

Cambridge Hoteliers' Association - Response to Local Plan Regulation 18 Consultation

January 2026

Executive Summary

This representation is submitted on behalf of the Cambridge Hoteliers' Association (**CHA**) in response to the draft Greater Cambridge Local Plan. Cambridge's hotel sector plays a critical role in supporting the city's visitor economy, employment base and international competitiveness, contributing £841 million in visitor spend in 2023 and supporting approximately 16,400 jobs, the majority of which (61%) are linked to overnight visitors (Colliers, 2025). Therefore, hotels are estimated to support 10,000 workers, most of whom live and need to live in Cambridge

The CHA has been established to represent the interests of hotels and their workers within the Greater Cambridge Area. The CHA supports sustainable, plan-led growth and welcomes competition in the visitor accommodation market. The CHA sees the Local Plan review process as an opportunity to amend policies to correct market distortions and unintended consequences of early plans. The CHA does not feel that the current draft Plan adequately accounts for the scale and impact of short-term lets, which now represent a significant component of the city's accommodation offer but operate under a materially lighter regulatory framework than hotels or deals with the impact of short-term lets on the availability and price of homes (whether to buy or rent) in the City of Cambridge.

Hotel bedroom provision in Cambridge city centre has already exceeded historic growth ambitions as set out in the Hotel Futures Study 2012, and when short-term lets are included, the level of visitor accommodation supply is significantly higher than previously anticipated. As a consequence, structural oversupply already exists and encouraging further hotel growth will exasperate this situation, undermining viability, employment and long-term investment across the sector.

The representation identifies a number of areas where policy interpretation and application may have differing effects, including the relationship between hotels and short-term visitor accommodation, the interaction with change-of-use policy, and how affordable housing requirements apply across different forms of accommodation. Taken together, these matters raise questions about how the framework supports housing delivery, residential amenity and longer-term economic objectives.

The Cambridge Hoteliers' Association is therefore seeking clear and enforceable policy changes in the Local Plan to:

- introduce compulsory registration of short-term lets that can be supported through planning policy;
- ensure that further hotel supply growth can only be supported through demonstrable increases in demand;
- ensure the Plan prioritises demand-driving uses that increase overnight stays and economic activity
- ensure the Plan framework does not undermine housing development;

1. Hoteliers' contribution to the local economy

Hotels form a core component of Greater Cambridge's economic and social infrastructure, underpinning the city's visitor economy, employment base and international competitiveness. The 2025 Greater Cambridge Hotels Study highlights that visitors and tourists contributed an estimated £841 million to the local economy in 2023, with overnight visitors delivering a disproportionately greater share of that value, spending 2.4 times more per day and over nine times more per trip than day visitors. This spending extends well beyond accommodation, supporting cafes, restaurants, retail, cultural venues and events across the city.

Tourism accounts for approximately 22% of employment in Cambridge, equating to around 16,400 jobs, with 61% or 10,000 of those roles directly linked to stay visitors, underlining the importance of hotels in sustaining year-round employment. Hotels are labour-intensive uses, supporting a wide range of onsite roles across operations, management, catering, housekeeping and events, as well as significant indirect employment through local supply chains. By contrast, short-term letting models typically generate fewer direct jobs and weaker linkages to the local workforce, meaning that a shift away from hotel provision can have implications for both the scale and quality of employment supported by the visitor economy.

Beyond leisure tourism, hotels provide essential infrastructure for the Cambridge Cluster, supporting inward investment, international collaboration and major employment hubs such as the Cambridge Biomedical Campus and Cambridge Science Park by accommodating business visitors and providing meeting and networking space.

In place-making terms, hotels deliver consistent footfall throughout the day and evening, reinforcing the vitality of the city centre and supporting Cambridge's global brand as a centre of excellence. Constraining or destabilising the hotel sector therefore risks not only the loss of discretionary visitor spend but also weakening the wider ecosystem that supports employment, business growth, innovation and long-term economic resilience.

At the same time, Cambridge's hotel sector is operating in an increasingly high-cost environment. Operators are facing weakened demand, lower occupancy levels and an accelerating shift in visitor accommodation towards aparthotels, serviced apartments, B&Bs and home-stay style models, which can operate with materially lower operating costs and fewer staffing requirements. As you will also see below in more detail, the market is also becoming increasingly saturated, with new bedspaces coming forward in a relatively small geographic area and continued pipeline supply expected. Hotels are therefore responding to serious viability challenges by diversify their offers to protect occupancy and footfall, for example by expanding bar and food-led propositions. In addition, the cost base for hotels is expected to rise sharply through business rates changes: UK Hospitality estimates the average hotel will face an overall increase of 115% over the next three years

The CHA considers that protecting the viability of the hotel sector is integral to delivering the Local Plan's wider economic, employment and placemaking objectives.

2. Oversupply of visitor accommodation beds

The draft Local Plan proposes significant additional capacity for visitor accommodation across Greater Cambridge, particularly within the city centre and highly accessible locations. While plan-led provision is essential, there is concern that the scale of additional bedspaces envisaged risks materially overshooting realistic demand when set against current trading conditions and recent delivery.

The previous Hotel Futures Study (2012) projected approximately 1,473 additional hotel bedrooms in Cambridge city centre by 2026 under its higher growth scenario. Data referenced in the 2025 Greater Cambridge Hotels Study indicates that this level has already been substantially exceeded, with around 2,000 additional hotel bedrooms operating in the Cambridge Central area by 2025.

When short-term lets are included, the increased scale of provision becomes significantly more pronounced. AirDNA data indicates approximately 1,615 short-term let bedrooms in the same area as of December 2024. Taken together, this suggests a combined supply increase of nearly 3,600 visitor accommodation bedrooms, more than double the upper growth projection set out in the 2012 study.

Evidence of the effect this oversupply is having on the market can be found in occupancy rates. The 2025 hotels study states that a hotel occupancy rate of 78% is needed to achieve a stabilised hotel market across Greater Cambridge. CHA members consider that the market is therefore not stabilised with such occupancy levels seldom achieved under current market conditions.

This evidence demonstrates that the baseline position already reflects a material level of provision once all accommodation types are considered. Encouraging further hotel growth risks embedding structural oversupply, undermining viability, investment confidence and employment across an established sector.

The CHA's position is that, given existing and consented supply and the scale of short-term lets already operating, the Local Plan should not support additional hotel provision until a significant clear, evidence-led increase in underlying overnight demand can be demonstrated; and the existing oversupply is cleared.

3. Demand-Driving Uses and a Demand-Led Strategy

The draft Local Plan places significant emphasis on the provision of additional visitor accommodation as a means of increasing overnight visitors. The CHA considers this approach to be overly supply-led and insufficiently focused on the underlying drivers of demand.

Experience in Cambridge and in comparable cities demonstrates that hotel provision does not, in itself, generate overnight stays. Demand for accommodation is created by the presence of attractions, employment uses, events, conferences, cultural institutions and visitor experiences that require people to stay overnight. Where such demand is absent or static, additional accommodation supply does not create new visits but instead redistributes existing demand across a larger number of beds, placing downward pressure on occupancy and room rates.

Cambridge already benefits from a strong leisure and business visitor offer, supported by its universities, research institutions, hospitals and global technology cluster. However, there remains significant scope to

strengthen and diversify demand-driving uses that increase dwell time, extend stays and convert day visits into overnight visits. These include strategy for improved transport infrastructure, conference and exhibition facilities, academic and research-related events, cultural and performance venues, festivals, major sporting and recreational events, and publicly accessible attractions that operate year-round.

The CHA considers that the Local Plan should place greater emphasis on supporting such demand-driving uses, particularly where they help to reduce seasonality, smooth weekly and annual occupancy patterns, and reinforce Cambridge's position as an international destination for science, education, culture and innovation. This approach would deliver wider economic benefits across the visitor economy while avoiding the risks associated with continued accommodation-led expansion in an already constrained and competitive market.

In this context, the CHA is concerned that continued support for new hotel provision, without a clear and demonstrable increase in underlying demand, risks exacerbating existing structural oversupply. This would undermine the viability of existing hotels, reduce capacity for reinvestment, and weaken employment outcomes across the sector, contrary to the Plan's stated objectives for economic resilience and inclusive growth.

The CHA's position is that the Local Plan should prioritise demand-driving uses that increase overnight stays and economic activity and should not support further hotel provision unless it can be clearly demonstrated that underlying demand, rather than accommodation supply, is increasing.

4. Failure to account for short term lets

A fundamental concern with the draft Local Plan is that its approach to visitor accommodation need does not adequately reflect the scale and impact of short-term lets. While these uses now form a substantial part of Cambridge's accommodation offer, they are not fully integrated into the Plan's evidence base or policy framework.

The previous hotel needs assessment, completed in 2012, set out projected bedroom growth for Cambridge to 2031. Under the higher growth scenario, this anticipated approximately 1,473 additional hotel bedrooms in Cambridge city centre by 2026. However, data now referenced in the 2025 Greater Cambridge Hotels Study demonstrates that this projected level has already been substantially exceeded, with around 2,000 additional hotel bedrooms operating in the Cambridge Central area by 2025, before the end of the projected period. Exemplifying the success of previous policy to increase the supply of bedrooms in Cambridge.

Crucially, when short-term lets are incorporated into the analysis, the scale of oversupply becomes significantly more pronounced. Using AirDNA data, an estimated 1,615 short-term let bedrooms were available in the same area in Dec 2024. Taken together, this indicates a combined supply of almost 3,600 visitor accommodation bedrooms, more than double the number of bedrooms in the upper growth scenario envisaged in the 2012 study.

While the 2025 Hotels Study recognises the importance of maintaining an adequate supply of accommodation to support economic growth, this evidence demonstrates that the baseline position already reflects a material level of provision once all accommodation types are considered. In this context, the Local Plan risks planning

for further growth against an already oversupplied market, reinforcing the need for a more cautious, fully integrated assessment of hotel need that explicitly accounts for the scale and impact of short-term lets before encouraging additional hotel bedroom growth.

The CHA considers it essential that short-term lets are fully integrated into the Local Plan's evidence base and policy framework, rather than treated as a peripheral or secondary issue.

5. Regulatory imbalance between hotels and short-term lets

Hotels operate within a comprehensive and highly regulated and high-cost environment, including planning control, fire and building safety, employment standards, licensing, business rates and VAT. This framework helps ensure quality, safety and accountability, but it also creates significant fixed costs and compliance obligations. By contrast, short-term lets are often able to operate at scale under a materially lighter-touch regime, frequently without equivalent planning scrutiny or effective enforcement. This creates an uneven playing field and distorts market behaviour, incentivising less regulated accommodation at the expense of professionally managed hotels.

A key barrier to effective regulation is the absence of a compulsory registration system for short-term lets. Without registration, the Council cannot easily identify which properties are operating as short-term rentals, distinguish genuine home-sharing from commercial activity, or ensure compliance with basic requirements. Although the Council has previously allocated officer time to enforcement, proving unauthorised short-term letting is slow and resource-intensive, and the remedies available are often not a sufficient deterrent. This has contributed to well-documented nuisance impacts in residential areas and undermined amenity and community cohesion.

Unregulated short-term lets also place pressure on the housing market by reducing the supply of homes available for permanent occupation and enabling investors to outbid households in both rental and purchase markets. This has direct implications for affordability in Cambridge, including for key workers who support public services, hospitality and the wider economy. In this context, the Cambridge Hoteliers' Association supports a compulsory registration requirement for short-term lets.

Crucially, registration must be linked to clear planning control. The Local Plan should provide an explicit policy framework confirming when short-term letting amounts to a material change of use and requiring planning permission. The Plan should also enable the designation of controlled zones (such as the city centre and other high-pressure areas) where planning permission for short-term letting is compulsory. This would create a clear gateway to lawful operation, strengthen the Council's ability to enforce non-compliance, and help protect housing supply and residential amenity. Finally, where hosts operate multiple short-term lets, these should be treated as aggregated commercial activity for VAT and business rates compliance purposes to ensure parity with regulated visitor accommodation.

The CHA considers that, without compulsory registration linked to clear planning control, the Local Plan will fail to address regulatory imbalance, housing loss and market distortion caused by short-term letting, and therefore calls for these measures to be explicitly embedded within policy.

6. Changing use class

The draft Local Plan adopts a restrictive approach to changes of use involving visitor accommodation, particularly where this would result in the loss of existing hotels. At the same time, the Plan states that the conversion of existing residential properties to hotels will only be supported in exceptional circumstances, in order to maintain housing supply and protect residential amenity. While this objective is understood, the policy position is internally inconsistent and undermined in practice by the widespread growth of short-term lets.

In effect, residential properties are already being converted into commercial visitor accommodation through short-term letting, generally without planning consent. Effective enforcement is not economically practical and therefore despite widespread acknowledgement of the issues, the Council is hard pressed to get on top of this. It should be said that the CHA is aware of and support the Council's commitment in this area and share its frustration that despite having committed the time of planning officers to this it remains difficult to achieve change through enforcement. The ease by which a property owner can convert a property into a short-term let circumvents the stated policy intent of protecting housing supply and residential amenity, while placing professionally managed hotels at a regulatory disadvantage. The result is a situation where informal, lightly regulated accommodation can displace housing with relative ease, while formal hotel operation is correctly constrained and tightly controlled.

This inconsistency weakens the credibility of the policy framework and highlights the need for a more coherent and enforceable approach to use change. Introducing a registration requirement, supported by the designation of controlled zones in areas of highest housing pressure, would allow the Local Plan to draw a clear and enforceable distinction between genuine residential use, incidental home-sharing, and commercial short-term accommodation. This would significantly strengthen the Plan's ability to protect housing stock, while restoring parity between informal accommodation and professionally managed hotels.

The Local Plan also retains a highly onerous process for changing existing hotel use to alternative uses, including residential. Development resulting in the loss of visitor accommodation will not be permitted unless applicants can demonstrate that the use is no longer economically viable and that the property has been actively marketed for at least 12 months with no interest for continued hotel use. In practice, this approach is slow, resource-intensive and poorly aligned with real-world market conditions. It prevents buildings from responding efficiently to economic signals, locks in underperforming uses, and delays the delivery of potentially more beneficial outcomes, including housing.

The CHA therefore calls for the Local Plan to acknowledge commercial realities for hotels wishing to complete a change to more economically viable use classes

7. Affordable housing contributions

The draft Local Plan's approach to affordable housing has the potential to influence development outcomes through the application of different requirements to residential development and certain forms of visitor accommodation. Evidence suggests that variations in affordable housing thresholds can play a role in shaping development proposals and land-use choices. By way of illustration, conventional residential schemes are typically subject to a requirement to deliver 40% affordable housing, whereas some forms of visitor accommodation that accommodate extended stays, including aparthotels, are not subject to equivalent obligations.

This differential may, in some circumstances, affect the balance of development proposals coming forward, particularly in locations where both residential and accommodation-led uses could be considered appropriate in principle. The issue is further complicated where certain aparthotel models enable extended stays, which can blur the functional distinction between visitor accommodation and residential use and raise questions about consistency in the application of affordable housing policy.

Taken together, these factors suggest that the operation of affordable housing requirements across different accommodation types merits careful consideration to ensure that policy supports the delivery of permanent homes, maintains clarity between uses, and aligns with the Plan's wider housing objectives.

In this context, the representation suggests two related areas for consideration. First, whether a revised affordable housing requirement of 25% could help to support housing delivery and scheme viability across a broader range of sites. Second, whether greater consistency in the application of affordable housing requirements across residential and other uses would help to reduce unintended incentives and ensure that development decisions are guided by the most appropriate and policy-aligned use of land.

The CHA considers that greater consistency in the application of affordable housing policy across accommodation types would support housing delivery and reduce unintended incentives.

8. Conclusion

Cambridge's hoteliers support competition, innovation and choice in the visitor accommodation market and recognise the important role that a diverse range of accommodation types can play in supporting the city's economy. A healthy, competitive market is essential to maintaining quality, driving investment and ensuring Cambridge remains an attractive destination for visitors, businesses and institutions alike. However, competition must take place on a fair, transparent and balanced playing field.

As set out in this representation, the current policy and regulatory landscape does not achieve that balance. The rapid growth of largely unregulated short-term lets has materially altered the visitor accommodation market, yet this change is not adequately reflected in the Local Plan's evidence base or policy framework. The absence of effective registration, clear planning control and regulatory consistency has enabled a parallel accommodation market to emerge that operates under different rules to hotels, undermining policy objectives around housing supply, residential amenity and economic resilience.

At the same time, the Local Plan risks encouraging further hotel growth without fully accounting for existing supply, consented schemes and the scale of short-term lets already operating across the city. In an already

constrained and competitive market, this creates a real risk of structural oversupply, driving down occupancy and room rates to levels that are unsustainable for established hotels, with knock-on impacts for employment, investment and the wider visitor economy.

The CHA also considers that the Local Plan places disproportionate emphasis on accommodation-led growth as a means of increasing overnight visitors, rather than focusing on the underlying drivers of demand. Strengthening support for demand-driving uses – such as conferences, events, cultural venues, improved transport infrastructure and attractions – would increase overnight stays and economic activity without exacerbating oversupply or further reducing housing availability.

Taken together, these issues point to the need for a more integrated, proportionate and enforceable approach to visitor accommodation within the Local Plan – one that recognises the full spectrum of accommodation provision, aligns regulatory requirements more closely across uses, and allows market forces to operate within a clear and consistent planning framework. The Local Plan offers a timely opportunity to begin addressing the impacts of short-term lets through the planning system, including through compulsory registration, clearer change-of-use triggers and the removal of exemptions that undermine housing protection.

While planning policy alone cannot resolve all aspects of short-term let regulation, these measures would represent an important first step in establishing greater oversight, fairness and consistency. In doing so, the Local Plan can help mitigate the cumulative impact of wider policy pressures on the hotel sector, support fair competition, protect housing delivery, and ensure that growth in visitor accommodation is sustainable, evidence-led and in the long-term interests of Greater Cambridge.

Cambridge Hoteliers' Association

- Callum McBreen – Clayton Cambridge
- Chris Douglas – Graduate by Hilton Cambridge
- David Chaplin – The Gonville Hotel
- Martin Newbould – The Wilde
- Oliver Hoare – Quy Mill Hotel & Spa
- Phillip Greer – The University Arms
- Richard Finn – Hilton Cambridge City Centre
- Robert Norfolk – Arundel House Hotel
- Robin Hutton – Holiday Inn Cambridge
- Sivani O'Brien – Ibis Cambridge Central Station Hotel
- Stefanie Garwood – Holiday Inn Express Cambridge West
- Stelios Andreou – Centennial Hotel
- Toshi Sato – The Fellow's House
- Will Davies – The Varsity Hotel
- Viktoria Zecsko-Nagy – Novotel Cambridge North