



To:

Heads of Planning
Local Planning Authorities in Wales

28 September 2022

Dear Colleague,

On 4 July the First Minister and the leader of Plaid Cymru announced a package of measures to tackle the issue of second homes and short-term lets in Wales. This included a land use planning element - the introduction of three new use classes to give local planning authorities the ability to control the number of second homes and short-term lets in an area. These changes to planning legislation were consulted upon from [November 2021 to February 2022](#) and have now been agreed as follows:

- The Town and Country Planning (Use Classes) Order 1987 (the UCO) is being amended to create new use classes for 'Dwellinghouses, used as sole or main residences' (Class C3), 'Dwellinghouses, used otherwise than as sole or main residences' (Class C5) and 'Short-term Lets' (Class C6);
- The Town and Country Planning (General Permitted Development) Order 1995 (the GPDO) is being amended to allow permitted changes between the new use classes, C3, C5 and C6. These permitted development rights can be dis-applied within a specific area by an Article 4 Direction made by a local planning authority on the basis of robust local evidence.

As set out in the consultation, complementary changes are also being made to section 4.2 of *Planning Policy Wales* (PPW). These policy changes 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 housing requirements and policy approaches in Local Development Plans (LDPs). The amendments to PPW make it clear that where a local planning authority introduces an Article 4 Direction, it should reinforce its actions by requiring conditions to be placed on all new dwellings restricting their use to Class C3 where such a condition would meet the relevant tests. Local authorities should also allocate sites in LDPs restricted to C3 use, including local market housing, in areas where they are seeking to manage second homes and short-term lets. A copy of the amendments to section 4.2 of PPW is attached and these changes will be incorporated into the next edition which is expected to be published during 2023.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

To facilitate and assist you with making Article 4 Directions, the GPDO is also being amended to include a new Article 4 which simplifies the process. The current requirement to secure the Welsh Ministers' approval for the introduction of an Article 4 Direction is being removed. Instead, the new Article 4 places all aspects of making Directions within the remit of a local planning authority in order to expedite their confirmation and potentially encouraging their use where evidence demonstrates localised intervention is necessary. The new Article 4 replaces the former directions known as Article 4(1) and Article 4(2) directions with two types of direction - an expedited direction known as a 'direction with immediate effect' and 'directions without immediate effect'. These changes formed part of the 'Permitted Development' consultation which took place between [16 November 2021 and 15 February 2022](#).

When an Article 4 Direction is made there are circumstances under which compensation may be payable by the local planning authority under the provisions of Section 108 of the Town and Country Planning Act 1990. To mitigate claims for compensation, all the new permitted development rights relating to second homes and short-term lets have been added to the prescribed list in the Town and Country Planning (Compensation) (Wales) (No. 2) Regulations 2014. A 12 month notice period is needed ahead of the implementation of an Article 4 Direction if compensation is not to be paid.

It will be for each local planning authority to decide, based on local circumstances, whether they wish to pursue the possible introduction of an Article 4 Direction to remove the permitted development rights for changes between the new use classes. Any such Article 4 Direction will need to be supported by robust local evidence highlighting the impact of second homes and short-term lets on specific communities as part of a co-ordinated response which applies all available interventions to an area and will need to evidence effective community consultation.

The UCO is also being amended to provide greater control over the siting of betting shops. Use as a betting shop has been removed from use class A2 (Financial and Professional Services) and is specified as a unique use (i.e. sui generis). Consequential amendments have also been made to the GPDO to permit changes of use from use as a betting shop that previously applied whilst the use fell within use class A2.

The two Statutory Instruments are:

- The Town and Country Planning (Use Classes) (Amendment) (Wales) Order 2022; and
- The Town and Country Planning (General Permitted Development etc.) (Amendment) (Wales) Order 2022.

The Statutory Instruments come into force on 20 October.

Further details about the changes to the UCO and the GPDO will be available in due course in a 'Frequently Asked Questions' document.

Yours sincerely,



Julie James MS
Minister for Climate Change

Changes to Planning Policy Wales (PPW) section 4.2, 'Housing' regarding: affordability and the impact of second homes and short-term lets

New text – in red

Housing Requirement

4.2.5 Planning authorities must clearly set out the housing requirement in their development plan. These requirements must be based on evidence and clearly express the number of market and affordable homes the planning authority considers will be required in their area over the plan period. Planning authorities should plan for a mix of market and affordable housing types to meet the requirement and specifically consider the differing needs of their communities; this should include the housing requirements of older people and people with disabilities. **Localised issues, such as the prevalence of second homes and short-term lets, must also be considered when developing the requirement for market and affordable homes within a particular area and whether the evidence justifies a local policy approach to support the viability of communities. This could, for example, include introducing a cap or ceiling on the number of second homes or short-term lets.**

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4.2.9 Planning authorities, in partnership with the community, including the private sector, must develop policies to meet the challenges and particular circumstances evident in their areas. If these policies need to diverge from national policies in order to meet specific local housing needs for market housing, which normally would have no occupancy restriction, planning authorities must provide clear and robust evidence to support the approach taken. The justification might be in terms of, for example, land supply, environmental or social impacts, **including the prevalence of second homes and short-term lets** either individually or in combination. Evidence could be obtained from local studies such as those deriving from the local well-being plans or from studies forming part of the evidence base for the development plan, **particularly the Local Housing Market Assessment. Such evidence should highlight any impact of second homes and short-term lets on specific communities.** The sustainability appraisal, including the Strategic Environmental Assessment (SEA), would be part of the evidence base providing justification for a departure from national policy.

New Paragraph (immediately after 4.2.9):

Where robust local evidence has identified impacts on the community arising from the prevalence of second homes and short-term lets, planning authorities may consider co-ordinated local planning approaches. This may include specifically identifying sites in development plans for new homes which are limited in use to sole or main residences or local market housing (see paragraph 4.2.9) and/or the introduction of area specific Article 4 Directions which may require a planning application for a change of use of a sole or main residence to a second home or short-term let. For the specific area to which such an Article 4 direction applies, restrictions by condition or obligation should be placed on all new homes limiting their use to sole or main residences. Further guidance on the use of Article 4 directions, planning conditions and obligations is provided in the Development Management Manual.

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Affordable Housing

4.2.27 It is important that authorities have an appreciation of the demand for different types of affordable housing (i.e. intermediate and social rented) in relation to supply, so that they are well informed in negotiating the required appropriate mix of dwellings for new developments. To support policies and decisions on planning applications, planning authorities should refer to their LHMA to help determine the need for affordable housing, **including any evidence of localised affordability issues such as the impact of second homes and short-term lets.**