

2018

# Principal Residence Restriction



**MALBOROUGH** is a wonderful place to live and work – if you can afford a home, if you can find a reasonably paid job! We are a strong, self-reliant, living and working community on the South Devon coast, fortunate to live in a stunning local environment. However, as a rural community we cannot stand still; change is inevitable and the choices we make today will shape our future. Our Neighbourhood Plan supports proposals that address current and future housing need within the Plan period, providing housing in line with Malborough’s evidenced Housing Needs Survey, projected local growth and the SHDC Local Plan.

We want to retain our healthy and balanced population so the accommodation needs of the whole community, from single young people, to families, to the retired and the elderly must be provided for. This is in line with our Vision which states that *we will have a balanced demographic of young people, working families and the elderly and retired. THERE IS AN ASPIRATION THAT More than 90% of the housing stock will remain as permanent homes and these will be affordable, and accessible, to the local community (with reference to the average local wage).*

So how do we do this? How do we deliver new housing stock for LOCAL people (and those wishing to move into the area with Malborough as their primary residence), when we know that, here and on our borders, communities are being eroded by the influx of 2nd home owners?



In the main body of our Plan we provided detailed evidence of what is happening in neighbouring Parishes. Malborough is trying to pre-empt such scenarios. We are not seeking to exclude 2nd home owners - they are a valued part of the community and economy. However we do need to limit the new housing stock available to them so that we can bring sufficient properties on-stream to accommodate those in need of a principal residence and to safeguard the sustainability of our community. We also understand the parameters of the Planning System and its Framework and accept that any opinions/judgements made by the Examiner on our Plan have to be focused on the Parish of Malborough and not what is happening on our doorstep. This addendum therefore **RE-PRESENTS** some of our baseline evidence to demonstrate more clearly and focus on the impact that the growth in second homes is having on Malborough.

The Policy we are seeking to introduce reads: [Principal Residence Restriction](#):

- [New open market housing, excluding replacement dwellings, will only be supported where there is a restriction to ensure its occupancy as a Principal Residence. 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](#)
- [New unrestricted second homes will not be supported at any time and,](#)
- [Occupiers of homes with a Principal Residence condition will be required to keep proof that they are meeting the obligation or condition.](#)

In the Plan itself we showed how Salcombe, our principal neighbour, has changed as a community with the seemingly insatiable demand for 2<sup>nd</sup> homes. They are now fighting a rear-guard action

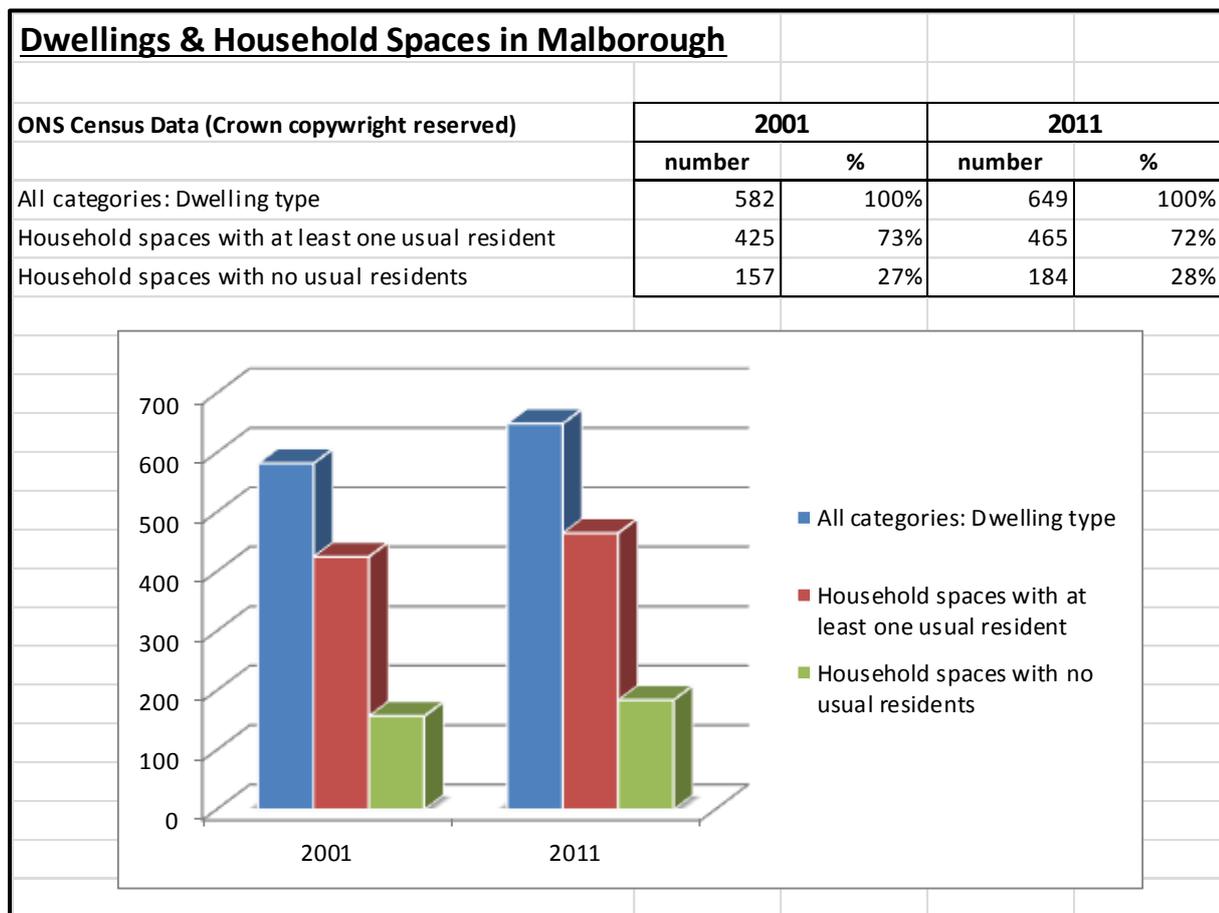
with property prices at levels unattainable to local buyers who are thus unable to get a foot on the property market or are prevented from trading up. Furthermore the character and the community itself has changed; Salcombe’s once thriving heart becomes a ghost town in winter when many shops remain closed and the holiday homes are unoccupied. Yet, in the summer months, the permanent population of two thousand people balloons to over 22,000. Please refer to pages 23-24 of the Plan to revisit this extreme.

**EVIDENCE:**

So what has actually happened in Malborough? And what do we think might happen if the Parish is unable to place at least some restriction on its new housing stock? The Plan itself evidences our need for affordable housing for local people and is not represented here. However in our Plan we believed that second homes accounted for c. 12% of our housing stock (data source; South Hams District Council).

**We need to revise this!**

**ONS DATA:** Through a different inquiry and using the latest presentation of the ONS 2011 data, as can be seen from the table below, **HOUSEHOLD SPACES WITH NO USUAL RESIDENT** were >28% in 2011 in Malborough. The 2001 census data is included as a comparison.



Please note that our Parish boundaries changed between the 1991 and 2001 census years and like for like comparisons back to 1991 are not possible. Since the 2011 census, a further 17 properties have been sold in the village that do not appear on the 2018 electoral roll. Although there have been some new builds since 2011, it is probable that the percentage of 2<sup>nd</sup> homes within the Parish now exceeds 30%.



## IMPACT:

1: **HOUSE SALES** Given this percentage is so different from the original figure (supplied by SHDC and thus included in our Plan) we have delved deeper into our existing evidence base to validate this higher percentage. We have undertaken a line by line inspection of all house sales within the Parish over the last 2 decades and compared these to the latest (2018) electoral role.

Between 1995 and 2018 there were 324 houses sold in Malborough (some resold up to 5 times so total sales were 594). 86 of these 324, 27%, do not appear on the 2018 electoral roll. Given that owners of 2<sup>nd</sup> homes can now choose where they wish to register their vote we believe this 27% is understated.

164 of these 324 properties were sold more than once. Taking the nominal year of 1997/8 as our baseline (and 20 years before this Neighbourhood Plan) sixty properties were sold in that inaugural year. The average sale value in 1997/8 was £62,512.

45 of these 60 properties were subsequently resold, at least once, in the twenty years to 2018, their average price rising by 254% to £221,554.

If the analysis is then confined to those first sold in 1997/8 and then resold in the last decade ie: since 2008, the average price increases by 356%.

There is no doubt therefore that the incidence of 2<sup>nd</sup> homes within our Parish is much higher than originally thought. Our Plan and this Policy is not only to make more housing available to local people but also to reduce the proportion of second homes and thus to safeguard the sustainability of the community.

So that is the hard data; other impacts on our community and its well-being are more difficult to assess and evidence. Without wishing to replicate all the surveys and work going on nationally w.r.t. 2<sup>nd</sup> homes and their impact, the influence of 2<sup>nd</sup> homes on a community is generally thought to be negative

*“We need a highly detailed appreciation of the impacts and attitudes surrounding this issue if we’re going to help planners and policymakers deliver solutions that meet the needs of their communities.”*

Jenny Barnett  
ESRC researcher

“...It’s when the ratio of properties is significant on a local scale that the effects of second home Ownership are likely to be felt most acutely,” says PhD researcher and ESRC CASE studentship award holder Jenny Barnett.<sup>1</sup>

A report<sup>2</sup> published in 2015 interviewed second home owners in Cornwall who, “could see possible negative impacts if entire communities were 'lost' to second home owners. There was also acknowledgement that second home ownership was at least in part responsible for rising property prices, and that this has resulted in difficulty for local people getting onto the property ladder.” A significant proportion of second homes can endanger the sustainability of local communities, add to a shortage of available housing (particularly of smaller units on the market) and raise house prices (Review of second home data, Cumbria Rural Housing Trust 2012<sup>3</sup>). Malborough is at 28-30+% where the evidence<sup>4</sup> shows the sustainability of the community is at risk.

*“We often hear opinions about the impact of second homes, but there’s little documented evidence that looks at the matter in detail.”*

**Andrew Austen**  
Lead Officer for Planning Policy,  
North Devon Council

However trying to obtain hard and non-subjective evidence about the impact on a small community remains problematic. Furthermore we have shown that this Parish does not stand still and has achieved a lot in recent years. By being pro-active and seeking to protect the balance and well-being of the Parish we have, ourselves, skewed emerging trend data. For example we brought forward an exception site within the village, building **100%** of affordable homes – 17 in total – on it and allocating **ALL** of the 17 properties to local families (in perpetuity). Great Park came on stream in 2014, allowing us to repatriate a number of local families and give others the chance to get on the property ladder. So our evidence base has a bias caused by our own positive action.

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<sup>1</sup> [https://www.exeter.ac.uk/media/universityofexeter/centreforsportleisureandtourism/pdf/londonshowcase/Jenny\\_Barnett.pdf](https://www.exeter.ac.uk/media/universityofexeter/centreforsportleisureandtourism/pdf/londonshowcase/Jenny_Barnett.pdf)

<sup>2</sup> [https://www.researchgate.net/publication/280311215\\_The\\_Reluctant\\_Tourist\\_An\\_exploration\\_of\\_second\\_home\\_owners%27\\_perceptions\\_of\\_their\\_impacts\\_on\\_North\\_Cornwall\\_UK](https://www.researchgate.net/publication/280311215_The_Reluctant_Tourist_An_exploration_of_second_home_owners%27_perceptions_of_their_impacts_on_North_Cornwall_UK)

<sup>3</sup> [http://www.lakedistrict.gov.uk/\\_data/assets/pdf\\_file/0005/410873/Review-of-second-home-data-and-assessment-of-effects-on-rural-communities.pdf](http://www.lakedistrict.gov.uk/_data/assets/pdf_file/0005/410873/Review-of-second-home-data-and-assessment-of-effects-on-rural-communities.pdf)

<sup>4</sup> <https://books.google.co.uk/books?id=aE83DAAAQBAJ&pg=PA42&lpg=PA42&dq=second+home+ownership+exceeds+20%25+of+the+housing+stock&source=bl&ots=JeZmu0H66T&sig=bcQpmK-XELca81sOig9G24CQFC4&hl=en&sa=X&ved=0ahUKewif3LO1w4DTAhWqDMAKHe4aDQcQ6AEIJTAC#v=onepage&q=second%20home%20ownership%20exceeds%2020%25%20of%20the%20housing%20stock&f=false>

## 2: UNRESTRICTED DEVELOPMENT

More open market housing built in Malborough results in more 2<sup>nd</sup> homes. 50% of the market houses on the last major development within Malborough are now holiday homes.

Sun Park is a holiday complex comprising 32 lodges in the Parish. These properties are not classified as dwellings/household spaces in the 2011 census – the development was strictly for holiday use. However new planning permissions have already increased the permitted occupancy to 11 months of the year – thus we have another 32 second homes in all but name. There are other similar examples.

The Port Light was a family run hotel on the edge above the Parish. It is now (2017) a complex of 11 luxury development holiday homes.

## 3: HOUSE PRICES & AFFORDABILITY

We have shown how house prices have increased and are now beyond the reach of most young families on an average wage.

Cumber Close, an estate of 168 properties, is seen as the most ‘affordable’ for locals from this and neighbouring Parishes. Whereas it used to attract the older clientele, young families have now been using the houses to get their feet on the property ladder. However these homes are now being targeted by the 2<sup>nd</sup> home owners who have been priced out of Salcombe, Hope Cove and Thurlestone. Not those looking at the 7 figure end of the property market but those wanting a bolthole in the South Hams.

45 of the 168 properties on Cumber are now holiday homes (27%). 24 properties in Cumber were sold in our base year of 1997/98. Their average value was £39,456. 21 homes on Cumber have been sold since 2016: their value now averages £158,071, a 301% increase!

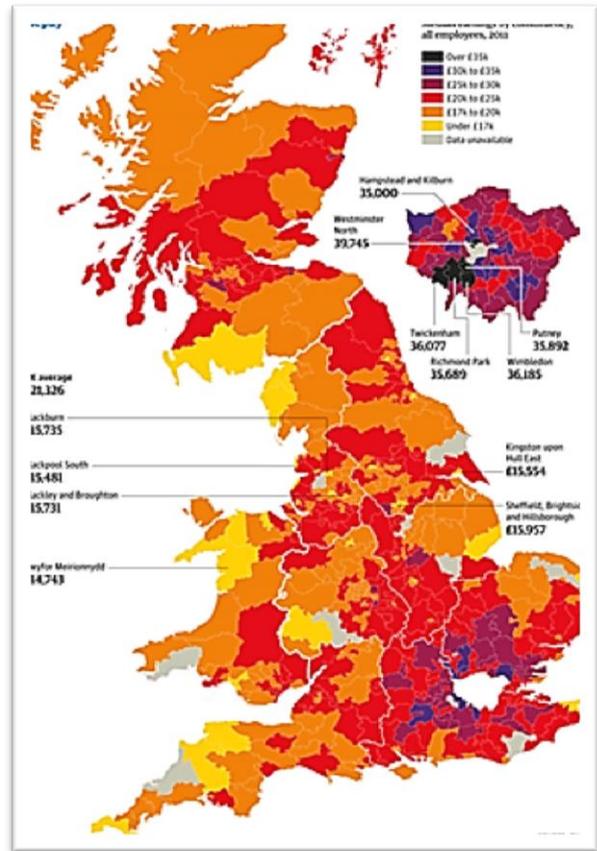
2<sup>nd</sup> homes are thus impacting on the availability and the affordability of the housing stock in the Parish and, critically, also removing properties that are sorely needed by local communities at the lower end of the market.

Average house prices across the UK have increased by 3.9 per cent in the year to April 2018. However the South West leads the regional rankings for the highest growth at 6.1%. (ref: <http://www.cityam.com/287486/house-prices-across-uk-have-changed-so-far-year>).

The average UK house price was £226,000 in August 2017. In Salcombe, according to Zoopla June 2018, the current average value is £639,523 (or £877,732 paid, on average for a detached property). In Malborough it is £277,955 so already 23% above the national average and climbing. Removing the large incidence of terraced and semi-detached properties eg: Cumber as above, the average value of a detached house in Malborough is now £432, 478.

The National average wage is £539 in the UK's towns and cities. In Plymouth, our nearest city, this is £467 (source: BBC news 2nd May 2018). Alternatively this 2011 diagram shows the average wages across the UK. Whichever way you look at it our wage earners in the Parish earn far less than the National average and yet face house prices on the doorstep comparable to London and, within the Parish itself, a property market where prices are being driven up by 2<sup>nd</sup> home owners and removed from local ownership.

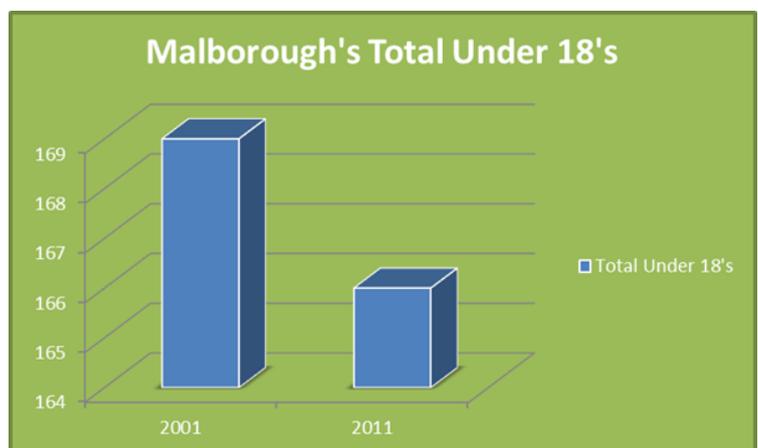
Key:



Furthermore, with a major development imminent (50 houses) the developer says that the prices of the homes would reflect those of other properties in the area. So, because second home owners are inflating the housing market, local property buyers in the Parish will need to pay a premium on these new builds. Our Plan addresses the need for affordable housing and our drive to achieve a 50:50 affordable v. market homes balance on new builds but this Principal Homes Restriction Policy is seen as key in delivering homes for local people at a price they can afford.

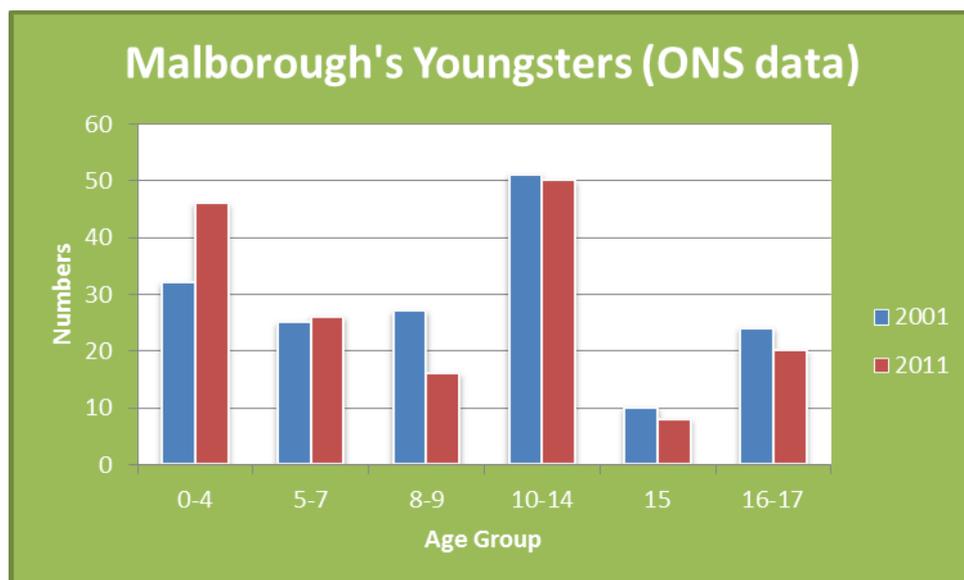
#### 4: OUR YOUNGSTERS

Malborough Primary School is actually Malborough with South Huish and takes youngsters from outside the catchment of the 2 parishes. It is currently near capacity as none of the section 106 monies associated with new builds is directed into primary school funding (DCC prioritise investment into secondary education). Together with the "Great Park" bias this means that it is very difficult to quantify any impact of the increasing number of 2<sup>nd</sup> homes on the school roll. The Census data suggests that we have succeeded, so far, in mitigating the impact.



However, the school itself advises that they have lost children due to the parents not being able to find affordable and/or long term housing. This has been attributed, by the school, to the increase in house prices due to a sector of the second home contingent being unable to buy in Salcombe/Hope Cove but able to buy at Malborough. They say that Malborough may not be inviting to the multi- millionaire second home owners of Salcombe but, for those a bit lower down the ladder, it's "very desirable".

The Cubs – an active institution with Malborough for > 25 years - have now disbanded through lack of numbers. Their last pack meeting was in 2015. The Brownies have met a similar fate.



The Youth Club, once the weekly night highlight for Malborough’s youngsters with > 30 regular attendees for each session, has closed through lack of interest. (Although we are pleased that a new group has now been set up in the Baptist Church numbers remain low at <10.)

Coaching sessions piloted for younger participants in netball, table tennis and tennis have not been taken up as attendance was too low to ensure viability.

## 5: CHANGING TIMES & COMMUNITY BALANCE

- Lifeboat and fire crews are struggling to find enough volunteers from the resident population. Young families have to move away, normally inland and a distance from the coast, to access affordable housing.
- In the ten years between the Censuses the percentage of over 60’s within the Parish has risen by more than 5%. The rising prices means that those who do move into the Parish and make it their permanent home are the more wealthy older demographic.
- 3 dairy herds have disbanded with knock on consequences for employment.
- Our 2<sup>nd</sup> village shop/local supermarket has had to close.
- The demand for allotments within the village has fallen off; where we once ran a waiting list, we now have vacant plots.

## IMPACT SUMMARY

By our efforts we are still sustainable but how long for? There is a limit as to what we can do without supportive Planning Policies.

**The balance of the village and the numbers of young families is down to our direct intervention over the years.** Not only was 100% of Great Park delivered as affordable housing for local rent but Malborough Park (a housing estate of 32 properties) was bought by Kingsbridge Rural District Council and sold cheaply to locals. We have been further helped by the Cumber Estate (168 homes) changing from a, predominantly, retirement settlement to more affordable housing for young families. However as we have shown above 45 of the 168 homes, 27%, on Cumber are now 2<sup>nd</sup> homes.

The second home clause is carrying on this theme to protect what we have achieved by these interventions. There is strong community support for this policy reflecting parishioners concerns about the impact of 2<sup>nd</sup> homes on the sustainability of their community. Our Questionnaire responses showed that the community likes and values what we have; that they do not want to see it spoilt or over-developed. They have told us that, if development has to happen, it needs to be of traditional design centred on the village with small **affordable** schemes or self- build. Whilst it is recognised that 2<sup>nd</sup> homes can bring work to the local area, employing trades and businesses, the pressure for both retirement homes and 2<sup>nd</sup> homes has helped push up house prices significantly. Prices are far in excess of the national average already yet earnings are at the lower end of the scale. Currently between c. 30% of homes in this Parish are already 2<sup>nd</sup> homes compared to a 14% average across the South Hams as a whole.

We believe case law now exists such that a principal residence requirement on new open market housing is legally enforceable where it can be shown that further development without the restriction would be unsustainable and such a requirement would contribute towards sustainability. 2<sup>nd</sup> homes do not support the year round vitality of our community and therefore do not contribute to sustainable development (please see our earlier reference to the on-going socio-economic studies by the University of Exeter).

The imposition of a principal occupancy restriction is undoubtedly a necessary and proportionate response to a local issue, which has recently been recognised at national and district level. Due to the high gap between earnings and house prices, compounded by the high demand for second homes, South Hams and West Devon have been awarded almost £2m of the Community Housing Fund, with further funding anticipated. It is anticipated that the parish would stand to benefit from this funding in the form of Community-Led Housing should such a project come forward

This Plan therefore supports a requirement to restrict the uncontrolled growth and adverse impact of additional 2<sup>nd</sup> homes on the basis that it considers this is necessary for the economic and social

wellbeing of the community. Any argument that such a restriction would depress the value of market housing to the extent that it would become commercially unattractive and not deliver any affordable housing, cannot be sustained in Malborough because of its location in the South Devon AONB, Heritage Coast and Undeveloped Coast where there are national and local policies restricting development.

## RELEVANT HIGHER LEVEL POLICIES AND MATERIAL CONSIDERATIONS

LDF Policies: CS1, CS7-CS9, DP1-DP4, DP7, DP15-DP16

NPPF: para 55

Emerging JLP: SPT11, TTV31 & DEV31

South Devon AONB MP: Plan/P1 & Plan/P2

We started by saying that **MALBOROUGH** is a wonderful place to live and work – if you can afford a home, if you can find a reasonably paid job! Malborough remains wonderful BUT we need this Principal Residence Restriction Policy to maintain our community – as we have fought so hard to do over the years.

Malborough's Neighbourhood Planning Forum

c/o Malborough Parish Council

email: [MalboroughParishCouncil](mailto:MalboroughParishCouncil)

website: <http://www.malboroughvillage.org.uk/>



©

June 18<sup>th</sup> 2018

ADDENDUM TO OUR NEIGHBOURHOOD PLAN

(published and available online at <http://www.malboroughvillage.org.uk/>)