

SH 21

Ymgynghoriad ar ail gartrefi

Consultation on second homes

Ymateb gan: Unigolyn di-enw

Response from: Anonymous individual

I would like to question the process being followed by the Welsh Government handling of the second home issue. I see a number of areas which do not stand up to scrutiny:

1. A report has been submitted by a Welsh Language expert from a university with no advertised expertise in housing, tax, planning regulation and tourism that makes multiple recommendations in the fields of housing, tax, planning regulation and tourism.
2. The response from Julie James and Jeremy Miles linked in the request for evidence dated 6<sup>th</sup> July 2021 describes in detail the responses that will be taken. This was written and published several months before the consultation was launched.
3. Whilst this report is being debated in committee, with a request for evidence, the Welsh Government have launched multiple consultations on specific responses to the recommendations in the report. This is before the committee has concluded its debate. This implies that the Welsh Government are not taking any notice of the committee output as they have already put solutions out to consultation.
4. The proliferation of consultations in individual tax changes and planning changes leads to confusion "haven't we already responded to this one?" and also shows a lack of joined up thinking in tackling the overall issue. The recent consultations include:
  - Local taxes for second homes and self-catering accommodation, closed 17<sup>th</sup> November 2021
  - Planning legislation and policy for second homes and short-term holiday lets, closes 22 February 2022
  - Welsh Language Communities Housing Plan, closed 22 February 2022
  - Second homes: local variation to land transaction tax rates, closes 28 March 2022
5. Dr Brooks' report has been widely reported on, and quoted as a definitive source with no evidence of peer review. Many of the statements made include terms such as "may", "should", "probably". To base a wide range of changes to tax and planning law on subjective statements without further quantitative evidence is reckless and risks putting in place a set of measures that do not have the desired impact.
6. There is not actually a statement anywhere of the desired outcome from the changes. Statements such as "solve the second home problem" are used extensively without a clear statement of what problem second homes are causing, and what the desired outcome is. Without a clear problem statement there is no way to assess if any changes have the desired effect on a community.
7. Other pieces of research seem to be being ignored in the discussion on second homes.
  - The report published on the Welsh Government website: Research to develop an evidence base on Second Homes: <https://gov.wales/research-develop-evidence-base-second-homes>
  - The reports from Arsyllfa: <https://www.arsyllfa.cymru/>. These look at a number of areas relating to the Welsh Language and Community point of view. Some of their reports raise questions about the reason young people move away from an area. Housing is not the primary issue identified.
8. Misleading statements are often repeated by report authors, most notably between the report by Gwynedd Council in December 2020 and Dr Brooks' report.

- “AirBnBs are unregulated”. AirBnB is simply a platform for advertising holiday lets. Most properties on AirBnB are also advertised on other platforms, either an owner’s own webpage or by an agency. Describing holiday lets as “AirBnBs” implies there is something illegal or unregistered about them. This is inaccurate and unhelpful. Just as a Guest House can vary from a premises open 12 months of the year aiming for maximum income to a farmhouse where the owners take in occasional guests for B&B so holiday lets vary from people who let their house out occasionally (particularly if they work away from home a lot) to those who let 12 months of the year and for whom it is their sole business and income.
- “The loophole that allows owners to switch from Council Tax to Business Rates deprives local Councils of income”. The amount of money distributed from Welsh Government to local authorities (the Revenue Support Grant) means that for any money “lost” in Council Tax, the Residual Support Grant goes up.

The RSG entitlement for each council is calculated by applying the formula:

$$\text{RSG} = (A - B - (C \times D)) \quad \text{Where:}$$

A is the SSA (Standing Spending Assessment) for the council. This is the money needed by the Council to run its business and takes into account approximately 65 different categories including population, social needs, age distribution, national parks, deprivation, density of population, coastline and many more.

B is the council’s share of the distributable amount from the non-domestic rating account. This is based on the population over 18 as a % of Wales total.

C is the standard tax element for the council – this is an average Band D council tax across Wales.

D is the council tax base for RSG purposes for the council area – this is the total number of band D equivalent properties in the council area. E.g. Band A counts as 6/9 of a band D, Band H counts as twice a band D.

- If the % of NDR (B) received goes down due to fewer over 18s living in Gwynedd then the RSG goes up.
- If the amount of Council Tax goes down due to properties being used as Commercial Holiday Lets on Business rates, then the RSG goes up.
- So the amount of money received from Council Tax and NDR and the residual support grant always adds up to the same (SSA). No money is lost from any Council due to people not paying Council Tax on holiday lets.
- The lack of clarity over definitions causes confusion and a set of standard terms needs to be created and used across all reports. These need to distinguish between second homes occupied solely by the owners on an occasional basis and self-catering businesses that are essentially no different from a Guest House in being a small business, often run by a couple as their sole business and income.

In conclusion, without a clear problem statement, quantitative data and appropriate metrics there is no evidence that the proposed recommendations in Dr Brooks’ report will have any beneficial effect on housing, community or language.