



## **Introduction of a use class for short term lets and associated permitted development rights**

Date: 7 June 2023

The CLA is the membership organisation for owners and managers of land, property and businesses in rural England and Wales. Our 27,000 members own or manage around half the rural land in England and Wales and operate more than 250 different types of businesses. We help safeguard the interests of owners of land, and all those with an economic, social, and environmental interest in rural land. 39% of the CLA membership has some sort of interest in a tourism business, including providing short-term lets.

### **Question 1: Do you agree that the planning system could be used to help manage the increase in short term lets?**

1. Yes, the planning system could be an effective tool to limit the impact of large numbers of short-term lets. However, we disagree that creating a new use class is the way to do this (see response to question 2).
2. Short term lets can create problems in some tourism hotspot communities by reducing the number of available properties for long term occupation. However, short term lets also bring tourism into areas which can sustain businesses, and community assets for those permanently in the community. The planning system therefore needs to be more effective at delivering new homes for long term occupation and not be used as a tool to hinder the growth of tourism. The CLA has shared its solutions for building new homes in other consultation responses and we would be happy to meet with DLUHC to discuss further.
3. We also believe that the problem of conversion to short term lets is exaggerated. While the stream of new regulatory requirements is prompting landlords to leave the private rented sector, we have evidence that the majority are not moving into the short-term letting sector. In 2023 the CLA conducted a survey of members who own residential property in England to discover the trend of their behaviour of selling properties, changing their use class, and building more homes. This survey demonstrated that if landlords in the private rented sector are looking to exit, they are most likely to sell the property and it will not be converted into a holiday let. The properties sold by our members since 2018 were more likely to go to a local buyer at market rates (76%) than to a second homeowner (7%) or to be converted into a holiday let (3%). Additionally, we asked our members their intentions for the next two years; 27% were planning on selling properties currently in the private rented sector, whereas only 17% were planning on changing their use.

### **Question 2: Do you agree with the introduction of a new use class for short-term lets?**

4. No. Existing properties would fall into the class commensurate with their current use, which would not address the existing problem of housing shortage. The only way to solve the existing problem is to build more homes for long term occupation.

**Question 3: Do you agree with the description and definition of a short term let for the purpose of the new use class?**

5. We do not agree with the new use class and therefore cannot comment on the proposed wording.

**Question 4: Do you have any comments about how the new C5 short term let use class will operate?**

6. No.

**Question 5: Do you consider there should be specific arrangements for certain accommodation as a result of the short term let use class?**

7. Don't know.

**Question 6: Do you agree that there should be a new permitted development right for the change of use from a C3 dwellinghouse to a C5 short term let?**

8. We do not agree with the new use class, however if it is introduced there should be a permitted development right to allow the change of use. The guidance must be clear to local authorities that blanket Article 4 directions must not be used and the directions should be as localised as possible. We are concerned that local authorities will not have sufficient evidence to impose proportionate Article 4 directions, and this is a further reason why the use class should not be created.

**Question 7: Do you agree that there should be a new permitted development right for the change of use from a C5 short term let to a C3 dwellinghouse?**

9. Please see our response to question 6.

**Question 8: Do you agree that the permitted development rights should not be subject to any limitations or conditions?**

10. Yes. Especially in that they apply to article 2(3) and 2(4) land, and to listed buildings. There should be no matters for prior approval and therefore no fee required.

**Question 9: Do you agree that the local planning authority should be notified when either of the two permitted development rights for change of use to a short term let or from a short term let are used?**

11. Notification would help keep a record the number of short term let properties within an area and help the local planning authority make informed decisions about introducing any Article 4 direction.

12. However, the concurrent DCMS consultation on introducing a short term let registration scheme should provide this information on the sector and therefore a short term let use class with prior notification of conversion is not needed.

**Question 10: Do you have any comments about other potential planning approaches?**

13. We do not support using planning to regulate the number of short term lets and so do not have any comments on the other planning routes proposed. We fundamentally disagree with giving local authorities the ability to regulate how property owners may use their existing properties. The only planning approach to combat the housing shortage is to build more properties for primary, long-term occupation.

**Question 11: Do you agree that we should expressly provide a flexibility for homeowners to let out their homes (C3 dwellinghouses)?**

14. Yes. It is very important that homeowners are able to let out their homes temporarily. For example, this can be particularly important in rural areas close to agricultural show grounds. The Great Yorkshire Show takes place for four days a year and Harrogate (the closet town) does not have sufficient bed space to accommodate all overnight visitors. This means homeowners in the surrounding areas offer all or part of their properties to overnight visitors, this provides valuable extra income and also ensures the show can continue to attract enough visitors. Additionally, there may be times of crises, such as the Ukraine invasion, or floods, where homeowners must be able to let out their home to others.

**Question 12: Is so, should this flexibility be for: 30 nights in a calendar year; or 60 nights in a calendar year; or 90 nights in a calendar year?**

15. If there is to be a new use class, we would support the flexibility of C3 use class being 90 nights in a calendar year. This would match the existing legislation in London which allows properties on council tax to be operated as short term lets for 90 days before a material change of use is required. It would be sensible to apply this to the trigger for the conversion of use class.

**Question 13: Should this flexibility be provided through: i) A permitted development right for use of a C3 dwellinghouse as temporary sleeping accommodation for up to a defined number of nights in a calendar year ii) An amendment to the C3 dwellinghouse use class to allow them to be let for up to a defined number of nights in a calendar year.**

16. We do not agree that there should be a new use class for short term lets. However, if there is to be a new use class there should be an amendment to the C3 dwellinghouse use class to allow them to be let for up to a defined number of nights in a calendar year. We do not support local planning authorities having the ability to take away homeowners' right to temporarily let out their property which would be the case if a new permitted development right was introduced. Doing so would unnecessarily increase burdens on local authorities while creating uncertainty and the potential for unequal treatment of homeowners.

**Question 14: Do you agree that a planning application fee equivalent to each new dwellinghouse should apply to applications for each new build short term let?**

17. Yes, it would be sensible for the same planning application fee to apply to new short-term lets. The CLA replied to the consultation on planning fees and [our response](#) should be referred to for our full views on planning fees.

**Question 15: Do you agree with the proposed approach to the permitted development rights for dwellinghouses (Part 1) and minor operations (Part 2)?**

18. Yes.

**Question 16: Do you have any further comments you wish to make on the proposed planning changes in this consultation document?**

19. No.

**Question 17: Do you think that the proposed introduction of the planning changes in respect of a short term let use class and permitted development rights could give rise to any impacts on people who share a protected characteristic? (Age; Disability; Gender Reassignment; Pregnant and Maternity; Race; Religion or Belief; Sex; and Sexual Orientation)?**

20. Don't know.

**Question 18: Do you think that the proposed introduction of the planning changes in respect of a short term let use class and permitted development rights could impact on: businesses; local planning authorities; communities?**

21. Businesses – 39% of CLA members have an interest in tourism and mostly this is part of the wider agricultural business which has had to diversify. The changes to agricultural subsidy post-Brexit mean that farming businesses in England will lose a total of £1.87bn income a year from 2028. It is predicted that, on average, around 50% of this loss will be recouped from environmental schemes. However, the other 50%, ~£935m, needs to be made up through diversification opportunities, such as tourism. Removing property owners' ability to choose how to use their properties will impact rural businesses' ability to diversify to stabilise their income stream.
22. Local planning authorities – Resourcing in local authorities is strained and it is important that government considers the impact any planning policy changes will have on local planning authorities' ability to perform effectively. The proposals for a new use class for short term lets will only increase local planning authorities' workloads. For example, they will have more notifications to keep track of, and they will have more work if considering an Article 4 direction. If government chooses to introduce these changes, local planning authorities must be sufficiently resourced, guidance must be provided, and there must be clear targets to track how authorities are performing in this area. We suggest performance would be measured in timescales for responding to applications of change of use, and number of applications approved.

23. Communities – Communities are impacted by the lack of affordable and available housing. However, as we detail in our response to question 1, they are more impacted by properties leaving the private rented sector into owner-occupation than they are by properties entering the short term let sector. Rural tourism accounts for 70-80% of all domestic tourism and adds £14.56 billion to England and Wales' GVA. Short term lets being available for overnight visitors have a wider impact on the local economy, by keeping the village pub open, supporting the local museum, and sustaining the local farm shop. Facilities like these would not exist without tourism and short term lets, and therefore they would not be available for local communities either.

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