# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Update on action to address Second Homes and Affordability** |
| **DATE** | **16 October 2024** |
| **BY** | **Jayne Bryant MS, Cabinet Secretary for Housing and Local Government** |

The Dwyfor second homes and affordability pilot continues to provide a real opportunity to assess a range of radical interventions designed to support thriving local communities in which people can afford to live and work.

Some of the interventions being tested in Dwyfor, such as the groundbreaking planning directions and increased council tax premiums, are available to all local authorities in Wales. Others have been tailored to the particular needs of the pilot area.

Cyngor Gwynedd, with support from the Welsh Government, was the first local planning authority in Wales to implement an Article 4 planning direction from September 2024. It has done so to bring more of the area’s housing stock back into use as ‘main homes’ to meet local needs. As a result of the change, Cyngor Gwynedd can now require planning permission to be obtained before changing the use of a primary residential property to a second home, short-term holiday accommodation or specific mixed-use property.

Cyngor Gwynedd has appointed additional staff to work in the field, with financial support from the Welsh Government for the Dwyfor pilot area. The team will work to implement the policy and, alongside the independent evaluation, monitor its impact and outcomes.

An interim independent evaluation report will be available in November. It will set out early findings, including data mapping and exploratory research. The next phase of the evaluation – the process evaluation – will begin this month and will run for a year. The impact and economic phases will run from October 2025 to October 2026, with a final evaluation report anticipated in December 2026.

Affordability and a prevalence of second homes and short-term lets can have an effect on Cymraeg as a community language. The Dwyfor pilot is located in a Welsh-speaking area and it is closely aligned with the *Welsh Language Communities Housing Plan*. The Cabinet Secretary for Finance and Welsh Language referenced this relationship in his oral statement earlier this week. The pilot evaluation will help us to better understand the challenges Welsh-speaking communities face, and how we can improve the support we offer.

Pilot partners, Tai Teg and Cyngor Gwynedd continue to work to shape and offer the flexed Homebuy product for Dwyfor. There are currently 25 approved applications; 16 of which have completed, which means more local people have been able to own their own home for the first time. In such a small community, and with Dwyfor’s specific needs, this is a real achievement, and I would like to thank Tai Teg, Cyngor Gwynedd and Welsh Government officials for their proactive approach. I look forward to reporting on even greater numbers.

The pilot team is also working closely with Cyngor Gwynedd, Parc Cenedlaethol Eryri and registered social landlords to find novel solutions to challenging or stalled sites. There is particular interest in supporting mixed tenure developments.

A feature of the pilot has been the close working between Welsh Government, the pilot partners and the evaluation team. This was been reflected in a recent Welsh Government statistics [article](https://www.gov.wales/council-tax-chargeable-second-homes-gwynedd-and-dwyfor-13-april-2023-13-april-2024), [Council tax chargeable second homes in Gwynedd and Dwyfor: 13 April 2023 to 13 April 2024 | GOV.WALES](https://www.gov.wales/council-tax-chargeable-second-homes-gwynedd-and-dwyfor-13-april-2023-13-april-2024), which provided a welcome addition to the clarity of our data on second homes numbers and annual movement between categories of use in the council tax system.

We are exploring scope to expand this exercise to an all-Wales basis and to issue further releases. We hope data from the Valuation Office Agency will become available from April 2025 to further our understanding and we will, in time, also be better placed to assess the impact of Article 4 directions.

We are also collecting evidence of the impact – in Dwyfor and in other parts of Wales – of other measures which have been introduced to help manage the impact of second homes in communities, including discretionary council tax premiums.

More local authorities have decided to use the powers available to them to apply a council tax premium on second homes and long-term empty properties. From April 2025, 21 local authorities have indicated they will charge a premium on either or both second homes and long-term empty properties.

Of those, two – Cyngor Gwynedd and Pembrokeshire Council – currently apply more than 100% premium on second homes. Seven local authorities have indicated that they will take a graduated response, increasing the premium each year up to a specified maximum where long-term empty properties remain empty for several years. This approach reflects the fair contribution that we expect those who own low-use properties to make in communities.

We have encouraged local authorities to publish information about the numbers of properties, the premiums collected and how the council tax revenue has been used. We also encourage local authorities to use the revenue raised to help develop affordable housing. There are good examples in Gwynedd, Ceredigion and Pembrokeshire, where revenue raised through council tax premiums is being used for creative housing solutions which reflect local needs.

I will continue to keep Members updated about the pilot.