

**Report on the response to the Consultation to charge an additional Premium on Second Homes/ Long-Term Empty property**

**1. Introduction**

- 1.1** The Isle of Anglesey County Council has undertaken a consultation to introduce a Council Tax premium for second homes and long-term empty property. The period of the consultation was between 16 February and 4 March 2016.
- 1.2** Second homes are defined in the Local Government Finance Act 1992. The Act defines second homes as “a dwelling that is not someone’s sole or main residence and is substantially furnished”.
- 1.3** A long-term empty property is defined under the same legislation, being the Local Government Finance Act 1992 as “a dwelling that is not someone’s sole or main residence and it is substantially unfurnished”. For the purpose of charging a premium on a long-term empty property, the dwelling must be empty for a year and this is measured from 1 April 2016.

**2. Why did we consult? The reasons include:-**

- 2.1** We consulted on the proposal to introduce a Council Tax premium up to 100% in respect of second homes and long-term empty property.
- 2.2** Increasing the supply of affordable housing is a local and national priority. Second homes and long-term empty property can reduce the number of property available to local people.
- 2.3** The 2011 Census showed that 10.5% of the residences on the Island had their usual residences elsewhere. This varied from 1.8% in the London Road ward, Holyhead to 42.7% of property in Rhosneigr which were either empty or a second home.
- 2.4** The larger number of second homes tend to be in coastal settlements where there is a shortage of affordable homes, with a larger number of long-term empty property in the Island’s main towns. This has an impact on the number of affordable homes in these areas and generally.
- 2.5** We appreciate the contribution of the tourism industry on our local economy. It is noted that 292 properties are being used as holiday lets and are listed as businesses and therefore, this proposal will not impact on them.

**3. With who has we consulted?**

- 3.1** The Council has consulted with:-
- 3.2** 35 Community Councils within the County
- 3.3** 5 Town Councils within the County
- 3.4** Publicised on the Council’s Twitter account, which was updated daily to refresh the consultation
- 3.5** Publicised on the Council’s ‘Facebook’ page
- 3.6** Details on the Council’s web home page
- 3.7** Articles in the local press mentioning the consultation along with regional newspapers e.g. Daily Post

#### 4. Methods of response

4.1 Those responding had a number of ways to reply to the consultation either by:-

4.2 Using the appropriate link on the Council's website which took the individual immediately to the front page of the consultation;

4.3 By downloading the form and printing at home and reply by post;

4.4 By completing the questionnaire on-line and send it by email directly to the Revenue Section, Isle of Anglesey County Council.

#### 5. Responses on the proposal to charge a Premium on second homes and long-term empty property:-

5.1 331 replies were received in all and a summary of the responses is attached. There are up to a further 75 additional pages which include comments from those who responded to each question asked – and these can be viewed at the Revenues and Benefits Service.

5.2 The majority of the replies that run and repeat themselves through the questions oppose the intention of charging any form of premium for second homes but there is a more mixed opinion within the replies whether a Premium charge should apply for long-term empty property. A large number of the replies referred to the lack of Council services used by owners of second homes or long-term empty property and also the money that was spent within the local community by such owners. This meant money spent at local restaurants, public houses, garages along with using local workers with regard to maintenance of such properties. There was an almost universal response that to charge any level of premium would have a negative effect on the local economy and tourism. Here are examples of the responses:-

- *“There is a basic problem in the proposal. Second homes bring in income to the Isle of Anglesey; empty properties do not. Second homes may be let when the owner is not in residence and both when let, and when the owner is in residence, this benefits local traders, businesses and industries - particularly the tourist industry. In addition, second homes already pay 100% Council Tax whereas long-term empty homes normally pay little or nothing for the first year.*

*In fairness and recognising that second homes have a positive benefit, second homes and long-term empty properties should therefore be considered as two separate categories. Whilst it may make sense for the Council to derive income from long-term empty properties, and also to encourage their use and occupation and hence added benefit for local traders and businesses, it is likely to be counter-productive to penalise those second homes which are already well used.”*

- *“Holiday and second homes should be afforded a discount as per Government guidelines of up to 50% and not be penalised. Council tax is for the provision of local services which, for second homes, are not used in their entirety supporting a logical discount. Tourism supplements coastal areas and the communities to a significant level, the impact holiday homes has on affordable house prices is a poor argument, no matter the cost, and potential home owners need work and a sustainable income! Surely the Council should be focusing on creating jobs rather than potentially decimating the tourist industry! This smells of another poorly thought through local government initiative with no forethought to cause and effect.”*
- *“I believe that any second home owners would look at raising their prices to reflect the difference you may impose thus making Anglesey a less attractive tourist destination. Some may even sell their properties and choose to move their holiday letting businesses elsewhere which would be bad for the tourist and general economy on the island. The reality is that even if all of the holiday homes in Rhosneigr were made available for local residents, the majority of them could not afford the properties. You could lessen the impact by not doing it!”*

- *Many second home owners have spent large amounts of money renovating run down properties and bringing them back up to a modern standard. It would be penalising those second home owners and discourage others from putting money into these properties. We bought a run down tiny cottage for our own use. We use it every weekend from Friday to Monday. We have re wired, installed a shower, replaced leaking gutters and fascias and fully decorated and carpeted. The garden was a complete wilderness it is now a pleasant and tidy garden much improving the look of the street. The cottage had been on the open market for more than 6 months with no offers from local people. We have used all local people for the renovation as well as putting an enormous amount of time and effort into the refurbishment. We shop locally and feel we add to the local community as well as benefitting ourselves as we love Anglesey so much. If the Council Tax were to be doubled this would possibly mean our selling up. The market could well be flooded with homes that second home owners would have to sell. Young people struggle to obtain mortgages and I am not sure that this would benefit those people. I understand that new homes need to be made available to young people to enable them to remain in their communities but that can only work if there are jobs available to support them and their families. Young people living locally and living on benefits is not the answer. Jobs are needed not penalising second home owners. Capping the increase to say 25% would give funds to the Council without impacting too much on those second home owners who do give something back to the communities that they love.”*
- *“If people have to pay for their 2nd home they may be more likely to rent it out or sell”*
- *“I don't have all the facts and figures but imagine rich people with two houses won't sell up due to 500 or 1000 quid extra a year”*
- *“logic suggests it will reduce the supply of holiday accommodation. however if the supplementary charge is so drastic as to cause a mass sell off of second homes price levels on the Island might fall far enough to make investment for private rental a more attractive proposition.”*
- *“I don't think a 100% increase would have a great impact on house prices. The local people generally can't afford the house prices anyway. Why penalise people who bring money into the village and risk losing it”*
- *“Y farchnad sydd yn penderfynnu prisiau tai ac eiddo, Mae,n amhosib i ddarogan beth fydd y prisia hyn yn y dyfodol yn fy marn I”*
- *“As a resident of the Isle of Anglesey since birth and now a young person employed in the Island I am struggling to be able to afford a deposit to buy my first home in the area that I have lived and grown up in, as the house prices are pushed higher and higher by people buying these homes for their second/ holiday home - and then leave them empty for most of the year. If this continues I may be forced to leave a job I love and my home just to be able to afford to buy my own home. If something isn't done about this soon the beautiful Island that I call home may be forced to 'shut down' and only 'open' during the holiday season, much like a holiday camp!*

*I strongly believe that if a tax is imposed upon second homes and homes that are left empty for most of the year, people will think twice about buying them and therefore the house prices should be made more affordable for those of us who live and work here all year long.”*

- *“The council has not indicated how it would use the revenue from the council tax premium and what level they anticipate. Without a clear business model, it can only be construed that a punitive charge will have a negative effect as it will seek to artificially distort the market.*

*If you told us how much money you are going to raise, how and where you are going to spend it, then I might be able to offer some suggestions as to how to mitigate the effects.*

*Otherwise I can only see this proposed charge as another form of selective taxation for raising general funds without a clear purpose”*

- *“Bringing back’ properties to be used as a main residence is a very simplistic term to a complex property ownership situation that has developed over many decades. A lot of the property in Rhosneigr, Treaddur etc was built specifically for the second home market. These properties would not otherwise exist and so it is not a question of ‘bringing them back’ into ‘local’ ownership. Similarly there is not the argument for saying their use as second homes is disadvantaging local people by keeping prices artificially high. They are an artificial adjunct to the property supply.*

*When these properties were built in various waves of development from end of WW1 onwards, various ‘local’ land owners and builders were quite happy to accept the value it brought and this will have fed back into the island economy”*






- *“I fail to see how Young people would benefit from long-term empty properties and or rental properties coming onto the housing market. They would still need to raise capital to purchase the full market asking price.*







*Therefore, other than providing Anglesey Council with revenue (to enable budgets to be met) I cannot see any other individuals benefitting from the introduction of the proposed council tax increase”*






- *“The extra money generated from the increase in tax should go to building affordable houses in areas where house prices are way to high like Rhosneigr for instance. i am a local lad from rhosneigr who as had to move out of my home village where i grew up as a kid due to house prices and no support from the council in helping the local people of Rhosneigr. Many of us have had to move away and are now living else where. Myself even with a good budget of £180,000 and 20% deposit couldnt get me a house in Rhosneigr. House should be built to allow us locals who have had to move away the opportunity to move back and to help the next generation of locals a chance to stay where they grew up. so many affordable houses are been built in affordable areas all over the island but the community of Rhosneigr as just been forgotten about. the poor village is a ghost town in the winter and the local business would defintly benefit by having more locals living in Rhosneigr”*
- *“There is no point in bringing back holiday homes to full time residential use if they were not built as that in the first place”*
- *“Second home owners are less of a burden on council services eg waste production, than full time residents. Seems very unfair to be charged more. Will generate bad will from people who until now have viewed the island very positively.”*
- *“Trearddur Bay has 36% second/holiday homes, however, they pay community charge at the standard rate by property size, which is collected by Anglesey Council. If this were to change I suspect the owners would declare their properties a ‘business’ and tax would be paid into ‘central government’. Would Anglesey council then loose out?”*
- *“Mae rhan fwyaf o ail-dai 4 nein hardal ni (sef Rhosneigr) yn dai gwyliau sydd yn wag tra mae’r perchnogion yn eu prif gartrefi. Wyddwn bod rhai perchnogion eraill yn rhentu allan am gyfnod bach fel bod y tai yn wag iddyn nhw dros yr haf.”*
- *“Houses that are currently owned & used as holiday homes will not enter the supply chain for private rented accommodation, this is not the intention of the owners and they will be loath to change. The empty units that are not second homes/ holiday accommodation will be effected and the owners may be encouraged to let them however, I do not see why they would not do that anyway unless the property is not up to required standards and the owner cannot afford to improve in which case a grant should be made available repayable out of pre tax rental income”*




5.3 Here is a summary of the responses -

## Council Tax - consultation 2016 - Proposal to introduce Council Tax premiums for second homes and long-term empty properties on the Isle of Anglesey




Overall, to what extent do you agree with the introduction of a Council Tax premium for second homes and long-term empty properties in the Isle of Anglesey?						Response Percent	Response Total	
1	Strongly agree					14.80%	49	
2	Agree					6.34%	21	
3	Neither					1.21%	4	
4	Disagree					7.85%	26	
5	Strongly Disagree					69.79%	231	
<b>Analysis</b>	Mean:	4.11	Std. Deviation:	1.51	Satisfaction Rate:	77.87	answered	331
	Variance:	2.28	Std. Error:	0.08			skipped	0

Please indicate at what level you think it would be most appropriate to set a Council Tax premium for second homes and long-term empty properties in the Isle of Anglesey.						Response Percent	Response Total	
1	Nil					64.05%	212	
2	25%					3.93%	13	
3	50%					5.14%	17	
4	75%					1.51%	5	
5	100%					12.08%	40	
6	Other (please specify):					13.29%	44	
<b>Analysis</b>	Mean:	2.34	Std. Deviation:	1.96	Satisfaction Rate:	26.71	answered	331
	Variance:	3.85	Std. Error:	0.11			skipped	0




For long-term empty property, should the Authority specify different percentages (up to a maximum of 100%) based on the length of time the property has been empty?						Response Percent	Response Total	
1	Strongly Agree					14.50%	48	
2	Agree					20.54%	68	
3	Neither					14.50%	48	
4	Disagree					11.18%	37	
5	Strongly Disagree					39.27%	130	
<b>Analysis</b>	Mean:	3.4	Std. Deviation:	1.52	Satisfaction Rate:	60.05	answered	331
	Variance:	2.31	Std. Error:	0.08			skipped	0

What, if any, impact do you think the introduction of a Council Tax premium for second homes and long-term empty properties on the Isle of Anglesey will have for tourism on the Island?							Response Percent	Response Total
1	Positive						6.34%	21
2	Neutral						15.11%	50
3	Negative						78.55%	260
<b>Analysis</b>	Mean:	2.72	Std. Deviation:	0.57	Satisfaction Rate:	86.1	answered	331
	Variance:	0.33	Std. Error:	0.03			skipped	0

If you have indicated 'negative' impact please tell us how this could be lessened			Response Percent	Response Total
1	Open-Ended Question		100.00%	223
			answered	223
			skipped	108

What, if any, impact do you think the introduction of a Council Tax premium for second homes and long-term empty properties would have on the supply of private rented accommodation?							Response Percent	Response Total
1	Increase overall						20.85%	69
2	No impact						50.76%	168
3	Reduce overall						28.40%	94
<b>Analysis</b>	Mean:	2.08	Std. Deviation:	0.7	Satisfaction Rate:	53.78	answered	331
	Variance:	0.49	Std. Error:	0.04			skipped	0

Please use this space to make any comments on possible impacts on the supply of private rented accommodation			Response Percent	Response Total
1	Open-Ended Question		100.00%	171
			answered	171
			skipped	160

What, if any, impact do you think the introduction of a Council Tax premium for second homes and long-term empty properties would have on house prices on the Isle of Anglesey?							Response Percent	Response Total
1	Increase overall						6.04%	20
2	No impact						54.38%	180
3	Reduce overall						39.58%	131
<b>Analysis</b>	Mean:	2.34	Std. Deviation:	0.59	Satisfaction Rate:	66.77	answered	331
	Variance:	0.34	Std. Error:	0.03			skipped	0



Please use this space to make any comments on possible impacts on house prices			Response Percent	Response Total
1	Open-Ended Question		100.00%	182
			answered	182
			skipped	149




What, if any, impact do you think the introduction of a Council Tax premium for second homes and long-term empty properties would have on the supply of affordable housing on the Isle of Anglesey?						Response Percent	Response Total	
1	Positive					12.69%	42	
2	Neutral					64.35%	213	
3	Negative					22.96%	76	
<b>Analysis</b>	Mean:	2.1	Std. Deviation:	0.59	Satisfaction Rate:	55.14	answered	331
	Variance:	0.35	Std. Error:	0.03			skipped	0

If you have indicated 'negative impact' please tell us how this could be lessened			Response Percent	Response Total
1	Open-Ended Question		100.00%	60
			answered	60
			skipped	271

What, if any, impact do you think the introduction of a Council Tax premium for second homes and long-term empty properties on the Isle of Anglesey will have on bringing back such properties to be used as a main residence?						Response Percent	Response Total	
1	Positive					14.50%	48	
2	Neutral					63.44%	210	
3	Negative					22.05%	73	
<b>Analysis</b>	Mean:	2.08	Std. Deviation:	0.6	Satisfaction Rate:	53.78	answered	331
	Variance:	0.36	Std. Error:	0.03			skipped	0

If you have indicated 'negative' impact please tell us how this could be lessened			Response Percent	Response Total
1	Open-Ended Question		100.00%	59
			answered	59
			skipped	272

The Isle of Anglesey County Council will be able to retain any additional funds generated by implementing the premiums and spend that additional revenue as it wishes. The Welsh Government, however, is encouraging authorities to use the additional revenue generated to help meet local housing needs. The Authority is asking how it should spend the additional revenue generated –					Response Percent	Response Total
1	Should it use the additional revenue generated on bringing more second homes or long-term empty property back into permanent use for local residents, or				32.33%	107
2	Should the additional revenue generated be used to support all the Council's services?				67.67%	224
<b>Analysis</b>	Mean: 1.68	Std. Deviation: 0.47	Satisfaction Rate: 67.67		answered	331
	Variance: 0.22	Std. Error: 0.03			skipped	0

What, if any, impact do you think the introduction of a Council Tax premium for second homes and long-term empty properties on the Isle of Anglesey will have for the Welsh Language on the Island?					Response Percent	Response Total
1	Positive				11.78%	39
2	Neutral				77.04%	255
3	Negative				11.18%	37
<b>Analysis</b>	Mean: 1.99	Std. Deviation: 0.48	Satisfaction Rate: 49.7		answered	331
	Variance: 0.23	Std. Error: 0.03			skipped	0

If you have indicated 'negative' impact please tell us how this could be lessened			Response Percent	Response Total
1	Open-Ended Question		100.00%	29
			answered	29
			skipped	302

Please use this space to make any other comments or suggestions you have			Response Percent	Response Total
1	Open-Ended Question		100.00%	208
			answered	208
			skipped	123