

Second and Holiday Homes

Housing Evidence Base Briefing Note 11 (BN11) Version 2

Summary

A high proportion of an authority's housing stock being used as second homes is not an issue everywhere as these types of properties tend to be located in the more rural and coastal areas. As a result it is therefore not considered of national significance.

11.2% of houses in Cornwall in 2011 did not have a usual resident, and the vast majority of these will be second and holiday homes.

Second homes generally have an impact on house prices as demonstrated by the fact that when levels of second home ownership rise so too do average house prices. This is logical as second home owners are not likely to be attracted to low value housing markets and in higher value areas prices are pushed up by the available budgets of affluent second home owners. For example, in five parishes of Cornwall where second homes account for more than 35% of all housing the average house price is 87% above the Cornwall average. This premium falls to 46% where second home ownership is between 20% and 30% and falls further to 23% where second home ownership is between 10% and 20%. Local buyers, on local incomes and earnings, will therefore be priced out of some but certainly not all of Cornwall's housing markets.

The NPPF does not make any adjustment for competition for housing from second home owners and no assessment has been made of the impact of second and holiday homes in the future in terms of dwelling requirements. Second homes account for a significant proportion of dwellings in Cornwall and the Cornwall Local Plan Inspector has directed the Council to plan to meet this 'need' in addition to that planned to meet future household growth needs. This will mean that the full objectively assessed need for housing between 2010 and 2030 will include a 7% uplift to accommodate a likely continuing increase in second homes. It does not mean these houses will be specifically built as second or holiday homes but an allowance has been made based on current levels of second and holiday home ownership.

Key Facts

11% of houses in Cornwall in 2011 did not have a usual resident, and the vast majority of these will be second homes.

Around 2 out of every 5 homes in parishes such as St Minver Lowlands and St John are described as second homes. In addition, a proportion of the remainder will be classed as holiday homes.

The majority of people with a second address in Cornwall live in London, the South East and the South West (excluding Cornwall).

The proportion of household spaces that are unoccupied in Cornwall is higher than in comparator authorities, and suggests that the housing requirement be adjusted upwards by some 7%.

Source: Census, Cornwall Council

National Policy

The National Planning Policy Framework (NPPF)ⁱ does not make any specific allowance in its assessment of objectively assessed need^{BN1} relating to the impact that second or holiday homes may have on an authority's housing target.

National Planning Practice Guidanceⁱⁱ (NPPG) is similarly silent on the subject of second homes but does give guidance in relation to the sustainability of rural communities: *'a thriving rural community in a living, working countryside depends, in part, on retaining local services and community facilities such as schools, local shops, cultural venues, public houses and places of worship. Rural housing is essential to ensure viable use of these local facilities'*.

Local Policy

The Local Plan: Strategic Policies Inspector for Cornwall has taken the view that second and holiday homes should be considered as having an impact on the full objectively assessed need for housing and has recommended the housing target be uplifted accordingly to accommodate a certain proportion of homes being used for this purpose. An uplift of 7% on the housing required to meet demographic need is considered appropriate in Cornwall's assessment of its full objectively assessed needⁱⁱⁱ.

There are Neighbourhood Plans emerging in parts of Cornwall that are considering the impact large numbers of second and holiday homes are having on the sustainability of their communities. Cornwall Council will support neighbourhood planning communities that can provide robust evidence of exceptional circumstances and as a consequence prepare enforceable policies that help ensure permanent residents occupy homes and support local facilities. Cornwall Local Plan: Strategic Policies Policy 6 on Housing Mix is intended to provide the planning context for any neighbourhood plan group wishing to explore this issue.

The level of second home ownership in Cornwall is such an issue that Cornwall Council has voted to press for a change in the planning regulations which would mean that homeowners who want to use their property as a second home or as a holiday let would require planning permission.

National Context

A high proportion of an authority's housing stock being used as second homes is not an issue everywhere as these types of properties tend to be located in the more rural and coastal areas. As a result it is therefore not considered of national significance.

There are almost 3.5 million owned or rented second properties across England according to the English Housing Survey^{iv} and of these:

- 72% are the main residence of another person or household;
- 6% are intended to be sold or moved into shortly; and
- 22% are second homes – about 732,000 properties in total, 51% of which are located in the UK.

There are many reasons why someone would have a second home and the English Housing Survey provides some information on these reasons (respondents could give more than one reason) in its latest 2013-14 survey:

- Long term investment (48%);
- Holiday home (60%);
- Retirement home (14%);
- Away from home (20%)

- Previously main home (13%); and
- Other (12%)

Glen Bramley's research^v on the relationship between house prices and second homes at a national level shows that for every 1 per cent of the housing stock in second home ownership, prices are 1.4 per cent higher per house.

High levels of second home ownership can have both positive and negative social consequences. If there are large proportions of second homes within an area there could be negative effects on village services such as the viability of maintaining a school, and it is argued^{vi} that large numbers of second homes in an area may render services less viable. If second homes and holiday lets are only used seasonally, businesses like Post Offices, shops, pubs, bus services and restaurants may be less viable all year round, if at all. In this situation homes that stand empty much of the year can undermine the sustainability of the community. Conversely, studies^{vii} have suggested that one of the more positive impacts of second and holiday homes in rural areas is their contribution to the conservation of the rural housing stock, bringing empty and redundant properties back into use, and enhancing the visual quality of rural areas.

Local Context

Second homes generally have an impact on house prices^{BN14} as shown when levels of second home ownership rise so too do average house prices^{viii}. This is logical as second home owners are not likely to be attracted to low value housing markets and in higher value areas prices are pushed up by the available budgets of affluent second home owners. For example, in five parishes of Cornwall where second homes account for more than 35% of all housing the average house price is 87% above the Cornwall average. This premium falls to 46% where second home ownership is between 20% and 30% and falls further to 23% where second home ownership is between 10% and 20%. Local buyers, on local incomes and earnings^{BN17}, will therefore be priced out of some but certainly not all of Cornwall's housing markets.

Definitions

A household space is the accommodation used or available for use by an individual household. Household spaces are identified separately in census results as those with at least one usual resident, and those that do not have any usual residents. A household space with no usual residents may still be used by short-term residents or visitors who were present on census night or by a combination of short-term residents and visitors. Vacant household spaces and those household spaces that are used as second addresses, are classified in Census results as 'household spaces with no usual residents'.

A household space with no usual residents is not the same as an empty household space because it may be a second home or holiday accommodation, or may otherwise have had visitors present on census night.

A second address is an address at which a person stays for more than 30 days per year that is not a person's place of usual residence. This includes addresses that are in the UK and those outside of the UK. Typical second addresses include armed forces bases, addresses used by people working away from home, a student's home address, the address of another parent or guardian, or a holiday home. If a person with a second address was staying at that address on census night, they were classed as a visitor to that address, but counted as a usual resident at their home address.

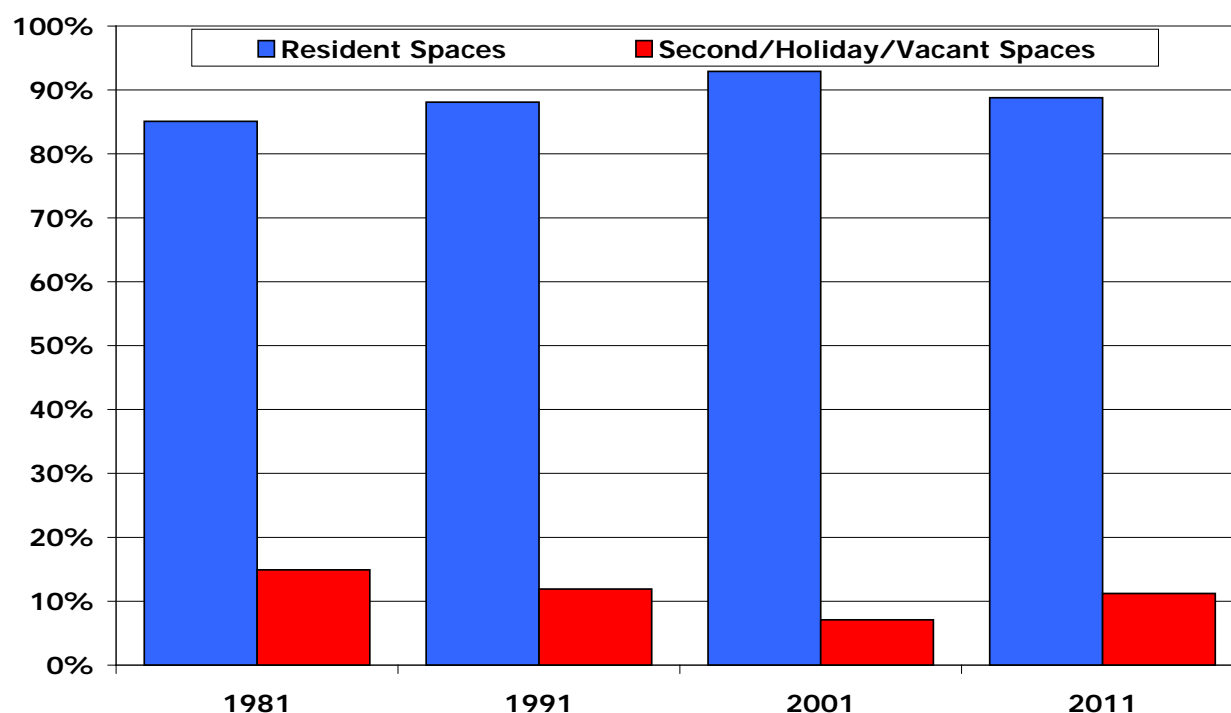
Council Tax - most dwellings have a liability to pay Council Tax and a bill is issued for each dwelling whether it is a house, bungalow, flat, maisonette, studio, mobile home, caravan or houseboat, irrelevant of ownership or rental of the property.

Business Rates is the commonly used term for non-domestic rates and are charged on most non-domestic premises, including most commercial properties such as shops, self-catering units, offices, pubs, warehouses and factories.

Past Trends in Second & Holiday Homes

The following graph indicates the proportion of occupied and unoccupied household spaces for Cornwall between 1981 and 2011^{ix}. The majority of the unoccupied spaces will be second and holiday homes rather than empty properties^{BN7}.

Resident & Unoccupied Spaces in Cornwall 1981-2011



Note: It is considered locally that the 'dip' in unoccupied spaces in 2001 is more likely the consequence of the Census being undertaken during the Easter holidays and these spaces appearing 'occupied', than as a result of a drop in the proportion of these types of spaces.

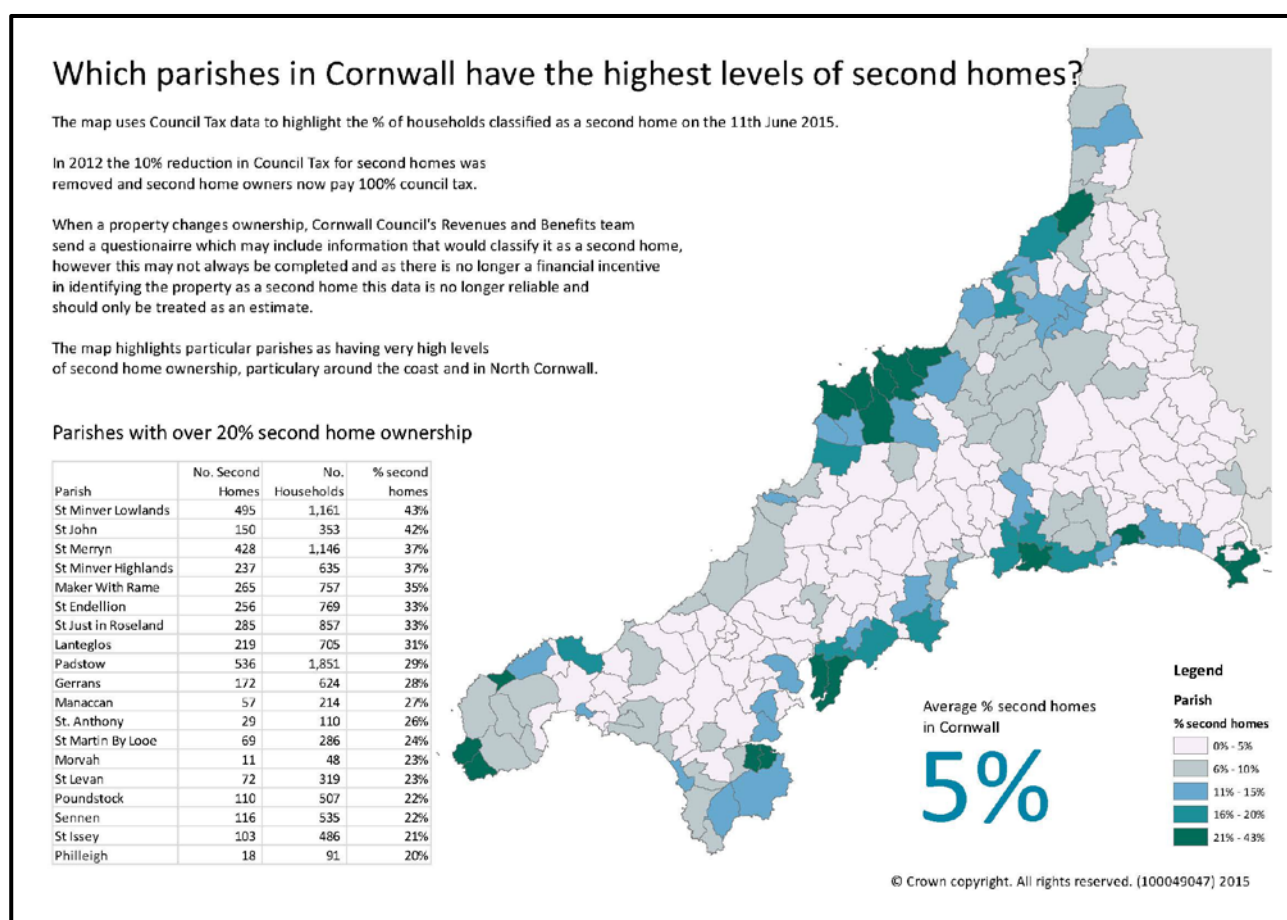
Current Trends in Second & Holiday Homes

Council Tax records until fairly recently could provide information on dwellings that were categorised as second homes because they received a small discount on their bill. This discount was removed in 2013 and second home owners pay the full Council Tax on their properties – this means that there is no incentive for owners to declare that their property is a second home and the information from this source may not be as robust as it used to be.

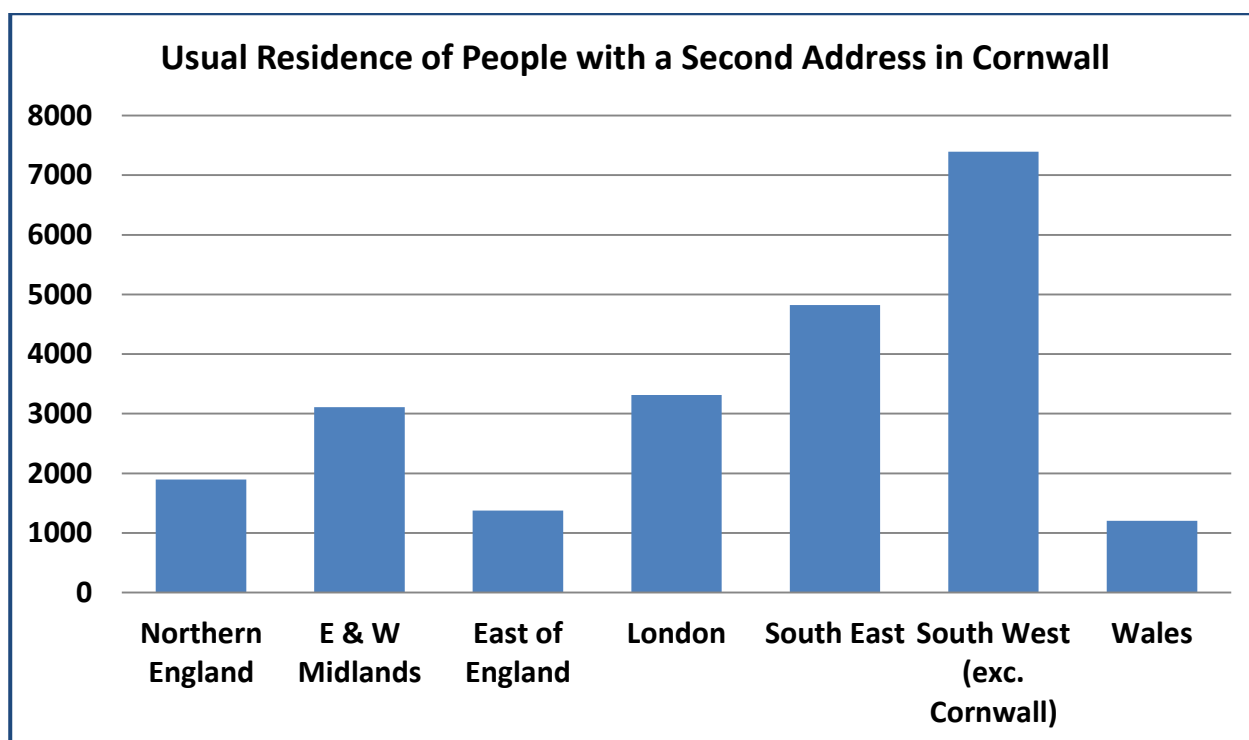
Information in June 2015^x suggested that there were almost 14,000 dwellings in Cornwall paying Council tax that were categorised as second homes. Holiday homes fall under 'business rates' and will not be included under Council Tax so the following analysis will not give a complete picture of second and holiday homes - but is indicative of the ten parishes in Cornwall that have the highest and lowest proportions.

Highest Proportion of Second Homes		Lowest Proportion of Second Homes	
Parish	Proportion	Parish	Proportion
St Minver Lowlands	42.5%	Callington	0.5%
St John	42%	Mabe	0.5%
St Merryn	36.9%	Quethiock	0.5%
St Minver Highlands	36.9%	Roche	0.5%
Maker with Rame	34.7%	Camborne	0.6%
St Endellion	33.2%	Carn Brea	0.6%
St Just in Roseland	32.8%	Redruth	0.6%
Lanteglos	31.2%	Torpoint	0.6%
Padstow	28.5%	Bodmin, Lanner	0.7%
Gerrans	27.4%	Saltash, St Blaise	0.7%

The following map indicates how the proportion of second homes is distributed by parish^{xi} across Cornwall, with the higher proportions generally around the coast:



The Census^{xii} provides us with data on persons (not households) that are usually resident elsewhere in England and Wales and have a second address in Cornwall. The following graph shows where people with a second address in Cornwall usually live.



Census 2011 also provides some data^{xiii} on some 22,997 people (not households) with a second address in Cornwall who are usually resident elsewhere in England and Wales as indicated below:

People with a second address in Cornwall who are usually resident elsewhere in England and Wales		Second Address type		
		Working	Holiday	Other ^{xiv}
Male	0-15	0	619	369
	16-64	1,488	2,525	4,721
	65+	55	1,777	519
Female	0-15	0	535	316
	16-64	440	3,157	4,379
	65+	24	1,556	517

Note 2: this graph and table identifies the number of people who have a second address in Cornwall and not households so this cannot be used as a count of second homes.

Information from Business Rates^{xv} (Nov 2012) would suggest that there were some 8,350 holiday lets across Cornwall in addition to the number of second homes. Holiday lets can be a single units or a multiple dwelling unit, and the number of dwellings that can be used as a holiday let will be higher than the 8,350 recorded.

Future Changes in the Level of Second & Holiday Homes

Council Tax records were a really useful source of data on second homes that could be used to regularly monitor local changes. With effect from 1 April 2013, the Government has amended regulations to allow billing authorities, like Cornwall Council, to reduce the level of discount awarded for empty properties which are furnished - these are often referred to as second homes. Cornwall Council has decided to reduce the current 10% discount awarded to these properties to 0%. Therefore, from the 1st April 2013, Council Tax in Cornwall will not give a discount to second homes which means they will be indistinguishable from fully occupied dwellings. When a property changes ownership, Cornwall Council will send a questionnaire which may include information that would classify it as a second home.

However this may not always be completed by the homeowner as there is no longer a financial incentive in identifying the property as a second home and therefore the quality of this data will degrade over time and should be clearly marked as an estimate.

The English Housing Survey does provide some information on changes to second home statistics but much of this is at a national and regional level. In terms of robust local data we may have to wait until Census data is released which is every ten years unless specific local surveys are undertaken.

Should we make an Adjustment to Housing Targets to Acknowledge the Impact Second Homes may have on Housing Requirements in Cornwall?

The NPPF is clear that demographic and economic requirements form the basis of objectively assessing the need for housing in an area and this does not make any adjustment for competition for housing from second home owners. Whilst every effort is being made to reduce the number of empty properties there are in a community and bring them back into use, no such device is available for second homes.

Cornwall is an area in which potential second home owners compete with other home buyers to purchase available housing. Potential second home owners are generally more successful as they can afford the high prices expected by sellers and generally have more disposable income than local residents^{BN17}. Cornwall Council is pressing for a change in the law that would require change of use permission but this has not been determined as yet.

There are those^{xvi} that would add an element to housing targets to account for the proportion of second homes there have historically been in housing stock. Second homes account for a significant proportion of dwellings in Cornwall and it could be argued that we would need to plan for a number of new dwellings to meet this continued 'need' in addition to that planned to meet future household growth needs. The Cornwall Local Plan: Strategic Policies Inspector has indicated that the housing target for Cornwall needs to be adjusted upwards to accommodate a certain proportion of homes in the future being purchased as second and holiday homes. An uplift of 7% was considered reasonable by the Cornwall Local Plan Inspector.

Risk Assessment

Council tax changes will mean we can no longer count dwellings paying Council Tax as second homes. Although there are those that wonder if a change in the discount may deter some people from having a second home a 10% increase in Council Tax is unlikely to affect that many people. In addition, it will be more difficult to monitor the situation as even the Census does not further break down the 'households with no usual resident' into its constituent parts.

If no account is taken of the additional pressure that potential second home owners bring to Cornwall's housing market it could be said that we will not be planning to deliver all 'need' in Cornwall. The Cornwall Local plan Inspector agreed with this and has suggested a 7% uplift to account for second homes in the full objectively assessed need for housing in Cornwall.

Examination Findings

It is unlikely that this element will feature in many Local Plan Examinations as the NPPF does not specify that they should be.

It is however a topic that has been introduced in other areas including:

- The joint Christchurch and East Dorset Local Plan examination Inspector concluded that an allowance of 2% should be made to allow for vacancy and second homes;
- The North Dorset housing requirement be increased from 280 to 285 p.a. to incorporate a second home allowance.

Topic Assessment in Cornwall Local Plan Preparation

Second and holiday homes are part of the context for housing and as such are included in general housing papers including:

- Housing Topic Paper (February 2011) accompanied the [Core Strategy Options Report](#);
- Housing Topic Paper (January 2012) accompanied 'Our Preferred Approach for a Core Strategy' and the [Cornwall Local Plan: Strategic Policies Pre Submission version](#) and the [Cornwall Local Plan: Strategic Policies Proposed Submission version](#);
- Second and Holiday Homes Housing Evidence Briefing Note 11 (November 2013) accompanied the [Cornwall Local Plan: Strategic Policies: Proposed Submission version](#)

Accompanying Briefing Notes

BN1 – Objectively Assessed Need

BN7 – Empty Properties

BN14 – House Prices & Affordability

BN17 – Incomes & Earnings

Further Information:

1. The English housing survey covers all housing tenures and provides valuable information and evidence to inform the development and monitoring of DCLG's housing policies. <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/english-housing-survey#statistical-data-sets>
2. Census 2011 provides some information on people with second addresses and will release additional information on second and holiday homes as part of its release programme. <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-279998> and <http://www.ons.gov.uk/ons/guide-method/census/2011/census-data/2011-census-prospectus/release-plans-for-2011-census-statistics/index.html>

ⁱ [DCLG \(2012\) National Planning Policy Framework](#)

ⁱⁱ DCLG (2014) Assessment of Housing and Economic Development Needs

ⁱⁱⁱ Cornwall Council (2015) Full Objectively Assessed need

^{iv} [DCLG \(2015\) English Housing Survey 2013-14: reasons for having a second home](#)

^v National Housing and Planning Advice Unit (October 2008) Rapid Evidence Assessment of the Research Literature on the Purchase and Use of Second Homes

^{vi} DCLG (July 2008) Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing

^{vii} Beilckus, C. Rogers, A. and Wibberley, G. (1972) Second Homes in England and Wales

^{viii} [Savills \(2013\) Seconds out on Second Homes](#)

^{ix} [ONS \(2013\) Census 2011](#)

^x Cornwall Council (June 2015) Council Tax Records

^{xi} Cornwall Council (June 2015) Second Homes Map

^{xii} [ONS \(2013\) Census 2011](#)

^{xiii} [ONS \(2012\) Second Address estimates for Local Authorities in England & Wales](#)

^{xiv} Typical second addresses include armed forces bases, addresses used by people working away from home, a student's home address, the address of another parent or guardian, or a holiday home. Other will include armed forces bases, a student's home address, the address of another parent or guardian, etc.

^{xv} Cornwall Council Community Intelligence (2012) Business Rates

^{xvi} Alan Holmans/Town & Country Planning Association (2013) New Estimates of Housing demand and need in England 2011 to 2031