

Annex B

Cotswold District Council Suggested Response to Department for Culture Media and Sport Consultation on developing a tourist accommodation registration scheme in England

Question 1: 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?

We have data for the wider Cotswolds area, (which expands beyond our district) to show that there are currently 4,596 active short-term lets. This is an increase of 20% compared to three years ago. We believe that the increase of 'stay-cations' over the pandemic has contributed to this. This compares to the total number of households in Cotswold District at 2022: 39,501(2018 Subnational Household Projections).

Anecdotal evidence shows that the issue has increased substantially recently with consequent impacts upon the established tourism sector and the vitality and viability of villages, where the proportion of lets undermines local services and where the impacts upon house prices is likely to increase the affordability issue for local residents.

For instance, in the small market town of Stow on the Wold & the villages of Mangersbury, Upper, Lower & Nether Swell in the North of our District, the proliferation of holiday lets is a major concern. Three years ago, a survey showed that 10-15% of properties in Stow on the Wold were holiday lets, and 15-20% in the Swells. Due to the increase in the region as a whole, we can safely assume that this has increased since then.

There are no national policy controls to limit second home ownership or short-term lets. The problem is most acute in staycation hotspots, such as the Water Park and quintessential rural Cotswold settlements[1]. The Covid pandemic and other factors mean there has also never been higher demand for holiday homes.

[1] <https://www.devonlive.com/news/devon-news/rural-communities-strangled-holiday-surge-6514060>

The Council does not resource and/or actively monitor short term lets and holiday homes in the District. We welcome the government to introduce a simple and standardised methodology for monitoring short term lets and holiday homes to provide insights at the macro and micro level. A point raised later in the questionnaire is the introduction of a new residential use class which will provide an immediate monitoring solution going forward. This data could be captured in the Council's housing land supply reports and reported via the government's Delta portal.

Question 2: 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

Holiday lets provide an income for homeowners, provide more choice and lower prices for consumers, and generate a spend in the local economy. In 2019, Visitors spent £366 million in the district, including £52 million on accommodation, but we do not know how much of this spend comprised of short term and holiday lets, as opposed to traditional accommodation eg. hotels.

Tourism employed 7,348 across the district in 2019, and made up 17% of all employment.

Question 3: How do you assess levels of compliance with regulations on the following within the short-term and holiday letting market in England? a) Fire safety b) Gas safety c) Health and safety d) Food and drink

Due to the lack of regulations, we are unable to reliably monitor adherence to any of the above as a local authority. This is cause for major concern.

Question 4: Do you consider there to be a problem with breach of contractual agreements in the short-term and holiday letting market in England?

Option 1 - Yes, this is a major problem

Most people are not planning experts and/or are aware of the intricacies of their mortgage / tenancy agreements. It is not clear if they know that they are in breach of their contracts. There is also a subset of people who knowingly breach their contracts. Monitoring and enforcing this issue is time and resource intensive. Local authorities often do not have the resources to do this. For this reason it is not possible to gauge the scale of the problem at a local level. There may be concerns regarding Public liability insurance.

Question 5: 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?

That use Class C3 includes use as short-term holiday lets causes anxiety with residents and Councillors in Cotswold District. We frequently see comments fearing that extensions, garage renovations, annexes and garden rooms will be offered to visitors, with the resulting impacts on traffic, parking and community life. The current situation requires locals, and typically the Parish Council, to monitor whether or not such schemes are then used as feared or not, which is an unwelcome burden and/or temptation for snooping.

Greater clarity would increase confidence in the planning system for STHL operators and residents, while providing bureaucratically simple transparency for planning authorities and government.

Question 6: 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

Holiday lets reduce houses available for locals to live in, and the sale of them for use as holiday lets inflate the price of properties. Holiday lets undermine the provision of local services such as village schools. Census results show a significant decline in children & younger adults in some wards. We have evidence that this affects schools. There has been a significant fall in the number of children attending some schools who have a local address. We also have evidence that this has had knock-on effects, for instance affecting the viability of sports clubs.

See Sub-Annex A for additional information.

Question 7: 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 2 - Yes, but this is only a minor problem

Short term lets are associated with fireworks, late night noise, leaving bins out which are not collected until some days later, inconsiderate parking, hen and stag nights etc where the patrons appear more focussed on their own enjoyment but to the detriment of the settled community. Recourse is difficult as the residents “churn” so regularly that establishing a relationship or identifying a contravenor is almost impossible

As residents are only there for a short period, therefore we have to target the owners to be responsible for the behaviour of tenants. Finding and contacting owners of problem properties can be difficult because there is no general requirement for a system of licensing or registration in place.

Question 8: 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

Holiday lets undermine the social cohesion and capacity of local villages. Short term lets can have an adverse effect on businesses providing for full time accommodation and serviced accommodation: strong feeling that this is not a level playing field, 'official' businesses are complying with all legal requirements, taxes, etc - not all short-term letters are.

At present there is no easy way to contact unregistered businesses and involve them in any initiatives - e.g. encouraging sustainable practices, helping them improve information for visitors, etc.

As noted in Sub-Annex A, Housing Affordability in Cotswold District, the recent rise in unaffordability has led to a demographic shift toward retired, wealthy and second-home ownership, and away from younger families. This impacts the viability of public services – primary schools struggling for sustainable intakes (and therefore General Annual Grant funding) while GPs, hospitals and ambulance services likely have higher than typical demands.

Further, the shift toward health and care services supporting more elderly residents in an unaffordable area inevitably causes more in-commuting of support workers, producing increased traffic, parking, carbon emissions and additional cost of living pressure for those workers.

This is additional to settlements feeling like ghost towns if the proportion of second homes and holiday lets is too high, either in a street or across the settlement. Local amenities such as the village shop, pub or bus service may be lost if the weekday population is too low. This in turn causes higher carbon emissions and higher cost of living pressures as more households have increased reliance on more private vehicles. We therefore favour spatial management through the planning system (see Q5 response), as well licensing, so that vibrancy and viability of settlements can be maintained or enhanced.

Question 9: Which of the following do you consider to be the most appropriate form of response in the short-term letting market?

5 - Develop a licensing scheme with physical checks of the premises

There could be a licensing regime to ensure the safety and adequacy of individual premises and the planning system could be reformed to create designated areas where the proportion of short term lets was considered to be an issue and where further such proposals would require planning permission.

As above there is a need to check/encourage at least minimal compliance with legal requirements, ability to quantify numbers (at the moment largely anecdotal) and ability to contact.

Additionally:

- Create three new planning use classes for a main home; short term and holiday accommodation; and a second home. This will enable Councils to make amendments to the planning system, which will require planning permission for change of use from one class to another.
- Update national policy to enable councils to cap the number of short term and holiday lets, as well as the number of second homes.
- Update national policy to enable councils to restrict the location of short term and holiday lets

Question 10: 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?

Resources from our Environmental Health and Housing teams would be impacted for licensing visits.

Planning designation of 'planning permission required' areas could be dealt with as part of a Local Plan review with little or no additional costs

Could be minimal if it's just a case of online registration form and tick boxes to say they have complied with different basic legal requirements - chance to put in links to further information - and opportunity to collect contact details. Ideally a few random checks (e.g. ask for a copy of insurance) that again need not have undue burdens associated.

Question 11: Do you have any insight or evidence on the impact of schemes that are already running, or approaches taken elsewhere in the world?

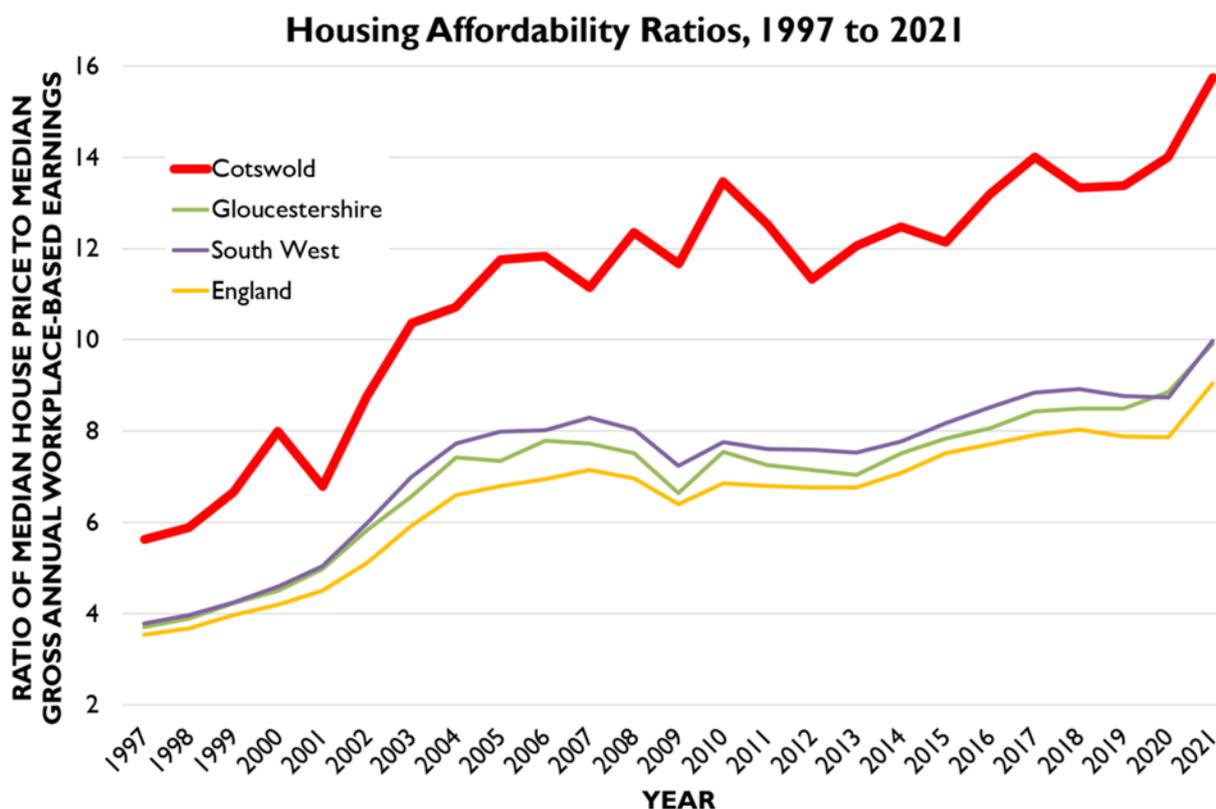
Up to 2018, prior to the adoption of the Council's extant Local Plan, the Council took a positive planned approach to delivering holiday accommodation in the Cotswold Water Park (Lower Mill Estate). It is difficult to quantify its impact on the wider housing market but without the development it would be reasonable to assume that more homes would have been used as short term lets and other holiday accommodation. A challenge facing the council was (and still is) to ensure sufficient infrastructure is in place to make these locations sustainable and to mitigate the impact on neighbouring communities. The Council is currently investing in projects to improve active travel routes to local settlements to better connect holiday homes with leisure and retail activities.

Question 12: 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?

As a council outside of London, this is not applicable to us.

SUB-ANNEX A:

Housing affordability across England has worsened significantly over the past 20 years. However, the housing affordability issue is particularly acute in Cotswold District. Between 1997 and 2021, the average house price in Cotswold rose from 6 times the average annual salary to 16 times the average annual salary.



Source: House price to workplace-based earnings ratios (ONS, March 2022)

Multiple factors can affect house price inflation and housing affordability. However, short term and holiday lettings are undeniably a contributory reason. This is because the buying of open market housing for short term and holiday lettings removes available stock from the housing market that could otherwise provide a permanent home for a person or family. The resulting increased demand within a reduced pool of available stock inflates house prices and worsens housing affordability. This runs counter to the national objective of increasing home ownership, particularly first home ownership.

Some parts of the country are more affected by short term and holiday lettings than others. Coastal towns, National Parks and Areas of Outstanding Natural Beauty are attractive holiday destinations, which also makes these locations hotspots for those wishing to make a commercial investment in a house for short term or holiday letting. These types of housing typically yield much higher weekly rents than an equivalent sized home that is rented privately to a local person or family.

In Cotswold District, a typical three-bedroom house that is a short term and holiday let can achieve a higher weekly rental income than a privately rented house. Local people are unable to compete.

Like many similar rural authorities, Cotswold District does not have an abundant supply of suitable housing sites to build our way out of the housing affordability crisis. Furthermore, the concept of building more and more houses to reduce house prices in high demand areas, such as Cotswold, simply does not work. There is much local evidence to support this[1]. The District sustained significant over-delivery of its housing requirement for many years running. Yet house prices continued to increase and affordability continued to worsen. The desirability of owning a home or buying to let in the Cotswolds is such that simply building more housing has not solved, and will not solve, the affordability issue here/

There is also limited scope for local authorities to take alternative interventions to building our way out of the crisis. Planning policies can potentially restrict new developments from becoming short term or holiday lettings through planning conditions on new dwellings. However, new dwellings account for a very small proportion of the housing stock. As has been seen in St Ives, this policy approach has had limited effect and it simply diverted demand for short term and holiday lettings to existing housing stock. The local planning system is unable to remedy the situation on its own and the problem persists.

The National Planning Policy Framework defines hotels are a main town centre use. Many of our town centres are struggling with the effects of online retail and the pandemic. Short term and holiday accommodation, located within and around town centres, can have a positive role in supporting their vitality, viability and regeneration. On the other hand, unregulated short term and holiday accommodation mushrooming up in housing estates often requires visitors to arrive by car, travel around by car and the likelihood of visitors making use of town centres is somewhat reduced.

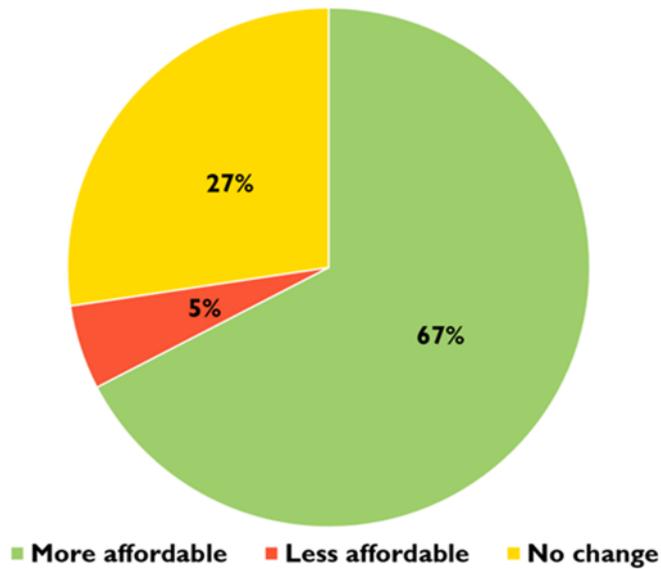
Impact of short term and holiday lettings on local communities in Cotswold District

The acute housing affordability issue in Cotswold District, which is linked to the high number of short term and holiday homes, means that many people, particularly younger people, are unable to afford a home close to where they work, grew up or have a close connection to. The district has an aging population and if young people are unable to live here, this issue is exacerbated.

The housing affordability issue is increasingly having a harmful impact on the local economy and the viability of some services, such as schools. Furthermore, it is linked to the district's high in-commuting rate, as people are forced to live elsewhere and commute into the district to work. This creates car dependency and hampers efforts to reduce CO2 emissions from transport, which is by far the sector with the highest contributor to CO2 emissions[2].

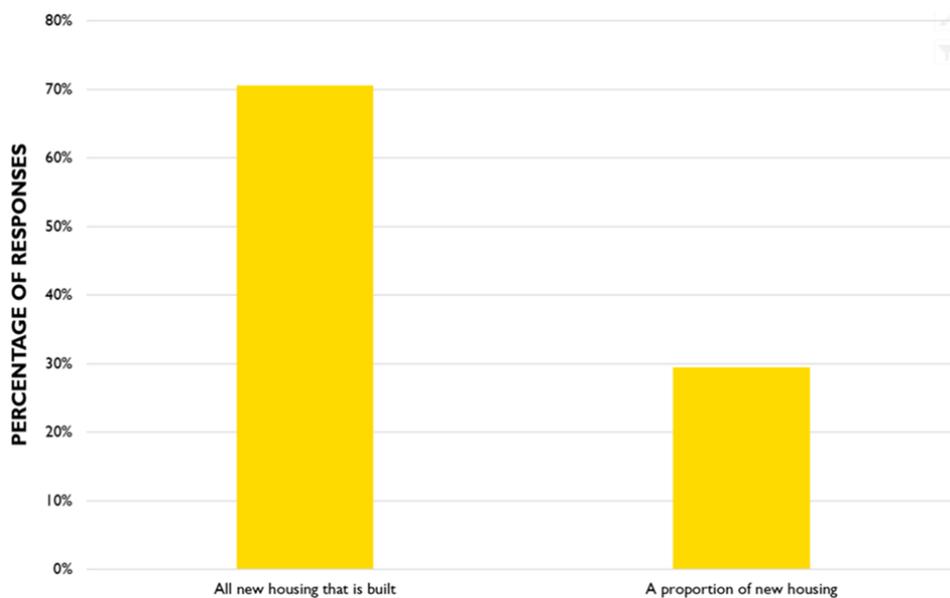
There is clear discontent from Cotswold District residents about the impact that short-term and holiday lettings is having on their communities.

Cotswold District Council undertook a Local Plan consultation between February and March 2022. The damaging impact of holiday homes and AirBnBs was repeatedly raised. We also asked several specific questions on the issue in the consultation:



Do you think restricting second home ownership in new developments in Cotswold District would make the overall housing stock more affordable or less affordable?

The majority of people supported the idea of the Local Plan restricting second home / holiday ownership in new developments and less than one-fifth were against the idea. This broadly aligns with the split of opinion on the effect of such a policy would have on affordability, in which 67% thought restricting second home ownership in new developments would make the overall housing stock more affordable with 5% thinking it would become less affordable.



We also asked, should the restriction apply to all new housing that is built or a proportion of new housing?

A considerable majority of respondents (71%) thought that second home restrictions should apply within all new housing developments.

Of course, planning restrictions can only apply to new developments. The majority of second homes, holiday homes and AirBnBs are already existence and the Council has limited powers to intervene.

However, we have been lobbying the government to do so, for example, in our consultation response to the Planning White Paper.

It appears the Government has been listening to us and other authorities in a similar situation. In January 2022, the government introduced legislation that will prevent owners of second homes from abusing a tax loophole by claiming their often-empty properties are holiday lets, thereby avoiding paying normal tax rates. However, we want you to go further still. In particular we advocate a new residential use class be created to help manage the impact of holiday lets in Cotswold and ensure new homes are meeting identified housing needs.

[1] For example, the district has been within the top 10 authorities in the country for its Housing Delivery Test score since the test was introduced. It was also recognised as reasonable conclusion by the examining Inspector to the Cotswold District Local Plan.

[2] The UK Government committed to cut total carbon emissions by 78% by 2035 and 100% by 2050 to try to prevent catastrophic climate change. Domestic transport emissions have barely reduced over the past 30 years and remain well above the levels required to meet our commitments ([Decarbonising Transport: Getting Carbon Ambition Right, Local Government Association, 2021](#))
