



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

## **Powys Housing Need and Supply**

### **4. Vacancy Rate Background Paper**

**January 2024**



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## Executive Summary

This background paper has been produced as part of the evidence base to support the Powys Replacement Local Development Plan (LDP). It is aimed at setting out evidence to inform the vacancy rate that will be applied to housing need figures to convert them to dwelling numbers.

This paper looks at data available from the Census and Council tax on vacant properties. According to the 2021 Census, 10% of all properties in Powys were recorded as having no usual residents or were in use as second homes. This captures properties that are either empty or are used by short term residents or visitors, such as properties used for holiday accommodation, and properties used as second homes. This figure is considered to be reasonably up to date.

Council tax data provides figures for the number of properties that are subject to Council tax premiums for empty homes and periodically occupied properties. Figures are also provided for properties subject to business rates that are in use as short-term holiday lets. According to the Council tax data and business rates data, empty homes, second homes and short-term holiday lets account for a total of approximately 5% of all residential properties. This is likely to represent the minimum figure given the range of possible exemptions from the premiums and from Council tax. Council tax premiums on long-term empty properties only apply to properties that have been empty for more than 12 months.

The Council's empty homes strategy is currently under review. Funding is available to owners of empty homes to help bring them back into use. The aim is to bring 25 properties back into use through Council intervention and support per year. This target has not been met since 2020/2021. The percentage of empty homes brought back into use through intervention or support by the Council fluctuates on an annual basis, however the percentage remains relatively low compared to the overall number of empty homes recorded.

It is recommended that a vacancy rate of 10% is applied to household numbers in order to convert them into dwelling numbers to inform the Dwelling Requirement Figure for the Replacement LDP.

## 1. Introduction

This background paper has been produced as part of the evidence base to support the Powys Replacement Local Development Plan (LDP). It is aimed at setting out evidence to inform the vacancy rate that will be applied to housing need figures to convert them to dwelling numbers.

The Development Plans Manual (Edition 3, March 2020) explains that ‘Local Planning Authorities (LPAs) must use a household conversion factor when translating households to dwellings... The conversion factor should be clearly referenced and be applied consistently throughout the evidence...The conversion ratio will be for the LPA to consider and evidence.’

The Manual refers to the Welsh Government’s Census data which includes a vacancy rate for all LPAs in Wales and explains that this can be adjusted based on local circumstances and reflecting empty homes strategies and the impact of second homes.

The vacancy rate will be taken into account when calculating the dwelling requirement figure for the Replacement LDP. It will also be applied to the housing need figures derived from the Local Housing Market Assessment to give figures for the number of dwellings required.

This paper should be read alongside the ‘Housing need – Local Housing Market Assessment’ paper, the ‘Second Homes and Short-term Holiday Lets’ paper, and the ‘Dwelling Requirement Figure’ paper.

## Structure

**Section 2** sets out the data from the Census.

**Section 3** sets out Council tax and business rates data.

**Section 4** refers to the Council’s empty homes strategy.

**Section 5** provides figures for empty properties brought back into use through Council intervention/support.

**Section 6** sets out conclusions and recommendations for the Replacement LDP.

## 2. Census Data

According to the 2021 Census, 5,655 homes were recorded as having no usual residents. This means that the property was either empty or was used by short term residents or visitors, such as properties used for holiday accommodation. According to the 2021 Census, there were 1,030 second homes in Powys. This gives a combined total for vacant homes and second homes of 6,685.

The total number of households in Powys according to the 2021 Census was 66,866. This means that the vacancy rate for the Powys County Council area is 10%. Therefore, 10% of all dwellings in Powys were either empty or were used by short term residents or visitors, such as properties used for holiday accommodation, or were used as second homes. This figure has increased from a vacancy rate of 8% in the 2011 Census. The vacancy rate in the 2001 Census was 6%.

The figures relating to the calculation of the vacancy rate are summarised in Table 1 below.

The Census vacancy rate figure is considered to be reasonably up to date.

**Table 1 Summary of 2021 Census vacancy rate**

<b>Number of vacant homes</b>	5,655
<b>Number of second homes</b>	1,030
<b>Combined number of vacant and second homes</b>	6,685
<b>Total number of households</b>	66,866
<b>Vacancy rate</b>	10%

As explained by the Office for National Statistics, Census 2021 data on second addresses only includes people who usually reside in England and Wales who said they spend at least 30 days a year at the second address. This may explain why the Census figures for second homes are lower than those captured by Council tax – see Table 3 below.

### 3. Council Tax Data

Council tax publish data on the number of properties subject to a premium charge annually in April. Since 2017 a premium charge of 50% has been applied to long-term empty homes. The premium was increased for 2023/2024 to 100%.

Table 2 below shows how the number and percentage of properties that are long-term empty and are subject to the premium has changed over time. The number of long-term empty properties had initially decreased between 2017/2018 and 2018/2019 to below 1,000, however numbers had increased again by 2023-2024. The percentage of properties that are long-term empty was at its highest in 2017/2018 and has started to increase again by 2023/2024.

**Table 2 Number and percentage of properties that are long-term empty 2017-2024**

Financial Year	Total Properties within Powys	Long-term empty properties subject to a premium	% of all properties as long-term empty
2017/18	64,458	1,060	1.64%
2018/19	64,570	956	1.48%
2019/20	64,842	963	1.49%
2020/21	65,027	985	1.51%
2021/22	65,246	975	1.49%
2022/23	65,646	942	1.43%
2023/24	66,101	1,023	1.55%

Since 2017 a premium charge of 50% has been applied to periodically occupied dwellings are used as second homes. The premium charge was increased for 2023/2024 to 75%. Table 3 below shows how the number and percentage of properties that are periodically occupied and subject to the premium have changed over time. There was a decrease in periodically occupied properties subject to the premium initially between the periods of 2017/2018 and 2018/2019. The number of periodically occupied properties subject to the premium has increased by 225 between the periods of 2017/2018 and 2023/2024. The percentage of properties that are periodically occupied has been on the increase since 2018/2019.

**Table 3 Number and percentage of properties that are periodically occupied 2017-2024**

Financial Year	Total Properties within Powys	Periodically Occupied Properties subject to a premium	% of all properties periodically occupied
2017/18	64,458	1,186	1.84%

<b>2018/19</b>	64,570	1,117	1.73%
<b>2019/20</b>	64,842	1,288	1.99%
<b>2020/21</b>	65,027	1,330	2.05%
<b>2021/22</b>	65,246	1,311	2.01%
<b>2022/23</b>	65,646	1,328	2.02%
<b>2023/24</b>	66,101	1,411	2.13%

In total, for 2023/24, 2,434 residential properties in Powys are either long-term empty properties or periodically occupied properties and subject to premiums. This equates to 3.68% of all residential properties in Powys. This is likely to represent the minimum figure given the range of possible exemptions from the premiums and from Council tax. Council tax premiums on long-term empty properties only apply to properties that have been empty for more than 12 months.

Business rates data has been provided for short-term holiday lets. A total of 896 properties were registered as holiday lets in Powys at June 2023, which represented 1.3% of the total number of residential properties. There is no requirement for self-catering holiday accommodation to register as non-domestic and so the number of these properties on the non-domestic rates list is not necessarily a true reflection of all self-catering holiday lets in Powys.

According to Council tax data, when taken together, empty homes, second homes and short-term holiday lets account for approximately 5% of all residential properties.

## 4. The Council's Empty Homes Strategy

The Council's strategy in terms of empty properties was previously set out within the Local Housing Strategy for Powys (2016-2020). Empty homes were identified in the LHS as a key housing and housing-related challenge. According to the aims and objectives of the LHS the Council would work with empty property owners to bring empty properties back into use by the administration of the Houses into Homes loan scheme and in the case of problematic empty properties by targeted action, determined by a multi-disciplinary problem empty property working group. The Action Plan contained within the LHS (POW23) included specific actions relating to empty homes, including to continue to focus attention on problem empty properties through a mixture of financial incentive and enforcement and to continue to administer the Welsh Government Houses into Homes Local Scheme to bring empty properties back into use.

It is understood that the Council's empty homes strategy is under review as part of the Council's renewal strategy.

According to the Council's website, on the empty homes webpage, the Council wants to see as many empty homes as possible within Powys returned to use, and, therefore, various financial packages have been developed as an incentive to bring empty units back up to standard. The webpage provides information on home improvement loans and grants that may be available to owners of empty homes to help bring them back into use.

In January 2023, the Minister Julie James, announced a new £50 million scheme to bring more empty homes back to life. This will make available a grant of up to £25,000 for homeowners or prospective homeowners to remove significant hazards from their properties to make them safe to live in and to improve their energy efficiency. In order to qualify for the grant, the property must have been registered as empty with the local authority for a minimum of 12 months prior to commencement of the works. Once the works have been completed, the successful applicant must then live in that property as their main and only residence for a minimum of five years. Aside from owner occupiers, Registered Social Landlords, local authorities and community housing groups will also be able to access the funding for empty properties they are acquiring to bring back into use as affordable housing. Powys County Council is one of the local authorities participating in the scheme.



## 5. Council Intervention/Support

Figures have been obtained from the Council's Housing section relating to empty homes that have been brought back into use through Council intervention/support through funding between 2010 and 2023. These figures are presented in Table 4 below.

**Table 4 Number of empty homes brought back into use through Council intervention/support through funding annually in the County of Powys, 2017-2023.**

Financial Year	Number of empty homes brought back into use	Percentage of all empty properties brought back into use
2017/2018	25	2.4%
2018/2019	30	3.1%
2019/2020	25	2.6%
2020/2021	25	2.5%
2021/2022	14	1.4%
2022/2023	17	1.8%

The aim is to bring 25 empty properties back into use per year. It is noted that this target has not been met since 2020/2021. The percentage of empty homes brought back into use through intervention or support by the Council fluctuates on an annual basis, however the percentage remains relatively low compared to the overall number of empty homes recorded.

## 6. Conclusions and Recommendations

It is concluded that the vacancy rate provided by the Census of 10% is considered appropriate to use to inform the Dwelling Requirement Figure for the Replacement LDP. This data accounts for homes that are empty due to being either vacant, second homes or holiday accommodation. All of these types of dwellings feature within the housing stock and local market in Powys and, therefore, it is appropriate to account for them in determining the Plan's Dwelling Requirement Figure.

The Council tax data and business rates data suggests that 5% of properties are empty, periodically occupied or used as short-term holiday lets. However, this data is based on properties where premiums are chargeable and there are various exemptions from these premiums or from Council tax charges altogether, which suggests that actual numbers are likely to exceed 5%.

It is clear that some progress has been made over the past few years in terms of reducing the number of empty homes, however the Council tax data for the financial year 2023-2024 shows that the number of empty homes is increasing again. Despite the funding available, the number of empty properties being brought back into use through Council support or intervention has fallen to below the target of 25 during the 2022-2023 financial year. Only a relatively small percentage of empty properties are being brought back into use through Council support or intervention.

The Council's empty homes strategy is under review. The target for bringing empty homes back into use, which is currently set at 25, will have limited impact on overall numbers of empty homes.

The Development Plans Manual (Edition 3, March 2020) states that in practice, the vacancy rate has varied between 3% and 13% across Wales, reflecting local circumstances, empty homes strategies and the impact of second homes. The 10% vacancy rate for Powys is on the upper side of this range, however this is considered to reflect local data, the empty homes strategy and target, and the impact of second homes.

It is recommended that a vacancy rate of 10% is applied to household numbers in order to convert them into dwelling numbers to inform the Dwelling Requirement Figure for the Replacement LDP.