

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>Executive Committee</b>
<b>Date:</b>	<b>30 May 2023</b>
<b>Subject:</b>	<b>The use of Second Homes Premium Funding</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Gary Pritchard</b>
<b>Head of Service / Director:</b>	<b>Ned Michael</b>
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<b>Local Members:</b>	<b>All Members</b>

<b>A –Recommendation/s and reason/s</b>
<p>It is recommended that the Executive:-</p> <p><b>A1.</b> Approves using the funding generated through the Second Homes Premium for the schemes highlighted in paragraph <b>number 10.0</b> below for 2023/24.</p> <p><b>A2.</b> Increase the maximum grant for bringing back empty properties back into use to £25,000.</p> <p><b>1.0 Background</b></p> <p><b>1.1</b> Since 2017 the Council has adopted a Policy aimed at supporting local people to convert empty properties into homes as well as providing equity loans for first time buyers. £170k was allocated at the start of the scheme which had increased to £696k by 2022-23. The scheme has been successful with this year's budget committed to grants that have been approved or are in the process of being approved</p> <p><b>1.2</b> For 2023/24 we have £1.502m of Council Tax Premium finance available to be allocated, the table in paragraph 10.0 shows our proposals for the use of the funds.</p> <p><b>1.3</b> Use of the funds for getting empty houses into use has been very successful since the inception of the project and we trust that we will continue to be able to provide support for up to 32 such cases next year as well. As noted below in paragraph 5, in light of the significant increases that have been seen in construction goods costs we ask that the maximum grant be increased from the current £20,000.</p> <p><b>1.4</b> Since October 2022 we have launched the Anglesey Homebuyer Scheme to help buyers with an equity scheme for houses for sale on the open market. This scheme has been slow to come to fruition due to the economic climate that has prevailed since September last year and the</p>

difficulties for applicants to access mortgage loans. However we are now seeing things starting to move with the hope that the first purchase will complete very soon. Please see a table below for information on the status of applications for this scheme.

Application Status	Number of applications	Comments
Approved applications	1	Loan of £30,000 (20%)
Assessment almost complete	1	
Applications withdrawn	4	2 applications failed to secure a deposit and were therefore unable to proceed
Active applications	8	

**1.5** Applicants range in age from 21 – 44 years old with preferred locations across the Island:

Valley	Holyhead	Caergeiliog
Llanedwen	Bryn Du	Llangefni
Gaerwen	Rhostrehwfa	Pentraeth
Penysarn	Llanfechell	Trearddur Bay
Four Mile Bridge	Llanfairpwll	Gwalchmai
Llannerchymedd	Rhosybol	Coedana
Bryngwran	Rhosneigr	Llanfaelog
Llangaffo		

**1.6** During 2022/23 we approved 18 applications for the **First Time Buyers Scheme** to bring empty homes back into use with an approval value of £331,409 to date. 4 of these were in Holyhead, 2 in Llanfairpwll, 2 in Gwalchmai, 2 in Rhosybol and 1 in Amlwch, Llangefni, Four Mile Bridge, Llandegfan, Aberffraw, Llangoed a Pentraeth.

**1.7** We currently have 11 enquiries where properties have been assessed and where applicants are expected to complete/submit an application. The budget for this year has now been

committed, with the Council still receiving enquiries. The enquiries include the following areas – Holyhead, Rhostrehwfa, Pentraeth, Bodedern, Llanddeusant, Llanfairpwll, Pensarn, Amlwch and Tregele.

## **2.0 Additional Benefits of the First Time Buyer Grant Scheme**

- 2.1** 41 small / medium sized businesses or contractors have benefited from the scheme by taking on work through the First Time Buyers Grant scheme. It is worth noting that some contractors and businesses are used a number of times and produce more work.
- 2.2** Builders Merchants play a key part in the scheme selling products and materials that contribute towards the renovation works. Local merchants employ much of the local economy offering services through the medium of Welsh with numerous shops across the Island.

## **3.0 Improving Energy Efficiency**

- 3.1** Upon completion it is estimated that measures to improve energy efficiency levels as part of the renovation works, e.g. effective boiler, insulation and windows and doors (with an EPC rating of D or higher) will have been installed in 100% of the properties leading to a reduction in energy bills for the owners. Also, all properties are improved and modernised to keep maintenance costs to a minimum for owners and to increase the value of the property. This could benefit those who might want to move to a more suitable home in the future should their circumstances change. (The grant would have to be repaid in full should the property be sold within five years of the completion date of the work supported by the grant).

## **4.0 Feedback from people who have received the grant**

“Here are some pictures of my finished home, I am so happy and pleased to move into a lovely home for me & me 6 year old son! So so happy. Thank you so much for the grant it has helped me tremendously and I can’t thank you enough”

Here are some before and after photos:





### **5.0 Reviewing the maximum grant level**

We recognise that it now costs more to bring old buildings back into use, and therefore due to the increasing costs of labour and goods we recommend increasing the grant to £25,000.

## **6.0 WG Empty Homes Scheme**

**6.1** The [WG Empty Homes Scheme < https://www.gov.wales/written-statement-national-empty-homes-grant-scheme>](https://www.gov.wales/written-statement-national-empty-homes-grant-scheme) was launched in January 2023 and all LAs were encouraged to sign up to bring more empty homes back into use. Anglesey is expected to contribute £38k towards the scheme with a recommendation that this amount comes from the Council Tax Premium.

## **7.0 Subsidising Open Market Rents**

**7.1** Open market rents on the Island are beyond the reach of many of the Island's residents with the current average annual salary on the Island being (£27.5k).

**7.2** The current Local Housing Allowance is substantially lower (£120 a week for a one bedroom house) than open market rental levels for properties on the Island (£190 a week for a 3 bedroom house). According to a report by the Bevan foundation *Understanding the Local Housing Allowance - What can be done?*, March 2022 research conducted by them shows that only 3.8% of the market can be paid in full with the LHA, and that only 2.1% of the market is available to low income tenants because the demands of landlords are too strict (e.g. high deposit, minimum income requirements etc).

**7.3** Recently the number of landlords operating on the island fell and this has had an impact on open market rents.

**7.4** A scheme needs to be developed to subsidise open market rents for local individuals with funding obtained through the Council Tax Premium.

**7.5** A scheme bridging the gap between intermediate rents and open market rents according to property size could be looked at which would be available for a period of up to 5 years to individuals commencing with 100% of the difference between LHA and Market rents in year 1 reducing to 20% of the difference in year 5.

## **8.0 Purchasing Homes For Sale on the Open Market to be Let on Intermediate Rent terms**

**8.1** Due to the lack of privately rented properties on the Island consideration should be given to buying homes on the open market with funding generated through the Council Tax Premium with the intention of offering them to local people as intermediate rental properties.

**8.2** It would also be possible to look at a Rent First option so that the individuals renting these property could have the option of buying an equity share in the property in the future

## 9.0 Allocation to the Planning Service (Article 4)

9.1 Additional capacity and resources are needed to enable the Council to develop and implement its response to the challenges associated with second homes and holiday accommodation on the Island.

9.2 The money is used to:

- a) Analyse the new legislation and regulations to understand the implications and potential options for Anglesey and the Council.
- b) Identify, review and analyse areas on the Island where second homes and holiday accommodation affect residents' access to a home.
- c) Create and maintain robust evidence and a data base to influence the Council's response and priorities, as well as influence engagement with Welsh Government, other Local Authorities and other key local, regional and national stakeholders.
- d) Conduct strategic scenario planning activities to identify the Council's response and interventions.
- e) Commission and manage expert external support to strengthen the Council's understanding of the challenges and potential implications.

## 10.0 Housing Service use of the Council Tax Premium 2023/24

Type of Support	Number of Cases	Allocation 2023/24
Empty Homes Grants of up to £25,000 to bring empty homes back into use	32	£675,000
Shared Equity Loans for first time buyers to purchase properties on the open market	10	£390,000
WG Empty Homes Scheme	16	£38,000*
Subsidy scheme so that open market rents are affordable to local people	10	£50,000
A scheme to purchase homes on		To be developed during 2024/25

the open market to be let as intermediate or Rent First properties		
Funding for the role of Empty Homes Assistant		£49,000
Allocation to the Planning Service (Article 4)		£300,000
Total		£1,502,000

*\*Remainder to be financed by the owner and WG*

We will constantly review spending on the schemes throughout the year to ensure that the funds are available for the schemes where demand lies.

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

Not utilising the allocation for the various schemes which promotes affordable housing as would go against the purpose of raising the premium.

**C – Why is this a decision for the Executive?**

To agree the schemes and expenditure for 2023-24

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

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

yes

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<b>E – Impact on our Future Generations(if relevant)</b>		
<b>1</b>	How does this decision impact on our long term needs as an Island	It provides assistance in accessing the housing market
<b>2</b>	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Assists with helping people access affordable housing
<b>3</b>	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Yes, with Tai Teg
<b>4</b>	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	Housing Survey carried out in 2021
<b>5</b>	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Non identified
<b>6</b>	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Assists with accessing affordable housing
<b>7</b>	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	n/a

<b>DD – Who did you consult?</b>		<b>What did they say?</b>
<b>1</b>	<b>Chief Executive / Senior Leadership Team (SLT)</b> (mandatory)	Supportive of the recommendation
<b>2</b>	<b>Finance / Section 151</b> (mandatory)	Supportive of the recommendation
<b>3</b>	<b>Legal / Monitoring Officer</b>	Supportive of the recommendation



	(mandatory)	
4	<b>Human Resources (HR)</b>	n/a
5	<b>Property</b>	n/a/
6	<b>Information Communication Technology (ICT)</b>	n/a
7	<b>Procurement</b>	n/a
8	<b>Scrutiny</b>	
9	<b>Local Members</b>	

<b>F - Appendices:</b>

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