



Llywodraeth Cymru  
Welsh Government

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## WRITTEN STATEMENT BY THE WELSH GOVERNMENT

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**TITLE**            **Second Homes in Wales**

**DATE**            **29 January 2021**

**BY**                **Julie James MS, Minister for Housing and Local Government**

This Government is clear that everyone should have a decent home, an aim that has been brought into sharp focus during the pandemic. Our long-standing commitment to increasing the supply of affordable homes has been matched by our record investment and reflected in the 20,000 affordable homes that will have been built this term.

We are, however, acutely aware of growing concern in some parts of Wales about the impact of second homes on communities, access to housing and affordability and the impact this has on the Welsh language. Whilst not a pan-Wales issue, it is one that is affecting communities and provokes strong feeling at local or hyper-local levels.

The Welsh Government has already taken decisive action - providing local authorities with the significant flexibility to use a number of different Welsh Government schemes, including Social Housing Grant (SHG), to help address their local housing needs. Indeed, we have pre-empted and responded to the current situation in a number of ways:

- **Through taxation and ensuring a fair contribution.** We are the only UK administration which has enabled council tax premiums to be levied on second homes.

Local authorities in Wales have been able to use these discretionary powers to levy higher rates of council tax on second homes – and long-term empty properties – since 2017.

The discretionary nature of the powers reflects the highly localised challenges and I welcome the creative use by some local authorities of these powers to stimulate the better use of the dwelling stock in their areas and utilise the additional funding to underpin housing plans and the development of affordable housing.

Eight councils are currently charging premiums on second homes, and from the next financial year one will levy the full 100% currently available.

- Other administrations, in other parts of the UK, chose to extend the temporary relief introduced for the main residential rates in July to purchases of additional properties, including second homes. We did not do this in Wales.

We increased by one percentage point the higher rate of **Land Transaction Tax** which applies to the purchase of additional properties, including second homes.

Crucially, the additional tax receipts generated by this change will be invested to support public services, in particular the development of more social housing.

- We are working with the Valuation Office Agency to review the frequency **self-catering businesses** are reappraised and exploring options and costs for monitoring more closely this aspect of the **non-domestic rates list**.

We are aware of claims that some owners are gaming the system, with a suggestion that they have had their properties listed as non-domestic, self-catering accommodation to avoid liability for council tax premiums. The available evidence indicates that properties listed as self-catering accommodation meet the required legal criteria and are being used as short-term lets. We have invited local authorities to identify any cases where they believe properties do not meet the criteria so that they can be re-examined: that invitation still stands.

We continue to support local authorities, and are **delivering training** to enable a better understanding and use of their compulsory purchase powers, relevant in respect of empty homes.

There is not just one question to solve here, and there is certainly not a single answer.

We have heard a range of views first-hand and we have formed a cross-party group to work together across the Senedd, to help shape solutions.

We are committed to evolving how we address the issues, and we are already doing just that in a number of ways:

- **Research.** Making an evidenced case is essential to achieving the right outcomes. In that vein I welcomed the report prepared for Gwynedd and Cardiff Councils by the Gwynedd and Anglesey Joint Planning Service. We

also anticipate the imminent release of a paper by Dr Seimon Brooks commissioned for the Hywel Teifi Academy by the Coleg Cymraeg Cenedlaethol. Both of these papers will help our understanding of the current situation and recommendations for further action.

- Much of the extant research tends to *describe* what has been done, rather than make an assessment of interventions' impact. With that in mind, we are commissioning a further, complementary, piece of **research to make a more qualitative assessment of interventions** elsewhere. This will help us understand the impact of interventions in other parts of the UK and beyond.
- As I have indicated before, the term 'second homes' encompasses a myriad of property issues, both personal and in a business sense. Certainly, there is currently no satisfactory definition that covers the range of ways in which owners use their properties. **We continue to work to strengthen and understand data and its uses.**
- One of the key contributions planning can make is ensuring that there is adequate supply of sites for new homes for local people. **We are developing a new methodology for understanding the need for local market and affordable housing** which will introduce consistency into the process.
- We are exploring the potential for a **statutory registration scheme** for all holiday accommodation, including short-term lets. We are working with stakeholders to identify the costs and benefits of such a scheme in Wales, not just in the context of better monitoring and control of self-catering, but to ensure a level playing field for all accommodation providers. As part of that, we are monitoring the Scottish system now being rolled out. The Ministerial Tourism Taskforce reviewed an initial paper earlier this month ahead of considering the commission of further work and consultation with industry, local authority and other stakeholders.
- We have set out our programme of work to reform the local government finance system in Wales. We have already made a series of short and medium term improvements to both the council tax and non-domestic rates systems and we have **set out our ambitions to explore more fundamental reforms** over the longer term. We do not rule out further legislative changes but only with a full understanding of their potential impact. The local tax system generates £3billion from over 1.5 million properties across Wales. This revenue is vital to the delivery of all our local services and it is essential that the system can continue to operate sustainably across the country.

Some of this work is longer-term and beyond the scope of the current Senedd term. But our commitment is clear.

Welsh Ministers have taken significant steps in this Senedd term and we will continue to work across the Senedd and with local authorities and others as we seek to develop the right solutions.