



Consultation Briefing: Council tax on second and empty homes/non- domestic rates

About this briefing - This is a new type of briefing exclusively for CIH members. These briefings are designed to inform you about current consultations, highlight potential implications for the sector that you might want to consider in your own response and set out CIH Scotland's position.

Background

The Scottish Government and COSLA are currently consulting on changes to [council tax on second and empty homes/non-domestic rates](#).

The consultation forms part of a number of actions set out in [Housing to 2040](#) and the [Bute House Agreement](#) with the Scottish Green Party to address the issue of empty homes and to prioritise the availability of housing for people to live in.

It asks whether councils should have additional powers giving them discretion to:

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

The proposed changes would bring second homes into line with long-term empty homes from next year.

The consultation also asks for views on whether there should be changes to the definition of when a property offering self-catered accommodation becomes liable for non-domestic rates.

Second homes

Currently, a default 50 per cent council tax discount is applied to second and empty homes with councils then able to reduce the discount available.

For second homes this means councils can:

- alter the level of discount, to provide a discount of between 50 per cent and 10 percent
- offer no discount

Certain categories of second homes that must be given a 50 per cent discount are 'purpose-built

holiday accommodation' and 'job-related dwellings'.

By enabling councils to apply a premium on council tax on second homes, the proposals aim to increase the availability of homes to meet local needs, as well as generating additional revenue that could be used to benefit the local community and contribute to affordable housing schemes.

The consultation also asks for views about the factors that should be considered locally before reaching a decision to charge more, including:

- 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

Councils may also decide not to use the powers or to disapply a premium for a specific period of time, for example, 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, or where charging a premium might cause hardship.

Long-term empty homes

[The Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Regulations 2013](#) sets a 50 per cent council tax discount as the default charge for empty homes and gives councils the power to change that discount.



For empty homes this means councils can currently alter the level of discount, to provide a discount of between 50 per cent and 10 per cent subject to certain restrictions.

For homes that have been empty for one year or more councils can also:

- offer no discount
- charge a council tax increase for certain empty homes, subject to certain restrictions

Councils must ringfence some of the revenue generated from council tax on second and long-term empty homes for the purposes of affordable housing and are encouraged to do the same for revenue generated from any premium applied to long-term empty homes.

The consultation is seeking views on whether the current premium for empty homes should remain capped at 100 per cent (double the full rate of council tax) or if councils should have discretion to increase this beyond 100 per cent.

It also asks for views on whether the current discretionary powers are helping bring privately owned empty homes back into use, as well as the factors that councils should consider when deciding to charge a premium on empty homes.

Non-domestic rates – self catering accommodation thresholds

Currently, the owners, tenants or occupiers of self-catering accommodation may be liable for either council tax or non-domestic rates, if it has not been let, or made available for let, for a required threshold (currently set at 70 days).

The consultation is seeking views on whether self-catering accommodation thresholds, for the purposes of non-domestic rates, are appropriate or should be amended, and in particular, whether councils should have power to increase or decrease the number of days of actual letting required for a property to be classed as self-catering holiday accommodation.

No specific alternative thresholds are being proposed at this point in time and further analysis would be undertaken if this type of reform were to be considered following the consultation.

The CIH view

[Latest figures](#) show there were 24,287 second homes and 42,865 long-term empty homes in Scotland.

CIH Scotland is supportive of measures that aim to address the issue of empty homes and increase the availability of housing to meet local needs.

Demand for second homes, particularly in rural and/or island areas, can result in a significant increase in house prices, reducing access to affordable housing to meet local needs, making it more difficult for young people and those on lower incomes to find homes to live in.

Low occupancy of second homes and the impact of long-term empty homes may also minimise the economic contribution to local communities that is important to sustain public services.

Where used appropriately, taxation can be a useful tool as a disincentive for second and long-term empty homes to be left unoccupied indefinitely.

However, there must also be a greater focus on innovative ways to bring long-term empty homes back into use to tackle the housing crisis and provide more affordable homes throughout Scotland's communities.

We will be developing a response to this consultation and would like to hear what CIH members think. You can share your thoughts by emailing scotland@cih.org