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Evaluation of the Second Homes and Affordability Pilot: Phase 1 2023 to 2024

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Evaluation of the Second Homes and Affordability Pilot: Phase 1 2023 to 2024

Report by:



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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government.

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Glossary

Chargeable empty homes: A chargeable empty home is a residential property that is unoccupied (not lived in as a primary residence) and substantially unfurnished. Empty homes are subject to council tax, meaning they are considered chargeable properties. For council tax purposes, properties both unoccupied and substantially unfurnished for a continuous period of at least 1 year may become subject to additional council tax premiums.

Chargeable second homes: A second home is a residential property not being used, or not intended to be used as, the owner's main residence. It is occupied by the owners and guests on a non-commercial basis, generally for 182 days or fewer in any twelve-month period. For council tax purposes, a second home is defined as a dwelling that is not a person's sole or main home, is substantially furnished and is used periodically. Second homes are subject to council tax, meaning they are considered chargeable properties.

CMO: Context-Mechanism-Outcome framework

Intermediary housing stock: Housing that costs more than social housing but less than that sold in the private housing market.

LA: Local Authority

LDP: Local Development Plan

LSOA: Lower Layer Super Output Area

LTT: Land Transaction Tax

MSOA: Middle Layer Super Output Area

PRS: Private Rented Sector

Self-catering holiday units: Holiday units with cooking facilities available so that occupants can cook meals for themselves rather than having them provided.

Short-term lets: Short-term lets are defined under planning regulations as dwelling houses used for commercial short-term letting, where each period of occupation is no longer than 31 days.

ToC: Theory of Change

1. Introduction

Housing affordability and second homes in Wales

- 1.1 Housing affordability has emerged as an increasingly pressing issue in Wales over recent years. According to the UK House Price Index,¹ the average property price in Wales rose to £217,000 in September 2024, marking an average annual price growth of 6% from 2020 to 2024. This rise, driven by factors such as above-target inflation since 2021, is compounded by a limited supply of new dwellings. In 2020, the Welsh Government identified the need for 6,200 to 8,300 additional housing units annually for the 2019/20 to 2023/24 period, with a central target of 7,400 units.² However, actual completion rates have fallen short, with StatsWales data³ indicating between 4,300 and 5,700 new dwellings constructed each year from 2020/21 to 2023/24. The constrained supply of housing, coupled with escalating property prices, has impacted affordability. The Office for National Statistics reported that full-time employees in Wales needed 6.1 times their annual income to purchase a home in 2023, exceeding the ONS affordability threshold of 5⁴ times annual income.⁵
- 1.2 Similarly, the private rental market has faced increasing pressure. Since October 2023, the 12-month percentage change in rental prices has steadily increased, reaching 7.9% by October 2024.⁶ This follows a period of relative stability, with an average increase of 2% from October 2015 to October 2021, accelerating to 5.5% in 2022 and 9.7% in 2023.⁷ This trend, alongside persistent inflation since 2021, has intensified affordability challenges for renters.

¹ [HM Land Registry, 2024. UK House Price Index Wales: September 2024](#)

² [Welsh Government, 2020. Estimates of housing need: 2019-based](#)

³ [StatsWales. New dwellings started by period and tenure](#)

⁴ According to [Office for National Statistics, 2024. Housing affordability in England and Wales: 2023](#), the Office for National Statistics use a threshold of five years of income as a broad indicator of affordability. Further definitions and sources can be found in [Office for National Statistics, 2024. Housing affordability in England and Wales Quality and Methodology Information \(QMI\) report](#)

⁵ [Office for National Statistics, 2024. Housing affordability in England and Wales: 2023](#)

⁶ [Office for National Statistics, 2024. Index of Private Housing Rental Prices, UK: January 2024](#)

⁷ [Office for National Statistics, 2024. Index of Private Housing Rental Prices, UK: January 2024](#)

- 1.3 In 2021, private renters with a median household income spent 25.8% of their income on a median-priced rental home in Wales. The affordability increased to 26.1% in 2022 and 27.2% in 2023.⁸ Although the ratio remains below the ideal affordability threshold of 30% as set by the Welsh Government (2011), it would be interesting to examine the affordability ratio among lower-income households.
- 1.4 In research commissioned by the Welsh Government, Alma Economics (2023) reported that, while the median monthly rent in the private rental market was £550 in 2021 – representing 23% of the median gross income of private renting households – for households in the lowest income quartile (bottom 25% of the income distribution), even the cheapest dwellings (bottom 25% of the price distribution) represented 37% of their income. Thus, for lower-income households, rent exceeded the ideal affordability threshold of 30%.

Second homes, empty properties and short-term lets in Gwynedd

- 1.5 The prevalence of second homes, along with empty properties and short-term lets, in Wales may affect affordability. In 2024/25, local authorities reported 21,931 council tax chargeable second homes and 22,634 council tax chargeable empty properties.⁹ While the number of chargeable second homes declined from 24,170 in 2023/24 to 21,931 in 2024/25, it had remained steady at around 24,000 between 2019/20 and 2023/24.¹⁰ Coastal areas in North, Mid, and South-West Wales, such as Gwynedd, the Isle of Anglesey, Pembrokeshire, and Ceredigion, recorded the highest concentration of second homes, with figures exceeding 50 second homes per 1,000 properties (Alma Economics, 2023).
- 1.6 Specifically, Gwynedd held the highest number of chargeable second homes in Wales in 2024/25, with approximately 4,435 units, outpacing Pembrokeshire, which had fewer than 4,000.¹¹ Over the years, the number of second homes in Gwynedd has fluctuated, peaking at 5,098 in 2021/22 before steadily declining to its lowest point of 4,435 in 2024/25. This trend followed an initial increase from 4,570 in

⁸ [Office for National Statistics, 2024. Private rental affordability, England and Wales: 2023](#)

⁹ [StatsWales. Chargeable empty and second homes, by local authority \(number of dwellings\)](#)

¹⁰ [StatsWales. Chargeable empty and second homes, by local authority \(number of dwellings\)](#)

¹¹ [StatsWales. Chargeable empty and second homes, by local authority \(number of dwellings\)](#)

2018/19 to 4,900 in 2020/21, with the decline becoming evident after 2021/22.¹² However, the distribution of second homes within Gwynedd is uneven.

- 1.7 According to January 2024 data on second homes and self-catering holiday units liable for non-domestic rates from partner delivery sources (not publicly accessible), certain communities, such as Aberdyfi (360 second homes and 145 self-catering holiday units – 50% of total domestic and non-domestic dwellings), Llanengan (632 second homes and 218 self-catering holiday units – 47% of total domestic and non-domestic dwellings) and Trawsfynydd (303 second homes and 47 self-catering holiday units – 45% of total domestic and non-domestic dwellings), experience a high concentration of second homes and self-catering housing units. In contrast, communities such as Caernarfon (52 second homes and 45 self-catering housing units – 2% of total domestic and non-domestic dwellings) and Bangor (107 second homes and 21 self-catering housing units – 1.98% of total domestic and non-domestic dwellings) have a small proportion of second homes. Brooks (2021) highlighted that this uneven distribution could lead to some communities being disproportionately affected by high concentrations of second homes, while others in the same region might have virtually none.
- 1.8 In terms of chargeable empty properties, Gwynedd was estimated to have around 1,500 in 2024/25, placing it among the top five local authorities with the highest numbers in Wales.¹³ Data on short-term lets from partner delivery sources (not publicly accessible) estimated approximately 2,800 self-catering holiday units liable for non-domestic rates at the start of 2024. Furthermore, the Office for National Statistics¹⁴ reported that Gwynedd attracted around 1 million guest nights between July 2023 and June 2024, reinforcing its status as the most popular rural tourist destination in Wales.

¹² [StatsWales. Chargeable empty and second homes, by local authority \(number of dwellings\)](#)

¹³ [StatsWales. Chargeable empty and second homes, by local authority \(number of dwellings\)](#)

¹⁴ [Office for National Statistics 2024, Short-term lets through online collaborative economy platforms, UK: year to Quarter 2 \(Apr to June\) 2024](#)

Impact of second homes, empty properties and short-term lets on affordability

- 1.9 While second homes and short-term lets can provide economic benefits, including bolstering local tourism and generating supplemental income for homeowners, they pose challenges for local communities. The demand for second homes can drive up property prices at a rate that outpaces local income growth, making it increasingly difficult for residents, particularly young people, to afford homes in their own communities (Brooks, 2021; Powel et al., 2021).
- 1.10 In Gwynedd, the average house price was £196,000 in September 2024, a decrease of 7.9% compared to September 2023.¹⁵ Since September 2018, the average house price has shown varying rates of increase: 3.6% between September 2018 and September 2019, 2.9% in September 2020, and a peak increase of 12.7% between September 2020 and September 2021.¹⁶ By September 2022, the average price reached £208,000, representing an 11.6% increase, and in 2023, it rose further to £213,000, an increase of 2.3%.¹⁷ In the private rental sector in Gwynedd, rental price trends have generally mirrored the national average, although late 2022 to early 2023 saw rent increases surpassing the Welsh average.¹⁸

Impact of second homes, empty properties and short-term lets on other areas of interest

- 1.11 Second homes can also lead to seasonal population changes, with areas becoming crowded during holidays but less populated at other times. This dynamic could strain local services, such as healthcare and transportation, as they would need to adapt to a fluctuating population. Short-term lets may reduce the availability of long-term rental properties, as well as properties for purchase and permanent residence, affecting local residents and disrupting community cohesion. This can lead to a loss of local identity and create tensions within communities.¹⁹ Empty properties can harm the visual appeal and vitality of areas, leading to neglect and antisocial

¹⁵ [UK House Price Index, House Price Statistics, Gwynedd, January 2006 to September 2024](#)

¹⁶ [UK House Price Index, House Price Statistics, Gwynedd, January 2006 to September 2024](#)

¹⁷ [UK House Price Index, House Price Statistics, Gwynedd, January 2006 to September 2024](#)

¹⁸ [Office for National Statistics, 2024. Housing prices in Gwynedd](#)

¹⁹ [Office for National Statistics, 2024. Housing prices in Gwynedd](#)

behaviour. In high-demand housing areas, these vacant properties represent missed opportunities to meet housing needs. There is a high degree of consensus that these properties should be brought back into use to address the shortage of affordable housing and reduce homelessness (Senedd, 2019).

Impact of second homes on the Welsh language

- 1.12 The vitality of the Welsh language can be influenced by a variety of factors. Population shifts, such as urbanisation and migration, play an important role in altering the linguistic landscape of Welsh-speaking areas. The 2011 Census revealed a decline in the number of communities where over 70% of the population could speak Welsh, dropping from 53 communities in 2001 to 39 in 2011 (Welsh Language Commissioner, 2020). This trend is further affected by inward migration, which brings an influx of non-Welsh-speaking residents, particularly to rural communities, and the out-migration of younger Welsh speakers in search of employment opportunities (Brooks, 2021; Welsh Language Commissioner, 2020).
- 1.13 The role of second homes in these dynamics is complex and multifaceted. While the proliferation of second homes in counties such as Gwynedd and Anglesey reduces housing affordability for local residents and contributes to community displacement, it can also act as a 'sponge,' absorbing properties that might otherwise be purchased by non-Welsh-speaking permanent migrants (Brooks, 2021). This creates a dual-edged impact: on the one hand, the seasonal nature of second-home ownership limits full-time community integration and opportunities for the daily use of Welsh, undermining community cohesion. On the other hand, a sharp reduction in second homes could unintentionally accelerate the inward migration of non-Welsh speakers, which may dilute the percentage of Welsh speakers within these communities (Brooks, 2021).
- 1.14 As Brooks (2021) further notes, the assumption that second homes are detrimental to the Welsh language stems from the perception that they are bought in competition with local Welsh speakers, who then leave the community after being unable to purchase a property. The linguistic impact of second homes currently in use as second homes can be considered to be relatively neutral, as they are typically empty for much of the year. However, the conversion of additional homes

into second homes could be very detrimental to the Welsh language and is seen as unacceptable from a social justice perspective.

- 1.15 Second homes also affect community cohesion by altering the demographic composition of traditionally Welsh-speaking areas. The seasonal nature of second-home ownership results in communities that are less socially integrated, further limiting opportunities for daily Welsh language use (Brooks, 2021). This poses challenges to the Welsh Government's goal of achieving the Cymraeg 2050 strategy's goal of increasing the proportion of people who speak Welsh daily from 10% in 2013-15 to 20% by 2050 (Welsh Government, 2022a).

Second Homes and Affordability Pilot

- 1.16 In June 2022, the Welsh Government announced the Second Homes and Affordability Pilot in the Dwyfor area of Gwynedd, which aims to implement strategies to manage future numbers of second homes, empty properties and short-term lets while enhancing housing affordability for local residents. The Pilot programme serves as a testing ground for innovative approaches and interventions to improve the affordability of housing for local tenants and potential first-time buyers, manage a high concentration of second homes, empty properties and short-term lets and support local fiscal tools, ensuring that second homeowners contribute to local communities, and safeguarding communities and the Welsh language.
- 1.17 The Dwyfor area was specifically chosen for the Pilot due to its geographic size, the concentration of second homes and the impact of second homes on the Welsh language (Welsh Government, 2024a).

Prevalence of second homes, empty properties and short-term lets in Dwyfor

- 1.18 Dwyfor stretches from the Llŷn Peninsula to the area west of Porthmadog (Welsh Government, 2024a). According to Census 2021 data²⁰ and non-public information provided by delivery partners, there are approximately 15,000 domestic properties in the Dwyfor area. According to council tax records from delivery partners, there were an estimated 2,000 second homes at the beginning of 2024, accounting for

²⁰ [Office for National Statistics. Census 2021. Accommodation type, Output Area](#)

13% of the total number of domestic properties. Regarding the number of empty homes in Dwyfor, there were around 500 empty homes in the area, or about 3% of the total number of domestic properties. Additionally, data provided by delivery partners on non-domestic rates suggests that self-catering accommodations were estimated to be around 1,000 in 2024, making up approximately 6% of the total housing stock (total domestic and non-domestic properties).

Linguistic profile of Dwyfor

- 1.19 Regarding the linguistic profile of the region, every Lower Layer Super Output Area (LSOA) in Dwyfor has been defined (by the Commission for Welsh-speaking Communities) as Areas of Higher Density Linguistic Significance (The Commission for Welsh-speaking Communities, 2024). Also, according to Welsh Government officials, concerns have been raised by a number of community and national groups in relation to the impact that second homes and the affordability issue have upon the vitality of the Welsh language and the long-term sustainability of Welsh language communities – specifically in areas such as Dwyfor.

Affordability in Dwyfor

- 1.20 Regarding housing affordability in the Dwyfor area, or more specifically the affordability of buying a house, the Alma research team followed two definitions. First, the OECD definition (OECD, 2021) defines affordability as the ratio of house prices to income, where income includes total earnings, benefits, pensions, as defined by the Office for National Statistics (2019).²¹ Second, the Office for National Statistics (2024)²² calculates housing affordability as house prices divided by annual earnings (with earnings referring specifically to money earned from employment as per the Office for National Statistics (2019)).²³ Following the OECD definition and using 2023 HM Land Registry Price Paid Data²⁴ and 2023 household income data from CACI,²⁵ we calculated the median house price paid in Dwyfor area to be

²¹ [Office for National Statistics, 2019. Explaining income and earnings: important questions answered](#)

²² [Office for National Statistics, 2024. Housing affordability in England and Wales: 2023](#)

²³ [Office for National Statistics, 2019. Explaining income and earnings: important questions answered](#)

²⁴ [HM Land Registry: Price Paid Data](#)

²⁵ CACI data does not distinguish between full-time and part-time income, which may impact the calculated average.

around £219,000,²⁶ while the median annual income was around £33,000.²⁷ The resulting housing affordability ratio was calculated at 6.60, which indicates that the median house price is 6.60 times the median annual income in Dwyfor.

- 1.21 According to the Office for National Statistics (2024)²⁸ and using the 2023 Annual Survey of Hours and Earnings – Workplace Earnings,²⁹ ³⁰ the Alma team calculated that the median gross annual workplace earnings in Dwyfor in 2023 was around £28,000. This results in a housing affordability ratio of 7.80, meaning the median house price is 7.80 times the median annual workplace earnings. In theoretical terms, if someone were able to save their entire gross annual income without accounting for taxes, deductions, or other expenses, it would take them 7.80 years to save enough to buy a house outright. However, in real-life terms, individuals can only save from their net income after deductions for taxes and living expenses, making this timescale even longer. The affordability threshold set by the Office for National Statistics (2024)³¹ is a ratio of 5, which indicates the maximum acceptable ratio for housing affordability. With a ratio of 7.80, Dwyfor significantly exceeds this threshold, highlighting the affordability challenges faced by local residents trying to purchase a home.
- 1.22 Regarding rent affordability in the region, using 2023 figures on rents from Rightmove, and 2023 income data from CACI, we calculated the median monthly

²⁶ Median house price paid was calculated considering all price paid for all dwelling in the Dwyfor area with a deed date of 2023.

²⁷ This represents the median of median annual incomes across postcodes in the Dwyfor area. The reason the median of median incomes was used is that CACI provided information on the median income for each postcode. The median income for each postcode was calculated by considering every household in the postcode and modelling the number (or proportion) of households within 26 different income bands. The distribution of households across these bands is then used to calculate the median income.

²⁸ [Office for National Statistics, 2024. Housing affordability in England and Wales: 2023](#)

²⁹ The Annual Survey of Hours and Earnings – Workplace Earnings data was available at the Westminster Parliamentary Constituency level (Dwyfor Meirionnydd), which may differ from the Dwyfor definition used to calculate the median price paid from HM Land Registry Price Paid Data, where the borders of Dwyfor were defined based on Output Areas. See Chapter 5 – Second Homes & Affordability Pilot data availability & gaps.

³⁰ The Annual Survey of Hours and Earnings – Workplace Earnings data provides information on the earnings of employees in all industries and occupation. It does not provide information on self-employed individuals.

³¹ [Office for National Statistics, 2024. Housing affordability in England and Wales: 2023](#)

rent (£700)³² over the median monthly income (£2,750)³³ in Dwyfor to determine that the rent affordability in the area is 25%, indicating rent is relatively affordable in the area. The calculated affordability of 25% is below the threshold suggested by the Welsh Government (2011), which states that households should not spend more than 30% of their gross income on rent (including any other service charges) for a rental property to be considered affordable. A key caveat to note is that no data on service charges was available, meaning the actual affordability in the Dwyfor area could be closer to the 30% threshold. Another challenge is that the median income of households in the general population may differ from the median income of households in the rental market. Although the currently available data does not allow for this analysis, examining the affordability for private renters across income and rent quartiles (25th, 50th, and 75th percentiles) would be valuable.³⁴

Evaluation of the Second Homes and Affordability Pilot

- 1.23 The launch of the Pilot aligns with the ongoing efforts of the Welsh Government to enhance housing affordability and adequacy (Welsh Government, 2023a). Over recent years, the Welsh Government has taken comprehensive and innovative measures to address the challenges posed by the significant number of second homes and short-term lets in certain communities. These measures include reforms in local taxation pertaining to second homes and short-term lets, modifications to the planning framework, and the publication of the Welsh Language Communities Housing Plan (Welsh Government, 2023b, 2022b, 2022c). Alongside these initiatives, the Second Homes and Affordability Pilot will serve as a valuable learning opportunity for other regions in Wales. These efforts contribute to the

³² Median rent was calculated using 2023 Rightmove data across postcodes in the Dwyfor area.

³³ This represents the median of median monthly incomes across postcodes in the Dwyfor area. The median of median annual incomes was calculated to be around £33,000. The reason the median of median incomes was used is that CACI provided information on the median income for each postcode. The median income for each postcode was calculated by considering every household in the postcode and modelling the number (or proportion) of households within 26 different income bands. The distribution of households across these bands is then used to calculate the median income.

³⁴ In future analysis during subsequent evaluation years, we aim to estimate affordability at lower geographical levels than Gwynedd and Dwyfor, such as MSOAs, LSOAs, or community levels, to explore variability in affordability within the Pilot area. Conducting analysis at these more granular levels will provide deeper insights into affordability trends, better supporting the development of policies tailored to the specific needs of individual communities.

overall objective of creating sustainable and thriving communities throughout the country.

- 1.24 The Welsh Government has commissioned Alma Economics and OB3 Research to evaluate the Second Homes and Affordability Pilot. This evaluation will be based on a process, impact and economic evaluation, which will provide evidence of the effectiveness of the Pilot implementation and the expected impacts on key stakeholders in Dwyfor. The evaluation will be carried out in three phases: Phase 1 (August 2023 to October 2024) - data mapping, analysis, and exploratory research, Phase 2 (October 2024 to September 2025) - process evaluation, and Phase 3 (October 2025 to October 2026) - impact and economic evaluation. This report presents the findings from Phase 1.
- 1.25 The evaluation will be conducted over a three-year period, with its final completion scheduled for December 2026, ensuring a comprehensive assessment of the Pilot's effectiveness and outcomes.

Structure of report

- 1.26 This report is structured as follows:
- Chapter 2 Methodology provides further information on the scoping and exploratory research conducted during Phase 1 of our evaluation.
 - Chapter 3 Theory of Change presents the Theory of Change (ToC) developed for the Pilot, which will form the foundation of our evaluation in the following phases.
 - Chapter 4 Stakeholder views on Second Homes and Affordability Pilot progress summarises our findings from the scoping interviews with Welsh Government officials and delivery partners, aimed at assessing the progress of various activities and interventions related to the Pilot.
 - Chapter 5 Second Homes and Affordability Pilot data availability and gaps discusses the available data, detailing associated challenges, limitations and recommendations for future data collection.

- Chapter 6 Next steps for evaluating the impact of the Pilot offers initial insights into potential approaches for evaluating the impact of the Pilot.
- Chapter 7 Findings and lessons learnt from exploratory research discusses the findings of the exploratory qualitative research conducted with young people, those eligible for affordable housing, second homeowners, and local community members.
- Chapter 8 Next steps outlines the next steps for our evaluation as we move into Phase 2 of the evaluation.

2. Methodology

- 2.1 This chapter outlines the methodology used in Phase 1 of the evaluation, including scoping and exploratory research.

Approach to carrying out scoping research

- 2.2 The first phase of the research aimed to clarify the scope and priorities of the Pilot programme. The policy landscape is complex, and there appeared to be uncertainty among stakeholders about the various interventions within the Pilot programme and how they are intended to generate impact. To address these complexities, we followed several steps, including a desk-based evidence review, scoping interviews, a data mapping exercise, and the development of a Theory of Change (ToC). These steps contributed to the creation of an impact evaluation plan.
- 2.3 The research team carried out a thorough review of available documentation related to the Pilot, including an initial version of the Pilot's ToC. We also reviewed previous research on second homes, empty properties and short-term lets in Wales. Additionally, we explored the broader literature on the impact of second homes, empty properties and short-term lets in key areas of interest to identify suitable methodologies for assessing the Pilot's impact.
- 2.4 Stakeholders involved in the design and delivery of the Pilot contributed to our scoping research. We carried out introductory meetings with Welsh Government officials to better understand the policy context, Pilot aims and objectives, data availability, new developments, and other relevant information about the Pilot (for example, including collaborations with delivery partners, risks and challenges). In addition, 16 representatives of Pilot delivery partners and the Welsh Government were interviewed from September to October 2023 to explore progress to date, expected impact and unintended consequences, room for improvement, and associated risks.
- 2.5 A list of stakeholders to be interviewed was provided by officials within the Welsh Government. Semi-structured interviews were carried out to provide structure to the conversations while allowing the flexibility to explore certain policy areas in greater depth. In addition, to facilitate productive discussions, tailored discussion guides

were designed for each interview. Most interviews were conducted in Welsh and translated to English for analysis.

- 2.6 At the same time, we began mapping out key datasets for use in future research phases. These datasets will help us understand housing patterns, the current state of second homes, empty properties and short-term lets, and housing affordability in the Dwyfor area, feeding into Phase 3 of the ongoing research project (i.e. the impact and economic evaluation phase). We explored publicly available data on the housing rental market in Wales and accessed non-public sources to address gaps identified during the data review. More details can be found in Chapter 5.
- 2.7 We also developed an interactive ToC (see Chapter 3) to outline the Pilot's activities, intended outputs, outcomes, and impact, as well as the anticipated pathway from activities to impact. The ToC draws on findings from our desk-based review of second homes, empty properties and short-term lets in the Pilot area and more widely, as well as discussions with project partners and sector experts. Our ToC provides a roadmap linking inputs (e.g. Pilot resources and activities) to outputs, intermediate outcomes, and ultimately long-term goals and impact. Using proprietary software, we translated our ToC into an online, interactive platform, allowing users to track outcomes back to specific interventions and understand synergies and overlaps among them.
- 2.8 Informed by the previous steps, we developed a feasibility plan for the impact evaluation that will take place in Phase 3, detailing how the Pilot, as well as specific interventions, will be evaluated. More information can be found in Chapter 6.

Approach to carrying out exploratory research

Survey of young people and local community members

- 2.9 A survey of young people and local community members was open between March and April 2024 and hosted online on the Microsoft Forms platform. The survey was targeted towards those aged 18-35 within Dwyfor. The survey aimed to build a better understanding of the housing situation, housing aspirations, and motivations of local people aged 18-35 to either stay in or move away from Gwynedd. Due to the exploratory, context-building nature of this research phase, we also allowed

people outside of this age range to respond so that we could build a broad picture of local community attitudes and perceptions. These responses are presented in Annex B but do not form part of the analysis included in this report. The broad findings and lessons learnt from this survey will be used to determine research methods and tools in Phases 2 and 3 of the evaluation.

- 2.10 The survey was distributed through a variety of channels such as local Welsh-language newspapers, Pilot delivery partners' social media, and a local college bulletin. The survey was distributed as either a QR code or a URL link. The survey received 524 responses, of which 522 were valid (two respondents had answered 'No' to the initial consent question). In the end, a much higher proportion of respondents were aged 36 and over (73.4%) compared to 18-35 years old (26.7%)³⁵. Later in this report, we present the responses to the survey from 18-35-year-olds, with responses from those outside of this age range included in Annex B. The focus on 18-35-year-old respondents results from this age group being our target sample within the exploratory phase of this evaluation.

Interviews with second home and short-term lets owners

- 2.11 Between July and September 2024, six owners of second homes and short-term lets were interviewed. Interviews were conducted over Microsoft Teams and lasted 45 to 60 minutes. One interview was conducted in Welsh, while the remaining five were conducted in English, with the Welsh interview analysed by a Welsh-speaking researcher. The interviews gathered information on participant's type and use of second home, motivations for and barriers to purchasing a second home in the area, as well as expectations and concerns around the Pilot.
- 2.12 The majority of second home and short-term let owners recruited for these interviews were reached through (i) sharing an 'Expression of Interest' form on Cyngor Gwynedd's social media and (ii) a series of social media groups popular with second homeowners. A minority of interviewees contacted Alma Economics directly after hearing about the evaluation in their local community through OB3 Research's adverts to reach other stakeholder groups (see below). Recruitment for

³⁵ Percentages rounded

this group was overall challenging. Some interviewees initially signed up and later did not respond or dropped out stating that the uncertainty of their current situation meant it was too stressful to engage with the evaluation.

Interviews and focus groups with young people, those eligible for affordable housing, and local community members

- 2.13 Between May and October 2024, OB3 Research carried out interviews and focus groups with 38 individuals. This is broken down into 19 participants aged 18–35-, 16 local community members, and three affordable housing applicants (though several of the young people engaged were also looking into affordable housing options at the time). The engagement was a mix of online (Microsoft Teams), phone, and in-person interviews and focus groups. Interviews lasted around 30 minutes, whereas focus groups lasted around 60 minutes. Interviews and focus groups were conducted in Welsh or English, with findings in Welsh analysed by a Welsh-speaking researcher.
- 2.14 The recruitment strategy to reach these groups was multifaceted. To recruit young people, the survey included a question to register interest for a follow-up interview; however, the survey reached a higher proportion of people over 35 than anticipated, so this channel only led to three interviews with participants in the 18-35 age range. To boost numbers for this group, OB3 Research also reached out through social media, bulletins, and mailing lists of various young people’s organisations (e.g., local colleges, non-profit organisations, clubs and societies, and women’s networks). For those eligible for affordable housing, OB3 Research reached out through Pilot delivery partners’ social media and mailing lists. However, a number of stakeholder organisations were unable to share an invitation to interviews/focus groups or did not respond, which made recruiting this stakeholder group more challenging. For local community members, OB3 Research reached out in a variety of ways, such as through community councils, Cyngor Gwynedd’s mailing lists, and community groups. All young people and affordable housing applicants were offered incentives of Love2Shop vouchers (£10 for interviews and £20 for focus groups) as a thank you for their participation.

- 2.15 All participants throughout the exploratory research stage were offered the opportunity to engage with the survey, interviews, and focus groups in their preferred language – Welsh or English. All recruitment materials were available in both languages.
- 2.16 Challenges associated with recruitment for the exploratory research fieldwork are discussed in more depth within Chapter 7.

3. Theory of Change

3.1 This chapter provides an overview of the ToC developed for the Second Homes & Affordability Pilot. This ToC is an essential part of our evaluation, serving as the backbone of our analysis. It facilitates the exploration of what works, for whom, in what respects, to what extent, in what context, and how. The ToC is a live document and may change over the course of the subsequent evaluation phases.

About the ToC framework

3.2 A ToC framework is used to demonstrate how a given policy, intervention or programme leads to change. It sets out how the resources invested (inputs) will deliver policy objectives (outcomes and impact) through the implementation of activities and the delivery of services, creating immediate products (outputs). It comprises impact chains that illustrate the progression from inputs to outputs, then to outcomes, and ultimately, the broader impacts these activities are expected to achieve.

Introduction to the Second Homes & Affordability Pilot ToC

3.3 This section introduces the ToC developed for the Second Homes & Affordability Pilot. We begin by outlining the core components of the ToC. We then delve into the features of the interactive format in which this ToC is presented.

3.4 The Second Homes & Affordability Pilot ToC (hereby referred to as the ToC) maps inputs, outputs and wider expected impacts of specific Pilot activities. It demonstrates how each of the Pilot activities will aim to drive change in supporting affordable housing, resilient local economies, cohesive communities and contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language. In its current form, the ToC reflects progress in delivering the Pilot activities so far. The sequence of impact chains outlined in the ToC is depicted in the flowchart below.

3.5 An important note here is that the ToC outlines the aims of the Pilot and the intended outcomes and impacts. It is also important to highlight that some Pilot

activities may have unintended consequences, which will be explored in subsequent evaluation years.



3.6 As a first step, the ToC connects the Pilot activities and programmes, including funding (i.e. inputs), to the outputs, which represent the direct results generated from these inputs. These outputs encompass areas such as:

- Encouraging more people to take up housing schemes, improving housing conditions, and boosting local homeownership.
- Promoting cooperation among stakeholders and gathering data to track and evaluate the success of these housing interventions.
- Making homes more affordable, increasing the supply of housing, reducing the number of empty homes, and expanding social housing options.
- Better managing second homes and short-term lets while also increasing tax contributions from second homes.

3.7 These outputs then lead to outcomes, which are the direct changes in key areas of interest. Some of these outcomes include:

- Greater availability of high-quality, energy-efficient homes.
- A higher percentage of properties owned by local residents.
- House prices and private sector rents being more affordable proportionate to the local economy.

3.8 These outcomes result in broader impacts on the local housing market, communities, and the Welsh language, which ultimately contribute to achieving the overarching aim of fostering resilient and cohesive local communities. These impacts include:

- Local people are supported to live affordably in the areas they grew up.
- Local economies are supported to be resilient and sustainable.
- Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language.
- Local communities are supported to be resilient and cohesive.

An interactive format for the Second Homes & Affordability Pilot ToC

3.9 In some cases, it can be challenging to present all causal pathways in a ToC. To address this, we developed an interactive ToC using our proprietary software, allowing users to intuitively understand the impact chains of the Pilot Programme.

3.10 The interactive ToC also includes filters to optimise the users' experience. These include:

3.11 (i) **Pillar**, where the different initiatives are categorised into different pillars based on the aim that those initiatives serve. In particular:

- Support: initiatives focusing on addressing affordability and availability of housing
- Regulatory framework and system: initiatives which cover planning law and the introduction of a statutory regulation scheme for holiday accommodation
- A Fairer Contribution: initiatives which use national and local taxation systems to ensure second homeowners make a fair and effective contribution to the communities in which they buy
- Monitoring and Evaluation: initiatives aiming to improve the existing evidence base and the understanding of the Pilot programme's impact and management

(ii) **Evaluation Tier**, including Tier 1 and Tier 2 – Tier 1 includes interventions that, based on the progress, nature and data availability, are feasible to evaluate quantitatively and are likely to be prioritised for the impact evaluation. Tier 2 includes interventions that, while important for the Pilot, are less feasible to evaluate

quantitatively because of not being fully determined yet, data gaps or other limitations.

(iii) **Scope**, where interventions are categorised either as national, meaning that they are implemented across Wales, or they are new or tailored approaches only introduced in Dwyfor.

(iv) **Progress**, including interventions that are already active, some that are in progress but not yet fully determined, and those that are to be determined, which means that it is not yet decided if these will go ahead or not.

(v) **Activity Type**, where the interventions are categorised based on their type, including person-centric support (i.e. interventions that provide support to individual residents), property-centric support (i.e. interventions aiming to increase and improve housing supply), as well as tax-related activities, regulatory activities, and research activities

Impact chains

- 3.12 This section provides an overview of each Pilot activity outlined in the ToC and its associated impact chain. It is important to emphasise that these reflect the intended impacts, which may differ from the actual outcomes.

Interventions under Support Pillar

Homebuy - Wales

- 3.13 Homebuy - Wales is a scheme which assists households in purchasing an existing property by providing an equity loan (Welsh Government, n.d.). It is designed to help those who wish to purchase a home but could not otherwise afford to buy a property which meets their needs (ibid.). This typically includes individuals who have a housing need, for example, those who are not adequately housed or those who cannot afford to occupy their current home (Welsh Government, 2018). Although funding is provided by the Welsh Government, the scheme is operated locally by Housing Associations (Local Authorities and Registered Social Landlords) (ibid.). There is no bespoke funding stream for Homebuy - Wales, and the scheme, where delivered, is funded through the Recycled Capital Grant.

3.14 To support the Second Homes and Affordability Pilot in particular, the Welsh Government has made up to £8.5 million to support the Homebuy - Wales scheme in the Dwyfor area (Welsh Government, 2023a). Cyngor Gwynedd, leveraging funds from both the Second Home Tax Premium and Government funding, has extended this scheme across the county, raising the available budget to £13 million over four years. This substantial increase from the typical annual budget of around £300,000 aims to enable more local residents to purchase homes within their communities.³⁶

3.15 Notably, there are key modifications to the traditional Homebuy - Wales scheme as implemented in Dwyfor to enhance its accessibility and impact:³⁷

- Applicants can now borrow between 10% and 50% of the property's value, compared to the conventional 30% equity loan offered nationally.
- The income cap for eligible households has been raised to £60,000 from the prior limit of £45,000.
- According to Cyngor Gwynedd's press release in December 2024, the maximum value of purchasable properties has increased to £300,000, with potential consideration for homes worth up to £350,000 in exceptional cases.
- Applicants must demonstrate a local connection to the community council area in which they wish to purchase. If no suitable property is available within the specific area, neighbouring community councils may be considered.

3.16 According to Welsh Government officials, the enhanced Homebuy - Wales scheme in Dwyfor represents a collaborative effort among the Welsh Government, Cyngor Gwynedd, and Tai Teg. This partnership ensures a flexible approach to homeownership tailored to local market conditions. These enhancements allow for targeted support that aligns with the specific housing affordability challenges faced

³⁶ [Gwynedd Homebuy Scheme](#)

³⁷ [Gwynedd Homebuy Scheme](#)

by local residents, particularly in areas experiencing significant pressure from second homes and short-term lets.

- 3.17 Under this scheme, homeowners are not required to make monthly repayments on the equity loan. Instead, the loan is repaid when the property is sold, corresponding to the percentage of the home's value at the time of sale. For instance, a homeowner who borrows 10%-50% of the property value will repay the equivalent percentage based on the sale price. These modifications ensure that more residents can access affordable homeownership options, reinforcing the commitment to sustaining local communities and supporting long-term residents in maintaining ties to their home areas (Welsh Government, 2022d).
- 3.18 The impact chain for the Homebuy - Wales scheme is as follows:
- Outputs: Local residents accessing Homebuy - Wales; Increased number (%) of those previously unable to afford housing purchasing properties
 - Outcomes: Increased number (%) of properties owned by individuals with a local connection
 - Impact: Local people are supported to live affordably in the areas they grew up; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Self Build Wales

- 3.19 Self Build Wales is a Welsh Government-funded scheme delivered by the Development Bank of Wales, that provides self-build development loans to support individuals in building their own homes such that underdeveloped or underused land will be transformed into suitable plots for new self-build and custom-build homes (Welsh Government, n.d.).³⁸ The programme offers financial assistance to cover land purchase and construction costs, which are only repaid once the property is completed and sold or mortgaged up to a maximum two-year period (ibid.). The scheme can cover up to 75% of the plot cost and up to 100% of building expenses,

³⁸ [Self Build Wales](#)

with applicants only required to pay a 25% deposit on the plot (ibid.). Pre-approved designs and planning permission are available for selected plots, though applicants with their own land may also apply (ibid.). The loan term lasts for up to two years, after which applicants repay the loan, through securing a standard mortgage or through other means such as the sale of an existing home (ibid.).

- 3.20 The Second Homes and Affordability Pilot is exploring how the Self Build Wales scheme can be leveraged to support local residents in constructing affordable homes.³⁹ This approach aims to troubleshoot and trial the scheme on sites with affordability restrictions, which presents a novel adaptation of the Development Bank of Wales' standard self-build offerings. According to Welsh Government officials, one key element of this work involves scoping the feasibility of implementing Self Build Wales as an affordable product on such restricted land. One example initially considered was a site referred to as Ysgol Llidiardau in Rhoshirwaun, owned by Cyngor Gwynedd. However, after further scoping, it was determined that this site was financially unfeasible.
- 3.21 The assessment of this site provided an opportunity to explore how the Self Build Wales scheme could align with local principles and planning requirements. The site is located within the development boundary of Rhoshirwaun, where it was envisioned that approximately three, three-bedroom detached units could be constructed. These units would need to adhere to design guidelines ensuring their exterior appearance complements the village landscape. However, this site would be subject to Local Market Housing planning policies, which impose affordability and local connection restrictions, even within development boundaries. Although this site was deemed unfeasible, the insights gained will inform wider applications in future housing initiatives across Wales. The Pilot partnership is now focusing on three additional sites, which are currently being scoped for feasibility.
- 3.22 An overview of the impact chain for Self Build Wales is outlined below:

³⁹ [Written Statement: Second Homes and Affordability and the Dwyfor Pilot: six-month update](#)

- Outputs: Increased applications to Self Build Wales from individuals with a local connection; Increased number of individuals with a local connection building their own home; Increased housing stock
- Outcomes: Increased availability of high-quality, energy-efficient homes; Increased number (%) of properties owned by individuals with a local connection; Supporting self-build on affordable plot
- Impact: Local people are supported to live affordably in the areas they grew up; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Empty Homes Grant

- 3.23 The Welsh Government has allocated up to £50 million to support the national Empty Homes Grant, which aims to bring long-term empty properties back into use by funding renovation and energy efficiency improvements (Welsh Government, 2023a). In Gwynedd, homeowners or prospective homeowners can access grants of up to £25,000 under the Empty Homes Grant to renovate properties. Eligibility requires that the property has been registered as empty for at least 12 months at the time of application, and applicants must meet local connection criteria set by Cyngor Gwynedd (Cyngor Gwynedd, n.d.).
- 3.24 A specific grant is also available for first-time buyers purchasing empty homes in Anglesey and Gwynedd, aimed at assisting them in renovating these properties to an acceptable living standard (ibid.). Compared to the national Empty homes Grant, eligible properties must have been registered as empty for a minimum of six months prior to purchase (ibid.). Additionally, the value of the property must fall within the maximum purchase price outlined by the Acceptable Cost Guidance, which varies based on the buyer's family size and the location of the property (ibid.).
- 3.25 Cyngor Gwynedd has also received funding to acquire long-term empty homes. This funding is separate from the £50 million allocated for the national Empty Homes Grant. The council has secured at least £3 million for strategic property

acquisitions, with £1 million specifically earmarked for the Dwyfor area as part of the wider second homes and affordability Pilot (Welsh Government, 2023a).

3.26 The bullets below provide an overview of the Empty Homes Grant impact chain:

- Outputs: Number of local residents accessing Empty Homes Grant; Number of properties purchased/restored by local authority through Empty Homes Grant; Reduced number of empty properties; Increased availability of social housing in local areas
- Outcomes: Increased availability of high-quality, energy-efficient homes; Increased number (%) of properties owned by individuals with a local connection
- Impact: Local people are supported to live affordably in the areas they grew up; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Community-led Housing

3.27 Community-led Housing offers a way for communities to develop tailored housing solutions that address their specific needs. It is a significant component of the Welsh Language Communities Housing Plan (Welsh Government, 2022c) and aligns with the Welsh Government's Programme for Government commitment to "support cooperative housing, community-led initiatives, and community land trusts" (Welsh Government, 2021).

3.28 According to Welsh Government officials, the Pilot created the role of the Community Housing Enabler to support Community-led Housing initiatives. This role has been central in bringing together the Rural Housing Enabler function⁴⁰ and the Community-led Housing function. In addition, the Community Housing Enabler role provides a crucial link between local community groups and the wider housing ecosystem. The role provides ongoing support to communities, including raising

⁴⁰ Rural Housing Enablers work with and on behalf of rural communities across Wales to address the shortage of affordable homes ([Welsh Government, 2014](#)).

awareness, sharing housing models, and working in a collaborative, joined-up way with key support services such as Cwmpas and Perthyn. The role also supports existing and emerging community groups with their projects by linking them with available funding and resources, such as Cyngor Gwynedd's Domestic Element Grant and Perthyn grant funding. Where possible, the Community Housing Enabler also connects groups to innovative Welsh Government funding, such as the Nefyn Town Trust's trial application to the Welsh Government's Local Building Development Fund. The experience gained through the support provided in Dwyfor will help inform national policy and best practices. Currently, there are five Community-led Housing projects in the Dwyfor area supported by the Pilot partnership, on track to deliver 11 affordable homes for local people.

3.29 Furthermore, in 2022, the Welsh Government committed funding to Cwmpas (formerly the Welsh Co-operative Centre) until 2025 to assist community groups in realising their housing goals. The Nationwide Foundation has also agreed to continue with its funding until 2025 (Cwmpas, 2022). Through the Communities Creating Homes programme, Cwmpas provides advice and guidance, helping communities establish housing initiatives that foster local ownership and benefit the community (Welsh Government, 2022c).

3.30 An overview of the impact chain for Community-led Housing is presented below:

- Outputs: Increased number of stakeholders collaborating with delivery partners; More appropriate assessments of housing need & applications for funding; Increased number of new development/innovation projects across local areas; Increased housing stock; Increased availability of social housing in local areas
- Outcomes: Increased availability of high-quality, energy-efficient homes; Increased number (%) of properties owned by individuals with a local connection
- Impact: Local people are supported to live affordably in the areas they grew up; Contributing to wider efforts to ensure the continued prosperity of

the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Registered Social Landlord and LA-driven development

- 3.31 Registered Social Landlords have the potential to contribute to increasing housing stock and expanding the availability of social housing in the area. Cyngor Gwynedd's Housing Strategy 2019-2024 outlined a number of ways that housing associations, in particular, could help provide affordable housing (Cyngor Gwynedd, 2019). These included partnering with the Council to develop new homes on available land, with a focus on mixed developments that offer a range of tenures, including affordable rent and shared ownership (ibid.). The strategy also suggested that housing associations could contribute to land development campaigns, identifying suitable sites for new homes and working to bring empty properties back into use (ibid.).
- 3.32 According to Welsh Government officials, the Pilot has established a close working relationship with local Registered Social Landlords, two of which are partners in the Pilot. The delivery partners have consulted with these Registered Social Landlords and maintained ongoing contact to gather evidence on the challenges to development in the area. This includes identifying the types of smaller mixed-tenure sites that align with many communities' housing needs, especially in rural areas. The Pilot is committed to collecting case studies on stalled or hard-to-progress sites, with the aim of finding solutions to help move them forward. In particular, the Pilot has brokered connections with the Welsh Government's Local Building Development Fund, which is designed to support challenging but worthwhile developments. Sites such as Lliardiardau (Cyngor Gwynedd) and Rhiw (Grwp Cynefin Housing Association) may require additional support to progress. Applications for funding from these sites are expected to be received in the near future. In general, most Registered Social Landlords and LA sites in Dwyfor are progressing well and do not require troubleshooting, which is a positive indication of the ongoing collaboration between stakeholders in the region.
- 3.33 The bullet points below provide an overview of the impact chain for Registered Social Landlord and LA-driven development:

- Outputs: Increasing housing stock; Increased availability of social housing in local areas
- Outcomes: Increased availability of high-quality, energy-efficient homes; Increased number (%) of properties owned by individuals with a local connection
- Impact: Local people are supported to live affordably in the areas they grew up; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Deposit Loan Scheme

- 3.34 In addition to the activities mentioned above, another scheme, the Deposit Loan Scheme, was developed collaboratively through the Pilot partnership involving Cyngor Gwynedd, Grwp Cynefin (through Tai Teg), and the Welsh Government. Although the Welsh Government did not approve funding, they expressed support for local authorities to take the lead in financing such initiatives. Consequently, while the scheme is not currently being advanced as part of the Pilot's strategic activities, it remains an active area of focus within the partnership. Grwp Cynefin, as the lead partner, continues to engage with other stakeholders to explore alternative funding opportunities. Although the scheme was not included in the ToC due to its current status, we provide an overview of the proposal as it is a significant outcome of the Pilot's collaborative innovation and may inform future efforts to promote adequate and affordable housing in Wales.
- 3.35 The Deposit Loan Scheme was designed to address one of the key barriers to home ownership: the inability to afford a deposit. The proposal would extend the existing Homebuy - Wales scheme by reallocating a portion of its funds to support interest-free equity loans of up to 20% of a property's value. These loans aim to assist lower-income individuals with a demonstrated connection to the local area, enabling them to purchase homes within their communities. By targeting residents with strong ties to their areas, the scheme aligns with broader efforts to maintain

community cohesion and support the sustainability of Welsh-speaking communities.⁴¹

Interventions under Regulatory framework and system Pillar

Statutory registration and licensing for visitor accommodation

- 3.36 Plans to introduce statutory registration and licensing for visitor accommodation were announced in January 2024 (Welsh Government, 2024b). As noted by the team overseeing statutory registration and licensing for visitor accommodation, this will create a platform for data and intelligence, as well as lay a foundation for other policies. The Welsh Government is committed to introducing regulation in respect of visitor accommodation in Wales. The scheme being proposed will enable visitor accommodation providers to demonstrate they are meeting certain conditions before they can use their accommodation for visitors. This effort forms part of broader legislative efforts, including the introduction of the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill to support tourism and local communities, as detailed in the Cabinet Statement of November 2024.⁴²
- 3.37 According to the team overseeing registration and licensing for visitor accommodation, a register of visitor accommodation providers will provide important information on what types of visitor accommodation are operating in the sector and where they are operating. This will enable a better understanding of the sector, informing future policy development and decision-making at a local and national level.
- 3.38 An overview of the impact chain for statutory licensing for holiday lets is provided below:
- Outputs: Creating a platform for data and intelligence; Building a foundation for other policies

⁴¹ The above information is provided by Welsh Government officials.

⁴² [Welsh Government, 2024. Written Statement: Legislating to support tourism in Wales](#)

- Outcomes: Better understanding of second home and/or short-term let impact and management; Targeted and proportionate policies to manage the balance of second homes and/or short-term lets
- Impact: Local economies are supported to be resilient and sustainable; Local communities are supported to be resilient and cohesive

Article 4 Direction

- 3.39 An Article 4 Direction requires property owners to obtain planning permission before converting their properties into second homes or short-term lets. This policy is based on the Welsh Government's October 2022 amendments to The Town and Country Planning (Use Classes) Order 1987, which introduced three new use classes: C3 for dwelling houses used as sole or main residences for over 183 days a year, C5 for dwelling houses used as second homes for 183 days or fewer a year, and C6 for short-term lets used commercially for up to 31 days per occupation (Welsh Government, 2022b). Typically, these amendments allow owners to switch between these classes without local authority planning permission (ibid.). However, an Article 4 Direction enables local planning authorities to revoke this right, requiring planning permission to change use class between C3, C5, and C6.
- 3.40 As of 1st September 2024, Cyngor Gwynedd became the first local authority where an Article 4 Direction came into force. Cyngor Gwynedd plans to use this policy to facilitate the conversion of second homes and short-term lets into main residences, whether for sole or mixed use, aiming to manage the use of second homes and holiday accommodation in the Gwynedd Local Planning Authority.⁴³ It mandates planning permission for any changes in use class that may increase the number of second homes and short-term lets.
- 3.41 The Welsh Government has provided financial support to Cyngor Gwynedd to help develop the evidence base and cover operational costs associated with implementing the Article 4 Direction in the Dwyfor area.⁴⁴ This funding ensures that lessons learnt from Dwyfor can inform future policy decisions and guide other local

⁴³ [Cyngor Gwynedd. Article 4 Direction](#)

⁴⁴ [Cyngor Gwynedd, 2024. Cyngor Gwynedd to introduce Article 4 Direction](#)

authorities considering similar measures. In addition to the Dwyfor initiative, an Article 4 Direction notice has been served for Eryri National Park Authority (encompassing parts of Gwynedd and Conwy), though this has not yet been confirmed (Eryri National Park Authority, n.d.).

3.42 The bullet points below provide an overview of the impact chain for an Article 4 Direction:

- Outputs: Number of applications to new use classes; Reduced incentives for changing dwelling use; Better management of new second homes and short-term lets; More sustainable balance of second homes and short-term lets in the local housing market
- Outcomes: Increased number (%) of properties owned by individuals with a local connection; House prices and private rented sector (PRS) rents are affordable and proportionate to the local economy
- Impacts: Local people are supported to live affordably in the areas they grew up; Local economies are supported to be resilient and sustainable; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Conversion of agricultural buildings

3.43 Discussions have been held regarding the implementation of a policy on converting agricultural buildings for affordable housing use, though it is currently in a dormant phase.

3.44 According to Welsh Government officials, this topic emerged frequently during the Pilot's local stakeholder engagement in Dwyfor. Many participants expressed a desire for a more straightforward process to convert agricultural buildings into affordable housing, similar to the process for converting buildings into short-term holiday lets. However, under the current Cyngor Gwynedd planning policy, it would be difficult to pursue such conversions. This issue has been raised with Welsh Government and Local Authority Planners. It was agreed that Local Planning Authorities can provide an easier pathway for these conversions. However, it was

also recognised that Cyngor Gwynedd's Local Development Plan (LDP) is too far advanced to accommodate such a change at present. Any adjustments to the policy will need to be incorporated into the next LDP. This evidence has been shared with Gwynedd's Planning Policy team, and local stakeholders are encouraged to do the same to ensure that future plans are informed by the needs of local communities.

3.45 An overview of the impact chain for the conversion of agricultural buildings is provided below:

- Outputs: Increased housing stock
- Outcomes: Increased availability of high-quality, energy-efficient homes; Increased number (%) of properties owned by individuals with a local connection
- Impact: Local people are supported to live affordably in the areas they grew up; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Interventions under A fairer contribution Pillar

Increase of maximum council tax premiums on second homes

3.46 Under sections 12A (3) and 12B (4) of the Local Government Finance Act 1992 ('the 1992 Act'), local authorities have discretionary powers, allowing each authority to decide whether to impose a premium on second homes and/or long-term empty properties (Welsh Government, 2023c). From 1st April 2023, local authorities have been able to set council tax premiums up to 300% (ibid.). From that date, Cyngor Gwynedd raised the council tax premium on second homes to 150% (from 100%).

3.47 This policy was introduced by the Welsh Government as part of a broader effort to address the unaffordable housing facing many communities in Wales.⁴⁵ It aims to ensure second-home owners make a fairer contribution to the communities they impact, particularly in areas where housing affordability is a challenge. Revenue from these premiums is encouraged to be reinvested in affordable housing

⁴⁵ [Welsh Government, 2022. New tax rules for second homes](#)

initiatives, supporting local needs and increasing housing availability.⁴⁶ From April 2025, 21 local authorities in Wales have indicated that they will implement these premiums, with varying rates tailored to their circumstances. Notable examples include Gwynedd, Ceredigion and Pembrokeshire, where revenues have been directed toward innovative housing solutions.⁴⁷

3.48 An overview of the impact chain for the increase of a council tax premium on second homes is provided below:

- **Outputs:** Reduced incentives for purchasing a second property within the area; Reduced incentives for retaining a second property within the area; Better management of new second homes and short-term lets; Better management of existing second homes and short-term lets; Increased tax contribution per second home in the area; More sustainable balance of second homes and short-term lets in the local housing market
- **Outcomes:** Greater resource to promote local housing solutions; Increased number (%) of properties owned by individuals with a local connection; Impact of low year-round occupancy on local economy is reduced; Targeted and proportionate policies to manage the balance of second homes and/or short-term lets; House prices and PRS rents are affordable and proportionate to the local economy
- **Impact:** Local people are supported to live affordably in the areas they grew up; Local economies are supported to be resilient and sustainable; Contributing to wider efforts to ensure the continued prosperity of the Welsh language as a community language; Local communities are supported to be resilient and cohesive

Non-domestic rates reform

3.49 Second homes that are also used as self-catering holiday accommodations may be classified as non-domestic properties and, therefore, eligible to pay non-domestic rates instead of council tax (Welsh Government, n.d.). As a result, a number of

⁴⁶ [Welsh Government, 2024. Written Statement: Update on action to address Second Homes and Affordability](#)

⁴⁷ [Welsh Government, 2024. Written Statement: Update on action to address Second Homes and Affordability](#)

these properties may be eligible for small business rates relief, which removes or reduces their liability to make direct contributions to local taxes.

3.50 The Welsh Government has increased the letting criteria used to classify self-catering properties as non-domestic for local tax purposes. From 1st April 2023, self-catering accommodation must have been available for commercial letting for at least 252 days and actually let for at least 182 days in the previous 12-month period to be liable for non-domestic rates.⁴⁸ This policy was introduced to ensure that properties benefiting from business rates relief genuinely contribute to the local economy through regular and substantive letting activity.⁴⁹

3.51 The bullet points below provide an overview of the impact chain for non-domestic rates reform:

- Outputs: Reduced incentives for purchasing a second property within the area; Reduced incentives for retaining a second property within the area; Better management of new second homes and short-term lets; Better management of existing second homes and short-term lets; Increased tax contribution per second home in the area; More sustainable balance of second homes and short-term lets in the local housing market
- Outcomes: Greater resource to promote local housing solutions; Increased number (%) of properties owned by individuals with a local connection; Impact of low year-round occupancy on local economy is reduced; Targeted and proportionate policies to manage the balance of second homes and/or short-term lets; House prices and PRS rents are affordable and proportionate to the local economy
- Impact: Local people are supported to live affordably in the areas they grew up; Local economies are supported to be resilient and sustainable; Contributing to wider efforts to ensure the continued prosperity of the

⁴⁸ [Business Wales webpage](#)

⁴⁹ [Welsh Government, 2022. Written Statement: The classification of self-catering accommodation for local tax purposes](#)

Welsh language as a community language; Local communities are supported to be resilient and cohesive

Higher Land Transaction Tax

- 3.52 Land Transaction Tax (LTT) is due for purchases of any property over a specific value. The tax itself is proportionate to the value of the property purchased. For transactions where the buyer already owns another property and they purchase a property over £40,000, they are subject to a higher rate of LTT (Welsh Government, 2024c). Currently, the higher rate can range from 4% for properties costing up to £180,000 and can reach 16% for properties valued over £1,500,000⁵⁰ (Welsh Government, 2022e).
- 3.53 Welsh Government officials reported that discussions were held about introducing local variations to the higher LTT rate for second homes and short-term lets. However, it was concluded that this intervention would not be pursued, as a review of priorities revealed insufficient appetite from local authorities for such measures to be implemented. As a result, this activity is no longer active and has not been included in the ToC.

Interventions under Monitoring and Evaluation Pillar

Monitoring

- 3.54 Information has been collected from Cyngor Gwynedd and delivery partners to effectively monitor the Pilot programme. Alma Economics, as the evaluators, have also identified a comprehensive list of indicators that will help evaluate the Pilot activities, using publicly available sources as well as datasets privately held by various stakeholders. More information can be found in Chapter 5 'Second Homes & Affordability Pilot data availability & gaps'.
- 3.55 An overview of the impact chain of monitoring the Pilot is provided below:
- Outputs: Real-time data on the delivery of individual interventions; Evidence of intervention outputs and performance; Improved evidence base to be shared with stakeholders

⁵⁰ [Land Transaction Tax rates and bands | GOV.WALES.](#)

- Outcomes: Better understanding of second home and/or short-term let impact and management; Targeted and proportionate policies to manage the balance of second homes and/or short-term lets
- Impact: Local economies are supported to be resilient and sustainable; Local communities are supported to be resilient and cohesive

Second homes evaluation

3.56 The evaluation of the second homes and affordability Pilot, led by Alma Economics, consists of process, impact and economic evaluations that will help identify the impact of the Pilot as well as barriers, challenges and successes in implementing the Pilot. The insights gained will enhance the evidence base, which will also be shared with stakeholders. Ultimately, this will lead to a deeper understanding of second homes, empty properties and short-term lets, their short- and long-term impacts, and how they can be effectively managed within the area.

3.57 The bullet points below provide an overview of the impact chain for the evaluation of the Second Homes & Affordability Pilot:

- Outputs: Periodic data on the delivery of the overall Pilot; Understanding of barriers and facilitators to success; Improved evidence base to be shared with stakeholders
- Outcomes: Better understanding of second home and/or short-term let impact and management; Targeted and proportionate policies to manage the balance of second homes and/or short-term lets
- Impact: Local economies are supported to be resilient and sustainable; Local communities are supported to be resilient and cohesive

4. Stakeholder views on Second Homes and Affordability Pilot progress

This chapter summarises stakeholder views on the implementation of the pilot at the beginning of the evaluation, with scoping interviews taking place in September and October 2023. Therefore, this chapter provides a snapshot of the context and stakeholder understanding of the Pilot at the early stages of the evaluation, which informed our own understanding of the Pilot aims, activities, and progress.

Key findings from these interviews are as follows:

- **Support:** Homebuy - Wales and the Empty Homes Grant were widely considered to be promising. There was also enthusiasm for Self Build Wales and a deposit support scheme, but with some uncertainty around the practicalities of these options. Collaboration between Cyngor Gwynedd, the Pilot team, and housing associations was viewed as crucial to promoting Community-led Housing.
- **Regulatory Framework and System:** Interviewees felt that Article 4 Direction could have an important effect on stabilising Gwynedd's housing market. However, they also identified several risks which could impact local people and delivery partners.
- **Fairer Contribution:** The council tax premium was described to fund proposals within Cyngor Gwynedd's Housing Action Plan. The visitor levy was said to come into effect in 2025/26 which would be too late for this evaluation. Interviewees viewed changes to LTT as promising, but none were experts in this activity.

Please note that these findings reflect the Pilot activities at the time of data collection (September and October 2023). The nature of the Pilot means that some of these activities have developed since. This will be revisited and updated in future phases of the evaluation.

- 4.1 Overall, 16 stakeholders were interviewed to understand progress in delivering different activities and interventions as part of the Second Homes and Affordability

Pilot in Dwyfor between September and October 2023, with ten representing the Welsh Government and six representing Pilot delivery partners. Most interviews were conducted in Welsh and these responses were analysed by a Welsh-speaking researcher.

- 4.2 The interviews were used to understand the policy background and the context behind the Pilot and its components, as well as map the complex set of activities and initiatives undertaken under the Pilot. Stakeholder discussions focused on housing affordability issues in the area of Dwyfor and challenges posed by second homes and short-term lets, Pilot policies and interventions designed to address these challenges in various ways, their expected and unexpected outcomes, wider synergies between other policies outside the Pilot, and the prospects for the Pilot to be improved in future.
- 4.3 It is important to note that the scoping interviews were conducted at the start of the evaluation, between September and October 2023, to demonstrate understanding of Pilot activities and the context of the Pilot at that specific time. Therefore, stakeholder views and understanding of Pilot activities represented below may now be outdated but are important to include as they informed our baseline understanding of the Pilot at the early stages of the evaluation.
- 4.4 Key findings are presented across the three pillars of the Pilot – in particular, (i) Support: Addressing affordability and availability of housing (ii) Regulatory Framework and System: Planning law and registration of holiday accommodation, and (iii) A Fairer Contribution: Using taxation systems to ensure second homeowners make a fair and effective contribution to the communities in which they buy.
- 4.5 Engagement with Welsh Government representatives and Pilot delivery partners revealed that the Pilot is highly complex, with the success of some policies and interventions relying upon the effectiveness of others. For example, the revenue raised by increases in the council tax premium for second homes is being used to fund other activities and initiatives that aim to increase affordability.

- 4.6 There was consensus that increases in the council tax premium on second homes are important in raising funds, that are then used for interventions to support affordable housing in Dwyfor and the rest of Gwynedd. Homebuy - Wales was identified as a key contributor to the Pilot, with high levels of local interest and many more successful applications in Dwyfor since the Pilot's launch. Innovative partnerships and collaborations with different actors within local communities, which have been induced by the Pilot, were also considered to contribute substantially to the Pilot's aims. This progress is seen in community-owned housing, developments by housing associations in rural areas, potential reforms to make Self Build Wales more effective in Dwyfor, and innovative proposals for a deposit support scheme.
- 4.7 Interviewees recognised the importance of Article 4 Direction to the overall success of the Pilot and the aim to stabilise Dwyfor and Gwynedd's housing markets. However, they also recognised risks and concerns raised by local communities that expected changes in planning regulation could make mortgages more expensive in the area. Given the widespread application of this change, stakeholders argued that mortgages will not be substantially affected – especially for primary residences. Delivery partners are in ongoing conversations with UK Finance and the Welsh Government to predict and address any unintended financial outcomes from this change. Since the interviews, delivery partners have also conducted extensive research into impacts of similar planning conditions in a range of other UK contexts.
- 4.8 Interviewees emphasised that it is very important to measure the impact of the Pilot on the affordability of housing, the stability of communities, and the Welsh language. They stressed that Welsh language outcomes – for example, supporting people to remain in their communities and sustaining the Welsh language – and how they are impacted by housing affordability in Dwyfor should be a key focus of this research.

Support: Addressing affordability and availability of housing

- 4.9 Stakeholders provided positive feedback about the Homebuy - Wales scheme, with many noting that the number of applications (and most importantly successful applications) has increased substantially in Dwyfor since the Pilot's launch. This is despite some stakeholders considering Homebuy - Wales in Dwyfor as having near-

identical eligibility criteria as Homebuy - Wales in other parts of Gwynedd and highly similar criteria to the scheme in the rest of north Wales. The increase in Homebuy - Wales applications was accredited to the publicity and financial backing provided by the Pilot, with the awareness-raising and signposting of the Pilot team identified as crucial. This awareness-raising includes community events and discussions with potential applicants, housing associations, estate agents, and county and community councillors.

- 4.10 Overall, there is an expectation that demand for Homebuy - Wales will continue to grow as the experiences of people who buy their homes through the scheme are shared more widely, whether this be through informal word-of-mouth communication or a more widespread formal advertising campaign. This expectation for increased demand is reflected in the increased availability of funding for Homebuy - Wales in Dwyfor, in which up to £2m has been allocated for 2022/23, while up to £2.5m has been allocated for 2023/24, and up to £4m for 2024/25.
- 4.11 Interviewees identified Self Build Wales as having great potential to increase access to housing in remote and rural communities. They stated that communities in Dwyfor are very supportive of self-building and the Self Build Wales scheme, as self-build developments tend to be smaller developments where local people are employed to construct homes. However, Self Build Wales was described as requiring reform to be feasible in Dwyfor, given the scheme is fundamentally a market product. The key cause for concern is that plots of land with planning restrictions – such as Section 106 orders which ensure more affordable housing is delivered through the planning system and prevent the land from being used for a second home or holiday let – present greater challenges for support through Self Build Wales, due to the lack of mortgage products available to support homes with such restrictions. Stakeholders expressed optimism that the eligibility criteria for Self Build Wales could be amended to allow for self-build developments on land with specific planning restrictions to receive funding and stated that the Pilot team are working to explore what would be needed for the scheme to support affordable self-build plots and for the scheme's eligibility criteria to be reformed accordingly.

- 4.12 The Empty Homes Grant was described as a promising scheme, rooted in a strong working partnership between the Welsh Government and Cyngor Gwynedd. The decision of Cyngor Gwynedd to waive the council tax premium for first-time buyers of empty homes for an additional year was viewed as a good example of a joined-up approach to bring empty properties back into use and therefore increase the supply of affordable housing. There was consensus that this programme can have a substantial impact on improving affordability for local communities in the area and it should thus be studied as part of the Pilot even though it is widely implemented across Gwynedd and the rest of Wales (and not only in the Pilot area).
- 4.13 The Pilot aims to build relationships among community groups and Pilot partners to encourage Community-led Housing. Stakeholders universally recognised the key facilitating role played by the Pilot team in promoting Community-led Housing initiatives in Dwyfor. They were identified as key in promoting the idea of Community-led Housing and facilitating communication, collaboration, and networks between schemes and Pilot partners, such as the Council, Cwmpas, and housing associations. The expert advice of housing associations was identified as particularly useful for community groups in the early stages of development, such as surveying properties and navigating planning permission. There was a widespread belief that once a community-owned housing project succeeds in the area, it could be used as inspiration and a model for other communities to follow. The role of Cwmpas in Dwyfor – which has received Welsh Government funding to support community-owned housing – was also recognised as important for promoting Community-led Housing in the area.
- 4.14 Beyond the Pilot, Cyngor Gwynedd’s financial support of community-owned housing through the second home council tax premium – under Section 3(G) of their Housing Action Plan – was recognised as important (Cyngor Gwynedd, 2020). However, this too is linked to the Pilot as interviewees noted that both community schemes which have applied for funding were signposted to this scheme by the Pilot team in Dwyfor. Overall, interviewees felt the progress on community-owned housing is promising, yet in relatively early stages.

- 4.15 The Welsh Government and delivery partners discussed the potential for a new deposit support scheme to be introduced in the Pilot area. This was proposed at the Pilot’s strategic group meeting in October 2023 and would see authorities funding a certain percentage of a deposit, with this being repaid to the Welsh Government upon the sale of the property. Pilot partners were optimistic that the scheme would be viewed favourably by mortgage providers, with advanced discussions with a Welsh building society underway. However, interviewees reported uncertainty over securing funding for the deposit support scheme, with contradictory views regarding whether an underspend from Homebuy - Wales in Dwyfor should be reallocated to the scheme and, more broadly, the roles of the Welsh Government and Cyngor Gwynedd in funding it.
- 4.16 While not directly a part of the Pilot, new developments aiming to promote affordable housing in the area are supported by the Pilot. A prominent example sees the Pilot team working with housing associations and the Welsh Government to “bundle” multiple small, rural developments in different communities into a larger package so that one contractor may bid for multiple developments over multiple sites – thus lowering development costs and making the schemes more attractive to developers. More broadly, Registered Social Landlords in Dwyfor and the wider area play a central role in ensuring Cyngor Gwynedd can fulfil their statutory duties to prevent homelessness, but they also have varied schemes which allow local people to own – or part-own – their home even if they cannot afford a house on the open market. In addition to its partnerships with housing associations, Cyngor Gwynedd are building new homes themselves – through a scheme called Tŷ Gwynedd – which will see new developments completed in 2025 (Cyngor Gwynedd, n.d.). Since the interviews, work has begun in Llanberis to build three affordable homes for local people (correct as of September 2024).
- 4.17 Interviewees suggested that there are some risks inherent to the Pilot’s measures to support affordable housing. The main risk identified was that perceived overdevelopment may lead to a backlash from existing residents, frustrated by the disturbance caused by the building of developments. This is being mitigated by the Pilot’s strategic emphasis on interventions promoting smaller developments,

including Self Build Wales and the “bundling” of smaller developments in different communities.

- 4.18 A related risk is that the Pilot’s schemes and new housing developments aimed at increasing social and affordable housing supply could result in intermediary housing stocks being underserved. This would mean that people who cannot afford to rent or buy on the private market but are still ineligible for social housing cannot have access to affordable housing in their area. This could also lead to backlash over new developments and schemes aimed at supporting social housing. However, stakeholders emphasised that the developments by housing associations and the council aim to mix social and intermediary housing to fulfil the wide-ranging needs of communities. Furthermore, housing associations in the area offer shared ownership schemes and advertise Homebuy - Wales.

Regulatory Framework: Planning law and registration of holiday accommodation

- 4.19 At the time of the interviews, Cyngor Gwynedd had published an Article 4 Direction ‘Notice’ that came into force across the Gwynedd Local Planning Authority area on 1st September 2024. The development of a robust evidence base was supported financially for the Pilot area by the Welsh Government with an obligation for Cyngor Gwynedd to share their findings with partners. It uses new powers granted by the Welsh Government in 2022 to revoke the right to change a property from a main residence into a second home or holiday let without planning consent. It also revokes the right to change a holiday let into a second home and vice-versa without planning consent. At the time, stakeholders suggested that Eryri National Park Authority would also implement similar Article 4 Directions, and since then Eryri National Park Authority have consulted on the introduction of Article 4 Direction with findings to be presented to its board in late 2024. Interviewees believed that Article 4 Direction could be a major policy tool that prevents the density of second homes and holiday lets from increasing without democratic oversight. To this effect, Article 4 Direction may stabilise the housing market in Dwyfor and Gwynedd.
- 4.20 However, interviewees recognised the potential for unintended outcomes of Article 4 Direction. There was a concern among some interviewees that requiring planning

permission to convert a primary residence into a second home or holiday home may make it harder or more expensive for these properties to be mortgaged. However, many argued that the widespread application of Article 4 Directions – across the whole of Gwynedd and, potentially, Eryri National Park Authority, and perhaps in parts of neighbouring counties – can reduce the risks of lenders being averse to offering mortgages for properties subject to this Article 4 Direction.

- 4.21 Another concern is that while Cyngor Gwynedd is receiving financial support from the Welsh Government to explore and build a robust evidence base, Eryri National Park Authority is not receiving similar funding, though the Park is receiving learnings and support from Cyngor Gwynedd. Interviewees suggested that efforts to implement Article 4 Direction in the park are likely to have knock-on effects on its other services and responsibilities. In addition, interviewees suggested that the LDP in Parc Eryri does not refer to second homes and holiday lets as strongly as Cyngor Gwynedd's LDP. As Article 4 Direction must be congruent with an LDP, interviewees suggested that there may be a risk that the planning inspectorate could challenge Article 4 Direction in the National Park but not in the Council's Local Planning Authority. This could lead to a displacement effect – where second homes and holiday lets increase within the park's boundaries – because restrictions would not apply within the park.
- 4.22 At the time of the interviews, another risk identified by interviewees is that there could be a judicial review of Cyngor Gwynedd's use of Article 4 Directions before implementation on 1st September 2024. It was thought that any such review could make the political debate on Article 4 Direction more heated. According to some stakeholders, if the reform was to be blocked, the benefits of the Pilot in promoting a more stable and managed property market would not be felt even with the other policies in the Pilot. An application for judicial review by campaigners has since been dismissed in November 2024, but an appeal has been launched.⁵¹

⁵¹ Information correct as of November 2024

A Fairer Contribution: Using taxation systems to ensure second homeowners make a fair and effective contribution to the communities in which they buy

- 4.23 Cyngor Gwynedd increased the county's council tax premium for second homes to 150% from 1st April 2023. Interviewees recognised that the premium could make owning and maintaining a second home less attractive, however, the overwhelming focus of stakeholders was on how best to use the revenue raised by the premium to fund affordable housing projects, including those discussed above. The funds already raised by the premium were described as substantial and have been used to fund many proposals in Cyngor Gwynedd's Housing Action Plan (Cyngor Gwynedd, 2020).
- 4.24 The percentage charged by council tax on second homes may change during the Pilot. It is reviewed annually by Cyngor Gwynedd, with the most recent Council meeting on 7th December 2023 deciding to maintain the current premium of 150% for second homes. Furthermore, the Welsh Government's proposals to re-evaluate council tax bands for the first time since 2003 may result in properties which have increased in value over the last two decades – such as homes in second-home hotspots – being liable to pay more council tax. However, as this nationwide re-evaluation is cost-neutral, the revenue raised by Cyngor Gwynedd will remain broadly similar.
- 4.25 While this was part of the Pilot, no interviewees were directly involved in reforms to the LTT. Nonetheless, they suggested that reforms to LTT could possibly result in increased revenue and have some impact on the attractiveness of buying a second home.
- 4.26 The Welsh Government's proposals to introduce a Visitor Levy are also part of the Pilot in Dwyfor. It was suggested that the Welsh Government's motivations behind the levy were to ensure visitors make a small contribution to the area they visit, and that this helps fund the services they use. The revenue raised by the levy could be used to fund affordable housing. However, stakeholders emphasised that the legislation to introduce the levy would be introduced to the Senedd by the end of 2024, and that it is unlikely that the levy would be operational until 2025/26. Since the interviews, more up-to-date timelines suggest that legislation for a Visitor Levy

would not be introduced to the Senedd before 2025/26 and, therefore, it would not be implemented before 2026/27. This means that its impacts would be limited during even the latest stages of this three-year evaluation.

5. Second Homes & Affordability Pilot data availability & gaps

This chapter outlines the data review process undertaken to develop an impact evaluation plan for the Pilot.

- The Alma Economics research team **reviewed publicly available datasets** on housing, second homes, empty properties, and affordability in Wales to support the evaluation of the Pilot. Guided by our ToC, the review identified key data sources, including property and rental prices, housing stock, tenure, and housing quality across various geographical levels, from community to local authority.
- Several **data gaps** were identified, particularly around the boundaries of the Dwyfor area and the lack of data at the community level. To address these gaps, meetings were held with stakeholders to explore data accessibility.
- Some **recommendations** for future data collection include improving the availability and granularity of information, such as more geographically detailed workplace earnings data necessary to calculate the housing affordability ratio, as well as increasing the frequency of data on housing stock in Wales. These measures are essential for consistent tracking of key outputs and outcomes, which will help assess the effectiveness of similar interventions in the future.

Data review and emerging findings

- 5.1 The first step in developing an impact evaluation plan for the Second Homes and Affordability Pilot was to review publicly available datasets on housing, second homes, empty homes and affordability in Wales. The ToC, which was developed concurrently with the data review, along with its corresponding outcomes and impacts of interest, was used to guide our desk-based review of available data. We aimed to identify available datasets that can be used to quantify key outputs, outcomes and impact flowing from different activities and interventions implemented as part of the Pilot in Dwyfor.
- 5.2 A list of datasets was identified, covering various aspects of the housing market (e.g. rental prices in the private and social sectors, private rental affordability, house prices, housing stock and tenure, and housing quality) at different geographical

levels (e.g. country, local authority, LSOA, Middle Layer Super Output (MSOA), Output Area, Local Authority District, communities etc.).

- 5.3 During this exercise, data gaps relating to the key outputs, outcomes and impact were identified. Meetings were held with key stakeholders and data holders to discuss the identified data gaps and explore data availability and access. These meetings involved representatives from the Welsh Government, Welsh Revenue Authority, Cyngor Gwynedd, Grŵp Cynefin, Eryri National Park Authority, Data Cymru, CACI, Zoopla API data support team, and Rightmove.
- 5.4 The datasets we identified can be brought together to monitor different aspects of the Pilot. The Welsh Government supported the research team in accessing information on the Pilot programme, including programme-specific data (e.g., data on Homebuy - Wales), information on short-term lets (e.g., Transparent database - Airbnb), and council-tax data (e.g., number of total dwellings, chargeable second homes, empty properties and self-catering accommodation in the Pilot area). Additionally, LTT data was provided by the Welsh Revenue Authority, income data by CACI, and PRS rents by Rightmove.
- 5.5 For data transfers, relevant contracts and data access agreements were signed between Alma Economics and the Welsh Government. All data was transferred through the Objective Connect portal and are kept on encrypted computers in password-protected files. All data will be deleted at the end of the three-year evaluation.
- 5.6 The table below presents the indicators that can be used to quantify key elements of the ToC (including outputs, outcomes and impact), as well as the sources from which these can be drawn. It is important to note that the list of data sources is provisional and may be updated in subsequent evaluation years, depending on the progress of the Pilot and the availability of data.
- 5.7 Data gaps and limitations have also been identified and are discussed below the table. Recommendations for future data collections are provided at the end of this chapter.

Table 1. Overview of datasets

Output/ Outcome/ Impact	Datasets/ indicators	Granularity	Frequency	Source
Programme specific: HomeBuy - Wales	Annual Homebuy - Wales spent budget; number of applications for Homebuy - Wales; number of rejected applications; number of approved applications; number of those who applied but dropped off the application process; for the approved applications: property purchase price; grant requested (£); loan %; property type; number of bedrooms; family composition	Property level – Dwyfor area	On an application receipt basis	Welsh Government. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.
Number of empty homes	Chargeable empty homes	Community – Gwynedd	Quarterly	Welsh Government, Cyngor Gwynedd & delivery partners. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.

Number of second homes	Chargeable second homes	Community – Gwynedd	Quarterly	Welsh Government, Cyngor Gwynedd & delivery partners. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.
Number of short-term lets (1st data source)	Number of Airbnb properties advertised per month, total number of unique Airbnb properties per year	Property level – Dwyfor area	Monthly	Transparent database – Airbnb – shared by the Welsh Government. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.
Number of short-term lets (2nd data source)	Self-catering accommodation (liable for non-domestic rates)	Community – Gwynedd	Quarterly	Welsh Government, Cyngor Gwynedd & delivery partners. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.

Rents and housing affordability	Private sector rents	Property level – Gwynedd	Quarterly	Rightmove. These are internal datasets that are not publicly available. Rightmove shared these datasets with the Welsh Government and Alma Economics as part of this project.
Number of & accessibility to social housing across local areas	Social housing register data	Community – Gwynedd	N/A	Welsh Government, Cyngor Gwynedd & delivery partners. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.
Housing stock (1st data source)	Census 2021 – Accommodation type	Output area/LSOA/MSOA level data – Wales	Every 10 years	Office for National Statistics (ONS) – Publicly available

Housing stock (2nd data source)	Total number of domestic properties	Community – Gwynedd	Quarterly	Welsh Government, Cyngor Gwynedd & delivery partners. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.
House prices & housing affordability (1st data source)	Price paid	Property level – Wales	Monthly	HM Land Registry – Publicly available
House prices & housing affordability (2nd data source)	Median house price by MSOA	MSOA – Wales	Yearly	Office for National Statistics – Publicly available
Number of homes that are high quality and energy efficient (1st data source)	Energy Performance of Buildings Data: England and Wales	Property level – Wales	Monthly	Ministry of Housing, Communities and Local Government – Publicly available
Number of homes that are high quality and energy efficient (2nd data source)	Energy Efficiency of Housing, England and Wales	MSOA – Wales	Yearly	Office for National Statistics – Publicly available

<p>Welsh language vitality (1st data source)</p>	<p>Census 2021 – Welsh language skills (Number/Percentage of individuals aged 3 years and over who have overall Welsh language skills, that is they can do any of the following: understand spoken Welsh, speak Welsh, read Welsh, write Welsh); Welsh language skills (speaking)</p>	<p>Output area/LSOA/MSOA level data – Wales</p>	<p>Every 10 years</p>	<p>Office for National Statistics – nomis – Publicly available</p>
<p>Welsh language vitality (2nd data source)</p>	<p>Welsh language data from the Annual Population Survey – Number of Welsh speakers in Wales</p>	<p>Westminster Parliamentary Constituencies/ Dwyfor area</p>	<p>Quarterly</p>	<p>Office for National Statistics – nomis – Publicly available</p>
<p>Sustainable tourism respecting Welsh culture</p>	<p>Average daily rate (Dwyfor area), at the property level: housing capacity, number of bedrooms/ beds/ bathrooms, housing type (Tourism-related indicators)</p>	<p>Dwyfor area/ Property level</p>	<p>Monthly</p>	<p>Transparent database – Airbnb – shared by the Welsh Government. These are internal datasets that are not publicly available. They were shared with Alma Economics as part of this project.</p>

Affordability for local residents	Median annual household income (Affordability indicator)	Postcode level – Gwynedd	Yearly	CACI paycheck. These are internal datasets that are not publicly available. CACI shared these datasets with the Welsh Government and Alma Economics as part of this project.
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Challenges and limitations

- 5.8 One of the key challenges identified while reviewing publicly available datasets was around the boundaries of the Dwyfor Pilot area. Dwyfor was one of the five local government districts of Cyngor Gwynedd until 1996, while it currently remains in use as an area committee of Cyngor Gwynedd. Dwyfor consists of 17 communities, which are: Llanengan, Llanbedrog, Aberdaron, Nefyn, Beddgelert, Tudweiliog, Porthmadog, Pistyll, Buan, Criccieth, Clynnog, Dolbenmaen, Llanaelhaearn, Botwnnog, Llanystumdwy, Pwllheli, and Llannor. These 17 communities align precisely with 17 output areas, which constitute another geographical disaggregation upon which LSOAs, MSOAs and local authorities are constructed.
- 5.9 A key challenge faced during the data review exercise was the lack of available data at the community level, posing challenges in accessing data at that geographical level. To overcome the absence of that granular geographical level data, three definitions of Dwyfor were developed by matching postcodes in the Dwyfor area to (i) output areas, matching the exact borders of Dwyfor; (ii) LSOAs, providing a broader definition of Dwyfor, where some LSOAs crossed the Dwyfor borders, and (iii) MSOAs, offering the broadest definition of Dwyfor, while some MSOAs do not precisely correspond to the Dwyfor area. The three definitions offered greater flexibility in accessing data at various geographical levels that were typically readily available. For consistency reasons, as most datasets are available

at the MSOA level, the third and broadest definition of Dwyfor area will be used for the purposes of this project.⁵²

- 5.10 Several challenges were identified concerning programme-specific data. Currently, there is limited data available on the Empty Homes Grant Scheme due to its infancy, limiting the ability to evaluate its impact. In the upcoming financial year, more information on this scheme may become available; however, this information might be accessible only at higher geographical levels (e.g., local authority). On the other hand, while there seems to be information on Homebuy - Wales, its uptake has been low. Following stakeholder engagement, only 13 applications were received under the Homebuy - Wales programme in the Dwyfor area as of 31 October 2023. This limitation precludes the use of quasi-experimental approaches to evaluate the impact of the Homebuy - Wales programme in the region.
- 5.11 The frequency of data collections will also play a key role in determining the methodological approach chosen to specify the impact of the different policies and interventions employed under the Pilot. For instance, some indicators have been retrieved from the Census 2021, meaning that changes throughout the Pilot years will not be identified. Theory-based approaches could be more appropriate in such cases, but more information on the methodological approaches, considering the corresponding possibilities and limitations, can be found in Chapter 6.

Recommendations for future data collection

- 5.12 The challenges and limitations identified in the previous sub-section underscore the need for frequent and consistent collection of data covering the key outputs and outcomes identified as part of the ToC. This chapter summarises key recommendations for future data collections that are essential to feed into the evaluation framework of this programme or similar future interventions.
- 5.13 Having reviewed and collated information from various sources, a key gap that was identified was consistent data collection on short-term lets. Although alternative datasets were identified, such as web-scraped information from online platforms for

⁵² The 5 MSOAs which are used to define the Dwyfor are the following: W02000017, W02000019, W02000020, W02000021, W02000023.

listing, searching and booking accommodations, or data on self-catering accommodation liable for non-domestic rates in Gwynedd, a need for more central and consistent data collection has been identified. Regarding second homes, while there is consistent data collection on the chargeable number of second homes, there is no information on the number of rental properties converted into second homes.

- 5.14 Additionally, information on the characteristics of tenants and homeowners (including second homeowners) has not been identified as part of this research. Frequent collection of information on their characteristics (e.g. for second homeowners, whether they have a local connection with the region where the second home is located, knowledge of the Welsh language, etc.) would help provide insights into the impact of the programme on the community and Welsh culture.
- 5.15 Regarding private sector rents, there is available information currently collected by Rents Officers, using a self-selecting sample of landlords who represent 15%-20% of the housing rental market (Alma Economics, 2023). The Office for National Statistics summarises this information on private rents monthly; however, the lowest geographical level at which this data is available is the local authority.⁵³ Information on private sector rents is also collected by Zoopla or Rightmove, real estate property portals, further highlighting the need for central and consistent collection of such information.
- 5.16 Data on private sector rents plays a key role in estimating renting affordability, which, according to the definition used by the Welsh Government, considers accommodations affordable if households do not spend more than 30% of their gross income on rent, including any other service charges (Welsh Government, 2011). However, there is no granular data on service charges, limiting the ability to estimate the affordability ratios following the exact definition of the Welsh Government. Furthermore, there are also limitations on the other indicator feeding into the rent affordability definition, i.e. income data. There is a lack of granular income data that is publicly available. For the purposes of this research, income

⁵³ [Office for National Statistics, 2024. Private rent and house prices, UK: November 2024](#)

data has been retrieved from CACI, a private company providing gross household income estimates at the postcode level.

- 5.17 There is also a lack of data on earnings at lower geographical levels necessary to calculate housing affordability, as per the Office for National Statistics (2024).⁵⁴ While the Annual Survey of Hours and Earnings – Workplace analysis⁵⁵ provides information on workplace earnings at the Westminster Parliamentary Constituency level (Dwyfor Meirionnydd), house price data is available at the postcode level, which allows us to use the broadest definition of the Dwyfor area based on MSOA. As a result, the house price indicator does not geographically align with the median earnings indicator, which impacts the robustness of the housing affordability ratio calculation.
- 5.18 There is also a need for more information on housing stock, as well as housing quality. Regarding the housing stock in Wales, the latest information comes from the Census 2021 on the number and type of accommodations in Wales at the output area level. As part of this research, we also accessed quarterly data on the number of domestic properties in Gwynedd at the community level. However, more frequent data collection on the available housing stock in Wales and more granular information on new dwellings started and completed could help provide a clearer picture of the housing situation in Wales.
- 5.19 More information could also be provided on housing quality in Wales. Although there is plenty of publicly available information on Energy Performance Certificate ratings at the property level, more granular information on other aspects of housing quality, such as hazards, is not publicly available. The Welsh Housing Conditions Survey, which gathers data on the conditions and energy efficiency of all types of housing in Wales, is outdated, as the most recent release was in 2017/18 (Alma Economics, 2023). Frequent and granular information on housing quality would allow policymakers and researchers to identify how interventions and programmes might affect the overall housing quality in the market.

⁵⁴ [Office for National Statistics, 2024. Housing affordability in England and Wales: 2023](#)

⁵⁵ [Annual survey of hours and earnings - workplace analysis](#)

6. Next steps for evaluating the impact of the Pilot

This chapter outlines the impact evaluation strategy for the Pilot, adopting a realist approach in line with the HM Treasury Magenta Book guidelines. The findings emphasise the necessity of a flexible and adaptive evaluation process, allowing for continuous refinement as new data emerges and as the Pilot progresses.

- **Evaluating the overall impact of the Pilot:** Given the complexity of the Pilot's interventions, the impact evaluation plan focuses on evaluating the overall impact of the Pilot. Within a realist framework, the evaluation will employ a mixed-methods approach, combining quantitative data (e.g., trends in housing affordability, second home prevalence, and other key outcomes) with qualitative insights. Comparisons could be made with areas facing similar challenges (such as high concentration of second homes or comparable levels of housing affordability) or with official statistics to explore shifts in key indicators over time. Alternatively, comparisons could be made to a "business-as-usual" scenario, using benchmarks from similar programmes where available, or assuming 'no change' within Dwyfor without the Pilot. The evaluation will combine quantitative data with qualitative insights from stakeholders to explore the reasons behind observed outcomes, identify mechanisms of change, and provide context, particularly for any outcomes that may take longer to materialise.
- **Evaluating specific interventions:** We will also explore evaluating specific active interventions, such as Homebuy - Wales and the Empty Homes Grant, using a mixed-methods approach. This will involve analysing data on local residents accessing these programmes and comparing outcomes with those from areas of Wales where such programmes are implemented (in the same or similar way), and where challenges, such as a high prevalence of second homes or significant housing affordability issues, are also present. Quantitative data will be complemented by qualitative insights to explain the observed outcomes and the contextual factors influencing these changes. For interventions that are either not

fully defined or still in progress, we will use qualitative approaches to explore their expected outcomes.

A realist approach to the evaluation

- 6.1 To arrive at a reliable assessment of the impact of the Pilot on key areas of interest, a realist approach adhering to the HM Treasury Magenta Book guidelines⁵⁶ will be adopted. Building on the ToC, both primary and secondary quantitative and qualitative information will be used to identify and understand the links between Pilot activities and programmes, the underlying socio-economic factors that drive local stakeholders and target groups to respond to them, and the observed outcomes. By employing a mixed-methods approach – combining quantitative data where available, and qualitative insights from stakeholders – we will aim to understand the Pilot’s effectiveness, shedding light on the nuanced dynamics that drive its impact.
- 6.2 A key feature of the realist approach is its focus on answering the question: “What works for whom, in what circumstances, and why?” This approach views programmes not as standalone interventions, but as ‘theories in action,’ where outcomes result from the interaction between programme activities and the context in which they are implemented. This is where the Context-Mechanism-Outcome (CMO) framework becomes central. The CMO framework breaks down these interactions into three parts: the context (such as socio-economic or cultural factors), the mechanisms (the responses triggered by the programme, such as behavioural or attitudinal changes), and the outcomes (the results, which may be intended or unintended, positive or negative).
- 6.3 The realist approach is particularly valuable when dealing with complex programmes in which causal mechanisms are not straightforward. The context of an intervention plays a critical role, influencing how and whether the mechanisms are triggered. For example, a programme may be successful in one area due to favourable social structures, while encountering challenges in another due to differing local circumstances. Mechanisms, or the responses generated by the

⁵⁶ [HM Treasury Magenta Book – Central Government guidance on evaluation](#)

programme, are also shaped by these contexts, resulting in varied outcomes. By understanding these relationships, the realist approach offers deeper insights into the factors that drive or hinder success.

- 6.4 Opting for a realist approach in evaluating the Second Homes and Affordability Pilot Programme stems from its distinct advantages, particularly when facing limited data that precludes the use of quasi-experimental techniques. Unlike other evaluation approaches focused solely on programme efficiency, a realist approach delves into identifying causal mechanisms, essential when programme processes are not straightforward or yet to be developed. Its flexibility allows for continuous refinement, crucial when facing data limitations, and its emphasis on mixed-methods integration ensures a holistic perspective.

Evaluation of the overall impact of the Pilot

- 6.5 Given that the Pilot consists of complex interventions, disentangling their impact proves challenging, making it difficult to attribute changes in key outcomes solely to the introduction of a specific programme or intervention. As a result, our evaluation strategy will start by assessing the overall impact of the Pilot, recognising the interconnected nature of its interventions.
- 6.6 To navigate the complexity of the Pilot, we will adopt a mixed-methods approach embedded within a realist framework. Within this framework, we will explore examining trends in key outcomes (such as the number of second homes and housing affordability) in areas outside Dwyfor that face similar challenges (e.g., Cornwall or other areas in Wales with high concentrations of second homes or housing affordability concerns). Additionally, we will consider comparing key outcomes to a "business-as-usual" scenario where the Programme did not exist. This could involve using benchmarks from the literature on similar programmes implemented in the UK or other OECD countries. In cases where such benchmarks are unavailable, we may consider a "no change" scenario within Dwyfor, assuming that key outcomes would have remained static in the absence of the Pilot programme.

6.7 Alongside this, we could explore changes in outcomes between Dwyfor and national levels (using official statistics) (e.g. the number of second homes, empty homes, short-term lets, rents and rent affordability, house prices and housing affordability) focusing on shifts over the course of the Pilot, rather than raw numbers. Complementing the quantitative aspect, qualitative research with stakeholders will be employed to understand the reasons behind the observed outcomes (if any), the mechanisms leading to changes, and the context in which these changes occur. Qualitative data will also provide crucial insights into complex dimensions which cannot be easily quantified, such as community relations and the significance of the Welsh language and cultural heritage. Qualitative insights will also be indispensable in instances where no changes are observed in the data, as this may reflect the limitations of the timeframe in which the data captures impact, rather than the absence of an actual effect. In such cases, qualitative information can uncover early indications of impact or provide context to explain why measurable changes may take longer to materialise.

Issues around evaluating specific programmes and interventions within the Pilot programme

6.8 We will also explore the scope for evaluating specific programmes and interventions under the Pilot, aiming to understand how they are making a difference in a complex policy landscape. Our key aim will be to uncover evidence on the links outlined in our ToC, through which different Pilot programmes and activities generate positive changes in key areas.

6.9 Our focus will be on providing mixed-methods estimates of the impact of programmes, interventions and activities that are well determined and actively running, while other activities (for example, those that remain in preliminary, scoping stages aiming to pave the ground for future reforms and initiatives) will be only assessed using qualitative evidence. Activities identified as 'Tier 1' (i.e. could be evaluated quantitatively) and 'Active' in our ToC will be at the centre of our focus.

6.10 Active and Tier 1 programmes include Homebuy - Wales, the Empty Homes Grant, increased council tax premiums on second homes, Community-led Housing, and Article 4 Direction. Homebuy - Wales and Empty Homes Grant share common

mechanisms, such as similar grant application procedures or distinct eligibility criteria. Currently, data accessibility is confirmed for Homebuy - Wales, although its update remained low as of October 2023. Access to data for the Empty Homes Grant scheme may become feasible in the future.

- 6.11 Aligned with our overarching evaluation strategy, we will explore employing a mixed-methods approach to evaluate the impact of the above programmes and interventions. Considering that Homebuy - Wales and Empty Homes Grant schemes are implemented in other Welsh areas, with variations in mechanisms in Dwyfor, our proposed approach involves comparing the trialled approaches in Dwyfor to standard approaches implemented elsewhere in Wales. We will examine the number of local residents accessing the Homebuy - Wales and Empty Homes Grant (if data is available) and compare these figures to those from areas of Wales where such programmes are also implemented (in the same or similar way) while facing challenges similar to those in Dwyfor, such as a high prevalence of second homes or housing affordability issues. Other indicators we will consider include housing stock, the number of empty properties, social housing applications, affordability, and the energy efficiency of houses in the region. Given the challenge of drawing a clear conclusion on the impact of such programmes on the above indicators based solely on quantitative findings, evidence from fieldwork becomes necessary in guiding us toward understanding their actual impact.
- 6.12 To evaluate the impact of the increased council tax premium, we will explore the number of chargeable second homes, empty properties and short-term lets liable for council tax (excluding those eligible for non-domestic rates) compared to other areas of Wales with the same level of council tax premiums. However, since any observed changes in these numbers cannot be attributed solely to the changes in council tax premiums, engagement with local stakeholders could help us understand how the behaviours of owners of second homes, empty properties, and short-term lets may have adjusted to these changes.
- 6.13 Regarding the evaluation of Community-led Housing, according to Welsh Government officials, there are currently 11 Community-led Housing units in development under the Pilot. At least 7 are expected to be completed within the

Pilot's lifespan, while the others will remain in development. The support provided by the Pilot has been crucial to the success of these projects, contributing significantly to each of their developments. Quantitative measures for this evaluation could include comparing the scale of Community-led Housing initiatives before and after the Pilot, as well as assessing the extent of similar Community-led Housing developments across other areas of Wales (facing similar affordability issues and a high prevalence of second homes). This comparison will help quantify the impact of the Pilot in terms of the number of units developed and the overall success of the Pilot in stimulating Community-led Housing solutions. However, the qualitative dimension is likely to play a larger role in evaluating the longer-term impacts and legacy of Community-led Housing in Dwyfor. This could include examining the future capacity for Community-led Housing, the sustainability of these initiatives, and their broader impact on local communities. Fieldwork could explore assessing how the Pilot contributes to fostering ongoing community involvement and creating a lasting legacy of community ownership and housing solutions.

- 6.14 The Article 4 Direction, which took effect in September 2024, will also be explored through a mixed-methods approach. Cyngor Gwynedd is developing a monitoring framework for Article 4 Direction that the evaluators will explore accessing to understand the changes in the number of second homes, empty properties, and short-term lets. Considering that Article 4 Direction will affect the number of new second homes, empty properties, and short-term lets by targeting behavioural changes to prevent potential applicants from changing use class, we will examine changes in these indicators and engage with local stakeholders to understand the actual impact of Article 4 Direction and the mechanisms that achieved that impact.
- 6.15 Other components of the Pilot, such as regulatory activities that are either not fully determined or still in progress, should be discussed and assessed separately. Due to the nature of these interventions, qualitative approaches will be more appropriate for understanding their potential impact. Given that some interventions might not proceed at all, discussions with stakeholders may be the most suitable way to gauge expected outcomes. However, if any policy or Pilot activity does proceed and becomes 'Tier 1' and 'Active', we could explore supplementing these findings by

developing descriptive statistics, if available, to compare the trends of outcomes of interest post-implementation against a “no change” counterfactual. This could provide a clear picture of the changes that have occurred due to the introduction of these reforms.

- 6.16 The current impact evaluation plan will be informed during Phase 2 of the evaluation as the policy landscape evolves and the evaluation team updates existing datasets and accesses new ones.

7. Findings and lessons learnt from exploratory research

This chapter outlines the findings from the exploratory research fieldwork, including an online survey, interviews, and focus groups. These research activities sought to gather the views of young people, those eligible for affordable housing, second homeowners, and local community members. It also outlines the challenges associated with recruiting these groups so that lessons can be taken forward into the next phase of the evaluation.

Key findings from engagement:

- Overall, young people, affordable housing applicants, and local community members felt that housing is unaffordable within Dwyfor. However, the majority of 18-35-year-olds surveyed did express that they felt their own current housing situation was affordable.
- These groups also stated that second homes and holiday lets in the area are having negative impacts on sense of community and Welsh language. However, some interviewees also said that the area is dependent on tourism and that these properties can create employment opportunities.
- There was mixed awareness of Pilot activities among young people, affordable housing applicants, and local community members. Activities with the most awareness were (i) council tax premium, (ii) Article 4 Direction, and (iii) support offered through Tai Teg.
- Second home and short-term let owners were aware of the Pilot via Cyngor Gwynedd, regional and national news, and social media groups, but only one felt that its measures were justified. They discussed impacts of the Pilot such as having to sell properties, uncertainty around Article 4 Direction for local people, and positive impacts of Homebuy - Wales.

Survey of young people and local community members

7.1 The survey included 24 questions separated into five sections. The first section (Q2-Q8) gathered information on respondents' age and location.⁵⁷ The second section (Q9-Q15) posed questions on whether respondents plan to stay or move out of the area. The second section used 'skip logic' to pose different questions to respondents based on: (i) whether they were raised in Gwynedd and (ii) if they plan to stay or move out of the area. Different questions were also posed to individuals depending on whether they plan to stay in their area for the next 10 years or leave it. The third section (Q16-Q17) posed questions on respondent's knowledge and perception of the Welsh language. The fourth section of the survey (Q18-Q22) garnered respondents' views on the impact of second homes and short-term lets in the area. The questions in the fifth section (Q23-Q24) allowed participants to register their interest in participating in related focus groups. Background information beyond age and location was not collected, and so it is unknown whether respondents owned a second home or holiday let. The 139 survey responses from 18-35-year-olds are presented in detail within this chapter, whereas the 383 responses from those aged 36 and over are detailed in Annex B. The focus on 18-35-year-old respondents within this chapter results from this age group being our target sample within the exploratory phase of this evaluation.

Interviews and focus groups with young people, local community groups, affordable housing applicants, and second homeowners

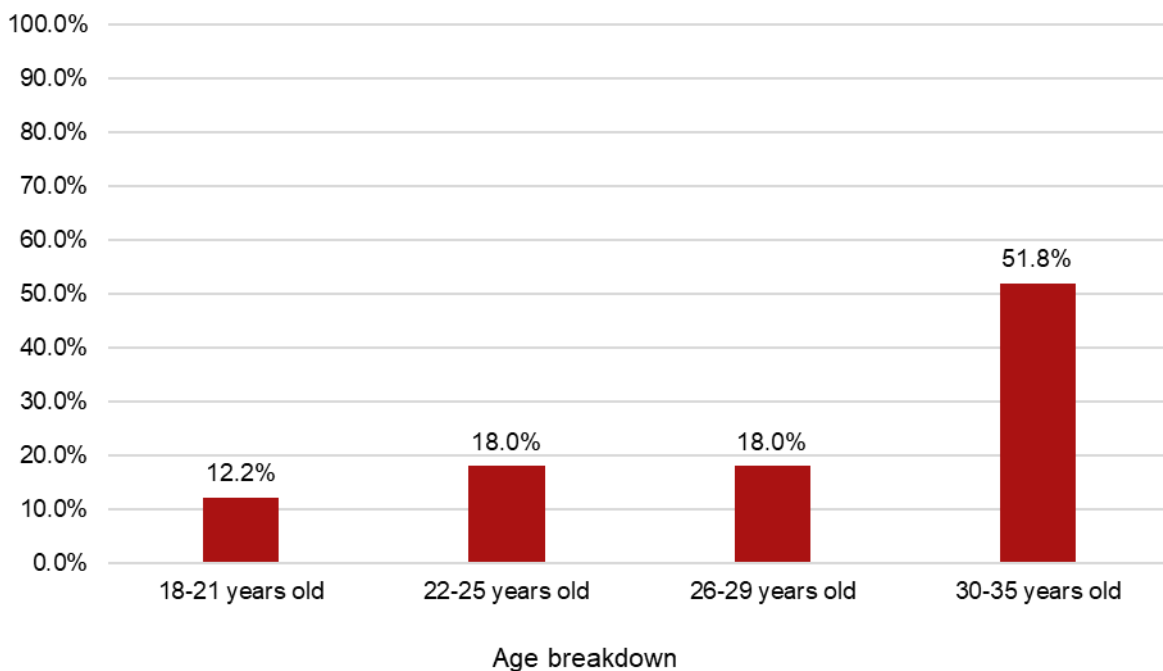
7.2 The same topic guide was used for young people, local community groups, and those eligible for affordable housing. This covered affordability of housing in Dwyfor, impacts of second homes and short-term lets on sense of community and Welsh language, awareness and knowledge of the Pilot, potential impacts of the Pilot, and suggested improvements. A different topic guide was used for second home and short-term let owners, covering information about interviewees' properties, awareness of the Pilot, justifications for the Pilot and its interventions, potential

⁵⁷ Q1 asked whether respondents agreed with the participation terms

impacts of the Pilot, and suggested improvements. Further details of the methods used to engage with these groups are outlined within Chapter 2.

Demographics of survey respondents and interview and focus group participants

Figure 7.1 Breakdown of responses for Q2: What is your age?



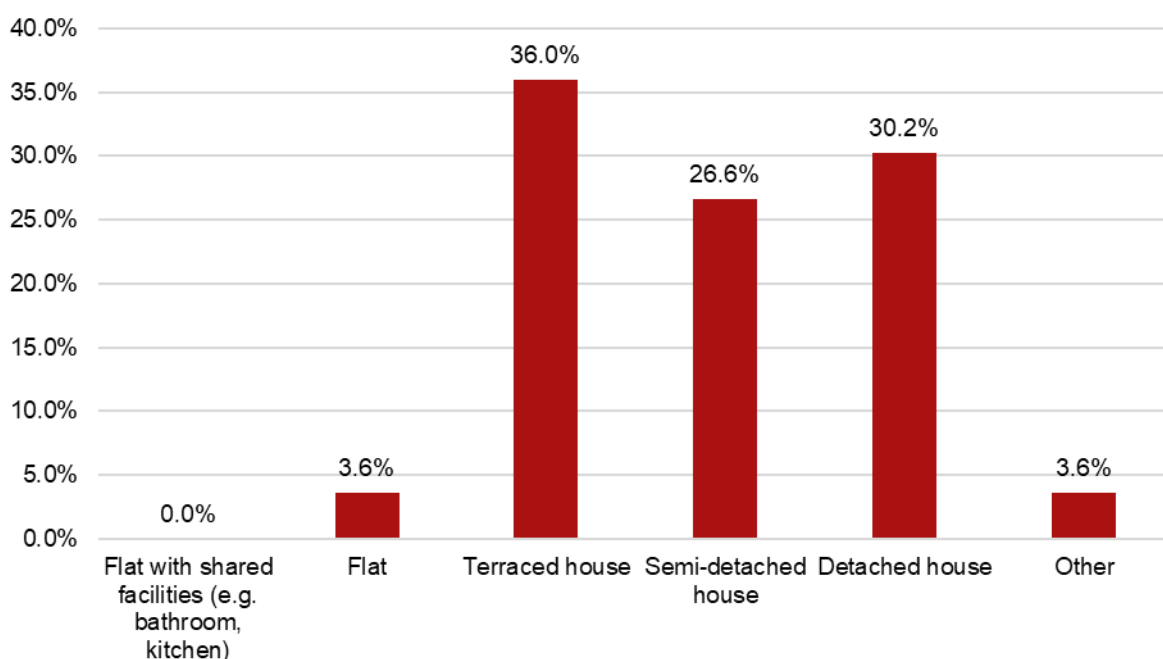
Base: 18–35-year-old respondents, N = 139

- 7.3 The majority of respondents within the 18–35-year age group were 30-35 years old (51.8%). The second most common age ranges for respondents were 22-25 years old and 26-29 years old (both 18.0%).
- 7.4 Survey respondents were asked to identify the electoral ward in which they live. 59 of the 18-35-year-old respondents self-reported electoral wards within Dwyfor (or simply stated “Dwyfor”) and 76 self-reported electoral wards in the rest of Gwynedd (or simply stated “Gwynedd”). Four respondents answered with either locations outside of Gwynedd or invalid answers – these responses are included in the analysis.

7.5 The young people, local community members, and affordable housing applicants engaged through interviews and focus groups all lived within Dwyfor, with the exception of one participant who lived in a neighbouring town but worked within Dwyfor. Young people were aged between 16-35 years old, local community members ranged from their 30s to 70s, and those eligible for affordable housing were between 18 and 25 years old. All three second homeowners and one of the short-term lets owners interviewed primarily lived in England, while the other two short-term let owners lived in Dwyfor.

Current living situation (including type of property and ownership)

Figure 7.2 Breakdown of responses for Q4: What type of accommodation are you currently living in?

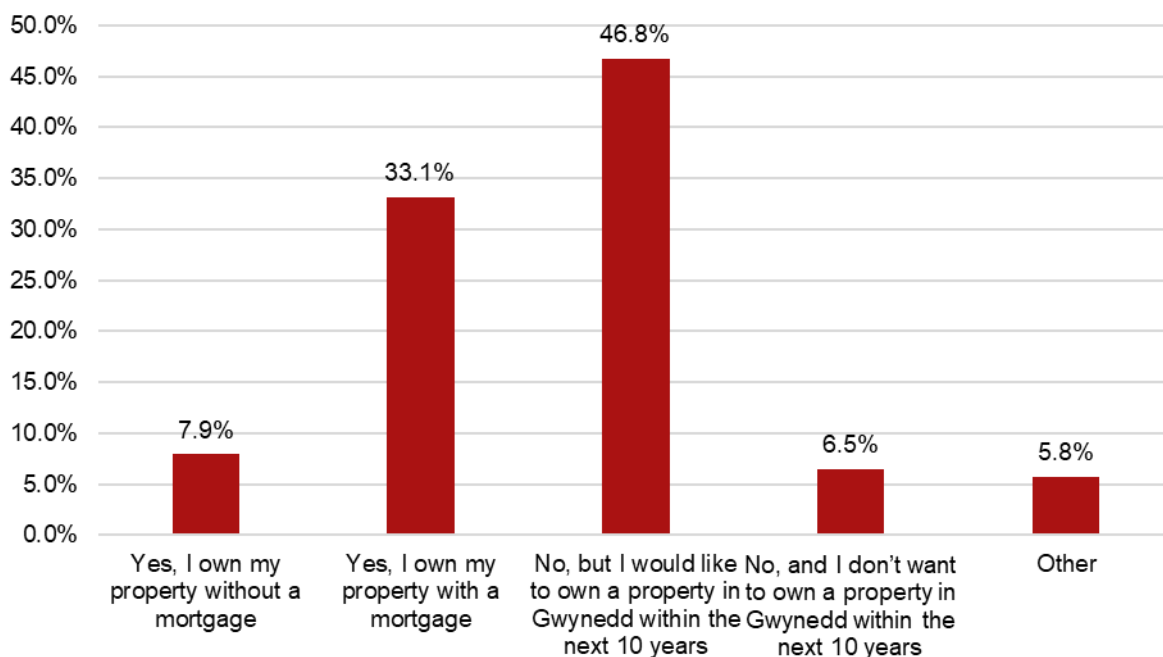


Base: 18–35-year-old respondents, N = 139

7.6 Terraced houses were the most common type of accommodation which 18-35-year-old respondents currently live in (36.0%). This was followed by detached houses (30.2%) and semi-detached houses (26.6%).

7.7 For respondents aged 36 and over, living in a detached house was the most common answer (48.0%).

Figure 7.3 Breakdown of responses for Q5: Do you own the place you currently live?

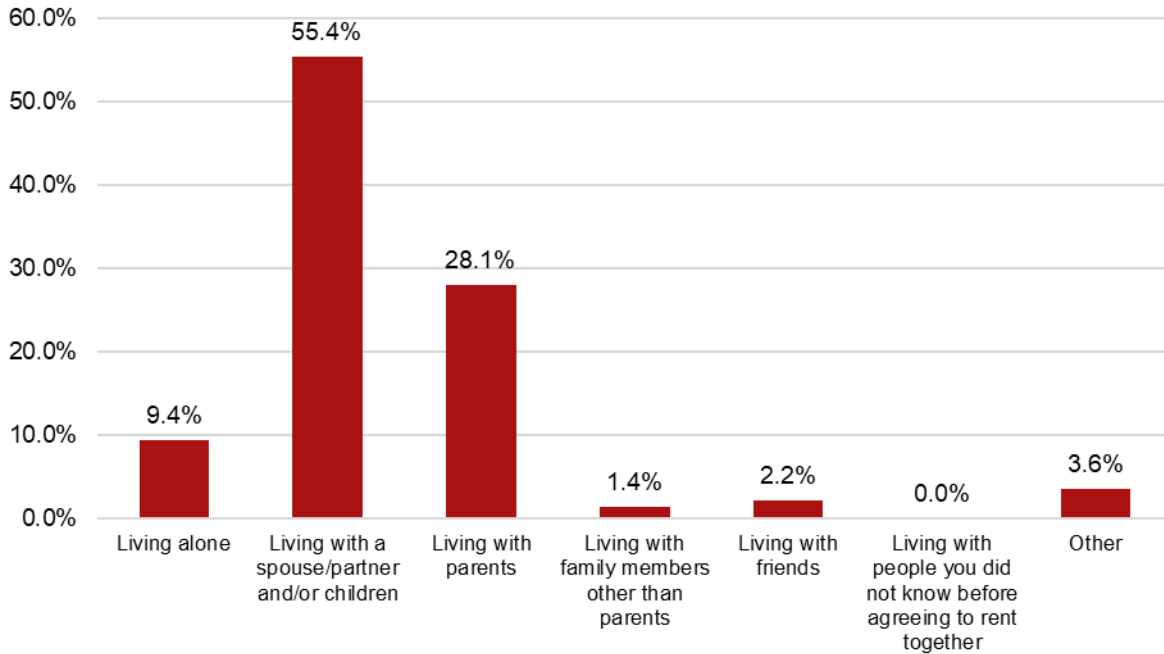


Base: 18–35-year-old respondents, N = 139

- 7.8 Most 18-35-year-old respondents do not own the property they currently live in but would like to own a property in Gwynedd within the next 10 years (46.8%). Of those respondents who currently do own the property they live in, more own their property with a mortgage (33.1%) compared to those without a mortgage (7.9%). A minority of respondents expressed that they do not currently own the property they live in but also do not want to own a property in Gwynedd within the next 10 years (6.5%).
- 7.9 Conversely, it was most common for respondents aged 36 and over to own their property without a mortgage (56.1%).
- 7.10 Interviews with second home and short-term let owners revealed they were evenly divided between owning second homes or short-term lets, with three of each. All of these interviewees owned these properties within Gwynedd, with five of the six owning a second home or short-term let within Dwyfor itself. The second homeowners had owned their properties for varied lengths of time, with the earliest purchase in the late 1970s and the most recent in the late 2010s. Two of the short-term let owners had purchased their properties (one in the early 2000s and the

other in the mid-2010s) while the family of one short-term let owner had inherited their property in the 1950s.

Figure 7.4 Breakdown of responses for Q6: What is your current living situation?

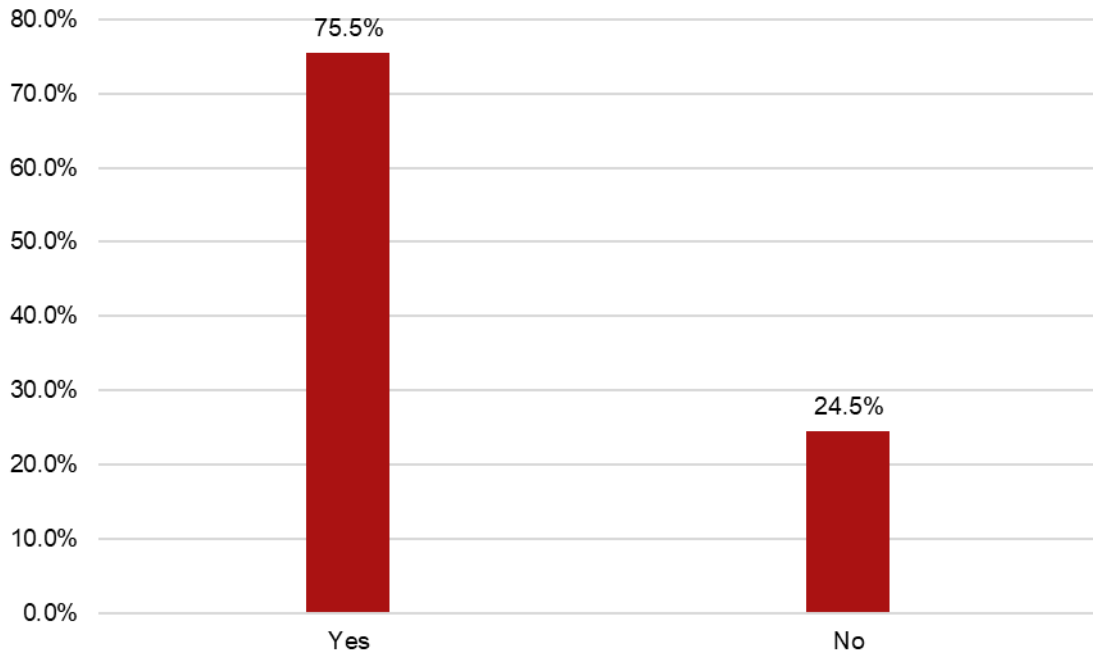


Base: 18–35-year-old respondents, N = 139

7.11 The majority of 18-35-year-old survey respondents (55.4%) live with a spouse/partner and/or children. This was also the most common response for those aged 36 and over (79.1%). Living with parents was the second most common living situation reported by 18-35-year-old respondents (28.1%).

Affordability of current living situation and Dwyfor more broadly

Figure 7.5 Breakdown of responses for Q7: In your view, is your current living arrangement affordable?



Base: 18–35-year-old respondents, N = 139

7.12 The majority of 18-35-year-old respondents to the survey held the view that their current living situation is affordable (75.5%). This view was also held by respondents aged 36 and over (89.6%).

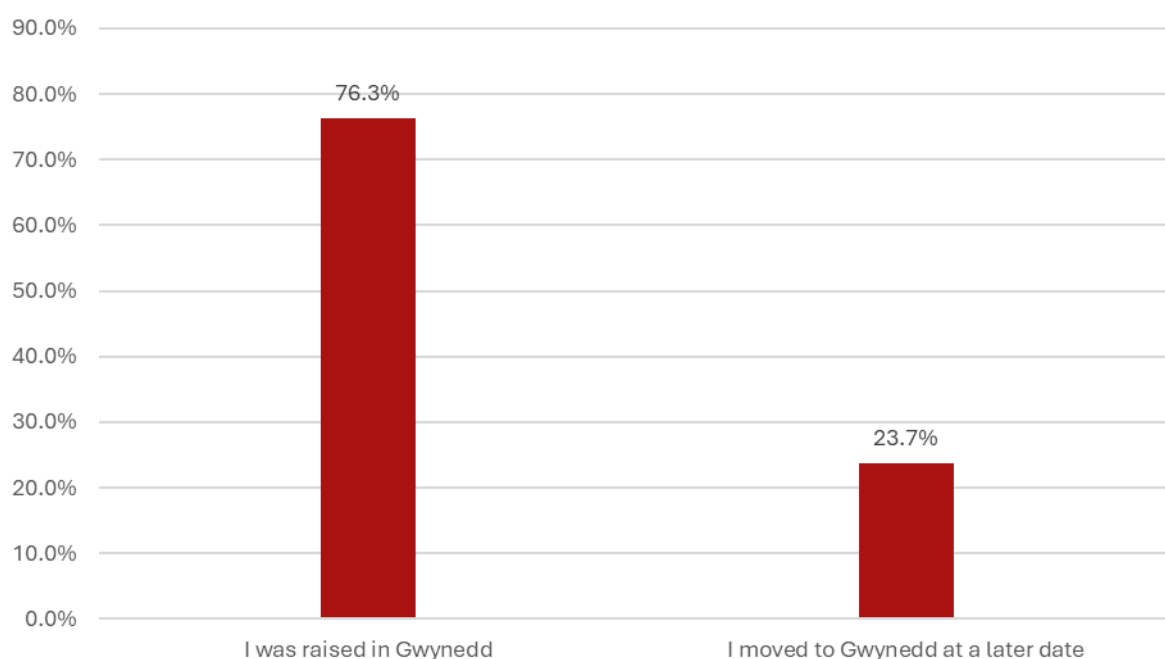
7.13 Young people, local community members, and affordable housing applicants interviewed were instead asked whether they felt the housing situation in Dwyfor more generally is unaffordable. The vast majority of all groups felt that it is unaffordable, especially for young people. Local community members described it as being 'impossible' for local people to afford homes and a few of these interviewees also stated that the situation had gotten worse in recent years (e.g., since the Covid-19 pandemic). Some young people were worried about having to live with their parents for longer periods of time before being able to afford their own home. A few young people also spoke about having explored Tai Teg's housing options or their friends being registered for social housing.

“Even if you work as a headteacher or doctor, you could not afford those prices!” (local community member)

“I want to be able to come back to Pen Llyn to live after finishing University, and have my independence and freedom, but I will probably have to still live with parents for a long time as I will not be able to afford a home.” (young person)

Being raised in Gwynedd or moving at a later date, and influencing factors for staying in or moving into the area

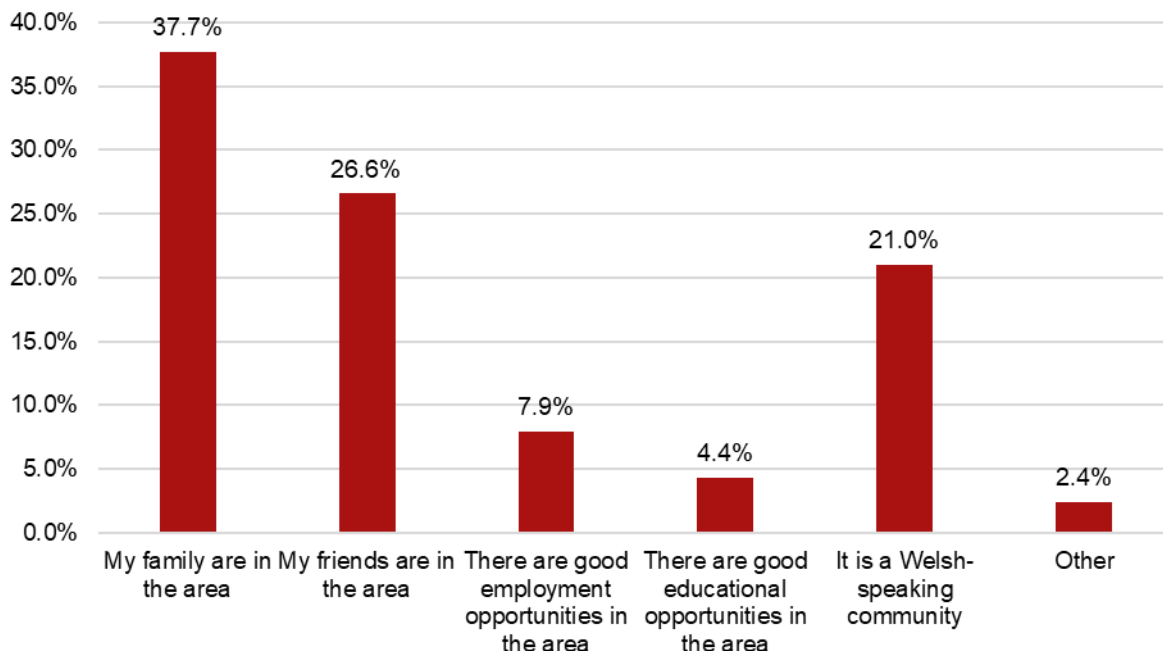
Figure 7.6 Breakdown of responses for Q8: Were you raised in Gwynedd or did you move to Gwynedd at a later date?



Base: 18–35-year-old respondents, N = 139

- 7.14 18-35-year-old survey respondents most commonly reported having been raised in Gwynedd (76.3%).
- 7.15 Conversely, the majority of respondents aged 36 and over had moved to Gwynedd at a later date (62.4%).

Figure 7.7 Breakdown of responses for Q9: What factors influenced you to stay in this area? Please select all that apply.

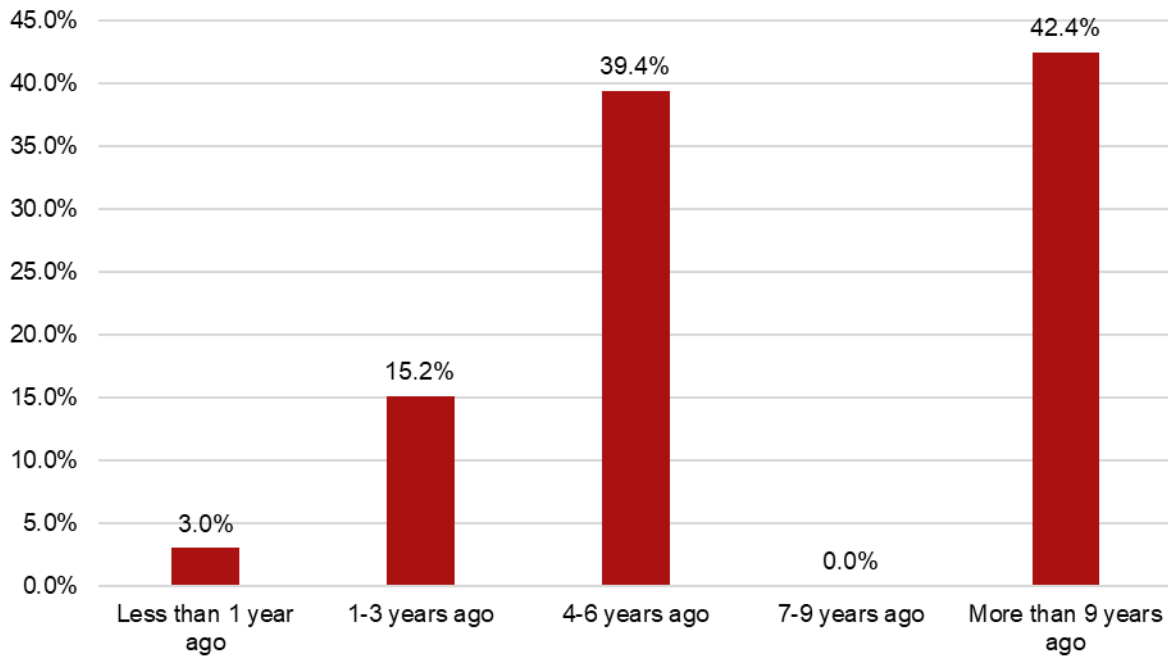


Base: 18–35-year-old respondents, N = 106

7.16 Question 9 was posed to the 76.3% of 18-35-year-old respondents who were raised in Gwynedd.⁵⁸ The most common factor that influenced these respondents to stay in the area was that their families are also in Gwynedd (37.7%). The second most common factor was that friends are in the area (26.6%). Gwynedd’s status as a Welsh-speaking community was the third most common factor driving 18-35-year-old survey respondents to stay in the area (21.0%). Except for ‘Other’ responses, educational opportunities was the least commonly selected factor (4.4%).

⁵⁸ Responses for this question were analysed using multiple response analysis which calculates the frequency of each option being selected.

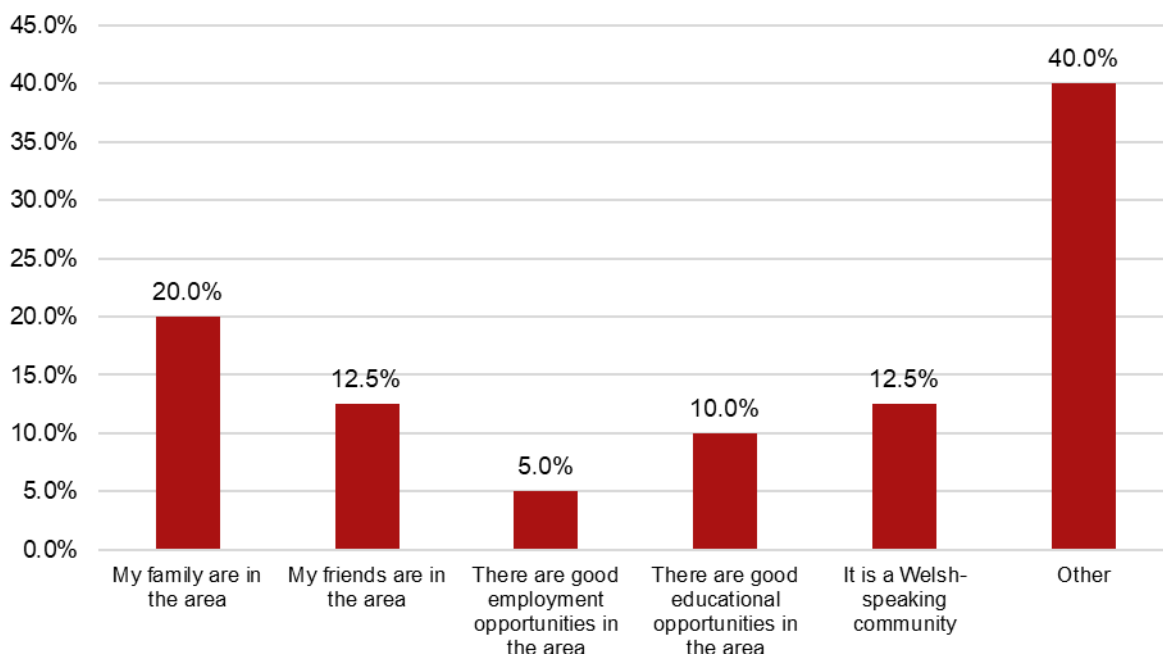
Figure 7.8 Breakdown of responses for Q10: When did you move into the area?



Base: 18–35-year-old respondents, N = 33

7.17 Question 10 was posed to the 23.7% of 18-35-year-old respondents who moved to Gwynedd at a later date. Among these, the most common timeframe for moving into the area was more than 9 years ago (42.4%). The next most common period reported was moving 4-6 years ago (39.4%), followed by 1-3 years ago (15.2%).

Figure 7.9 Breakdown of responses for Q11: What factors influenced you to move to this area? Please select all that apply.



Base: 18–35-year-old respondents, N = 33

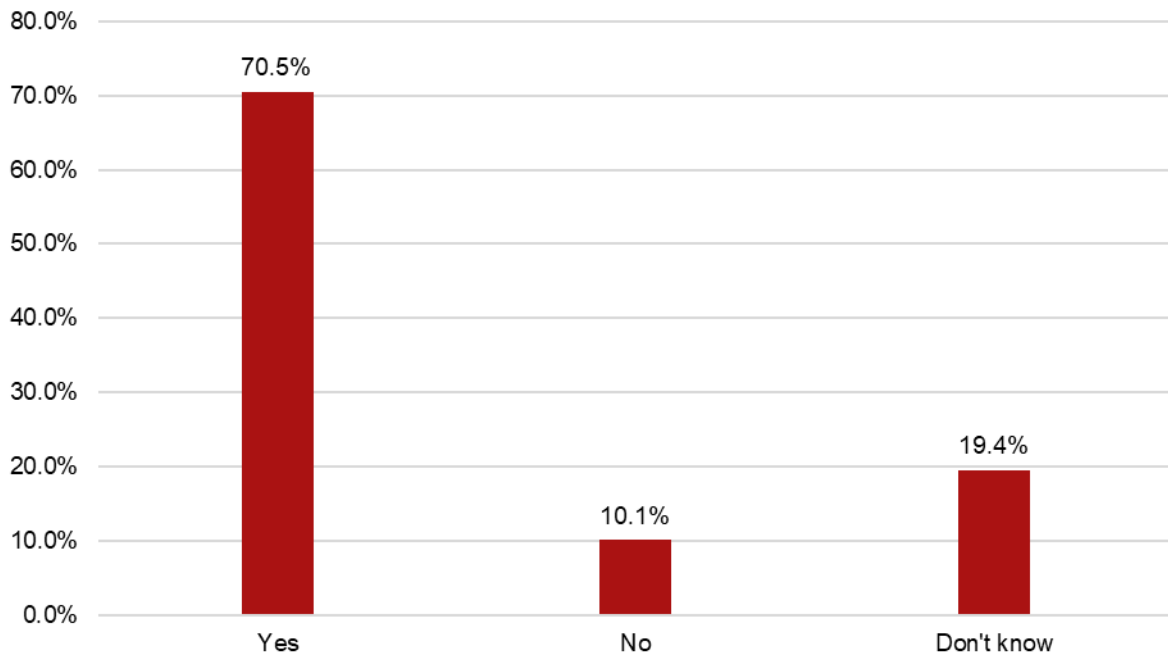
7.18 As with Question 10, Question 11 was also posed to the 23.7% of 18-35-year-old respondents who moved to Gwynedd at a later date.⁵⁹ Respondents most commonly selected the ‘Other’ option to list the factors that influenced them to move to the area. The majority of ‘Other’ responses referenced family as the reason for their move, often stating that they moved with their parents. The second most frequently provided reason within the ‘Other’ responses was the landscape, rurality, and beauty of the area. The third most common ‘Other’ response related to moving for work. Beyond the ‘Other’ responses, the second most common factor which drove 18-35-year-old respondents to move to Gwynedd was their family being in the area (20.0%). Both having friends in the area and Gwynedd’s status as a Welsh-speaking community were recorded as the third most common factors influencing respondents to move to Gwynedd (both 12.5%). Employment opportunities in the area was the least common driver selected by respondents (5.0%).

⁵⁹ As with Q9, responses for this question were analysed using multiple response analysis which calculates the frequency of each option being selected.

7.19 A common theme across all second home and short-term lets owners interviewed was enthusiasm to share their appreciation and warmth for Wales and the local area. The majority of second homeowners interviewed were born and raised in Wales before leaving for work in adulthood and viewed purchasing a second home as a way to reconnect with the country.

Future plans – staying within Gwynedd or moving out of the area, and influencing factors for this

Figure 7.10 Breakdown of responses for Q12: Are you planning to stay in this area over the next 10 years?



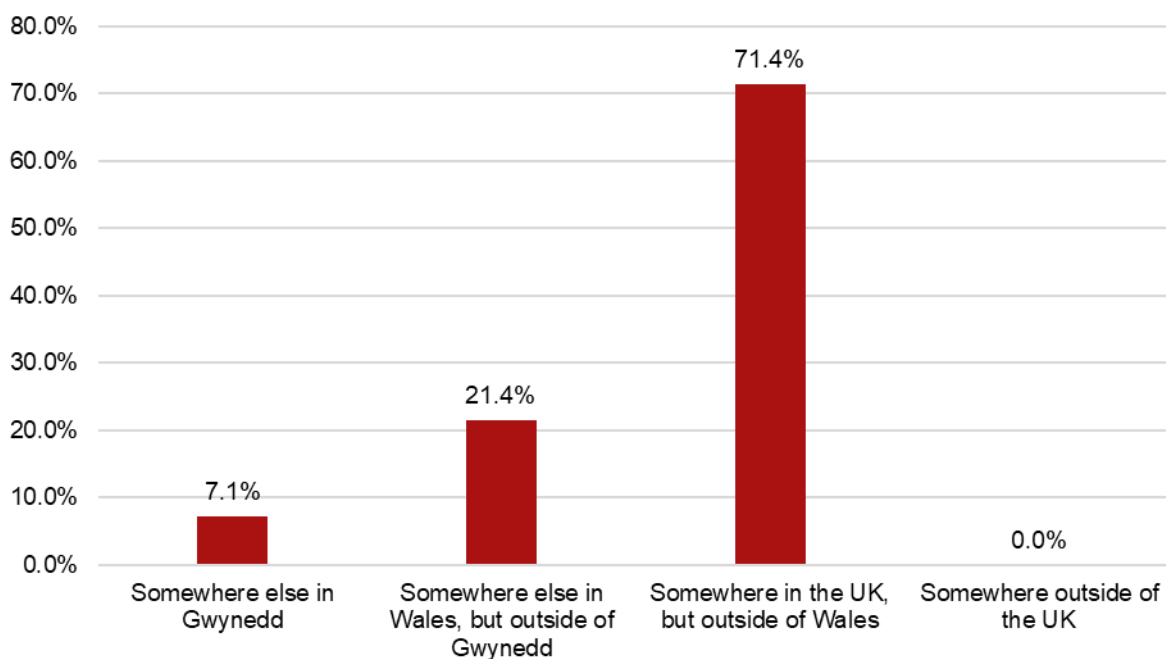
Base: 18–35-year-old respondents, N = 139

7.20 Following the separate questioning for respondents who were raised in Gwynedd and those who moved to the area at a later stage, all respondents were asked if they plan to stay in their area within Gwynedd over the next 10 years (Question 12). A majority of 18-35-year-old survey respondents declared their intent to stay in the area over the next 10 years (70.5%). This was also true of respondents aged 36 and over, who most commonly wanted to stay in the area (77.3%).

7.21 Question 13 – “Why do you want to stay in the area?” – was asked to the 70.5% of 18-35-year-olds who answered “Yes” to planning to stay in the area over the next

10 years. The most common reason for staying in Gwynedd was family – either having family in the area or wanting to raise a family in the area. The next most frequently stated reasons were having friends in the area and working within the area. Other factors mentioned less commonly by respondents were (i) enjoying the area for its landscape and beauty, (ii) wanting to stay within a Welsh-speaking community, and (iii) enjoying the sense of community in Gwynedd.

Figure 7.11 Breakdown of responses for Q14: Where do you plan to move to?



Base: 18–35-year-old respondents, N = 14

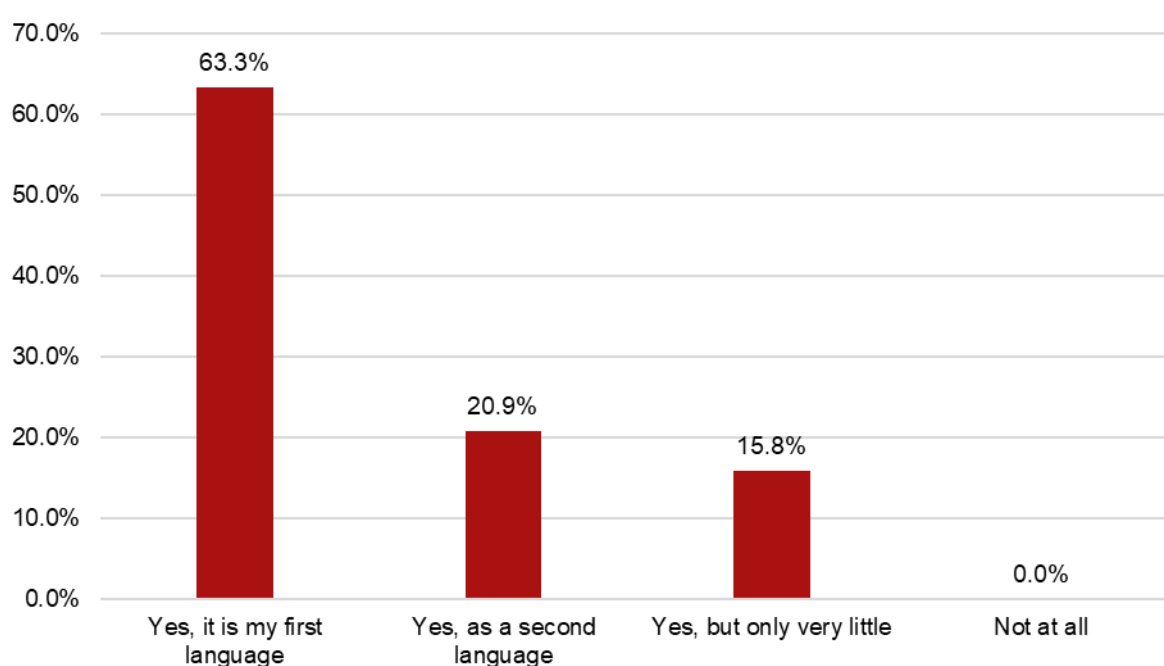
7.22 Question 14 was posed to the 10.1% of 18-35-year-old survey respondents, who intend to leave their area in Gwynedd within the next 10 years. A majority of these respondents intend to relocate somewhere in the UK, but outside of Wales. Moving somewhere else in Wales but outside of Gwynedd was the second most common response, selected by 21.4% of those planning to move. Relocating somewhere outside of the UK was the least popular response, with no 18-35-year-old respondents selecting this.

7.23 Question 15 – “Why do you want to leave the area?” – was asked to the same 10.1% of 18-35-year-old respondents who intended to leave their area in Gwynedd within the next 10 years. The vast majority of these respondents explained wanting

to leave Gwynedd because of a lack of employment opportunities, including opportunities with high earning potential. Affordability of housing was mentioned by a couple of respondents, making it the second most frequently mentioned factor.

Welsh language – capability and importance of living in a Welsh-speaking community

Figure 7.12 Breakdown of responses for Q16: Do you speak Welsh?

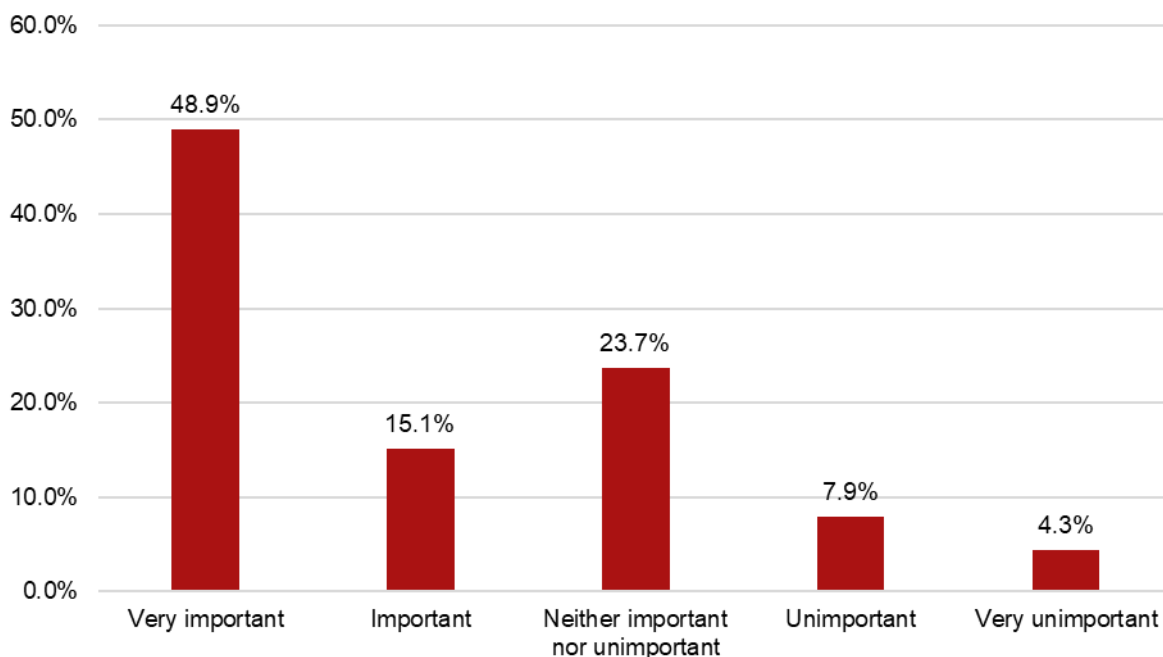


Base: 18–35-year-old respondents, N = 139

7.24 Following the separate questioning for respondents who do and do not intend to leave their area within the next 10 years, all respondents were asked about their ability to speak Welsh (Question 16). The majority of 18-35-year-olds indicated that Welsh is their first language (63.3%). The second most common response was speaking Welsh as a second language (20.9%) and the third most common response was speaking Welsh but only very little (15.8%). No 18-35-year-old respondents selected having no ability to speak Welsh.

7.25 For respondents aged 36 and over, knowing 'only very little' Welsh was the most common response (33.9%).

Figure 7.13 Breakdown of responses for Q17: How important is it to you to live in a Welsh-speaking community?



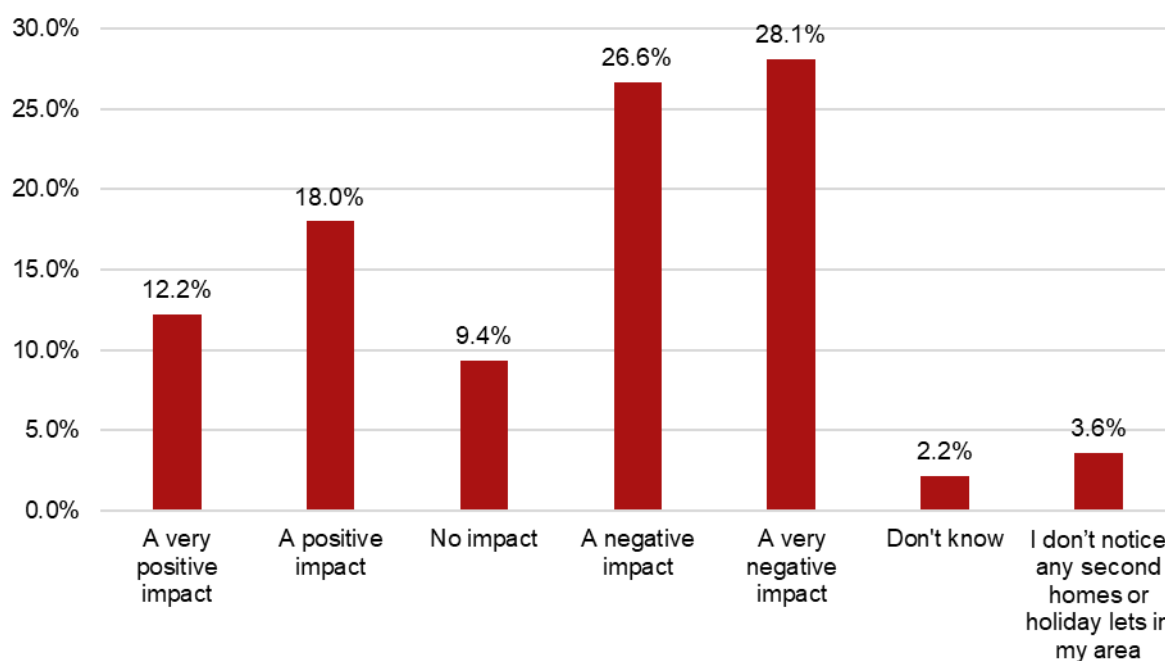
Base: 18–35-year-old respondents, N = 139

7.26 A majority of respondents aged 18-35 years old (64.0%) expressed that it is either important (15.1%) or very important (48.9%) to live in a Welsh-speaking community. A lower share of respondents (23.7%) expressed that living in a Welsh-speaking community is neither important nor unimportant. The least common response for those aged 18-35 years old was that speaking in a Welsh-speaking community is very unimportant (4.3%).

7.27 The most common response for respondents aged 36 and over was that it is neither important nor unimportant for them to live in a Welsh-speaking community (40.7%).

General impact of second homes and holiday lets on the community

Figure 7.14 Breakdown of responses for Q18: Have second homes and holiday lets had a noticeable impact on the area in which you live?



Base: 18–35-year-old respondents, N = 139

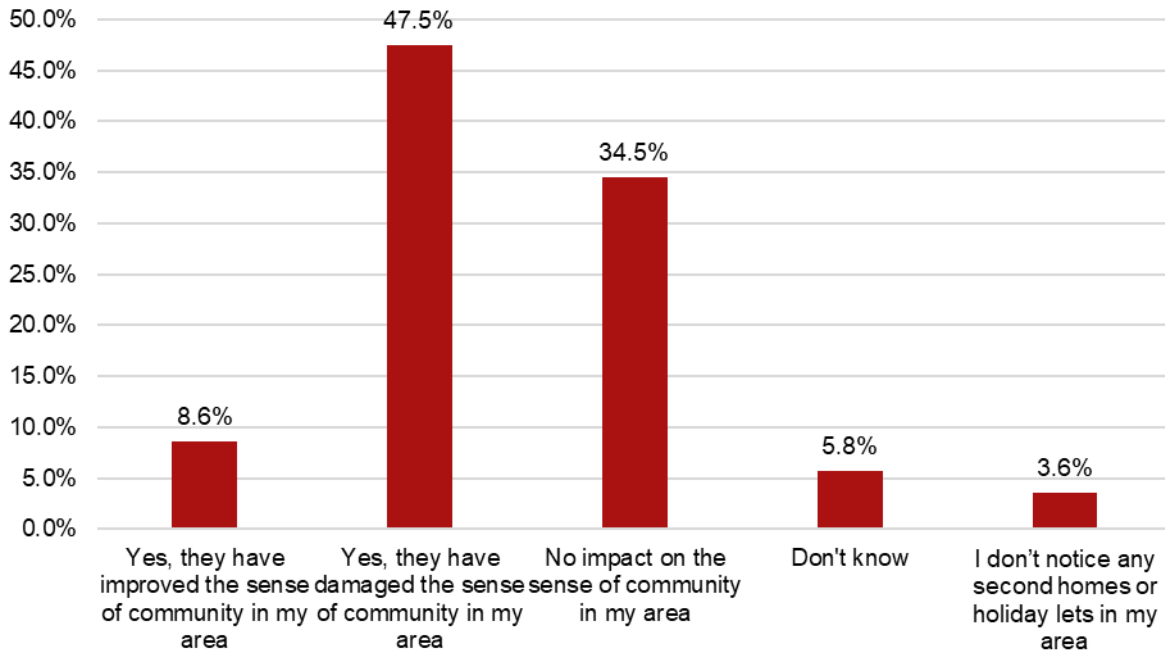
7.28 The vast majority of 18-35-year-old respondents expressed that second homes and holiday lets have had a noticeable impact on the area in which they live. The majority of respondents (54.7%) expressed that second homes and holiday lets have had a negative (26.6%) or very negative impact on the area (28.1%). A smaller proportion of respondents (30.2%) felt that second homes and holiday lets have had a positive (18.0%) or very positive impact (12.2%) on the area.

7.29 Conversely, respondents aged 36 and over most commonly felt that second homes and holiday lets have had a positive (32.9%) or very positive impact (20.6%) on their area.

7.30 The majority of local community members and affordable housing applicants interviewed felt that there were too many second homes and holiday lets within Dwyfor. However, a couple of local community members commented on the fact that these properties can bring work opportunities and wealth into the area.

Impact of second homes and holiday lets on sense of community

Figure 7.15 Breakdown of responses for Q19: Do you feel second homes and holiday lets have had an impact on the sense of community in your area?



Base: 18–35-year-old respondents, N = 139

- 7.31 The most common view held by 18-35-year-old survey respondents was that second homes and holiday lets have damaged the sense of community in their area (47.5%). The second most common view was that these properties have had no impact on the sense of community (34.5%), while the third most common view was that they have improved it (8.6%).
- 7.32 For those aged 36 and over, the most common response was that second homes and holiday lets had no impact on sense of community (42.3%).
- 7.33 Similar to the 18-35-year-old respondents, all interviewed young people, local community members, and affordable housing applicants felt that second homes and holiday lets have a damaging effect on sense of community. The vast majority of local community members said that residents of these properties were not living in the area full-time, leaving it 'empty' over winter, meaning that amenities such as banks, pubs, and schools are closing. A couple of community members suggested

that these changes meant that young people were leaving the area. It was also felt by most community members and affordable housing applicants that second homeowners often do not integrate fully into the community, with two participants suggesting this leads to 'sub-communities' within the area.

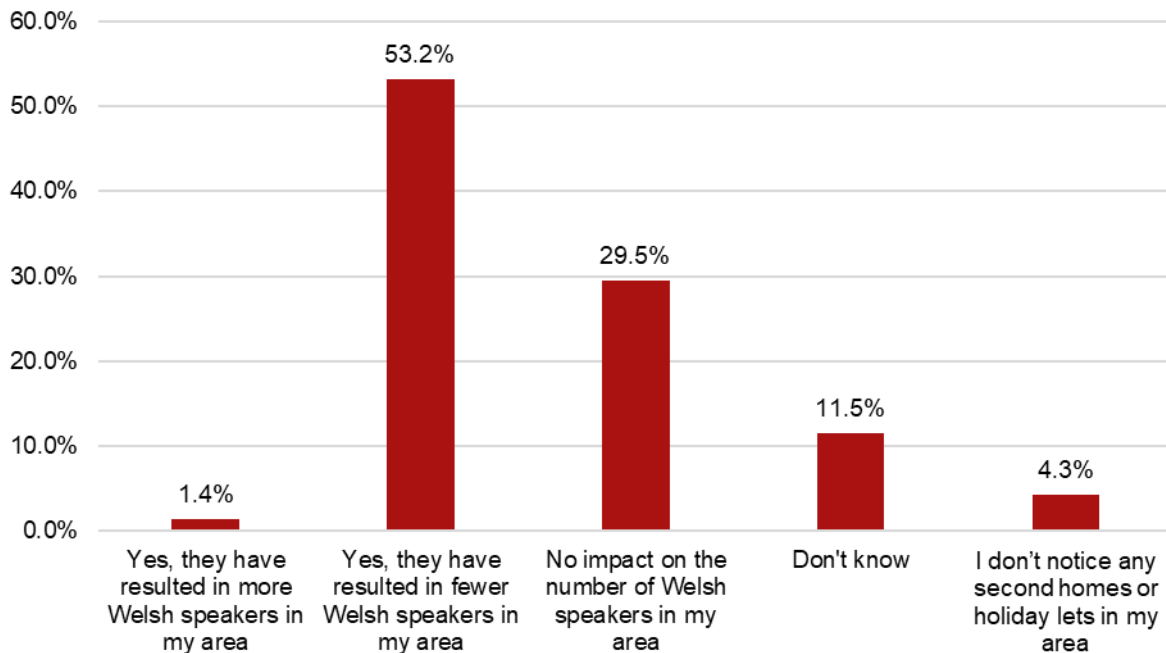
“It is really unethical, when people can't even afford a home, and others have more than one house. This is killing our communities. If this carries on, Welsh communities won't have any future.” (local community member)

- 7.34 A couple of young people and one community member, however, felt that second homeowners integrate more into the community than holiday lets' residents, especially where second homes are inherited by local people or owners have retired into their properties. Two young people and the same community member also described how the area relies on tourism and the work opportunities that holiday lets can bring.

“It's the only golden goose. Holiday lets provide jobs and supports local facilities. Surely we want more jobs and people? Why aren't people trying to attract remote workers to this area?” (young person)

Impact of second homes and holiday lets on the Welsh language in the community

Figure 7.16 Breakdown of responses for Q20: Do you feel second homes and holiday lets have had an impact on the Welsh language in your area?



Base: 18–35-year-old respondents, N = 139

7.35 The most popular view held by 18-35-year-old survey respondents was that second homes and holiday lets have resulted in fewer Welsh speakers in the area (53.2%). The second most common view expressed was that these properties have had no impact on the number of Welsh speakers in the area (29.5%). The least popular response among 18-35-year-olds was that these properties have resulted in more Welsh speakers in the area (1.4%).

7.36 Respondents aged 36 and over most commonly felt that second homes and holiday lets had no impact on Welsh language in their area (53.3%).

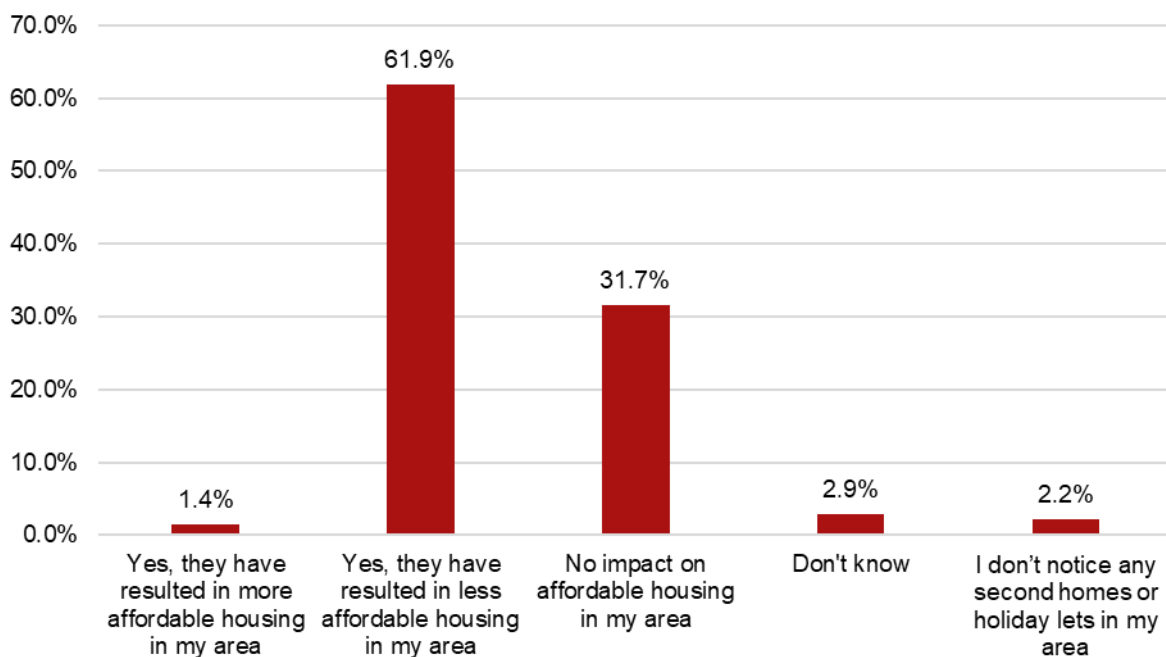
7.37 Overall, young people, local community members, and affordable housing applicants interviewed also felt strongly that second homes and holiday lets have a detrimental impact on the Welsh language within their community. Local community

members went on to say that owners and residents of these properties often only speak English with no interest in learning Welsh.

“There doesn’t seem to be a sense of community anymore. More English language is being spoken in the area. I am worried that as we have fewer people living in the community, we will have fewer people speaking Welsh.”
(young person)

Impact of second homes and holiday lets on access to affordable housing

Figure 7.17 Breakdown of responses for Q21: Do you feel that second homes and holiday lets in your area have had an impact on access to affordable housing?



Base: 18–35-year-old respondents, N = 139

7.38 The most commonly held view among 18-35-year-old survey respondents was that second homes and holiday lets have resulted in less affordable housing in the area (61.9%). The second most popular response among 18-35-year-olds was that these properties have had no impact on affordable housing in the area (31.7%). Second homes and holiday lets having resulted in more affordable housing in the area was the least commonly selected response (1.4%).

- 7.39 For respondents aged 36 and over, the most common response was that second homes and holiday lets had no impact on access to affordable housing (55.1%).
- 7.40 Affordable housing applicants also mentioned within interviews that they felt high numbers of second homes and holiday lets in their local area have driven increases in house prices.

Awareness and knowledge of the Pilot

- 7.41 There were mixed levels of awareness of Pilot-related measures among the young people engaged through interviews and focus groups. Most commonly they had heard of Article 4 Direction, taxation changes, grants for empty homes, and support provided by Tai Teg. Overall, young people felt hopeful that the measures would lead to positive change.

“More help, advice, and information for young people about what help is available to buy a home and what are the options.” (young person)

- 7.42 Local community members were most commonly aware of Article 4 Direction and taxation changes but were generally unaware of other Pilot-related measures. Community members described some uncertainty within their communities about the measures, with most concerns centred around what impact Article 4 Direction might have on their own homes. For example, having to sell for a reduced price due to buyers being discouraged by Article 4 Direction changes. Some community members felt the Pilot measures were not specific enough to Dwyfor or had been implemented too late to make a difference in some areas (e.g., Abersoch). However, others mentioned they were hopeful that the measures would lead to positive change.

“It is positive that some steps are being taken and some measures specifically for Dwyfor, but it feels like putting a small plaster on a very big bruise!” (local community member)

- 7.43 A couple of affordable housing applicants were aware of the taxation changes and Article 4 Direction, whereas the other interviewee was not aware of Pilot measures outside of support offered by Tai Teg.

- 7.44 All second homeowners and the majority of short-term let owners were aware of the Pilot. Furthermore, some of these interviewees stated that they were aware of Article 4 Direction without prompting and another couple stated awareness of the council tax Premium and the changes to eligibility for non-domestic rates relief for short-term lets. Only one interviewee stated awareness of Homebuy - Wales and related housing affordability schemes as part of the Pilot.
- 7.45 The majority of second homeowners were also asked what sources of information they used to inform themselves about the Pilot and related issues. A few interviewees stated that they read communications from Cyngor Gwynedd. Another few described that they gained information from Facebook groups which are popular with second homeowners in the area. A couple of these interviewees said that they gained information about the Pilot through regional and national news coverage.
- 7.46 Some of the second homeowners also described the aims of the Pilot in their own words. Of these, a couple stated that the primary aim of the Pilot is to make housing more affordable to local people. Another aim described was to identify the impact second homes are having on housing stock and housing availability.

Justification of the Pilot (second home and short-term let owner perspective)

- 7.47 Only one second homeowner stated that the Pilot was justified. They – a Welsh speaker with a short-term let within Dwyfor – welcomed the Pilot, stating that there is a “housing emergency” for young people in the area that requires action. They also stated that Airbnb’s damaged communities through social disruption and elevated house prices. This interviewee did, however, note that as it was challenging for their property to be let for the required 182 days per year, this may require them to sell. The interviewee therefore suggested that an exception to the 182-day requirement for “traditional B&Bs” should be considered.
- 7.48 Most second homeowners stated that the Pilot lacked justification. When asked whether it could be justified on the grounds of increasing the availability of housing for local people, these interviewees expressed a range of opinions. Firstly, a couple of interviewees argued that the Pilot could not be justified on grounds of housing

affordability as it would not have an impact on this measure due to second homes being more remote and expensive – making them undesirable for use as primary residences by working-age people. Nonetheless, these interviewees were sympathetic to the Pilot’s aims and “welcomed the Pilot” and interventions to increase housing affordability (e.g., increasing the stock of social and affordable housing and Homebuy - Wales). On the other hand, a few interviewees argued that there are already sufficiently affordable homes in Dwyfor or stated opposition to the principle of providing financial support for purchasing homes.

- 7.49 A couple of second homeowners opposed to the Pilot expressed views on the justification of the Pilot supporting the Welsh language. One argued that second homes do not undermine the language to the same degree as English speakers purchasing homes as their primary residence. Another interviewee argued that the lack of high-paying employment opportunities is what undermines the Welsh language in Dwyfor. They felt that the Pilot risks undermining the hospitality and tourism industry, increasing the outmigration of Welsh speakers from the area.

Impacts of the Pilot (second home and short-term let owner perspective)

- 7.50 Second homeowners described the potential personal impacts that the Pilot could have on them. For example, not going ahead with plans to buy a second home in Dwyfor or having to sell a second home due to the council tax premium – “I don’t want to have to sell it, it’s my home”. One interviewee argued that the retrospective nature of the council tax premium makes it very different to preceding interventions, such as increased stamp duty or LTT upon the purchase of a second home. This, they said, is unfair and can be “horrendous” and “life-changing” for those affected. No interviewees raised Article 4 Direction when asked how the Pilot would impact them personally.
- 7.51 Second homeowners then expressed how the Pilot could impact the wider area. Interviewees often described the perceived negative impact of Article 4 Direction on local people. For example, a couple of interviewees argued that Article 4 Direction will devalue primary residences owned by local people, without having an impact on existing second homes. In addition, a few interviewees described the council tax premium as unfair, with one arguing that it was responsible for the local housing

market “taking a downward turn” in recent months. However, one interviewee described the Pilot’s support for affordable housing – especially the support for Homebuy - Wales in Dwyfor – as a positive intervention which would increase affordability for local people, stating “that [Homebuy - Wales] is exceptionally good and would help enormously in affordability of houses.” A Welsh-speaking owner of a short-term let hoped the Pilot would allow the housing market to “return to normal” and make it easier for local people to afford a home, and they recognised that Article 4 Direction is necessary to manage the growth in second homes.

- 7.52 A couple of second homeowners expressed scepticism that the money raised from the council tax premium is being spent on affordable housing. For example, one interviewee stated: "What is being done with the money from the premium? There is absolutely no evidence whatsoever of new affordable housing." This was a factor in their opposition to the premium. This may suggest that if authorities advertise how the premium is spent, it may garner greater understanding and support among the owners of second homes.

Suggested improvements to the Pilot

- 7.53 Potential changes to the Pilot suggested by young people were varied but included (i) filling gaps in Tai Teg’s support, as a couple of young people found they were just over the threshold for support but were still unable to afford local housing, (ii) building more houses to meet the needs of communities, and (iii) looking more widely at the local economy and employment opportunities available for local people.

“The Pilot is good but needs to be hand in hand with sustainable employment in the area too.” (young person)

- 7.54 Further changes suggested by local community members were again varied but included (i) increasing awareness raising activities, (ii) increasing wages overall within the area, (iii) introducing restrictive contracts when buying houses to prevent them being resold as a second home or holiday let, and (iv) better utilising empty plots of land and properties (e.g., disused churches or flats above shops).

- 7.55 Affordable housing applicants felt that there should be (i) efforts to improve awareness of Pilot activities, (ii) increased support specifically for young people, and (iii) efforts to increase the housing stock for 1-bed accommodation specifically.
- 7.56 Finally, some second homeowners proposed reforms to the Pilot and its interventions. A few called for the Pilot to focus more broadly on generating wealth and high-paying jobs for local people in the area to increase housing affordability. Another couple of interviewees suggested changes to the council tax premium, for example to (i) target second homes worth less than £200,000 to better suit first time buyers if sold and (ii) target villages with the highest concentration of second homes and highest house prices. These diverging proposals, however, indicate a wider lack of consensus on the purpose of the premium. Some interviewees felt the core purpose is to reduce the financial attractiveness of owning a second home whereas others saw the core purpose as raising revenue which can be used to support affordable housing schemes.

Recruitment challenges in the exploratory research stage

- 7.57 Overall, recruitment of participants for interviews and focus groups across the exploratory research stage proved challenging. We reached out through various channels – local newspapers, mailing lists and bulletins of Pilot delivery partners and other relevant organisations, and social media posts within relevant online groups – as well as introduced incentives of Love2Shop vouchers for young people and affordable housing applicants (£10 for interviews and £20 for focus groups) to encourage participation. Despite this, interest in engaging through interviews or focus groups was limited, particularly among affordable housing applicants and second homeowners.
- 7.58 At times, participants who had signed up and then later dropped out provided reasons for this. For example, where a few second homeowners explained that uncertainty around the Pilot's changes and possible implications for their properties made engaging with the evaluation too stressful. Other explanations for lack of interest from groups such as affordable housing applicants could be the sensitivity of the subject of affordability as well as more general feelings of apathy or mistrust towards government or research organisations.

- 7.59 Having said this, the online survey proved to be a useful tool in gathering views from young people and local community members, possibly due to the reduced time commitment. However, despite the survey being distributed through channels that targeted 18-35-year-olds, a much higher proportion of those aged 36 and over responded than we had planned for. This meant that overall, the survey findings were skewed towards this age group. For this reason, we focused on the responses from 18-35-year-olds within this chapter, but we did gain valuable understanding of wider community views from the responses of those aged 36 and over.
- 7.60 Overall, we have obtained useful lessons to take forward around effective channels for advertising future interviews and focus groups.

8. Next steps

- 8.1 The next step for October 2024 to September 2025 is to complete Phase 2, or the process evaluation of the Pilot. This phase will focus on assessing the process behind the Pilot interventions to understand how and why they generate intended and unintended outcomes. This includes an assessment of what has worked well and what has not worked so well, and why this is the case.
- 8.2 Phase 2 will involve a variety of activities, beginning with a desk-based review of updates in Pilot monitoring data and other statistics as well as designing a strategy for engaging key stakeholders within this phase (discussed below). As discussed previously within this report, we experienced challenges to recruitment within Phase 1, so we will take lessons learnt from this phase and implement them into the engagement plan for Phase 2 to ensure our recruitment strategies are as effective as possible.
- 8.3 Key groups that will be engaged through interviews and focus groups within Phase 2 include (i) local authorities, (ii) project partners, (iii) housing associations, (iv) second home and short-term lets owners, (v) community groups, including young people, and (vi) social enterprises. As part of Phase 2, we will also produce case studies to allow for in-depth investigation into the Pilot's influence. For each case study, we will identify specific interventions and their impact on a given stakeholder group. The exact number and content of case studies will be informed by the findings from the interviews and focus groups conducted in Phase 2.

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Annex A – Research materials

Survey of young people and local community members

Alma Economics have been commissioned by the Welsh Government to evaluate the Second Homes and Affordability Pilot in Dwyfor. The Pilot seeks to help Local Authorities manage the number of second homes, empty properties, and short-term holiday lets in their communities and to help local residents to live affordably in the areas that they grew up.

You can read more about the Pilot here: <https://www.gov.wales/dwyfor-second-homes-and-affordability-pilot>.

As part of this research, the following short survey will help us to better understand the housing situation, housing aspirations, and motivations of local people aged 18-35 to either stay in or move away from Gwynedd. Insights will feed into a report presented to the Welsh Government which will be used to evidence the impact of the Second Homes and Affordability Pilot.

This survey mainly consists of multiple-choice questions and will take you 5-10 minutes to complete. The survey will close on 16/4/24 at 11:45pm.

You can find more information about how your data will be stored and used for the purposes of this research here: [Privacy Notice link].

There is a progress bar at the bottom of each page showing you what proportion of the survey you have completed. Please note that there is no option to save your progress and resume later, so please make sure you go through all the questions and pages, and you select 'Submit' before closing your browser.

If you have any questions or you would like more information about this research, please contact Anna Pearson (Researcher) at anna.pearson@almaeconomics.com.

1. Please confirm you have read the information above and that you are happy to proceed with the survey:

I have read and understand the terms of participation as these are outlined above, and I agree to proceed with the survey.

Yes/No

Section 1: Age and location

If you own or live between more than one property or area (e.g., in university accommodation), please base your answers on your residence in Gwynedd:

2. What is your age?
 - 18-21 years old
 - 22-25 years old

- 26-29 years old
 - 30-35 years old
 - 36+ years old
3. In which community council in Gwynedd do you currently live? You are welcome to use [this map of community wards](#) to help. If this is unsuitable, please let us know your nearest town or village and we will work out your community council.
- [Open text]
4. What type of accommodation are you currently living in?
- Flat with shared facilities (e.g. bathroom, kitchen)
 - Flat
 - Terraced house
 - Semi-detached house
 - Detached house
 - Other [Open text]
5. Do you own the place in which you currently live?
- Yes, I own my property without a mortgage.
 - Yes, I own my property with a mortgage.
 - No, but I would like to own a property in Gwynedd within the next 10 years.
 - No, and I don't want to own a property in Gwynedd within the next 10 years.
 - Other [Open text]
6. What is your current living situation?
- Living alone
 - Living with a spouse/partner and/or children
 - Living with parents
 - Living with family members other than parents
 - Living with friends
 - Living with people you did not know before agreeing to rent together
 - Other [Open text]
7. In your view, is your current living arrangement affordable?
- Yes
 - No
8. Were you raised in Gwynedd or did you move to Gwynedd at a later date?
- I was raised in Gwynedd [Continue to question 9]
 - I moved to Gwynedd at a later date [Skip to question 10]

Section 2: Staying within or moving out of the area

9. What factors influence you to stay in this area? Please select all that apply.
- My family are in the area [Skip to question 12]
 - My friends are in the area [Skip to question 12]
 - There are good employment opportunities in the area [Skip to question 12]

There are good educational opportunities in the area [Skip to question 12]

It is a Welsh-speaking community [Skip to question 12]

[Other] [Skip to question 12]

10. When did you move into the area?

Less than 1 year ago

1-3 years ago

4-6 years ago

7-9 years ago

More than 9 years ago

11. What factors influenced you to move to this area? Please select all that apply.

My family are in the area

My friends are in the area

There are good employment opportunities in the area

There are good educational opportunities in the area

It is a Welsh-speaking community

[Other]

12. Are you planning to stay in this area over the next 10 years?

Yes [Continue to question 13]

No [Skip to question 14]

Don't know [Skip to section 3]

13. Why do you want to stay within the area?

[Open text] [Skip to section 3]

14. Where do you plan to move to?

Somewhere else in Gwynedd

Somewhere else in Wales, but outside of Gwynedd

Somewhere in the UK, but outside of Wales

Somewhere outside of the UK

15. Why do you want to leave the area?

[Open text]

Section 3: Welsh language

1. Do you speak Welsh?

Yes, it is my first language

Yes, as a second language

Yes, but only very little

Not at all

2. How important is it to you to live in a Welsh-speaking community?

Very important

Important

Neither important nor unimportant

Unimportant

Very unimportant

Section 4: Impacts of second homes and holiday lets

1. Have second homes and holiday lets had a noticeable impact on the area in which you live?

A very positive impact

A positive impact

No impact

A negative impact

A very negative impact

Don't know

I don't notice any second homes or holiday lets in my area

2. Do you feel that second homes and holiday lets have had an impact on the sense of community in your area?

Yes, they have improved the sense of community in my area

Yes, they have damaged the sense of community in my area

No impact on the sense of community in my area

Don't know

I don't notice any second homes or holiday lets in my area

3. Do you feel that second homes and holiday lets have had an impact on the Welsh language in your area?

Yes, they have resulted in more Welsh speakers in my area

Yes, they have resulted in fewer Welsh speakers in my area

No impact on the number of Welsh speakers in my area

Don't know

I don't notice any second homes or holiday lets in my area

4. Do you feel that second homes and holiday lets in your area have had an impact on access to affordable housing?

Yes, they have resulted in more affordable housing in my area

Yes, they have resulted in less affordable housing in my area

No impact on affordable housing in my area

Don't know

I don't notice any second homes or holiday lets in my area

5. Would you like to expand upon any answers you have provided in this section?

[Open text]

Section 5: Further research activities

1. As part of this research we will be conducting focus groups to find out in more depth

local people's views on second homes and holiday lets, as well as opinions on the proposed changes of the Second Homes and Affordability Pilot. These research activities will take place from March to May 2024. Would you be interested in being contacted by a member of the research team with more information about these opportunities?

Yes [Continue to separate registration form]

No [End of survey]

Interview and focus group guide for young people, those eligible for affordable housing, and local community members

[Welcome and introduce facilitator(s)]

We have been commissioned by the Welsh Government to evaluate the Second Homes and Affordability Pilot in the Dwyfor area, which I'll refer to as 'the Pilot' throughout this session.

The purpose of this interview/focus group is to understand your opinion on the housing situation in the Dwyfor area as well as the impact, if any, that second homes, short-term holiday lets, and empty properties have on the local community. The insights shared will feed into a report presented to the Welsh Government which will be used to evidence the impact of the Pilot.

We also shared a Privacy Notice with you ahead of this interview/focus group which explained the purposes of this research and what your participation would involve, would you like me to go over any of those points again or re-share this document with you?

Do you have any questions about the research or your participation before we begin?

Warm-up

[Focus groups only] Let's go around the group and introduce ourselves with what you would like to be called and a short introduction, we'll start with [name of first attendee]...

Questions

1. How long have you lived in the Dwyfor area? [Note for facilitator: if 'Dwyfor area' is unknown, describe as Llyn Peninsula plus Beddgelert, and Porthmadog but not including Caernarfon and Llanberis.]

Prompt: [If moved more recently] What originally brought you to the area?

Prompt: What do you like about living in the area? What don't you like?

Prompt: Do you see yourself living in Dwyfor in the next 5-10 years? Why?

2. How accessible is affordable housing in the Dwyfor area?

Prompt: Has it changed at all over the last few years?

Prompt: Have you personally encountered any challenges in affording to find affordable accommodation within the area? If yes, what were they?

3. What are your views on the current number of second homes and holiday lets in the Dwyfor area?
 Prompt: Why do you think this? Is this opinion shared by your friends and family?
4. Do you feel that second homes and holiday lets have impacted on the local community in the Dwyfor area? In what ways?
 Prompt: Do you think that second homes and holiday lets make a contribution to the local community? In what ways?
 Prompt: Are second homes or holiday lets near you often empty throughout the year?
 Prompt: Do you feel you know the owners of the properties or those who rent there?
5. Do you feel that second homes and holiday lets have impacted on the Welsh language in the Dwyfor area?
 Prompt: Are second home and holiday lets owners in the area typically Welsh or English speaking?
 Prompt: Is it important to you to sustain the Welsh language in the Dwyfor area?
6. What do you know about the recent changes towards second-home ownership in the area?
 Prompt: Have you heard about the Second Homes and Affordability Pilot happening in the Dwyfor area? How would you describe it?
 Prompt: [If prior knowledge of Pilot] What was your initial reaction when hearing about the Pilot and its aims?

[Brief introduction to Pilot if needed – see Annex]

7. Do you feel that the Pilot has had/will have an impact on the issues we have just discussed (affordable housing, relationship between the local community and second-home owners, and Welsh language being a community language in Dwyfor)?
 Prompt: Which aspects of the Pilot in particular do you feel have had/will have most impact?
8. Are there further changes to the rules on second and holiday homes that you would like to see implemented by the Pilot?
 Prompt: Is there another issue regarding affordable housing in the Dwyfor area that you feel the Pilot should address?

Debrief

Do you have any other comments or questions before we finish?

[Focus groups only] If there's anything you feel you couldn't raise at today's focus group, you can send an email to me at [facilitator's email].

Interview guide for second home and short-term let owners

[Welcome and introduce facilitator(s)]

We have been commissioned by the Welsh Government to evaluate the Second Homes and Affordability Pilot in Dwyfor, which I'll refer to as 'the Pilot throughout this interview.

The interview will last up to 45 minutes with the aim to understand second-home owners' motivations for purchasing a second home and expectations or concerns about the Pilot. The insights shared will feed into a report presented to the Welsh Government which will be used to evidence the impact of the Pilot.

The insights you share will be fully anonymised within research outputs, meaning any of your comments or quotes (if you've agreed to be quoted) will not be framed in a way that could identify you. Also, keep in mind that as evaluators we are independent from the Welsh Government and do not represent them, so please be as open and honest as possible.

We also shared a Privacy Notice with you ahead of this interview which explained the purposes of this research and what your participation would involve, would you like me to go over any of those points again or re-share this document with you?

Do you have any questions about the research or your participation before we begin?

1. Do you live outside of the Dwyfor area or are you a local homeowner with property inside the Dwyfor area?

[Note for interviewer: if 'Dwyfor area' is unknown, describe as Llyn Peninsula plus Beddgelert, and Porthmadog but not including Caernarfon, Penygroes, and Llanberis.]

2. Can you tell me about the second home(s) you own in the Dwyfor area?

Prompt: Type of property (flat, terraced, semi-detached, detached, etc.)?

Prompt: Number of bedrooms?

Prompt: How long have you owned this second home(s)?

3. How do you use your second home(s)? (E.g., as a holiday home for yourself or let out to others)

Prompt: Typically how long do you occupy the property for within a year?

Prompt: What times of year are you there for?

4. What motivated you to buy a second home?

5. What attracted you to the Dwyfor area in particular?

Prompt: Were there other areas (inside and outside of Wales) that you considered?

6. Did you experience any barriers or challenges to purchasing a second home in the Dwyfor area?

Prompt: If yes, how did you overcome these?

7. Do you plan to purchase another second home in the Dwyfor area or other areas of

Wales within the next 3 years?

8. Have you heard about the Second Homes and Affordability Pilot or the changes happening in the Dwyfor area?

Prompt: What do you understand its aims to be?

Prompt: Have you sought out information about the Pilot yourself or been provided with any by your local authority, representative body, other second-home owners etc.?

Prompt: What role do second homeowners play in the local community?

[Brief introduction to Pilot if needed – see Annex]

9. Do you feel that the changes proposed as part of the Pilot are justified?

Prompt: To increase housing affordability in the Dwyfor area?

Prompt: To sustain Welsh language?

Prompt: The overall aim of the Pilot is to 'improve affordability and protect local communities', would you approach this in a different way?

10. What impact, if any, do you anticipate the Pilot having on you?

Prompt: How do you feel about paying increased council tax to contribute to local communities?

Prompt: How do you feel about changes to planning regulations? (E.g., requiring planning permission to turn a property into a second home or short-term let)

Prompt: Will the Pilot have an impact on those who rent from you (if applicable)?

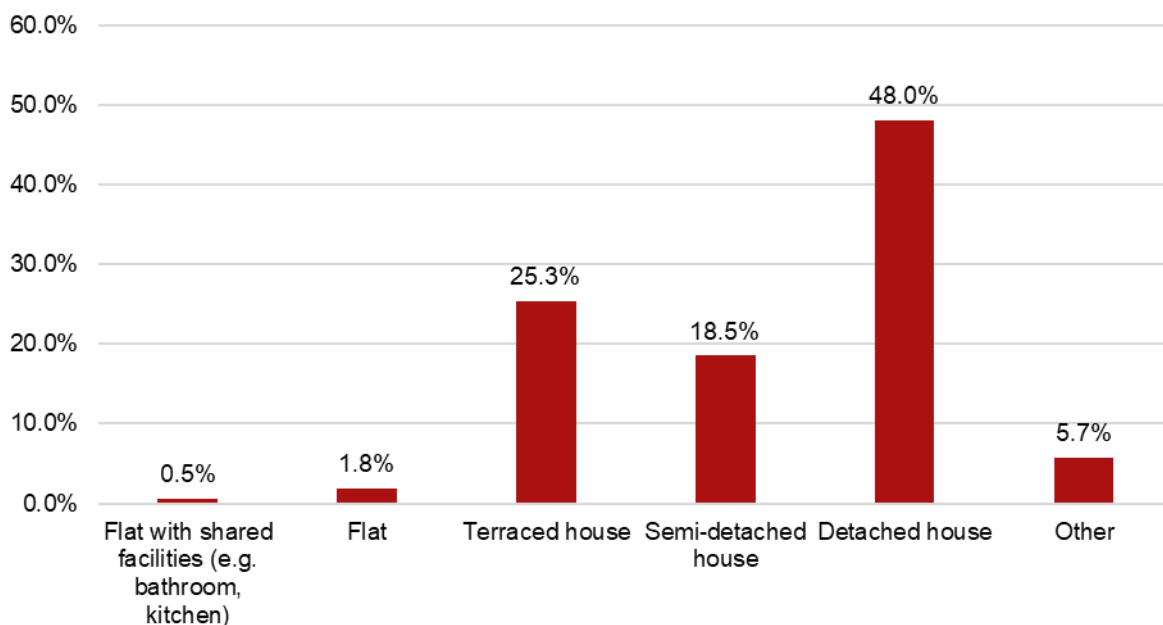
11. Which aspects of the Pilot, if any, concern you in particular?

Prompt: Have the changes/proposed changes influenced your decision to keep a property in the area?

12. Do you have any other comments or questions before we finish?

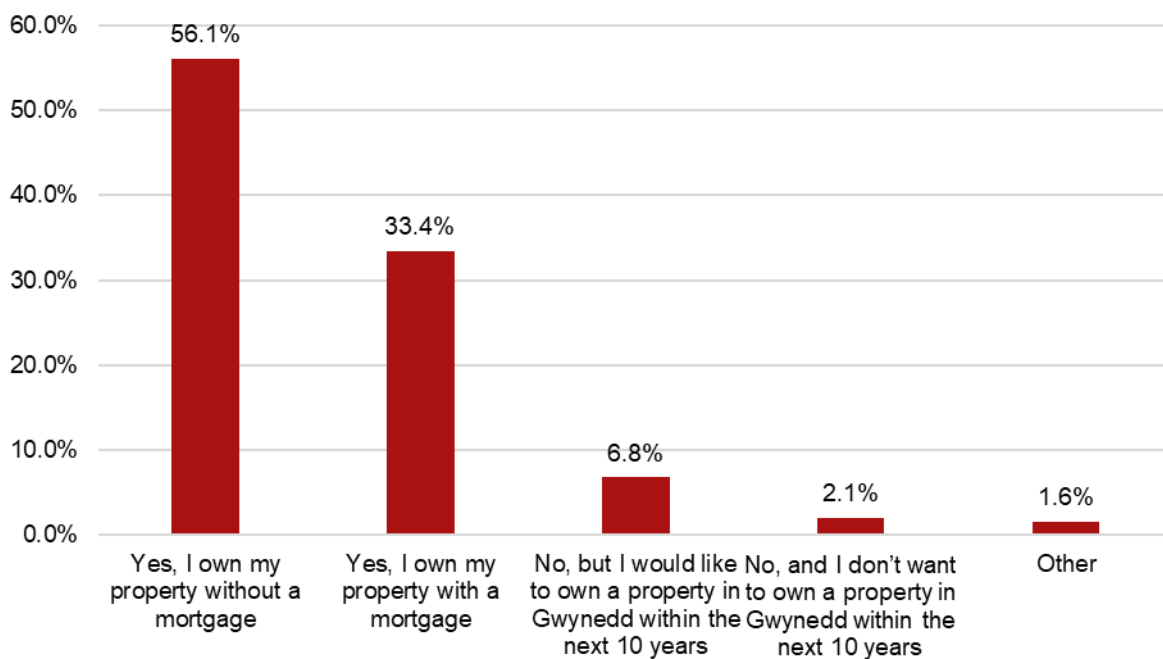
Annex B – Survey responses from those aged 36 and over

Figure B1 Breakdown of responses for Q4: What type of accommodation are you currently living in?



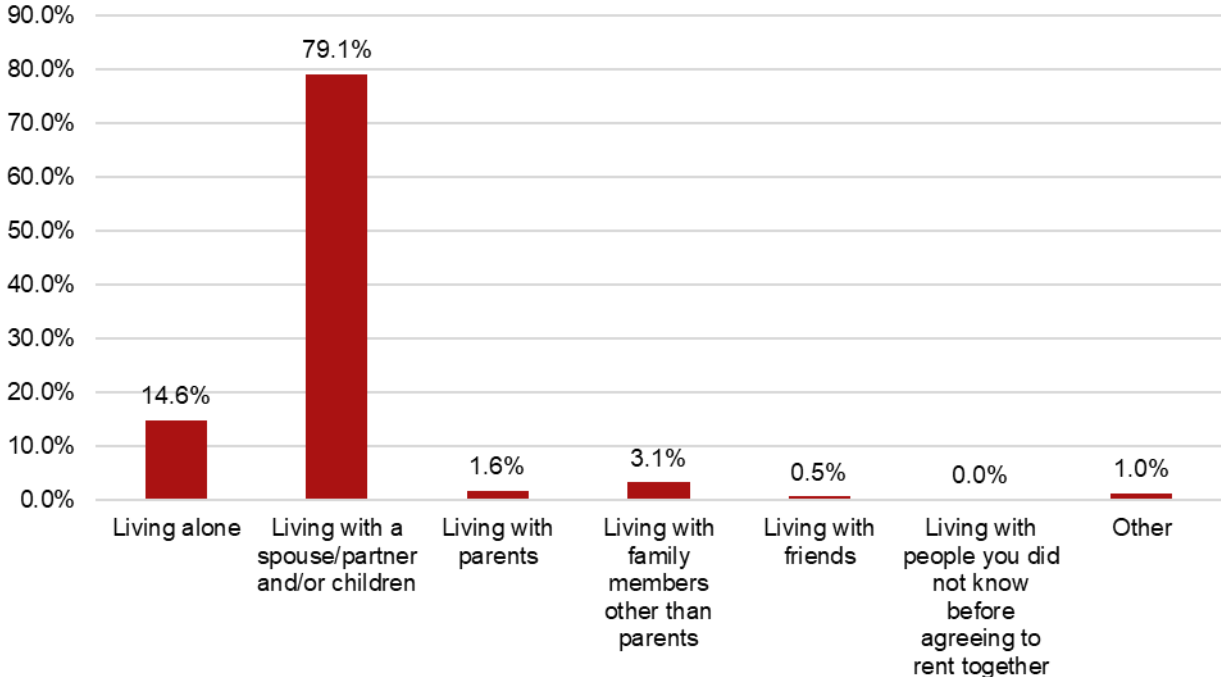
Base: Respondents aged 36 and over, N = 383

Figure B2 Breakdown of responses for Q5: Do you own the place you currently live?



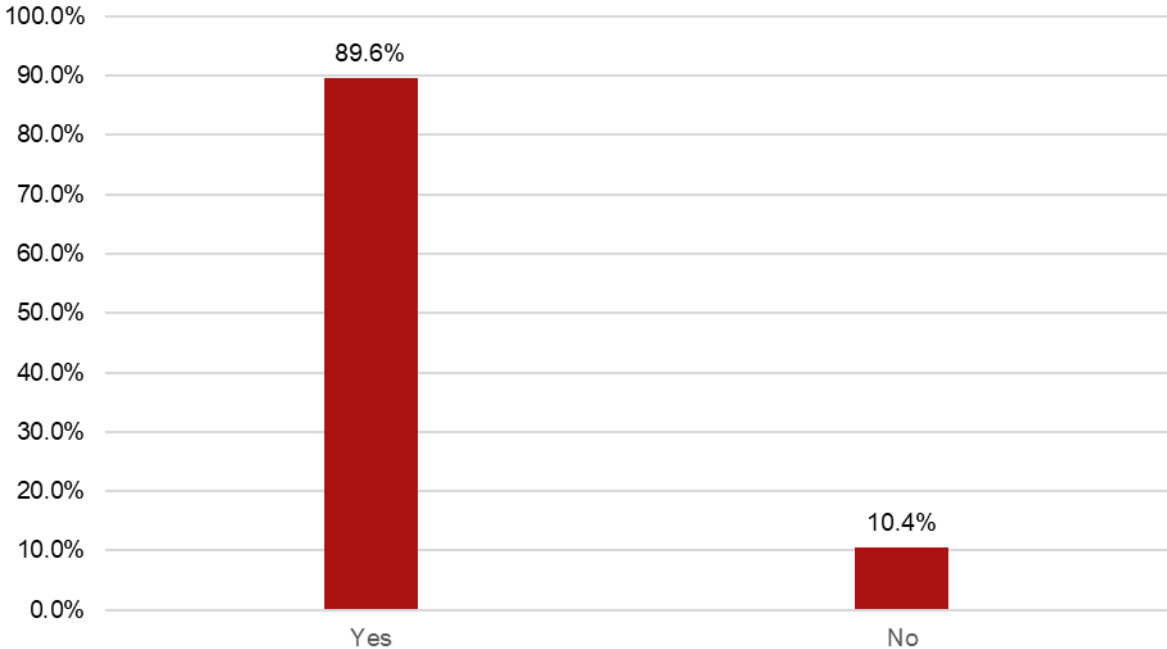
Base: Respondents aged 36 and over, N = 383

Figure B3 Breakdown of responses for Q6: What is your current living situation?



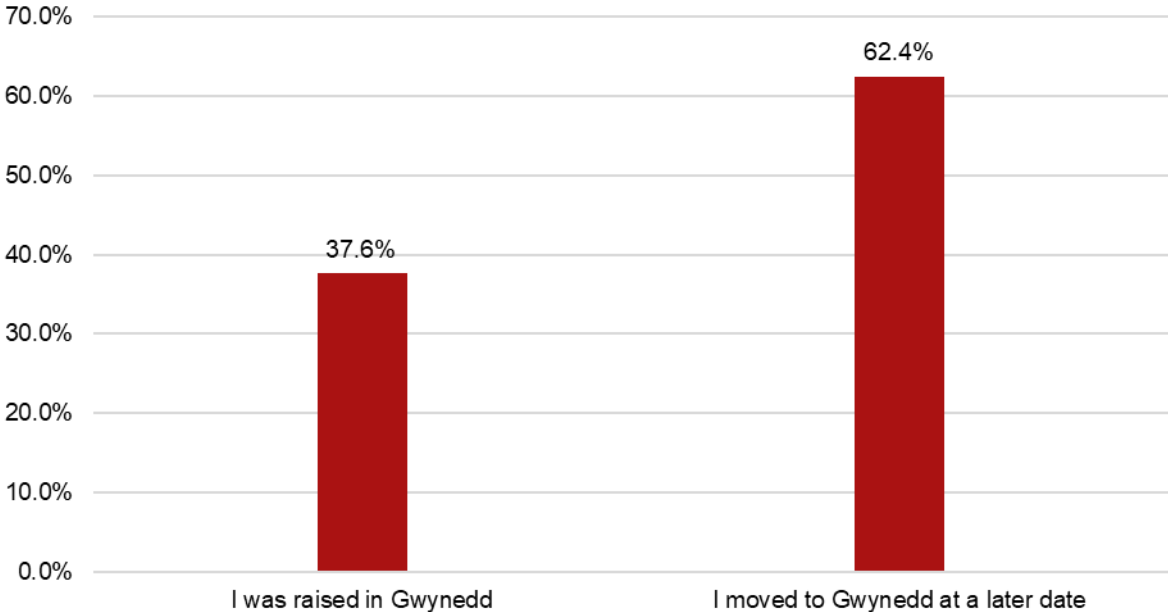
Base: Respondents aged 36 and over, N = 383

Figure B4 Breakdown of responses for Q7: In your view, is your current living arrangement affordable?



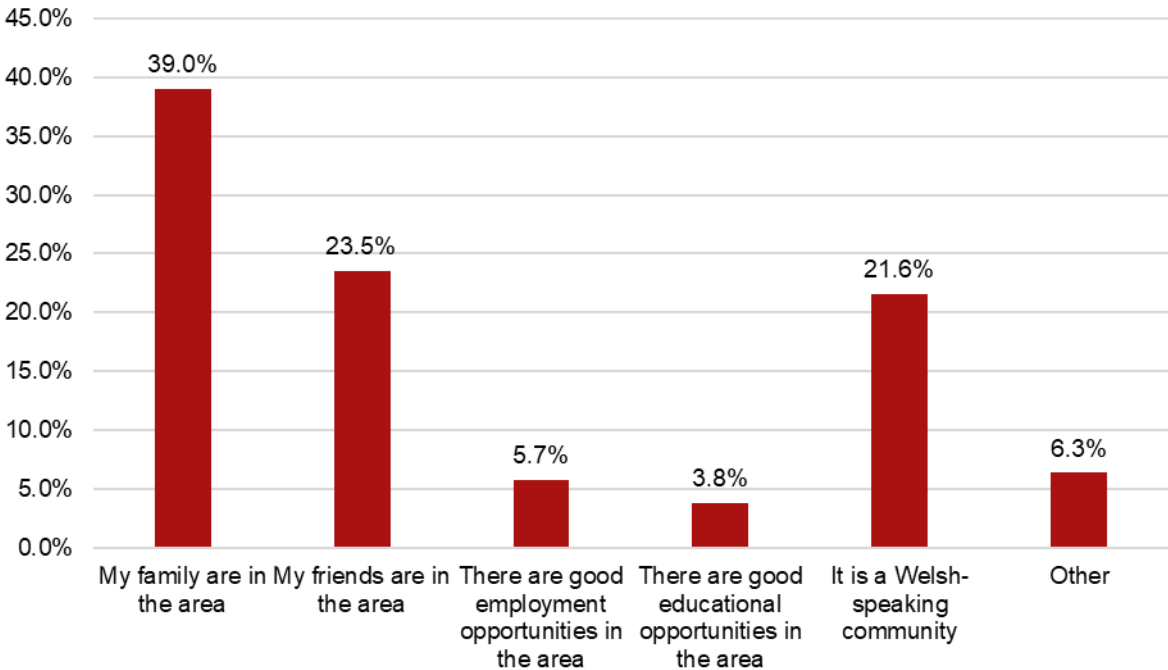
Base: Respondents aged 36 and over, N = 383

Figure B5 Breakdown of responses for Q8: Were you raised in Gwynedd or did you move to Gwynedd at a later date?



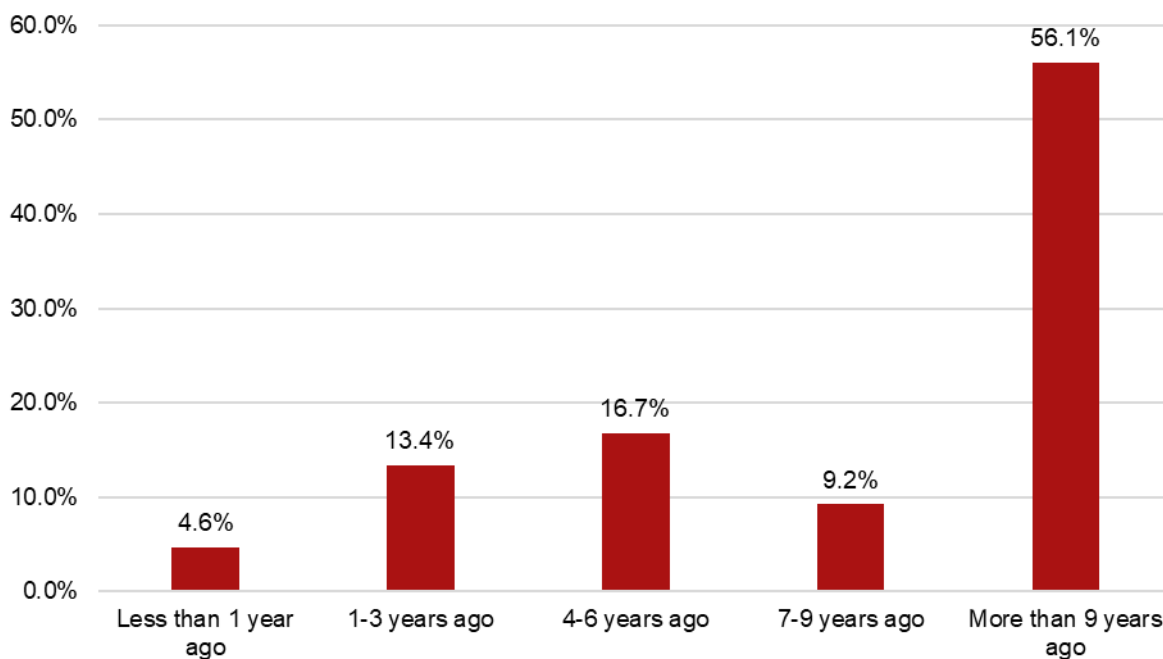
Base: Respondents aged 36 and over, N = 383

Figure B6 Breakdown of responses for Q9: What factors influenced you to stay in this area? Please select all that apply.



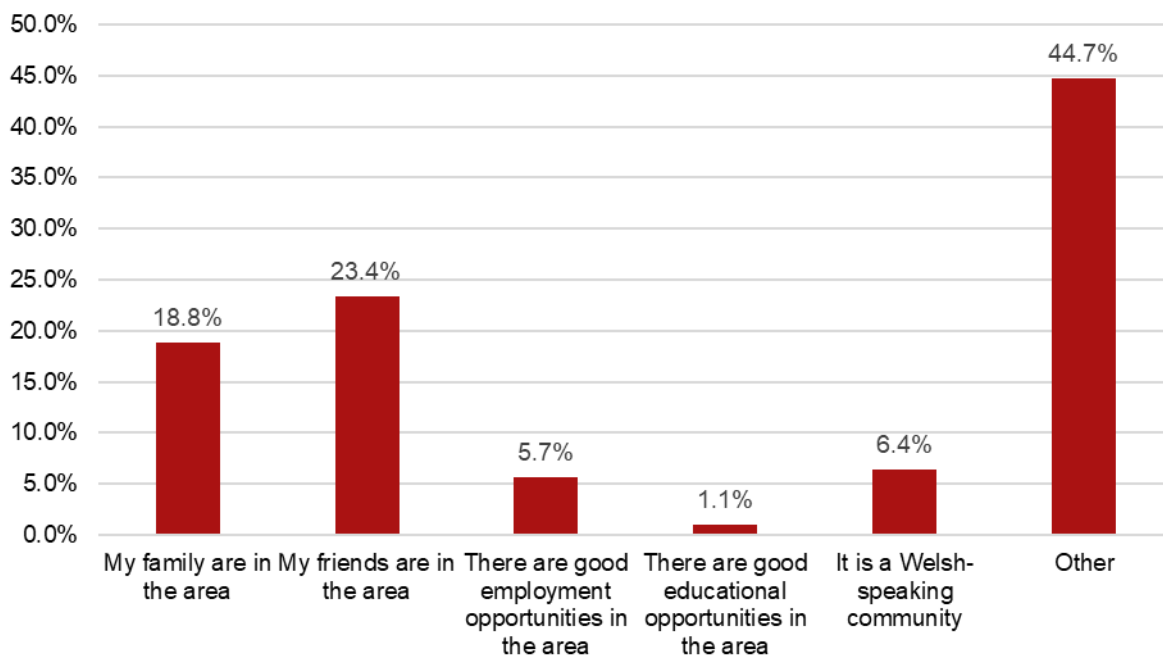
Base: Respondents aged 36 and over, N = 144

Figure B7 Breakdown of responses for Q10: When did you move into the area?



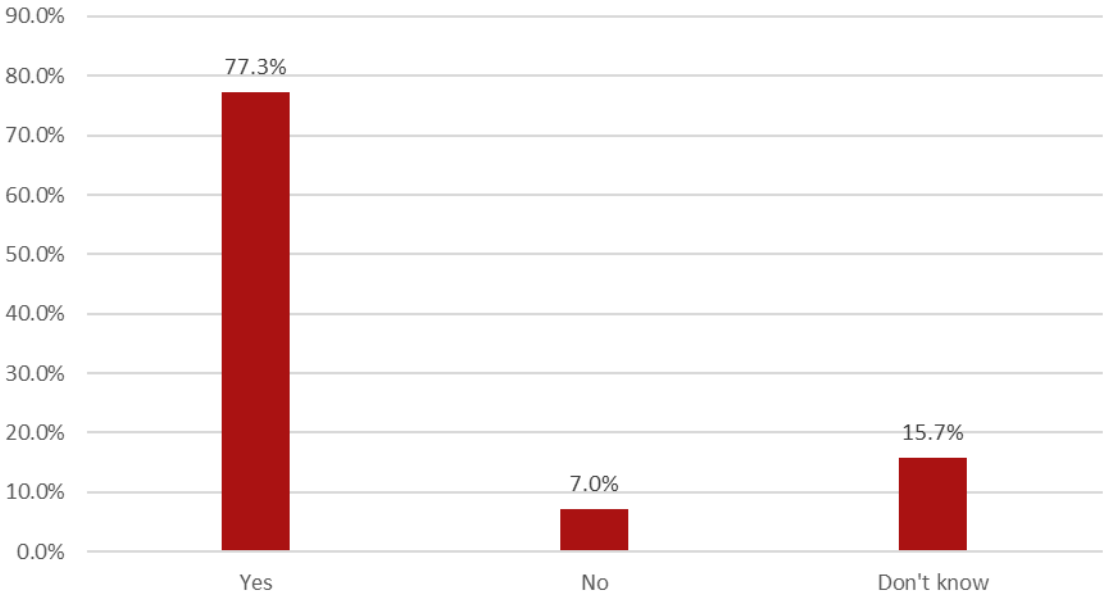
Base: Respondents aged 36 and over, N = 239

Figure B8 Breakdown of responses for Q11: What factors influenced you to move to this area? Please select all that apply.



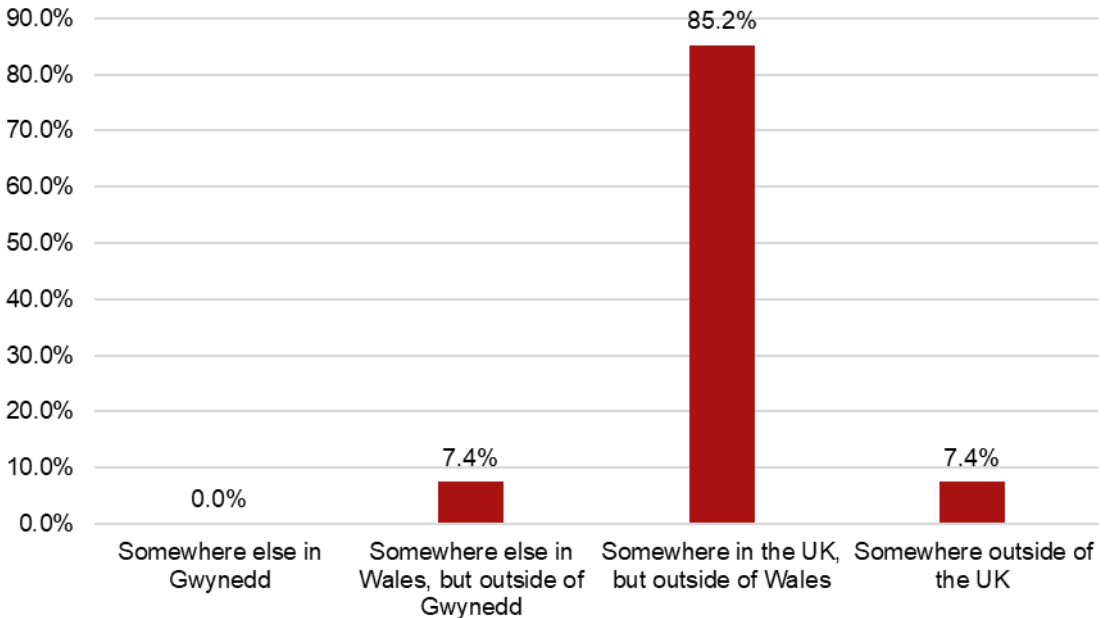
Base: Respondents aged 36 and over, N = 239

Figure B9 Breakdown of responses for Q12: Are you planning to stay in this area over the next 10 years?



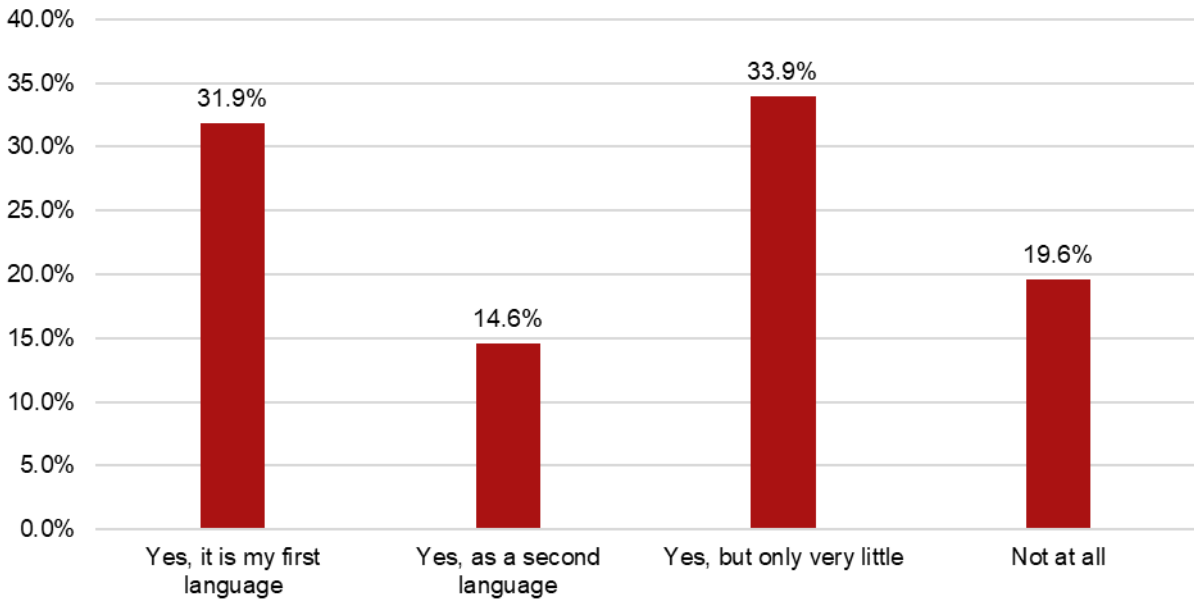
Base: Respondents aged 36 and over, N = 383

Figure B10 Breakdown of responses for Q14: Where do you plan to move to?



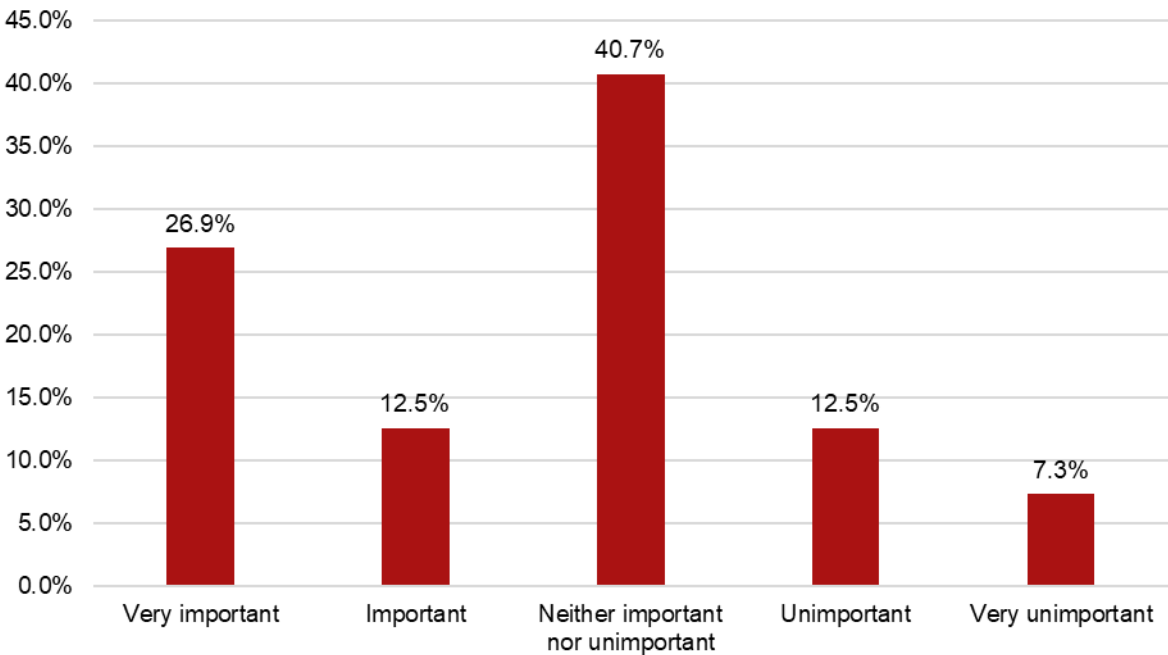
Base: Respondents aged 36 and over, N = 27

Figure B11 Breakdown of responses for Q16: Do you speak Welsh?



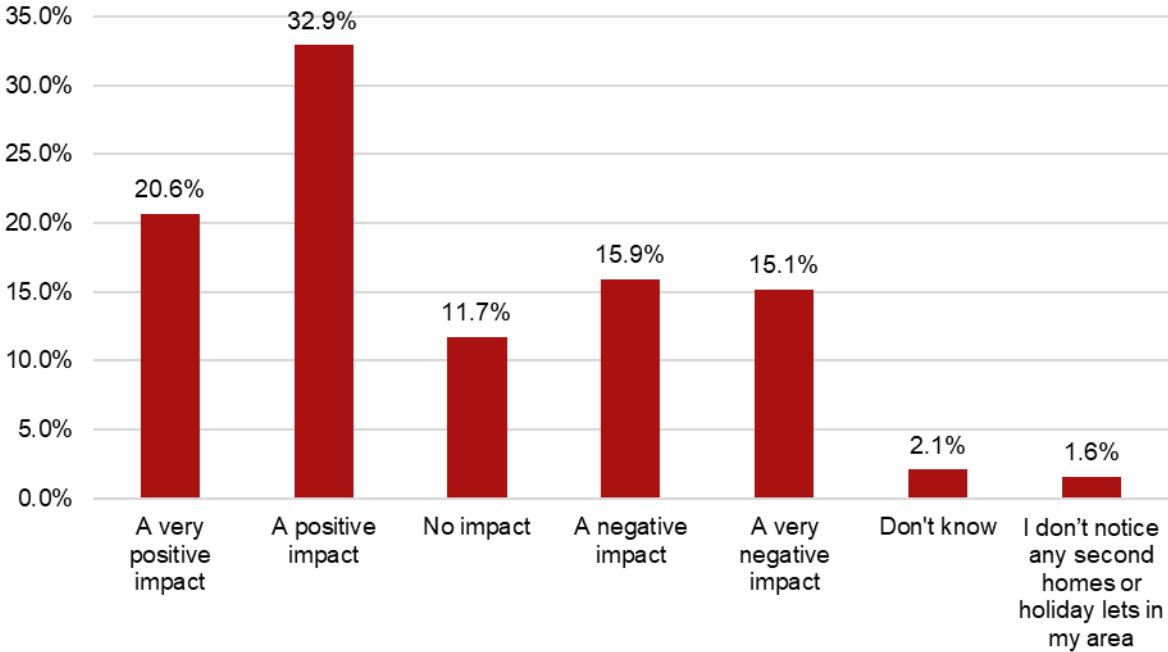
Base: Respondents aged 36 and over, N = 383

Figure B12 Breakdown of responses for Q17: How important is it to you to live in a Welsh-speaking community?



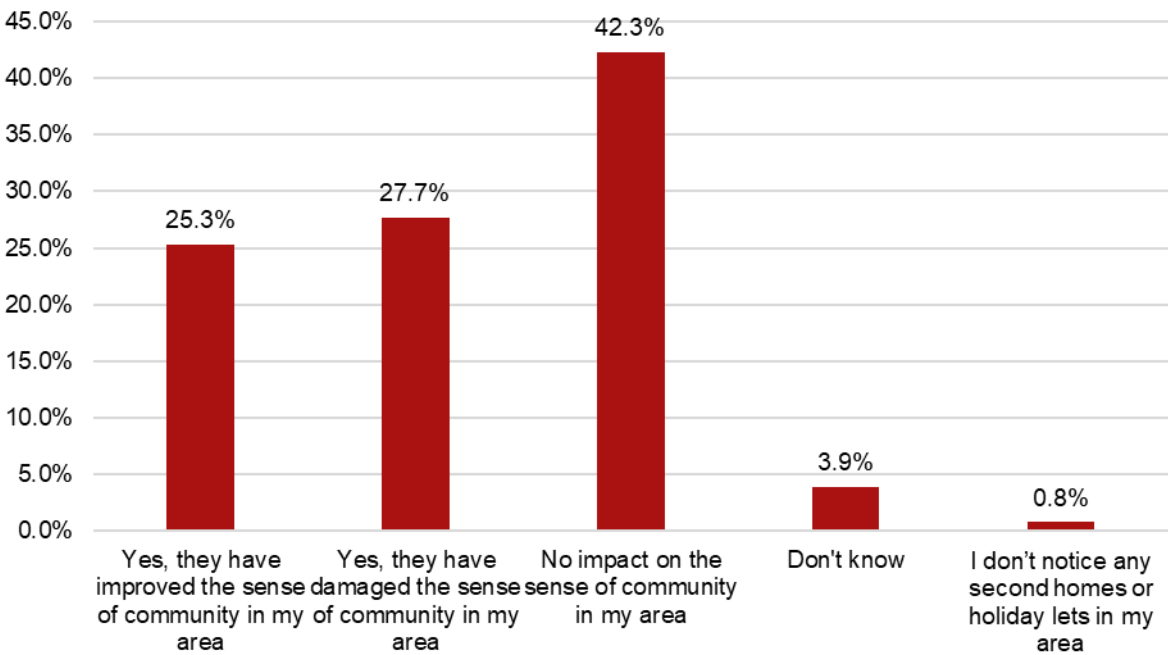
Base: Respondents aged 36 and over, N = 383

Figure B13 Breakdown of responses for Q18: Have second homes and holiday lets had a noticeable impact on the area in which you live?



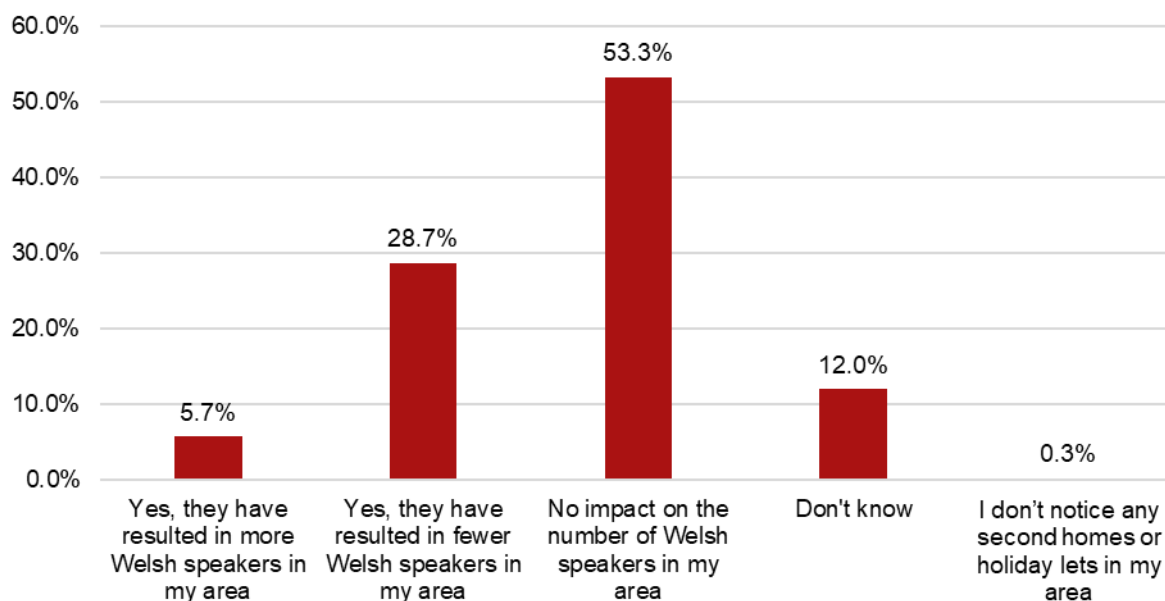
Base: Respondents aged 36 and over, N = 383

Figure B14 Breakdown of responses for Q19: Do you feel second homes and holiday lets have had an impact on the sense of community in your area?



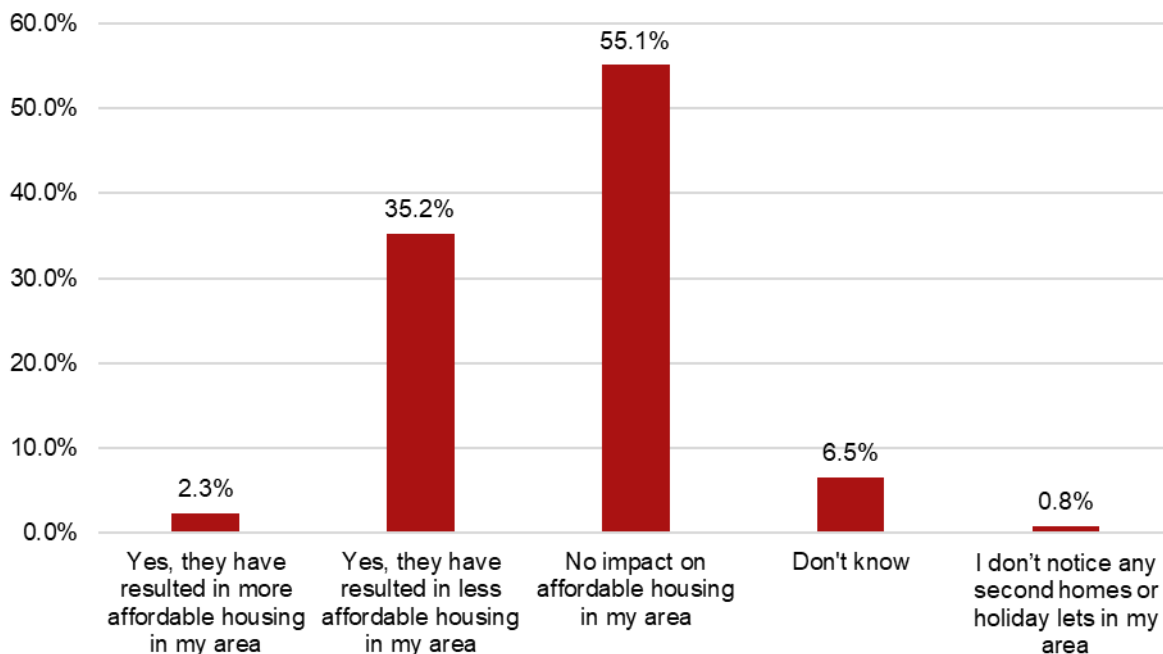
Base: Respondents aged 36 and over, N = 383

Figure B15 Breakdown of responses for Q20: Do you feel second homes and holiday lets have had an impact on the Welsh language in your area?



Base: Respondents aged 36 and over, N = 383

Figure B16 Breakdown of responses for Q21: Do you feel that second homes and holiday lets in your area have had an impact on access to affordable housing?



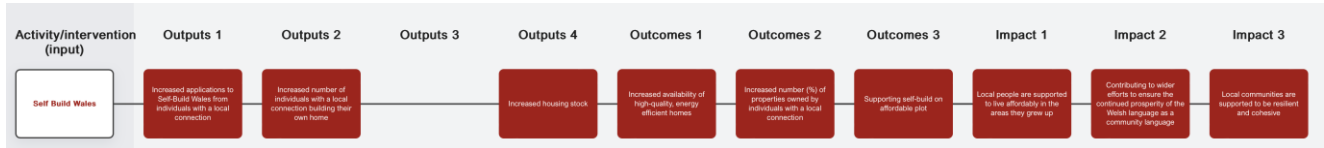
Base: Respondents aged 36 and over, N = 383

Annex C – Theory of Change – Impact chains

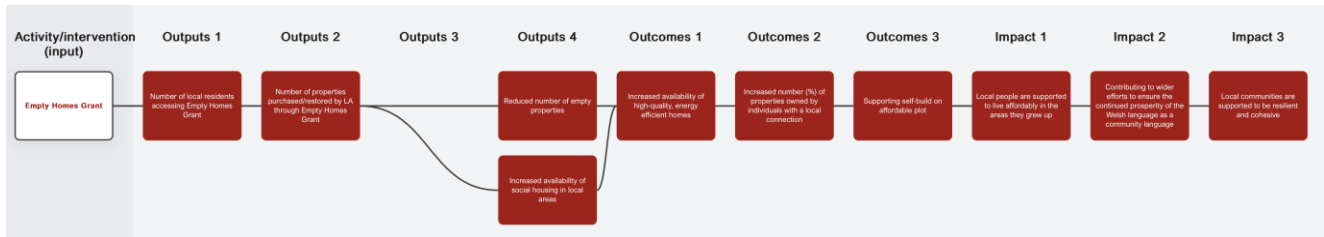
Homebuy - Wales



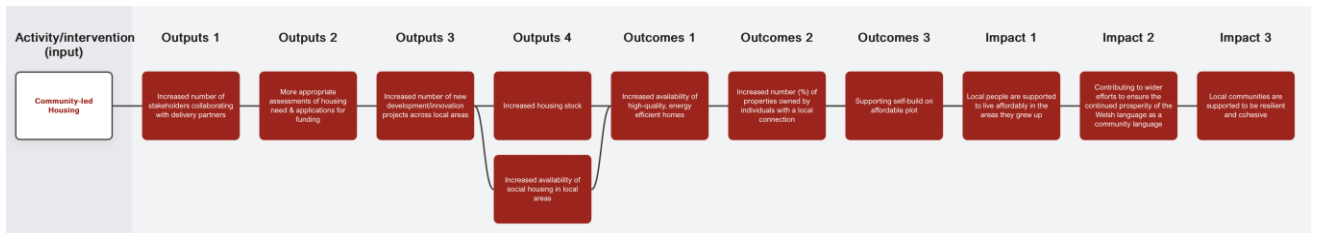
Self Build Wales



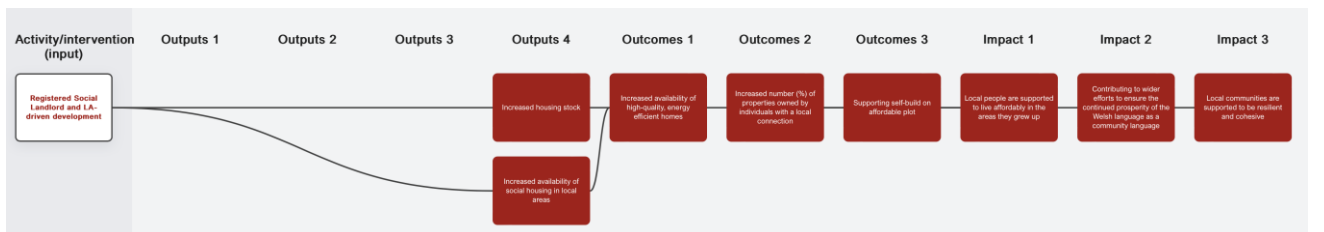
Empty Homes Grant



Community-led Housing



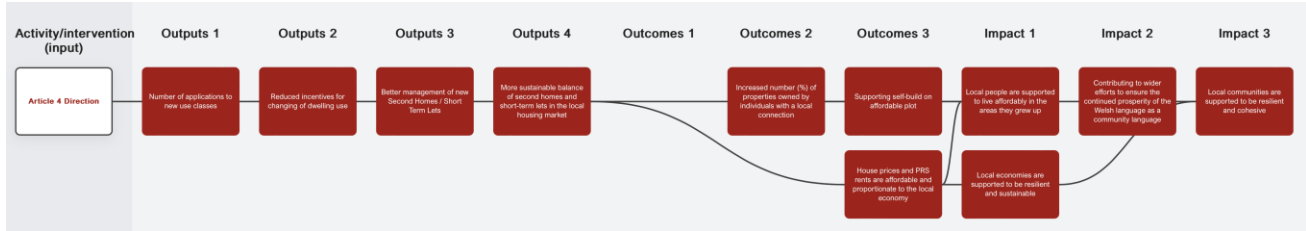
Registered Social Landlord and LA-driven development



Statutory registration and licensing for visitor accommodation



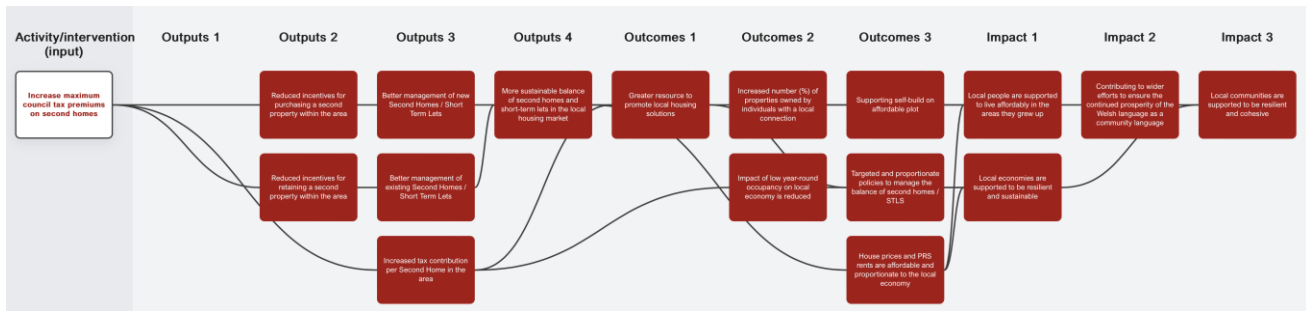
Article 4 Direction



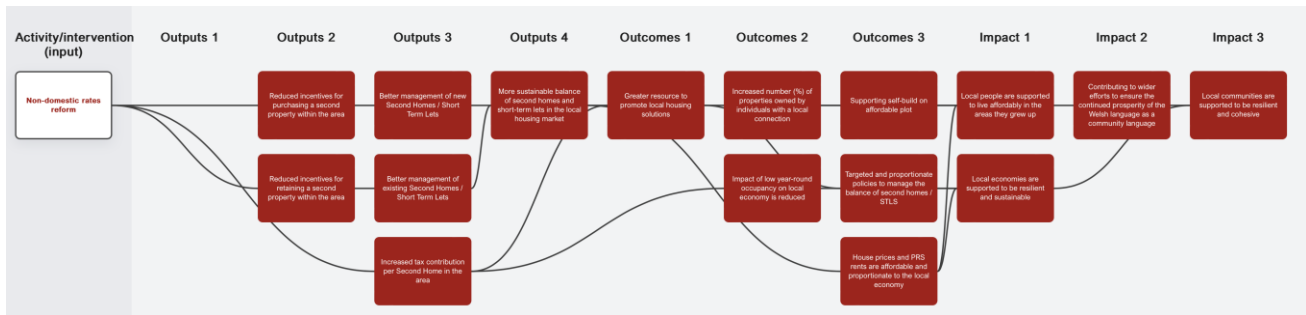
Conversion of agricultural buildings



Increase of maximum council tax premiums on second homes



Non-domestic rates reform



Monitoring



Second homes evaluation

