

## **Agenda – Local Government and Housing Committee**

---

Meeting Venue:

For further information contact:

Video Conference via Zoom

Manon George

Meeting date: 17 November 2021

Committee Clerk

Meeting time: 09.15

0300 200 6565

[SeneddHousing@senedd.wales](mailto:SeneddHousing@senedd.wales)

---

Pre-meeting (09.15 – 09.30)

### **1 Introductions, apologies, substitutions and declarations of interest**

(09.30)

### **2 Papers to note**

(Page 1)

#### **2.1 Letter from the Minister for Climate Change following the evidence session on 22 September 2021**

(Pages 2 – 4)

#### **2.2 Letter from the Minister for Finance and Local Government following the evidence session on 22 September 2021**

(Pages 5 – 11)

#### **2.3 Letter to the Petitions Committee in relation to second homes**

(Pages 12 – 13)

#### **2.4 Letter from the Legislation, Justice and Constitution Committee in relation to the Residential Property Tribunal Wales and the Adjudication Panel for Wales: Annual Reports 2020–21**

(Page 14)

#### **2.5 Letter from the Minister for Climate Change in relation to the Leasehold Reform (Ground Rent) Bill LCM**

(Page 15)

### **3 Building Safety Bill LCM – evidence session with the Minister for Climate Change**

(09.30 – 10.00)

(Pages 16 – 47)



Julie James MS, Minister for Climate Change

Anna Hind, Government Lawyer, Welsh Government

Francois Samuel, Head of Building Regulations Policy, Welsh Government

Break (10.00 – 10.15)

#### **4 Inquiry into second homes: evidence session 1 – academics**

(10.15 – 11.15)

(Pages 48 – 79)

Professor Nick Gallent, Professor of Housing and Planning, The Bartlett School of Planning, Faculty of the Built Environment, University College London (UCL)

Professor Mark Tewdwr-Jones, Professor of Cities and Regions, Centre for Advanced Spatial Analysis, Faculty of the Built Environment, University College London (UCL)

#### **5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**

Break (11.15 – 11.30)

#### **6 Inquiry into second homes – consideration of the evidence received under item 4**

(11.30 – 11.45)

#### **7 Consideration of the Building Safety Bill LCM**

(11.45 – 11.55)

#### **8 Update on the Leasehold Reform (Ground Rent) Bill LCM**

(11.55 – 12.05)

#### **9 Update on the establishment of Corporate Joint Committees (CJCs)**

(12.05 – 12.15)

(Pages 80 – 82)

# Agenda Item 2

## Local Government and Housing Committee

17 November 2021 – papers to note cover sheet

Paper no.	Issue	From	Action point
Paper 1	Further information following Local Government and Housing Committee meeting on 22 September	Minister for Climate Change	To note
Paper 2	Further information following Local Government and Housing Committee meeting on 22 September	Minister for Finance and Local Government	To note
Paper 3	Petition P-05-1056 Give Local Authorities powers to control the housing market in rural and tourist areas of Wales	Local Government and Housing Committee	To note
Paper 4	The Residential Property Tribunal Wales and the Adjudication Panel for Wales: Annual Reports 2020-21	Legislation, Justice and Constitution Committee	To note
Paper 5	Legislative Consent Memorandum (LCM) on the Leasehold Reform (Ground Rent) Bill	Minister for Climate Change	To note

# Agenda Item 2.1



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA/JJ/2861/21

28 October 2021

Dear John,

Thank you for your letter of 5 October requesting further information on some of the topics we discussed at the Committee session on 22 September. I will answer your questions in the order you have raised them.

## **Affordable Housing**

As mentioned during the Committee session, we unfortunately cannot begin the process of setting budgets for future years until we have Westminster's Spending Review and therefore cannot give long-term certainty until then. Once the Spending Review has been received, it is our intention to allocate multiple year budgets to provide that clarity. However, regardless of the outcome of the spending review, we remain committed to providing sufficient investment to deliver this key Programme for Government Commitment. Work is also underway on developing a new tripartite Housing Pact agreement between this Government, the WLGA and Community Housing Cymru. Our intention to provide sufficient funding is highlighted as a key enabler within the draft Housing Pact.

As the Committee is aware, the increased global demand for building materials coupled with reduced production has led to shortages in the availability of some building materials and increased prices. Currently contractors are still feeling the pressure. There is need to note, however, that the issue is not limited to just the housing sector. The impact is significant across the whole of the construction sector.

Although material price rises are starting to stabilise, there is a risk that prices will not revert to historically low levels. We are therefore working with the sector to mitigate these risks as far as practically possible. As part of mitigation measures, I have recently agreed to provide additional funding to Registered Social Landlords (RSLs) and local authorities to support the increase in material costs. I have made it clear that this additional funding, will not mitigate all the risks and risks should be shared between RSLs, local authorities, Welsh Government and the contractors themselves. I have therefore limited Welsh Government's contribution to 42% of increased costs with a view to RSLs and/or local authorities matching this contribution.

## Paper 1

The Welsh construction and Modern Methods of Construction (MMC) sectors both play a vital role in delivering the social homes we need in Wales. Wales is fortunate to have an existing experienced and capable MMC supply chain to service contracts with social landlords here in Wales and across the UK. Last year, our Innovative Housing Programme, was a 'MMC special', delivering over 400 new, energy efficient MMC homes, all manufactured using Welsh based MMC suppliers and local workforces. MMC requires a different construction skill set to traditional building techniques, providing an opportunity to showcase a broader range of new and innovative careers to attract a new and diverse workforce. This should encourage more women and younger entrants to the construction sector, changing perceptions of construction work and promoting new types of careers to help meet the skills and workforce shortage in the UK construction sector.

Early discussions have been held between my officials and Housing Justice Cymru around their Faith in Affordable Housing (FiAH) Project and their commitment to bring underutilised church land or buildings forward for the purposes of affordable homes. Through the project, Housing Justice Cymru have established a partnership with nine RSLs across Wales. It is envisaged this partnership will unblock the barriers previously experienced by the FiAH project around releasing land and the timely development of homes. The project is also supported by an Expert Panel, which has representation from Welsh Government.

### **Implementation of the Renting Homes (Wales) Act 2016**

As I mentioned during our discussion, implementation has taken longer than originally anticipated for a number of reasons, including the need to divert much of our limited legal and policy resource to managing Brexit and, of course, Covid priorities. The Committee will be aware that officials also worked over two years on the amending Bill which adds further protections for contract-holders to those already included in the 2016 Act.

We currently have a team of officials finalising the 23 pieces of subordinate legislation required to bring the Act fully into force. Implementation during the first year of this current Senedd term is one of our legislative priorities, and our intention is the Act will be implemented before summer recess next year.

We intend to lay the Fitness for Human Habitation, Supplementary Provision and Model Written Statement regulations in the coming months. These contain the essential information stakeholders require in order to make the necessary preparations ahead of the 2016 Act coming into force, and they will be made available at least six months ahead of the implementation. The remaining subordinate legislation will be laid in the period leading up to implementation. We will also be publishing a range of non-statutory guidance prior to implementation.

### **Building Safety**

We have no plans to ask UK Government for further Welsh amendments to the Building Safety Bill from a building regulations perspective.

However, included within the Building Safety Bill are provisions to establish a New Homes Ombudsman (NHO). These are currently England only provisions. The UK Government are keen to work with all devolved administrations to seek agreement for the new arrangements under the Ombudsman to be UK-wide. I consider the NHO scheme to be of potential benefit to home owners and businesses in Wales and we have been working positively with the UK Government with a view to extending the scheme.

The NHO will provide dispute resolution and determine complaints by buyers of new build homes against developers. Once the arrangements for the NHO scheme have been made,

## Paper 1

developers will be required to become and remain members of the scheme. It is intended that the housebuilding industry will meet the costs of the NHO and, once established, the NHO service will be free to consumers.

As many of the house builders here in Wales work across the border in England, joining a UK-wide NHO will ensure a standard approach, implemented at a single point in time, which will reduce confusion and complexity both for consumers and developers. It will also be beneficial in terms of cost and timing, ensuring Welsh consumers have access to effective redress as soon as possible.

A Supplementary Legislative Consent Memorandum (LCM) will be required if these provisions are extended to Wales and this will be laid after a Government amendment to the Bill.

### **Second Homes**

The cross-party group on second homes is an informal group which Ministers (the Minister for Education and Welsh Language, Minister for Finance and Local Government and I) attend, alongside party spokespeople on housing matters. Welsh Government Ministers have been clear that no one party has a monopoly on good ideas and this forum provides an opportunity for us to discuss a number of issues relevant to discussions on second homes. The group has met four times this year, with short presentations given on a number of matters, including, most recently, the consultation on local taxes and, separately, on Land Transaction Tax. The group also provides an opportunity for updates on policy development. A further meeting for November is due to be scheduled.

In terms of piloting our interventions, we have met a large number of stakeholders across sectors – including an estate agent and a representative group of second home owners – and three town and community councils' representatives in different parts of Wales.

We anticipate a package of measures within the pilot, and are working through options and timelines we can agree with partners, including at local authority level. We are also clear that there will need to be community engagement and appropriate buy-in – across the communities – before we can initiate the pilot.

Once we have agreed with our partners the precise scope of the pilot, I will make an announcement, including on location, and take forward the necessary steps to engage the communities. I anticipate being able to make an announcement over the coming weeks.

Yours sincerely



**Julie James AS/MS**

Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Ein cyf/Our ref: RE/616 /21

John Griffiths MS  
Chair, Local Government and Housing Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

SeneddHousing@senedd.wales

29 October 2021

Dear John,

Thank you for your letter requesting further information on some of the issues we discussed during my attendance at the Local Government and Housing Committee on 22 September.

At the meeting I promised to provide further detail on work of the Independent Remuneration Panel for Wales (the Panel). The Panel is the independent body whose principal function is to make determinations on the salaries and payments principal councils, community councils, fire and rescue authorities and national park authorities make to their elected members. Its powers also include making recommendations on any proposed changes to the salaries of the chief executives of principal councils and chief fire officers.

The current remit of the Panel includes county and county borough councils, town and Community councils, national park authorities and fire and rescue authorities. The Welsh Ministers powers in relation to the Panel are limited, and are set out within the 2011 Measure, and the Local Government (Wales) Act 2015 ("the 2015 Act").

In order to exercise its function the Panel:

- Has regular dialogue with members and officers of the bodies for which it has responsibility for setting remuneration;
- Undertakes an analysis of changes in appropriate comparable remuneration structure;
- Considers any specific issues that may impact on the appropriate level of remuneration for the bodies in question;

- Engages with relevant bodies in Wales in relation to the remuneration of elected representatives i.e. the Welsh Local Government Association and One Voice Wales.

The Panel is required to produce an annual report, which will prescribe the payments and allowances for councillors and members of the organisations listed above, and may produce Supplementary Reports at any time that it considers necessary. In preparing its reports the Panel is required to take into account the likely financial impact of its decisions on the authority or authorities in question.

The Panel is currently consulting on its Annual Report for 2022/2023. The consultation will end on 26 November following which the Panel will consider any representations which will inform decisions about final determinations and content of the final Report. The consultation document can be found [here](#).

I also promised to provide an update on progress made in responding to the recommendations of the Independent Review Panel on Community and Town Councils in Wales.

While the recommendations were for all sectors to consider and take forward, the Welsh Government set out a number of key actions it proposed to take in response. The previous Minister provided a written update on Welsh Government's work with, and support for, the community and town council sector in March 2020 [\[link\]](#). I have attached a more detailed update on the progress on the areas for action at **Annex A**. As outlined in the written statement, there are still some unresolved questions raised by the review which require further thought, and the need to focus on the pandemic has delayed giving them due consideration. I intend to revisit these questions this Senedd Term, working with our partners to develop clear proposals, some of which may require further legislation.

You requested further detail on the support available to council clerks, including training packages for people new to the role, and whether any work is being undertaken or is planned to update job descriptions to ensure candidates have a clear understanding of the role and have relevant experience.

In respect of Welsh Government support, in 2021-22, we have allocated around £70k to provide funding for the full cost of undertaking the Certificate in Local Council Administration (CiLCA) for around 70 clerks. We also provide around £2k for additional general training for clerks, for example, for clerks new in post to undertake Introduction to Local Council Administration (ILCA); and other continuous professional development needs. To provide some context, in the previous two years, we offered £6k and £3k respectively to support and incentivise clerks' training and these were not fully spent. I am open to increasing the funding available if demand increased, and am working with One Voice Wales and the Society for Local Council Clerks (SLCC) to encourage this. The incoming requirement for community councils to publish training plans will provide insight into their training needs.

The Society for Local Council Clerks is the professional body for local council clerks and supports its members to gain the necessary knowledge, training and skills for their role. They offer a mentoring service for new clerks in Wales. They hold two webinars annually specifically aimed at new clerks and produce a check-sheet to support clerks who have recently started in their role. They provide advice on the role and job description of the clerk, including a specimen job description. One Voice Wales provides a range of services

and we understand that this would include support to councils wishing to appoint a new clerk.

You also requested more information about the arrangements to ensure Corporate Joint Committees (CJCs) are democratically accountable.

CJCs aim to bring more coherence to, and strip out some of the complexity of, regional governance arrangements - strengthening local democratic accountability by ensuring that it is local elected members making decisions together about local government services in an open and transparent manner and for the benefit of their citizens and communities. The leaders of each constituent council will be the members of the CJCs and they will be accountable to their constituent councils for the decisions they make as part of their CJC.

A CJC will be required to put in place appropriate overview and scrutiny arrangements in consultation and agreement with its constituent councils. This will be an important part of the democratic accountability of the CJC. A CJC will also be required to have its own governance and audit sub-committee which will have the same functions as that of one in a local authority - including to review and scrutinise the financial affairs, risk management and internal control of a CJC.

Public accountability is also a key part of ensuring the democratic accountability of a CJC. A CJC will be required to encourage participation in its decision making by members of the public, ensuring that individuals are able to contribute to the shaping of services which they and their families rely upon and which have a significant impact on their daily lives. Members of the public will be also be able to access the meetings of a CJC, including viewing meetings, in the same way as they currently do for local authorities.

Officers of a Corporate Joint Committee will be subject to the same requirements in terms of conduct, transparency and accountability as employees of local authorities.

Finally, during the meeting I referred to the *Reforming Local Government Finance in Wales: Summary of Findings* report and said I would welcome the Committee's views on the options set out. The summary of findings can be found at <https://gov.wales/reforming-local-government-finance-wales-summary-findings>.

I have written separately to you and the Chair of the Finance Committee regarding the financial allocations made from the £2 billion unallocated in June's supplementary budget.

Yours sincerely,



**Rebecca Evans AS/MS**

Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government

## **Annex A – Independent Review Panel on Community and Town Councils in Wales**

### **Welsh Government Areas for Action – Update**

#### **October 2021**

#### **THEME 1: Clarifying the role of the sector**

The Welsh Government has consistently confirmed the important role it sees for the sector, which has been highlighted by the contribution made to responding to the pandemic and supporting their communities. We have legislated to provide community and town councils with the potential to play a more substantial and more visible role in their communities.

For instance, we have provided community and town councils with a new general power of competence through the Local Government and Elections Act 2021. We have also placed a new requirement on the sector to reflect on how they engage, plan, undertake and report to their electorate by introducing annual reporting.

We regularly communicate with community and town councils through national events arranged by the Society for Local Council Clerks and One Voice Wales. One Voice Wales work with communities locally to promote the value of community councils. We think this is a role best suited for those who are closest to the communities. Our role is to support them in good governance.

Our sector partners are taking forward work to clarify roles regarding the services community and town councils could deliver. One Voice Wales and the WLGA have established a Task and Finish Group to explore asset transfer and service delegation, and develop place-based planning. We agree with them that decisions on clarifying ‘who does what’ should be made locally and not imposed by national government.

#### **THEME 2: Increasing democracy and participation**

The review recommended that community boundaries should be reviewed regularly. It also recommended actions to increase democratic access to, and participation in, the councils.

Using existing powers to ensure Community Reviews are conducted on a regular basis is a proportionate response to ensuring that individual boundaries remain relevant. The Boundary Commission for Wales have just completed a cycle of electoral reviews which are being brought into force ahead of the next ordinary local government elections. Some of these have made changes to community council arrangements, and the recommendations from the community review in Monmouthshire are also being implemented. Following the completion of this exercise, the Welsh Government will work with local authorities to reflect on the process and plan ahead for the next cycle. For instance, it might be sensible to review the timings of community reviews to ensure they can complete in good time inform the electoral reviews.

In respect of engaging with their communities and increasing participation, we are encouraging community and town councils to make more use of free tools and

## **Annex A – Independent Review Panel on Community and Town Councils in Wales**

### **Welsh Government Areas for Action – Update**

#### **October 2021**

platforms. We have provided specific support by using evidence gathered from community and town councils to prepare and publish a digital media guide, '[Connecting with your Local Community](#)' in January 2021.

To improve public awareness and access of the work of community and town councils, the Local Government and Elections Act (Wales) 2021 provided for community councils to make arrangements to enable virtual access to council meetings. On the issue of public participation in meetings, there appears to be little impact of annual public meetings on public participation in England. Therefore we have taken a more regularised approach - from May 2022, a member of the public will have a right to make reasonable representations on a business item at any community and town council meeting. We feel this this will remove barriers for the members of communities to engage with their council.

We have also taken steps to encourage more people to stand for election to community and town councils. In October, we launched an Access to Elected Office Fund to support disabled candidates seeking election in next year's local government elections. The fund pays for practical support to allow disabled people to fully participate in the political process.

We have funded One Voice Wales to develop promotional films to share across a variety of media platforms.

We recognise that this work is a continual and sustained process. In order to inform how we might take this forward, we have:

- Issued a survey to community councillors to find out more about their experiences and barriers to inform the next iteration of this work;
- Commissioned a literature review of the remuneration of councillors in other countries; and
- Commissioned an omnibus survey to examine to better understand public perception of councils and councillors.

#### **THEME 3: Building capacity**

The key action under this area was to provide access to the general power of competence to eligible community councils, which we did under the Local Government and Elections (Wales) Act 2021. This provision comes into force from May 2022. There has been extensive engagement on the proposal to provide access to the general power, the intention to attach conditions, and what those conditions would be.

From early 2020, we have provided funding for around 70 full-funded places for the Certificate in Local Council Administration (CiLCA) to support introduction of the general power.

## **Annex A – Independent Review Panel on Community and Town Councils in Wales**

### **Welsh Government Areas for Action – Update**

#### **October 2021**

We have consistently made funding available for community and town councils to develop joint delivery arrangements through a grant to encourage such arrangements. However, the appetite from the sector was not as we might have anticipated and for 2020-21 onwards the resources for joint working were redirected to support an increased emphasis on financial management and governance training.

#### **THEME 4: Building capability**

We work with the sector bodies One Voice Wales and the Society for Local Council Clerks (SLCC), through the National Training Advisory Group (NTAG) to identify core training needs for clerks and councillors.

Whilst there is no appetite for mandatory core training from the sector, the Welsh Government has provided bursaries to incentivise training for councillors and clerks in specific areas, particularly around financial management and governance. This includes the aforementioned CiLCA bursary for community and town council clerks.

To support continuous improvement in the sector, we are exploring how we can do more to support the sector to self-evaluate and self-improve. There is work underway on a self-assessment tool which is to be piloted this autumn. The self-assessment tool, co-produced with One Voice Wales and SLCC with advice from Audit Wales, is intended to support councils to understand their audit obligations, and assist them to improve their governance arrangements.

#### **THEME 5: Improving relationships**

One Voice Wales and the WLGA took the initiative to establish a Task and Finish Group reviewing how to strengthen key relationships between community and town councils and principal councils – including whether to make certain structures mandatory. This was paused during the pandemic, but the expectation is this work will be restarted.

We remain concerned about instances where working relationships break down within community and town councils. The Welsh Government has facilitated engagement between the Ombudsman's office and the sector's representative bodies and they are collectively developing a guide for community and town councils in relation to officer complaints about bullying and harassment by individual councillors. This is expected to be published by One Voice Wales and SLCC in the coming months.

A written statement was recently issued on the [Review of the Ethical Standards Framework for Wales](#), which recommended some changes to the core Code of Conduct. The self-assessment toolkit for community and town councils includes a checklist item to ensure that all councillors have read and agree with the Code of Conduct.

**Annex A – Independent Review Panel on Community and Town Councils in Wales**  
**Welsh Government Areas for Action – Update**  
**October 2021**

**THEME: Improving accountability**

Provision was made in the Local Government and Elections (Wales) Act 2021 to require community and town councils to report annually to their communities. The guidance for annual reporting will support councils to be transparent to their communities on recent activities and their plans for the future.

The guidance will also encourage councils to work within the cycle of engage, plan, undertake and report. This approach will be reinforced within the self-assessment toolkit for community and town councils. The Good Councillors Guide, which sets out what is expected and what good practice looks like, is in the process of being updated before the local government elections in May.

Community and town councils will also be required to prepare and publish a training plan for councillors and clerks. It is important for councils to be transparent about their training needs and priorities to provide confidence that it has the skills needed to support their communities.

—  
**Local Government  
and Housing Committee**

Jack Sargeant MS  
Chair, Petitions Committee  
Senedd Cymru

5 November 2021

Dear Jack,

**Petition P-05-1056 Give Local Authorities powers to control the housing market in rural and tourist areas of Wales**

Thank you for your letter in relation to this petition. The Local Government and Housing Committee has agreed that we will be undertaking an inquiry into second homes. We agreed the following terms of reference for the inquiry at our meeting on 3 November:

- To examine the recommendations made by Dr Simon Brooks in his report, Second homes: developing new policies in Wales, and the Welsh Government's response to those proposals.
- To consider the policy objectives and evaluate the evidence base for policy change in this area and to identify any gaps in knowledge and data.

A public consultation seeking views from organisations and individuals with an interest in this area has been launched today, with a closing date for responses of 14 January 2022. Given the relevance of the consultation to this petition, please could you inform the petitioner of the consultation and how to contribute. All information is available on the Committee's website.

Yours sincerely



**Senedd Cymru**

Bae Caerdydd, Caerdydd, CF99 1SN  
SeneddTai@senedd.cymru  
senedd.cymru/SeneddTai  
0300 200 6565

—  
**Welsh Parliament**

Cardiff Bay, Cardiff, CF99 1SN  
SeneddHousing@senedd.wales  
senedd.wales/SeneddHousing  
0300 200 6565

## Paper 3

John Griffiths MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

—  
**Legislation, Justice and  
Constitution Committee**

**Welsh Parliament**  
Cardiff Bay, Cardiff, CF99 1SN  
SeneddLJC@senedd.wales  
senedd.wales/SeneddLJC  
0300 200 6565

John Griffiths MS  
Chair, Local Government and Housing Committee

5 November 2021

Dear John

The Residential Property Tribunal Wales and the Adjudication Panel for Wales: Annual Reports 2020-21

At our meeting on Monday of this week, we considered our second regular monitoring report in which we consider and review key topics that are within the remit of the Legislation, Justice and Constitution Committee. You will be aware that certain matters related to justice fall within the ambit of our responsibilities and, as such, we considered an update on the Welsh Tribunals.

Annual reports for the period 2020-21 have now been published for most of the Welsh Tribunals. The reports discuss how the tribunals have managed the impact of the coronavirus pandemic, as well as setting out information on spending, operation and performance.

Given your Committee's remit, we agreed that we would draw to your attention the latest annual reports of The Residential Property Tribunal Wales and the Adjudication Panel for Wales.

At this week's meeting, we also took evidence from Sir Wyn Williams, President of the Welsh Tribunals, on the subject of his Third Annual Report for the period 2020-21, and I take the opportunity to draw this report to your attention.

Yours sincerely,



Huw Irranca-Davies  
Chair

John Griffiths MS  
Chair – Local Government & Housing Committee  
Senedd Cymru  
Cardiff Bay  
Cardiff  
CF99 1SN  
SeneddHousing@senedd.wales

11 November 2021

Dear John,

**Legislative Consent Memorandum (LCM) on the Leasehold Reform (Ground Rent) Bill**

Thank you for your letter of 5 November seeking confirmation of when I expect to lay a Supplementary Legislative Consent Memorandum (SLCM ) on the Leasehold Reform (Ground Rent) Bill.

I understand it is unlikely that the anticipated further amendments to the Bill will be tabled by the UK Government before your next meeting on 17 November. However, I do think it likely they will be tabled during the second half of November (though the precise timetable will be for the UK Government to determine). I remain committed to laying the SLCM as soon as possible after the tabling of those amendments.

I hope this is helpful to planning the Committee's work.

Yours sincerely



**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

# Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Julie James AS/MS  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

John Griffiths MS  
Chair  
Local Government and Housing Committee

[SeneddHousing@senedd.wales](mailto:SeneddHousing@senedd.wales)

22 October 2021

Dear John

Thank you for your letter of 14 October regarding the Legislative Consent Memorandum (LCM) on the Building Safety Bill.

Whilst the committee's concern that legislation within the Senedd's competence is rightly the business of the Senedd the LCM process recognises that circumstances may arise where there are clear benefits from taking a different approach for the benefit of the people of Wales.

The First Minister has made clear that whilst protecting the devolution settlement remains a critical priority and that our general principle should be to legislate in the Senedd in devolved areas, we should be open to taking a pragmatic approach to using UK legislation to achieve the Welsh Government's objectives where necessary.

I believe the Grenfell tragedy and the need to respond to the subsequent independent review of building regulations created such circumstances. The criticisms levelled at the system in England by Dame Judith Hackitt in her report, whilst of a different magnitude to those in Wales, apply equally as it is the same core legislation.

The Building Act 1984 and the Building Regulations 2010 have set the framework for Buildings with very little change since they were brought into force. Whilst functions were transferred to Welsh Ministers in 2012 our focus to date has been on technical changes such residential sprinklers, banning combustible materials and energy performance. The Building Safety Bill (BSB) therefore provides necessary improvements to a system found wanting in a way that puts control firmly in the hands of Welsh Ministers and the Senedd rather than, as you note, something imposed on us. In addition the bill, likely to receive royal assent next year, which will mean the opportunity to bring forward the necessary changes to the building control system can be made earlier than would be possible for the Building Safety Senedd bill.

There are other good reasons for taking the opportunity the BSB presents. The building control system is based on a common approach with England towards regulatory bodies - Local Authorities and the private sector Approved Inspectors. The industry operates either

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Julie.James@llyw.cymru](mailto:Gohebiaeth.Julie.James@llyw.cymru)  
[Correspondence.Julie.James@gov.Wales](mailto:Correspondence.Julie.James@gov.Wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

side of the border. The BSB will establish a more robust oversight of both with, for the first time, expectations of competence and standards of performance by the Building Safety Regulator in England. It is therefore crucial that steps are taken in Wales to ensure a level of commonality so that organisations and staff can continue to work across both administrations.

The Bill is bringing greater accountability into building work, with a set of dutyholders across the construction process. These are people who will take clear responsibility for the work, and will be based on the UK system overseen by the Health and Safety Executive for The Construction (Design and Management) Regulations 2015 CDM regulations. This addresses a key 'Hackitt' criticism about the lack of clarity of where responsibilities sit and what competence needs to be demonstrated by client, designer and contractor in taking on those responsibilities. It is our view that a common approach, as is the case with the CDM regulations, would be beneficial and should not be delayed.

The Building Act was drafted in 1984, the BSB will make improvements to the drafting, bringing it up to date in its operation, language and accessibility. These improvements will help all users of the Act, and while they could be brought forward through Welsh legislation they are changes that we believe are necessary irrespective of the legislative route chosen.

The construction industry is gearing up in terms of culture, capacity and competence for the changes the bill proposes. Using the bill as a vehicle for change in Wales means we will benefit from the energy being directed to improvement which runs the risk of being diluted were the opportunity for earlier action not be taken.

To be clear, every provision applicable to Wales in the bill is both a reflection of our view of the necessary changes and the criticisms of the independent report but in a way appropriate to our needs. A good example of this is our decision not to create a new regulatory body as proposed for England but to extend existing functions of local authorities.

It is important to note that the bill will need secondary legislation to have effect. The regulations we subsequently bring forward will be subject to consultation and engagement according to our principles and procedures.

I know the LCM process has to deal with legislation ranging from the straight forward to the complex and that something as comprehensive as the BSB is both technical and complex. I would like to offer to meet with the committee and for my officials to provide as many technical briefing sessions as the committee feels necessary to give the opportunity to understand the detail of what the bill proposes. In addition if the committee wishes I will ask my officials to include the justification for the delegated powers the bill proposes. I would be happy to support a proposal to the Business Committee for extending the deadline for reporting on the LCM if that would help the Committee.

Yours sincerely



**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

# Agenda Item 4

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

**JOINT STATEMENT OF EVIDENCE BY  
PROFESSOR NICK GALLENT AND PROFESSOR MARK TEWDWR-JONES, UCL  
TO THE LOCAL GOVERNMENT, AND HOUSING COMMITTEE, SENEDD.**

**SESSION ON SECOND HOMES**

**17 NOVEMBER 2021**

## **GENERAL COMMENT**

### ***1. Background***

1.1 We are currently engaged in research on a range of regional and local planning, place-based leadership, digital planning, rural planning, and housing issues.

1.2 Prof. Gallent is part of a team undertaking a study of land use planning's contribution to a range of rural policy conundrums for the RTPI. He is also working with English Rural HA on necessary adaptations to the policy framework for delivering affordable homes in rural areas and has completed recent work, funded by UCL, on local occupancy conditions and on the mechanisms available to promote affordable housebuilding, led by CLTs and / or registered providers and local authorities.

1.3 Prof. Tewdwr-Jones is presently undertaking a range of research projects relating to urban and regional futures, planning, public engagement in local planning, the development of digital tools to shape and manage places, and place innovation. He is a member of the RTPI Digital Planning Task Force, the International Centre for Local and Regional Development, and the Connected Places Catapult. He completed a five year directorship of Newcastle City Futures in 2019, and has undertaken work recently for Lloyd's of London on Cities at Risk, a digital engagement platform for MHCLG/DLUHC on the Oxford-Cambridge railway, and the revitalization of high streets and town centres with London Boroughs.

1.4 Profs Gallent and Tewdwr-Jones led a Welsh Government-funded research study on 'Second and Holiday Homes and Land Use Planning' in 2002. Our general comment, below, on second homes at the current time is extracted from ongoing work for the RTPI. We also provide some comments on planning. Finally, we provide some reactions the recommendations emerging from Dr Simon Brooks' recent work for the Senedd.

### ***2. Second Homes***

2.1 Second homes are one outcome of the movement of mobile capital into rural areas. Their owners are motivated by investment and access to amenity. The distribution of second homes is largely determined by accessibility and amenity value, whether homes are easy to get to and whether they offer the sort of amenities and opportunities (access to the open countryside or attractive coasts and coastlines) that are absent in the places that purchasers have their primary homes.

2.2 'Second homes' are used privately by the owner and by friends and family. They are not let commercially. Homes offered for short-term letting on AirBnB (or similar) or through bookings agencies are 'holiday homes'. There is a further distinction between second and holiday homes that are purpose-built (in planned second and holiday home villages and subject to occupancy restriction) and those that

are removed from the general housing market and become unavailable to full-time residents. The latter have been the subject of greatest concern for more than 40 years and are split between those that are 'new build' and those that are 'converted' from existing stock.

2.3 Whilst planning can restrict the occupancy of new-build housing, using planning conditions to ensure that homes are lived in full time (e.g. "for more than 270 days each year"), it cannot dictate the use of existing residential property. There is no distinction in planning law between a home occupied full time or part time, or a home that is rented out using an 'assured short-hold tenancy' (AST) or a week-long let. A home is, legally, a 'dwelling house' irrespective of its pattern of use. On many occasions over the decades, the case for setting such a distinction has been made. And on each occasion, successive UK Governments have rejected the idea, viewing it as an infringement on the free use of private property. But, in terms of land use planning, it appears to be the sole means of controlling the growth of second homes. Occupancy restrictions on new housing have little effect as the typical second home buyer is looking for the archetypal traditional looking ('period') property cottage and not a red-brick new build.

2.4 Assuming for a moment that a distinction in use pattern could be made, and an amendment to the Use Classes Order was possible, to distinguish between first and second home use, the question becomes how this would be enforced. The burden of enforcement placed on local planning authorities to monitor all relevant properties would be considerable. Local government would need a significant injection of new resources to keep track of the way homes were being used, and then take enforcement action against non-compliant owners.

2.5 Accordingly, a more pragmatic way to deal with use might be through an amendment to target short-term letting: to specify that the C3 Use Class permits any pattern of private use and long term, AST-based, letting. A separate Use Class could then be created for commercial use, including AirBnB-style short lets.

2.5 This change in secondary legislation would be unlikely to satisfy those calling for an outright ban on second homes. But, as we note above, second homes are an expression of the inward movement of mobile capital into an area. The effect that movement has on the trajectory of house prices is not 'artificial' but a product of a free market in private property. Affordability ratios – the relationship between in-area workplace earnings and housing costs – are stretched for reasons of supply scarcity, inheritance (giving advantage to households with a family history of property ownership) and the movement of mobile capital. In rural areas, ratios are typically 1:8. In parts of London, they hit 1:40. What this means is that earnings (and typical loan advances) are not determining prices. Rather, it is the movement of existing capital into housing (from overseas into London townhouses, or from cities into rural cottages, or from rural areas themselves into additional investment homes) that has the greatest price-setting effect.

2.6 It is also the case that those movements scaffold house prices. A great many rural households benefit from rising prices, either directly as vendors, or indirectly as the value of their homes increase. Where equity in housing grows, so too does consumer confidence. House prices drive spending and investment in local economies. They drive job creation in the service sector and, by incentivizing development and refurbishment, also in the construction sector. Great care needs to be taken when restricting patterns of housing consumption. This is the dilemma that planners have to face as nobody wants to see communities wither and die socially and economically. Allowing change is vital.

2.7 It is our view that planning needs to be positive and proactive, and needs to be harnessed to support communities in a way that it is currently not doing. It needs to support, for example, registered providers that are looking to provide affordable housing outside of the market. And those providers should be offering shared ownership options for household aspiring to acquire their own homes.

2.8 If there is a wider economic case for calming the flow of mobile capital in housing, this may be achieved – not through planning law but – through higher transaction taxes (SDLT or LTT) or through the equalization of tax rates on work and property: by extending the 2021 social care levy to rental income and levying capital gains tax on property sales at the personal tax rate. Such measures are proven to be effective and do not add to the work burden of already over-stretched local authorities.

### **3. Planning**

3.1 Frustration with the form and operation of local planning has been an ongoing issue for governments, developers and communities so long as planning has existed. The reason for that is often that it does not appear to deliver what any one person expects from it. It is the unpopular referee in the middle of a game, that practically and legally has to deliver change and development, protect landscapes and heritage, allow the public a democratic voice in the system, address short term needs and long term trends, is expected to address economic growth and sustainable futures simultaneously, and has to meet local, regional and national interests. It is little wonder that every policy and every decision becomes a delicate balancing act, shaped in no small measure by statute, case law, national considerations, and local policies.

3.2 Both national policies and local policies are meant to shape local planning decisions perhaps to a greater degree than other considerations. Planning officers and planning committees will look to policy in the first instance to see if a decision should be guided in a particular way, and then balance this against other matters. Governments can give greater weight to some issues over others if they so wish, and promote a national policy consideration on, say, economic growth, or sustainable development, or housing, as a first consideration among many. That policy can be changed by ministers relatively quickly. However, it is not always possible to change local policies to meet the change at the national level as quickly as the minister may wish.

3.3 Local plans take a long time to prepare. Not only is this the result of the task at hand – setting in course a vision and plan for a local area for perhaps the next ten years covering all aspects of land use change and development (itself an ambitious ask) – but it is also framed within statutory controlled set time periods for democratic engagement. So even a change by national level may take a number of years for a local planning authority to adopt a local interpretation of it, dependent on where they are with their own local plan cycle. The law has indicated that changes to national policy are a relevant consideration to take into account by decision makers, even if local policies are not in conformity.

3.4 The result of this means that, occasionally, a local plan is not up to date, compared to national policy. It also means that where this occurs, developers seeking changes through planning application, may suggest that the local plan – as the framework to decide local decisions – is not relevant or up to date for the task at hand. That can act as a weakness for local decision making (the national policy may out-trump the local policy) and even allow appellants in appeal cases to appeal against planning refusals on the grounds that the local policy is irrelevant and out of date. Similarly, the developer – if their

application proposal chimes more with national policy – may find their decision being approved on appeal even if local planning committees have refused the scheme.

3.5 There is a case, therefore, to start to rethink a local planning process that is much more agile to changing circumstance, whether that is social, economic, environmental or infrastructural, for it to perform a useful management role. This issue is being considered in Scotland, England and internationally, where digital planning and data analytics are being harnessed as 21<sup>st</sup> century ways of enacting and managing change in places. This is not a straightforward transition, but one that relies on live data streams of constant by-the-second information (traffic flows, air pollution, utility and transport services) to allow instant decisions. It would also recognize variation and distinctiveness between different parts of Wales, especially as planning embraces more regional forms in the future. It also seems, admittedly, a world away from where most local authorities are at present. But it would also allow communities to access information live as it happens, and actively get involved in local planning.

3.6 In other circumstances, more localized forms of planning – neighbourhood planning or community planning – are being introduced to do with smaller geographies, such as several streets in a built up area or the size of a village. These are creating new ways for the community to shape their own backyards, beyond local government control but in sync with the latter's local plans. These are seen as a way of giving communities much more of a direct say in managing change, not only through controlling new development, but also proactively allowing them to designate sites for new local housing.

#### ***4. The Wellbeing of Future Generations Act***

4.1 A further issue worth considering is enhancing the way community and livability issues are brought into and acted upon by planning more prominently. The Wellbeing of Future Generations (Wales) Act 2015 was a unique approach to give legal standing to the obligation to improve social, cultural, environmental and economic wellbeing. It is therefore to get people to think of long term aspirations while dealing with short term change through overarching sustainable development. The institutional design of programming action from the Act is set out clearly through indicators, milestones and trends. This has also been integrated within national planning, through revised Planning Policy Wales, around issues to do with placemaking.

4.2 At the present time, it appears that there is some uncertainty, even reluctance, on the part of planning professionals to action the sentiments of the Act and the policy at the local level. For us, it is this legislation and policy change, perhaps more so than planning changes per se, that would allow local actors to assess and take decisions based on community wellbeing, resilience, linguistic and cultural change, access to housing, reduce inequalities, and address social cohesion, if there is a political desire to do so. This would have both a regional and local planning dimension with appropriate plans and intelligence bases in place.

4.3 This means collating up to date evidence, developing local indicators on community change, collating all that intelligence as it relates to individual places, and then aligning that to local planning policies and decisions. Having an up to date evidence base is vital. Taking decisions on the back of that would be groundbreaking.

4.4 More work is needed within planning, and by planners, to work out a programme of action towards this use of the Act, and of national planning policy in this regard. A practical guide is needed for planners, but equally it requires planners stepping into the unknown, at least at the outset.

### **5. Comment on Dr Brooks' Recommendations**

5.1 Our final contribution specifically looks at the report of Dr Simon Brooks into second homes in Wales, and which is the subject of the Committee's consideration. Here we outline each of the recommendation in turn, and provide our own response.

*Recommendation 1 – develop regional and local variation in public policy Second homes are primarily a regional and local phenomenon, and the Welsh Government should encourage the development of regional and local policy solutions facilitated by permitting policy variation within a national framework. Public policy solutions should be flexible enough to be applied in different ways in different counties and communities according to regional and local need.*

5.2 We agree that second home pressures are epidemic rather than endemic, locating in areas because of particular amenity and access characteristics. In therefore makes intuitive sense to allow policy variation and formulate locally tailored responses. However, the drivers of second home demand are structural and these can often frustrate local efforts or interact with badly designed policy to deliver unintended consequences. For example, the drivers of second home demand can mean that pressures may be diverted to new locations because of restrictions on purchase / use in a neighbouring locality. This underscores the need for a spatially-consistent approach that increases the cost of second home ownership, and reduces the anticipated financial benefits. This is because although amenity and access influence geographies of demand, second home purchasing is fundamentally financial calculation and decision. Across the UK, households often view housing as a sound investment.

*Recommendation 2 – control of the numbers of second homes. Public policy should aim to ensure stability as regards the numbers of second homes in communities affected by them, or it should aim to reduce their numbers gradually over a number of years.*

5.3 This is a sensible aim. Evidence shows that the social fabric of communities 'frays' when too few young people and families are able to secure affordable homes, either for purchase or rent. It seems clear that communities have a fixed capacity to accommodate second homes and once a tipping point is reached, there are not only diminishing returns from second home investment and use but also a direct harm to that community. It should be remembered that second homes can scaffold house prices and support local spending, but more research needs to be undertaken on when the tipping point is reached and what range of impacts this has on communities, services and economies. The capacity to accommodate second homes will be different in areas with different settlement patterns (e.g. a mix of small and larger centres) and different socio-cultural fragilities. Whilst research into this issue could be useful, we recognize the intrinsic appeal of simply setting a limit of second home numbers.

*Recommendation 3 – the definition of second homes. In order to facilitate policy decisions based on objective information, a better definition of second homes is needed. The Welsh Government could consider several ways of doing this but, with this in mind, a Mandatory Licensing Scheme for Holiday Homes should be introduced.*

5.4 We must ‘nail’ the second home definition in a simple way. Anything built for commercial letting or permitted with a restrictive covenant on length of occupation is patently a ‘holiday let’ and we agree that these should be subject to mandatory licensing. Second homes are drawn from the general housing stock and will not be subject to occupancy covenants. These are for private and non-commercial (letting) use. But we agree that as soon as they are let commercially (e.g., via platform based letting) then they become holiday lets. We agree with recommendation 10, that holiday lets should be a separate use class. Change of use between a dwelling house and commercial holiday let should be subject to planning permission.

*Recommendation 4 – responding to Brexit and Covid-19 In an attempt to mitigate the inevitable effects of Brexit and Covid-19 on the housing market in communities which are heavily impacted by second homes, the Welsh Government should adopt a more proactive approach, and more radical steps should be taken, than would otherwise have been the case.*

5.5 It seems likely that some housing markets are subject to increased counter-urbanisation pressures mid-pandemic. Researchers from UCL are investigating this issue in the Brecon Beacons National Park. Second home buying is likely to be one source of additional market pressure, alongside accelerated retirement plans and permanent migration and home-working. The proactive approach on this issue should begin with further research to establish the relative impacts of different streams of housing demand.

*Recommendation 5 – the need for policy intervention across a range of policy areas Policies should be implemented across a range of policy areas, and in the following three fields in particular: direct planning policies, indirect planning policies and taxation policies.*

5.6 Patterns of housing consumption are rooted in support given to housing markets. Those markets are not free and unfettered. Rather, they are shaped by governments’ preference for taxing work rather than property. This means that we strongly support the use of tax instruments, local and national, to alter consumption outcomes. However, housing consumption plays a critical part in the trajectory of spending and, therefore, of local and national economies. This means that the benefits of increasing tax liabilities need to be weighed against likely effects. There is a significant body of international evidence on this topic. Amongst planning policies for tackling the impacts of housing market pressures, we would include positive interventions in support of community land trusts, registered providers of social housing and local authority direct build. The supply of affordable housing in rural areas will not be increased by restrictions alone. Effort needs to be expended on supporting non-market housing options.

*Recommendation 6 – Local Council Tax Premium County councils that consider second homes to be a serious social problem should use their taxation powers fully, raising the council tax premium on second homes to 100%.*

5.7 We agree with this recommendation. However, Council Tax is part hypothecated land tax and part local service charge. Where a premium on second homes is charged, a third part is created – an impact charge. We believe that there should be greater clarity on the structure and purpose of council tax. It links services used to property-valuations which were last assessed 30 years ago. The Senedd might think about a broader review of council tax, if that is within its gift, to make clear that consumption impacts are being factored into a new local tax – based in a new set of valuations (the problem with a new valuation, however, is that households in high demand areas may see their bills suddenly jump).

*Recommendation 7 – Short-term holiday accommodation and business rates The Welsh Government should consult on the possibility of making short-term holiday accommodation exempt from being eligible for small business rates relief.*

5.8 Whilst we agree with this recommendation, it could be seen as out-of-step with a tightening of licensing and planning rules governing commercial holiday lets. If a real distinction is made between second homes and holiday lets, with planning permission required to create the latter, then logic suggests that owners will be genuinely engaged in a business activity. The question will be then asked as to why businesses operating holiday lets, which are licensed and received specific planning consent are not eligible for business rates relief. It seems to us to be an 'either/or' issue: either license and restrict (via planning) or remove rates relief. However, it seems clear that the owners of holiday lets must be liable for either council tax or business rates, and opportunities to avoid both must be removed.

*Recommendation 8 – Land transaction tax. It should be possible to vary the higher rates of the land transaction tax in either counties or local government wards in order to reflect local circumstances. To achieve this: i. The Welsh Government could delegate to county councils a right to vary the higher rates of the land transaction tax, potentially adding a further rate to the tax of up to 4% of the value of the second property in some parts of Wales. ii. Or, the Welsh Government could vary the higher rates of the land transaction tax in this manner in specific local government wards heavily affected by the second homes problem.*

5.9 Land transaction tax (LTT) is one of the levers that appears to impact on housing consumption, although we are not familiar with any research that has examined the impact of the 3% surcharge on second homes. Where there is a need to avoid the negative impacts of reaching a 'tipping point' (see comments above), then it may be sensible to vary LTT surcharges. However, patterns of housing consumption scaffold house prices and feed into economic confidence and spending. We therefore suggest that higher surcharges are trialed in areas affected by high levels of second home buying, and the impacts on their housing markets and economies are observed over a fixed period. That research should focus on area effects and displacement effects.

*Recommendation 9 – Gwynedd and Anglesey Councils' 'Local Market Housing' Scheme Gwynedd and Anglesey Councils should consider extending the 'Local Market Housing' policy in the Gwynedd and Anglesey Joint Local Development Plan to other coastal and vulnerable communities in both counties where there is a concentration of second homes alongside an affordability problem. Other planning authorities in Wales should scrutinise the 'Local Market Housing' policy to consider whether such a policy might be beneficial for some of their communities. 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.*

5.10 We note that the report by Dr Brooks contrasts the St Ives H2 policy (full-time occupancy) with the Local Market Housing scheme used in Gwynedd and Anglesey. It points to 'theoretical' impacts on the housing market (the transfer of ineligible demand from new builds to existing stock, the reduction in new development activity, and aggregate house price pressure across affected markets) but says that these have not been researched. A similar policy was enacted in the Lake District in the late 1970s and was shown to have the exact effects that Dr Brooks says are theoretical. However, impacts will depend on the geographical extent of their use. Selective use may well limit any externalities. But the same selective use may deter development activity from affected areas and push it elsewhere, nullifying the

benefits. Dr Brooks is right in saying that it is too early to assess the impacts of the St Ives NDP policy, but this is an area fraught with risk. It is also the case that few second home owners look to buy newbuilds (although retiring households and permanent migrants, unaffected by occupancy restrictions may seek a broader range of new and existing property). Second home owners are generally attracted to archetypal cottages, either on secluded plots or close to village amenities. They will be unaffected by restriction, although the *few* that may have wanted newbuild will have to join the queue of buyers looking for existing homes. We agree that the existing stock is the focus of second home buying. In relation to new build, local authorities and the Senedd need to be supporting positive action in the form of non-market affordable housing solutions. In relation to existing stock, there is a case for restricting change of use.

*Recommendation 10 – the creation of a new use class for short-term holiday accommodation The Welsh Government should amend the Town and Country Planning (Use Classes) (Amendment) (Wales) Order 2016 by introducing a new use class for short-term holiday accommodation.*

5.11 We agree that this would be a sensible move. Restricting changes of use to commercial letting seems both reasonable and potentially enforceable. The distinction between private and commercial use seems sufficiently clear. Turning homes into businesses is a process that should be regulated by local planning (and vice versa). However, once turned into businesses and officially designated as such, the owners of commercial holiday lets should enjoy the same business rate relief benefits as other small business owners. Enjoyment of that benefit is part of the clear distinction between having a dwelling house (subject to Council Tax) and a commercial let (subject business rates).

*Recommendation 11 – trialing a new use class for second homes The Welsh Government should conduct a trial in a community or cluster of communities severely impacted by second homes, and where there is community support for doing so, to evaluate the feasibility and impact of introducing a new use class for second homes. This 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.*

5.12 This is a very fundamental change that would severely curtail the enjoyment of private property. There is of course the persuasive argument that private benefit/enjoyment should not generate public harm, and that second homes in high numbers clearly disrupt and may ultimately destroy the socio-cultural fabric of communities. But while it seems reasonable to draw a distinction between private use and commercial letting (in recommendation 10), distinguishing between different patterns of private use is, in our view, something that could be extremely difficult and expensive to enforce. It is also the case that it would fundamentally disrupt the extant pattern of housing use and consumption. Selected trials would be controversial and could affect (very severely) a small number of homeowners, who might see a significant fall in stored equity, trapping them in their homes or in negative equity. Broader trials are likely to harm consumer confidence as land values fall in anticipation of resale or remortgage difficulties. Targeting of a clearly disruptive form of use change – dwelling house to commercial let – is reasonable not only because of social impact but because of the immediate neighbour impact that this change of use may produce. But the jump to a general restriction on the use of ‘dwelling houses’ across the market could have very profound effects on existing homeowners, the majority of whom will be local owners, and on local economies.

*Recommendation 12 – establish a Commission to make recommendations regarding the future of the Welsh language as a community language. The Welsh Government should establish a Commission to make recommendations in response to the linguistic challenges facing areas where the Welsh language is currently a community language in the face of likely socio-economic and social restructuring. In particular, the Commission should address the challenges of the post-Brexit and post-Covid environment with the aim of protecting, stabilising and nurturing the future of the Welsh language as a community language in Wales.*

5.13 New change drivers, including those listed above, are likely to present communities with a range of challenges. We support the need for additional evidence gathering.

## **6. Finally**

6.1 We would be happy to take questions from the Committee about these issues and respond appropriately in our evidence.

**Nick Gallent, UCL**

**Mark Tewdwr-Jones, UCL**

**9 November 2021**

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

# Agenda Item 9

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted