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Rt Hon Michael Gove MP Secretary of State for Levelling
Up, Housing and Communities
By Email: michael.gove.mp@parliament.uk

Our ref: Leader/CB/SW
6 October 2021

Dear Michael Gove MP

As Leader of South Hams District Council I would like to congratulate you on your appointment as Housing Secretary and head of the newly formed Department for Levelling Up, Housing and Communities.

Our Council has declared a housing crisis in response to the continued failure of the market to provide accommodation at the right price and tenure to support our resident communities. The issue is understandably acute in our coastal areas, where millions of visitors come to enjoy the beaches and beauty of South Hams each year, increasing demand for short term holiday lets and second homes (over 50% in some communities).

I write to you now to seek the following four actions that will have a significant, timely and targeted positive impact for our residents:

- 1) Stimulating housing delivery post planning
- 2) Second home regulation and closing the business rates loop hole
- 3) The ability to charge up to 200% council tax on second homes / holiday homes
- 4) A review of the Broad Market Area boundaries

Stimulating housing delivery post planning

As of 2020 monitoring point, 7,643 homes had planning permission of which 7,116 homes had not yet started to be built. The supply of homes, if left to the market, will always strike a balance to support house price inflation and this is an area where I believe we have a duty to influence market conditions to encourage supply, even though housing delivery exceeds the target set through our Joint Local Plan.

Council tax should be levied on consented homes that have not been constructed after two years up to the point that the planning permission expires.

Second home regulation and closing the business rates loop hole

Nationally we have an established philosophy centred on local taxation to fund local services through Council tax. The current business rates loop-hole for second homes acts in opposition to that philosophy allowing second homes to avoid paying council tax and business rates and therefore contributing nothing towards the cost of public services upon which they place a significant strain.

Domestic properties should be treated in the same way as all council taxpayers and pay council tax, irrespective of whether they are let for part of the year or not. On behalf of our Council, I ask you to close that loop hole by amending Section 66 (2B) of the Local Government Finance Act 1988 as a matter of urgency.

We also wish to go further and have the ability to charge up to 200% council tax on second / holiday homes.

Separately, mirroring in areas outside of London like ours, the provisions in Section 25 of the Greater London (Powers) Act 1973 so that planning permission would be required if a property was to be let out on a short-term basis for more than 90 nights per calendar year, would drive a re-balance in the rental market ensuring that both holiday accommodation and long term rental accommodation is available in the market.

A review of the Broad Market Area boundaries

The cost of living in rural South Hams is significantly higher than that of its urban neighbours Torbay and Plymouth – rent being the most significant factor. Unfortunately for our residents most in need, the Local Housing Allowance is significantly influenced by the lower rent to the east and west.

A more regular review of the rates and the boundaries to reflect the rural and urban cost of living would ensure our communities are no longer deprived of a fair system of support, are truly accessible to all and can continue to thrive.

I would welcome the opportunity to personally show you around my own ward of Salcombe and Thurlestone so you can see first-hand the impact that the housing crisis is having on our communities and driving an ever larger wedge between those that have and those that have not.

Kind regards



Cllr Judy Pearce
Member Salcombe and Thurlestone Ward
Leader, South Hams District Council