

John Griffiths MS
Chair
Local Government and Housing Committee

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Dear Mr Griffiths,

Inquiry into second homes

Thank you very much for the opportunity to take part in the inquiry above. In a letter from my office to the Committee dated 16 July 2021 we expressed our deep concern about the second homes crisis in a number of Welsh-speaking communities across Wales. We are pleased to see the Committee addressing the issue so soon in its work programme.

The first subject of the inquiry is Simon Brooks's report, *Second homes: Developing new policies in Wales*, and the Welsh Government's response to its recommendations.

Since the publication of the Brooks report in March 2021 the Government has published four relevant consultations:

1. Local taxes for second homes and self-catering accommodation
2. Planning legislation and policy for second homes and short-term holiday lets
3. Welsh Language Communities Housing Plan
4. Local variation to land transaction tax rates for second homes, short-term holiday lets and potentially other additional residential properties

My office has responded to the first consultation and we also intend to respond to the other three. In considering these consultations, it becomes clear that together they respond to all the recommendations made by Brooks.

Each consultation responds to **Recommendation 1** – develop regional and local variation in public policy. Each sets a local context for the suggested changes. It could be argued that they also respond to **Recommendation 4** – responding to Brexit and Covid-19. That recommendation asks the Government to take a more proactive approach, taking more radical steps than would otherwise be the case. Together, the four consultations provide a basis for determined Government action. It remains to be seen how radical the actions taken will be following the results of the consultations.

To address the other recommendations, we will discuss them in the context of the individual consultations below.

1. Local taxes for second homes and self-catering accommodation

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

Recommendation 6 – Local Council Tax Premium

Recommendation 7 – Short-term holiday accommodation and business rates

The consultation above responds to these three recommendations. Recommendation 5 refers to taxation policies, amongst other areas, and forms the basis of the consultation. In response to Recommendation 6 about the council tax premium, the Government asks a number of questions about the effectiveness of premiums, how to use them, the maximum premium and increasing the total. Recommendation 7 asks the Government to consult on making short-term holiday accommodation exempt from being eligible for small business rates relief. The Government does so and seeks views on defining properties as self-catering accommodation, the thresholds for accommodation of this type and the possibility of changing them, as well as the tax relief.

In responding to the consultation above, we have expressed the view that, if changes to the local taxation system meant fewer houses being changed into second homes or self-catering accommodation, and if more local people were able to rent or buy those houses, the steps being considered by the Government could have a positive impact on the Welsh language.

2. Planning legislation and policy for second homes and short-term holiday lets

Recommendation 2 – control of the numbers of second homes

Recommendation 3 – the definition of second homes

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

Recommendation 9 – Gwynedd and Anglesey Councils' 'Local Market Housing' Scheme

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

Recommendation 11 – trialling a new use class for second homes

The consultation above responds to these six recommendations. The Government proposes to implement Recommendation 2 by giving local authorities the option of making planning permission a requirement for changing a house into a second home or short-term let accommodation. In response to Recommendation 3, three new use classes are proposed, which include primary homes, secondary homes and short-term lets. Their definitions are based on the number of days that houses are occupied, and by whom. The Government has announced separately, when introducing the Welsh Language Communities Housing Plan, that it has commissioned a piece of work to consider the second part of this recommendation, namely the introduction of a licensing scheme for holiday homes. The proposals for new use classes also relate to Recommendations 10 and 11. The Government has announced separately that it will conduct a pilot in the Dwyfor area to address the impact of second homes. The consultation above will inform part of the pilot, providing an opportunity to implement Recommendation 11.

Recommendation 5 refers to direct and indirect planning policies, amongst other areas. Examples of these are given, namely restrictions on the use of dwelling houses as second homes (direct policy) and affordable housing or local ownership restrictions on property (indirect policies). The Government's response to Recommendation 2 above is relevant to the direct policies referred to in the context of Recommendation 5. By making planning permission a requirement for changing a house into a second home, a local authority could restrict the use of dwelling houses as second homes. In terms of indirect policies, the Government is responding to this by proposing to enable local authorities to impose a condition on each new dwelling restricting its use to that of a primary home. This proposed power for local authorities also applies to Recommendation 9. Brooks encourages Gwynedd Council and the Isle of Anglesey County Council to extend their 'Local Market Housing' policy and encourages other planning authorities to consider whether such a policy would be suitable in their areas. The Government's proposal would facilitate this.

3. Welsh Language Communities Housing Plan

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

Creating a Commission on Welsh language communities is one of a number of Government proposals in the consultation above. The Commission's aim will be to protect Welsh as a community language. The Government responds directly to Brooks's suggestion that the Commission should particularly address the challenges posed by Brexit and Covid-19 and notes that the Commission will make policy recommendations.

4. Local variation to land transaction tax rates for second homes, short-term holiday lets and potentially other additional residential properties

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

Recommendation 8 – Land transaction tax

The consultation above responds to both of these recommendations. As with the consultation on local taxation, which has already been discussed in the context of Recommendation 5, taxation policies are the basis of this consultation. In response to Recommendation 8, the Government proposes to increase tax rates for certain transactions in areas identified as needing assistance to control problems associated with second homes and holiday accommodation. Local variations to the land transaction tax are proposed to reflect the challenges facing some communities. The Government is seeking opinions on the size of the areas in which local variations to tax rates should be introduced. It also asks for possible criteria for introducing new tax rates, how regularly the situation should be reviewed, the types of property to which the proposed rates should apply and possible impacts on the Welsh language.

We consider that the consultations above are a comprehensive response by the Government to the Brooks report recommendations. As noted, it will be the Government's next steps that will demonstrate the extent to which it is prepared to act in practice.

The second subject of the inquiry encompasses the policy objectives, the evidence base for policy change in this area and any gaps in information and data.

In November 2021 a research report commissioned by the Welsh Government was published, *Research to Develop an Evidence Base on Second Homes*. The report shows that there are clear limitations to the evidence in the field. This means that it is difficult to explain the true impact of second homes and provide evidence to demonstrate that. This includes the potential impact of second homes on the Welsh language. Because of this, we support the Government's intention for the proposed Commission on Welsh language communities to develop a model to present evidence to local authorities on the viability of the Welsh language in their communities.

The Commission is intended to ensure that future policy interventions are based on sound evidence, developing models that help define areas of linguistic interest and sensitivity. The Commission will look at empirical evidence that can inform policy recommendations to address the specific issues facing Welsh as a community language. This could contribute to the fields of education policy, planning and other interventions that are tailored or targeted to reflect local linguistic circumstances. This is particularly important given the report's finding that the evidence already available is not sufficiently detailed or objective to

form the basis for action at a local level, which brings us back to Brooks's first recommendation. We urge the Government to act at once to establish the Commission, which we see as one of a number of steps towards finding solutions to what is known as the second homes crisis in Wales. We would like to suggest that it would benefit the Commission to invite the organisations that are campaigning about second homes to contribute to its work too. A number of these organisations have been in contact with my office and with the Future Generations Commissioner, expressing concerns about the situation and pleading for urgent action from the Government.

To conclude, we are of the opinion that the Government's response is positive and its plans promising. We would like to emphasize, at the same time, that it is the implementation of those plans that will be important and that this will highlight the extent to which they succeed. In addition, due to the complexity of this area, the Government needs to remain flexible and ready to respond to changes. Introducing interventions will not be enough in themselves. If they succeed, those interventions could mitigate the negative effects of second homes in the areas where they create problems, and prevent problems from developing in other areas. However, they will not resolve the matter once and for all.

We would like to know what the Government's intention is in terms of monitoring and evaluating the success of its actions and accordingly we urge the Committee to keep the matter under consideration during this Senedd term. We would like to emphasise the need for better data and sophisticated information on people's movement trends in terms of planning for the future. We understand that evidence in this area will be part of the remit of the proposed Commission but would like to know whether local authorities will have a role to play in that context, by improving the information they have. If so, we ask whether the Government will support them with that work. These are matters that we will raise when responding to the consultations above.

We hope that the comments above will be of use to you in your inquiry into this important and complex area. Thank you again for the opportunity to contribute to it.

Yours sincerely,



Aled Roberts
Welsh Language Commissioner