

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



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref ER
Ein cyf/Our ref JJ/01550/22

Councillor Elwyn Jones
Chairman of the Council
Gwynedd Council

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31 August 2022

Dear Elwyn,

Thank you for your letter of 14 July regarding our consultations on second homes and the next steps.

The Welsh Government has already introduced a range of measures, including in terms of council tax premiums on second homes and long-term empty houses, and we have changed the rules on holiday accommodation to ensure owners and operators make an equitable contribution to their local communities.

At the recent press conference, it was announced that new planning laws, a statutory licensing scheme and proposals to change the land transaction tax will be included in a package of measures to address the challenges of high numbers of second homes.

As you know, there has been a lot of activity around policy development in this far-reaching area.

On non-domestic rates: Earlier this year, following a consultation, the Welsh Government announced changes to the criteria for properties providing self-catering accommodation to be classified as non-domestic and liable for payment of Non-Domestic Rates (NDR), rather than domestic and liable for paying council tax. Draft legislation to implement the announced changes was subject to a technical consultation between 1 March and 12 April.

The Welsh Government has confirmed that the Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 has been made law. It will amend the minimum period for which a property is required to be let, increasing it from 70 days to 182 days, within any 12-month period. It will also amend the minimum period a property is required to be available for letting, increasing it from 140 days to 252 days. The new criteria will apply to all assessments for the Non-Domestic Rates list, from 1 April 2023.

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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.

On Council Tax premiums: Following consultation, the Welsh Government introduced new legislation to increase the maximum premium that local authorities can charge for second homes and long-term empty properties to 300% as of 1 April 2023. The current exemptions to council tax premiums will still apply, but the Welsh Government is also considering whether an additional exemption to the premium should apply to other planning conditions when the Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 comes into effect in practice in 2023.

On Land Transaction Tax: We received over 800 responses to our consultation on amending land transaction tax locally. We have analysed those responses and published a summary. We will now work with local authorities to develop a national framework where local authorities can request higher rates of LTT to be implemented in their areas.

On Planning: The level of interest in the planning consultation was unprecedented and we had to ensure that all responses were analysed. As set out in the joint statement between the First Minister and the leader of Plaid Cymru, the Welsh Government will make the necessary changes to the planning system by late summer. This will allow for local authorities to introduce controls on second homes in specific areas where they have the necessary evidence.

On the Welsh language: There was considerable interest in the consultation on the draft Welsh Language Communities Housing Plan with almost 800 responses received. Following detailed analysis of the responses, work is underway to create the final Welsh-language Communities Housing Plan which will be published in September. The plan aims to support Welsh communities with a high density of second homes bringing issues relating to housing, community development, economy and linguistic planning together.

We want everyone to be able to afford to live in their local area – whether that involves buying or renting a home. Some of our communities are currently struggling with large numbers of second homes, holiday accommodation and empty houses. These are complex issues and we are developing balanced solutions, with social justice at their heart. Tourism is vital to our economy, but having too much holiday accommodation and too many second homes, which are empty for several months of the year, does not create healthy local communities.

We therefore have a three-pronged approach to tackling affordability and the impact high numbers of second homes and holiday accommodation have on our communities and on the Welsh language. That means providing:

- Practical help
- Changing the regulatory systems and framework; and
- Ensuring that owners of second homes and short-term accommodation make an equitable contribution through the positive impact they make to the local economy and through fair taxation.

With local partners, we have set up a pilot scheme in Gwynedd to assess the difference our interventions are making. The pilot project puts a real focus on the Dwyfor area and has significant resources in terms of staffing and funding. Operational and Strategic groups have been established and have met. In collaboration with Gwynedd Council, Grŵp Cynefin and UK Finance, we have worked together quickly to make changes to the Homebuy - Wales programme, specifically in the pilot area. These changes aim to reflect local circumstances and have been supported by funding worth up to £8.5m until 2025. We are proud to have supported what we understand is the first home to be completed under the Homebuy scheme in Dwyfor. The first of many.

We are committed to ensuring that access to private renting is fair, and one of the main aspects of this is rent affordability. We will publish a White Paper which will include proposals for a right to an adequate home, fair rents and new ways of ensuring that homes are ones that people can afford on a local income. The White Paper will examine the role rent control could have in making the private rental market more affordable. This is a complex field, and we will commission research to understand the need for any measures included in the White Paper, and the effects and the potential consequences of that.

There is no one simple solution to this issue. We carefully consider any unintended consequences of our interventions. Local authorities are provided with a toolkit of steps that they can use to respond to their local challenges.

Sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

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