

# Impact assessment form: Council Tax Empty Property and Second Home Policy 2026-2027

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Basic Details	
Directorate	Resources
Service area	Revenues
Officer(s) carrying out screening	Sherrri Williamson, Will Boardman
Lead Officer and contact details	Margaret Wallace
Date of the assessment	31 January 2026

Purpose of the policy
<p>The North Yorkshire Council Empty Homes and Second Homes Premium Policy 2026–27 sets out how the Council will apply additional Council Tax premiums to:</p> <ul style="list-style-type: none"> <li>• Long-term empty homes, and</li> <li>• Second homes that are furnished but not anyone’s main residence.</li> </ul> <p>The aims are to:</p> <ul style="list-style-type: none"> <li>• Encourage owners to bring unused properties into full-time occupation,</li> <li>• Increase the supply of homes available to local residents,</li> <li>• Support community sustainability,</li> <li>• Increase Council Tax revenue to support local services.</li> </ul> <p>The policy reflects national changes enabling councils to apply:</p> <ul style="list-style-type: none"> <li>• A 100% premium after one year of a property being empty (previously two years),</li> <li>• A 100% premium on second homes from 1 April 2025.</li> </ul> <p>Mandatory statutory exceptions apply as set out in regulations and Government guidance (1 November 2024).</p>

Legislative Background and Guidance
<p>The legislative framework enabling the introduction of a council tax premium on second homes is provided through amendments to the Local Government Finance Act 1992, specifically sections 11B and 11C, inserted by the Levelling-up and Regeneration Act 2023. These provisions gave billing authorities discretion to apply a premium of up to 100% on second homes from 1 April 2025, subject to the statutory requirement for the initial decision to be taken at least 12 months in advance so as to provide owners of these dwellings sufficient notice to make any appropriate changes. At a full NYC council meeting on 21 February 2024, the Council resolved to introduce the second homes premium from 1 April 2025.</p> <p>The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024, came into force on 1 November 2024, setting out the categories of dwellings that must be excepted from the premium. On the same date, the Government issued guidance for councils setting out the circumstances where a premium can be charged, the discretion available to councils in doing this, the administration of premiums and the application of the exceptions. The guidance also explained that councils should make their decisions based on the legislation and their specific local circumstances. The guidance also encouraged councils to assess the impact of any premium they introduce.</p>

As the second homes premium only took effect from 1 April 2025, a full-year dataset for second homes to which the premium has actually been applied is not yet available; therefore, this assessment draws on in-year monitoring, historic data, Housing and Economic Development Needs Assessment (HEDNA) evidence and triangulated datasets.

### What Changed as a Result of the Policy?

#### Empty Homes:

- From 1 April 2024, a 100% Council Tax premium applies to homes empty for one year (previously two years).
- Premiums of 200% at 5 years and 300% at 10 years remain in place.

#### Second Homes:

- From 1 April 2025, second homes attract a 100% premium (a 200% bill).
- Applies where the dwelling is furnished and not occupied as anyone's sole or main residence.

These criteria will remain the same within the 2026-2027 policy.

### Numbers and proportion of long-term empty dwellings and/or second homes in the North Yorkshire area

North Yorkshire has a high proportion of both empty dwellings and second homes. Across North Yorkshire, the 2021 Census identified 4,360 second homes (1.5% of dwellings) although these are significantly concentrated in coastal areas with much higher proportions of second homes in Filey Old Town/Beachfront (~20%), Whitby (~20%), and Sandsend/Lythe (~38%). AirDNA (2025) indicates 13,000+ active entire-home short-term lets (~4.3% of stock), also heavily concentrated in coastal settlements.

Data from Department for Levelling Up, Housing and Communities (DLUHC) live tables on dwelling stock (including vacant properties) suggest that North Yorkshire has a significantly higher number of vacant properties than the regional average and has the 5th highest count nationally; 3.91% (≈1 in 26) of total homes are not in regular use.

Council Tax records show second homes reduced from 8,229 to 7,290 between April 2024 and April 2025, a decline of 939 homes (-11.4%). Whilst prior to the premium being collected, this was after the Council had agreed to introduce the charge from April 2025.

Date	01 April 20	01 April 21	01 April 22	01 April 23	01 April 24	01 April 25
No. of Second Homes	7,944	7,857	7,907	8,493*	8,229	7,290

\* the 2023 figure increased significantly as the Valuation Office introduced the criteria for business rated holiday lets with anyone that didn't supply the information to them in time moved from Business Rates to Council Tax

The table above shows the correlation between the announcement of the premium in 2023 and a reduction in the number of second homes.

Business Rate records show that commercial holiday lets increased by 150 over the same period. This coincides with tightened business rates rules for self-catering properties (covering availability ≥140 nights; actually let ≥70 nights).

The 2024 regulations provided exceptions to the second home premiums, which are mandatory and came into effect from 1 April 2025. Some exemptions were time limited and some not. There are the following categories:

PCLBX	Open- ended exception – property meets a qualifying exception with no fixed time limit.
PCLBX12	12- month exception – time- limited exemption for up to 12 months (e.g., marketed for sale).
PCLBX6	6- month exception – short- term statutory exemption (e.g., recently inherited).
PREM2H100	Charged the 100% second homes premium (200% Council Tax): furnished, not a main residence, and not exempt.

The table below shows the breakdown of properties for 2024/25 in towns in the North Yorkshire area

TOWN	PCLBX	PCLBX12	PCLBX6	PREM2H100	TOTAL IN AREA
Bedale	2	2		42	46
Carnforth	6	2		54	62
Filey	10	47		691	748
Great Ayton		7		22	29
Harrogate	26	17	15	384	442
Hawes	1	4		93	98
Knaresborough	8	2	7	41	58
Leyburn	7	13		332	352
Malton	2	6		75	83
Northallerton	4	10	4	88	106
Pickering	10	4	1	203	218
Richmond	8	24	3	366	401
Ripon	11	5	6	116	138
Whitby - other	6	17		274	297
Scarborough	33	94	5	1136	1268
Selby	1	7	1	36	45
Settle	4	1		126	131
Skipton	19	8	1	345	373
Thirsk	5	6	3	108	122
Whitby	32	60	2	1340	1434
Other	32	34	11	762	839
Totals	227	370	59	6,634	7,290

Once available, the data for 25/26 will be compared to identify any change in breakdown across these exemptions.

#### **Circumstances which may affect whether the dwelling can be used as a main residence**

There are a number of reasons why dwellings cannot be charged the premium including where dwellings are:

- job-related;
- annexes forming part of or being treated as part of, the main dwelling;
- ones over which probate has been recently granted;
- being actively marketed for sale or letting;
- planning-restricted holiday units.

Exceptions apply to these dwellings as per the 2024 regulations.

In-year monitoring demonstrates that there may be situations where a property is not reasonably capable of being occupied as a main residence. Examples could include (but are not limited to):

- possible absence or unreliability of essential mains utilities—for example, intermittent or unavailable water, electricity or drainage, which may limit the practicality of normal occupation.
- situations that may give rise to financial or practical hardship, such as a major life event that temporarily affects the ability to occupy or maintain the dwelling.

These situations do not automatically exempt a dwelling from a premium but may be taken into account on a case-by-case basis under the Council's discretionary powers in Section 13A(1)(c) of the Local Government Finance Act 1992, which allow the Council to reduce liability where it considers it appropriate and where circumstances may give rise to exceptional hardship.

#### **Potential impact on local economies and the tourism industry**

Holiday lets generate significant spend and employment. AirDNA, for example, indicates ~62% occupancy and ~£37,200 average annual revenue per listing in the Scarborough market. It is not certain, however, where the owners of the holiday lets are based so it is unlikely that all of this revenue remains within the local economy.

A reduction in the number of holiday lets is likely to impact on the tourism industry, potentially constraining the number of visitors. However, there is potential for greater occupancy within other accommodation to mitigate this impact.

The Government Office for Science “Future of the Sea” report states heavily that seasonal visitor patterns create vulnerability to external shocks (e.g., pandemics) and can undermine year-round business resilience in coastal settlements.

Any potential economic impact of limited visitor capacity will be (to some extent) offset against the impacts of more affordable housing for the local workforce. A RICS report states concentrations of second homes increase prices and constrain long-term lettings, which are factors that can affect recruitment in hospitality, care, health and education. There are significant affordability issues within North Yorkshire, with median salary ~£35,500 (Sep 2024); average house price ~£277,000 (+4.5% y/y, Sep 2025); and private rents ~£835 (+4.7% y/y, Oct 2025) (ONS data)

### **Potential impact on the local community**

The Government (DLUHC, 2024) has identified that areas with ≥10–20% second homes (e.g., Filey, Whitby, Wensleydale, Swaledale) risk seasonal “hollowing out” and diminished cohesion. This has been reported in areas experiencing collapse of permanent residency, including Robin Hood’s Bay, where reduced year-round occupancy has been cited as affecting community vitality. A report from RICS– “Ghost Town: the effect of second homes on communities” (2022) – highlighted that concentrations of second homes reduce regular social interaction and volunteer capacity (clubs, committees, events), weakening social capital.

There is significant housing need within North Yorkshire’s communities. There are 6,860 live applications on the housing register (2 Jan 2026), with ~31% in the Scarborough locality. HEDNA 2025 identifies ~4,115 homes per annum are needed (incl. ~2,458 affordable). Filey requires ~67 affordable homes per year (~335 over 5 years).

Delivering affordable housing in rural and coastal areas faces significant environmental constraints, infrastructure limits and price-to-income imbalance which represent barriers to delivery.

The impact of the policy will also be seen through additional investment of the revenue raised. This is proposed to include, over 4 years, a £12M Affordable Housing Delivery Fund, a £4m Rural Housing Delivery Fund, a £4m Community-Led Housing Fund, and £4m for specialist affordable homes. It is estimated that this will support the development of circa 540 additional affordable homes over a 4-year period as well as the development of a 20-bed supported housing scheme for the Coast.

### **Potential impact on local services**

Whilst there is no direct causal link established, school place demand is driven by the number of resident children, and communities with high second home concentrations may experience:

- Fewer young families able to live locally
- Declining or unstable pupil numbers
- Pressures that may lead to surplus places in some schools and shortfalls in others (depending on local patterns).

Further analysis of the correlation between second home ownership and surplus school places would be needed to identify a link.

A UK Government Office for Science evidence review has identified that GP and community health service viability can be affected by reduced permanent populations; seasonal peaks also add pressure.

It has been identified that reduced availability of accommodation options can have an impact on the number of households at risk of homelessness and the length of time people may be in temporary accommodation. In 2024/25, NYC owed prevention/relief duties to ~2,500 households, including 951 main duty decisions with 637 acceptances. Temporary accommodation placements (particularly in Scarborough and Harrogate) have increased with longer average stays due to limited move-on options.

### **Other measures available to bring empty dwellings back into use**

Beyond the policy being assessed, the Council has few alternatives to bring empty dwellings back into use. The council may use empty homes grants/loans, enforced sale/CPO (where proportionate) or case-by-case engagement to convert business-rated lets back to residential. These measures are, however, complex and are likely to be effective in relatively small numbers.

There are some mooted national policy changes, with potential Principal Residence conditions (typically targeted/newbuild), a new planning Use Class (C5) proposed for short-term holiday lets, and the ability to use targeted Article 4 Directions to remove automatic permitted development rights, so they can better control where short-term lets

are allowed. These are not yet fully available and so provide limited scope currently to impact on the number of homes without full occupation.

### **Overall Conclusion**

- Evidence to date since the announcement of the policy indicates a meaningful behavioural change among second-home owners, demonstrated by an 11.4% reduction in Council-Tax-recorded second homes. This shift is likely to be partly due to re-occupation or market activity and partly due to movement into the commercial holiday-let sector. The full impact on permanent housing supply, long-term empty homes, and community sustainability will require monitoring over the next 12–24 months following the implementation of the policy.
- The context of empty and second home ownership in North Yorkshire and evidence of direction of travel continue to suggest there is a likelihood that the policy could achieve its stated aims.
- The recorded 11.4% reduction in Council Tax second homes in 2024-2025 indicates behavioural change. However, there may be multiple factors such as cost-of-living pressures, higher borrowing costs, and the apparent commercial attractiveness of moving properties into the holiday-let sector, where revenues can be higher.
- Movements from Council Tax into Business Rates complicate counts and may represent either genuine commercial activity or tax-planning behaviour rather than increased availability for local households. Approximately 400 properties are currently exempt because they are marketed for sale.
- Given the policy is only ten months old, NYC will continue close monitoring (including flows between second homes, holiday lets and empties) and provide a further assessment once a complete year of operational data is available.
- In-year monitoring demonstrates that there may be a limited number of situations where a property is not reasonably capable of being occupied as a main residence and is not covered by one of the mandatory exceptions set down by the 2024 regulations. However, the Council has been able to take into account any exceptional factors on a case-by-case basis by making an assessment as to whether to exercise its discretionary powers in accordance with Section 13A(1)(c) of the Local Government Finance Act 1992