

Ceredigion County Council

REPORT TO:	Language Committee
DATE:	17 May 2021
LOCATION:	Remotely via video-conference
TITLE:	Ceredigion second homes and holiday lets data
PURPOSE OF THE REPORT:	To inform the Language Committee of the latest available data in relation to Holiday Lets and Second Homes countywide

Background

The impact of second homes in coastal authorities has been widely discussed in the media of late, and there have been calls for Welsh Government (WG) to introduce limits to the numbers, or change the planning framework to offer more protection to areas that have seen significant numbers of second homes and holiday lets. This paper investigates the position in Ceredigion compares us regionally and highlights areas where rates may have reached unsustainable levels in the county.

The report was presented to the Thriving Communities Overview and Scrutiny Committee on 03.03.2021. The Committee agreed to endorse the Motion proposed to Council:

Ceredigion County Council calls on the Welsh Government to:

1. add a new clause to the Planning Act so that it is compulsory to make a planning application before obtaining the right to convert a residential home into a holiday home or a holiday let
2. adapt the policy framework to allow for maximum thresholds to be set with regard to the number of holiday homes in a given area
3. make it compulsory for second-home owners to ask for planning permission before turning a second home into a holiday business or an AirBnB business

Thriving Communities Overview and Scrutiny Committee also agreed to recommend to Council that a 100% increase is levied on the council tax of holiday homes in the county.

Recommendation(s)

The report is presented to the Language Committee for information.

Contact Name:	Russell Hughes-Pickering
Designation:	Corporate Lead Officer, Economy and Regeneration
Date of Report:	10.05.2021

Cyngor Sir CEREDIGION County Council

REPORT TO: Thriving Communities Overview and Scrutiny Committee

DATE: 3rd of March 2021

LOCATION: Virtual

TITLE: Ceredigion second homes and holiday lets data

PURPOSE OF REPORT: To inform the Scrutiny Committee of the latest available data in relation to Holiday Lets and Second Homes countywide.

REASON SCRUTINY HAVE REQUESTED THE INFORMATION: To follow up the motion to Council and to further investigate the number, spread and impact of second homes on the county of Ceredigion.

BACKGROUND:

The impact of second homes in coastal authorities has been widely discussed in the media of late, and there have been calls for Welsh Government (WG) to introduce limits to the numbers, or change the planning framework to offer more protection to areas that have seen significant numbers of second homes and holiday lets. This paper investigates the position in Ceredigion compares us regionally and highlights areas where rates may have reached unsustainable levels in the county.

CURRENT SITUATION:

Scale of holiday homes in Ceredigion

Due to the fact the Holiday Let / Second Home market is a relatively unregulated industry, there is no one source of data to distinguish the exact numbers of properties that are second homes or that are rented out permanently or temporarily as holiday lets. Therefore there are a number of ways of determining the scale in Ceredigion. This can include the bed stock survey last completed in 2019. Council tax data and studies investigating the number of holiday lets on sites such as Air BnB. All of these data sources will be explored in this paper. However in order to make comparisons nationally the most reliable source of data is council tax information. With the caveat that this is dependent on owners accurately registering the correct typology and it is likely that this is not always the case.

In terms of council tax there are currently (Nov 2020) 1,726 properties subject to Council Tax (CT) that are shown as holiday homes/second homes in Ceredigion.

In terms of the numbers of properties which have since 2017 moved from paying Council Tax to Non Domestic Rates – self-catering. The results are below:

2017/18: 167

2018/19: 76

2019/20: 67

2020/21: 89

Total 399

Total number of properties listed as second homes or holiday lets (by Council tax) is therefore 2125.

This compares to an overall total of domestic properties paying council tax of 35,574.

This equates to 6% (rounded) of all dwellings paying council tax being registered second homes / holiday lets.

Further investigation of this list to identify property types has proved difficult as no distinction is made on the council tax record, between a caravan, chalet, or traditional house. A desktop exercise using postcode searches was undertaken in Jan 2021 to ascertain property types and whilst the results cannot be verified as wholly accurate they do present a picture of the property types in the sample.

They include

- 65 Caravans;
- 63 Chalets.

This means that, according to the CT list, caravans account for 3.8% of all holiday homes/second homes and chalets account for 3.7%. As a combination, caravans and chalets account for 7.5% of all holiday homes/ second homes.

The Ceredigion bed stock survey last undertaken in 2019 highlighted there were 633 self-catering holiday accommodation units available during the study period available in Ceredigion. Finally a recent study into peer to peer platforms such as Air BnB conducted by GTS (UK) Ltd with 12 pilot authorities including Ceredigion highlighted that between 2016 and 2019 the growth of such lettings had increased nationally and in Ceredigion (for entire place listings) amounted to just over 1000 units in Aug 2019.



Chart 3: Source, Peer to peer accommodation in Wales: an interim review (GTS)

How does Ceredigion compare nationally?

In making comparisons nationally of how Ceredigion fairs, council tax data will be used, as this is available for all authorities in Wales and presents the most reliable source of data.

Many rural authorities in Wales, are attractive places for second homes and holiday lets. This has been the case for a number of years and has traditionally been an issue for rural coastal authorities. Predominantly due to the tourism trade and comparative to some urban areas lower house prices. In terms of where Ceredigion sits regionally the following graphics set out the national picture on the proportion of holiday lets/ second homes – based on council tax data from each authority:

The following chart and map provides a visual snapshot of the current holiday homes provision in Wales:-

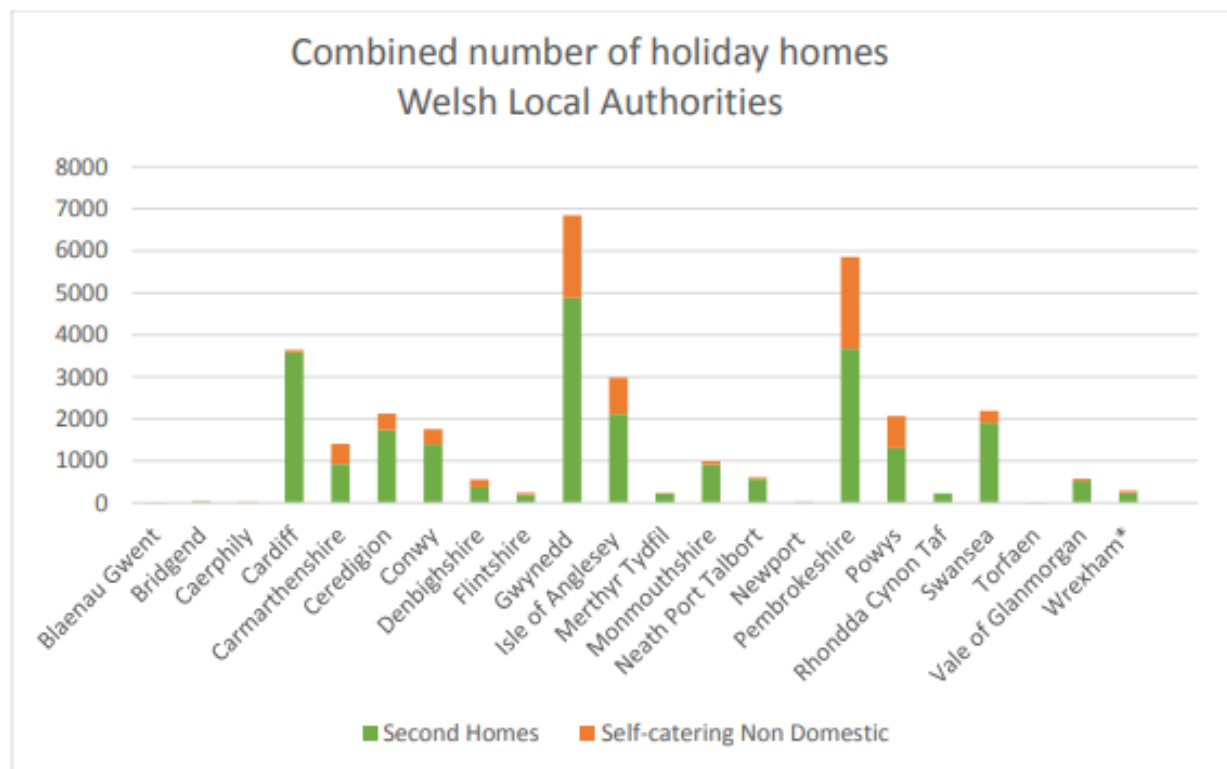


Chart 1: Information source - Council Tax, summer 2020

and relative isolation. The following graph charts the change in numbers of Second homes and holiday lets since 1991 and demonstrates a relatively stable market in Ceredigion.

The following chart provides an overview of how the numbers of holiday accommodation units have changed over the past 30 years in each Local Authority. The chart shows an overall fall across the country between 1991 and 2001 with a gradual increase between 2001 and 2020, with the numbers by 2020 exceeding the 1991 numbers:-

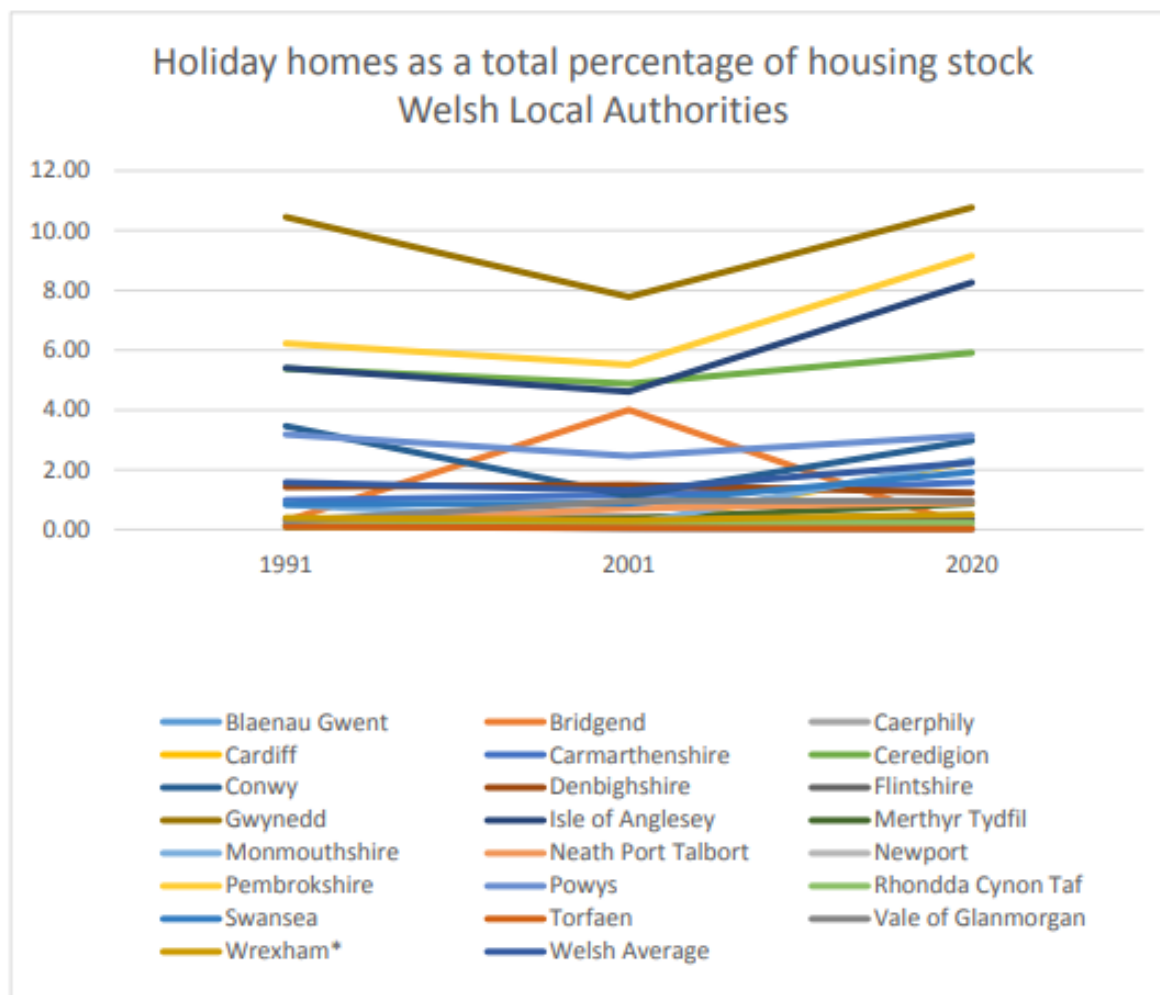


Chart 5: ['Second and Holiday Homes and the Land Use Planning System'](#) and Local Authority Council Tax

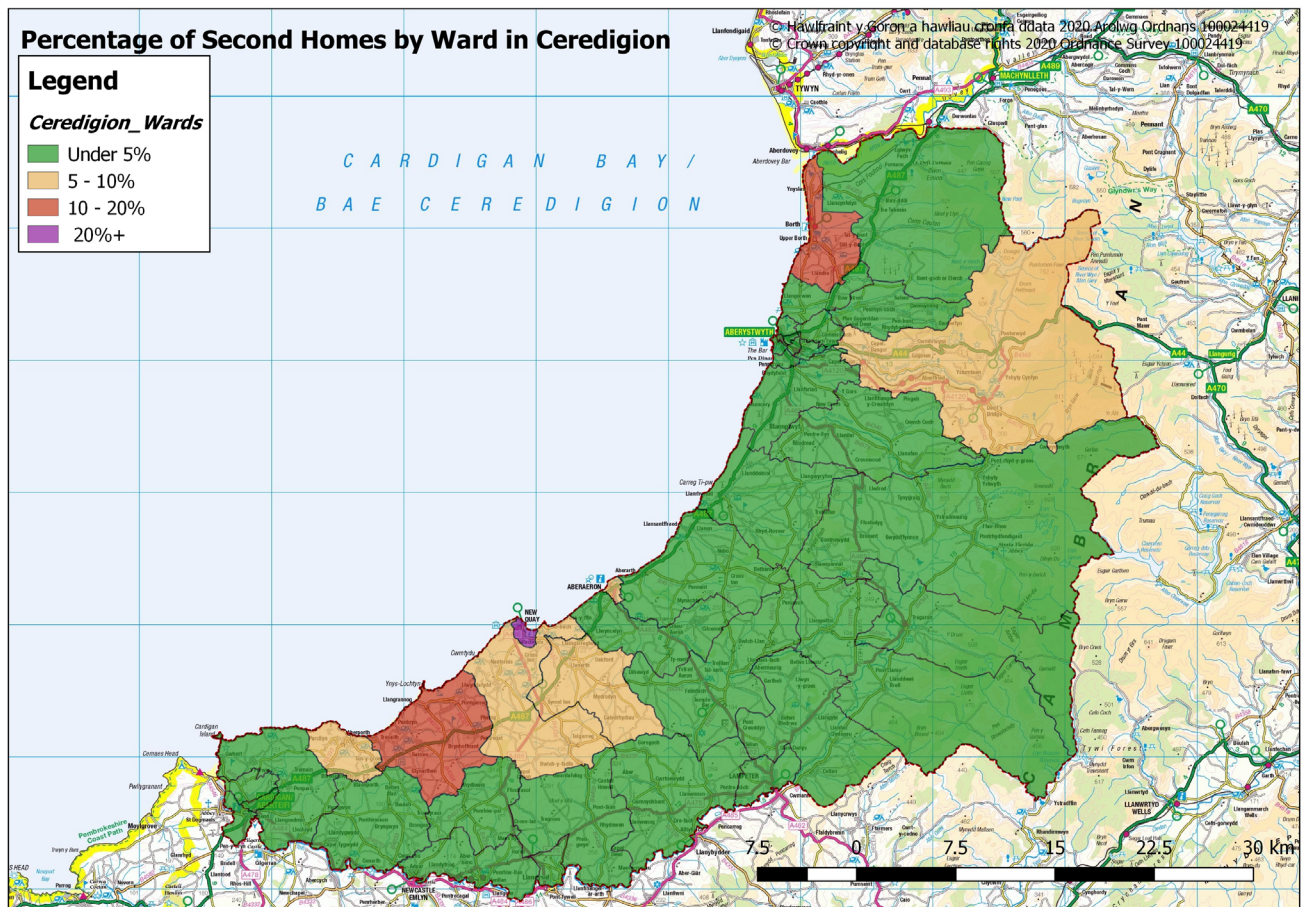
Location of holiday homes in Ceredigion

Using Council tax data it is possible to map by ward where the majority of second homes are situated in Ceredigion. This has demonstrated that they tend to be in the wards we

would expect, New Quay, Borth, Penbryn, Aberporth and in the wider Aberystwyth area (particularly the Melindwr ward encompassing Capel Bangor, Devils Bridge).

Holiday Lets and Second Homes form part of the non-serviced accommodation market which annually from 2007 to 2018 has accounted for between 70 and 73% of tourism economic impact in Ceredigion (£238.83 million/72.2% STEAM 2018). Those which are rented out on a short term let basis will likely have a higher return to the local economy but second homes for one individual family will also have economic benefits in the form of the foundation economy and the tourism and leisure spend of the occupants.

As the map and data below demonstrates relative to overall dwelling stock the numbers across (Wards) suggest only one area is above 20% in terms of second homes. This is New Quay ward which as a proportion of overall dwelling stock stands at 26% are second homes. The data is tabulated below:



Ward	Number of Second Homes	Dwelling Stock (as of 2018 count)	% Second Homes
Aberaeron	56	845	7
Aberporth	109	1278	9

Aberteifi/Cardigan-Mwldan	11	945	1
Aberteifi/Cardigan-Rhyd-y-Fuwch	12	704	2
Aberteifi/Cardigan-Teifi	19	718	3
Aberystwyth Bronglais	24	711	3
Aberystwyth Canol/Central	53	1136	5
Aberystwyth Gogledd/North	55	1403	4
Aberystwyth Penparcau	10	1353	1
Aberystwyth Rheidol	55	1372	4
Beulah	27	850	3
Borth	122	1159	11
Capel Dewi	24	639	4
Ceulanamaesmawr	37	921	4
Ciliau Aeron	29	954	3
Faenor	11	2091	1
Lampeter	34	1238	3
Llanarth	68	902	8
Llanbadarn Fawr-Padarn	5	464	1
Llanbadarn Fawr-Sulien	2	648	0
Llandyfriog	19	915	2
Llandysilio-gogo	58	1021	6
Llandysul Town	15	731	2
Llanfarian	17	725	2
Llanfihangel Ystrad	37	1018	4
Llangeitho	39	736	5
Llangybi	18	732	2
Llanrhystyd	19	731	3
Llansantffraed	39	1220	3
Llanwenog	19	853	2
Lledrod	43	1107	4
Melindwr	94	1011	9
New Quay	206	806	26
Penbryn	138	1163	12
Pen-parc	52	1243	4
Tirymynach	26	1032	3
Trefeurig	14	841	2
Tregaron	20	634	3
Troedysaur	21	669	3
Ystwyth	31	951	3

At what point do second homes become problematic?

Unfortunately there is no definitive evidence to say at what threshold second homes become a particular problem. Due to the fact most second homes are located in traditional tourism economic dependant areas, which have naturally higher house values given their coastal/rural and desirable locations. However we know that they can cause problems including;

- A lack of housing supply to meet local demand
- Impact on local services, the amenities of local residents and the community
- A lack of permanent population in order to maintain and support local community facilities
- Seasonal employment opportunities only
- Impact on the local housing market (increasing prices)
- Local impact upon Welsh Language rates

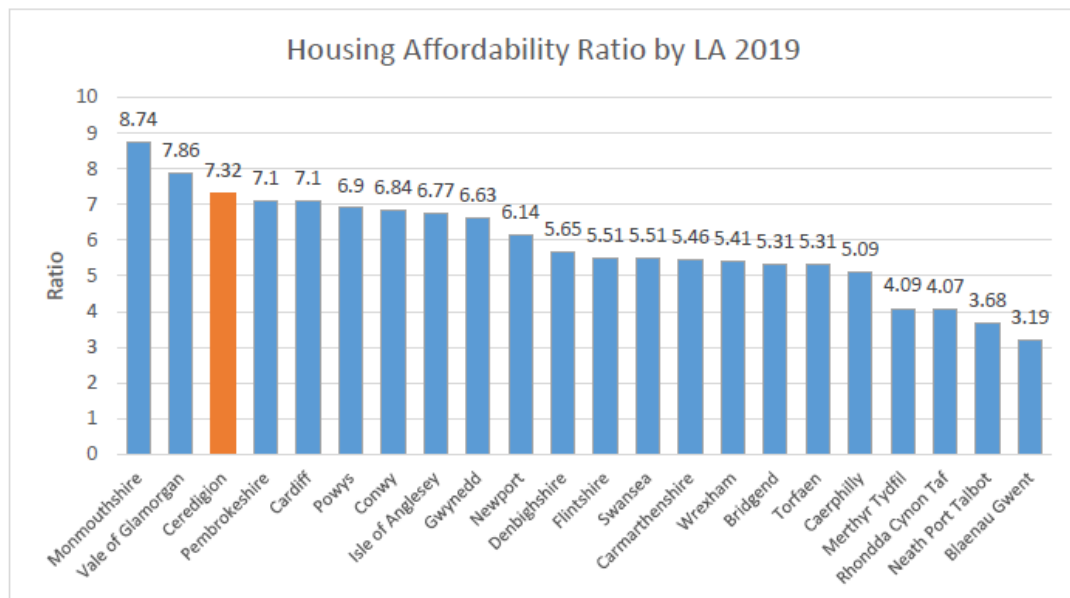
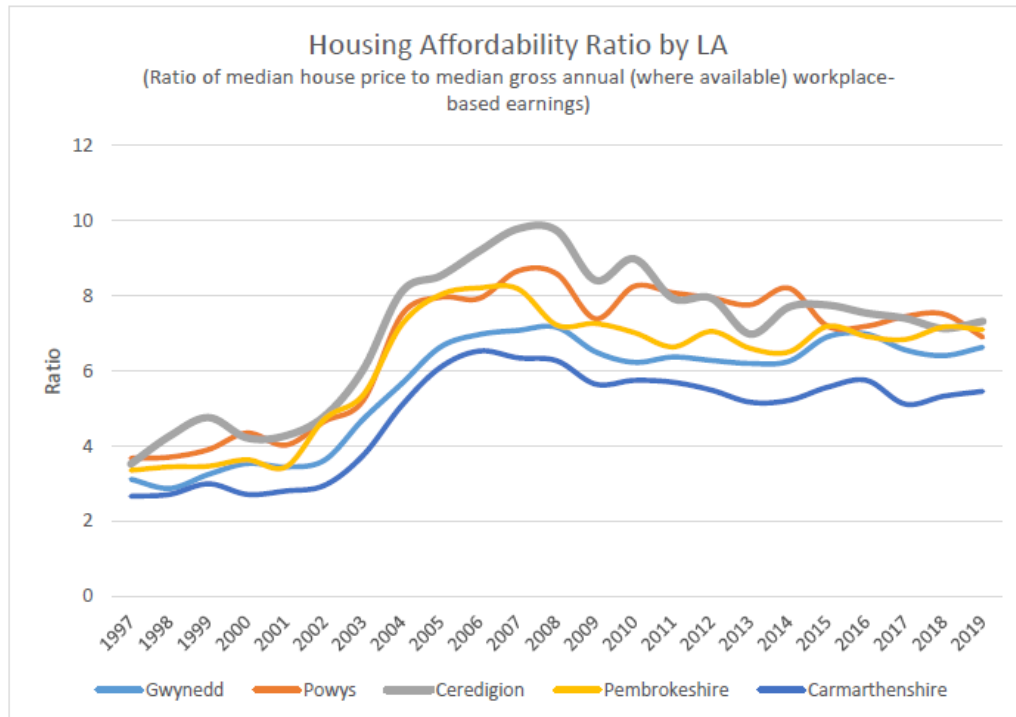
The Lake District National Park in determining suitable thresholds for their local development framework have worked on the principle that the number of Holiday Lets should not be above 20% of dwelling stock as this appears to affect the sustainability of the village. In the Cumbria Housing Strategy 2006-2011 they used balanced indicators setting the threshold at 10%. This information is used by the National Park as a guide in examining the effect of second homes are having on the sustainability of their communities. However there is no national guidance available in this respect. In considering Ceredigion's position compared to Gwynedd who the highest rates of second home ownership in some of their 'hot spots' the rate is over 45% of dwelling stock, our highest ward is New Quay at 26% of dwelling stock.

Whilst we know that second homes and holiday lets impact upon housing affordability locally there is no ward level data available to illustrate if specific wards are impacted across Ceredigion. However we can look at affordability on a county level and the results are presented below:

In the latest Office for National Statistics (ONS) figures for 2019, Ceredigion had the 3rd highest ratio nationally, behind Monmouthshire and Vale of Glamorgan. In the years between 2004 and 2010 the affordability ratio in Ceredigion was the highest nationally. The ratio has always been within the top five LAs nationally for the last twenty years. The trend in recent years since the peak in 2007, has been a decrease, although there was a slight uplift in the latest figures for 2019.

Housing Affordability Ratio Summary

Source: Office for National Statistics



Whilst this demonstrates a clear affordability issue across Ceredigion it does not necessarily correlate directly with second home and holiday let levels. As we would expect the authorities with the highest levels of such properties (Gwynedd,

Pembrokeshire, Anglesey) to have higher levels of affordability issues, this correlation is not evident across this data set, therefore suggesting a range of factors impact upon affordability not specific to Second Homes and Holiday Lets ratios.

Legislative framework

There is currently no mechanism to control second homes and holiday lets for most properties, as all residential dwellings are classified as 'C3 dwelling use'. Which allows them to be switched back and forth from a residential dwelling to a second home/holiday home without consent under national legislation; The Town and Country Planning (Use Classes) Order 1987 as amended and the Town and Country Planning (General Permitted Development) Order 1995 as amended.

Exceptions apply where a dwelling has been conditioned as a holiday let at planning application stage such as in the case of farm diversification where traditional farm buildings have been converted. In such cases they are conditioned as holiday lets and planning consent would be required to turn them into permanent residential dwellings.

Number of Holiday Lets approved by planning

Since 2000 – 2020, 426 Holiday Units have been completed in Ceredigion. To put this into context, there have been 4,545 dwelling units completed during the same period.

Year	No. Holiday Units Completed	Year	No. Holiday Units Completed
2000	1	2010	32
2001	1	2011	29
2002	4	2012	33
2003	6	2013	26
2004	11	2014	25
2005	9	2015	26
2006	24	2016	18
2007	19	2017	20
2008	43	2018	17
2009	50	2019	30
		2020	2
Total	426		

There are a further 243 outstanding consents for holiday units. The total commitments for Holiday units is 669 since monitoring began (year 2000).

The majority of completions (388) and outstanding consents (233) are in rural 'other locations'. The following service centres also have some completions and/or outstanding consents for holiday units: Aberaeron, Cardigan, Aberystwyth, Adpar, Llandysul, Tregaron, Aberporth / Parcllyn, New Quay, Llanarth, Devil's Bridge, Pontrhydfendigaid, Talybont, Borth.

Local Development Plan (LDP) Policy LU16 is broadly supportive of the conversion of other types of buildings being converted to holiday lets and states that they must be conditioned to provide an annual statutory declaration also providing the occupancy list as a means of ensuring they are genuinely used as holiday lets. How rigidly this policy is

enforced remains unclear and there are inevitable enforcement implications in terms of reviewing noncompliance with annual statutory declarations.

Current national discussions on second homes

The issues around second homes has been ongoing and there are widespread calls for a change in relation to the existing laws, recently (23/09/2020) The Plaid group in the Senedd have called on the Welsh Government to undertaking a comprehensive study into the scale of the problem and wider implications and any possible solutions. As yet Welsh Government have not confirmed whether they will undertake the study but recent press suggests the issue is being taken seriously on a wider legislative level.

Gwynedd County Council have undertaken a study alongside Cardiff Council into the numbers and impact of holiday lets and second homes in their authorities and nationwide and intend to submit this to Welsh Government, the documents can be found on this link

[Gwynedd and Cardiff Study into second homes](#)

The paper is calling on Welsh Government to introduce a new use class for such dwellings thereby requiring a planning application to convert them and the ability of local authorities to regulate the industry and create local control zones, a similar approach to how Houses in Multiple Occupation (HMOs) are currently managed.

Following on from the work of the Gwynedd and Anglesey paper Dr Simon Brookes of Swansea University with support of Welsh Government has undertaken secondary analysis of second homes across Wales and produced a list of recommendations.

[WG42058 \(gov.wales\)](#)

The paper recognizes, the national, local and hyper local scale of the issue and outlines approaches taken elsewhere and successes and pitfalls of such approaches. The recommendations suggest that this issue needs to be considered from a holistic view with actions for Welsh Government, Local Authorities and individual communities. At a national level some of the proposed recommendations include, creating a definition of what is a second home, trailing the introduction of a new use class so planning consent would be required to change between a home and holiday let or second home and excluding second homes from rate relief. At a local level Local Authorities should consider using their powers to increase council tax premiums to a 100% for second homes where there is an identified issue and consider the use of Local Market Housing to develop a range of housing options available to those priced out of the market.

Local approaches to second homes

Whilst Ceredigion county Council are not at liberty to prohibit further conversion of dwellings into second homes or holiday lets, the main local mechanism to ensure new dwellings do not become such properties is through the affordable housing policy S05. The conditions (S106 legal agreement) attached to such properties ensure they are a person's primary residence and local criteria conditions are applied.

There are alternative policy frameworks available such as conditioning new build properties that they must be primary residences or creating 'local market housing' which

ensures local occupation. However pitfalls of such an approach include the difficulty of mortgaging properties which have occupancy criteria attached as has been an issue with our existing affordable dwellings, and identifying areas of the county where the level of second homes is such that a detriment to local communities can be demonstrated and that such an approach is justified in planning terms.

An alternative response would be to create an article 4 direction in identified areas removing the permitted development rights of owner/ occupiers to turn dwellings into second homes / holiday lets. Again such an approach would need to be justified in planning terms by establishing that the existing high numbers had negative planning related impacts on the wider community and this mechanism was essential in controlling the proliferation of second homes in certain areas. To date we do not have sufficient evidence to suggest that any particular part of the county is affected to such a strong degree, with the exception of New Quay, but it would likely have knock on economic impacts to the tourism market and these considerations require a careful balance.

The most appropriate method for managing second homes and holiday lets would be to call on Welsh Government to consider the issue nationally. With the introduction of an amendment to the use class order as was done for HMOs and then allow authorities to introduce policy safe guards where it is justified from further development, just as we have done in Aberystwyth with HMOs.

Has an Integrated Impact Assessment been completed? If, not, please state why

Summary: An IIA has not been conducted as this paper is for research purposes and is not developing policy, reviewing existing policy or proposing a reduction or closure of services.

WELLBEING OF FUTURE GENERATIONS:

**Long term:
Integration:
Collaboration:
Involvement:
Prevention:**

RECOMMENDATION (S):

That the Scrutiny Committee consider the information provided and discuss this in light of the Motion (copied below).

Ceredigion County Council calls on the Welsh Government to:

1. add a new clause to the Planning Act so that it is compulsory to make a planning application before obtaining the right to convert a residential home into a holiday home or a holiday let
2. adapt the policy framework to allow for maximum thresholds to be set with regard to the number of holiday homes in a given area
3. make it compulsory for second-home owners to ask for planning permission before turning a second home into a holiday business or an AirBnB business

REASON FOR RECOMMENDATION (S):

So that the Motion can be considered further.

Contact Name:	Russell Hughes-Pickering
Designation:	Corporate Lead Officer; Economy and Regeneration
Date of Report:	11 th of February 2021
Acronyms:	

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