

Report to	Communities Scrutiny Committee
Date of meeting	30th June 2022
Lead Member / Officer	Cllr Win Mullen-James Lead Member for Local Development and Planning/ Angela Loftus - Strategic Planning & Housing Manager
Report author	Lara Griffiths – Senior Planning Officer
Title	Planning Requirements in Relation to Second Homes and Short-term Holiday Lets

1. What is the report about?

- 1.1. The report examines the current planning requirements in relation to second homes and short term holiday lets and also potential measures that could be introduced in the future and their implications.

2. What is the reason for making this report?

- 2.1. To provide information on the current planning requirements and controls available in relation to second homes and short term holiday lets.

3. What are the Recommendations?

That Members:

- 3.1 comment on the contents of the report; and
3.2 agree to receive an update report when the results of the Welsh Government consultation are received and published.

4. Report details

Definition of Second Homes and Short Term Holiday Lets

- 4.1. This report is confined to consideration of the use of market properties for second homes or short term holiday lets. A second home is defined for council

tax purposes as a dwelling which is not a person's sole or main home and is substantially furnished. A short term holiday let is generally considered to be where a property is let for the purposes of a holiday only; the guest will have a main home elsewhere and the let is for less than 3 months.

- 4.2. The provision of accommodation through caravans; chalets; glamping pods or conversion of rural buildings already require planning permission and therefore have been considered by the planning process and relevant conditions applied. The relevant Local Development Plan (LDP) policies for these types of accommodation and an indication of the number of units granted planning permission in recent years is contained in Appendix 1.
- 4.3. Any additional measures to control holiday lets must be balanced to support the appropriate development of the tourism industry in Denbighshire. Holiday lets are often locally owned and provide employment opportunities and a valuable contribution to the local economy, supporting many facilities and services. Evidence shows that tourism contributed £552 million pounds to the Denbighshire economy and supported 6,470 jobs in 2019¹

Scale of the Issue in Denbighshire

- 4.4 The number of homes in Denbighshire is estimated at 43,543². Data from Council Tax records show that in 2022 there were 401 recorded second homes in Denbighshire, this equates to 0.9% of the homes in Denbighshire (1.5% of the second homes in Wales). The levels are currently low compared to other parts of Wales such as Gwynedd (20%), Anglesey (9%) and Conwy (5%). Where properties are used as short term holiday lets on a business basis they are removed from council tax, in 2022, 228 homes were registered as businesses for council tax purposes. This totals 629 houses or 1.4% of Denbighshire's current housing stock. This level varies across the county as shown in the tables and graphs at Appendix 2.

¹ <https://www.denbighshire.gov.uk/en/documents/your-council/strategies-plans-and-policies/plans/destination-management-plan-2021-2022.pdf>

² <https://statswales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure> March 2020

Current planning requirements

- 4.5 Current national policy does not define the use of a dwelling as a second home or a short term holiday let as 'development'. No change of use requiring planning permission therefore occurs when a property is used in this way. The Town and Country Planning (Use Classes) Order 1987 (as amended) define a dwelling under class C3

Class C3 – Dwellinghouses Use as a dwelling house (whether or not as a sole or main residence) by: ...

The key part of the definition is '**whether or not as a sole or main residence**' this permits use of any house as a second home or holiday let within the definition of a dwelling in planning terms.

Potential future planning requirements

- 4.6 On 6th July 2021 the Minister for Climate Change set out a 3 pronged approach to address issues of affordability and the impact of second homes and short-term holiday lets on communities and the Welsh language. A copy of the full announcement is attached to this report as Appendix 3. The three-pronged approach will focus on:

- 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.

- 4.7 Welsh Government have recently consulted on planning legislation and policy for second homes and holiday lets. The outcome of the consultation is currently unknown. Welsh Government have been contacted regarding timescales but no response has yet been received. The paragraphs below outline some potential planning and non-planning approaches that could be considered.

- 4.8 **Change of Use** – this would involve the introduction of a new subsection in the definition of a C3 dwelling. In legislative terms this would be the most straightforward way to bring about a change. It is not straightforward in implementation terms however, as it would be unlikely to be applicable

retrospectively so would only require permission to be sought in the future and would do nothing about the properties already in holiday use. The second issue is around resources to monitor and take enforcement action. The Council would need to be able to demonstrate when the use of a property had moved to holiday accommodation and this would be difficult for properties not let out all year. This change would also be applied nationally and would not provide any tailored solution for areas where more control is needed.

4.9 **Definition of Development** – as mentioned above the use of a dwelling for holiday purposes is not currently defined as development in Wales. In Scotland the definition has been amended and regulations are currently being prepared which would allow local authorities to define ‘short term let control areas’ within their boundaries. Within these areas planning permission would be required for a change of use to a holiday let. A parallel licencing scheme for holiday accommodation is also being introduced in Scotland and having planning permission may form part of the licencing requirements. This would bring all current and future holiday lets within the scope of the scheme not just newly emerging ones.

4.10 A change in the definition of development to bring about a similar change in Wales would require a change in primary legislation which can only be done by national government.

Potential non planning solutions

4.11 It is clear that additional planning regulations on their own are unlikely to be effective in managing holiday lets and second homes. There are a number of complementary measures which should be considered alongside any planning changes.

4.12 **Taxation** – Councils can already charge a council tax premium on second homes and Denbighshire currently charges an additional 50% premium on second homes. Welsh Government announced in March 2022 that Councils would be able to charge up to a 300% premium from March 2023. There are mixed views on whether this is an effective means of controlling second homes as some may then register them as a business and remove them from Council Tax altogether which is a financial loss for the Council. Welsh Government are also intending to bring in changes to tighten up this loophole in the future. The

potential impacts of the new taxation options on Denbighshire will be discussed in the future.

- 4.13 **Licencing** – licencing is a means of managing not only the planning requirements, but also the potential wider impacts of holiday lets. Licencing can be tied into taxation and the planning regime to ensure that a co-ordinated and resource efficient approach is taken.

Conclusions

- 4.14 The current planning framework has limited control over the use of dwellings for second homes or short term holiday lets. Changes to planning legislation in isolation are unlikely to prove effective. A co-ordinated approach which targets areas of greatest impact and makes use of a wider range of controls is most likely to offer a potential way forward.

5. How does the decision contribute to the Corporate Priorities?

N/A.

6. What will it cost and how will it affect other services?

No cost implications

7. What are the main conclusions of the Well-being Impact Assessment?

N/A no WBIA required.

8. What consultations have been carried out with Scrutiny and others?

N/A.

9. Chief Finance Officer Statement

At this stage there are no budget implications arising from this report.

10. What risks are there and is there anything we can do to reduce them?

N/A.

11. Power to make the decision

Section 21 of the Local Government Act 2000.

Section 7.2.3 and Section 7.4.1 of the Council's Constitution.