

## **Inquiry into second homes Local Government and Housing Committee**

### **Introduction**

Community Housing Cymru (CHC) is the membership body for more than 70 not-for-profit housing associations (HA) and community mutuals and is the leading voice for the social housing sector in Wales.

We welcome the opportunity to respond to the Committee's inquiry into the issue of second homes. A number of our HA members remain concerned about the issue of second home ownership in their areas. The issues highlighted in this response play out differently across Wales depending on the specific nature and concentration of second homes and as such, it should be read alongside individual responses submitted by HAs which will provide further detail on specific recommendations.

### **Response**

Overall, we are in support of the proposed recommendations in Dr Simon Brook's report 'Second homes: developing new policies in Wales', which provides a balanced overview of the factors contributing to issues in relation to second home ownership.

Whilst flexibility is key in developing regional and local variation in public policy (recommendation 1), the complexity of setting up a policy framework needs to be recognised so that it is flexible enough to be able to respond to necessary differences between regions and localities within those regions.

Whichever revised policy framework is introduced, there will be a need to ensure that decision making and approvals are not overly complicated, bureaucratic and time consuming and do not, inadvertently, contribute to or exacerbate inefficiencies that exist within the current framework, such as planning policy. Furthermore, policies should not have unintended consequences for other communities. This could lead to further delays and increased costs associated with bringing forward solutions or development schemes to address the local housing need, which evidently would be counter-productive. There also needs to be closer collaboration with local authorities to develop mixed tenure sites on potential Rural Exception Sites, with possible local ward intervention, especially where there are a large number of second homes or registered holiday let businesses (such as Airbnb).

It is vital that HAs are involved in any processes going forward and that they continue to be a part of conversations. More specifically, we are looking forward to seeing the results of the Welsh Government's pilot and working with them and the sector on the next steps.



## Planning

The emphasis on planning and the subsequent actions taken by Welsh Government since the report's publication is welcome. Discussions held between CHC and our members in September 2021 showed a large consensus that changes to planning regulations would be the most effective solution in tackling second homes.

There is large support for introducing a new use class for second homes (recommendation 11) that would make the conversion of a dwelling house into a second home subject to planning permission when the percentage of second homes in the housing stock of a specified community crosses a particular threshold. To support the strategic housing role of local authorities, this could be part of the flexible package of tools a local authority can use to address local issues and would ensure that second homes do not take up an increased share of housing within certain areas.

## Affordability

Whilst the majority of the recommendations in the report relate to reducing/restricting second homes, more emphasis is needed in terms of promoting affordable homes. Any restrictions brought in to curb numbers of second homes, needs to be complemented with policies that increase access to more affordable homes in communities affected by second home ownership.

The growing popularity of staycations and second homes has exacerbated existing pressures on housing, in rural and coastal areas. Building more homes that are affordable is an important part of any response in areas where a concentration of second homes is limiting availability. Housing associations are well placed to respond to this challenge. The Welsh Government's 2022/23 draft budget provides record breaking investment in the Social Housing Grant and represents a vote of confidence in the social housing sector to build the homes that people in Wales need. However, while this is a significant investment, we are still mindful of the extraordinary pressures that are currently affecting housing associations seeking to build affordable homes.

Policies to support the supply of affordable housing will also support the local economy. Building 20,000 social homes will support over 7,000 jobs and 3,000 training opportunities across Wales and produce almost £2bn of economic output.

In addition to these points, the Welsh government's second homes plan proposed a two-phase approach to tackling problems caused by the issue in Wales. The first phase includes the launch of a pilot area in Gwynedd and will provide a range of practical support to help people access affordable housing. However, at the time of responding to this inquiry, specific details regarding the pilot are still unknown, including the basis for evaluating the impact of different interventions to create a future model for activities, including the basis for evaluating the impact of different interventions to create a future model for activities. As a priority, Welsh Government should seek to clarify specific actions in relation to the pilot.

## Taxation

Land Transaction Tax (LTT):

We would like to see further detail on what level of data would be required to trigger the decision for a higher rate of LTT and further evidence that raising taxation in this way would act as a disincentive for



second home ownership as part of a package of measures. Where higher variable rates of LTT exist (dependent on the local authority), they should be used to fund housing solutions in that specific area.

#### Council tax premiums:

Support is there for councils using these powers, but ensuring that any revenue gained goes towards activity that addresses the local housing need.

#### Business rates relief:

Housing associations who provided feedback are supportive of recommendation 7 on the possibility of making short-term holiday accommodation exempt from being eligible for small business rates relief, but that this needs to be coupled with the definition of second homes (recommendation 3). We are looking forward to seeing the outcomes of the Welsh Government's recent consultation on self-catering accommodation for local tax purposes and whether this will be subject to additional research in the pilot area.

#### Welsh language

The potential impact of second home ownership levels on the sustainability of communities has been highlighted by members, including the impact on communities linguistic heritage and culture; within the context of the Welsh Governments journey to one million Welsh speakers by 2050. The potential impact of second home ownership levels on the sustainability of communities has been highlighted by HAs, including the impact on communities linguistic heritage and culture; within the context of the Welsh Governments journey to one million Welsh speakers by 2050. Whilst there is a desire to see more policy interventions, any actions taken need to be subject to a sufficient equality impact assessment (e.g. for allocations policy that maximises local connection).