

Agenda – Y Pwyllgor Llywodraeth Leol a Thai

Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Fideogynhadledd drwy Zoom	Manon George
Dyddiad: Dydd Mercher, 9 Chwefror 2022	Clerc y Pwyllgor 0300 200 6565
Amser: 09.00	SeneddTai@senedd.cymru

Rhag-gyfarfod (09.00 – 09.15)

- 1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau**
(09.15)
- 2 Ymchwiliad i ail gartrefi: sesiwn dystiolaeth 4 – economi**
(09.15 – 10.45) (Tudalennau 1 – 66)
Suzy Davies, Cadeirydd, Cynghrair Twristiaeth Cymru
Daryl McIntosh, Rheolwr Polisi, Propertymark
Shomik Panda, Cyfarwyddwr Cyffredinol, UK Short Term Accommodation
Association
Sam Rees, Uwch Swyddog Materion Cyhoeddus – Cymru, RICS
David Chapman, Cyfarwyddwr Gweithredol dros Gymru, UK Hospitality Cymru
- 3 Papurau i'w nodi**
(10.45) (Tudalen 67)
 - 3.1 Llythyr gan y Gweinidog Newid Hinsawdd mewn perthynas â Chyllideb
Ddrafft Llywodraeth Cymru 2022–23**
(Tudalennau 68 – 69)
- 4 Cynnig o dan Reol Sefydlog 17.42 (ix) i benderfynu gwahardd y
cyhoedd o weddill y cyfarfod**
(10.45)
Egwyl (10.45 – 11.00)
- 5 Ymchwiliad i ail gartrefi – trafod y dystiolaeth a ddaeth i law o dan
eitem 2**
(11.00 – 11.15)



- 6 Trafod y Memorandwm Cydsyniad Deddfwriaethol atodol ar gyfer y Bil Diogelwch Adeiladau**
(11.15 – 11.45) (Tudalennau 70 – 82)
- 7 Trafod y flaenraglen waith**
(11.45 – 12.15) (Tudalennau 83 – 89)
- 8 Diweddariad ar weithredu Deddf Rhentu Cartrefi (Cymru) 2016**
(12.15 – 12.30) (Tudalennau 90 – 92)

Mae cyfyngiadau ar y ddogfen hon



WTA Response to the Welsh Government 'Local Taxes for second homes and self-catering accommodation'

Consultation Response

Wales Tourism Alliance

Company No: 4449548

1. Industry Representation

The Wales Tourism Alliance

The Wales Tourism Alliance (WTA) is the recognised over-arching representative organisation for the tourism industry in Wales, liaising with and coordinating the

views of all concerned and informing and working with Government at Westminster, Cardiff and at Local Authority levels.

The WTA also acts as an intermediary between Government and all involved in tourism, disseminating information to the industry via our member organisations and working with colleagues in organisations in other parts of the UK.

The membership of the WTA includes sectoral, national, regional and local representative bodies comprising accommodation (hotels, small serviced, holiday parks, touring caravan and camping sites and self-catering cottages), attractions, activities, training and skills, tourism guides and transport.

The Wales Tourism Alliance is a pan-Wales umbrella group currently with 23 member organisations and forums resting within its general membership. This amounts to around 7,000 working operators and means WTA contacts and representatives are now found in every part of Wales.

The WTA therefore works with and on behalf of operators ranging from major industry players from across the UK to the numerous micro-businesses that make up so much of the tourism industry.

To achieve this the Wales Tourism Alliance brings together the most powerful private and public sector partnership of tourism industry interests in Wales, including some of the biggest industry members in the United Kingdom who add their voice to ours in Westminster as well as in Cardiff.

In that capacity the WTA remains committed to 'working together' with partners on an honest broker basis, only possible due to our trusted status and unique way in which we are supported. The Wales Tourism Alliance provides the mechanism to make a reality of the partnership concept.

The WTA Response

Position Statement - Whilst there has been considerable coverage and debate about the availability of affordable housing in Wales, the WTA considers that this is an issue that relates to second homes and not to legitimate self-catering businesses. If the definition of what constitutes a self-catering business can be agreed then we believe that Self Catering Businesses should be removed from the debate.

When it comes to impact on the Welsh language, the Brooks report is clear that commercial holiday lets are not, in themselves, a threat. The closure of local services such as buses, post offices, village schools - *which happens in smaller communities across Wales, not just holiday let hotspots* - has arguably had a greater impact on the viability of local communities than the commercial holiday letting of converted barns or derelict cottages.

If a self-catering business is registered for Non-Domestic Business Rates and the VOA is satisfied that:

in the 12 months prior to assessment, it has been available for letting commercially as self-catering accommodation for short periods totalling 140 days or more; and it has actually been let for 70 days, then it is currently regarded as a business. Genuine self-catering business premises should be excluded from any proposed changes to council tax or limits on numbers of second homes as they fall outside the scope of domestic taxation and housing provision.

Furthermore, we argue that such premises be excluded from liability to any further form of tourism tax. Concerns about second homes are most accurately characterised as challenges of housing supply. Imposing further taxes on that part of the economy which would allow more people *to work* as well as live in their home communities misses the point that self-catering businesses support service sector jobs both directly and indirectly.

It is worth pointing out the distinct danger that a genuine self-catering business will end up paying five levels of taxation to respond to the unrelated challenge of housing supply:

income tax on earnings from the property;
Non-Domestic Business Rates;
VAT
Capital Gains Tax on disposal
Potentially a future Tourism tax

It would also be poorly targeted and is neither just or proportionate and will see many businesses close. A potential further bedroom tax (as that is what is proposed) does nothing to address pressures on over-visiting by day visitors in a limited number of identifiable honey pot destinations. If we are to continue to grow the number of longer stay/higher spend visitors, who contribute more to the local economy, then we are confused by the suggestion of a tax which threatens that very area of supply and demand. A distinct and unique tax, regardless of actual quantum, forces up prices charged, skews the message of welcome, depresses demand and ultimately depresses the local economy.

The WTA does not support a local authority managed/run tourism tax. We have no confidence that it would be disaggregated for tourism mitigation or support. Should receipts be ringfenced, it is entirely foreseeable that this will result in displaced spending within the RSG; existing input from Welsh Government for destination management will either be spent on other local government priorities or diminish/cease altogether.

While the position is still not entirely clear, it looks as if local authorities will receive direct Prosperity Fund monies without coming via Welsh Government. We would hope that councils can work together, as well as with the industry, to support destination management.

As the first six questions relate to second homes, we have limited our replies to question 6 to 14 only.

Question 6 - What do you see as the impacts, both positive and negative, of self-catering accommodation?

The impact of the self-catering sector is overwhelmingly positive, particularly after the savage economic impact of the recent CV-19 pandemic. Firstly, it is worth pointing out that self-catering has proven to be one of the safest ways to take a holiday and nearly 40% of our visitors have been from Wales during the pandemic. While this has been a busy staycation summer, we recommend caution in assuming extraordinary levels of income based on a honey pots and coastal areas. Many inland or isolated properties have not witnessed the same level of business as proven in the recent

Visit Wales Business Barometer research report. We would not like to see the introduction of a new taxation system based on a spurious boom!

It was recently found that over 50% of self-catering properties, many located on the same property as the owner's home dwelling are owned by people in Wales. This can be a single unit bringing in a proportion of the family income, providing part time self-employment and, in some cases, work hours for housekeeping services. Bigger businesses with multiple units provide regular housekeeping employment locally, much of it for women and young people, as well as property repairs for building firms. There is also the contribution made by staying visitors to local shops and hospitality businesses, without high levels of demand being made on local health, education and social services.

Properly registered self-catering properties contribute to destination management through the payment of NDB rates and associated higher costs of services e.g.; waste collection. They also provide the data to assist local authorities to plan their destination management - and their housing supply targets.

Question 7 - What are your views on the current criteria and thresholds for defining property as self-catering accommodation and liable for non-domestic rates?

The WTA membership generally agrees the current criteria and thresholds need to be reviewed to avoid the ability of second homes owners being able to flip out of paying Council Tax and thereby take advantage of small Business Rates Relief and pay nothing to the community. ***The WTA gives no support to property owners who are playing the system for tax avoidance purposes.*** Without this revenue contribution it is recognised that there is a growing resentment by legitimate self-catering businesses, the community at large and a loss of revenue from 2nd home owners to support vital services within the community.

However, whatever the new tax it should be aimed squarely at second home owners we do not wish to see the collection of a new tax falling unfairly on property-based (job-creating) businesses at a time of potential hardship for many.

Across Wales only 7.9% of trips involve an overnight stay. If councils want to lower costs associated with visitors and to maximise the benefits to their local economy, it would make sense to encourage a higher percentage of overnight visitors to their destination.

However, increasing the cost of accommodation produces the opposite incentive – the higher cost of accommodation encouraging people to undertake a day visit rather than to stay overnight. This maintains the costs associated with visitors while reducing the revenue (and therefore employment) associated with visitors.

Question 8 - Do you think the self-catering accommodation thresholds should be changed and, if so, why?

We recognise the current system is unsustainable and needs to be changed. However, we must have parity with England. With such a porous border with England, businesses here may well be at a commercial disadvantage. We recommend Welsh Government seeks to establish the same or a similar position with Westminster as to the direction of any new criteria or threshold.

Question 9 - If the self-catering thresholds were to be changed, what do you suggest the new thresholds should be?

The number of days to qualify as a business needs to be re-assessed. Letting for 70 days out of 365 works out as only 19% occupancy on an annualised basis. Very few of our WTA DMOs would tell second homeowners that they will only achieve 19% occupancy in a 'normal' year. We note that HMRC currently has different thresholds for Furnished Holiday Lets which may be more appropriate. These criteria that must be fulfilled for a property to qualify as FHL.

Question 10 - What are your views on the eligibility of self-catering accommodation for Small Business Rates Relief?

Legitimate tax paying self-catering accommodation or furnished holiday lets are a business indeed in the recent report Economic Impact of Self-Catering Sector to the Welsh Economy (ASSC/PASC, August 2021) it found that 7895 properties account for £173 Mn worth of spend.

Our members understand their responsibility to contribute to the public purse, both directly through fair and non-discriminatory taxation, and indirectly through job creation and ancillary spend in other businesses. However, there still appears to be a body of opinion that lack the understanding as to the time and costs involved to market, service and maintain a self-catering unit. You cannot simply hand a key to a private individual and walk to the bank. These are businesses, and must be distinguished from second homes and casual lettings.

The very nature of earning a living in Wales means that our rural population in particular, cannot rely on a single source of income. Self-catering businesses fill a much-needed gap. Indeed, farm diversification, for example, has been actively encouraged by successive governments, with derelict or disused farm building conversions naturally favoured for commercial purposes rather than homes due to their location.

By their very nature, micro-business (and most are) are vulnerable to additional cost and administrative burdens. Whilst we want to see a fairer sustainable system, we do not wish to see this as a mandate to simply increase the tax burden on legitimate self-catering businesses.

An increase in local taxation will simply make many self-catering businesses unviable with a loss of revenue from both income tax and NDB rates. If the consequence is more property entering the local market, it would be a mistake to just assume that this will be snapped up by local first-time buyers. Sellers will want to recover the cost of their investment - no local authority should be seeking to introduce negative equity into their communities - and properties are just as likely to be bought by someone who will use it as a second home: the reverse of what is intended by this consultation.

Better these businesses are kept as part of the local economy and, therefore, SBRR is an appropriate incentive. Self-catering operators already attract money into the RSG, and pay toward the cost of visitors, via the enhanced population consequential paid through the annual local government in Wales settlement.

Question 11 - Are there other ways in which you think the local tax system could be used to support the sustainability of our communities?

It is also worth recording that, following UK government policy before the crash and when the stock market was sluggish, individuals were encouraged to make property-based investment (SIPPs etc), through purchase or inheritance. This means that there will be owners of self-catering businesses in their own localities, for whom this is the only source of income beyond a state pension. If we are talking about sustainable, inter-generational communities, we need to be thinking about all ages, not just the young. Further taxing those who have no other source of income should be a consideration, especially as there are now questions over the security of the triple lock on pensions.

Whilst we still see the need for capital investment in a balanced visitor economy, we do understand that public sector resources are set to continue diminishing and that someone has to contribute more. There needs to be a move toward more creative partnerships based on destination business plans which truly identify the product available (i.e., no of beds; tickets, etc) and establish what is required to build a balanced, sustainable 'tourism community' product and sell it. Unfortunately, we recognise that the current package travel regulations set up to protect consumers from airline package-based holiday failures has had a detrimental effect on local products as an unintended consequence.

Financial support for capital investment and product improvement by business assists everyone; its effects in a community are social (wellbeing, economic security, locally based career paths) as well as simply financial. A successful small business provides employment, self-employment, income or corporate tax and, of course, NDB rates. It also helps retain a permanent population who need a school, not just a shop, and where developers look more favourably on providing appropriate-sized housing developments with a proportion of affordable homes or occupation restrictions, and through-life properties.

The current level of Welsh Government support for capital investment in the industry from all its various support schemes has been running at around £10 million annually. This industry's capital investment is overwhelmingly supported from its own retained profits and bank borrowing, but innovative new tourism businesses, which will contribute to the over-all tax take, will not get off the ground without some government investment.

There have been good examples in recent years of such support, modest in scale, being crucial to the success of the development of new tourism businesses. We therefore propose that, post CV-19 and Brexit, the industry should have a specific allocation of funding linked to the Development Framework to support capital investment and product development in tourism businesses. Our members are keen to work with Welsh Government to identify ambitious, but realistic KPIs to accompany such funding.

The scheme rules should reflect the fact that the industry is mainly composed of micro businesses, mostly owner managed. An earmarked, easy to access development tourism fund of double the existing annual spend would not be out of place bearing in mind the £2.7 billion contribution of the industry to GDP and the acknowledged potential for further growth. Other regions and nations in the UK will also be looking at post covid recovery and growth, this investment needs to be swift lest we lose further ground post the Pandemic.

There is a case to explore in relation to larger businesses that have received public funds within the last five years and whether they should receive further government funds. Clearly it looks good for governments to reward already successful large businesses and point out the guaranteed success as one of government's making. Anchor businesses are just part of a joined-up tourism infrastructure: the inevitably fragmented nature of a micro-business sector does not exclude it from strategic investment. It is these businesses which are embedded in the community and are part of the circular economy.

Notwithstanding the over-tourism in specific locations, which needs a targeted remedy, the scope for growth in the visitor economy across Wales is under exploited. There is just as much under-tourism in Wales. It can grow in partnership with communities, add to their viability, and in a way which retains wealth. Micro businesses are not responsible for extracting money into distant big business coffers and they are the perfect contributors to the circular/foundation economy models. Don't tax away the opportunity.

Question 12 - We would like to know your views on the effects that these proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

That Wales is bilingual is a USP for all businesses in Wales, not just those in this sector. We are inclined to agree with the Brooks report that it is not self-catering businesses which limit opportunity for the daily use and treatment of Welsh. In helping provide work opportunities and ancillary spend in other businesses, they contribute to the viability of a community.

We are keen to play our part in achieving the 2050 target and very much welcome bilingualism in the workforce, reinforcing Wales's unique offer and supporting the living language in communities where it is an intrinsic part of their life and character.

Question 13 - Please also explain how you believe the proposed policy approach could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

As we have had over 20 years of compulsory teaching of Welsh in our schools, we can see the argument for the communication elements of all post-16 vocational courses for front-facing careers to include sector-appropriate Welsh; for many it is a question of confidence not ability. We also welcome the work of Coleg Cenedlaethol Cymraeg to support Welsh medium courses post-16.

We also welcome the work being done with businesses to help them increase Welsh-speaking capacity in their workforce, but recognise that unless the business incentive/benefit is clear, such work may not see long term effects.

Question 14 - We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.

Exceptions to the rule: We obviously do not have a clear understanding as to what the Welsh Government conclusion from this initial research will be, but there are several areas which we feel need additional consideration:

- Properties that have planning permission which specifically allows them to only operate a property for self-catering, i.e., it cannot be used as a permanent dwelling without further permissions and/or additional development. For example, a barn suitable only for seasonal use.
- Buildings used within the curtilage of a listed building inhabited by the owner whereby the self-catering business generates income that supports the occupants and the listed building.
- Start ups that may not reach any new threshold within a given amount of time for example 3 years.

Tourism Training: EU nationals have played an important part in some sectors of the industry in Wales, as elsewhere in the UK, and they will continue to be needed. Our colleges and universities are playing a vital role in training for the needs of the industry and to cover the shortfall. There should be closer liaison with tourism businesses to maintain the relevance of the courses on offer and to develop programmes specifically tailored for the needs of the owner/managers of tourism businesses.

We value the training put in place in partnerships between post-16 education providers and large hospitality operations in particular, but there is also scope, with the new curriculum to introduce the idea of a route to a well-paid and rewarding career in our sector at an earlier age. Too often it is hidden from sight as an option for high achievers, and often overlooked as an incentive to improve the uptake of modern foreign languages.

Funding support is still needed for training programmes to fund widening gaps in the industry. But, whilst important, we also need to reach out beyond the traditional 'tourism' roles. We need other sectors to engage with the industry. Specialist builders, environmental scientists and electronic engineers for example. The Turing and what is left of the Erasmus programme in Wales are real opportunities here - and also need careful consideration and consultation with the industry. The sector is, by nature, made up of aspirational players and we are not making the most of its innate entrepreneurial ethos to inspire others cross-sectorally.

Finally, communication. There have not been any dedicated industry communication officers at Visit Wales for some time. It needs attention as communicating with a SME heavy sector needs energy and time. The WTA, as the collective voice of the sector in Wales, is here to help, but our clasp needs to find a hook in Visit Wales. The plans of Welsh Government and, indeed, councils, to grow this sector needs that strong link of intelligence sharing to develop informed input.

Wales Tourism Alliance – 8th October 2021

Ymchwiliad Pwyllgor Llywodraeth Leol a Thai'r Senedd i ail gartrefi

Ymateb gan Propertymark

Ionawr 2022

Cefndir

16. Propertymark yw'r prif gorff proffesiynol ar gyfer asiantau tai a gosod, asiantau masnachol, darparwyr stocrestrau, arwerthwyr a phriswyr, sy'n cynnwys bron i 18,000 o aelodau ledled y DU. Rydym yn cael ein harwain gan aelodau, gyda Bwrdd sy'n cynnwys asiantau wrth eu gwaith ac yn gweithio'n agos gyda'n haelodau i bennu safonau proffesiynol drwy reoleiddio, cymwysterau achrededig a chydabyddedig, rhaglen hyfforddi flaenllaw y diwydiant a Datblygiad Proffesiynol Parhaus gorfodol.

Crynodeb

17. A ninnau wedi archwilio argymhellion Dr Simon Brooks¹⁷ ac ymateb Llywodraeth Cymru i'r cynigion hynny, hoffai Propertymark rannu'r ystyriaethau trosgynnol a ganlyn â'r Pwyllgor:

- v. Nid oes amheuaeth gennym fod niferoedd uwch o ail gartrefi y gellir codi Treth y Cyngor arnynt fel cyfran o gyfanswm yr anheddau trethadwy yn ffenomenon lleol a fydd yn gofyn am gyfuniad o fesurau polisi cenedlaethol a lleol a gyfeirir gan dystiolaeth.
- vi. Mae bwlch sylweddol yn y data sydd ar gael i helpu i greu darlun cywir o wir raddfa ac effaith ail berchentyaeth yng Nghymru gan nad oes gwybodaeth ddibynadwy ar hyn o bryd am nifer yr eiddo sy'n cael eu gosod ar y farchnad osod tymor byr.
- vii. Hyd nes y datblygir teipoleg gadarn ar gyfer diffinio'r gwahanol gategorïau o ail gartrefi, ni fydd gennym ddata dibynadwy i seilio datblygiadau polisi arnynt yn y maes hwn.
- viii. Er mwyn atal y cyflenwad tai preswyl hanfodol rhag cael ei ailddyrrannu i'r farchnad dwristiaeth fasnachol ar raddfa niweidiol, dylai Llywodraeth Cymru ystyried yn ofalus fesurau a fydd yn helpu i gysoni'r sefyllfa rhwng diwydiant gosod tymor byr sy'n fwy ffafriol o ran treth a heb ei reoleiddio a'r sector rhentu preifat sy'n llai ffafriol o ran treth a reoleiddir yn ddwys (y diwydiant gosod hirdymor). Isod, rydym yn nodi ein rhesymu ar draws y pedair ystyriaeth hyn.

Ystyriaeth gyntaf: Mae crynodiadau uwch o ail gartrefi yn ffenomenon lleol sy'n gofyn am gyfuniad o ddatrysiadau polisi cenedlaethol a lleol a gyfeirir gan dystiolaeth.

18. Cred Propertymark fod gan awdurdodau lleol yng Nghymru fecanwaith a allai fod yn bwerus eisoes, drwy Adrannau 12A a 12B Deddf Cyllid Llywodraeth Leol 1992 (fel y'i diwygiwyd gan Ddeddf Tai (Cymru) 2014),¹⁸ i helpu i reoleiddio crynodiadau o ail gartrefi drwy system treth y cyngor, ond nid yw hyn yn ymestyn i gartrefi sydd wedi'u cofrestru ar gyfer trethi busnes. Ar y sail hon, dylai Llywodraeth Cymru archwilio ffyrdd o alluogi ymatebion lleol drwy newidiadau i'r system trethi busnes. Ochr yn ochr â'r dulliau lleol hyn, bydd angen ymagwedd genedlaethol a fydd yn cynyddu'r cyflenwad tai newydd yn sylweddol ar yr un pryd â chysoni

¹⁷ https://llyw.cymru/sites/default/files/publications/2021-03/ail-gartrefi-datblygu-polis%C3%AFau-newydd-vng-nghymru_0.pdf

¹⁸ <https://www.legislation.gov.uk/en/ukpga/1992/14/section/12A>

rhwng y diwydiannau gosod tymor byr a thymor hir. Mae'r dystiolaeth yn cefnogi ein pryderon ynghylch gostyngiad yn nifer y cartrefi sydd ar gael i'w rhentu yn y sector rhentu preifat preswyl hirdymor mewn ardaloedd gyda chrynodeadau uwch o gartrefi sy'n cael eu gosod ar y farchnad fasnachol tymor byr.¹⁹

19. Yn seiliedig ar ein dadansoddiad o'r data ar gyfer anheddau y gellir codi treth y cyngor arnynt yng Nghymru,²⁰ nid oes amheuaeth fod crynodeadau mawr o ail gartrefi trethadwy fel cyfran o'r holl anheddau trethadwy yn ffenomenon lleol iawn. Yn 2021 roedd cyfanswm o 1,397,387 o anheddau cofrestredig y gellir codi treth y cyngor arnynt, yr oedd 25,995 ohonynt yn ail gartrefi trethadwy – 1.86 y cant o'r cyfanswm - gan olygu bod bron i ddau o bob 100 eiddo yng Nghymru yn ail gartref sy'n drethadwy at ddibenion treth y cyngor yn 2021.²¹ I'r gwrthwyneb, yng Ngwynedd roedd bron i un o bob deg eiddo, a bron i un o bob deuddeg yn Ynys Môn, yn ail gartref trethadwy yn 2021. Oherwydd natur leol y mater yma, bydd yn bwysig bod yn ochelgar iawn wrth gymryd camau cenedlaethol ar raddfa fawr a allai effeithio ar y farchnad tai ehangach pan fydd modd efallai, i ymatebion lleol sicrhau canlyniadau a dargedir yn fwy.

20. Fel y nodwyd yn ein hymateb i ymgynghoriad Llywodraeth Cymru ar Drethi Lleol ar gyfer Ail Gartrefi a Llety Hunanarlwyo,²² prin iawn yw'r dystiolaeth i ddangos pa mor effeithiol yw defnyddio'r system treth y cyngor leol i sicrhau newid yng nghyfraddau ail berchentaeth ar lefel leol oherwydd yr anhawster wrth ddod i unrhyw gasgliadau dibynadwy yn seiliedig ar y defnydd cyfyngedig ohoni. Dim ond naw o bob 22 awdurdod lleol a arferodd eu pwerau i gymhwyso premiwm treth y cyngor i berchnogion ail gartrefi trethadwy yn 2021 – cymhwysodd un y 100 y cant llawn (Abertawe), cymhwysodd pump breimiwm o 50 y cant (Gwynedd, Sir y Fflint, Sir Ddinbych, Sir Benfro a Phowys) cododd un 35 y cant yn ychwanegol (Ynys Môn) a chododd dau 25 y cant yn ychwanegol (Ceredigion a Chonwy). Ni fu i'r un o'r pum ardal â'r crynodeadau uchaf o ail gartrefi trethadwy yn 2021 gymhwyso premiwm treth y cyngor o fwy na 50 y cant. Credwn na ddylid gweithredu unrhyw fesurau lleol pellach hyd nes bod Llywodraeth Cymru yn ymchwilio i pam mae awdurdodau lleol wedi dewis yn gyffredinol i beidio ag arfer y pwerau sydd ar gael drwy system treth y cyngor. Mae'n hollbwysig hefyd i Lywodraeth Cymru sicrhau nad yw unrhyw newidiadau i'r system trethi lleol yn cael effaith andwyol ar landlordiaid preifat. Mae landlordiaid preifat yn darparu cartrefi, a heb gymhellion i gynnal buddsoddiad, bydd colli stoc yn y sector rhentu preifat yn arwain at ganlyniadau costus i Lywodraeth Cymru ac i awdurdodau lleol, a allai weld rhestrau aros am dai yn gwaethygu. Trwy ostyngiadau neu ad-daliadau treth, gallai Llywodraeth Cymru annog buddsoddiad yn y sector rhentu preifat – nid yn unig o ran y cyflenwad ond o ran gwella ansawdd y stoc drwy ryddhad TAW ar adnewyddu a sicrhau bod cyllid ar gael i wella effeithlonrwydd ynni.

21. Credwn y dylai busnesau gwirioneddol fod yn agored i dalu trethi busnes, ond rydym yn pryderu am gollu buddsoddiad yn y sector rhentu preifat wrth i landlordiaid preifat geisio manteisio ar refeniw uwch o bosib, mwy o hyblygrwydd a rheoleiddio sy'n llai rhagnodol drwy

¹⁹ <https://www.tandfonline.com/doi/full/10.1080/02673037.2021.1988063>

²⁰ Ar gael ar gais.

²¹ <https://cy.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/counciltaxchargeablesecondhomesinwales>

²² <https://www.propertymark.co.uk/resource/consultation-welsh-government-consultation-local-taxes-second-homes-self-catering-accommodation.html>

ddewis gosod eu heiddo ar y farchnad tymor byr, wedi'i ddylanwadu i raddau helaeth gan atyniad y Rhyddhad Ardrethi Busnesau Bach (SBRR). Ar hyn o bryd, mae busnesau y mae gan eu safle werth trethadwy o hyd at £6,000 yn gymwys i dderbyn gostyngiad cant y cant ar Drethi Annomestig (NDR), gyda rhyddhad yn cael ei gymhwyso ar sail daprog wedi hynny. Mae hyn yn gymhelliad i osod yn y sector rhentu preifat tymor byr yn hytrach na'r un hirdymor ac felly byddem yn annog Llywodraeth Cymru i asesu'r SBRR er mwyn sicrhau nad yw'n peri deilliannau gwrthnysig i'r sector rhentu preifat a'r rhai y mae'n darparu cartrefi iddynt ac nad yw colledion refeniw NDR o ganlyniad i fusnesau gosod tymor byr sy'n cyrchu'r SBRR yn mynd yn drech na'r manteision a gynhyrchir gan y busnesau hynny. Efallai yr hoffai Llywodraeth Cymru ystyried a fyddai codi'r trothwyon fel bod yn rhaid i eiddo fod ar gael am o leiaf 180 diwrnod a'i osod yn fasnachol am o leiaf 90 diwrnod yn fwy effeithiol o ran sicrhau mai dim ond busnesau cyfreithlon sy'n dod o dan y diffiniad at ddibenion NDR. Byddai'r rhai sy'n ymwneud â gweithgarwch gosod tymor byr nad ydynt yn bodloni'r trothwy hwn wedyn yn agored i dalu treth y cyngor a'r premiwm perthnasol a gymhwysir gan yr awdurdod lleol. Byddai'r fath ymyriad yn dileu'r risg o gamfanteisio ar SBRR ac yn helpu i liniaru erydiad stoc y sector rhentu preifat. Gallai Llywodraeth Cymru hefyd ystyried a ddylid eithrio busnesau gosod tymor byr sy'n bodloni'r meini prawf a'r trothwyon ar gyfer talu trethi annomestig (NDR) o SBRR, er mwyn helpu i gysoni'r sefyllfa a gwneud buddsoddiad yn y sector rhentu preifat yn gymharol fwy deniadol.

22. Rydym yn cydnabod bod cynllun peilot a ariennir gan Lywodraeth Cymru yn cael ei gynnal gan Gyngor Gwynedd o fis Ionawr 2022 i brofi'r defnydd o'r system gynllunio i reoleiddio'r nifer o ail gartrefi ac eiddo gwyliau gosod tymor byr mewn ardal. Er i ni gydnabod y bydd y cynllun peilot yn darparu mewnwelediad defnyddiol, rydym yn dal yn amheus ynghylch gallu y fath ymagwedd gan y byddai'n anodd iawn i fonitro a gorfodi, barn a gefnogir gan y dystiolaeth hyd yma.²³ At hynny, ni fyddem yn cefnogi'r ymagwedd hon gan y byddai'n gosod cyfyngiadau ar hawliau perchnogion eiddo i ddewis yr hyn y maent yn ei wneud gyda'u hased a byddai'n ychwanegu cymhlethdod ychwanegol at y broses drawsgludo a allai lesteirio gweithrediad y farchnad werthiannau. Yn hytrach, credwn y bydd Llywodraeth Cymru yn gweld canlyniadau mwy ffafriol trwy gynyddu'r gyflenwad newydd ar draws yr ystod lawn o fathau o ddaliadaethau yn yr ardaloedd lle y mae eu hangen fwyaf, a safoni'r sefyllfa reoleiddio er mwyn cydbwysu effaith newidiadau i drethi sy'n effeithio ar landlordiaid portffolio, y maent wedi gwneud rhentu tymor byr yn fwy ffafriol a phroffidiol o ran treth na'r farchnad breswyl hirdymor.²⁴ At hynny, byddem yn annog Llywodraeth Cymru i osgoi cyfyngu ar brynu ail gartrefi yn seiliedig ar dystiolaeth sy'n dod i'r amlwg y gall hyn danseilio amcanion polisi drwy atgyfnerthu anghydraddoldeb cyfoeth yn anfwriadol mewn ardaloedd a dargedir.²⁵

Ail ystyriaeth: Mae bwllch sylweddol yn y data sydd ar gael i helpu i gyfeirio darlun cywir o wir raddfa ac effaith ail berchentyaeth yng Nghymru.

23. Mae ein dadansoddiad²⁶ o'r data sydd ar gael gan Lywodraeth Cymru yn dangos bod ardaloedd sydd â chrynodeidiau uwch o ail gartrefi trethadwy o'i gymharu â'u stoc anheddau domestig

²³ <https://www.tandfonline.com/doi/full/10.1080/02673037.2021.1988063>

²⁴ <https://www.tandfonline.com/doi/full/10.1080/02673037.2021.1988063>

²⁵ https://personal.lse.ac.uk/hilber/hilber_wp/hilber_schoeni_2020_05_forthcoming_JUE.pdf

²⁶ Mae manylion pellach ar gael ar gais.

cyffredinol yng Nghymru yn gweld colled tai preswyl net ar hyn o bryd ar ôl cymryd y cyfanswm cyflenwad newydd i ystyriaeth. Rydym wedi dangos y pwynt hwn isod, gan gyfeirio at ddata perthnasol ar gyfer y tair ardal gyda'r crynodiadau uchaf o anheddau sydd wedi'u cofrestru fel rhai y gellir codi treth y cyngor arnynt yng Nghymru dros y blynyddoedd 2017-21.²⁷

24. Yn 2021, Gwynedd oedd â'r crynodiad uchaf o ail gartrefi trethadwy gyda 9.73 y cant o'r holl anheddau trethadwy wedi'u cofrestru fel ail gartrefi at ddibenion treth y cyngor, sef bron i 1 o bob 10 eiddo. Mae'n werth nodi nad yw nifer yr ail gartrefi fel cyfran o gyfanswm yr anheddau trethadwy yng Ngwynedd wedi newid i raddau helaeth dros y pum mlynedd hyd at 2021 - yn wir roedd 91 yn llai o ail gartrefi trethadwy yng Ngwynedd yn 2021 o gymharu a 2017, gan awgrymu nad mater newydd mo hwn - ar lefel yr awdurdod lleol o leiaf. At hynny, gwelodd Gwynedd ostyngiad nodedig o 876 (-1.52 y cant) yng nghyfanswm yr anheddau trethadwy dros yr un cyfnod o bum mlynedd, gan ddangos colled net o 1,602 o unedau tai preswyl posib ar ôl cymryd y 726 o dai newydd ychwanegol yn y flwyddyn i ystyriaeth.²⁸ Ynys Môn oedd â'r crynodiad uchaf ond un o ail gartrefi trethadwy yn 2021, gydag 8.10 y cant o gyfanswm yr anheddau trethadwy wedi'u cofrestru fel ail gartrefi. Mewn cyferbyniad â Gwynedd, cododd nifer yr ail gartrefi fel cyfran o gyfanswm yr anheddau trethadwy yn Ynys Môn 3.75 y cant rhwng 2017 a 2021, cynnydd o 1,284 o anheddau dros y cyfnod. Mae cyfanswm yr ail gartrefi trethadwy wedi codi 82 y cant tra bod cyfanswm nifer yr anheddau trethadwy ond wedi cynyddu 0.56 y cant - 190 o anheddau - er gwaethaf 472 o dai newydd. Yr ardal â'r trydydd crynodiad uchaf o ail gartrefi trethadwy fel cyfran o'r holl anheddau trethadwy yn 2021 oedd Sir Benfro gyda 6.76 y cant, cynnydd o 2.06 y cant o'r gyfran yn 2017. Yn yr un modd ag Ynys Môn, gwelodd Sir Benfro gynnydd mawr o 45.23 y cant yn nifer yr ail gartrefi trethadwy dros y pum mlynedd hyd at 2021 (1,267 o unedau ychwanegol) tra mai dim ond cynnydd bach o 0.92 y cant (540 uned) y bu yng nghyfanswm nifer yr anheddau trethadwy, er gwaethaf 1330 o dai newydd ychwanegol yn y flwyddyn.
25. Rydym yn cydnabod y gall fod gorgyffwrdd yn y ffordd y defnyddir ail gartrefi, ar draws y marchnadoedd tymor byr a thymor hir ac at ddefnydd preifat perchnogion, ond mae'r anghysondebau uchod yn datgelu bwlch hanfodol bwysig yn y data gan nad oes modd olrhain yn bendant beth yw diben y unedau 'coll' hyn neu'r hyn y maent yn cael eu defnyddio ar ei gyfer. Gellir tybio'n rhesymegol, fodd bynnag, eu bod wedi'u cofrestru ar gyfer trethi busnes annomestig (yn hytrach na threth y cyngor domestig), ac felly yn cael eu gosod ar sail fasnachol, yn y diwydiant gosod tymor byr yn bennaf. Gan adeiladu ar y pwynt hwn, rydym yn pryderu am y graddau y mae'n ymddangos bod buddsoddi yn y sector rhentu preifat yn lleihau mewn ardaloedd lle mae diwydiant gosod tymor byr heb ei reoleiddio yn fuddsoddiad mwy deniadol i berchnogion ail gartrefi, ond oherwydd diffyg data ni allwn gyfleu gwir raddfa ac effeithiau'r mater. Mae hyn yn codi cwestiwn o ran sut y gall Llywodraeth Cymru gyfiawnhau cyflwyno ymyriadau polisi newydd sylweddol pan fydd cymaint nad ydym yn ei ddeall eto. Pan fo annedd yn cael ei defnyddio am resymau masnachol ac felly bod y perchennog yn cofrestru ar gyfer Trethi Busnes, nid yw'n ofynnol i awdurdodau lleol gywain y data hwn ac adrodd arno

²⁷ <https://statscymru.llyw.cymru/Catalogue/Local-Government/Finance/Council-Tax/Dwellings>, <https://statscymru.llyw.cymru/Catalogue/Housing/New-House-Building/newdwellingsstarted-by-area-dwellingtype> a <https://statscymru.llyw.cymru/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure>

²⁸ <https://statscymru.llyw.cymru/Catalogue/Housing/New-House-Building/newdwellingsstarted-by-area-dwellingtype>

mewn modd cyson, er y bydd gan awdurdodau lleol y data hwn ar ryw ffurf ar lefel leol. Gallai Llywodraeth Cymru ei gwneud yn ofynnol i awdurdodau lleol gywain set ddata a bennir yn genedlaethol er mwyn cyfeirio dealltwriaeth o faint o gartrefi, gan gynnwys pa fathau ac ym mha ardaloedd, sydd wedi'u cofrestru ar gyfer trethi busnes. At hynny, gallai gyflwyno a chynyddu graddfa'r cynigion a wnaed gan Airbnb yn ei Phapur Gwyn,²⁹ drwy system gofrestru genedlaethol i helpu wrth reoleiddio eiddo rhentu tymor byr, helpu i gywain data hanfodol a hefyd cysoni'r sefyllfa o ran ei hymagwedd at reoleiddio'r sector rhentu preifat hirdymor.

Trydedd ystyriaeth: Mae arnom angen teipoleg gadarn sy'n nodi'r diffiniad o bob categori o ail gartref fel bod gennym ddata dibynadwy i seilio'r holl ddatblygiadau polisi yn y maes hwn arnynt.

26. Mae datblygu polisi sy'n seiliedig ar dystiolaeth mewn perthynas ag ail gartrefi yng Nghymru'n gofyn am deipoleg ddibynadwy sy'n nodi diffiniadau o bob math o ail gartref yn seiliedig ar ddefnydd. Trwy ddiffinio pob math o ail gartref gall Llywodraeth Cymru sicrhau bod ei data yn darparu darlun mwy dibynadwy o'r defnydd o dai ar lefel genedlaethol a lleol. Os, fel y mae'r dystiolaeth hyd yma'n ei awgrymu, nad yw cartrefi prynu-i-osod wedi'u cynnwys wrth gyfeirio at her yr ail gartrefi, ceir cydnabyddiaeth nad ydynt yn rhan o'r broblem. Yn wir, y mater sylfaenol yw diffyg cartrefi i'w rhentu fel rhan o her ehangach o ran cyflenwad/argaeledd yn y stoc tai gyffredinol (cartrefi sydd ar gael i bobl leol eu prynu neu eu rhentu a byw ynddynt eu hunain fel eu prif gartref). Ar y sail hon, nid oes fawr o synnwyr o ran cymhwyso'r un rheolau i landlordiaid prynu-i-osod sydd â'r nod o helpu i daclo mater ail gartrefi yng Nghymru. Rydym yn cynnig y gellir categorio'r defnydd o eiddo yn fras ar draws y tri math canlynol er mwyn helpu i wahaniaethu prif gartrefi o'r ddau brif fath o ail gartrefi:

- **Prif gartrefi** yw'r rhai sydd wedi'u meddiannu gan y perchennog neu wedi'u gosod i denantiaid fel eu prif gartrefi – 'cartrefi' yw'r rhain'. Mae hyn yn cynnwys cartrefi a osodir yn y sector rhentu preifat, y mae'n ofynnol i'w landlordiaid gofrestru gyda Rhentu Doeth Cymru. Mae eiddo prynu-i-osod yn darparu llety a rentir sydd i'w feddiannu fel prif breswylfa, felly maent yn brif gartrefi am y rheswm hwnnw.
- **Ail gartrefi** yw eiddo nad yw eu perchnogion yn byw ynddynt fel eu prif annedd ond sy'n cael eu defnyddio gan y perchnogion ar sail ad hoc er mwyn i'r eiddo gael ei fwynhau drwy gydol y flwyddyn h.y., nid ydynt wedi'u meddiannu'n amser llawn gan rywun sy'n byw yno'n barhaol.
- **Gosodiadau tymor byr neu wyliau** yw eiddo a ddefnyddir at ddiben masnachol drwy osod i bobl ar sail tymor byr drwy gydol y flwyddyn – eiddo ydyw sydd wedi'i gofrestru ar gyfer trethi busnes annomestig.

27. Fel y nodir uchod, mae potensial i eiddo ffitio i unrhyw un o'r categorïau hyn ar unrhyw adeg benodol, gan ei wneud yn ofynnol i greu teipoleg a all gyfrif am bob sefyllfa sy'n bosib. Nid ydym ond wedi cynnig sylfaen gadarn y gall Llywodraeth Cymru adeiladu fframwaith ar gyfer datblygu polisi ail gartrefi arni.

²⁹ https://news.airbnb.com/wp-content/uploads/sites/4/2021/06/UK_RegistrationWhitepaper_2021.pdf

Pedwaredd ystyriaeth: Atal y cyflenwad tai preswyl hanfodol rhag cael ei ailddyrranu i'r farchnad twristiaeth fasnachol, ar raddfa niweidiol.

28. Ceir tystiolaeth y bydd ardaloedd sy'n profi cynnydd yn argaeledd eiddo rhentu tymor byr yn gweld gostyngiad ar yr un pryd yn y cyflenwad o gartrefi i'w rhentu ar y farchnad tymor hwy, gan ailddyrranu'r cyflenwad tai i bob pwrpas o un ran o'r farchnad i'r llall, gan gyfyngu ar y gronfa o gartrefi sydd ar gael i'w rhentu.³⁰ Nododd ein hymchwil ein hunain – a gynhaliwyd drwy ford gron gydag aelodau Propertymark - a gynhaliwyd ym mis Tachwedd 2021 mewn partneriaeth â Gweinidog yr Wrthblaid dros Newid yn yr Hinsawdd ac AS Aberconwy, Janet Finch-Saunders, fod asiantau gosod yn pryderu am golli eiddo rhentu hirdymor i'r sector rhentu tymor byr. Ceir colled nodedig yn nifer y cartrefi sydd ar gael i'w rhentu yn wyneb galw cynyddol gydag aelodau'n amlygu i ba raddau y mae awdurdodau lleol yng Nghymru wedi dibynnu'n fwyfwy ar y sector rhentu preifat i helpu i daclo digartrefedd dros y blynyddoedd diwethaf, gan arwain at ragfynegiadau y bydd lefelau digartrefedd yn codi os na wneir unrhyw beth i gadw neu ddenu buddsoddiad newydd yn y farchnad rhentu preifat hirdymor.³¹ Dywedodd yr Aelodau wrthym fod llawer o landlordiaid yn y sector rhentu preifat mewn ardaloedd lle ceir galw uchel am eiddo gosod tymor byr yn dewis gosod eu heiddo fel llety gwyliau, gan eu bod yn denu llai o feichiau rheoleiddio, y potensial am lai o draul a gwisgo oherwydd natur tymor byr y feddiannaeth ac elw uwch, gan fod y refeniw posib a gynhyrchir gan osodiadau tymor byr yn drech nag unrhyw gynnydd mewn cyfnodau gwag. Mae hyn yn arwain at golli stoc yn y sector rhentu preifat sy'n gwaethygu problemau fforddadwyedd wrth i renti cyfartalog godi a darpar denantiaid hirdymor gystadlu am nifer cyfyngedig o eiddo. Mae'r cynnydd hwn yn y galw pan fydd y cyflenwad yn gyfyngedig yn codi prisiau yn yr ardaloedd yr effeithir arnynt, gan arwain at alwadau am weithredu camsyniol i reoleiddio lefelau rhent pan ddylid canolbwyntio yn lle ar fynd i'r afael ag achos costau tai cynyddol – cyflenwad cyfyngedig o'r mathau priodol o gartrefi, yn hytrach nag eiddo a ddefnyddir ar sail fasnachol tymor byr - yn y lleoedd cywir ac am brisiau y gall pobl eu fforddio.
29. Gan hynny, mae'n rhaid i Lywodraeth Cymru gymryd camau i atal colled niweidiol o gartrefi o'r sector rhentu preifat i'r diwydiant gosod tai tymor byr mwy ffafriol. Nid cyfyngu ar allu pobl i brynu cartrefi ychwanegol mo'r ateb ond sicrhau bod digon o dai fforddiadwy ar gael mewn ardaloedd sydd wedi'u heffeithio fwyaf gan ail berchentyaeth gynyddol ar yr un pryd â chysoni rhwng diwydiant gosod tymor byr sy'n fwy ffafriol o ran treth a heb ei reoleiddio a'r sector rhentu preifat sy'n llai ffafriol o ran treth a reoleiddir yn ddwys (y diwydiant gosod hirdymor). Rydym yn cynnig y mesurau allweddol a ganlyn i gyflawni hyn:
- Cyflwyno system gofrestru i helpu i reoleiddio eiddo rhentu tymor byr a sicrhau eu bod yn cydymffurfio â safonau gofynnol ar draws effeithlonrwydd ynni, iechyd a diogelwch a hawliau defnyddwyr.

³⁰ <https://www.tandfonline.com/doi/full/10.1080/02673037.2021.1988063>

³¹ Mae'r data diwethaf sydd ar gael ar gyfer 2017-18 a 2018-19 (<https://statscymru.llyw.cymru/catalogue/housing/homelessness>) yn dangos bod defnyddio'r sector rhentu preifat i helpu pobl i sicrhau llety amgen yn wyneb digartrefedd yn bwysig tu hwnt. Mewn mwy na thraean (36 y cant) o'r achosion lle lliniarwyd digartrefedd trwy helpu rhywun i sicrhau llety amgen rhwng 2017 a 2019, fe'u helpiwyd i sicrhau cartref yn y SRHP. Nid yw hyn yn rhy annhebyg i'r gyfran a helpiwyd i gyrchu'r sector rhentu cymdeithasol - 38 y cant

- Adolygu Cyfraddau Trafodiadau Tir cenedlaethol ar gyfer eiddo prynu-i-osod fel nad yw landlordiaid presennol a darpar landlordiaid wedi'u denu gan elw mwy ffafriol yn y farchnad tymor byr. Nodwn fod Llywodraeth Cymru wrthi'n ymgynghori ar y ffordd orau o sicrhau amrywiadau lleol i gyfraddau treth trafodiadau tir (LTT),³² ond gall marchnadoedd tai lleol fod yn hynod sensitif i newidiadau yn y system treth trafodiadau eiddo, felly byddem yn rhybuddio Llywodraeth Cymru rhag cymhwyso cyfraddau LTT ar lefel goruwchleol heb dreialu'n gyntaf yr effaith y gallai hyn ei chael ar farchnadoedd cyfagos.
 - Adolygu trethi busnes annomestig i sicrhau nad yw landlordiaid yn cael eu hannog i weld bod y farchnad tymor byr yn fwy ffafriol o ran treth na'r sector rhentu preifat hirdymor.
30. Gyda'n hystyriaethau uchod mewn golwg, byddai Propertymark yn annog Llywodraeth Cymru i sicrhau bod unrhyw bolisiâu a gyflwynir i ymdrin â'r heriau a grëir gan anghydbwysedd mewn lefelau ail gartrefi ar lefel leol yn hirhoedlog. Bydd asesiad gofalus o effaith ymyriadau posib yn helpu i warchod rhag cyflwyno trwsiad tymor byr a allai gael effaith andwyol ar ddyfodol hirdymor tai ar gyfer Cymru a'r economi.

³² <https://llyw.cymru/ail-gartrefi-amrywiadau-lleol-i-gyfraddau-treth-trafodiadau-tir>

Committee Response

Inquiry into second homes

Response by the Royal Institution of Chartered Surveyors (RICS) to the Senedd Cymru Local Government and Housing Committee.



Introduction

On behalf of the Royal Institution of Chartered Surveyors (RICS), can we first begin by thanking the committee for the invitation to give evidence at the inquiry into second homes.

Established in 1868, RICS is the largest organisation of its kind in Wales, with over 2,300 professionals supporting the property, land and rural sectors in Wales – providing expert-led, independent advice on a range of matters including valuations and home surveys.

RICS appreciates the sensitivities and challenges communities face with second homes and holiday lets, and in constructing our response, will provide statistical evidence and expert opinion to create a holistic picture of the issues in Wales.

Summary

It is important to understand what objectives the Committee, and indeed Welsh Government are looking to achieve in seeking to review and reform policy making regarding second homes. As seen from the recommendations by Dr Simon Brooks, they cover a diverse policy spectrum, including reforms to planning, taxation and cultural protection.

It is important we appreciate what the overall objectives are before looking at the specific recommendations – this is something RICS believes has not been clearly defined, or even if it could be to begin with. For example, based on the recommendations by Dr Brooks and the Welsh Government response, would the below be a suitable summary of objectives?

- To free up existing housing stock for local residents and create new homes.
- To lower property values to affordable levels.
- To seek revenue generation from second homes.
- To protect the Welsh language and the culture and heritage of communities.

The reason RICS raise this is that while many of the recommendations are good in principle, we are keen to avoid unintended consequences and ensure that future policy decisions best serve the communities it intends.

Data

One aspect to the inquiry the Committee will be interested in is the correlation second homes have on property values and market access. As the Committee may be aware, RICS produce the monthly [UK Residential Market Survey](#), with data on housing stock levels on the market versus buyer demand. This allows RICS to monitor trends and support anecdotal evidence with market data.

A common challenge associated with second home ownership is its relationship with housing levels, and ultimately, property values i.e., as fewer homes are available for sale, and buyer demand outstrips stock, house prices will rise.

This is not a new phenomenon, or indeed restricted to communities with high proportions of second homes.

With UK house prices at a record high, this narrowing of demand versus stock has been building up for years, even decades – outdating the challenges presented by Brexit and Covid-19.

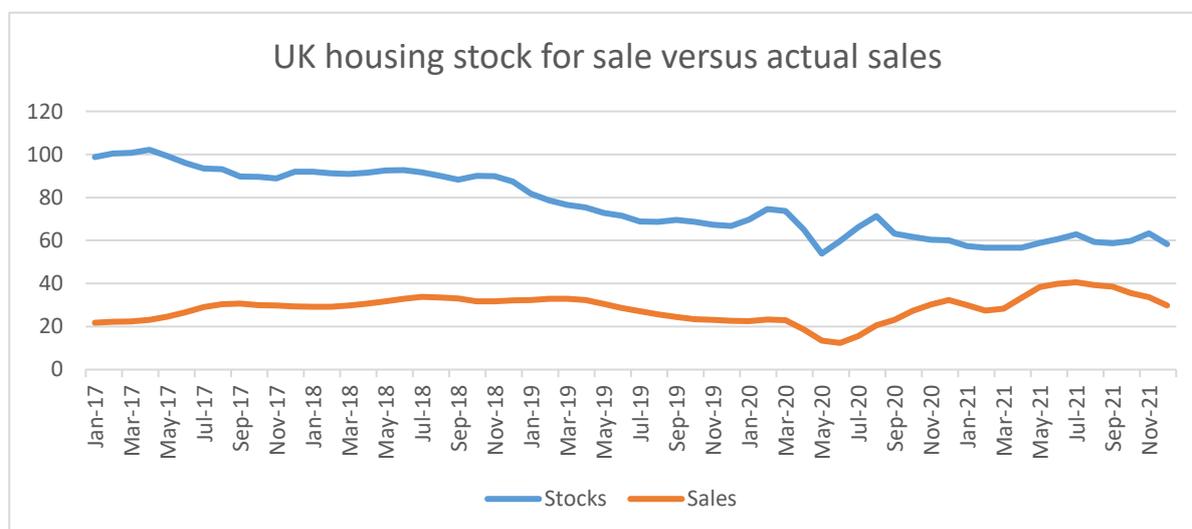


Figure 1

The above graph demonstrates one part of the wider challenge facing the Welsh and UK’s housing market – simply put, as the gap between stock levels and sales interest narrows, house prices increase and the number of completed purchases stalls.

The data below shows the comparison between UK averages and Wales when looking at the average number of monthly properties listed by any given agent:

	Q4 2019	Q4 2021
UK	67.6	60.4
Wales	64.6	57.6

Figure 2

Data shown in Figure 2 highlights that while parts of Wales have a higher proportion of second homes and holiday lets than other parts of the UK, there is no significant discrepancy in market data. Unfortunately, RICS are unable to break this data down to local/regional levels of Wales where we could well see some divergence, but if it interests the Committee, we will be able to adapt future market surveys to monitor specific geographic differences.

Recommendation feedback

Recommendation 1 – develop regional and local variation in public policy

Yes, we agree with the principle that lenders should publicly disclose the energy performance of their portfolio as one mechanism for encouraging home improvements. Lenders can drive forward behavioural change in consumers and stimulate a green revolution in the housing market.

Consideration needs to be applied that requiring all lenders to participate may disenfranchise smaller, more niche lenders who specialise in specific property type lending which naturally may have a poorer EPC rating such as rural homes or listed buildings.

Recommendation 2 – control of the numbers of second homes

RICS welcomes discussions that public policy should ensure stability on the number of second homes (and for that matter the inclusion of holiday lets as well).

As highlighted in Recommendation #1, if control over the number of second homes is set, then clear guidance on when this can be introduced/removed should be set out.

It is also important to acknowledge exactly what could and could not happen by controlling the number of second homes. Simply controlling existing homes and new build homes from

becoming classed as second homes will likely only have a minimal impact on communities already witnessing significant levels of second home ownership today.

Assumption 3 about reducing house prices also needs to be taken into the context of the current housing market across Wales. Even in communities with minimal second home ownerships, values have significantly increased in recent years – especially since early 2020. The current lack of significant stock versus buyer demand, even if it would

Recommendation 3 – the definition of second homes

Creating a consistent approach to defining second homes is imperative to any successful public policy-making decisions. This will not only create market consistency but also allow for greater regulation of regional and local policy variations to ensure communities fairly diverge from national policy frameworks.

While there are varying definitions available already, including several highlighted during this inquiry, any legal definition should consider and give protection to properties that may inadvertently become classed as second homes including:

Those inherited but may lay dormant for a reasonable period.

At what stage during a point of sale would the definition of a home be classed as its primary residence e.g., the sale processes of an existing homeowner's property falling through (when we consider some chain purchases can take more than six months to complete).

A definition for holiday lets should also be included within this recommendation and RICS would argue that holiday lets, and second homes have an almost equal influence on housing market conditions from a stock and value perspective.

The Mandatory Licensing Scheme introduction is one potential solution and could support with taxation policy. If such a scheme is introduced for holiday lets, further detail would be needed on what regulatory role this would have, if any.

Recommendation 4 – responding to Brexit and Covid-19

RICS agrees that Covid-19 has had a seismic impact on the housing market in Wales, with Brexit playing a lesser role.

The pandemic has seen a shift not just in areas of high second homes, but across all parts of Wales to move into properties with large outdoor spaces and extra rooms for home working. In addition, Land Transaction Tax (LTT) relief and pent-up demand through lockdowns

witnessed a dramatic increase in house sales – with RICS professionals commenting that late 2020 and 2021 was some of the busiest periods on record, regardless of geography.

As a particular result of Brexit and Covid-19, the cost and time of house building have increased. Both factors combined has meant that labour has left the market and material costs have increased. This will naturally have an impact on house building targets and development costs.

It is difficult to say at this stage what impact Covid-19 has had on the places we wish to live – and whilst there will naturally have been a rise in second home interest, there has also been a strong resurgence in holiday let properties because of staycation interest.

Recommendation 5 – the need for policy intervention across a range of policy areas

RICS agrees that planning and taxation policy intervention can have a positive effect in addressing the challenges presented by second homes. While taxation and planning are addressed in other recommendations of this inquiry, RICS would also like to draw the Committees' attention to several other policy intervention opportunities:

1. A significant portion of the recommendations is focused on second homes, and those who will occupy them. However, there are limited recommendations to support existing local residents. RICS recommends that further research is required to look at incentives to support local homeowners (you can also argue that potentially anyone looking for a primary residence within areas with the highest proportion of second homes should be included).

Two examples of incentivised support are tax reliefs (such as higher LTT thresholds) and similar schemes to the London 'first dibs' – which give a presumption in favour to residents (with London's example being extreme as non-local was defined as overseas). It might also interest the Committee to learn that in mainland Europe, several city-level authorities with high levels of second-home owners or international investors also offer financial support and subsidies to local residents who would otherwise be priced out.

2. Housebuilding itself is a contentious issue to consider. The Welsh Government have set a target for the creation of an additional 20,000 low-carbon, social/affordable homes. Under proposals, these will not be allowed to transfer into second-home ownership unless significant class-use and planning changes occur. Given the nature of many of these impacted communities (typically in rural and/or protected locations), mass housebuilding is simply not possible.

RICS supports the decision to protect new homes but is cautious that given the limited number of new build properties expected in these communities, this might shift second-home buyer and holiday-let interest into an even smaller market – resulting in increased competition and values. An unintended consequence could mean that without reform to planning and class use to stop existing homes from being turned into second homes, existing residents may be priced-out of future purchases and into new social/affordable homes.

3. Another policy intervention to consider is embedding the need to create more sustainable, environmentally friendly homes into the process. RICS is working closely with the Welsh Government on several sustainability initiatives involving housing, and this may be an opportunity to make a positive, albeit small, environmental impact.

The government should consider what levers are available to require second home purchasers to meet a minimum energy standard for that property (as already required within social housing and the PRS). This would be a good opportunity to ensure that those who purchase a second home, contribute to the reduction in carbon emissions and the creation of more energy-efficient homes.

Recommendation 6 – Local Council Tax Premium

Recommendation 7 – Short-term holiday accommodation and business rates

Recommendation 8 – Land transaction tax

RICS have grouped taxation recommendations under one response as it is important to understand exactly what the objective is here. Is it to simply price out some potential second home buyers, or is intended as a source of revenue generation – and if so, will such revenues generated by such a tax be ring-fenced for migration works?

RICS understands why initiatives such as a Council Tax Premium or increased LTT may seem appealing, but the objective of such schemes has still not been clarified. Simply introducing a Council Tax Premium or an increase in LTT would generate additional revenue, but the extent to which it would limit second-home ownership will likely be minimal. Such taxation may price out some second-home owners, but given the current market competition, it is almost certain that another purchaser with an even high level of disposable income will make an offer.

It is also important to acknowledge that setting higher LTT rates at a local government ward, would also impact long-existing residents should they wish to move. While the number of residents moving homes within one ward may seem minimal, this could price out first-time buyers looking to stay close to where they were raised – which would have an unintended impact on the heritage of communities.

It is important to highlight to the Committee that the RICS Valuation – Global Standards 2017: UK national supplement considers certain taxation issues when assessing a properties valuation. However, the proposed changes to council tax, LTT and business rates will likely require additional review by RICS to fully assess what, if any, influence this may have on property values to create a consistent, fair approach to property valuations in these communities.

Recommendation 9 – Gwynedd and Anglesey Councils’ ‘Local Market Housing’ Scheme

The introduction of ‘Local Market Housing’ can certainly be deemed as an extreme intervention by modern UK planning decisions.

With schemes already underway in Wales, it is a radical approach to ensuring that only local residents can secure any new home. The government should investigate what long-term consequences such policies may have. In many of these communities, it is not uncommon to witness younger generations move out in search of jobs and livelihoods in larger towns and cities.

Given the relatively young age of many of these schemes, there is a lack of data to properly model what future trends may look like and whether the definition of a ‘local resident’ may need to be reviewed in the future.

Recommendation 10 – the creation of a new use class for short-term holiday accommodation Recommendation 11 – trialling a new use class for second homes

RICS welcomes the opportunity to explore the introduction of new class uses. This will certainly help support developments of Recommendations 2 & 3, and as we have seen in recent times, it is not uncommon to see changes in class use even Permitted Development Rights (PDR) to react to sudden shifts in demand.

As with previous proposals for the introduction of new class use and PDR reform that RICS have commented on, it is important to ensure quality and safety are not compromised by enabling unsatisfactory accommodation from being created.

RICS also appreciates the potential for the use of trials on new schemes. Given planning reform has long been on the agenda for the government and little movement has occurred in recent years, the use of a trial period may well be one solution that can be implemented relatively quickly and analysed.

Recommendation 12 – establish a Commission to make recommendations regarding the future of the Welsh language as a community language

While this sits outside of the technical remit of RICS, we appreciate the role the Welsh language has in placemaking and preserving a community's rich heritage. Although RICS cannot comment on the use of Welsh language spoken within communities, we are pleased to see some simple, but effective measures can be implemented to preserve an element of its heritage – such as the preservation of street and house names from being changed into the English language.



Second Home Consultation

Introduction

Created in 2018 by the merger of the Association of Licensed Multiple Retailers (ALMR) and the British Hospitality Association (BHA), UKHospitality, and UKHospitalityCymru, provide a unified voice for hospitality; coffee shops, contract caterers, hotels, nightclubs, pubs, restaurants, stadia, visitor attractions and many more related businesses.

Engaging with government, the media and the public, UKHospitality and UKHospitalityCymru work to develop a robust case on how to unlock the industry's full potential as the biggest engine for growth in the economy and ensure that the industry's needs are effectively represented

In the UK, Hospitality is the 3rd largest private sector employer; double the size of financial services and bigger than automotive, pharmaceuticals and aerospace combined; it creates £130bn in economic activity and generates £38bn of tax for the Exchequer, funding vital services; Hospitality represents 10% of UK employment, 6% of businesses and 5% of GDP and directly provides 140,000 jobs in Wales with a further 40,000 jobs dependant on it from the supply chain.

Thank you for the opportunity to attend the Committee and to supply evidence.

Overview

We welcome the Welsh's Government commitment to establish a statutory registration scheme for short-term lets, following the recommendations made in Dr Brooks' report.

The introduction of a nationwide registration system will assist Wales to lead the way in progressive regulation and to be seen as a nation that values innovative, creative and partner-based solutions to policy challenges.

The implementation of a registration scheme should be conducted industry-wide, whilst in collaboration with local authorities and other agencies.



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In practice, such a registration scheme must be a simple to use, national system, industry-supported and run by Government, empowering local authorities, and communities, hosts and guests in equal measure.

Overall, UKHC is supportive of competition in the accommodation sector and is not opposed to the operation of short term lets. UKHC recognises that online platforms (of all types) are innovative and imaginative and will be a permanent, and increasingly prominent, element of the wider digital economy.

However, this is predicated on a fair and level playing field in the accommodation market, which at present does not exist due to short terms lets being able to operate outside of the regulatory and taxation systems. There is also the point that a move towards commercial operations of multiple lets by one landlords/company, will be a move beyond the traditional concept of home sharing as individuals sharing their own homes.

With a growth in short term lets over the past few years, an increase in concerns has simultaneously occurred regarding the lack of regulation, particularly health and safety, fire etc., and secondly, the security of the UK's tax-base associated with such short-term lettings; with an increasing part of the economy operating outside of the standard tax structure.

The rationale for a registration scheme

Ensuring customer safety: A lack of transparency and accountability in the current system only hinders the service for customers. Overcoming these issues will ensure that customers are better protected.

The consequences of the rise in short-term lets: With an increase in short-term holiday letting, this has resulted in a decline in the residential housing, leading to lack of availability and choice, further combined with higher rents and higher house prices. This phenomenon has had a knock-on effect of reduced community cohesion through high proportions of transitory visitors.

UKHC fully supports our members in the regulated and defined self-catering accommodation sector, which remains a vital part of the visitor economy and a significant contributor to local economies. We must all continue to seek to support this important part of the industry but we are aware that it is also important that this is done while assisting Welsh Government to meet its environmental, economic and sustainability targets.

Development through Partnership: To provide lasting solutions, UKHC seeks a formal reopening of the strategy that helped to produce *Let's Shape The Future* with Welsh Government to take into account the many and varied influences of the pandemic period and



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to also address issues that have come to the fore in the passing of two years, namely the economic importance of hospitality as an industry and its need for a sustainable but also fully supportive strategy for recovery and then for growth.

This must be a holistic exercise that incorporates not only economic levers but also all areas where Government and citizens touch the industry and where interventions can help not only the industry to come back and prosper but the nation, its communities and its culture to do the same.

It is essential that in looking at housing stock we need to balance the clear economic benefits for local economies that stand to gain from a steady flow of tourists with the costs to local renters and local jurisdictions. The industry does not simply stand on one side of this pivot; our members and others in the industry want to see a balance struck that provides a solution to all. We are experiencing a severe staffing shortage and for those operating in coastal areas, many cannot encourage people to come to work in the towns because of the difficulty in finding suitably priced accommodation in the area.

An incidental issue we would like to raise is consideration of the ease of planning for designated accommodation for those who want to work in the area. Some of our hotels have encountered difficulties in obtaining on-site or near-site planning for such accommodation, which would be subsidised and aimed specifically at local people who wanted to work in the industry.

Airbnb: The 'Airbnb effect' can be recognised in many towns across the UK, where the growth of Airbnb- and other short term letting platforms- has been rapid and extensive. This phenomenon describes the slow increase of value to an area to the detriment of the indigenous residents, many of whom are pushed out due to financial constraints. This squeezes the supply of housing more thinly in an already supply-short housing market.

The impact of short-term lets can be identified in the loss of housing stock in London, Edinburgh and other cities, as well as the loss of rural housing where reports have surfaced of real difficulties with affordable accommodation for public sector employees.

A loss of amenity has also occurred to neighbourhoods through antisocial behaviour of guests. Specifically, the daily disruption and stress caused by constant 'visitor use', rather than residential use has had negative impacts. Examples include noise disturbance, buzzers, door knocking, littering, anti-social behaviour and a lack of focus on maintenance and repair issues (especially in shared properties).

Short-term lets have also resulted in an issue of **personal safety risk** to hosts, guests and other residents from unverified or unknown others. This issue has been exacerbated with the loss of a sense of community, whereby the traditional community feeling has been damaged.



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Between the short-term lets, hotel and B&B sectors, a **regulatory mismatch** has also occurred in terms of health and safety and taxation. Currently, local authorities have limited regulatory controls over safety in short-term lets, further illustrating the need for more transparency and accountability.

Benefits of a registration scheme: Collaboration between local authorities, agencies and service providers, would allow platforms to individually - or as a group - remove bad actors when local authorities or the emergency services identify illegal behaviour, preventing people from getting around the relevant rules by simply switching their listing to another operator.

Enforcing a registration scheme would also equip local councils and authorities with insight into where home-sharing properties are. Currently, this has not been afforded to UK authorities, which therefore restricts them from enforcing current legislation and tax rules.

A registration system would allow accurate mapping of where short term lets are, what type of operation they are and how this correlates with housing issues and reported nuisance.

Designing a scheme: Previous calls for the industry to self-regulate have been unsuccessful. In London, shortly after Sadiq Khan's mayoral election, he called on the industry to self-regulate, including by voluntarily capping the number of nights per year a host can let out their home in line with the current law. However, Airbnb is currently the only platform to have voluntarily implemented the cap limit on its platform.

UKHC believes a proportionate, affordable but robust registration system, within a broad sweeping refreshment of the Government's visitor economy strategy, will address the issues which local communities and authorities have faced challenges with in the past with short term lets. Such a review will also enable Welsh Government to get the most out of our industry's development in the coming decade, and to help it not only recover from a very dark period of trading through closures and restrictions but to become a genuine economic powerhouse that will benefit all, in every part of Wales.

Y Pwyllgor Llywodraeth Leol a Thai

9 Chwefror 2022 - clawr y papurau i'w nodi

Rhif y papur	Mater	Oddi wrth	Gweithredu
Papur 5	Cyllideb Ddrafft Llywodraeth Cymru 2022-23	Y Gweinidog Newid Hinsawdd	I'w nodi



Llywodraeth Cymru
Welsh Government

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Caerdydd
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26 Ionawr 2022

Annwyl John,

Diolch am y cyfle i roi tystiolaeth i'r Pwyllgor mewn perthynas â Chyllideb Ddrafft 2022-23. Yn ystod fy sesiwn ar 21 Ionawr, ymrwymais i ddarparu'r wybodaeth ganlynol:

Nodyn ar y rhesymau pam y mae llawer o rieni o leiafrifoedd ethnig wedi dweud wrth yr awdurdodau lleol eu bod yn ddigartref

Mae paragraff 36 o Asesiad Effaith Strategol y Gyllideb Ddrafft ac adroddiad y Cyd-gyngor er Lles Mewnfydwyr yn cyfeirio at effeithiau'r pandemig ledled y DU ar blant o leiafrifoedd ethnig os nad oes gan eu rhieni fynediad at arian cyhoeddus. Mae'r adroddiad ar gyfer y DU ac yn nodi bod llawer o drefniadau llety dros dro a gynigiwyd gan ffrindiau neu aelodau o'r gymuned wedi'u tynnu'n ôl yn ystod y cyfnod clo ac felly bod llawer o rieni o leiafrifoedd ethnig wedi dweud wrth yr awdurdodau lleol wedyn eu bod yn ddigartref.

Yng Nghymru, fodd bynnag, rydym wedi mabwysiadu dull cynhwysol ac rwyf wedi dweud yn glir y dylai awdurdodau lleol ddibynnu ar eu pwerau amgen i ddarparu llety dros dro i'r rheini nad oes ganddynt fynediad at arian cyhoeddus yn ystod y pandemig a'r argyfwng iechyd cyhoeddus. Wrth i'r pandemig fynd rhagddo, mae ein dull gweithredu yn aros yr un fath. Fodd bynnag, yn y tymor hwy bydd rheolau mewnfydo Llywodraeth y DU yn cyfyngu ar y cymorth y gallwn ei gynnig.

Yn fwy cyffredinol, fel y gŵyr y Pwyllgor, mae cysylltiad cryf rhwng tlodi ac anfantais economaidd-gymdeithasol ac anghydraddoldeb wrth i rai pobl o leiafrifoedd ethnig geisio cael gafael ar gartrefi priodol. Nodir mesurau i fynd i'r afael â hyn yn y [Cynllun Gweithredu ar gyfer Rhoi Diwedd ar Ddigartrefedd](#) a gyhoeddwyd gennym ar 30 Tachwedd 2021. Mae'r Cynllun yn defnyddio'r ysgogiadau datganoledig sydd gennym yng Nghymru, ond llywodraeth y DU sy'n gyfrifol am lawer o'r ysgogiadau sy'n gysylltiedig â lleihau tlodi wrth gwrs.

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

Tudalen y pecyn 68
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Bydd y Pwyllgor yn dymuno nodi ein bod yn parhau i archwilio opsiynau i sicrhau bod y rheini nad oes ganddynt hawl i arian cyhoeddus, ond sydd â sail ddilys dros apelio yn erbyn penderfyniadau, yn cael eu cefnogi i gael mynediad at lety a chyngor cyfreithiol i lunio eu hachos ar ôl y pandemig. Ar hyn o bryd rydym yn ariannu consortiwm o sefydliadau trydydd sector, a arweinir gan Housing Justice Cymru, i geisio ehangu cyfleoedd gwestya anffurfiol a threfniadau llety dros dro eraill er mwyn osgoi ochr dibyn o ran cefnogaeth pan ddaw ein mesurau iechyd cyhoeddus i ben.

Cyn bo hir, byddwn yn cyhoeddi canllawiau ac yn comisiynu hyfforddiant i awdurdodau lleol ar hawliau mudwyr i gael cymorth, er mwyn ceisio atal mudwyr rhag cael eu troi i ffwrdd yn anghywir - naill ai am fod ganddynt statws mewnfudo sicr ond na allant brofi hyn, fel a ddigwyddodd gyda'r Genhedlaeth Windrush ac a allai ddigwydd i Ddinasyddion yr UE yn ystod y misoedd nesaf, neu am fod awdurdodau lleol yn dehongli ystyr 'Arian Cyhoeddus' yn anghywir wrth ystyried a allant gefnogi rhywun. Mae gan 'Arian Cyhoeddus' ystyr penodol iawn yn y Rheolau Mewnfudo ac mae wastad rhyw fath o gamau gweithredu y gall awdurdodau lleol eu cymryd i gynnig cymorth i rywun sy'n anghenus ac angen help, o fewn cyfyngiadau'r gyfraith.

Yn gywir,



Julie James AS/MS

Y Gweinidog Newid Hinsawdd
Minister for Climate Change

Eitem 6

Yn rhinwedd paragraff(au) ix o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Mae cyfyngiadau ar y ddogfen hon

Eitem 8

Yn rhinwedd paragraff(au) ix o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon