

SPRING CONFERENCE 2019

Fairer Taxes for Second Homes

Conference notes:

- A. Since 2017/18 councils have had the power to levy higher rates of council tax on second homes. Ynys Mon, Gwynedd, Denbighshire, Flintshire, Wrexham, Powys and Ceredigion councils have made use of these powers.
- B. There are many and diverse reasons for second home ownership. Many abandoned properties in Wales have been renovated as second homes. These homes can be part of successful and flourishing communities.
- C. In some communities' excessive numbers of second homes can cause significant problems, restricting the supply of affordable housing and depriving local businesses and public services of the users needed to sustain services and can have a detrimental impact on the fabric of local communities.
- D. Predominantly second home owners do not speak Welsh. This can be particularly acute in communities where a high proportion of residents are Welsh speaking.
- E. The Small Business Rate Relief Scheme which provides 100% relief from business rates for properties with a rateable value under £6000 and a tapered relief for properties between £6000 up to £12000.
- F. Many self-catering units have a rateable value of less than £6000 and have 100% relief from business rates.
- G. Self-catering units are liable for Business rates but not Council Tax if they are available to let for 140 days in the next 12 months and have been let for at least 70 days in the previous 12 months. In many communities b and bs and self-catering units are essential for tourism to flourish.
- H. By registering a second home as a self-catering unit and therefore a business, the home becomes liable for business rates rather than council tax, but these homes qualify for small business rates relief; meaning they don't have to pay business rates on the property either.
- I. The substantial, severe and extended financial pressures experienced by the Welsh Government and local authorities as a result of austerity.

- J. That Wales is the only nation of the United Kingdom without a rural tourism grant scheme
- K. Many councils are barely able to provide services beyond those they have a statutory requirement to provide and are having to substantially and consistently increase council tax just to make ends meet.
- L. Classing second homes as businesses deprives councils of much needed revenue whilst still requiring council services.

Conference calls on the Welsh Government to:

1. Increase the number of days a house must be available for letting to 182 days a year (and the number of days it must be let to 100 days in coastal communities) in order to be classed as a self-catering unit for business rates.
2. Change planning regulations to give local authorities the power to decide whether owners can re-classify their properties as self-catering units.
3. The Welsh Government to encourage the development of new commercially viable B and B and self-catering enterprises through rural and farm diversification grants.