

Second Homes Policy Review June 2021

The starting point for this paper is that the Neighbourhood Plan Steering Group has already decided that a policy that prevents the sale of new dwellings, in perpetuity, to persons that will not occupy them as their principal residence, is appropriate for the Padstow area. The draft policy (PAD11) included in the Pre-Submission Version of the Neighbourhood Plan reflected, it was thought, the opinion of a large majority of the area’s permanent residents.

The response from the Regulation 14 consultation appears to confirm this and can be interpreted as a general expression of support for the draft ‘principal residency’ policy, with or without some minor amendments. For the record, 37 respondents commented on policy PAD11. Five of these were persons with no apparent link to the parish area¹. Many of the respondents, 23 (62%), are in favour of the policy and expressed support for its inclusion in the Neighbourhood Plan, either in its current draft form or with minor amendment.

14 respondents (38% of persons commenting on draft policy PAD11) expressed concerns or direct opposition to the policy.

Members should have read already all the comments in full. In the table below I have presented and summarised the points made by those who have expressed opposition to the policy. They are ordered in accordance with the number of times the same or similar point was made.

It will further inflate the price of existing dwellings	<ul style="list-style-type: none"> • Will make the price of existing dwellings higher • Will make the price of existing dwellings higher • Inflate prices of existing dwellings making them less available to local people • Inflates price of existing dwellings • Inflates price of existing dwellings • Accelerate house price inflation on existing dwellings
It will lead to more second homes in the town	<ul style="list-style-type: none"> • Will encourage purchase and replacement of existing dwellings by second-homers • Weakens sense of community in existing area and discourages local facilities and infrastructure • More second homes in existing urban area leading to ghost town • Fails to address existing dwellings which are the prime target for second home purchasers
It will slow down new house building	<ul style="list-style-type: none"> • Reduction in house-building activity • Will slow down the delivery of new dwellings and thereby reduce the number of affordable dwellings available. • Could slow down new housebuilding
It will reduce the proportion of affordable homes on new developments	<ul style="list-style-type: none"> • Reduce viability calculation so CIL will drop one zone and number of affordable homes on-site could reduce • Number of affordable homes on-site would reduce from 40% to 35%. • Principle residency policy should not apply to open market dwellings on exception sites as we need to maximise the number of affordable units
It is not necessary	<ul style="list-style-type: none"> • Not enough new builds to justify the policy
It does not prioritise local people	<ul style="list-style-type: none"> • Principal residence requirement does not prioritise local people
The community benefits are unclear	<ul style="list-style-type: none"> • Insufficient evidence of impact on community stability to justify policy
It is unenforceable	<ul style="list-style-type: none"> • Policy will be abused and not properly policed
Second homes and holiday lets benefit local employment	<ul style="list-style-type: none"> • Second homes and holiday lets create work/employment for local people

¹ In response to national press coverage of the draft policy’s inclusion in the Pre-Submission Version of the Padstow Parish Neighbourhood Plan

Many of the points made in opposition to the policy will be familiar to members of the Steering Group. They were set out in a paper "*The Case for a Second Homes Policy*", which was considered by the Steering Group in April 2019.

On the basis that the Steering Group was persuaded at that time that a principal residency policy was appropriate and community opinion remains demonstrably in favour of such a policy, members will find a revised draft policy PAD11 and supporting text has been included in the draft Submission Version of the Padstow Parish Neighbourhood Plan. The revised policy and text, which takes account of comments and suggestions received, are appended to this paper.

In considering the proposed amendments to the Neighbourhood Plan members are asked to consider again, with regard to policy PAD11, whether the inclusion of this policy in the adopted Neighbourhood Plan for the Padstow parish area is likely to have a significant negative impact, either by:

- directly leading to further inflation of the asking price of existing dwellings (unaffected by the principal residency clause); or
- serving to attract and encourage even more second home purchasers to the area; or
- discouraging new open market house building; or
- resulting in an unacceptable reduction in the number of affordable dwellings on new developments.

Members should also be mindful that some people have suggested the policy is unnecessary because:

- the number of new dwellings planned for over the plan-period is not large;
- the policy cannot give priority to local people;
- the likely benefits to 'community stability' are unclear.

It has also been suggested that such a policy would be unenforceable. However this is not something that appears to concern the local planning authority. The Development Management Team at Cornwall Council has recommended that the principal occupancy condition should be imposed via a planning condition, attached to any permission.

Cornwall Council, it should be noted, does not object to the inclusion of a principal residency policy in the Padstow Parish Neighbourhood Plan. It did make several points when commenting on the draft Plan (Regulation 14) which need to be borne in mind:

- *Make sure you have robust evidence to justify this policy as this will be tested by the Examiner. This isn't just the level of second home and the impact on house prices, but also the effect on community sustainability (are shops and services closed in winter, are the school rolls falling etc.).*
- *Make sure the community appreciate that the restriction does not apply to existing or replacement dwellings, so the policy cannot tackle the high levels [of second home ownership] in old housing stock.*
- *They should also be clear that the imposition of this restriction will cause a drop in viability, so that the parish will drop one zone for CIL, and for the percentage of affordable housing on site. As the NDP is not planning for much new development, be clear that this is a conscious choice.*

These points have been taken into account while re-drafting the policy and its supporting text.

The question the Steering Group and Town Council needs to reach conclusion on, is:

Q. Will the inclusion of policy PAD11 make a beneficial contribution to the local housing market and to community wellbeing over the next few years?

If the collective answer to the question is 'yes', then the policy should remain in the Submission Version of the Plan. If it is 'no', then the policy should probably be deleted. There is little latitude available to re-write the policy,

Appendix

Revised Policy PAD11 and Supporting Text (proposed amendments from the Pre-Submission Version in red text)

Policy No. PAD11 Principal Residence Requirement

Proposals for open market housing (excluding one for one replacement dwellings) **will only be** supported where first and future occupancy occupation is restricted by a **planning condition** to ensure that each new dwelling is occupied only as a Principal Residence.

A principal residence is defined as a dwelling occupied as the resident's sole or main residence, where the resident spends most of their time when not working away from home.

Proposals for open market housing (excluding one for one replacement dwellings) without a requirement to ensure occupancy as a principal residence will not be supported.

- 9.23 There must be little doubt that Padstow has been one of the primary areas for second-home seekers for many years. In mid-2018 it was reported² that more than two thirds of all houses purchased in the PL28 postcode area in the previous two years had been for second homes.
- 9.24 **As far back as** 2007 the Padstow Parish Plan³ recorded that *"residents' felt it was very depressing to have so many houses in the town empty for most of the year and highlighted that it had a very negative effect on the community, especially in the winter months"*. The Community Survey 2018 response shows 75% of respondents believe we should consider restricting the growth in the number of second homes and holiday lets. This proportion rises to 86% of the permanent residents of the area who responded to the Community Survey.
- 9.25 St Ives Neighbourhood Plan has pioneered the way in which the coastal communities of Cornwall can place a legally enforceable restriction on the sale of new open market dwellings in the interests of sustainability. 25% of dwelling in the St. Ives' area in 2016 were second homes. In Padstow this percentage is **closer** to 30%. Many of them are in Trevone and the old town area of Padstow, which has pushed average house prices **in the area** very high (many over **£500,000**) and well out of reach of most local households.
- 9.26 Second-home owners make a valuable contribution to the local economy, but the sustainability **of community life** in the neighbourhood area **is being** compromised **by the number** of properties that are not occupied on a permanent basis. The viability of local facilities and services are at threat and/or becoming ever more dependent on visitors.
- 9.27 As significant, the acquisition of new dwellings by 'second-homers' or for holiday lets **will deny** local people access to much needed homes. The only opportunity that many new households **from the** area will have to find the local home **they want**, is as a result of new **development that addresses local housing needs, providing** different types of affordable housing, where demand and prices for open market dwellings are lower.
- 9.28 Therefore, due to the impact upon the local housing market of the continued uncontrolled growth of dwellings used **primarily** for holiday accommodation (as second or holiday homes), policy PAD11 supports the provision of a 'principal residence' condition **to be** applied **to** all new-build housing, other than one for one replacement. **It also applies to the conversion of buildings within the settlement boundaries. The conversion of properties in the countryside is subject to other policies in the development plan, including policy PAD3, which covers the use of redundant farm buildings for holiday lets.**
- 9.29 **Much deliberation has taken place, whilst preparing the Neighbourhood Plan, about the consequences of imposing a principal residency requirement on new housing development. There is little doubt that it accords with the wishes of most local residents. Concerns about the**

² Research by Hamptons International for the Daily Telegraph, 26 March 2018

³ http://www.padstow-tc.gov.uk/wp-content/uploads/2011/07/pastow_parrish_plan_2007_low_res_.pdf

consequences of such a policy have been raised and were considered by the Steering Group. The conclusion reached is that the benefits outweigh the disbenefits. Policy PAD11 will help ensure our housing areas thrive, our local facilities remain viable, and community life throughout the year is vibrant and inclusive.

- 9.30 The policy supports those in need of a permanent home in the area. It will bring greater balance and mixture to the local housing market and create new opportunities for people to live and work here, thereby strengthening the local economy.
- 9.31 The restriction to Principal Residence occupancy should be secured and retained in perpetuity through the imposition of a planning condition on any approval, for an appropriate 'planning obligation' under Section 106 of the Town & Country Planning Act 1990. Owners of homes with a principal residence condition should be required to keep proof that they are meeting the obligation or condition and be willing to provide this proof if/when Cornwall Council requests this information. Proof of principal residence includes, but is not limited to, being registered on the local electoral roll, at the local school or for local healthcare.