

# WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

<b>Title of proposal:</b>	<b>Planning legislation and policy for second homes and short-term lets</b>
<b>Official(s) completing the Integrated Impact Assessment (name(s) and name of team):</b>	<b>Nick Lloyd, Planning Policy Branch. Brian Davies, Planning Policy Branch.</b>
<b>Department:</b>	<b>Planning Directorate</b>
<b>Head of Division/SRO (name):</b>	<b>Neil Hemington</b>
<b>Cabinet Secretary/Minister responsible:</b>	<b>Minister for Climate Change, Julie James MS</b>
<b>Start Date:</b>	<b>Proposals intended to be implemented during Summer/Autumn 2022</b>

## SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

In narrative form, please describe the issue and the action proposed by the Welsh Government. How have you applied / will you apply the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to the proposed action, throughout the policy and delivery cycle?

### Summary of Issue and Proposed Actions

The prevalence of second homes and short-term lets varies throughout Wales. At a local or community level, particularly for certain rural, coastal areas, the numbers can be high. For example, Anglesey and Gwynedd Council data from 2016 showed that although second homes account for around 8% of dwellings in Gwynedd, for Community Council areas this figure increases to around 23% in Beddgelert, 25% in Aberdaron and as high as 40% within Llanengan.<sup>1</sup> Their impacts can therefore differ across areas. Research evidence from interviews with local authority officers in particular has suggested that second homes and short-term lets impact on localised areas in a number of ways. Firstly, that second homes and short-term lets can prevent local people from accessing local housing (including young people from accessing affordable market housing) due to factors such as increased house prices and reduced housing availability. Secondly, second homes and short-term lets could have other potential impacts in terms of the availability of services and use of the Welsh language as a living community language. There is no all-Wales approach that can be taken on the issue of second home and short-term let ownership due to the disparity in their prevalence in certain areas compared to others. Evidence provided generally has indicated the need for more powers at the local authority level to address this issue.<sup>2</sup> There have been specific suggestions for planning interventions on the issue of second homes and short-term lets, including from local authority officers. These include the need to restrict changes of use from primary residential to second homes or short-term lets, implying that differentiating between these uses as part of the Town and Country Planning (Use Classes) Order 1987 could provide a potential solution.<sup>3</sup>

The proposed actions in the form of planning policy and legislative changes are to:

---

<sup>1</sup> Source: Research to Develop an Evidence Base on Second Homes. November 2021. Welsh Government.

<sup>2</sup> Source: Research to Develop an Evidence Base on Second Homes. November 2021. Welsh Government.

<sup>3</sup> Source: Research to Develop an Evidence Base on Second Homes. November 2021. Welsh Government. Page 68 onwards.

- Amend the Town and Country Planning (Use Classes) Order 1987 ("the UCO") to create new use classes for: Dwellinghouses, used as sole or main residences; Dwellinghouses, used otherwise than as sole or main residences; and Short-term Lets.
- Amend the Town and Country Planning (General Permitted Development) Order 1995 ("the GPDO") to allow permitted changes between the new use classes for: Dwellinghouses, used as sole or main residences; Dwellinghouses, used otherwise than as sole or main residences; and Short-term Lets.
- The above changes would allow local authorities to dis-apply permitted changes between the aforementioned use classes through an Article 4 Direction. This could result in property owners needing to obtain planning permission for a change of use where it constitutes a 'material change of use' to the existing land use.

- Amend Planning Policy Wales (PPW) to make it explicit that, where relevant, the prevalence of second homes and short-term lets in a local area must be taken into account when considering the housing requirements and policy approaches in Local Development Plans (LDPs).
- This would emphasise to local authorities that they can take local planning policy approaches to manage the numbers of new second homes and short-term lets in their area where there is the evidence to support this.

- Further, there are wider proposals to simplify the process for applying Article 4 Directions that will enable local authorities to act efficiently in terms of using those legislative tools to manage future numbers of second homes and short-term lets. The outcomes from the proposals to simplify the application of Article 4 Directions therefore align with the substantive proposed planning policy and legislative actions for second homes and short-term lets and to the outcomes from this integrated impact assessment. The consultation proposals to simplify the process for applying Article 4 Directions can be found here: <https://gov.wales/amendments-permitted-development-rights>.

It is proposed to add all the new permitted development rights relating to second homes and short-term lets to the prescribed list in the Town and Country Planning (Compensation) (Wales) (No. 2) Regulations 2014. This amendment will provide a limit on the compensation payable should a planning application be refused or have different conditions imposed. It provides for either a 12-month window to claim compensation or at least 12 months' notice to make arrangements (such as to complete the change of use or dispose of the property) in anticipation of the Article 4 direction coming into effect. It is recognised there is a lack of quantitative data on the impacts of second homes and short-term lets on communities; for example, with regards to house prices. These proposed actions would allow local authorities to take targeted actions to manage additional second homes and short-term lets by enabling localised interventions through the planning system, based on robust local evidence and information. Local authorities would be able to restrict changes of use and the use of new build property for such uses through the planning applications process and by use of appropriate local planning policies in

development plans. As these proposed actions involve changes to legislation, a Regulatory Impact Assessment has been completed for the changes.

### Application of the Well-being of Future Generations (Wales) Act 2015 Five Ways of Working to the Proposed Actions

The Five Ways of Working can be applied to the proposed actions in the following ways:

#### *Thinking for the Long-Term*

The increasing prevalence of second homes and short-term lets in some local communities has occurred over many years and the issue requires a long-term consideration. Current trends indicate a continued demand for additional second homes and short-term lets in some community areas. From the research evidence referenced above, this could result in difficulties for local communities in accessing housing, in addition to having potential impacts on service availability as well as the use of the Welsh language as a living community language. The proposed actions would allow for flexibility in the planning system regarding additional second homes and short-term lets, particularly at the local level. Local authorities would be able to tailor the planning approach to fit the specific characteristics and evidence for their areas. This should result in longer term, sustainable and localised planning approaches being taken on this issue. Thus, these actions could indirectly support the sustainability and the longer term needs of communities by enabling localised interventions that could help local authorities to have greater control over the use of housing stock.

#### *Prevention*

Evidence<sup>4</sup> suggests that communities may be negatively impacted by the number of second homes and short-term lets in a localised area (including in terms of access to local housing), and that there may be a 'threshold' for the number of second homes and short-term lets to have such impacts on local areas. Facilitating interventions within the planning system at the local level would provide local authorities with the tools to act on the numbers of additional second homes and short-term lets for specific communities if there is the supporting evidence that shows negative impacts.

#### *Integration*

The proposed actions respond to local authority concerns raised regarding second homes and short-term lets by providing them with the legislative tools (through amendments to the UCO and the GPDO) and policy (through development plans) to develop local responses. The proposed actions also respond to and support the actions of the Programme for Government<sup>5</sup> to

---

<sup>4</sup> Source: Research to Develop an Evidence Base on Second Homes. November 2021. Welsh Government.

<sup>5</sup> Source: Programme for Government – Update. December 2021. Welsh Government.

“take forward actions to cap the number of second homes...” and to “develop further .... planning and housing measures to ensure the interests of local people are protected”. The proposed actions form part of a three pronged and collective approach across Government to tackling this issue in the form of planning (these proposed actions), taxation and tourism measures<sup>6</sup>.

### *Collaboration*

The proposed actions are of interest to local authorities and communities with a concentration of second homes and short-term lets. The actions are a response to local authority concerns raised on the impacts of second homes and short-term lets. The proposals were subject to a public consultation from 23 November 2021 to 22 February 2022 whereby local authority, community and other responses to the proposed actions were considered. Overall, the majority of respondents to the consultation expressed general support for the planning system contributing to the Welsh Government’s ‘three-pronged approach’ in conjunction with the proposed taxation and tourism measures. The proposed actions would provide mechanisms by which local action can be taken by local authorities if they consider it appropriate to do so, based on supporting evidence.

### *Involvement*

The proposed actions were subject to public consultation and would allow for flexibility in the planning system regarding additional second homes and short-term lets at the local level. Local authorities would be able to tailor the planning approach to fit the specific characteristics and evidence for their areas. The actions would facilitate further stakeholder input, knowledge and expertise into any resulting planning policy and legislative interventions on second homes and short-term lets that are proposed to be undertaken at the local level.

### Costs and Savings

It is not possible to evidence detailed costs and savings due to the Welsh Government not being directly responsible for implementing the changes. Any interventions would result from local authorities subsequently deciding on an individual or collective basis whether to use these measures to act on the issue of second homes and short-term lets for their areas. In developing these proposals, any administrative costs to the Welsh Government, including officer involvement, can be met through existing budgets.

---

<sup>6</sup> Wider Government consultations on this issue can be found here: [Local taxes for second homes and self-catering accommodation | GOV.WALES](#); and [Second homes: local variation to land transaction tax rates | GOV.WALES](#).

## 2.2 Children's Rights

Ministers are required to have due regard to the United Nations Convention on the Rights of the Child when exercising any of their functions.

As you work through the Integrated Impact Assessment you should determine whether a full Children's Rights Impact Assessment is required. **If you consider it is not required, you should give your reasons here.**

---

**The proposed actions would provide local authorities with additional planning tools on second homes and short-term lets. They would allow local authorities to take targeted actions to manage future numbers of additional second homes and short-term lets by enabling localised interventions through the planning system, based on local evidence and information. The actions would therefore not directly impact on children and young people.**

**It is considered the actions could indirectly positively support communities by enabling local authorities to have greater control over the use of housing stock, allowing purchase by local people. As a potential secondary indirect impact, these actions could further positively support local service provision by helping to maintain their consistent use as well as the use of the Welsh language as a living community language, by enabling local people to remain in or return to their localities. This is in contrast to occupation of second homes and short-term lets for only part of the year, where local services, etc. may consequently only be used by occupiers during those periods. This position would apply to all people living within communities impacted by any future local authority interventions resulting from these actions, including children and young people. Therefore, any such interventions would not have a specific positive or negative impact on children and young people compared to other generations of people. As a result, a full Children's Rights Impact Assessment is not required for the proposed actions.**

---

## SECTION 8. CONCLUSION

(Please note that this section will be published)

### 8.1 How have people most likely to be affected by the proposal been involved in developing it?

*Please keep within 250 words*

*Not only is it our duty to engage and consult in certain circumstances, but there is clear evidence that involving the public and stakeholders is central to successful policy and delivery. In keeping with the Well-being of Future Generations (Wales) Act 2015, we are committed to involving people. Please describe how you have involved:*

- *Children and their representatives;*
- *People with protected characteristics under the Equality Act 2010;*
- *Welsh speakers and Welsh language specialist groups; and,*
- *Other people who may be affected by the proposal.*

---

**The proposed actions would allow local authorities to take targeted actions to manage future numbers of additional second homes and short-term lets by enabling localised interventions through the planning system, based on local evidence and information. Local authorities would be able to restrict changes of use and the use of new build property for primary residential use through the planning applications process and by use of appropriate local planning policies in development plans.**

**The proposed actions have been informed by research evidence from local authority officers which identifies that use of properties as second homes and short-term lets is restricting access to housing for local people and potentially further impacting on the availability of services as well as the use of the Welsh language as a living community language, as detailed elsewhere in this Assessment.**

**The proposals were subject to a public consultation whereby all members of society and groups / organisations representing particular interests were able to have their say on the proposals and inform the final actions. This included Welsh speakers and may have included people with protected characteristics and children and young people.**

**As the proposals are enabling provisions that would allow local authorities to take targeted interventions on this issue, they would not directly impact on particular groups or members of society. Where targeted interventions are taken by local authorities, there would be further**

opportunity at that stage to involve all groups of people within their localities on any direct actions they would be taking.

## 8.2 What are the most significant impacts, positive and negative?

*Please keep within 750 words*

*This section should be used to help complete section 6 of the MA template*

*Summarise the most significant impacts for the people, culture and Welsh language, economy and environment of Wales, expected as a result of the proposed action. Describe the themes that emerged from involving people. Refer to the seven well-being goals and the Welsh Government's well-being objectives. Contrast with the impact of current Welsh Government action if appropriate.*

The proposed actions would allow local authorities to take targeted actions to manage future numbers of additional second homes and short-term lets by enabling localised interventions through the planning system, based on local evidence and information. The proposed actions have been informed by research evidence from local authority officers which identifies that use of properties as second homes and short-term lets is restricting access to housing for local people and potentially further impacting on the availability of services and use of the Welsh language within communities, as detailed elsewhere in this Assessment.

The measures should positively impact those communities where there is a prevalence of second homes and short-term lets by providing local authorities with the appropriate planning tools to manage future additional numbers of those uses. This could help to mitigate any negative impacts their prevalence may be having on communities and local people, including by helping to increase the availability of housing and in turn enabling local usage of services and sustaining the use of the Welsh language. In this regard, they could help to meet the Welsh Government's well-being objectives to "make our cities, towns and villages even better places in which to live and work"; thus directly contributing to the well-being goals to enable "a Wales of cohesive communities" and "a Wales of vibrant culture and thriving Welsh language".

Notwithstanding this, the proposed measures could be perceived as interfering with the right to peaceful enjoyment of possessions under Protocol 1, Article 1 of the Human Rights Act 1998: Protection of Property. This is because any property or land owner within a particular local authority area where localised interventions have taken place on this issue may require planning permission for the future use of their land or property as a second home or short-term let and will not be able to utilise the permitted changes between the new use classes for:



Dwellinghouses, used as sole or main residences; Dwellinghouses, used otherwise than as sole or main residences; and Short-term Lets. Property and land owners do not currently require planning permission for those uses. Ultimately, if permission is refused this could be perceived as interfering with property and land owners peaceful enjoyment of possessions.

Much of the evidence around second homes and short-term lets is qualitative and based on interviews. Following on from this existing evidence, respondents to the public consultation exercise generally commented on the variety of impacts of second homes and short-term lets on local communities. This included referencing existing research and providing examples of issues faced by specific communities as evidence. A number of respondents also considered second homes and short-term lets should not be treated the same due to their differing uses and impacts on communities and local economies. Therefore, it is difficult to gauge precise impacts of the proposed actions at this stage as they are enabling provisions whereby local authorities would be responsible for their implementation. Any interventions taken by a local authority so that planning permission may be required for a second home or short-term let as a result of the proposed actions, must therefore be based on further local evidence and information which confirms that use of property as second homes and short-term lets within their area is having a negative impact on communities. The proposed measures and any resulting local authority interventions must be in the *general or public interest* (which could include the interests of the community within that authority area) and be proportionate. The measures enabling local authority intervention pursue general public interest aims such as access to housing and sustainability of communities. Therefore, the policy would accord with Protocol 1, Article 1 of the Human Rights Act 1998 on that basis.

### 8.3 In light of the impacts identified, how will the proposal:

- maximise contribution to our well-being objectives and the seven well-being goals; and/or,
- avoid, reduce or mitigate any negative impacts?

*Please keep within 750 words*

*What action can the Welsh Government take to promote biodiversity, children's rights, equalities, the Welsh language or another of the areas covered by your impact assessments?*

*What action can the Welsh Government take to strengthen its contribution to a particular goal or to contribute to additional goals?*

*What action can the Welsh Government take to avoid, reduce or mitigate a negative impact?*

*If no action is to be taken to avoid, remedy or mitigate a negative impact then please explain why.*

---

The proposed actions would maximise the contribution to the Welsh Government's well-being objectives and the well-being goals by providing local authorities with the planning tools to manage future numbers of additional second homes and short-term lets, thus helping to mitigate any negative impacts their prevalence may be having on communities and local people. This could assist in making more housing available locally and in turn support local usage of services and use of the Welsh language as a living community language. In this regard, the proposed actions could help to meet the Welsh Government's well-being objectives to "make our cities, towns and villages even better places in which to live and work", thus directly contributing to the well-being goals to enable "a Wales of cohesive communities" and "a Wales of vibrant culture and thriving Welsh language".

It would be the responsibility of local authorities to undertake further evidence and information gathering on this issue and that process would inform their decision-making on utilisation of the tools that would be made available to them. Local authorities should monitor and keep under review any local planning interventions on the issue of second homes and short-term lets as a result of these proposed actions. If there are circumstances where interventions have unintended negative impacts, the interventions should be reviewed and where necessary amended or removed.

**8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?**

*Please keep within 250 words*

*What plans are in place for post implementation review and evaluation?*

---

**See comments above.**

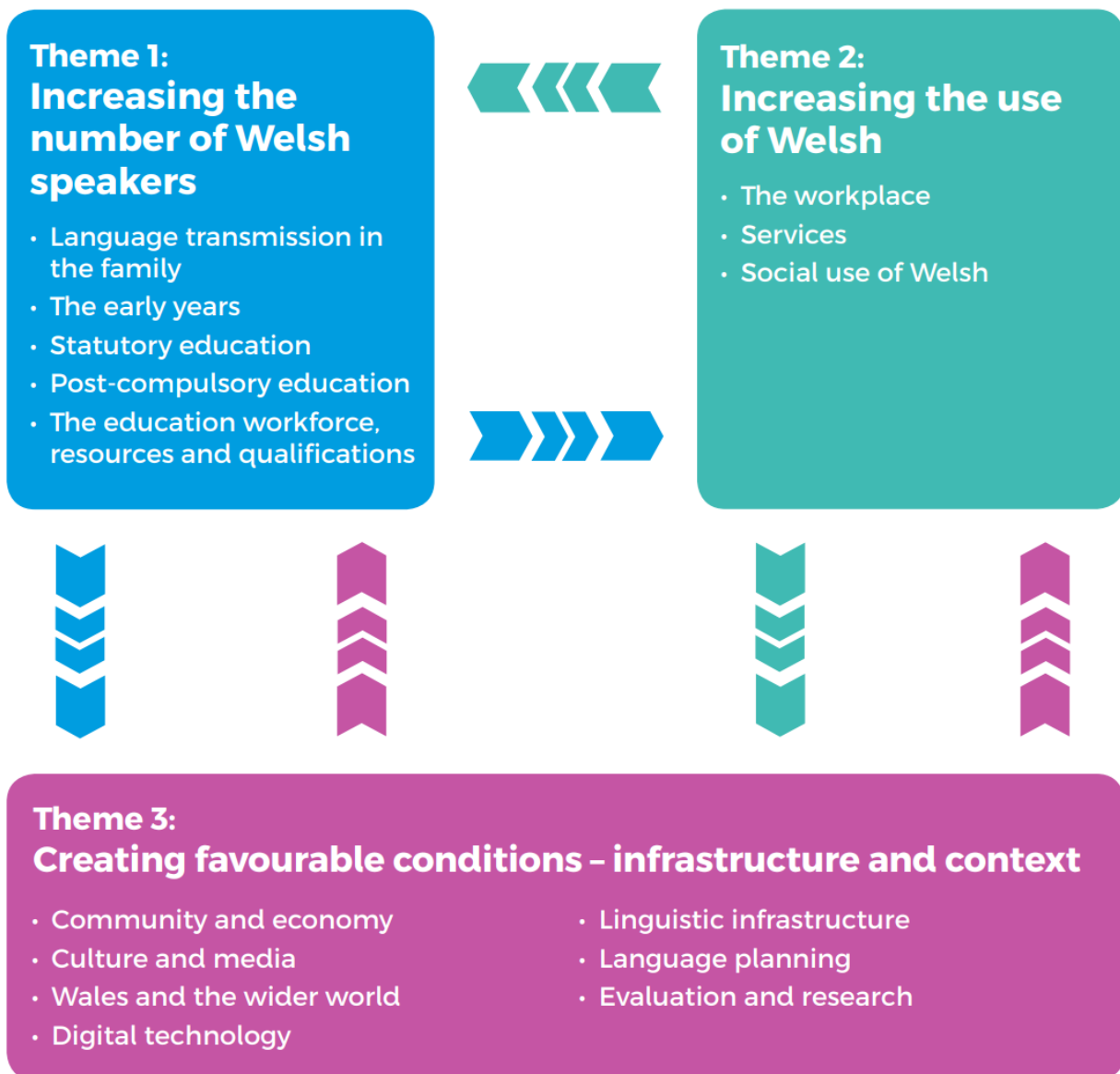
## A. WELSH LANGUAGE IMPACT ASSESSMENT

*Cymraeg 2050* is our national strategy for increasing the number of Welsh speakers to a million by 2050.

The Welsh Government is fully committed to the new strategy, with the target of a million speakers included in its Programme for Government. A thriving Welsh language is also included in one of the 7 well-being goals in the Well-being of Future Generations (Wales) Act 2015.

We also have a statutory obligation to fully consider the effects of our work on the Welsh Language. This means that any Welsh Government policy should consider how our policies affect the language and those who speak it.

The [Cymraeg 2050 strategy](#) has three interrelated themes:



The headings under each theme outline the scope of activities that can affect the language.

As a general rule, if your policy has the potential to impact on people, it will impact in some way on Welsh speakers and therefore on the Welsh language.

1. Welsh Language Impact Assessment reference number (completed by the Welsh Language Standards Team, email: Safonau.Standards@gov.wales):

---

**01/08/2022**

2. Does the proposal demonstrate a clear link with the Welsh Government's strategy for the Welsh language? – *Cymraeg 2050 A million Welsh speakers* and the related Work Programme for 2017-2021?

---

**Yes**

**The proposed actions directly relate to Theme 3 of Cymraeg 2050: “Creating favourable conditions – infrastructure and context” – with specific regard to communities. Cymraeg 2050 states how “in Welsh-speaking communities, the challenge is to ensure that people have good quality jobs, fulfilling careers and homes so that they can stay, or return to those communities.” Cymraeg 2050 makes reference to the relationship of the land use planning system with language planning where it is stated that the planning system “should contribute to the vitality of the Welsh language by creating suitable conditions for thriving, sustainable communities, supported by an awareness of the relevant principles of language planning”.**

**The recent 2021-2026 Work Programme for achieving the Strategy<sup>7</sup> lists further objectives that relate to the proposed actions. The principle for “maintaining and protecting Welsh as a community language” is of particular relevance. A proposed action listed in the Work Programme under Cymraeg 2050's Theme 3 is to address the impacts of second home ownership on Welsh-speaking communities, with a focus on the regulatory system and framework and a specific reference made to “planning law” in this regard.**

---

<sup>7</sup> Source: Cymraeg 2050: our plan for 2021 to 2026. July 2021. Welsh Government.

3. Describe and explain the impact of the proposal on the Welsh language, and explain how you will address these impacts in order to improve outcomes for the Welsh language. How will the proposal affect Welsh speakers of all ages (both positive and/or adverse effects)? You should note your responses to the following in your answer to this question, along with any other relevant information:

- ◆ How will the proposal affect the sustainability of Welsh speaking communities<sup>8</sup> (both positive and/or adverse effects)?
- ◆ How will the proposal affect Welsh medium education and Welsh learners of all ages, including adults (both positive and/or adverse effects)?
- ◆ How will the proposal affect services<sup>9</sup> available in Welsh (both positive and/or adverse effects)? (e.g. health and social services, transport, housing, digital, youth, infrastructure, environment, local government etc.)
- ◆ How will you ensure that people know about services that are available in Welsh and are able to access and use them as easily as they can in English? What evidence / data have you used to inform your assessment, including evidence from Welsh speakers or Welsh language interest groups?
- ◆ What other evidence would help you to conduct a better assessment?
- ◆ How will you know if your policy is a success?

---

<sup>8</sup> These can be close-knit rural communities, dispersed social networks in urban settings, and in virtual communities reaching across geographical spaces.

<sup>9</sup> The Welsh Language Strategy aims to increase the range of services offered to Welsh speakers, and to see an increase in use of Welsh-language services.

Research evidence from interviews with local authority officers in particular has suggested that second homes and short-term lets impact on localised areas in a number of ways. Firstly, that second homes and short-term lets can restrict local people from accessing local housing (including young people from accessing affordable market housing) due to factors such as increased house prices and reduced housing availability. Secondly, second homes and short-term lets could have potential secondary impacts in terms of the availability of services and use of the Welsh language.<sup>10</sup>

The proposed actions would provide local authorities with the tools to manage future numbers of additional second homes and short-term lets by enabling localised interventions through the planning system, based on local evidence and information. The proposals would therefore not have any direct impacts on people and communities, including in respect of the Welsh language.

Notwithstanding the above, by providing local authorities with additional tools to manage future numbers of additional second homes and short-term lets through the planning system, the proposed actions could indirectly have a positive impact by enabling local authorities to have greater control over the use of housing stock, allowing purchase by local people. As a potential secondary indirect impact, these actions could further positively support local service provision by helping to maintain their consistent use as well as the use of the Welsh language as a living community language, by enabling local people to remain in or return to their localities. This is in contrast to occupation of second homes and short-term lets for only part of the year, where local services, etc. may consequently only be used by occupiers during those periods. This position would apply to all people living within communities impacted by any future local authority interventions resulting from these actions, including those where there are concentrations of Welsh-speaking populations.

The main aim of the proposed actions is to increase the availability of housing stock for local people, which could include non-Welsh speakers. The increased availability of housing could also result in both Welsh speakers and non-Welsh speakers moving into an area to live on a permanent basis. With regards to the movement of non-Welsh speakers, support should be available within Welsh-speaking communities to learn the Welsh language. Any interventions to be taken by local authorities should be proportionate and designed to alleviate issues for local people in accessing housing stock as a matter of priority, rather than restrict uses of second homes and short-term lets within an area unnecessarily. Further evidence on the impacts of second homes and short-term lets will need to be collected at the local level in order to inform any interventions by local authorities as a result of these measures.

---

<sup>10</sup> Source: Research to Develop an Evidence Base on Second Homes. November 2021. Welsh Government.