



Department for Levelling Up, Housing & Communities

Cllr Judy Pearce
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Dear Cllr. Pearce

Rt Hon Stuart Andrew MP
Minister of State for Housing

**Department for Levelling Up, Housing and
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Thank you for your letter of 7 November 2021 to Rt Hon Michael Gove MP regarding short term lets and second homes. I am replying as Minister of State for Housing. Please accept my apologies for the delay in replying.

The Department for Levelling Up, Housing and Communities has a fundamental role to play in delivering the Government's agenda. The change to the department is an important step as we strive to level up all parts of the country. Our team of ministers and officials will continue to drive forward the programme of tangible improvements in every part of the country.

With regard to concerns about providing accommodation at the right price and tenure to support the South Hams community, the Government is committed to increasing the supply of affordable housing for a variety of tenures so that we can support a range of people in different circumstances and stages in their lives. We are investing over £12 billion in affordable housing over 5 years, the largest investment in a decade. This includes the new £11.5 billion Affordable Homes Programme (AHP), which will provide up to 180,000 new homes across the country, should economic conditions allow. This builds upon the success of our £9 billion Shared Ownership and Affordable Homes Programme, running to 2023, which will deliver approximately 250,000 new affordable homes.

The new Affordable Homes Programme will deliver more than double the social rent than the current programme, with around 32,000 social rent homes due to be delivered. Approximately half of the homes delivered will be for affordable home ownership, supporting aspiring homeowners to take their first step on to the housing ladder. Since 2010, we have delivered over 561,600 new affordable homes, including over 395,300 affordable homes for rent, of which over 153,400 homes are for social rent.

I note your concern about second homes owners being able to avoid paying council tax and business rates by claiming that their property is available as a holiday let. The Government takes a positive approach to holiday lets, encouraging individuals to take an entrepreneurial approach (as long as it is safe and legal) and recognises the positive effects that holiday lets can have on rural economies. The Government therefore believes it is right that genuine holiday let businesses can access small business rate relief in the same way as other small businesses. To ensure that only genuine holiday lets are assessed for business rates, the Government announced on 23 March in the Tax Policies and Consultations: Spring Paper that it will legislate to change the assessment criteria to require that holiday lets meet an actual letting threshold before being assessed for business rates. The Department will

shortly publish further details of the change as part of its response to the consultation on the criteria, which will be available at gov.uk.

You also request the ability to charge a council tax premium on second homes. In 2013, the Government removed the requirement for local authorities to offer a Council Tax discount on second homes. 96% of second homes owners are now charged 100% council tax, despite only receiving services relating their second home on a part-time basis. The Government currently has no plans to allow councils to charge additional council tax on second homes.

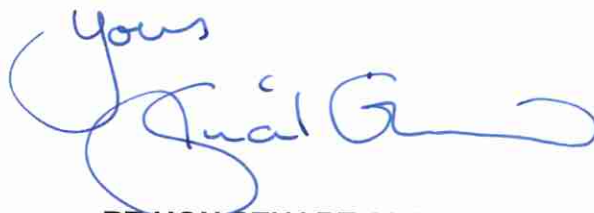
You raise that many homes that have received planning permission in South Hams have yet to be built, and that you would want council tax to be levied on consented homes that have not been constructed after two years. However, council tax legislation is based on the tax being levied on a "dwelling" which is capable of occupation (and which can be valued for council tax banding purposes). Levying council tax on un-built dwellings with therefore generate several significant practical challenges. For example, for outline planning permissions, it would not be possible to know how many, or what type of, dwellings were going to be built. This would create significant difficulties for the Valuation Office Agency in trying to come to a view on what might be an appropriate Council Tax band. There may also be an issue in trying to determine who might be liable for any such levy, since a planning application can be submitted by anyone, and a developer does not need to own the land. Given these considerations, the Government currently has no plans to charge council tax on un-built dwellings.

The Local Housing Allowance (LHA) is the maximum amount of housing support available in the private rented sector. LHA rates are set within broad rental market areas (BRMAs), which are determined by rent officers at the Valuation Office Agency for England and the Rent Services in Scotland and Wales. A BRMA is an area within which a person could reasonably be expected to live, having access to services for health, recreation, banking and shopping, and must contain a variety of property types and tenures. If rent officers decide that a BRMA needs reviewing, they must carry out a full review, consulting with affected local authorities among others, and submit a recommendation to the Secretary of State for Work and Pensions to decide. A local authority can also request a review of any BRMA that has an effect on its administrative area by writing to the VOA and the rent officer will decide whether to accept it.

LHA rates are not intended to meet all rents in all areas. As with the benefit system as a whole the LHA rates strike a balance between providing support in times of need and making work pay, so that people claiming benefits face the same considerations and choices as those not in receipt of benefits.

Discretionary Housing Payments (DHPs) are available through local authorities for people in need of extra support with housing costs who are in receipt of housing support. Over £1 billion in DHPs has been provided to local authorities since 2011 to help the most vulnerable claimants. For 2021/22 the Government has made a further £140 million available in DHP funding for local authorities to help support vulnerable people with housing costs.

Thank you again for your letter. I hope you find this information helpful.

Yours


RT HON STUART ANDREW MP