

## **Written evidence submitted by the Lake District National Park Partnership (supported by LDNPA) (LRB39)**

### **Executive summary**

- The government attaches great weight to protecting and enhancing the landscape and scenic beauty of National Parks; accordingly, the scale and extent of development within these areas should be limited.
- In the Lake District, there is immense pressure on the affordability and availability of existing housing stock. While new homes are being built, demand far outstrips supply and the Lake District's environment is reaching its capacity to accommodate new development.
- 25 per cent of the housing stock in the Lake District has no permanent resident. Over half the parishes in the Lake District have 20 per cent or more of the housing stock used for second homes or holiday lets; in some parishes this figure is much higher. There has been, in particular, a rapid increase in the number of holiday lets.
- The growth in the number of holiday houses has been at the expense of homes in permanent occupation, and has helped drive prices to very high levels. The lower quartile affordability ratio for the Lake District National Park averages 13.2, far above the Cumbria and England averages of 7.0 and 9.2 respectively.
- The population is declining, and the demographic is increasingly unbalanced.
- Communities are becoming less sustainable and less resilient as their permanent populations decline. Many businesses, especially in the visitor sector, are increasingly constrained by lack of staff, a major cause of which is the unavailability of affordable housing.
- The number of holiday lets is increasing and removing property from the long-term rental market.
- Currently there are no national planning controls preventing properties in full-time occupation but with no occupancy restrictions from becoming a second home or holiday let. At the same time, the tax treatment of holiday lets is considerably more favourable than other categories of residential properties.
- We strongly support the proposal in the Levelling-Up and Regeneration Bill to give discretion to local authorities to increase council tax on dwellings occupied periodically by up to 100 percent. We suggest that this provision should apply both to holiday lets (taking them out of the business rates regime) and to second homes. We also believe that a change to the national

planning framework should be introduced to make permanent residences, second homes and holiday lets separate use categories for planning purposes.

## **1. Introduction to the Partnership and the Authority and reasons for submitting evidence**

- 1.1 The Lake District National Park Partnership, made up of 25 organisations in the public, private, community and voluntary sectors, and including the Lake District National Park Authority (LDNPA), is collectively committed to working together in the best interests of the National Park.
- 1.2 The English Lake District World Heritage Site was inscribed in July 2017. One of the nine recommendations made by UNESCO, on inscription, was that the State Party should develop convincing programs to reverse and prevent depopulation, including developing affordable housing for new households and for local retirees. The State Party, together with the Partnership, continues to report against this recommendation.
- 1.3 The Partnership's Plan was prepared by the Partnership and adopted by the LDNPA in October 2021 as its statutory Management Plan for the Lake District. Under the Plan, the LDNPA has been charged with taking the lead in advocating to Government that it should introduce a mechanism to control the conversion of first to second homes in the Lake District, and remove the small business rates exemption for furnished holiday homes by 2023.
- 1.4 Submitting this quantitative evidence provides us with the opportunity to raise awareness of the acute impact high numbers of holiday houses are having on the vibrancy and resilience of many communities in the Lake District. As recognised in the recent BBC series 'The Lakes with Simon Reeve', we are not being overly dramatic when we say the future sustainability of our resident communities is seriously under threat.
- 1.5 Working alongside Government to address this issue is not new to the Authority. The Matthew Taylor MP review<sup>1</sup> in 2008, recommended '*The Government should examine the options for trialling planning rules limiting change of use of full time homes to part time occupation (as second homes or holiday lets), in one or more of the National Parks.*' we volunteered the Lake

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<sup>1</sup> Living Working Countryside, The Taylor Review of Rural Economy and Affordable Housing, Department for Communities and Local Government, 2008.

District National Park as a trial Authority. This was not taken up by Government

- 1.6 In 2011, under the Sustainable Communities Act, the Authority along with South Lakeland District Council liaised with Ministers in the Department for Communities and Local Government seeking appropriate legislative reforms to enable control over holiday houses. Again this was not taken up at the time.

## **2. Factual information**

- 2.1 The popularity of the Lake District means there is high demand for housing. There are approximately 24,645 houses in the Lake District. Whilst new houses are being built, demand outstrips supply and the Lake District's environment cannot accommodate a level of house building that would be necessary to meet demand. The annual strategic affordable housing need across the Lake District is 113<sup>2</sup>, but by using information from Choice-based lettings the actual need is much higher;
- 259 in Windermere
  - 253 in Keswick
  - 155 in Ambleside.
- 2.2 Between April 2010 and March 2021, 754 new local need homes were built, and the Lake District National Park Local Plan 2020 – 2035 adopted May 2021, seeks to make provision for 1200 new permanent homes.
- 2.3 The world class cultural landscape is a Special Quality of the Lake District and a World Heritage Site attribute of Outstanding Universal value. Through the National Planning Policy Framework, the government attaches great weight to protecting and enhancing the landscape and scenic beauty of National Parks, and provides that the scale and extent of development within these areas should be limited. Whilst 3396 new homes have been built since 1991, and provision has been made for a further 1200 by 2035, we are reaching environmental capacity. We cannot simply build the significant number of houses needed to replace the stock lost to second homes and holiday lets. We have to make better use of the existing housing stock, to meet the identified local housing needs of the Lake District, and make our communities more sustainable.

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<sup>2</sup> Strategic Housing Market Assessments

2.4 Second home and holiday let data by parish is set out in Appendix 1. It is generally accepted that if the percentage of second homes in any one settlement / parish is over 20 percent<sup>3</sup> then the sustainability of settlements is adversely impacted. The conclusion that a threshold at which sustainability is affected was also shared by the Matthew Taylor Review. According to recent figures (Revenue and Benefits data June 2022), 25 per cent of the existing housing stock in the Lake District has no permanent resident. There are several parishes where this figure is significantly higher than 20 percent -

- Martindale 77 percent,
- Matterdale 55 percent,
- Patterdale 55 percent,
- Borrowdale 52 percent
- Skelwith 50 percent.

2.5 This is likely to be under-representing the true situation as there is local evidence to suggest that council tax records under-count actual numbers of holiday houses. A local survey showed 79 percent of the residential properties in Elterwater were holiday houses in 2014. Over 50 percent of the Parishes in the Lake District have figures of 20 percent and above.

2.6 Properties used as holiday lets has seen the biggest rise over recent years. For example:

<b>Parish</b>	<b>% of total residential properties used as holiday lets 2013</b>	<b>% of total residential properties used as holiday lets 2022</b>
Keswick	14.22%	24.75%
Underskiddaw	19.44%	33.60%
Borrowdale	24.13%	32.36%
Buttermere	13.11%	22.95%
Above Derwent	18.45%	26.39%

2.7 Earnings in many of our rural areas are lower than in neighbouring urban areas, due to greater levels of agriculture and tourism. At the same time, the

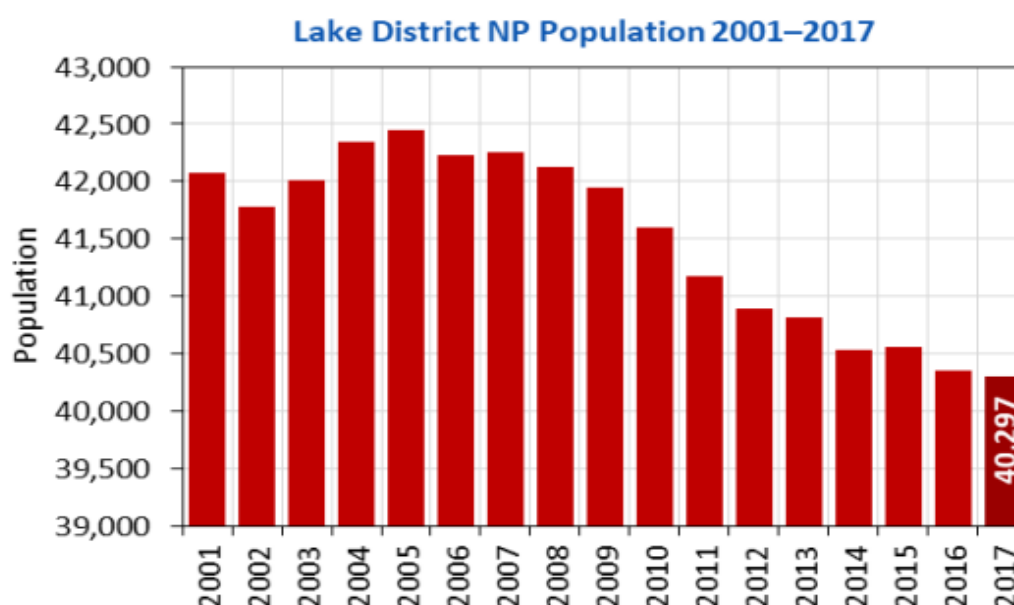
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<sup>3</sup> Housing: An Effective Way to Sustain our Rural Communities Part 1: The Effects of Affordable Housing on Rural Communities, Cumbria Rural Housing Trust

shortage of housing noted above has led to very high prices, making it virtually impossible for people relying on local wages to compete for housing in an open market. The current lower quartile affordability ratio<sup>4</sup> in the Lake District is 13.2, compared to 7.0 in Cumbria and 9.2 in England. Whilst this is already a very high figure, the affordability ratio rises to 28 in Bewaldeth and Snittlegarth, 24.6 in Kentmere, 21.2 in Matterdale and 20.1 in Buttermere.

2.8 The population of the Lake District is decreasing. The population decline shown in Figure 1 is attributed to a net outflow of people from the Park (for which a major driver is a lack of affordable housing), and to an excess of deaths over births.

**Figure 1: Lake District National Park population change 2001 - 2017**



2.9 Many local people are being forced to move to another part of the county or farther afield due to the lack of suitable, affordable housing. Potential new arrivals of working age who could engage in the local economy are equally constrained. Consequently, employers across the Lake District are finding it increasingly difficult to fill vacancies. This is especially evident in the accommodation and food services industries where acute<sup>5</sup> labour shortages are due largely to a shortage of affordable accommodation. For many local businesses, this is becoming an existential challenge.

2.10 This decline in the resident population and the loss of people of working age is threatening the viability of the range of local services crucial to community

<sup>4</sup> The ratio of lowest quartile house prices to lowest quartile annual salary

<sup>5</sup> PwC UK Economic Outlook April 2022

vitality for example, GPs, dentists, local shops and businesses, nurseries and schools. In the farming sector, in addition to the other challenges currently faced, labour shortages contribute to the threat to local farming traditions and practices which are an integral part of Lake District life. The overall sense of community, including local clubs, voluntary groups and societies, community centres and voluntary activity is being progressively undermined.

- 2.11 The difficulties faced by some local schools is a case in point. For example, the percentage of homes not used for permanent residence in Above Derwent Parish is 42.78 percent. The parish school - Braithwaite Church of England School currently has 41 – compared to 99 pupils in 2014. This decline in pupil numbers is mirrored in most parishes where there is a high percentage of second homes and holiday lets.
- 2.12 Whilst second home ownership trends may have stabilised since the pandemic (albeit at levels that are unsustainable for some communities) the trend towards holiday lets appears to have accelerated recently. Frequently, permanent residences are becoming holiday lets at the time of sale. In addition, there is now a perceived surge of a transfer of private rental properties to holiday lets which generate higher incomes, benefit from considerably more favourable tax treatment and can avoid the increasingly stringent EPC requirements imposed on rental properties (often difficult and costly to meet for traditional stone-built houses). A recent community survey<sup>6</sup> highlights many examples where households who have rented for many years have been given notice so the property can be put up for sale or used as holiday accommodation.

### **3. Recommendations for action by the Government**

- 3.1 We ask the Government to amend the Town and Country Planning (Use Classes) Order to create new use classes for Primary Homes, Second Homes and Holiday lets. If a change of use from primary use to secondary use for example is wanted, a change of use application would need to be submitted to the local planning authority for assessment. In these circumstances, the number of existing second homes and/or holiday lets in the area to which the application relates would be a material consideration in the assessment. This offers an effective development management tool. By using the 20 per cent threshold, together with any evidence of loss to community sustainability, viability and services, the positive and negative impacts of proposals can be

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<sup>6</sup> Renting Homes in Rural Communities, ACTION with communities in cumbria September / October 2021

assessed. It cannot be applied retrospectively to existing holiday houses, and does not mean a change of use would be automatically refused.

3.2 Secondly, we believe that the small business rate relief should be removed from all furnished self-catering properties with a rateable value of less than £15,000, by moving all furnished self-catering properties to the council tax regime. In the North Distinctive Area of the Lake District (the part of the National Park within Allerdale Borough Council) there are 969 self-contained holiday units and 131 guesthouses, of these, 843 (87%) claim Small Business Rate Relief. In some cases, owners of holiday accommodation do not pay any tax whatsoever. If these holiday units and guesthouses were to pay Council Tax (and assuming a Band D council tax of £2000 per annum per unit), this would generate approximately £1.6million for the local authority which could be ring-fenced for the support and provision of local services, particularly in rural areas. Second home owners can also currently access this tax avoidance by declaring an “intention to let” the property out to holiday makers for short periods. We are supportive of the governments approach to changing the rules to stop the abuse of this tax loophole which will come into force from April 2023.

3.3 Thirdly, we warmly welcome the interventions proposed in the Levelling Up and Regeneration Bill regarding increases to Council Tax for dwellings occupied periodically. We believe it is important that the wording of the Bill make clear that this provision applies both to second homes and holiday lets.

#### **4. In conclusion**

4.1 Where properties are in short supply and limited opportunities exist to create new homes, better use of the housing stock is necessary. Creating a more balanced use of the existing housing stock will deliver sustainable economic benefits and protect UNESCO status. The trends highlighted in this paper cannot be allowed to continue if the Lake District is to remain a living and working place, and depopulation is addressed. Introducing measures to help manage second homes and holiday lets which are adversely affecting many communities both in the Lake District and nationally, will help the Lake District National Park Authority and the Partnership maintain community vibrancy and resilience. These measures are fundamental for our communities to thrive and survive.

4.2 We stress that there is a wide level of support for such changes here in the Lake District National Park. Both Trudy Harrison MP and Dr Neil Hudson MP have contacted the relevant Minister on behalf of the Partnership, and Tim Farron MP has raised the issue directly in Parliament. We have comprehensive support from our Town and Parish Councils, and County Council and District Councils. Additionally, Robert Goodwill, MP for Scarborough and Whitby is campaigning to The Treasury for changes to business tax legislation on holiday lets.

*July 2022*



## Appendix 1: Second Home and Holiday Let data by Parish

PARISH	2nd homes	Holiday lets (self-contained and guesthouses)	empty properties	Total domestic properties (From C.Tax records)	% of 2nd homes	% of properties not used for permanent residential
Above Derwent	100	161		610	16.39%	42.78%
Bassenthwaite	20	41		204	9.80%	29.90%
Bewaldeth	0			19	0	
Blindbothel	3	16		70	4.28%	27.14%
Blindcrake	11	10		163	6.74%	12.88%
Borrowdale	34	56		173	19.65%	52.00%
Buttermere	10	14		61	16.39%	30.34%
Caldbeck	32	22		361	8.86%	14.95%
Embleton, Setmurphy and Wythop	14	26		214	6.54%	18.69%
Ireby and Uldale	26	19		227	11.45%	19.82%
Keswick	261	641		2589	10.08%	34.83%
Lorton	22	19		148	14.86%	27.70%
Loweswater	14	9		116	12.06%	19.82%
St Johns, Castlerigg, Wythburn	36	25		194	18.55%	31.44%
Underskiddaw	19	41		122	15.57%	49.10%
Askham	24	10	3	188	12.80%	18.08%
Bampton	24	18	4	173	13.90%	24.27%
Barton with Pooley Bridge	30	32	0	126	23.80%	49.20%
Martindale	10	17	0	35	28.60%	77.10%
Mungrisdale	14	16	3	149	9.40%	20.13%
Threlkeld	30	54	10	241	12.40%	35%
Matterdale	62	84	12	266	23.30%	54.88%

Patterdale	76	89	5	301	25.20%	54.81%
Bootle	14	5		389	3.59%	6.57%
Drigg and Carleton	8	5		240	3.33%	5.41%
Ennerdale and Kinniside	12	10		168	7.14%	13.09%
Eskdale	15	47		150	10%	41.33%
Gosforth	39	9		662	5.89%	7.25%
Irton and Santon	20	13		139	14.38%	23.74%
Muncaster	12	8		180	6.66%	11.11%
Ponsonby	3	1		149	2.01%	2.68%
Ulpha	14	15		86	16.27%	33.72%
Waberthwaite and Corney	7	8		119	5.88%	12.60%
Wasdale	15	16		68	22.05%	45.58%
Whicham	19	14		232	8.18%	14.22%
Blawith and Subberthwaite	38	18		141	26.95%	39.70%
Broughton East	23	12		144	15.97%	24.30%
Cartmell Fell	40	20		208	19.23%	28.84%
Claife	46	66		271	16.97%	41.32%
Colton	100	48		481	20.79%	30.76%
Coniston	88	148		658	13.37%	29.78%
Crook	27	16		193	13.98%	22.27%
Crosthwaite & Lyth	32	25		371	8.62%	15.36%
Duddon	86	39		615	13.98%	20.32%
Grayrigg	8	4		110	7.27%	10.90%
Haverthwaite	60	51		484	12.39%	22.93%
Hawkshead	57	95		402	14.17%	37.81%
Helsington	8	5		161	4.96%	8.07%
Kentmere	7	5		56	12.50%	21.42%
Kirkby Ireleth	29	24		625	4.64%	8.48%
Lakes	572	835		3417	16.73%	41.17%
Levens	37	10		609	6.07%	7.71%

Lindale & Newton	46	31		499	9.21%	15.43%
Longsleddale	4	4		40	10.00%	20.00%
Satterthwaite	26	37		163	15.95%	38.65%
Selside and Fawcett Forest	10	1		108	9.25%	10.18%
Skelwith	32	40		144	22.22%	50.00%
Staveley in Cartmel	30	11		272	11.02%	15.07%
Staveley with Ings	66	51		955	6.91%	12.25%
Torver	14	16		101	13.86%	29.70%
Underbarrow	13	13		199	6.53%	13.06%
Whinfall	7	15		91	7.69%	24.17%
Windermere and Bowness	629	555		4979	12.63%	23.77%
Witherslack, Meathop and Ulpha	16	6		314	5.09%	7.00%

