

## **Report of the Head of Park Direction**

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### **Subject: Welsh Government Consultation on planning legislation and policy for second homes and short-term holiday lets**

#### **Purpose of this report**

1. The purpose of this report is to agree a National Park Authority response to the above consultation. The closing date for responses is the 22nd February 2022. Officers have also prepared a draft response – see separate report – regarding ‘Welsh Language Communities Housing Plan’.

#### **Background**

2. Pressure on housing in Wales is a well-documented issue and there are many factors contributing to this. The spiraling use of housing for short-term holiday lets and second homes, particularly in rural areas, is one such factor and has become the subject of controversy across Wales, evoking strong opinions for and against.
3. The impact on rural areas is felt more intensely because it is these areas which are most in demand for tourism accommodation and because these areas feel the impact more given the relative scale. They can also be the heartlands of Welsh speaking communities and to sustain the Welsh language there needs to be a threshold of the population to maintain its live usage.
4. This is a complex matter and as such will require multi-faceted solutions, many of which will not be planning, such as taxation and licensing.
5. Planning has a key role in managing the development of place and supporting vibrant and sustainable communities. The paper explores what role the planning system can play in managing the use of market housing as holiday lets or second homes i.e. homes that would otherwise be occupied by people living in the community and the balance needed to sustain communities.

#### **How do we define holiday and second homes?**

6. This is an important aspect of defining the problem we are trying to solve.

7. The focus of the Welsh Government consultation is on issues arising where market housing with no occupancy controls is used as either second homes i.e. they are generally used by a single owner intermittently and not as the primary residence, or as short-term lets i.e. for holiday letting purposes.
8. The use of market housing for these purposes poses a problem because there is a housing shortage and in many areas a shortage of houses which are affordable by many local people; this then leads to pressures to build more housing and the need for more social housing. The need for the provision of additional housing – both market and affordable – in these areas is still required, but this need should not be exacerbated by the use of existing and new housing for tourism purposes.

What are the issues?

9. The complexity of tackling the issues involved are clearly demonstrated by work undertaken to date. There are a number of research projects underway or published which help explore the issues and impacts, including:
  - Gwynedd Council: Managing the use of dwellings as holiday homes<sup>1</sup>, both within its own boundaries and within a national context;
  - Simon Brookes<sup>2</sup> : Second homes: Developing new policies in Wales;
  - Research to Develop an Evidence Base on Second Homes 15<sup>th</sup> November 2021. <sup>3</sup> This Research document accompanies the consultation we are asked to respond to. The recommendations to this research have been copied into **Appendix 1** of this Report.
10. The Cymru branch of Royal Town Planning Institute provides a good summary<sup>4</sup> of the issues emerging in Wales, many of which resonate with our experience in Pembrokeshire. (The Authority was involved in the production of this document):

*‘Whilst we are uncertain of the full effect of the pandemic, it has been suggested that the issue of second homes has intensified as a result. In March 2021, Welsh Government commented: “Since the pandemic, we’ve seen growing concerns about the effects that large numbers of second homes can have on some of our communities and, in particular, on the long-term sustainability of our Welsh-speaking heartlands. We are concerned for the future of these communities”.’<sup>5</sup>*

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<sup>1</sup> Managing the use of dwellings as holiday homes December 2020

<https://democracy.gwynedd.llyw.cymru/documents/s27926/Appendix%202.pdf>

<sup>2</sup> <https://gov.wales/sites/default/files/publications/2021-03/second-homes-developing-new-policies-in-wales.pdf>

<sup>3</sup> <https://gov.wales/research-develop-evidence-base-second-homes> Please copy into browser to use link

<sup>4</sup> <https://www.rtpi.org.uk/media/9526/rtpi-cymru-mangement-of-holiday-homes.pdf>

<sup>5</sup> <https://gov.wales/written-statement-publication-second-homes-developing-new-policies-wales-report>

Please copy into browser to use link

*There is a growing concern amongst many regarding the impact on the Welsh language spoken in communities and the impact on the viability of rural communities for local services, including schools.*

*The loss of homes puts pressure for more rural housing in sites which are often located within sensitive landscapes or close to sensitive landscapes, which are popular for the tourism market.*

*Second homes have been blamed for increasing house prices in areas outside the reach of people who live in the locality because they have a higher income when compared to local earning potential. They are also characterised by limited occupation and in these cases offer limited support to the local economy or support for local services e.g. school and community facilities.’*

*There are difficulties in establishing the direct impact attributable to second homes and properties for holiday lets. There are questions if they are solely responsible for increasing house prices, or a decline in local services<sup>5</sup>. A key question is who owns the second homes and holiday lets i.e. who benefits from them? In some case it is local residents seeking to make an income through holiday lets and this in turn contributes to the vitality of communities. Some second homes are owned by people who are originally from the locality but have moved away (sometimes temporarily) for work but wish to retain a local presence.*

*Holiday lets play an important role in supporting the local tourism economy and the benefits this provides both to the tourism sector more widely and to local property owners who use holiday lets as an additional income cannot be ignored.*

*There are examples where holiday letting ‘hot spots’ can attract shops and businesses which would otherwise not have been present in a small community, adding local benefit and employment. An example of this is Benllech, Anglesey which has new convenience stores, a range of smaller shops (and businesses), a health centre, several restaurants, pubs, and takeaways etc.*

*It is not so clear cut that either second homes and holiday lets are negative for a local community; any solutions need to carefully balance the benefits with the negative impacts they are trying to solve and any planning tool will need to be carefully designed to be able to make these balanced decisions.’<sup>6</sup>*

11. The situation in the Pembrokeshire Coast National Park, (planning is the only statutory role available to the Authority on housing related issues), from investigating this issue for many years resonates with the above summary regarding the complexity of addressing issues arising in locations where there is a concentration of second and holiday homes.

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<sup>6</sup>Extract from pages 4 and 5 of the RTPI Research Paper NOVEMBER 2021 HOLIDAY HOMES IN WALES: How can planning support the management of holiday homes

12. To explain further the National Park Authority prepared a Background Paper<sup>7</sup> for its Local Development Plan 2 Examination held in 2019. The purpose of the Background Paper was to consider the appropriateness of applying a principal residency or a local occupancy policy for the Pembrokeshire Coast National Park in its Local Development Plan 2. (This could be the type of policy referred to in paragraph 3.8, 4.1 bullet 3, 4.31 to 4.35, Q9 and Appendix 1 of the WG Consultation). A summary of conclusions reached in the Background Paper can be found in **Appendix 2** to this report. Such a policy approach could not be supported based on the evidence available.
13. The recommendations from the ‘Research to Develop an Evidence Base on Second Homes’ are valid going forward and need to be implemented primarily by Welsh Government to inform national and local policy progress to provide an informed way forward. **This means that answers to the questions provided in the consultation are difficult to respond to in isolation without the further work recommended in the Government Social Research paper being undertaken.**
14. . If further research had been completed by Welsh Government to inform options proposed, in particular **the preparation of a regulatory impact assessment** this would have provided everyone with information on the likely costs, benefits and risks associated with alternative policy options. These normally include consideration of how the proposed changes would impact on different individuals, groups and organisations etc. Such assessments would help planning authorities better identify a preferred option. If this research is carried out by Welsh Government the National Park would welcome the opportunity to be consulted on the outcomes of any research.

### The Welsh Government Proposals

15. This consultation seeks your views on the Welsh Government’s proposals to amend the development management system and planning policy in Wales to help local planning authorities manage Second Homes and Short-term Holiday Lets in three ways:
- Firstly, WG propose to amend the Town and Country Planning (Use Classes) Order 1987 to create new use classes for Primary Homes, Secondary Homes and Short-term Holiday Lets.
  - Secondly, WG propose to make related amendments to the Town and Country Planning (General Permitted Development) Order 1995 to allow permitted changes between the new use classes for Primary Homes, Secondary Homes and Short-term Holiday Lets.
  - Thirdly, WG propose amendments to Planning Policy Wales (PPW) to make it explicit that, where relevant, the prevalence of second homes and short-term holiday lets in a local area must be taken into account

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<sup>7</sup> <https://www.pembrokeshirecoast.wales/wp-content/uploads/2019/12/Exam111-HS1-AP10.pdf>

when considering the housing requirements and policy approaches in Local Development Plans (LDPs).

## Summary Response

16. The response set out below reflects the conclusions reached in the 'RTPI Research Paper November 2021 Holiday Homes in Wales. How can planning support the management of holiday homes.'<sup>8</sup>

The National Park Authority fully supports the Welsh Government's three pronged approach incorporating taxation measures, a registration scheme and planning measures.<sup>9</sup> We also support ongoing actions to address housing supply and affordability

17. **Implementing changes to the Use Classes Order (UCO)** by introducing new sub-sections under the C3 Dwellinghouses Class, have been discussed widely, and under current legislation is the most straightforward change available to planning and the National Park supports the proposed changes to the Use Classes
18. A significant difficulty for the planning system is proving if there is a change in the intensity of use from what is considered acceptable for the C3 use versus holiday use i.e. what change is there in the intensity of use of the property).
19. As discussed in the attached response, the planning measures which could be taken forward are not straightforward and none offer quick solutions to effectively managing the use of market homes for holiday use, whether second homes or short-term lets which is why the National Park Authority fully supports the three pronged approach taken by Welsh Government In any solution, it is easier for planning to restrict new homes in relation to becoming second homes or holiday lets, but not the older housing stock.
20. The amendments to the Use Classes Order could offer a relatively quick change and appear to offer the solution, however it would have to be supported by a change in primary legislation to be properly implemented. It would also need to be applied across the whole of Wales in a blanket approach and not the targeted approach proposed in the consultation.
21. **In order to ensure that the proposed changes are effective our recommendation to Welsh Government would be to amend legislation to change the definition of development, to include short-term holiday lets and second homes.** This would provide the opportunity to also include the change in the definition of development and we would recommend this is brought forward at the earliest opportunity. Regulations to implement this legislative change would also

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<sup>8</sup> <https://www.rtpi.org.uk/media/9526/rtpi-cymru-mangement-of-holiday-homes.pdf>

<sup>9</sup> support - addressing affordability and availability of housing; regulatory framework and system - covering planning law and the introduction of a statutory registration scheme for holiday accommodation; and a fairer contribution - using national and local taxation systems to ensure second home owners make a fair and effective contribution to the communities in which they buy.

need to be brought forward and would therefore require investment in time by Welsh Government. See response to Questions 1 to 5 in the attached response.

22. This proposal for planning would however, only be effective if accompanied by a licensing scheme and taxation changes, as well as resourcing LPAs, Local Authorities and taxation authorities to be able to implement the changes.
23. **The Definition of Development:** s.55 of the Town and Country Planning Act 1990 defines the meaning of 'development' and is a crucial part of planning legislation. The use of a dwelling as a second home or a holiday let does not constitute development under the Act. It is therefore difficult to introduce planning tools or interventions to address second homes or holiday lets without this change to the definition of development.
24. In the Planning (Scotland) Act 2019 the definition of development has been amended. The Control Area Regulations for applying this were approved by the Scottish Parliament on 24 February 2021 and came into force on 1 April 2021. . Planning Circular 1/2021: Establishing a Short-Term Let Control Area was published on 25 June 2021. <sup>10</sup>This new clause will allow a planning authority to designate all or part of their area as a 'short-term let control area' allowing for differences in the impact felt. In a short-term let control area, the use of a property for providing short-term lets will be deemed to involve a material change of use of the dwelling house and so require planning permission.
25. This is reinforced with a parallel licensing scheme which will address issues not controlled by planning, including environmental health considerations such as noise. Planning permission for a short-term let in a control area is very likely to be a pre-requisite for obtaining a license (to be confirmed by the regulations). This would therefore address the issue of those houses already being used for short-term let, as they would need to apply for planning permission through a planning application or establish existing use that meet the legislative time limits through a Lawful Development Certificate (LDC). See response to Questions 1 and 3 in the attached response.
26. **Amendments to Planning Policy Wales (PPW):** Occupancy restrictions is a tool which can be applied to new housing, tying the occupancy of a property to those living in the community. Some LPAs have used this approach, including Anglesey and Gwynedd, where there is a primary residence condition.
27. This approach has not been favoured by this National Park Authority for a variety of reasons. One of the main issues is that they are considered likely to impact on viability and limit the provision of affordable housing. **Appendix 2** to this Report provides a summary of this Authority's investigation<sup>11</sup> into the appropriateness of including a local

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<sup>10</sup> <https://www.gov.scot/publications/short-term-lets/>

<sup>11</sup> <https://www.pembrokeshirecoast.wales/wp-content/uploads/2019/12/Exam111-HS1-AP10.pdf>

needs/principle dwelling policy in Local Development Plan 2. See response to Question 9 in the attached response.

### **Risk considerations**

28. The response attached for Member approval highlights a number of issues depending on options considered. Recognising that more needs to be done an informed coordinated researched approach is needed. The main risks are:

- Legislation and Local planning authority resources being insufficient to deal with any option that is less than a primary legislation option. Even this preferred option needs further detailed research as to its implications.
- The risk of seeking solutions when aims are uncertain – See Recommendation 5 of the Research to Develop an Evidence Base on Second Homes 15th November 2021.<sup>12</sup>

### **Financial considerations**

29. The proposals for secondary legislation would have significant implications for the Authority's planning function. The proposals for primary legislation would also need to be researched further.

30. If the Welsh Government can progress the recommendations from Research to Develop an Evidence Base on Second Homes 15th November 2021<sup>13</sup> this should lead to a more thoroughly researched regulatory impact assessment as to the implications for all of the changes in approach.

### **Welsh Language considerations**

31. The impacts on the Welsh language also forms part of the appraisal process for the governing policies.

32. If the Welsh Government can progress the recommendations from Research to Develop an Evidence Base on Second Homes 15th November 2021<sup>14</sup> this should lead to a more thoroughly researched regulatory impact assessment as to the implications for all of the changes in approach.

### **Human Rights considerations**

33. The planning system seeks to progress legitimate aims by managing the development and use of land in the public interest to contribute to

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<sup>12</sup> <https://gov.wales/research-develop-evidence-base-second-homes>

<sup>13</sup> <https://gov.wales/research-develop-evidence-base-second-homes>

<sup>14</sup> <https://gov.wales/research-develop-evidence-base-second-homes>

achieving sustainable development. It reconciles the needs of development and conservation, securing economy, efficiency and amenity in the use of land, and protecting natural resources and the historic environment. Human rights under Articles 1 (right to peaceful enjoyment to property), 8 (right to respect for the home, private and family life) and 14 (right to equality), are the most relevant ones. Proportionality means that the measure which interferes with the right must strike a fair balance between the aim and the right which it interferes with.

34. If the Welsh Government can progress the recommendations from Research to Develop an Evidence Base on Second Homes 15<sup>th</sup> November 2021<sup>15</sup> this should lead to a more thoroughly researched regulatory impact assessment as to the implications for all of the changes in approach.

**Recommendations: Members are asked to:**

- 1. Formally approve this covering report and the attached consultation response to the Welsh Government Consultation on planning legislation and policy for second homes and short-term holiday lets.**

**Background documents**

Please see Appendix 4 to this covering report.

*Consultees: Sarah Hirst, Gayle Lister, Sara Morris (PCC), Tegryn Jones, Nicola Gandy*

*(For further information please contact Martina Dunne, Head of Park Direction extension 4820.)*

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<sup>15</sup> <https://gov.wales/research-develop-evidence-base-second-homes>



# Welsh Government Consultation on planning legislation and policy for second homes and short-term holiday lets - closing date 22 February 2022

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# Questions and Answers

## Question 1

Do you agree or disagree that amending secondary legislation as proposed would be an effective means of helping to address the impacts of second homes and short-term holiday lets that have been identified in some communities?

1. **Response:** Implementing changes to the Use Classes Order (UCO) by introducing a new sub-sections under the C3 Dwellinghouses Class, has been discussed widely, and under current legislation is the most straightforward change available to planning. A significant difficulty for the planning system is proving if there is a change in the intensity of use from what is considered acceptable for the C3 use versus holiday use i.e. what change is there in the intensity of use of the property. This is compounded by the resources available to Local Planning Authorities (LPAs).
2. The subdivision of the current use class as suggested would in theory be useful. The practicalities of resourcing implementation are however very concerning.

*A significant difficulty for the planning system is proving if there is a change in the intensity of use from what is considered acceptable for the C3 use versus holiday use i.e. what change is there in the intensity of use of the property. This is compounded by the resources available to Local Planning Authorities (LPAs).<sup>16</sup>*

3. Paragraph 4.4 of the consultation paper advises ‘*Ultimately, only amendments to primary legislation (i.e. section 55 (meaning of “development” and “new development”) of the TCPA) can provide certainty that a change of use constitutes a material change of use requiring planning permission.*’
4. This approach, i.e. to address the issue through primary legislation, as set out in paragraph 4.4 of the consultation, in planning terms, would be preferable in principle.
5. Issues relating to understanding the aims to be achieved having a coordinated approach, resourcing and effectively implementing and monitoring would remain and would also need to be addressed. Almost all the recommendations in the Research Report would point to more work needing to be done at a national level to progress this approach. With the introduction of licensing holiday lets mapping of properties would be easier.

6. **Conclusion Q1: The National Park Authority supports the introduction of a new use class order as proposed. However,** whilst introducing a new use class would in theory provide a solution, it would not be a wholly effective tool to remedy the situation. There are concerns in respect of the enforceability of the use class order without changes made to primary legislations and adequate resources being made available. **The preference of this Authority is an amendment to primary legislation** (i.e. section 55 (meaning of “development” and “new development”) of the TCPA) can provide certainty that a change of use constitutes a material change of use requiring planning permission.’ **Issues remain however in terms of agreeing at a national level what are the aims to be achieved, and finding a coordinated approach in response.**

<sup>16</sup> <https://www.rtpi.org.uk/media/9526/rtpi-cymru-mangement-of-holiday-homes.pdf>

Pros	Cons
<p>It would <u>in theory potentially</u> require planning permission to be sought to use property as a second home or short term holiday let going forward.</p> <p>The Authority could refuse planning permission for a holiday let that didn't comply with Policy 40 of the Local Development Plan which deals with the control of holiday lets. It can do this at present however. The difference would be the ability to control the occupation under this proposed change going forward but there are difficulties with enforcing and monitoring without changes to primary legislation..</p>	<p>Public perception may be that such a change in secondary legislation would lead to greater control of all the housing stock.</p> <p>It would not apply to existing second homes or holiday lets. If retrospection is not possible it would be too late in some areas and therefore what value would it provide?</p> <p>Administration, monitoring and enforcement would be an issue and significant resources would be needed alongside. The National Park Authority would welcome any additional funding available to resource the monitoring of uses.</p> <p>Paragraph 4.3 of the consultation document advises: <i>'By amending the existing C3 (Dwellinghouses) use class to apply solely to use as a primary home and creating new use classes covering second homes and short-term holiday lets, we will be moving from a situation in which changing to use as a second home does not require planning permission, to a situation where it may require <u>planning permission if it is determined that it constitutes a material change of use</u>. Similarly, creating a new use class for short-term holiday lets <u>may provide greater clarity</u> about whether permission is required for a change of use.'</i></p> <p>Again this reinforces the difficulties that a local planning authority would encounter seeking to implement such a change. A change to primary legislation would address this concern.</p> <p>Given that the principle defining characteristic of identifying uses that fall within the new use classes will be the number of days dwelling houses are occupied the ability to monitor effectively is questioned.</p>

## Question 2

Do you agree that use class C3 should be amended and new use class C5 (Secondary homes) and use class C6 (Short-term Lets) be created? If not, please explain why.

7. Please see response to question 1.

### Question 3

Do you agree with the descriptions of the new and revised use classes? If not, please explain why.

8. **Response:** Please see more detailed commentary below regarding the revisions. The preference would be an amendment to primary legislation as set out under Question 1. The RTPI Paper<sup>17</sup> advises: *s.55 of the Town and Country Planning Act 1990 defines the meaning of 'development' and is a crucial part of planning legislation. The use of a dwelling as a second home or a holiday let does not constitute development under the Act. It is therefore difficult to introduce planning tools or interventions to address second homes or holiday lets.*
9. *In the Planning (Scotland) Act 2019 the definition of development has been amended. The Regulations for applying this are currently being consulted on. This new clause will allow a planning authority to designate all or part of their area as a 'short-term let control area' allowing for differences in the impact felt. In a short-term let control area, the use of a property for providing short-term lets will be deemed to involve a material change of use of the dwelling house and so require planning permission.*
10. *This is reinforced with a parallel licensing scheme which will address issues not controlled by planning, including environmental health considerations such as noise. Planning permission for a short-term let in a control area is very likely to be a pre-requisite for obtaining a license (to be confirmed by the regulations). This would therefore address the issue of those houses already being used for short-term let, as they would need to apply for planning permission through a planning application or establish existing use that meet the legislative time limits through a Lawful Development Certificate (LDC).'*
11. Authorities would need support from Welsh Government particularly in relation to Recommendation 3 of the research to implement such an approach:

#### **Recommendation 3: Identifying a Threshold**

The Welsh Government should support further research to identify and develop the understanding of the threshold (beyond which significant impact is caused by second homes in relation to the housing market). This threshold should inform wider interventions with which to limit the impact of second homes, and may inform any limitations or ratios placed on second homes.

12. Piloting such an approach could be a useful way forward to help understand how it could be implemented. For Pembrokeshire it could involve one housing authority and two planning authority areas needing to consider defining the extent of these areas. It could be, depending on the aims, for a specific building or group or buildings or settlement or community etc.

<sup>17</sup> <https://www.rtpi.org.uk/media/9526/rtpi-cymru-mangement-of-holiday-homes.pdf>

13. Pembrokeshire County Council has also advised<sup>18</sup> that: *'The recently completed Pembrokeshire Local Housing Market Assessment notes that, 'The size of the private rented sector in the National Park area of the county has notably reduced in the last decade in response to the growth in popularity of peer-to-peer accommodation websites such as Airbnb. Research has shown that landlords in Pembrokeshire are increasingly choosing to make their property available for use for short-term holiday lets rather than as a long-term private rented home. The consequence of this reduction in the availability of private rented homes in the National Park part of the county is that there is now no longer sufficient supply of residences in this tenure within this area'.*

*We are also experiencing a significant increase in the number of applications to the social housing register. The number of applications is now averaging 100 per month, with total live applications in excess of 5,000, which is a rise of over 1,000 in 18 months (with 25% of these in the highest priority group and 62% needing one bed accommodation). Demand is far outstripping the supply of affordable and social housing. This is being compounded by an increase in the number of people presenting as homeless, which we are duty bound to find accommodation for (in line with changes in Welsh Government policy).*

14. The RTPI Paper<sup>19</sup> advises that: *'Many areas, including Barcelona and Paris and proposed in Scotland, have taken action to manage short-term holiday lets and have implemented licensing measures. These address wider issues aimed at environmental health factors and have benefits for those using the holiday lets, as well as local communities. Licensing measures also have the benefit of tying into taxation arrangements and if any planning controls are put in place i.e. an operator would need to have all measures in place to be able to market the properties, thus strengthening the approach.*

15. **Conclusion Q3:** The preference of this Authority is an amendment to primary legislation (i.e. section 55 (meaning of "development" and "new development") of the TCPA) can provide certainty that a change of use constitutes a material change of use requiring planning permission.' Support from the Welsh Government with further research on identifying a threshold (Recommendation 3 of the research) is needed to assist with the implementation of a 'short term let control area' type approach. Piloting such an approach would be a useful way forward and the National Park Authority fully support this approach

Description	Commentary
Class C3. Dwellinghouse: Primary homes: Use as a dwellinghouse as a sole or main residence, occupied for more than 183 days in a calendar year by- (a) a single person or by people to be regarded as forming a	How is a dwelling house defined? Would the Scottish definition help? <sup>20</sup>

<sup>18</sup> <https://mgenglish.pembrokeshire.gov.uk/mgConvert2PDF.aspx?ID=63092> Pembrokeshire County Council's response (in part) to Q 6 of the WG Consultation on local taxes for second homes and self-catering accommodation NOTE: COPY AND PASTE INTO WEB BROWSER TO VIEW

<sup>19</sup> RTPI Cymru Management of Holiday Homes Research Paper  
<https://www.rtpi.org.uk/media/9526/rtpi-cymru-mangement-of-holiday-homes.pdf>

<sup>20</sup> <https://www.gov.scot/publications/planning-circular-establishing-short-term-control-area/pages/4/>

Description	Commentary
<p>single household; (b) not more than six residents living together as a single household where care is provided for residents; or (c) not more than six residents living together as a single household where no care is provided to residents (other than a use within class C4). Interpretation of Class C3: <input type="checkbox"/> For the purposes of Class C3(a) "single household" shall be construed in accordance with section 258 of the Housing Act 2004. <input type="checkbox"/> In the calculation of the 183 days, any time spent by single households in occupationally provided accommodation, such as oil rigs or barracks, contributes to the 183 days.</p>	<p>Why 183 days? Can this be defended? <sup>21</sup> The research prepared for Welsh Government would suggest this is doubtful.</p> <p>Going forward would it be beneficial in theory to align with Council Tax systems of evaluation so definitions, assessments are consistent and there isn't duplication of effort between revenue and planning departments? The difference with the Council tax system is that if circumstances change then you can change the tax payments accordingly and relatively easily. With needing the planning permission, a person would potentially have to move out/sell up if they no longer 'fitted the bill'.</p> <p>Looking at the Council Tax definitions a second home is (subject to exemptions) a property that is not a primary or sole dwelling. Most domestic properties are occupied and used as someone's sole or main home, and they are subject to the standard rate of council tax for the area (before any discounts or reductions). All other domestic properties which are not someone's main residence, including empty properties, could be regarded as 'second homes'. Exemptions are then listed. <sup>22</sup> See <a href="#">Appendix 3</a> of this report.</p> <p>How to enforce?</p>
<p>Class C5. Dwellinghouse; Secondary homes: Use as a dwellinghouse, otherwise than as a sole or main residence, occupied for 183 days or less by - (a) a single person or by people to be regarded as forming a single household; (b) not more than six residents living together as a single household where care is provided for residents; or (c) not more than six residents living together as a single household where no care is provided to residents (other than a use within class C4). Interpretation of Class C5: <input type="checkbox"/> For the purposes of Class C5(a) "single household" shall be construed in accordance with section 258 of the Housing Act 2004. <input type="checkbox"/> In the calculation of the 183 days, any time spent by single households</p>	<p>See notes above. A separate Use Class for the short-term holiday lets is more straight forward than for a secondary home. Short term letting is clearly when a building is used to generate an income derived from people staying there for a short period of time.</p> <p>With secondary homes more thought is needed as to what we wish to achieve.</p> <p>The WG has raised potential issues such as joint 2nd home owners splitting up but just as likely are those houses inherited by several family members and used by the individual families at different times of the year. There are, undoubtedly many more scenarios.</p>

<sup>21</sup> See paragraph 4.90 of the Welsh Government Research Paper 'An alternative but similar measure would include stronger occupancy conditions, perhaps requiring properties in an area to be continuously occupied for at least six months in a year and so preventing them from becoming second homes. But such measures are legally and practically fraught. Changes to the Use Classes Order would require the introduction of a strict legal definition of second and first homes. Such definitions are increasingly difficult to find in a society where work and living patterns are so diffuse.' (Gallent, Mace & Tewdwr-Jones, 2003: p.272)

<sup>22</sup> [council-tax-on-empty-and-second-homes.pdf \(gov.wales\)](#)

Description	Commentary
in occupationally provided accommodation, such as oil rigs or barracks, contributes to the 183 days.	
<p>Class C6. Short-term lets: Use of a dwellinghouse for commercial short-term letting not longer than 31 days (for each period of occupation). Interpretation of Class C6: “short-term let” does not include: <input type="checkbox"/> An annex within the curtilage of an existing C3 dwellinghouse occupied by a family member.</p>	<p>How is commercial short-term let defined? This should be defined in the legislation unless primary legislation is changed.</p> <p>It has become the norm for many to spend several months on holidays – particularly those who are retired.</p> <p>Can I repeatedly return? Can I go away for a day and come back? How would this be monitored?</p> <p>The Scottish Regulations <sup>2324</sup> provides a more relatable definition of short term letting which could be linked to proposed licensing definitions as per how the Scottish model approaches it. <sup>25</sup></p> <p><i>Short-term let</i>  2.—(1) For the purposes of section 26B of the Act, and subject to section 26B(3) of the Act, a short-term let is provided where all of the following criteria are met—</p> <p>(a) sleeping accommodation is provided to one or more persons for one or more nights for <u>commercial consideration</u>, .....</p> <p>The definition excludes private residential tenancies and tenancies of a dwellinghouse or part of it where all or part of the dwelling house is the only or principal home of the landlord or occupier.</p> <p>Would this allow for situations where home owners are happy to go and live in a caravan or with family/friends to rent their properties out for short-term lets (as an income generator)? Some will move out for the entire Easter to October season – but it’s still their principal home.</p> <p>Also Pembrokeshire County Council when responding to the WG consultation on mandatory licensing of holiday lets were supportive in principle but also advised: This would, however, <i>‘be subject to having a greater understanding of the details of any such scheme and, in particular, implications for local authorities in terms of administration and enforcement.</i> <sup>26</sup></p> <p>Also in support of that proposal the Council suggested <i>‘to support the development of more sustainable and less seasonal forms of tourism,</i></p>

<sup>23</sup> [The Town and Country Planning \(Short-term Let Control Areas\) \(Scotland\) Regulations 2021 \(legislation.gov.uk\)](https://legislation.gov.uk)

<sup>24</sup> <https://www.gov.scot/publications/planning-circular-establishing-short-term-control-area/pages/5/>

<sup>25</sup> [Short-term lets: regulation information - gov.scot \(www.gov.scot\)](https://www.gov.scot)

<sup>26</sup> <https://mgenglish.pembrokeshire.gov.uk/mgConvert2PDF.aspx?ID=63092>



Description	Commentary
	<p><i>Pembrokeshire County Council consider that the current thresholds for holiday lets / self-catering accommodation should be increased with a requirement that properties be let for around 170 days a year. A corresponding higher threshold for the number of days for which the holiday let / self-catering accommodation is available should also be set.'</i></p> <p>Going forward <i>'The Council would like to be assured that there is a requirement for appropriate evidence to support this to be provided and that compliance with thresholds is regularly monitored. It is acknowledged that this may entail some complications for owners whose properties are subject to an existing planning usage conditions, where it may be necessary for them to submit an application to vary this.'</i></p>

#### Question 4

Are there any scenarios whereby use as a dwellinghouse under use class C3 could become unclear? Please provide examples.

**16. Response/Conclusion Q4:** Yes – see comments above.

#### Question 5

Would you support amending primary legislation (i.e. the TCPA 1990) for the purpose of managing second homes and short-term holiday lets?

**17. Response/Conclusion Q5:** Yes. This would be the preferred approach. As advised in the consultation document at paragraph 4.9 replicating this approach is the only certain way of ensuring a change of use to a second home or short-term holiday let constitutes a material change of use and therefore requires planning permission.

#### Question 6

Do you agree the GPDO should be amended to permit changes of use set out in Table 2 if the proposed changes to the UCO are taken forward? If not, please explain why.

**18. Response:** The Authority would not support this for the reasons set out below.

**19.** Paragraph 4.13 of the consultation advises: *'It is therefore proposed, should the changes to the UCO be taken forward, to amend the GPDO to allow unlimited changes of use between a primary home, secondary home or short-term holiday let. Where they have the appropriate evidence local authorities would be able to use existing powers to*

*issue a direction using Article 4 of the GPDO to remove the permitted development rights for a defined area (see paragraphs 4.18 – 4.23).'*

20. This National Park Authority includes a policy approach in its Local Development Plan the aim of which is to prioritise the delivery of affordable housing. To this effect the Plan includes a policy constraining the provision of holiday let and prioritising the delivery of market and affordable housing.<sup>27</sup> This affords the Authority the opportunity to expect an affordable housing contribution either financially or on site with the provision of market housing. If an applicant wishes to remove a holiday let occupancy control then the property will be returning to the full market and an affordable housing contribution would be required. An unintended consequence of this change would enable existing holiday let stock, change to open market housing without having to pay the affordable housing contribution, which would undermine the Authority's ability to achieve this objective and contribute to the delivery of affordable housing in the area.
21. Also there are some properties that would not be suitable full time residential occupation so an automatic switch would not be appropriate. In some cases planning permission has been granted specifically for the use of properties as holiday accommodation as permanent residential occupancy would not be appropriate for reasons of amenity. These have therefore already been considered by the planning process and conditions applied, as appropriate. The National Park Authority therefore considers that there should not be permitted development rights between the use classes.
22. **Conclusion Q6:** The proposed changes to the Use Class order is supported. However the inclusion of permitted development rights between the use classes is not supported. This proposal is not supported as it would undermine the Authority's ability to secure a contribution to affordable housing provision on existing holiday let stock where a property could, for example, change from holiday let to primary residential without the ability to seek an affordable housing contribution. Also some properties may not be suitable for full residential use.

## Question 7

Do you agree the use of Article 4 Directions by local planning authorities provides an appropriate targeted response to a location-specific issue? If not, please explain why and/or suggest an alternative approach.

23. **Response:** This approach would be very resource intensive for the individual planning authority without even a planning fee to compensate. There isn't much detail on how it would work which is worrying. The consultation also advises at paragraph 4.23 that '*A material change of use would have to occur for permission to be required (which will be decided on a case by case basis).*'
24. The Scottish approach to the control of holiday letting appears to be more effective but would require more investigation and support from Welsh Government along with the additional resourcing for local planning authorities. The Scottish approach works alongside mandatory licensing which would impact on the local authority. A combined housing and planning authority approach would be most effective.

<sup>27</sup> Pembrokeshire Coast National Park Local Development Plan 2: Policy 40 Self Catering Accommodation: Proposals for self-catering development will only be permitted on a brownfield site in a Centre or in a conversion proposal in a countryside location (see Policy 7 and Policy 48) where the site or building must be shown to be inappropriate for market or affordable housing provision. New build self-catering development on greenfield sites will not be permitted.

25. If local planning authorities don't have high levels of demand for second homes and holiday lets then it is difficult to understand how they would have greater numbers of planning applications going forward.

It is unclear why an Article 4 direction to deal with the issue is being advocated, other than the issue does not relate to all Local Planning Authorities. When changes were made to the order in relation to Houses in Multiple Occupation (HMO's) this was to address issues experienced by urban local planning authorities only. The separate HMO use was not afforded permitted development rights to change between other uses within class 'C' as is proposed for second homes and holiday lets. Whilst the issues associated with second homes and holiday lets is primarily a rural issue a consistent approach should be applied throughout Wales as was the case with HMO's. Article 4 directions will require extensive evidence gathering and consultation which will have significant resource implications for local planning authorities coupled with the fact that any relevant future planning applications in these areas will not generate a fee. To limit added pressure to local planning authorities and to have a consistent approach throughout Wales the change of use should not be controlled via Article 4 directions but through the removal of the permitted development rights between the uses.

26. **Conclusion Q7:** The Scottish approach (See response to Q3) is considered to be a more appropriate way forward. However if the permitted development rights are retained in the proposed legislation the Fee regulations should be altered to ensure that a planning application fee is required for such applications.

## Question 8

In respect of change of use to a second home or short-term holiday let, where an Article 4 Direction is made, should applicants have a right to claim compensation if a local planning authority refuses permission or grants permission subject to conditions other than those imposed by the GPDO within the first 12 months?

27. **Conclusion Q8:** The removal of the proposed permitted development rights between the use classes would ensure that there is no right to compensation.

## Question 9

Do the proposed amendments to PPW make it clear that the prevalence of second homes and short-term holiday lets must be considered by local planning authorities when developing the requirement for market and affordable homes within a particular area and whether a local policy approach is required in a Local Development Plan (LDP)?

28. **Response:** The WG Consultation Paper adds to paragraph 4.1.5 of Planning Policy Wales: *'Localised issues, such as the prevalence of second homes and short-term holiday lets, must also be considered when developing the requirement for market and affordable homes within a particular area and whether the evidence suggests that a local policy approach is needed.'* And to paragraph 4.2.9 second last sentence – addition shown underlined: *'Evidence could be obtained from local studies such as those deriving from the local well-being plans or from studies forming part of the evidence base for the development plan, particularly the Local Housing Market*

Assessment. Such evidence may also highlight the impact of second homes and short-term holiday lets on specific local communities.'

29. And a new paragraph is inserted: 'Where localised policies are developed to control the impact of second homes and short-term holiday lets, the approach taken may require restrictions, by condition or obligation, and the specific identification of new homes as Class C3 Dwellinghouses. In addition, consideration may be required regarding whether to restrict permitted development rights on new housing developments, through the production of an area specific Article 4 Direction to help manage changes of use of existing houses within communities. Further guidance on the use of Article 4 Directions is provided in the Development Management Manual.'
30. The situation in the Pembrokeshire Coast National Park from a planning perspective; (this is the only statutory role available to the Authority on housing related issues); from investigating this issue for many years is that the recommendations set out by the researchers commissioned by Welsh Government<sup>28</sup> are valid going forward and need to be implemented to inform national and local policy progress. Recommendation 2 and 3 are of particular relevance:

#### **Recommendation 2: Second homes should not be addressed in isolation**

Policy responses should not be developed in isolation. Responses that seek to tackle the negative impacts of second homes should form a component of wider efforts to address affordability issues and actions with which to unlock the housing market.

#### **Recommendation 3: Identifying a Threshold**

The Welsh Government should support further research to identify and develop the understanding of the threshold (beyond which significant impact is caused by second homes in relation to the housing market). This threshold should inform wider interventions with which to limit the impact of second homes, and may inform any limitations or ratios placed on second homes.

31. To explain further the Authority prepared a Background Paper<sup>29</sup> for its Local Development Plan 2 Examination held in 2019 and many of its conclusions resonate with the above recommendations from the research carried out on behalf of Welsh Government.
32. In summary the purpose of the Background Paper was to consider the appropriateness of applying a principal residency or a local occupancy policy for the Pembrokeshire Coast National Park in its Local Development Plan 2. This could be the type of policy referred to in paragraph 3.8, 4.1 bullet 3, 4.31 to 4.35, Q9 and Appendix 1 of the WG Consultation.
33. Chapter 6 of the Authority's LDP Background Paper provides a summary of the difficulties this Authority had in finding the evidence justifying such a policy in the early 2000s and revisits those issues in the present day (i.e. 2019 at the time of the LDP Examination). Many of the difficulties encountered in the early 2000s remain. The Research Report prepared by the researchers for Welsh Government does in effect explain the difficulty in establishing a solid evidence base for taking a specific policy

<sup>28</sup> <https://gov.wales/research-develop-evidence-base-second-homes> Please copy into browser to use link

<sup>29</sup> Pembrokeshire Coast National Park Local Development Plan 2 Background Paper on Principal Residence and/or local Connections Policy  
<https://www.pembrokeshirecoast.wales/wp-content/uploads/2019/12/Exam111-HS1-AP10.pdf>

approach forward on this topic because objective evidence finding direct and compelling links between second home ownership and the socio-economic issues in specific local areas is difficult to prove. Hence Recommendation 1 is provided by the researchers. The amendment to Planning Policy Wales paragraph 4.2.9 suggested in the WG consultation is:

- For the planning authority to provide the evidence (as per the current Planning Policy Wales); and
- In part to add a new sentence which includes 'Such evidence may also highlight the impact of second homes and short-term holiday lets on specific local communities.'

34. Given this Authority's experience regarding evidence gathering historically, its review of approaches elsewhere and analysis of indicators in this National Park, the Authority would welcome further national research being done on the subject as a basis for a co-ordinated approach to dealing with housing pressures in local communities in the widest sense.
35. Paragraph 4.34 of the consultation document also advises: *'It is also proposed that where localised policies are developed to control the impact of second homes and short-term holiday lets, new homes will require restrictions, by condition or obligation, as Class C3 Dwellinghouses (Primary Homes) and consideration given regarding whether to restrict permitted development rights to help manage changes of use of existing houses within communities.'*
36. Focusing here on the issue of placing an occupancy control on a Primary Home there is a fundamental issue regarding the local planning authority's ability to negotiate affordable housing on a property that has an occupancy control on it. See response to Q11.
37. Please note household projections undertaken by planning authorities for Local Development Plans already take account of 'displacement' of what would be primary residential properties as second homes.

38. **Conclusion Q9:** Given this Authority's experience regarding evidence gathering historically, its review of approaches elsewhere, and analysis of indicators in this National Park the Authority would welcome further national research being done on the subject as a basis for a coordinated approach to dealing with housing pressures in local communities in the widest sense.

## Question 10

Do the proposed amendments to PPW support the proposed amendments to the:

- ☐ Town and Country Planning (Use Classes) Order 1987 (UCO); and
- ☐ Town and Country Planning (General Permitted Development) Order 1995 (GPDO)

39. **Response/Conclusion Q10:** Please see response to Q9 and the Authority's earlier responses to questions regarding the Use Class Order etc. To successfully implement the changes the description of development must be changed in primary legislation.

## Question 11

Do you consider the potential positive consequences of the proposed planning measures for the management of second homes and short-term holiday lets outweigh the potential negative

consequences (or vice versa) regarding house prices and the impact on the local housing market? Please explain your response, with reference to evidence where appropriate.

40. **Response:** There are many unknowns with these proposals and it is difficult to provide definitive answers. The Research Report reinforces this point.
41. This Authority would support Recommendation 1 of the Research Report prepared for Welsh Government:

#### **Recommendation 1: Further Research**

The Welsh Government should support further research to explore the impact that second homes have or could in future have upon house prices. Comparative case studies from across Wales, drawing on objective data, would likely enable this.

42. In terms of this Authority's experience to date, and its understanding of national planning policy, the following commentary is provided:
43. **Issue 1:** With an occupancy control (i.e. an occupancy control is placed on the property by the local planning authority) such as a local market house occupancy control, the properties cannot be classed as 'market housing' and therefore cannot contribute to meeting the need for affordable housing through delivery on site or through a financial contribution. This is why the Authority does not impose an affordable housing contribution on holiday lets, for example. Planning Policy Wales Edition 11 | February 2021 <sup>30</sup>, paragraph 4.2.30 last sentence '*In principle all new market housing sites, ...may contribute to meeting the need for affordable housing.*' Paragraph 4.2.26 advises '*.....All other types of housing are referred to as 'market housing' that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local (planning) authority.*'
44. **Issue 2:** Regarding the issue of impact on house prices by imposing a local needs housing policy the evidence prepared for the Joint Unitary Development Plan for Pembrokeshire for the National Park Authority by Mark Tewdwr Jones and Nick Gallent (early 2000s) was commented on by the Inspector at the time. The Inspector advised that there might be a negligible impact on the price of houses affected by the policy and there may be a rise in prices in the general housing stock. He advised the Authorities also relied for support on the findings of a recent study by Mark Tewdwr-Jones and Nick Gallent relating to the National Park and the implications of a local needs policy. This study says it is questionable whether local households who currently experience problems of affordability and access to housing would, if Policy 47 restrictions were in place (this is the policy that was proposed in the Joint Unitary Development Plan), enjoy greater affordability and access; it concludes that there would be a negligible impact on new house prices but possibly a sharp rise in the price of existing housing. '*To my mind those findings, which contradict what the Plan suggests, simply add strength to my conclusion that this policy would not achieve its aims of making housing in the National Park more affordable for local people in need.*'
45. **Issue 3:** Regarding viability the National Park Authority undertook an assessment to understand the impact of occupancy controls for its Local Development Plan 2 Examination in 2019.

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<sup>30</sup> [Planning Policy Wales - Edition 11 \(gov.wales\)](https://gov.wales/planning-policy-wales-edition-11)



46. Chapter 5 of the Local Development Plan 2 Background Paper prepared for Examination considered viability issues when applying such approaches in this National Park to a 30 hectare development as per the Development Appraisal Toolkit (the toolkit used by the Authority to test viability). It was assumed that the 30 dwellings would have an occupancy control imposed. The conclusions were:
- At a 30% reduction in market values all of the sub-market areas can no longer meet the Land Value Benchmark (LVB)<sup>31</sup>, with the exception of Tenby. This means that in areas outside Tenby the policy position for the proportion of affordable housing expected would need to be reduced. In some areas, affordable housing may no longer be viable at all.
  - In the best case scenario (i.e. with a 15% reduction in market values) the top three, highest value, areas are still yielding residual values greater than their respective Land Value Benchmarks. All other sub-market areas do not.
47. This would mean that the Authority would need to review downwards its expectations for affordable housing provision in many locations in the National Park.
48. The Inspector's conclusions on the matter for the Pembrokeshire Coast National Park Local Development Plan 2 were:
- '3.35 I am content that there is no compelling evidence for the inclusion of a Principle Residence or a Local Connections policy within the Replacement Plan, either for Newport or the National Park as a whole. Moreover, I consider that the imposition of such a policy is likely to have an adverse effect on the delivery of market and affordable housing, and in doing so, would undermine the Plan's strategy. In the case of the centres, in which the study found there is a need for affordable housing, I am content that the approach taken in Strategic Policy 49 to the provision of affordable housing will assist in addressing this issue and ensuring the appropriate distribution of social and intermediate housing across the National Park.'*<sup>32</sup>
49. The Authority would also support Recommendation 2: 'Second homes should not be addressed in isolation' of the Research Report.

**Recommendation 2 Second homes should not be addressed in isolation.**

Policy responses should not be developed in isolation. Responses that seek to tackle the negative impacts of second homes should form a component of wider efforts to address affordability issues and actions with which to unlock the housing market.

50. It is for this reason that this Authority has focused on the delivery of affordable housing as a primary objective of development plan preparation; i.e. the area of responsibility for this planning authority. The Authority welcomes the Welsh Government's wider initiative to look at the whole housing market but would wish to see the recommendations of the Research taken forward before more significant interventions are pursued.
51. **Conclusion Q11:** The Authority welcomes the Welsh Government's wider initiative to look at the whole housing market but would wish to see the recommendations of the Research taken forward before more significant interventions are pursued.

<sup>31</sup> What a land owner is likely to expect for land sold.

<sup>32</sup> <https://www.pembrokeshirecoast.wales/planning/planning-policy/local-development-plan-2/local-development-plan-replacement-stages/examination/inspectors-report/>

## Question 12

Do you have any comments or evidence about the potential consequences, both positive and / or negative, the proposed planning measures for the management of second homes and short-term holiday lets may have for local economies?

**52. Response/Conclusion Q12:** With further research completed to inform options proposed, the preparation of a regulatory impact assessment would have provided everyone with information on the likely costs, benefits and risks associated with alternative policy options. These normally include consideration of how the proposed changes would impact on different individuals, groups and organisations etc. Such assessments would help planning authorities better identify a preferred option. Where impacts are identified these have been set out in the response.

## Question 13

Applicable to local planning authorities only:

Do you consider that local planning authorities have sufficient resources to undertake an appropriate level of evidence gathering, monitoring and enforcement for the effective implementation of the proposed planning measures? Please explain your response, with reference to evidence where appropriate.

**53. Response/Conclusion Q13** We would welcome any additional funding /resources available to carry out the work.

## Question 14

Applicable to local planning authorities only:

☐ What IT (back-office) system is currently used (including version number)?  
☐ What are your contractual arrangements (i.e. costs) for making changes as a result of a Welsh Government legislative change?  
☐ How long would it take to implement changes to your IT system?  
☐ What is the expiration date of your current contract with your IT system supplier?  
☐ How much staff time is required (per application) to manually enter applications into your back-office system where it cannot be automatically received?

**54. Response:** ☐ PCNPA use Agile applications as a back office system (APAS V. 79) and is due to upgrade to Agile's SAAS environment in June 2022. ☐ Any costs are likely to be minimal but are currently unknown. ☐ It usually takes approximately 3-6 months to make changes to the system, dependent on the complexity ☐ April 2023 ☐  
Approximately 30 minutes per application.

## Question 15

We would like to know your views on the effects of the 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?

55. **Response:** If the Welsh Government can progress the recommendations from Research to Develop an Evidence Base on Second Homes 15th November 2021 this should lead to a more thoroughly researched regulatory impact assessment as to the implications for all of the changes in approach.

## Question 16

We have asked a number of specific consultation questions. If you have any related issues which we have not specifically addressed, please use the space below to raise them.

56. **Support in principle:** This National Park Authority fully supports the Welsh Government's three pronged approach incorporating taxation measures, a registration scheme and planning measures. We also support ongoing actions to address housing supply and affordability.
57. **Further Research Needed:** With further research completed to inform options proposed the preparation of a regulatory impact assessment would have provided everyone with information on the likely costs, benefits and risks associated with alternative policy options. These normally include consideration of how the proposed changes would impact on different individuals, groups and organisations etc. Such assessments would help planning authorities better identify a preferred option. We would welcome the opportunity to comment further on any research.
58. **Resourcing of planning:** The resourcing of planning services is a significant consideration and any planning solutions need to be mindful of being as effective as possible. Without resourced planning (particularly enforcement) services, any solutions will be meaningless and we would request that WG make some resource available
59. **Issue with retail permitted development:** The change of use of top floors of properties that have most recently been associated with retail to residential would fall under Class F, Part 3, Schedule 2, GPDO 1995<sup>33</sup> and no affordable housing

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<sup>33</sup> *Class F*

### F. Permitted development

Development consisting of a change of the use of a building—

- (a) to a mixed use for any purpose within Class A1 (shops) of the Schedule to the Use Classes Order and as a single flat, from a use for any purpose within Class A1 of that Schedule;
- (b) to a mixed use for any purpose within Class A2 (financial and professional services) of the Schedule to the Use Classes Order and as a single flat, from a use for any purpose within Class A2 of that Schedule;
- (c) where that building has a display window at ground floor level, to a mixed use for any purpose within Class A1 (shops) of the Schedule to the Use Classes Order and as a single flat, from a use for any purpose within Class A2 (financial and professional services) of that Schedule.

contribution can now be required for the creation of the unit. This could be usefully revisited to help support the provision of affordable housing in communities.

60. **Revisiting Technical Advice Note 2 2006:** Paragraph 10.9 advises '*Local planning authorities may include indicative affordable housing targets for individual sites included in the development plan. Where evidence has identified a need for affordable housing to contribute to the creation of balanced and sustainable communities, local planning authorities may identify sites for up to 100% affordable housing based on criteria set out in the development plan (for example accessibility to jobs, shops and services, by modes other than the car, and the potential for improving such accessibility). The identification of sites solely for affordable housing is unlikely to be appropriate for an entire local planning authority area to the exclusion of other policy approaches. Such sites are likely to be small in number in relation to the total number of sites available in a local planning authority area and small in scale.*' It would be helpful if Welsh Government could re-visit this paragraph as the ability to allocate just for affordable housing more widely could be a potential response to the issue.
61. **Issues with visitor management:** It would be useful to note that in terms of visitor accommodation fly-camping has also become a major issue for the communities of the National Park as well as the landscape and biodiversity. Whilst the Authority has carefully evidenced planning policies to control the harmful effects of development, including camping, these are consistently undermined by outdated legislation allowing sites to operate through the '28 (56) day rule' and an increasingly unregulated Certification system. The scale of the problem this causes renders any attempt at meaningful planning enforcement (when such sites constantly operate beyond their permitted number of days) virtually impossible. A further response to the Welsh Government's consultation on permitted development will be prepared by the Authority.
62. During the 2020 and 2021 seasons there has also been a significant increase in the incidence of 'fly camping' throughout the National Park with damaging consequences for the landscape, environment and local communities. The options to operate camping, glamping and caravan (especially motorhome) sites without the need for express planning permission encourages this type of activity.
63. **Issues with occupancy controls:** Could Welsh Government please re-consider the phrase in Planning Policy Wales Edition 11 | February 2021, paragraph 4.2.30 last sentence 'In principle all new market housing sites, ...may contribute to meeting the need for affordable housing.' Paragraph 4.2.26 advises '.....All other types of housing are referred to as 'market housing' that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local (planning) authority.' As it stands under current legislation the inclusion of, in particular, holiday lets (which are subject to occupancy controls) as being able to contribute to affordable housing provision would assist. Also Rural Enterprise Dwellings have an occupancy control imposed upon them which enables them to become affordable housing if the original need is no longer there. Should Welsh Government explore this approach for other forms of occupancy controls imposed by planning legislation?
64. **Revisiting Technical Advice Note 13 Tourism 1997:** This Note could usefully be updated alongside Planning Policy Wales. This would assist in setting a framework for

issues raised in relation to visitor management and how to help respond to tensions raised in visitor hotspots. The Technical Advice Note could also provide clearer guidance on the need for sustainable transport options for tourist accommodation.

The Government Social Research provides the following recommendations:

### **Recommendation 1: Further Research**

The Welsh Government should support further research to explore the impact that second homes have or could in future have upon house prices. Comparative case studies from across Wales, drawing on objective data, would likely enable this.

### **Recommendation 2: Second homes should not be addressed in isolation**

Policy responses should not be developed in isolation. Responses that seek to tackle the negative impacts of second homes should form a component of wider efforts to address affordability issues and actions with which to unlock the housing market.

### **Recommendation 3: Identifying a Threshold**

The Welsh Government should support further research to identify and develop the understanding of the threshold (beyond which significant impact is caused by second homes in relation to the housing market). This threshold should inform wider interventions with which to limit the impact of second homes, and may inform any limitations or ratios placed on second homes.

### **Recommendation 4: Mapping the issue**

Local authorities should look to map second homes by drawing on a wider definition that includes commercial holiday lets and STL properties.

### **Recommendation 5: Clarity regarding the aims**

The Welsh Government should give greater clarity with regard to the preferred direction of travel and the aims of any interventions in relation to second homes.

### **Recommendation 6: Adopting a broader definition**

The Welsh Government should adopt a broad definition of second homes and provide clarity as to what types of properties are understood to fall within such a definition.

### **Recommendation 7 Piloting Approaches**

Piloting and evaluating a range of policy approaches to tackling the impact of second homes may offer a means of developing effective interventions and the wider understanding of the impact of second homes.

### **Summary: Background Paper Principal Residence and/or local Connections Policy – Pembrokeshire Coast National Park Authority**

1. Chapter 1: Reviewed national planning policy to understand if there has been a change in approach in national planning policy regarding the use of local needs or principle residence housing policies. The paper concluded that there had been no change in the national planning policy context since 2003 in terms of how such policies need to justify themselves with robust evidence for the application in specific locations.
2. Chapter 2: Summarises the geographical coverage, the mix and size of housing proposed, the nature of the occupancy control and whether conditions or planning obligations are used. The paper looked at policy approaches in Gwynedd and Anglesey and Swansea along with the St Ives Neighbourhood Plan.
3. Chapter 3: The Paper considered the objectives that these Plans seek to achieve and the evidence base used to justify the Plans' policies. Indicators suitable to this National Park are also considered. The conclusions that can be drawn are that:
  - There is a mosaic of communities across Pembrokeshire that reach some of the thresholds used by others in evidencing policies. There is not a consistent pattern of issues that are attributable to one or a group of communities.
  - The communities identified lie either wholly inside, partly inside and sometimes completely outside the National Park which would have implications for Pembrokeshire County Council as planning authority.
  - Analysis of education, retail and community facilities do not show a pattern of overall decline in the National Park which is used as part of the rationale for proposing these types of policies elsewhere.
  - Where an issue is highlighted within communities, the use of standalone occupancy controls on new build development is not considered to be the logical response.
4. Chapter 4: Considered the effect of such controls in practice by comparing the occupancy of social housing, intermediate housing, local occupancy controlled housing and principal residency controls. It can be concluded that:
  - Depending on the location researched, local residency occupancy controls reduce the price of housing by between 15% and 30%. Some authorities are more cautious about providing definite percentage reductions.
  - The difference between these alternative models and a low cost home ownership model is questioned. The low cost home ownership model referred to in this Authority's current Supplementary Planning Guidance on Affordable Housing advises that the cost will typically capped at a maximum of 70% of their open market value.
  - Social rented, intermediate rent, low cost home ownership and local residency occupancy controls would all, by use of those controls, mean that properties are occupied frequently.
  - Principal residency controls, if the St Ives example is used, raises questions about the potential frequency of occupancy with the occupier being able to work away from home during the week. Finally, the Authority remains concerned about the ability to negotiate affordable housing where no unfettered, open market housing is being provided.
5. Chapter 5: Considered viability issues when applying such approaches in this National Park to a 30 hectare development as per the Development Appraisal Toolkit. It is

assumed that the 30 dwellings would have an occupancy control imposed. The conclusions are:

- At a 30% reduction in market values all of the sub-market areas can no longer meet the Land Value Benchmark (LVB), with the exception of Tenby. This means that in these areas the policy position for the proportion of affordable housing expected would need to be reduced. In some areas, affordable housing may no longer be viable at all.
  - In the best case scenario the top three, highest value, areas are still yielding residual values greater than their respective Land Value Benchmarks. All other sub-market areas do not.
  - Despite the fact that the Newport sub-market area has slightly higher market values than Tenby it fails to meet LVB with a 30% reduction in market value. This is due to the fact that it is in a lower Acceptable Cost Guidelines (ACG) band than Tenby so the revenue from constructing affordable housing for the developer is lower in Newport i.e. 42% of a higher ACG value.
6. Chapter 6: Reviewed the relevance of the conclusions reached when the Authority considered pursuing a local occupancy policy for the Joint Unitary Development Plan adopted in 2006 for today. The conclusions reached are:
- The supporting evidence for such policies, when considered for this National Park, is not robust enough to justify introducing additional occupancy controls through the Local Development Plan.
  - Geographically communities lie both inside and partly inside the National Park. Any policy response to issues needs collaborative working with the relevant authorities and associations.
7. Chapter 7: Considers the sustainability credentials for such policies. The conclusion reached for the Anglesey and Gwynedd Plan and the Swansea Plan is that there is little detail on the sustainability appraisal available. The appraisal and soundness tests conclusions for a principal residency policy in this National Park did not support pursuing such an approach.
8. Chapter 8: Focuses on known impacts of policies in practice in Wales and three English National Parks. In conclusion (for the Yorkshire Dales, North York Moors and the Lake District):
- As a result of the imposition of the occupancy control figures property values are reduced ranging from a 15% to 30% reduction. There was a degree of uncertainty with this as price controls are not inbuilt in the control mechanisms.
  - Regarding properties completed the number with occupancy controls are a small number relative to overall completions (except for the Lake District) or the overall housing stock in the National Park.
  - Comments are provided regarding mortgage issues, including mortgagee in possession clauses, expectations regarding what a property will sell for, the need to focus on a small number of properties on a site and difficulties in selling.
  - Policies in the English National Park areas have more historical data to refer to in terms of completions and the impact on house prices of the properties with the occupancy control. Evidence of impacts on the housing market generally is not that easy to locate.
  - Policies in Cornwall and Wales have not had time to bed in for us to understand the impacts.
9. Chapter 9: Considered the potential for unintended consequences. Concerns regarding potential adverse impacts on the wider housing market, affordable housing delivery,

along with questions as to whether the objectives of sustaining communities can be achieved are raised. Enforcement and compliance is also an issue.

10. The paper concludes that such a policy approach was not appropriate for this National Park.

## Appendix 3

Extract from Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales – Exemptions from Second Home Council Tax Premium <sup>34</sup>

Classes of Dwellings	Definition	Application
Class 1	Dwellings being marketed for sale – time-limited for one year	Long-Term Empty Homes and Second Homes
Class 2	Dwellings being marketed for let – time-limited for one year	
Class 3	Annexes forming part of, or being treated as part of, the main dwelling	
Class 4	Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation	
Class 5	Occupied caravan pitches and boat moorings	Second Homes
Class 6	Seasonal homes where year-round occupation is prohibited	
Class 7	Job-related dwellings	

<sup>34</sup> [council-tax-on-empty-and-second-homes.pdf \(gov.wales\)](#)



### Reference Documents

#### National

Second homes: Developing new policies in Wales Author: Dr Simon Brooks

<https://gov.wales/sites/default/files/publications/2021-03/second-homes-developing-new-policies-in-wales.pdf>

RTPI Cymru Management of Holiday Homes Research Paper

<https://www.rtpi.org.uk/media/9526/rtpi-cymru-mangement-of-holiday-homes.pdf>

Welsh Government Written Statement Second Homes developing new policies in Wales

<https://gov.wales/written-statement-publication-second-homes-developing-new-policies-wales-report>

WG Consultation Documents:

<https://gov.wales/planning-legislation-and-policy-second-homes-and-short-term-holiday-lets>

Research to develop an evidence base on second homes 15<sup>th</sup> November 2021

<https://gov.wales/research-develop-evidence-base-second-homes>

#### Gwynedd

<https://democracy.gwynedd.llyw.cymru/documents/s27926/Appendix%202.pdf>

#### Local – Pembrokeshire

Pembrokeshire Coast National Park Local Development Plan 2 Background Paper on Principal Residence and/or local Connections Policy

<https://www.pembrokeshirecoast.wales/wp-content/uploads/2019/12/Exam111-HS1-AP10.pdf>

Council Tax discussion - increase to 100% premium agreed. Note: copy and paste into web browser to use.

<https://mgenglish.pembrokeshire.gov.uk/documents/g5338/Public%20reports%20pack%2014th-Oct-2021%2010.00%20Council.pdf?T=10>

Consultation on WG CONSULATION ON LOCAL TAXES FOR SECOND HOMES AND SELF-CATERING ACCOMMODATION

<https://mgenglish.pembrokeshire.gov.uk/mgConvert2PDF.aspx?ID=63091>

<https://mgenglish.pembrokeshire.gov.uk/mgConvert2PDF.aspx?ID=63092>

Note: copy and paste into web browser to use the link.

#### Scottish legislation

<https://www.legislation.gov.uk/asp/2019/13/section/17/enacted>

*'Material change of use: short-term lets*

*(1)A planning authority may designate all or part of its area as a short-term let control area for the purposes of this section.*

*(2)In a short-term let control area, the use of a dwellinghouse for the purpose of providing short-term lets is deemed to involve a material change of use of the dwellinghouse.'*

<https://www.gov.scot/news/regulating-short-term-lets/>

[Short-term lets: regulation information - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/regulating-short-term-lets/)

<https://www.gov.scot/publications/planning-circular-establishing-short-term-control-area/>