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**WTA Response to the Welsh Government Consultation – ‘Planning legislation and policy for second homes and short-term holiday lets’**

**Wales Tourism Alliance**

Wales Tourism Alliance Limited

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1. **Industry Representation**

**The Wales Tourism Alliance**

The Wales Tourism Alliance (WTA) is the recognised over-arching representative organisation for the tourism industry in Wales, liaising with and coordinating the views of our Member Organisations. Where resources allow the WTA consults with Government at Westminster, Cardiff and at Local Authority levels.

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

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

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

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

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

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

**The WTA Response**

**Position Statement -** **The WTA supports in-principle the proposals contained and views them as the tightening of existing powers, however we have three key concerns:**

* As long as the proposed changes to the classes that govern the management of a private home are not retrospectively applied to legitimate existing business then in-principle we have no objection to the amendments as proposed. We note in the use of Article 4… Item 4.23 ‘***It will not operate retrospectively to result in an existing use requiring planning permission. Where it can be evidenced that a property has been used as a second home or short-term holiday let prior to the Article 4 direction coming into force, planning permission will not be required to continue such use. Only proposed changes of use that occur after the Article 4 direction is in force may require planning permission’ and the*** use the lawful development certificates process as a way of establishing that their property has been used as a second home or short-term let prior to the Article 4 Direction coming into force. This principle must stand.
* Whilst there has been considerable coverage and debate about the availability of affordable housing in Wales, the WTA considers that this is an issue that relates to second homes and not to legitimate short term holiday lets businesses (as currently defined by the VOA 70/140-day rule). We believe that the control of short-term holiday lets could be served through the introduction of a Statutory Registration scheme (not the Planning System).
* After many years of building Wales Tourism Industry’s image with pounds spent, indeed some by the Welsh Government, we have seen the image of Wales Tourism the industry as a whole and Self-Catering in particular being inadvertently tarnished, guilty by implication and association with the second homes issue. There should really have been a consultation for second homes and a separate one for self-catering. Releasing three consultations is hammering home a negative message to local communities, even after the Welsh Government’s own findings (Brooks Report) testifies otherwise. STHLs are businesses, this consultation is confusing residential property with a business operation.

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

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

**In light of the above please accept the following answers in response and backed by all WTA Member organisations. We anticipate the correct weighting is given to this response:**

**Q1: 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?**

As above, this is a second home issue, not an STHLs issue.

Rogue operators are the ones that need to be targeted. With regard to its impact on STHLs we suspect that the changes will have little positive impact in its application on rogue operators anyway as they will merely ignore the new regulation or simply be unaware of the amendment. Many will also be acutely aware that most Welsh Local Authorities will not have the resources to monitor the situation effectively and only respond to complaints.

A statutory registration (not licensing scheme) administered by the Welsh Government would more effectively target rogue or unregulated activity.

**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.**

We have no objection, (although in-principle it does further cut basic freedoms with regard to the use of a private home and therefore will reduce the attractiveness to both investors within Wales as well as out – the consequences of this are unknown).

**Question 3: Do you agree with the descriptions of the new and revised use classes? If not, please explain why.**

We do not have an objection however we are concerned about a possible unintended consequence in the lack of parity with England.  Future investment will drift toward England. We recommend Welsh Government seeks to establish the same or a similar position with Westminster.

**Question 4 - Are there any scenarios whereby use as a dwellinghouse under use class C3 could become unclear? Please provide examples.**

Where do casual rentals, for example co-workers end and STHLs start?

**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?**

Neither agree or disagree.

**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.**

We have no objection and note that that the use of Article 4 will not be enforced on existing STHL properties.

**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**.

It would appear that this is the case, however we are concerned that there may be unforeseen negative consequences and a possible mis-use of this power. A thorough risk assessment could possibly answer this, followed by pilot implementation in the two most affected areas. One problem is going to be the length of time it takes to effect change. Some properties change hands once in a lifetime.

**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?**

Yes, this would seem a fair and equitable response.

**Question 9 – Not applicable LA directed question.**

**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)**

Again, **not applicable LA directed question.**

**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.**

It is simply not possible to establish if this will be the case. Again, further research followed by pilot implementation in two of the most affected wards maybe the best course of action.

One possible further negative impact could be felt in relation to older housing stock, particularly Historic Buildings (Grade 2, 2\* and Grade 1) that require substantial capital and revenue investment. An Article 4 notification on top of existing and escalating costs will inevitably turn potential investors away. There is already a large number of derelict, semi-derelict and in danger historic buildings throughout all wards in Wales. Most of them are beyond the means of the local area and require substantive inward investment. Without being able to turn them to good use in the form of a second home or an STHL this may in-advertently condemn these buildings.

**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?**

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

If the consequence of enacting these proposals is more property entering the local market, it would be a mistake to just assume that this will be snapped up by local first-time buyers.  Sellers will want to recover the cost of their investment no local authority should be seeking to introduce more derelict properties and negative equity into their communities.

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

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

Across Wales only 7.9% of trips involve an overnight stay. If councils want to lower costs associated with visitors and to maximise the benefits to their local economy, it would make sense to encourage a higher percentage of overnight visitors to their county. These measures could potentially deter legitimate entrants and raise the cost of the holiday for many working people who travel to Wales for a holiday or short break. Increasing the cost of accommodation produces the opposite incentive – the higher cost of accommodation encouraging people to undertake a day visit rather than to stay overnight. This maintains the costs associated with visitors while reducing the revenue (and therefore employment) associated with visitors.

We believe that the impact of the self-catering sector is overwhelmingly positive, particularly after the savage economic impact of the recent CV-19 pandemic. STHLs have proven to be one of the safest ways to take a holiday and nearly 40% of our visitors have been from Wales during the pandemic. Why make our STHL businesses pay for the influx of second home owners into around twenty wards mainly along the coast of Anglesey, the Llyn Peninsula, Pembrokeshire and the Gower as highlighted in the Brooks report?

**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.**

We feel it appropriate to answer given the recent Accounts Committee report:

We suspect there will be no increase in budget and will add to the already unsustainable burden of Local Authority planning departments. In June 2020, The Welsh Parliament Public Accounts Committee published the report ‘Effectiveness of Local Planning Authorities in Wales’

It states: ‘The Auditor General concluded that all planning services – policy, development and building control – have, since 2008-09, seen significant cuts in expenditure with budgets having fallen by 50% in real terms, considering inflation. Net expenditure has fallen from £45 million in 2008-09 to £22.8 million in 2017-18. The biggest cut has been to development control budgets where spend has reduced by 59%’.

‘Our overall conclusion is that Planning is critical, but at present it is not able to deliver the aspirations of the Planning, Environment and Well-being of Future Generations Acts because of reductions in resources’.

**Question 14: Not applicable, LA s only**

**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?**

With regard to second-homes they have undoubtably had an impact on the viability of Welsh in a number of communities around Wales. The number of second homes as the Brooks report suggests should be diminished over time to a more sustainable level.

However, notwithstanding the over-tourism in specific locations, which needs a targeted remedy, the scope for growth in the visitor economy across Wales is under exploited. There is just as much under-tourism in Wales.  It can grow in partnership with communities, add to their viability, and in a way which retains and builds the usage of the Welsh language alongside the economic well-being of the community.  Micro businesses are not responsible for extracting money into distant big business coffers and they are the perfect contributors to the circular/foundation economy models.

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

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

**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.**

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

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

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

* Exclusions for properties that have planning permission which specifically allows them to only operate a property for self-catering, i.e., it cannot be used as a permanent dwelling without further permissions and/or additional development. For example, a barn suitable only for seasonal use.
* Buildings used within the curtilage of a listed building inhabited by the owner whereby the self-catering business generates income that supports the occupants and the listed building.

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

***Wales Tourism Alliance – 02/02/2021***