

Developing a tourist accommodation registration scheme in England: call for evidence

<https://www.gov.uk/government/consultations/developing-a-tourist-accommodation-registration-scheme-in-england/developing-a-tourist-accommodation-registration-scheme-in-england-call-for-evidence#background>

Survey: https://dcms.eu.qualtrics.com/jfe/form/SV_6PtIKXkMQK513M

Email: tourism-accommodation-registration-scheme@dcms.gov.uk

Notes:

- Seek to limit responses to no more than 6 pages. If go beyond 6 pages, provide executive summary.
- No strict word limit – suggested keep to under 500 words.
- Make clear where any data used is market sensitive.
- Detailed, quantitative evidence is encouraged to provide robust estimates of the costs and benefits of any policy.
- Closes 21 September

Questions:

1. Are you responding as an individual or on behalf of an organisation?
South Hams District Council We have also contributed to the Devon wide response to this consultation.
2. What category of responded are you?
Local Authority
3. Do you want the evidence you provide to be published when the government publishes a summary of the evidence collected through this process?
Yes
4. Are you able to provide us with evidence illustrating the size and nature of the short-term and holiday letting market in England and/or its regions, and how that has changed over time?
Tourism remains a significant industry in the South Hams accounting for approximately 22% of the local economy. We wish to continue to welcome visitors to our beautiful part of the world as much as possible, however the challenges of homes for people who live and work in the area has never been more acute. Appended to this questionnaire is a list of the Parishes in the South Hams and the number of properties in each, which make up both second homes and self-catering holiday properties. (Appendix 1) In places such as Salcombe this accounts for 30%. The data source of this information is the Council Tax Base, which is the Authority's only evidential measure of second homes and holiday lets. However we also know through Salcombe Neighbourhood plan that the real number is ~57%, clearly demonstrating the lack of accurate data sets available to Councils. Another example of this is Thurlestone, where door to door evidence collected for the neighbourhood plan, demonstrated there were at least 39% holiday accommodation (2017) yet the council tax data does not reflect that.

Additionally as the data is only available on a parish basis, with a number of villages and hamlets classed under the same parish, this data does not show the granularity of the issue. For example the challenge of Hope Cove a hamlet in the parish of South Huish where it is believed the second home and holiday let markets makes up 69% of properties is hidden under the wider parish figure – which it is also believed is an underestimate. (Source South Huish Neighbourhood plan)

The table below illustrates the change in NDR (Business rated property) between Aug 19 and Aug 22 Whilst the overall number has risen by 10.1%, 27.1% of this was in the holiday lets (NDR self-catering) category and now make up 30.2% of the NNDR properties in the South Hams

Date	NDR Property	NDR Self Catering Assessments	Percentage
Aug-19	5,766	1,507	26.1%
Aug-22	6,351	1,916	30.2%
<i>Increase (Number)</i>	<i>585</i>	<i>409</i>	
<i>Increase (Percentage)</i>	<i>10.1%</i>	<i>27.1%</i>	

5. What do you consider to be the main benefits of short-term and holiday letting for:

- a) Homeowners
- b) Consumers
- c) Businesses and the wider economy

Homeowners

When the Government introduced changes in the tax system for Landlords, short term lets were seen as a lucrative alternative by a number of Landlords, largely because the reforms did not consider the short-term market. The rise of the staycation has made short-term letting very profitable for homeowners.

The covid business support grant schemes also provided a major benefit to homeowners renting out holiday accommodation. In the South Hams we estimate over a third of the £85.9m spending on the various schemes went to owners of holiday accommodation. Whilst it is not in doubt that Easter trade was lost, the South Hams, then saw one of its busiest Summer's ever with nearly every available accommodation fully booked

Consumers

Certainly having a wide choice of accommodation options is beneficial for consumers, looking for a different type of holiday experience.

Business and the wider economy

The visitor economy makes up 22% of the district's economy. The sector employs many seasonal workers in the restaurants, bars and visitor attractions; however many have struggled with staffing this past season, with a number having to restrict their opening hours as they simply did not have enough staff.

6. How do you assess levels of compliance with regulations on:

- a) Fire safety
- b) Gas safety

c) Health and safety

d) Food and drink

within the short-term and holiday letting market in England?

- **Option 1 - Compliance is very good**
- **Option 2 - Compliance is good**
- **Option 3 - Compliance is fair**
- **Option 4 - Compliance is poor**
- **Option 5 - Compliance is very poor**

None of the above

There is little evidence the Council holds regarding this issue, as complaints are not routinely reported to us as they frequently are with longer term private rented property. If homes are let through the agencies, we understand there are health and safety inspections, however when letting through an online platform such as Airbnb there is no way of knowing whether a property meets minimum standards. One of the challenges with Airbnb is the anonymity of the property. This lack of oversight of these properties means that the fire service will also struggle to ensure fire safety standards are being complied with.

The biggest single issue is that there is no regulatory framework in which these properties operate. A registration system would allow better insight into the health and safety of these properties.

7. Do you consider there to be a problem with breach of contractual agreements in the short-term and holiday letting market in England? If so, why?

- **Option 1 - Yes, this is a major problem**
- **Option 2 - Yes, but this is only a minor problem**
- **Option 3 - No, there is no problem**

Option 1 – Yes this is a major problem

Whilst not perhaps the intention of the question, we believe the biggest contractual breach is around whether a property operates as a holiday let or is actually a second home, taking advantage of the small business rate relief and paying no business rates and no council tax.

We welcome the closure of the loophole and a move to evidence led approach to prove it is available for 140 nights and actually let for 70 nights or more. We are concerned with the lack of information from the Valuation Office as to how this will work in practice.

Locally we believe there might be a small issue with previous social housing (lost through the RTB) being used as short-term letting accommodation. This is a breach of the Devon covenant and We would like to do more around this to understand the extent of the problem, but it is resource intensive.

8. Do you consider there to be other legal provisions concerning the supply of short-term and holiday letting to paying guests which are not covered elsewhere in this call for evidence but where there are issues with awareness, compliance and/or enforcement?

- **Option 1 – Yes**
- **Option 2 – No**

Option 1 – Yes

We suspect there is an issue with a number of properties where planning permissions were granted for ancillary buildings (use for the main dwelling only), such as a studio over a garage or a large shed in a garden that are being let out as holiday accommodation. It is almost impossible to police due to the anonymity of Airbnb bookings and would require significant resource in planning enforcement teams to even understand the extent of the problem.

Waste services are also affected by people not paying their fair share for a proper commercial collection, or to pay the correct additional fee for us to collect on a domestic round. We regularly review this but again because of the anonymity of these properties it is difficult to identify them.

We also have evidence, where guests have left properties and taken their holiday household waste to the nearest public litter bin, and when challenged they explain these are the instructions for them on vacating. This has a significant impact, filling them up unnecessarily and causing litter problems.

9. Do you consider the increase in short-term and holiday letting in England to have had adverse consequences on the housing market?

- **Option 1 - Yes, this is a major problem**
- **Option 2 - Yes, but this is only a minor problem**
- **Option 3 - No, there is no problem**

Option 1 Yes this is a major problem.

South Hams declared a housing crisis in September 2021 and a number of our actions concern lobbying the Government around reforms around the short term housing market. A copy of this declaration is attached at Appendix 2.

Our overall expenditure on temporary accommodation is estimated to double what was spent in 21/22 with stays in temporary accommodation significantly longer and the reliance we have on holiday accommodation and B&B mean we have competed with tourists and have paid more in nightly rents. We are increasingly seeing 2 income families, who do not have the money available to rent privately, nor the ability to find somewhere presenting to the council for advice and assistance.

A search on right move for 3 bed houses to rent in the South Hams in September 2022 found 17 properties.

- None were available at the local housing allowance of £728 per calendar month.
- 1 property was available at £750pcm
- 11 properties were available between £995 - £1550
- 5 properties were available between £1650pcm and £2500

Local wages – 19.6% below the English national average salary (ONS) cannot afford these prices.

The average house price to earnings for people who are buying is 11.3 times their wage.

What this has meant is migration to the more urban areas in neighbouring areas such as Torbay and Plymouth as people are unable to afford to live locally in the South

Hams. Whilst this has a knock-on effect on recruitment for most industries, where it is felt most keenly is in the care sector. Across Devon there are 1600 vacancies in care jobs. People cannot be discharged from hospital because there are inadequate care packages available. The cost of living and in particular fuel prices mean that carers are reluctant to travel to very rural areas and the lack of sustainable transport means that care home workers are unable to work the shifts needed as there is no way to return home. The lack of affordable housing locally in both the private and social housing sector contribute significantly to this crisis.

Whilst it is unfair to suggest the only reason for the South Hams housing crisis is the rise in holiday accommodation and second homes, it is a significant part of the problem and there is ill feeling locally between people who have lived here all their lives and have been priced out entirely, and second home and Airbnb hosts whose properties can be unoccupied for a large proportion of the year.

The ability to work from home since the pandemic has further exacerbated the issue with people relocating completely to the South Hams. The Council does not hold data on this, however anecdotally we believe it is a significant issue – pushing up demand for housing in general and reducing availability.

10. Do you consider noise, anti-social or other nuisance behaviour in short-term and holiday lets in England to be a problem? If so, why?

- **Option 1 - Yes, this is a major problem**
- **Option 2 - Yes, but this is only a minor problem**
- **Option 3 - No, there is no problem**

Option 1 – yes this is a major problem

Whilst the complaints regarding anti-social behaviour rarely are presented to the Council's Environmental Health Team, it is obvious that living next door to holiday accommodation – particularly large houses designed for large numbers of guests will have disruption. Often the permitted number of guests will be the same as a hotel, but without the onsite management and supervision.

These houses often have outdoor entertaining spaces which can mean late night rowdy behaviour which can be disruptive to other residents trying to go about their daily lives.

Local authorities have asked for new powers to control holiday lets through the planning process, specifically a requirement to apply for planning consent to change from permanent residential use to holiday use. That would allow the LPA to assess issues such as detriment to the amenity of neighbours etc as material planning considerations. As an alternative or addition, a licensing scheme that allows the council to assess the risk of noise etc and allows a council to review a licence if issues are being caused would be useful. That would be similar to the regime for licensed premises.

11. Aside from the impacts on housing and incidents of anti-social/nuisance behaviour, do you consider the increase in short-term and holiday letting in England to have had other adverse impacts on local communities and residents?

- **Option 1 - Yes**
- **Option 2 – No**

One of the challenges for South Hams is the issue of fairness, and the belief that people using facilities should pay their fair share. Whilst the Government has gone some way to close the council tax/business rates loophole, we believe more could be done.

We will be considering charging 200% Council Tax for the owners of second homes if the levelling up and regeneration bill is enacted, so that the Council can be reimbursed for some of its additional expenditure supporting homeless households.

As part of the answer to Q 9 – The care crisis across the County, is contributing to prolonged stays in hospital for people who could otherwise go home. Our care workers are some of the lowest paid in the Country and the lack of affordable accommodation options because of the demand for holiday accommodation and second homes is surely a contributing factor to the challenges in care.

12. Which of the following do you consider to be the most appropriate form of response in the short-term letting market?

- **1 - Do nothing**
- **2 - Provide more information to the sector**
- **3 - Develop a self-certification registration scheme**
- **4 - Develop a registration scheme with light-touch checks**
- **5 - Develop a licencing scheme with physical checks of the premises**
- **6 - Regulatory alternative to a registration system, such as extension of the Deregulation Act 2015**

Please give reasons for your answer, including why you consider other options to be inappropriate.

Are there other options that should be considered?

In South Hams we would like to see developed a licencing scheme with physical checks of the premises, (option 5) however in high areas of second homes and holiday lets we would go as far as suggesting an extension to the deregulation act, and short term lets only being available for 90 days might be enough of a deterrent to short term landlords. (Option 6)

However, what is clear is the lack of a consistent data source held by local authorities or other regulatory bodies on the numbers of holiday lets. Whilst a registration scheme, either self-certification or light touch, will provide better data in the long run, it will do nothing to control either the number of holiday lets where they threaten to saturate a community or to control how holiday lets are used.

A licencing scheme based on the schemes successfully delivered by local authorities in respect of gambling establishments and pubs etc would ensure that not only holiday lets are brought into the awareness of regulatory bodies, but it would give councils, who have the knowledge of their local communities, the power to license appropriate premises and, more importantly, the power to review a license where an operator is not managing it appropriately.

That scheme should however be supplemented by other measures such as the requirement to apply for planning consent for change of use where residential premises are converted to holiday lets. This would give Councils control over the number of holiday lets and prevent areas becoming saturated.

What we have seen in our local housing markets is the problem of volatility across the wider system in which there is no local control. Whilst the Pandemic significantly increased demand for holiday accommodation there is a lag in demand in supply due to the illiquidity of the housing markets. We are now seeing that demand has shifted down as supply has increased. We face another shock in terms of the cost of living crisis and we believe this will cause a slight correction in the margins as more property comes back on to the short-term emergency accommodation market or long term private rent but the illiquidity remains.

We are undertaking some work with our Devon colleagues to look at the whole housing market through a Housing Commission to consider the demographic pressures we will continue to face and the short-term and holiday letting market will be part of this debate.

13. What do you consider to be the costs and associated burdens of these options, who would bear the costs and how might they be mitigated?

We believe that the cost of a licensing scheme should be borne by the industry in the same way as other licensing schemes operated by the council. Given the wide variation in numbers of holiday lets across the country, licensing fees should be set locally on a cost's recovery basis similarly to hackney carriage fees.

14. Do you have any insight or evidence on the impact of schemes that are already running, or approaches taken elsewhere in the world?

The Government should also look at the measures taken by many of our European neighbours and examples such as the Mallorca sustainable tourism tax to help areas such as the South Hams, be able to cope with the high influx of seasonal visitors, and the increased call on public resources and conserving our natural environment.

There is no evidence to suggest that this tax has not worked as a deterrent and an additional 120million euros are raised each year as a result of this initiative in Mallorca alone.

If a tourism tax of just 50p per visitor per night was levied in the South Hams it could raise an additional £1,190,500 based on the level of overnight visitors in 2019 (2,381,000 – Source Visit Devon The Economic Impact of Devon's Visitor Economy 2019) This money could be spent in the local area making improvements for visitors, as well as helping address the Housing Crisis and other rural challenges.

15. What has been the impact of the Deregulation Act 2015, specifically changes made by section 44 to the Greater London Council (General Powers) Act 1973?

South Hams has considered the deregulation act and has called for its extension to areas such as ours to attempt to make long-term renting more attractive to landlords. We believe that it has not been successfully managed in London, as it is not enforced, and the penalties aren't sufficient enough. Airbnb has played its part in trying to address the issue, but landlords attempting to evade the rules, can move to an alternative platform to continue to let their property for longer than 90 days. We would like to see a licensing scheme, extension to the deregulation and a sustainable tourist tax to address the local challenges.

Please also consider the potential use and impact such stipulations may have in other areas of the country.

APPENDIX 1 COUNCIL TAX BASE SOUTH HAMS JULY 22

Parish Name	CT Banded Property	CT 2nd Homes	NDR Self Catering Assessments	% Total 2nd Homes	% Total Self Caterin Assessments
Ashprington	235	23	9	9.43%	3.49%
Aveton Gifford	439	40	15	8.81%	3.13%
Berry Pomeroy	558	13	4	2.31%	0.70%
Bickleigh	1,675	14	4	0.83%	0.24%
Bigbury	380	108	73	23.84%	14.96%
Blackawton	442	29	23	6.24%	4.88%
Brixton	1,220	12	2	0.98%	0.16%
Buckfastleigh	121	11	3	8.87%	2.27%
Buckland Tout Saints	103	10	4	9.35%	3.54%
Charleton	298	20	5	6.60%	1.57%
Chivelstone	210	75	22	32.33%	7.72%
Churchstowe	272	18	5	6.50%	1.72%
Cornwood	483	9	1	1.86%	0.20%
Cornworthy	185	20	8	10.36%	3.90%
Dartington	974	10	4	1.02%	0.41%
Dartmouth	3,328	519	454	13.72%	11.80%
Dean Prior	93	6	1	6.38%	1.01%
Diptford	266	12	9	4.36%	3.24%
Dittisham	286	76	39	23.38%	10.77%
East Allington	367	33	13	8.68%	3.25%
East Portlemouth	151	64	30	35.36%	13.95%
Ermington	410	12	5	2.89%	1.18%
Frogmore & Sherford	253	23	24	8.30%	8.70%
Halwell & Moreleigh	243	16	8	6.37%	3.09%
Harberton	655	33	7	4.98%	1.02%
Harford	38	3	3	7.32%	7.32%
Holbeton	315	18	12	5.50%	3.60%
Holne	145	6	5	4.00%	3.31%
Ivybridge	5,179	28	1	0.54%	0.02%
Kingsbridge	3,086	160	58	5.09%	1.79%
Kingston	196	23	13	11.00%	5.94%
Kingswear	796	180	88	20.36%	9.02%
Littlehempston	106	4	2	3.70%	1.82%
Loddiswell	575	27	9	4.62%	1.50%
Malborough	652	92	58	12.96%	7.80%
Marldon	1,034	19	6	1.83%	0.57%
Modbury	952	41	4	4.29%	0.40%

Newton Ferrers	1,052	122	50	11.07%	4.26%
North Huish	217	9	21	3.78%	9.29%
Rattery	222	6	2	2.68%	0.88%
Ringmore	122	23	8	17.69%	5.52%
Salcombe	1,707	613	282	30.82%	12.16%
Shaugh Prior	370	4	1	1.08%	0.27%
Slapton	284	42	39	13.00%	11.96%
South Brent	1,349	28	12	2.06%	0.87%
South Huish	398	155	129	29.41%	23.33%
South Milton	232	58	14	23.58%	4.83%
South Pool	106	30	6	26.79%	4.41%
Sparkwell	657	13	0	1.98%	0.00%
Staverton	362	10	6	2.72%	1.61%
Stoke Fleming	690	101	58	13.50%	7.33%
Stoke Gabriel	759	45	22	5.76%	2.74%
Stokenham	1,199	173	88	13.44%	6.41%
Strete	291	38	6	12.79%	1.82%
Thurlestone	651	189	57	26.69%	6.79%
Totnes	4,352	119	22	2.72%	0.49%
Ugborough	1,116	19	12	1.68%	1.06%
Wembury	1,559	198	26	12.49%	1.48%
West Alvington	299	21	11	6.77%	3.44%
Woodleigh	100	10	6	9.43%	5.45%
Yealmpton	1,065	20	7	1.87%	0.65%
TOTAL	45,880	3,853	1,916	8.06%	3.85%

APPENDIX 2 DECLARATION OF THE HOUSING CRISIS

In response to the almost complete lack of any rented accommodation available for six months or longer that local people and those working in the area can access, and the excessive rise in house prices locally due to second home-owners and those moving in from other areas since the pandemic, which has made house prices completely inaccessible for the great majority of local people, South Hams District Council resolves to declare a Housing Crisis.

It is fortunate that we have a new Housing 5 year Housing Strategy and Housing Actions in Better Lives for All, but as an expansion of them South Hams District Council should:

1. Lobby government through our MPs and the LGA to allow council tax to be charged on plots with planning permission after a determined period, even if they haven't been built out, so that developers are encouraged to build out sites without delay.
2. Lobby government through our MPs and the LGA to review the regulation of holiday accommodation, to ensure all holiday accommodation is suitably regulated and made subject to local planning policies and taxes. We should appeal to Airbnb for a 90-day rule as applicable in London and lobby DLUHC for a separate planning class for short term lets and a proper licensing system to cater for them.
3. Institute an immediate thorough review by the council of all holiday lettings in the District, including, but not restricted to, whether they have planning permission, whether they are paying council tax or business rates, as appropriate, for the accommodation, whether they comply with safety regulations, and to ensure they are paying appropriately for waste disposal.
4. Ask the JLP Team to review the thresholds and percentages of affordable housing on sites, and whether it would be appropriate at the Plan Revision to increase these so that the percentage of First Homes imposed by the government becomes in addition to the present 30% affordable homes rather than part of it.
5. Promote regular Landlord Forums and run a further campaign to publicise the advantages to landlords of Seamoor Lettings.
6. Work closely with our main Registered Providers to ensure best occupancy of stock, so that where tenants are prepared to downsize, not only are they given a priority banding to be able to access a smaller property but support to help them move available.
7. Use some of the affordable housing reserve to increase payments made to anyone downsizing to help make moving more attractive and affordable.
8. Use any Section 106 affordable housing contributions as soon as possible to help fund developments anywhere in the District where the terms of the Section 106 Agreement permit this.
9. Campaign for changes to the Broad Market Area to better reflect the costs of rents in the South Hams.
9. Promote the development of an exemplar site of low carbon modular housing such as ZEDpods, to show that developments like this can be both stylish and great to live in. They can offer many advantages over traditional build and could help, amongst other things, to alleviate the shortage of one bedroomed accommodation in the District."

10. To actively seek opportunities to invest in Council owned social housing with high sustainability specification, to support those on a low income who are unable to afford 'affordable' rental housing;
and
11. To lobby Government to allow local councils to be able to charge up to 200% Council Tax on second / holiday homes as they do in Wales