

ABERFELDY DEVELOPMENT TRUST RESPONSE TO CALL FOR EVIDENCE FROM THE LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE OF THE SCOTTISH PARLIAMENT ON THE VISITORS LEVY (SCOTLAND) BILL¹

Q1) What are your views on whether local authorities should have a power to place a levy (a type of additional charge or fee) on top of the price charged for overnight accommodation in their area?

We generally support this purpose of this Bill subject to our detailed suggestions below. Most importantly that the funds raised by the levy are not just invested in infrastructure to support tourism but are also invested to support local communities who are impacted, both positively and negatively, by that tourism. In particular, support for affordable housing.

Nothing in our response should be interpreted as opposing the flourishing of the tourism industry in our area. It brings income, work and diversity to our community and we benefit significantly from it. That does not mean, however, that we shouldn't support the community to adapt to the industry's impact and we must see the community's strength and the industry's strength as deeply entwined and fundamentally reliant on each other to succeed.

Q2) Given that the Bill is likely to result in different councils introducing a visitor levy in different ways or not doing so at all, what impact do you think the Bill will have in your area and across different parts of Scotland? For example, this could include any impact (positive or negative) on local authority finances, local accountability and flexibility, businesses, or on numbers of overnight visitors.

Aberfeldy and the surrounding area is fortunate to benefit from many visitors, particularly during the traditional tourist season, and, as a result, if Perth and Kinross Council were to introduce such a levy it could raise significant funds for the council. The latest figures, from 2019, suggestion over 800,000 overnight stays are made in PKC each year, with 2.7 million "bed nights". Meaning that even a modest levy would raise significant funds for investment in the area while having little impact on the overall costs of tourism in the area.

Q5) What are your views on the absence of an upper limit to the percentage rate (which would be for councils to decide) and that it could be different for different purposes or different areas within the local authority area, but not for different types of accommodation?

We do not have a strong view on this issue but it does relate to our later comments. It is important, particularly where a different rate is set for a different area, that the proceeds from the levy are invested where the levy is raised. While, of course, councils have to balance competing budget demands, the creation of such a levy for the purposes of supporting the development of and alleviating the impacts of tourism will fail in what should be its central purpose if the levy does not directly benefit the

¹ There were a number of questions that we expressed no view on so have excluded them from this summary

areas it is raised from.

Q7) Do you agree with the Bill's requirements around the introduction and administration of a visitor levy scheme, including those relating to consultation, content, and publicity (Sections 11 to 15)? Are there any other requirements you think should be met before any introduction of the levy in a given area?

The provisions on consultation, content and publicity are sensible but councils must be obliged to engage with the community beyond those directly involved in the tourism industry. While, of course, tourism businesses and employees' views are crucial – the impact on the community as a whole are also crucial and will help support buy-in to such a scheme if the community know that the levy will help support their community to promote tourism but also adapt their communities to the demands tourism inevitably places on, particularly rural, communities.

Q9) The Bill requires that net proceeds of the scheme should only be used to "achieve the scheme's objectives" and for "developing, supporting, and sustaining facilities and services which are substantially for or used by persons visiting the area of the local authority for leisure purposes." Do you agree with how the Bill proposes net proceeds should be used and if not, how do you think net proceeds should be used?

We fundamentally disagree with this part of the Bill. While it is perfectly legitimate for the funds to be used for the purposes of supporting tourism activity it should also be possible for the funds to be used to support communities that are impacted by tourism. We are also concerned that there is no provision to tie the returns from the levy to the communities that it is raised from. In a council area as large as Perth and Kinross it is crucial that councils are obliged to invest the levy in a way which benefits the communities it is raised from.

This is particularly important to us as in Aberfeldy there is an acute shortage of affordable housing for local people, caused in large part by the concentration of second homes and holiday accommodation in the town. The Aberfeldy Development Trust carried out a Housing Needs Survey (<https://aberfeldydt.org/wp-content/uploads/2022/09/Aberfeldy-Surrounding-Area-HNS-Survey-Report-FINAL-inc-business-survey.pdf>) and when matched with analysis of the proliferation of tourist accommodation it creates a worrying picture.

Our community, Rannoch & Aberfeldy has one of the highest percentages of second houses/holiday lets to permanent homes, at 23% (11th) in Scotland. However, a recent Guardian newspaper article listed Aberfeldy & Rannoch as having the highest concentration in the UK of Airbnb whole-property listings with 36 listed per 100 properties, so 36%. This choking of supply in the face of the demand that our Housing Needs Survey shows is undoubtedly one of the underlying causes of the unaffordability of local housing.

Our survey also showed that demand for social housing was almost 4 times the level of supply, never mind its availability. Connected to that of the people who noted in the survey that they would like to move into the area, 40% had one or more children and 45% stated that they would like to set up a business in the area if they were able to move into it.

Frustratingly this lack of availability is also preventing people from downsizing from their current properties to move into smaller properties within the area – again preventing homes for families with children becoming available and rebalancing the market in the area.

The lack of available housing to meet this demand is already showing up in the survey:

- Nearly 70 % of respondents have tried to find housing in the area already but failed to do so due to not being able to find a suitable property in their preferred location or budget.
- There was also strong support for the statement that people have had to leave the area because they have not been able to find suitable housing with around 250 of the near 300 respondents to the survey agreeing with this statement.
- This is further evidenced by 43% of respondents having direct experience of friends / family members having to leave the area because they could not find suitable housing.

Both the residents and non-residents survey show a high demand for new housing in Aberfeldy and the surrounding area, both from existing residents looking to move home and people looking to relocate to live in the area.

- 203 households stated that they may need housing within the next 5 years:
- 87% support the need for more affordable housing

Left unmitigated this risks exacerbating demographic changes. As shown in the survey, Aberfeldy already has a higher proportion of people over 75 (11.1% vs 6.4%) than the Scottish average and with many of the working-age population priced out of the housing market, this issue is likely to intensify.

Economic Impacts on the Community

Linked to those issues, the survey highlighted that the lack of affordable housing options in the area is having a significant adverse impact on the growth and development of the local economy, with businesses being unable to recruit staff:

- Of the 68% of businesses that have had experienced problems recruiting / retaining staff due to a lack of suitable housing locally, this is a frequent and recurring problem for most businesses:
- Nearly 50% of businesses feel that their staff turnover is impacted by a lack of affordable housing;



- 68% of businesses currently have existing employees that have a housing need and require housing in the area. A total of 25 employees were identified from the survey that require housing in the area; and
- With nearly 70% of businesses hoping to expand in the future, a lack of workers locally and lack of affordable housing were identified as the two most limiting factors to business growth.

This in particular highlights that the issue of supporting tourism infrastructure and supporting infrastructure, like housing, for local people are not mutually exclusive – they are deeply connected. Tourism cannot continue to thrive and potentially grow in our area if business owners and employees cannot afford to live here.

This is why it is crucial that the proceeds of any levy are not just able to be spent on tourism infrastructure but are also able to help adapt local communities to tourism thus guaranteeing the strength of local communities and the tourism industry.

Aberfeldy Development Trust

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