

**DRAFT**

# **GWYNEDD COUNCIL CABINET**



## **Report to the Cabinet**

**Meeting Date:** 15th December 2020

**Cabinet Members:** Councillor Gareth Griffith [Environment]  
Councillor Craig ab Iago [Housing Service]

**Contact Officer:** Gareth Jones, Assistant Head of Environment Department

**Contact Number:** 34092

**Subject:** HOLIDAY HOMES RESEARCH WORK

---

### **Decision sought**

In view of the need to have better control of housing that is taken out of the supply available to local people, and thereby to put the interests of local residents first, that the research paper is accepted and presented Welsh Government and a need to:-

- a) Call on the Government to urgently emulate what is happening in Scotland and amend the Town and Country Planning (Use Classes) Order to include an additional use class for short-term holiday accommodation. This would allow authorities to identify 'control areas' where a planning permission would be required for the change of use of a dwelling house to a short-term holiday let accommodation within the specified 'control area'.
- b) To assist in maintaining control there should also be a call for the introduction of a mandatory licensing scheme for short-term holiday accommodation, which would be the responsibility of the local authority to implement.
- c) Whilst the above would assist the Council to have better management of housing used for holiday purposes, it would not be possible to avoid/manage houses being used as second homes (except for those let occasionally/permanently). To ensure that the Council has the financial means to help make up for the shortfalls in supply that we call on the Government to change its position and to take urgent action to change the Local Government Finance Act so that any dwelling-house that is not the main or sole place of residence of an individual (whether a second home or a house used for the purposes of short-term holiday

## **DRAFT**

accommodation) is defined as a dwelling-house for the purpose of taxation (thereby paying any locally determined Council Tax premium). Any short-term holiday accommodation that has received a planning permission for the uses would continue to be eligible for the payment of Non-Domestic Rates.

- d) Delegate the right for the Head of the Environment Department in consultation with the Cabinet Member to consider how the research can be used in the context of the local planning policy framework.
- 

### **REASON WHY DECISION IS NEEDED**

There is concern about the number of residential units used as holiday accommodation and the implications of this. A resolution must be identified in order to establish an appropriate mechanism to control the use of residential units.

---

### **BACKGROUND AND THE RELEVANT CONSIDERATIONS?**

#### **1. BACKGROUND**

- 1.1 The provision and density of holiday accommodation has evolved over recent years, as has its associated impacts: economic, environmental and cultural. It is likely that Wales' popularity as a holiday destination, the use of holiday accommodation as a financial investment, people's ability to work remotely and the arrival of the internet and platforms such as AirBnB, enabling holiday accommodation to be marketed worldwide, have all contributed to the recent growth in the number of residential units that are used as holiday accommodation.
- 1.2 There are naturally some negative impacts associated with the high number/concentration of holiday homes, with increasing political demands from organisations and local residents for improved control over residential units for holiday use.
- 1.3 On 23 July 2019, Gwynedd Council Cabinet agreed that the Environment Department should commission research on behalf of the Council that specifically related to holiday accommodation in the context of Gwynedd, and the wider national context. Other Authorities in Wales were contacted to see whether they were interested in participating in the research. Cardiff Council has subsequently agreed to contribute to the work.

## **DRAFT**

- 1.4 A brief was produced to commission research work (autumn 2019), however no suitable/appropriate proposals were received. Due to the lack of external interest in undertaking the work, it was decided that the work would be conducted in-house, under the guidance of the Joint Planning Policy Service.
- 1.5 Originally, it was intended to collect primary data with regard to the impact of short-term holiday accommodation on communities, as well as seeking the opinion of the tourism sector. Due to the restrictions, which have been in force, in association with the Covid-19 pandemic, it has prevented the ability to hold the engagement exercise.

## **2. THE RESEARCH PAPER (SEE APPENDIX 1)**

- 2.1 The research paper is divided into 10 specific sections. Here is a brief overview of what is included in the various sections:

### Part 1 - Background

- 2.2 The research is conducted in light of concern regarding the use of residential units for holiday accommodation purposes. The research paper looks at the potential mechanism that could be implemented in order to attempt to have better control of the problem. Consideration has been given to a mechanism directly associated with the planning system as well as a mechanism that goes beyond the land use planning system.
- 2.3 For the purpose of the research work, 'holiday accommodation' is defined as:-
- Short-term let holiday units: A residential house (C3 use class) that is not regularly occupied and is let periodically for holiday use on a commercial basis.
  - Second homes: A residential house (C3 use class) that is used occasionally by its owner (but not as a main residence) in addition to other visitors for holiday use.
- 2.4 It should be borne in mind that short-term holiday lets may include specific holiday units, i.e. holiday units that have received specific planning permission for this use.
- 2.5 The research will focus on the impact of holiday accommodation in Gwynedd, Cardiff and Wales. It is hoped that using Gwynedd and Cardiff as case studies will provide a wider picture of the matters involved with holiday accommodation that affect rural and urban areas, thereby strengthening the subsequent conclusions/recommendations deriving from the work.

## DRAFT

### Part 2 - Previous Research

- 2.6 In 2001 the Welsh Assembly Government (now the Welsh Government) commissioned a research project in the field. The overall focus of the study was to consider the role of the land use planning system in trying to manage the pressure on the housing market as a result of second homes and holiday accommodation. The research work aimed to identify the concentration and geographic distribution and also to identify a mechanism to control the use of residential units as holiday accommodation.
- 2.7 The study<sup>1</sup> acknowledged that the geography of second homes and holiday homes in Wales followed a clear pattern and, on the whole, were clustered around coastal locations. From 1991 to 2001, it also appeared that there was growth in second homes/holiday accommodation in areas not traditionally associated with second home ownership.
- 2.8 22 specific recommendations were included in the study. The recommendations included a range of matters including ensuring that there is a sufficient supply of affordable housing and that local authorities examine the possibility of developing sites specifically for second and holiday homes in less sensitive areas. One significant recommendation in terms of the planning system was not to amend the Use Classes Order to obtain a specific use class for short-term holiday accommodation, as it is considered that doing so would lead to fundamental problems in terms of definition and enforcement.
- 2.9 There are examples of other similar research that exists in the Lake District and Scotland.

### Part 3 – The role of the planning system

- 2.10 Usually, it is considered that the use of a residential house for holiday purposes is a use that falls under the definition of a C3 residential house (in accordance with the Use Classes Order). There are examples of case law that have been judged based on the fact and scale that the use made of a residential unit for short-term holiday accommodation means that a relevant change of use has taken place, meaning that the use does not comply with C3 use class.

---

<sup>1</sup> [Second and Holiday Homes and the Land Use Planning System, Welsh Government](#)

## DRAFT

- 2.11 Although there are examples of case law which, based on fact and scale, conclude that using a dwelling as a short-term holiday accommodation means a change of material use and therefore, planning permission is required; enforcement steps taken against the operators may involve the need to gather much evidence which is usually dependent on it being provided by a third party. Enforcement is a process that responds to a complaint; therefore, it does not mean that every operator gets the same treatment. Furthermore, depending on the time, the use has been operational for (10 years or longer), the use could be eligible for a Lawful Development Certificate.

### Part 4 – Planning and managing (good practice) - HMOs

- 2.12 The system implemented to have better control over HMOs is a dual control mechanism that could be implemented in a similar manner to control the use of residential units as holiday accommodation.
- 2.13 As a result of concern about the impact HMOs were having on communities, an amendment was made to the Land Use Planning Order 2016 in order to include a specific use class for small HMOs (houses with up to six residents).
- 2.14 Furthermore, since 2004, Authorities have the power to enforce HMOs to obtain a specific licence for this use.
- 2.15 The impact of HMOs and the concern they cause within communities are often similar to the impact of holiday accommodation, for example an impact on social cohesion, the housing market, amenities, parking matters and the provision of community facilities/services for the local population.
- 2.16 The dual system involving licensing and the need to obtain planning permission in order to use a residential house as a HMO, in turn, means that the use can be managed through specific planning policies within the relevant Local Development Plan. For example, in the Gwynedd and Anglesey Joint Local Development Plan, there is a policy that prohibits giving favourable consideration to applications for HMOs in a ward where 10% or more of the current housing stock are HMOs (25% for Deiniol and Menai (Bangor)).

### Part 5 – Financial incentive

- 2.17 Investing in holiday accommodation may be financially beneficial for the owner, which has therefore contributed to the growth over the past years.
- 2.18 In terms of the local taxation system, holiday accommodation is usually likely to fall within two specific categories, namely:

**DRAFT**

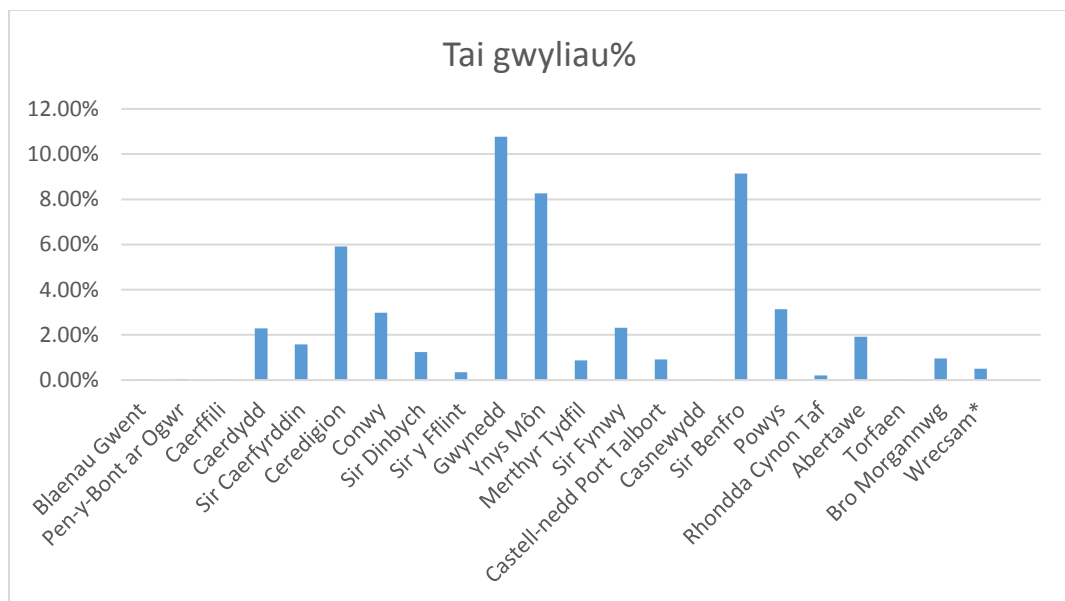
- Second homes - pay 50% Council Tax premium (Gwynedd Council)
- Short-term holiday accommodation - Pay Non-domestic Business Rates

2.19 In order for short-term holiday accommodation to be eligible to pay the non-domestic business rate, proof must be provided that the unit is available for up to 140 days in a year and that it is let for at least 70 days during this time. Since April 2008, a system has been in place, which means that self-catering holiday accommodation, depending on its rateable value, may be eligible for Small Businesses Rates Relief. This means that they make no contribution to local taxes. The tax income from the property is accumulated on a national level and it is lost from the council tax income, which is available to contribute directly to the financial needs of the authority in question.

2.20 Due to this financial incentive, there is an increase in the number of units being transferred from having to pay the Council Tax premium (second homes) to pay the Non-domestic Business Rates. This suggests that occasional (or permanent) use is made of second homes as holiday accommodation.

Part 6 - Current Situation

2.21 All Local Authorities in Wales were asked for information in relation to the number of second homes and short-term holiday accommodation available within the Authority area. The following chart represents the rate of the housing stock per authority, which is used as holiday accommodation:



## DRAFT

2.22 The following table presents the information for Gwynedd, Cardiff and Wales:

	<b>Gwynedd</b>	<b>Cardiff</b>	<b>Wales</b>
<b>Number of residential units</b>	61,645	159,193	988,418
<b>Number of second homes</b>	4,873	3,588	18,547
<b>Number of self-catering holiday accommodation (non-domestic business unit)</b>	1,976	54	6,906
<b>Combined total</b>	6,849	3,642	25453
<b>Combined percentage of holiday accommodation</b>	10.76%	2.2%	2.56%

2.23 A Bedstock Survey has recently been undertaken in Gwynedd (June 2018 up to February 2019). According to the conclusions of the Bedstock Survey, there were a total of 2,424 self-catering holiday accommodation units available during the survey period and an additional 745 units advertised on AirBnB (at the time of the survey). The total amount of self-catering units available during this time was 3,169. This figure does not necessarily mean that these are all residential houses being used for holiday use. It could include purpose-built holiday accommodation for the use along with holiday units such as wood cabins/static caravans in gardens that are let out (examples only). During the same period (July 2018), only 1,193 self-catering units were paying the non-domestic business rates. Therefore, it is considered that it may be presumed that some of the units are paying either the second home premium or the regular Council Tax, as use of the residential house, as holiday use is occasional only.

2.24 In Gwynedd currently, 4,873 residential units are paying the second home premium. Information cannot be gathered on the actual number of these residential units that either occasionally or permanently let the units as short-term holiday accommodation.

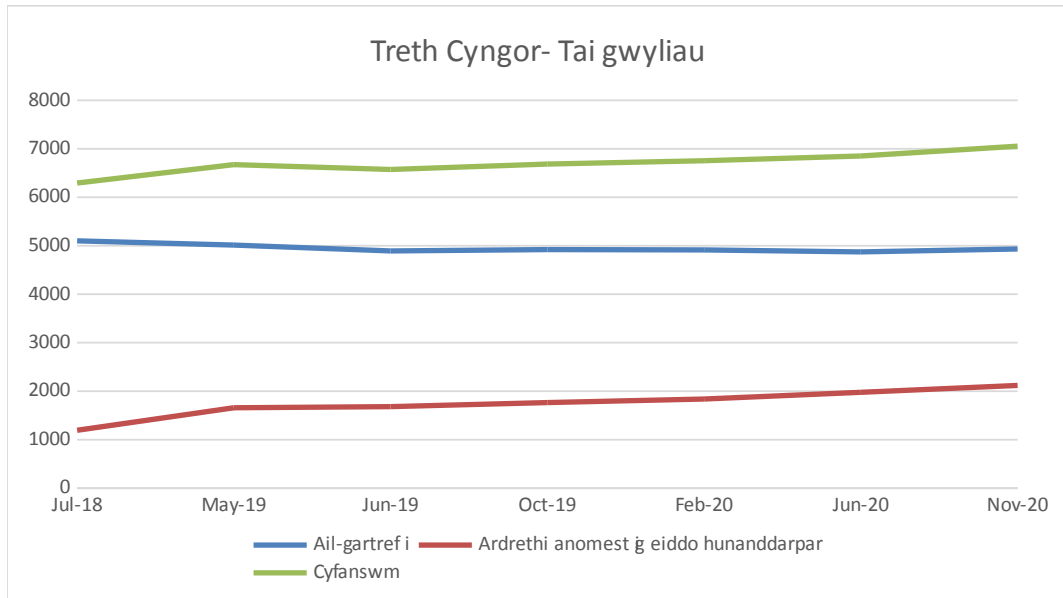
2.25 The abovementioned evidence proves that it is difficult to gather accurate information in relation to the number of holiday accommodations that exist, as the sector is unregulated. Although Council Tax figures are useful, they are not entirely reliable as they depend on holiday accommodation operators who use the correct council tax/non-domestic business rates category for their property. The differences between the Gwynedd Bedstock Survey and the Council Tax figures highlights this problem.

### Part 7 – Recent trends

2.26 Recent growth in marketing platforms such as AirBnB, HomeAway and Booking.com means that the ability to market residential units for holiday use is easy and accessible.

**DRAFT**

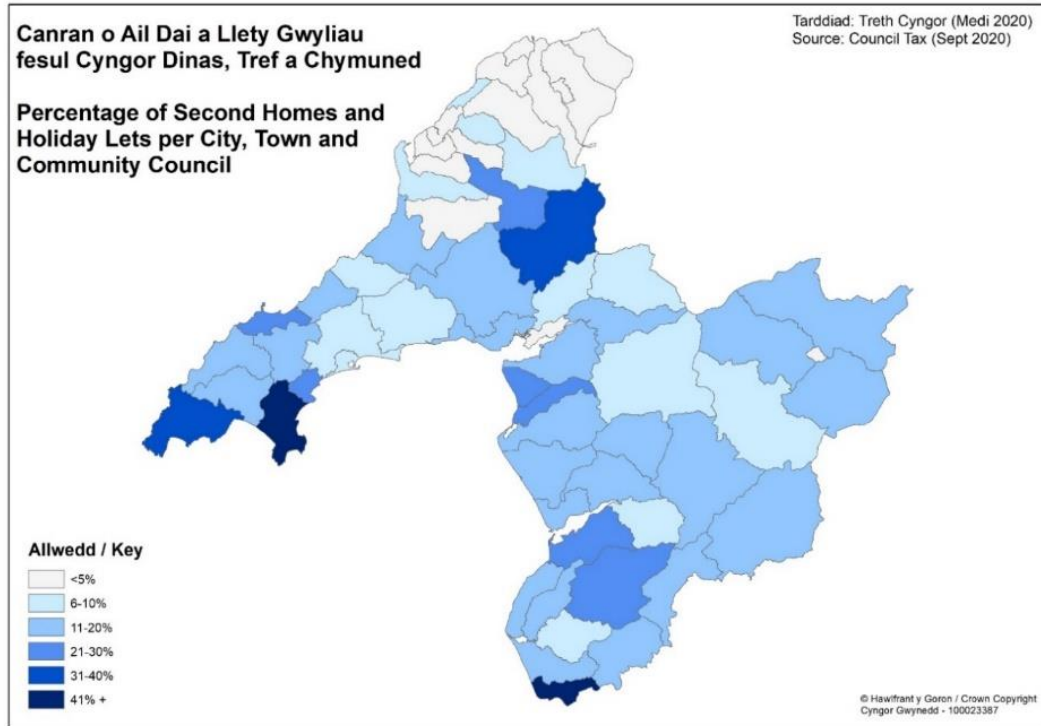
- 2.27 A recent survey from the AirDNA company notes that there were 5,000 units available in Gwynedd in July/August 2019, which was a 915% increase since January 2017.
- 2.28 Another recent trend, which has already been mentioned, is the gradual reduction in the number of second homes and the gradual increase in the number of units that pay the Non-domestic Business Rates as the Relief Rates for small Non-domestic Business Rates is a financial incentive to transfer over, as the following chart demonstrates:



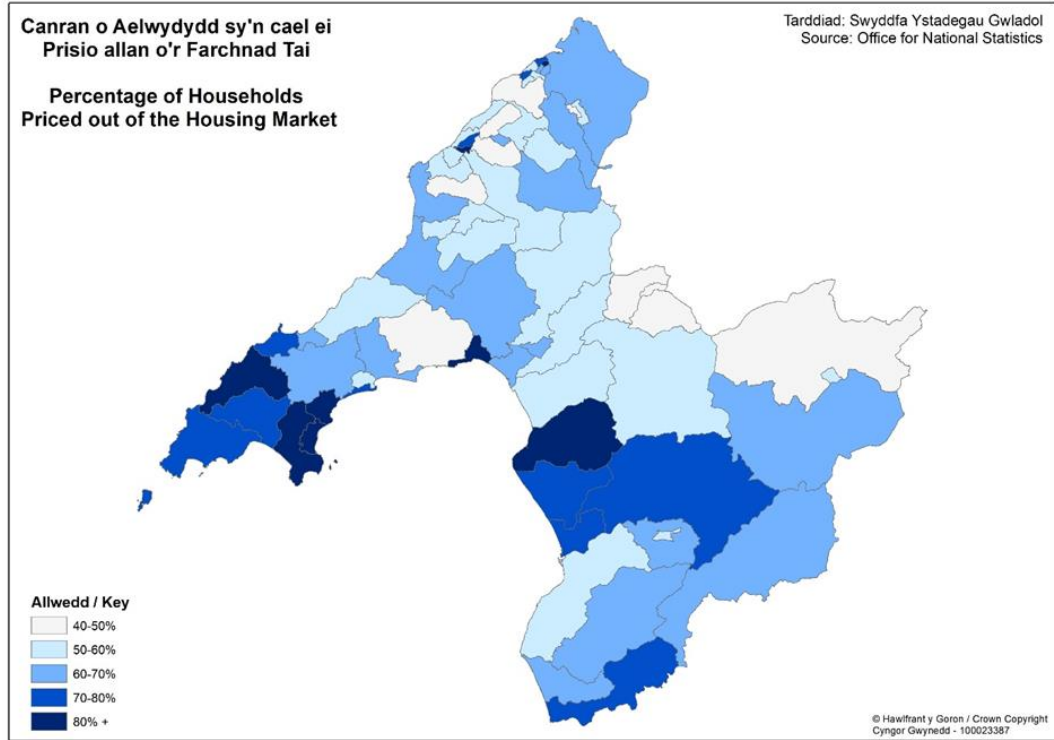
Part 8 – The impact of holiday homes

- 2.29 Rural communities across Wales are under threat due to an outward migration of young people and an inward migration of older people leading to an ageing population, increased demand for affordable housing, and the closure of community services and facilities. The research paper attempts to discover whether the increase in holiday accommodation contributes towards these problems.
- 2.30 The following map demonstrates the distribution of holiday accommodation across Gwynedd:

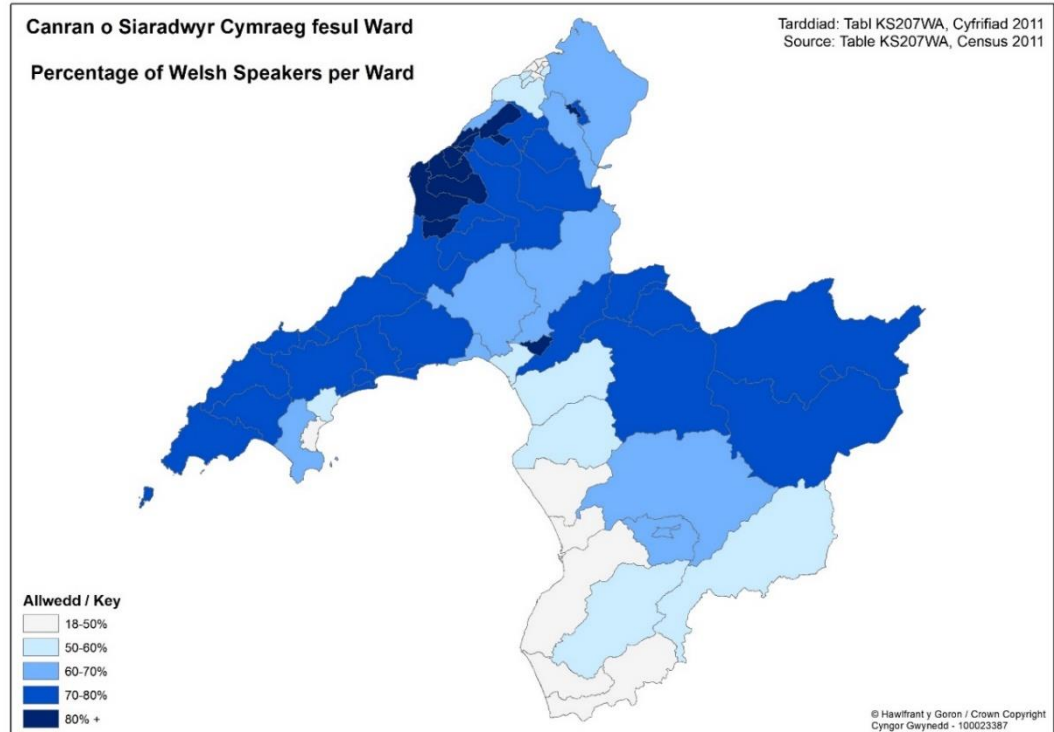




2.31 Without a doubt, the demand for holiday accommodation impacts the ability of local people on lower wages to purchase homes in popular holiday destinations. The average median house price in Gwynedd (2019) was £155,000. With an average income of £26,191 the income to house price affordability ratio in the county is 5.9:1. This means on average that 59.6% of local people are priced out of the housing market. This statistic increases greatly in the wards where there are high numbers of holiday homes. For instance, in the Abersoch ward where 46.36% of the houses in the community council area are holiday homes, the median average house price is £365,275. With an average household income of £34,133, the house price to affordability ratio in the area is almost double the county's average at 10.7:1 and means that 91.6% of local people are priced out of the market. The map below shows the percentage of households priced out of the housing market per ward:



2.32 According to the 2011 Census, on average 65.4% of people in Gwynedd speak Welsh. The numbers of Welsh speakers vary greatly with the greatest percentage in Llanrug with 87.8% of Welsh speakers and Peblig (Caernarfon) with 87.4% Welsh speakers. The map below shows the percentage of Welsh speakers per ward.



## DRAFT

- 2.33 In areas where there is a high proportion of holiday homes the number of Welsh speakers falls to 35.5% in Aberdyfi, where holiday homes ownership is 43.31%, and 43.5% in Abersoch where holiday homes ownership is 46.36%.
- 2.34 It is important to recognise the economic benefit the tourism industry provides on the form of jobs, services and facilities. According to the STEAM 2019 Report, 18,244 jobs are supported by tourism expenditure in the county (this is the second highest concentration of such jobs in England and Wales by resident population – 15%).

### Part 9 – Examples from other regions

- 2.35 There are many examples of cities and regions in the UK and on the continent that have issued or are in the process of issuing a specific control mechanism of the use made of residential houses as holiday accommodation.
- 2.36 Many urban areas on the continent that are popular holiday destinations are attempting to gain control by operating a specific licensing system. Furthermore, there are examples of regions (Lake District, St Ives [Cornwall], Northumberland) that are imposing a main residency condition on new homes, meaning that it will not be possible to use them as holiday accommodation or second homes.
- 2.37 More notable is the system that is in the process of being implemented in Scotland. Recently, Scottish Government has held a public consultation on secondary legislation involving the need for all holiday units to receive a licence before the unit can be let for holiday use. Furthermore, it also gives Local Authorities the right to identify 'control areas'. Within the 'control areas' it will be a requirement for a house that is let for holiday use to obtain planning permission in order to do so.

### Part 10 – Conclusions and recommendations

- 2.38 The research recognises there are some regions in the UK and countries/cities on the continent that have implemented, or are in the process of implementing, measures in order to attempt to control short-term holiday accommodation. The control methods vary and often depend on contextual factors in terms of the impact of holiday accommodation on the local area and beyond. The research shows without any doubt that high rates of holiday accommodation have a detrimental impact on communities economically, socially and culturally.

## DRAFT

- 2.39 The research conducted has assessed the impact of short-term holiday accommodation and second homes. The ability to have control over the use of 'valid' second homes i.e. a residential house used by the same family/household regularly due to personal reasons/enjoyment is difficult, as the use would undoubtedly fall within the C3 use class in its current form. It is acknowledged that 'valid' second homes are a threat to affordability, local services and social cohesion; however, it is suggested that a control mechanism needs to be implemented for the short-term holiday accommodation industry in the first instance. In turn, implementing a control mechanism for holiday accommodation may allow for clarity with regard to the true number of the units that are either permanently or occasionally let for holiday use.
- 2.40 A summary of the recommendations included within the research paper is as follows:

### **Recommendation 1: Mandatory Licensing Scheme for Holiday Homes**

- 2.41 Currently, local authorities in Wales have no powers to regulate short-term holiday accommodation using a licensing procedure. Similarly, to what has been introduced for HMOs, it is suggested that it would be possible to introduce a mandatory 'licensing scheme' for short-term holiday accommodation. The implementation of the 'licensing scheme' would be the local authority's responsibility. This would mean that the holiday accommodation would have to achieve a specific standard in terms of health and safety, and would also mean that it would be possible to introduce local planning policies restricting applications for holiday accommodation in areas where there is a high number of licences (similar to the active policies in the Gwynedd and Anglesey Local Development Plan in relation to HMOs).
- 2.42 To implement a licensing system, a clear definition regarding what constitutes a 'short-term holiday let' would be required. Furthermore, consideration would have to be given to the need for retrospective licences for existing short-term holiday accommodation.
- 2.43 There are examples of other regions that implement and favour a licensing procedure to have better control of short-term holiday accommodation, including Scotland<sup>2</sup>. From the spring of 2021, Scottish Local Authorities will have powers to implement a licensing scheme for short-term holiday accommodation. The licensing scheme will include:

---

<sup>2</sup> <http://www.gov.scot/publications/short-term-lets-consultation-licensing-scheme-planning-control-areas-scotland/>

## DRAFT

- A new mandatory safety requirement that will encompass all types of short-term accommodation in order to ensure that visitors have a safe and high quality holiday experience.
- Discretion for councils to apply further conditions to address local residents' concerns.
- The ability to designate control areas (to address areas under pressure, and in order to ensure that planning permission is always a requirement for changing the use of an entire property for short-term lets).

### **Recommendation 2: Amending the Town and Country Planning (Use Classes) (Amendment) (Wales) Order 2016 by introducing a new use class**

2.44 A residential house falls within the C3 use class; the definition of a residential unit as defined by the amended Town and Country Planning (Use Classes) Order 2016<sup>3</sup> is as follows

*“Class C3. Use as a dwelling house (whether or not as a sole or main residence) by -*

- a) a single person or by people to be regarded as forming a single household;*
- b) not more than six residents living together as a single household where care is provided for residents; or*
- c) not more than six residents living together as a single household where no care is provided to residents (other than a use within class C4).”*

2.45 Within the current land use planning system in Wales, the period of time/days for which a property can be let as short-term holiday accommodation is not defined. The decision as to whether a residential house (C3 Use Class) has changed in use is a matter for each Local Planning Authority based on fact and scale, and depends whether the holiday let amounts to a significant change of use. If it is decided that a relevant change of use has occurred then planning permission should be obtained.

2.46 The uncertainty around deciding based on fact and scale when a significant change of use has occurred can take a great deal of time, and is complex for a Local Planning Authority to prove. The majority of legal cases that have come to the conclusion that a significant change of use has occurred have included evidence to support that decision, both in terms of turnover (length and frequency) of use and evidence of the noise and disruption caused to the amenities of the local community.

---

<sup>3</sup> <https://www.legislation.gov.uk/wsi/2016/28/body/made/welsh?view=plain>

## DRAFT

- 2.47 As a way to overcome any doubt as to when a change of use has occurred, it is suggested that the Town and Country Planning (Use Classes) Order be amended to include an additional use class for short-term holiday accommodation. By having a specific use class for holiday accommodation, planning permission would have to be granted for the use; in turn, this would make it possible to tailor planning policies so as to ensure better control of use/numbers.
- 2.48 As noted above in relation to the implementation of a licensing system, it would be necessary to ensure that the definition of the use is completely clear. Ideally, the definition of holiday accommodation should be generic (i.e. the same definition for any proposed licensing procedure). Furthermore, it will be necessary to give consideration to how the arrangement is to be implemented for existing holiday accommodation units.
- 2.49 In Scotland, jointly with the licensing system referred to above, amendments made to the Planning Act (Scotland) 2019<sup>4</sup> give Local Authorities the right to identify short-term holiday let control areas. Within the designated area (the control area) it is considered that the use of a residential house for planning purposes constitutes a change of use, and as a result, planning permission would be required for the use. However, outside the control areas, each case is given individual consideration.

### **Recommendation 3: Review the taxation system - short-term holiday accommodation to be exempt from small businesses rates relief**

- 2.50 Non-domestic rates, often called business rates, are a property tax that contributes to the funding of local services. Any property used for commercial purposes is likely to be paying non-domestic rates, although this depends on the exact nature of its use. These rates are collected by the local authority and transferred to a national pool; the pool funding is then allocated to the 22 local authorities on the basis of each authority's adult population.

---

<sup>4</sup> <https://www.legislation.gov.uk/asp/2019/13/contents/enacted>

## DRAFT

2.51 Since the current non-domestic rates regime came into force in 1990, legislation has considered that self-catering holiday properties are not domestic properties, meaning that they would not be subject to Council Tax. However, in 2010 new criteria was introduced in Wales and since then it must be proven that the holiday unit is let for a period of 70 days before it can be considered non-domestic. Small Business Rate Relief schemes have been in force in different forms since 2008, with the current permanent scheme in place since 1 April 2018. The Welsh Government funds this relief scheme and in the case of the holiday, accommodation is dependent on rateable value of the property. 90% of self-catering holiday units on Gwynedd's non-domestic list receive full relief.

2.52 The current framework is a financial incentive for:

- Second home owners to transfer their property from Council Tax to 'non-domestic rates', thus benefiting from the Small Businesses Rates Relief Scheme.
- Current/prospective owners to use/buy residential property for permanent use as 'Short-term Holiday Accommodation' for 70 days of the year (and being marketed for a period of 140 days).

2.53 It is suggested that short-term holiday accommodation should be excluded from being eligible for small business rates relief. By excluding short-term holiday accommodation from being eligible for small business rates relief, there would be no incentive to avoid having to pay the Council tax premium on second homes. Another possible option could be to prohibit short-term holiday accommodation from qualifying as business premises. This would mean that the property would not be eligible for the Business Rates Relief and the owner would pay Council Tax on the property.

2.54 Furthermore, it is noted that there is a need to further examine the possibility of ensuring cohesion between the planning system and the Council tax system. If a residential unit (C3 use class) is transferred to the non-domestic rates system, it is suggested by doing so that those responsible for the action acknowledge that the residential use of the property no longer exists. As a result, no property without legal permission for use as short-term holiday accommodation should be eligible for evaluation to pay non-domestic business tax rates.

**Recommendation 4: A mandatory grading system for holiday accommodation**

## DRAFT

- 2.55 A system has been implemented in Northern Ireland to control holiday accommodation, whereby it is a requirement for holiday accommodation providers to obtain a grading certificate. 'Tourism Northern Ireland' (equivalent of Visit Wales) is responsible for implementing this system, and it is required to inspect holiday accommodation (including self-catering units) every four years. In accordance with legislation, the certificate must be obtained before any holiday accommodation can be let. The inspection of the accommodation is standards based.
- 2.56 Visit Wales already implements an optional grading system. It is noted that implementing a mandatory system in a similar manner to Northern Ireland would be beneficial. Such a grading system can ensure that the customer receives value for money, it is a way of collecting and storing information regarding the type and range of holiday accommodation provision, and it could cause holiday accommodation providers to think again about providing occasional short-term holiday accommodation; and consequently decide not to transfer to non-domestic business tax rates but rather continue with paying the Council tax premium for second homes.

### **Recommendation 5: Tourist Tax**

- 2.57 Many destinations across the world have introduced the 'Tourist Tax' as a way of pooling funds that can be used to mitigate the negative impact of excessive tourism and, possibly, to reduce the number of visitors to the area.
- 2.58 'Tourist Tax' is usually a levy raised through the holiday accommodation providers, and the sum can vary depending on the time of year (i.e. peak season) and the standard of holiday accommodation.
- 2.59 Implementing a 'Tourist Tax' is dependent on changes to national legislation. In Scotland, a consultation has been undertaken with the intention of introducing a 'tourist tax'; every local authority would be responsible for deciding whether or not they wish to implement this. Edinburgh City Council has noted its intention to implement the levy, charging £2 per bedroom per night.
- 2.60 Although it is unlikely that implementing a 'tourist tax' system would reduce the number of visitors, it is a way of ensuring that funds are pooled that could, in turn, be used to mitigate the negative impacts of excessive tourism within an area that is under pressure, such as investment in local infrastructure or contributing towards the provision of affordable local need housing.



## **DRAFT**

### **Recommendation 6: Effective implementation of planning policy on a local level**

- 2.61 The local market housing policy included in the Gwynedd and Anglesey Joint Local Development Plan is ground-breaking in that it is the first of its kind in Wales. The purpose of Policy TAI 5 is to tackle imbalance within specific housing markets within the Plan area and to maintain and strengthen vulnerable communities. It responds to recognised factors that influence the relevant housing markets (including second homes/holiday accommodation). It expands opportunities within housing markets where there are severe problems and ensures a provision of units that meet the community's needs. The policy's objective is to ensure the social sustainability of communities, especially vulnerable communities, where severe problems exist within the housing market.
- 2.62 Policy TAI 5 is currently relevant to specific settlements in Gwynedd (Abersoch, Aberdaron, Borth-y-gest, Llanbedrog, Llangian, Morfa Bychan, Mynytho, Rhoshirwaun, Sarn Bach and Tudweiliog). In reviewing the Joint LDP, consideration will need to be given to the benefits of policy TAI 5 and the possibility of applying the policy across a wider area.
- 2.63 Furthermore, it is considered appropriate to further examine the possibility of issuing a main residency condition for new housing in appropriate areas. This would limit the use that could be made of new housing, restricting them from being used as holiday or second homes.

### **3. CONCLUSIONS**

- 3.1 The recommendations included in the research paper provide options on the potential mechanisms that may be implemented in order to gain control and minimise the impact of short-term holiday accommodation on communities. It is not considered that all recommendations must necessarily be implemented.
- 3.2 The paper discusses in detail the difficulty associated with defining holiday accommodation, and at the expense of this gathering information in terms of the exact number of holiday accommodation that exist. It is considered essential that Recommendations 1 and 2 need to be implemented in order to gain better control. Additionally, it is considered appropriate to implement aspects of Recommendation 3 in order to ensure that there is no financial incentive to transfer over to paying non-domestic business rates. Subsequently the Council could then consider increasing the premium on second homes. These three recommendations would need to be implemented jointly and would be matters for Welsh Government to implement. Finally, implementing recommendation 6 is a matter that we could act on locally, and therefore further consideration should be given

## **DRAFT**

to it in the short-term as well as in undertaking the review of the Joint Local Development Plan.

- 3.3 Although the research paper contains two additional recommendations namely the recommendation for action on Tourism Tax together with a mandatory grading system, these recommendations are not directly related to having control over the use of a residential dwelling as short term holiday let. Additional work in relation to these recommendation is being undertaken by the Councils Tourism Department through the Benefiting from Tourism scheme along with nationally by Visit Wales.

---

### **Views of the statutory officers**

#### **Monitoring Officer:**

The results of this Research provides a good foundation for the Council to lobby Welsh Government in relation to purposeful amendments to the regulatory and taxation framework for Holiday homes. Legal Services have had an input into the technical aspects of the report and I am satisfied as to the propriety of the recommendations.

#### **Head of Finance Department:**

The report demonstrates the far reaching impact of holiday accommodation on the communities of Gwynedd and provides an opportunity for the Members to consider a range of further steps to try to address the situation. Adopting the decision sought will not result in direct costs to the Council.

Gwynedd Council's Members will be very familiar with our efforts over a number of years in trying to influence the Government to change the taxation legislation that allows self-catering holiday units to transfer from being domestic properties paying Council Tax to non-domestic hereditaments as a legal way of avoiding tax.

As well as corresponding regularly with Welsh Government officers and Ministers and responding to various consultations, this was the subject of a detailed scrutiny inquiry in 2015/16 and it was clear then, and continues to this day, that persuading the Government to change this legislation is going to be difficult.

However, we are fully committed to continuing this task, which is very much at the forefront of the Finance Department's risk register and the work plan arising from it.

---

### **Appendices:**

- Appendix 1: Managing the use of a dwelling as a holiday home  
(Research paper)