Mae'r eitem hon ar gael yn Gymraeg hefyd / This item is also available in Welsh.

Pembrokeshire County Council
Cyngor Sir Penfro

Council Tax Premium Setting for 2027-28 -Consultation supporting information.

Legislation

The Council must take account of Welsh Government issued statutory 'guidance for local authorities on council tax premiums on long-term empty properties and second homes' (https://www.gov.wales/council-tax-empty-and-second-homes-html) when it makes a decision about this. A decision must be made each year on whether to charge a premium and, if so, the level to apply, up to a maximum of 300%.

The purpose of the legislation which allows the Council to charge these premiums is to:

- bring long-term empty homes back into use to provide safe, secure, and affordable homes.
- increase the supply of affordable housing and enhance the sustainability of local communities.

By a second home we mean a property which is subject to Council Tax that is also not someone's sole or main residence, and which is substantially furnished.

A "long-term empty dwelling" is defined as one that has been both unoccupied and substantially unfurnished for a continuous period of at least one year in the Housing Wales Act 2014.

Decision making process for 2027-28 council tax premiums.

This autumn the Council will take a decision about what the level of any council tax premiums charged in the 2027-2028 financial year will be. The Council will at the same time take a provisional decision about how the monies raised from the premiums should be spent. The Council may need to revisit these decisions if its budgetary position changes between autumn 2026 and February/March 2027 when we anticipate the final budget will be set.

Rationale for setting a council tax premium in previous years.

In previous financial years we have set both second homes and long-term empty homes premiums (see section below) because the level of second homes (and holiday lets) in many coastal communities is so high that it is hindering local people's ability to live in them and that it is damaging the character and sustainability of these communities. Long term empty properties have a similar impact on communities. Our view is that the premiums have helped to deter people purchasing properties for use as second homes and have encouraged owners of empty property to bring them back into use or sell them. Evidence for this includes: a steady reduction in the percentage of homes bought in coastal communities that attract Higher Land Transaction Tax as well as from tracking how properties move between standard council tax, second homes, holiday homes, and empty homes.

Revenue raised from the premiums is used to increase the supply of affordable housing and to help mitigate the adverse impacts of second homes and long-term empty properties on local communities, thus making them more sustainable.

In line with the statutory guidance, Council has considered the impact of council tax premiums can have on the local economy and tourism. It is clear from Council's October 2025 minutes when it decided to reduce the second home council tax premium rate from 150% to 125%, that was one of the main reasons was the potential impact on the tourism industry.

Pembrokeshire council tax premium rates in previous years

Council has varied the rate of both the second homes and empty homes council tax premiums. For this financial year, 2026-27, the second homes council tax premium was reduced from 150% to 125%, and empty homes council tax premiums remained unchanged. The number of second homes has increased due to a number of holiday lets not meeting the 182-day threshold.

Second Homes

Item	2022-23	2023-24	2024-25	2025-26	2026-27
No. of second home premiums (average)	3,541	3,375	3,316	3,690	3,778*
Second home Council tax premium %	100	100	200	150	125
% used to fund council budget	50	75	85	92	92
% used to fund Affordable Housing Programme	-	18.75	11.25	6.00	6.00
% used to fund Enhancing Pembrokeshire Grant	-	6.25	3.75	2.00	2.00

Empty Homes

Item	2022-23	2023-24	2024-25	2025-26	2026-27
No. of empty home premiums (average)	496	512	582	466	465*
Max empty home council tax premium %	200	200	300	300	300

Year maximum premium applied from	5	5	5	2	2
% used to fund council budget	0	0	100	100	100

*Figures at 31.03.26

Council Tax Levels

Item	2022-23	2023-24	2024-25	2025-26	2026-27
Band D for County Council purposes	1249.17	1342.86	1553.4	1699.14	1777.30
Average Band D total bill	1578.61	1696.07	1885.43	2059.82	2166.15
Pembrokeshire total Band D as a percentage of Welsh average	89%	90%	93%	95%	95%
Pembrokeshire's total bill Band D ranked against other Welsh authorities	21	21	19	18	18

Council tax premium rates in comparison with other local authorities

Welsh Government publish information on comparative council tax premiums for local authorities on their Stats Wales website.

For 2026-27

- 20 Councils set a second home premium. Two councils set a rate of less than 100%, 13 Councils set a rate of 100%,1 at 125%, and 4 set a rate of 150%. The average rate across all 20 councils is 118%.
- 21 Councils set a long-term empty premium. Eight councils set a single rate which applies regardless of how long the property has been empty and 13 councils set more than one rate; higher rate(s) applying to properties that have been empty for longer. Rates vary from 50% through to 300%. Eight councils setting a maximum rate of 100%, 1 of 150%, 5 of 200%, 1 of 225%, 1 of 250% and 5 of 300%.

Pembrokeshire has the second highest percentage of second homes as a percentage of all chargeable dwellings in Wales. In eleven of Wales' 22 councils, the number of second homes is less than 1% of the total number of dwellings in council tax.

Mapping long-term empty properties and second homes in Pembrokeshire

Homes with no usual resident

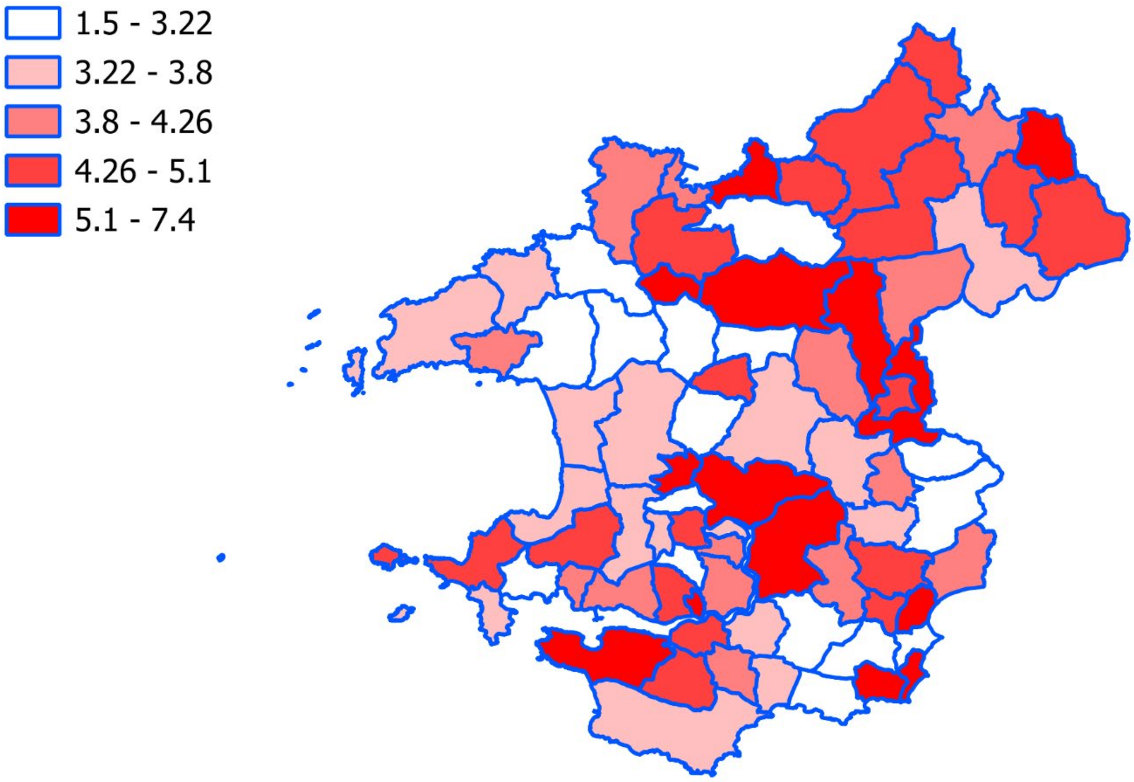
Across all of Pembrokeshire's communities that has been a 0.12 percent point reduction in one year in the number of homes with no usual residents implying the premiums are starting to encourage building owners to prioritise sole/main use over other uses.

Long term empty

The percentage of all empty properties compared with the total number of properties plus holiday lets is shown below.

Type	Number	Percent of all properties
Empty Class A or C	829	1.3%
Empty all other exempt classes	739	1.1%
Empty between 6 months and 2 years	773	1.2%
Empty premium	452	0.7%
Empty premium exception	61	0.1%
All empty	**2854**	**4.4%**

The percentage of all empty homes in each community area is shown below. There is little or no relationship between the percentage of second homes / holiday lets in a community and the percentage of empty homes within it. Percentages out of the total number of properties in Pembrokeshire.

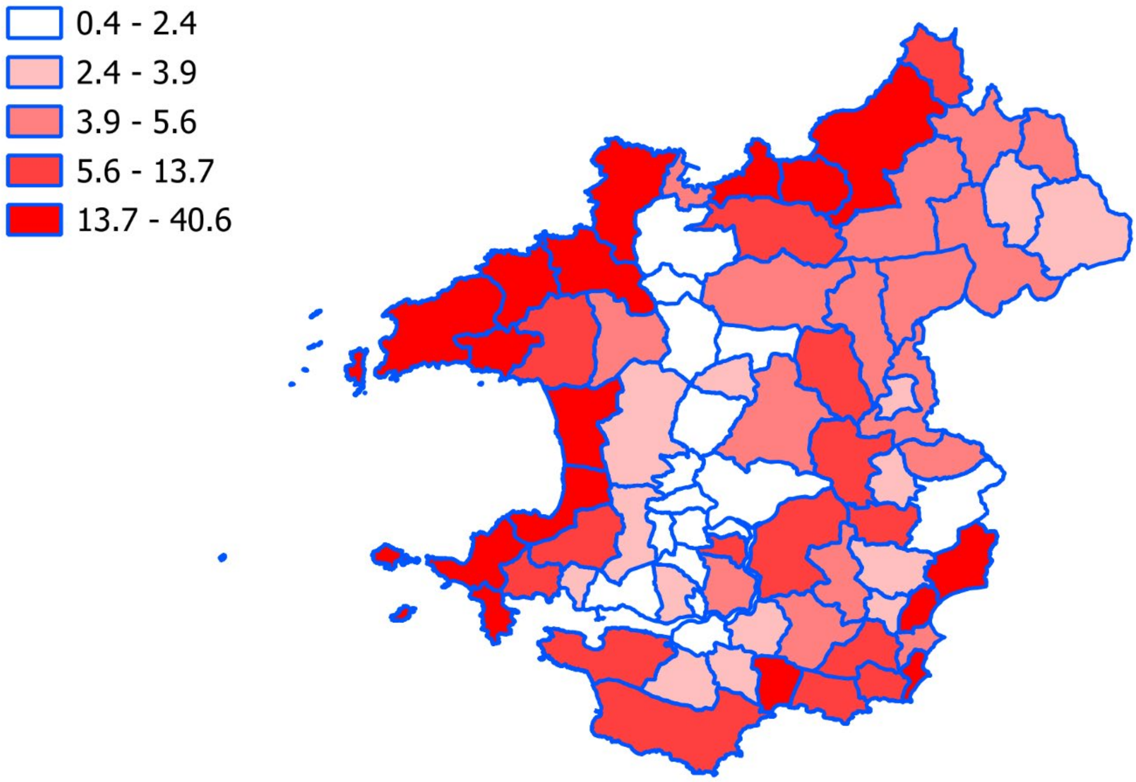


Only 16% of empty properties are subject to the empty home council tax premium. The percentage of empty homes that are subject to the premium follows a similar pattern to that of all empty homes.

Second homes

The percentage of second homes in each community is shown below. Percentages are higher in coastal communities and lower communities further away from the coast as well as in main towns.

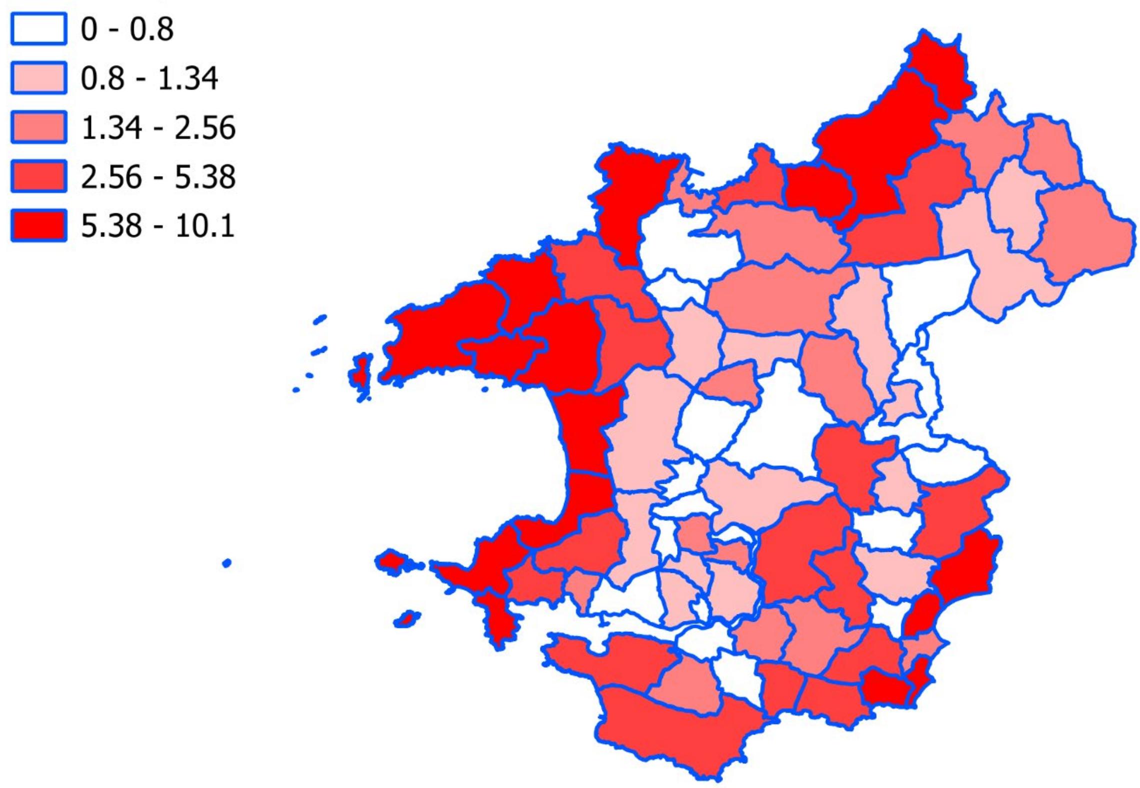
The percentage of second homes is in excess of 20% in some communities, notably Newport, Dale Marloes, and St Brides, Nolton and Roch, The Havens and Newport.



The pattern of which communities have higher or lower percentages of second homes has not changed significantly in the past ten years.

Holiday lets

The percentage of holiday lets in each community is shown below. There is a close relationship between holiday lets and second homes; if a community has a higher percentage of second homes there is a strong likelihood it will also have a high percentage of holiday lets. Due to the182-day threshold many holiday lets have transferred into second homes council tax, however, their primary use may still be to provide holiday let accommodation.

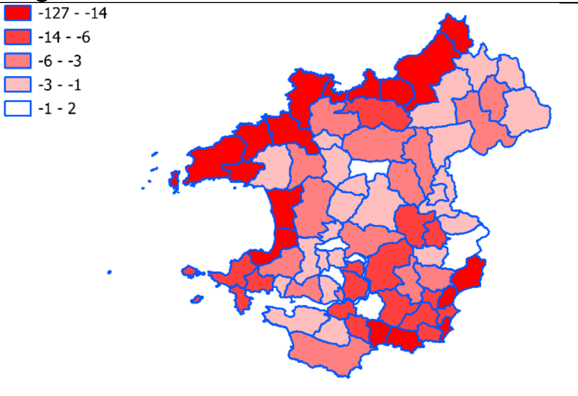


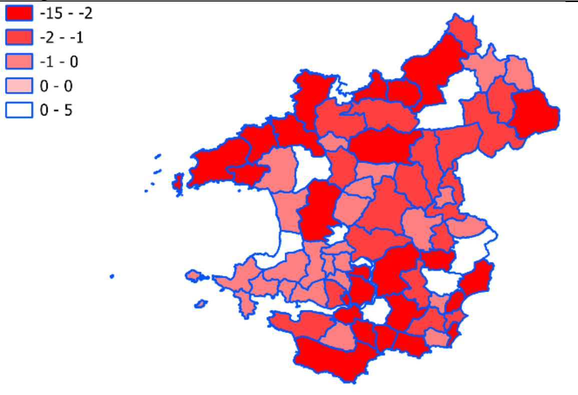
Changes in numbers of holiday lets

Although the 182-day actual letting threshold change was made on 1 April 2023, the number of holiday lets remained largely unchanged until October 2024 after which the total number of holiday lets fell by 30%. This was due to a backlog of reviews and appeals at the Valuation Office Agency being cleared.

The maps below show the change in numbers of properties since August 2024 and August 2025 to March 2026. Whilst both maps show a decline in most coastal areas, the pattern is more mixed for the past 7 months with little change / slight growth in the number of holiday lets in many communities.

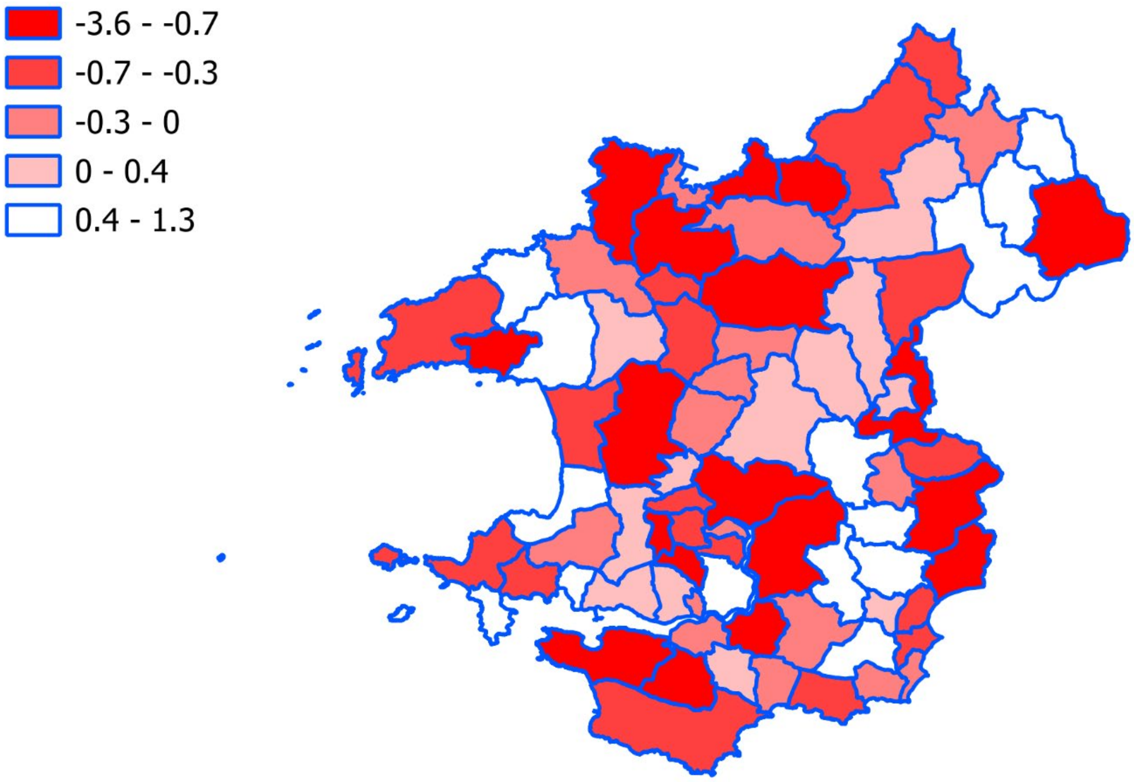
Change in number of holiday lets August 2024 to March 2026	Change in number of holiday lets August 2025 to March 2026





Holiday lets and second homes. Change in last 7 months.

The map below shows the change in the combined percentage of second and holiday lets in March 2026 compared with August 2025. In general, there has been a slight decrease in most coastal communities. However, the number of holiday lets and second homes has increased in some communities that have high number of Welsh speakers, albeit from a relatively small number



Assessment of their impact on property values in particular areas

To track changes in house prices, house sales in three areas (defined using Lower Super Output Areas) have been compared year on year.

Information is from public data produced by Land Registry. The most recent sale in the dataset is 23 January 2026 though it is likely that many sales in the 2026 year will not yet have been captured in the dataset.

Prices of houses sold.

Year	Communities with a High % of 2nd homes	Communities with a Medium % of 2nd homes	Communities with a Low % of 2nd homes
2019-20	£269,683	£236,552	£178,424
2020-21	£285,316	£265,643	£187,679
2021-22	£316,958	£276,089	£210,845
2022-23	£355,893	£337,763	£223,388
2023-24	£328,666	£307,372	£216,737
2024-25	£328,909	£280,023	£227,207
2025-26	£321,506	£270,738	£219,704

The data below is subject to fluctuations but suggests that comparing the first 9 months of 2025-26 to 2024-25, house prices have tended to fall a little across all communities regardless of the percentage of second homes.

Comparison	Percent change High	Percent change Medium	Percent change Low
2019-20 to 2020-21	5.8%	12.3%	5.2%
2020-21 to 2021-22	11.1%	3.9%	12.3%
2021-22 to 2022-23	12.3%	22.3%	5.9%
2022-23 to 2023-24	-7.7%	-9.0%	-3.0%
2023-24 to 2024-25	0.1%	-8.9%	4.8%
2024-25 to 2025-26	-2.3%	-3.3%	-3.3%

Purchase of second homes and holiday lets

Higher rate land transaction tax (HLTA) is payable on any property that is not used as a sole or main residence. This includes second homes, but also includes ‘buy-to-let’ properties and can include properties bought using a bridging loan. It can give an indication of the number of homes being bought as second homes.

Figures are available for larger built-up areas communities with more than 2,000 people which means trends for our main towns as well as Tenby, Saundersfoot, and Narberth can be tracked. These show that the number of property transactions where Higher Land Transaction Tax was paid has fallen, with this drop most apparent between 31/12/21 and 31/12/22 and 31/12/24 and 31/12/25.

Row Labels	Year ending 31 December 2025	Year ending 31 December 2024	Year ending 31 December 2023	Year ending 31 December 2022	Year ending 31 December 2021	Year ending 31 December 2020
Fishguard	13%	20%	17%	25%	22%	17%
Haverfordwest	29%	21%	23%	19%	23%	19%
Merlin's Bridge	33%	33%	33%	0%	20%	50%
Milford Haven	23%	22%	25%	23%	23%	21%
Narberth	17%	25%	40%	40%	29%	25%
Neyland	20%	20%	20%	17%	25%	20%
Pembroke	18%	17%	8%	23%	22%	18%
Pembroke Dock	17%	18%	25%	21%	24%	18%
Saundersfoot	38%	50%	50%	50%	67%	60%
Tenby	46%	60%	60%	55%	71%	70%
Pembrokeshire	20%	20%	20%	21%	22%	23%

Potential impact on local economies and the tourism industry

The Welsh Government compulsory registration scheme whereby all visitor accommodation (including campsites) where owners take bookings for overnight stays in Wales starts autumn 2026. We do not have reliable administrative data on the size of the visitor accommodation sector or the balance between types of accommodation, but previous studies have suggested that self-catering accommodation makes up around 25% of bedspaces.

Previous consultations have highlighted concerns from holiday let owners about the combined impact of the 182-day threshold and second homes council tax premium on the tourism industry.

The sector publishes research such as the Wales Tourism Barometer January 2026 wave and What 2026 Looks Like for Pembrokeshire Tourism Businesses on the prospects for the industry. A summary is below.

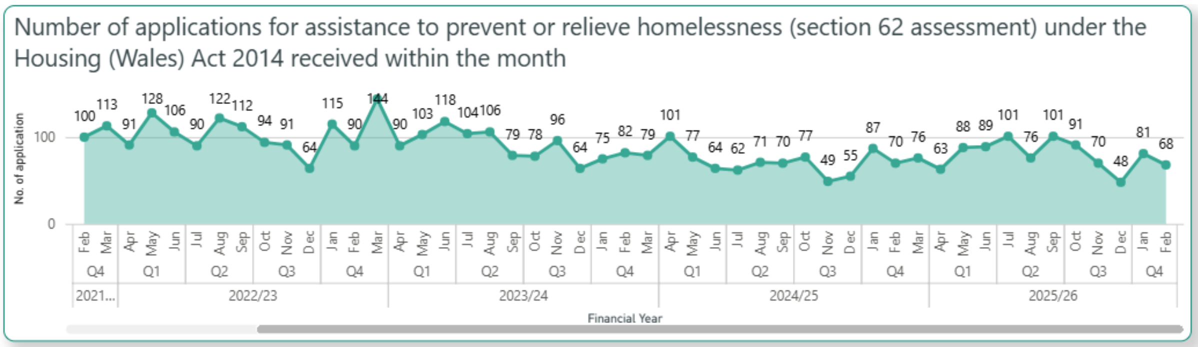
- Tourism in West Wales is weather dependent and sunnier years, such as 2025, increase the number of visitors.
- Lower disposable income and the trend towards shorter stays and day trips is putting a downward pressure on demand for accommodation and the number of nights booked.
- The 182-day threshold change is mentioned by some operators as a factor and research suggests that operators are having to discount prices and/or are experiencing uncertainty especially as more bookings are at short notice.
- Welsh Government has changed the calculation 182-day threshold to allow using averages over 3 years to smooth out variation between years from April 2026 and some technical changes to how days let at no cost to charities are treated.

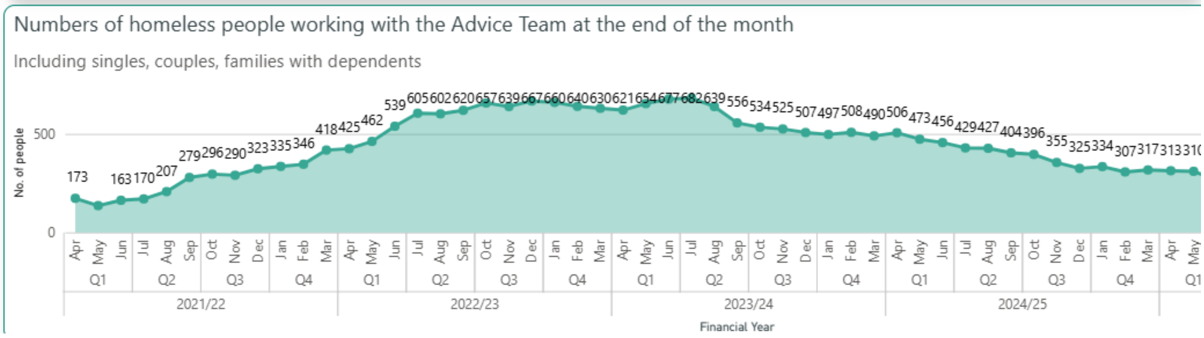
Patterns of demand for, and availability of, affordable homes.

Sales of homes to First Time Buyers is tracked by the Financial Conduct Authority. In comparison to the 361 local authorities across the UK the rate of first-time buyers per 100 residential sales was in the lowest decile from 2018 to 2022 and in the second lowest decile for 2023 and 2024. The relative position compared with the local authorities in Wales is the same.

Welsh Government, in collaboration with the Chartered Institute of Housing Cymru published a comprehensive Welsh Housing Monitor. This is particularly helpful in putting Pembrokeshire's housing opportunities and challenges into a wider context. The document has links through to detailed county level information.

Homelessness in Pembrokeshire has eased slightly since August 2023 and has remained reasonably constant throughout 2025-26. It remains at much higher level than it was in Q1 2021-22.





Potential impact on local public services.

Council has recently considered reports on the discontinuation of Manorbier and Clydau schools as well as the organisation of schools in the Tenby area. Whilst the reports did not make an explicit connection between the growth of second homes / holiday homes the reports commented on falling school rolls as one of the main reasons discontinuation is being actively considered. The reasons school rolls are falling is broader than the increase in second homes, but this can be a contributing factor.

A small number of the responses received on the discontinuation proposal mentioned second homes / holiday lets and examples are given below:

- Clydau Response 52: Closing Ysgol Clydau will affect the community, and young families will not move near small villages stay in town, making young children grow up in the streets. Pembrokeshire will eventually be just for older people with second homes. And when that happens it will affect businesses and more.
- Manorbier Response 251: Remove the school and contribute to the already declining young local population of a historic village, heading to become a holiday rental soulless shell.

Potential impact on the local community.

Information on the Enhancing Pembrokeshire Grant which is funded from the second homes council tax premium is on the council's website.

Potential impact on the Welsh language.

In 2021 in Pembrokeshire, around 17% of people said they could speak Welsh, but the percentage who can do so varies considerably from 59% to 6% with communities in the northeast of Pembrokeshire consistently having the highest percentages.

Some communities with high levels of second homes/holiday lets (such as Newport) also have relatively high number of Welsh speakers. Other areas with high levels of second homes/holiday lets (such as Tenby and Saundersfoot) have relatively low percentages of Welsh speakers. Many communities where over 40% of people speak Welsh in North East Pembrokeshire have relatively low percentages of second homes i.e. 7% or less.

Focusing on Welsh language sensitive areas (those with more than 40% of Welsh speakers in 2011) there is very little relationship between the change in percentage of Welsh speakers between 2011 and 2021 and the change in the percentage of second homes. What little relationship there is suggests that the larger the fall in the number of holiday and second homes, the less likely it is that the number of Welsh speakers will also have fallen.

This means that the impact of different rates of council tax premiums on the Welsh language is not obvious from Census or administrative data.

As part of the 2024 and 2025 council tax Premium consultation, many have shared their views on the impact second homes council tax may have on the Welsh language. Example comments are used to demonstrate both negative and positive effects. Some respondents thought charging a second home premium damaged the Welsh language:

• Shrinking the tourist market in Wales will reduce exposure to Welsh language.

• If the local economy suffers from a reduction in tourism, people will likely have to move away to find work. These changes will, I fear, have the opposite effect of reducing the Welsh language as younger generations move away for work.

• We speak Welsh, we're from Wales. We attend the local church. You have made us feel unwelcome and stirred up a negative narrative against second homeowners with this one size fits all approach.

Other respondents thought charging a second home premiums promoted or protected the Welsh language.

• By making second homes less popular, hopefully house prices will drop to the level that local people will be able to afford a house, raise a family and send children to local schools where they will learn and speak Welsh.

• If such policies can increase opportunities for people to remain in Welsh speaking communities, then there could be a beneficial effect. But it is likely to be indirect and hard to manage who lives where.

• To enhance the viability of Welsh speaking communities, it is helpful to have the number of empty and second-home properties reduced, so these could be occupied by permanent residents.

Further Welsh language background information has been provided to support respondents to answer the question on the potential effects of the proposals on the Welsh Language. Please also see section 6 of the Integrated Impact Assessment.

Other measures that are available to authorities to increase housing supply and the availability of affordable housing.

Solva Community Land Trust

The Council agreed the principle of the partnership arrangement with a Community Land Trust in Solva in 2019. The project has been delayed but the number of affordable houses planned for the site has been increased from 18 to 28. In March 2026 Cabinet agreed to sell (rather than lease) the developer. Up to £3m of funding from the Second Homes Council Tax Fund.

The Council building additional affordable housing via a Direction.

In March 2026 Cabinet approved the HRA business plan 2026-2056 which includes information on housing developments that have been completed by Pembrokeshire County Council, those sites in construction and those that are further within the development programme. Future developments are dependent on availability of grant support (including second homes premium) and in total, between 2024-25 through to 2031-32 a total of 490 homes are either planned, under construction or built.

As part of this report, Cabinet agreed to allocate £5.5 million in 2025-2026 from the Second Homes council tax premium reserve (Affordable Housing reserve) for the development of housing as described in the report to bring additional social and affordable housing stock into the Housing Revenue Account. Welsh Government has agreed this through a Ministerial Cabinet Secretary Direction.

Homebuy Pembrokeshire

Information on Homebuy Pembrokeshire, which is an affordable housing product provided by Pembrokeshire County Council that helps first time buyers to purchase a property in Pembrokeshire, is on the Council's website. The scheme has been a success since its launch in June 2025.