

Padstow Parish Neighbourhood Plan

The Case for a Second Homes Policy

1. The Padstow Community Survey 2018 asked the question: *do you think we should consider restricting the growth in the number of 2nd homes and holiday lets?* 481 persons answered the question. 75.5% of all respondents answered in the affirmative. Amongst permanent residents of the area, 87% were in favour of measures to restrict the growth in second homes and holiday lets. Many, I suspect, expect to see a second homes policy in the Padstow Parish Neighbourhood Plan.
2. Regarding second homes and neighbourhood plans, St Ives has pioneered the way in Cornwall and the UK. St Ives Town Council included a policy within the St Ives Area Neighbourhood Plan (Policy H2¹), which only supports the development of new open market housing where there is a restriction to ensure its occupancy as a 'Principal Residence'. The development industry was quick to challenge the policy (details later). The Judgement in 2016, which dismissed the legal challenge, paves the way for other neighbourhood plans to include restrictions on the occupation of new dwellings as second homes, where there is evidence that the second homes market is having a detrimental impact on the sustainability of towns and villages. The judgment was favourable to the St Ives' Plan because its second homes policy was not simply to ensure that people who wish to live in the area as full-time residents are able to obtain housing. Crucially it was aimed at safeguarding the sustainability of the area by reducing the proportion of dwellings that are not used as a principal residence i.e. to support a sustainable community.
3. Since the Judgment in 2016, several neighbourhood plans in Cornwall, and plans prepared by other coastal communities in the UK, have included a St Ives-type policy. Almost all have justified the policy as being in the interests of the sustainability of the area. Although many also acknowledge that it may increase the prospect of local households securing a new home in the area.
4. Community opinion locally is clearly in favour of restricting the growth in the number of second homes and holiday lets in the Padstow and Trevone area. Much of this opinion is motivated by the aim of helping local people to get the home they want, as is evidenced by the answers to other housing questions in the Community Survey 2018. The impact of large numbers of empty dwellings on the area's sustainability is seemingly more of a secondary concern to the local community.

What the Evidence Shows:

5. There is no doubt that the demand for second homes and holiday lets in the Padstow area has had a significant impact on its housing market and house prices. Recent discussions with local estate agents² described a situation, in 2018, *where over 90-95% of clients are looking for second homes mainly as holiday rental purposes, although some are for non-letting second homes. The demand is across the spectrum of properties, from cottages to much larger 4-5 bedroomed properties where the sky's the limit for the right location (e.g. Padstow old town with estuary view and parking or similar in Trevone). Demand far outstrips supply. Desirable properties are snapped up immediately by clients already on agents' books. Local people simply don't have the funds to compete with the very strong second home market. Homes sold by residents nearly always sell as second homes, hence the decline in population over recent years.*
6. *The area is not subject to the fluctuating trends in the market which have been seen elsewhere. Sales have remained fairly stable over year by year and prices have continued to increase over the past few years. There is no reason why this situation will change.*
7. Two local agents that were interviewed, believe the 'St Ives' policy would work in Padstow.

¹ <https://www.cornwall.gov.uk/media/23576572/final-st-ives-area-ndp-proposal-with-examination-and-cc-amendments-clean-final.pdf>

² See pages 25-26 <http://www.padstow-tc.gov.uk/wp-content/uploads/2017/10/Padstow-NP-Local-Evidence-Report-at-Dec-2017-004.pdf>

8. Research carried out for the Daily Telegraph in 2018³, showed the PL28 postcode to have highest percentage by far, of properties bought as second homes in Cornwall over the previous two years.
 - 1) PL28 - Padstow, Crugmeer, Porthcothan, St Merryn, Trevone, Treyarnon 67%
 - 2) PL10 - Rame, Millbrook, Kingsand, Freathy, Cremyll 29%
 - 3) TR26 - Saint Ives 24%
 - 4) TR2 - Truro, Gerrans 23%
 - 5) PL27 - Wadebridge, St Eval, St Minver 21%
9. For harder facts we are still very dependent on an interpretation of the 2011 Census data. The local planning authority has established that there is a strong correlation between empty homes as recorded in the Census and second homes. The Cornwall average proportion of empty homes in 2011 was 11.2%. The Padstow parish area at that time was 34.6%; but it was closer to 58% in Trevone and central Padstow. On the newer estates on the edge of Padstow however it was only 2% of dwellings that were unoccupied.
10. In most coastal settlements, a third or more dwellings being unoccupied for a part of the year would have a substantial effect on sustainability. Neighbourhood plans for Mevagissey, the Rame Peninsula, Salcombe, Southwold, Hunstanton and the villages on the Northumberland coast, for example, have all successfully argued the case to restrict second homes and had a policy accepted for inclusion in their neighbourhood plan. In all these cases, the policy mimics the St Ives' policy and restricts the occupancy of new open market housing for 'principal residency' purposes only.
11. The question is: can the same case be made for the Padstow parish area, and should it?
12. As regards the first part of the question, it is reasonable to conclude that if the case can be made for St Ives, then it can be made for Padstow. They are directly comparable in terms of their tourism status and appeal and Padstow is evidently a hotter second home market.
13. The development industry in opposing the St Ives' policy made the case that:
 - increasing the amount of available market housing in the area for local people to buy was a "reasonable alternative" to a second homes policy; and
 - the 'principal residence requirement' was an unjustified interference with Article 8 of the European Convention on Human Rights, "the right to a home", which would be enjoyed by future occupiers of dwellings subject to restriction.
 Both arguments were not accepted as appropriate in the case of St Ives.

What's best for the Padstow area?

14. Regarding whether a second homes policy should be introduced for the Padstow area, it is important to consider that:

About second-homers:

 - a) Not all second homes are owned by city dwellers who only 'pop down' for the holidays. Many, if not most in the Padstow area, are used as holiday lets which can be let for 50 plus weeks a year. A family on a week's holiday will spend a lot locally on food, entertainment and activities, which in turn brings employment.
 - b) Second-home owners employ local businesses for maintenance, renovations and to update furniture and equipment.
 - c) Second-home owners use social media networks to actively promote local businesses, events and local artists, creators and workshops – all year round.
 - d) Many second-home owners buy with a view to moving to the area permanently when they retire. It is in their interest to play an active part in the community.

About a second home policy:

 - e) Restricting second homes does not create more affordable housing for young buyers in the local community. The two markets don't overlap.

³ <https://www.telegraph.co.uk/property/west-country/second-home-guilt-strikes-deprived-cornwall/>

- f) Such a policy will lead to increases in the demand for existing dwellings in the area and push their prices even higher.
- g) It reinforces divisions between locals and new-comers and furthers segregation between and within communities.
- h) The policy will cause the parish area to drop a value zone for CIL⁴ and affordable housing.
- i) Mortgage lenders are not keen on principle-residence-restricted properties. Borrowing rates are higher as well, which will negatively impact what someone could afford to borrow.
- j) It may just not be necessary. Most second-home owners want older character properties with attractive views, which is rarely the case on new-built estates. There are very few second homes on the newly built Treceus Estate development.

To intervene or Not?

15. Based on the above and bearing in mind that a policy in the Neighbourhood Plan can only affect new dwellings, the Steering Group needs to decide whether there is still justification for policy intervention. The case for doing so is based on the following:

- Anything that limits or slows down the growth of second homes would be helpful in safeguarding community cohesion and sustainability.
- It will prevent new homes being marketed and sold as holiday homes.
- It sends out a message that neither Padstow nor Trevone should become an out-of-season ghost town.
- Padstow, which is impacted by second-home owners more than almost anywhere else in Cornwall, should have a second home policy. Not to do so would need explaining in such a way as not to undermine the intentions of other neighbourhood planning communities.

16. The most straight-forward route to the inclusion of a policy in the Neighbourhood Plan would be to adopt something like the St Ives' version, which is:

H2 Principal Residence Requirement

Due to the impact upon the local housing market of the continued uncontrolled growth of dwellings used for holiday accommodation (as second or holiday homes) new open market housing, excluding replacement dwellings, will only be supported where there is a restriction to ensure its occupancy as a Principal Residence.

Sufficient guarantee must be provided of such occupancy restriction through the imposition of a planning condition or legal agreement. New unrestricted second homes will not be supported at any time.

Principal Residences are defined as those occupied as the residents' sole or main residence, where the residents spend the majority of their time when not working away from home.

The condition or obligation on new open market homes will require that they are occupied only as the primary (principal) residence of those persons entitled to occupy them. Occupiers of homes with a Principal Residence condition will be required to keep proof that they are meeting the obligation or condition and be obliged to provide this proof if/when Cornwall Council requests this information. Proof of Principal Residence is via verifiable evidence which could include, for example (but not limited to) residents being registered on the local electoral register and being registered for and attending local services (such as healthcare, schools etc).

17. Principal residences are defined as those occupied as the residents' sole or main residence, where the residents spend most of their time when not working away from home. The St Ives' policy does not seek to impose an arbitrary limit on the minimum number of days of occupation, which allows for some flexibility in the enforcement of a condition. It does place an obligation on the local planning authority to monitor and enforce the residency condition. The policy applies to new open market housing but excludes one-for-one replacement dwellings.

⁴ This means that less affordable housing from 40% to 30% may be delivered within the NP Area and CIL receipts may be lower. (Nb. CIL = Community Infrastructure Levy)

18. If the Steering Group considers that the St Ives' policy is relevant, necessary and workable, after taking account of all the factors in paragraph 14 above, then a draft policy similar to it should be included in the Consultation Version of the Neighbourhood Plan for the community to express its opinion about.
19. A significant variation on the St Ives' policy would need to be fully justified and would be subjected to a lot of scrutiny and possible challenge by the development industry. The only reason why one should be considered, is if it relates to specific sites rather than the whole area. For example, if it is decided to allocate sites for housing development within the Neighbourhood Plan then it is possible to set locationally-specific criteria, which could include housing types, sizes, mix, tenures, ownership etc. All the criteria would need to be evidence-based, to show they are justified, reasonable and viable. Their imposition may need to be subject to a legal agreement.
20. It should be noted that holiday lets were prevented by legal agreements on the recently developed Treceus Housing Estate. The owners of open market housing are prohibited by covenant from letting their dwellings to holidaymakers and others for a period of less than a month. This was achieved because of a unilateral undertaking made by the developer, Poltair Homes Limited, to support its appeal against the initial refusal of planning permission for the development. The undertaking included a commitment to contribute to education facilities, to provide a public open space area, to ensure that the affordable dwellings and social rented dwellings are provided, and the open market housing are restricted in size, marketed initially to local people and covenanted to prevent them being utilised as holiday homes for rent. The Appeal Inspector concluded that this undertaking "*would go some way towards addressing concerns raised by objectors that these houses would not be realistically available to local people*". The appeal was allowed. The constraints imposed by, what became, legal agreements did not make the housing development any easier to realise and it was much delayed. The stalled housing development was eventually built with the help of a loan from the HCA. This is not an example to base a coherent policy approach on, nor frame a planning policy around.