

Inquiry into second homes- Barcud Cyf. responses

Recommendations from Dr Simon Brooks report

Recommendation 1 – develop regional and local variation in public policy

Second homes and holiday homes tend to be a local issue, specific to coastal and rural areas where the peace and quiet of the countryside is seen as favourable compared to larger urban visitor attractions. Public policy should enable local control measures be made available to counteract further increase with the ability to control numbers in a managed and responsible way which enable the communities to continue to thrive economically and culturally and linguistically.

Closer collaboration with Local authorities to develop mixed tenure sites on potential Rural Exception Sites, with possible local ward intervention , especially where there is a large number of second homes or registered holiday let businesses (such as Airbnb). It is evident in areas such as coastal wards in where the most popular local destinations such as New Quay; Aberporth and Aberaeron are disproportionately affected by influx of people purchasing second homes or renting properties out as Airbnb. This is especially the case where properties have been sold, changing use from residential to rental properties or where tenants have been given 6 months notice to quit as landlord is either selling due to increase in property price.

Barcud is pleased to be a part of various stakeholder groups influencing public policy on a regional and national basis, with excellent lines of communications with Government ministers and local Assembly Member's and Members of Parliament along with Local Authority members alongside Community and Town Council members. Barcud's Chief Executive and Group Director of Housing and Support are members of Strategic Housing Groups in Ceredigion and Powys and are able to influence housing policy within the Mid Wales area through the vast experience of dealing with all types of housing since the inception of Barcud..

Recommendation 2 – control of the numbers of second homes

Public policy should enable a control of numbers be made in specific areas where the second homes issue along with Airbnb has become over exuberant over the years,.

A register of second homes and properties classed as Business rate eligible to be maintained by local authority. This could also be an opportunity to create an additional market of 'affordable homes' only being available for sale.

This could be aligned to the Housing Register maintained by local authorities within the Mid Wales area (Ceredigion and Powys). Barcud is a Registered Social Landlord within these authorities along with properties in Carmarthen and Pembrokeshire. These are all areas where there are issues with second homes becoming more and more conspicuous within the localities, especially coastal areas and sparse rural locations. Management of the register along with a quota system could be developed to ensure that limits are placed on the development and conversion of second homes within specific areas.

Recommendation 3 – the definition of second homes

Welsh Government needs to ensure that there is a policy in place which ensures the definition of a second home is defined on a pan-Wales basis. A mandatory licensing scheme should be developed to manage the numbers of homes which have been classed as second homes and that there is also the ability to control homes which are bought as second homes where local families have been given notice to quit the property either by absentee landlord who would use as second/holiday home or is selling the property due to increase in property prices.

Agree – a definition is required in order to ensure a Pan-Wales understanding of Second Homes is provided. This is required along with a defined period of time where the second home is used. A simplified taxation system along with the premises not being allowed to use Business Taxation to avoid paying business rates should be introduced.

Recommendation 4 – responding to Brexit and Covid-19

With Brexit and Covid-19 having increased the demand for ‘staycations’ and for people from, normally urban areas, looking for a countryside retreat, the impact on available houses for local families in need of regulated housing has increased as they have been given notice to quit their existing property. Welsh Government needs to take a more radical approach to legislate for circumstances such as this, notwithstanding that there is a current open market for properties such as this. Perhaps the need for an alternative class of property could be developed ensuring that this additional section of properties are kept affordable in perpetuity for those with a local connection, possibly through using a Local Purchasing Policy (similar to a Local Lettings Policy), and through embedding it into the Section 106 agreement for this type of property.

Given that Brexit and the Covid Pandemic having been dominant in the last few years, there is a likelihood that the next two to three years will continue to see a high demand for second homes and staycations causing increased demand and pressures on housing in specifically rural coastal areas. Immediate actions such as new policy and legislation is required in the short term to ensure that we do not see a further increase in properties being changed from residential to business use such as Second Homes or AirBnB. Organisations such as Registered Social Landlords need to be included in the solution to the problems arising. These housing associations can offer solutions by being allowed to build more housing in rural areas and then using Local Lettings/Allocation Policies (dependent on tenure) to ensure that local residents are able to be housed in the areas where they were born and raised and where they want to stay in that particular area.

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

Policy intervention need to be developed across a range of areas. These policy areas include but not exclusive to Direct Planning policy; Indirect Planning policy; Direct Taxation policy; Indirect Taxation Policy; and a Managed ‘Allocations’ policy (similar to Local Authority Allocation Policy and Local Allocations Policy – where certain numbers of holiday homes can be developed in certain areas, in discussion with local community and town council). These policies could then ensure that local economy can continue to thrive and enable local properties be continued to be made available to local families and those employed in the service industries which are vital to support the tourist pound within these areas.

Agree with the need for policy intervention. Local licensing is a must along with the need for local lettings policies for housing associations to ensure that local families in need are housed first and are on the top of the priority lists. Additional tax raising powers is a must in order to ensure that those whose properties are classed as second homes or AirBnB are not able to avoid paying tax through either reduction in premiums or where they have been changed into business class in order to avoid council tax premiums or even avoid business rates.

Recommendation 6 – Local Council Tax Premium

Taxation powers should be provided to local authorities and the limit could be raised to 150% and can be varied on a ward basis ensuring that tourism sector, which is vital to some parts of the local economy can be managed in a structured and responsible manner. With property prices being

affordable for certain sections of society and not for local families in need of housing, the local authority should be able to raise the council tax premium on second homes to 150%, ensuring that the income raised is used solely for affordable housing schemes including developing social housing in those areas where there is limited schemes available. This could also contribute to purchasing sites which may be not viable for RSL's in its current state. The local authorities could also fund a supported mortgage scheme for local residents ensuring that an additional affordable home scheme becomes available in perpetuity.

Recommendation 7 – Short-term holiday accommodation and business rates

The Welsh Government should avoid ambiguity of properties which have changed as a residential property into business class property from being exempt of business rates relief. Stricter control by local authority required where a well-managed and open register of these properties are available. The government should consult with trade bodies and local community councils along with other stakeholders to ensure a fair representation of the situation can be evidenced. Local authority data and evidence shows that a large number of Short term holiday accommodation owners look to change the 'category of use' to avoid paying any form of taxation on the property. Notwithstanding that the holiday accommodation brings in a considerable amount of income to certain areas, there is an additional cost for services which these property require, such as waste collection and street scene cleaning, where there is a reduced or no 'fee income' being received due to tax avoidance. It has also been evidenced that a number of properties have been sold as holiday homes or converted to AirBnB after tenants of these properties causing homelessness for local families in need of housing. Rural homelessness is becoming an ever increasing problem and the increase in number of short term holiday lets is adding to the problem, especially where the lower wage recipients tend to be those working within the tourism sector and associated support industries.

Recommendation 8 – Land transaction tax

The need to vary taxation should be dependent on each local authority ward situation, especially those in coastal areas. The need for housing in rural locations is vital and so is the need to ensure that income is received from Land Transaction Tax for support services within these areas affected by increase in number of short term holiday lets and second homes. The increased taxation receipts from these properties in each ward should be used specifically to spend on housing solutions in those ward areas, such as increasing Social Housing Grant and match funding for purchasing land that is deemed unviable to build on, therefore providing an opportunity to ensure that the increased development costs can be met by increased Land Transaction Tax receipts. .

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

Local Authorities should consider Local Market Housing policy and create conditions relevant to each county and ward. This could create market housing of different tenures suitable to the economic conditions pertaining to that area, ensuring that the wages multiplier matches property prices within the region.

The Local Market Housing schemes should be integral to the Local Development Plan. Conditions for the Local Development Plan have changed considerably since last production of the plan, where more area schools have been developed leading to closure of small village schools, which would mean children having to travel to school in these cases. However, families would still want to live in these rural locations. Small rural village shops continue to thrive, especially since Covid, which means that this vital service continues to be offered. Key themes within the development plan need to fit with 21st

century way of life and the need for the LDP to be a continuous work in progress to meet political; economic, sociological; technological; legal; and environmental factors.

The Welsh Government should consider whether planning guidance should be amended or strengthened in order to support or facilitate the process of extending this or similar policies.

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

Create new use class to ensure that tax avoidance and registration requirements are avoided – this ensures that a fair and equitable system is used where owners pay a fair and equal amount of tax in line with holiday accommodation period and also manages/controls the number of properties available, ensuring that the number of residential units available for local families in need is not skewed by the increased numbers of short term holiday lets. Local authority need to manage this category with suitable enforcement procedures in place.

Recommendation 11 – trialling a new use class for second homes

Local Authority data needs to be current and not historical, as the situation is ever changing. Agree that trialling a new use class for second homes would be one of the solutions ensuring that second homes do not take up an increased share of housing within certain areas. Conversions into second homes would then be subject to planning conditions ensuring that development control is key to managing numbers of allocations within ward areas, and even village/town allocation. Where there is a new class of use for second homes being introduced for certain ward areas (or even micro locations within each ward), the need for Social housing and affordable housing should also be considered and possible legislation should be introduced that is then protected in law, where this should then be contemplated at every change of use to holiday let or where it is known that a residential property is used as a second home.

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

Welsh Government should establish a Commission to make recommendations in response to linguistic challenges facing Welsh Language speaking areas. Working with Welsh Language Commissioner and language groups within a Pan/Regional and County level providing granular detail for each community and wards. The Commission should then work with the 'Mentrau Iaith' to work on a local level ensuring that recommendations are relevant to each individual area and not a blanket or scattergun approach. Working with Human Geography experts would also enable the new Commission to understand the impacts of inward migration on communities and the increased demand of certain services along with reduction of certain services, i.e. schools, where there is an influx of retired people into areas, which also means potential increase in other services, such as medical or care support services. This also impacts on availability for housing. This kind of work provides additional evidence for the need of a Local Letting Policy ensuring that local families in need are provided with safe homes. The Commission should protect, stabilise and nurture Welsh Language in Welsh speaking heartlands and also develop new strategies for increasing the use of Welsh language in other areas. There is already evidence of socio-economic and social restructuring taking place post-Brexit and post-Covid.