

Q.1 Do you agree that the planning system could be used to help to manage the increase in short term lets?

While Generation Rent believes that the increase in short term lets is in urgent need of managing by local authorities, we are concerned that the planning system is not the most effective mechanism to do this. While we agree that action needs to be taken to arrest the damaging loss of homes from long-term let into the holiday lets sector, and the planning system may play a part in doing so, there is significant doubt as to whether changes to the planning system would be enforceable and create an environment that would actually reverse recent trends, rather than simply limit future growth.

Our research found that [29 homes a day converted into holiday lets and second homes in 2021-22](#) and that is indicative of a haemorrhaging of long term sustainable housing into short term lets which is damaging the communities that rely on that stock.

In 2019-22, 682,235 new homes were added to England's housing stock. Over the same period, there was an increase in the number of homes registered as second homes or commercial holiday lets of 26,043. That represents 4% of the growth in housing stock nationally. But the growth of the holiday home sector was highly concentrated: 80% of the increase in the numbers of second homes and holiday lets happened in just 25 local authorities (8% of 309).

For housebuilding to have the desired effect on affordability, the leakage of homes into the holiday home sector must be reduced significantly – and ideally reversed in areas where affordability is especially bad.

Planning restrictions may help arrest the conversion of homes to holiday lets. However, it could be counterproductive in preventing the reversal of recent conversions by making it uneconomic to bring homes back into residential use, and may in the worst case scenario trigger a rush to change use class which could further hamper supply.

Licensing is our preferred solution, especially if it included local caps on the number of holiday lets that can operate, along with tax changes that take mortgage interest relief away from holiday lets. Even without caps, the need to renew licences would not inflate property values in perpetuity in the same way as planning permission would. This would help both to stop future leakage and encourage existing holiday let operators to return their properties to the residential sector.

Q.2 Do you agree with the introduction of a new use class for short term lets?

As previously stated, we support efforts to address the adverse impact of the proliferation of holiday lets. However, we doubt that the use class proposal would be of sufficient benefit in this area. In particular, we have concerns over the following:

- The 'grandfathering' of properties which are currently used for holiday lets, meaning that no scrutiny can be applied to the status quo in a local area, and that the already difficult situation cannot be proactively addressed. The growth of the holiday home sector was highly concentrated: 80% of the increase in the numbers of second homes and holiday lets happened in just 25 local authorities (8% of 309). In these areas, second homes and holiday lets have already had a substantial impact on local housing supply and the absence of a method to reverse this upon the introduction of a scheme is disappointing.
- Grandfathering also runs the risk of encouraging current residential landlords to switch the use of their properties to short term lets before the new regime comes into force, in order to lock in a potentially more valuable planning use class, prompting more evictions and a further drop in the supply of homes for local people. A permitted development right will also

make it very easy to switch and the prospect of Article 4 directions to curtail this could cause further, localised, haemorrhaging of homes into the tourist market.

- The permanence of the use class changes would inhibit the ability of local authorities or other actors to effectively reverse the situation within a local housing market when it is deemed that holiday lets make up too high a proportion of the local stock. Under these proposals, homes could be taken out of the housing market for a much longer period of time than other mechanisms for regulation such as licensing, and the effects of this on the local housing market will be profound. Planning requirements do not appear to be particularly easy to enforce. In London, where planning permission for holiday lets available for more than 90 days in the year has been required since 2015, there has been very little enforcement. Although the proportion of Airbnb listings that are available for more than 90 days in the year is somewhat lower than other cities, this type of let is still very common and GLA research has found very little enforcement action by central London boroughs. Part of the problem is that there is no ongoing stream of funding through planning that might finance enforcement, in the way that a licensing scheme, with periodic renewals, would provide.
- Changes to planning permission would give local authorities less control over nuisance. If a dwelling which has been converted into a holiday let has led to an unacceptable level of nuisance for local residents, it is difficult to act effectively to address this.

Q.3 Do you agree with the description and definition of a short term let for the purpose of the new use class?

Yes.

Q.4 Do you have any comments about how the new C5 short term let use class will operate?

If there are to be planning controls for local authorities, then they should have the power to impose limits retrospectively on areas where there are problems with housing affordability, rather than have a national policy where all existing holiday lets get automatic permission.

The automatic planning permission for existing short term lets will make it more difficult to bring properties that recently switched from residential back into the residential sector. This is because holiday lets are often worth more in terms of rental income than tenanted properties, particularly when you factor in lack of regulation and tax breaks. If it is easy for a property owner to use their property as a holiday let, and it may become more economically valuable if it had planning permission as such, they have a very strong incentive to switch use before an Article 4 direction prevents them from doing so.

We would prefer the number of nights that homes can be let out in London reduced below 90, because this limit can still create a powerful incentive for landlords to switch properties away from the residential market. If that change cannot be implemented due to the primary legislation in place, mechanisms should be put in place to allow this change to take place in the future.

Q.5 Do you consider there should be specific arrangements for certain accommodation as a result of the short term let use class?

We are open minded as to whether purpose-built student accommodation (PBSA) which is let out commercially outside of termtime should come under the remit of a new use class, as it is contributing to the short term lets sector but not directly removing stock from the wider PRS.

Q. 6 Do you agree that there should be a new permitted development right for the change of use from a C3 dwellinghouse to a C5 short term let (a)

No. The proposals make it too easy for property owners to take homes away from the residential sector. We appreciate that local authorities will be able to introduce Article 4 directions to curtail this, but the potential for perverse incentives – for landlords to switch use before their introduction, to lock in a more valuable planning permission – could cause this to backfire.

Q.7 Do you agree that there should be a new permitted development right for the change of use from a C5 short term let to a C3 dwellinghouse (b)

Yes. There should be a presumption in the planning system that houses and flats be ideally lived in long term. However, we do not believe a PDR will be sufficient to encourage owners to revert properties to residential as long as tourists bring in more rental income as tenants. While the ability to revert to residential exists, it may not be used if the short term lets business remains profitable – to the detriment of those who wish to live in that community long term and/or contribute to the holiday sector economically (eg. as a seasonal worker or hospitality worker). However if the use class changes are indeed passed, then it is essential that such clauses remain to allow homes to revert to long-term occupancy at any time.

Q.8 Do you agree that the permitted development rights should not be subject to any limitations or conditions?

PDR should not be available for people who wish to convert dwellinghouses to short term lets. However, if properties are changing use in the other direction, and providing more long term residential accommodation, there should be no restrictions on this.

Q.9 Do you agree that the local planning authority should be notified when either of the two permitted development rights for change of use to a short term let (a) or from a short term let (b) are used?

Yes.

Q.10 Do you have any comments about other potential planning approaches?

Our preference, as stated above, remains for a licensing scheme over which local authorities retain agency to monitor the number of dwellings which are lost to the holiday sector; complete with the ability to limit the number of short term lets and reduce their number over time in favour of retaining long-term accommodation.

We strongly oppose measures which would enable dwellings to be even further entrenched into short term or temporary accommodation without incentive or mechanism to revert back.

Q.11 Do you agree that we should expressly provide a flexibility for homeowners to let out their homes (C3 dwellinghouses)?

Yes. Renting out primary residences while the occupier is away does not have a negative impact on housing supply so flexibility should be retained.

Q.12 If so, should this flexibility be for:

i. 30 nights in a calendar year; or

ii. 60 nights in a calendar year; or

iii. 90 nights in a calendar year

Please give your reasons.

30 Days, as this will typically be about as long as typical households are able to spend away from home in a given year. Any longer may encourage property ownership for the sake of renting a property out for a short period and leaving it unoccupied for large stretches of the rest of the year, undermining housing supply.

Q.13 Should this flexibility be provided through:

i) A permitted development right for use of a C3 dwellinghouse as temporary sleeping accommodation for up to a defined number of nights in a calendar year

ii) An amendment to the C3 dwellinghouse use class to allow them to be let for up to a defined number of nights in a calendar year

An amendment to the C3 use class.

Q.14 Do you agree that a planning application fee equivalent to each new dwellinghouse should apply to applications for each new build short term let?

Yes, we strongly agree with this. Given the recent increase in holiday homes, new build properties should be prioritised for the residential market and building new homes simply to serve the tourist market should be discouraged.

Losses to the holiday lets sector negates the impact of housebuilding in areas where new supply is desperately required, and directly removing the newbuilds from the stock should be as heavily disincentivised as possible.

Q.15 Do you agree with the proposed approach to the permitted development rights for dwellinghouses (Part 1) and minor operations (Part 2)?

No preference

Q.16 Do you have any further comments you wish to make on the proposed planning changes in this consultation document?

We would like to take this opportunity to set out in more detail why these proposals could be counterproductive.

Given that a holiday let can earn as much rent in three months or less than a tenancy can in a year, it is likely that a C5 short term let in an area subject to Article 4 restrictions will be worth much more than a C3 dwellinghouse. This means that planning permission will be exceptionally valuable, and owners of properties in Article 4 areas will have very little economic incentive to change the use class back to C3.

The prospect of a higher valuation will also encourage landlords in areas where councils are considering an Article 4 direction, who may have considered switching to holiday lets but have not done so yet, to rush to switch as soon as the council launches a consultation, take yet more properties out of the residential sector, and evict their existing tenants in the process.

Q.17 Do you think that the proposed introduction of the planning changes in respect of a short term let use class and permitted development rights could give rise to any impacts on people who share a protected characteristic? (Age; Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion or Belief; Sex; and Sexual Orientation)

At present people with certain protected characteristics are more likely to be living in unaffordable, exploitative or non-decent housing as a result of the shortage of homes caused by the recent growth of holiday lets. These people include disabled people, who are more likely to rely on the benefits system to pay their rent, women, who tend to earn less than men so can less afford high rents, and people from minority ethnic backgrounds who are more likely to be in poverty or otherwise reliant on benefits. There are a number of challenges facing people who rely on benefits, but one of the biggest is that Local Housing Allowance has been frozen for more than three years and does not cover market rents which have increased substantially, particularly in holiday hotspots.

We therefore believe that any policies which successfully limit the growth of holiday lets and encourage property owners to return their properties to residential purposes will reduce rent inflation and therefore have a positive impact on these groups.

Q.18 Do you think that the proposed introduction of the planning changes in respect of a short term let use class and permitted development rights could impact on:

a) businesses

b) local planning authorities

c) communities?

Local planning authorities (B) should be provided with adequate resource for any additional burden they incur as a result of changes.

Businesses which operate in holiday communities (A) and the communities themselves (C) are intended to see the benefit of more long-term accommodation available for employees and long-term residents. However this benefit will only be felt if such accommodation is more readily available as a result of these changes; without sufficient tightening of the proposals, we do not see they will deliver this aim and thus these beneficiaries will not stand to gain. More must be done to ensure that areas which are acutely affected by the proliferation of holiday lets in place of long term, sustainable homes do see their problems adequately addressed. This is underpinned by an ability for local authority agency and oversight over applications as opposed to automatic unscrutinised movement of dwellings into the holiday lets sector.

Generation Rent has submitted supplementary documentation outlining the reality of the loss of these properties.