



Llywodraeth Cymru  
Welsh Government

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Welsh Government  
Consultation – summary of response

## Local taxes for second homes and self-catering accommodation

1 March 2022

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

## **Overview**

The Welsh Government undertook a consultation on possible changes to local taxes. To help local authorities manage the impact of second homes on self-catered accommodation. This document provides a summary of the responses received.

## **Action Required**

This document is for information only.

## **Further information and related documents**

Large print, Braille and alternative language versions of this document are available on request.

## **Contact details**

For further information:

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Local Government Finance Reform  
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## **Additional copies**

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation:

[Local taxes for second-homes and self-catering-accommodation](#)

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## Introduction

Wales is currently the only UK nation to give local authorities the power to introduce a council tax premium of up to 100 per cent on both second homes and long-term empty homes (empty for more than a year). Each authority can use the extra income raised to address issues affecting the supply of affordable housing or for the provision of public services and other facilities such as public transport.

The consultation [Local taxes for second homes and self-catering accommodation](#) is one part of the Welsh Government's [three-pronged approach](#) to address issues of affordability and the impact of second homes and holiday lets on communities and the Welsh language.

The consultation sought the views of individuals and organisations on the discretionary powers which allow local authorities to levy a higher rate of council tax on second homes and long-term empty properties. The consultation also sought evidence about how local authorities have used the premiums to date and how they have used the extra revenue to address issues affecting local housing supply.

The Welsh Government particularly welcomed views on how else local authorities could use the funds raised from the higher rate charged on second homes and long-term empty homes, and on the option to introduce regulations to increase the current maximum at which the premium can be set.

The consultation considered the criteria for defining properties as non-domestic self-catering accommodation. It also sought views on whether different thresholds are needed. Under the current system, properties classified as self-catering accommodation are liable for non-domestic rates (NDR). While second homes and long-term empty homes are liable for council tax.

Currently occupied small business properties below a specified rateable value, including self-catering units, are eligible for Small Business Rates Relief (SBRR). The consultation also sought views on the eligibility of self-catering accommodation for SBRR.

## The Consultation

Views were invited as part of a 12-week consultation period which began on 25 August 2021 and ended on 17 November 2021. The consultation was published on the consultation pages of the Welsh Government's website. Respondents were able to submit their views and comments on paper, by email or online, and in Welsh or English. The link to the consultation was emailed to a range of stakeholders including local authorities, representative organisations and professional bodies for the relevant sectors.

The consultation received a total of 974 responses reflecting a wide spectrum of interests and views. The consultation contained five questions relating to the council tax premium and five questions specifically about the criteria and thresholds for self-catering accommodation to be classified as non-domestic, along with standard questions on the Welsh language.

The consultation applied to Wales only.

## **Who responded to the consultation?**

The consultation received a total of 974 responses including those received up to seven days after the deadline. All these responses have been considered and analysed. The respondents represented a range of interest groups, as follows.

Private individual - 755  
Self-catering/holiday let/B&B - 50  
Town/Community Council - 44  
Representative body, professional body or association - 31  
Businesses - 18  
Local Authority - 13  
Local Councillor - 7  
Caravan Parks/Camping Sites/Lodges - 3  
National Park - 1  
No details provided - 52  
Total 974

A list of respondents other than those who requested anonymity is at Annex A. Where respondents have asked for their details to be withheld, they are identified as 'Anonymous' in order to comply with the General Data Protection Regulation.

## **Summary of Responses**

This document is intended as a summary of the responses received. It does not aim to capture every point raised by respondents. The consultation document asked 14 questions and the responses to each are summarised below. Not all respondents replied to every question and some gave a general response rather than answering specific questions. Where this is the case the response is included under the most appropriate question or included in the summary of responses to question 11 or 14.

### **Question 1**

#### **How effective has the use of premiums been in addressing housing issues?**

There were 887 responses to this question. Of these, 79% responses thought the use of premiums had very little or no effect in addressing housing issues, 9% considered there to a positive impact, while 6% were unclear from the evidence available if the premium had been effective, and 6% were unsure.

Comments reflected the strong feelings from some communities with higher numbers of second homes, which suggest the premiums are insufficient or have not been effective for the following reasons.

- Despite the premium, properties continue to lay vacant for periods of the year or are purchased as second homes reducing the availability of housing for young people to remain in their local areas.

- The perception that all second home owners are wealthy enough to afford to pay the premium regardless of how high it is set.
- The perceived ease at which owners are able to apply to the Valuation Office Agency to have their property transferred to the non-domestic rating list and thereby do not contribute any funding for local services.

Only a small number of respondents thought the premium was ineffective because it was too low.

### **Additional comments**

Conversely, many respondents commented on the unfairness placed on second home owners, particularly those who have held their home for generations and do not consider themselves 'wealthy' or those who have inherited homes. Other respondents stressed that penalising one sector is not the solution and considered the issue is creating a negative impact on community relations.

### **Question 2**

**How could local authorities best use the premiums to help bring empty or underused properties back into use to improve housing supply and the sustainability of local communities?**

There were 853 responses received for this question. Comments from respondents on how local authorities could use the premium included:

- Build more affordable housing. Reflecting the needs of the local communities which local residents will want to purchase.
- Build more council/social housing for local residents to rent.
- Buy or compulsorily purchase long-term empty properties and bring them back into use.
- Provide refurbishment support/improvement grants to owners of long-term empty properties for use locally. One local authority stated its '*... intention is to develop an incentive scheme, which encourages the refurbishment of empty properties to assist local low-income families (either as owner-occupiers or as part of a private rented sector scheme)...*'
- Develop support schemes to assist local residents especially first-time buyers to purchase empty properties in their communities.
- Fund local community projects, one respondent said '*I have been impressed by the use of the second home premium to support the wider sustainability of local communities. In our village, the local play area has been refurbished and is being enjoyed by local children and visiting children alike*'.

### **Question 3**

**Do you have views on how funds raised from the premium should be used? For example should local authorities be required to be more transparent about how funds raised from the premium have been spent?**

There were 865 responses received for this question. Of these, 69% of respondents suggested there was a need for local authorities to be more transparent in how funds raised from the premium are spent. There were various suggestions about how to achieve this, including publication in the accounts, annual reports and on council tax bills.

The responses conveyed views that purchasing or renting a property was too costly for many local residents especially first-time buyers. As a result, many residents were moving out of the area. Several respondents proposed local authorities should address this by increasing the amount of affordable or social housing for local residents to purchase or rent.

There was a range of views on how the funds raised could help sustain local communities including:

- Improving council services for example infrastructure, transport and waste management;
- Funding local community projects;
- Investment in local economies to focus on job creation for local residents as well as support for local businesses.

### **Additional comments**

A small number of respondents suggested funds could be used to tackle homelessness, support the use of the Welsh language and for green initiatives. A small number of respondents considered the premium to be unfair to second home owners and called for the premium to be withdrawn.

### **Question 4**

**Is the current maximum premium of 100% appropriate? If not what would you consider to be appropriate and fair?**

There were 916 responses to this question. Of these, 70% answered 'No' to the first part of the question, 27% answered 'Yes', while 3% did not provide an answer but went on to provide comments.

Of those respondents who answered 'No', they did not think the current maximum premium of 100% was appropriate:

- 53% considered it to be unfair or too high;
- 28% considered it to be too low;
- 10% suggested a range of options to make it contingent or variable based on different situations and scenarios.

In reply to the second part of the question which asked respondents what they consider to be appropriate and fair, only 223 responses provided alternative suggestions to the current maximum premium of 100%. 105 of those suggested an

alternative above 100%, the most common being 200% and 500%, from 45 and 30 respondents respectively. The remaining 53% reflected the views of it being unfair or too high and suggested lowering or removing the premium.

### **Question 5**

#### **If a higher maximum premium were proposed should this be introduced incrementally?**

There were 883 responses to this question. Of these, 49% of respondents disagreed with the proposal to implement any increase incrementally and 45% agreed. The remaining 6% did not provide a response but provided comments.

There were 433 respondents disagreeing with the proposal and approximately half of these responses suggested any premium increase should be implemented in full. However, several respondents proposed the introduction of a notice period (between 6-12 months) before any premium increase. One respondent suggested *'There should be appropriate warning (at least 6 months) so that those who can't afford [the premium] can sell their property.'*

Other respondents suggested an incremental approach maybe appropriate in certain circumstances or that leeway should be exercised in certain situations.

#### **Additional comments**

A number of respondents disagreed and reflected the view that the premium is *'unfair and discriminatory'*.

### **Question 6**

#### **What do you see as the impacts, both positive and negative, of self-catering accommodation?**

There were 906 responses to this question. Many responses provided both positive and negative impacts of self-catering accommodation. It should also be noted that many responses provided views covering multiple topics.

#### **Positive Themes**

Of the 698 responses citing positive impacts, the significant themes highlighted were self-catering accommodation created positive economic conditions in their local area, boosted tourism and created local employment.

Additional comments included bringing derelict or disused buildings back into use, improving the quality of buildings and interiors, and diversifying rural business models. One representative body suggested *"Self-catering accommodation is vital to our rural economy. Many farm buildings, too small for modern farming have been converted, providing much needed income for farming families. A turnover of visitors weekly gives the local economy a boost"*.

Self-catering accommodation providers in particular also noted the increased demand following the pandemic as *"[Self-catering] accommodation has been particularly attractive ... as it has been seen as a safer option for families wanting to protect themselves from community transmission of Covid-19"*.



## Negative themes

Of 552 comments citing negative impacts, the most common themes included:

- Impacts on the local community, particularly referring to the pressure on local infrastructure, amenities and services as well as use of the Welsh Language.
- Lack of affordable housing, particularly for young people and the number of under used properties. One local authority stated it was seeing a “*significant increase in the number of applications to the social housing register*”.
- Concerns about the impacts on local businesses highlighting they may not benefit from self-catering accommodation due to partial occupancy or visitors not contributing to the local economy.

## Additional comments

Some respondents commented that planning restrictions were not stringent enough to prevent excessive self-catering accommodations being created in primarily residential areas. Some suggested the issue needed to “*be addressed through amendments to and effective deployment of the planning system with tailored responses specific to individual areas*”. Some respondents were concerned about the perceived ease of owners being able to apply to the Valuation Office Agency to have their property transferred to the non-domestic rating list and not being liable to pay council tax.

## Question 7

### **What are your views on the current criteria and thresholds for defining property as self-catering accommodation and liable for non-domestic rates?**

There were 864 responses to this question. Of these, 60% of the respondents expressed negative views about the current criteria and thresholds for defining property as self-catering accommodation and liable for non-domestic rates. 31% of the respondents were content with the current criteria and thresholds and 9% were unsure.

## Negative themes

Of the 517 comments citing negative views, the most common views were:

- Current thresholds are too low and genuine self-catering businesses should be able to be let out for most of the year.
- Thresholds should be increased in order to avoid the abuse of the system. One response suggested “*The current criteria and thresholds are not robust enough to ensure that only genuine self-catering properties are included in the non-domestic rating list*”.
- All residential properties should be considered as domestic in order for them to be liable for council tax.

Comments were also received covering different aspects of self-catering accommodation, including the Small Business Rates Relief available, the clarity of the thresholds and planning issues related to these premises.

Additional comments included the need for improving the monitoring procedures of the current thresholds, suggesting “*thresholds are low and not enforced or audited.*” A small number of responses called for the current thresholds to be reduced. A small proportion of comments viewed the current criteria to be unfair on self-catering accommodation providers, offering limited flexibility.

### **Positive themes**

The majority of the positive respondents were of the view that the current thresholds are sufficient and fair and should not be changed. Only a small number of respondents expressed a need to improve the monitoring of the current thresholds.

### **Question 8**

**Do you think the self-catering accommodation thresholds should be changed and, if so, why?**

There were 858 responses to this question. Of these, 59% responses answered ‘Yes’ to the first part of the question while 39% suggested the current thresholds are sufficient and 2% did not provide an answer but provided comments.

Of the responses in favour of changing the self-catering accommodation thresholds:

- 37% suggested the thresholds should be higher. Their reasons included genuine businesses could meet higher thresholds and it should be made more difficult for second home owners to have their property transferred to the rating system.
- 13% suggested all self-catering accommodation should pay council tax.
- 3% thought the current thresholds should be lowered.
- The remaining responses provided general views on self-catering accommodation including negative impacts on communities.

### **Question 9**

**If the self-catering thresholds were to be changed, what do you suggest the new thresholds should be?**

#### **Available to let**

A total of 155 responses provided suggestions for the available to let criteria with 149 proposing thresholds higher than the current 140 days, ranging from 150 to 365 days. The most common specific suggestions were 210 days a year (38 responses) and 365 days (36 responses).

A small number of responses, including one local authority, suggested removing the ‘days available’ criterion and basing the threshold on the days actually let.

#### **Actually let**

A total of 121 responses provided alternative suggestions for the actually let criteria, with 118 suggesting a threshold higher than the current 70 days, ranging from 77 to 365 days. The most common specific suggestions were 105 days (38 responses) and 182 days or 6 months (9 responses).

## **Question 10**

### **What are your views on the eligibility of self-catering accommodation for Small Business Rates Relief?**

There were 845 responses to this question. Of these, 38% agreed self-catering accommodation should be eligible for small business rates relief (SBRR) and 37% were against this. While 18% of responses were of the view that the eligibility criteria needed changing. The remaining 7% of comments were either unrelated or did not present specific views.

A number of responses referred to self-catering properties receiving SBRR as 'just a method of avoiding a council tax premium', a suggestion echoed by respondents who were against providing SBRR. Conversely, comments highlighted that *'it is important to maintain entitlement to small business rates relief for bona fide holiday lets / self-catering accommodation businesses'*, a sentiment shared by many respondents who agreed with providing SBRR to self-catering accommodation.

A general consensus among respondents against self-catering accommodation being eligible for SBRR was concern about a lack of contribution to local taxes by those perceived to be second home owners using methods to reduce council tax liability.

Those respondents in favour of retaining SBRR also raised concerns about costs of running a business and differing treatment compared to other businesses.

## **Question 11**

### **Are there other ways in which you think the local tax system could be used to support the sustainability of our communities?**

There were 817 responses received for this question. Many of the comments reiterated issues explored as part of the previous consultation questions and some new issues were raised. The most common themes included:

- Investment in suitable affordable housing for local residents to purchase
- Investment in suitable council/social housing for local residents to rent
- Provision of support for local residents and first-time buyers to purchase a property
- Support to bring empty properties back into use
- Economic investment – improve local economies through improvements to transport links/infrastructure creation of quality employment opportunities for local residents and targeted support for local businesses
- Improve local services – increase waste collections, provide a more frequent bus service, availability of public toilets
- Investment in local community projects – town/community councils to be more involved in improving local communities
- Restrict properties transferring to the non-domestic rating list
- Support use of Welsh language
- Reform council tax
- Introduce a tourism tax
- Reform land transaction tax

- Reform planning policy.

### Question 12

**We would like to know your views on the effects that these proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?**

There were 785 responses for this question. Almost half the responses drew on personal views and use of the Welsh language rather than the impact of the proposals. Many commented they did not understand the relevance of the question or were unsure what effect local taxes could have on the Welsh language. Some responses stated they thought the proposals would have no effect on the Welsh language.

A few responses from communities affected by second homes echoed those of the Welsh Language Commissioner:

*“There are a very high percentage and number of second homes in parts of Wales, and those areas correspond to a great degree with areas with the highest density of Welsh speakers. Second homes in their essence are empty for long periods of the year and therefore can have a detrimental effect on community sustainability... If changes to the local taxation system led to a reduction in the number of houses being turned into second homes or self-catering accommodation, and if this meant that more local people were able to rent or buy those houses, it could have a positive impact on the Welsh language. It should be emphasised that this would only happen if the changes helped local people to stay in their localities.”*

### Question 13

**Please also explain how you believe the proposed policy approach could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

There were 592 responses received for this question. Many of the responses refer to the response provided for Question 12. Others referenced the use of the Welsh language generally rather than commenting specifically on how the proposals for local taxes could be formulated to have increased positive effects on opportunities to use the Welsh language.

The response from the WLGA also reflected some of the wider comments expressed by respondents from communities affected by high numbers of second homes:

*“In coastal and rural areas, the transfer of homes to holiday units has exacerbated the undersupply of housing by driving up house prices beyond the reach of many local households. This has led to a decline in communities that has been disproportionately felt amongst those that are Welsh speaking, with families being*

*forced to leave their local area to access affordable housing...Any measures to reduce the number of second homes or long-term empty properties or to negate the negative impact that they have, will be beneficial in presenting opportunities to sustain and grow the numbers of Welsh speakers across the affected council areas in Wales. It would also contribute towards achieving the Welsh Government's ambition for a million Welsh speakers by 2050 and adhere to the Well Being of Future Generations Act goal of 'a Wales of vibrant culture and thriving Welsh Language'."*

#### **Question 14**

**We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.**

Question 14 provided an opportunity to raise any related issues which were not specifically addressed by other questions. There were 508 responses to this question which covered a range of issues that respondents wanted to raise or reiterate their position on. The majority of comments covered the same themes highlighted in Question 11. Additional themes for this question included:

- Retain premiums as a discretionary power, and allow further discretions within that power, so that each local authority can determine a policy that is appropriate for their local needs
- Provide support for the 'visitor economy'
- The premium is unfair and should be removed
- Introduce a vacant land tax.

#### **Government Response**

The Welsh Government is grateful to everyone who has participated in this consultation and in particular everyone who has submitted a response. As a summary document, not all issues outlined in responses may have been reflected fully, but each response has been considered carefully. The absence of issues or suggestions in this summary does not mean they have been disregarded. Many issues may remain relevant to the wider programme of work as part of the Welsh Government's [three-pronged approach](#) to address issues of affordability and the impact of second homes and holiday lets on communities and the Welsh language.

#### **Next steps**

The Minister issued a Written Statement setting out the plans to take account of the points raised through the consultation and of other evidence.

## **Annex A – List of respondents to the consultation**

AA Properties Wales  
Aberedw Community Council  
Abergavenny Town Council  
Airbnb  
Aled Evans, Cynghorydd - Gwynedd  
Amlwch Town Council  
Bangor Business School, Bangor University  
Barmouth Hideaways  
Barmouth Publicity Association  
Barmouth Town Council  
Bythynnod Benar  
Caerphilly County Borough Council  
Capel Bethesda Holiday Cottages  
Ceredigion County Council  
CLA Cymru  
Clogwyn Community Council  
Conwy County Borough Council  
Cranford Sports Ltd  
Cylch yr Iaith  
Cymdeithas yr Iaith  
Y Cynghorydd Gruffydd Williams, Aelod o Gyngor Gwynedd  
Cyngor Cymuned Crymych  
Cyngor Cymuned Llanberis  
Cyngor Cymuned Llanengan  
Cyngor Cymuned Llanfrothen  
Cyngor Cymuned Llanwnda  
Cyngor Cymuned Pistyll  
Cyngor Cymuned Trawsfynydd  
Cyngor Sir Ynys Môn  
Denbighshire County Council  
Dewi Morgan, Cyngor Gwynedd  
Farmers' Union of Wales  
Federation of Small Businesses  
Flintshire County Council  
Gaer Hall Estate  
Genesis UK Com Ltd and Gwynedd County Councillor and member of Snowdonia National Park  
Habitat Group  
Jasmine Cottage & Velvet Cottage  
Laugharne Township Community Council  
Llanboidy Community Council  
Llangynfelin Community Council  
Melrachelle  
Môr Wyn Guest House  
Morfan  
Myles Pepper  
Newport City Council  
NFU Cymru

No More Lockdowns Wales party  
Nolton & Roch CLT (Pembrokeshire)  
North Wales Escapes  
North Wales Holiday Cottages Ltd.  
One Voice Wales  
Pembrokeshire County Council  
Penally Abbey Hotel  
Pilton House Gower  
Premier Asset Holdings Ltd  
Propertymark  
Red Kite Cottages  
Rhanbarth Caerfyrddin-Penfro, Cymdeithas yr Iaith  
Rhondda Cynon Taf County Borough Council  
Rhys Tudur, Cyngorydd Tref Nefyn a grwp Hawl i Fyw Adra  
Snowdonia National Park Authority  
St Davids Holiday Cottages  
Stonehewer Moss  
UK Short Term Accommodation Association  
University of Cardiff  
Vale of Grwyney Community Council  
Wales Co-operative Centre  
Wales Tourism Alliance  
Welsh Hideaways  
Welsh Language Commissioner  
Wern Farm Holiday Cottages  
Wye View Limited  
50 shades of Clean Ltd  
Private individuals x 231  
Anonymous x 670