

## **P-06-1445 Change Land Transaction Tax for First Time Buyers in Wales to be in line with the UK Government - Correspondence from the Petitioner to the Committee, 24 September 2024**

Please see my responses below.

### **1. Regional Disparities:**

- While it's acknowledged that setting uniform rates across Wales provides simplicity, it doesn't address the disparity in property prices between regions. Areas like Cardiff or Monmouthshire, where property prices often exceed £225,000, put first-time buyers at a significant disadvantage compared to other regions. Adjusting thresholds by region could help address this imbalance, ensuring fairer access to homeownership across the country.

- A progressive tax is understandable, but there should be additional support for first-time buyers who are particularly vulnerable in higher-priced areas. Suggesting the only options are higher taxes elsewhere or cuts to public programmes limits creative solutions, such as improving regional thresholds or providing specific reliefs.

### **2. Long-Term Strategy:**

- The response highlights flexibility, yet a more transparent and predictable review process might be beneficial for homebuyers. Clear, periodic adjustments could provide more certainty and help people plan accordingly, especially for those saving for their first home, as unpredictability can create stress in an already difficult housing market.

- Wales could consider linking rate reviews more closely with real market conditions, such as house price inflation or wage growth, rather than leaving changes up to ministerial discretion, which could lead to uncertainty and potential market distortions.

### **3. Impact Analysis:**

- While the review found no substantial evidence that the absence of first-time buyer relief negatively impacted homeownership, the conclusions seem based on limited data. The rising number of first-time buyers paying LTT, combined with the cost-of-living pressures and rising mortgage rates, should be reassessed to determine whether targeted relief would now be more beneficial.

- Comparing Wales to England and Northern Ireland, where first-time buyer relief is available, would help identify whether such a relief could make homeownership more accessible in Wales.

### **4. Percentage of First-Time Buyers:**

- A more specific breakdown of first-time buyer transactions below the £225,000 threshold would provide a clearer picture. Without exact figures, it's challenging to assess the true impact of LTT on first-time buyers.

- The average first-time buyer price of £187,000 may not reflect the experience of those in more expensive regions or those with lower incomes who struggle even at the lower end of the property market. More precise data would help create policies that target first-time buyers most in need of support.

Yours sincerely,

Taylor Reynish