



**OPEN REPORT  
COUNCIL**

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**Council 16<sup>th</sup> March 2023**

## **SECOND HOMES COUNCIL TAX PREMIUM**

### **Report of Report of the Director of Resources and Director of Housing**

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#### **Wards Affected**

District wide

#### **Report Summary**

The Levelling Up and Regeneration Bill is expected to receive Royal Assent in April 2023. The Bill provides powers for councils to double the Council Tax payable on 2<sup>nd</sup> homes. Nationally, rural councils have been campaigning for this power for many years, reflecting the impact of 2<sup>nd</sup> homes in national parks, other rural areas and coastal authorities. The devolved government in Wales is also working towards a higher premium of up to 300%. The District Council has been consulting the community and owners of 2<sup>nd</sup> homes on the proposal. The results as at the date of publication of this report are included below. A further update will be provided prior to the meeting. The report also seeks to undertake work to amend the policy concerning long term empty homes to reflect a handful of cases causing difficulty to owners of empty homes currently improving their property.

#### **Recommendations**

1. That the Council determines to adopt the 100% premium for council tax relating to 2<sup>nd</sup> homes with effect from 1<sup>st</sup> April 2024.
2. That further work takes place to consider the introduction of discretionary discounts to the 100% 2<sup>nd</sup> homes premium, with a report to follow in July 2023
3. Subject to the adoption of the 2<sup>nd</sup> homes premium, that negotiations take place with Derbyshire County Council concerning the use of the additional income generated

4. Further work continues to develop discretionary discounts concerning empty homes where owners are undertaking works to bring properties back in to use.

### **List of Appendices**

Appendix 1 Extract from S76 of the Levelling up and Regeneration Bill

Appendix 2 Qualitative data - themes and quotes.

### **Background Papers**

None

### **Consideration of report by Council or other committee**

N/A

### **Council Approval Required**

Yes

### **Exempt from Press or Public**

No

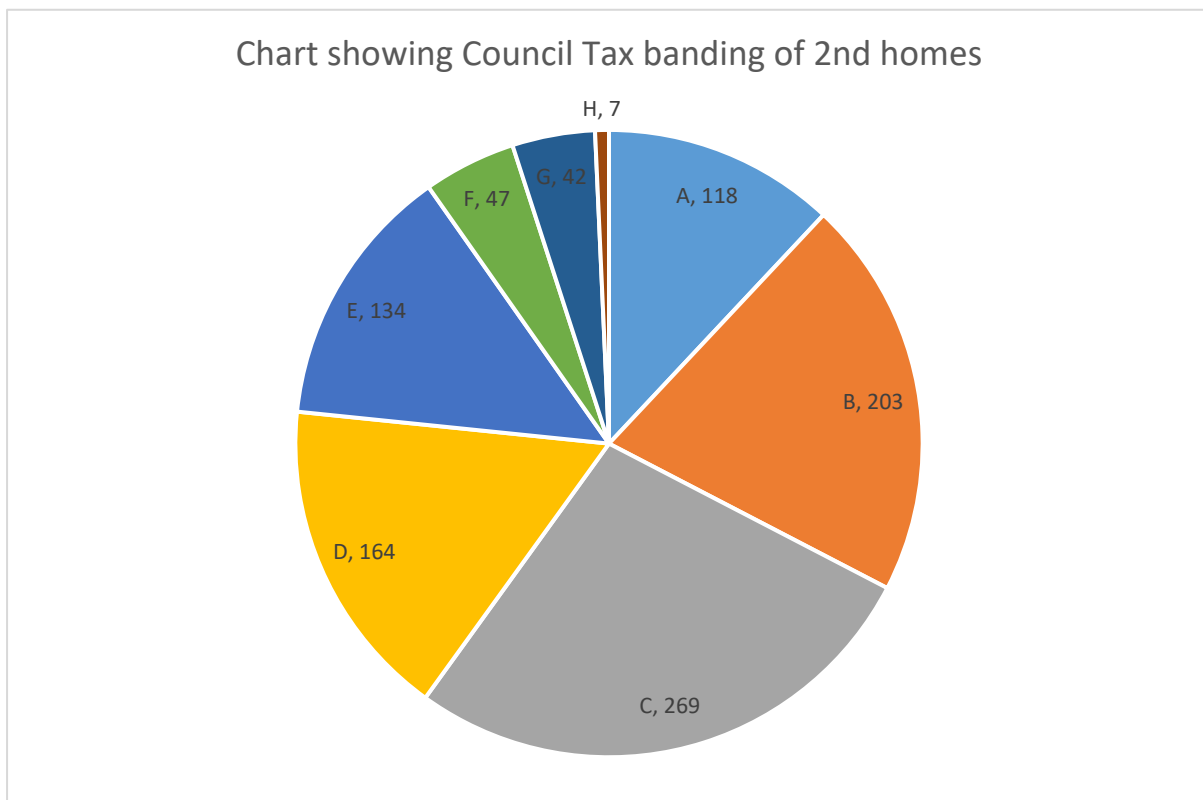
## Second Homes Council Tax Premium

### 1. Background

- 1.1 The impact of 2<sup>nd</sup> homes on rural communities has been well documented over many years. Campaign groups, the national press and local communities themselves have called on government to take action to limit the growing number of 2<sup>nd</sup> homes. The South West of England, national parks and many coastal authorities have seen significant numbers of family homes bought up by people wanting an alternative home away from their usual place of residence. Parts of Cornwall, the Lake District and Wales have seen hotspots of 2<sup>nd</sup> homes exceeding 50% of the total number of homes in some villages. This means that the availability of lower cost homes is severely restricted. House prices become inflated and cash buyers consistently gazump local people trying to get on the housing ladder.
- 1.2 Councils typically have limited powers to intervene in the existing housing market. Alongside the Local Plan, the most common areas/issues tend to be focussed on clearance areas, Houses in Multiple Occupation, licensing of private rented homes and empty properties. Economic policy and taxation within the housing sector has evolved in recent years to become a new measure designed to encourage a change in behaviour. Increasing Council Tax liability is already in place for long term empty homes, with up to 3 times the normal rate now chargeable for homes empty for more than 10 years. The proposal to double Council Tax for 2<sup>nd</sup> homes reverses a previous policy which originally gave a 50% discount up to the early 2000s though this discount was eventually reduced and removed altogether.
- 1.3 Approximately 1 in 20 homes within the Dales are not being used for the purpose of providing a residential dwelling. Empty homes, holiday lets and 2<sup>nd</sup> homes account for approximately 1750 properties out of 35,000 properties. 2<sup>nd</sup> Homes within the Dales are concentrated within a spine of wards running from Wirksworth and Bakewell through to Hathersage and Eyam. However all wards have some 2<sup>nd</sup> homes.
- 1.4 In April 2019 the Council adopted the 100% premium for homes that are substantially unfurnished and have been empty for more than two years. Further powers to increase Council Tax on 'substantially unfurnished' homes empty for more than 5 years and more than 10 years were adopted by the Council in April 2022 and come into effect on 1<sup>st</sup> April 2023. The higher premiums are about to impact a handful of people renovating their properties, causing them significant hardship at a time when inflationary pressures are already adding to their financial difficulties. Officers are keen to assist those individuals who are doing what the policy is designed to do, rather than actually slow down the bringing back in to use of long term empty homes.
- 1.5 Taken together the 2<sup>nd</sup> homes and empty homes premiums provide an opportunity to help shape the housing sector for future generations. Making best use of the existing housing stock will help to reduce the pressure to build more homes.

## 2. Key Issues

- 2.1 The key issue for the Council concerns the use of the 2<sup>nd</sup> homes premium in an effort to curb the growth in 2<sup>nd</sup> homes and potentially reduce the total number. The government's intention behind the policy is a response to the chronic shortage of lower cost market homes in housing markets distorted by people from outside an area buying an additional property. People in housing need typically report the number of 2<sup>nd</sup> homes in their locality as a reason why they can't afford to buy a home of their own. During a debate in the House of Commons, the Housing Minister provided a succinct summary of the issue, "I recognise that more must be done, but we must ensure that we get the right balance on the economic benefits of *second homes*, the social challenges that they can sometimes provide, the rights of homeowners to use their properties as they choose, and the needs of homeseekers wishing to live in or near the area where their friends, families or workplaces are located".
- 2.2 At 30 January 2023 there were 984 2<sup>nd</sup> homes on the council tax register. Analysis of the Council Tax register indicates that the majority of 2<sup>nd</sup> homes fall within the lower bands i.e. the lower cost and smaller homes within the district.



- 2.3 The next key issue concerns the impact on the tourist industry within the Dales. The consultation section below highlights the concerns that some respondents to the survey expressed about the impact of the premium and essentially putting people off from staying in a 2<sup>nd</sup> home. Some people feel that by reducing the number of 2<sup>nd</sup> homes in the district through this policy, there will be less money spent in the economy. However other respondents

pointed out that the local people who might otherwise live in the property would in fact spend more and over a consistent time period. Members will need to consider the balance between these two considerations when considering the option to adopt the premium.

- 2.4 The 2<sup>nd</sup> homes policy is something that rural councils and pressure groups have been calling for over many years. If the Council decided not to adopt the policy then it is likely that the Dales would be an outlier. The Council has prioritised the provision of affordable housing since stock transfer in 2002. Given the 2<sup>nd</sup> homes policy is presented by government as a key tool to impact on housing need, failure to adopt it would be at odds with the Council's long term ambition to provide affordable homes. There is a reputational risk from not adopting the policy.
- 2.5 The final key issue concerns the use of the additional income that would be generated from the policy, if the Council decided to implement the 2<sup>nd</sup> homes premium. Figures provided in January 2023 indicated the premium could generate around £1.85m per year, based on current second homes and the council tax charged in 2022/23. Under council tax regulations the proportion that would be retained by the District Council is estimated at £257,500 per annum, which would have a significant benefit to the Council's financial position from 2024/25 onwards if the premium is adopted. The Police, Fire County Council would also benefit. The biggest gain would be for Derbyshire County Council with additional council tax income of around £1.3m per annum. It is worth noting that the 2<sup>nd</sup> homes premium is designed to tackle the issue of 2<sup>nd</sup> homes. If the premium is going to be really effective then the income generated could also be used to provide more affordable homes in the villages most impacted by 2<sup>nd</sup> homes.
- 2.6 If adopted, the 2<sup>nd</sup> homes premium would provide a windfall income to Derbyshire County Council. One aspect of the premium that Members may wish to consider is to seek an agreement with Derbyshire County Council that would see a proportion of the premium returned to the District Council for the purposes of financing additional affordable homes and discounts to offset the premiums on second homes and empty homes in certain circumstances. A meaningful and continuous funding stream to support affordable housing would be a game changer, particularly in the National Park area of the Dales where design costs for new affordable homes are becoming increasingly prohibitive.
- 2.7 Housing provision plays an important role in supporting County Council priorities;
- creating jobs and economic growth through construction,
  - providing age appropriate housing for families, older people and people with disabilities,
  - helping to accommodate key public sector workers such as teachers and care workers
  - support rural schools struggling with reducing pupil numbers
  - providing warm, energy efficient housing, taking people out of fuel poverty
  - helping communities to be more resilient by sustaining family support and care in rural areas

- 2.6 A 50% funding split with Derbyshire County Council would see approx. £650,000 per year of new capital funding. This level of funding would give certainty to the Council's partners in the delivery of affordable housing and support the purchase of existing homes and/or match fund new development with housing associations and Homes England grant. It could also support the Council's own affordable housing programme, generating further revenue for the District Council. A proportion could also be used to offset the cost of granting discretionary discounts, as the full cost of these will fall on the district council.
- 2.7 In relation to empty homes the intention has been to encourage owners of long term empty homes to return them back in to use. Early indications are that this is proving successful with some of the worst empty homes now coming up for auction after years of inaction by the owners. The policy has however caught out a handful of owners who have been working on their homes. The impact of Covid and inflationary increases relating to building materials combined with the higher premiums will significantly impact the ability of some owners to complete renovation work. Clearly the Council's intention in adopting the policy was not to create a disincentive but that is one of the downsides of Council Tax policy. The Council has previously provided discretionary discounts for owners when their empty property is on the market to sell or rent or for those who would face undue hardship if they had to pay the empty homes premium. If the Council provides further discretionary discounts, the regulations are such that the whole of the financial burden falls on the District Council. This creates a problem for the District Council's financial position as it must bear the full cost of a discount but it only receives around 14% of Council Tax billed, with the remaining 86% being paid to the other major preceptors.

### **3. Options Considered and Recommended Proposal**

- 3.1 The main option open to the Council is whether or not to adopt the 2<sup>nd</sup> homes premium. The subsequent options are then to consider the introduction of discretionary discounts to offset the premium in certain circumstances and any arrangement with Derbyshire County Council concerning the return of a proportion of the new premium.
- 3.2 Given the housing pressures across the Dales, particularly in villages with higher numbers of 2<sup>nd</sup> homes, officers consider adopting the premium would have a positive impact on the housing market. Although this would not be popular with 2<sup>nd</sup> home owners, the majority of whom live outside the district, it would give a signal of intent to local people squeezed out of the housing market.
- 3.3 One option Members may wish to explore is a staged approach to the premium, increasing by 50% in April 2024 and a further 50% in April 2025.
- 3.4 With regard to introducing changes to the Council's policy for discretionary council tax discounts for second homes and empty homes in certain circumstances, more work is required to identify the potential scope and the financial impact. There are limited options available to support owners of empty homes who are working hard to bring their homes back in to use.

Officers would like more time to further review available options before presenting a report to Council in July 2023.

#### **4. Consultation**

- 4.1 The Council posted a survey monkey questionnaire on the Council's website on the 10<sup>th</sup> February. The survey included various multiple-choice questions to ascertain individuals' views and other free-text questions that allowed for more in-depth responses. Please see Appendix 2 for identified key themes and supporting quotes in relation to the free-text questions.
- 4.2 Press releases and coverage on the Council's social media channels also took place. The owners of 2<sup>nd</sup> homes also received a letter advising them of the consultation and asking them to complete the questionnaire. The survey was originally intended to close on the 15<sup>th</sup> March, with officers providing an update at the Council meeting on the 16<sup>th</sup> March. However several requests from Town Councils and also the opportunity to include an article in Dales Matters meant that the survey will close on the 22<sup>nd</sup> March. Given the time period for which the survey has been open and the clear direction of the key messages coming out of the survey, officers consider that it is reasonable to use the latest results to inform a decision by Members.
- 4.3 S76(2)(3) of the Levelling up and Regeneration Bill requires the billing authority (in this case Derbyshire Dales DC) to make a determination to adopt the premium, at least one year before the beginning of the financial year to which it relates. Therefore the Council is required to give 1 year's notice of impending changes to Council Tax. If the decision is delayed then the opportunity to implement the premium will next be available on the 1<sup>st</sup> April 2025. If there is a significant movement in the key messages from the survey between the 16<sup>th</sup> and 22<sup>nd</sup> March then these can be included in the next available report to Council in July 2023.
- 4.4 As of 6<sup>th</sup> March 2023, the consultation had generated 1,297 responses. 1,008 of the respondents (78%) stated their main home was in Derbyshire Dales and 311 respondents (24%) stated they owned a second home in Derbyshire Dales.
- 4.5 Individuals were asked about the effect they believe second homes have on local communities in Derbyshire Dales. 339 respondents (26%) stated they believe second homes have a positive impact and 833 respondents (64%) stated they believe second homes have a negative impact. The remaining 125 respondents (10%) stated they felt they had no impact on the local community or did not have an opinion on this matter. The survey form provided the opportunity for respondents to make comments about the reasons why they believe second homes have a positive or negative impact. Reasons relating to a positive impact could be categorized into the following themes:
  - Individuals that live in second homes contribute to the local economy. They spend money in shops, pubs and café's, and use local services, often contributing more to local businesses than permanent residents.

- Empty homes are brought back into use as second home owners have the money available to renovate the properties. These homes would otherwise be inhabitable.
- Family and friends have somewhere to stay. This keeps families in regular contact for care purposes or childcare.

Reasons relating to a negative impact on the local community could be categorized into the following themes:

- Second homes can become empty properties for long periods of time and are a wasted resource.
- Second homes place local people at a disadvantage of owning/renting a property as house prices are inflated and less properties are available.
- Frustration for permanent residents as second homeowners live in 'holiday mode' and have a lack of consideration in regards to noise levels and parking.

4.6 The majority of respondents felt that it was appropriate to double the rate of council tax on second homes:-

- 63% felt that it was appropriate.
- 36% felt that it was not appropriate.
- 1% did not have an opinion on this matter.

4.7 Respondents were asked about the impact they feel increasing council tax on second homes would have on the local community moving forward. 61% of respondents (788) stated they felt the Council Tax Premium would have a positive impact on the community. Individual's comments in relation to this could be categorized into the following themes:

- More properties will be available for local people. This will be due to an increase in second homes being sold and therefore more houses on the market.
- The Council Tax Premium will discourage people from buying more second homes in Derbyshire Dales.
- More revenue available for the council to spend on services and producing affordable homes.

26% of respondents (338) stated they felt increasing council tax on second homes would have a negative impact on the local community. Individual's comments in relation to this could be categorized into the following themes:

- If the premium is introduced, second homes will most likely be converted into holiday lets.
- Second homes may be left abandoned/derelict as they are unaffordable for local people.
- Less money will be spent on the local economy due to fewer visitors in the area, thus leading to local people becoming unemployed.

13% of respondents (171) stated they felt increasing council tax would have no impact on the local community or did not have an opinion on this matter.



- 4.8 The majority of respondents (61%) stated they felt the Council Tax Premium would increase the number of homes that are available for local people to buy. However, there were mixed responses in regards to whether or not individuals felt that this would lower the cost of house prices in Derbyshire Dales. 40% stated they felt it would lower house prices as opposed to 48% that felt it would not. 12% did not have an opinion on this matter.
- 4.9 Owners of second homes were asked if the introduction of the Council Tax Premium would cause them to consider selling their home. 42% stated it would make them consider selling and 58% stating it would not.
- 4.10 37% of respondents (477) expressed that the Council Tax Premium would have a positive impact on the local economy, 30% of respondents (389) stated it would have a negative impact and 33% (431) either had no opinion on the matter or thought it would have no impact.

Of the positive impact the Council Tax Premium may have, respondents noted that should more homes be available for local people due to the effects of the premium, more permanent residents in Derbyshire Dales would contribute to local businesses (e.g. shops, cafes, restaurants, local builders and local events). It was argued that an increased and more stable population would spend more money on local businesses all year round than temporary second home visitors.

In terms of a negative impact on the local economy, the main response was interestingly similar. Respondents stated that second home owners contribute vastly to local businesses and shops, more so than permanent residents. The effect of the premium would mean that second homeowners would have lower disposable income to spend on local businesses. Some may also sell their homes, meaning fewer visitors to contribute financially to local businesses. This could lead to loss of employment opportunities for local people.

- 4.11 Respondents stated that if the Council Tax Premium on second homes was to be introduced, they would like the council to spend the additional council tax income on the following:-
- The council's existing services (37%).
  - Providing more affordable housing in villages affected by second homes (40%).
  - Other services (23%). Respondents stated these other services specifically were: a mixture of existing services along with affordable housing, repairing local roads, improved public transport, car parks, emergency services and increased upkeep of villages.
- 4.12 Respondents were then provided with an opportunity to make any further comments about the potential Council Tax Premium on second homes. Main themes taken from these comments can be seen in the table below.

Key themes	Further explanation
<p>Exemptions need to be applied. Examples of suggested exemptions can be seen in the 'further explanation' column.</p>	<p>Second homes being used as accommodation for Ukrainian refugees.</p> <p>Second homes being used for work purposes.</p> <p>Second homes inherited due to a death in the family.</p> <p>Second homes being used to help with medical care for family members.</p> <p>Second homes being used to support with childcare.</p> <p>Second homes that are in the process of being sold or attempting to be sold.</p>
<p>The amount of the Council Tax Premium should be lower.</p>	<p>Some respondents state this should be 20% to 50% and should be dependent on council tax banding and contribution to the area.</p>
<p>The amount of the Council Tax Premium should be higher.</p>	<p>Some respondents have stated the premium should be increased by more than double and as a 3x or 4x levy to act as a more effective deterrent.</p>
<p>Further suggestions as to how the council should manage the Council Tax Premium on second homes.</p>	<p>A premium should only be introduced on new purchases of second homes, not on already existing owners.</p> <p>There should be a limit on the number of second homes per parish, based on a percentage of the total dwellings, e.g. no more than xx%.</p> <p>A 100% increase is too abrupt. Phase the premium in over a period of time.</p> <p>Introduce a graded increase dependant on the size of the property, time spent in the home, time lived in the area and council tax band.</p>
<p>Forcing second homeowners to sell due to the Council Tax Premium does not mean there will be more affordable houses for local people.</p>	<p>House prices will be too expensive for local people.</p>
<p>Second homes are a future investment for the children of second home owners.</p>	<p>These could either be for children when they grow up to eventually live in or to allow children to save for their own house.</p>

<b>Key themes</b>	<b>Further explanation</b>
For second homeowners that live in their main home for 50% of the time and second home 50% of the time, they will choose to swap their 'main home' and 'second home' over so that they are not charged the Premium.	This is one way to avoid paying the Council Tax Premium.
Some second homes are too small for anyone to live in as a primary home.	Respondents state that 'annexes' that are classed as second homes at times are impossible to sell or are too small to be a family's primary home.
The council should be working harder with second homeowners to make better use of their homes.	The council should provide support in helping second homeowners understand their options if they cannot afford the increase in council tax. E.g. support in converting properties to holiday lets.
Holiday lets are much more of an issue for the local community than second homes are.	This has more of a negative effect in reducing housing availability than second homes do.
A blanket approach is not appropriate.	Personal circumstances must be taken into account. A 'one size fits all' approach will not work.
Second homeowners use fewer council facilities and therefore should not be charged more.	They are temporary residents and therefore use less council services.
Not all second homeowners are rich and have luxury homes.	People have saved and worked hard to achieve a second home. It is unfair to penalise them for this.

## **5. Timetable for Implementation**

- 5.1 If Members decide to adopt the second homes council tax premium, it is proposed that it would become effective from the 1<sup>st</sup> April 2024.

## **6. Policy Implications**

- 6.1 If the District Council adopted the 2<sup>nd</sup> homes premium, the collection of the premium will fall on staff within the Revenues and Benefits Service, which is provided by Chesterfield Borough Council under a service level agreement. Whilst the proportion of 2<sup>nd</sup> homes is relatively low compared to the total council tax base, adopting the policy could have an impact on collection rates and is likely to result in increased levels of contact and complaints from owners of 2<sup>nd</sup> homes.
- 6.2 The consultation process has highlighted the fact that people buy 2<sup>nd</sup> homes for a variety of reasons which can include the need to provide or receive care or other factors that the Council may wish to have regard to. Adopting a blanket policy can adversely affect people and officers consider that

further work should be undertaken to understand these issues. A report would then be brought back to Council in July 2023 refining the adoption of the policy.

## **7. Financial and Resource Implications**

- 7.1 Should members approve the introduction of a second homes council tax premium, it will result in additional council tax income for this authority and for the major preceptors. The premium could generate additional income of around £1.85m per year, based on current second homes and the council tax charged in 2022/23. Under council tax regulations the proportion that would be retained by the District Council is estimated at £257,500 per annum, which would have a significant benefit to the Council's financial position from 2024/25 onwards if the premium is adopted. The Police, Fire and County Council would also benefit. The biggest gain would be Derbyshire County Council with additional council tax income of around £1.3m per annum. It is worth noting that the 2<sup>nd</sup> homes premium is designed to tackle the issue of 2<sup>nd</sup> homes. If the premium is going to be really effective then the income generated could also be used to provide more affordable homes in the villages most impacted by 2<sup>nd</sup> homes.
- 7.2 It is proposed that officers undertake more work to explore whether it would be fair, reasonable and affordable to introduce new categories of discretionary council tax discounts to offset some of all of the premiums for second homes and long-term empty homes in certain circumstances. The cost of such discounts would fall wholly on this council, as billing authority.
- 7.3 If members approve the introduction of a second homes council tax premium from 2024/25, officers propose to approach Derbyshire County Council to ascertain whether there is a willingness to return a proportion of the new premium to this authority to fund new affordable homes or to fund discretionary discounts for second homes and long-term empty homes in certain circumstances.
- 7.4 If the District Council were to adopt the second homes council tax premium, the collection of the premium will fall on staff within the Revenues and Benefits Service, which is provided by Chesterfield Borough Council under a service level agreement. Whilst the proportion of 2<sup>nd</sup> homes is relatively low compared to the total council tax base, adopting the policy could have an impact on collection rates and possibly write offs. It is likely to result in increased levels of contact and complaints from owners of 2<sup>nd</sup> homes. This could be mitigated in part by the introduction of relevant discretionary discounts.
- 7.5 The impact on resources for the introduction of new discretionary discount categories will be considered as part of the report that is to be presented to council in July.

- 7.6 The financial risk of the report recommendations is assessed as low.

## **8. Legal Advice and Implications**

- 8.1 This report relates to the Council's doubling the Council Tax payable on 2<sup>nd</sup> homes

8.2 There are 4 recommended decisions to be made in connection with this report. The Legal risk for a challenge to be received in connection with these decisions has been assessed as low.

## **9. Equalities Implications**

9.1 An EIA was completed and presented to Council on 27 January 2022 with the report regarding the introduction of higher levels of Council Tax for empty homes. This EIA reflects the same issues as those regarding increasing charges for second homes.

## **10. Climate Change Implications**

10.1 A Climate Change Impact Assessment has not been prepared for this report given the financial nature of the premium.

## **11. Risk Management**

11.1 The adoption of the 2<sup>nd</sup> homes premium is subject to the Bill receiving Royal Assent before the 1<sup>st</sup> April 2023. At the time of writing this report the Bill is at the Committee stage in the House of Lords. If the Bill receives Royal Assent after the 1<sup>st</sup> April 2023 then the Council will not be able to implement the premium until 1<sup>st</sup> April 2025.

11.2 The statutory basis for the 2<sup>nd</sup> homes premium will provide the regulation and guidance for implementing the policy. Some owners of 2<sup>nd</sup> homes may decide to sell their property but it is likely that any reduction in total numbers would be offset by rising council tax over future years.

11.3 If the premium is adopted, maintaining a long term agreement between the District Council and County Council will be key to ensure an ongoing funding programme.

11.4 The application of a second homes premium might encourage Council Tax “avoidance”, for instance by the owners of such properties transferring the property to Business Rates. Currently, only properties that are available to let for more than 20 weeks (140 days) in a calendar year should be rated as business rates by the Valuation Office Agency (VOA). From April 2023, this criteria will still apply but additionally it must be evidenced by the owner to the VOA that the property was also actually let for short periods totalling at least 70 days in the previous year. This change should help to ensure that any properties transferring from Council Tax to Business Rates relate to genuine circumstances where the property is being utilised for business purposes in accordance with the government’s legislation and might also mean that some properties currently categorised for Business Rates will need to be transferred to Council Tax.

## **Report Authorisation**

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Director of Regulatory Services, in absence of the Chief Executive	Tim Braund	08/03/23
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	08/03/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	07/03/2023

## Appendix 1

### Levelling-up and Regeneration Bill Part 2 Section 76 Dwellings occupied periodically: England

(1) The Local Government Finance Act 1992 is amended in accordance with subsections (2) and (3).

(2) After section 11B (higher amount for long-term empty dwellings: England) insert—

“11C Higher amount for dwellings occupied periodically: England

(1) For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day the conditions mentioned in subsection (2) are satisfied in respect of a dwelling—

(a) the discount under section 11(2)(a) does not apply, and 25

(b) the amount of council tax payable in respect of that dwelling and that day is increased by such percentage of not more than 100 as it may specify in the determination.

(2) The conditions are—

(a) there is no resident of the dwelling, and

(b) the dwelling is substantially furnished.

(3) A billing authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates.

(4) In exercising its functions under this section a billing authority must have regard to any guidance issued by the Secretary of State.

(5) Where a determination under this section has effect in relation to a class of dwellings

Other provision

(a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and

(b) any determination that has been made under section 11A(3),

(4) or (4A) ceases to have effect in relation to that class.

(6) A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.

(7) Where a billing authority makes a determination under this section it must publish a notice of the determination in at least one newspaper circulating in the area.

(8) The notice must be published before the end of the period of 21 days beginning with the date of the determination.

(9) The validity of the determination is not affected by a failure to comply with subsection (7) or (8).

## Appendix 2

### Question 4:

If you believe second homes have a positive or negative impact on the local community, please comment on your reasons why.

Positive impact on the local community	
Themes	Quotes
Individuals that live in second homes contribute to the local economy. They spend money in shops, pubs and café's, and use local services, often contributing more to local businesses than permanent residents.	<p><i>'Second home owners bring a constant source of income into the local economy. That benefits everybody including the local community. Price out second home owners and you lose all that income.'</i></p> <p><i>'We add to the local economy by spending a large proportion of our disposable income when in the town. Also as it is a second home we don't use the local council tax amenities to their full capacity. Therefore we currently pay disproportionately to that of existing residents.'</i></p>
Empty homes are brought back into use as second home owners have the money available to renovate the properties. These homes would be otherwise inhabitable.	<p><i>'In my situation the cottage was not habitable and has been brought back into use and enhancing the conservation area. Whilst it is a second home it is in constant use by family and friends whom spend their money in local pubs, shops and restaurants. My neighbours know many of them as well as they know me as they see us working to keep roads and paths clear of weeds and rubbish in the village. Financial support for the Church and Schools is also provided by taking an active role in fundraising.'</i></p> <p><i>'I took an uninhabitable building and turned it into a dwelling. I did not take a house out of the local housing stock.'</i></p>
Family and friends have somewhere to stay. This keeps families in regular contact for care purposes or childcare.	<i>'My wife and I spent our childhood in the Peak District, but we had to move away for work. In retirement we've come back and its lovely. We have our main family home down south near to our children and grandchildren. It really isn't a simple matter of greed motivating second home owners'</i>

Negative impact on the local community	
Themes	Quotes
Second homes can become empty properties for long periods of time and are a wasted resource.	<p><i>'Some villages (ie Beeley) become something of a ghost town outside of holiday season'.</i></p> <p><i>"If we do not impose some kind of control on 2nd homes and or holiday lets, Tideswell and villages like it will lose their residential heart and</i></p>



	<i>soul, something, that makes a village a village. We are in danger of becoming a holiday camp.'</i>
Second homes place local people at a disadvantage of owning/renting a property as house prices are inflated and less properties are available.	<i>'There are quite a number of local young people who wish to live in their home villages. Many of the second homes would be ideal starter homes.'</i>  <i>'I live in one of the old parts of Bakewell where out of 17 homes in the immediate area 11 are second homes. This is driving up house prices and destroying communities. I hardly know anyone who lives in my community anymore.'</i>
Frustration for permanent residents as second homeowners live in 'holiday mode' and have a lack of consideration in regards to noise levels and parking.	<i>'People who come to use the houses are in holiday mode so at times don't consider the noise levels, the rest of us are still at work and need to get up in the morning and our children need to get to school, this really is a big problem.'</i>  <i>'The houses here are closely linked and when people are holiday right outside your window it is hard to work online or retain privacy for our own living. If we could afford it we would move away because of this.'</i>

**Question 7: If you believe increasing the council tax on second homes would have a positive or negative impact on the local community moving forward, please comment on your reasons why.**

<b>Positive impact on the local community moving forward</b>	
<b>Themes</b>	<b>Quotes</b>
More properties will be available for local people. This will be due to an increase in second homes being sold and therefore more houses on the market.	<i>'It would hopefully put people off buying the properties as second homes and give younger locals more chance of staying in the villages, rather than having to move to nearby towns/cities.'</i>  <i>'It would help to deter city people from buying up all the village properties and thus allow locals a chance to buy.'</i>
The Council Tax Premium will discourage people from buying more second homes in Derbyshire Dales.	<i>'A bit of a deterrent, but I'd triple or quadruple the amount'</i>
More revenue for the council to be spent on services and producing affordable homes.	<i>'It may deter some purchases of second homes and increased revenue could be spent of local housing needs.'</i>

Negative impact on the local community moving forward	
Themes	Quotes
If the premium is introduced, second homes will most likely be converted into holiday lets.	<p><i>'You may well force of a small percentage second home-owners to sell their houses, but I am not sure that locals would buy them (or want to live in such remote areas, where many second homes are situated). I suspect that many of those houses would simply be bought by property developers who have more money than private individuals and who may then rent them out either to locals, or holiday-makers at an extortionate cost.'</i></p> <p><i>'Bringing in increased costs is likely to drive me to rent out the property for holiday use which I know my neighbours are against.'</i></p>
Second homes may be left abandoned/derelict as they are unaffordable for local people.	<i>'2nd homeowners may no longer be able to afford their 2nd homes and these properties, if they are not suitable as main homes, may flood the market and there is the potential for many of these properties to be left standing empty.'</i>
Less money will be spent on the local economy due to fewer visitors in the area, thus leading to local people becoming unemployed.	<i>'You will likely have reduced tourism as fewer places for people to stay, thereby affecting local shops, restaurants etc. It will also reduce the available work for cleaners, gardeners etc that rely on this industry which would lead to local people becoming unemployed.'</i>

**Question 12: If you believe increasing council tax would have a positive or negative impact on the local economy (e.g. shops/businesses), please comment on your reasons why.**

Positive impact on the local economy	
Themes	Quotes
More permanent residents in Derbyshire Dales to contribute to local businesses. This would provide more income for businesses than second homeowner visitors provide.	<p><i>'Would increase the economy as people living in them permanently would spend money locally all year round week in week out.'</i></p> <p><i>'More local people using shops all year round.'</i></p> <p><i>'In the depth of winter there are only a few of us here and it's easy to walk down a street where no lights show in the houses. I'm sure increasing the council tax would make people think twice about investing in an occasional home and as an effect encourage a stable population.'</i></p>

Negative impact on the local economy	
Themes	Quotes
<p>Second homeowners would have lower disposable income to spend on local businesses. Some may also sell their homes, meaning fewer visitors to contribute financially to local businesses.</p>	<p><i>'Since buying our apartment about 5 years ago, we have spent well over £100k with local businesses and specialists on improvements and upgrades and I suspect many second home owners do likewise. We have also made a conscious effort to contribute to the local economy (e.g. we are Chatsworth Gold members) and regularly attend local events and places of interest. This investment will be lost to the local community if second home ownership is discouraged.'</i></p> <p><i>'Our disposable income would fall and we would have less to spend locally.'</i></p> <p><i>'The premium would reduce income for local businesses who are heavily reliant on visitors.'</i></p>

**Question 14: If you would like to make any further comments about the Council Tax Premium on second homes, please do so in the box below.**

Key themes	Further explanation	Quotes
<p>Exemptions need to be applied. Examples of suggested exemptions can be seen in the 'further explanation' column.</p>	<p>Second homes being used as accommodation for Ukrainian refugees.</p> <p>Second homes being used for work purposes.</p> <p>Second homes inherited due to a death in the family.</p> <p>Second homes being used to help with medical care for family members.</p> <p>Second homes being used to support with childcare.</p> <p>Second homes that are in the process of attempting to be sold.</p>	<p><i>'I use the property every week for between 2 and 4 nights. My property allows me to add value to the local economy and allows me to earn a living and I spend money with the local community by effectively living here during the week.'</i></p> <p><i>'I am not wealthy but having this flat has enabled me to look after my grandson to enable his parents to work locally. I have had cancer and it has been a safe place for me to stay so I don't have to mix.'</i></p> <p><i>'Not all owners of a second home own them purely as holiday homes. Some may own them due to sudden deaths in the family meaning they inherit the home and are unable to sell it straight away. Some own second homes as they have inherited them from family and are intending to live in the home full time in the future but that isn't viable straight away.'</i></p> <p><i>'Currently, I rent a one-bedroom flat from my employer, which allows me to work half the week'</i></p>

Key themes	Further explanation	Quotes
		<i>in Derbyshire. This isn't a luxury for me, but rather a necessity. A 100% premium on my council tax would begin to make this arrangement unaffordable. '</i>
The amount of the Council Tax Premium should be lower.	Some respondents state this should be 20% to 50% and should be dependent on council tax banding and contribution to trade in the area.	<i>'Properties that are empty most of the time should pay a full premium. Properties that bring trade to the area could pay a 20% increase. If we had to pay a full premium for our cottage we would struggle to make ends meet.'</i>
The amount of the Council Tax Premium should be higher.	Some respondents have stated the premium should be increased by more than double and as a 3x or 4x levy to act as a more effective deterrent.	<i>'I think the tax rate should be more than doubled on properties not used as holiday lets i.e are empty for large amounts of time.'</i>  <i>'A bit of a deterrent, but I'd triple or quadruple the amount'</i>
Further suggestions as to how the council should manage the Council Tax Premium on second homes.	A premium should only be introduced on new purchases of second homes, not on already existing owners.  There should be a limit on the number of second homes per parish, based on a percentage of the total dwellings, e.g. no more than xx%.  A 100% increase is too abrupt. Phase the premium in over 3 to 5 years.  Introduce a graded increase dependant on the size of the property, time spent in the home and council tax band.	<i>'There must be other options like making it a new rule post 2024. At least then, people would know what they are buying into. Seems to be fairer for all?'</i>  <i>'Would it be possible to have a graded additional council tax dependent on different types of second home owners? 100% increase targeted at everyone in this group seems both disproportionate and unreasonable. If the intention is to redistribute wealth within the county as a whole this ought to include all property owners including those living in above average size houses (i.e. four bedrooms and above).'</i>
Second homes are a future investment for the children of second home owners.	These could either be for children when they grow up to eventually live in or to allow children to save for their own house.	<i>'I purchased the house originally for my daughter to live in - she works at JCB - from a divorce settlement. It allowed her to save for her own house, which she has now purchased in Stafford. It has become a second home by default since she moved out.'</i>
For second homeowners that live in their main home for	This is one way to avoid paying the Council Tax Premium.	<i>'If you choose to introduce the premium, I will just have to swap over my main home to being in Derbyshire Dales.'</i>

Key themes	Further explanation	Quotes
50% of the time and second home 50% of the time, they will choose to swap their 'main home' and 'second home' over so that they are not charged the Premium.		
Some second homes are too small for anyone to live in as a primary home.	Respondents state that 'annexes' that are classed as second homes at times are impossible to sell or are too small to be a family's primary home.	<i>'A 1 bed coach house next to our main house on our driveway is impossible to sell, and we do not use it as a holiday home/holiday let. In our case this would simply be a punitive additional tax on a property we already pay a second council tax for when in many cases such a property would be considered an outbuilding to the main house.'</i>
The council should be working harder with second homeowners to make better use of their homes.	The council should provide support in helping second homeowners understand their options if they cannot afford the increase in council tax. E.g. support in converting properties to holiday lets.	<i>'The council should be looking to work with second home owners and encourage them to make better use of their properties such as using them as holiday lets. This would inject more money into the local economy rather than driving it out.'</i>
Holiday lets are much more of an issue for the local community than second homes are.	This has more of a negative effect in reducing housing availability than second homes do.	<i>'What I see from our time spent living and visiting Ashbourne is that the biggest impact now is the holiday let industry. In my opinion it is this that is reducing the housing availability and when these properties become tired will they be rented out continuously, with extra income coming to local businesses. I very much doubt it.'</i>
A blanket approach is not appropriate.	Personal circumstances must be taken into account. A 'one size fits all' approach will not work.	<i>'I do hope that this is not a blanket increase irrespective of personal circumstances. I do hope that when and if such a levy is introduced that personal circumstances would be taken into account. The house in Ashbourne is one that we visit on a regular basis and have carried out many improvements during the ten years that we have owned it. We are both in our seventies and due to failing eyesight, I am no longer able to drive. Our intention has never been to buy to let but to provide</i>

Key themes	Further explanation	Quotes
		<i>ourselves with healthy living in the countryside.'</i>
Second homeowners use fewer council facilities and therefore should not be charged more.	They are temporary residents and therefore use less council services.	<i>'If people have a second home they are not using the council services as much - bins, roads etc so should not be charged more for less usage.'</i>
Not all second homeowners are rich and have luxury homes.	People have saved and worked hard to achieve a second home. It is unfair to penalise them for this.	<i>'Second home owners generally aren't "Millionaires". Hard working people have saved up all there life to be able to fulfil their dream to spend a lot of time living in the Dales. My wife is a born Derbyshire girl, now retired. Don't penalise us.'</i>