NOTICE OF MOTION RELATING TO COUNCIL TAX ON SECOND HOMES

The following Notice of Motion submitted by Councillor M Williams has been referred to Cabinet for consideration and report back to Council for determination; such motion being in the following terms:

That Council welcome the opportunity to double council tax on second homes. Following this, PCC should press for all second homes to be charged treble council tax, and press the WLGA to take this matter forward.

Councillor Williams’ written submission in support of his Notice of Motion is attached as an Appendix.

For Members information, the Welsh Local Government Association (WLGA) raised the issue of charging a premium for second homes in response to the Welsh Government’s consultation exercise in respect of the Housing (Wales) Bill. The WLGA suggested the 200% charge which was subsequently adopted.

The statutory provisions to levy a premium are contained in the Housing (Wales) Act 2014 and that premium is restricted to a maximum of 200%. The Act does not contain any provision to permit an increase in excess of that restriction.

Comments by Chief Finance Officer

Implementation of an additional levy resulting in a 200% charge for second homes could result in additional income of £3.4m per annum from 2017-18. Our records indicate that there are currently 3000 properties that would be categorised as second homes.

Comments by Head of Legal and Committee Services/Monitoring Officer

There are no legal issues arising from this report

Comments by Head of Human Resources

There are no human resources issues arising from this report.
**RECOMMENDATION:**

That the Notice of Motion be not adopted.

**REASON FOR RECOMMENDATION:**

To address a Notice of Motion referred from Council.

**Background Documents:** None
Supporting Submission - Notice of Motion relating to Council Tax on Second Homes

In the near future Local Authorities will be able to double council tax payable on second homes. PCC should do so at the earliest opportunity. The doubling of council tax for second homes will result in a net increase in tax to PCC of £3.8M. To treble would result in the sum of £6.8M being raised. This would in some way compensate for the damage being done to local businesses and the cultural life of the area. The situation that presently exists is unsustainable, with fewer and fewer people residing full time in certain areas. Businesses are struggling to survive, and cultural organisations have difficulty in recruiting members. I would invite anyone who doubts the huge damage being done to our way of life to walk through areas such as Tenby during a winter evening. The number of properties being lived in is alarmingly small with swathes of the area in complete darkness.

A few examples are, Harding Street where I live has eleven dwellings, only four are occupied as family homes. These are three to five bedroom dwellings. Lower Frog Street has approximately 30 dwellings 22 are second homes. Particularly badly effected are St Marys Street, within one large modern block of flats almost entirely second homes. Creswell Street, and Culver Park, with about 75% unoccupied. We see in Tenby second homes taking over one and two bedroom properties as well as four / five storey town houses which sell for in excess of £800K. The pressure on the local housing market in unsustainable. In particular our young people, if they are fortunate enough to find employment locally find themselves priced out of their native community. Many small one and two bedroom properties would be ideal for young local families as their first homes.

The reaction generally is to stand back and wring our hands as if nothing can be done. This is not the case as I believe both of my motions show. A Local Authority has a duty, first and foremost, to its full time residents. Anything it can do to reduce the incentive to purchase second homes must be done as a matter of urgency. The Planning requirement might be viewed as closing the stable door long after the horse has bolted. In some areas this is true, but we now see a growing extension of second home ownership in to areas where it was never seen before, putting even more pressure on the housing market.

On planning. If any property was being sold as a potential second home, it should be subject to a Change of Use application. The Planning Authority could examine the area in which the property was and determine if that area had reached saturation point. ie an area where more the 25% were already second homes. If they so determined the application could be refused.

This authority together with the WLGA should lead on campaigning for a change in planning legislation to allow this to happen, and also to enable authorities to treble council tax on second homes.

Councillor  M Williams