Holidays or homes?
The loss of homes for the people of Wales to holiday accommodation

SEFYDLIAD bevan FOUNDATION

August 2026

SHELTER CYMRU

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Acknowledgements

The research has been conducted in partnership with Shelter Cymru, Wales's national homelessness charity.

Shelter Cymru help thousands of people each year across the country who are affected by the housing emergency by offering free, confidential and independent advice. They also campaign to defend the right to a safe home and fight the devastating impact the housing emergency has on people and society.

This research was kindly supported by the Lloyds Bank Foundation.

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Citation

If you are using this document in your own writing, our preferred citation is:

Dearden, W. (2026), *Holidays or homes? The loss of homes for the people of Wales to provide holiday accommodation*, Bevan Foundation. https://www.bevanfoundation.org/resources/holidays-or-homes/

Contents

Executive Summary

Many homeless households in Wales are living for long periods of time in bed and breakfast and hotel accommodation meant for holidays, causing harm and trauma particularly for the children and families involved. Meanwhile, dwellings intended as permanent homes are being used for holidays, either as commercially run holiday lets, privately used second homes or a combination of both.

The issue of holiday accommodation in Wales and its impact on communities and the Welsh language has been a longstanding concern, with a sensitive and often painful history for those who have seen its effects in their areas. Calls for policy action in this area have remained and have been fuelled by new pressures in recent years. As we enter a new Senedd term, the Plaid Cymru Government has promised a review and evaluation of the measures that have been put in place.

The Bevan Foundation appreciates the important contribution of tourism to the Welsh economy, and the role of different types of holiday accommodation in providing for visitors. However, we believe that more could be done to minimise the loss of permanent homes for holiday accommodation. Our recommendations focus on opportunities for change in public policy, funding and practice.

Definitions and numbers

Establishing clear and consistent definitions of holiday accommodation is difficult. There are no clear data sources to quantify the number of second homes and holiday lets there are in Wales, let alone the type of accommodation which they are using – be that a shepherd's hut, caravan or house in the centre of a community.

The Bevan Foundation estimates that there are between 21,300 and 25,300 dwellings which could provide permanent homes in Wales but are currently being used for holidays. Between 11,700 and 15,700 are likely to be used as commercial holiday lets and 9,600 as second homes. To put this into context:

- the higher estimate of 25,300 is equal to the number of households in Merthyr Tydfil County Borough and accounts for around 2 per cent of the total dwelling stock across Wales.
- the lower estimate of 21,321 would still be enough to rehouse every household in temporary accommodation at the end of September 2025 (6,426) three times over.
- this equates to between 63 and 75 per cent of the 34,000 units of holiday accommodation which are taxable through Council Tax and Business Rates.

There are clear concentrations of holiday accommodation in certain local authority areas and communities within them which have traditionally been holiday hotspots. However, growing numbers can be seen nationally cross Wales, many in less obvious areas, as staycations remain popular and tourists explore new areas. Our analysis reveals a 10 per cent increase in holiday lets using permanent homes over the last four years, with an additional 1,345 homes likely to have been lost to households in need of a settled home.

The impact of holiday accommodation

Much has been said about the negative community impact of holiday accommodation on housing supply and affordability as well as community viability. Campaigners have long called for action to protect the Welsh language. However, it remains the case that it is difficult to isolate the impact of holiday accommodation from other pressures such as demographic factors and outward/inward migration.

It is important to acknowledge that although holiday accommodation may result in the loss of permanent home, it can also provide positive economic benefits. The accommodation provides for visitors who will be able to spend in the local area, supports direct employments as well as a range of other businesses and services.

The key consideration here is the threshold for when enough becomes too much, another area lacking in research or evidence. The Bevan Foundation would like to see detailed and co-ordinated data gathering at a community level to provide this missing insight. We believe that this will be possible through the system changes we propose in this report.

The interventions - Taxation

The previous Welsh Government's *'ambitious three-pronged approach'* to the issues included using national and local taxation systems to ensure that second homeowners make a fair and effective contribution to the communities in which they buy.

A 1% increase in the higher rate of Land Transaction Tax (LTT)

The 1 per cent increase in the higher rates of LTT were introduced across all price bands from December 2024. Higher rates are paid on most residential property purchases where another property is already owned. Despite this increase, second home purchasers in Wales still pay some of the lowest rates of tax. In Scotland, the tax paid on a £300K property purchase is £4k more than in Wales.

The Bevan Foundation believes that there is scope to raise the higher rate of Land Transaction tax for second home purchases to at least meet the levels being charged in Scotland, particularly given the higher proportion of second homes in Wales.

Council Tax premiums for second homes

Accommodation which is 'used wholly as living accommodation' is placed in the Council Tax system. From April 2017, local authorities have been able to charge a premium of up to 100 per cent of the standard rate of Council Tax on empty dwellings and second homes. This was increased to 300 per cent from April 2023. The premium has the potential to raise significant funding for housing activities to mitigate any impact of holiday accommodation. Guidance says that it should be used for this purpose but places no obligation to do so.

The Bevan Foundation believes that there is a clear case to be made for Council Tax premium revenue to be ringfenced for housing activities within a local authority area. We would also like to see a mandatory requirement for local authorities to report on how premium funds are spent and for the Welsh Government to consolidate this local data into a national picture.

The 182-day threshold for Non-Domestic Rates

Commercially let holiday accommodation which is let at market rates and actively advertised would generally be classed as non-domestic for local taxation, subject to a threshold on the number of days it is let. Many are likely to be eligible for small business rates relief, meaning that no tax is payable. From April 2023, the threshold was increased from 70 days to 182 days. This was to deal with *'the perceived ease'* with which second homeowners were able to move their properties to non-domestic rates and avoid the Council Tax premium payment. There has been much debate about the ability for holiday lets across Wales to achieve the new threshold.

While the intention of the higher lettings threshold was to stop second homes moving into the business rate system, through its implementation, smaller commercial holiday lets unable to meet the threshold have been moved by default into Council Tax. This will include properties which cannot be occupied as permanent homes.

The Bevan Foundation recognises that taxation action, and the 182 day rule in particular, has had implications for the broad range of accommodation which is used for holidays. We believe that action has not been focused enough on the use and loss of permanent homes. This is diluting the opportunity to address the availability and affordability of homes for local people, as well as impacting commercial holiday let businesses using types of accommodation which could not provide permanent homes

The interventions – Consent and regulation

Action by the Welsh Government on holiday accommodation has also centred around the regulatory framework with gives consent for development and provides regulation.

New planning classes enabling the use of Article 4 Directions

In October 2022 changes were introduced to planning legislation. This introduced three new classes for 'dwellinghouses' to separate main residences from second homes and holiday lets. Local planning authorities were given the ability to require planning permission for material changes from one use to another through an Article 4 Direction. The local planning authority can also adopt local policies to place a cap or ceiling on the number of second homes or holiday lets to inform and guide its decision making.

To date, Article 4 Directions related to second homes and holiday lets have only been put in place by Cyngor Gwynedd (in September 2024) and Eryri National Park (In June 2025). Gwynedd's Article 4 Direction was subsequently quashed following a judicial review.

We are not aware of any other local planning authorities actively pursing an Article 4 Direction, due to nervousness about the possibility of a legal challenge and a lack of clarity on the evidence needed to both justify the introduction of an Article 4 Direction, as well as determining an individual application for change of use once a direction is in place. Another area for greater guidance was the threshold percentage of second homes or short-term holiday lets within a community.

The Bevan Foundation believes, given the complexity of implementing planning controls of this nature in relation to holiday accommodation and the growth in this accommodation across many areas of Wales, a more robust and national approach is now needed.

Licensing of holiday accommodation

Towards the end of the last Senedd term, legislation was passed to introduce a registration and licensing scheme for visitor accommodation which will enable regulation of holiday lets.

Visitor accommodation – everything from hotels to camping pitches – has to be registered with the Welsh Revenue Authority from October 2026. The register will be used to collect a Visitor Levy, where a local authority decides to introduce it. Regulated visitor accommodation – self contained, self catering – will also need to be licensed. A fitness for visitor accommodation standard will be set in future which will be based on the fit for human habitation standards in the private rented sector.

A key area for future discussion is where the licensing authority for the scheme will sit. Options include the Welsh Revenue Authority, Visit Wales or a local authority/ies, but each would be expected to have a different focus for its regulation activity.

The Bevan Foundation believes that the Welsh Government should take the opportunity to ensure that arrangements for the licensing of holiday lets take a strategic approach by improving the quality of individual lets, while also ensuring that the cumulative impact of holiday lets on local communities, and the homes available to them, is actively managed. This must be the key focus when deciding upon the preferred location for the licensing authority.

Conclusion and recommendations

The Plaid Cymru Government has promised a review and evaluation of the interventions that have been put in place and now is certainly the time for action to protect homes for use as homes. The Bevan Foundation is proposing the following approach.

National action for a national issue

We have evidenced that the number of permanent homes being used as holiday accommodation continues to grow across Wales – despite interventions by the Welsh Government in the last Senedd term – and this growth is not confined to the traditional holiday hotspots. This is now a national driver of pressure on housing supply. Historically, it has been framed as an issue which is only faced by Welsh-speaking communities, and has largely been overlooked in terms of its importance other than by language campaigners. We now need to challenge this and call for national action.

Government action in recent years has, for the most part, offered greater powers to local authorities to take action at a local level. This allows for local autonomy in decision making and for the level of intervention to reflect local circumstances. We have highlighted that there is a danger of this resulting in a knock-on effect with, for example, authorities which take a more lenient approach, but which neighbour those with stronger policies, being the new focus of holiday accommodation activity.

We would argue that passing responsibility for action to local authorities in this way is not sufficient, that there should be a focus on what could be put in place on a national basis, while still providing a framework for local action. The Bevan Foundation is recommending that this should include:

- A national requirement for planning permission to be required for change of use from a permanent home to holiday accommodation (second home or holiday let) or a change between holiday accommodation types.
- An increase of at least 2 per cent in the higher rate of transaction tax specific to the purchase of homes for holiday accommodation.
- A robust and effective registration and licensing scheme for holiday lets to not only improve the management and physical condition of properties, but also to minimise any negative impact on the surrounding community and the availability and affordability of homes locally.

Targeted and cohesive action

The previous Government should be commended for the scale of action which it undertook across a wide range of policy areas. However, that action has not always been clear in its intentions or joined up in its detail. The overriding motivation of improving affordability and availability of homes is commendable, but there has sometimes been a lack of clarity that this is the policy intention, and how interventions will directly achieve it.

Taxation action in particular has had implications for the broad range of accommodation which is used for holidays, rather than focusing on the use and loss of permanent homes. This lack of focus is diluting the opportunity to address the availability and affordability of homes for local people, as well as impacting commercial holiday let businesses using types of accommodation which could not provide permanent homes.

With a national planning framework in place to control the numbers, we believe that taxation interventions on holiday accommodation should be clearly focused upon taxing the loss of a permanent homes and providing financial resources for mitigation activity:

- Create separation in the Council Tax and business rates systems, moving away from a lettings day threshold and instead using the planning status or intended purpose of the accommodation to establish the tax system in which they should sit – businesses sitting in business rates and homes sitting in Council Tax.
- The funds raised through Council Tax premiums should be ringfenced for mitigation action to provide housing services and boost the supply of homes which are genuinely affordable to local people, in particular social homes.
- Incentivise holiday accommodation which does not use permanent homes as part of a wider tourism strategy. This could be through the use of small business relief.

Clear evidence and evaluation

It is clear that there are significant gaps in the evidence on holiday accommodation, its impact on housing supply and the surrounding community. This is not just about data gathering, but making use of that data effectively. It is important to monitor the movement of property across uses and tenures and the point at which the balance between economic benefits and community sustainability is lost. We recommend:

- Detailed and co-ordinated data gathering through national planning, taxation and licensing systems.
- Ongoing evaluation of the impact of interventions.

1. Introduction

Many homeless households in Wales are living for long periods of time in bed and breakfast and hotel accommodation meant for holidays, causing harm and trauma particularly for the children and families involved[1]. Meanwhile, dwellings intended as permanent homes are being used for holidays, either as commercially run holiday lets, privately used second homes or a combination of both.

The issue of holiday accommodation in Wales and its impact on communities and the Welsh language has been a longstanding concern, with a sensitive and often painful history for those who have seen its effects in their areas. Long-running campaigns by activists including Cymdeithas yr Iaith have seen nonviolent protesters jailed for taking action and continued frustration at a lack of government action. The issue was also central to one of the most controversial periods in recent Welsh history, when a series of arson attacks were made on English-owned second homes in the 1980s and 90s.

Calls for action in this area have remained and have been fuelled by new pressures in recent years:

- there has been a rise in staycations in Wales post pandemic
- self-catering options have also grown in popularity due to the independence they provide as well as the potential for them being more affordable in the cost-of-living crisis
- short-term lets have become an attractive option for private landlords as the private rented sector has received greater regulation
- hybrid working has given some people more flexibility about where they work, and in turn live, on a day-to day basis, including in a second home.

Looking back to the start of the last Senedd Term, the 2021 Co-operation Agreement[2] between Labour and Plaid Cymru committed to taking *'immediate and radical action to address the proliferation of second homes and unaffordable housing.'* Proposed action included:

- a potential cap on the number of holiday homes in any community
- the introduction of a statutory licensing scheme for short term holiday lets
- greater powers to councils to charge Council Tax premiums on second homes
- increased taxation on second home land transactions
- 'closing the loophole' by ensuring that genuine self-catering accommodation is distinguished from domestic properties with regard to local taxes.

As we enter a new Senedd term, the Plaid Cymru Government have promised a review and evaluation of the measures that have been put in place.

The Bevan Foundation appreciates the important contribution of tourism to the Welsh economy, and the role of different types of holiday accommodation in providing for visitors. However, we believe that more could be done to minimise the loss of permanent homes for holiday accommodation. In the midst of the current housing emergency, holiday accommodation using dwellings which could provide a permanent home is one of a number of pressures which impact on housing supply, and ultimately affordability. More needs to be done to understand the problem and its nature.

In this report we explore:

- the data which is available on holiday lets and second homes, analysing it to provide estimates on the number of permanent homes which are being used. We also consider their location, characteristics and change in numbers over time
- the positive and negative impacts of holiday accommodation
- the policy interventions that have been put in place through taxation, planning controls and regulation, their intentions and opportunities for change.

The report concludes by identifying actions for the new Welsh Government to improve the current situation and by making recommendations for change including shifts in public policy, legislation, funding and practice.

2. Definitions and numbers

This introductory section explores the data which is available on holiday lets and second homes, analysing it to provide estimates on the number of properties which are being used that could otherwise provide settled homes. We also consider their location, characteristics and change in numbers over time.

2.1 Defining second homes and holiday lets

Establishing clear and consistent definitions of the holiday accommodation is difficult. As the Welsh Government's research has identified '*narrow, specific definitions may draw upon tax or planning definitions, whilst broader definitions are present within academic and grey literature, and within media representations*.'[3] The Bevan Foundation have noted from our own reading that the terms holiday homes, holiday lets and second homes are regularly confused and wrongly combined.

For this report, we are defining a holiday let as a furnished dwelling which is commercially let to guests for short stays, usually less than 30 days. It may be in private ownership or be owned by a business. Some privately owned holiday lets will also be used for personal holiday purposes by the owner at times when the dwelling is not let commercially.

We are defining a second home as a dwelling in private ownership which is owned in addition to a main residence. It is furnished – i.e. not an empty home - but not occupied on a permanent basis. Although our focus is on holiday accommodation, second homes may also be owned by people who regularly work away from home.

2.2 How many second homes and holiday lets are there?

Again, there is no clear data source to quantify the number of second homes and holiday lets there are.

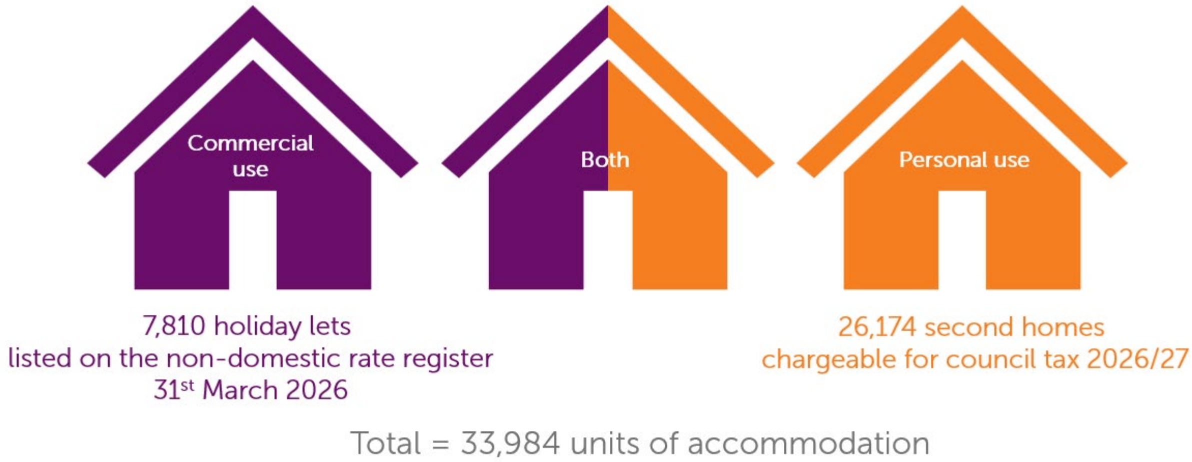
The 2021 Census identifies 17,575 dwellings in Wales which fell within its broad definition of a second home, i.e. the number of dwellings on 31 March 2021 which were not vacant but did not have any usual residents. It includes both holiday homes and short-term lets as well as other addresses for use when working away from home. This figure equates to 1.2 per cent of all Welsh dwellings, compared to 0.7 per cent of all dwellings in England. Only the South West of England has a higher regional proportion at 1.3 per cent.

Looking more specifically, a larger number of 34,000 units of accommodation across Wales are currently taxable as holiday lets or second homes. This can be broken down as:

- 7,810 holiday lets were listed in the non-domestic (business) rates stock of properties on 31 March 2026.
- 26,174 chargeable second homes for the year 2026/27 (based on the draft valuation list from October 2025)

The 182-day lettings rule (explained in section 4) determines which tax is applicable, with dwellings used as both holiday lets and second homes being liable for one type of tax but never both, so there is no double counting here. Mixed use accommodation (private and commercial use) can sit in either tax system depending on the number of letting days.

Fig 1: Holiday lets and second homes which are taxable in Wales



Sources: Non-domestic rating: stock of properties, 2025 - GOV.UK and Council Tax dwellings by authority and band | StatsWales

2.3 How many permanent homes have been lost?

It is not possible to put a definitive figure on the number of permanent homes being used as second homes and holiday lets in Wales. The data which is available is complex and there are categories of accommodation within it which fall into grey areas in terms of occupancy permissions. These include dwellings with use restrictions, domestic annexes, caravans and other mobile or temporary structures.

We are defining a dwelling capable of being a permanent home (to a separate household) as a self-contained permanent structure which could be occupied year-round and rented out on a long-term basis or sold as a separate property.

The Bevan Foundation estimates that there are between 21,300 and 25,300 dwellings which could provide permanent homes in Wales but are currently being used for holidays. Between 11,700 and 15,700 are likely to be used as commercial holiday lets and 9,600 as second homes. We have calculated this by identifying non-permanent accommodation in the available data and considering the research of others as well as conducting our own analysis of Airbnb holiday let listings. We provide a detailed breakdown of our methodology in Annex 1.

To put this into context:

- the higher estimate of 25,300 is equal to the number of households in Merthyr Tydfil County Borough and accounts for around 2 per cent of the total dwelling stock across Wales.
- the lower estimate of 21,321 would still be enough to rehouse every household in temporary accommodation at the end of September 2025 (6,426) three times over.
- this equates to between 63 and 75 per cent of the 34,000 units of holiday accommodation which are taxable through Council Tax and Business Rates.

Fig 2: Estimated number of permanent homes being lost to provide holiday accommodation

Accommodation type	Lower estimate	Higher estimate
Holiday lets	11,721	15,729
Second homes	9,600	
Total	21,321	25,329

Sources: Holiday lets: Higher estimate - Bevan Foundation analysis of data available at Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics, Entire house listings which appear to be suitable for use as a permanent home (N.B. we have been unable to identify accommodation which has a holiday accommodation use restriction)
Lower estimate - Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics, Entire house listings with a proportion applied for the number of unit of accommodation not limited to holiday use from OWNERS SURVEY 2026 RESULTS AND ANALYSIS - PASC UK
Second homes: Second addresses by location and type: Census 2021 - Office for National Statistics with caravans and other mobile or temporary structures removed.

2.4 Where are they?

2.4.1 Local authority level

Continuing to focus specifically on dwellings which we have estimated could be used as a permanent home, at a local authority level we can see clear concentrations of holiday accommodation in certain authority areas:

- Longstanding coastal holiday hotspots such as Gwynedd, Pembrokeshire, Anglesey, Conwy and Ceredigion are likely to have lost the most significant numbers of permanent homes to holiday accommodation – accounting for 73 per cent of all second addresses[4] and 52 per cent of holiday lets.

- Gwynedd has both the highest Census 2021 figure for second address dwellings used for holidays in permanent homes (2,570) and Airbnb holiday let listings which appear to be using permanent homes (2,694). Based on our higher estimate this would account for around 8.3 per cent of all dwellings in the local authority area.

- Pembrokeshire has the second highest numbers at 1,705 second addresses and 2,619 holiday let listings (6.7 per cent of dwellings).

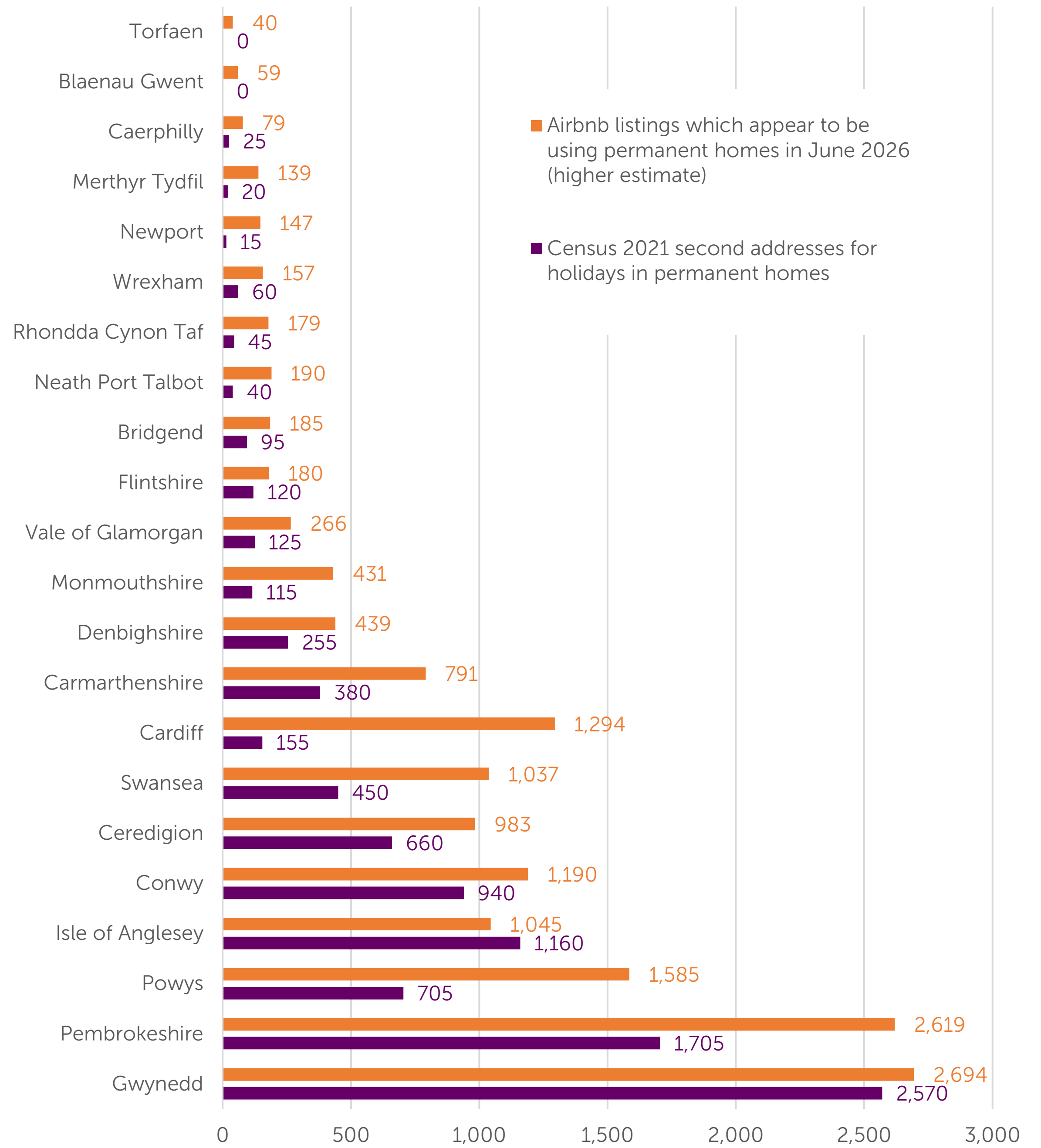
- There is a general pattern that authorities with the most second addresses in also have the most holiday let listings.

- In all local authority areas except the Isle of Anglesey, our analysis shows a higher number of homes being lost due to holiday lets than second homes, although this picture may be influenced by the quality of the data we are able to use.

It is also important to note the presence of relatively high numbers of permanent homes being used for holiday accommodation away from the traditional holiday hotspots, These include rural authorities such as Powys (1,585 holiday let listings and 705 second addresses) and the Cardiff (1,294 listings and 155 addresses).

South Wales valley authorities such as Torfaen, Blaenau Gwent, Caerphilly and Merthyr Tydfil had the lowest estimates of homes lost, as well as the cities of Wrexham and Newport. Further local authority level statistics are provided in Annex 2.

Fig 3: Estimated number of permanant homes being lost to provide holiday accommodation by local authority



Sources: Bevan Foundation analysis of data available at [Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbnb Analytics] and [Holiday homes in England and Wales - Office for National Statistics]

2.4.2 Medium super output area level

It is important to recognise that concentrations of holiday accommodation can be localised within a local authority area with certain communities seeing a higher number of permanent homes lost. We are able to illustrate this clearly by exploring the Census second addresses data at a smaller medium super output area (MSOA). (NB we are unable to remove caravans and other structures at this level).

In both Gwynedd and Pembrokeshire, the top five MSOAs account for around 70 per cent of the local authorities' second addresses for holidays, again these correlate with communities which are longstanding holiday hotspots. We consider the other characteristics of these MSOAs in section 3.

Fig 4: Number and percentage of local authority second addresses for holidays, top five MSOAs, Gwynedd and Pembrokeshire

Gwynedd	No.	% of LA second addresses	% of dwellings which are second addresses	Pembrokeshire	No.	% of LA second addresses	% of dwellings which are second addresses
Abersoch & Aberdaron	620	24%	15%	Saundersfoot	285	16%	6%
Tywyn & Llangelynnin	450	17%	9%	Tenby & Caldey	280	16%	7%
Pwllheli & Morfa Nefyn	260	10%	6%	St Davids & Letterston	235	13%	6%
Harlech & Llanbedr	250	10%	7%	Johnston, Broad Haven & St Ishmaels	220	12%	5%
Porthmadog	235	9%	6%	Fishguard	220	12%	4%
Rest of county	765	30%	5%	Rest of county	555	31%	3%
Whole county	2,580	100%	5%	Whole county	1,795	100%	3%

Source Holiday homes in England and Wales - Office for National Statistics

2.5 How have their numbers changed over time?

We explore a number of datasets below to highlight recent trends, evidencing a growth in holiday accommodation and its spread across many areas of Wales. Although tax data, i.e. the number of chargeable homes for Council Tax and business rate properties, is available historically we have decided not to make use of it for this purpose. We recognise that tax data can be influenced by when premiums have been introduced by a local authority as well as the movement of property between the tax systems.

2.5.1 Listings for holiday lets

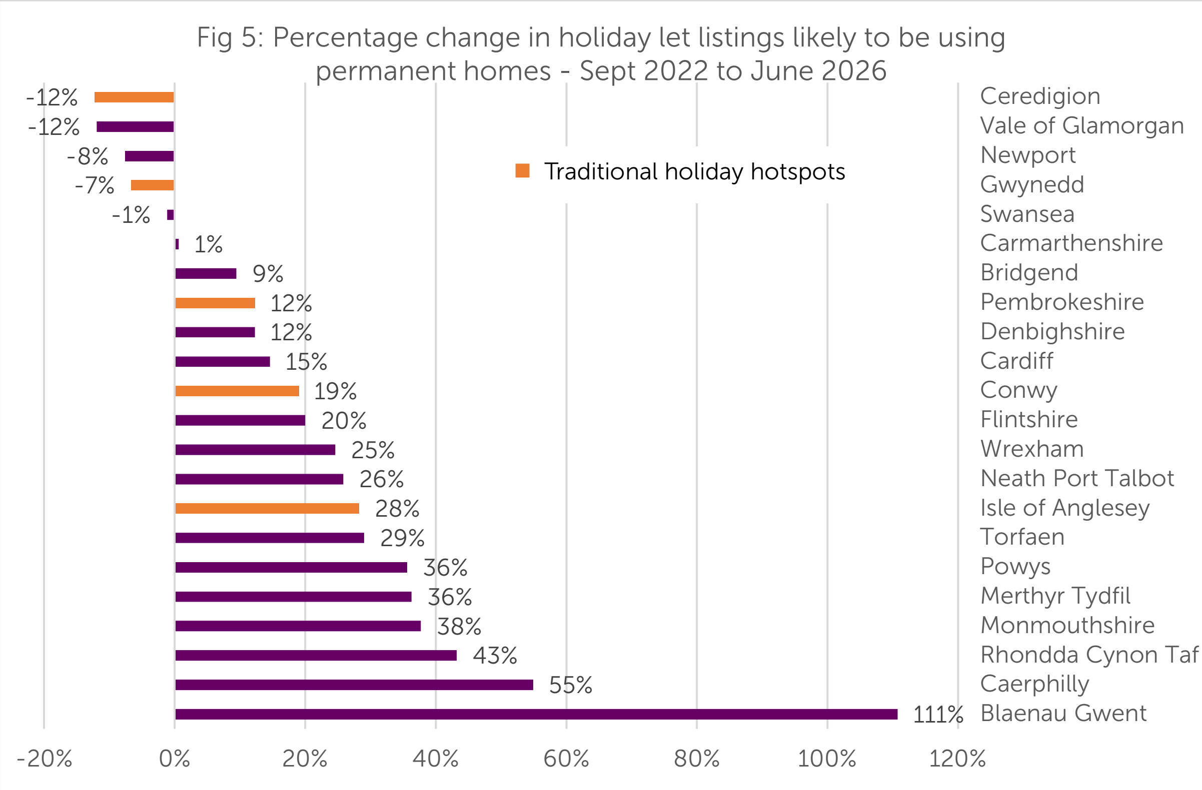
In September 2022, the Bevan Foundation conducted its first research into holiday let accommodation[5], exploring the relationship between holiday accommodation and the private rented sector. It also analysed a snapshot of Airbnb listings for permanent homes and provides a historic data set for us to consider trends.

There has been a 10 per cent increase in the number of Airbnb listings likely to be using permanent homes across Wales since 2022. This equates to 1,345 more homes which are likely to have been lost.

At a local authority level, the general pattern is of growth with 17 out of the 22 local authorities seeing an increase in the number of holiday let listings. There is however, some considerable variation:

- In percentage terms, Blaenau Gwent (111 per cent), Caerphilly (55 per cent) and Rhondda Cynon Taff (43 per cent) saw the highest increase over the four year period. Numbers are still relatively small, at 113 additional homes across the three authority areas, however this indicates market interest, and the situation should be monitored.

- Powys had the highest increase in numbers terms, with 416 more listings in 2026 than in 2022 (36 per cent increase).
- Growth in holiday hotspots with the highest number of lets in permanent homes was mixed. Gwynedd and Ceredigion saw a reduction in the number of listings (12 per cent and 7 per cent respectively) with Ceredigion seeing the highest percentage loss at 12 per cent. Pembrokeshire, Conwy and the Isle of Anglesey all saw percentage increases, with Anglesey having the highest at 28 per cent.



Sources: Bevan Foundation analysis of data available at Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics and Bevan Foundation analysis for Holiday-lets-and-the-private-rental-sector.pdf

2.5.2 Purchases of second homes

We can also consider trends in the purchase of additional second homes using Land Transaction Tax data (explored further in section 3.) There were 2,870 purchases of second properties intended for second homes or holiday lets (and also work purposes) which were charged the higher rate of tax in the period from July 2025 to June 2026.

This number is a decrease of 3.7 per cent, on the equivalent period in the year before (2,990 purchases) and 4 per cent decrease on the figure for July 2023 to June 2024 (2,980 purchases), the first time this data was recorded. At a local authority level however, there is a very mixed picture in the changing number of second home transactions:

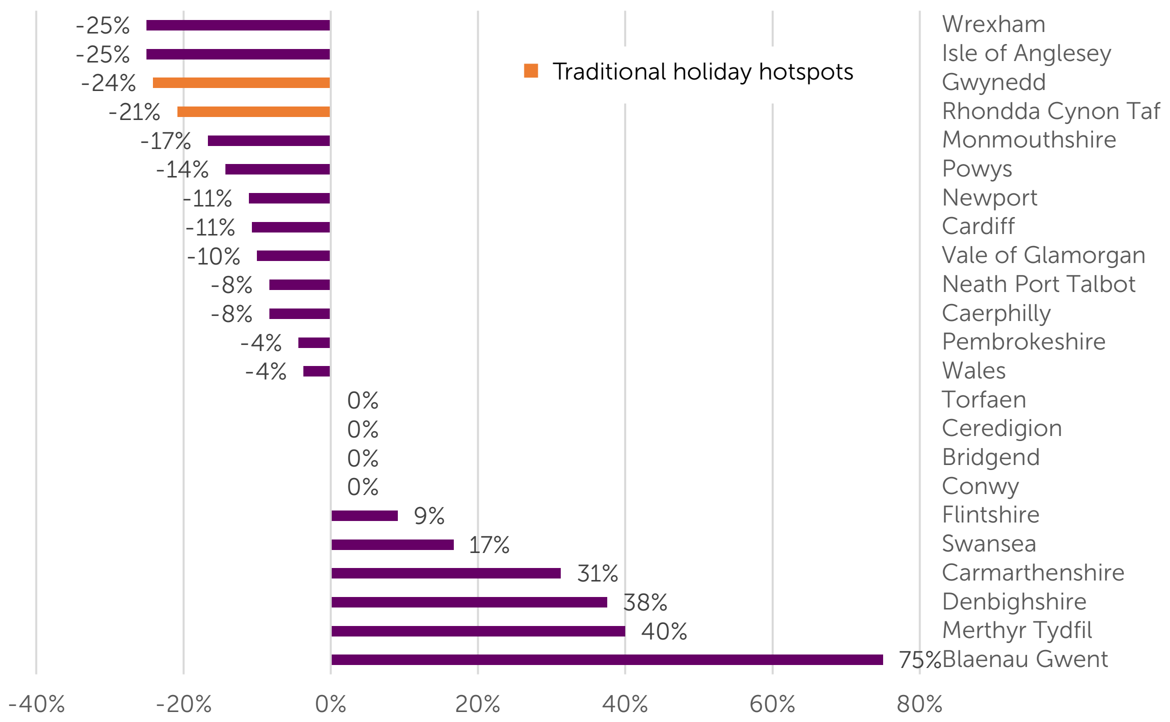
- Six out of the 22 local authorities saw an increase in the number of these second home transactions in their area (2023/24 to 2025/26). Blaenau Gwent saw a marked increase of 75 per cent in the number of second property transactions. Other authorities with increases were Merthyr Tydfil (40 per cent), Denbighshire (38 per cent), Carmarthenshire (31 per cent), Swansea (17 per cent) and Flintshire (9 per cent).

- The Isle of Anglesey and Wrexham saw a 25 percent decrease in the number of transactions in 2025/26 compared to 2023/.24 and Gwynedd saw a 24 per cent decrease.

This data is based on fairly small transaction numbers; however it does appear that some of the local authority areas which have taken greatest action to regulate second homes (discussed further in section 3.) are seeing the numbers reduce or stabilise. There may also be an element of displacement of second property purchases into neighbouring authorities which would not traditionally have been considered as holiday hotspots.

Although we are analysing different time periods, it is interesting to note that areas of growth in holiday lets do not always correlate with areas where greater numbers of second property purchases are being made. For example, Caerphilly saw a 55 per cent increase in holiday let listings but an 8 percent decrease in the number of second property purchases. This is perhaps evidence of properties within existing ownership being turned into holiday accommodation.

Figure 6: Percentage change in second homes purchases July 2023 to June 2024 and July 2025 to June 2026



Source: [Intent behind higher rates transactions for Land Transaction Tax]()

2.5.3 Evidence of national growth

Since the pandemic, there has been a rise in staycations in Wales and self-catering options have also grown in popularity as the cost-of-living crisis impacts on the amount of money households have for luxuries like holidays. Our data analysis reveals a general growth in holiday accommodation which uses permanent homes, and that growth is not confined to traditional holiday hotspots which already have large concentrations.

Research published by the Welsh Government in 2021 also confirmed these trends. Their interviews with local authorities revealed that most believed that the situation was becoming more concerning, with sales of second homes or commercial lets accelerating. It was also suggested that while second homes or holiday lets would be confined to coastal areas in the past, they were now, particularly through holiday lets and a readiness from tourists to explore alternative properties and locations, spreading inland.

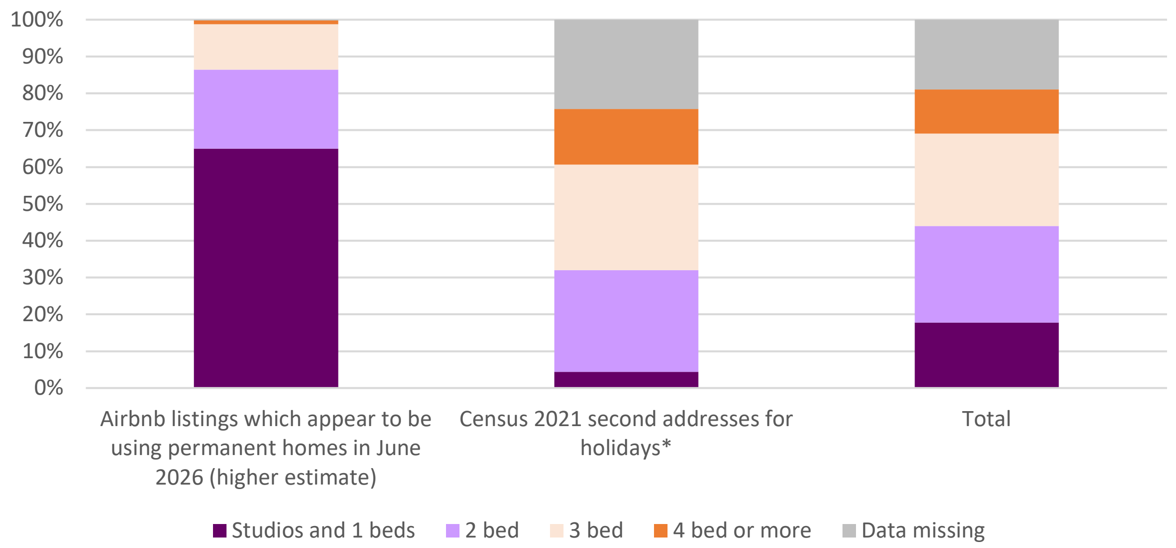
> *It used to be a problem limited to some holiday destinations in Gwynedd and Pembrokeshire, but it's now a growing problem in many rural communities throughout north and west Wales, caused by lower house prices in Wales compared to England.*
>
> Senedd Member interview conducted for the 2021 Welsh Government research to develop an evidence base for second homes[6]

2.6 What sizes of home are used?

It is also important to consider the sizes of permanent homes being lost to holiday accommodation. Across Wales, where property size is known (based on our higher estimate data), 26 per cent are 2 beds and 25 per cent 3 beds. Smaller proportions of studio/1 beds (18 per cent) and larger properties, 4 beds or more, (12 per cent) are used.

Holiday lets are generally using more smaller properties than second addresses with 86 per cent using studio/1 bed or 2 bed homes compared to 32 per cent of second addresses. Second addresses were much more likely to be using larger accommodation.

Fig 7: Property sizes of permanent homes used for holiday accommodation



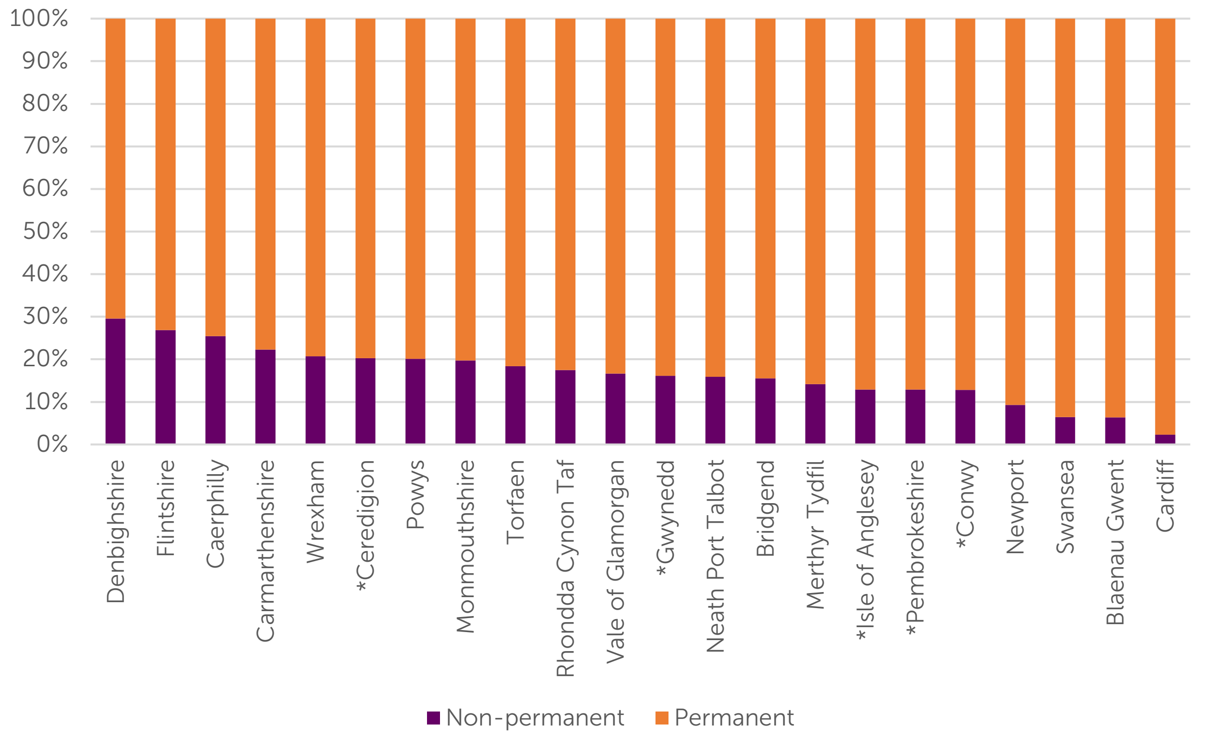
* we were unable to remove caravans and other temporary or mobile structures from this data

Sources: Bevan Foundation analysis of data available at Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics and Holiday homes in England and Wales - Office for National Statistics

2.7 How does the likely loss of permanent homes vary?

Using our higher estimate analysis of Airbnb listings, we can see that permanent homes appear to provide high proportions of holiday accommodation in all authorities across Wales. This ranges from 60 per cent in Denbighshire to 98 per cent in Cardiff. The accuracy of this data is likely to be affected by our inability to exclude accommodation which is restricted to holiday use but would otherwise be suitable for use as a permanent home (see Appendix 1).

Fig 8: The proportion of holiday lets using permanent and non-permanent accommodation by local authority



* traditional holiday hotspots

Sources: Bevan Foundation analysis of data available at [Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics]

3. The impact of holiday accommodation

In this section we explore the positive and negative impacts of holiday accommodation on a community which are relevant to our focus on the loss of permanent homes.

3.1 Negative community impacts

Research was commissioned by the Welsh Government in 2021 to develop an evidence base and explore the prevalence and impact of second home ownership upon communities across Wales.[7] It brings together previous research findings and stakeholder interviews to consider the impact of privately used second homes as well as commercial holiday lets. It begins by noting that:

> *impacts that large numbers of second and holiday homes can have on communities have been the subject of opposition and even violent protest at different points since the latter half of the 20th century. Most recently, particularly in the light of the COVID pandemic, Brexit and other factors, the issue has come to the fore once again, with communities and campaigning groups seeking to highlight the negative impact that second homes have in relation to community cohesion and the housing market.*

The research provides a useful flowchart illustrating the potential chain of impact from holiday accommodation – beginning with the demand in a community for second homes potentially resulting in house price increases and a lack of available homes. This in turn potentially leading to local people being unable to buy and having to leave the area. The loss of those people in turn could lead to services not being viable and closing, and a loss of community identity, in particular the use of the Welsh language.

Fig 9: Second homes – potential chain of impact

Source: [Research to Develop an Evidence Base on Second Homes](), Welsh Government

3.1.1 Housing supply and affordability

The research, and the previous works which it reflects on, are clear that although there is a long-held view that holiday accommodation impacts housing supply and affordability for local people there are also broader factors to consider.

> *Second and holiday homes are not a stand-alone problem. Rather, they cause concern when allied to other issues, such as the lack of sufficient housing land to cater for local needs or economic decline in the countryside leading to low wage levels and to an inability among sections of the local population to compete in the general market. (Tewdwr-Jones, Gallent & Mace, 2002: p.7)*

The 2021 research is keen to stress that this is not to suggest that second homes are not impacting local housing markets, particularly within certain '*hotspots*'. However, there has not been any robust data gathering to separate the supply pressure caused by holiday accommodation with others such as retirement or commuting.

> *The uncertainty appears to lie in 'when' and 'to what extent' second homes impact house prices, particularly in comparison to other factors.*

- The shortage of affordable homes

The affordability of housing is about the general state of the market and house prices, but also the supply of homes which are intended to be specifically affordable. The Bevan Foundation and Shelter Cymru have been working in partnership to highlight this shortage, in particular of social and community homes, and the growing numbers in need of them.

Across Wales, the supply of homes at social rent equates to 18 homes for every 100 households. This compares to a rate of 31 homes for every 100 households in 1981 – before the introduction of the right to buy. There are more than 94,000 households (representing an estimated 170,000 people) waiting for a social home in Wales. This is equivalent to 1 in every 14 households in Wales[8]. While these are Wales-wide figures, the shortage of affordable housing will be a key factor in communities which have high concentrations of holiday accommodation.

The Welsh Government has sought to pilot approaches to tailor affordable housing schemes to areas with a high concentration of holiday accommodation in the Dwyfor area of Gwynedd (see spotlight overleaf).

- Movement of homes from the private rented sector

The Welsh Government research also provided evidence about the increasing movement of homes from the private rented sector to holiday lets due to *'the ease with which the STL model operates and its profitability'*. This is at a time when the private rented sector is becoming more regulated (see spotlight in section 6).

Airbnb is the modern equivalent of B&B.... It does bring money into [the] local economy. The downside is that it is part of the housing problem now. Landlords who were renting houses out are now converting [them] *to Airbnb* [properties] *and depriving locals of affordable accommodation. Airbnb is being used to bypass Rent Smart Wales to avoid having to be licensed to rent out to locals.*

Housing and property interview conducted for the 2021 Welsh Government research to develop an evidence base for second homes[9]

Spotlight – The Dwyfor second homes and affordability pilot

In June 2022, the Welsh Government announced the Second Homes and Affordability Pilot in the Dwyfor area of Gwynedd, which aims to implement strategies to manage future numbers of second homes, empty properties and short term lets while enhancing housing affordability for local residents. The Pilot programme serves as a*'testing ground for innovative approaches and interventions'.*

The Dwyfor area was specifically chosen for the Pilot due *'to its geographic size, the concentration of second homes and the impact of second homes on the Welsh language'*. Dwyfor stretches from the Llŷn Peninsula to the area west of Porthmadog in the local authority area of Gwynedd. Affordability ratios were high and every community is defined as being of Higher Density Linguistic Significance for the Welsh language.

The pilot is focused on increasing affordable housing supply by:

- Tailoring the national Homebuy approach to fit the housing situation in Dwyfor.
- Providing additional funding to Cyngor Gwynedd to help buy empty properties and bring them back into use as affordable homes.
- Supporting community-led housing groups with their projects in the area.
- Trying to help local people build their own affordable homes through the Development Bank of Wales' self-build scheme.
- Working differently, with a dedicated pilot team based in the area and close working with local communities and organisations.

A final evaluation report will be published in Autumn 2026.

Source: Evaluation of the Second Homes and Affordability Pilot:Phase 1 2023 to 2024 and Evaluation of the Second Homes and Affordability Pilot: phase 2 report (2024 to 2025) | GOV.WALES

The link between holiday accommodation 'emptying' villages, and the consequent decline in service viability, is often made. In reaction to a proposal to close Ysgol Betws Y Coed in Conwy County, a mother was reported by BBC Wales[10] to be worried that the village would become 'the next Abersoch' with holiday lets and second homes.

For years I struggled to buy a house here because of how expensive it is. If they take away our school, I worry that this community will suffer. The school is what keeps young families in the area. Like myself, people will have to start looking elsewhere.

Again, the Welsh Government research highlights the difficulty in isolating the impacts of second homes on community viability independently of other trends such as outward migration and demographic factors.

3.1.2 Community tensions

Tension between the existing community and the users of holiday let accommodation can arise, particularly where permanent homes are being used in the centre of existing communities. As the Welsh Government research notes:

> *Interviewees noted that some properties, particularly STL properties, were marketed as 'party pads' or venues for stag and hen parties. If isolated, these properties were thought to rarely cause issues. However, when located within cities or in the centre of rural villages, these were felt to have contributed to considerable tensions and distress amongst local residents.*

Our own research revealed that tensions frequently arise due to parking, rubbish not being managed correctly, excessive noise and general anti-social behaviour. We were also told that the trend for shorter stays in holiday lets and more frequent change overs can cause more disruption. As one neighbour of a former private rented home which had been converted into three holiday let units told us as part of our research:

> *I've lost my privacy and I don't necessarily feel safe in my home anymore. I don't know who's the other side of the wall, there's lots of noise. They're on holiday … we're trying to carry on with daily life and need to go to work in the morning. There's no one to report it to and no regulation.*

While this was a clear example of a poorly managed holiday let, we spoke to a number of holiday let owners who were keen to stress that they were very conscious of being respectful to neighbouring properties. This suggests that there is a very mixed picture of holiday let management practices.

> *We don't accept bookings from large single sex groups and set a curfew time for any noise. We know that there's a family living next door and don't want them to be disturbed. They have our number and know that we will ask people to leave if we need to.*

The Professional Association of Self-Caterers (PASC) made the point to us that 52.8 per cent of their members are actually neighbours to the properties themselves and a further 7.9 per cent live in the same village so are conscious of minimising the impact on the community.[11]

3.1.3 Use of the Welsh language

The 2021 Welsh Government research highlighted that a reduction in use of the Welsh language was often linked to wider service decline, seasonality and the erosion of community. There are also links to the outmigration of young people, brought about by a lack of access to affordable housing. Again, interviewees suggested that a threshold or 'tipping point' existed, beyond which the impact was felt.

Cymdeithas yr Iaith has campaigned on the impact of second homes and holiday lets on communities and the Welsh language for decades, highlighting the need for affordable housing, economic opportunities and public services to sustain the community basis of the Welsh language. Its campaigning for measures to tackle the impact of second homes and holiday lets, alongside other local community campaigns (such as *Hawl i Fyw Adra* and *Siarter Cartrefi*), stepped up in response to the renewed concern about the issue during the Covid pandemic. This increased pressure on the Welsh Government and local authorities to act.

In August 2021 Welsh Government launched the Commission for Welsh-speaking Communities to help develop policies to sustain the language in those communities traditionally considered its heartlands. A Welsh Language Communities Housing Plan was later published in October 2022 '*to play a central part in our response in tackling the challenges facing Welsh-speaking communities that have high densities of second homes.'*

3.2 Positive economic impacts

It is important to acknowledge that although holiday accommodation may result in the loss of permanent home, it can also provide positive economic benefits. The accommodation provides for visitors who will be able to spend in the local area, supports direct employments as well as a range of other businesses and services.

According to the latest Welsh Government profile of the visitor economy in Wales published in 2024[12], the tourism sector accounted for 5.1 per cent of Gross Value Added (GVA) in Wales in 2022 (£3.8 billion). 1.9 per cent of tourism employment is in the provision of accommodation for visitors (26.000 jobs).

The Welsh Tourism Alliance reported in 2021[13] that 0.7 million visitor night stays in self-catering properties enabled a total visitor spend of £173.1 million. Whilst around £100 million was estimated to be spent on accommodation and travel to and from the property, the remainder was spent on visitor attractions, food and drink and other shopping and attractions.

As one resident of a community with a high number of holiday lets acknowledged to us:

> *We have a thriving town centre, full of independent shops and delis. It's amazing to have that on our doorstep when we fancy a treat…, but we need to be honest that it's the holiday lets and tourists visiting town that keep them all going.*

Economic benefits go beyond the traditional tourism catering and retail industries. In their response to the Local Government and Housing Committee [14] into second homes, Pembrokeshire County Council referenced one of its own consultations, commenting

> *Evidence from the recent consultation conducted by Pembrokeshire County Council, however, suggests that the renovation, maintenance and use of second homes and self-catering accommodation draws in, what is often external, investment and, as such, both types of property use can result in substantial contributions to local businesses and to the local economy overall.*

3.2.1 Second homes v holiday lets

Giving evidence to the Local Government and Housing Committee's inquiry into second homes, Cllr Dafydd Meurig set out how the economic benefits to an area of second homes and holiday accommodation can vary significantly.

> *If you have commercial holiday accommodation that is available throughout the year and there are people coming there on holiday for a week or a fortnight at a time and spending their holiday money, if you like, locally in shops and cafes and local attractions, then clearly that brings income that wouldn't otherwise come into the local area and brings economic benefits to the area.*
>
> *But there is a very great difference between that and somebody who has a second home for their personal use, for the use of a single family who might visit every weekend, every other weekend, or maybe just in the summer months—and clearly there's anecdotal evidence of this—who arrive for a weekend with a car that is full of food bought in a supermarket before they arrive, and they spend nothing locally. They might buy a pint of milk and a newspaper on a Sunday morning before returning home. So, that is the scenario that brings no financial benefit.*

In our conversations for this research, it was suggested that regular second home visitors were more likely to need to make use of health care and other public services *'as if they were full-time residents'* than one off holiday let visitors.

3.2.2 Community opportunities

Our discussions also highlighted that were a number of examples across Wales of community groups coming together to benefit directly from the provision of holiday accommodation.

In Caernarfon there is a community run hotel – Llety Arall[15] – and Galeri (Galeri Caernarfon Cyf)[16] – a community enterprise and development trust –has a small number of holiday lets in its property portfolio. In cases such as these the revenue raised from the accommodation can be used to ensure the financial viability of other community initiatives.

It was also suggested to us that holiday accommodation investors could also assist with property refurbishment and wider regeneration projects and town centre transformation schemes.

3.3 Finding a balance

Much of the discussion about both the positive and negative impacts of holiday accommodation centres around the threshold for when enough becomes too much. As the Local Government and Housing Committee concluded:

> *There is little doubt that tourists visiting coastal and rural locations across Wales spend money in those areas and generate employment opportunities in sectors supporting those visitors. However, we are concerned that the economic benefits are being outweighed by negative impacts in some areas. Despite the economic importance of tourism, it must be done in a sustainable way that does not adversely affect or displace communities. Living communities should not be displaced for the benefits of tourism.*

We have seen that this community impact threshold is a key factor in everything from the impact on housing availability to community viability and the Welsh language. However, there has been little specific research or evidence developed into where that the threshold line between housing supply and economic activity actually lies.

It is widely accepted that communities such Abersoch and Aberdaron where 15 per cent of dwellings are second addresses (fig 4) – remembering that this does not include holiday lets – have gone past this threshold. Many of the people that we talked to were pragmatic that it may be the case that the balance in favour of housing supply would be '*very hard to turn back*'.

Fig 10: The community impact threshold of holiday accommodation using permanent homes

The 2021 Welsh Government research also questioned whether the negative impacts appear when a certain proportion of homes are sold within a period of time, or whether they always appear regardless of the timescale.

The Bevan Foundation believes that establishing a clear baseline threshold is fundamental to knowing when and where further intervention may be needed, as well as being able to monitor if those interventions are successful. Later in this report (section 5) we discuss the importance of this in the planning system and any control mechanisms for the creation of further holiday accommodation. We suggest that an evidence-based threshold could be developed at a national level on the acceptable percentage of permanent homes being used as holiday accommodation in a community. This could include a hard-line threshold which should not be crossed, but also a warning threshold for when intervention should be geared up to avoid the impact going too far.

3.4 Evidence gaps

A recurring theme across this section has been, that while much has been said and written about the impacts of holiday accommodation using permanent homes amongst existing communities, there is little robust evidence to separate their effects from other changes taking place in the housing market or provision of services more generally. This is partly due to the fact that all these factors are interrelated.

We have seen welcome steps from the local authorities we have spoken to that they are 'tracking' the movement of property between uses and tax systems. However, we know that data here does not give the whole story in terms of the type of accommodation involved or wider market pressures and interventions.

The Bevan Foundation would like to see detailed and co-ordinated data gathering at a community level to provide this missing insight. We believe that this will be possible through the system changes we propose later on in this report.

4. The Interventions - Taxation

In July 2021, the Welsh Government announced an '*ambitious three-pronged approach''* to address the impact of second home ownership on Wales' communities[17]. This included '*a fair contribution'* – using national and local taxation systems to ensure that second homeowners make a fair and effective contribution to the communities in which they buy.

This section explores the taxation policy interventions that have been put in place or strengthened during the previous Senedd term, considering their intentions and opportunities for change. It builds upon the Bevan Foundation's briefing paper *Understanding how taxes on land and property are used in Wales*.[18]

4.1 A 1% increase in the higher rate of Land Transaction Tax

Tax on the purchase of property, Land Transaction Tax (LTT), replaced Stamp Duty Land Tax (SDLT) in Wales post-devolution. The levels of tax are set by the Welsh Government, and it is payable to the Welsh Revenue Authority. A higher rate is chargeable on the purchase of a second property; this includes holiday accommodation as well as buy-to-let landlord purchases.

4.1.1 Policy intentions

The 1 per cent increase in the higher rates across all price bands from December 2024 fulfilled the commitment to increased taxation on second home purchases, although the written statement for the tax element of the 2025-26 draft budget[19] announcement did not make it explicitly clear that this was the reason for the increase.

As a tax on the purchase or lease of land and buildings, Land Transaction Tax is primarily designed to raise revenues to help pay for Welsh Government spending and is not ringfenced. The Welsh Tax report 2025[20] recognises that it could also potentially support other policy aims through, for example, reliefs or adjustments to the rates charged. A 2021 consultation document[21] noted that

> *LTT is an episodic tax, only chargeable at the point of purchase, it is, therefore, likely to have a limited impact in the short to medium term on the existing proportion of short-term holiday lets or second homes in a community. However, it might help to reduce the number of future purchases and over the longer term it may be helpful as part of a wider suite of responses.*

4.1.2 How does LTT work?

The exact amount of tax payable varies depending on a range of factors. There are two residential tax rates:

- Main residential tax rates are paid by individuals purchasing a residential property (freehold or leasehold) who do not own another property
- Individuals (and some companies and trusts) must pay the higher residential rate if they already own one or more residential properties where the property is worth £40,000 or more.

There are exemptions or reasons for a refund from the higher residential rates including a purchaser buying six or more properties.[22] LTT relief is available if the property purchased is made up from more than one dwelling.[23]

4.1.3 How much is charged?

LTT is not payable on the full property value but is instead calculated using a progressive rate system. This means that the purchase price is divided into bands, and each band is taxed at a different rate. Higher percentage rates are only paid on the portion of the price that falls within that band.

The price bands for the higher rate are different to the main rate with tax payable on all portions of the property value and being set at higher percentages across the price bands. 5 per cent is payable on the portion up to and including £180,000 and 17 per cent on any the portion over £1.5 million. At the higher rate the purchase of a £300K property for a second homes would be liable for a tax payment of £19,950.

Fig 11: LTT Higher residential tax rates for transactions on or after 11 December 2024

Price band portion	LTT rate
Up to and including £180,000	5%
Over £180,000 up to and including £250,000	8.5%
Over £250,000 up to and including £400,000	10%
Over £400,000 up to and including £750,000	12.5%
Over £750,000 up to and including £1,500,000	15%
Over £1,500,000	17%

Source: https://www.gov.wales/land-transaction-tax-rates-and-bands

4.1.4 How much money is raised?

Higher rate purchases in 2025-26 were due to raise a significant £131.7 million, 78 per cent of the total LTT tax due to be raised in the year. This was £32.4 million higher rate income due in 2024-25.

The Welsh Revenue Authority conducts specific analysis of higher rate transactions where the second home purchased was intended for holiday purposes. There were 2,990 of these transactions between July 2024 and June 2025. Between them, they raised a total of £45.7 million.

4.1.5 Opportunity for change – increased taxation rates

SDLT is still in place in England and Northern Ireland and operates in a very similar way to LTT, although the price bands and rates of tax for each differ. In Scotland, the Land and Buildings Transaction Tax (LBTT) applies an additional dwelling supplement (ADS) on top of the standard rates if someone is purchasing an additional residential property – i.e. a purchaser pays LBTT plus an extra tax if they are purchasing a second home.

Comparing the tax liabilities on second home purchases across the nations it can be seen that even with the 1 per cent increase in LTT, lower rates of tax are payable in Wales than the tax systems in the other nations. For example, the taxable liability for purchase of a £300K second home in Wales (£19,950), while comparable with SDLT, is £4,050 lower than that required in Scotland by LBTT (£24,000). It should be noted that this lower tax liability is despite Wales having the highest proportion of second homes of all parts of the UK.

Fig 12: Tax due on second home purchases by nation and purchase price as of July 2026.

Property purchase price	Higher rate LTT Wales payable	Higher rate SDLT Eng and NI	Scotland LBTT and ADS
£100K	£5,000	£5,000	£8,000
£200K	£10,700	£11,500	£16,000
£300K	£19,950	£20,000	£24,000
£400K	£29,950	£30,000	£32,000
% of dwellings which as second homes with no usual residents	1.2%	0.7%	0.8%

Sources: GOV.UK - The best place to find government services and information, Calculate Land Transaction Tax | GOV.WALES, Calculate property transactions | Revenue Scotland, Holiday homes in England and Wales - Office for National Statistics and Second homes, September 2024 - Second Homes and Empty Properties in September 2024 - gov.scot

The Bevan Foundation believes that there is scope to raise the higher rate of Land Transaction tax for second home purchases to at least meet the levels being charged in Scotland, particularly given the higher proportion of second homes in Wales.

While a supplement system, which exists in Scotland, could be considered, a percentage increase across all rates would be more straightforward to implement. As the intent for a purchase must be registered, there is scope to have different rates for second home purchases for holidays and those for buy-to-let purposes if that was to be desirable.

We have calculated that 2 per cent increase on higher rates across all bands would result in a £300K property purchase paying £25,950 – a slightly higher tax contribution that that currently required in Scotland at £24,000.

Fig 13: Effect of a percentage increase in LTT Higher residential tax rates for a £300K property purchase

Price band portion	Current rate	+ 1%	+2%	+3%	+ 4%	+5%
Up to and including £180,000	5%	6%	7%	8%	9%	10%
Over £180,000 up to and including £250,000	8.5%	9.5%	10.5%	11.5%	12.5%	13.5%
Over £250,000 up to and including £400,000	10%	11%	12%	13%	14%	15%
Over £400,000 up to and including £750,000	12.5%	13.5%	14.5%	15.5%	16.5%	17.5%
Over £750,000 up to and including £1,500,000	15%	16%	17%	18%	19%	20%
Over £1,500,000	17%	18%	19%	20%	21%	22%
Tax payable on £300K purchase price	£19,950	£22,950	£25,950	£28,950	£31,950	£34,950

Source: Bevan Foundation calculation

4.2 Council Tax premiums for second homes

Accommodation which is 'used wholly as living accommodation' is placed in the Council Tax system by Section 66 of the Local Government Finance Act 1988. The Housing Wales Act 2014 gave local authorities the power to charge Council Tax premiums – extra Council Tax – on long-term empty properties and second homes.

4.2.1 Policy intentions

According to the Welsh Government guidance[24], the discretion given to local authorities to charge a premium is intended to be a tool to help:

- bring long-term empty properties back into use to provide safe, secure and affordable homes
- support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities.

The powers were designed as discretionary powers to allow local authorities *'to tailor their use to address local priorities and reflect the different patterns of housing availability and need across Wales.'* A local authority is able to retain any additional funds generated by implementing the premiums. They are encouraged, but not obliged, to use these to help to meet local housing needs, in line with the Welsh Government's policy intentions.

4.2.2 How do they work?

For the purpose of the premium, a second home is defined as a dwelling which is not a person's sole or main home, which is periodically occupied and substantially furnished. The regulations prescribe 7 classes of exempt dwellings from the premiums:

- dwellings being marketed for let or where an offer to rent has been accepted
- annexes forming part of, or being treated as part of, the main dwelling
- dwellings which would be someone's main residence if they were not in armed forces accommodation
- occupied caravan pitches and boat moorings
- dwellings where year-round or permanent occupation is prohibited, which have been specified for use as holiday accommodation only
- job-related dwellings

It is important to note that while non-permanent accommodation used for holidays such as those with a holiday-use planning restriction, are exempt from the premium it is not exempt from being in the Council Tax system.

4.2.3 How much is charged?

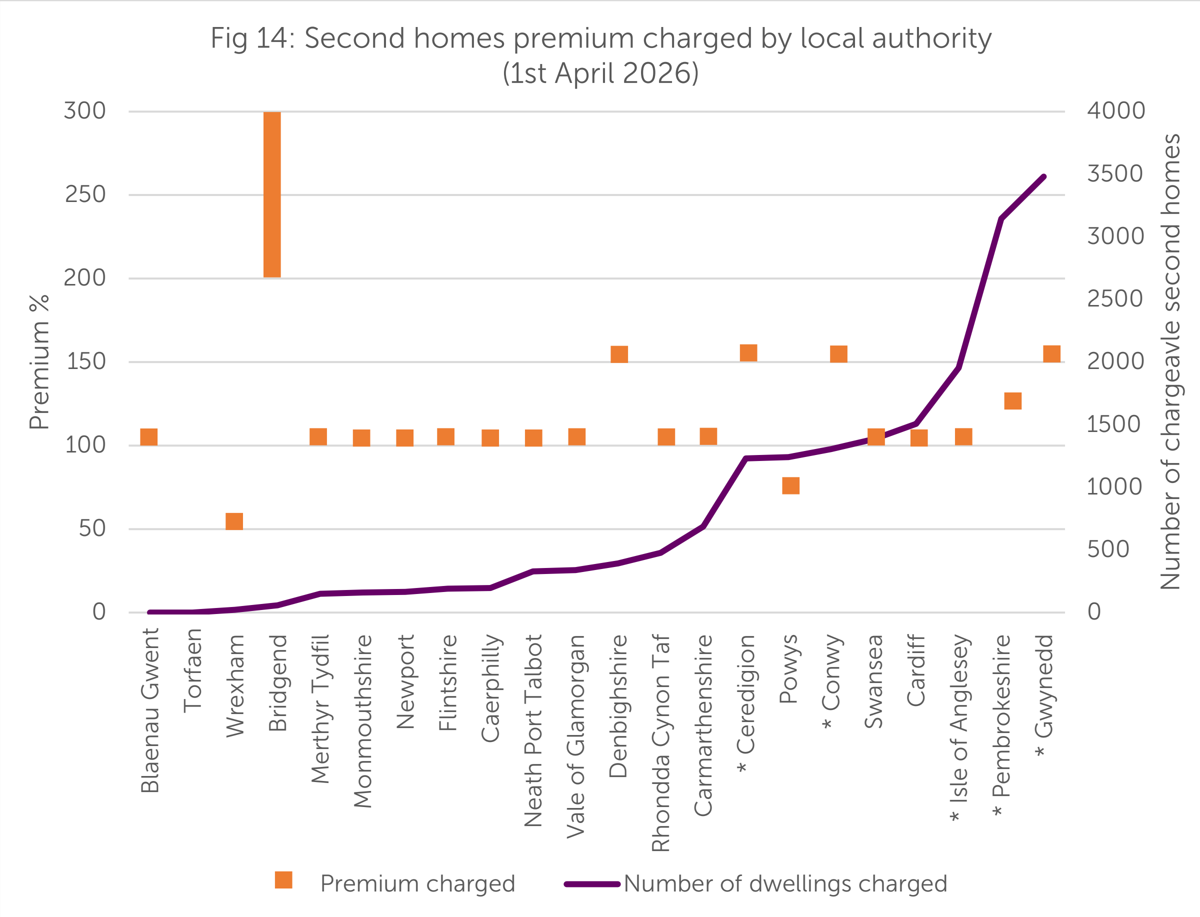
From 1 April 2017, local authorities have been able to charge a premium of up to 100% of the standard rate of Council Tax on empty dwellings and second homes. At the full rate, the occupier/owner of the property would be charged the full Council Tax charge applicable to their property, plus a further 100 per cent premium charge, i.e. 200 per cent.

From 1 April 2023, the maximum level of premium chargeable for was increased to 300 per cent by the Welsh Government. This resulted in a 400 per cent Council Tax liability being possible for the occupier/owner – 100 per cent charge plus 300 per cent premium.

As of 1 April 2026, 21 out of the 22 local authorities were charging a Council Tax premium on second homes. Torfaen County Borough Council was the only authority not to charge a premium. Figure 12 illustrates the second homes premium charged against the number of chargeable second homes dwellings for each authority. Key observations are that:

- 14 out of the 22 local authority areas charge a premium of 100 per cent.
- Authorities charging 150 per cent were more likely to have higher numbers of chargeable second homes – Gwynedd, Conwy, Ceredigion and Denbighshire.
- Only Bridgend charged a premium of 300 percent, although this was only charged if the property had been a second home for over two years.

Whilst in most cases the original premium level set had remained in place, or increased by around 50 per cent, Pembrokeshire's premium has reduced over time[25]. It currently stands at 125 per cent for 2026/27 having previously reached 200 per cent.



* traditional holiday hotspots
Source: Individual Local Authority websites and [Chargeable empty and second homes, by local authority (number of dwellings)]

4.2.4 How much money is raised?

Nine out of 19 authorities collecting a second homes premium in 2024/25 provide specific detail on the income raised. From this we can say that at least £33.3 million was raised during the financial year 2024/25. The updated information for 2025/26 is not sufficient to provide a comparable figure.

Spotlight – How Cyngor Gwynedd spends its Council Tax Premium

Cyngor Gwynedd had the highest value of Council Tax demands for the premium on second homes in 2024/25, totalling £15.7 million. Together with the premium on long-term empty properties, their total Council Tax demands for 2024/25 was £17.4 million.

The authority's £190 million Housing Action Plan 2020/21 to 2028/29 outlines actions to ensure the people of Gwynedd have access to suitable, affordable, and high-quality housing. It is supported by nearly £59 million of funding from the Council Tax premium.

> *It's given us the opportunity to do so much. It's funding with no boundaries really … we can use it take action on local housing priorities, in a way that works for us as an authority. I also can't think of any other funding which can be used for both revenue funding for services and capital bricks and mortar projects.*
>
> Officer working in Cyngor Gwynedd's Housing Service in conversation with the Bevan Foundation

The premium funding is used to support a wide range of housing development and programmes of support. These include social and supported housing schemes, support for home buyers, adaptations and home improvements.

Importantly, as a stock transfer authority – the former council housing stock was transferred to a housing association (now called Adra) in 2010 – the premium has allowed Cyngor Gwynedd to start to grow a new portfolio of homes through acquisitions of existing homes and building from new. The premium funding is also being used to fund a new 'one stop shop' service for housing advice.

Source: [Housing Action Plan 3.0.pdf]

4.2.5 Opportunity for change – Ringfencing for housing activities

The housing activities enabled by the premium in Gwynedd illustrate the significant potential of the funding for mitigation action. However, it is important to remember there is currently only guidance and no obligation for it to be used for housing activities.

Our conversations with local authorities revealed a mixed picture on the motivation for charging a premium and the link to taking strategic housing action in the housing market. While most housing officials talked about strong relationships and discussions with taxation managers, others questioned whether the decision to charge a premium was always housing-led.

> *In the current financial environment, and particularly the challenges in temporary accommodation budgets, it can feel like it's more about bringing extra money in than taking action on second and empty homes.*
>
> Local authority housing manager in conversation with the Bevan Foundation.

The Bevan Foundation believes that there is a clear case to be made for Council Tax premium revenue to be ringfenced for housing activities within a local authority area. We would also like to see a mandatory requirement for local authorities to report on how premium funds are spent and for the Welsh Government to consolidate this local data into a national picture.

4.3 The 182-day threshold for Non-Domestic Rates

The Non-Domestic Rating (Definition of Domestic Property) (Wales) Order 2016 sets out the criteria for a property to be defined as self-catering accommodation and classified as non-domestic for local taxation. To fall within the definition of commercially let the property will usually need to be let at market rates and actively advertised.[26]

A threshold exists on the number of days the property must actually be let. From 1 April 2023, the threshold was raised to at least 182 days per year from 70 days. Where the threshold is not met, the property is charged Council Tax and where exemptions are not in place, the premium.

4.3.1 Policy intentions

During the 2021 consultation on local taxes for second homes and self-catering accommodation[27], concern was expressed at '*the perceived ease*' with which second homeowners were able to apply to the Valuation Office Agency to have their property transferred to the non-domestic rating list by letting it, or appearing to let it, for the minimal period. The advantage of this being that once in the business rate system, the accommodation would likely be eligible for small business rates relief, and no tax would be payable. It has been reported that this *'loophole'* made local authorities wary about adopting a premium or setting it at too high a level.

In response, a written statement[28] from the then Minister for Finance and Local Government said:

> *increasing the* [lettings] *thresholds will provide a clearer demonstration that the properties concerned are being let regularly as part of genuine holiday accommodation businesses and are making a substantial contribution to the local economy.*

4.3.2 How does the 182-day rule work?

Property owners must submit clear evidence to the Valuation Office for an assessment for business rates eligibility. Later amendments to the regulations allowed some flexibility:

- where there are a number of holiday lets at the same location or within very close proximity to each other, owners have the option to average the number of lettings days across their properties to meet the 182-day criterion for the business as a whole.
- compliance with the 182-day threshold may also be achieved using an average of either the two or three previous years.
- From 1 April 2026, an allowance of up to 14 days per year for charitable donations of short breaks may be counted towards the letting criteria.

The previous threshold of 70 days or 10 weeks, which is still in place in England and Scotland, is the equivalent of the school holidays from Easter to October. 182 days is 26 weeks, so half of the year.

There has been much debate about the ability for holiday lets across Wales to achieve the new threshold. On the one hand, messages from the respondents to consultations have included '*current thresholds are too low and genuine self-catering businesses should be able to be let out for most of the year.'*[29] On the other, the Professional Association of Self-Caterers (PASC) is highly active in its campaigning against the current threshold, questioning its fairness and impact on the self-catering industry.[30] Its key arguments include:

- 182 is a one-size-fits-all number when all self-catering properties are different. A seafront property in a prime tourist location can command far more all-year bookings than an off-grid bothy in Bannau Brycheiniog.
- The holiday market is changing, there is a reduction in the number of holiday nights stayed in Wales, bookings are coming later, and for shorter stays, meaning owners have to secure more bookings to reach the occupancy threshold, making hitting a high target even harder.
- 26.9% of currently active self-catering businesses in Wales currently fail to reach the new threshold and of those who do, 85% only do so by extreme discounting, including trading at a loss over the low season.

The fundamental question remains however one of how the tax system can and should distinguish between genuine businesses and attempts to avoid taxation, and disincentive the use of permanent homes for holiday accommodation.

4.3.3 How much is charged?

To illustrate the benefit of moving between the two tax systems:

- A second home in the Council Tax system would be liable for Council Tax and a premium charge. As an example, a band D second home in Conwy county would have a liability of £6,182 per year (£2,473 charge plus 150 per cent).
- In the business rates system, many holiday lets will have a low rateable value and be eligible for small business rates relief (100 per cent up to £5,000), meaning that no tax payment would be required.

During the implementation of the new threshold, PASC strongly highlighted issues including the large, backdated bills being faced by holiday let owners who could not achieve the 182 days and were being moved into the Council Tax system for the first time[31].

> *the delays in processing these by the VOA mean that the charges often span multiple years. People are even now facing bills that date back to April 2023 ... In very many cases, the result is a bill for £10,000, £20,000, £30,000 or more ... These are often business ending bills.*

Powys County Council will be the first local authority to consider use discretion in these cases. In specific circumstances the premium element should be removed from backdated bills.[32]

4.3.4 Opportunity for change – separation of domestic and non-domestic property in the tax system

While the intention of the higher lettings threshold was to stop second homes moving into the business rate system, through its implementation, smaller commercial holiday lets unable to meet the threshold have been moved by default into Council Tax. This will include properties with restricted use for holidays, which cannot be used as permanent homes.

A 2020 report[33] by the Anglesey and Gwynedd Joint Planning Policy Service argued a clearer link is needed between the permitted use of a property and its planning status.

> *no property without legal permission for use as short-term holiday accommodation should be eligible for evaluation to pay non-domestic business tax rates. Self Catering Holiday Units should be a term reserved for use for properties that have been granted planning permission for that specific purpose.*

A heated area of debate is small business rates relief for holiday lets, with owners making the case for support of the tourism industry and community representatives calling for them to make a greater contribution towards local services. A clear separation of domestic and non-domestic property types could enable this to be done in a more targeted and coherent manner.

> *By identifying the premises that have been properly developed as part of the tourism industry, the Welsh Government can target assistance whilst at the same time ensuring that properties benefiting the owners but not the wider economy or community can be excluded from any relief scheme and asked to contribute to local taxes.*
>
> Anglesey and Gwynedd Joint Planning Policy Service

Taking Anglesey and Gwynedd's suggestion a stage further, clearer demarcation of holiday accommodation through the intended or permitted use of the property involved would enable more targeted action on accommodation with is using a permanent home — treating homes as homes and businesses as businesses.

The Bevan Foundation recognises that taxation action, and the 182 day rule in particular, has had implications for the broad range of accommodation which is used for holidays. We believe that action has not been focused enough on the use and loss of permanent homes. This is diluting the opportunity to address the availability and affordability of homes for local people, as well as impacting commercial holiday let business using types of accommodation which could not provide permanent homes.

We believe that there should be separation between the Council Tax and business rates systems, moving away from a lettings day threshold and instead using the planning status or intended purpose of the accommodation to establish the tax system in which they should sit.

Some thought would need to be given to how to treat accommodation which could be used as a permanent home but had received planning permission (see next section) to be used as a holiday let. There are two options here:

- Tax according to the original intended use of the property, i.e despite a change of permitted use it remains in Council Tax and is charged the premium to reflect the loss of a permanent home
- Tax according to the new planning status and allow it to be moved into the business rates system

While the use of the lettings-day threshold to distinguish between viable businesses and those that should be treated as homes for tax purposes is understandable, we believe that a change to the system we propose here would be simpler and more straightforward, and more likely to achieve the intended policy objectives.

5. The Interventions – Consent and Regulation

Action by the Welsh Government on holiday accommodation has also centred around the regulatory framework which gives consent for development and provides regulation. In this section we explore these interventions, which are still at an early stage in their implementation, and comment on any opportunities for change.

5.1 New planning classes enabling the use of Article 4 Directions

In October 2022 Welsh Government introduced changes to planning legislation. This introduced three new classes for 'dwellinghouses' to separate main residences from second homes and holiday lets. Local planning authorities (local authorities and the three national parks) were given the ability to require planning permission for material changes from one use to another through an Article 4 Direction.

5.1.1 Policy intentions

The consultation document proposing the changes states that they were intended to support local authorities in managing the impact of second homes and short-term holiday lets in their areas.

> *High concentrations of second homes and short-term holiday lets can lead to substantial changes for the settled communities as the nature of a neighbourhood changes. Issues and problems can manifest themselves in many different ways and create less stable local communities.*

5.1.2 How does Article 4 work?

Article 4 Directions are one of the tools local planning authorities can use to respond to the needs of their areas. They give them the ability to restrict 'permitted development' rights, for a change of use to a dwelling or land, where it is deemed necessary. An Article 4 Direction does not stop development. Instead, it requires planning permission to be obtained from the local planning authority so the planning impacts of the development can be considered, before a decision is taken on whether it can proceed. Article 4 only concerns the change of use of existing dwellings — an Article 4 Direction is not required for local planning authorities to restrict the use of new build homes to main residences.

The changes to the Town and Country Planning (Use Classes) Order 1987 introduced in 2022 created three new use classes of dwellinghouse for planning purposes:

- those used as sole or main residences - Class C3
- those used otherwise than as sole or main residences (second homes) - Class C5
- short-term lets (holiday lets) - Class C6

Although these separate classes now exist, a further amendment to the Town and Country Planning (General Permitted Development) Order 1995 allows a dwellinghouse to change between these new use classes without requiring planning permission (known as permitted development).

Planning permission is only required if these permitted development rights are revoked by a local planning authority through an Article 4 Direction. To date, Article 4 Directions related to second homes and holiday lets have only been put in place by Cyngor Gwynedd (in September 2024) and Eryri National Park (in June 2025). Gwynedd's Article 4 Direction was subsequently quashed following a successful judicial review. A direction can only be made on the grounds of robust local evidence and effective community consultation.

> *The justification might be in terms of, for example, land supply, environmental or social impacts including the prevalence of second homes and short-term lets, either individually or in combination. Evidence could be obtained from local studies ….. Such evidence should highlight any impact of second homes and short-term lets on specific communities.*
>
> Addition to Planning Policy Wales

Where a direction has been put in place, a planning application must be made for any material change between the uses, i.e. from a main residence to a second home or holiday let, from a second home to a holiday let or back to a main residence, from a holiday let to a second home or back to a main residence.

To inform and guide their decision making, the local planning authority can also adopt local policies to place a cap or ceiling on the number of second homes or holiday lets. Cyngor Gwynedd and Eryri set a cap of 15 per cent.

An Article 4 Direction may be made for a whole planning authority area or a part of it. Despite the notable concentration of holiday accommodation in certain communities, both authorities who enacted directions said that they had decided to adopt a whole planning area approach to the direction to avoid '*displacement*'. By this they were voicing concern that new holiday accommodation may be pushed into surrounding communities if too local an approach was taken.

5.1.3 Opportunity for change – a national approach

From our conversations with planning authorities and a review of a legal opinion by Gwion Lewis KC[34], we have identified a number of issues with the current local approach to Article 4 Directions.

- Resources and expertise

We heard from planning officers about the significant level of resource that had been required for the process, both in terms of the technical elements of the process but also managing public engagement processes, public reaction and misinformation. It should be noted that Cyngor Gwynedd were provided additional resources from Welsh Government to fund a team of officers focused on introducing and implementing the Article 4 Direction as part of the Dwyfor pilot area scheme.

> *It took a year of my work time and delayed other key policy work which we need to be working on.*
>
> Planning officer in conversation with the Bevan Foundation

Officers outside Cyngor Gwynedd were keen to stress that they had benefited from Cyngor Gwynedd sharing their experiences and documentation and by '*not being the first*'. Gwynedd commented in a Scrutiny Committee report that they had '*developed and nurtured specific skills and expertise within this area of work*' which will be '*extremely valuable and transferable to other relevant projects in the future.*'

Spotlight – The judicial review of Article 4 in Gwynedd

Cyngor Gwynedd were the first local planning authority to confirm an Article 4 Direction, applying it to the whole of the local planning authority area, An application was submitted to the High Court by campaign group People of Gwynedd Against Article 4 to challenge the decision through a Judicial Review. The outcome was to revoke the Article 4 Direction and an appeal to appeal was refused.

The main argument was that the Council failed to appreciate that planning consent is only needed for material changes of use, and therefore it would not have the effect of preventing every change of use revoked by the Article 4 Direction. It was argued that the guidance in the documents prepared was incorrect or misleading to elected members. This was accepted by the Judge.

In a report to Communities Scrutiny Committee, an officer reported:

> *What constitutes a material change of use is not defined. Determining whether a material change of use has occurred, and therefore whether planning permission is required, is a matter of fact and degree for the relevant planning authority to consider on a case-by-case basis. Among the factors likely to be relevant in determining whether a proposed development (specifically holiday accommodation/second homes) amounts to a material change of use are the frequency, scale, or intensity of the use.*

The report goes on to explore examples:

- using a main residence (C3) as a holiday let (C6) for a one-off event is unlikely to be a material change of use it is a one off, for a short time.
- using a main residence (C3) as holiday let (C6) regularly (with no other use in the meantime), would qualify because of the frequency, use density and long-term intent would constitute a material change of use and require planning consent.

> *it must be emphasised that it was not the principle of the Direction itself that was found to be unlawful by the court, but the accuracy of the information given to members of the Council on the Direction's effect. The court was not persuaded that the Direction was unlawful on the basis of laws relating to human rights or equalities.*
>
> *Gwion Lewis KC*

The authority has not yet decided what their next steps will be.

Source: Article 4 Direction Report.pdf and https://www.siangwenllian.cymru/download?file=/papur-taicynllunio-cymru-terfynol-en.pdf

- Fear of legal challenge

Although action was being considered by some to put main residence conditions on new properties, none of the planning authorities we spoke to were actively pursuing an Article 4 Direction to manage holiday accommodation. Our conversations with other local planning authorities who may have been considering using Article 4 confirmed a nervousness to use the intervention. This was, in the main, fuelled by the successful judicial review against Cyngor Gwynedd.

Concern about exercising their new powers may also be in response to the Welsh Government's Development Management Manual[35] stating that an Article 4 Direction is an '*exceptional*' matter. As Gwion Lewis KC has noted[36] in his report to Siân Gwenllian MS, there is no basis in national planning policy for this statement, and this should be amended urgently.

- Lack of detailed guidance

Planning officers were also keen to talk to us about the lack of detailed guidance from Welsh Government in the process for introducing an Article 4 Direction.

> *We were given the tools but not the instructions .... Just a few extra paragraphs in Planning Policy Wales ... For something that big we needed more.*
>
> Planning officer in conversation with the Bevan Foundation

A key area where more guidance has been called for was on the evidence needed to both justify the introduction of an Article 4 Direction as well as in the process of determining an individual application for change of use after the direction is in place. We heard for example from neighbours of holiday accommodation, who have been actively campaigning for control and regulation, that the surrounding community should be actively consulted as part of the decision making process.

Another area for greater guidance was the threshold percentage of second homes or short-term holiday lets within a community.

The Bevan Foundation believes, given the complexity of implementing planning controls of this nature in relation to holiday accommodation and the growth in this accommodation across many areas of Wales, a national approach is now needed.

The current framework separates use classes but requires action at a local level to require planning permission for the movement of dwellings between them. We are proposing that this should be changed, revoking permitted development and requiring planning permission between the use classes across Wales. Local authorities could then decide their own approach to providing permission.

A national approach would provide consistency across Wales, treat all holiday accommodation equally and avoid displacement of issues into neighbouring authority areas. It would also provide the basis for the separation of domestic and non domestic property in the tax system as we suggest in Section 4.3.4 as well as enabling the robust tracking of property movements between uses.

We also suggest that an evidence-based threshold could be developed at a national level on the acceptable percentage of permanent homes being used as holiday accommodation in a community.

5.2 Licensing of holiday accommodation

Towards the end of the last Senedd term, legislation was passed to introduce a registration and licensing scheme for visitor accommodation which will enable regulation of holiday lets.

5.2.1 Policy intentions

Becoming law in September 2025, the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 requires visitor accommodation which takes bookings for overnight stays in Wales — including holiday lets, but also everything from hotels to camping pitches — to be registered with the Welsh Revenue Authority. Registration is required to assist visitors to find registered accommodation, provide data to support tourism in Wales and collect a Visitor Levy, where a local authority decides to introduce it.[37]

A further piece of legislation, the Development of Tourism and Regulation of Visitor Accommodation (Wales) Act 2026, gained royal assent in April 2026. At bill stage it was stated[38] that the intention was to regulate the provision of visitor accommodation by

> *introducing a licensing regime to reassure visitors that accommodation meets the standards they would expect, aligning those closely with corresponding standards already applicable to the private rented sector in Wales* (see spotlight).

The Economy Trade and Rural Affairs Committee's Stage 1 report[39] noted its intention to raise standards, improve safety, and create a level playing field for visitor accommodation providers.

5.2.2 How will it work?

From October 2026, accommodation must be registered with the Welsh Revenue Authority. Registration is required even if the local authority in which the accommodation is location has not introduced a Visitor Levy.

Registration is required for stays of 31 nights or less, even if only one booking is taken each year. Once registered, details of the accommodation and its provider will be provided on a searchable public register. Penalties for non-registration will be made.

Spotlight – The current situation with introduction of the Visitor Levy across Wales

Cardiff Council was the first local authority to introduce a visitor levy from 1 April 2027 at £1.30 per person per night.

Since then, three more councils, Gwynedd, the Isle of Anglesey, and Conwy are running public consultations from mid-May 2026 to mid-July 2026.

Pembrokeshire Council has publicity stated that it will not adopt the levy this term. This may be reconsidered following local government elections in May 2027.

Local authorities are required to use the proceeds of a visitor levy for destination management and improvement in their areas.

Source: More councils in Wales move on the visitor levy. Here's what's changed since Cardiff

'*Regulated visitor accommodation'* – which is self-contained, self catering accommodation with sleeping, sanitary and cooking facilities provided for the *'exclusive use of the visitor '*- will also need to be licensed. *A 'fitness for visitor accommodation*' standard will be set which is based on the '*fit for human habitation*' standard in the private rented sector.

The consultation document set out that one of the primary aims of a statutory licensing scheme is to *'establish a level playing field for all visitor accommodation providers operating in the sector'* and to address *'concerns that certain parts of the sector do not meet or comply with their statutory obligations'*.

The licensing scheme is intended to go live in 2028-29, but there is currently little detail on how it will be implemented, with further guidance to be published.

5.2.3 Opportunity for implementation – focus on standards and community impact

The Economy, Trade and Rural Affairs Committee heard concern[40] about the timing of the legislation's introduction and the lack of detail on its implementation. There was broad support among witnesses for the general principles of the legislation, however many expressed concern about the detail of its implementation, with some suggesting that it has been '*rushed"* through.

> *Visit Pembrokeshire supports the Welsh Government's aim of ensuring a safe, fair, and transparent tourism accommodation sector. However, success will depend entirely on the scheme's practical implementation.*
>
> Visit Pembrokeshire evidence to Stage 1 scrutiny by the Economy, Trade and Rural Affairs Committee[41]

Many organisations representing the tourism sector told the committee about the benefits of *'levelling the playing field*' for accommodation providers.

> *We agree with the policy intention and welcome the bill. Standardisation of quality and safety will increase visitor confidence. As holiday accommodation owners that have painstakingly followed all legislation and guidance at considerable cost over the past 15 years, it has long been a frustration of ours to see other sub-par accommodation offering stays at below cost rates.*
>
> Beach View Cottages evidence to Stage 1 scrutiny by the Economy, Trade and Rural Affairs Committee [42]

One area which evidence to the committee and our own discussions has highlighted is the need for fitness standards to not only consider the physical condition of the accommodation but also the elements of its management and occupation which may have an impact on the wider community.

In their response to the committee, the WLGA suggested that the legislation is about ensuring high standards and added that it is also *'about providing some measures of control where performance and standards don't meet our expectation as local authorities, not just in terms of the offer to visitors but also in terms of nuisance issues like noise, anti-social behaviour, waste presentation'.* They also suggested that a fit and proper person test or a similar requirement should be included as part of the licence conditions for all visitor accommodation providers.

Another key area which was raised in our discussions was the importance of where the responsibility for licensing would be placed. The Explanatory Memorandum to the legislation notes that there will be *'a single national licensing authority'* but does not commit to where that will be located. The WRA, Visit Wales or a local authority/ies have all been mentioned in the scrutiny of the legislation.

> *The choice of licensing authority will have a high influence on the focus for licensing. The WRA's focus will be tax collection, Visit Wales will be on the visitor experience. It is difficult to see them taking that broader view of accommodation standards and community impact.*
>
> Local authority service manager in conversation with the Bevan Foundation.

A number of people we spoke to wanted to see the licensing regime operating in a similar manner to Rent Smart Wales for the private rented sector (see spotlight).

The Bevan Foundation believes that the Welsh Government should take the opportunity to ensure that arrangements for the licensing of holiday lets take a strategic approach by improving the quality of individual lets, while also ensuring that the cumulative impact of holiday lets on local communities, and the homes available to them, is actively managed. This must be the key focus when deciding upon the preferred location for the licensing authority.

Spotlight – Consent and regulation of the private rented sector

Houses in Multiple Occupation

In Wales the definition of Houses in Multiple Occupation (HMO) includes houses and flats where facilities are shared by a number of unrelated persons who do not form one household.

The Housing Act 2004 introduced a Wales-wide mandatory registration scheme for HMOs with 5 or more residents. It also established a discretionary additional licensing scheme enabling local authorities to designate areas and types of HMOs for licensing where there are concerns about their management or impact.

In 2016 a new planning use class for HMOs was introduced for dwelling houses occupied by not more than 6 residents. There are no permitted development rights and planning permission is required across Wales.

This gives local planning authorities the ability to draw up local policies to control and regulate the number of HMOs within specific pressures areas. For example, Anglesey and Gwynedd's joint local development plan limits the subdivision of existing properties into HMOs. The threshold is by 25 per cent in Bangor city centre and 10 per cent elsewhere.

Rent Smart Wales

The Housing (Wales) Act 2014 requires private sector landlords to be registered and licensed to let out properties. The licensing authority is Rent Smart Wales hosted by Cardiff Council, with enforcement around property conditions and management sitting in the local authority environmental health teams. Prospective tenants can check that the landlord is registered and has complied with the licensing rules via the public online register.

The licensing process is designed to ensure that landlords and agents are appropriately trained in their rights and obligations. Failure to be licensed can result in a fine, rent being stopped or repaid and the ability to evict being evoked.

A 'fit and proper person' test is in place to ensure private landlords and agents have to meet a certain standard before they can legally rent out property. Rent Smart Wales can consider information showing whether the applicant, or anyone associated with them, has committed a criminal offence, discriminated against someone in any business activity or broken any other laws in relation to housing.

Source: Appendix 2.pdf, Landlord registration and licensing - Shelter Cymru and Croeso i Rhentu Doeth Cymru | Welcome to Rent Smart Wales

6. Conclusion and Recommendations

This report has explored the loss of permanent homes being used as holiday accommodation in the midst of the housing emergency, providing new evidence on the number of homes involved. It has reflected on the balance which is needed to provide for welcoming visitors to Wales, whilst also safeguarding homes for local communities and minimising wider impacts.

The Plaid Cymru Government have promised a review and evaluation of the interventions that have been put in place and now is certainly the time for action to protect homes for use as homes. The Bevan Foundation is proposing the following approach.

6.1 National action for a national issue

We have evidenced that the number of permanent homes being used as holiday accommodation continues to grow across Wales – despite interventions by the Welsh Government in the last Senedd term – and this growth is not confined to the traditional holiday hotspots. This is now a national driver of pressure on housing supply. Historically, it has been framed as an issue which is only faced by Welsh-speaking communities, and has been largely overlooked in terms of its importance other than by language campaigners. We now need to challenge this and call for national action.

Government action in recent years has, for the most part, offered greater powers to local authorities to take action at a local level. This allows for local autonomy in decision making and for the level of intervention to reflect local circumstances. We have highlighted that there is a danger of this resulting in a knock-on effect with authorities which take a more lenient approach, but which neighbour those with stronger policies, being the new focus of holiday accommodation activity.

We would argue that passing responsibility for action to local authorities in this way is not sufficient, that there should be a focus on what could be put in place on a national basis, while still providing a framework for local action. The Bevan Foundation is recommending that this should include:

- A national requirement for planning permission to be required for change of use from a permanent home to holiday accommodation (second home or holiday let) or a change between holiday accommodation types.
- An increase of at least 2 per cent in the higher rate of transaction tax specific to the purchase of homes for holiday accommodation.
- A robust and effective registration and licensing scheme for holiday lets to not only improve the management and physical condition of properties, but also to minimise any negative impact on the surrounding community and the availability and affordability of homes locally.

6.2 Targeted and cohesive action

The previous Government should be commended for the scale of action which it undertook across a wide range of policy areas. However, that action has not always been clear in its intentions or joined up in its detail. The overriding motivation of improving affordability and availability of homes is commendable, but there has sometimes been a lack of clarity that this is the policy intention, and how interventions will directly achieve it.

Taxation action in particular has had implications for the broad range of accommodation which is used for holidays, rather than focusing on the use and loss of permanent homes. This lack of focus is diluting the opportunity to address the availability and affordability of homes for local people, as well as impacting commercial holiday let businesses using types of accommodation which could not provide permanent homes.

With a national planning framework in place to control the numbers, we believe that taxation interventions on holiday accommodation should be clearly focused upon taxing the loss of permanent homes and providing financial resources for mitigation activity:

- Create separation in the Council Tax and business rates systems, moving away from a lettings day threshold and instead using the planning status or intended purpose of the accommodation to establish the tax system in which they should sit – businesses sitting in business rates and homes sitting in Council Tax.
- The funds raised through Council Tax premiums should be ringfenced for mitigation action to provide housing services and boost the supply of homes which are genuinely affordable to local people, in particular social homes.
- Incentivise holiday accommodation which does not use permanent homes as part of a wider tourism strategy. This could be through the use of small business relief.

6.3 Clear evidence and evaluation

It is clear that there are significant gaps in the evidence on holiday accommodation, its impact on housing supply and the surrounding community. This is not just about data gathering, but making use of that data effectively. It is important to monitor the movement of property across uses and tenures and the point at which the balance between economic benefits and community sustainability is lost. We recommend:

- Detailed and co-ordinated data gathering through the national planning, taxation and licensing systems we are proposing.
- Ongoing evaluation of the impact of interventions.

Annex 1 – Estimating the number of permanent homes being used for holidays

It is impossible to put a definitive figure on the number of permanent homes being used as second homes and holiday lets in Wales. The available data is complex and there are categories of accommodation within it which fall into grey areas in terms of occupancy permissions. These include dwellings with use restrictions, domestic annexes, caravans and other mobile or temporary structures.

We are defining a dwelling capable of being a permanent home (to a separate household) as a self-contained permanent structure which could be occupied year-round and rented out on a long-term basis or sold as a separate property.

The Bevan Foundation have made estimates on the number of permanent homes involved by identifying non-permanent accommodation in the available data, considering the research of others and conducting our own analysis of Airbnb holiday let listings.

Non-permanent accommodation used for holidays

We have identified a wide variety of accommodation which is commonly used as holiday accommodation but would not be capable of, or suitable to be used as, a permanent home. This non-permanent accommodation includes:

- Dwellings with use restrictions - Local authorities may approve restricted planning permission for commercially let holiday accommodation where they would not allow permanent homes, such as open countryside.
- Domestic annexes – These are generally a secondary residential unit located within or on the same land as a main dwelling such as a converted garage or outbuilding.[43] They can only be sold separately if they are legally a separate dwelling and are often restricted for family use only – hence the term 'granny annexe'.
- Rooms let within a house – A common holiday let accommodation option advertised through platforms such as Airbnb. These are generally a bedroom with limited/shared facilities which would only be suitable as permanent accommodation through a lodging arrangement.
- Caravans – The 2021 Census classes caravans and other mobile or temporary structures as dwellings if they have permission for residential use. These will include static caravans, park homes and lodges, normally on dedicated holiday resorts with some occupancy restrictions.
- Other non-residential temporary/movable structures – a wider variety of other structures such as shepherd's huts, yurts, cabins and even planes and buses, will have specific planning permission to be used as commercial holiday lets.

Estimates of holiday lets using permanent homes

The Bevan Foundation have conducted our own analysis of holiday lets listing to estimate the number of dwellings being used which are suitable to be permanent homes. We have sourced data through the Airbtics portal[44], which analyses global Airbnb listings and provides insight for owners and investors. We should note that Airbnb is one of many listing platforms for holiday let accommodation but, as properties are likely to be listed on multiple platforms, it is best to just consider one to avoid duplication.

As of the first week of June 2026, there were 21,168 active Airbnb listings for holiday lets across Wales. A listing is considered to be active by Airbtics if it has been active for 90+ days in the previous 12 months. 87.8 per cent of these listings (18,576) were for entire homes, the rest being private rooms, shared rooms or hotel accommodation.

Active Airbnb holiday let listings by property type (first week of June 2026)

Property type	Number	%
Entire house	18,576	87.8%
Private room	2,326	11.0%
Shared room	15	0.1%
Hotel	42	0.2%
Unknown	269	1.0%
Total	21,168	100%

Source: Bevan Foundation analysis of data available at Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics

Focusing on the listings for an entire house, we viewed each listing individually to make a visual assessment of whether it would be suitable for use as a permanent home. While caravans and non-permanent structures such as huts and cabins were easy to identify, annexes were based on a best guess with reference to the description given. Using this methodology, we estimated that just over 15 per cent of the listings (2,847) were unlikely to make use of a dwelling which could be suitable for use as a permanent home – leaving 15,729 which are. We use this as our higher estimate in figure 2 of this report.

Bevan Foundation assessment of entire house Airbnb listings (active) by suitability for use as a permanent home (first week of June 2026)

Assessment	Number	%
Suitable	15,729	84.7%
Unsuitable	2,847	15.3%
Total	18,576	100%

Source: Bevan Foundation analysis of data available at Airbnb Analytics | Worldwide short-term rental data | Airbtics | Airbtics | Airbnb Analytics

The main limitation with our methodology is that we were unable to clearly identify dwellings which appeared to be suitable for use as a permanent home, but which may have restricted use to holiday accommodation only. For this reason, we have also considered research carried out by PASC (the Professional Association of Self-Caterers). Their 2026 survey of owners[45] concludes that 36.9 per cent of their members accommodation in Wales is limited to holiday letting, we have therefore concluded that 63.1 per cent of this accommodation could be used as a permanent home.

We have applied this proportion to the total active entire house Airbnb listings to provide a lower estimate of 11,721 permanent homes being used as holiday lets.

Annex 2 – Local authority level data

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Census 2021 second addresses used for holidays			June 2026 Entire house Airbnb listings			Estimates of permanent homes being used as holiday accommodation		Change in number of Airbnb listings		Number of second home purchases for holidays (LTT higher rate)		
Local Authority	Total	Of which caravans	Permanent homes (A-B)	Total	Non permanent	Permanent homes (D-E)	Number (C+F)	% of all dwellings	Bevan Foundation 2022 estimate of Airbnb listings in permanent homes	% change from 2026 (F)	July 2023 to June 2024	July 2025 to June 2026	% diff
Blaenau Gwent	0	0	0	63	4	59	59	0.2%	28	111%	40	70	75%
Bridgend	105	10	95	219	34	185	280	0.4%	169	9%	100	100	0%
Caerphilly	25	0	25	106	27	79	104	0.1%	51	55%	120	110	-8%
Cardiff	155	0	155	1,324	30	1,294	1,449	0.9%	1,129	15%	280	250	-11%
Carmarthenshire	425	45	380	1,018	227	791	1,171	1.3%	786	1%	160	210	31%
Ceredigion	695	35	660	1,233	250	983	1,643	4.5%	1,120	-12%	80	80	0%
Conwy	950	10	940	1,365	175	1,190	2,130	3.7%	1,000	19%	180	180	0%
Denbighshire	335	80	255	623	184	439	694	1.4%	391	12%	80	110	38%
Flintshire	160	40	120	246	66	180	300	0.4%	150	20%	110	120	9%
Gwynedd	2,590	20	2,570	3,211	517	2,694	5,264	8.3%	2,885	-7%	290	220	-24%
Isle of Anglesey	1,190	30	1,160	1,200	155	1,045	2,205	6.1%	815	28%	160	120	-25%
Merthyr Tydfil	20	0	20	162	23	139	159	0.6%	102	36%	50	70	40%
Monmouthshire	115	0	115	537	106	431	546	1.3%	313	38%	60	50	-17%
Neath Port Talbot	40	0	40	226	36	190	230	0.3%	151	26%	120	110	-8%
Newport	15	0	15	162	15	147	162	0.2%	159	-8%	90	80	-11%
Pembrokeshire	1,800	95	1,705	3,007	388	2,619	4,324	6.7%	2,333	12%	230	220	-4%

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Census 2021 second addresses used for holidays			June 2026 Entire house Airbnb listings			Estimates of permanent homes being used as holiday accommodation		Change in number of Airbnb listings		Number of second home purchases for holidays (LTT higher rate)		
Local Authority	Total	Of which caravans	Permanent homes (A-B)	Total	Non permanent	Permanent homes (D-E)	Number (C+F)	% of all dwellings	Bevan Foundation 2022 estimate of Airbnb listings in permanent homes	% change from 2026 (F)	July 2023 to June 2024	July 2025 to June 2026	% diff
Powys	740	35	705	1,983	398	1,585	2,290	3.4%	1,169	36%	140	120	-14%
Rhondda Cynon Taf	45	0	45	217	38	179	224	0.2%	125	43%	240	190	-21%
Swansea	465	15	450	1,108	71	1,037	1,487	1.3%	1,049	-1%	240	280	17%
Torfaen	0	0	0	49	9	40	40	0.1%	31	29%	50	**50**	0%
Vale of Glamorgan	125	0	125	319	53	266	391	0.6%	302	-12%	100	90	-10%
Wrexham	60	0	60	198	41	157	217	0.4%	126	25%	80	60	-25%
Wales	10,070	455	9,615	18,576	2,847	15,729	25,344	1.7%	14,384	10%	2,980	2,870	-4%

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D	Bevan Foundation data set	K	Intent behind higher rates transactions for Land Transaction Tax
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