

## Briefing for policymakers:

# Community insights and the impact of second homes in rural Wales

The recently published 'Research on second homes: evidence review summary' (July 2021)<sup>i</sup>, provides a timely review of the currently available data on second homes and their impact in Wales. This briefing highlights the on-the-ground experience of the community at Bro Machno in Conwy as an example of how a dwindling housing stock is a serious threat to Welsh Culture and Community Cohesion.

Bro Machno has a strong community with an impressive ethos of caring for each other 'from cradle to grave'. However, pressure from the housing market is causing alarm within the community and the situation is deteriorating fast.

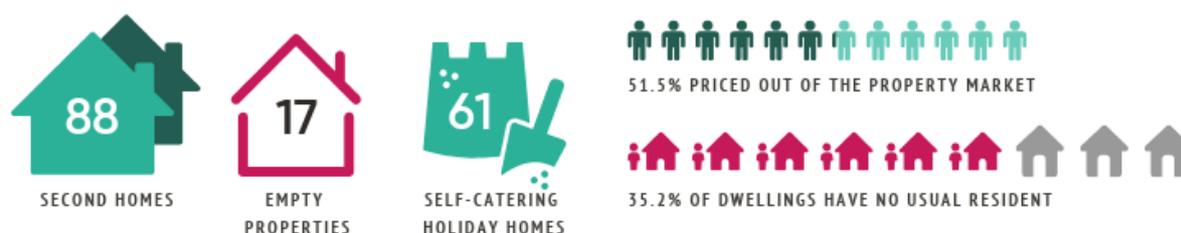
There are 446 household spaces in Bro Machno, but with over a third of the houses now being unavailable for the next generation the threshold of community viability is rapidly approaching. There is a race to save the centre of the village, which has been hollowed out through a mixture of empty, second and holiday homes. With the housing stock in Bro Machno being sold to the highest bidder, the foundation for community life in this rural area is becoming increasingly unstable and less assured.

The Bro Machno Housing Partnership has been formed comprising local authorities, housing associations, community organisations and local residents, and is exploring a range of approaches to support the sustainability of communities falling victim to these impacts. It is hoped that the work of the Partnership to address these issues can provide contextual insights and evidence into the prevalence, implications and impact of a lack of housing stock for communities in Wales – and may inspire Welsh Government to act. Welsh Government have the influence and opportunity to address these issues in Conwy, and for affected communities across the nation.

This briefing has been prepared by the Rural Futures team in collaboration with the Bro Machno Housing Partnership. The Rural Futures team is working alongside the community as part of the National Lottery Community Fund's Rural Futures programme. Rural Futures, which is run by Severn Wye and the BRO Partnership, will support 14 communities across rural Wales.

## The impact of second home ownership on Bro Machno

The evidence review on second homes highlights the striking prevalence of second homes in certain localities (Powel 2021, p4). Bro Machno is one such locality. Pressure from the housing market is causing alarm within the community and the situation is deteriorating fast. Out of **446 total households** there are:



With over a third of the houses of Bro Machno now being unavailable for the next generation the threshold of community viability is rapidly approaching. Like falling dominoes the housing crisis has a knock on effect on other key rural challenges such as a fragile rural economy, with less employment opportunities and characterised by low pay, seasonal work and irregular income and the higher cost of living due to the rural premium and poorer access to services.

This not only has a serious impact on the network of community relationships spanning generations, essential to a thriving culture and Welsh language, but of course there is a negative effect on the potential for the prosperity and resilience of future generations. There is a shared stress and anxiety being experienced by the community from the question as to where the next generation of the community will live.

Housing stock sold to the highest bidder prevents younger generations repopulating the village, so the future of the community is uncertain and in jeopardy. There is currently a race to save the centre of the village, which has been hollowed out through a mixture of vacant, second and holiday homes.

At community engagement activities conducted by the Rural Futures programme, the community identified key challenges to the sustainability of Bro Machno:

- The extremely high number of empty, second and holiday homes;
- The lack of housing accessible to families and young people;
- The gulf between housing costs and local income levels;
- There is not a single house available to rent for local people;
- There is a lack of affordable bungalows and sheltered accommodation for the elderly;
- A diverse mix of homes is required for the community to flourish and to limit migration away from the village.

Despite the recognised challenges in isolating the impact of second homes on communities the combined impact with other rural issues is clear and constitutes a major threat to the sustainability of villages and Welsh Culture, which consists of networks of relationships spanning generations, essential to delivering Welsh Government's well-being goals laid out in the Well-being of Future Generations (Wales) Act 2015.

Housing policy decisions must urgently follow, as the lived experience in Bro Machno demonstrates.

# Recommended options

There is an urgent need to:

## **1. Address the extremely high number of empty, second and holiday homes to maintain the supply of housing stock in communities worst affected:**

- Establish a statutory requirement to register holiday homes at a national level.
- Change planning legislation to require planning permission to use a house as a holiday home.
- Change housing legislation to require a licence for use as a holiday home, to ensure that the property meets acceptable standards.
- Amend the definition of development in planning terms to include 'change of use' of a dwelling to a short term let property.
- Change the system of taxation of second homes and holiday homes.
- Prevent people from buying second homes in the area as has happened in other areas in the United Kingdom.

## **2. Address the need for affordable housing and rented accommodation:**

- Establish methods to protect worst affected communities from being priced out of local housing market because of strong external demand. Ensure house prices are not pushed beyond the means of local residents.
- Build more quality affordable homes and/or more quality social housing.
- Developing a method of giving priority to local people when buying and selling houses.
- Provide housing for families and young people.

## **3. Support and empower communities to take positive action:**

- Create a fund to support the community purchase of homes that come on the open market with favourable mortgage rate arrangements to ensure houses stay affordable.
- Increase availability of current housing stock by creating a deposit scheme for young people.
- Develop shared ownership purchase schemes.
- Provide grants to help local people to buy or renovate property.
- Develop a scheme to buy and renovate empty houses and buildings to rent to local people.

<sup>1</sup> Powel, D., O'Prey, L., Grunhunt, S., Wyn Edwards, C., and Cunnington Wynn, L., (2021). Research on second homes: evidence review summary. <https://gov.wales/research-second-homes-evidence-review-summary-html> [Accessed on 21 September 2021]

# Not a second to spare

Addressing housing in Bro Machno: contributing to the evidence base concerning the impact of second homes on rural Welsh communities

September 2021





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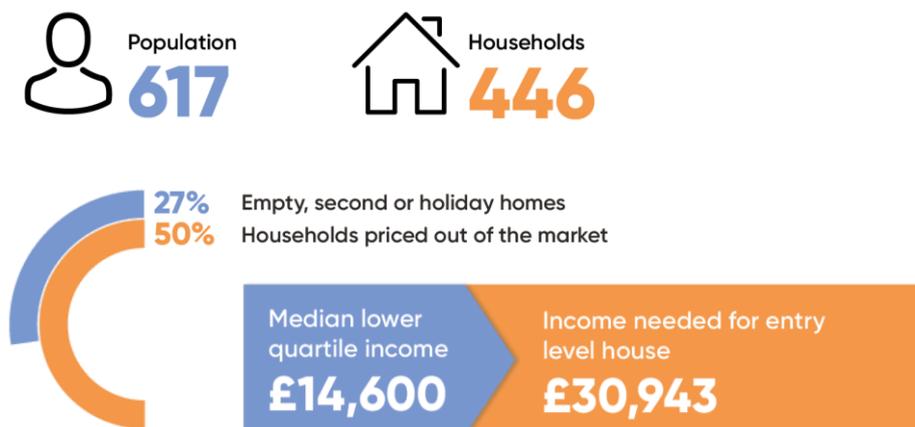
## Foreword

The recently published 'Research on second homes: evidence review summary' (Powel et al., 2021)<sup>1</sup>, provides a timely review of the currently available evidence base on second homes and their impact in Wales.

This document highlights the on-the-ground experience of the community at Bro Machno in Conwy as an example of how a dwindling housing stock is a serious threat to Welsh Culture and Community Cohesion.

Bro Machno has a strong community with an impressive ethos of caring for each other 'from cradle to grave'. However, pressure from the housing market is causing alarm within the community and the situation is deteriorating fast.

There are 446 household spaces in Bro Machno, but with a quarter of the houses now being unavailable for the next generation the threshold of community viability is rapidly approaching. There is a race to save the centre of the village, which has been hollowed out through a mixture of empty, second and holiday homes. With the housing stock in Bro Machno being sold to the highest bidder, the foundation for community life in this rural area is becoming increasingly unstable and less assured.



This briefing has been prepared by the Rural Futures team in collaboration with the Bro Machno Housing Partnership. The Bro Machno Housing Partnership has been formed comprising local authorities, housing associations, community organisations and local residents, and is exploring a range of approaches to support the sustainability of communities falling victim to these impacts.

The findings and work of the Partnership are herein offered as contextual insights and evidence into the prevalence, implications and impact of second home ownership in Wales.

The Rural Futures team is working alongside the community as part of the National Lottery Community Fund's Rural Futures programme. Rural Futures, which is run by Severn Wye and the BRO Partnership, will support 14 communities across rural Wales.

## Bro Machno – A case study response

The recently published Research on Second Homes evidence review (July 2021)<sup>1</sup>, highlights a higher prevalence of second homes in certain localities in Wales. Located within Snowdonia National Park, Bro Machno is one such area. The issue of second homes is a serious one for the community, having an impact on housing availability for both present and future generations.

Research conducted by the Conwy County Rural Housing enabler (2020) highlighted that, “there is a high percentage of holiday homes, second homes and empty homes in the area at 36%, and that 51.5% of local people are priced out of the housing market”. Out of 446 total households there are:



Dyffryn Machno is situated within the Uwch Conwy Ward, which has a population of 1,465 people. The ward boundary area is 18,000 hectares and the villages are classified as rural in a sparse setting. Bro Machno is classed as a Secondary Settlement, where 50% of houses on sites of 2 dwellings or more must be for affordable/local needs.

Over 50% of people in Penmachno are fluent in Welsh, which is much higher than the average in Conwy (20.6%). The median income of people in Uwch Conwy compares favourably with the rest of Conwy and Wales, but 5% less than the UK average. 33.5% of households in Uwch Conwy receive below 60% GB median income, which equates to £17,173.

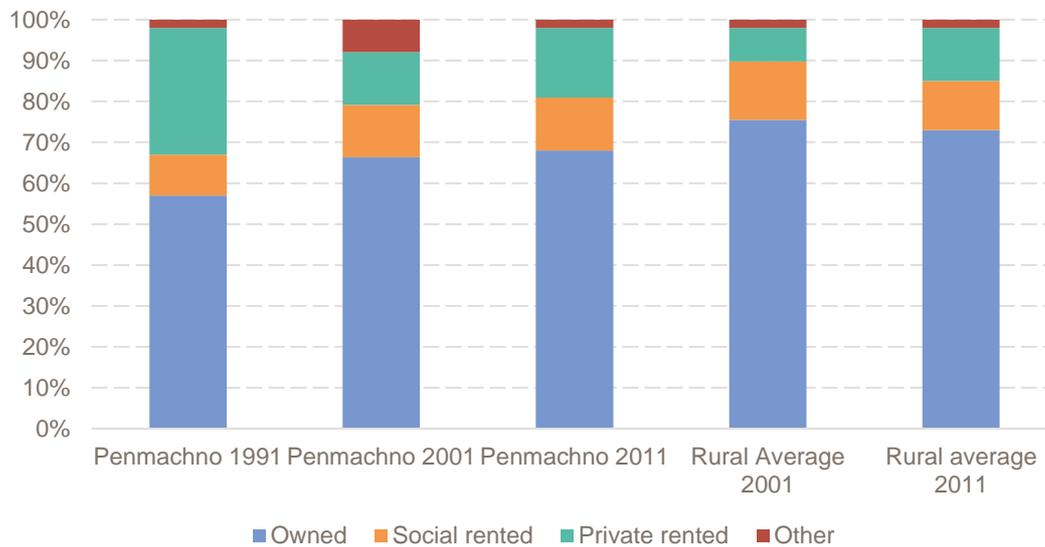
### Demographic changes

- Uwch Conwy Ward is in Conwy consisting of a population of 1,465 in 2011 - this is a 56.2% increase from 1991 suggesting population growth in the area has been strong.
- Compared to other rural areas of Wales, Uwch Conwy has a much lower population density of 0.08 persons/hectare in 2011.
- The population is more fluent in Welsh than other rural areas of Wales, however, there has been a decline from 69.8% in 1991 to 53.4% in 2011.
- The percentage of young persons has declined from 21% in 1991 to 14% along with a corresponding increase in older age bands.

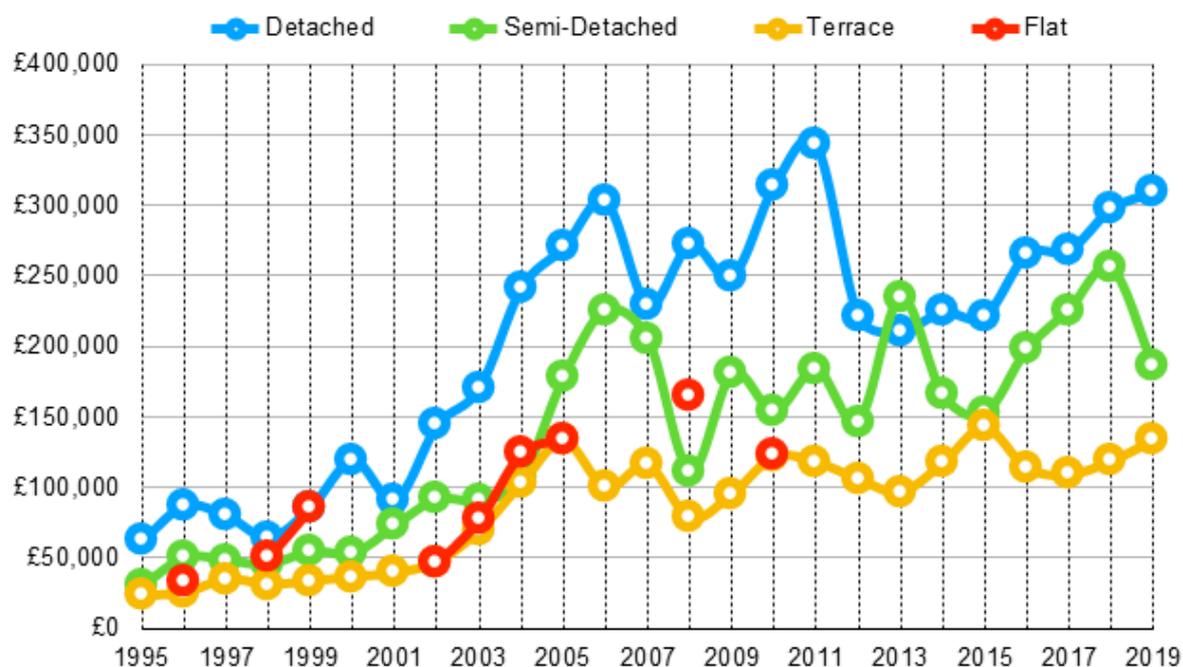
## Housing

- Ownership levels have risen between 1991 and 2011 (57% vs. 68%) but are lower than the rural average (73% in 2011) while private rental tenure has declined from 31% to 17%.
- 33.5% Households receive below 60% GB median income - £17k
- Income deprivation levels dropped from 2014 to 2019 and have been consistently lower than the Welsh average (9% compared to 16% in 2019).
- House prices have risen for all house types between 1995 and 2019, with detached housing increasing the most (£62,500 to £309,371).
- The housing market became more volatile in 2007 resulting in fluctuations in house prices for all housing types.

## Home Ownership



## House price paid by type (£)



## Community Voice

The lived experience of the local community is central to the evidence base. Housing issues have been highlighted by the community of Bro Machno through a variety of consultations and community engagement activities conducted by Rural Futures since 2018.

These concern the impact on young people, young families, and the next generation, in terms of being able to secure housing to stay living locally within their community. The dwindling housing stock is compounding the issue. Meanwhile, the population of the school is expanding, and the community is growing, requiring a diverse mix of homes for the community to flourish and to limit migration.

Also, the desire to support elderly people to stay living within the village through elderly care provision has been discussed, with a corresponding need for bungalows or sheltered accommodation.

To summarise, the key issues discussed in Bro Machno since 2018 have been:

- address the extremely high number of empty, second and holiday homes.
- address the need for housing for families and young people.
- address the need for affordable housing and rented accommodation.
- explore opportunities for community purchase of houses to rent to local people.

*“Make every effort to stop the houses going into holiday homes or Air BnB or a holiday village and the end of our society is the future.”*

*“Housing for local people. Solve holiday home problem”.*

*“Initiatives to fill the empty houses in the valley”.*

*“Need to solve holiday homes problem, no houses for next-generation”.*

*“Housing for local people. Insist empty property is used”.*

*“So many houses are left empty and in disrepair. Potential housing for new families”.*

*“Need to find housing solutions. Conduct a survey then create a steering group to try to answer needs. Definitely need to give help to the young people trying to buy houses in the village”.*

*“Houses are too expensive for young people”.*

*“Parish council assisted buying shared housing scheme – Cotswold example”.*

*“Try to access funding to enable local people to purchase houses in the village ‘assisted purchase’ shared ownership”.*

*“Need to control the number of summer homes - especially those that are bought by owners from outside to the village. We need affordable housing for local people”.*

*“There are many children in this village, too many people keep houses empty. Where will the children live in the future?”.*

Key housing-related issues highlighted in Community meetings during 2019 included:

- The disproportionate number of second homes.
- Parking problems are exacerbated during the busy tourist season.
- High house prices.
- Property in the village is predominantly smaller terraced properties and large detached properties. As families out-grow the smaller properties, many are unable to afford larger properties.
- Land needed for self-build. As homes are unaffordable some residents would like the ability to build their own sustainable homes.
- Lack of accommodation options for older people. Social housing bungalows have been lost under Right to Buy / Right to Acquire and have not been replaced.
- Lack of accommodation for families. Those that need larger homes must look at buying in Bangor, for example, for more affordable housing. Typical costs in Penmachno currently for larger homes is around £400,000. Some of the empty homes are unaffordable.

## The impact of second home ownership on Bro Machno

Despite the challenge of isolating the impact of second homes on communities what is clear is the combined impact of rural issues which together constitute a major threat to the sustainability of villages and Welsh Culture, consisting of networks of relationships spanning generations, essential to delivering goals of the Well-being of Future Generations Act. The lived experience in Bro Machno demonstrates that housing policy decisions urgently need to be made.

Several issues contribute to challenges facing communities in rural areas, which can include:

- Job insecurity, low income, and seasonal part-time work
- Lack of services, Infrequent public transport
- Lack of affordable housing
- Poor access to employment opportunities
- Access to public services
- Poor broadband

Combinations of the above factors, together with the location of the village within the National Park and an active Airbnb market inflating price, are having a domino effect impacting the bedrock of Bro Machno community, affecting its long-term sustainability. Exacerbating the issue is higher costs of housing located within National Parks and the value of houses is not based on what people can earn locally, but on what rent you can get on Airbnb.

# Bro Machno Housing Partnership 2021

In response to the housing-related priorities of the Bro Machno community described above, the Conwy County Rural Housing Enabler decided to conduct a formal Housing Needs Survey, which under their impetus, has then led to the formation of a partnership between the community and supporting organisations including the Conwy County Council, Catreffi Conwy, Tai Teg, The Snowdonia National Park, Grwp Cynefin, the Bro Machno Community Council and The Wales Co-operative.

## Current Housing needs in Bro Machno

The 'Research on second homes: evidence review summary' found that Second-home sales may reduce the stock available for local buyers and raise local house prices, pricing local populations out of markets. Key findings of the recent Bro Machno housing needs survey conducted in 2020 by the Conwy County Rural Housing Enabler are that (Please note that these figures can include duplication and that there is no confirmation that those who have identified a need for an Affordable home are eligible):

- 15 households are currently in housing need (Nov 2020).
  - two-bedroom bungalows,
  - five two-bedroom houses,
  - six three-bedroom houses and three four-bedroom houses.
- The two main reasons for housing need were high prices and the size of homes for families.
- The majority of respondents wanted to buy at a discounted rate with resale restrictions.
- 5 people are on the Social Housing register for the area – 1 needs an adapted home; three need two-bedroom units, one needs a three-bedroom unit and one needs a four-bedroom unit.
- 4 people on the Tai Teg register – all require two-bedroom property
- 6 people would consider shared ownership.
- 4 would consider Social renting.
- 7 would consider self-build.
- 17 people would consider discounted purchasing with restrictions on resale.
- 10 people would consider buying a home on the open market, (although affordability is an issue for many).

The first meeting of then Bro Machno Housing Partnership occurred in March 2021.

## Key issues raised

1. Community purchase of homes that come on the open market.
2. Develop affordable housing, possibly through self-build methods.
3. Increase availability of current housing stock.

#### 4. Campaign for changes to Legislation

# Policies and the design and development of interventions

Bro Machno Housing Partnership concerns with the current housing policy and Planning regulation include:



The effect on the local supply of houses available to meet the need for housing in the area, due to the loss of local housing stock.

In light of the above, the impact on the local community, the Welsh language and the services in the community (and in many cases no Council Tax contribution).



The potential impact on house prices and long-term rent. (Analysis of property data for the 13 national parks in England and Wales by Hamptons International estate agency reveals that a home in a park costs about 62% more than their regional averages).

The impact on local amenities and services.



There is no statutory requirement at a national level to register holiday homes, leading to an oversupply of self-catering accommodation.

The lack of Safety standards for holiday properties.



Planning permission is not required to use a house as holiday home in Wales. It is also difficult to define the use as it is residential.

From a housing legislation perspective, a licence is not required for short-term let use, to ensure that the property meets acceptable standards.



There are no statutory regulations in place to effectively manage the use, or any further increase in the numbers of holiday homes.

Planning Legislation: it is not possible to control the use of a dwelling as a second, or holiday home, as it does not constitute a 'change of use' that requires planning permission.



# Interventions

There is a trend towards encouraging community led housing solutions to resolve housing issues, but due to capacity at village scale this can be a challenge, despite there being many excellent examples of where it has worked in the UK. Even if the community do move forward with solutions, it is hard for them to be at a scale necessary to reverse the shockingly large decline in housing availability in many localities. Policy interventions applied at a national scale together with support for communities could provide a foundation to resolve the need for homes for Welsh communities:

## **1. Address the extremely high number of empty, second and holiday homes to maintain the supply of housing stock in communities worst affected:**

- Establish a statutory requirement to register holiday homes at a national level.
- Change planning legislation to require planning permission to use a house as a holiday home.
- Change housing legislation to require a licence for use as a holiday home, to ensure that the property meets acceptable standards.
- Amend the definition of development in planning terms to include 'change of use' of a dwelling to a short term let property.
- Change the system of taxation of second homes and holiday homes.
- Prevent people from buying second homes in the area as has happened in other areas in the United Kingdom.

## **2. Address the need for affordable housing and rented accommodation:**

- Establish methods to protect worst affected communities from being priced out of local housing market because of strong external demand. Ensure house prices are not pushed beyond the means of residents.
- Build more quality affordable homes and/or more quality social housing.
- Developing a method of giving priority to local people when buying and selling houses.
- Provide housing for families and young people.

## **3. Support and empower communities to take positive action:**

- Create a fund to support the community purchase of homes that come on the open market with favourable mortgage rate arrangements to ensure houses stay affordable.
- Increase availability of current housing stock by creating a deposit scheme for young people.
- Develop shared ownership purchase schemes.
- Provide grants to help local people to buy or renovate property.

## Conclusion

The way the community of Bro Machno is being impacted by second, empty, and holiday homes is clear. There should be no delay to seeking the effective use of policy interventions to address the situation.

There is no doubt that policies that include planning restrictions, limiting sales to local buyers, limiting the number and type of second homes and regulating the holiday accommodation market would be a reassuring development.

The Bro Machno Housing Partnership would welcome involvement with the semi-structured interview process of the evidence review as Bro Machno provides an important example of where second home ownership is having an acute impact at a community level.

With 121 out of 446 houses already unavailable to the community of Bro Machno now is the time to trial policies and pilot a range of interventions at a community level in Bro Machno. If Policy and interventions can be designed to be effective in the acute example of Bro Machno then they would serve other Welsh communities now and in the future as the same situation worsens in other places.

The lack of available housing for the community is having an impact on the well-being of the community. Thus far, the evidence base supporting understanding of the impact of second homes on communities is mixed. For Bro Machno, the community voice is clear about the impact – “the end of our society is the future.”

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<sup>1</sup> Powel, D., O'Prey, L., Grunhunt, S., Wyn Edwards, C., and Cunnington Wynn, L., (2021). Research on second homes: evidence review summary. <https://gov.wales/research-second-homes-evidence-review-summary-html> [Accessed on 21 September 2021]



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