districts as the rating authorities within the National Park. The views of other National Park Authorities have also been obtained.

2. PROPOSED RESPONSE

2.1 Overall the Consultation Paper is very much welcomed. It reflects the views expressed by local communities on Exmoor and takes account of the National Park Authority's recommendation to the Government. Potentially, the additional revenue raised could help provide additional affordable housing for local people within Exmoor.

2.2 Importantly, the Paper recognises that:

“At present local authorities in England do not have sufficient flexibility to be able to adjust council tax liability to reflect issues of local concern.” (para.9)

“High demand for second homes affects property prices in some areas, driving locals out of the housing market. If properties are not occupied for much of the time this can reduce the demand for local services such as the local bus service, the village shop and pub. In such areas, giving tax discounts to those generally able to afford full council tax is perceived as unfair.” (para.13)

Distribution of Additional Money Raised:

2.3 Firstly, we should strongly support the opportunity of local authorities removing the current 50% discount on both second homes and long-term empty properties. We should point out, however, that this measure alone will not affect the levels of second or empty homes or act as a disincentive to help reduce demand for further second homes – if an additional house can be afforded those owners will pay the additional Council Tax. The Government should consider whether, in changing the primary legislation, the Council Tax rate could be increased by local authorities above 100% in those communities where the proportion of second homes is damaging to the viability of local services. The rate could be varied according to the proportion of second homes at a Parish level (see Additional Points below). This suggestion has been raised by other Local Authorities and Members views are sought on whether we should make this point in our response.

2.4 Secondly, we should recommend that the local authorities themselves should be able to retain the additional money raised, rather than the funds going into a national pot. The rates of second and empty homes, and therefore the impacts, varies significantly between different local authority areas. Within this context it is important that where local authorities can demonstrate an unmet housing need within their areas, they should not lose any existing compensation grant as a consequence of raising the additional Council Tax. The Consultation Paper does say that: “the additional revenue raised would be disregarded for the purpose of grant calculations.” (para.36)

Using the Additional Money:

2.5 The Consultation Paper asks whether the additional money raised should be ring-fenced for housing purposes or whether it could be used by local authorities to support other community services. The Paper makes it clear that ‘housing purposes’ can be widely interpreted, so for example, it could be used to promote other Council Tax discounts to make it cheaper for other people to live in the area. This is to be welcomed and provides local authorities with flexibility to respond to different priorities within their own areas.

- 2.6 Given the clear shortage of affordable housing within most National Parks, it would be appropriate, at least for an initial five-year period, for the additional money to be used primarily for housing purposes. In respect of providing additional affordable housing units, the revenue should be able to be used to 'top-up' Social Housing Grant on schemes where there are higher costs involved, for example, the conversion of traditional buildings or re-purchasing existing housing. This is particularly relevant in National Parks where new build housing on green-field sites is not the first option.

Additional Points:

- 2.7 The Countryside Agency has commissioned research in England looking at numbers/distribution of Second Homes, their impact and to identify potential solutions to the problem. Similar research is also being undertaken in Wales. It would be sensible for the DTLR to await the publication of that research before finalising any decisions on these Council Tax proposals. Importantly, the impacts of different measures (fiscal and regulatory) need to be looked at as a whole because the second home issue is a complex one.
- 2.8 The Association of National Park Authorities will soon be asking the Government and National Assembly for Wales to establish a working group to investigate the potential mechanisms to exercise control over the growing numbers of second homes (see Paper attached to Member's Report by Roger Webber). This would focus especially upon designated areas, such as National Parks, AONBs and Heritage Coasts, and would include whether second and holiday homes should have separate use class to main dwelling houses within primary and secondary planning legislation.

Jack Ellerby
Principal Planning Officer (Policy and Community)
18 January 2002.

Background papers on which this report, or an important part of it are based, constitute the list of background papers required by Section 100 D (1) of the Local Government Act 1972 to be open to members of the public comprise:-

DTLR: A Consultation Paper on Proposed Changes for Second Homes and Long Term Empty Homes, November 2001.

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