

Possible Motion for DAPTC (see note below)

“That DAPTC support the provisions in the Levelling up and Regeneration Bill to discourage the growth in second homes by a 100% surcharge on Council tax and seeks further discretionary controls on the growth in Holiday lets”

Supporting argument

The political debate on second homes has moved very rapidly after decades of concerns about the impact on certain communities and no response from many Governments.

Second homes represent a significant proportion of the national housing stock: about 495,000 homes. Property remains one of the best investments for preserving savings and capital and second homeowners are often able to invest in renewing property in need of repair.

However in many areas the increased demands for second homes add to the pressure on the supply of housing and adds to house price increases. In Dorset and many coastal and tourist areas the difference between house prices and average incomes is far above the national average. Local people and families are priced out of the market in these areas. The areas lose full time population with adverse effects on school rolls, use of local services such as shops and buses leading to a spiral of decline in these services. Those remaining are also affected, as there is a smaller pool of people able to support community activities and community support. Some villages become “empty shells” outside holiday months with some streets almost entirely unoccupied. The character of the village is changed irrevocably.

Following pressure from MPs representing these areas the Government has proposed a change in the Levelling Up and Regeneration Bill as set in the policy statement accompanying the Bill.

“The Bill recognises the impact that high levels of second home ownership can have in some areas and will introduce a new discretionary council tax premium on second homes of up to 100%. It will also allow councils to apply a council tax premium of up to 100% on homes which have been empty for longer than one year (rather than two years as currently). This will encourage more empty homes into productive use, while enabling councils to raise and retain additional revenue to support local services and keep council tax down for local residents.”

The surcharge on second homes will not apply if the property is let for at least 17 weeks as a holiday let.

Holiday lets

The market in self-catering lettings has grown rapidly (40% in three years) and is replacing traditional B and Bs and hotels. There are financial incentives for owners if the property is registered as a business as no business rates are payable for one additional property. Councils get no income from them but may have costs if refuse arrangements set up by the owners are poor and recycling rates tend to be lower.

Having a property occupied for 17 weeks lessens the impact on local services, as there will be use of catering and leisure facilities and some use of local shops etc. However the fundamental issue remains that a village would be changed irrevocably if many houses were unoccupied for most of the year.

It is therefore suggested that where the number of holiday lets exceeds a locally determined threshold the principal Council (after consultation with the local Council) will have the discretionary power to require a change of use planning application from principal home to holiday let for new proposals. Purpose built holiday facilities such as Burnbake would be excluded from the calculation of the threshold, as they do not reduce the stock of normal housing. Some Councils whose areas are more reliant on tourism may want a higher number of holiday lets than other villages.

Dorset has not up to now taken a policy stance on second homes: it did not feature as a proposal in the first draft of the Dorset Local Plan although Purbeck DC had a proposal in its Local Plan limiting the sale on new properties as second homes.

NOTE

*The change in Prime Minister appears at the moment to be creating a situation where all existing policies are under review. It may therefore be the case that this Bill may be changed. All this will be clearer by November in which case the motion could be withdrawn if events have overtaken it.

As Dorset as a whole has not got a consensus on second homes and holiday lets (there are differing views even in Purbeck) there is value in discussing the issue.

It is also recommended that the Clerk be authorised not to submit the motion by the end of September if the Bill has been cancelled by then,