

Isle of Anglesey County Council

Report to:	THE EXECUTIVE
Date:	14 DECEMBER 2020
Subject:	COUNCIL TAX PREMIUMS - SECOND HOMES AND LONG-TERM EMPTY PROPERTY (REVIEW)
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS (PORTFOLIO HOLDER – FINANCE)
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
Report Author:	GERAINT H. JONES (REVENUES AND BENEFITS SERVICE MANAGER)
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Local Members:	NOT APPLICABLE

A –Recommendation/s and reason/s

RECOMMENDATIONS

1. To note the content of this report reviewing the operation of the Council Tax Premium since the Isle of Anglesey County Council's (full Council) decision on 27 February 2019 to increase the Council Tax premiums from 1 April 2019 to 100% for long term empty property and 35% for second homes. To note the impact of the Covid-19 pandemic on the Council Tax base and Council Tax premiums.

VARIOUS OPTIONS

To consider the following options and recommend to the full Council proposals to adopt:-

2. To continue with the policy unchanged and undertake a further review on a date of the Executive/full Council's choosing **OR**
3. Decide –
 - whether the premium should be reduced, remain the same or increased and to what percentage levels?
 - whether the premium should remain the same for both long term empty properties and second homes or should different percentage rates continue to apply?
 - whether a greater percentage of the income raised from the premiums is hypothecated rather than increasing Council Tax income to meet general service costs?
 - whether to undertake a full public consultation.
4. To consider whether additional funding generated from the premium should be allocated to the schemes designed to assist first time buyers or continue to deliver the funding as at present to deliver both schemes.

(Appendix A provides details of the estimated income that would apply for different premium percentages for both long term empty properties and second homes).

(Appendix B provides information details of premiums applied by other Welsh Authorities with effect from 1 April 2020).

REASONS AND BACKGROUND

On 10 March 2016, the full Council agreed to disapply any discounts granted for long-term empty dwellings and for dwellings occupied periodically (usually known as second homes) and apply a higher amount of council tax (called a Council Tax premium) to come into effect from 1 April 2017. The full Council set the Council Tax premium at 25% of the standard rate of council tax for both long-term empty dwellings and for dwellings occupied periodically (usually known as second homes).

On 27 February 2019, the full Council (following a period of public consultation which involved the highest number of responses ever received in regard to the budget setting process) agreed to continue to disapply any discounts granted for long-term empty dwellings and for dwellings occupied periodically (usually known as second homes). A decision was made to increase the higher amount of council tax (called a Council Tax premium) which would come into effect from 1 April 2019. From this date, the full Council agreed to set the Council Tax premium at 100% of the standard rate of council tax for long-term empty dwellings and at 35% for dwellings occupied periodically (usually known as second homes).

The Council Leader and Executive have now requested that a further review is undertaken with regard to Council Tax premiums since the full Council's last decision of 27 February 2019 and, also, having regard to the impact of the Covid-19 pandemic, if any, on the Council's Council Tax base and movements from the Council Tax Valuation List to the Business Rating List – in particular for second homes/holiday lets.

With regard to the Council Leader and Executive's request this review will concentrate on -

- to establish if the premiums determined had met the aims of the Executive and the full Council when they were introduced; and
- whether, as a consequence, the Executive to consider whether the premium levels determined needed to be varied or revoked when the full Council sets its Council tax requirement for 2021/22; and
- if it was determined that the premium levels required to be varied or revoked the revised premiums would come into force from 1 April 2021 onwards or from a later date.

The Executive is reminded of the Welsh Government's aim when it gave discretion to local authorities to charge a premium on top of the standard rate - it was a tool to help local authorities:-

1. Bring long-term empty homes back into use to provide safe, secure and affordable homes; and
2. Support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities.

In considering whether or not to charge a premium, regard was to be given to these aims and, also, the particular housing need and circumstances in the Authority's area.

Factors that helped the full Council to decide whether to charge a premium or not included –

- the numbers and percentages of long-term empty dwellings or second homes in its area;
- the distribution of long-term empty dwellings or second homes and other housing in the Authority and an assessment of their impact on property values in particular areas;
- potential impact on local economies and the tourism industry;
- patterns of demand for, and availability of, affordable homes;
- potential impact on the local public services and local community;
- other measures available to the Authority to increase housing supply and to bring back empty properties into use.

As regards the financial implications from disapplying discounts and determining premiums, the Authority is able to retain any additional funds generated by implementing the premiums to spend as it wished. New tax base regulations were passed by Welsh Government negating the need for the Authority's Revenue Support Grant to be adjusted as a consequence of an increase in the tax base. The additional funds generated could be spent by the Authority as it wished, but the Welsh Government encouraged the Authority to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premiums.

The Executive, in November 2017, mindful of the policy intentions of the premiums, approved a policy for the implementation of two new schemes to support local first time buyers, to be funded from the additional premium:-

- a) A grant to help first time buyers purchase and renovate an empty home; and
- b) An equity loan to help first time buyers.

Initially, the policy was restricted to specified town/community council areas, which had the highest numbers of second homes and/or the lowest numbers of homes at lower quartile house prices. However, due to high volumes of enquiries from eligible first time buyers who were purchasing outside of these specified areas, the scheme was extended across Anglesey, providing equal and fair home purchase opportunities. (Executive decision taken by the Portfolio Holder for Housing and Supporting Communities, February 2018).

When considering introducing Council Tax premiums the Executive and full Council had due regard for apparent risks which are summarised below. These are now reviewed -

- *The Council Tax data on long-term empty dwellings and second homes had not been updated regularly since the full Council set a policy of no discounts being applied for such dwellings. The full standard Council Tax is payable on such dwellings. A review undertaken in 2015 by a credit reference company checking their records with that of the Council established that 22% to 25% of long-term empty dwellings or second homes on Council Tax records had a medium to high risk that they were occupied as a person's sole or main residence. No Council Tax premium can be charged on such properties and there was, therefore, a risk that the estimation of the additional income generated could be overstated.*

UPDATE: this risk has not materialised. Income from premiums continues to exceed budgeted income. However, under Covid-19 two trends emerge – firstly, movement of properties to the business rates valuation list to attract Covid-19 business rates related grants. Secondly, for long term empty properties, ongoing completion work is being delayed (as is the case for new properties) – mainly caused by the initial lockdown period under Covid-19 but, also, supply delays and public utility/planning delays as organisations/businesses change working practices due to Covid-19. These have led to delays in completion of properties/renovation works, which has then resulted in the property attracting the 100% premium. Despite these contradictory trends, income from Council Tax Premium for 2019/20 and 2020/21, compared to budgets is as follows –

Year	Budgetted Income	Actual Income	Surplus
2019/20	£1,444,000	£1,961,904	+£517,705 ¹
2020/21 @ 31.10.20	£1,392,640	£2,083,496	+£690,856 ^{1*}

¹the figures given include police and local preceptors

*this has been adjusted in respect of the local discretionary discount from payment of the Council Tax Premium due to Covid-19, approved by the Council Leader in May 2020.

The budgets set reflected a more cautious estimation based on the apparent risks identified.

- *Would there be an increase in owners refusing or unable to pay the Council Tax premium?*

UPDATE: there is no evidence to suggest, as regards the Council Tax premium, that there has been a general refusal to pay or an inability to pay the Council Tax premium, apart from individual cases. The impact of Covid-19 has meant that, during 2020/21, overall this Council has a -2.05% (£953,312 in value) reduction in the in-year Council Tax collection rate (@ 31.10.20) compared to a Welsh average of -£1.89%. Council Tax recovery did not begin until August 2020 this year and summonses have been issued for the first magistrates court hearing in December 2020, amounting to 1,700 cases with a value of £1.8m i.e. nearly 50% of the arrears referred to previous years balances which would normally have been reminded in April/May each year.

The increase in arrears is, therefore more down to Covid-19 than the Council Tax premium itself. It is, however, worth noting that approximately 160 cases (£476k in value) had arrears in excess of 18 months where a number of the larger debt balances included the Council Tax premium (£180k). Most of these, however, (with arrears of debt over £3k) were long term empty property subject to the 100% Council Tax premium awaiting dispersal of an estate following the death of the owner/previous occupier.

- *Would there be an increase in Council Tax premium avoidance by owners in, for example, transferring use to business rates, changing from second homes to long-term empty, attempting to market the property for sale or rent to claim an exception, claiming that the dwelling is occupied or changing sole and main residence?*

UPDATE: evidence suggests that during 2020/21 there has been an increase in the owners transferring domestic property to business rates – the incentive to do so was to claim the Covid-19 grants that were available based on business rates payable. There is no evidence of exemption being claimed from payment of the premium with properties being placed for sale or to rent, other than normal commercial practices

There is some more recent preliminary evidence but, again, mainly due to Covid-19, suggesting that more requests are being made to change the treatment of dwellings from second homes to sole or main dwellings. Evidence is being provided by taxpayers of working from home, electoral roll registration, general practitioner registrations, DVLA vehicle registration addresses, more time spent at Anglesey with work offices being visited less and less etc. This will be monitored to see if this pattern becomes more permanent.

During 2020/21, approximately 250 formal requests have been received to waive the payment of Council Tax premium as taxpayers were prevented from visiting properties during the Covid-19 restrictions. These exemption requests are mostly being rejected (apart from certain chalets on designated caravan parks) as the Covid-19 restrictions for certain periods only prohibited travel to such property. Discretionary relief from payment of the premium has been awarded in accordance with the Council Leader's amendments to the discretionary policy, which mainly affected long term empty property not second homes. By 31 October 2020, nearly £65k in Council Tax premium relief has been given.

5 Council Tax payers have formally appealed to the Valuation Tribunal with regard to the Council's refusal to grant a Class G exemption – no hearing dates have yet been set.

- *Would this lead to a reduction in the domestic property Council Tax Register i.e tax base?*

UPDATE: when comparing the tax base calculation (@ 31st October) for 2020/21 and that for 2021/22, the number of chargeable property has reduced by 23 (with an increase of 65 properties for Band A and B but a reduction of 88 properties in other bands). These movements are probably due to property moving to business rates but with the Council also developing affordable housing mainly falling into Bands A and B. **If this trend continues, the tax base will continue to reduce.**

The tax base for tax setting purposes for 2021/22 remains at very much the same level as for 2020/21, which is due to more properties becoming second homes despite a number of these moving to the business rates listing. The number of properties that pay the standard Council Tax has, however, fallen by 158, with properties subject to premium having increased by 23. This is mainly for bands C to F. Whilst a number of these will be receiving a single person discount, many in this number will have moved to being second homes.

The number of long term empty properties has increased by 58 and this figure needs explaining. There is evidence, as mentioned earlier, to suggest that work on bringing long term property back into use has been delayed due to the Covid-19 pandemic, with builders not on site, supply issues and Covid-19 friendly working practices introduced by public utilities and planners for site visits/service connections delaying completion dates. When eventually these properties are completed and brought back into use during 2021/22, this will create a significant movement in the debit as such property revert to paying the standard Council Tax. Such properties, after 12 months, are currently subject to the 100% long term empty property premium. Relief from payment of the premium was granted by the Council Leader for the period 26 March 2020 to 26 September 2020. Since this date, the full 100% premium is payable on many of these long term empty properties.

By the end of 31 October 2020, the overall tax base set for tax setting purposes for 2020/21 is estimated to have increased by 0.05% from 31,532.53 to 31,548.20 – but this is mainly due to an increase in properties subject to the premium. It should be remembered that the number of chargeable properties has fallen in that period.

The figures in the table below shows the movement in Band D equivalent property as it affects the tax base for the period 1 April 2020 – 31 October 2020. These figures apply for the financial year 2020/21 only, i.e. backdating of debit adjustments for previous years are not included as well as the premium element and local discounts. Members are also asked to note that the tax base calculation figures above include assumptions in respect of forecasted adjustments in debit to come through in the remaining months of the year (and next year) and additional bad debt provision that may be required. The table below shows actual Band D equivalent property movements affecting the first 7 months of 2020/21 –

Description	No of Band D equivalent property
New property – band increases – reopen accounts	+165
Property removed – band decreases	-210
New occupation	+1,576
Old occupation	-1,610
Total Gross Debit Adjustments	-79
Disabled reduction	-3
Exemptions	-76
Property Discounts	+1
Personal Discounts	+3
Total Net Debit Adjustments	-75
Total Net Adjustments	-154

- *Would there be an impact on the Council's reputation?*

UPDATE: with regard to the 100% premium on long term empty dwellings, the Executive amended the Council Tax discretionary relief policy to allow the premium to be waived when work is ongoing to bring the property back into use and the property had not been unoccupied for more than two years previously. Due to Covid-19, delays have occurred in completion of renovation work which has meant that a few taxpayers are now subject to the premium where otherwise they may not have been. This is even after the amendments to the policy announced by the Leader in May 2020. Presently, to grant extension for the remission of the premium in such circumstances by officers would be contrary to the Council's discretionary relief policy.

As already mentioned, numerous requests have been made for Class G Exemptions or relief from payment of the 35% Council Tax premium, or extension to the Class C six month exemption from payment of Council Tax due to the Covid-19 restrictions. Most have accepted the Council's reasons for not granting the exemption, remitting the premium or extending the 6 month free period from payment of Council Tax and have continued to pay.

It is true to state, however, that many see the premium as a "tax without representation" and that their investment in improving local properties, employing local tradesmen, resulting in increased spending in the local economy is not being recognised. Many have stated if the Council wishes to increase the premium on second homes for future years they will have to consider whether to change use of the property or indeed whether they continue to have second homes on the Island.

Some owners of second homes purchase the property as an investment and use the property for their own use or allow friends and family to stay in the property. If the cost of holding the investment increases i.e. through an increase in Council Tax premium, there is a risk that they will seek to generate additional income from their investment by letting the property on a commercial basis. This in turn opens up the opportunity for the property to transfer from a domestic property to a non-domestic property which, in turn, leads to a reduction in the overall taxbase.

- *Would this lead to an increase in the number of appeals and legal challenges?*

UPDATE: there is no evidence as a direct result of introducing the premiums, that this has led to an increase in the number of appeals and challenges. Recent appeals are as a direct result of Covid-19 only.

- *How would this impact on the local tourism industry?*

UPDATE: there seems to be little or no quantifiable impact on tourism. It is Covid-19 that has impacted on tourism, leading to taxpayers making decisions whether they continue to pay the Council Tax or business rates – mainly to attract Covid-19 related grants.

HAVE THE PREMIUMS DETERMINED MET THE AIMS OF THE EXECUTIVE AND THE FULL COUNCIL?

- A. Two new schemes were established to support first time buyers onto the property ladder which were to be funded from a proportion of the Council Tax Premium. In **Appendix C** is a report prepared by the Head of Service (Housing) which provides a more detailed analysis of the impact of these specific schemes with regard to the original aims of the Executive and full Council.

- B.** Based on the numbers of second homes and long-term empty properties as at 31 October 2020 (tax base calculation date), Council Tax premiums to date have not succeeded in bringing long-term empty and second homes back into use in the areas which have the highest numbers of second homes and/or the lowest numbers of homes at lower quartile house prices and, as a consequence, not enhanced the sustainability of local communities in such areas

It would seem that property owners in such areas are prepared to meet the additional cost of the premium at its current level – but the movement to business rates needs to be monitored and kept under review.

However, the possible impact of Covid-19 and delays to refurbishment work to long-term empty properties has reversed the reduction in numbers in recent years of the number of long-term empty properties – this, however, may be a trend reversed in 2021/22.

Covid-19, along with Covid-19 grants linked to business rates, has drawn attention to taxpayers that if they meet the requirements to be considered a holiday let, they can request that the property is registered as a business premises. This will mean no Council Tax and premium is payable and due to the small business rates relief on up to two properties, no business rates in the majority of instances will be paid or paid at a reduced rate. This may lead to a reduction in the number of second homes rather than the introduction and the level of the Council Tax premium. It is an area difficult to predict.

(**Appendix D** provides an analysis per town/community councils of the number of dwellings subject to the premium, split between second homes and long-term empty properties and Council Tax bands as at 31 October 2020).

ANALYSIS OF THE MOVEMENT OF PROPERTIES BETWEEN THE COUNCIL TAX VALUATION LIST AND THE BUSINESS RATES RATING LIST

The Council Leader has requested an analysis to establish the number of domestic property that has moved from Council Tax (being treated as second homes) to Business Rates (being treated as holiday self-catering lets) in recent months and also the resultant loss of Council Tax income. The methodology used to arrive at the summary analysis was:-

- The period concerned would be 1 April 2020 to 31 October 2020;
- Going through each property removed from the Council Tax Valuation List and then looking at Business Rates Rating List was dismissed as an option – too time consuming as many cases were backdated over 2 to 3 years;
- Analysis was produced from the Northgate Sx3 Revenues software system to list for all years for the agreed period properties removed from the Council Tax Valuation List. A sample of 20% was checked to see the percentage of cases that had been removed from the Council Tax Valuation List but had not transferred across to the Business Rating list. This established 5% had been removed for other reasons and an extrapolation would be done based on this. This gave extrapolated figures of 210 properties removed with £669,754 Council Tax income lost (original figures were 221 and £705,004);

- Analysis was produced from the Northgate Sx3 Revenues software system to list for all years the Small Business Rates Relief awarded initially @ 1 April 2020 (£4,095,252) at annual billing and then as at 31 October 2020 (£4,715,512) – difference between the two identifying the additional small business rates relief awarded in that period;
- It was noted from the sample check that, for a significant number of domestic properties removed from the Valuation List, this was backdated for 2 or 3 years and the start date in the Rating List in the sample checked in almost all cases matched the delete date on the Valuation List.

The following table is produced –

No. of Council Tax property removed in the period 01.04.20 – 31.10.20	Loss of Council Tax income directly to the Council	Loss to the public purse if Small Business rates was not granted	Loss to public purse after Small Business Rates Relief was granted
210	£669,754	£49,493	£620,260

B – What other options did you consider and why did you reject them and/or opt for this option?

This is a report providing information to the Executive allowing them to consider future options with regard to Council Tax premium policy and levels in future financial years to be considered by full Council.

C – Why is this a decision for the Executive?

Decisions on levels of premiums have not been delegated to the Executive.

CH – Is this decision consistent with policy approved by the full Council?

No decision will be made by the Executive – it will review the current policy on Council Tax premiums with the aim of making recommendations, after consultation during the budget setting cycle, to the full Council to determine.

D – Is this decision within the budget approved by the Council?

This report is part of the budget setting cycle for 2021/22.

DD – Impact on our Future Generations(if relevant)

1	How does this decision impact on our long term needs as an Island	This is a review of a current policy.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	This is a review of a current policy.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	No

4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	Consultation will be required to change the policy over a period and time to be agreed.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	The aim of the current policy is to create sustainable communities in areas having a high incidence of long term empty dwellings and second homes - bringing such properties back into use.
E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Comments included in report
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	Comments included in report
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	
F - Appendices:		
FF - Background papers (please contact the author of the Report for any further information):		

INCWM YCHWANEGOL PREMIWM - PREMIUM ADDITIONAL INCOME 2021/22

Eiddo Dwelling	Nifer / Total	Cyfwerth Band D Equivalent	Premiwm Ychwanegol / Additional Premium (%)							
			25%	30%	35%	40%	50%	60%	75%	100%
Tai Gwag / Empty Homes	491	465.97	£151,988	£182,385	£212,783	£243,180	£303,976	£364,771	£455,963	£607,951
Llai lleihad i 80% o'r Sail y Dreth y Gyllideb a graddfa gasglu 98.5% / Less reduction to 80% Budget Tax base and 98.5% Collection Rate	-	-	-£32,220	-£38,663	-£45,108	-£51,551	-£64,440	-£77,327	-£96,658	-£128,878
Cyfanswm / Total			£119,768	£143,722	£167,675	£191,629	£239,536	£287,444	£359,305	£479,073
Ail Dai / Second Homes	2,584	2,762.22	£788,455	£946,146	£1,103,837	£1,261,528	£1,576,910	£1,892,293	£2,365,366	£3,153,821
Llai lleihad i 80% o'r Sail y Dreth y Gyllideb a graddfa gasglu 98.5% / Less reduction to 80% Budget Tax base and 98.5% Collection Rate	-	-	-£78,493	-£94,191	-109,890	-£125,588	-£156,985	-£188,384	-£235,479	-£313,972
Cyfanswm / Total	3,075	3,421	£709,962	£851,955	£993,947	£1,135,940	£1,419,925	£1,703,909	£2,129,887	£2,839,849

ATODIAD/APPENDIX B

Canrannau Premiymau Cynghorau Cymru / Welsh Council's Premiums Percentages (statswales.gov.wales)

Name / Enw	2020 - 21	
	Tai Gwag Hirdymor / Long Term Empty	Ail Dai / Second Homes
Ynys Môn / Isle of Anglesey	100%	35%
Gwynedd	50%	50%
Conwy	25%	25%
Dinbych / Denbigh	50%	50%
Fflint / Flint	50%	50%
Wrecsam / Wrexham	50%	50%
Ceredigion	25%	25%
Powys	50%	50%
Penfro / Pembroke	25%, 50%, 100%	50%
Abertawe / Swansea	100%	0%
Caerdydd / Cardiff	50%	0%

**Nid yw gweddill cynghorau Cymru yn codi premiwm /
All remaining Welsh Councils do not charge premiums.**

Ynys Môn, Abertawe: mae'r premiwm 100% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis /
Isle of Anglesey, Swansea: the 100% long term empty premium is payable after 12 months;

Gwynedd, Dinbych, Fflint, Wrecsam, Powys, Caerdydd: mae'r premiwm 50% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis /
Gwynedd, Denbigh, Flint, Wrexham, Powys, Cardiff: the 50% long term empty premium is payable after 12 months;

Conwy: mae'r premiwm 25% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis. O'r 1 Ebrill 2021, bydd y premiwm ar y ddau categori yn codi i 50% /
Conwy: the 25% long term empty premium is payable after 12 months. From 1 April 2021, the premium for both categories will increase to 50%;

Ceredigion: mae'r premiwm 25% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis /
Ceredigion: the 25% long term empty premium is payable after 12 months;

Penfro: mae'r premiwm 25% ar eiddo gwag hirdymor yn daladwy ar ôl 36 mis, 50% ar ôl 48 mis a 100% ar ôl 60 mis /
Pembroke: the 25% long term empty premium is payable after 36 months, 50% after 48 months and 100% after 60 months;

Abertawe: o'r 1 Ebrill 2021 bydd premiwm 100% ar ail dai yn cael ei godi /
Swansea: from 1 April 2021, 100% premium on second homes will come into force;

Casnewydd: yn ymgynghori ar godi premiwm ar dai gwag hirdymor /
Newport: consulting on charging a premium on long-term empty property.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Executive
Date:	14 December 2020
Subject:	Equity loans for first time buyers and Empty Homes Grants financed through the Empty Homes and Second Homes Council Tax Premium
Portfolio Holder(s):	Councillor Alun Mummery
Head of Service / Director:	Ned Michael
Report Author: Tel: E-mail:	Gwenda Owen 01248 752238 GwendaOwen@ynysmon.gov.uk
Local Members:	All
A –Recommendation/s and reason/s	
<p>1. Recommendations</p> <p>That the Executive approve the continuation of the Policy. That the Executive approve the continuation of funding to deliver the Policy.</p> <p>Reasons - Demonstrable evidence that the scheme has met its objectives to support local first time buyers to become owners of homes which are affordable to them in their area of choice. This makes best use of existing housing stock by bringing back into use empty homes in need of improvement, often a blight on the neighbourhood, It also supports local small to medium sized enterprises and has additional community benefits.</p> <p>Background</p> <p>In November 2017 Isle of Anglesey County Council approved a policy for implementation of two schemes to support first time buyers onto the housing ladder, to be funded from a proportion of the Council Tax Premium on both long term empty properties and second homes, namely:- A grant to help first time buyers purchase and renovate an empty home; and An equity loan to help first time buyers afford a property.</p> <p>Funding</p> <p>During 2017-18 the scheme was funded solely by Isle of Anglesey County Council via the Council Tax Premium. Due its popularity, demand outstripped the funding allocated by the Council. During 2018-21, Housing Services successfully bid for funding from the Welsh Government's Targetted Renovation Investment Programme (TRIP) to supplement the Council's investment in order to support more applicants. This funding is restricted to applicants within the designated Holyhead travel to work area. There is no indication that it will continue into 2021-22 as the funding is to be targeted at town centre regeneration.</p>	

The chart below shows the funding allocated to the scheme during the period from 2017 to 2021.

Period	Council Funding for grants	TRIP Funding	Total Funding
2017 – 2018	£170,000	n/a	£170,000
2018 - 2019	£170,000	£295,000	£465,000
2019 – 2020	£340,000	£213,075	£553,075
2020 - 2021	£300,000	£293,975	£593,975
Total	£1,020,000	£802,050	£1,782,050

A further sum of £35,000 is allocated annually to fund the post of Assistant Empty Homes Officer from the Council Tax Premium allocation.

Scheme 1 –Empty Homes Renovation Grant for First Time Buyers

This scheme provided a grant of up to £20,000 for local first time buyers purchasing a long term empty property in need of upgrading. These properties are likely to be more affordable as the price is lowered to reflect the cost of the work required. The grant covers items such as energy efficiency measures, re-wiring, damp eradication, replacement kitchens and/or bathrooms, windows and doors, plastering and internal re-configuration to suit modern living.

Demand for the Scheme 01.11.17 – 30.09.20

Demand for the scheme has been high as outlined below:-

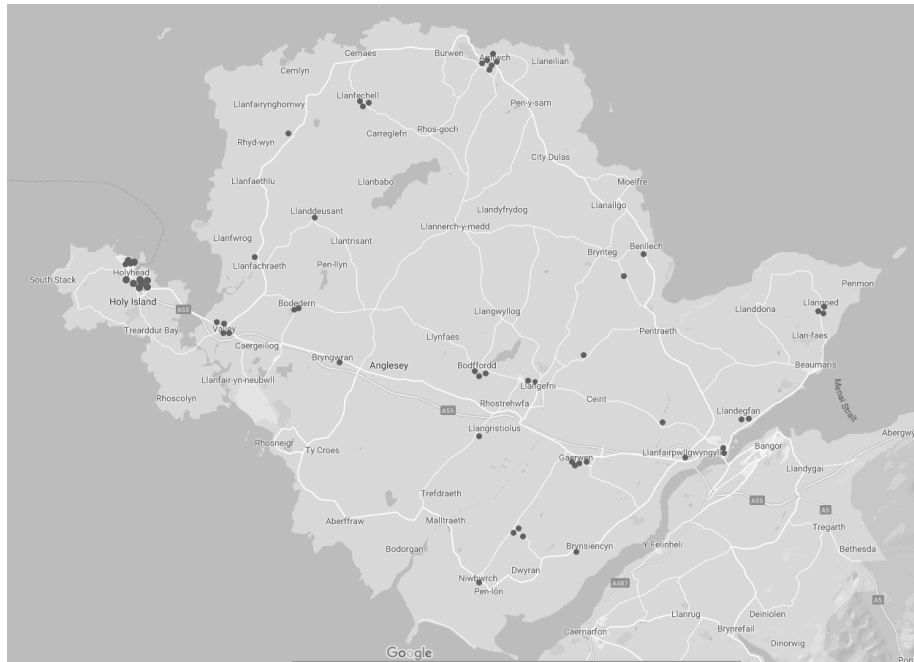
Analysis of First time buyer grant enquiries and applications	
Number of applications approved	70
Number of applications pending, awaiting completion of purchase	18

Expenditure 01.11.17 - 30.09.20

Period	Applications Processed	Grants Approved
2017 - 2018	6	£106,403
2018 - 2019	21	£386,959
2019 - 2020	26	£477,793
2020 –2021 Apr-Sep	17	£312,279
Total	70	£1,283,434
Applications pending	18	£360,000
Overall Total	88	£1,643,434
Balance unallocated		£66,870

Properties Returned to Use

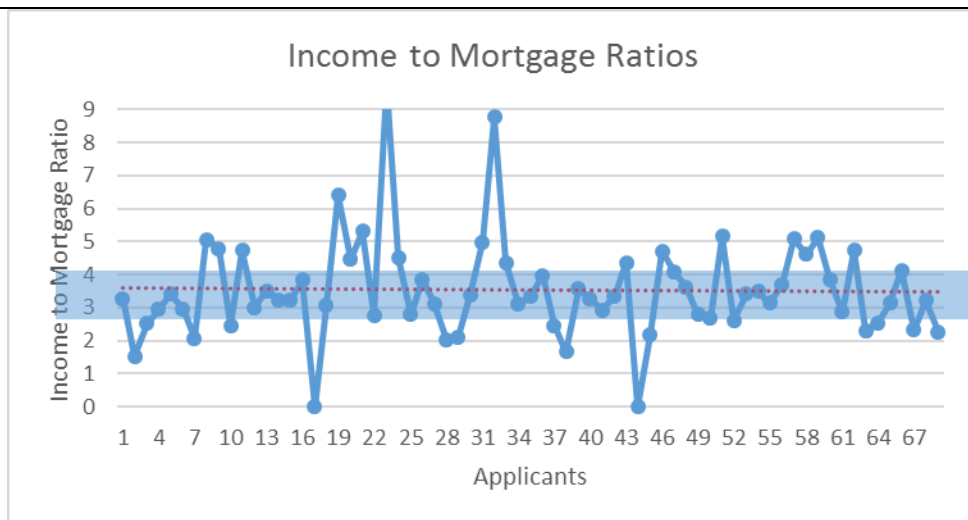
A total of 54 properties have been returned into use to date and the 16 properties where grants have already been approved, should also be returned to use by 31.03.21. It is anticipated that applications pending will be approved by 31.12.20 and a proportion of these may also be returned to use by 31.03.21. The map below shows the location of properties returned to use through the grant scheme. This demonstrates how the scheme has met the objective of offering home ownership opportunities across the Island.



Affordability, and possible risks and impact of Covid 19

The Office for National Statistics (ONS) produced an article on First-time buyer housing affordability in England and Wales in 2017, which included an analysis of house prices and earnings for prospective first-time buyers, as well as purchase prices and incomes of previous first time buyers.

In 2017 those who became first time buyers in England and Wales spent on average 4.3 times their gross annual income purchasing a property with a mortgage, up from 4.2 in 2016. First time purchase affordability ratios in 2017 were lowest in local authorities in Wales. In Anglesey, the average was between 2.70 and 3.99 and this is largely reflected in the case of first time buyer grant applicants and this has remained static for the past four years.



According to the Halifax, first time buyers are increasingly turning to 35-year mortgages over traditional 25-year terms due to rising house prices and tougher affordability tests. A longer mortgage period means lower monthly repayments but the cost of home ownership will be increasing due to the additional interest to be paid. Out of 70 applicants, 46 had taken a mortgage for a term of 35 years or more.

Forecasts released by property portal Zoopla show that, despite a surge in demand earlier in 2020, the share of homes purchased by first time buyers in the UK looks likely to drop for the first time in five years as major banks pull low-deposit mortgage off the market in response to the Covid 19 crisis. If forecasts prove correct, that will mark the first decline in house sales to first-time buyers since 2015. The report said the ability of first time buyers to buy a property has been affected by the economic downturn caused by Covid-19, which has resulted in a reduced availability of higher loan-to-value mortgages.

In 2019, 90%-plus mortgages accounted for around a fifth of all home loans in the UK. But since lockdown, major mortgage lenders have started to withdraw from 90%-plus lending, fearful of falling house prices and arrears. This has already started to impact on first time buyer grant applications, with two applicants having to withdraw as they had been unable to provide the 15 and 20% deposits required by lenders who had originally indicated that only 5% was required. The chart below breaks-down the percentage of deposit provided by applicants, the median rate being 11%.

Percentage deposit	Number of applicants
0 – 5% deposit	20
5.1 – 10% deposit	7
11.1 – 15% deposit	31
Over 15.1 deposit	12
Median Percentage deposit	11%

A high proportion of applicants who put forward a higher deposit do so because it has been gifted either in part or in full by family members. Out of the 70 approved applications, 23 have been gifted some or all of the deposit from a family member. This concurs with a report produced by Legal and General which estimates that around 56% of first time buyers rely on the “Bank of Mum and Dad” for help to purchase their first home. 71% of these new homeowners said they would not have been likely to buy without financial help from family. Should lenders continue to require deposits of 15% or more, there is a likelihood that we will see the number of first time buyers in Anglesey decline, unless the “Bank of Mum and Dad” continues to be able to step in.

Added benefits

The scheme offers a range of additional benefits:-

- **227** local small or medium Sized enterpricess have benefitted from the scheme through being awarded the renovation work. This demonstrates added value as the grant funding of £340,000 has not only supported first time buyers, but has been further invested in the local economy, thereby providing continued work opportunities for local people.
- All properties have been improved, with particular emphasis on improving energy efficiency levels which then results in lower energy costs for owners.
- It has provided home ownership opportunities for local first time buyers within their area of choice, close to family networks and thus contributing to the preservation of the Welsh language.
- Empty homes can be a blight on communities and by improving and occupying them it helps to regenerate communities and increase footfall in town centres.
- First time buyers complimentary of the opportunities afforded to them by the Council through the scheme. Comments on the evaluation form included:-

“It made getting on the property ladder much easier for someone in my financial position. It helped me make my house a safe and enjoyable home”.

“It allowed me to buy an affordable home and to modernise and make it liveable something I wouldn't have been able to do without the grant”

“Made a significant difference as we were able to live together as a family, safe warm and happy My five year old now has her own room and is not sharing with me.”

Scheme 2 – Low cost home ownership scheme.

The launch of the scheme was deferred due to demand for the first time buyer grant scheme exceeding expectation and the Welsh Government offering a “Help to Buy” Scheme, is similar to equity loans and is available on new homes.

Equity loans have historically been offered by the Homebuy Scheme, however, the Council is now in a position to offer Equity Loans in its own rights. The benefits of doing so, is that any funding will be re-cyclable within the scheme when properties are sold in the future therefore offering sustainability.

With continued funding, it is proposed that the low cost home ownership scheme is launched in April 2021. The scheme will only be available to qualifying local first time buyers purchasing an empty home in Anglesey.

B – What other options did you consider and why did you reject them and/or opt for this option?

C – Why is this a decision for the Executive?

To ensure that the policy continues to have the full approval and support of the Executive Committee.

CH – Is this decision consistent with policy approved by the full Council?		
The full Council agreed on March 2016 to use its discretionary powers to raise a Council Tax Premium on long term empty dwellings and second homes from 1 st April 2017.		
The Executive agreed to invest in the Schemes in February 2017.		
D – Is this decision within the budget approved by the Council?		
The schemes will continue to be funded from extra receipts raised from the Council Tax premium on Empty homes and Second Homes.		
DD – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	It makes a contribution to meeting affordable housing need on the Island, providing local people with home ownership opportunities.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	The scheme allows Welsh speaking communities to stay together thus providing opportunities for people to continue to use the Welsh Language on a day-to-day basis.
E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	.
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

F - Appendices:

FF - Background papers (please contact the author of the Report for any further information):

Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales – Welsh Government, January 2016

Policy on Help for local first time buyers financed from the Council Tax Premium on empty homes and second homes.

ATODIAD / APPENDIX D

AIL DAI / SECOND HOMES

Cyngor Tref / Cymuned – Town / Community Council	A	B	C	D	E	F	G	H	I	Cyfanswm Total	
Aberffraw	3	14	7	6	6	2	1	0	0	39	2%
Amlwch	12	20	22	21	15	4	0	0	0	94	4%
Biwmares / Beaumaris	1	9	24	54	23	19	6	0	1	137	5%
Bodedern	3	1	1	4	2	1	0	1	0	13	1%
Bodffordd	2	3	4	4	2	0	0	0	0	15	1%
Bodorgan	1	10	12	9	10	5	2	1	1	51	2%
Bryngwran	1	1	5	5	2	0	0	0	0	14	1%
Caerybi / Holyhead	55	24	15	13	4	3	2	0	0	116	4%
Cwm Cadnant	4	3	3	3	16	18	14	4	7	72	3%
Cylch y Garn	2	6	5	9	14	5	3	1	0	45	2%
Llanbadrig	10	19	23	24	14	4	1	1	0	96	4%
Llanddaniel	1	3	3	6	1	0	1	0	0	15	1%
Llanddona	6	6	5	10	7	7	4	1	1	47	2%
Llanddyfnan	1	0	4	4	6	2	0	0	1	18	1%
Llaneilian	5	4	9	14	6	3	0	2	0	43	2%
Llanerchymedd	5	5	3	2	2	1	0	0	0	18	1%
Llaneugrad	12	2	1	5	5	3	0	0	0	28	1%
Llanfachraeth	0	4	1	2	1	0	0	0	0	8	0%
Llanfaelog	9	19	87	81	72	48	34	7	0	357	14%
Llanfaethlu	0	1	6	5	6	2	3	0	0	23	1%
Llanfair Mathafarn Eithaf	13	6	29	87	63	16	9	0	0	223	9%
Llanfairpwllgwyngyll	0	4	6	6	6	5	1	0	0	28	1%
Llanfair yn Neubwll	0	10	5	5	2	1	2	0	0	25	1%
Llanfihangel Ysceifiog	1	3	4	4	4	0	1	0	0	17	1%
Llangefni	11	8	8	11	6	0	2	0	0	46	2%
Llangoed	0	11	15	17	12	4	3	3	0	65	3%
Llangristiolus a Cherrigceinwen	3	4	4	5	4	2	1	0	0	23	1%
Llanidan	3	5	8	5	3	1	2	0	0	27	1%
Mechell	5	10	9	9	4	1	1	1	0	40	2%
Moelfre	4	3	25	70	25	7	5	0	0	140	5%
Penmynydd	0	2	10	3	1	2	0	0	0	18	1%
Pentraeth	8	15	19	15	7	3	2	0	0	69	3%
Porthaethwy / Menai Bridge	5	8	20	20	20	8	2	1	1	85	3%
Rhoscolyn	4	3	11	11	15	13	5	2	3	67	3%
Rhosybol	2	1	1	10	6	2	1	0	0	23	1%
Rhosyr	2	13	19	26	9	6	1	1	0	77	3%
Trearddur	4	17	72	62	60	42	24	11	3	295	11%
Tref Alaw	1	3	2	4	1	2	0	0	0	13	1%
Trewalchmai	0	1	2	6	0	0	0	0	0	9	0%
Y Fali / Valley	2	4	11	11	8	9	0	0	0	45	2%
CYFANSWM / TOTAL	201	285	520	668	471	250	133	37	19	2,584	

ATODIAD / APPENDIX D

TAI GWAG HIRDY MOR / LONG-TERM EMPTY PROPERTY

Cyngor Tref / Cymuned – Town / Community Council	A	B	C	D	E	F	G	H	I	Cyfanswm Total	
Aberffraw	5	0	0	3	3	0	0	0	0	11	2%
Amlwch	5	7	5	3	5	1	0	0	0	26	5%
Biwmares / Beaumaris	0	11	2	5	5	2	2	0	0	27	5%
Bodedern	0	0	0	4	1	0	0	0	0	5	1%
Bodffordd	2	4	2	2	2	0	0	0	0	12	2%
Bodorgan	0	2	3	2	1	1	0	0	0	9	2%
Bryngwran	1	0	1	2	0	0	1	0	0	5	1%
Caergybi / Holyhead	38	20	3	6	1	0	0	0	0	68	14%
Cwm Cadnant	0	2	1	1	2	2	1	1	0	10	2%
Cylch y Garn	0	0	1	1	1	1	0	0	0	4	1%
Llanbadrig	7	3	5	1	4	1	3	0	1	25	5%
Llanddaniel	1	1	1	1	0	1	0	0	0	5	1%
Llanddona	0	1	0	4	2	1	0	0	0	8	2%
Llanddyfnan	1	0	1	0	4	0	0	0	0	6	1%
Llaneilian	3	1	0	6	0	0	2	0	0	12	2%
Llanerchymedd	2	2	0	2	0	0	0	0	0	7	1%
Llaneugrad	0	0	1	0	0	1	0	0	0	2	0%
Llanfachraeth	0	1	0	1	0	0	0	0	0	2	0%
Llanfaelog	1	6	3	3	3	1	1	1	0	19	4%
Llanfaethlu	0	0	0	1	3	0	0	0	0	4	1%
Llanfair Mathafarn Eithaf	3	2	2	7	4	0	1	0	0	19	4%
Llanfairpwllgwyngyll	0	1	0	5	4	0	0	0	0	10	2%
Llanfair yn Neubwll	1	3	1	1	0	0	0	0	0	6	1%
Llanfihangel Ysceifiog	1	2	3	4	2	0	0	0	0	12	2%
Llangefni	22	10	2	2	2	1	0	0	0	39	8%
Llangoed	0	3	4	0	1	0	0	0	0	8	2%
Llangristiolus a Cherrigceinwen	2	0	2	4	1	0	0	0	0	9	2%
Llanidan	0	2	20	1	1	0	0	0	0	5	1%
Mechell	0	1	4	13	0	2	2	0	0	12	2%
Moelfre	0	2	0	2	0	1	0	0	0	5	1%
Penmynydd	0	0	0	0	2	0	0	0	0	2	0%
Pentraeth	0	2	5	0	0	0	0	0	0	7	1%
Porthaethwy / Menai Bridge	5	2	4	6	2	0	0	0	0	19	4%
Rhoscolyn	1	0	0	2	3	0	1	0	0	7	1%
Rhosybol	0	2	1	0	2	0	0	0	0	5	1%
Rhosyr	0	4	7	4	2	0	0	0	0	17	3%
Trearddur	4	0	2	2	6	4	0	0	0	18	4%
Tref Alaw	0	2	0	3	0	2	0	0	0	7	1%
Trewalchmai	1	2	0	0	0	0	0	0	0	3	1%
Y Fali / Valley	2	2	6	3	0	1	0	0	0	14	3%
Cyfanswm / Total	107	103	74	95	72	22	15	2	1	491	