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Date: 14<sup>th</sup> December 2021

**Chief Executive**

Please note that the statutory name of this Council is North Devon District Council

The RT Hon Michael Gove MP,  
Secretary of State for Levelling Up, Housing  
and Communities,  
2 Marsham Street,  
LONDON  
SW1P 4DF

Dear Secretary of State,

**Housing Issues in North Devon**

I am writing to highlight what are seen as critical issues relating to the housing market in North Devon. I am aware that many of these issues will already have been raised with you by the North Devon MP, Selaine Saxby.

North Devon has recently seen some substantial changes to the local housing market highlighted by the following:-

- average house prices have increased by 22.5% in 12 months (Second highest in England) (ONS).
- A 67% reduction in listing for permanent rental accommodation in 12 months (highest reduction in SW and 4<sup>th</sup> nationally) (Rightmove)
- 33% increase in the number of people on the housing register in 12 months.
- 21% increase in number of dwellings registered for business rates (holiday lets) over 24 months.
- 7.5% increase in number of second homes in 12 months

The following table below shows a snapshot of the number of properties advertised for permanent rental via Rightmove and those available for holiday renting through Air BnB within towns in North Devon at the start of November 2021.

<b>Town</b>	<b>Air BnB</b>	<b>Rightmove</b>
Barnstaple	126	2
Lynton	104	0
Ilfracombe	300+	3
Woolacombe	196	0

The council's housing staff are now dealing with a huge increase in the number of people presenting as homeless and have also seen a major shift in the nature of person seeking assistance. Many people presenting to the council as homeless are being forced to do so as they are being evicted by landlords who wish to convert their properties from permanent residential use to short term holiday use and are finding it impossible to find alternative accommodation on the open market.

Whilst tourism is of course a major part of the North Devon economy, the lack of housing available for permanent residential use is now starting to have a major impact on the personal lives of many residents as well as local businesses and public services, such as health and education, who are struggling to recruit because of the lack of housing and who are also suffering from existing staff leaving the area, again as a direct result of eviction and lack of housing.

Major employers in North Devon have indicated that the lack of available housing has been considered when deciding on whether to invest in the area. Local schools, colleges and health services are also reporting that recruitment of quality staff is adversely affected by the lack of housing. The hospital in North Devon is part of the Government's New Hospital programme yet is struggling to find accommodation for a handful of extra students due to start next year.

The recent shift from permanent residential to holiday use and the recent substantial increase in house prices means that not only is a permanent home out of reach for many people living and working in the area, public attitudes to new housebuilding have also changed. Virtually every larger housing scheme proposed in North Devon is meeting substantial opposition from the community with many objectors citing the fear that the properties will become second homes or holiday lets and also citing the fact that they will invariably be unaffordable for local residents. This is exacerbated by the fact that viability challenges raised by developers has meant that on average only around 20% of new houses built in the area are affordable.

A proliferation of short term holiday lets in an area not only changes the character of a neighbourhood but it can also increase issues of antisocial behaviour and noise nuisance, primarily because there is very little regulation associated with short term holiday lets. That can be evidenced by an increase in the number of complaints received by the council relating to noise and anti-social behaviour associated with parties and hot tubs etc.

Recently, the council brought together a whole range of local stakeholders and national bodies to discuss local housing issues and what impacts were being felt. We also discussed possible solutions. As a result, the council has drawn up a plan to take action where it has the powers and ability to do so but many solutions will lie with central government.

The council is therefore calling on government to assist by considering and addressing the following:-

1. Take appropriate action to remove any advantages that landlords of short term holiday lets have over permanent rental. This would include:-

- 1.1 changing the criteria that currently allows a property to be valued for business rates based on the number of days that it is available for letting,
  - 1.2 removing the ability for short term holiday lets to claim small business rate relief,
  - 1.3 ensuring that future legislation requiring landlords of private rented properties to bring properties up to an acceptable environmental standard before letting also applies to short term holiday lets,
  - 1.4 removing tax advantages and benefits associated with ownership of a short term holiday let property including capital allowances, various capital gains tax reliefs and mortgage interest relief.
2. Take action to allow councils to exercise more control over short term holiday lets by:-
    - 2.1 allowing councils to increase the council tax payable on each property,
    - 2.2 changing planning legislation to make it clear that a change from permanent residential use to short term holiday use is a material change of use requiring planning consent,
    - 2.3 giving councils the power to license and regulate short term holiday lets to ensure that they are safe and have the minimal impact on neighbouring properties.
  3. Encourage landlords to use properties for permanent residential use by:-
    - 3.1 making grants available,
    - 3.2 reviewing the requirement that benefits payments intended to cover rent are paid direct to the tenant.
  4. Take steps to increase the supply of affordable housing by reviewing the guidance and tests in place to assess the viability of a development to ensure that the level of affordable housing provided is not affected by issues such as an unreasonably high valuation placed on the land.
  5. Work with local authorities and Homes England to identify funding needs associated with the delivery of affordable homes, local needs homes and homes for the open market by local authorities.
  6. Consider ways in which the current large increases in house prices can be slowed to sustainable levels to allow affordability levels to equalize.

This authority was placed within the 3<sup>rd</sup> priority group for levelling up purposes. Whilst that may be understandable based on the indices that were used, the council's view is that the true need for levelling up is evidenced by different indices. If indices and evidence such as deprivation, unaffordability of housing etc are used, then this authority area would be seen as a priority area. Therefore, the Council also requests that the above issues, along with the relevant indices of deprivation etc, are taken into account by central government when considering the criteria by which levelling up funding decisions are taken in the future.

Thank you for your time in considering these issues and if you, your Ministers or officials wish to speak with the council to gain any further insights into the above issues, I would be more than pleased to assist.

Continued...

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Yours sincerely,

**David Worden**  
Leader  
North Devon Council

**Ken Miles**  
Chief Executive  
North Devon Council