

Ceredigion County Council written evidence to support the Senedd’s Local Government and Housing Committee inquiry into second homes with the following terms of reference:

- **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.**

Additional powers are not needed.

It is important to concentrate on stopping or reducing the ability for second home owners to convert domestic dwellings into businesses and, subsequently, to qualify for reduced business rates (small business rate relief). It should not be possible to do so.

Legislation is needed to ensure that that these properties (that have changed to Business rates) are made to change back and revert back to domestic rates. This will have a significant impact on Council tax reserves.

If it is not possible to require this then those properties should be exempt from Small Business Rates relief.

Information with regard to properties subject to a second home premium in Ceredigion where properties have switched from Council Tax to Non Domestic Rates (NNDR) is provided below:

Information with regard to properties subject to a second home premium in Ceredigion where properties have switched from Council Tax to Non Domestic Rates (NNDR)

	No of Properties	Cumulative No of Properties	In Year Council Tax Loss	Cumulative Council Tax Loss	In Year Premium Loss	Cumulative Premium Loss	Backdated Council Tax Refunds
2016/17	76	76	£104,170	£104,170			£142,201
2017/18	168	244	£204,917	£309,087	£51,229	£51,229	£495,438
2018/19	77	321	£106,504	£415,591	£26,626	£77,855	£106,804
2019/20	67	388	£103,198	£518,789	£25,799	£103,654	£105,798
2020/21	158	546	£254,400	£773,189	£63,600	£167,254	£382,543
2021/22 - to Oct 21	44	590	£72,706	£845,895	£18,176	£185,430	£98,221
Total	590		£845,895		£185,430		£1,331,005

Note - The premium was first charged in 2017/18. Information is included for 2016/17 because a number of properties switched prior to the premium becoming chargeable

Appropriate action needs to be swift to address these issues, as there is a significant change in the nature of our seaside towns and rural areas. Without appropriate legislation ensuring regulation, other measures will not be effective.

That being said, other actions should also be explored e.g. conversion of residential properties to short term holiday letting businesses should require planning permission and such properties should not qualify for reduced business rates (small business rate relief).

Regarding planning, amend the Town & Country Planning (use classes) (amendment) (Wales) order 2016: introduce a new class for short-term holiday let accommodation.

It is appreciated that some properties e.g. older properties, are not suitable as domestic properties, but others (e.g. smaller properties) would suit first-time buyers and the housing market in Ceredigion is becoming less accessible, particularly for young first time buyers. Regulation is needed so that a percentage of the housing stock can be protected so first-time buyers can afford a property in their area.

Local residents require assistance as they do not have the salaries to reach the house prices. Affordable houses are also required to meet the needs of local residents in their own villages/areas and not all affordable homes need to be new build properties, some older properties in communities would serve this purpose too and as part of Ceredigion County Council's social housing programme we do facilitate the buying of older houses.

It is also concerning that if owners successfully arrange for these properties to be valued for business rates, rather than domestic rates, they can apply to Local Authorities for relief to be backdated up to 6 years, which the Local Authority must return and this must be appreciated. Should the Council Tax premium be increased, e.g. to 100%, there is a risk is that more properties would consequently be registered for small business rate relief, and funds must then be refunded. This does not solve the issue of properties that have already converted to small business rate relief, nor prevent this happening in the future.

There should also be legislation enacted ensuring a mechanism enabling the control of business properties converted to holiday lets and such properties should also no longer qualify for business rate relief. The current rules do not create a fair environment for other tourist businesses, which have a separate function and pay rates e.g. caravan parks. A mandatory Licensing Scheme for Holiday Homes should be introduced and Welsh Government should update its Guidance on Implementation of Council Tax Premiums on Long-Term Empty Homes and Second Homes (2016).

The criteria for furnished holiday lettings ('FHLs') should also be reviewed.

All domestic/ business properties should be obliged to pay rates, as they benefit from Council services for the local area.

A mechanism for the proper regulation and registration of properties such as Airbnb properties/HMOs is also needed (ensuring they are declaring the correct income for tax purposes, ensuring they are run correctly and details of the persons with responsibility for paying the appropriate rates).

Local Authorities need the powers to set a percentage rate of short-term holiday lets/second homes within the local community stock, to approve the altering of main residences to second homes, and to monitor the percentage of second homes/self-catering accommodation stock within communities, in order to regulate the number of properties that are not available for local people.

All properties built as residential properties should be included in the Local Authority's residential council tax scheme.

The tourism industry is important for Ceredigion, but funds are required to ensure our facilities are of proper standard not only for tourists but for residents too, and this important also for town and community council precepts.

The social economic impact of holiday lets on communities should be considered, including on education, services, and the effects not just on coastal communities but also rural communities. Very strong evidence of the impact of both holiday homes and Second homes is needed.

It should also be possible to declare a maximum number of second homes in any community/area. Planning should allow this.

It should be necessary to ask for planning Consent to change any home into a second home. We need more freedom to build more affordable homes in all towns/villages in the County.