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Llywodraeth Cymru
Welsh Government

Dr Seimon Brooks
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6 July 2021

Dear Dr Brooks,

Welsh Government Ministers previously [welcomed](#) your well-balanced and timely report [Second Homes: developing new policies in Wales](#). The report, commissioned by the Hywel Teifi Academy, Swansea University, also incorporated policy recommendations which the then Minister for Mental Health, Well-being and the Welsh Language had asked you to develop. We are very grateful to you for doing that and want to record and repeat our thanks.

Your report has proved invaluable in highlighting the adverse impact that disproportionate numbers of second homes can have on communities, particularly in the context of the Welsh language.

The recommendations you made have been particularly useful in underpinning the actions that we will take in the coming weeks and beyond.

This government will tackle these challenges head on. Ensuring that local people can live affordably in the communities in which they grew up, and the health and vitality of Welsh as a thriving community language, are top priorities for the Welsh Government. You will also be aware that our Programme for Government includes a number of commitments in this regard, not least the hugely ambitious pledge to deliver an additional 20,000 low carbon homes for social rent across Wales and the development of a Welsh Language Communities Housing Plan.

Before moving on to our practical response, we wanted to give some context to our general approach and aims, reflecting your over-arching recommendations.

- We will work unstintingly to stabilise the number of second homes and, through the actions we and our partners take, to reduce them over time in areas where there are concerns.

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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.

- We are acutely conscious of the potential effects, of the pandemic and Brexit now and into the future on second home numbers and on the supply of affordable housing. These factors are a major consideration in how we take work forward.
- We recognise the clear *local* dimensions of some issues and will explore opportunities to work in different ways to reflect a degree of local flexibility in our policies.
- Our urgent, far-reaching responses entail working right across government portfolios to address the various issues. We will continue to do that throughout the term of this government.

Crucially, this approach has full Cabinet support.

Building on your specific recommendations, we have developed an approach that seeks to make the requisite **system and regulatory change**, to ensure a **fairer contribution** that benefits communities, and, on a direct and practical level, to develop further our **support for young people to live affordably in their local communities**. You recognise in the report that some of the actions you propose will take time to implement, not least because of the need for appropriate consultation underpinning changes to the law. While that is right, we are taking immediate steps to take forward a number of the recommendations.

System regulatory change

We will deliver **better management of second homes numbers and short-term holiday lets through changes to the regulatory framework and system**. Your recommendations on the planning system are welcome, but you highlight the legal complexities involved and we will clearly need to address those as we take forward the steps which we propose.

We will establish a **statutory registration scheme** for *all* holiday accommodation, including short-term lets.

We will also test how we can make changes to the planning system, including the **Use Class Order in relation to short-holiday lets and potentially a separate class use for second homes**. In this regard, our policy officials and lawyers are urgently exploring options for our immediate next steps. We also continue to monitor the effects of changes made to primary legislation in Scotland through the Planning (Scotland) Act 2019. You recommended a **trial** for the potential use class for second homes. We are attracted to testing these and other proposals in this way and will establish an independently-evaluated pilot or pilots to assess the impacts and consequences of possible planning and other changes. As you recognise, it will be critical to ensure community buy-in to a pilot and to hear views from across the community. Over the course of the summer, we will progress discussions with prospective pilot areas and the relevant local authority or authorities.

A fairer contribution

While we welcome the financial and employment benefits that can accrue from some second homes, we want to ensure that *all* second home owners can make a fair contribution to the communities in which they buy property.

We are going to look again at the circumstances in which properties may be transferred to the non-domestic rates list (and, may therefore in practice be liable for neither council tax nor non-domestic rates).

We will then undertake a consultation over the summer on potential changes to local taxes to support local authorities in managing the impact of second homes and self-catered accommodation in their communities.

We will progress work with local authorities and the Valuation Office Agency to strengthen the checking of property classifications and the letting criteria, and will take both these actions alongside a longer term programme of work considering wider reforms to the local government finance system.

We will also explore how changes to the higher rates of Land Transaction Tax could help give an advantage to people buying homes for permanent occupation, with a view to consulting on any proposals.

You point out some of the definitional challenges in this area and the actions we propose will help us develop a far clearer definition of second homes.

Two of your recommendations referred to what **local authorities** can do (and, in some case, are doing). The Welsh Government will continue to support them to use their existing powers in a number of ways. For example, this summer we will write to all local planning authorities, reminding them of the existing policy approach in *Planning Policy Wales* (PPW) and require them to consider the issues and opportunities it provides when reviewing their Local Development Plans.

We will strengthen the policy in PPW to make it explicit that the local impact of second homes and short-term holiday lets is a factor that authorities should consider when planning for new housing in their Local Delivery Plans.

We will strengthen references to second homes in the Local Housing Market Assessments (LHMA) guidance to include consideration of the impact on the Welsh language. The revised process will include a new tool, guidance and support materials which will be published in the autumn and, beyond that, we will ensure that there is training and support for local authorities when the new LHMA tool is rolled out.

In this respect, we will ensure second homes and related Welsh language factors have been considered within LHMA through the Welsh Government assurance process.

You also called for the establishment of a Commission to look into the linguistic challenges facing areas where the Welsh language is currently a community language, in the face of likely socio-economic and social restructuring. We welcome this recommendation. Formulating policies with a sound evidential base to address this is critical. We will therefore establish a Commission on the future of Welsh as a community language. We wish also to make clear that the other actions we have described in this letter are not contingent on the establishment of the Commission.

Finally, although not specific to your report, we will provide practical support for individuals as we tailor some of our existing programmes as part of the pilots. Over the summer, we will scope and develop a broad and ambitious package of support measures, most likely within the pilot area/s. The package is envisaged to include activities to boost shared ownership, promote creative and affordable housing solutions, help people get a secure foot on the housing ladder, and target acquisitions for social rent.

This will draw on our shared equity schemes, as well as our other initiatives programmes such as Self-Build Wales, and our experience in encouraging the return of appropriate empty homes to habitable use. Further, we will continue to encourage the creative use by local authorities of council tax premium receipts to support affordable housing opportunities.

We have set out here our immediate intentions in terms of ongoing work as well as areas for further exploration. You recognised the need for consultation and that some actions, not least those involving changes to primary legislation, will take some time. While that is correct, we will press ahead with the actions that can be taken in the meantime. We hope that this response illustrates our absolute commitment to addressing the challenges you describe. Your report has been of significant help in shaping our approach.

Yours sincerely



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