

*This was received in the medium of Welsh and translated by the Assembly Commission*

HB 51

National Assembly for Wales  
Communities, Equality and Local Government Committee  
Housing (Wales) Bill: Stage 1  
Response from: Cymdeithas yr Iaith Gymraeg

Dear Sir/Madam,

Since the 1980s, Cymdeithas yr Iaith Gymraeg (the Welsh Language Society) has fought for fundamental changes to the housing and planning system, calling for a Property Act to address the adverse impact of the free market on the Welsh language. See attached a discussion paper published by Cymdeithas yr Iaith Gymraeg in December 2013 as well as a copy of our Property Act Handbook published in 2005.

<http://cymdeithas.org/dogfen/papur-trafod-y-mesur-cynllunio-r-mesur-tai> (Welsh only)  
<http://cymdeithas.org/dogfen/y-llawlyfr-deddf-eiddo-mai-2005>

The Property Act proposed by Cymdeithas yr Iaith Gymraeg is based on six principles:

- 1 Assessing Local Need
- 2 Housing and Property for Rent
- 3 Support for First-Time Buyers and Flexible Tenure
- 4 Priority for Local People
- 5 Community Planning
- 6 Reassessment of Planning Permission

Our arguments in this document are based on our perception of houses as homes or potential homes rather than "assets", "investments" or an additional funding source for speculators.

Our policy is based on major changes in the approach to housing and property. The Government will legislate on these issues in two separate bills - the Housing Bill and the Planning Bill. From our perspective, both Bills are seen as part of a comprehensive package of reforms to the housing and planning system.

The Welsh language is in crisis, especially at community level. There has been a serious decline in the number of communities where more than 70% of the population speak Welsh, from 92 in 1991 to 39 in 2011. There are numerous examples of the problems caused by the existing housing and planning system - which has recently granted, or is likely to grant, permission for developments which we believe to be wholly inappropriate at Bodelwyddan (Denbighshire), Bethesda (Gwynedd) and Penybanc (Carmarthenshire). There is no doubt that these unsustainable housing developments and planning policies are having a detrimental effect on the language. Out-migration of young people is one of the main factors leading to a fall in the number of Welsh speakers in Wales, and it is a factor which is influenced by the housing and planning system.

Furthermore, in light of the devastating results of the 2011 Census, we have published 38 recommendations in our Living Manifesto (<http://cymdeithas.org/livingmanifesto>), a detailed policy document which has been produced by our members following public

consultation, to strengthen the Welsh language and its communities over the coming years.

We welcome many elements of the Bill, in particular the proposal to give local authorities the power to introduce a higher rate of council tax on empty homes. But in order to solve the critical problems facing the Welsh language on a community level, we need to go much further. We would like to draw your attention to some of our policies that are directly relevant to the Housing Bill, and which would strengthen its provisions.

### **Increasing Council Tax on Second Homes**

The opinion of Cymdeithas yr Iaith Gymraeg is quite clear: the purpose of the housing system is to provide homes where people can live in their local communities, rather than providing investment opportunities to profit speculators.

It is clear that second homes have a negative impact on various aspects of community life, such as the sustainability of local services and the Welsh language. County councils should be given the flexibility to reflect that impact in their tax policies. Higher council tax would help to keep services in local communities and benefit local businesses. In fact, we have been campaigning for this since the seventies.

We believe that second homes have a detrimental impact on the sustainability of local services, and lead to broader implications for local communities, as they inflate housing prices beyond what is affordable for local people and undermine the viability of communities and their facilities.

The tax system should allow councils to reflect these negative effects in their housing tax policies.

There would be many advantages to such a policy:

- provide a means for councils to raise funds in order to mitigate the effects of the free market, such as house prices that are too expensive;
- better reflect the cost in terms of community facilities, local businesses and the lack of affordable housing caused by second homes;
- generally, it would improve the supply of affordable housing for local people, thereby reducing out-migration from Welsh-speaking areas.

### **Registering Second Homes**

The owners of holiday homes/second homes should be required to have a licence, in the same way as private landlords. They should not be allowed to rent a house to a local person for only part of the year (unless the tenant wishes to leave); a local tenant would have the right to remain in the property throughout the year and pay a reasonable rent.

The authority would need to be notified of any property (which is not a person's sole residence) that is empty for more than three months and the local authority's research into housing would be expected to identify the number and location of empty homes in the area.

Where the following criteria apply:

- a. pressure for rented housing for local people, which cannot be met from existing stock;

- b. holiday homes, second homes or vacant properties that are suitably located to meet the need;
- c. over 10% of the community's housing stock are holiday homes and second homes;

the local authority should have the right to demand that certain holiday homes, second homes and vacant houses are let individually to locals all year round at a reasonable rate. The authority would be obliged to give six months' notice of its intention and the owner would be entitled to sell the house to the authority if preferred. (The owner would be given the opportunity to buy another house that is not needed for local housing, e.g. because of its location), provided that he has permission to change the use of the property.

- **Assessing Local Need and scrapping the Current Population Projections**

National housing targets driven by population projections should be scrapped as they force the development of unsustainable housing. The targets are based on migration patterns that undermine the Welsh language, which have the effect of promoting out-migration and in-migration alike.

A duty should be imposed on local authorities instead to carry out detailed and continued research into the need for local homes and properties in each community. A strategy to meet those needs should then be formulated, using the existing stock of housing and property, unless it is found to be inadequate or unsuitable.

Permission is currently being granted to erect thousands of homes without any research into housing need. This can often mean that small villages double in size, or that more housing is built in areas where more than half the existing houses are holiday homes.

### **The Right to Rent**

Local people should have the right to rent a home or farm or business property in good condition at a reasonable rate. Furthermore, there should be a statutory duty on local authorities to ensure such provision from existing stock, unless it is inappropriate.

The social and private rented sectors are crucial for the provision of suitable and affordable homes. The private rented sector should be placed under the strategic control of local authorities, generally reviving the social rented sector and improving access to rented housing through vacant housing strategies and the use of holiday homes/second homes.

### **Abolish the Right to Buy**

- Although there are restrictions on the right to buy, Cymdeithas yr Iaith Gymraeg believes that it is time to abolish the right to buy completely. In the meantime, Cymdeithas yr Iaith Gymraeg supports the clause in the Housing Act 2004 that requires a condition to be included, in every transfer made under the right to buy and right to acquire schemes, that the property must first be offered to the former landlord or another social landlord. Rather than the current "right to buy", a more effective system should be introduced to support first-time buyers as well as strengthening the right to rent.

### **Priority for Local People**

The process of buying and selling property should be overhauled, in order to:

- give priority to local people in the housing market, bringing the market gradually within reach of local people once more;
- ensure that present owners do not make a loss.

At present, housing prices in many communities are far beyond the reach of residents - so, in effect, there is no local market.

The policy contained in our recommendations for a Property Act aims to give local people priority in the private property market, bringing the market gradually within reach of local people once more.

A Property Act would give local people the right to buy a home or small business or farm property at a price that reflects local income and would entitle home and property owners to sell to a local buyer without losing out.

The procedure outlined below is a significant development of the system established by the Housing Act 1980 (section 157 of the Housing Act 1985) for the resale of council houses in national parks, areas of outstanding natural beauty and "designated rural areas" (including large parts of rural Wales). That Act gives local authorities the power to require that former council houses are either sold to local residents, or offered first to the local authority. The Housing Act 2004 obliges buyers of former council houses sold through the right to buy scheme to offer them to the local authority (or a new social landlord) if they wish to sell within the first 10 years.

There are three bands of buyers:

Band 1 ("local band")

A person who has lived or worked in the area for a period of 10 years (out of the last 20 years). This means that they must have either resided within the same parish or local community (and the property in question), or the same travel-to-work area, or within ten miles of the property's location.

Band 2 ("semi-local band")

a. A person who has accepted full-time permanent employment within the area (as defined above).

b. A person who has lived in the area (as defined above) for at least ten years during their lifetime.

Band 3 ("open band")

This means anyone.

(If a couple or family is buying, only one person will have to satisfy these conditions).

Summary of the new system we recommend for Buying and Selling Property under the proposed Property Act

The vendor (or agent) will inform the local authority that the property is for sale. They will receive a certificate from the authority to prove this, and their solicitor will present this certificate to the Land Registry when the sale is registered.

In accordance with the local housing strategy, the local authority or housing providers may express an interest in buying the property.

If the local authority/housing providers are not interested in buying the property, the vendor will be allowed to put the property for sale in Band 1.

If the vendor does not receive an offer for the property at the market price within three months from anyone in Band 1, they may ask the authority's permission to sell to Band 2.

Before receiving permission the vendor must present:

- - A certificate from an estate agent or solicitor certifying that the property has been for sale for three months and has been reasonably advertised locally (details will need to be supplied).
  - A certificate to confirm that the asking price is comparable to the sale price of similar properties in the area during the preceding three months; and that no similar offer was received from a person in Band 1.

Property prices will be monitored by the district valuer. Any person who believes that an offer was rejected unfairly may make a complaint to the local authority. (All estate agents would also have to seek a licence from the local authority.)

The local authority will give the vendor a written response, either allowing or refusing consent to move the property to the next band. (The vendor will have right of appeal to the ombudsman). The same procedure as outlined above will operate for moves from Band 2 to 3.

When the sale is registered the vendor's and buyer's solicitors must provide evidence that the buyer is within the definitions outlined above for Band 1 or 2.

Buyers from Bands 2 or 3 may be in a position to pay more for a property than those in Band 1, and some vendors might seek to increase the asking price. However, in general, we anticipate that buyers will be unwilling to pay more, because:

- When a property is resold, it will have to be offered for sale to Band 1 — thus if a buyer from Band 2 or 3 pays more than the local market price, they will most likely make a loss when reselling.
- Mortgage lenders will be aware of this, and will not offer loans over and above the local market price for any property.

A problem that could arise is that a few buyers with substantial capital might be willing to pay unreasonable prices without worrying about any future loss. As an additional measure to ensure that such buyers do not distort the market, a new tax will be established at a rate of 50% payable by the buyer on the portion of the price that is above the local market price. In other words, if a buyer were to pay £2,000 above the market price, they would have to pay an additional £1,000 in tax. This tax would be a strong deterrent to prevent buyers offering unreasonable prices for properties. (Any money raised through the tax would go to the local authority's housing budget.)

Naturally, some will try to avoid paying the tax. Fraud investigations will be the responsibility of the Inland Revenue, and this will be a relatively simple procedure as the buyer's and vendor's solicitors will have to declare to the Land Registry and the local authority the exact amount paid for the property.

Prices will not be reduced under this system. Rather, what will happen is that local people's income will be allowed to gradually catch up with prices — i.e. inflation will take its course.

This will not create a closed market and there will be no cause for property prices to fall — properties may be sold on the “open” market if no reasonable offer is received from a local or semi-local person.

There will be no obligation to accept an offer that is lower than the value of the property at the time of implementation of a Property Act. This will ensure that no owners make a loss on their investment.

Because all properties will initially be offered for sale to local people, with vendors obliged to accept a reasonable offer from them if they want to sell at all, there will be no reason for prices to rise. Local people will not have the means to push prices up until local incomes have caught up with property market prices. Prices will therefore remain fairly stable, until local income has caught up; and from then on, they will reflect the local economy and the local demand for housing.

Initially, prices will continue to be beyond the reach of local people and availability of properties to rent and assistance to first-time buyers must be ensured. As well as re-establishing the right to rent, a Property Act, in accordance with point 4, will enable more local people to buy houses.

Sustainable Communities Group  
Cymdeithas yr Iaith Gymraeg  
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