

SH 07

Ymgynghoriad ar ail gartrefi

Consultation on second homes

Ymateb gan: Cyngor Trefol Barmouth

Response from: Barmouth Town Council

Response from Barmouth Town Council to the Local Government and Housing Committee of the Welsh Parliament

Consultation: Inquiry into second homes.

Response reviewed and approved by Barmouth Town Councillors at full Council meeting on 14-Dec-2021

Terms of reference: The Committee's terms of reference for its inquiry are:

- To examine the recommendations made by Dr Simon Brooks in his report, Second homes: developing new policies in Wales, and the Welsh Government's response to those proposals.
- To consider the policy objectives and evaluate the evidence base for policy change in this area and to identify any gaps in knowledge and data.

## Evidence submitted

1. Overall comments on the report
2. Specific feedback on the recommendations
3. Gaps in knowledge and data

### 1. Overall comments on the report

- 1.1. The report was requested by the Minister for Mental Health, Well-being and Welsh Language and undertaken by Dr Simon Brooks, Associate Professor at the school of Management at Swansea University and a member of the Welsh Language Partnership Council. There is no evidence of experience or expertise in the housing market, the economy, tourism and taxation. However many of the recommendations are in these areas.
- 1.2. The report fails to identify the desired outcome of the recommendations. Is it to reduce the number of second homes, to increase the percentage of the year property is occupied, to reduce house price, to allow local people to buy a house where they chose, to increase the amount of money collected in tax on property, to increase the percentage of the population speaking Welsh. Some of these aims are mutually exclusive, and the primary aims need to be established and each recommendation examined to see how it contributes to those aims. Unintended consequences will arise from implementing recommendations without a clear view of the aim.
- 1.3. The report author does not appear to be aware of a series of reports by the [Arsyllfa](#) group. Arsyllfa aims to look at ideas and research that will provide support to the Welsh rural economy in order to develop innovation and new ways of working. It is funded through the Welsh Government Rural Communities – Rural

Development Programme 2014-2020, which is funded by the European Agricultural Fund for Rural Development and the Welsh Government. One report identifies a positive correlation between the use of Welsh and the number of people employed in tourism. Another one studies the reasons young people leave a rural area - availability of housing is a lower contributing factor than jobs and the attraction of the “big city”. These reports provide some quantitative data analysis that fill some of the gaps in the report, but they have not been included.

- 1.4. The report assumes that second home ownership causes “problems” without defining those problems or offering any evidence that the problems are caused by second home ownership.
- 1.5. The negative consequences of second home ownership identified by the report are almost exclusively related to the impact on the Welsh Language. Whilst this is understandable in terms of the author’s background, this does raise questions as to what effect the recommendations would have on other areas of importance; e.g. jobs, economy, social cohesion, protection of the natural environment, climate change etc.
- 1.6. The report draws heavily on the December 2020 report by Gwynedd Council “Managing the use of dwellings as holiday homes”. This report contains a number of inaccuracies and false assumptions. This consultation is not examining this report, but evidence of these issues can be provided if required. This document is also listed as a supporting document in this consultation. However there is no opportunity to raise concerns with the inaccuracies in this document.
- 1.7. The report contains very little quantitative data and many statements of using expressions such as “probable”, “may”, “should” etc. It is recognised that there is a lack of concrete data on this subject and more effort should be made to identify and quantify data gaps before the recommendations are re-examined and adjusted in light of the data.
- 1.8. There is no data in the report into the economic impact of holiday lets. There is evidence in the December 2020 Gwynedd Council report as to the overall size of the tourism economy in Gwynedd (in 2019 £1.35B and over 18,000 full time equivalent jobs). Although the contribution from holiday lets can not be determined precisely, estimates show this to be at least. £144M in Gwynedd (evidence available on request). The economic impact of the proposed changes needs to be assessed and the replacement for this loss identified.
- 1.9. The report continues the misleading use of the term “AirBnBs” from the Gwynedd report. AirBnB is just a platform that advertises short lets. Many of the property listings are from furnished holiday lets that are registered for Business Rates. It is a false assumption that all properties on AirBnB are informal, part-time lets of properties on Council Tax.
- 1.10. The report correctly identifies that the impact of second homes and holiday lets is very localised, with a large variation between councils, and also between communities within councils. To this end, any plans to restrict or control the use of property needs to be controlled by local community and town councils.
- 1.11. The report does not discuss empty properties. If the recommendations aim to allow more local people to buy houses in their chosen areas, then plans around returning empty houses into use need to be included.

- 1.12. The report seems to assume that all young people in an area have a right to be able to buy a house in the community they grow up in. This is not a realistic expectation. Most first time buyers buy a small house in a less desirable area before being able to move to a larger house in a preferred area when they have gained some equity, and maybe a promotion and better paid job.
- 1.13. The report makes no recommendations on providing social housing or improving the rented market. This reinforces the perception that this is about punishing second home owners rather than addressing any housing concerns of local people.
- 1.14. The data in the report regarding the average price of houses can be misleading. If an area has a disproportionate number of larger houses then the average house price will be high. The problem here may not be the price of the houses, but the lack of smaller, first-time buyer houses. Using lower quartile data can provide better analysis.

## 2. Specific feedback on the recommendations

### 2.1. Recommendation 1 - Develop regional and local variation in public policy.

We agree that the issues vary by a large extent between councils and within council areas so solutions need to be flexible to address areas of concern without undue impact on areas with no problems currently. However, the result of this could be to push problems into neighbouring areas. This would result in a “postcode lottery”. If planning and tax laws are passed that can be tailored by each local council, and within a council area, then local community and town councils need to be the decision makers. This may not be practical in terms of the workload, experience and capability of community/town councils.

### 2.2. Recommendation 2 - Control of the numbers of second homes.

Who determines how many homes is “too many”? What analysis is done about the sorts of homes that are needed in an area and the sort available. If the need is for 2 bedroom starter homes in an urban setting and the majority of second homes are four bedroom homes in a remote, rural location then limiting the number of second homes will not help local families to purchase homes.

### 2.3. Recommendation 3 - The definition of second homes.

We agree that there is a need to clarify the definitions of a “Holiday Home” to distinguish between second homes and holiday lets. A registration scheme for Holiday Lets would achieve this as well as provide useful data to further analyse the impacts of Holiday Lets on local economies.

#### 2.4. Recommendation 4 - Responding to Brexit and Covid-19

We agree that the decisions taken should include all the most up to date information. However, it would be advisable to ensure that policies are not put in place in response to the short term impact on every aspect of life that has happened as a result of Covid-19. The opportunities for working from home should enable more local people to access high-quality jobs without moving away from their rural communities. The Welsh Parliament should prioritise facilitating these opportunities, but they are outside the scope of this consultation.

#### 2.5. Recommendation 5 – the need for policy intervention across a range of policy areas

The list in the report should be expanded to include jobs, social housing, availability of rental properties, regeneration of rural services and communities. This is a very wide ranging issue that will not be solved by having a narrow focus on second homes. Whereas it is tempting to narrow the focus to one area in the hope that it will solve all issues. This is unlikely to happen. The result will be time wasted in putting in place additional laws without the intended benefit.

#### 2.6. Recommendation 6 - Local Council Tax Premium

The evidence in the December 2020 Gwynedd report is that introducing the Council tax premium in April 2018 had no effect on the number of second homes or the number of people on the Council Housing waiting list. There have been no reports on the housing projects that this money has supported.

#### 2.7. Recommendation 7 - Short-term holiday accommodation and business rates.

The consultation on removing Furnished Holiday Lets from Small Business Rate Relief has already been held. However it is not clear what criteria separates short-term holiday accommodation providers from other accommodation providers that are currently eligible for Small Business Rate Relief. We suspect that this distinction would not stand up to legal challenge.

#### 2.8. Recommendation 8 - Land transaction tax.

We think the proposal to vary Land Transaction Tax by county or community is an overly complicated response to the problem. There is no need to make this applicable only in areas with high second home ownership. However, since buy-to-let landlords are also hit by this tax it could have the negative consequence of dis-incentivising landlords. The LTT should be changed to be refundable after a period of long term letting. This would remove one barrier reducing the number of properties available to rent.

### 2.9. Recommendation 9 – Gwynedd and Anglesey Councils’ ‘Local Market Housing’ Scheme

We would like to see the data resulting from this scheme before commenting further. The policy was put in place in 2017, how many properties does this apply to? How many of them have sold successfully to local purchasers? Without this data it is impossible to know whether extending the scheme will be beneficial or detrimental to a community.

### 2.10. Recommendation 10 – the creation of a new use class for short-term holiday accommodation

We note there is already a consultation in place for this issue so will direct our comments towards that body.

### 2.11. Recommendation 11 – trialling a new use class for second homes

We are not experts in planning law so can not comment on the legal issues surrounding planning restrictions on the use of a private residence. Presumably this could not be applied retrospectively so all current second homes would automatically be granted planning permission. This would certainly lead to a two-tier housing market with potentially negative consequences to a community.

### 2.12. Recommendation 12 – establish a Commission to make recommendations regarding the future of the Welsh language as a community language.

We have no comment to make as this is a much wider issue than this request for evidence covers.

## 3. Gaps in knowledge and data

As commented in the feedback above there is little quantitative data on the effect that second homes have on house prices, use of Welsh as a community language and the local economy. There is more data available about the economic impact of tourism and the contribution made by holiday lets, however this data is compromised by not having a clear definition between second homes and holiday lets.

### 3.1. Collect data on economic impact of holiday lets in a region

An initial study has been carried out by the Professional Association of Self Caterers UK and the Association of Scotland’s Self-Caterers starts to pull this data together although there are still many unknowns and it focusses only on holiday lets on Business Rates.

### 3.2. Request all community/town councils to complete a housing survey

All Community and Town Councils should be asked to respond to a housing needs survey. The first question should be “does your community have a problem with the

number of second homes?” Then those that answer yes should be asked to perform a housing survey of the types of houses in their parish, how many are second homes, holiday lets and empty by type and Council tax band. They should then be asked to produce a report on the number and type of home needed to meet local needs. This can then form the basis of action plans in each area.

3.3. Review data from Arsyllfa and if appropriate fund them for additional research into the related issues around the rural economy and language.

Since Arsyllfa have already done some research in this area, based around the wider issues of rural economy, community and language it would be good to engage with them further on data gathering and analysis.

3.4. Include input from the recently published “Research to Develop an Evidence Base on Second Homes”. GSR Report number 72/2021.

This report published on 15<sup>th</sup> November 2021 covers many of the same areas as this request for evidence so should form a part of the inquiry.

In conclusion, this issue has been raised and discussed for over 40 years and this quote from an earlier report is as true today as it was when written.

‘On the whole, second homes are a visible and perhaps convenient scapegoat whilst the less tangible underlying causes of ‘community decline’ – a failing economic base and the changing nature of family life – are less visible and are becoming more difficult to address [...] for local politicians – in particular – the occurrence of second homes provides an opportunity to present local problems as being externally driven, caused not by failures in the immediate economy or by misjudged policy interventions, but by the greed and carelessness of outside interests.’ (Gallent, Mace & Tewdwr-Jones, 2005: pp.39 & 222)