



Proposals to exempt categories of dwellings from the council tax premiums in England

Date: 31 August 2023

Introduction

1. The Country Land and Business Association (CLA) is the membership organisation for owners and managers of land, property and businesses in rural England and Wales. Our 27,000 members own or manage around half the rural land in England and Wales and operate more than 250 different types of businesses. We help safeguard the interests of owners of land, and all those with an economic, social, and environmental interest in rural land. We estimate that around 90% of our members have let residential properties, and 46% use some of these properties to house employees, a rather unique function of the private rented sector in rural areas. Additionally, in our recent member survey, 23% of the properties respondents were let out at a rent below 80% of market.
2. The CLA welcomes this opportunity to respond to the consultation on 'Proposals to exempt categories of dwellings from the council tax premiums in England' published by the Department for Levelling Up, Housing and Communities on 6 July 2023.

Comments

Question 1: Do you agree that properties that are unoccupied or have no resident following the death of the owner should be an exception to either or both of the council tax premiums following the grant of probate or letters of administration?

3. Yes, this is a reasonable exemption to make.

Question 2: Do you agree that a period of 12 months after probate, or letters of administration have been granted, is an appropriate period?

4. Yes. However, one issue with the current Class F exemption is misunderstandings on the part of local authorities in applying it. The wording of the exemption is quite clear that it applies to the property of a deceased person held by their personal representative both before a Grant of Representation has been issued, and for a period of six months following the issue of a Grant. We have however encountered problems where local authorities have misunderstood this and believe that the exemption only applies for six months after death, and that council tax would become chargeable on a property if the Grant of Representation has not been issued after six months.
5. For example, see Lewisham Council: "Any property left empty following the death of the owner is exempt from paying council tax for six months from the date of death. Other exemptions may apply after this time."
(<https://lewisham.gov.uk/myserVICES/counciltax/council-tax-when-someone-dies>)

6. Another issue is where local authorities have attempted to bypass the Class F exemption by charging council tax on one of the beneficiaries of an estate, in circumstances where the executors are not yet in a position to be able to transfer the property to the beneficiary. This might be a beneficiary specifically left the property by the Will, or the residuary beneficiaries. This is unfair on beneficiaries who may have no interest in occupying the property themselves and wish for it to be sold but are unable to do so until probate has been granted and the property can then be sold by the executors, or transferred to them for sale. We are not aware of any legal basis for this, and it would be helpful to have guidance from the government confirming that this is inappropriate.
7. For example, see Oxford City Council: “If the property has been left to a beneficiary in the Will, the beneficiary is liable for Council Tax from the date the owner passed away. The beneficiary may be able to claim an empty property discount depending on the circumstances.”
(https://www.oxford.gov.uk/info/20288/moving_house_and_other_changes/125/tell_us_when_someone_dies)

Question 3: Do you agree that properties actively being marketed for sale or let should be an exception to either or both of the council tax premiums?

8. Yes.

Question 4: Do you think an exception to the premiums for up to 6 months for properties being marketed for sale or let is a reasonable period?

9. No. The average sale takes four to six months, according to Hometrack¹. This suggests that half the properties sold take longer than this. It would therefore make sense for the exception to council tax premiums to last for 12 months to account for the extra time it can take for a sale to complete once the property has been listed for sale. Additionally, government should give consideration to how this exception interacts with the probate exception. For example, if a property is listed for sale and the owner dies before exchange of contracts and completion, the executors of the estate will not be able to continue until grant of probate. In these instances, it would be helpful to have guidance from the government for property owners and local authorities on which exception would apply when.

Question 5: Do you agree that the evidence requested above would be appropriate to demonstrate that the property is actively being marketed for sale or let?

10. Often, rural estates will advertise the properties through their own means, such as on the estate website, or will have a waiting list of those wanting an estate property to let. We propose that evidence that the estate is marketing a property through their own means, as

¹ <https://www.chancellors.co.uk/resource-centre/useful-information-for-sellers/how-long-does-it-take-to-sell-a-house#:~:text=According%20to%20Hometrack%2C%20the%20average,around%2050%20days%20in%202020>

opposed to using a website of a sale/letting website, would also be appropriate to qualify for the exemption.

Question 6: Do you agree that properties undergoing major repair work is appropriate should be an exception to the empty homes premium?

11. Yes, particularly as property owners are being required to make more changes to properties for Minimum Energy Efficiency Standards. A CLA member survey in 2023 of 564 landlord members demonstrated that in the past five years members had either sold or changed the use of properties due to increased standards in the sector. Of those who had changed the use of properties (32%), 41% had left properties empty despite wanting to complete works to bring properties up to standards they are not encouraged to do so, and do not have access to the capital required. While local authorities can access funding to bring empty homes back into use, and benefit from the New Homes Bonus, the same does not apply to private landlords. Government should give consideration to what funding could be made available to private landlords to enable empty homes to be brought back into use.
12. The consultation proposes that this exception could be applied “so long as the billing authority is satisfied that the necessary repair work is being undertaken”. There must be clear guidance which can be consistently applied across billing authorities of what will constitute ‘evidence’ that work is being undertaken. Additionally, if the billing authority refuses to grant the exception, there should be clear guidance for property-owners on challenging this refusal and whether they are able to apply again.

Question 7: If so, do you agree that 6 months is a reasonable length of time for an exception to apply whilst major repairs or structural alterations are being undertaken?

13. No. In rural areas, it is very difficult to get access to qualified installers and contractors for residential dwellings. Often there are significant waiting lists to employ qualified contractors and therefore the six months of this exception could be used up while works are waiting to begin. The need for improvement works to meet new Minimum Energy Efficiency Standards will compound the problem. The exemption should therefore be available for 12 months to account for the difficulties in the labour market of qualified contractors.
14. Also, quite often in rural areas, works to properties may require planning permission or listed building consent. 20% of minor applications in 2022/23 were not determined within eight weeks or the agreed timeframe. There should therefore be an exemption if the property owner can evidence that the property has a planning application submitted but yet to be determined. We suggest that the six months’ (or, as we propose, 12 months’) exemption for major works or structural alterations begins to apply once works are *able* to begin following permission from the Local Planning Authority. We propose that the ‘consent application submitted’ exemption should be available to use more than once if the property owner is required to re-submit planning after a refusal.

Question 8: Do you agree that this exception should only be applied to the empty homes premium?

15. This exception should also apply to Furnished Holiday Lettings if works are being completed to bring the property into use as a residential dwelling.

Question 9: Do you agree that furnished annexes which are being used as part of the sole or main residence should be an exception to the council tax premium on second homes?

16. Yes. This is particularly important as there is a lack of available homes in rural areas and annexes are becoming more important to accommodate multiple generations of families who are otherwise unable to stay in the areas in which they live. Additionally, annexes may be used to house carers.

Question 10: Do you agree that the second homes premium should not apply to properties that are subject to the job-related dwelling discount?

17. Yes, as it would be unreasonable to impose the second homes premium where someone is required to occupy job-related accommodation.

Question 11: Do you agree that pitches occupied by caravans and moorings occupied by boats should be an exception to the second homes premium?

18. Yes.

Question 12: Do you agree that seasonal homes, where year-round occupation is prohibited, should be an exception to the second homes premium?

19. Yes.

Question 13: Are there any other circumstances in which property should be an exception to either of the council tax premiums and if so, why?

20. Yes, properties which are held back to house employees should be an exception to either of the council tax premiums. For example, an estate cottage which is kept available for future occupation by a rural business worker. We would suggest that evidence to qualify for this exemption could be that the property has in the past been occupied by an estate worker, or a retired estate worker. The exemption should be available for six months as this would account for properties which are kept available for seasonal workers.
21. As in our response to question seven, we believe there should be an exemption for properties which have a planning application submitted.

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