

BBC website Budget 2024: Holiday let changes not enough, critics say

Newly built homes in Newquay "are not affordable to local workers", a local campaigner told the BBC
By Sam Francis Political reporter, BBC News

Plans announced in the Budget to help local people in tourist spots get on the housing ladder are insufficient, say critics.

Chancellor Jeremy Hunt said tax breaks for holiday homes would end in April 2025, to help improve the availability of housing for local people.

Many tourist hotspots have seen housing waiting lists spike, as people [struggle to find affordable homes](#).

One housing campaigner said the changes announced were "too little too late".

Monique Collins, who heads poverty and homelessness charity DISC Newquay, said the "situation is worse than it ever has been".

Speaking on BBC Politics Live, Ms Collins said: "Lots and lots of housing is going up all around the local area, but they are not affordable to local workers."

Across Cornwall, the housing waiting list has doubled in the last four years.

Turning family homes into short-term holiday lets has resulted in fewer permanent residents in tourist hotspots.

The number of holiday lets in England rose by 40% between 2018 and 2021, with tourist areas seeing sharp increases, [according to BBC research](#).

Furnished holiday lettings (FHL) tax regime reductions currently apply to properties which are available for holiday letting for at least 210 days a year, and which are let for at least half that time.

This tax break was worth up to £4,000 a year for a landlord making £30,000 a year in rent from a property, [according to think tank TaxWatch](#).

Scrapping the holiday lettings relief is expected to save the Treasury about £245m a year by 2028-29.

During his Budget speech, Mr Hunt also announced that, from 1 June, he would abolish multiple dwellings relief, a stamp duty relief for people buying more than one property.

The current system was "creating a distortion meaning that there are not enough properties available for long-term rental by local people", he said.

'Small effect'

[New controls on holiday lets](#) in England will also be introduced by the Department for Levelling Up, Housing and Communities from the summer.

Responding to the Budget, Tourism Alliance Executive Director Richard Toomer said scrapping the FHL tax break would "have a knock-on impact on the many local businesses and workers who rely on tourists visiting their areas".

Isobel Thomson, chief executive of Safeagent, an accreditation scheme for lettings and management agents, said abolishing the FHL "may bring an increase in supply for the private rented sector with landlords turning from short-term lets to longer-term tenancies.

"However, we would argue that it isn't enough on its own to incentivise landlords to remain in the market and encourage new entrants," she argued.

Andrew Montlake, managing director of Coreco mortgage brokers, said: "Considering how important the housing market is, it was surprising that there were only minor announcements.

"Abolishing the furnished holiday lettings scheme and removing the stamp duty relief to those buying multiple properties at the same time will have a small effect, but limited at best."

The government is to reduce the higher rate of capital gains tax on the sale of second homes and buy-to-let property from 28% to 24%, which Mr Hunt said would increase revenues by encouraging more transactions.

However, Mr Montlake said the scheme "may encourage some more to sell, but it won't send people who are not already there to estate agents in a rush to sell up".