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# NORTH AYRSHIRE COUNCIL

13 June 2023

## Cabinet

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**Title:** Council Tax for second and empty homes, and non-domestic rates thresholds: consultation

**Purpose:** The report outlines the proposed response from North Ayrshire Council to the Scottish Government consultation on Council Tax for second and empty homes, and non-domestic rates thresholds

**Recommendation:** Cabinet is asked to approve the proposed response to the consultation for submission by 11 July 2023

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## 1. Executive Summary

- 1.1 The Scottish Government launched a consultation on Council Tax for second and empty homes, and non-domestic rates thresholds, on the 17 April 2023 and responses are sought by 11 July 2023.
- 1.2 The proposal is whether to provide additional powers to councils allowing them discretion to:
- charge up to 100% premium (double the full rate) on council tax for second homes;
  - charge more than 100% premium on council tax for second homes and long-term empty homes
- 1.3 The proposed response to the consultation is included in Appendix 1 of the report. It is recognised that North Ayrshire does experience particular challenges for affordable housing availability within the island community of Arran. The proposed response therefore supports the general policy of local authorities having the powers to apply a premium on Council tax for second home ownership and similarly, to have the powers to increase further any Council tax premium on long term empty properties. The extent to which, however, would very much depend on further evidenced based modelling of consequences and any unintended consequences around home ownership models, to be applied to the local circumstances of North Ayrshire. This approach also applies to any consideration around changing thresholds in respect of holiday lets.

## 2. Background

- 2.1 This public consultation seeks views on giving local authorities the power to increase council tax on second homes and empty homes, as well as considering whether the

current non-domestic rates thresholds for self-catering accommodation remain appropriate. There is the potential for greater fiscal empowerment for councils in the area of council tax, with the aim of creating the right incentives to increase the availability of housing.

2.2 The proposal is whether to provide additional powers to councils allowing them discretion to:

- charge up to 100% premium (double the full rate) on council tax for second homes;
- charge more than 100% premium on council tax for second homes and long-term empty homes

2.3 Taxation is one measure that can support local areas to reach the right balance for their local circumstances, to influence ownership patterns and the detrimental impact they can have on the availability of homes to meet local needs. Enabling councils to apply a premium on council tax on second homes could potentially generate additional revenue that could be used to benefit the local community and contribute to affordable housing schemes. It is also recognised however, that such a move could shift ownership patterns more towards holiday letting models and as such, liability shifting from council tax to non-domestic rates.

2.4 Cabinet is asked to consider the broad policy aims included within the Consultation and to what extent this could or should be adopted within a North Ayrshire context. In particular, to what extent local taxation should be used as an instrument to influence change and how the overall impacts for the area are balanced e.g. more affordable housing availability, net impact on the local economy, impact on tourism, and impact on current second home owners or owners of long term empty properties and holiday letting accommodation.

2.5 Availability and affordability of housing is a major issue for the Island community of Arran. Local authority powers to charge a premium for second homes could potentially influence a behavioural change to deliver more housing availability for local people. To set a local context, almost 40% of second homes in North Ayrshire are located in Arran, with a further 30% located in Cumbrae. This could also potentially have a net positive economic benefit due to the greater levels of occupancy within those communities and provide additional finance for local authorities to help continue to fund affordable housing programmes, albeit this may only be short-term. From a North Ayrshire Council perspective, it is important that the local authority has the power to charge a premium on Council tax for second home ownership and potentially a further premium on top of the 100% levy applied to long-term empty properties, however, the extent to which would be based on local circumstances and an evidenced based understanding of the impacts across all stakeholder groups. In particular, there would be a requirement to model various scenarios across potential behavioural patterns and outcomes and taking cognisance of housing availability types linked to affordable housing need.

2.6 It is also recognised that care should be taken when considering any changes to thresholds associated with holiday letting accommodation. North Ayrshire benefits from some very popular tourist destinations. It is important therefore to ensure

appropriate levels of tourist accommodation provision remains in place to support this important sector. Similar to second home ownership, the recommended position reflected in the Consultation response is for the local authority to have the power to change thresholds associated with determining holiday letting accommodation, however the extent of any potential change would have to be supported by appropriate modelling and evidence gathering to ensure the impacts are fully understood.

- 2.7 The proposed response to the consultation is included in Appendix 1 of the report. Not all questions within the consultation lend themselves to an appropriate local authority response as they are more citizen driven and as such they have been recorded as not applicable.

### **3. Proposals**

- 3.1 Cabinet is asked to approve the proposed response to the consultation included in appendix 1 of the report for submission to the Scottish Government by 11 July 2023

### **4. Implications/Socio-economic Duty**

#### **Financial**

- 4.1 None. However, it is recognised that any future powers for the local authority that leads to changes to the level of council tax premiums, could generate additional levels of council tax income for the local authority and potentially provide additional funding to support the Affordable Housing programme.

#### **Human Resources**

- 4.2 None identified at this stage. There is a risk however if the local authority is granted more powers to apply council tax premiums and amend thresholds for holiday letting accommodation, this could have resource implications for the council. This will become clearer if the powers are granted.

#### **Legal**

- 4.3 The current legislative framework around second homes, long-term empty properties and thresholds for holiday letting accommodation will require to be updated by the Scottish Government should the additional powers be granted to local authorities.

#### **Equality/Socio-economic**

- 4.4 Should additional powers be granted to local authorities there will be a requirement to undertake an equality impact assessment as well as key stakeholder consultation in order to fully understand the impacts associated with any change.

#### **Climate Change and Carbon**

- 4.5 None.

## **Key Priorities**

- 4.6 This report cuts across all 3 key priorities of the Council i.e. Aspiring Communities, Inspiring Place and A Council for the Future and across a range of priority outcomes and is aligned to the local housing strategy and Islands plan.

## **Community Wealth Building**

- 4.7 Supports the Community Wealth Building Strategy across the pillars of finance, land and property and inclusive ownership.

## **5. Consultation**

- 5.1 Engagement across Council Directorates, senior officers and a Member's Policy Advisory panel delivered on 2 June 2023.

Mark Boyd  
Head of Service (Finance)

For further information please contact **Mark Boyd, Head of Finance**, on **01294 324560**.

## **Background Papers**

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## Respondent Information Form

**Please Note** this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- ☐ Individual
- ☒ Organisation

Full name or organisation's name

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☐ Publish response with name
- ☐ Publish response only (without name)
- ☐ Do not publish response

### Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes
- ☐ No

## Questionnaire

### Question 1

Do you think the current definition of a second home should continue to apply?:

More information:

For council tax purposes, the current definition of a second home is, 'a dwelling which is no one's sole or main residence and that is lived in for at least 25 days during the 12 month period of the council tax charge'.

Answer:

- ☒ Yes
- ☐ No
- ☐ Don't know

Please give reasons for your answer.

A second home is a dwelling which is no one's sole or main residence but which is furnished and lived in for at least 25 days during the chargeable 12 month period.

The current definition seems appropriate and proportionate to determine a second home.

### Question 2

Do you think the discount eligibility for job related dwellings and purpose built holiday accommodation is appropriate?:

More information:

Eligible job related dwellings and purpose built holiday accommodation are entitled to a council tax discount of 50%.

Purpose built holiday accommodation is defined as a dwelling that is used for holiday purposes and has a licence or planning permission limiting its use for human habitation throughout the whole year. An example might be chalets or other types of holiday accommodation that are either unsuitable to be occupied all year round (their construction may mean they are only suitable to be lived in during the warmer months) or are not allowed to be lived in all year due to planning, licensing or other restrictions.

Job-related dwellings are defined as homes owned by someone who has to live elsewhere for most or all of the time as part of their job, or the home the person occupies to undertake their job if the person has another home that is their main residence.

Answer:

- ☐ Yes
- ☐ No
- ☒ Don't know

Please give reasons for your answer.

When considering the policy intent for more permanent affordable housing, any change to the current discount for purpose built holiday accommodation would not necessarily help address this core issue as the property would not be suitable for permanent residence, so no driver for change here.

In respect of job related dwellings, if this helps secure key workers / staffing for vital services that contribute to the services in the area and support the local economy then this could be deemed appropriate, however, local authorities could benefit from more discretion in applying a discount depending on whether the property is owned or rented by the occupant and the extent to which it is occupied throughout the year.

### Question 3

Do you think councils should be able to charge a council tax premium on top of regular council tax rates for second homes?

More information:

A premium is charging more than the full rate of council tax.

Answer:

- ☒ Yes
- ☐ No
- ☐ Don't know

Please give reasons for your answer.

Availability and affordability of Housing is a major issue for the Island community of Arran within North Ayrshire. Local authority powers to charge a premium for second homes could help influence a behavioural change that leads to more housing availability for local people. This could also have a net positive economic benefit due to the greater levels of all year occupancy within the communities and provide additional finance for local authorities to help further fund affordable housing programmes, albeit this may only be short-term. From a local authority perspective, it is important that the local authority has the powers to charge a premium, however, the extent to which would be based on local circumstances and an evidenced based understanding of the impacts across a variety of stakeholder groups.

### Question 4

If you have answered yes to question 3, what do you think the maximum premium councils could charge should be?

More information:

50% premium is the same as one and a half times the normal rate of council tax.

100% premium is double the normal rate of council tax

150% premium is two and a half times the normal rate of council tax

200% premium is three times the normal rate of council tax

250% premium is three and a half times the normal rate of council tax

300% premium is four times the normal rate of council tax

**Answer:**

- ☐ 50%
- ☐ 100%
- ☐ 150%
- ☐ 200%
- ☐ 250%
- ☐ 300%
- ☒ Other (specify)

Please give reasons for your answer.

A 100% premium on Council tax would initially bring charges for second homes into alignment with the current levy on long term empty properties, however, consideration should be given to providing local authorities with discretionary powers to set a level of premium based on their particular local circumstances and needs e.g. to influence an outcome of achieving greater availability of permanent housing. This would have to be supported by an evidence base, including modelling and impact assessments across a range of stakeholder groups.

**Question 5**

What factors should be taken into account by councils when deciding whether to introduce a premium on council tax for second homes?

**More information:**

A non-exhaustive list of potential factors is set out below:

- numbers and percentages of second homes in the local area
- distribution of second homes and other housing throughout the council area and an assessment of their impact on residential accommodation 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 and the local community
- other existing measures or policies that are aimed at increasing housing supply and the availability of affordable housing

Councils may also decide not to use the powers or to disapply a premium for a specific period of time.

A non-exhaustive list of examples of where a council might consider doing this include:



- where there are reasons why the home could not be lived in as a permanent residence
- where there are reasons why a home could not be sold or let
- where the owner's use of their accommodation is restricted by circumstances not covered by an exception from the premium
- where charging a premium might cause hardship

Answer:

Please list the factors and provide reasons for your answer:

The main factors to be taken into account would include:

- Potential impact on availability of affordable housing, especially in tourist hot spot areas, through influencing the change in ownership / occupation patterns
- Potential impact on public services
- Potential impact on tourism destinations and balancing the need for adequate tourist accommodation with accommodation for seasonal workers and accommodation for residents
- Financial impact on second homeowners as a consequence of any premium applied
- Potential impact on local authority revenue e.g. could create further council tax and support investment in affordable housing programmes, however, also recognising the need to model the revenue flow based on changes in ownership patterns e.g. greater model shift away from council tax to non-domestic rates through holiday lets qualification and potential NDR reliefs.

**Question 6**

If you do, or were to, own a second home please tell us what you would do if the applicable rate of council tax were to increase, and the 'thresholds' to be classed as self-catering holiday accommodation for non-domestic rates purposes stayed the same?

More information:

The current threshold for defining premises as self-catering holiday accommodation liable for non-domestic rates is it must be available to let for 140 days or more and actually let for 70 days or more in the same financial year.

A private residential tenancy is when a registered landlord lets accommodation to an individual/s and it will be their sole or main residence. All tenancies created on or after 1 December 2017 are open-ended, which means a landlord will no longer be able to ask a tenant to leave simply because the fixed term has ended.

Answer:

Not applicable for a local authority response.

- ☐ The home is (or would be) already used as self-catering accommodation and liable for non-domestic rates
- ☐ The home is (or would be) already used as a private residential tenancy and the tenant is liable for council tax
- ☐ I would continue to use it purely for personal use and pay the higher rate of council tax
- ☐ I would continue with split use between self-catering accommodation (below the non-domestic rates threshold) and personal use, and pay council tax
- ☐ My second home already has/would have split use between self-catering accommodation (below the non-domestic rates threshold) and personal use. Rather than pay the higher rate of council tax, I would increase the number of days the accommodation is available to let and actually let in order to meet the non-domestic rates thresholds
- ☐ My second home is purely for personal use. However, in order to stop paying council tax, I would make it available as self-catering accommodation for 140 days or more and actually let it for 70 days or more in order to be liable for non-domestic rates
- ☐ I use my second home purely for personal use but I would change its use to a private residential tenancy
- ☐ I use my second home as self-catering accommodation (below the non-domestic rates threshold) but I would change its use to a private residential tenancy
- ☐ I will seek reclassification as an empty home and pay council tax
- ☐ I will sell the second home

### Question 7

Do you think councils should be able to charge a higher premium than the current 100% (double the full rate) of council tax on homes empty for longer than 12 months?

#### More information:

Councils currently have the discretion to charge up to 100% premium on council tax on homes empty for longer than 12 months.

#### Answer:

- ☒ Yes
- ☐ No
- ☐ Don't know

Providing local authorities with the powers to charge higher premiums is supported. Again, this would be based on particular local circumstances and require to be supported by evidence. This could potentially provide further financial incentives to current owners to bring such properties into use with potential benefits including greater availability of housing supply, positive economic impact to local area through higher levels of occupancy and the potential for further revenue generation to local authorities to support affordable housing investment. However, it is recognised that each case surrounding empty properties can be different and there would also have to be an assessment of any additional financial impact on the owners.

Please give reasons for your answer.

### Question 8

If you have answered yes to question 7, what do you think the maximum premium councils could charge should be?

More information:

This question is asking what the maximum premium should be for homes that have been empty for longer than 12 months.

The current maximum is 100% premium, which is double the normal rate of council tax.

Answer:

- ☐ 150%
- ☐ 200%
- ☐ 250%
- ☐ 300%
- ☒ Other (specify)

Please give reasons for your answer.

There is a recognition that the individual circumstances around long term empty properties can vary significantly and the potential additional financial burden that this may cause over and above current levels. Would therefore support local authorities having the powers to apply an increase. This would have to be supported by robust modelling of potential outcomes before any decision around the level of premium is considered. Potential impacts could include impacts on housing availability of supply and financial recovery rates of any increased premium understood.

### Question 9

Do you think there should be a stepped approach to charging higher rates of council tax on long-term empty homes?

More information:

By 'stepped approach' we mean only giving councils powers to charge higher rates of council tax the longer the home is empty. For example, 100% premium at 12 months, 200% premium at 2 years, 300% premium at 5 years.

100% premium is the same as double the normal amount of council tax.

200% premium is the same as three times the normal amount of council tax

300% premium is the same as four times the normal amount of council tax.

**Answer:**

- ☒ Yes
- ☐ No
- ☐ Don't know

Please give reasons for your answer.

For the reasons outlined in the response to question 8. Subject to the outcome of robust modelling and impact assessments, a staged approach to any increase would be supported. This would allow careful monitoring of impacts.

**Question 10**

Are there any exceptions that are not already taken into account, that should be, when charging a premium of council tax on homes empty for longer than 12 months?

**More information:**

**Current discretionary powers for councils to change council tax liability for empty homes**

Status of empty home	Up to 6 months	6-12 months	12 months +	2 years +
No work underway and not for sale or let	Owner may apply for an unoccupied and unfurnished exemption	Discount can be varied between 50 and 10%	Discount can be varied between 50 and 10% or discount can be removed or premium of up to 100% can be applied	Discount can be varied between 50 and 10% or discount can be removed or premium of up to 100% can be applied
If undergoing repair work to make them habitable	50% discount cannot be changed	Owner may apply for a major repairs or structural alterations exemption.  Discount can be varied between 50 and 10%.	Discount can be varied between 50 and 10% or discount can be removed or premium of up to 100% can be applied.	Discount can be varied between 50 and 10% or discount can be removed or premium of up to 100% can be applied.

If being actively marketed for sale or let	50% discount cannot be changed	50% discount cannot be changed	50% discount cannot be changed	a premium of up to 100% can be charged
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The current list of exemptions to council tax are:

<b>Exemption</b>	<b>Period of Exemption</b>
Dwellings last occupied by charitable bodies	Up to 6 months
Dwellings last occupied by persons living or detained elsewhere	Unlimited
Deceased owners	Unlimited up to grant of confirmation 6 months after grant of confirmation
Dwellings empty under statute	Unlimited
Dwellings awaiting demolition	Unlimited
Dwellings for occupation by ministers	Unlimited
Dwellings occupied by students, etc.	Unlimited
Reposessed dwellings	Unlimited
Agricultural dwellings	Unlimited
Dwellings for old or disabled persons	Unlimited
Halls of residence	Unlimited
Barracks, etc.	Unlimited
Dwellings occupied by young people	Unlimited
Difficult to let dwellings	Unlimited
Garages and storage premises	Unlimited
Dwellings of persons made bankrupt	Unlimited
Visiting forces	Unlimited
Dwellings occupied by severely mentally impaired persons	Unlimited
Prisons	Unlimited
Prescribed housing support services accommodation	Unlimited

Answer:

Please tell us about exemptions that you feel should apply and give reasons for your answer. Do not include exemptions that are already provided for.

The current policy on exemptions available beyond the initial 12 month period seem reasonable and appropriate, therefore there are no obvious exceptions. The current exemptions include:

- left empty by deceased occupier
- left empty by occupier to provide personal care to another person
- unoccupied charity building
- unoccupied church manse
- repossessed property
- subject to Closing or Demolition order
- empty as occupier is in prison, or
- property under responsibility of a bankrupt's trustee

**Question 11**

What factors should be taken into account by councils when deciding whether to introduce a premium on council tax for homes empty for longer than 12 months?

More information:

A non-exhaustive list of potential factors might be:

- numbers, percentages and distribution of long-term empty homes throughout a local area
- potential impact on local economies and the community
- patterns of demand for, and availability of, affordable homes
- potential impact on local public services
- impact on neighbours and local residents

Councils may also decide not to use the powers or to disapply a premium for a specific period of time. A non-exhaustive list of examples of where a council might do this include:

- where there are reasons why a home could not be sold or let
- where an offer has been accepted on a home but the sale has not yet been completed and the exception period has run out
- if the home has been empty for longer than 12 months but has been recently purchased by a new owner that is actively taking steps to bring the home back into use
- if an owner has submitted a timely planning application or is undergoing a planning appeal that is under consideration by the council or Scottish Government. This means they cannot undertake work to bring the home back into use until that process is concluded
- where charging a premium might cause hardship or act as a disincentive to bringing the home back into use e.g. where extensive repairs are actively being carried out

Answer:

Please list factors and give reasons for your answer.

The main factors to be taken into account include:

- Potential impact on availability of housing to meet local housing need
- Potential impact on level of net economic benefit to the local area
- Financial impact on empty homeowners
- Additional revenue to local authorities to create further investment in affordable housing and general revenue flow forecasts for local government funding to support local services

**Question 12**

If you do, or were to, own a home that has been empty for longer than 12 months, please tell us what you would do if your council decided to increase the maximum council tax charge above 100% premium?

More information:

Council tax premium:

- 100% premium is the same as double the normal rate of council tax. This is the current maximum councils can decide to charge. This question asks what you would do if councils are given powers to charge more than this e.g. up to 300% premium/ four times the normal rate and the council where your empty home is located decided to apply an increase.
- You may find it helpful to view what we mean by some of the options given e.g. short-term lets and private residential tenancies.

Short-term lets:

- In this consultation, short-term lets is a term used to refer to the whole or part of accommodation provided to one or more guests on a commercial basis that does not become the main residence of the guest/s. Self-catering accommodation is a type of short-term let and may be liable for council tax or non-domestic rates depending on the number of days they are available to let and actually let in the financial year.
- Self-catering accommodation must be available for let for 140 days or more and actually let for 70 days or more in the financial year, to be exempt from council tax and liable for non-domestic rates

Private residential tenancies:

- A [private residential tenancy](#) is when a registered landlord lets accommodation to an individual/s and it will be their sole or main residence. All tenancies created on or after 1 December 2017 are open-ended, which means a landlord will no longer be able to ask a tenant to leave simply because the fixed term has ended.

Answer:

- ☐ Leave the home empty and pay the higher council tax
- ☐ Sell the empty home
- ☐ Use the home as a private residential tenancy
- ☐ Use the home as a short-Term Let

☒ Other (specify)

Please give reasons for your answer.

Not applicable for Local Authority response.

### Question 13

Do you think that the letting thresholds for self-catering accommodation for non-domestic rates should be changed?

More information:

The owners, tenants or occupiers of self-catering accommodation (who may be businesses, the public or the third sectors) may be liable for either council tax or non-domestic rates. This includes owners of second homes who use them for self-catering accommodation.

The current threshold for defining premises as self-catering holiday accommodation liable for non-domestic rates is it must be available to let for 140 days or more and actually let for 70 days or more in the same financial year.

Answer:

☒ Yes

☐ No

☐ Don't know

Please give reasons for your answer.

Support the local authority having the powers to change the thresholds based on local needs. North Ayrshire benefits from some very popular tourist destination areas and as such we must ensure there is adequate provision of tourist accommodation. Any increase to these thresholds could impact on this availability if this resulted in the property instead being assessed as a second home if occupied for a minimum of 25 days per annum. In this regard, through the potential impact of a Council tax premium being applied, whilst this could lead to a benefit in the level of housing supply, it could be to the detriment of the level of supply of tourist accommodation. It is recognised that further modelling would require to be undertaken to better understand the potential impacts, with the general aim being to deliver a balanced portfolio of accommodation needs.



**Question 14**

If you have answered yes to question 13, what do you think the threshold for the number of days self-catering accommodation must actually be let for should be?

**More information:**

The current threshold is self-catering accommodation must actually be let for 70 days in the financial year.

**Answer:**

- ☐ 50 days
- ☐ 100 days
- ☐ 140 days
- ☐ 180 days
- ☒ Other (specify)

Please give reasons for your answer.

Any consideration around changing self-catering thresholds will require further modelling to understand potential impacts on the level of tourist accommodation and for this to be set within the context of local housing need and potential changes across second home ownership levels and consequential local economic impacts that could flow from this.

**Question 15**

If you have answered yes to question 13, what do you think the threshold for the number of days self-catering accommodation must be available to let should be?

**More information:**

The current threshold is self-catering accommodation must available to let for 140 days in the financial year.

**Answer:**

- ☐ 120 days
- ☐ 160 days
- ☐ 200 days
- ☐ 250 days
- ☒ Other (specify)

Please give reasons for your answer.

Any consideration around changing self-catering thresholds will require further modelling to understand potential impacts on the level of tourist accommodation set against local housing need and shifts across ownership models.

### Question 16

Do you think councils should have discretion to change the self-catering accommodation 'days actually let' threshold, for their local area?

Answer:

- ☒ Yes
- ☐ No
- ☐ Don't know

Please give reasons for your answer.

Councils having such discretionary powers is supported. This would allow appropriate levels to be set following modelling and impact assessments undertaken across the local area. With the growth in tourist accommodation models like AirBnB it is important to ensure the appropriate licensing is in place and impacts fully understood. It is also recognised however that this would likely have resource implications which would have to be addressed as part of any devolved discretionary powers.

### Question 17

If you answered yes to question 16 do you think that councils should have discretion to:

Answer:

- ☐ Increase the number of days actually let only
- ☐ Decrease the number of days actually let only
- ☐ Increase or decrease the number of days actually let

Please specify if you think councils should have discretion to do something else

Please give reasons for your answer

Full flexibility across all areas is supported to best address local circumstances in North Ayrshire. It is also recognised however that this would likely have resource implications which would have to be addressed as part of any devolved powers.

### Question 18

Do you have any other comments on the non-domestic rates system in respect of self-catering accommodation?

Answer:

Please provide your views

No further comment.

### Question 19

If you do, or were to, own a second home please tell us what you would do in the event that the applicable rate of council tax and non-domestic rate thresholds both increased?

More information:

The current threshold for defining premises as self-catering holiday accommodation liable for [non-domestic rates](#) is it must be available to let for 140 days or more and actually let for 70 days or more in the same financial year.

A [private residential tenancy](#) is when a registered landlord lets accommodation to an individual/s and it will be their sole or main residence. All tenancies created on or after 1 December 2017 are open-ended, which means a landlord will no longer be able to ask a tenant to leave simply because the fixed term has ended.

Answer:

- ☐ The home is already used as a private residential tenancy
- ☐ I would continue to use it purely for personal use and pay the higher rate of council tax
- ☐ I would continue with split use between self-catering accommodation (below the thresholds to be liable for non-domestic rates) and personal use, and pay council tax
- ☐ My second home already has/would have split use between self-catering accommodation (below the non-domestic rates threshold) and personal use.

Rather than pay the higher rate of council tax, I would increase the number of days the accommodation is available to let and actually let in order to meet the non-domestic rates thresholds

- ☐ My second home already has/would have split use between self-catering accommodation (above the non-domestic rates threshold) and personal use. Rather than revert to paying council tax, I would increase the number of days the accommodation is available to let and actually let in order to meet the higher non-domestic rates thresholds
- ☐ My second home is purely for personal use. However, in order to stop paying council tax, I would make it available as self-catering accommodation and let it for the number of days I needed to in order to be liable for non-domestic rates
- ☐ I use my second home purely for personal use but I would change its use to a private residential tenancy
- ☐ I use my second home as self-catering accommodation (below the non-domestic rates threshold) but I would change its use to a private residential tenancy
- ☐ I would seek reclassification as an empty home and pay council tax
- ☐ I would sell the second home
- ☒ Other (specify)

Please give reasons for your answer.

Not applicable for Local Authority response.

## Question 20

If you do, or were to, own a second home please tell us what you would do in the event that:

- a) council tax powers remained as they are for second homes (i.e. no provision for councils to charge a premium), but
- b) the 'thresholds' to be classed as self-catering holiday accommodation for Non-domestic rates purposes increased?

More information:

The current threshold for defining premises as self-catering holiday accommodation liable for [non-domestic rates](#) is it must be available to let for 140 days or more and actually let for 70 days or more in the same financial year.

A [private residential tenancy](#) is when a registered landlord lets accommodation to an individual/s and it will be their sole or main residence. All tenancies created on or after 1 December 2017 are open-ended, which means a landlord will no longer be able to ask a tenant to leave simply because the fixed term has ended.

Answer:

- ☐ The home is already used as a private residential tenancy
- ☐ I would continue to use it purely for personal use and pay council tax
- ☐ I would continue with split use between self-catering accommodation (below the thresholds to be liable for non-domestic rates) and personal use, and pay council tax
- ☐ My second home already has/would have split use between self-catering accommodation (above the non-domestic rates threshold) and personal use. I would increase the number of days the accommodation is available to let and actually let in order to meet the higher non-domestic rates thresholds
- ☐ I use my second home as self-catering accommodation (above the current non-domestic rates threshold). If I was not able to meet the new thresholds, I would change its use to a private residential tenancy
- ☐ I would seek reclassification as an empty home and pay council tax
- ☐ I would sell the second home
- ☒ Other (specify)

Please give reasons for your answer:

Not applicable for Local Authority response.

## Question 21

Please tell us how you think changes to council tax and/or non-domestic rates thresholds for self-catering accommodation might affect businesses in your area.

### Answer:

Please provide your views

It is recognised that changes to council tax charges through the application of a premium could influence changes in housing ownership models across the area and potentially help address the housing need in particular problem areas, through more permanent housing availability. Increased levels of housing supply could also potentially influence the levels of housing cost inflation. It is recognised however, that when considering affordable housing needs, this may not be matched by the required type of property supply to meet this need e.g. larger instances of detached properties, so further modelling of impacts would be required to better understand potential outcomes of any changes that the Council may wish to apply. From a local business perspective, any increased level of all year-round housing occupancy could potentially have a net positive economic impact in the local area and this could potentially benefit businesses in the local area. Again, further modelling and assessments of occupants and visitors would be required to consider the level of economic benefit attributable to various groups e.g. day trippers, overnight stays, permanent residents, seasonal visitors etc. Similarly, any consideration to changing thresholds for self-catering accommodation would require further modelling and assessment of impacts.

## Question 22

Please tell us how you think changes to the maximum council tax rate for second and/or empty homes and non-domestic rates thresholds might affect your local area or Scotland as a whole (social, economic, environment, community, cultural, enterprise).

### More information:

We have prepared a partial Business Regulatory Impact Assessment and undertaken screenings to initially consider other impacts. We would welcome your views and comments to help us expand on these assessments.

### Answer:

Please provide your views

It is recognised that changes to council tax charges through the application of a premium could influence changes in housing ownership models across the area and potentially influence the housing need in particular problem areas, through more permanent housing availability. Increased levels of housing supply could also potentially influence the levels of housing cost inflation in problem local areas. It is recognised however, that when considering affordable housing needs, this may not be matched by the required type of property supply to meet this need e.g. larger instances of detached properties, so further modelling of impacts would be required to better understand potential outcomes of any changes that the Council may wish to apply. Any increased level of housing occupancy could have an overall positive net economic impact for the local area, helping communities grow and flourish all year round as well as potentially benefitting local businesses. However, it is recognised that further modelling and assessments of occupants and visitors would be required to consider the level of economic benefit attributable to various groups e.g. day trippers, overnight stays, permanent residents, seasonal visitors etc. It is also important to ensure that sufficient tourist accommodation provision remains so as to ensure this benefit to the area is maintained, especially at seasonal times.

### Question 23

Please tell us how you think the changes identified might affect island communities.

The challenges can be particularly acute in our Island communities. It is recognised that changes to council tax charges through the application of a premium could result in changes to ownership models across the islands. This could potentially help address the housing need in Arran especially through more permanent housing availability and supply and this could also influence housing cost inflation. It is recognised however, that when considering affordable housing needs, this may not be matched by the required type of property supply to meet this need e.g. larger instances of detached properties, so further modelling of impacts would be required to better understand potential outcomes of any changes that the Council may wish to apply. The area of affordable housing need is a significant issue for Arran and in response to this North Ayrshire Council has established the Arran Housing Task Force which brings together a wide range of partners to address the issues which face island residents and businesses. The taskforce aims to assess the demand for affordable housing on Arran and identify issues that may be limiting economic sustainability and growth.

Any increased level of housing occupancy could also have an overall positive net economic impact for the local area, helping maintain public services, with staff able to afford to live in the area to support public and other key services. Island communities could potentially grow and flourish all year round, rather than at particular seasonal times, as well as benefitting businesses. However, it is also recognised that further modelling and assessments of occupants and visitors would be required to consider the overall level of economic benefit attributable to various groups e.g. day trippers, overnight stays, permanent residents, seasonal visitors etc. It is also important to ensure that sufficient tourist accommodation provision remains to ensure this benefit to the islands is also maintained.

More information:

We have prepared a partial Island Communities Impact Assessment and undertaken screenings to initially consider other impacts. We would welcome your views and comments to help us expand on these assessments.

Answer:

Please provide your views

**Question 24**

Do you think there are any equality, human rights, or wellbeing impacts in relation to the changes set out in the consultation?

Answer:

- ☒ Yes
- ☐ No
- ☐ Don't know

Please give reasons for your answer.

Those stakeholders negatively impacted are primarily second homeowners and owners of long term empty properties as this could result in an additional financial burden. It is also recognised that there would be a requirement for an equality impact assessment as part of a wider local consultation to be undertaken prior to any change in policy being considered or implemented.

**Question 25**

Is there anything else you would like to tell us in relation to this consultation?

Answer:

Please provide any further comments on the proposals set out in this consultation in the box below.

The main points have been covered, no further comments.

**About you**

Please tell us which of the following categories best describe you (select all that apply):

- Owner of a Second Home
- Owner of a Long-term Empty Home
- Short-Term Let/Self-Catering accommodation operator
- Council or Assessor
- Organisation e.g. third sector or industry body



- Member of the Public
- Other, please specify

Chief Officer at North Ayrshire Council.

Please tick whichever council areas apply to you (or select all of Scotland)?:

- Aberdeen City
- Aberdeenshire Council
- All of Scotland
- Angus Council
- Argyll and Bute Council
- City of Edinburgh Council
- Clackmannanshire Council
- Dumfries and Galloway
- Dundee City Council
- East Ayrshire Council
- East Dunbartonshire Council
- East Lothian Council
- East Renfrewshire Council
- Falkirk Council
- Fife Council
- Glasgow City Council
- Highland Council
- Inverclyde Council
- Midlothian Council
- Moray Council
- Na h-Eileanan Siar Council
- North Ayrshire Council
- North Lanarkshire Council
- Orkney Council
- Perth and Kinross Council
- Renfrewshire Council
- Scottish Borders Council
- Shetland Council
- South Ayrshire Council
- South Lanarkshire Council
- Stirling Council
- West Dunbartonshire Council
- West Lothian Council

North Ayrshire Council.