

Fy cyf/My ref: P-06-1483

Eich cyf/Your ref: RE/10340/24

The demands of people exploiting the housing market are being prioritised over the rights of residents in Wales: local communities are bearing all the costs and reaping none of the rewards. Long-term tenants have been evicted from their rented homes making way for more holiday lets as landlords take advantage of the more lucrative short-term holiday letting business, contrary to Welsh Government's ambitions for sustainable tourism

Residents in Wales are being penalised by inflated housing prices, causing disintegrating communities where the Welsh language is being decimated, with a gig economy job market: all contrary to Welsh Government's ambitions for sustainable tourism; all being the polar opposite of the aims of the Well-being of Future Generations (Wales) Act 2015.

Thank you for now giving me the opportunity to respond to Rebecca Evans MS' document ref. RE/10340/24.

Pg. 2: Council tax premiums for second homes

Not all second homes pay the council tax premium (where applicable): local authorities also rely on information sent to them by members of the public, so some properties may not be recorded as second homes by the local authority. Only when a short-term visitor register is introduced in Wales will local authorities know the exact number of second homes in their areas.

Unfortunately, there are a number of "loopholes" associated with the council tax premium system:

- a. some second home owners in Wales have registered their properties as primary residences in order to avoid paying the premium;
- b. second home owners are exempt from paying the premium for one year if the property is being marketed for sale. This "rule" allows holiday let owners to continue operating their businesses and generating rental income while being exempt from paying the premium: there is no requirement for the owner to sell during/at the end of that one year period. Shouldn't this "loophole" be closed i.e. shouldn't the exemption only be applicable to properties that are not being used while being marketed for sale?
- c. commonly referred to as the "council tax loophole", the "rule" whereby residential properties are allowed to switch from paying council tax to paying business rates. The Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 states that a minimum annual occupancy of being let commercially for 182 days has to be reached in order for a holiday let to switch over to the business rates register: the Valuation Office Agency is responsible for ensuring that properties comply with this 182 days per year "rule". The VOA is also responsible for calculating the rateable value of holiday let properties. The VOA uses the number of beds in a holiday let to calculate the rateable value rather than rental income: this results in nearly all short-term holiday lets being assigned with rateable values <£6000. Businesses with rateable values <£6000 in Wales receive 100%

Small Business Rates Relief (SBRR) i.e. they don't pay any taxes...no council tax nor business rates.

I sent FOI requests to the local authorities and discovered that more than 10,000 short-term holiday lets in Wales are not paying any taxes: I calculated that this equates to a loss in revenue of nearly £48 million per year. Most scandalously, because holiday lets were entitled to SBRR, many holiday let owners were also entitled to receive the £10,000 Covid-19 grant payment as well. I'm sure most taxpayers in Wales would be appalled to discover how much money has been handed over to holiday let owners. SBRR has clearly been a major incentive for property investors to set-up holiday lets in Wales: a google search of "how do I avoid paying council tax on my holiday let" will confirm this.

Checking more than 10000 holiday lets annually to ensure compliance with the 182 day "rule" is a large task, and any member of staff undertaking this work is doing it free of charge (because the holiday lets being checked aren't paying any taxes). I asked the VOA to confirm how and when they checked compliance. The written response I received stated "these checks are carried out every 2 years" which means that the 182 day threshold set in The Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 isn't fit for purpose because the holiday lets aren't being checked annually i.e. it is likely that many holiday lets will remain on the business rates register even when they're not reaching the annual 182 day threshold.

Is it time for Welsh Government to re-visit this? Should Welsh Government distinguish between properties that are given specific planning permission for holiday lets with restricted occupancy (e.g. holiday lets on farms; holiday lets in commercial properties) and those properties that would otherwise be used, or have been used, as homes?

I believe another option, **Option 4**, should have been included in the Explanatory Memorandum to the Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 (dated 24 May 2022). Option 4 would classify all holiday lets given specific planning permission and those in commercial properties as non-domestic whereas all holiday lets using residential properties (i.e. holiday lets that are/would be marketed and sold as residential properties) would be classified as domestic and returned to the council tax register. Returning properties in Option 4 to the council tax register wouldn't be costly: there will already be historic records of the council tax band for each property (as shown in Table 1) of the Explanatory Memorandum. However, the real benefit of Option 4 would be the money generated (see my calculated loss in revenue of £48 million) when holiday let owners start paying taxes like everyone else.

What does Welsh Government think of this proposal? The extra money could be used to set up the new holiday let licensing scheme, with neighbour consultation included in the scheme.

Pg. 2: New planning use class for holiday lets (C6)

The new planning class for holiday lets, C6, is effectively describing a short-term house of multiple occupation (HMO). Unlike planning classes C3 and C5, holiday let class C6 sets no limit on the number of people, thus allowing a large number of unrelated people to use a

holiday let. If the holiday let happens to be in a terraced street (as many are), then a large number of guests staying during the working week is likely to cause problems for neighbouring residents.

Pg. 3: Article 4 Direction

To date, only Gwynedd planning authority has introduced an Article 4 Direction. Indeed from the moment Gwynedd Council announced its intention to introduce Article 4 up until the date it was implemented, the number of holiday let numbers increased because people wanted to change residential houses to holiday lets before the new planning rules kicked in. Obviously, neighbour consultation will take part when any new planning application to convert a house into a holiday let takes place in Gwynedd now, but Article 4 is not retrospective so all the holiday lets already in operation (in excess of 6000 holiday lets in Gwynedd) will have been set up without any planning permission/neighbour consultation.

Anyone living outside Gwynedd's planning authority is currently able to convert a house to a holiday let without planning permission and without consulting neighbouring properties. Setting up Article 4 is a costly and time-consuming process: many local authorities have decided not to implement it due to budgetary constraints. The problems associated with converting houses to holiday lets is well documented (I have identified some of these problems at the start of this document), so my question is: if the permitted development rights identified in The Town and Country Planning (General Permitted Development etc.) (Amendment) (Wales) Order 2022, whereby a dwellinghouse can change to a holiday let without the need for planning permission, is causing so many problems, why can't the development rights be removed? Then, no local authority would need to introduce an Article 4 Direction.

Pg. 4: Local authorities supporting residents living next door to holiday lets

When I bought my mid-terraced house 9 years ago, there were 5 long-term tenants living next door in a house that had been converted to 3 flats. When the property was sold a couple of years ago the 3 flats became short-term holiday lets: there is now capacity for 11-12 people (and their dogs). There is intensified use at the property. I estimate there have been around 200 changeovers in the last year: the 3 flats are busy. The use of the 3 flats as holiday lets has ruined the enjoyment of my home; the new owners also put up a metal external spiral staircase (without planning permission...but the planning dept. let that go): the stairs are noisy, and there's a lot of traffic. My husband wants to move as he's fed-up with the constant disruption, and disturbed sleep. We don't use the garden any more: it's now a public space overlooked by hundreds of strangers who wouldn't have previously have been able to access the space. The list of problems I've experienced is too lengthy to write here, but I've written to the local authority many times. Dealing with all the disturbance has affected my wellbeing and has been stressful. The latest response I've had from the council states: "Fe eglurwyd i Ms Cullimore nad oedd natur y materion sŵn oedd yn ei godi, yn anffodus, yn gyfystyr i dystiolaeth o niwsans statudol. Felly ni fyddai'r gwasanaeth yn gallu gweithredu yn ffurfiol. Fe roddodd y swyddog eglurhad i'r cwynydd o'r math o sŵn y byddai yn bosib gweithredu arno fel niwsans statudol, er enghraifft sŵn cerddoriaeth uchel yn digwydd yn gyson ayyb."

The council are not able to help or support me: the noise & nuisance complaints procedure cannot be used effectively to protect domestic properties from holiday lets. Holiday let users are not neighbours: some are considerate and quiet (very few); most are noisy and rude. But it's changing all the time. The complaints system is geared around long-term neighbours not a merry-go-round of visitors. There is a culture of dismissal from government departments and councils: organisations are under-resourced (I believe there are 2 planning officers in Gwynedd?). I am also very familiar with receiving "standard responses" (much like the ones in document ref. RE/10340/24). Do I want limits on numbers of guests? Yes. Do I want quiet times written into a holiday let licence? Yes. Do I think 3 holiday lets constitutes a statutory nuisance where groups of people are moving in and out of the property next door 200 times in a year? Absolutely. The new licensing scheme surely just can't allow every holiday let owner to be granted a licence without addressing the impact on neighbouring properties? However, I would be interested to hear of any cases where local authorities have successfully prosecuted holiday let owners for having a negative effect on local residents if Ms Evans has any information to share: it would certainly help my case.

My petition is not anti-tourist: it's about having visitor accommodation in the right places. When I've stayed in visitor accommodation abroad there have been rules to observe quiet times and limits on numbers of guests: these are very reasonable "rules". Surely Welsh Government aren't just only interested in ensuring the safety of visitors and ignoring the wellbeing of residents? A pressure group in Wales received an anonymous letter of complaint last year from members of the hotel and guesthouse sector: the members were complaining that short-term lets are having a negative effect on their businesses. Welsh Government wants to provide safe accommodation for visitors to Wales. I believe that Welsh Government needs to first show that they are taking the concerns of residents in Wales seriously, and include neighbour consultation as part of the new short-term licensing scheme: more than 2000 signatories on my petition agree with me.

An article in The Guardian dated 19 March 2024 states that 1 in every 21 adults in the UK is a landlord. How many Senedd Cymru members, for example, own short-term holiday lets themselves or have partners/spouses/family members/friends who own holiday lets? Is it possible for policy decisions involving the holiday let industry to be made objectively? Are policy decisions made with the best interests at heart for the 20 in every 21 adults who are not landlords?

The new licensing scheme shouldn't create another situation whereby permanent residents have less rights than absent landlords and visiting tourists.

A response I had from one Welsh Government department stated that "visitors to Wales provide an important economic benefit to the country but this should not be detrimental to existing residents and communities." I'm hoping this isn't just another standard response.

Yours sincerely,

J Cullimore