

Arweinydd y Cyngor
Leader of the Council
Cyngorydd / Councillor Dyfrig Siencyn

Gofynnwch am/Ask for: **Cyng. Dyfrig Siencyn**
☎ (01286) 679666

✉ Cyngorydd.DyfrigLewisSiencyn@gwynedd.llyw.cymru

Ein Cyf / Our Ref: **DS/SEW**

Eich Cyf / Your Ref:



28/06/21

Mark Drakeford MS,
First Minister for Wales

Dear First Minister,

I write on behalf of of Cyngor Gwynedd in response to the publication of the report entitled *Second Homes – Developing New Policies in Wales* by Dr Simon Brooks, which was of course commissioned by your government.

Cyngor Gwynedd recognises that the work undertaken by Dr Brooks is of significant importance and we are indeed glad that Dr Brooks has based a substantial part of his work upon the research undertaken by Cyngor Gwynedd's planning department and indeed welcomes the fact that Dr Brooks has incorporated numerous recommendations made by this Council in his final report.

From previous discussions you will be aware that Gwynedd, along with several other areas of Wales, currently faces a housing crisis and that the continuous increase in house prices in rural Wales compounds the problem of affordability which has placed local residents at a disadvantage for many years. It is therefore heartening to see that the government commissioned the work by Dr Brooks and the purpose of this letter is to urge your government to adopt the recommendations contained therein.

The council discussed Dr Brooks' report at its Cabinet meeting on the 15th of June and a copy of chief executive's report is attached to this letter. You will note from the report that the council is supportive of all 12 recommendations made by Dr Brooks apart from recommendation number 7, which, as it currently stands, would not achieve the desired outcome.

One of the main frustrations in respect of the current situation is the fact that a second home owner can avoid all taxation on the second dwelling, be it either local council tax or national non domestic rates. You will no doubt be aware that a second home owner who can provide very minimal evidence of an attempt let the property as holiday accommodation for 140 days per annum, and who succeeds to do so for 70 days per annum, can transfer that dwelling from the local council taxation system to the national non domestic rating system. Furthermore, the owner of a second home with a rateable value of less than £12,000 can apply for small business rates relief. Therefore a second home owner can avoid paying any taxation whatsoever on that dwelling. We have no doubt that the current situation is in an unintended consequence and that the current taxation legislation was not designed to allow or promote such activity.

Cyngorydd.DyfrigLewisSiencyn@gwynedd.llyw.cymru
☎ (01286) 679666

Swyddfa'r Cyngor
Caernarfon
Gwynedd LL55 1SH
01766 771000
www.gwynedd.llyw.cymru

In previous discussions and declarations your government has quite rightly suggested that local authorities should make full use of its powers to raise the council tax premium to a maximum 100% on second homes. Cyngor Gwynedd has already implemented a 100% premium, however the aim of such a premium is being lost whilst second home owners are able to transfer from local taxation to national nondomestic rates and subsequently apply for small business rates relief. I have no doubt that your government does not wish to see the situation whereby a local person who owns a single dwelling is paying council tax whilst a second home owner in the same village can not only avoid the council tax premium but can also avoid paying any taxation whatsoever on a second home.

The solution to this unintended consequence is straightforward and achievable within a short timescale. Amending section 66 of The Local Government Act to prevent the ability to transfer a dwelling from the Council Tax system to the NNDR system would solve the current unjust situation. This would mean that a dwelling remains a dwelling for taxation purposes and therefore the dwelling owner would be liable for council tax and could not transfer that dwelling into the non-national nondomestic rating system and subsequently avoid any taxation at all by applying for small business rates relief.

We urge your government to give this matter your consideration before adopting a final stance on the recommendations in the Brooks report.

As you will be aware the report contains 12 recommendations in all and as stated above, apart from the amendment to recommendation 7, Cyngor Gwynedd is fully supportive of all other recommendations and urges your government to adopt the same as a matter of urgency. In terms of programming and prioritisation there are certain recommendations which would contribute more than others towards solving the current situation. Specifically, Cyngor Gwynedd would wish to see prioritisation of the following:

Recommendation 7 – changes to the taxation system as outlined above.

Recommendation 10 – creating a new planning use class for short term holiday let dwellings

Recommendation 3 – establishing a registration system for short term holiday let dwellings

Gwynedd's residents are facing a situation which means that they cannot continue to live in their own communities and are being forced to seek homes elsewhere. We believe such a situation unacceptable and unjust and urge you government to act without delay for the sake of all communities in Wales.

Yours sincerely,



Y Cyng. Dyfrig Siencyn
Arweinydd Cyngor Gwynedd
Leader of Gwynedd Council

