

## CCFA SECOND HOMES & HOLIDAY LETS: DATA REPORT

**Summary:** This report provides data on the possible impacts of second homes and holiday lets on the District of North Norfolk, and provides recommendations to implement possible future mitigation measures.

**Options considered:**

1. Note the report and choose not to act upon the data.
2. Request further analysis or appraisal of options available to the Council, and the appropriate resource to do so.
3. Consider approval of the recommendations and await expected legislation aimed to mitigate the impacts of second homes and holiday lets.

**Conclusions:** Data provided in the report shows that whilst there are a high number of second homes in select areas or Parishes, it remains difficult to prove any direct correlation between the prevalence of second homes and holiday lets with any tangible positive or negative impacts.

**Recommendations:**

1. **It is recommended that Members note the data provided in the report and consider the merit of draft policies relating to Council Tax and Planning restrictions, alongside the resources required to implement such policies.**
2. **To recommend to Cabinet that NNDC supports the draft provisions of the Regeneration and Levelling Up Bill which would enable the doubling of Council Tax on second homes, alongside the Council making representations to Government seeking further legislative changes to enable the retention of increased tax revenue collected by 2<sup>nd</sup> tier authorities (District Councils).**
3. **To recommend to Cabinet that NNDC supports the extension of planning controls proposed in the draft provisions of the Regeneration and Levelling Up Bill, alongside the Council making representations to Government seeking further changes to request that all second and holiday homes require planning permission.**
4. **To recommend to Cabinet that NNDC**

responds positively to a call for evidence on the registration of tourist accommodation.

5. If Members are not satisfied that the data provided in the report provides the necessary information required to support mitigation measures, it is recommended that consideration is given to what further investigation is required, and the resources necessary to undertake such investigations.

**Reasons for Recommendations:** To determine whether the data outlined in the report warrants the need to prepare for implementation of policies to mitigate the impacts of second homes and holiday lets.

#### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

Cabinet Member(s)	Ward(s) affected
N/a	All

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## 1. Introduction

1.1 A Councillor Call for Action was made at the December 2021 meeting of the Overview & Scrutiny Committee, proposed by Cllr L Withington and seconded by Cllr J Toye. Whilst the actions taken a result of CCfAs are for the Committee to determine based on CCfA guidance, the initial Call was made of the following requests:

A. *"A request for O&S to consider holding a One Day Rapid Review Process, focussing on the management and mitigation of the impact of second homes, holiday lets, B&Bs or Air B&Bs (Visitor Accommodation) in North Norfolk by NNDC.*

B. *As part of this review process a request for O&S to consider including:*

*An evaluation of the current local situation including; an analysis of the current rates/types of visitor accommodation across the district, an analysis of the difference in safety between long term let and short term holiday lets and Air B&Bs, an analysis of the local housing need, identifying the detrimental and positive impacts of high numbers of tourist related accommodation across the district and other areas, a review of how we can maximise the benefits and mitigate the detrimental impact of high numbers of visitor accommodation.*

C. *A review of actions taken to mitigate the impact of high levels of visitor accommodation across the country.*

D. *The development of an approach and action plan to make clear: the NNDC position on visitor accommodation, identify what is already underway, the NNDC understanding of the impact of visitor accommodation levels across the district, the NNDC position on appropriate regulation and legislation which supports the NNDC position, an agreed approach which continues to protect and grow the local tourism-based economy, establish mechanisms that can be used by NNDC to ensure that residents can access truly affordable and energy efficient homes in the communities where they can access work, education and public transport based on the findings of this review, establish what needs to be done by other tiers of Government to support effective management of the impact of visitor accommodation in North Norfolk along with a strategy for lobbying and engagement to drive the findings forward, establish if there needs to be changes to establish adequate safety levels across visitor accommodation, what NNDC consider necessary to happen and lobby for through the actions/ responsibility/ legislation of other tiers of Government to support effective management of the impact of visitor accommodation in North Norfolk."*

1.2 As a result of the initial CCfA, the Committee requested that a report be prepared by officers to outline the scope of an investigation, which was considered by the Committee at the April 2022 meeting. The scoping report identified investigation into the following areas of interest:

- Current status of second and holiday homes in the District
- What are the current positive/negative impacts?

- Does NNDC currently take any actions to mitigate possible impacts?
  - Could NNDC take any further actions to mitigate possible impacts?
  - What potential actions could NNDC take on a local level?
  - What potential actions could NNDC take on a national level?
  - Overview & Scrutiny Committee to agree next steps
- 1.3 Following approval of the scoping report Members agreed that the data report should be presented at the July 2022 meeting of the Overview & Scrutiny Committee.

## **2. Investigation Summary**

- 2.1 The following data report seeks to establish the current position of second homes and holiday lets in the District of North Norfolk, any subsequent impacts this may have on issues such as housing availability, demand and cost. The report also considers existing policies utilised or considered by the Council in relation to second homes and holiday lets, and makes reference to future legislation that may provide further policy tools to local authorities to influence their prevalence and contribution to the District.
- 2.2 As outlined in the report, the number of second homes in a given Town or Parish varies considerably across the District. It remains difficult to directly attribute any particular concerns such as rising house prices or supply shortages to second homes and holiday lets, given that there are so many other potential factors that could be attributed to these issues. This investigation takes into account factors such as inward migration from retirees and North Norfolk being a desirable place to live.
- 2.3 The economic impact assessment suggests that North Norfolk is highly dependent on tourism, with the sector contributing over £500m to the local economy prior to Covid-19, thus supporting numerous local businesses, employees and residents. Whilst second homes and holiday lets undoubtedly contribute to this figure, it remains difficult to determine whether they provide an overall net gain or loss to the economy. It is similarly considered that the impact on communities is difficult to determine, with secondary data suggesting that there are both positive and negative impacts. It is suggested that ultimately residents concerns must be considered alongside the importance of tourism for the local economy.
- 2.4 Existing policies in use or previously considered by the Council relating to the Revenues and Planning service areas are outlined in the report, alongside discussion of legislation being developed by the Government, that could allow Councils to influence the number of second homes in a given community. With regards to revenues, the Council charges 100% Council Tax charge on second homes, whilst holiday lets pay business rates. It is possible that draft legislation being prepared by Government could allow Council's to increase Council Tax charges in the future. On planning policy, various options such as the 'St Ives' principle have been considered in the report that would place restrictions on new homes, however this is not deemed to be an effective solution as it would place increased pressure on existing dwellings. Similarly, further planning tools are being drafted by Government that could be used to influence the prevalence of second homes, with an outline provided in the report.

### **3. Corporate Plan Objectives**

- 3.1 The report is relevant to the local homes for local need theme of the Council's Corporate Plan in which it is stated that, 'With a local housing market driven by strong demand for second and holiday homes and people wishing to retire to the area, however many local people on average wages struggle to access the housing market through being able to afford a home of their own. Further, the availability of private rented accommodation is lower than in many other areas of the country due to the higher returns investors can make renting accommodation for holiday lets.'
- 3.2 As a result, the data report seeks to directly address the impact that second homes and holiday lets have on the supply of housing and demand in North Norfolk, including the subsequent impact on issues such as house prices and the housing waiting list.
- 3.3 The outcome of this report should therefore be given careful consideration as it seeks to support the overall delivery of a key theme of the Council's Corporate Plan.

### **4. Medium Term Financial Strategy**

- 4.1 The report and its contents have no immediate or direct impact on the Medium Term Financial Strategy. It is possible that in future years Members' decision on whether to support and/or implement policies relating to increased Council Tax for second homes or a transfer of properties to business rates could have a moderate financial impact, potentially creating a modest increase in revenue.

### **5. Financial and Resource Implications**

- 5.1 As outlined within the recommendation, Members' may seek to recommend to Cabinet that necessary resource is available to develop policies to address the impact of second homes, in-line with anticipated legislation from Central Government. This could have limited financial implications if additional policy-writing resource is deemed necessary. Furthermore, if such policies are implemented in future, this could lead to an increase in Council Tax and/or Business Rates Revenues.

### **6. Legal Implications**

- 6.1 There are no direct legal implications to note in relation to the content of the report.

### **7. Risks**

- 7.1 The primary risk to the Council presented by the report is reputational, as residents throughout the District may have an expectation that the Council will act to limit any potential negative impacts caused by second homes and holiday lets, or seek to fully take advantage of any positive impacts. Therefore the Council should be careful to manage expectations by adequately assessing the existing policy tools available and identifying their efficacy and limitations.

### **8. Sustainability**

- 8.1 Sustainability has not been considered at this stage due to the limited scope of the investigation. If the matter is considered further, additional resource may be required to undertake any in-depth review.

**9. Climate / Carbon Impact**

- 9.1 Climate and carbon impact have not been considered at this stage due to the limited scope of the investigation. If the matter is considered further, additional resource may be required to undertake any in-depth review.

**10. Equality and Diversity**

- 10.1 There are no direct equality and diversity considerations to note in relation to the content of the report.

**11. Section 17 Crime and Disorder considerations**

- 11.1 There are no Section 17 Crime and Disorder considerations to note in relation to the content of the report.

**12. Conclusion and Recommendations**

- 12.1 Overall the impact of second homes and holiday lets on the District remains difficult to determine. This report has outlined the current position, and any existing or future policies that could be used to influence or mitigate what are perceived as negative impacts. As a result, if Members agree that the data provided in the reports presents a cause for concern, it is recommended that Members note the data provided in the report and give consideration to the merit and possible implementation of policies being prepared by the Government relating to Council Tax and Planning restrictions, alongside the resources required to implement such policies. It is also recommended that the Council responds positively to a call for evidence on the registration of holiday lets, and seeks input from Members if it is felt that any further investigation is required.