PENTEWAN VALLEY NEIGHBOURHOOD DEVELOPMENT PLAN SECOND & HOLIDAY HOMES REPORT

Contents

Overview – The Impacts of Second Home Ownership on Local Communities

1.1 A second home is a property which is not the sole or main residence of any individual for council tax purposes. This may include a 'holiday home', which is let for under 140 days per year (above which point it would be listed under business rates as holiday accommodation). It may include a property where the owner regularly occupies the property, but another property is defined as their 'sole or main residence'.

1.2 Many neighbourhood plan authorities in coastal and rural areas are concerned with the impacts of second home and holiday home ownership on their communities, and many have been encouraged by the 'St Ives Judgement' of 2017 to include 'principal residency' policies in their NDPs. Cornwall alone has 15 'made' plans that include such a policy [see Figure 1], and there are others across the country wherever there are perceived to be visitor pressures on the local housing stock (Marrs, C. 2018).

NDP	Policy
Breage	Policy H7: Primary residency restriction on new housing in Praa Sands
Crantock	Policy H3 - Principal Residence Requirement
Fowey	Policy 5: Principal Residence Requirement
Looe	Policy Tour 7 – Principal Residency
Mevagissey	Policy HO1 Open Market Homes for Principal Residence
Padstow	Policy No. PAD11 Principal Residence Requirement
Perranuthnoe	Policy CW4: Principal Residency
Polperro and Lansallos	NDP Policy 5.1: New Housing - Principal Residency
Portreath	Policy 3: Principal Residency Requirement
Rame Peninsula	Rame NDP Policy 1: New Housing - Principal Residency
St Agnes	Policy 5 – Principal Residence Policy
St Austell Bay	Housing Policy 2 (H2): Principal Residence
St Endellion	Policy 3: Principal Residency Requirement

St Ives	H2 Principal Residence Requirement
St Minver	Policy STMNDP 3: Additional Residences

Figure 1: Cornwall NDPs which include a Principal Residency Policy (Cornwall Council 2024/1)

1.3 This appears to be due to the perception that the positive impacts of second homes, particularly economic, are outweighed by negative impacts of distortion of the local economy, damage to community sustainability (through harm to local services, loss of community spirit, change in environmental character) and housing market distortion, (Barnett, J. 2013) (Taylor 2008). It is notable that second home owners themselves share the perception that there are both positive and negative impacts according to a study based in North Cornwall (Dykes S and Walmsley A, 2015).

1.4 **Local Economy.** Undoubtedly, it's true that second home owners have greater spending power than might local occupants. Although there are additional property owners spread right across the income and wealth distributions, they tend to be considerably richer and more affluent than the average. Over half (56 per cent) of second home owners live in the richest fifth of households by income (Bangham 2019 pp 16), whilst the English Housing Survey 2021/22 found that most people with a second home were in the highest income quintile (46%).

1.5 Such spending power may help to maintain local retail services and employment in service industry such as estate agency and crafts, building maintenance etc., and even attract some additional businesses leading to a broadened economic base (Dykes and Walmsley 2015).

1.6 However, their spending power may also distort the local economy by Increasing property prices. Research shows that, at a national level, for every 1 percent of housing stock in second home ownership, prices are 1.4% higher per house (Cornwall Council 2015 pp 3). Local commodity price inflation may also result, typically in food, restaurant/cafés and pubs, although this is generally true of all forms of tourism.

1.7 The spending patterns of second home owners is likely to be different to permanent residents. A focus session of the Looe NDP Steering Group suggested that whilst they may purchase local arts and crafts to decorate properties to give a distinctive feel, they tend to bring food and goods with them on their visits, or visit supermarkets elsewhere to stock up, rather than buy locally, such that basic local services, already disadvantaged by low local HH sizes and long term un-occupation of residential properties, receive little benefit.

1.8 **Local Sustainability.** Evidence suggest that second-home owners can act as 'local patriots', active in the local community at times, and acting as ambassadors for rural locations, promoting their interest more widely, and adding to the 'critical mass' needed to support some local services. However, they can also be seen as disrupting long- established socio-cultural norms and practice, displacing traditional permanent population, having limited contact and social distance from the remaining local community leading to social integration issues and conflict over local development aspirations. (Barnett, J. 2013) (Taylor 2008)

1.9 A 2003 study in Cumbria suggested that 'the percentage of second homes should not be more than 20 per cent as this appears to affect the sustainability of any village.' (CRHT 2003). The Cumbria Housing Strategy 2006 - 2011 went a step further, suggesting the percentage should not be more than 10 per cent. A figure of 20% of second / holiday homes is now widely cited as a 'tipping point' – a saturation level that endangers the sustainability of local communities and requires corrective action.

1.10 The English Housing Survey 2021/22 found that the likelihood of owning a second home generally increases with age (Gov.UK 2023). Those aged between 55-64 were the most likely to have a second home, with 31% of households with access to a second home from this age group. Couples with no dependent children were the most likely household type to have at least one second home - 54% of households with access to a second home were from this household type. Because second home owners tend to be 'older, higher income, and southern' (Bangham 2019 pp3) and occupy properties that might otherwise be family homes, they can create a distortion in the demographic profile of an area which leads to falling school rolls, threatening their viability.

1.11 **Local Housing Market.** in addition to the broader economic and sustainability impacts, studies have also shown that a significant proportion of second homes can also add to a shortage of available housing (particularly of smaller units on the market) and raise house prices (CRHT 2012). 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%. (Cornwall Council 2015. pp 1).

1.12 The rise in the number of second homes has increased the problem of under-occupancy of existing housing stock (Bangham 2019 pp 24), adding further difficulties for local people seeking accommodation for their growing families.

1.13 **Summary.** The perceived economic, social and environmental impacts arising from the presence of second homes may be summarised as: (See Figures 2a to 2c).

Figure 2a: Economic Impacts of Second Home Tourism	
Positive	Negative
• Investment in local infrastructure. Maintenance of rural retail services. • Employment in banking, estate agency, craft and retail. • Attraction of additional businesses. • More demand for service supply in peripheral communities. • Broadened economic base. • Support for entrepreneurial startups, business networks. • Re-stocking of intellectual capital lost through rural depopulation.	• Increased property prices. Local price inflation. • Increased infrastructure and service costs. Seasonal variations.
Figure 2b: Social Impacts of Second Home Tourism	
Positive	Negative
• Second-home owners as 'local patriots'. • Second-home owners as stakeholders for rural areas in urban communities. • Socialize with and strengthen local populations. • Act as ambassadors for rural locations buy promoting rural produce and virtues. • Supportive demand for service supply in peripheral communities.	• Displacement of traditional permanent population. • Creates seasonal resorts with peaks of increased crime and reduced local services. • Disruptive of long-established socio-cultural norms and practice. • Rural gentrification. • Transformation of countryside into an elite playground. • Conflict and social integration issues caused by limited contact and social distance. • Conflict over future development aspirations. • Intrusion of urban expectations into rural working environments. • Local feel displaced in terms of area use. Demographic distortions leading to falling school rolls.
Figure 2c: Environmental Impacts of Second Home Tourism	
Positive	Negative
• Can be viewed as relatively environmentally friendly compared to other forms of tourism	• Additional pollution, poor waste management Visual impact.

• Second home owners appreciate same aspects of destinations as local population • Second home owners support preservation and enhancement of heritage and habitat. • Fosters understanding of ecology and respect for environment	• Clarence of vegetation.
Adapted from Dykes S and Walmsley A, 2015	

Trends in Second and Holiday Home Ownership

1.14 Nationally, the number of second homes has continued to rise, increasing from 1 million to 1.4 million between 2008 and 2016 (Bangham, 2019, p.7). More recent figures from the English Housing Survey 2021–22 report that 2.1 million households now own at least one second property. The most common reason cited was use as a holiday home (45%), followed by long-term investment (35%), retirement (9%), working away from home (4%), previous main residence (7%), and other reasons (13%) (Gov.uk, 2023).

1.15 In 2021–22, 60% (482,000) of second homes were located in the UK, with 40% (327,000) abroad. Over the past decade, the proportion of UK-based second homes has grown, according to English Housing Survey comparisons from 2010 to 2021.

1.16 While robust data on future trends is lacking, it has been suggested that pension freedoms may lead more individuals to purchase second homes as income-generating assets or future retirement homes, offering what some perceive as a safer investment option (Bangham, 2019, p.21). This effect may become more evident in 2025, despite council tax premiums, in response to global share market uncertainty following the radical trade innovations introduced by the Trump Presidency in the USA, as investors seek more reliable forms of investment.

1.17 Other contributing factors include recent changes to private rental market regulations, such as Universal Credit being paid directly to tenants rather than landlords. This has incentivised some landlords to convert long-term rentals into holiday accommodation, which typically offers higher and more reliable returns (Whitby Area Development Trust, 2014). Additionally, increased border formalities and limits on offshore investment may be encouraging more domestic second home purchases.

1.18 The appeal of second and holiday home ownership has also been driven by historically low interest rates, growth in peer-to-peer holiday letting platforms, and a shift toward co-ownership models, which make such purchases more accessible and financially efficient.

Policy Interventions and Impacts

1.19 In response to the pressures created by second homes, the Levelling Up and Regeneration Act allows local authorities to charge a premium on second homes. Cornwall Council has introduced an additional 100% Council Tax premium on second homes from 1 April 2025, to 'discourage, or generate additional income from, second home ownership in order to contribute to the supply of homes to meet local housing needs' (Cornwall Council 2024/2). Anecdotal observations suggest that in coastal hotspots like Cornwall and Dorset there has been a flurry of sales by second-home owners aiming to beat the higher bill. In Cornwall, this appears to have lowered average house prices by up to 5–10%, easing upwards pressure, but not dropping prides to the level where local people on local incomes a can afford them (quickmortgages.com 2025).

1.20 However, Some argue that increasing the council tax by 100% will encourage more people to 'flip' from council tax to business rates thereby avoiding tax completely, so that the change in taxation will not have the desired effect and could even reduce local taxation receipts (Colliers 2024). Under current business-rates regulations in England, owners of properties made available for holiday letting for at least 140 nights per year and actually let for at least 70 nights may elect to switch the property from council tax to business rates. If it's a single property with a rateable value of £12,000 or less, the owner can claim 100 % small business rate relief, and if it falls between £12,001 and £15,000, relief tapers on a sliding scale

1.21 There is also evidence that In some areas [including Cornwall] owners have started transferring properties into children's names to avoid the extra taxation, and making applications to the Land Registry by families wanting to swap the designation of their main residence (TheGuradian.com 2025)

1.22 Commentators point out that that even if some second homeowners are deterred and sell up and leave the area, locals are still unlikely to be able to afford such housing and local businesses that were supported by these owners and their properties will also suffer, depleting the tax take even further.

New Legislative Framework and Loopholes

1.23 The Government has proposed that from summer 2024, any dwelling let out for more than 90 nights per year for short-term stays, such as holidays, leisure, or business use, and which is not the owner's principal residence, will require planning permission under a new Use Class C5 .

1.24 The reforms also establish a mandatory national register of short-term lets, allowing local authorities to monitor where such lets operate and better support planning control, enforcement, and safety compliance

1.25 However, the policy includes several key limitations:

- The new Use Class C5 is introduced, but switching from C3 to C5 for future lets over 90 nights is included as Permitted Development—unless revoked by an Article 4 Direction
- Existing short-term lets active before implementation are automatically reclassified to C5 without needing a planning application
- Owners can still let their primary or sole residence for up to 90 nights per year under C3, without needing planning permission or changing use class

1.26 All of the above suggests the regulations may have limited impact, with change only enacted for new lets exceeding 90 nights, and continuing operations largely unaffected unless local authorities take further action.

Principal Residency Policy

1.27 In light of the persistent challenges posed by second home and holiday let ownership, and the partial effectiveness of measures introduced to date, it is appropriate for this Neighbourhood Development Plan to explore what additional policy tools can be used locally to support community sustainability and housing affordability. Usually this has been in the form of a principal residence planning policy [PRP] that would require new dwellings built in a town/parish to be occupied by the resident as their main (principal) home and to provide verifiable evidence if/when requested by Cornwall Council. It means that new build homes cannot be used as second homes or holiday lets. It only applies to new homes, it cannot apply to homes that already exist, or to homes that are constructed to replace a single existing dwelling.

1.28 It is important to be aware that there may be downsides which need to be weighed up when making a decision on whether to include the policy in the plan.

Figure 3 : Pros and Cons of Principal Residency Policy

Pros	Cons
Helps prioritise new-build housing for the needs of our local communities.	May discourage development of housing sites in the town/parish due to restrictive nature.
Encourages construction of dwellings designed and configured for year-round occupation rather than short-term letting and occupation, leading to a more sustainable housing stock over the long term	Applies to new dwellings only, and not to existing or replacement dwellings and cannot apply to sites already allocated for housing, or for which planning permission has already been granted.
Helps alleviate limiting factors that prevent local people's access to housing.	May push up prices of existing properties by making new builds inaccessible to second home/ holiday let buyers. This can mean that prices in the historic core, or along the coast can increase significantly.

Could help to sustain local facilities and services through retention of all-year-round residents	In PRP zones, a lower rate of Community Infrastructure Levy (the payment made by developers to contribute towards infrastructure) is charged which will mean reduced income for communities with a PRP in place.

1.29 Cornwall Council advise that NDP Examiners generally look for a figure of 20% of local housing stock [excluding purpose built holiday accommodation] being in use as second homes or holiday lets, plus evidence of scial, economic and environmental impacts, to justify a principal residence policy.

1.30 The following template wording is recommended by Cornwall Council.

> *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 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).*

1.31 However other forms of wording have been included in NDPs nationally, for example:

> **Strete NDP [South Hams]**
>
> *POLICY SNP9: PRINCIPAL RESIDENCE REQUIREMENT*
>
> *1. New housing, excluding replacement dwellings or those managed by a registered social landlord, will only be supported where there is a restriction to ensure its occupancy as a principal residence.*
>
> *2. This must be guaranteed through a planning condition or legal agreement.*
>
> *3. New unrestricted second homes will not be supported at any time.*
>
> *4. A principal residence is defined as one occupied as the residents' sole or main residence, where the residents spend the majority of their time when not working away from home, and the condition or obligation on new open market homes will require that they are occupied only as the principal residence of those persons entitled to occupy them.*

> **Wirksworth NDP Policy NP5 Principal Residence Homes**
>
> *Planning permission for new dwellings will be subject to a restriction to ensure their occupation only as principal residence homes.*

Salcombe [South Hams]

Policy SALC H3 Principal Residence

New open market housing, excluding replacement dwellings, will only be supported where there is a planning condition, a Section 106 agreement or other planning obligation to ensure its occupancy as a Principal Residence. This policy is as a result of impact upon the local housing market of second or holiday homes. This occupancy restriction will therefore require the imposition of a planning condition or legal agreement. New unrestricted market 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.

c) 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 and when SHDC requests this information. Proof of Principal Residence includes but is not limited to residents being registered on the local electoral register and being registered for and attending local services including healthcare, and schools

d) This policy applies to all new build development both allocated and windfall sites where open market housing is proposed within the Neighbourhood Plan Area. A replacement dwelling is defined as a single new build dwelling replacing an existing dwelling.

Alnwick, Northumberland

Proposals for all new housing, including that created by change of use and by subdivision of existing dwellings, but excluding replacement dwellings, will only be supported where occupation is restricted in perpetuity to ensure that each new dwelling is occupied only as a Principal Residence.

New second homes will not be supported.

Principal Residence housing is that which is occupied as the sole or main home of the occupants and where the occupants spend the majority of their time when not working away from home.

This restriction will be secured through a planning condition or, if necessary, through a planning obligation secured under section 106 of the Town and Country Planning Act 1990, or any subsequent legislation. The occupier will be required to provide evidence that they are meeting the terms of the occupation restriction whenever requested to do so by Northumberland County Council.

Southwold NDP, [Suffolk]

POLICY SWD4 - PRINCIPAL RESIDENCE REQUIREMENT

Proposals for all new housing (including affordable housing but excluding replacement dwellings) will only be supported where first and future occupation is restricted in perpetuity to ensure that each new dwelling is occupied only as a Principal Residence.

Principal Residence housing is defined as a property which is occupied as the sole or main home of the occupants and where the occupants spend the majority of their time when their employment does not required them to be away from home for purposes of their work.

New housing includes both dwellings that are newly constructed or created through change of use.

These restrictions will be secured prior to the grant of planning permission through appropriate Planning Conditions or Planning Obligations created and enforceable under section 106 of the Town & Country Planning Act 1990, or any subsequent successor legislation.

Recent debate of 'unintended consequences' of Second Home Controls.

1.32 Concerns have recently been raised about the potential unintended consequences of implementing principal residency restrictions on new housing as a land use policy. It has been claimed that such restrictions can deter banks from lending to developers, make it more difficult for buyers to secure mortgages on restricted properties, and result in lower property valuations, all of which can affect the financial viability of housing schemes (Marrs, 2018).

1.33 Additionally, it has been suggested that these policies may increase the value of existing unrestricted dwellings, creating an 'amenity value' premium that indirectly raises the price of restricted properties, and suppress activity in the local construction sector (Hilber and Schöni, 2018). These views have been widely cited in the media as representing academic research.

1.34 However, a strong critique has been made of the Hilber and Schöni (2018) piece, highlighting that it is an opinion article or blog post rooted in theoretical market assumptions, with its only empirical basis drawn from Switzerland—where second homes are distinctly different in form from standard dwellings. A more robust, evidence-based counterargument has been presented, particularly in Cornwall – A Developer's Paradise? (2019), which challenges the validity of the claims made by Hilber and Schöni and the subsequent newspaper commentary.

Enforcement Issues

1.35 As a very recent planning policy development the 'principal residency' approach still has to be effectively tested through enforcement and appeal. There are concerns that there may be problems ahead as, unless a planning condition is carefully worded, it may be held to apply to the initial occupant only or be easily removed by application/appeal.

1.36 It may therefore be preferable to specify that S106 agreements should be used. Section 106(5) of the Town and Country Planning Act 1990 states that a condition imposed under a section 106 agreement applies not just to the current landowner, but anyone who subsequently buys the land. It also stipulates that any restriction or requirement imposed under a planning obligation is enforceable by injunction (Marrs 2018)

The Position in Pentewan Valley.

1.37 **Community Attitudes.** The community of the Parish clearly recognise the benefits that tourism brings to the area. However 67% said that existing properties should not be given approval for conversion to holiday lets.

1.38 **Number of Second Homes.** Cornwall Council publish a map of parishes showing the estimated percentage of second homes based in a Parish on Council Tax returns (Cornwall Council 2018). This places the Parish is in the 9% to 14% category [Figure 4].

1.39 An alternative and somewhat more accurate assessment is to use 'surrogate' data in the form of the unoccupied household count from the Census 2011 and 2021. The advantage here is that the data can be viewed at the more detailed Census Output Area level. This shows the Pentewan village area as being in the 18 to 24 % category at 2011 [Figure 5].

1.40 Figure 6 shows the Census empty dwellings calculation [Implied 2nd Homes] for both 2011 and 2021. The difference between 2011 and 2021 may partly be attributed to the incorrect definition of the 2011 Census area for the Parish [ie the inclusion of St Austell Bay parish], which has involved some properties exported to other output areas, and some being imported. However it can be assumed from these figures that around 20% of the housing stock at Pentewan village is in the form of second homes or holiday lets.

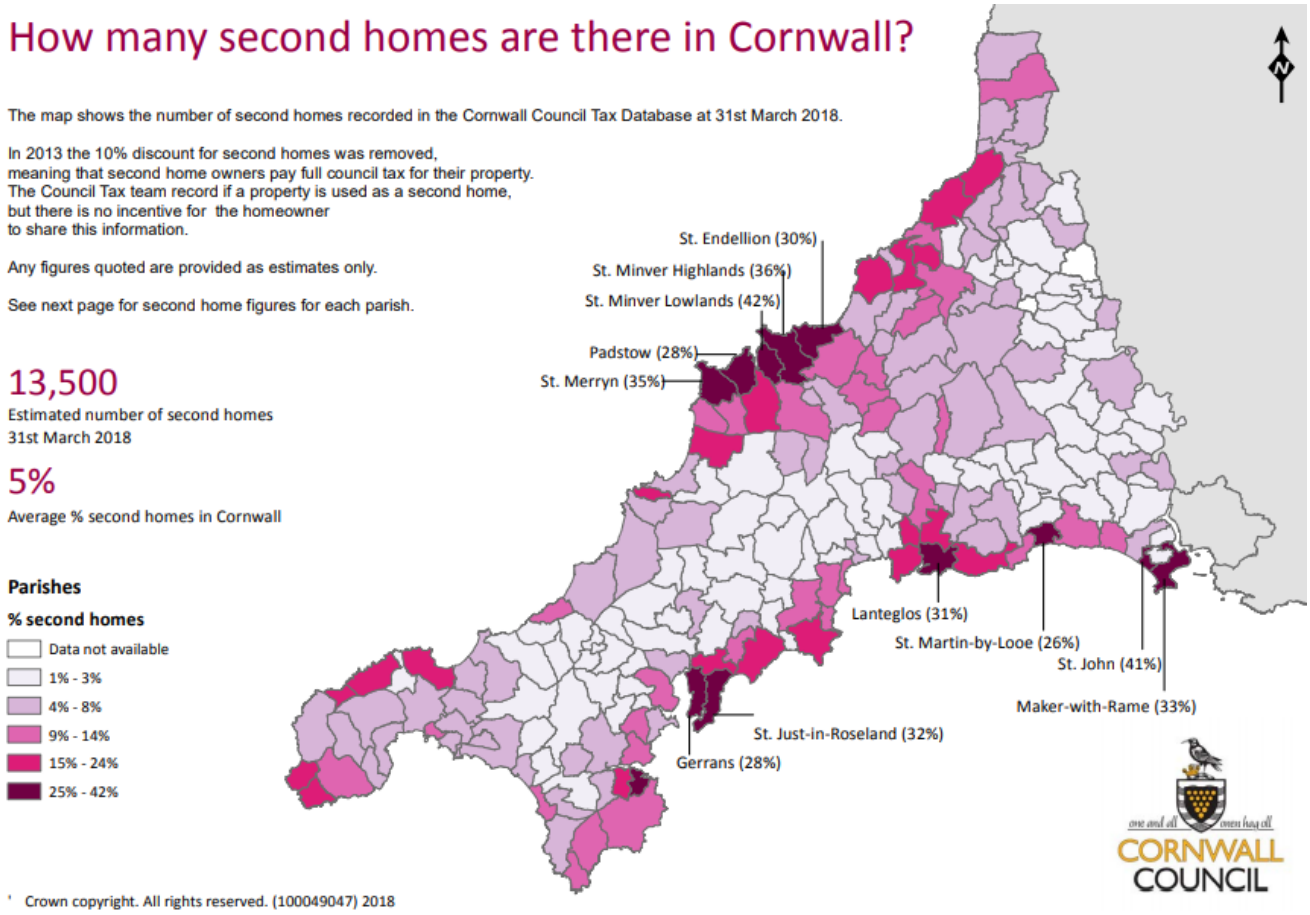


Figure 4: Estimated percentage of second homes based on Council Tax returns (Cornwall Council 2018)

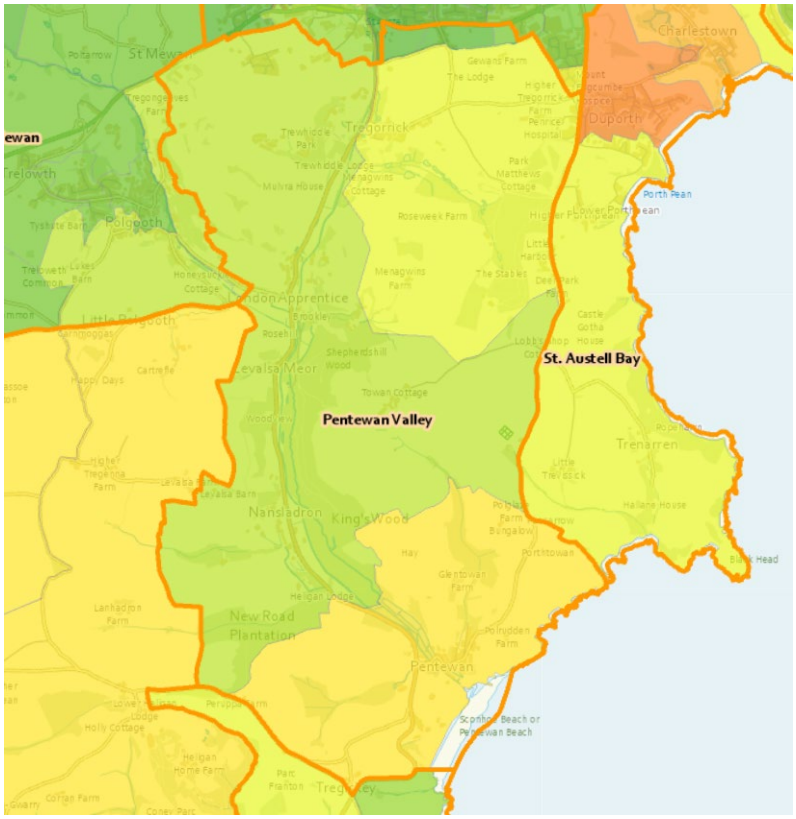


Figure 5 : Unoccupied Households 2011 by Census Output Area

FIGURE 6: CENSUS EMPTY DWELLINGS - IMPLIED 2ND HOMES [SOURCE: CENSUS 2011 TABLE QS417EW, CENSUS 2021 TABLE RM204, TS017]				
Settlement	**Dwellings**	**HHs**	**Implied 2nd Homes**	
Census 2011				
London Apprentice	139	124	15	10.8%
Pentewan	136	105	31	22.8%
Parish	439	371	68	15.5%
Census 2021				
London Apprentice	168	147	21	12.5%
Pentewan	129	104	25	19.4%
Parish	N/A	N/A	N/A	N/A

1.41 It is also known that there were 424 properties paying Council tax in the Parish [as at 2023], but only 327 households [as at 2021], suggesting 97 'empty properties', a rate of 22.9%. However, incompatibility of these dates and the expansion of the Trewhiddle development over this time period suggest that some of the empty properties in 2023 were not actually extant in 2021, such that the figure of 22.9% should be treated with caution.

1.42 Date for 2021 is also available analysing empty properties by type. This indicates that 20% of Pentewan village dwellings had no people in the household [i.e. were 'empty properties] See figure 7.

FIGURE 7: ACCOMMODATION TYPE BY HOUSEHOLD SIZE [SOURCE CENSUS 2021 TABLE RM002].						
	Pentewan Village			**London App**		
Accom type	**Total**	**0 people in household**	**%age**	**Total**	**0 people in household**	**%age**
Total	130	26	20.0%	167	18	10.8%
Whole house or bungalow	107	22	20.6%	122	8	6.6%
Whole house or bungalow: Detached	*40*	*5*	*12.5%*	*96*	*6*	*6.3%*
Whole house or bungalow: Semi-detached	*28*	*4*	*14.3%*	*24*	*2*	*8.3%*
Whole house or bungalow: Terraced	*39*	*13*	*33.3%*	*2*	*0*	*0.0%*
Flat, maisonette or apartment	22	3	13.6%	14	3	21.4%
A caravan or other mobile or temporary structure	1	1	100.0%	31	7	22.6%

1.43 Notably the highest percentage of dwellings with no people in the household are terraced properties, likely to be seen as classic 'Cornish coastal cottages' .

1.44 Another way assessing the number of second homes/holiday lets is the occupancy data for the local area (the number of residents per home); if occupancy levels are significantly below the Cornwall and England average that could indicate that more homes are not occupied permanently. For Pentewan settlements the data is as follows:

FIGURE 8: OCCUPANCY DATA. [SOURCE: CENSUS 2021 TABLE RM204, TS001]

Settlement	Homes	Residents	Rate
London Apprentice	168	302	1.8
Pentewan	129	201	1.6
Cornwall	285,534	562,448	2.0
England	24,927,591	55,504,302	2.2

1.45 This suggests that a significantly higher level of homes at both settlements are unoccupied than is typical.

1.46 In May and June 2020, during the first national Covid-19 lockdown, a project was undertaken to photograph the village of Pentewan and record its appearance during this exceptional period. Every property in the village was documented, and most residents, whether owners or tenants**,** were invited to be photographed outside their homes. Due to the restrictions in place at the time, few if any second homes or holiday lets were occupied, providing a rare opportunity to gain a clearer and more accurate picture of second home prevalence than is available from the 2021 Census. The survey recorded 106 homes within Pentewan village, of which 73 (68.9%) were occupied and 33 (31.1%) were unoccupied, these unoccupied dwellings being identified as likely second homes or holiday lets. On North Road, a street largely composed of terraced cottages, only 11 of the 25 properties (44%) were occupied, while 14 (56%) were unoccupied.

1.47 **So, in summary, it can be seen that:**

- **Between 25 to 33 dwellings at Pentewan Village are likely to be Second Homes [19.4% to 25.6% of all homes].**
- **North Road in Pentewan village, which comprises the core of 'Cornish coastal cottages', is a particular hotspot with 56% of properties likely being Second Homes.**
- **These properties are those that are most likely to be within the affordability range of local people if they were not affected by second home premiums.**
- **About 21 dwellings at London Apprentice are likely to be Second Homes [12.5% of all homes].**
- **Overall, the proportion of second homes/holiday lets is insufficient for a parish-wide principal residency policy to be included in the NDP.**
- **However, the proportion of second homes/holiday lets at Pentewan village justifies a principal residency policy for that settlement.**
- **Data suggests that there is a trend towards second homes at London Apprentice, and that this settlement should also be included in the principal residency policy in anticipation of increased interest over the NDP period [including potential displaced pressure from Pentewan village].**

Local Impacts of Second Homes.

1.48 **Impact on Local Services.** Pentewan Valley already has a low average 2021 household size of 2.09 compared to the Cornwall and SW Region averages of 2.27 and 2.29, which already puts it at a disadvantage in terms of the usually resident population available to support local services, retailing and business.

1.49 If the 25 unoccupied dwellings at Pentewan village (less 5.97% equivalent to the unoccupied rate in SW to allow for a reasonable 'churn' in occupation) were occupied at the Pentewan Valley average HH size this would add about 50 people to the usually resident population.

1.50 If the 21 unoccupied dwellings at London Apprentice (less 5.97% equivalent to the unoccupied rate in SW to allow for a reasonable 'churn' in occupation) were occupied at the Pentewan Valley average HH size this would add about 40 people to the usually resident population.

1.51 Put another way the unoccupied dwellings create a 'missing quotient' of support for local services, retailing and business equivalent to the absence of about 90 people.

1.52 **House Price Inflation.** During the period when the number of second homes has increased, house prices in Pentewan Valley have increased by an average of 546% whereas in Cornwall generally the increase was 440% and in England 383% (see Figure 9): there appears to be a correlation between increasing demand for second homes and local house price inflation.

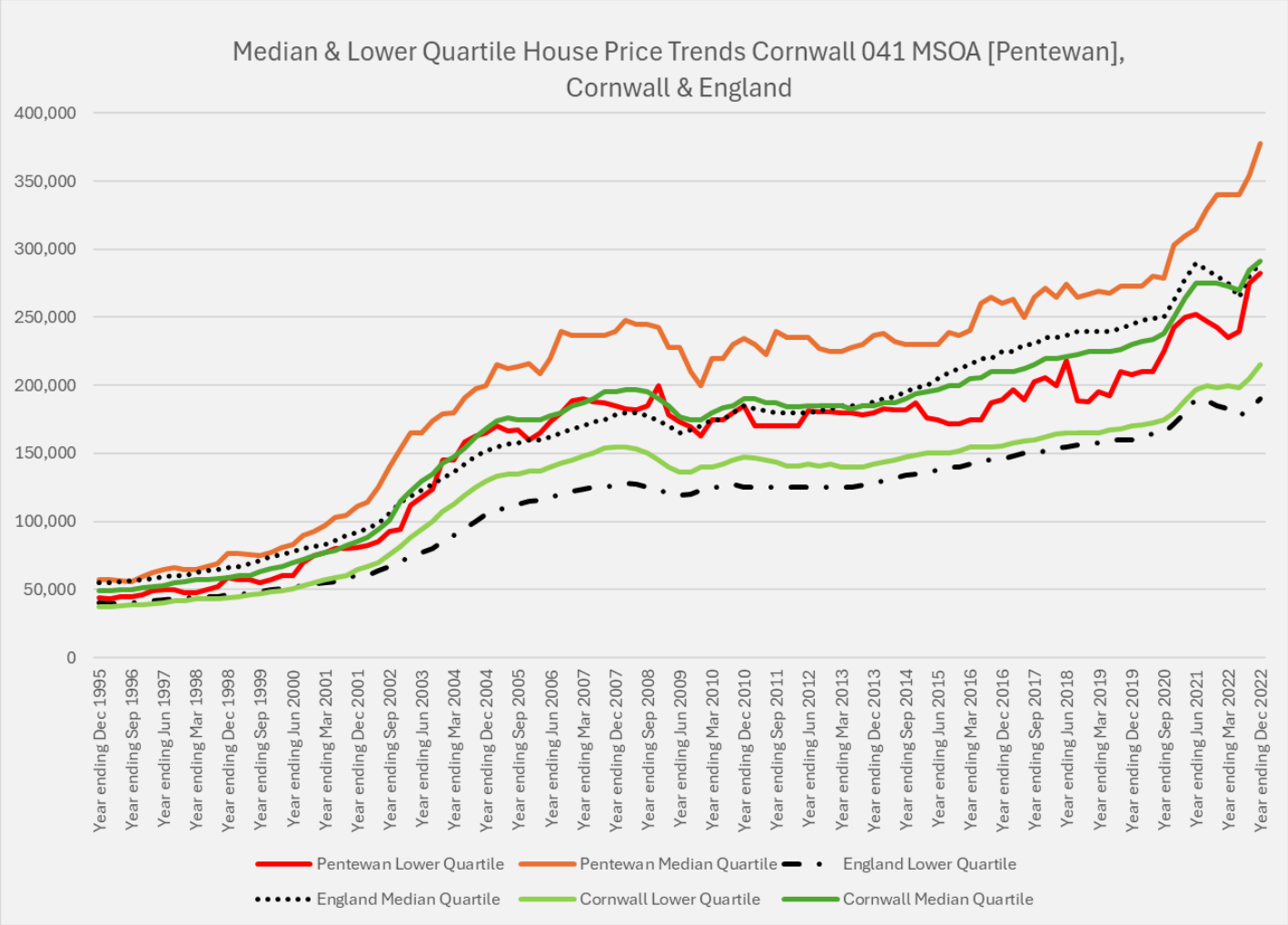
1.53 **Impact on Schools.** There are no local primary schools in the Parish.

FIGURE 9: CHANGE IN LOWER QUARTILE AND MEDIAN HOUSE PRICES OVER TIME FOR CORNWALL 041 (MSOA) Source: Land Registry UKHPI Browser. Available at https://landregistry.data.gov.uk/app/ukhpi; Home.co.uk Browser.

Area/Expression	Sep-95	Sep-01	%change	Sep-11	%change	Dec-21	%change	%change 95/21
Lower Quartile[1]	£43,750	£81,000	85%	£170,000	109.88%	£282,500	66.18%	546%
Median Quartile[2]	£57,000	£111,000	95%	£230,000	107.21%	£377,500	64.13%	562%
Cornwall/Median	£50,000	£82,500	65.0%	£187,000	126.7%	£270,000	44.4%	440.0%
England/Median	£56,500	£89,950	59.2%	£180,000	100.1%	£273,000	51.7%	383.2%

[1] Lower Quartile For a set of data, a number for which 25% of the data is less than that number.

[2] Median is the middle value in a data set



Summary Conclusions

- Second homes and holiday lets can have both positive and negative social, environmental and economic impacts
- Most perceive that the negative impacts can outweigh the benefits, especially where more than 20% of dwellings are second homes
- The most significant impact perceived is as a driver of house price inflation
- The growth in second homes is forecast to continue
- The majority of Pentewan Valley residents support the tourism industry, but far fewer support the provision of additional tourism accommodation
- Measures of second homes by Council Tax returns can be grossly inaccurate. The use of Census 2011 and 2021 unoccupied dwellings count as a surrogate is preferred.
- Overall up to 20% of dwellings in Pentewan may be second homes
- Between 25 to 33 dwellings at Pentewan Village are likely to be Second Homes [19.4% to 25.6% of all homes].
- North Road in Pentewan village, which comprises the core of 'Cornish coastal cottages', is a particular hotspot with 56% of properties being Second Homes.
- These properties are those that are most likely to be within the affordability range of local people if they were not affected by second home premiums.
- About 21 dwellings at London Apprentice are likely to be Second Homes [12.5% of all homes].
- The level of unoccupied dwellings creates a 'missing quotient' of about 90 people who might otherwise support local services in these small villages.
- House prices have increased in Pentewan Valley by 546% compared to 383 % in England
- There appears to be a correlation between increasing demand for second homes and local house price inflation.
- Local incomes lag increasingly behind house price inflation worsening the housing 'affordability gap'.
- A range of tools are available to tackle the growth and impacts of second homes, but many may flawed with drawbacks. The use of a Principal Residency Policy along with these other tools may be effective.
- Reports of 'unintended consequences' of principal residency policy are probably unfounded
- Enforcement difficulties may arise unless principal residency policy is based on a Section 106 agreement

Recommendations:

It is clear that the proportion of second homes and holiday lets can have social, environmental, and economic impacts. While the overall proportion of second homes within the Parish is not sufficient to justify a parish-wide principal residency policy in the NDP, the application of such a policy to the settlement area of Pentewan village, a recognised hotspot for second home ownership, is warranted. Evidence also indicates a growing trend of second home ownership in London Apprentice, suggesting that this settlement should be included in the principal residency policy to anticipate increased demand over the NDP period, including potential displacement from Pentewan village.

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