



# **Powys Replacement Local Development Plan (LDP) (2022-2037)**

## **Powys Housing Need and Supply**

### **3. Second Homes and Short Term Holiday Lets Background Paper**

**January 2024**

Mae'r ddogfen hon hefyd ar gael yn Gymraeg / This document is also available in Welsh



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## Executive Summary

Welsh Government have brought in changes to planning legislation to enable local authorities to manage the impact of second homes and short-term holiday lets in their areas. The changes provide Local Planning Authorities (LPAs) with the power to control change of use between primary homes, secondary homes and short-term holiday lets in local areas through the use of Article 4 directions and/or planning conditions. Changes are also being made to national planning policy to ensure that LPAs consider second homes in preparing their Local Development Plans (LDP).

This paper considers the evidence base around the provision and location of second homes and short-term holiday lets in Powys and their local impacts.

Evidence from Council tax shows that second homes and short-term holiday lets account for a relatively small proportion of residential properties in the majority of communities in Powys, at less than 10%. However, there are nine communities where the proportion is 10% or more, which could be seen as potential 'hotspots'. The communities of Llanwrthwl and Llangynog have the highest proportion of residential properties as second homes and short-term holiday lets with 23% and 19% respectively. There are another seven communities where the proportion of second homes and short-term holiday lets falls between 10% and 15% of residential properties, namely Talybont-on-Usk, Painscastle, Cray, Yscir, Glantwymyn, Erwood and Llanbister.

Other LPAs have sought to set thresholds above which the proportion of second homes and short-term holiday lets begin to affect the sustainability of communities. The Lake District National Park have used both 10% and 20%, whilst Gwynedd LPA puts forward a middle ground of 15%.

The paper looks at the potential local impacts of second homes and short-term holiday lets on communities, including impacts on housing affordability, local services and community facilities, the Welsh language, migration trends and economic activity. It is recognised that second homes and short-term holiday lets may be contributing towards the issues identified, however there are likely to be wider factors and trends also impacting on the housing market in these areas. For instance, the trend for people moving from urban areas to permanently reside in rural areas, particularly since Covid, and the ability to work from home, which is making rural living more attractive.

The paper refers to research undertaken by Gwynedd LPA on managing the use of dwellings as second homes and short-term holiday lets. In June 2023, Officers at Gwynedd took a report to Cabinet in order to introduce an Article 4 direction to withdraw permitted development rights to change the use from primary residences to secondary residences or short-term holiday lets for the whole of the Gwynedd LPA area. This is accompanied by a detailed justification which has also been referred to. The Article 4 direction is due to come into force in September 2024 subject to consideration of representations received during the consultation period.

Following on from the evidence, the paper goes on to consider the policy options for developing a localised policy approach.

Policy Option 1 involves using current planning policy approaches to address the impact of second homes and short-term holiday lets, for instance, by using an affordable housing-led approach to meet local needs in communities where second homes and short-term holiday lets are an issue.

Policy Option 2 involves using planning conditions to restrict the use of new dwellings to primary homes in the affected areas or across the whole of the Local Planning Authority area.

Policy Option 3 involves introducing Article 4 directions in communities where second homes and short-term holiday lets are impacting on the sustainability of communities. This would mean that planning permission would be required for change of use of primary homes to secondary homes or short-term holiday lets in those communities.

It would not be justified to implement an Article 4 direction for the whole of the Powys LPA area given that second homes and short-term holiday lets appear to be an issue in only a few communities in Powys.

Consideration is also given to the potential consequences of implementing these options, including the impact on local housing markets and economic impacts, and impacts on the planning service due to an increase in planning applications, monitoring and enforcement challenges and planning policy resources.

It is recommended that:

1. The prevalence of second homes and short-term holiday lets is considered in determining the housing requirements for the Replacement LDP.
2. Consideration is given to ways of prioritising and enabling affordable housing schemes to be delivered within the nine communities identified.
3. Consideration is given to preparing a policy in the Replacement Powys LDP restricting the use of new dwellings to use as primary residences by using planning conditions. This will ensure that new dwellings either across the Powys LDP area or in affected areas remain as primary residences.
4. Formal monitoring of second homes and short-term holiday lets using Council tax records takes place as part of the next Annual Monitoring Report, in order to keep the situation under review.
5. Progress with the proposed Article 4 direction in Gwynedd is closely monitored.

## 1. Introduction

1.0.1 This background paper has been produced as part of the evidence base to support the Powys Replacement Local Development Plan (LDP). It focuses on the evidence around second homes and short-term holiday lets in the Powys LDP area and their impacts. It will be used to inform the approach to be taken to manage the impacts of second homes and short-term holiday lets within the Powys LDP area.

### 1.1 Policy Background

1.1.1 In July 2021, the Welsh Government announced a three-pronged approach to address the impact of second home ownership on communities in Wales. The approach would focus on:

- Support – addressing affordability and availability of housing;
- Regulatory framework and system – covering planning law and the introduction of a statutory registration scheme for holiday accommodation;
- A fairer contribution – using national and local taxation systems to ensure second homeowners make a fair and effective contribution to the communities in which they buy.

1.1.2 As part of its approach, the Welsh Government consulted separately on proposed changes to local taxes for second homes and self-catering accommodation (August 2021); proposed changes to planning legislation and policy for second homes and short-term holiday lets (November 2021); and a draft Welsh Language Communities Housing Plan (November 2021). It was also announced that Dwyfor (on the Llyn Peninsula) in Gwynedd had been selected for a pilot scheme to test the interventions.

According to the consultation on changes to planning legislation and policy, there were several issues relating to second homes and short-term holiday lets including:

- The demand for second homes and short-term holiday lets within many rural, coastal and Welsh-speaking communities, which had been evident over many years, was highlighted by the Covid-19 pandemic.
- Tensions about the relative affordability of housing for local people, particularly younger people.
- Tensions about the sustainability of the Welsh language.
- High concentrations of second homes and short-term holiday lets leading to substantial changes to communities.
- Research highlighted the localised nature of concentrations of second homes in coastal and rural authorities, and in the cities of Cardiff and Swansea (includes the Gower).

1.1.3 The Welsh Government recognised that planning impacts arising from second homes and short-term holiday lets are “not an all-Wales problem”. The proposed changes would enable “a targeted local approach” to address what Welsh Government considers is a “local issue”.

1.1.4 In October 2022, the proposed changes to planning legislation in relation to second homes and short-term holiday lets came into force.

1.1.5 The legislative changes create new/amended Use Classes for Primary Homes, Secondary Homes and Short-Term Lets (see Table 1). The definitions for these classes are as follows:

**Table 1 New/amended Use Classes**

<b>Use Class</b>	<b>Use Class title</b>	<b>Summary of definition</b>
<b>C3 (amended)</b>	Dwellinghouse; Primary homes	occupied as a sole or main residence for more than 183 days in a calendar year
<b>C5</b>	Dwellinghouse; Secondary Homes	use as a dwellinghouse, otherwise than as a sole or main residence, occupied for 183 days or less in a calendar year
<b>C6</b>	Short-term lets	use of a dwellinghouse for commercial short-term letting not longer than 31 days (for each period of occupation)

1.1.6. Changes between these Use Classes are allowed under permitted development, meaning that planning permission is not required. However, LPAs can use Article 4 directions and/or planning conditions to control changes of use and/or the use of new dwellings in specific local areas, where supported by evidence.

1.1.7 The changes do not impact on existing second homes and short-term holiday lets, however it enables LPAs to respond to issues in the future. There will be no planning application fee for applications covered by Article 4 directions, but also no compensation where planning permission is refused within 12 months of the direction coming into force.

1.1.8 Amendments will also be made to Planning Policy Wales to make it clear that, where relevant, the prevalence of second homes and short-term holiday accommodation in a local area must be taken into account when considering housing requirements, affordability and policy approaches for LDPs.

1.1.9 The intention of these changes is to enable Local Planning Authorities to develop policies and use Article 4 directions and conditions to address local circumstances, where evidence suggests second homes/short-term holiday lets are harming local amenity, community wellbeing or proper planning in a specific area.

1.1.20 Gwynedd County Council has undertaken research 'Managing the use of dwellings as holiday homes' (December 2020). This paper makes reference to that report. In June 2023, Officers at Gwynedd took a report to Cabinet in order to introduce an Article 4 direction to revoke permitted development rights to change the use from the relevant use classes for the whole of the Gwynedd Local Planning Authority area. This is accompanied by a detailed justification paper, which has also been referred to.



## 1.2 Purpose and structure of the background paper

1.2.1. The purpose of this background paper is to consider the evidence base around the provision and location of second homes and short-term holiday lets in Powys and their local impacts. This will inform the decision as to whether a localised planning policy approach needs to be developed as part of preparing the Replacement LDP for the Powys LPA area. This paper forms part of the evidence base for the Replacement LDP for the Powys LPA Area.

**Section 2** of this background paper presents the evidence around the number, proportion and location of second homes and short-term holiday lets at a Powys level, and at lower local levels.

**Section 3** assesses the potential local impacts of second homes and short-term holiday lets in the areas with the highest proportion of second homes and short-term holiday lets.

**Section 4** considers the policy options for developing a localised policy approach.

**Section 5** sets out conclusions and recommendations.

## 2. Evidence relating to provision and location of second homes and short-term holiday lets

2.0.1 It is clear from national planning policy that planning approaches towards managing second homes and short-term holiday lets need to be based on local evidence. This section presents the data available on the number, proportion and location of second homes and short-term holiday lets at the Powys level and at more local levels within Powys.

2.0.2 Two main official data sources exist for second homes and/or short-term holiday lets. Firstly, Council Tax provides data on periodically occupied dwellings and business rates for properties used as short-term holiday lets. Secondly, the Census 2021 provides data on the use of second addresses as holiday homes. This paper presents the data from both sources, and looks at other potential data sources, before considering the accuracy and reliability of the data and providing explanations for the inconsistencies between these data sources. The section ends with a summary of the key findings.

### 2.1 Council tax and business rates data

2.1.1 For council tax purposes, a second home is defined as a dwelling that is not a person's sole or main home, is substantially furnished and is used periodically.

2.1.2 Properties in Powys that are used as second homes (periodically occupied dwellings) have attracted a Council tax premium of 50% since 2017. This premium has been increased to 75% in 2023.

2.1.3 National statistics relating to second homes premiums are available on the Stats Wales website. The total number of chargeable second homes in Wales for the Council tax year 2023-2024 is 24,170.

2.1.4 Table 2 sets out how Powys compares to other authorities in regard to the number of chargeable second homes. This shows that Powys ranks 8<sup>th</sup> in Wales for the number of chargeable second homes. Gwynedd at the top of the table has more than three times as many chargeable second homes compared to Powys.

**Table 2 Total Number of Chargeable Second Homes for Welsh Local Authorities**

Local Authority	Number of Chargeable Second Homes
Gwynedd	4,720
Pembrokeshire	3,940
Cardiff	3,225
Anglesey	2,236
Ceredigion	1,788
Swansea	1,624
Conwy	1,384

Powys	1,376
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Source: Stats Wales [Chargeable empty and second homes, by year \(number of dwellings\) \(gov.wales\)](#)

2.1.5 Powys County Council publishes figures for second home premiums as part of the Council tax dataset available online ([Council Tax: Datasets - Powys County Council](#)). According to this dataset, the total number of chargeable second homes for 2023-2024 is 1,411.

2.1.6 Table 3 shows how the number and proportion of properties where the premium is chargeable has changed in Powys since 2017. It shows that, following a slight decrease in numbers in the first year that the premium was charged, there has generally been a gradual upward trend in the number and proportion of second homes since 2018. The number of second homes has increased by 225 and the proportion of second homes has increased by 0.29% since 2017.

**Table 3 Number and Proportion of Chargeable Second Homes in Powys by Year**

Year	Total Chargeable Second Homes	Total Council Tax Dwellings	Second Homes as a % of all Council Tax Dwellings
2017-2018	1,186	64,458	1.84%
2018-2019	1,117	64,570	1.73%
2019-2020	1,288	64,842	1.99%
2020-2021	1,330	65,027	2.05%
2021-2022	1,311	65,246	2.01%
2022-2023	1,328	65,646	2.02%
2023-2024	1,411	66,101	2.13%

2.1.7 On the 1<sup>st</sup> of March 2023, the Welsh Government announced an increase to the maximum level of council tax premiums for second homes, as well as new local tax rules for holiday lets. The maximum level at which local authorities can set council tax premiums on second homes and long-term empty properties has been increased to 300%, which came into effect from April 2023. Previously, properties that were available to let for at least 140 days, and that were actually let for at least 70 days, paid business rates rather than council tax. The change increases these thresholds to being available to let for at least 252 days and actually let for at least 182 days in any 12-month period.

2.1.8 The number of second homes has increased more significantly for the current Council tax year, 2023-2024, compared to previous years. It is likely that more second homes are now being captured under Council tax rather than business rates as the number of days that the property is required to be available and let for in order to qualify under business rates has increased.

2.1.9 Business rates data has been provided for short-term holiday lets. A total of 896 properties were registered as holiday lets in Powys at June 2023, which represented 1.3% of the total number of residential properties. There is no requirement for self-catering holiday

accommodation to register as non-domestic and so the number of these properties on the non-domestic rates list is not necessarily a true reflection of all self-catering holiday lets in Powys.

2.1.10 Table 4 summarises the Council tax and business rates information for second homes and short-term holiday lets in Powys.

**Table 4 Summary of Council tax and business rates information relating to second homes and short-term holiday lets in Powys**

	<b>Powys</b>
Number of residential properties	68,401
Number of second homes	1,369
Number of short-term holiday lets	896
Combined total	2,265
Combined percentage of second homes and short-term holiday lets	3.3%

2.1.11 The Planning Policy Team has gathered local data from Council tax in order to look in more detail at the situation at a local level within Powys. This data is dated June 2023 and is presented at different levels – by locality, town/community council and settlement level.

### **Localities**

2.1.12 The 13 localities approach is used by the Powys Well-being Plan and corporately to look at data spatially. The localities are centred around Powys' largest towns and their surrounding areas. The 13 localities are based on Middle Super Output Areas (MSOA), with some MSOA being combined around the larger towns.

2.1.13 Table 5 shows that the highest number of second homes is in the 'Brecon' and 'Hay and Talgarth' localities, which includes areas within or near Bannau Brycheiniog National Park. The lowest number is within the 'Newtown' locality. The localities of 'Hay and Talgarth' and 'Crickhowell' have the highest proportion of second homes at 3.7% of the total number of residential properties, closely followed by the 'Machynlleth' locality at 3.4%. 'Welshpool and Montgomery' and 'Newtown' localities have the lowest proportion of second homes at less than 1%. 2% of all residential properties in Powys are used as second homes.

**Table 5 Number and Proportion of Second Homes by Locality**

Locality	Properties with Second Home Premiums	Total Number of Residential Properties	Percentage
Brecon	182	7275	2.5%
Hay and Talgarth	171	4565	3.7%
Llanfyllin	136	4628	2.9%
Crickhowell	132	3545	3.7%
Knighton and Presteigne	122	5197	2.3%
Machynlleth	117	3449	3.4%
Llandrindod and Rhayader	95	7013	1.4%
Builth and Llanwrtyd	89	3613	2.5%
Llanidloes	76	3437	2.2%
Ystradgynlais	73	5107	1.4%
Welshpool and Montgomery	67	9097	0.7%
Llanfair Caereinion	60	3109	1.9%
Newtown	49	8375	0.6%
<b>Grand Total</b>	<b>1369</b>	<b>68410</b>	<b>2.0%</b>

2.1.14 Data is also available from Council tax on the number of short-term holiday lets and this has been set out by locality.

2.1.15 Table 6 shows 'Brecon' and 'Hay and Talgarth' localities also have the highest number and proportion of short-term holiday lets. This suggests that the areas that had the highest number of second homes also tend to be the areas with the highest number of short-

term holiday lets. These areas tend to be within or near Bannau Brycheiniog National Park. 1.3% of all residential properties in Powys are used as short-term holiday lets.

**Table 6 Number and Proportion of Short-term Holiday Lets by Locality**

<b>Locality</b>	<b>Total number of holiday lets</b>	<b>Total Number of Residential Properties</b>	<b>Percentage</b>
Brecon	161	7275	2.2%
Hay and Talgarth	109	4565	2.4%
Knighton and Presteigne	94	5197	1.8%
Llanfyllin	76	4628	1.6%
Llandrindod and Rhayader	73	7013	1.0%
Crickhowell	72	3545	2.0%
Builth and Llanwrtyd	72	3613	2.0%
Machynlleth	71	3449	2.1%
Llanidloes	38	3437	1.1%
Welshpool and Montgomery	36	9097	0.4%
Ystradgynlais	33	5107	0.6%
Newtown	33	8375	0.4%
Llanfair Caereinion	28	3109	0.9%
<b>Grand Total</b>	<b>896</b>	<b>68410</b>	<b>1.3%</b>

2.1.16 Table 7 presents the combined data for second homes and short-term holiday lets by locality. Again, the localities of 'Brecon' and 'Hay and Talgarth' have the highest numbers of second homes and short-term holiday lets. The localities of 'Hay and Talgarth' and 'Crickhowell' have the highest proportion of residential properties used as second homes and short-term holiday lets, followed by the locality of Machynlleth. 3.3% of all residential properties in Powys are used as second homes or short-term holiday lets.

**Table 7 Combined Number and Proportion of Second Homes and Short-term Holiday lets by Locality**

<b>Locality</b>	<b>Number of second homes and short-term holiday lets</b>	<b>% of residential properties</b>
Brecon	343	4.7%
Hay and Talgarth	280	6.1%
Knighton and Presteigne	216	4.2%
Llanfyllin	212	4.6%
Crickhowell	204	5.8%
Machynlleth	188	5.5%
Llandrindod and Rhayader	168	2.4%
Builth and Llanwrtyd	161	4.5%
Llanidloes	114	3.3%
Ystradgynlais	106	2.1%
Welshpool and Montgomery	103	1.1%
Llanfair Caereinion	88	2.8%
Newtown	82	1.0%
<b>Grand Total</b>	<b>2,265</b>	<b>3.3%</b>

### **Town and Community Council Areas**

2.1.17 Table 8 presents the data at a Town/Community Council level for communities with the highest numbers of second homes. Brecon Community has the highest number of second homes.

**Table 8 Number of second homes by Town/Community Council Area**

<b>Town/Community Council Area</b>	<b>Number of second homes</b>
Brecon	55
Ystradgynlais	51
Glantwymyn	48
Hay	43
Llanfihangel Cwmdru with Bwlch and Cathedine	38
Crickhowell	32
Talybont-on-Usk	27
Llanrhaeadr-ym-Mochnant	25
Talgarth	24
Llangynog	23
Knighton	23

2.1.18 Table 9 presents the proportion of properties used as second homes, again for the Town/Community Council areas at the top of the table. More than 10% of residential properties in the communities of Llanwrthwl and Llangynog are used as second homes.

**Table 9 Proportion of Residential Properties used as second homes of 5% or more by Town/Community Council Area**

<b>Town/Community Council Area</b>	<b>% of Residential Properties as Second Homes</b>
Llanwrthwl	13.4%
Llangynog	11.5%
Erwood	9.4%
Painscastle	8.1%
Llanfihangel Cwmdru with Bwlch and Cathedine	7.0%
Glantwymyn	7.0%
Talybont-on-Usk	6.5%



Abbey Cwmhir	5.6%
Cray	5.4%
Yscir	5.4%

2.1.19 Table 10 presents the data for short-term holiday lets for the Community Council areas towards the top of the table. These areas tend to be either in or adjacent to the National Parks or in remoter rural parts of the County. This is followed by Table 11 which identifies those communities where the proportion of homes used as short-term holiday lets is 5% or more.

**Table 10 Number of Short-term Holiday Lets by Community Council Area**

<b>Town/Community Council Area</b>	<b>Number of Short-term Holiday Lets</b>
Talybont-on-Usk	33
Hay	33
Glantwymyn	28
Brecon	27
Ystradgynlais	20
Clyro	19
Llanfrynach	18
Rhayader	18
Cadfarch	16
Llangynog	15
Old Radnor	15
Maescar	15
Llangors	15

**Table 11 Proportion of Short-term Holiday Lets Where 5% or more by Community Council area.**

<b>Community Council</b>	<b>% of Residential Properties as Short-term Holiday Lets</b>
Llanwrthwl	9.4%

Talybont-on-Usk	8.0%
Llangynog	7.5%
Cray	7.5%
Llanfrynach	6.1%
Yscir	5.8%
Llangunllo	5.5%
Llanbadarn Fynydd	5.5%
Trallong	5.4%
Merthyr Cynog	5.4%
Llanbister	5.1%
Painscastle	5.0%

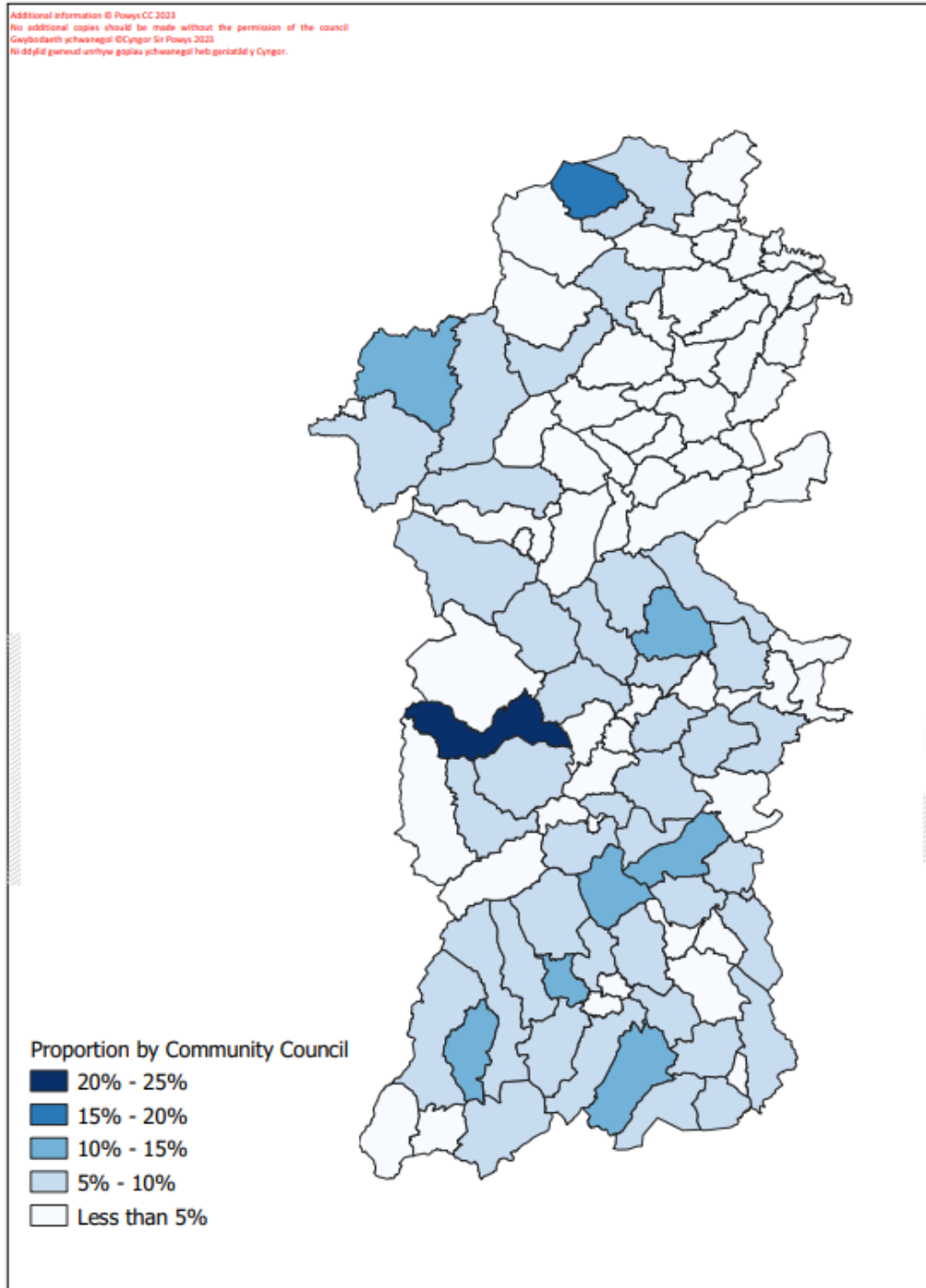
2.1.20 Appendix 1 shows the combined proportion of properties used as second homes and short-term holiday lets for communities. An extract from this table is provided below (Table 12) for communities where the proportion is either 10% or more.

**Table 12 Proportion of Second Homes and Short-term Holiday Lets of 10% or more by Community Council Area**

<b>Community Council</b>	<b>% of Residential Properties as Second Homes and Short-term Holiday Lets</b>
Llanwrthwl	22.8%
Llangynog	19.0%
Talybont-on-Usk	14.5%
Painscastle	13.1%
Cray	12.9%
Yscir	11.2%
Glantwymyn	11.1%
Erwood	10.7%
Llanbister	10.2%

2.1.21 The map in Figure 1 shows the proportion of properties used as second homes and short-term holiday lets at Community Council level.

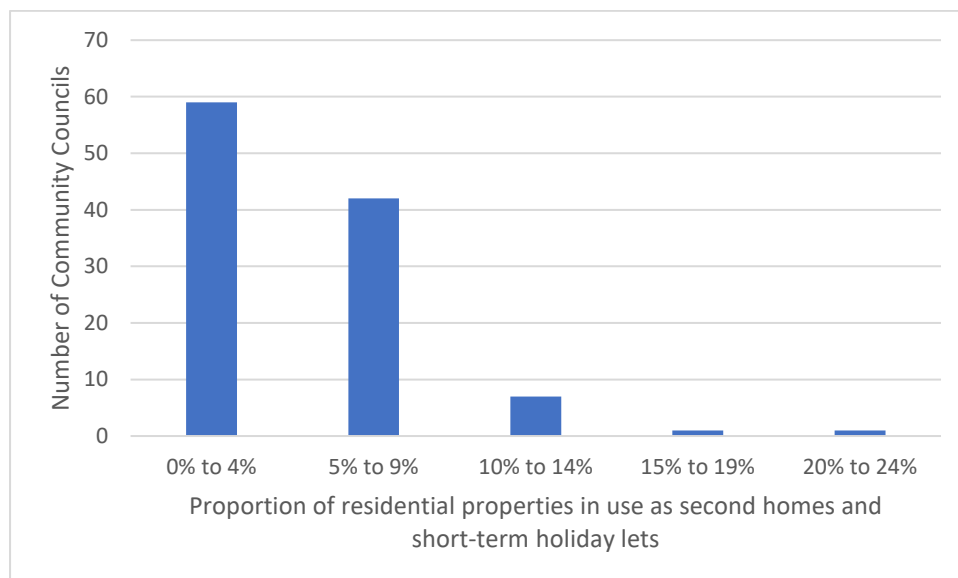
**Figure 1** Proportion of second homes and short-term holiday lets by Community Council area



2.1.21 The following chart (Figure 2) shows the distribution of numbers of Community Councils that fall within each percentage range of residential properties used as second homes or short-term holiday lets. This shows that for most of the Community Councils in Powys (101 communities) less than 10% of properties are used as second homes or short-

term holiday lets. Only 9 communities out of the 110 communities in Powys have 10% or more properties in use as second homes or short-term holiday lets. This demonstrates that the issue appears to be highly localised within a few communities.

**Figure 2 Distribution of Second Homes and Short-term Holiday Lets across Community Council Areas by Proportion**



2.1.22 Council tax data was provided for second homes and holiday lets by Community Council area in January 2022, which, therefore, allows changes between January 2022 and June 2023 in the number and proportion to be identified. Table 13 shows how the change in the proportion of residential properties used as second homes and short-term holiday lets varies across different communities with some seeing increases, some staying the same and others seeing decreases. Painscastle has seen the largest change in % of plus 3%. Llanwrthwl and Llangynog at the top of the table have also seen increases over this period. The proportion has stayed the same in the community of Glantwymyn.

**Table 13 Changes in % of residential properties used as second homes and short-term holiday lets between January 2022 and June 2023**

Community Council	% of residential properties used as second homes and holiday lets January 2022	% of residential properties used as second homes and holiday lets June 2023	Change in %
<b>Llanwrthwl</b>	22%	23%	+1%
<b>Llangynog</b>	17%	19%	+2%
<b>Talybont-on-Usk</b>	15%	14%	-1%
<b>Painscastle</b>	10%	13%	+3%
<b>Cray</b>	14%	13%	-1%
<b>Yscir</b>	10%	11%	+1%

<b>Glantwymyn</b>	11%	11%	0%
<b>Erwood</b>	13%	11%	-2%
<b>Llanbister</b>	8%	10%	+2%

## Settlements

2.1.23 Data has also been looked at for each settlement designated as a Town or Large Village within the Powys Adopted LDP (2011-2026). The data for each settlement is provided in Appendix 2.

NOTE: Given the low level of numbers for some settlements, the data is presented as a proportion of all residential properties within the settlement, rather than in numbers, to protect confidentiality of individual units.

2.1.24 The settlement of Llangynog has the highest proportion of second homes and short-term holiday lets within the settlement, at 20%. This is followed by New Radnor at 6%. The proportion is less than 5% in all other settlements.

2.1.25 It is noted that 1,008 second homes out of the total of 1369 (74%) are located outside settlements (Adopted LDP (2011-2026) Towns and Large Villages), and that 741 of the total number of 896 short-term holiday lets (83%) are also located outside settlements. This indicates that second homes and short-term holiday lets tend to be located in the rural areas of Powys rather than within larger settlements.

## 2.2 Census data

2.2.1 The definition used by the 2021 Census for second homes is 'second addresses used as holiday homes for at least 30 days a year by people usually resident in England or Wales'.

2.2.2 According to the 2021 Census, 10,070 second addresses were being used as holiday homes in Wales. Wales was the area of the UK with the highest proportion of people using a second address as a holiday home, relative to the local population. A total of 36,370 people were using holiday homes in Wales, equivalent to 11.7 holiday home users for every 1,000 usual residents.

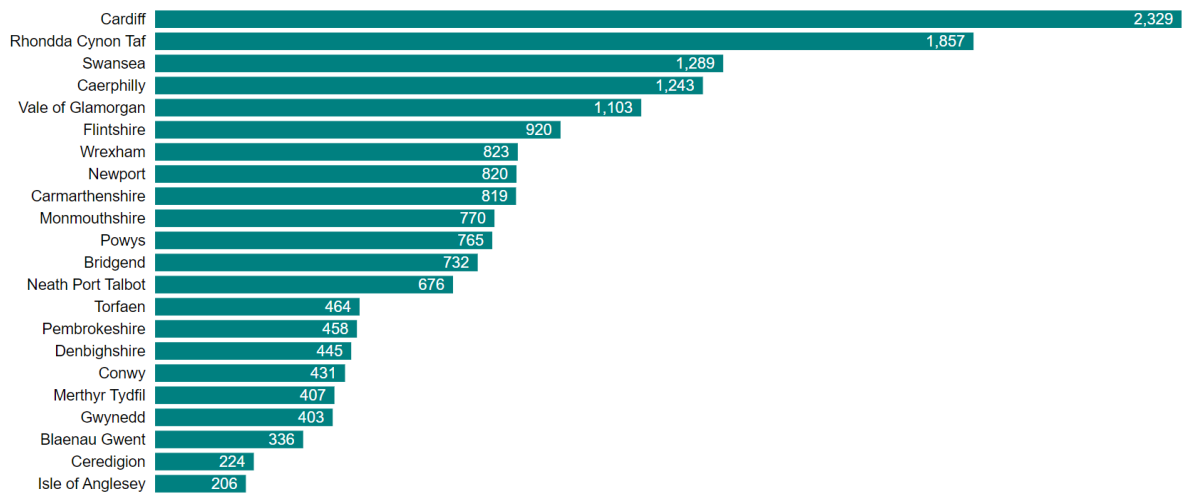
2.2.3 At a local authority level, Gwynedd and the Isle of Anglesey had the highest rate of holiday home users, relative to the population, out of all local authorities in England and Wales (79.0 and 63.3 users per 1,000 usual residents respectively).

2.2.4 According to the 2021 Census, there were 765 second addresses used as holiday homes in Powys in 2021, which is lower than the figure of 796 from the previous 2011 Census. There were 60,182 households in Powys according to the 2021 Census, therefore the proportion of homes used as holiday homes in Powys was 1.2%. Powys ranked 30<sup>th</sup> among local authorities in England and Wales. Gwynedd was 3<sup>rd</sup>, Isle of Anglesey was 5<sup>th</sup> and Pembrokeshire was 8<sup>th</sup>.

2.2.5 The following figures show how Powys compares to the rest of Wales in terms of the number of holiday homes (Figure 3) and proportion of homes that are holiday homes (Figure

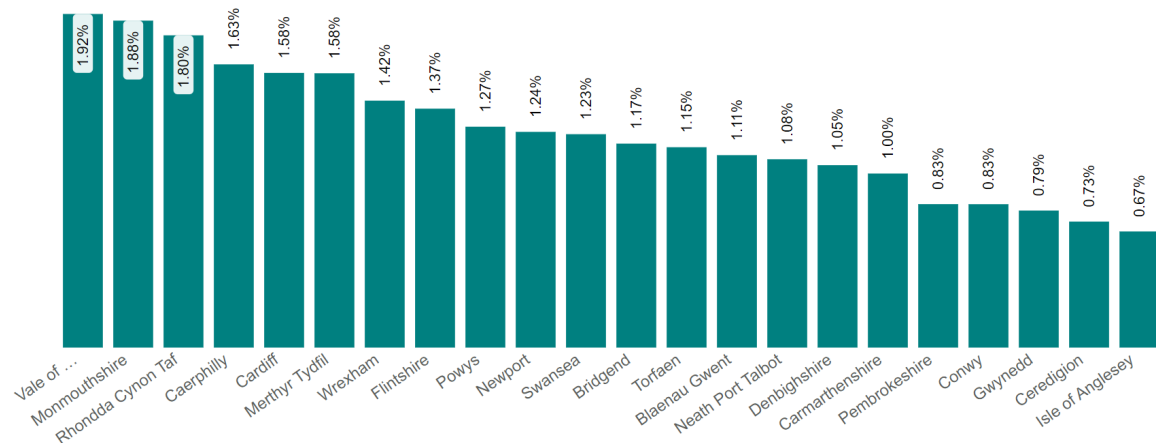
4) by Local Authority. Powys is located mid-table where the number of holiday homes is concerned and ranks 9th in terms of the proportion of homes used as holiday homes.

**Figure 3 Number of Holiday Homes by Local Authority**



Source: Well-being Information Bank

**Figure 4 Percentage of homes that are holiday homes by Local Authority**



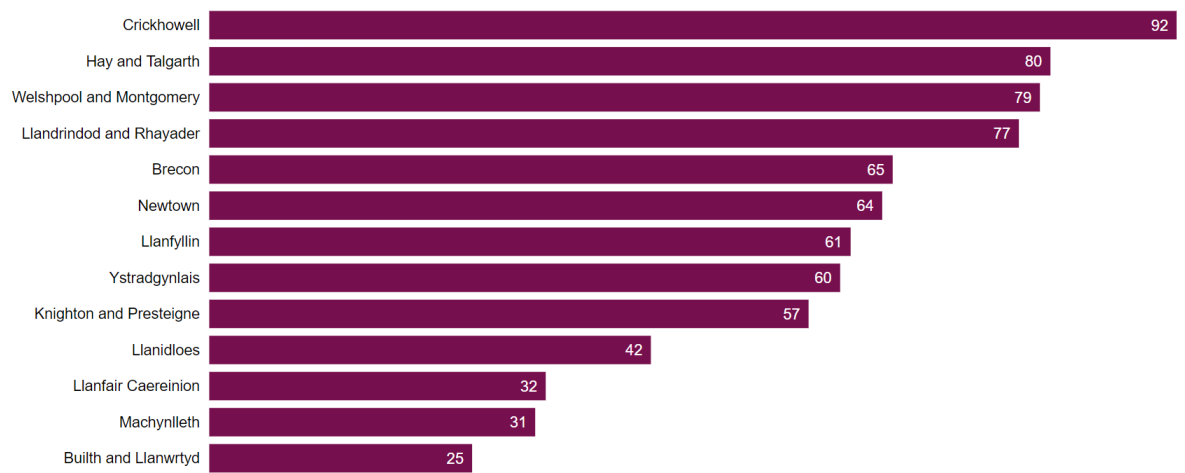
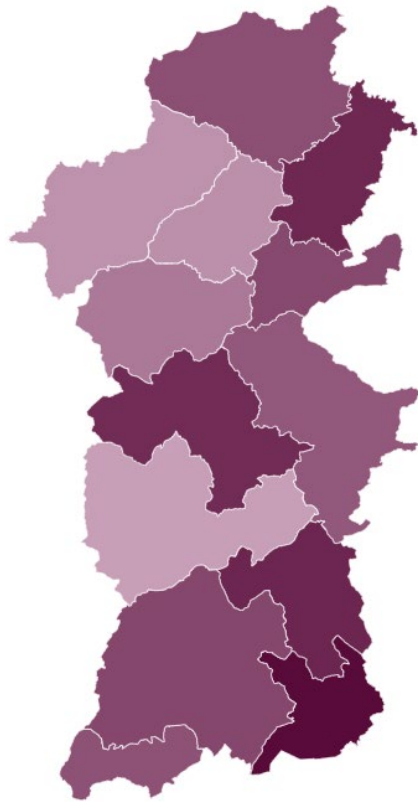
Source: Well-being Information Bank

2.2.6 The 2021 Census results are provided at different scales – Middle Super Output layer Area (MSOA), Local Super Output layer Areas (LSOAs) and at Ward level. The Well-being Information Bank also presents the data at Locality level (where some MSOA have been combined).

### Locality

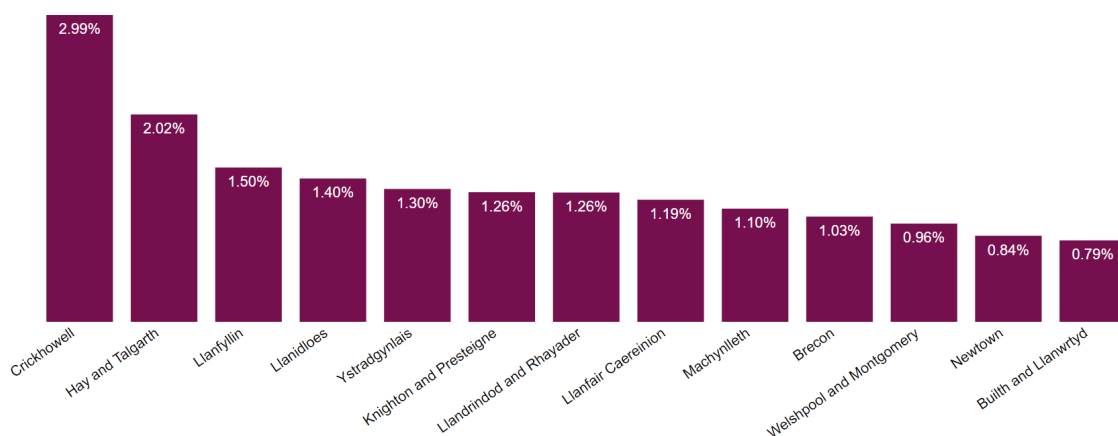
2.2.6 The following figures (Figures 5 and 6) show the picture across each of the 13 Localities in Powys. The localities partly within the Bannau Brycheiniog National Park – ‘Crickhowell’ and ‘Hay and Talgarth’ – have the highest numbers and highest proportion of homes that are holiday homes according to the 2021 Census data.

**Figure 5 Number of Holiday Homes By Locality**



Source: Wellbeing Information Bank

**Figure 6 Percentage of Homes that are Holiday Homes by Locality**



Source: Wellbeing Information Bank

### Middle Super Output Areas

2.2.7 Table 14 sets out the data from the 2021 Census for the number of second addresses used as holiday homes by Middle Super Output layer Area (MSOA). The Table shows that the Machynlleth & Banwy MSOA had the highest number of second addresses used as holiday homes in Powys. Several MSOAs at the bottom of the table had less than 10 holiday homes according to the 2021 Census data.

**Table 14 Number of Dwellings Used as Holiday Homes by MSOA**

Area Code	MSOA	Area name	No. of Holiday Homes
W02000100	Machynlleth & Banwy	Powys 004	110
W02000097	Llanfyllin and Llanwddyn	Powys 001	95
W02000111	Hay-on-Wye & Talgarth	Powys 015	75
W02000114	Crickhowell, Llangynidr & Llangorse	Powys 018	75
W02000102	Llanfair Caereinion & Caersws	Powys 006	65
W02000106	Llanidloes, Blaen Hafren & Llandinam	Powys 010	45
W02000110	Builth Wells & Llanwrtyd Wells	Powys 014	45
W02000107	Knighton & Presteigne	Powys 011	40
W02000108	Rhayader, Newbridge-on-Wye & Elan Valley	Powys 012	35



W02000101	Montgomery, Trewern & Berriew	Powys 005	25
W02000098	Four Crosses & Guilsfield	Powys 002	20
W02000103	Abermule, Churchstoke & Kerry	Powys 007	20
W02000113	Brecon	Powys 017	15
W02000099	Welshpool	Powys 003	C
W02000104	Newtown North	Powys 008	C
W02000105	Newtown South	Powys 009	C
W02000109	Llandrindod Wells	Powys 013	C
W02000414	Sennybridge & Talybont-on-Usk	Powys 020	C
W02000416	Ystradgynlais & Tawe Uchaf	Powys 021	C

NOTE: Dwelling counts have been rounded to the nearest 5 and any counts below 10 were suppressed; this is signified by a 'C' in the data tables. This is to protect the confidentiality of data for dwellings.

2.2.7 Table 15 shows that the Machynlleth & Banwy MSOA also had the highest proportion of dwellings used as holiday homes at over 3%.

**Table 15 Proportion of Total Households Used as Holiday Homes by MSOA**

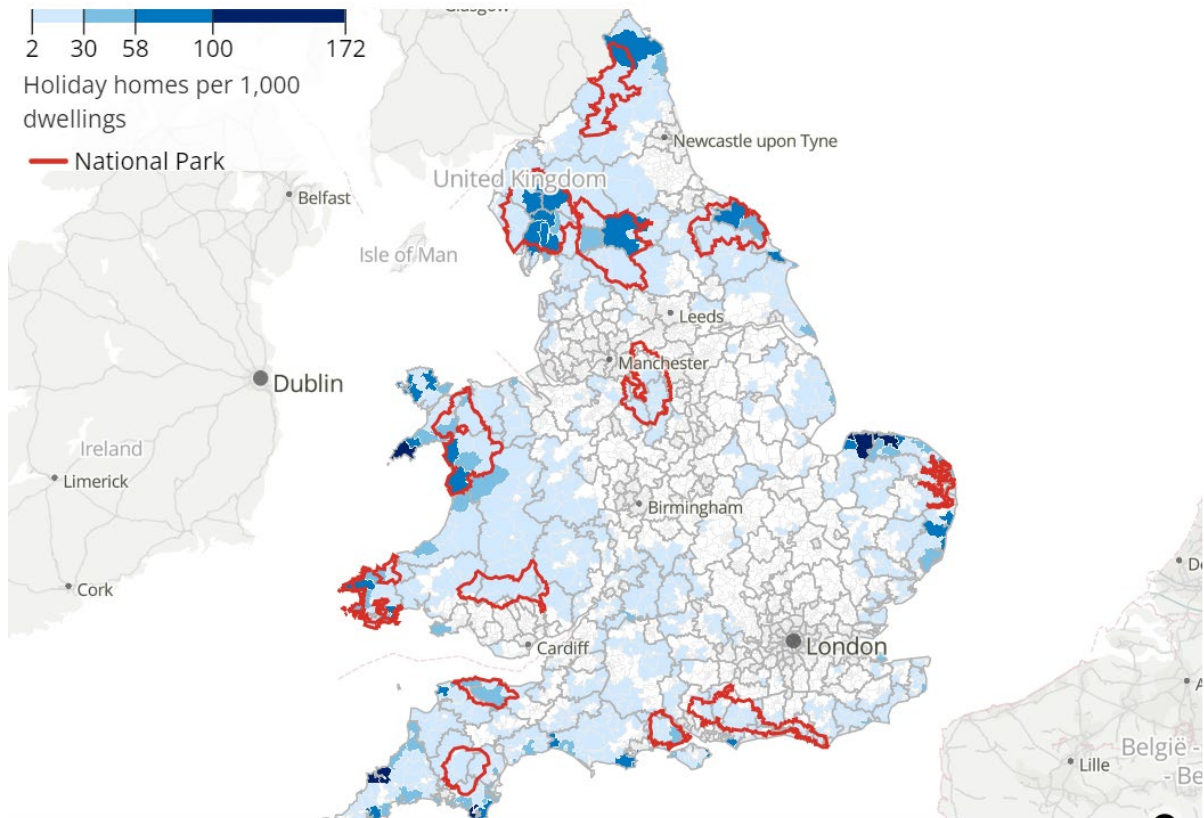
Area Code	MSOA Area	Area Name	% of Dwellings Used as Holiday Homes
W02000100	Machynlleth & Banwy	Powys 004	3.35%
W02000114	Crickhowell, Llangynidr & Llangorse	Powys 018	2.14%
W02000097	Llanfyllin and Llanwddyn	Powys 001	2.11%
W02000102	Llanfair Caereinion & Caersws	Powys 006	2.09%
W02000111	Hay-on-Wye & Talgarth	Powys 015	1.68%

W02000414	Sennybridge & Talybont-on-Usk	Powys 020	1.47%
W02000106	Llanidloes, Blaen Hafren & Llandinam	Powys 010	1.33%
W02000110	Builth Wells & Llanwrtyd Wells	Powys 014	1.26%
W02000108	Rhayader, Newbridge-on-Wye & Elan Valley	Powys 012	0.95%
W02000101	Montgomery, Trewern & Berriew	Powys 005	0.94%
W02000107	Knighton & Presteigne	Powys 011	0.79%
W02000103	Abermule, Churchstoke & Kerry	Powys 007	0.75%
W02000098	Four Crosses & Guilsfield	Powys 002	0.69%
W02000416	Ystradgynlais & Tawe Uchaf	Powys 021	0.4%
W02000113	Brecon	Powys 017	0.37%
W02000099	Welshpool	Powys 003	C
W02000104	Newtown North	Powys 008	C
W02000105	Newtown South	Powys 009	C
W02000109	Llandrindod Wells	Powys 013	C

Note: Dwelling counts have been rounded to the nearest 5 and any counts below 10 were suppressed; this is signified by a 'c' in the data tables. This is to protect the confidentiality of data for dwellings.

2.2.8 Figure 7 shows a map of holiday home hot spots by MSOA where darker shades of blue indicate a higher number of holiday homes per 1,000 dwellings. The red boundaries show the location of the National Parks. Machynlleth and Banwy MSOA is the darkest shade in Powys where between 30 and 58 per 1,000 dwellings are used as holiday homes.

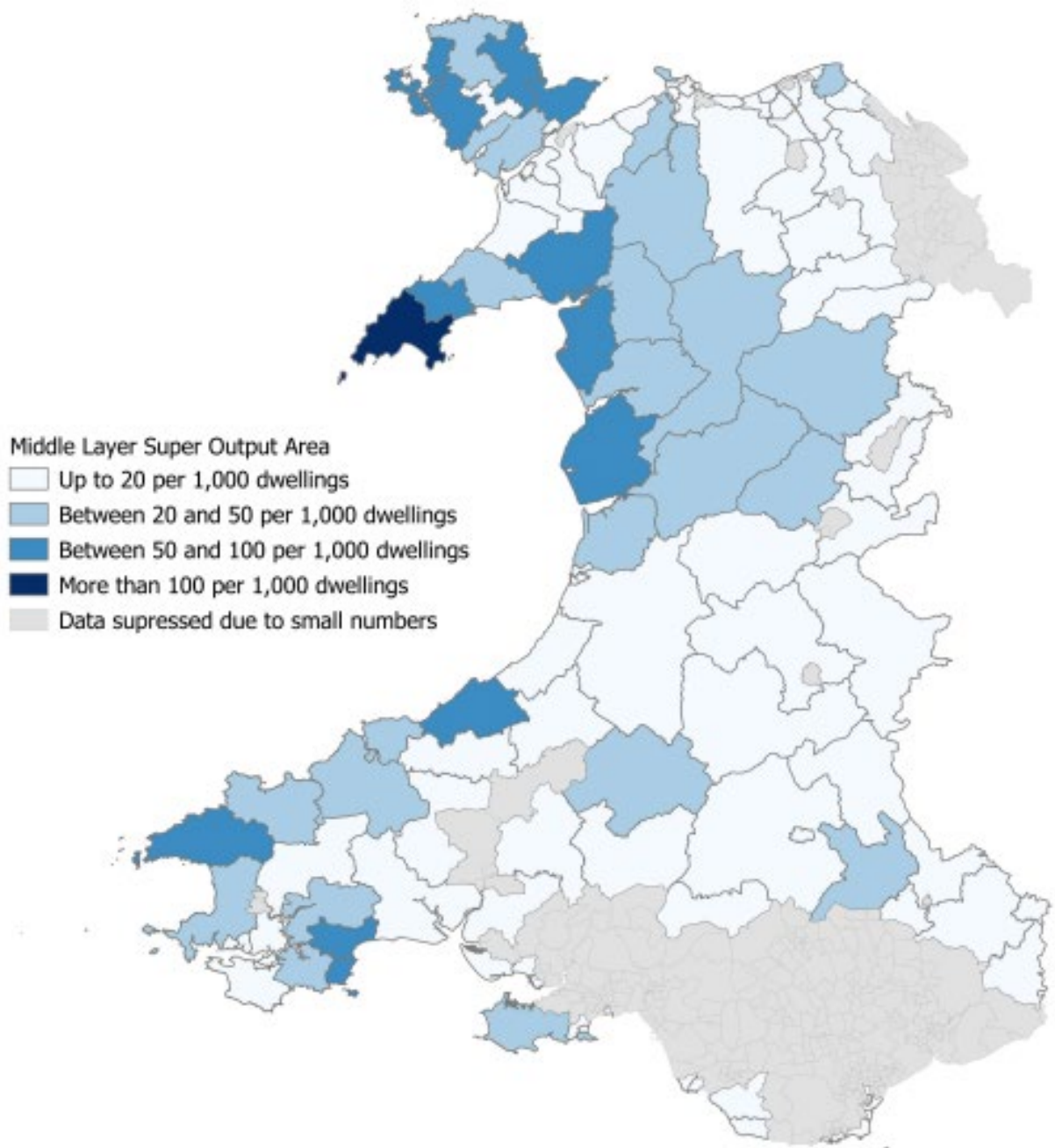
**Figure 7 Location of second addresses used as a holiday homes by MSOA for England and Wales**



Source: Census 2021 from the Office for National Statistics

2.2.9 Figure 8 shows the holiday homes situation across Wales according to the 2021 Census data. The highest rate of second homes per 1,000 dwellings are found in coastal areas in West and North-West Wales. The highest rates in Powys are mainly across the North and South-East of the County.

**Figure 8 Second addresses used as holiday homes (rate per 1,000 dwellings) by MSOA for Wales**



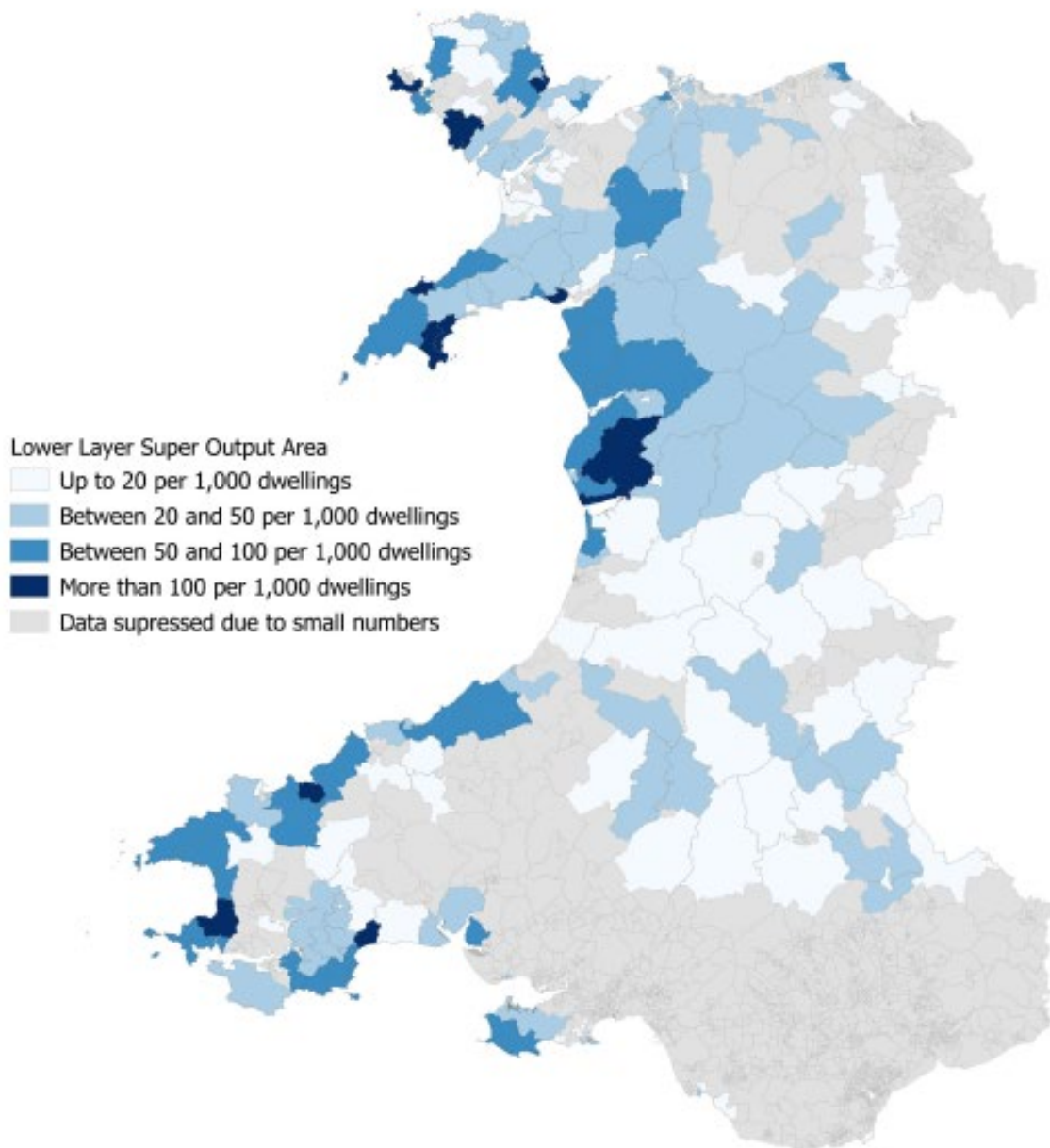
Census 2021 data on second addresses only includes people who usually reside in England and Wales who said they spend at least 30 days a year at the address.

Source: <https://www.gov.wales/second-addresses-used-holiday-homes-census-2021.html>

### Local Super Output layer Area (LSOA)

2.2.10 Data is also available from the 2021 Census at a more local level – by Local Super Output layer Area (LSOA). Figure 9 shows the rate of second homes per 1,000 dwellings at this level. This shows several LSOAs across the north and in certain areas of south of the County of Powys where there are between 20 and 50 second homes per 1,000 dwellings.

**Figure 9 Second addresses used as holiday homes (rate per 1,000 dwellings) by LSOA for Wales**



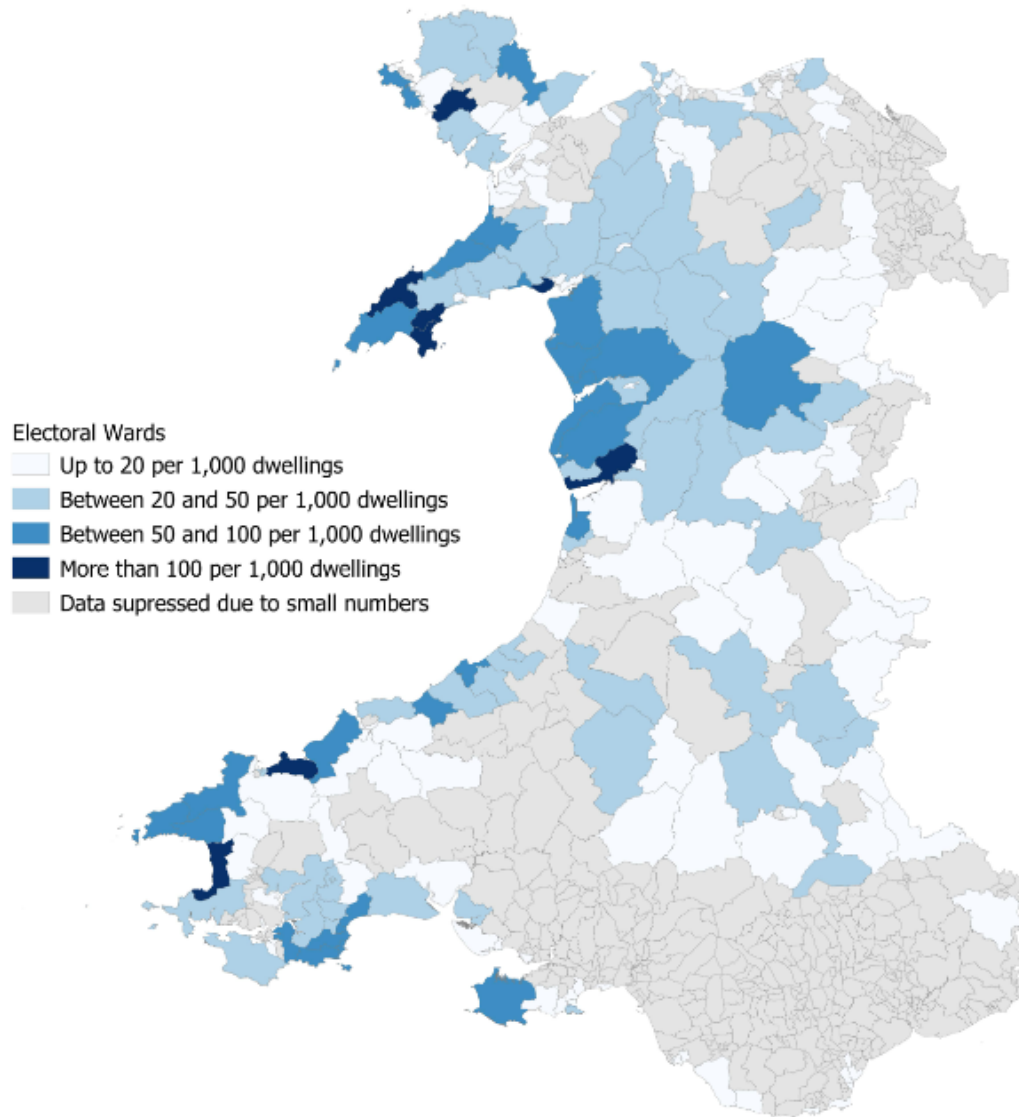
Census 2021 data on second addresses only includes people who usually reside in England and Wales who said they spend at least 30 days a year at the address.

Source: <https://www.gov.wales/second-addresses-used-holiday-homes-census-2021.html>

### Ward level

2.2.11 Data is also available at ward level from the 2021 Census. Figure 10 shows the second homes situation across Wales by Electoral Ward. This shows that the Banwy, Llanfihangel and Llanwddyn ward in the North-West of the County has the highest rate of second homes per 1,000 dwellings in Powys, at between 50 and 100 per 1,000 dwellings.

**Figure 10 Second addresses used as holiday homes (rate per 1,000 dwellings) by Electoral Ward for Wales**



Census 2021 data on second addresses only includes people who usually reside in England and Wales who said they spend at least 30 days a year at the address.

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Welsh Government • 009.23-24

Source: <https://www.gov.wales/second-addresses-used-holiday-homes-census-2021-html>

2.2.12 The data for the number of holiday homes across Electoral Wards in Powys is provided in Appendix 3. This data shows that the wards of Llandrindod South and Llandrinio had the highest number of holiday homes in Powys.

2.2.13 The Census also provides second homes figures by type i.e. number of bedrooms. Table 16 shows that many second homes in Powys are three-bedroomed, and, therefore, family sized properties, with a relatively small number of one-bedroomed properties used as second homes.

**Table 16 Number of Second Homes by Property Type in Powys**

<b>Bedroom type</b>	<b>Number of Second Homes</b>
One bedroom	25
Two bedroom	145
Three bedroom	205
Four or more bedrooms	125
Not specified	240

2.2.14 As explained by the Office for National Statistics, Census 2021 data on second addresses only includes people who usually reside in England and Wales who said they spend at least 30 days a year at the second address. The total number of second addresses used as holiday homes, and people who use them, are likely to be higher. It is also explained that people that are not usual residents in England and Wales may have a second address in England and Wales but would not be captured in this data. There may have been an impact on this data from the coronavirus (COVID-19) pandemic, but this is difficult to measure.

2.2.15 The Census data only captures second addresses used as holiday homes, and, therefore, it only captures second homes rather than properties used as short-term holiday lets.

## **2.3 Land Transaction Tax**

2.3.1 From 1 April 2018, Land Transaction Tax (LTT) replaced Stamp Duty Land Tax (SDLT) on residential and non-residential property and land interests purchased in Wales. The tax rates and tax bands for LTT vary depending on the type of transaction. The Welsh Revenue Authority (WRA) collect and manage this tax on behalf of the Welsh Government.

2.3.2 Land Transaction Tax (LTT) is payable on purchases of residential property. The tax is charged at either the:

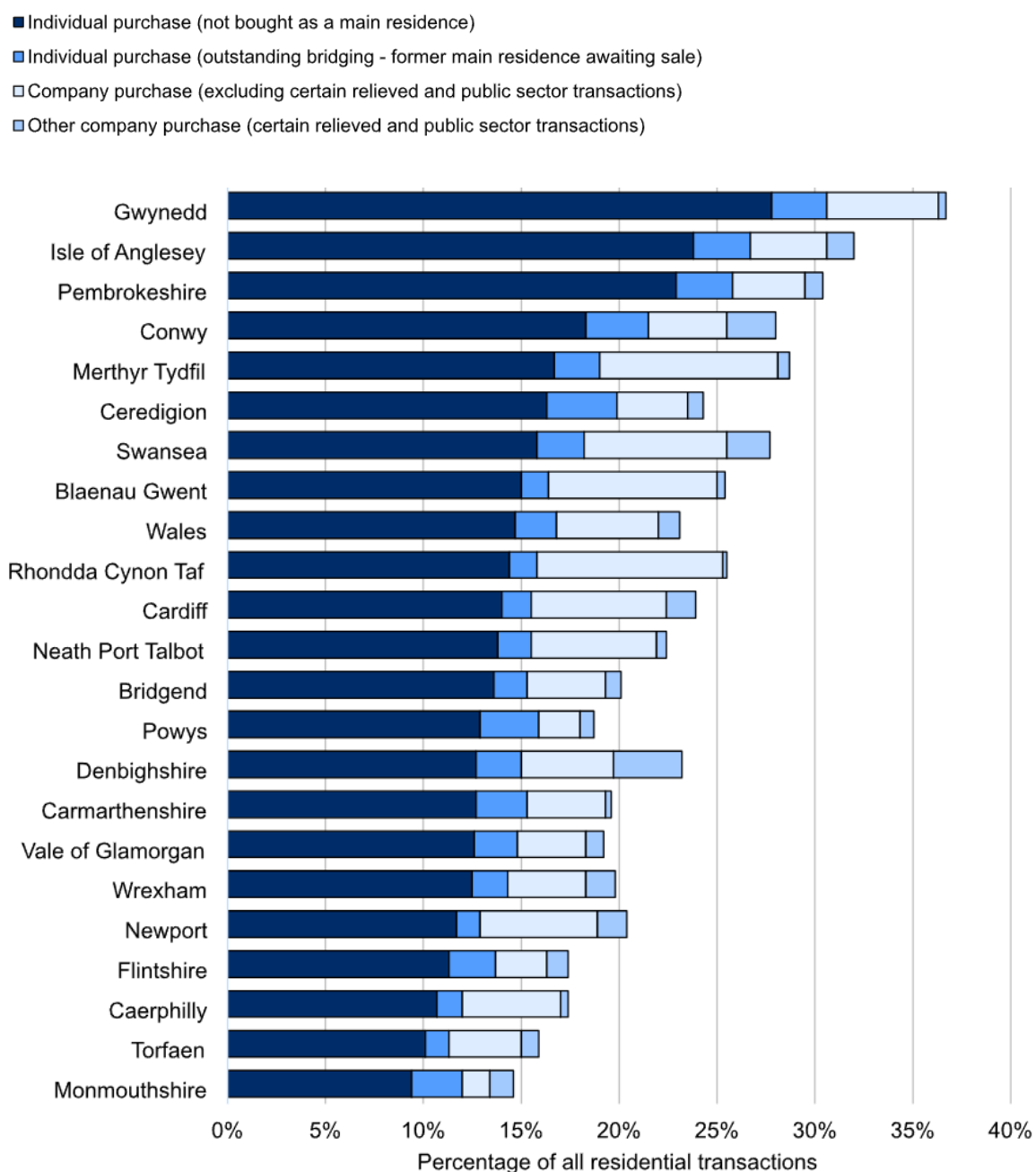
- main rates: usually where the buyer does not already own any other dwellings, or where the buyer is replacing their main residence; Or
- higher rates: usually where the buyer already owns other residential properties, or for purchases by companies, such as purchasing buy-to-let properties, buying a second home or holiday home, buying a new property while trying to sell an existing one (known as 'bridging'); and purchases by companies or organisations.

2.3.3 Annual Land Transaction Tax statistics present higher rates transactions as a percentage of all residential transactions, by local authority and year.

2.3.4 The LTT statistics only include properties sold in the relevant time period. They don't represent the full stock of properties in any local authority.

2.3.5 Figure 11 presents approximate percentage of residential transactions in different LTT higher rates categories 2021-2022.

**Figure 11 Approximate Percentage of Residential Transactions in Different LTT Higher Rates categories 2021-2022.**



Source: gov.wales

2.3.6 According to this data, individual purchases of properties, which were not being bought as a main residence, made up the highest percentage of higher rate transactions across Wales in 2021-2022. In Powys, the percentage of individual purchases of properties that were not being bought as main residences accounted for more than 10% of all residential transactions at the higher rate. The percentage for Wales was 15%.



2.3.7 This data only represents the proportion of properties sold during the period and does not identify the number of second homes purchased each year, or the intended use of them.

## 2.4 Holiday accommodation websites

2.4.1 In July 2023, Airbnb had 273 homes available to stay at in Powys, Trip Advisor had 1,016 holiday rentals, Vrbo had 300+ properties and Booking.com had 221 holiday lets and apartments in Powys available. These figures provide an indication of the scale of the short-term holiday let market in Powys, however they only provide a snapshot of homes available for short-term letting at a moment in time. These figures suggest that the holiday rental market in Powys may be larger than the figures captured within the business rates data, which captures 896 short-term holiday lets in Powys. However, some of these properties include barn conversions, chalets, lodges and cabins that have been purposely built as holiday lets, rather than properties that would otherwise be used as dwellings.

## 2.5 Empty homes

2.5.1 This report focuses on second homes and short-term holiday lets, however empty homes are also factored into understanding the housing needs of the County.

2.5.2 Table 17 is based on published Council tax datasets and shows how the number and proportion of empty homes has changed over time since premiums were introduced in 2017. The number and proportion has fluctuated over time, initially falling, with the number and proportion increasing for the current tax period.

**Table 17 Number and Proportion of Chargeable Long-Term Empty Homes 2017-2024**

Year	Total Chargeable Long-term Empty Homes	Total Council Tax Dwellings	Empty Homes as a % of all Council Tax Dwellings
2017-2018	1,060	64,458	1.64%
2018-2019	956	64,570	1.48%
2019-2020	963	64,842	1.49%
2020-2021	985	65,027	1.51%
2021-2022	975	65,246	1.49%
2022-2023	942	65,646	1.43%
2023-2024	1,023	66,101	1.55%

2.5.3 Council tax have provided local data for long-term empty properties, which are subject to a premium of 100% of Council tax. This data has been looked at based on locality, community council and settlement level.

## Locality

2.5.4 Table 18 shows that the locality of Ystradgynlais has the highest number and proportion of empty homes. Empty homes in all other localities make up less than 2% of all residential properties.

**Table 18 Number and Proportion of Empty Homes by Locality**

<b>Locality</b>	<b>Total Number of Long-term Empty Homes</b>	<b>% of Total Residential Properties</b>
Ystradgynlais	112	2.2%
Llandrindod and Rhayader	102	1.5%
Brecon	93	1.3%
Knighton and Presteigne	92	1.8%
Welshpool and Montgomery	85	0.9%
Llanfyllin	75	1.6%
Newtown	70	0.8%
Machynlleth	67	1.9%
Llanfair Caereinion	57	1.8%
Hay and Talgarth	56	1.2%
Llanidloes	49	1.4%
Builth and Llanwrtyd	41	1.1%
Crickhowell	37	1.0%

## Community Council

2.5.5 Data is presented on empty homes at the Community Council level in the table at Appendix 4. The data presented is by proportion only given the small numbers occurring in several communities to protect confidentiality. The communities of Llanbadarn Fynydd, Llangunllo, and Llangynog have the highest percentage of residential properties that are empty homes at more than 4%.

## Settlement

2.5.6 The table at Appendix 5 provides the proportion of homes as empty properties by settlements designated as Towns and Large Villages in the Powys Adopted LDP (2011-2026). This shows that the settlement of Llangynog has the highest proportion of empty homes at 3.7%, followed by Pontrobert at 2.9%. Abercrave, Coelbren and the Ystradgynlais Area also appear in the top 5 within the table.

## 2.6 Data accuracy and reliability

2.6.1 There is a significant difference between the figures provided by Council tax and the 2021 Census. Council tax data gave a total of 1,411 properties with a chargeable second homes premium, whilst the 2021 Census gave a total of 765 second addresses used as holiday homes, which is just over half of the figure provided by Council tax. The difference can be explained by a number of factors.

- Different dates for the data, 2021 Census was based on the situation when the Census was conducted in March 2021, whereas Council tax data is dated June 2023, and therefore is more up to date.
- 2021 Census does not capture all properties used as holiday homes or short-term holiday lets.
- 2021 Census only captures second homes that are used by their owners for 30 days or more, therefore, it is likely that there are additional second homes that are used by their owners for less than 30 days.
- Covid and associated lockdown restrictions may have impacted on the number of days spent at second homes.
- 2021 Census only captures second homes of usual residents within the UK. There may be other second homes belonging to residents outside of the UK in Powys.
- More second homes are being captured for Council tax purposes due to the change in rules regarding occupancy for holiday lets qualifying for business rates.

2.6.3 Overall, it is considered that the Council tax and business rates data is more reliable than the Census data as it provides the most recent data and is more likely to be accurate given that it is based on properties that are charged a second homes premium. The Council tax definition of second homes now aligns with the planning definition which provides consistency. The data from Council tax is also more useful as it includes business rates data for short-term holiday lets, however the accuracy of this data will depend on the operator applying the correct business rates category. It is concluded that Council tax data provides the best available information to use as a basis for considering planning policy interventions.

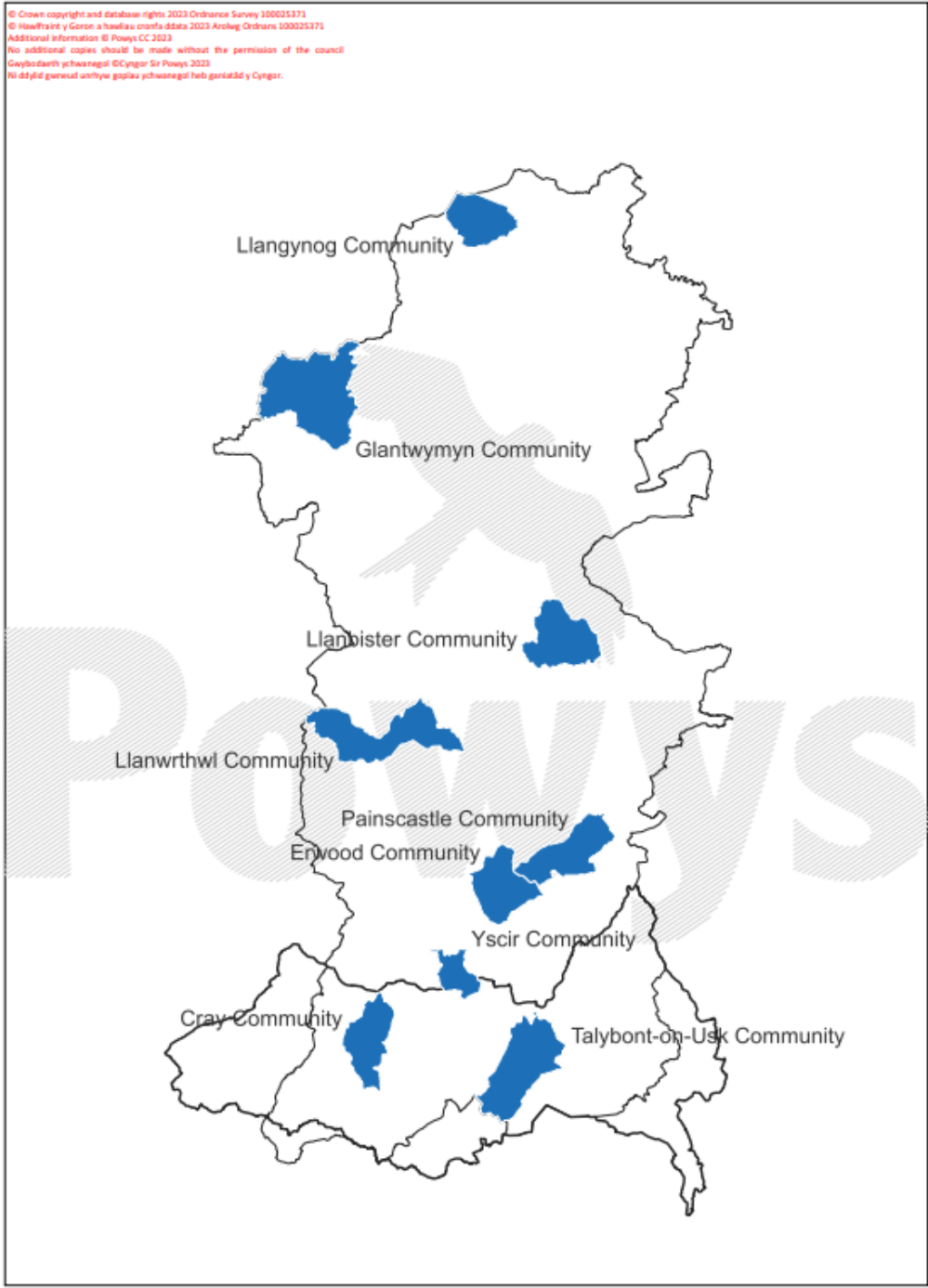
## 2.7 Key Findings from the data

2.7.1 2,265 or 3.3% of all residential properties in Powys are used as second homes or short-term holiday lets, according to Council tax and business rates data. The number and proportion of dwellings in use as second homes or short-term holiday lets varies across the County and depends on the geographical level of the data.

2.7.2 Looking at the 13 localities individually, the proportion of residential properties used as second homes and short-term holiday lets within each locality are relatively low at less than 4%. The Localities with the highest proportion of residential properties used as second homes or short-term holiday lets are 'Hay and Talgarth', 'Crickhowell' and 'Machynlleth'. These Localities are either within or adjacent to Bannau Brycheiniog National Park or Snowdonia National Park.

2.7.3 According to the Council tax data for Community Council Areas, for the majority of communities in the County, the proportion of residential properties in use as second homes or short-term holiday lets is less than 10%. However, the data also identifies potential hotspots where 10% or more of residential properties are used as second homes or short-term holiday lets. There are nine such communities in Powys as shown in Figure 12. The map shows that the highest proportion of second homes and short-term holiday lets can be found in areas within or adjacent to the National Parks or in rural riverside locations associated with the River Wye and its tributary, the River Ithon.

**Figure 12 Location of potential hotspots for second homes and short-term holiday lets**



2.7.4 The location, situation and ranking of each potential hotspot has been looked at individually, as follows:

**Llanwrthwl**

2.7.5 The community of Llanwrthwl is situated on the edge of the Cambrian Mountains in the Wye and Elan Valleys, with the A470 passing the village. The settlement of Llanwrthwl itself is a Small Village as designated in the Powys Adopted LDP (2011-2026).

2.7.6 Llanwrthwl community has the highest proportion of residential properties in use as second homes (13.4%) and in use as short-term holiday lets (9.4%), including when combined at 22.8%, therefore, it is ranked 1st.

### **Llangynog**

2.7.7 Llangynog is located in the North-West extremity of the County at a gateway to Snowdonia National Park and within the Berwyn Mountain Range. The community contains the Powys Adopted LDP (2011-2026) settlement (Large Village) of Llangynog and is within a Welsh Speaking Stronghold according to the Powys LDP.

2.7.8 The community of Llangynog has the 2<sup>nd</sup> highest proportion of residential properties in use as second homes (11.5%) and 3<sup>rd</sup> highest proportion of short-term holiday lets (7.5%) (joint with the community of Cray). It is ranked 2<sup>nd</sup> when second homes and short-term holiday lets are combined (19%).

2.7.9 20% of properties within the settlement of Llangynog itself are used as second homes or short-term holiday lets.

2.7.10 The proportion of residential properties used as second homes and short-term holiday lets in Llangynog community increased by 2% between January 2022 and June 2023. It is also noted that the settlement of Llangynog has the highest proportion of empty homes (3.7%) in the County.

### **Talybont-on-Usk**

2.7.11 This community is located within Bannau Brycheiniog National Park and lies alongside the Monmouthshire and Brecon Canal and River Usk. It contains the BBNP LDP settlements of Talybont-On-Usk, Scethrog, Aber Village and Pencelli.

2.7.12 The community of Tal-y-bont on Usk has the 6<sup>th</sup> highest proportion of residential properties in use as second homes (6.5%), the 2<sup>nd</sup> highest in terms of short-term holiday lets (8%) and is the third highest when second homes and short-term holiday lets are combined (14.5%). This means it is ranked 3<sup>rd</sup>.

### **Paincastle**

2.7.13 The community of Paincastle is located between Builth Wells and Hay-on-Wye and lies a few miles to the north of Bannau Brycheiniog National Park, close to the English border. The A470 runs past its western boundary with the community of Erwood with the River Wye along the south-east boundary. The community of Paincastle does not contain any settlements designated as Towns or Large Villages in the Powys Adopted LDP (2011-2026), however it includes the smaller settlements of Paincastle, Rhosgoch, Bryngwyn, Llanbedr and Llandeilo Graban.

2.7.14 The community of Paincastle has the 4<sup>th</sup> highest proportion of residential properties in use as second homes (8.1%), 10<sup>th</sup> highest for short-term holiday lets (5%) and 4<sup>th</sup> highest for combined second homes and short-term holiday lets (13.1%). It is, therefore, ranked 4<sup>th</sup>.

2.7.15 The proportion of residential properties used as second homes and short-term holiday lets in Paincastle community increased by 3% between January 2022 and June 2023.

### **Cray**

2.7.16 The community of Cray is located within the South-West of the County within the Bannau Brycheiniog National Park. The A4067 that links Sennybridge with Ystradgynlais runs through the community. The community contains the village of Crai.

2.7.17 The community of Cray has the 8<sup>th</sup> highest proportion of residential properties in use as second homes (joint with the community of Yscir) at 5.4% and the 3<sup>rd</sup> highest proportion of short-term holiday lets (7.5%) (joint with the community of Llangynog). The combined proportion is 12.9%, which means that it is ranked 5<sup>th</sup>.

### **Yscir**

2.7.18 The community of Yscir is located within the South of the County to the North-West of Brecon and lies partly within the Bannau Brycheiniog National Park. It contains the villages of Cradoc and Aberyscir.

2.7.19 The community of Yscir has the 8<sup>th</sup> highest proportion of second homes (joint with the community of Crai) at 5.4% and the 5<sup>th</sup> highest proportion of short-term holiday lets. When combined, the proportion is 11.2%, and, therefore, it is ranked 6<sup>th</sup>.

### **Glantwymyn**

2.7.20 The community of Glantwymyn is located in the North-West of the County to the north-east of Machynlleth and borders onto the Eryri National Park. The A470 travels through this area. It contains the Small Villages designated in the Powys Adopted LDP (2011-2026) of Cemmaes, Glantwymyn, Cwm Llinau, and Esgairgeiliog Ceinws, and the smaller settlements of Abercegir, Darowen, and Llanwrin. It is within a Welsh Speaking Stronghold according to the Powys Adopted LDP.

2.7.21 The community of Glantwymyn has the 3<sup>rd</sup> highest number of second homes in the County at 48, which represents 7% of the total number of residential properties. When combined with short-term holiday lets (28), the proportion increases to 11.1%, which means it is ranked 7<sup>th</sup>. 3.9% of residential properties in the community of Glantwymyn are empty homes.

### **Erwood**

2.7.22 The community of Erwood lies beside the River Wye and along the route of the A470 south-east of Builth Wells. It contains the settlement Erwood, designated in the Powys Adopted LDP (2011-2026) as a Small Village, and the smaller settlements of Crickadarn, Gwenddwr and Llaneglwys.

The community of Erwood has the 3<sup>rd</sup> highest proportion of properties used as second homes (9.4%), and when combined with short-term holiday lets (1.3%), this figure is increased to 10.7%, meaning it is ranked 8<sup>th</sup>.

### **Llanbister**

2.7.23 The community of Llanbister is situated in the centre of Powys on the A483 road from Newtown to Llandrindod Wells, next to the River Ithon. It contains the settlement Llanbister designated in the Powys Adopted LDP (2011-2026) as a Small Village.

2.7.24 The community of Llanbister has the 11<sup>th</sup> highest proportion of properties as second homes (5.1%) and the 9<sup>th</sup> highest proportion of residential properties as short-term holiday lets at 5.1%. When combined, the proportion is 10.2%, which means it is ranked 9<sup>th</sup>.

2.7.25 The proportion of residential properties used as second homes and short-term holiday lets in Llanbister community increased by 2% between January 2022 and June 2023.



### 3. Potential Impacts

3.0.1 This section aims to identify what potential impacts, if any, second homes and short-term holiday lets may have on communities. High levels of second homes or short-term holiday lets in communities can impact on housing supply, affordability, local services and community facilities, and the Welsh language.

#### 3.1 Housing market, house prices and affordability

3.1.1 Second homes can impact on local housing markets as they drive up demand and contribute towards increases in house prices. This affects the affordability of properties for local people. Gwynedd's Justification report explains that:

'Combined low wage rural economies, restrictions on the supply of new housing and external demand for housing are factors, which affect house prices and put many local people at a disadvantage in the local housing markets.'

3.1.2 Affordability ratios are used to show the difference between average local household incomes and median local house prices. According to Office for National Statistics data on housing affordability, in 2022 the affordability ratio for Powys was 7.9 based on a median house price of £230,000 and median workplace earning of £28,970.

3.1.3 It is also possible to look at affordability ratios at a Locality level by using CACI Paycheck average household incomes data and Land Registry's Price Paid Data – see Table 19.

**Table 19 Affordability Ratios by Locality**

Locality	Average Household Incomes	Median House Prices	Affordability ratio
Brecon	£34,443	£226,937	6.6
Builth and Llanwrtyd	£33,089	£227,431	6.9
Crickhowell	£42,116	£346,091	8.2
Hay and Talgarth	£36,333	£266,985	7.3
Knighton and Presteigne	£31,678	£217,543	6.9
Llandrindod and Rhayader	£30,367	£182,934	6.0
Llanfair Caereinion	£35,448	£212,599	6.1
Llanfyllin	£34,241	£239,792	7.0

<b>Llanidloes</b>	£32,534	£212,599	6.5
<b>Machynlleth</b>	£32,164	£186,887	5.8
<b>Newtown</b>	£31,788	£176,012	5.5
<b>Welshpool and Montgomery</b>	£34,731	£202,710	5.8
<b>Ystradgynlais</b>	£30,140	£138,436	4.6

Source: Caci Paycheck 2021 and Land Registry House Price Paid Data 2020-2022

3.1.4 Crickhowell locality has the highest affordability ratio with average house prices over 8 times the average household income locally. This means that properties are generally unaffordable to local people. Ystradgynlais is the most affordable locality where prices are 4.6 times local average household incomes.

3.1.5 Affordability is a widespread issue across all localities, however it is noted that the localities of 'Crickhowell' and 'Hay and Talgarth' have the highest house prices and the highest proportion of second homes and short-term holiday lets in Powys. Whereas the 'Newtown' and 'Ystradgynlais' areas have the lowest house prices and the lowest proportion of second homes and short-term holiday lets. Therefore, there seems to be some correlation between average house prices and proportion of second homes and short-term holiday lets. This may also reflect the type of housing stock within the more urban localities of Newtown and Ystradgynlais which may be less attractive to second home owners.

3.1.6 Table 20 shows the average house price for the period 2020 to 2022 within the nine potential hotspots.

**Table 20 Median Average House Price by Community 2020-2022**

<b>Community</b>	<b>Median average house price 2020-2022</b>
<b>Llanwrthwl</b>	£262,500
<b>Llangynog</b>	£250,650
<b>Talybont-on-Usk</b>	£245,000
<b>Paincastle</b>	£317,500
<b>Cray</b>	£480,000
<b>Yscir</b>	£356,250
<b>Glantwymyn</b>	£181,000
<b>Erwood</b>	£217,000
<b>Llanbister</b>	£335,000

Source: Land Registry Price Paid Data 2020-2022

3.1.7 Table 21 compares the median house price at the Locality level with the median house price at Community level for each of the nine hotspots. This shows that the median house price is, in most cases, substantially higher than the average house price in the Locality, with the exception of Glantwymyn where the average price at community level is almost £7,000 less than the average house price at Locality level. This indicates that eight of the communities have relatively high prices compared to average prices in their Localities.

**Table 21 Median house price by Locality and Community**

<b>Community</b>	<b>Locality</b>	<b>Median house price by Locality</b>	<b>Median house price by Community</b>
<b>Llanwrthwl</b>	Builth and Llanwrtyd	£227,431	£262,500
<b>Llangynog</b>	Llanfyllin	£239,792	£250,650
<b>Talybont-on-Usk</b>	Brecon	£226,937	£245,000
<b>Painscastle</b>	Hay and Talgarth	£266,985	£317,500
<b>Cray</b>	Brecon	£226,937	£480,000
<b>Yscir</b>	Brecon	£226,937	£356,250
<b>Glantwymyn</b>	Machynlleth	£186,887	£181,000
<b>Erwood</b>	Hay and Talgarth	£266,985	£217,000
<b>Llanbister</b>	Knighton and Presteigne	£217,543	£335,000

3.1.8 This means that affordability ratios are also generally higher in these communities, as shown in Table 22.

**Table 22 Average house price, household income and Affordability Ratios**

<b>Community</b>	<b>Median house price</b>	<b>Average household income (Locality)</b>	<b>Affordability Ratio</b>
<b>Llanwrthwl</b>	£262,500	£33,089	7.9
<b>Llangynog</b>	£250,650	£34,241	7.3
<b>Talybont-on-Usk</b>	£245,000	£34,443	7.1
<b>Painscastle</b>	£317,500	£36,333	8.7
<b>Cray</b>	£480,000	£34,443	13.9

<b>Yscir</b>	£356,250	£34,443	10.3
<b>Glantwymyn</b>	£181,000	£32,164	5.6
<b>Erwood</b>	£217,000	£36,333	6.0
<b>Llanbister</b>	£335,000	£31,678	10.6

## 3.2 Housing need

3.2.1 Table 23 below shows that the highest level of housing need for social housing in terms of first preference is within some of the main towns of the County.

**Table 23 Housing Need according to the Common Housing Register Band 1 to 3, April 2023**

<b>Settlement</b>	<b>Housing Need 1<sup>st</sup> preference</b>	<b>Housing need 2<sup>nd</sup> and subsequent preferences</b>	<b>Housing need all combined preference</b>
<b>Newtown</b>	430	178	608
<b>Welshpool</b>	274	172	446
<b>Brecon including Llanfaes</b>	245	115	360
<b>Llandrindod Wells</b>	176	83	259
<b>Ystradgynlais</b>	161	84	245
<b>Llanidloes</b>	94	130	224

Source: Common Housing Register

3.2.2 According to Council tax data, these towns have a very low proportion of residential properties in use as second homes and short-term holiday lets of less than 2%.

3.2.3 Table 24 shows the housing need situation for the settlements within the nine potential hotspots. The housing need, in terms of people choosing the settlements as first preference, is fairly limited, however the housing need is much greater for those choosing the settlement as a second or subsequent preference. This is likely to be partly due to the limited social housing available in these areas meaning that people are less likely to register their first preference within those settlements where there are no units available. The need in terms of combined preference is substantial across all settlements.

**Table 24 Housing need based on the Common Housing Register**

<b>Settlement</b>	<b>Housing Need</b>	<b>Housing need</b>	<b>Housing need</b>
-------------------	---------------------	---------------------	---------------------

	<b>1<sup>st</sup> preference</b>	<b>2<sup>nd</sup> and subsequent preferences</b>	<b>all combined preference</b>
<b>Llanwrthwl</b>	0	33	33
<b>Llangynog</b>	5	48	53
<b>Talybont-on-Usk</b>	5	77	82
<b>Scethrog</b>	0	48	48
<b>Pencelli</b>	0	53	53
<b>Rhosgoch</b>	0	28	28
<b>Llanbedr</b>	1	41	42
<b>Cray</b>	0	48	48
<b>Cradoc</b>	0	69	69
<b>Glantwymyn</b>	1	46	47
<b>Cemmaes</b>	3	42	45
<b>Esgairgeiliog Ceinws</b>	3	42	45
<b>Cwmllinau</b>	0	35	35
<b>Erwood</b>	1	52	53
<b>Llanbister</b>	0	36	36

Source: Common Housing Register

3.2.4 Tai Teg is an Affordable Housing Register hosted by Grwp Cynefin, which captures intermediate affordable housing need. Intermediate housing covers intermediate rent, shared equity or ownership, Rent to Own, discounted properties, and affordable self-build.

3.2.5 There are currently 131 households registered with Tai Teg for intermediate housing in Powys. Table 25 shows the housing need according to the register within the settlements of the nine communities. Tal-y-bont on Usk has six households registered with Tai Teg, Llangynog has two households on the register, whilst Llanbedr, Cradoc and Cemmaes have single households on the register.

**Table 25 Housing need based on the Tai Teg Affordable Housing Register**

<b>Settlement</b>	<b>Housing Need 1<sup>st</sup> preference</b>	<b>Housing need 2<sup>nd</sup> preference</b>	<b>Housing need 3<sup>rd</sup> preference</b>
<b>Llanwrthwl</b>	0	0	0

<b>Llangynog</b>	0	1	1
<b>Talybont-on-Usk</b>	2	1	3
<b>Scethrog</b>	0	0	0
<b>Pencelli</b>	0	0	0
<b>Rhosgoch</b>	0	0	0
<b>Llanbedr</b>	0	0	1
<b>Cray</b>	0	0	0
<b>Cradoc</b>	0	0	1
<b>Glantwymyn</b>	0	0	0
<b>Cemmaes</b>	0	0	1
<b>Esgairgeiliog Ceinws</b>	0	0	0
<b>Cwmllinau</b>	0	0	0
<b>Erwood</b>	0	0	0
<b>Llanbister</b>	0	0	0

The evidence in terms of the relationship between second homes/short-term holiday lets and housing need is unclear. However, the data for combined preferences of those on the Common Housing Register suggests that there is potentially a hidden need for social housing in the settlements within the nine communities in that substantial numbers would potentially be interested in social housing if it were to be provided in these settlements.

### **3.3 Community facilities**

3.3.1 Properties being used as second homes take up properties that would otherwise be used by permanent residents. This means that there are fewer families in the settlement all year round to use services, such as schools, buses and post offices, which can undermine the sustainability of facilities within these communities.

3.3.2 The Settlement Audit that has been undertaken to inform the Settlement Assessment for the Replacement LDP identifies community facilities and services within each settlement. For the smaller settlements, a separate review of community facilities and services is being undertaken. Table 26 shows the type of community facilities and services available within the settlements within each of the nine communities. This demonstrates that the type and level of provision varies widely between settlements.

3.3.3 Only two settlements contain primary schools – Glantwymyn and Cradoc. Ysgol Glantwymyn is in a Federation with two other local schools. Ysgol Cradoc School is due to

close and merge with another school in Brecon. Several of the settlements contain community centres, post offices, churches and public houses.

**Table 26 Community facilities within each settlement**

<b>Settlement</b>	<b>Community Facilities</b>
<b>Llanwrthwl</b>	Community centre, church, kennels, wildlife training and research
<b>Llangynog</b>	Community centre, public houses
<b>Talybont-on-Usk</b>	Community centre, public houses, shop and cafe
<b>Scethrog</b>	-
<b>Aber Village</b>	-
<b>Pencelli</b>	Public house
<b>Painscastle</b>	Non-food retail shop, café/restaurant, post office, vehicle repair shop
<b>Rhosgoch</b>	Golf course with club house
<b>Cray</b>	Community centre
<b>Cradoc</b>	Primary school
<b>Aberyscir</b>	
<b>Glantwymyn</b>	Primary school, post office
<b>Cemmaes</b>	Food selling retail shop, non food retail shop, café, community centre, post office, church, public house
<b>Cwm Llinau</b>	Community centre, post office, play park
<b>Esgairgeiliog Ceinws</b>	Non-food retail shop, public house
<b>Abercegir</b>	-
<b>Darowen</b>	Church
<b>Llanwrin</b>	Non-food retail shop
<b>Erwood</b>	Food selling retail shop, non-food retail shop, community centre, post office, church, public house
<b>Llanbister</b>	Community centre, primary school, post office, church, public house

3.3.4 The 'Managing the use of dwellings as holiday homes' (December 2020) report by Gwynedd LPA explains that 'there is no definitive figure on when the level of holiday homes

affects the sustainability of a community'. It refers to two reports by the Lake District National Park Authority and explains the following:

'The first is the report 'Housing: An Effective Way to Sustain our Rural Communities' states that 'the percentage of holiday homes should not be more than 20 per cent as this appears to affect the sustainability of any village.' The second report 'The Cumbria Housing Strategy 2006/2011' goes a step further through its 'Balanced Indicators', suggesting the percentage should not be more than 10 per cent. The National Park Authority uses this information as a guide when examining the effects that second homes are having on the sustainability of any community.

These reports were used as evidence to formulate Policy CS1834 of the Lake District National Park's Local Plan Part One Core Strategy which seeks to help redress the imbalances in the local housing market by permitting new dwellings where they contribute towards meeting an identified local need or local affordable need. In all cases the policy states that all new houses will be restricted to be the person's main residence.'

3.3.5 Llanwrthwl would be the only community in Powys above the threshold of 20%. Llangynog would almost reach this threshold at 19%. The other seven communities would fall between the thresholds of 10% and 15%.

## 3.4 The Welsh language

3.4.1 According to the 2021 Census, 16% (21,090) of the people of Powys (aged 3+) are Welsh speakers. This is lower than the Welsh average of 18%. Powys ranks 8<sup>th</sup> highest for the percentage of Welsh speakers amongst Welsh local authorities. Gwynedd is the highest with 64% of its population speaking Welsh.

3.4.2 The percentage of Welsh speakers varies widely across the County – see Table 27 and Figure 13. The Machynlleth Locality has the highest percentage of Welsh Speakers at 49%. Within this locality, the Glantwymyn Lower Super Output Area (LSOA) has the highest percentage of Welsh speakers at 54%. Table 28 shows the results at LSOA level for the nine communities from the 2011 and 2021 Census along with the percentage change between the Census. The areas with the highest percentage of Welsh speakers in 2011 within the traditional strongholds have tended to see the largest decrease in the percentage of Welsh speakers by 2021.

**Table 27 Percentage of Welsh Speakers by Locality**

Locality	Percentage of Welsh Speakers
Brecon	13%
Builth and Llanwrtyd	13%
Crickhowell	10%
Hay and Talgarth	8%



<b>Knighton and Presteigne</b>	7%
<b>Llandrindod and Rhayader</b>	10%
<b>Llanfair Caereinion</b>	26%
<b>Llanfyllin</b>	29%
<b>Llanidloes</b>	17%
<b>Machynlleth</b>	49%
<b>Newtown</b>	11%
<b>Welshpool and Montgomery</b>	11%
<b>Ystradgynlais</b>	31%

**Figure 13 Proportion of Welsh Speakers by Locality.**



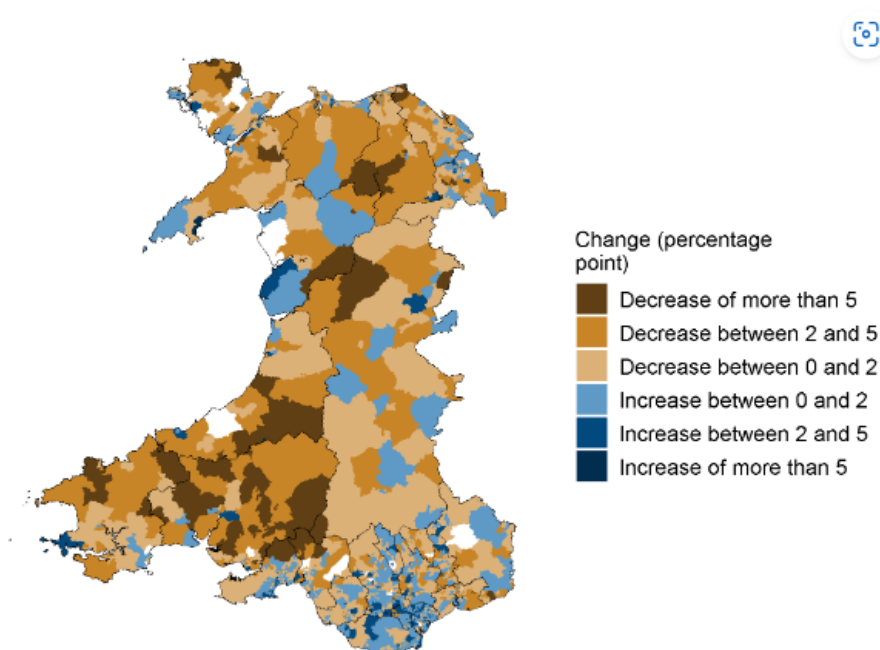
Source: Wellbeing Information Bank

**Table 28 Percentage of Welsh Speakers by LSOA for each of the nine communities.**

Community	LSOA	% of Welsh Speakers 2011	% Welsh Speakers 2021	% Change
Llanwrthwl	Llanafan-Fawr	13%	13%	0%
Llangynog	Llanrhaeadr-ym-Mochnant	42%	40%	-2%
Talybont-on-Usk	Talybont-on-Usk	13%	13%	0%
Paincastle	Glasbury	9%	8%	-1%
Cray	Maescar/Llywel	25%	24%	-1%
Yscir	Yscir	17%	14%	-3%
Glantwymyn	Glantwymyn	58%	54%	-4%
Erwood	Bronllys	9%	11%	+2%
Llanbister	Beguildy	9%	9%	0%

3.4.3 Figure 14 below shows how the percentage has changed at LSOA level between the 2011 and 2021 Census. Many parts of the County have seen decreases in the percentage of Welsh speakers including in the Welsh Speaking Strongholds of Glantwymyn and Llanrhaeadr-Ym-Mochnant (where Llangynog is located).

**Figure 14 Change in the percentage of people aged three years or older able to speak Welsh, by LSOA, 2011 to 2021.**



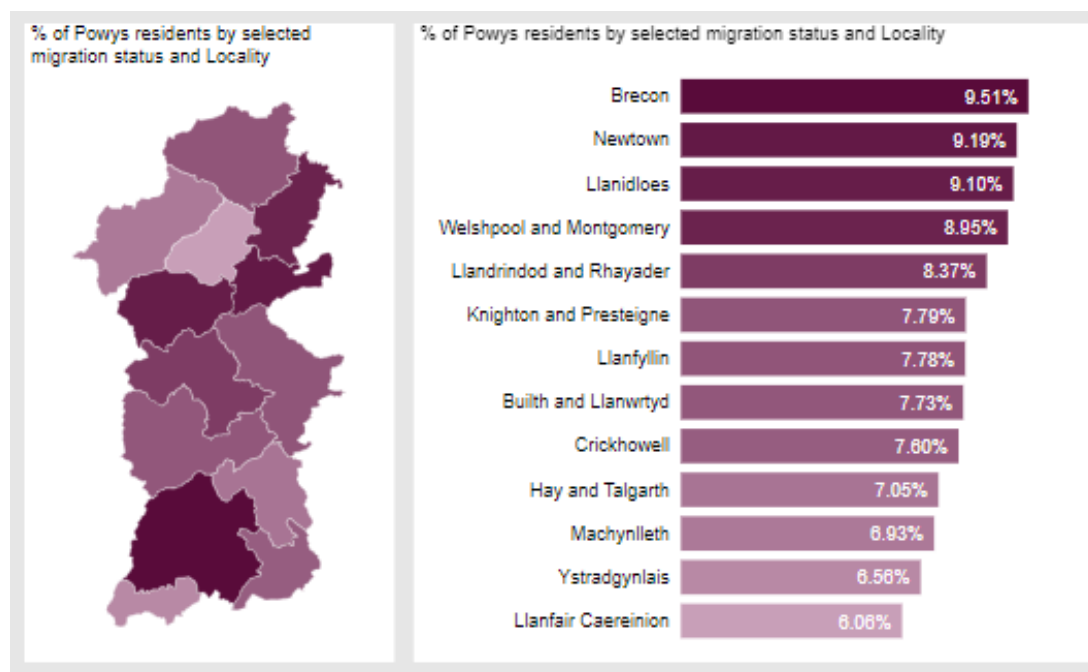
### 3.5 Migration Trends

3.5.1 The 2021 Census shows that 8.52% of the population of Powys had migrated into Powys in the one-year period before Census Day. Of those 8.16% had moved from within the UK to Powys and 0.36% had moved to Powys from outside the UK. The Welsh average migration was 8.85%. Powys ranks 7<sup>th</sup> highest for the percentage of people that have migrated into the County amongst the local authorities in Wales. Cardiff is the highest with 14.4% and Caerphilly is the lowest with 6.29%.

3.5.2 Inward migration to Powys increased compared to 2011, with 4.14% in 2011, that's an increase of 4.38%. Census day was taken during the Covid pandemic and therefore the figures may have been impacted because of this.

3.5.3 Figure 15 shows how inward migration from other areas of the UK has occurred at Locality level. All localities have seen an increase in inward migration since the 2011 Census. The Localities with the highest proportion of second homes and short-term holiday lets, namely 'Crickhowell', 'Hay and Talgarth' and 'Machynlleth', have seen lower inward migration rates than some of the other Localities.

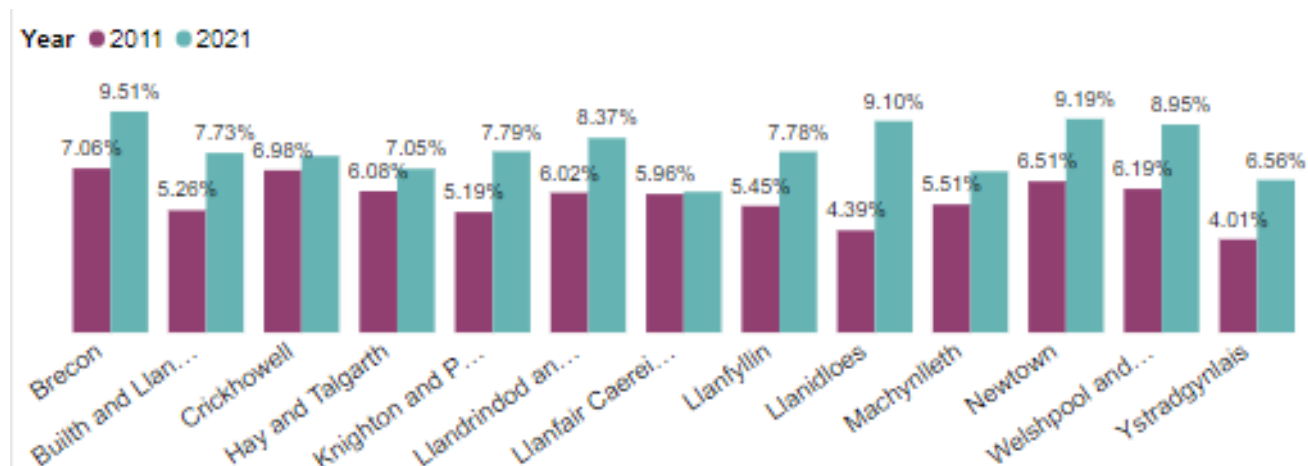
**Figure 15 Percentage of Powys residents by migration status by Locality**



Source: Powys Wellbeing Information Bank

3.5.4 Figure 16 shows how inward migration rates have increased across all Localities between the 2011 Census and the 2021 Census.

**Figure 16 Percentage of Powys residents by migration status by Locality for 2011 and 2021**



Source: Powys Wellbeing Information Bank

3.5.5 Data is also available from the 2021 Census for place of birth information at a Local Authority level. 62,649 of Powys residents were born in Wales. The total number of usual residents in Powys is 133,165. Therefore, 47% of Powys residents were born in Wales, which means that 53% were born outside of Wales. 62,460 of Powys residents were born in England. This is to be expected given that many Powys residents cross the border into Shropshire or Herefordshire to give birth at the nearest general hospitals, which will influence the figures.

3.5.6 Gwynedd LPA found that '50% of the population in the majority of areas with higher levels of second homes and short-term holiday let accommodation, were born outside Wales'. Powys is in a different situation to Gwynedd given that it shares a long border with England and, therefore, the high proportion of people born outside of Wales is to be expected.

3.5.7 The 'Managing the use of dwellings as holiday homes' (December 2020) report by Gwynedd LPA explains that:

'Older people from more affluent areas will have more disposable income to spend on a property, either as a full-time home or a second home with plans to move into permanently after retiring. This has resulted in outward migration of young people and a net inward migration of older people.'

### 3.6 Economic inactivity

3.6.1 According to the 2021 Census, 43% of the population of Powys were economically inactive compared to 43.5% at a national Wales level. The reasons for economic inactivity include being retired, studying, looking after home or family, or long-term sick or disabled. 29% of the population of Powys were retired.

3.6.2 According to the 2011 Census, 30% of the population of Powys were economically inactive, with 18% of the population retired. The percentage of population who are retired has, therefore, increased during the decade between the 2021 Census and 2011 Census by 11%. Table 29 sets out economic activity status for the nine communities.

**Table 29 Economic activity status by LSOA**

<b>Community</b>	<b>LSOA</b>	<b>%of population economically inactive</b>	<b>% of population retired</b>
<b>Llanwrthwl</b>	Llanafan-Fawr	42%	29%
<b>Llangynog</b>	Llanrhaeadr-ym-Mochnant	45%	34%
<b>Talybont-on-Usk</b>	Talybont-on-Usk	41%	30%
<b>Painscastle</b>	Glasbury	41%	31%
<b>Cray</b>	Maescar/Llywel	37%	27%
<b>Yscir</b>	Yscir	41%	30%
<b>Glantwymyn</b>	Glantwymyn	37%	26%
<b>Erwood</b>	Bronllys	41%	32%
<b>Llanbister</b>	Beguildy	45%	30%

Source: Nomis web

3.6.3 The LSOAs containing Llangynog and Llanbister had the highest percentage of the population that were economically inactive, both at 45%, which is 2% higher than the average for Powys. The LSOA containing Llangynog had the highest percentage of population who were retired, 5% above the average for Powys. The LSOAs for Cray and Glantwymyn had below average percentages of population that were retired.

3.6.4 This data indicates that a large proportion of people within these areas are economically inactive at more than 40% in most instances. The retired population in Powys is increasing, and, in some places, may be leading to the outmigration of economically active residents due to the housing stock being taken up by retired or second-home owners.

## **3.7 Tourism**

3.7.1 National planning policy in Planning Policy Wales recognises that tourism is vital to the economic prosperity and job creation in many parts of Wales, and it can also be a catalyst for regeneration, improvement of the built environment and environmental protection:

‘The planning system encourages tourism where it contributes to the economic development, conservation, rural diversification, urban regeneration and social inclusion, while recognising the needs of visitors and those of local communities.’

3.7.2 It goes onto explain that appropriate tourism-related development in new destinations is encouraged. In some places, however, there may be a need to limit new development to avoid damage to the environment or the amenity of residents and visitors.

3.7.3 Tourism is important to the economy of Powys. According to the Powys Well-being Assessment, there were 3 million day visitors and 960,000 paying visitor nights (2021). The assessment also refers to the STEAM report (2020) which stated that 12.1 million visitors spent £1.012 billion in Powys in 2019, an average of £84 per person, which was £4 up from the previous year. According to the Powys business survey (2020) 63% of respondent businesses considered their business to be tourism related.

3.7.4 National and local policies are supportive of farm diversification with many farms choosing to diversify into the tourism sector.

3.7.5 The 'Managing the use of dwellings as holiday homes' (December 2020) report by Gwynedd LPA explained that 'holiday lets are likely to generate more local income than second homes because they will attract holiday makers who have never visited the region before and therefore may spend on visiting tourist attractions and the hospitality industry. Holiday lets that are frequently used throughout the year can help the rural economy by providing important local income, especially where holiday lets are owned locally. This is not true if the holiday lets are not owned locally because the income they generate may well go to owners who live outside the county.'

3.7.6 Gwynedd LPA's 'Supplementary Planning Guidance: Facilities and Accommodation for Tourists' provides 'guidance as to when it is considered that there is an oversupply of holiday accommodation in an area, meaning that there is no capacity for more. A threshold of 15% is set. That is, in the areas where 15% or more of the existing housing stock is in holiday use, favourable consideration cannot be given to applications for new holiday accommodation within the area in question.'

## **3.8 Conclusions on the assessment of potential impacts of second homes and short-term holiday lets**

3.8.1 This section has assessed the potential impacts of second homes and short-term holiday lets on housing affordability and on the sustainability of communities.

3.8.2 The evidence around impacts suggests that second homes and short-term holiday lets may be contributing towards the issues identified, however there are likely to be wider factors and trends also impacting on the housing market in these areas. For instance, the trend for people moving from urban areas to permanently reside or retire to rural areas, particularly since Covid, and the ability to work from home, which is making rural living more attractive.

3.8.3 Other LPAs have sought to set thresholds above which the proportion of second homes and short-term holiday lets begin to affect the sustainability of communities. The Lake District National Park have used both 10% and 20%, whilst Gwynedd LPA puts forward a middle ground of 15% for holiday accommodation.

## 4. Policy Options

### 4.1 Policy Option 1 Current planning policy

4.1.1 The first option is to rely on current planning policy approaches to seek to manage the impact of second homes and short-term holiday lets. Changes to Planning Policy Wales (PPW) will make it clear that LPAs will need to take into account the prevalence of second homes and short-term holiday lets in a local area when considering housing requirements and policy approaches for their LDP.

4.1.2 Second and empty homes will be taken into account when determining the housing requirements for the Replacement LDP. The Welsh Government's Census data includes a vacancy rate for all LPAs in Wales. This is applied to the housing requirement figures and reflects empty homes strategies and the impact of second homes. The vacancy rate set by the 2021 Census for Powys is 10%. Council tax data shows that second homes and long-term empty properties account for approximately 5% of all residential properties in Powys.

4.1.3 The LPA will also need to consider the prevalence of second homes and short-term holiday lets when determining affordable housing requirements and approaches. Policy H5 of the adopted LDP already ensures that new development includes a proportion of affordable housing to meet local needs, and Policy H6 enables affordable housing exception sites. Planning Policy Wales requires LDPs to identify affordable housing-led sites where 50% or more of the housing would be affordable housing.

4.1.4 The nine communities involved in the impact assessment (where the proportion of residential properties used as second homes exceeds 10%) are all rural communities that tend to contain small settlements in the lower tiers of the Powys Adopted LDP's (2011-2026) sustainable settlement hierarchy. Llangynog community is the only community of the nine that contains a higher tier settlement, a Large Village, according to the Powys Adopted LDP's sustainable settlement hierarchy. The amount of housing growth expected by the Adopted Powys LDP in these smaller settlements is limited and is more directed towards affordable housing.

4.1.5 For settlements that are Small Villages, growth is limited to infill for market housing of no more than two dwellings or mixed schemes with affordable housing, or affordable housing extensions to the settlement. In Rural Settlements, growth is limited to single affordable homes. Therefore, the emphasis in these settlements is on delivery of affordable housing. Affordable housing is already controlled by condition to ensure that it is used as a sole or main residence. The eligibility of prospective occupiers for affordable housing is also assessed to ensure that they have a local connection and are in need of affordable housing.

4.1.6 The Powys Adopted LDP's growth and spatial strategy and settlement hierarchy are being reviewed as part of the Replacement LDP process. The Replacement LDP will need to respond to the requirements within Future Wales – the National Plan 2040 including the need to ensure that growth in rural areas is appropriate and proportionate to the needs of the settlements and the wider rural areas they serve. Further information on the approach towards rural areas is set out within the Rural Approach background paper.

4.1.6 Powys LPA could consider implementing an affordable housing-led approach within the nine communities in order to make provision for affordable housing to meet local needs in those communities.

4.1.7 The above planning policy approaches can only influence new development and, therefore, this option would not address the change of use of existing dwellings from primary residences to second homes or short-term holiday lets.

## **4.2 Policy Option 2 Use of planning conditions**

4.2.1 This option would involve attaching planning conditions to all planning permissions for new dwellings restricting their use to primary homes, either across the Powys Local Planning Authority Area or within areas where second homes and short-term holiday lets are impacting on the sustainability of the local community. A policy would then be needed within the Replacement LDP in order to assess applications for removal or variation of the condition.

4.2.2 The response from the Welsh Government to Carmarthenshire's Replacement LDP suggests that planning conditions could be used in all areas where the second homes Council tax premium applies. The premium applies to the whole of Powys. Alternatively, it could apply only to those areas where a local policy approach is deemed necessary i.e. where second homes and short-term holiday lets are impacting on the sustainability of communities.

4.2.3 Planning conditions can also be used to withdraw permitted development rights for new dwellings, which would mean that planning permission would be needed to change the use from a C3 primary home to C4 secondary home or C5 short-term let. The Development Management Manual advises that 'conditions should only be imposed on a planning permission to restrict or withdraw permitted development rights in exceptional circumstances'.

4.2.4 Planning conditions can only be applied to new housing developments and, therefore, this option would not address the change of use of existing dwellings from primary residences to second homes or short-term holiday lets.

## **4.3 Policy Option 3 Use of Article 4 directions**

4.3.1 The new legislation, which introduces new use classes for primary homes, secondary homes and short-term holiday lets, enables permitted development rights to change between these use classes to be removed using an Article 4 direction, where justified. This would mean that planning permission would be required to change the use of a primary home to a secondary home or short-term holiday let. This is the only way of controlling changes of use of existing properties from primary homes to secondary homes or short-term holiday lets. This would also control future change of use of new housing.

4.3.2 As is noted by Gwynedd LPA 'there is little guidance from the Government in relation to how to justify the implementation of an Article 4 direction, however guidance provided in Circular 29/95 (Appendix D) refers to the need to introduce an Article 4 direction in exceptional circumstances and be justified where there is a real or specific threat.' The Development Management Manual explains there must be 'reliable evidence to suggest that permitted development is likely to take place which could damage an interest of acknowledged importance and which, in the public interest, should be fully considered through a planning application'.

4.3.3 Gwynedd LPA have considered four possible options in terms of the areas where it is considered to be justifiable to consider implementing Article 4 directions:

Option 1: Dwyfor (Government pilot area)



Option 2: Areas where the current provision of holiday homes is more than 15% of the housing stock

Option 3: Vulnerable Areas

Option 4: The whole of Gwynedd Local Planning Authority area

4.3.4 Powys LPA could consider the following options:

**Option 1: Areas where the current provision of holiday homes is more than 15% of the housing stock**

**Option 2: Vulnerable Areas**

**Option 3: the whole of the Powys Local Planning Authority area**

4.3.5 **Option 1** would involve implementing an Article 4 direction for the community of Llanwrthwl where 23% of residential properties are used as second homes or short-term holiday lets and the community of Llangynog where the proportion is 19%. The threshold of 15% has been used in Gwynedd as a way of determining where there is an oversupply of holiday accommodation. Given the extensive research undertaken by Gwynedd on this topic, it is considered that this would provide a justifiable threshold.

4.3.6 **Option 2** would involve setting a lower threshold of 10% to capture those areas that are potentially vulnerable. However, the evidence in terms of whether the situation is worsening in these communities is not as clear cut. Some communities, such as Painscastle, have seen an increase over the 18-month period between January 2022 and June 2023, whereas other communities, such as Erwood have seen a decrease. The proportion in Glantwymyn has stayed the same over this period.

4.3.7 An alternative would be to consider the evidence in adjoining communities to Llanwrthwl and Llangynog that may be subject to displaced demand if Article 4 directions were put in place in those two communities. The data for the proportion of properties used as second homes or short-term holiday lets for adjoining communities is set out in Table 30.

**Table 30 Proportion of properties second homes or short-term holiday lets in adjoining communities**

<b>Community</b>	<b>% of properties as second homes or short-term holiday lets</b>
<b>Rhayader</b>	3.7%
<b>Nantmel</b>	6.2%
<b>Llanyre</b>	1.6%
<b>Llanafan Fawr</b>	7.6%
<b>Treflys</b>	6.9%
<b>Llanwrtyd Wells</b>	3.5%
<b>Llanwddyn</b>	3.4%

<b>Penybontfawr</b>	5.7%
<b>Llanrhaeadr-ym-Mochnant</b>	6.4%

4.3.8 It is noted that these adjoining communities currently have a much lower proportion of second homes and short-term holiday lets than their neighbours, Llanwrthwl and Llangynog.

4.3.10 **Option 3** would involve introducing an Article 4 direction for the whole of the Powys Local Planning Authority area. Gwynedd LPA consider it appropriate for the whole of Gwynedd Local Planning Authority area to be protected through the introduction of an Article 4 direction. This option would not be appropriate in Powys given that the local evidence for Powys suggests that the proportion of second homes and short-term holiday lets is relatively low across most of Powys. The aim of the legislation is to enable a targeted localised approach in communities where second homes and short-term holiday lets are a particular problem.

4.3.11 Consideration should also be given to the potential impact that an Article 4 direction across Gwynedd LPA area could have on communities within Powys that adjoin Gwynedd LPA area. This may lead to increased demand for second homes and short-term holiday lets in adjoining areas. Most of the north-west boundary of Powys adjoins the Snowdonia National Park Authority area. However, the community of Glantwymyn shares a boundary with the community of Corris which is mainly within the Gwynedd LPA area, and, therefore, may be affected. Llangynog community lies close to the area of Gwynedd around Bala.

## 4.4 Consequences of policy interventions

4.4.1 During the consultation on changes to planning legislation and policy, Welsh Government recognised that the proposed changes could have positive and negative consequences for local communities and local planning authorities. Welsh Government referred to research undertaken by Dr Simon Brooks 'Second homes: Developing new policies in Wales' which outlined the consequences and suggested that these could also apply to short-term holiday lets. The potential consequences are summarised as follows:

- Impact on **local housing markets** – house price values of restricted properties may reduce (become more affordable) whereas values of unrestricted properties may increase.
- Potential to **displace** the second homes problem to neighbouring communities or local authorities.
- **Economic impacts** - difficult to assess impact of second homes on house prices and expenditure of second homeowners in local communities. Short term holiday lets attract tourists and benefit the local economy.
- Increase in **planning applications** in Article 4 areas, including lawful development certificates.
- **Monitoring and enforcement** challenges and resources.

- **Planning policy resources** to develop policies, gather and analyse evidence, and to adopt and monitor policies.

It is also important to recognise that the changes in planning policy and regulations sit alongside planned changes in other areas, including Council tax, and the possibility of a licensing regime for short-term holiday lets.

## 5. Conclusions and Recommendations

It is concluded that second homes and short-term holiday lets are more prevalent in a small number of rural communities of Powys rather than being a county-wide issue. Potential hotspots have been identified where the proportion of second homes and short-term holiday lets exceeds the threshold of 10%. The nine communities which have been identified as potential hotspots are:

Llanwrthwl, Llangynog, Talybont-on-Usk (within BBNP), Paincastle, Cray (within BBNP), Yscir (partly within BBNP), Glantwymyn, Erwood, and Llanbister.

Second homes and short-term holiday lets tend to be located in rural areas rather than within Towns and Large Villages identified in the Powys Adopted LDP (2011-2026), with the exception of the settlement of Llangynog where 20% of the housing stock within the settlement is in use as second homes or short-term holiday lets.

These rural areas are not expected under the Powys Adopted LDP (2011-2026) to accommodate large amounts of new development and growth, with the emphasis in smaller settlements on delivering small scale affordable housing schemes to meet local needs. The sustainability of these small settlements and their ability to accommodate growth will be assessed as part of the Replacement LDP process.

In view of the above, it is recommended that:

1. The prevalence of second homes and short-term holiday lets is considered in determining the housing requirements for the Replacement LDP.
2. Consideration is given to ways of prioritising and enabling affordable housing schemes to be delivered within the nine communities identified to respond to local need.
3. Consideration is given to preparing a policy in the Replacement Powys LDP restricting the use of new dwellings to use as primary residences by using planning conditions. This will ensure that new dwellings either across the Powys LDP area or in affected areas remain as primary residences.
4. Formal monitoring of second homes and short-term holiday lets using Council tax and business rates records takes place as part of the next Annual Monitoring Report, in order to keep the situation under review.
5. Progress with the proposed Article 4 direction in Gwynedd is closely monitored.

## Appendix 1 Council Tax and Business Rates Data by Community Council Area

<b>Community Council</b>	<b>Percentage of second homes and short-term holiday lets</b>
Llanwrthwl Community	22.8
Llangynog Community	19.0
Talybont-on-Usk Community	14.5
Painscastle Community	13.1
Cray Community	12.9
Yscir Community	11.2
Glantwymyn Community	11.1
Erwood Community	10.7
Llanbister Community	10.2
Llangunllo Community	9.6
Llanddewi Ystradenny Community	9.5
Trallong Community	9.4
Glascwm Community	9.2
Merthyr Cynog Community	9.0
Llanbadarn Fynydd Community	8.9
Llanfihangel Cwmdu with Bwlch and Cathedine Community	8.8
Llanfrynach Community	8.8
Abbey Cwmhir Community	8.8
Aberedw Community	8.1
Llanigon Community	8.1
Llanfihangel Community	7.7
Llanafanfawr Community	7.6
The Vale of Grwyney Community	7.3
Llanerfyl Community	7.2
Clyro Community	7.1
Cadfarch Community	7.1
Honddu Isaf Community	7.1
Hay Community	7.1
Treflys Community	6.9
Llanbrynmair Community	6.9
Maescar Community	6.8
Old Radnor Community	6.6
Beguildy Community	6.5
Duhonw Community	6.4

New Radnor Community	6.4
Llanrhaeadr-ym-Mochnant Community	6.4
Trefeglwys Community	6.3
Nantmel Community	6.2
Llangors Community	6.0
Llywel Community	6.0
Penybont Community	5.7
Pen-y-bont-Fawr Community	5.7
Felin-Fach Community	5.7
Glyn Tarell Community	5.7
Ystradfellte Community	5.6
Llangynidr Community	5.5
Llangurig Community	5.4
Llangattock Community	5.4
St. Harmon Community	5.3
Llanelwedd Community	5.2
Glasbury Community	5.0
Llanfihangel Rhydithon Community	4.8
Whitton Community	4.8
Llandinam Community	4.7
Talgarth Community	4.6
Gladestry Community	4.3
Carno Community	4.3
Llanidloes Without Community	4.1
Llansilin Community	3.9
Crickhowell Community	3.8
Bettws Community	3.8
Rhayader Community	3.7
Llangyniew Community	3.7
Llanfyllin Community	3.7
Llanddew Community	3.6
Gwernyfed Community	3.5
Llanwrtyd Wells Community	3.5
Llanwddyn Community	3.4
Dwyriw Community	3.4
Cilmery Community	3.4
Llangedwyn Community	3.3
Llanfair Caereinion Community	3.3
Mochdre Community	3.2
Meifod Community	3.1
Bronllys Community	3.1

Berriew Community	2.9
Llanbadarn Fawr Community	2.6
Tregynon Community	2.6
Tawe-Uchaf Community	2.5
Montgomery Community	2.5
Llangamarch Community	2.4
Banwy Community	2.4
Llansantffraid Community	2.3
Llandyssil Community	2.2
Aberhafesp Community	2.2
Knighton Community	2.1
Brecon Community	2.0
Caersws Community	1.9
Manafon Community	1.9
Castle Caereinion Community	1.9
Presteigne Community	1.9
Disserth and Trecoed Community	1.8
Carreghofa Community	1.8
Ystradgynlais Community	1.7
Llanidloes Community	1.7
Churchstoke Community	1.7
Machynlleth Community	1.7
Kerry Community	1.6
Llanyre Community	1.6
Forden with Leighton and Trelystan Community	1.4
Llanfechain Community	1.4
Guilsfield Community	1.3
Trewern Community	1.0
Llandysilio Community	0.9
Llandrindod Wells Community	0.9
Llandrinio Community	0.7
Builth Community	0.6
Bausley with Criggion Community	0.6
Welshpool Community	0.5
Newtown and Llanllwchaiarn Community	0.5

## Appendix 2 Council Tax and Business Rates Data by Settlement

Settlement	% of Residential Properties as Second Homes or Short-term Holiday Lets
Llangynog	20.1
New Radnor	6.0
Llanbrynmair	4.3
Llanrhaeadr-ym-Mochnant	4.2
Clyro	4.1
Trefeglwys	3.9
Penybontfawr	3.7
Boughrood & Llyswen	3.5
Rhayader	3.4
Knucklas	3.2
Bettws Cedwain	3.0
Crossgates	3.0
Berriew	3.0
Carno	2.8
Montgomery	2.7
Llanfyllin	2.7
Llandinam	2.7
Coelbren	2.5
Glasbury	2.4
Llansilin	2.4
Meifod	2.4
Llanfair Caereinion	2.3
Abercrave	2.3
Llangurig	2.2
Hay-on-Wye	2.2
Knighton	2.0
Three Cocks	2.0
Pontrobert	2.0
Tregynon	1.9
Llanidloes	1.7
Presteigne	1.7
Castle Caereinion	1.6
Machynlleth	1.6
Ystradgynlais Area	1.5
Llansantffraid-ym-Mechain	1.3
Llanfechain	1.2
Guilsfield	1.2
Caersws	1.1
Forden and Kingswood	1.1
Howey	1.1

Bronllys	1.1
Llanwrtyd Wells	1.0
Abermule	0.9
Builth Wells & Llanelwedd	0.9
Trewern	0.8
Llandrindod Wells	0.8
Llanymynech	0.7
Four Crosses	0.7
Llandrinio	0.6
Llanyre	0.6
Churchstoke	0.5
Kerry	0.5
Crew Green	0.5
Welshpool	0.4
Newtown	0.3
Newbridge on Wye	0.3
Arddleen	0.0
Middletown	0.0

### Appendix 3 Ward Level Data from 2021 Census

Area Code	Area Name	No. of holiday homes
W05001143	Llandrindod South	55
W05001144	Llandrinio	55
W05001145	Llandysilio	35
W05001146	Llanelwedd	30
W05001147	Llanfair Caereinion and Llanerfyl	25
W05001148	Llanfyllin	25
W05001149	Llangattock and Llangynidr	25
W05001150	Llangors with Bwlch	20
W05001151	Llangunllo with Norton	20
W05001152	Llangyniew and Meifod	20
W05001153	Llanidloes	20
W05001154	Llanrhaeadr-ym-Mochnant and Llansilin	20
W05001155	Llansantffraid	20
W05001156	Llanwrtyd Wells	20
W05001157	Llanyre with Nantmel	20
W05001158	Machynlleth	20
W05001159	Maescar and Llywel	15
W05001160	Newtown Central and South	15
W05001161	Newtown East	15
W05001162	Newtown North	15
W05001163	Newtown West	15
W05001164	Old Radnor	15



W05001165	Presteigne	15
W05001166	Rhayader	10
W05001167	Rhiwcynon	10
W05001168	Talgarth	10
W05001169	Talybont-on-Usk	10
W05001170	Tawe Uchaf	10
W05001171	Trelystan and Trewern	10
W05001172	Welshpool Castle	10
W05001173	Welshpool Gungrog	10
W05001174	Welshpool Llanerchuddol	10
W05001175	Ynyscedwyn	10
W05001176	Yscir with Honddu Isaf and Llanddew	c
W05001117	Aber-craf and Ystradgynlais	c
W05001118	Banwy, Llanfihangel and Llanwddyn	c
W05001119	Berriew and Castle Caereinion	c
W05001120	Brecon East	c
W05001121	Brecon West	c
W05001122	Bronllys and Felin-fach	c
W05001123	Builth	c
W05001124	Caersws	c
W05001125	Churchstoke	c
W05001126	Crickhowell with Cwmdu and Tretower	c
W05001127	Cwm-twrch	c
W05001128	Disserth and Trecoed with Newbridge	c
W05001129	Dolforwyn	c
W05001130	Forden and Montgomery	c
W05001131	Glantwymyn	c
W05001132	Glasbury	c
W05001133	Guilsfield	c
W05001134	Gwernyfed	c
W05001135	Hay	c
W05001136	Ithon Valley	c
W05001137	Kerry	c
W05001138	Knighton with Beguildy	c
W05001139	Llanafanfawr with Garth	c
W05001140	Llanbrynmair	c
W05001141	Llandinam with Dolfor	c
W05001142	Llandrindod North	c

Note: Dwelling counts have been rounded to the nearest 5 and any counts below 10 were suppressed; this is signified by a 'c' in the data tables. This is to protect the confidentiality of data for dwellings.

## Appendix 4 Empty Homes Data by Community Council

<b>Community</b>	<b>% of residential properties as empty homes</b>
Llanbadarn Fynydd Community	4.8
Llangunllo Community	4.6
Llangynog Community	4.0
Glantwymyn Community	3.9
Llanidloes Without Community	3.8
Llanwddyn Community	3.4
Llywel Community	3.2
Erwood Community	3.0
Trallong Community	3.0
Llanerfyl Community	2.9
Llanfair Caereinion Community	2.9
St. Harmon Community	2.8
Llanafanfawr Community	2.8
Painscastle Community	2.7
New Radnor Community	2.6
Ystradfellte Community	2.5
Abbey Cwmhir Community	2.4
Rhayader Community	2.4
Duhonw Community	2.3
Ystradgynlais Community	2.2
Talybont-on-Usk Community	2.2
Llanfechain Community	2.2
Glyn Tarell Community	2.1
Tawe-Uchaf Community	2.1
Llangamarch Community	2.1
Llanfihangel Community	2.0
Presteigne Community	2.0
Mochdre Community	2.0
Old Radnor Community	1.9
Cadfarch Community	1.9
Penybont Community	1.9
Manafon Community	1.9
Carno Community	1.9
Merthyr Cynog Community	1.8
Gwernyfed Community	1.8
The Vale of Grwyney Community	1.8
Aberhafesp Community	1.7
Meifod Community	1.7
Kerry Community	1.7
Llanelwedd Community	1.7

Llanfrynach Community	1.7
Llanbister Community	1.7
Llangurig Community	1.6
Clyro Community	1.6
Llanfihangel Rhydithon Community	1.6
Trewern Community	1.6
Llandyssil Community	1.5
Treflys Community	1.5
Dwyriw Community	1.5
Llansilin Community	1.5
Llanrhaeadr-ym-Mochnant Community	1.5
Llangyniew Community	1.5
Banwy Community	1.5
Knighton Community	1.4
Llanidloes Community	1.4
Yscir Community	1.3
Pen-y-bont-Fawr Community	1.3
Forden with Leighton and Trelystan Community	1.3
Glasbury Community	1.3
Llanfihangel Cwmdu with Bwlch and Cathedine Community	1.3
Llangynidr Community	1.3
Caersws Community	1.3
Llandrindod Wells Community	1.3
Llangattock Community	1.3
Llansantffraid Community	1.2
Llanyre Community	1.2
Llanbrynmair Community	1.2
Felin-Fach Community	1.2
Llanfyllin Community	1.1
Machynlleth Community	1.1
Beguildy Community	1.1
Maescar Community	1.1
Disserth and Trecoed Community	1.0
Welshpool Community	1.0
Churchstoke Community	1.0
Llandrinio Community	1.0
Talgarth Community	1.0
Brecon Community	1.0
Montgomery Community	1.0
Castle Caereinion Community	0.9
Bettws Community	0.9
Carreghofa Community	0.9
Builth Community	0.9

Llanbadarn Fawr Community	0.9
Hay Community	0.8
Llangors Community	0.8
Tregynon Community	0.8
Llanwrthwl Community	0.8
Glascwm Community	0.8
Aberedw Community	0.7
Llanddew Community	0.7
Llanigon Community	0.7
Cray Community	0.7
Trefeglwys Community	0.6
Bausley with Criggion Community	0.6
Guilsfield Community	0.6
Newtown and Llanllwchaiarn Community	0.6
Llangedwyn Community	0.6
Crickhowell Community	0.6
Llandysilio Community	0.6
Honddu Isaf Community	0.5
Gladestry Community	0.5
Llandinam Community	0.5
Llanwrtyd Wells Community	0.4
Bronllys Community	0.4
Berriew Community	0.3
Nantmel Community	0.3
Llanddewi Ystradenny Community	0.0
Whitton Community	0.0
Cilmery Community	0.0

## Appendix 5 Empty Homes Data by Settlement

Settlement	% of residential properties as empty homes
Llangynog	3.7
Pontrobert	2.9
Abercrave	2.6
Coelbren	2.5
Ystradgynlais Area	2.2
Llanyre	2.2
Presteigne	2.1
Rhayader	2.1
New Radnor	2.0
Llanfair Caereinion	1.9

Meifod	1.9
Glasbury	1.6
Knighton	1.4
Carno	1.4
Llanidloes	1.4
Caersws	1.3
Llandrindod Wells	1.3
Llansantffraid-ym-Mechain	1.3
Penybontfawr	1.2
Kerry	1.2
Machynlleth	1.1
Llangurig	1.1
Montgomery	1.1
Howey	1.1
Clyro	1.0
Arddleen	1.0
Builth Wells & Llanelwedd	0.9
Llanbrynmair	0.9
Trefeglwys	0.9
Crossgates	0.9
Llanfyllin	0.8
Trewern	0.8
Welshpool	0.8
Forden and Kingswood	0.8
Llansilin	0.8
Boughrood & Llyswen	0.8
Bettws Cedwain	0.8
Llanrhaeadr-ym-Mochnant	0.7
Llandinam	0.7
Newbridge on Wye	0.7
Llanfechain	0.6
Middletown	0.6
Castle Caereinion	0.5
Newtown	0.5
Three Cocks	0.5
Llanwrtyd Wells	0.5
Crew Green	0.5
Four Crosses	0.4
Llanymynech	0.4
Guilsfield	0.3
Abermule	0.3

Churchstoke	0.3
Knucklas	0.0
Berriew	0.0
Hay-on-Wye	0.0
Tregynon	0.0
Bronllys	0.0
Llandrinio	0.0