Appendix 1

Evidence Paper-
Short-term Lets
Proposed Control Area

Executive Summary

- Communities in northern parts of Perth and Kinross have expressed concern about the supply and affordability of housing
- Local businesses and key services have also reported a negative impact on staff retention and turnover due to housing shortage issues
- Housing Market Pressure research identified STLs as a contributor to Housing Pressure with the greatest impact in northern and eastern parts of Perth and Kinross.
- There is limited land available to build more housing to address residential and demand from commercial STLs, in northern and eastern parts of Perth and Kinross.
- In February 2025, 1699 licences had been granted for secondary STLs. The majority (49%) in Highland (HMA), 18%, in Greater Perth HMA, 15% in both Eastern and Strathearn and 3% in Kinross. The number of new STLs continues to grow.
- The tourism sector has faced challenges since the Covid-19 pandemic, and is concerned that increasing bureaucracy will have a damaging impact on the health of the tourism accommodation sector.
- In 2019 visitor numbers and the tourism's contribution to the economy peaked. Visitor numbers returned to 2019 levels in 2023 however the accommodation sector has not quite returned to the 2019 peak.
- A STL Control Area is proposed to allow the council as planning authority to have consideration for the impact of residential amenity and resource in line with the non-statutory planning guidance (link?) with respect to all STL Licence applications in northern parts of Perth and Kinross instead of only flatted dwellings which is current situation.
- The 2023 public consultation on the principle of a STL Control Area, found 53% in favour and 41% not in favour.
- A STL Control Area would not affect existing STLs as it would not be applied retrospectively. It would also not impact on flats which already have to apply for planning permission.

1. Purpose

The purpose of this report is to update and present the evidence base to the Council of the need for a Short Term Let (STL) Control Area in northern parts of Perth and Kinross. The area is mapped in appendix 4 of the STL Control Area report to the Council on the 7th May. This evidence will inform the statutory process including the 'Statement of Reasons' to be submitted for approval to Scottish ministers should the recommendation for the establishment of a Control Area be accepted.

Planning policy allows for consideration of the impact of the Change of Use of residential homes to Short Term Lets under NPF4 Tourism Policy

NPF4 Tourism Policy 30 e):

"*Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:*
i) An unacceptable impact on local amenity or the character of a neighbourhood or area; or
ii) The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits"

Currently the opportunity to consider this policy by way of a planning application, applies in limited circumstances mainly with regard to **flats**. A control area would expand the opportunity to relate to all residences changing to a Short Term Let. This would will enable the planning authority to consider the availability of residential homes and the concentration of STLs when making planning decisions on properties within the Control Area. This expanded requirement for planning permission would only apply after a Control Area is designated and would not apply to existing licenced STLs. This would give the planning authority the ability to control only the future numbers of STLs within the control area.

The purpose of an STL control area is one means by which the Council could support the future balance of tourism accommodation provision and the housing needs of the local residents, businesses and services in communities where there is currently an imbalance.

2. Evidence

2.1 Public Engagement

Engagement during the creation of the Local Housing Strategy highlighted issues with the availability and cost of housing. 71% of respondents to the survey in Highland Housing Market Area (HMA) and 48% in Eastern (Strathmore & the Glens) HMA, showed concern over supply and affordability of housing, outlined in figure 1 below.

- **Priorities appear specific to HMA's**
- **Affordability is a core priority across all HMA's, particularly Highland & Perthshire**
- **Efficiency is of greater concern in Kinross-shire than elsewhere**
- **Independent Living is a priority in Greater Perth and Strathmore and the Glens relative to other HMA's**

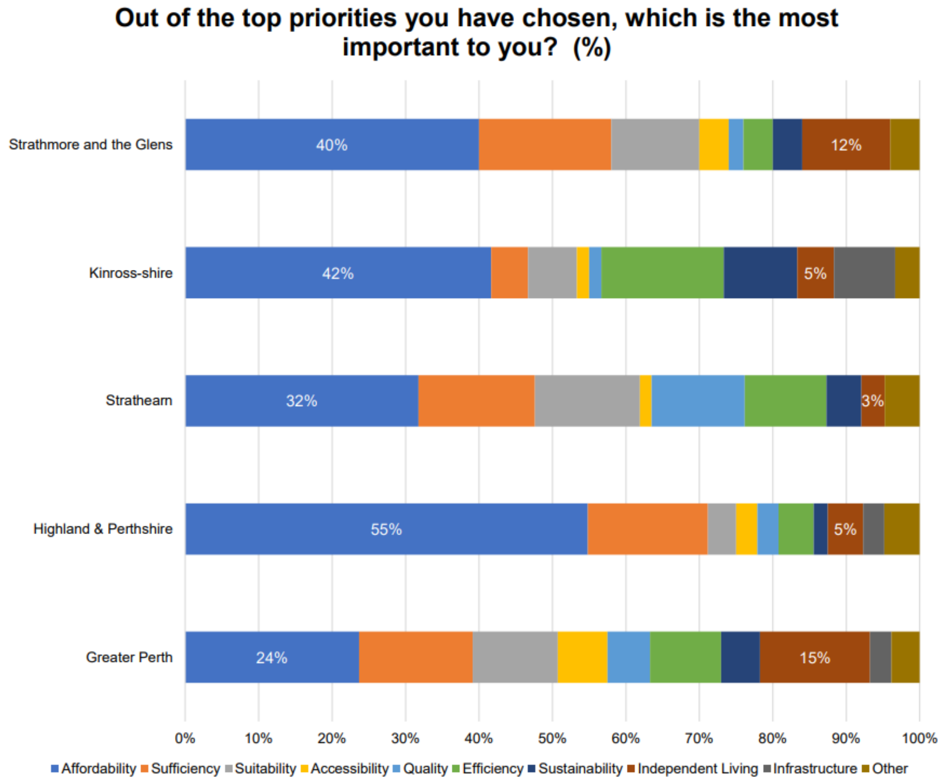


Figure 1: LHS Engagement regarding concerns housing
[2022-02-15 PKC LHS Early Engagement Results.pdf]

Similar feedback from other consultation events for several strategies and Community Action Plans have raised the issue of the availability and affordability of housing.

- Local Development Plan 3 - The Big Place Conversation - Perth & Kinross Council (pkc.gov.uk)
- National Park proposal Tay_Forest_National_Park_-_Consultation_Analysis_Report_Final_for_website.pdf (pkc.gov.uk)
- Community Action Plans:
    - PH8_Community_Action_PLan_2022-2027_FULL_DIGITAL.pdf (dunkeldandbirnamnews.co.uk)
    - PitlochryCAP-fin_al-document-with-printer-1.pdf (pitlochryaction.org.uk), PitlochryCAP-fin_al-document-with-printer-1.pdf (pitlochryaction.org.uk)
    - Highland___Strathtay_Local_Action_Plan.pdf (pkc.gov.uk).

2.2 Essential Services

Since 2021, there has been several reports to the Council of essential services being temporarily impacted by staffing issues linked to accommodation shortages, in these instances across Highland Perthshire-

- NHS - temporary closure of Pitlochry Community Hospital Inpatient services
- Reserve fire services in Dunkeld – issue reported to Community Planning Committee of staff shortage
- Education service in Kinloch Rannoch – reported to Housing Services of lack of housing for staff

Although the impacts were not permanent, these could be early warning signs of future longer-term difficulties.

2.3 Business Concerns

Local Housing Needs Assessments conducted in 2021 and 2022 highlighted business challenges resulting from housing availability for staff, affecting recruitment and retention. Business responses indicated in figure 2 below, highlights concerns for both current operations and future business growth, in locations where tourism a key part of the economy.

	Settlement	%
Housing shortage impacting on current	Pitlochry	57%
	Aberfeldy	53%
	Dunkeld & Birnam	33%
	Mount Blair/Strathardle	9%
	Comrie	27%

	Settlement	%
Business with employees with housing need	Pitlochry	50%
	Aberfeldy	50%
	Dunkeld & Birnam	23%
	Mount Blair/Strathardle	unknown
	Comrie	32%

	Settlement	%
Future negative impact on business	Pitlochry	64%
	Aberfeldy	78%
	Dunkeld & Birnam	50%
	Mount Blair/Strathardle	18%
	Comrie	68%

	Settlement	Number
Households with housing need	Pitlochry	36
	Aberfeldy	25
	Dunkeld & Birnam	unknown
	Mount Blair/Strathardle	unknown
	Comrie	36

Figure 2: Business survey collated from HNAs 2021-2022

2.4 Housing Pressure Study

A Perth and Kinross wide housing pressure study was conducted in early 2024 as part of the evidence paper accompanying the Committee Report (ref: 24/235) for the Economy and Infrastructure Committee on 28 August 2024. The study by housing research consultants Arneil Johnston assessed the role of various housing market indicators, including short-term lets, and compared housing pressure across Housing Market Areas and in targeted locations (hotspots) where concentrations of STLs warranted a deeper analysis.

Housing Market Areas

A summary of the analysis across Housing Market Areas is given in figure 3 below. It demonstrates that

- The highest pressure of all areas, from all indicators, is in Highland Housing Market Area.
- STLs have the greatest impact in this market area
- Housing pressure is twice as great in Eastern HMA as in Greater Perth HMA
- There is moderate pressure in Kinross-shire and it is not due to STLs.
- Pressure in Strathearn is more significant but due mainly to affordability reasons with a more moderate impact from STLs.

Analysis ‘hotspots’

Housing pressure analysis on more targeted areas ‘hotspots’ also outlined in figure 3 below indicates

- High pressure in the northern part of Eastern HMA, scoring high on all indicators, including Short-term Lets.
- Scores on all indicators are low for Perth City hotspot, indicating that concentrations of STLs are too low to contribute to any housing pressure in Perth City.
- In relative terms, housing pressure in Comrie and Crieff is moderate
- Comrie and Crieff have relatively few STLs

Housing Pressure HMA Headlines:

- Overall housing pressure is lowest in Greater Perth
- Overall housing pressure is highest in Highland

Housing Pressure Indicator	Weighting	Eastern HMA	Greater Perth HMA	Highland HMA	Kinross HMA	Strathearn HMA
		Mark	Mark	Mark	Mark	Mark
Housing Options Diversity	5	2	1	4	5	3
% of Short Term Lets	10	4	1	5	2	3
% of Total Ineffective Stock	10	3	2	5	1	4
Housing Market Affordability (Ave 30%)	5	3	1	5	2	4
PRS Affordability (Ave 30%)	5	2	1	4	3	5
% of inward migration	3	2	1	4	5	3
TOTAL		16	7	27	18	22

Housing Pressure Hotspot Headlines:

- Overall housing pressure is lowest in Perth City Centre
- Overall housing pressure is highest in North Eastern

Housing Pressure Indicator	Weighting	Comrie Hotspot	Crieff Hotspot	North Eastern Hotspot	Perth City Centre Hotspot
		Mark	Mark	Mark	Mark
Housing Options Diversity	5	2	3	4	1
% of Short Term Lets	10	3	2	4	1
% of Total Ineffective Stock	10	3	2	4	1
Housing Market Affordability (Ave 30%)	5	2	3	4	1
PRS Affordability (Ave 30%)	5	2	4	3	1
% of inward migration	3	3	2	4	1
TOTAL		15	16	23	6

Figure 3: Housing Pressure Study Summary 2024

The Scottish government cites volumes of sales to inward migration as a potential reason to demonstrate the need for an STL Control Area. The figure 4 below indicates that Highland HMA and north-eastern hotspot has the greatest proportion of sales to inward migration at 57% and 61% respectively.

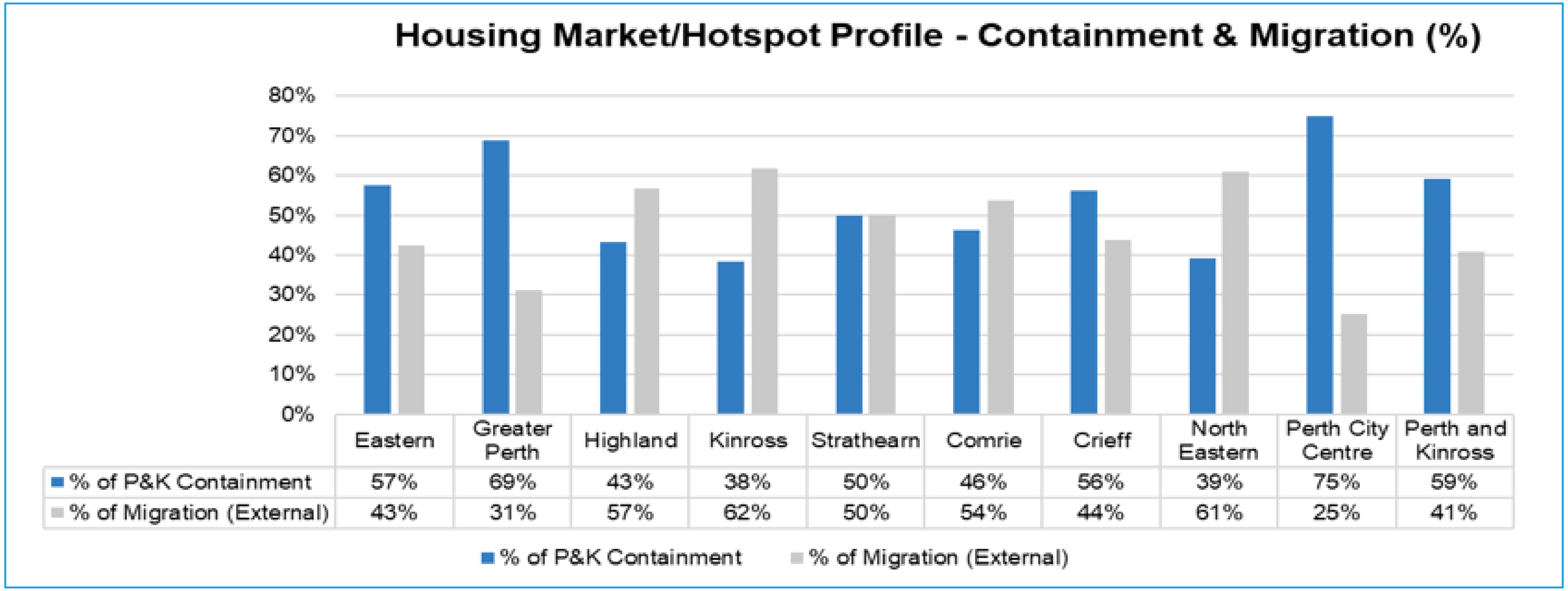


Figure 4: Housing Pressure Study Summary 2024

3. PKC Interventions

3.1 Interventions

The council conducts several initiatives to support living in communities identified in the above study as areas of housing pressure, including,

Council Tax second homes supplement

- Legislation was introduced in April 2024 to allow Councils to increase the second homes supplement to 100% to address second home ownership. Perth & Kinross Council has exercised this option.

Empty Homes

- Empty Homes Initiative to channel funding and efforts to bring suitable empty properties into use

Rural Homes

- Working with Scottish Government and PKC Housing and Property Services, to release funding for homes for rural key workers
- Working to identify land suitable for affordable housing for short-term and longer-term land supply.
- This land supply will support Council and community led housing development opportunities.

3.2 Limitations

The work outlined above is limited by the availability of land in rural areas and that land being developed for housing. The map below (figure 5) illustrates in pink the land that is suitable to be developed for housing.

It is clear the supply of suitable land is limited particularly in areas of housing pressure.
The potential for areas outside Greater Perth to mitigate housing pressure through new build housing is clearly constrained. 16% of land is in Strathearn, the majority of which is in Crieff at (10%). Eastern HMA has 13% of suitable land but none of it is within the north-eastern hotspot area. Kinross has 9% of suitable land and Highland has just 3% whereas Greater Perth has 55% of land suitable for housing development.

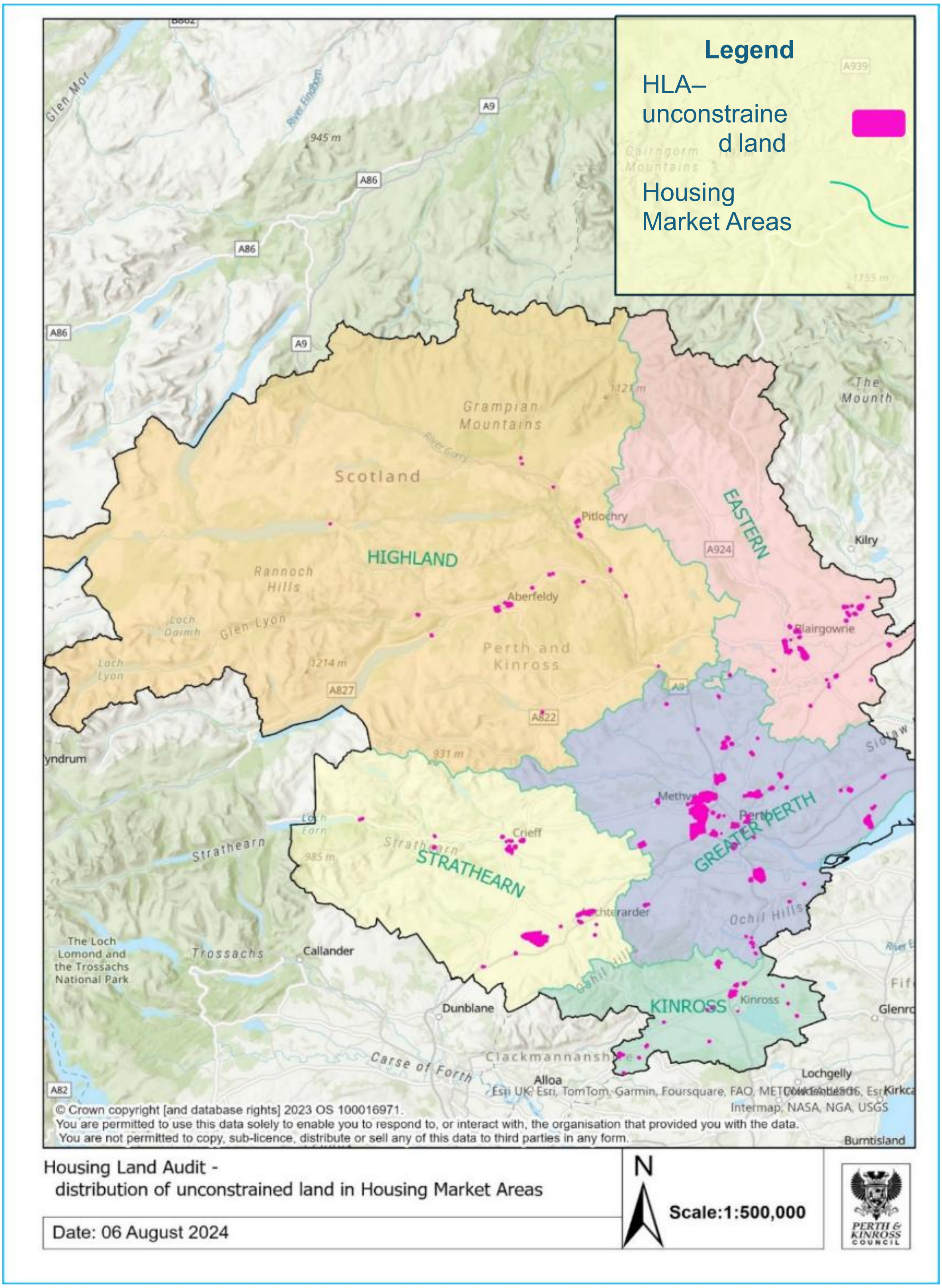


Figure 5: Distribution of unconstrained housing land per Housing Market Area

Delivery of housing on suitable land is equally challenging. The map, figure 6, below illustrates that suitable land for housing in Highland Perthshire has not been developed.

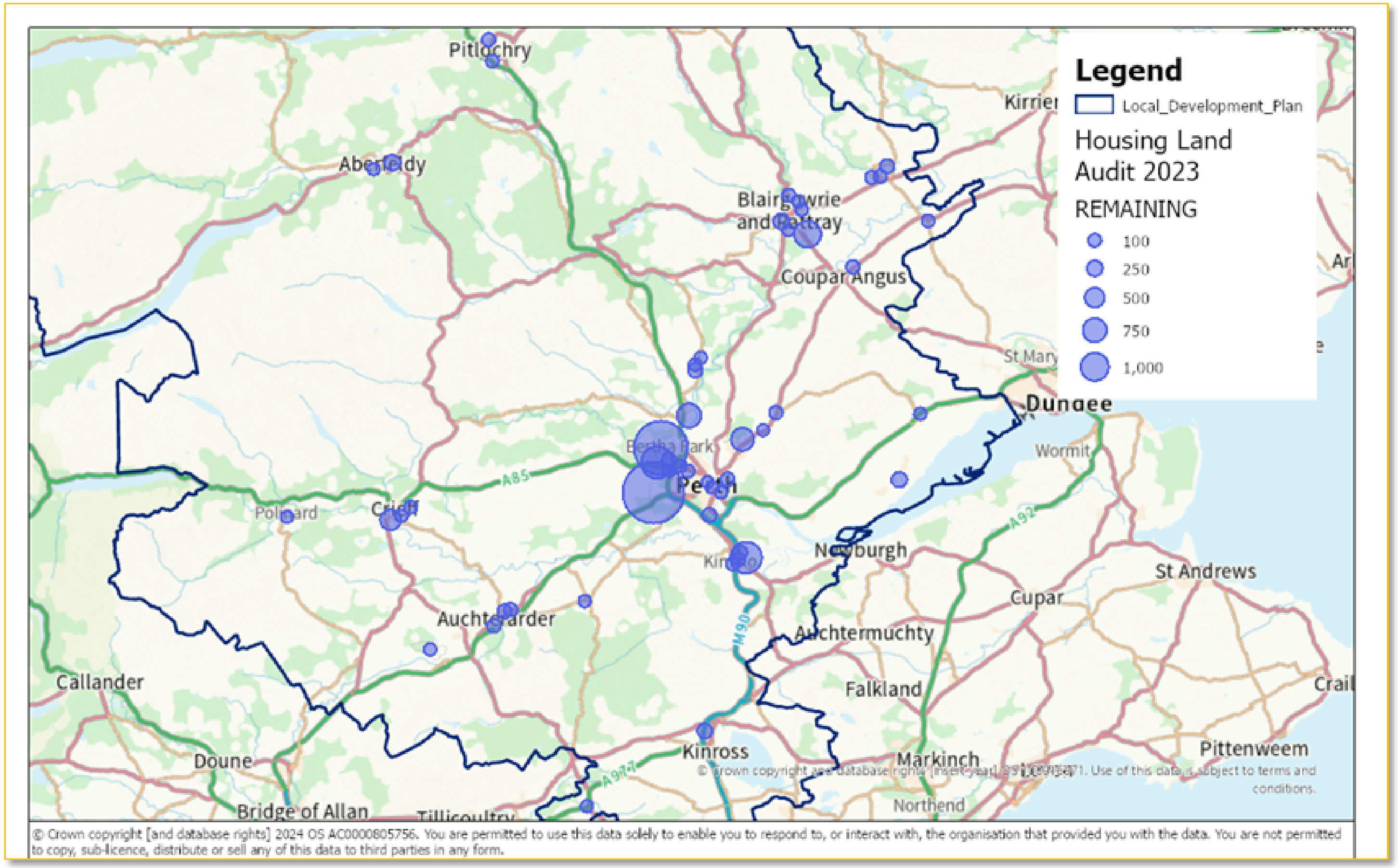


Figure 6: map above shows the distribution of the remaining housing land supply where 50+ houses are still to be built (2023 Housing Land Audit).

4. Short Term Lets

4.1 STL Licence Data

The map (figure 7) and table (figure 8) below provide the number and distribution of STL lets across the Housing Market Areas of Perth and Kinross. By 19th February 2025, the STL Licence scheme (introduced in October 2022) had granted a total of 1699 licences for secondary lets. The majority (49%) are in Highland Housing Market Area (HMA), 18% in Greater Perth HMA, 15% in both Eastern and Strathearn and 3% in Kinross HMA.

	Eastern	Greater Perth	Highland	Kinross	Strathearn	P&K
Total STLs	260	299	834	53	253	1699

Figure 8: Distribution of secondary STLs across Housing Market Areas at 19th February 2025

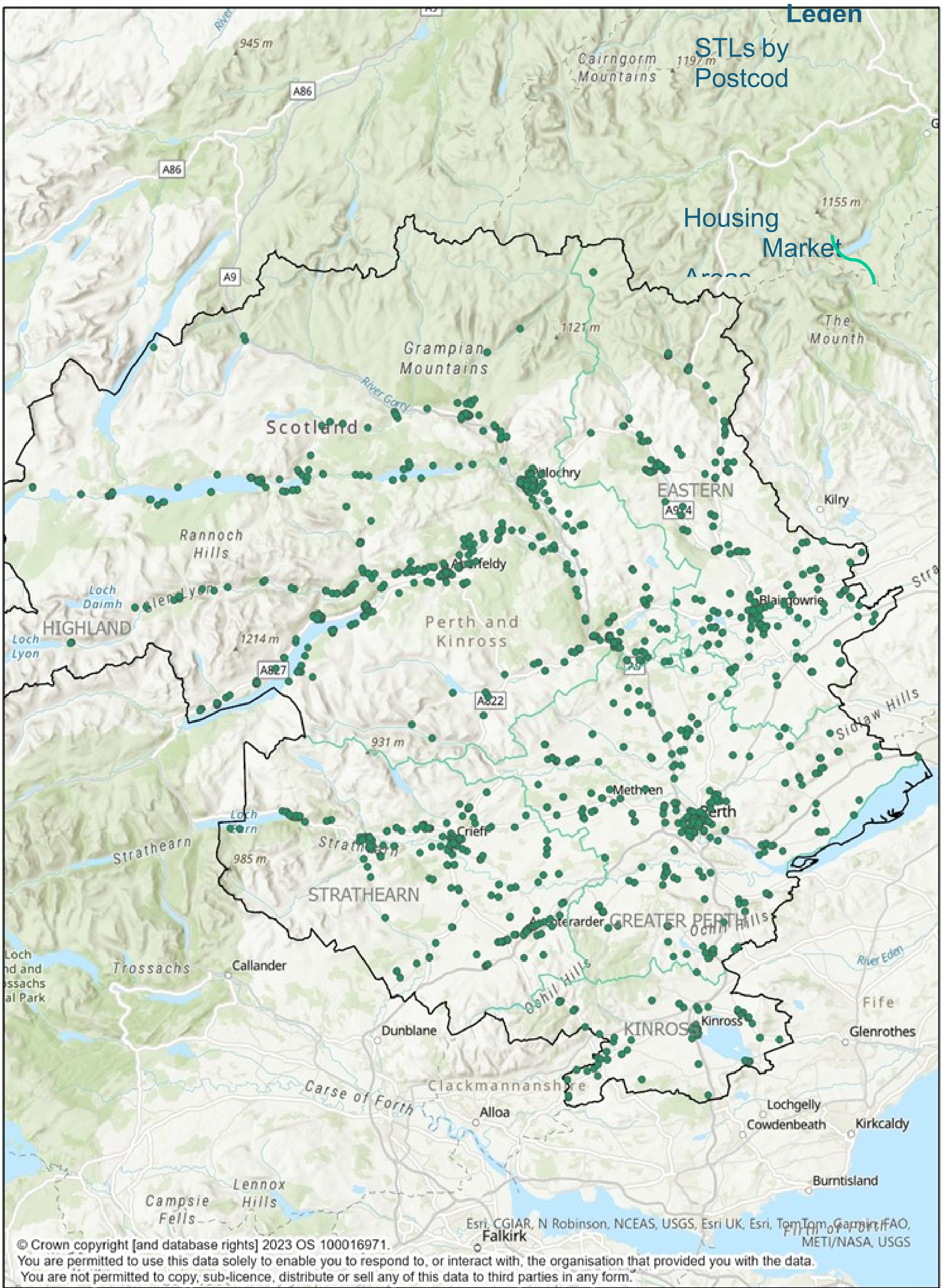
Existing STLs had to apply for licence registration by 30 September 2023. Since then the growth in the number of new licences has been significant at 32% across all areas. The table below (figure 9) outlines the growth rates across Housing Market Areas. The most growth has been in Eastern at 44%. Interestingly the growth is less pronounced, however at 27% it is still significant.

	Eastern	Greater Perth	Highland	Kinross	Strathearn	P&K
Growth rate	44%	35%	27%	29%	35%	32%

Figure 9: Growth rate of secondary STLs across Housing Market Areas at Oct 2023-Feb 2025

This demonstrates a likely return of tourism health following the recent challenges since the Covid-19 pandemic.

Figure 7: Map of Short-term Lets (secondary) Licences granted at 19th February 2025



Short-term Lets (secondary) Licenses granted

Date: 27 March 2025

N

Scale:1:500,000

PERTH & KINROSS COUNCIL

4.2 Tourism

The public consultation in 2023 on the principle of introducing a Control Area, received feedback from tourism accommodation representatives, generally not in favour of the proposal. The concern was that increasing bureaucracy will negatively impact a sector that has faced significant challenges since 2019.

With regard for these concerns and the overall importance to the PKC economy, a review of tourism sector statistics was made and included in figure 10 below.

The visitor economy has been impacted by recent economic challenges and although has not quite returned to the peak of 2019, recovery appears to be relatively strong in the face of current circumstances. Despite lower levels of visitor numbers (2.32 million) and stays (397,000 in non-serviced accommodation) than in 2019, the economic value of the sector as a whole and the value of the non-serviced tourism accommodation* in 2023, at £307million, was higher than 2019 (figure.10).

Employment in the non-serviced accommodation sector has not returned to the 2019 peak with 2260 full time equivalent jobs in 2023, 21% down on the 2019 peak.

Furthermore, research commissioned by the Association of Scotland's Self-Caterers defines the contribution of the STL sector more directly. Biggar Economics assessed the economic impact generated by STLs across Scotland. The analysis published in December 2024 builds on the consultancy's previous work on the impact of the STL sector on Edinburgh's economy. Based on this analysis, it is estimated that the economic impact generated by the short-term let sector in Perth and Kinross is £51.8m GVA and 1,757 jobs in 2023.

Introducing a Control Area would not prevent the growth of STLs. By Bringing the requirement for planning permission into line with other forms of tourism accommodation with regard to the planning system would allow for the needs of the community to be considered with regard to the economic benefits of STL accommodation, in balance with the need for housing to support the tourism jobs created and wider benefits.

**Non serviced accommodation - Self-catering, lodges, glamping pods, camping (tent pitches), caravanning (static pitches)*

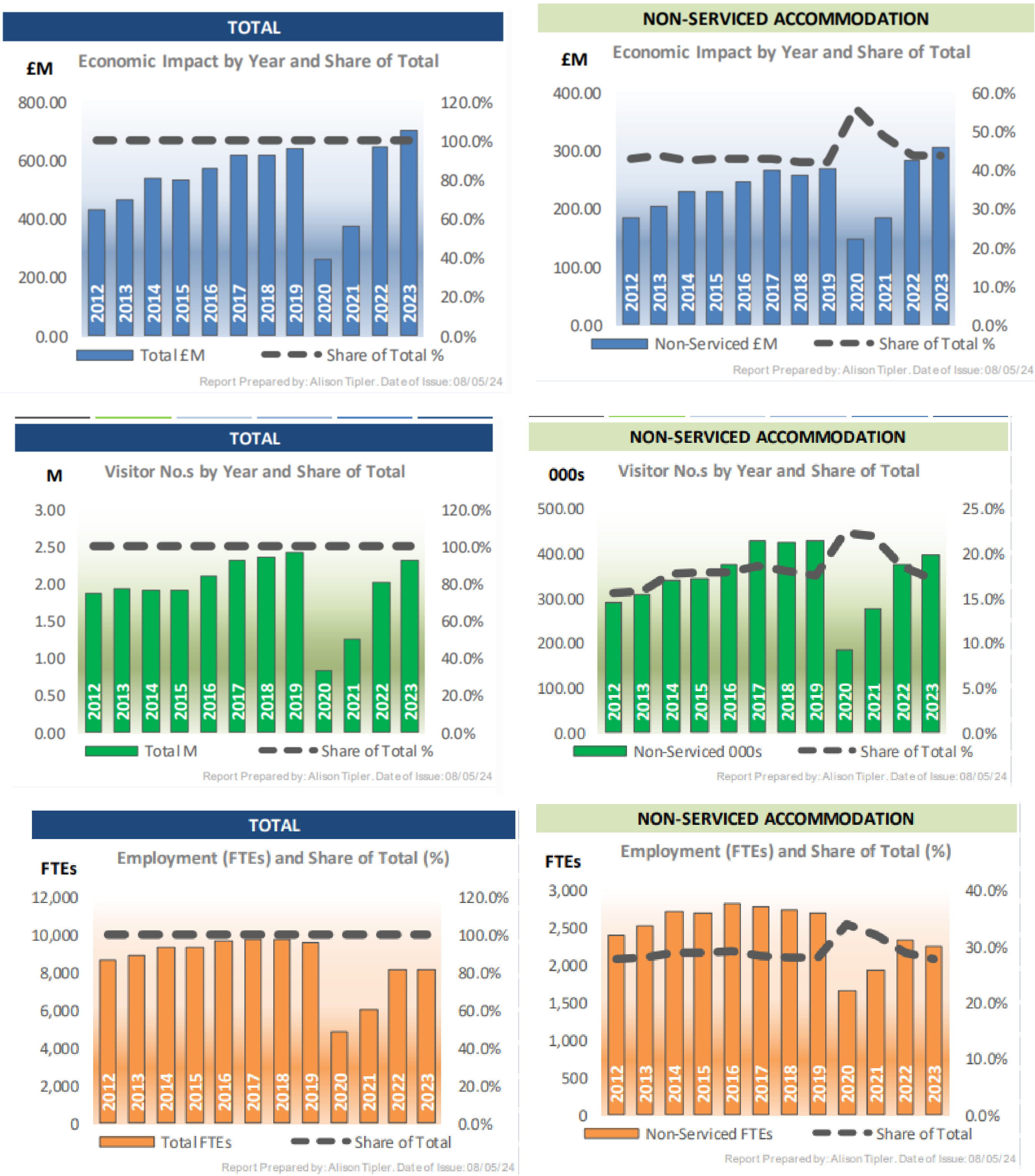


Figure 10: *Source: PKC STEAM REPORT FOR 2012-2023*

4.3 Planning System

Under the current planning system, there are few opportunities for the council to consider the best use of housing. The table below indicates the number of applications for all types of STL by wards in the proposed Control Area between 2021 and 2025.

The number of permissions being sought, totalling 153 (figure 11), is clearly well below the number of licences for STLs, indicating that there is a significant number of the STLs that do not require planning permission under the current system. This suggests there are significant number of occasions where the planning authority could consider the balance between competing needs for housing, but cannot under the current system. A STL Control Area would give the council more scope for these planning considerations to be made.

Wards in proposed Control Area	Applications Approved	Applications Refused	Certificate of Lawfulness	Awaiting Decision	Returned/ Withdrawn
Ward 3 Blairgowrie	15	1	4	0	5
Ward 4 Highland	35	10	19	2	24
Ward 5 Strathtay	18	5	4	0	11

Figure 11 : Numbers of planning applications relating to STLs 2021- March 2025 by Ward

5. Proposal

The council can intervene by establishing a STL Control Area. This would bring all Changes of Use of residential buildings to the notice of the council via a requirement for planning permission. This would allow the planning authority the opportunity to consider whether the loss of a house from residential use would outweigh the benefits to the local economy of the house becoming an STL. At the moment the council has this opportunity with flats and all other tourism accommodation such as hotels, purpose built holiday lodges, yurts etc. A control area would require residential homes to be considered in the same manner.

As such the introduction of a Control Area would **not** mean a change to use as an STL would no longer be permitted (in effect a blanket ban). Each case would be considered individually in context of the local cumulative impact of STLs. Figure 12 below illustrates some scenarios for information. The need for planning would only be applied to new applications and from the date of designation of a STL Control Area (if approved).

Property Status	STL Impact
Use of flat as STL	**No change as planning permission is already required to do this**
Use of non residential buildings (e.g. agricultural or commercial building) as STL	**No change as planning permission is already required to do this**
Proposal for new build holiday accommodation including huts, caravans, chalets, etc	**No change as planning permission is already required to do this**
Existing dwellinghouses with STL licence for more than 10 years but no planning permission in place	**No change, the STL Control Area requirements would not be retrospective**
Existing dwellinghouses with STL licence less than 10 years but no planning permission in place	**No change, the STL Control Area requirements would not be retrospective but the owner could apply for Certificate of Lawfulness of Existing Use or Development to regularise the STL use**
Use of dwellinghouse as STL	**Change – this will now require planning permission**

Figure 12 : Numbers of planning applications relating to STLs 2021- March 2025 by Ward

5.2 Consultation Results

An early stage public consultation was undertaken to assess public appetite for a STL Control Area in northern parts of Perthshire (Highland Housing Market Area and northern half of Eastern Housing Market Area) see map Appendix 4.

The aggregate consultation results in figure 13 below illustrates that most responses were in favour of the principle of an STL Control Area at 53%, and 41% not in favour. When views were broken down by respondent type (figure 14), there was an almost equal split with 70% of residents agreeing and 73% of business owners disagreeing. Responses on behalf of organisations were split equally between agree and disagree.

The same pattern of responses was expressed for the proposed location of the STL control area (Highland HMA and the northern half of Eastern HMA) with 46% supportive and 43% not in favour. 11% were uncommitted either way.

The consultation asked for an indicator of location of the respondent with a postcode area. Over 200 (67%) responses came from postcode areas within the proposed control area location. Of these, most responses were in favour of the principle at 76% of residents and 57% of organisations in support. 75% of residents and 80% of the 7 organisations representing the control area were in favour of the location and were illustrated in the consultation report in appendix 2 of the 28th August Economy and Infrastructure Committee Report, page 14. Again, business responses from postcode areas within the proposed control area were not in support, with 69% not in favour of the principle.

Principle of a short-term let planning control area | **Proposed location of a STL control area**

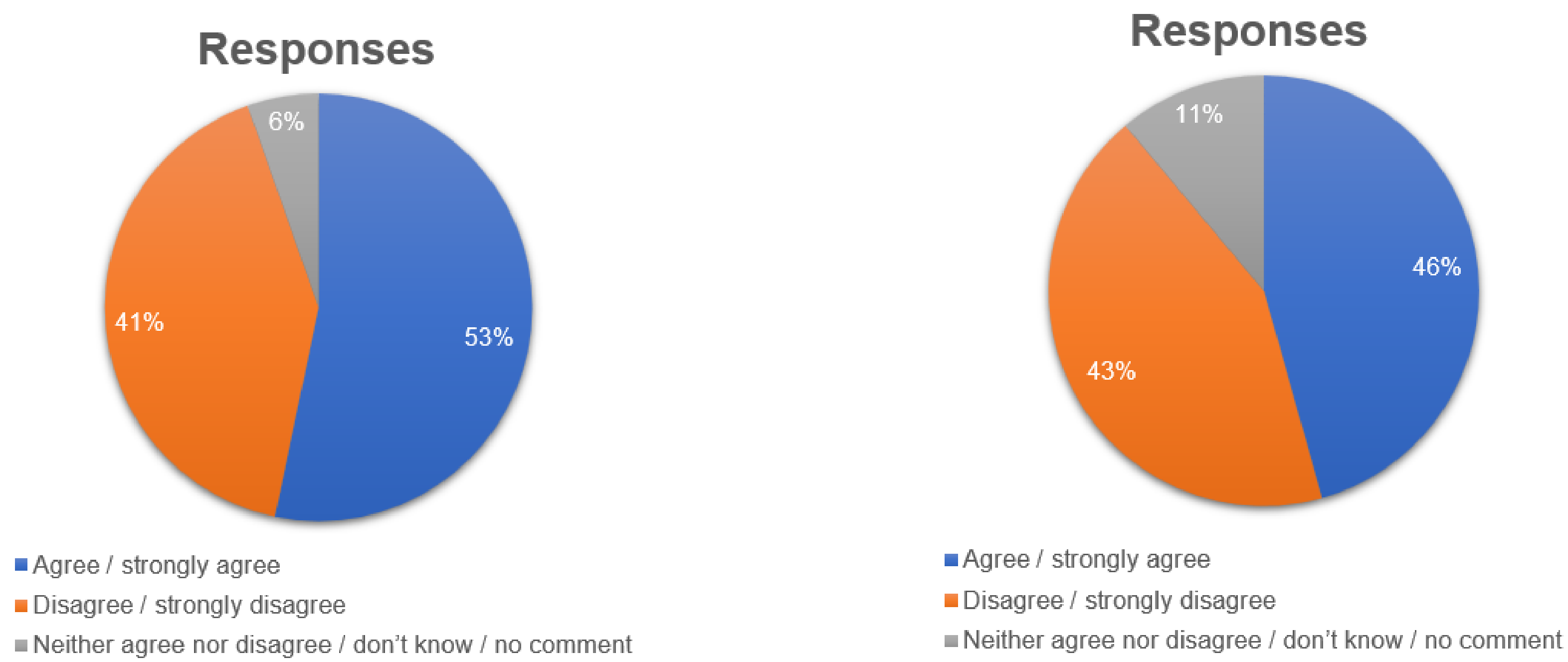
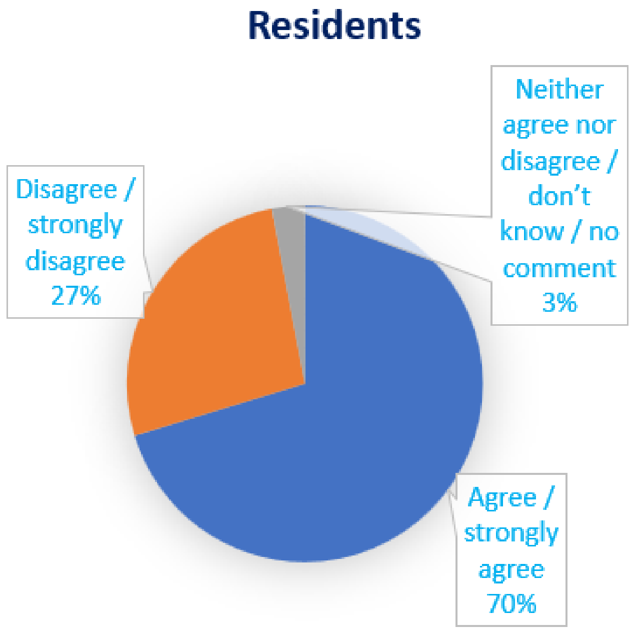
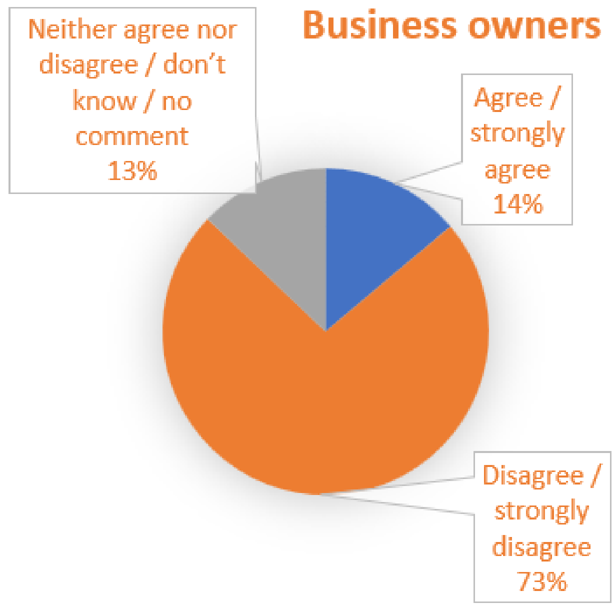


Figure 13: Consultation responses to principle and location of the proposed STL Control Area

Q. To what extent do you agree with the principle of a short-term let planning control area?

Results by respondents





<u>Organisations included</u>
Community Councils (3)
Community Development Trusts (2)
Trade orgs (5)
Groups of residents (2)
Political Groups (2)

Figure 14: Consultation responses to principle of the proposed STL Control Area by respondent categories

5.3 Summary

The evidence of the growth of STLs, housing demand, and business challenges suggests that the balance of economic benefit of the visitor accommodation sector and housing need is not in equilibrium.

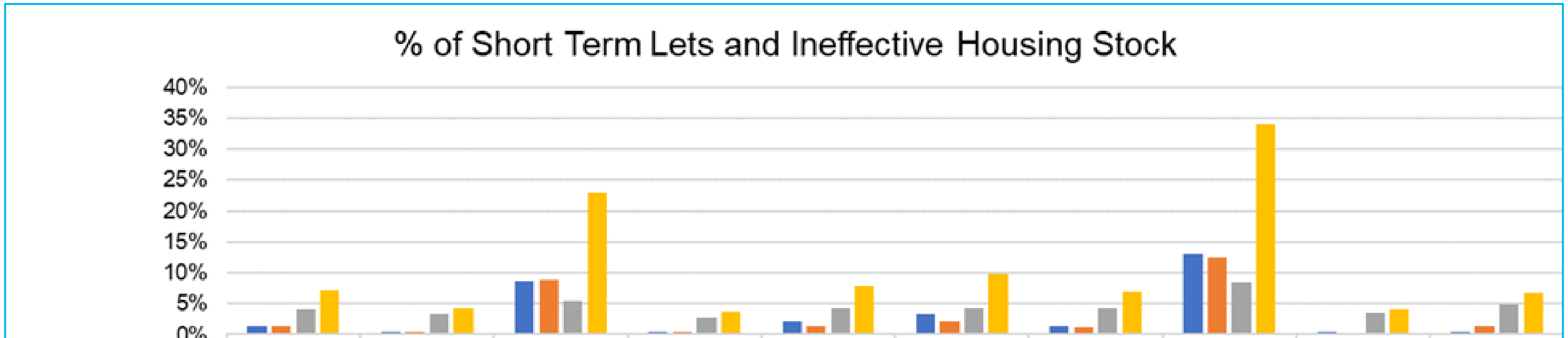
The consultation responses also demonstrate the extent to which tourism is a vital part of the economy in some parts of Perth and Kinross and that a balanced approach is needed to manage the available housing stock more effectively.

Although the consultant's report for the Housing Pressure Study recommended a comprehensive approach, and included a STL Control Area in locations of both relatively high pressure, (Highland HMA and the north Eastern 'hotspot') and more moderate pressure (Crieff and Comrie) where the number of STLs play a part, the recommendations set out in the research report are not fully supported.

Closer examination of the concentrations of STLs (outlined in figure 15 below) in the Comrie postcode area show a lower percentage of STLs at only 2%. Second homes are a greater contributor to housing pressure in this area at 3%. As such, other controls such as the Council Tax supplement may be more effective than a STL Control Area in achieving a balance of housing use.

In the Crieff area STLs are also not a significant contributor to housing pressure being approximately the same as the Perth and Kinross average.

In contrast, this is not the case in Highland and north Eastern HMAs. STLs here are well above average concentrations at 9% and 13% respectively. This is distinctly higher than in other parts of Perth and Kinross, as illustrated in figure 15 below.



	Eastern	Greater Perth	Highland	Kinross	Strathearn	Comrie	Crieff	North Eastern	Perth City Centre	Perth and Kinross
Second Homes	2%	1%	9%	0%	2%	3%	1%	13%	0%	0%
Short Term lets	2%	0%	9%	0%	1%	2%	1%	13%	0%	1%
Empty Homes	4%	3%	5%	3%	4%	4%	4%	8%	3%	5%
Total Ineffective	7%	4%	23%	4%	8%	10%	7%	34%	4%	7%

Figure 15: Concentrations of STLs as % housing stock by study areas

Furthermore, the consultation on the principle and boundary of a control area found that most respondents from Crieff and Comrie area, whether resident or business, were not supportive of a Control Area, with 40% in favour and 60% against overall.

6. Conclusion

In areas of high housing pressure there is evidence that this housing pressure is also impacting on local businesses and services, evidencing the concerns of local communities.

STLs have a contributing (but not sole) factor in housing pressure in Highland HMA and north eastern areas of Eastern HMA.

The Council is working to address other contributors to housing pressure:

- **Council Tax second homes supplement**
- **Empty Homes**
- **More Rural Homes**

To supplement this work and investment, and acknowledging the benefits visitor accommodation can bring to local economies, it is recommended that an STL Control Area would be appropriate in the more limited geographic area of the Highland HMA and the northern part of the Eastern HMA to help manage the future balance of availability of residential homes and short-term lets.