

SH 24

Ymgynghoriad ar ail gartrefi

Consultation on second homes

Ymateb gan: CIH Cymru

Response from: Chartered Institute of Housing (CIH) Cymru



Chartered
Institute of
Housing

Second Homes

CIH Cymru inquiry response

This is a response to the Senedd's Housing and Local Government committee's inquiry focussing on second homes and the recommendations made by Dr. Simon Brooks and further evaluate the basis for policy change in this area.

1. Introduction

- 1.1 The availability, quality and cost of housing in Wales has received a huge boost in attention over the course of the Covid-19 pandemic. Sharp increases in house prices, coupled with demand outstripping supply in both the for sale and rental markets has brought greater attention to the challenges many people face in finding a home that meets the needs of their household in a location and at a cost that fits with the resources they have available.
- 1.2 The existence and perceived impact of second homes has emerged as a deeply polarising issue across many communities and we welcome the committee's timely focus to ensure the issues identified are given full consideration. At its heart we believe that the challenges associated with second homes are a wider consequence of the housing crisis in Wales, with the bottom line being that we simply do not have a sufficient supply of social and affordable housing which amplifies the impact a reduction in the number of homes available in some areas has in practice.
- 1.3 In addressing this we recognise and strongly welcome that in its draft budget the Welsh Government has allocated £310m for Social Housing Grant (SHG) – a 39% increase on the funding allocated in the 2020/21 budget (223m) and 24% more than allocated in 2021/22 (£250m). Moreover, that investment rises to £330m in 2023/24 and £325m in 2024/25. Our ask in recent years has been for the creation of a longer-term funding arrangement and the plans set out will go a long way towards ensuring our members can continue to deliver social and affordable housing at the pace and scale needed.

2. Insights from the sector



- 2.1 The following reflections are drawn from semi-structured interviews with a number of our members working within organisations who tend to operate in areas where the prevalence of second homes is greatest.
- 2.3 **Impact on housing supply and demand** was a consistent feature of the feedback from our members – whilst many recognised that the challenges in accessing housing can differ significantly between localities, there were concerns over the impact of second homes on reducing the housing choices available to local people and in particular young people and driving up costs in both the for sale and rental markets.
- 2.4 One local authority housing provider reported that an increase in the number of private sector landlords selling their properties as a result of the buoyant housing market, was further restricting the available options to house people in temporary accommodation who are at risk of, or who are homeless. In this context, second homes are an additional factor in restricting housing options at a time when the usual sources of housing supply are dwindling.
- 2.5 **Defining second homes** was seen as a consistent challenge by a number of our members who noted that at present a number of housing types and circumstances could be classed as second homes. This can include holiday homes, empty lettings and homes in probate. It was felt that further clarity on an exact definition would aid both understanding and data collection.
- 2.6 There is a perception from some of our members that the threshold for defining a home as a holiday let is quite low – meaning that any action in this area could be overcome by some minor changes by the owner to move into this category of property, despite the home still being used in reality as a second home.
- 2.7 **The reliance on the tourism sector** as a major source of employment within many communities where second homes are seen as a contentious issue was highlighted by a number of our members. Feedback from our members reflected the reality that the tourism industry provides hundreds of jobs, but that the lack of additional major employers in many areas hamper the economic prospects of communities and further undermined the ability of many to meet the cost of living locally.
- 2.8 **The impact on local infrastructure** was noted as an area of additional concerns. For example in one local authority area the population of 7,000 expands by 3-4k people during the peak tourist season resulting in greater pressure on local infrastructure including policing, refuse collection and parking.



- 2.9 **Community sustainability** was also sighted as a key issue. It was felt by a number of our members who shared their insight with us that in communities where the prevalence of second homes is high the impact could be felt in a number of ways including:
- Challenges in filling school spaces
 - A reduction in the number of people speaking and using the Welsh language (we note that the Welsh Government has published and is currently consulting on its Welsh Language Community Housing Plan
 - People feeling more isolated or less connected to their local community
- 2.10 **The taxation powers** provided to local authorities in increasing the level of council tax charged on second homes was widely seen as a positive measure. It was noted by a number of our members that as it's lower levels, the additional charge is not going to reduce the amount of second homes (it was felt that owners were able to absorb a small increase) overall but does provide an additional revenue stream to invest in housing within a local area. Linked to this, we believe it is key that regardless of the additional charge being levied on second homes it is vital that local authorities ensure the revenue gained goes back into housing related activities – although we recognise given the intensity of the challenge faced across public services, local authorities inevitably have difficult spending decision to make.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

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