

Reviewing the Plan for Purbeck's future

Purbeck Local Plan Review
Second Homes Background Paper, November 2017



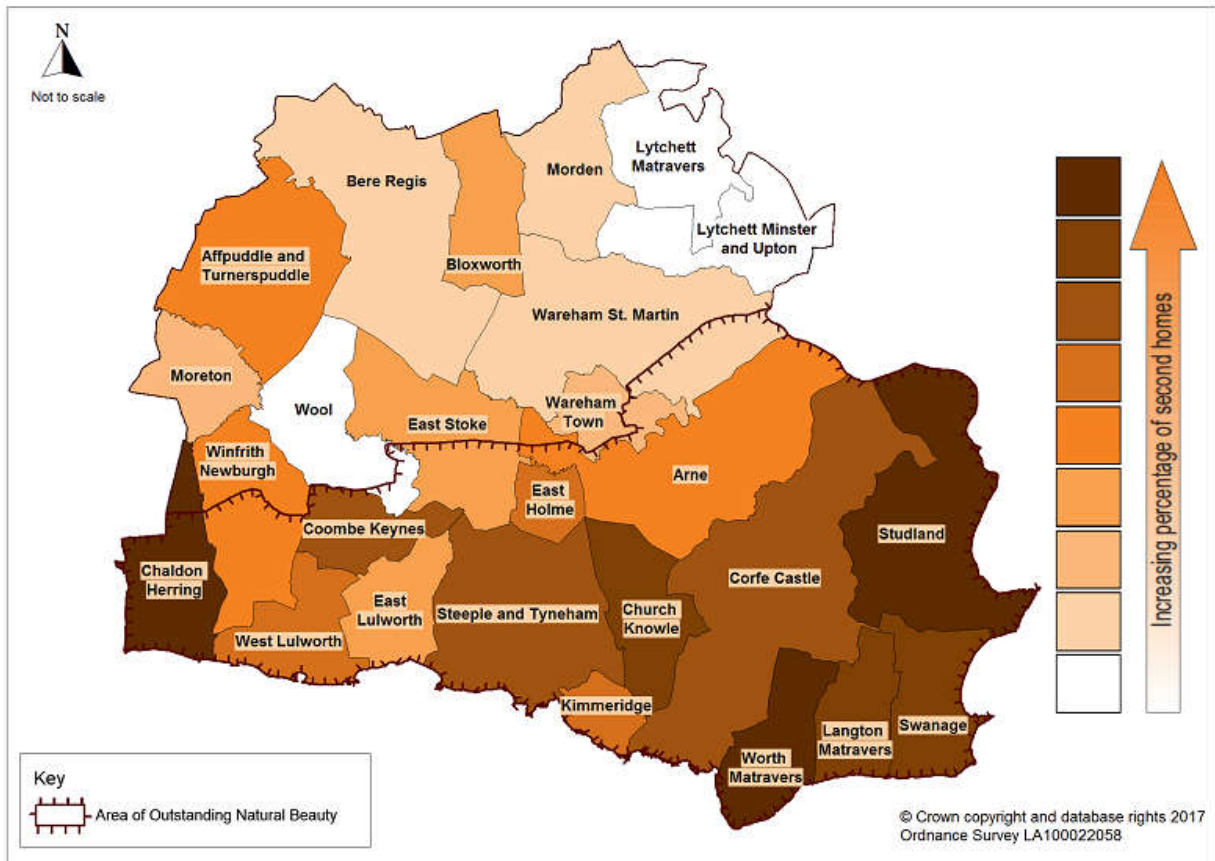
Thriving communities in balance
with the natural environment

Executive summary

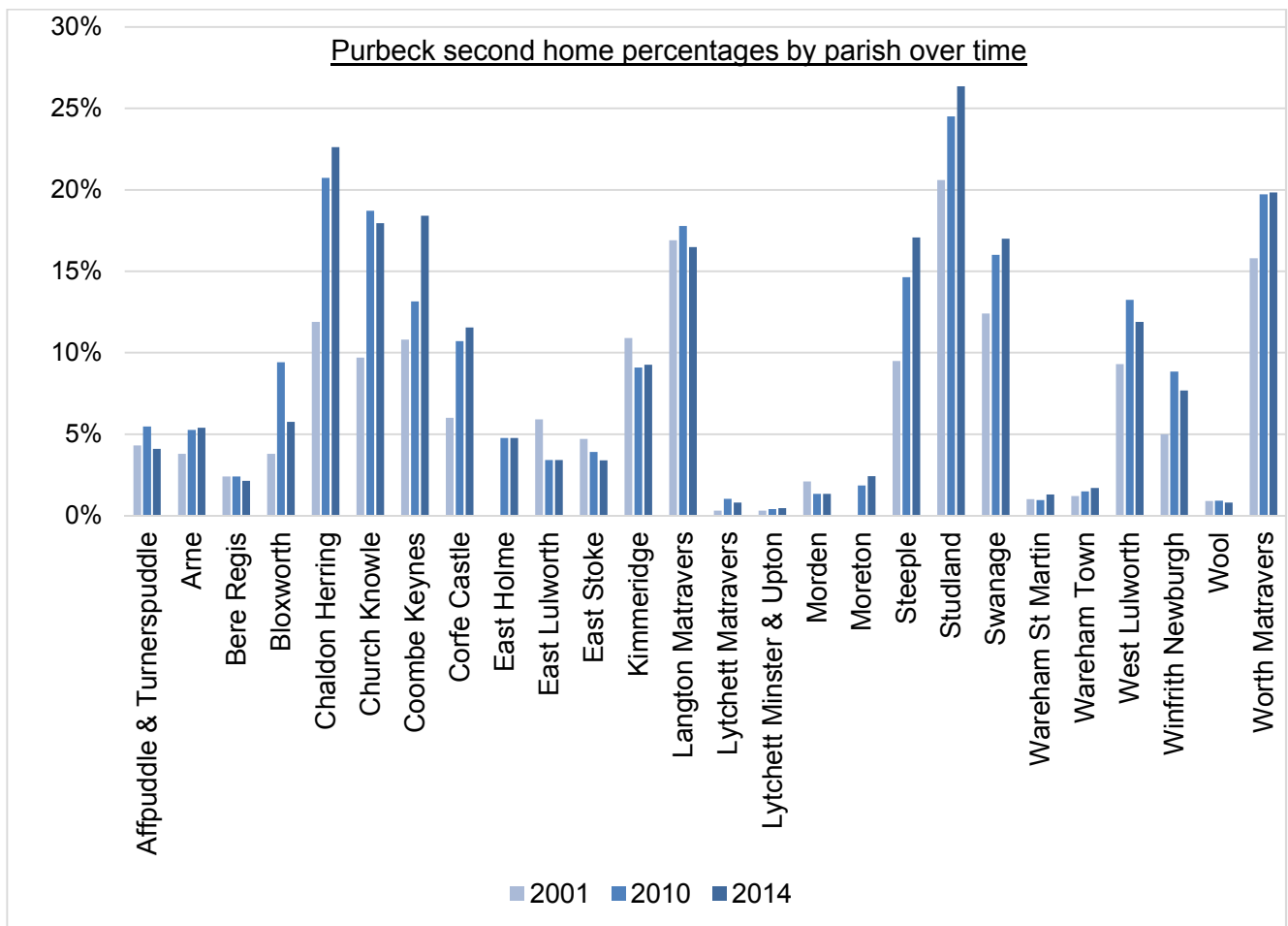
The planning system cannot influence the occupancy of existing homes that already have planning permission. Therefore, this paper focusses on investigating the possibility for a local plan policy to restrict new dwellings being used as second homes in Purbeck. Planning policies to restrict second homeownership are a relatively recent occurrence, with only a handful of examples to draw upon. A review of these policies and the evidence behind them has shown that introducing a policy is by no means simple. Not only does a policy need to be underpinned by evidence, but its potential unintended consequences also need careful consideration.

Section 1 of this paper takes a comprehensive look at whether or not introducing a policy would be possible in Purbeck, by looking at other councils' approaches and considering legal advice. It concludes that a policy would be possible in principle, provided there is the necessary evidence to support it; the potential unintended consequences are considered; and that the Council has taken into account reasonable alternatives.

This leads to section 2 analysing the evidence by setting out a picture of the levels of second homeownership in Purbeck, concluding that second homeownership affects different parts of the district to differing degrees, but with a general trend for higher proportions in the AONB and attractive villages across the district. Indeed, around 1,625 (91%) of the 1,792 second homes estimated to be in the district are in the AONB. The proportions in the AONB are almost entirely above the national and regional levels, with parts of the district around the coast experiencing the most. The map below shows the spread of second homes across Purbeck, with the lighter shades representing smaller proportions than the darker shades.



This paper then looks at the effects second homes have on local housing stock, with evidence showing that across most of the district, housing stock has risen but resident population has fallen. This indicates that second homes are becoming more prolific and they are using up local housing stock. The graph below shows how levels of second homeownership have changed by parish over time.



Effects on affordability prove difficult to gauge because affordability is influenced by many factors. However, following the logic of price elasticity theory, if demand for homes is high and supply is reduced in part because of second homes, prices will rise. Affordability is linked to people having to leave their areas, but again, it is difficult to measure the extent to which this is caused by second homes because there are many reasons why someone might leave their area. But given the link between second homes and affordability, it is certainly plausible that they could be part of the problem. Qualitative data gathered through Local Plan Review consultations and surveys undertaken as part of this paper suggest that second homes do lead to an overall positive, albeit minor, economic effect. However, this does not outweigh the clear steer from the other findings regarding the extent of second homeownership and the social problems it can be linked to.

Section 3 examines the potential unintended consequences a restrictive policy might cause. It concludes that a new policy would not cause any adverse ramifications in terms of affordability of existing, unrestricted stock or the sales prices of new, restricted stock; displacing second homeownership; enforceability; or being unduly restrictive. Having regard to the latter, this was looked at particularly in respect of saleability and mortgageability; development viability (affordable housing and CIL contributions); maintaining a five-year housing supply / meeting objectively assessed housing needs; and inheritance, buy-to-let and the Right to Buy of restricted properties.

The conclusions of sections 1-3 show that a new policy should be possible and draft Policy PRH (Principal Residence Housing) is proposed:

Draft Policy PRH: Principal Residence Housing

Owing to the impact on the local housing market of the continued uncontrolled growth of dwellings used for holiday accommodation (as second or holiday homes) new C3 dwellings in the AONB, including changes of use to residential but excluding replacement dwellings, will only be supported where there is a restriction to ensure that such dwellings are occupied by an individual as their only or principal residence. This means that the dwelling is where the occupier spends all of their time save for any temporary absence by the occupier that is not sufficiently continuous or lengthy or combined with other circumstances to give rise to the inference that the occupier has ceased to occupy the dwelling as their only or principal residence. All market housing delivered on rural exception sites across the district will have the same restriction.

The restriction will be imposed through a planning condition or under the terms of a planning obligation.

The condition or obligation will require that new C3 dwellings to which this policy applies are occupied solely as the only or principal residence of those persons entitled to occupy them. Occupiers of such dwellings will be required to keep proof that they are meeting the obligation or condition, and be obliged to provide this proof if/when Purbeck District Council requests it. Proof of Principal Residence is via verifiable evidence which could include, for example (but not limited to) occupiers being registered on the local electoral register and being registered for and using local services (such as healthcare, schools, etc.).

The plan-making process requires that other reasonable alternatives be explored when producing a policy. A range of alternatives has been considered, but none was found to be more appropriate to address the identified issues than the draft proposed Policy PRH. This paper also looks at the policy in terms of the NPPF's tests of soundness and concludes that it would be sound.

Therefore, this paper recommends that the potential policy should be considered by the Council, along with a model planning condition and informative note to attach to any potential planning permission affected by the policy. The policy should be monitored over time.

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List of acronyms

AONB – Area of Outstanding Natural Beauty

CML – Council of Mortgage Lenders

ENPA – Exmoor National Park Authority

NPPF – National Planning Policy Framework

PLP1 – Purbeck Local Plan Part 1

PPG – Planning Practice Guidance

SHLAA – Strategic Housing Land Availability Assessment

SHMA – Strategic Housing Market Assessment

Introduction

1. The Council is undertaking a local plan review. During the 2015 issues and options stage of the local plan review, respondents highlighted the need for the Council to look further at the issue of second homeownership in Purbeck and investigate if it can be restricted. The planning system cannot influence the occupancy of existing properties, but in recent years, some planning policies have been introduced (mainly through neighbourhood plans) that restrict the occupancy of new-build homes and converted buildings to 'principal residences'.
2. At the 2016 options stage of the local plan review, the Council included in the consultation material a section on second homes. This asked respondents to list any positive and negative impacts of second homes and provide any relevant evidence. The consultation report¹ concludes that in-depth investigation is required in order to inform a recommendation to the Council on whether or not a restrictive local plan policy could be introduced in Purbeck. The purpose of this background paper is to carry out the necessary investigations and make recommendations for the Local Plan Review.
3. There is no official planning definition of a second home, but the Government's English Housing Survey² does provide a logical definition, which the Council believes is an appropriate starting point for the purposes of this paper:

'A 'second home' is defined as a privately-owned habitable accommodation that is not occupied by anyone as their main residence. It may be occupied occasionally, for example as a holiday home or when working away from the household's main home.

There are some instances where more than one property is owned or rented by a household, but the additional property/properties are not considered to be second homes:

- if a property is occupied by anyone as their main residence it is not a second home [i.e. if someone is renting from a landlord]
 - a property that the household plans to sell in the near future, or a recently bought property that they haven't moved into yet, is not regarded as a second home
 - a property that is occupied by a student son/daughter as accommodation while at college/university.'
4. It is worth noting that above definition is silent in terms of properties that are let for holiday accommodation. This aspect is discussed in this paper (see, for example, the summary of section 1). Second homes also do not include long-term empty homes. Council tax records count such properties separately and the Council's housing strategy³ already includes targets for bringing them back into use. Therefore, long-term empty homes are not addressed in this paper.

¹ https://www.dorsetforyou.gov.uk/media/219173/Partial-Review-Options-Consultation-Report-January-2017/pdf/1_FINAL-REPORT.pdf

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6719/2075342.pdf

³ https://www.dorsetforyou.gov.uk/media/183343/Adopted-Housing-Strategy/pdf/Adopted_housing_strategy_-_published_April_2013.pdf

5. This paper sets out the local context in terms of the level of second homeownership in Purbeck and its impacts, as well as assessing the extent to which a planning policy can address the issue. This is achieved through the following analysis:

Section 1: context

- National planning policy and guidance;
- Successful attempts to restrict ownership through the planning system;
- Planning Advisory Service advice; and
- Local Plan Review Advisory Group legal advice.

Section 2: evidence

- Setting out an accurate picture of second homeownership in Purbeck;
- Investigate whether second homes are reducing local housing stock by showing a correlation between changes in housing stock, compared with resident population changes;
- Consider if second homes affect affordability;
- Ascertain if local households are being driven out of their areas as a result of second homes; and
- Investigate economic impacts on spending and local services.

Section 3: potential unintended consequences of a restrictive policy

- Effects on the affordability of the existing housing stock;
- Spatial approach: displacing the problem;
- Enforceability;
- Would a policy be unduly restrictive?; and
- Other factors to be aware of

Section 4: reasonable alternatives

Potential policy

- Sustainability appraisal

Overall conclusions

- Recommendations for the Local Plan Review.

Section 1: context

6. This section provides context in terms of the key factors that would need to underpin any planning policy. To do so, it looks at national planning policy and legislation, as well as successful planning policies and case law.

National planning policy and guidance

7. Local plans and neighbourhood plans have to be in general conformity with the National Planning Policy Framework (NPPF)⁴ and its associated Planning Practice Guidance (PPG)⁵. These set out the Government's planning policies for England and how they are expected to be applied. Neither of them includes any direct reference to primary and secondary residences and the ability for plans to restrict second homeownership.
8. The only national reference that does exist is in the English National Parks and Broads UK Government Vision and Circular 2010⁶. At paragraph 78, it says 'the Government recognises that the Parks are not suitable locations for unrestricted housing'. This has led to the interpretation by some National Park authorities⁷ that there are planning grounds in their areas to restrict ownership to local occupancy.
9. Purbeck is not a National Park and therefore cannot restrict second homeownership on the basis of Defra's circular. However, the 'golden thread' running through the NPPF is the 'presumption in favour of sustainable development'. For plan-making this means:
- local planning authorities should positively seek opportunities to meet the development needs of their area;
 - Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless: any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole or specific policies in this Framework indicate development should be restricted⁸.
10. The NPPF quotes Resolution 42/187 of the United Nations General Assembly, which defined sustainable development as meeting the needs of the present without compromising the ability of future generations to meet their own needs. The NPPF goes on to clarify that sustainable development will include, amongst other things, ensuring a strong, healthy and just society; and achieving a sustainable economy.
11. Moreover, there is a legal obligation on plans to deliver sustainable development:

⁴ <https://www.gov.uk/guidance/national-planning-policy-framework>

⁵ <https://www.gov.uk/government/collections/planning-practice-guidance>

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221086/pb13387-vision-circular2010.pdf

⁷ For example North York Moors: <http://www.northyorkmoors.org.uk/planning/framework/housing-policies>

⁸ NPPF para 14

*'Any person or body [engaged in the preparation of Local Development Documents] must exercise the function with the objective of contributing to the achievement of sustainable development.'*⁹

12. It follows that plan makers can consider a policy that restricts second homeownership, provided it would contribute towards the achievement of sustainable development. In Purbeck District Council's case, this would be through a local plan; whereas in a town or parish council's case, it would be through a neighbourhood plan.

Local plan tests

13. The NPPF contains strict tests of soundness for any local plan policy, which would need to be met:
- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements... and consistent with achieving sustainable development;
 - Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
 - Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
 - Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

Neighbourhood plan tests

14. Rather than the tests of soundness that a local plan has to pass, a neighbourhood plan has to pass a 'basic conditions' test:
- Having regard to national policies and advice contained in guidance issued by the Secretary of State it is appropriate to make the neighbourhood plan.
 - The making of the neighbourhood plan contributes to the achievement of sustainable development.
 - The making of the neighbourhood plan is in general conformity with the strategic policies contained in the development plan for the area of the authority (or any part of that area).
 - The making of the neighbourhood plan does not breach, and is otherwise compatible with, EU obligations.
 - Prescribed conditions are met in relation to the plan and prescribed matters have been complied with in connection with the proposal for the neighbourhood plan¹⁰.

⁹ Section 39(2) of the Planning and Compulsory Purchase Act 2004

¹⁰ N.B. this relates to environmental considerations

Local and neighbourhood plan tests: key differences

15. During the 2016 Local Plan Review options consultation, agents and the Homebuilders' Federation raised concerns that the tests of soundness and basic conditions are different tests. As such, the success of a restrictive policy in a neighbourhood plan does not automatically indicate that a local plan policy would be successful too. The Council set out some of the key differences in a paper presented to the former Purbeck Local Plan Review Advisory Group¹¹. This highlighted that the basic conditions a neighbourhood plan must satisfy do allow a more flexible approach, compared with a local plan's tests of soundness. Basic conditions provide scope for interpretation and discretion – as the PPG says, the basic conditions allow qualifying bodies, the independent examiner and local planning authority to reach a view in those cases where different parts of national policy need to be balanced.
16. The tests of soundness and basic conditions do, however, have a common theme: the contribution towards the achievement of sustainable development. It was on this basis that the examiner of the St Ives Neighbourhood Plan (see discussion below) recommended a policy to restrict second homeownership could proceed.
17. However, the key difference is that a local plan needs to do everything it can to meet objectively assessed needs in full; whereas a neighbourhood plan is only required to be in general conformity with the local plan. This means a neighbourhood plan can go above and beyond the development needs of a local plan and identify higher housing growth, for example. The fact that the local plan needs to seek to meet objectively assessed needs does put into question whether or not a restrictive housing policy would achieve this test of soundness. This issue is looked at in more detail in part 3 of this paper.

Housing White Paper (2017)

18. The 2017 Housing White Paper¹² does not show any indication that the Government wishes to restrict second homeownership. Although it discusses the lack of housing supply and affordability of homes generally, and that the Government wishes to support 'areas most affected by second homes'¹³, it says at section 4.2 that the lack of affordability:

 'makes it a rational choice for many people to keep their money in bricks and mortar; either buying a second home, or maintaining a bigger home than they need, particularly as they grow older. However, the additional demand for housing as an investment product pushes up prices further.'
19. This is an important indication that the Government does acknowledge that second homeownership can push local house prices up. But the Government's stance is also

¹¹ https://www.dorsetforyou.gov.uk/media/220267/Second-homes-and-St-Ives/pdf/Second_homes_and_St_Ives.pdf

¹²

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590463/Fixing_our_broken_housing_market_-_accessible_version.pdf

¹³ Executive summary, step 4

clear: buying a second home is a rational choice somebody is free to make. This is confirmed elsewhere by the Government:

‘The government believes it is right that people should be free to purchase a second home or invest in a buy-to-let property.’¹⁴

20. It might seem contradictory that on the one hand the Government recognises how second homes can cause problems for communities, yet on the other does not seek to limit them. Instead, the Government is advocating building more affordable housing for first-time buyers in order to compensate. This is through a new annual fund that can be allocated to community-led groups (i.e. not district council-led initiatives) with high levels of second homeownership in their communities¹⁵. One of the district councils that is eligible for this funding is Purbeck and the Council is committed to working with any local community group looking to secure some of the available funding to deliver affordable housing.
21. Given that the Government has not indicated that it would wish to limit the supply of housing that could be used as a second home, this does put into question whether a district council could introduce a restrictive planning policy. The Council does not believe this Government statement would prevent the adoption of a restrictive policy. This is because any new policy could only apply to new-build properties and there would still remain unrestricted properties that could be purchased as second homes.

Successful attempts to restrict ownership through the planning system

Lynton and Lynmouth Neighbourhood Plan (2013)

22. As set out above, National Parks benefit from a government circular that recognises that the Parks are not suitable locations for unrestricted housing. This gave the Lynton and Lynmouth Neighbourhood Plan¹⁶ (2013), which covers a National Park area, a clear justification for its policy H3. This policy states its support for principal residence housing and that:

‘Open market housing without a restriction to ensure its occupation as a principal residence is not supported’.

23. The pre-amble to the policy clarifies that the reasoning behind the policy includes meeting the housing needs of local people; bringing about a greater balance and mix to the housing market; create new opportunities for people to live and work in the locality; and strengthen the community and economy. The preamble goes on to say that where a principal residence home ceases to be used as such, e.g. through being used as a second home, the dwelling should be offered for sale or rent as affordable housing.

¹⁴ <https://www.gov.uk/government/consultations/consultation-on-higher-rates-of-stamp-duty-land-tax-sdlt-on-purchases-of-additional-residential-properties/higher-rates-of-stamp-duty-land-tax-sdlt-on-purchases-of-additional-residential-properties> section 1.3

¹⁵ <https://www.gov.uk/government/news/60-million-boost-for-communities-affected-by-second-homeownership>

¹⁶ <http://www.exmoor-nationalpark.gov.uk/planning/planning-policy/neighbourhood-plans?a=335395>

Examiner's report

24. The examiner's report¹⁷ looks in detail at the policy on page 7. The examiner notes the potential for conflict with human rights legislation in respect of the right to the peaceful enjoyment of a home. However, he concludes that the policy would not conflict with the legislation (although he does not discuss why). His second key concern was potential problems with enforcing the policy, but he concluded that incidences of enforcing housing policies elsewhere in the National Park have been rare and were dealt with case by case, without undermining policy.

London Borough of Islington – Preventing Wasted Housing Supply SPD (2015)

25. The London Borough of Islington is an area where development pressure is high; sites are scarce and around 70% of some developments are purchased by international investors and left empty. The Borough has produced a supplementary planning document¹⁸ (SPD) to try to restrict the purchase of new residential dwellings for speculative investment purposes only, leaving the home vacant.
26. The SPD cites national policy as justification, as paragraph 47 of the NPPF says that councils need to meet their full objectively assessed needs for market and affordable housing. Allowing homes to sit empty is not helping the Council to achieve this.
27. The purpose of the SPD is not to restrict second homeownership *per se*, as it is only concerned with unoccupied homes. Therefore, it is not directly related to Purbeck District Council's investigations in this background paper. But there is a clear parallel set out at paragraph 3.5 of the SPD, where it talks about the urgent need for housing and how it is 'imperative that there is no "wasted supply" caused by newly delivered dwellings not forming part of the pool of housing supply'.
28. The SPD creates an element of control by ensuring developers enter into a Section 106 legal agreement to make sure developments of 20 homes or more are occupied. The terms of the agreement include:
- Dwellings shall be fully furnished and equipped for use as a home.
 - Dwellings shall not be left unoccupied or unused as a dwelling house for any continuous period of 3 consecutive months or more.
 - In any period of 3 consecutive months the dwelling shall be occupied for at least 14 days.
 - The owner shall provide reasonable evidence of the above on request from the council.
 - The freehold owner and/or head leasehold owner shall include the obligations in any lease / sublease of an individual dwelling.

¹⁷ http://www.exmoor-nationalpark.gov.uk/_data/assets/pdf_file/0003/373800/Lyn-Plan-PDF.pdf

¹⁸ <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicconsultation/20152016/20150921preventingwastedhousingsupplyspdadoptedjuly2015.pdf>

- The freehold owner and/or head leasehold owner shall include details of the obligations in any sales or marketing material.
 - The freehold owner and/ or head leasehold owner shall provide the council on request with such information as it shall reasonably require in respect of the obligations.
29. It is important to note that an SPD is guidance and not policy. Therefore, it has not been through the rigorous process of examination and had its deliverability tested. Other councils, such as the Royal Borough of Kensington and Chelsea¹⁹, have noted that the SPD may be open to legal challenge and would require significant resources to enforce.
30. Officers have contacted the London Borough of Islington, who advised that the SPD has proven successful on a council-owned site and one other that is not council owned. A developer from a third site is currently taking the council through a public inquiry²⁰, refusing to sign the Section 106 agreement. The developer is claiming that development finance would not be forthcoming with such a 'restrictive' obligation; and that mortgage finance would be unavailable for homes subject to the obligation. The Council says it is supported by the Council of Mortgage Lenders (CML), which says that lenders would require occupation as a condition of lending anyway.
31. However, the CML has raised concerns over the risk of someone defaulting on their mortgage and the lender being encumbered in re-selling the property. From now on, Islington Council will insert an additional clause into Section 106 agreements, saying that the restrictive occupancy clause will no longer apply after three months in a case where a lender repossesses a property.
32. When asked about enforcement issues, officers at Islington advised that the Council does not have the resources to monitor every property. However, councillors and the public are vigilant and any reported breaches of planning control are investigated by the Council.

Wirksworth Neighbourhood Plan (2015)

33. Wirksworth falls under the jurisdiction of Derbyshire Dales District Council, but the plan area is not within the Peak District National Park. As such, it appears that this was the first adopted planning policy outside of a National Park area that restricts second homes. The relevant policy is NP5²¹:

'Principal Residence Homes

Planning permission for new dwellings will be subject to a restriction to ensure their occupation only as principal residence homes.'

¹⁹ 'Buy to leave – lines of enquiry and policy options' Housing and Property Scrutiny Committee, 9th July 2015

²⁰ Appeal reference [APP/V5570/W/16/3151698](http://www.derbyshiredales.gov.uk/images/documents/W/WIRKSWORTH_NEIGHBOURHOOD_PLAN_FINAL_24_June_2015.pdf)

²¹

http://www.derbyshiredales.gov.uk/images/documents/W/WIRKSWORTH_NEIGHBOURHOOD_PLAN_FINAL_24_June_2015.pdf

34. Justification for the policy includes the plan area average of 4-5% second homes, with pockets amongst the town where the proportion is greater. The preamble to the policy concedes that second homes to some extent do help the local economy through second homeowners' spending in the shops and on local attractions. However, principal residents are a more reliable economic resource and are more likely to play a part in the life in the community and help maintain the shops and services which depend on a resident population. Therefore, restricting second homes would help achieve the plan's aims to have a sustained, varied and vibrant community that uses local shops and community facilities throughout the year.

Examiner's report

35. The examiner's report²² notes the 'relatively experimental nature of such policies', which may explain why it is not given particularly in-depth consideration in the report. It does not refer to the same concerns as the Lynton and Lynmouth or St Ives examiners (see below) over enforcement and compliance with human rights legislation, but the examiner appears to accept that planning conditions would be an appropriate mechanism to apply the policy to planning permissions.

St Ives Neighbourhood Plan (2016)

36. The St Ives Neighbourhood Plan²³ looks to restrict the ownership of new properties to principal residences. It does this through Policy H2:

'H2 Principal Residence Requirement

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

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

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

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

²² http://www.derbyshiredales.gov.uk/images/documents/W/Wirksworth_Neighbourhood_Plan_-_Examiners_Report.pdf

²³ <https://stivesnplan.wordpress.com/>

being registered on the local electoral register and being registered for and attending local services (such as healthcare, schools etc).'

37. Policy H2 is preceded by its justification. This says that the policy's aims are to meet the housing needs of local people; bring greater balance and mixture to the local housing market; and create new opportunities for people to live and work in St Ives. The result is to strengthen the community and the local economy. It goes on to clarify that the policy applies to new housing which has to be used as the principal residence of the household living in it, but does not have the price controls that affordable housing does, nor any local connection requirement.
38. By way of background, the plan cites that in 2011, 25% of homes in the plan area were not occupied by a resident household. This is a 67% increase from 2001. Over this same period, housing stock in St Ives grew by 16%, but the resident population grew by only 2.4% and the household population by 6%.
39. The plan goes on to cite a University of Exeter study²⁴, which says that the socio-economic effects of such a high proportion of holiday properties are largely negative. This study is further quoted in the plan's evidence base²⁵. The study was prompted further to a report into the housing market on the northern peninsula of the South West (running from North Cornwall, across North Devon and into West Somerset). North Devon Council noted the rising number of second homes and so commissioned the University of Exeter study. The study concluded that 'it is 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'. Interestingly, it also said that 'although a causal relationship cannot be inferred, the correlation between... mean average property price and proportion of second homes is sufficient to be statistically significant.'

Examiner's report

40. The examiner's report²⁶ looks at Policy H2 in detail on page 29, where she recommended changes in order for the policy to meet the basic conditions. She raised concerns over how the policy could meet two of the basic conditions tests. The first is compliance with national policy's requirements to deliver a wide choice of quality homes and deliver sustainable development. The second, in common with the Lynton and Lynmouth examiner, was how the policy would meet the requirements of European legislation. She does not state which requirements of European legislation she was referring to, but a legal challenge (see below) claimed that the plan breached Article 8 of the European Convention on Human Rights: right to a private life.
41. The examiner also said she had considered the potential for unforeseen consequences on the local housing market and the future delivery of affordable housing, as highlighted in the Cornwall Council Affordable Housing Team's response²⁷ to the policy. The Team had raised several concerns. The first was that homes designated as principal residence would see new homes fettered by such a policy being commercially

²⁴ *A Place in the Country: the cost of Second Homes*. Exeter University and Economic and Social Research Council (ESRC), Ongoing research

²⁵ <https://stivesnplan.files.wordpress.com/2013/08/evidence-base.pdf>

²⁶ <https://stivesnplan.files.wordpress.com/2013/08/final-independent-examiners-report-on-the-st.pdf>

²⁷ <https://stivesnplan.files.wordpress.com/2014/11/website-version-statutory-consultee-responses.pdf>

unattractive, and difficult to mortgage. Whilst this would almost certainly suppress values and might be seen locally as advantageous, a possibly undesired impact would see the values of existing open market and holiday homes increase because those unfettered homes are likely to be more sought after.

42. The Team criticised drawing too tight a parallel with the Lynton and Lynmouth Neighbourhood Plan model in terms of enforceability. The Lynton and Lynmouth area of Devon is 500% smaller than St Ives in terms of population and number of households, meaning that enforcement would be much more difficult in St Ives. The Team said that while a principal residence would not have price controls, the restriction would impact on the market price. Consequently, this type of housing would not be truly open market housing. As a commercially unattractive product, proposals for principal residence housing are unlikely to come forward.
43. The examiner said:

‘After much deliberation and on balance I have concluded that due to the adverse impact on the local community/economy of the uncontrolled growth of second homes the restriction of further second homes does in fact contribute to delivering sustainable development. In terms of “delivering a wide choice of quality homes”, I consider that the restriction could in fact be considered as facilitating the delivery of the types of homes identified as being needed within the community.’
44. The examiner went on to recommend that the plan may proceed to referendum. This indicates that concerns over enforcement and commercial attractiveness could be overcome.
45. It is worth noting that the policy wording that was submitted for examination included reference to restricting holiday lets. The examiner understood why it was included because it related to the letting of second homes, but had concerns that it would result in confusion with proposals for new self-catering accommodation, run as a business and supporting tourism. She said this would conflict with the NPPF, so recommended its removal. A reference to holiday homes is retained, however, indicating that there is a difference between a holiday let and a holiday home: the former being a business; the latter being accommodation for the property owner’s personal use for holidays.

Legal challenge

46. A St Ives housebuilder sought to judicially review²⁸ Cornwall Council’s decision to hold a local referendum on the making of the St Ives Neighbourhood Plan. The challenge to Policy H2 was based on two grounds. First, it did not comply with the requirements of the Strategic Environmental Assessment Directive and the Environmental Assessment of Plans and Programmes Regulations 2004. Secondly, Policy H2 was allegedly incompatible with Article 8 of the European Convention on Human Rights (right to a private life).

²⁸ R. (on the application of RLT Built Environment Ltd) v Cornwall Council [2016] EWHC 2817 (Admin): <http://www.bailii.org/ew/cases/EWHC/Admin/2016/2817.html>

47. One of the requirements of the Strategic Environmental Assessment Directive and the Environmental Assessment of Plans and Programmes Regulations is for a plan maker to consider reasonable alternatives to proposed policies. The claimant argued that the Council failed to consider the alternative of providing more market housing. The Claimant said that Policy H2 purported to address the lack of open market dwellings available to local residents to buy as their principal residence. This was caused by a shortage of market housing in the area, so it was said the most obvious solution was to facilitate more market housing.
48. The Court said the claimant's argument was without substance. The Court said that the alternative suggested by the Claimant was not a reasonable alternative in the context of the objectives of the plan, which included bringing 'greater balance and mixture to the local housing market and create new opportunities for people to live and work [in St Ives], to strengthen [the local] community and the local economy'. Also, even if it had been a reasonable alternative, it would have to have been at least environmentally-equal to the preferred policy. As the Court noted, '[counsel] who has an appropriately lively and fertile mind, was unable to say how the construction of many more dwellings in St Ives could be environmentally-neutral or better'.
49. Having regard to the compatibility with human rights legislation, The Court was not convinced that Article 8 necessarily applied because Policy H2 neither created rights nor imposed obligations. Even if Policy H2 were to be applied in granting planning permission for a new dwelling in the future, and a restriction ensuring that occupancy would be as a principal residence were to be imposed, Article 8 would not be breached as Article 8 did not extend to a home which had not yet been built. However, Article 8 would be a material consideration in the event of the restriction being breached and enforcement action was considered.
50. The Court considered that Policy H2 was in pursuit of legitimate public interests identified in Article 8(2), namely the interests of the economic well-being of the country, and for the protection of the rights and freedoms of others. The interference was found to be in accordance with the law, in that the policy was sufficiently certain so that anyone who bought a property with the restriction imposed was aware of the consequences. Furthermore, there was sufficient evidence to show that the policy was necessary because further development in St Ives was unsustainable without the restriction in Policy H2.

Exmoor National Park Local Plan (2017)

51. Policy HC-S4 of the Exmoor National Park Local Plan²⁹ looks to ensure that all new market housing will be principal residence housing. This is in line with the Government's Circular³⁰, which recognises that National Parks are not suitable locations for 'unrestricted housing'.
52. The policy has been introduced in the local plan on the basis of the threat second homes are causing to local communities, for example Lynton and Lymouth, where the proportion of second homes is 28%; and Brendon, where the proportion is 33%. The

²⁹ <http://www.exmoor-nationalpark.gov.uk/planning/planning-policy>

³⁰ English National Parks and Broads UK Government Vision and Circular (2010), paragraph 78

closure of local schools and shops and a general decline in social well-being are cited as negative effects.

Inspector's report

53. The inspector pays particular attention to this policy from paragraph 77 of his report³¹. He notes that the proportion of second or holiday homes in the plan area, at 19%, is much higher than the regional or English averages.
54. Interestingly, the inspector notes that 'as second and holiday homes are not a category of need for which the NPPF advises that provision should be made, the policy involves no specific conflict with national policy.' Purbeck District Council interprets this to mean that there is no need to include a specific target for second homes in a council's growth strategy, but the requirement to take them into account as a 'market signal' in SHMAs is still relevant. Therefore, under current Government guidance, it is right for SHMAs to note the level of second homeownership in a plan area and adjust the housing figure accordingly.
55. ENPA included the same counsel's advice that had formed part of the Lynton and Lynmouth Neighbourhood Plan examination on the subject of a proposed planning condition. The inspector saw no reason to disagree with counsel's advice.
56. One of the key areas of legal challenge to the St Ives Neighbourhood Plan was on the grounds of compatibility with human rights legislation. The Exmoor Local Plan inspector considered this at paragraph 82 of his report, concluding that specifying for all new market housing to be principal residence housing would 'involve a degree of interference' with human rights. However, he saw that the wider benefits, including addressing the detrimental effects of the high number of second homes in the National Park, makes the degree of interference 'proportionate and justified in the public interest and in order to protect the rights and freedoms of others.' As such, the adoption of the plan would not lead to a breach of any Convention right.

Planning Advisory Service advice

57. Further to the 2015 Partial Review Issues and Options consultation, the Council requested advice from the Planning Advisory Service (PAS) on the merits of a local plan policy to restrict second homeownership.
58. PAS's report³² notes the importance in providing robust evidence to implement a new policy. For example, it would be necessary to understand the extent to which second homes are reducing the stock of permanent dwellings from a community and any economic impact in terms of spending and impact on services.
59. In addition, PAS says it would be useful to understand the relationship between house prices and incomes. This can show a higher average price to average salary housing affordability ratio in parishes with higher proportions of second homes. But PAS warns

³¹ http://www.exmoor-nationalpark.gov.uk/_data/assets/pdf_file/0009/967257/Inspectors-Report-full.pdf

³² Presented to the Council's former Local Plan Review Advisory Group on 12th August 2015 - https://www.dorsetforyou.gov.uk/media/207891/Planning-Advisory-Service-advice-on-second-homes/pdf/Second_Homes_Advice.pdf

this is not necessarily a causal link: the housing market is not a closed market and is influenced heavily by other market pressures and socio economic drivers, such as permanent migration. An additional warning from PAS is about balancing the argument that second homes drive out younger residents: is often difficult to establish whether people are pushed out or leave in response to more positive opportunities elsewhere.

60. PAS also warns about the unintended consequences for other areas if restrictions applied to some areas of Purbeck. In other words, whether restrictions would cause the house prices of the existing, unrestricted stock to rise. This could have implications for affordability, which is already a serious problem in Purbeck.
61. Setting aside the issue of robust evidence, PAS goes on to warn about the difficulties and resource intensity of monitoring a property's ownership. This has been noted by neighbourhood plan examiners, for example St Ives and the Lynton and Lynmouth Neighbourhood Plan. In the case of Lynton and Lynmouth, the examiner was particularly concerned with enforcement, noting the potential for conflict with human rights legislation (particularly the right to peaceful enjoyment of a home). However, the examiner concluded that legal agreements and/or planning conditions could be suitable local occupancy controls. Evidence showed that problems with restrictions on other properties in the National Park had been rare and dealt with case by case, without undermining policy.
62. PAS concludes that controlling second homes through the local plan would be very difficult and unlikely to be found sound. This is because Purbeck is not a National Park and, at the time of PAS's advice (August 2015), the Council did not have the evidence to underpin a policy. In addition, the delivery and enforcement of such a policy would be problematic. PAS also cited quotes from Brandon Lewis, the former Minister of State for Housing and Planning Minister, who during his tenure heavily criticised attempts to control private ownership via the planning system.
63. However, the situation is now different compared with when PAS originally issued its advice. For example, the St Ives ruling (see above), which is a non-National Park area, is a significant indication that a second homes restriction can deliver sustainable development. PAS provided its advice before the St Ives plan had even reached examination, but now the examiner's positive recommendation has been tested through the courts and upheld. The evidence the St Ives examiner considered in reaching her decision is clearly set out in her report and is along the same lines as the evidence PAS said would be required. As a result, the Council believes that there is a case to explore the merits of a policy, despite PAS's concerns, because the situation has now changed.

Local Plan Review Advisory Group legal advice

64. The former Local Plan Advisory Group was presented with a paper³³, prepared by the Council's solicitor, on the St Ives Neighbourhood Plan and providing the background for a potential second homes policy in Purbeck. This highlighted that if a local plan principal home policy is to be sound, it will need robust evidence. This will need to show how second homes contribute towards the lack of housing supply, which is already constrained due to environmental constraints. Evidence will be needed to show that

³³ 16th March 2017 - https://www.dorsetforyou.gov.uk/media/220267/Second-homes-and-St-Ives/pdf/Second_homes_and_St_Ives.pdf

restricting the use of new homes would be the right solution to delivering a mix of housing. This would require evidence over some (many) years that the incidence of second homes is increasing and that it is a problem.

65. The evidence would also have to show why the strategy that the Council came up with in the Purbeck Local Plan as being the most appropriate in 2012, is not delivering and is therefore no longer appropriate. Without that evidence, it may be difficult to justify a second homes policy.
66. The paper goes on to warn about unintended consequences that the Council will need to be aware of. This would include that a new policy would only apply to new build and would not apply to existing houses. As a result, the value of existing houses would likely increase and unless the number of new houses were to increase at least at the same rate as existing houses were lost to second homes, the lack of affordability would not improve and could worsen.
67. Implementation and enforcement of a policy may also have their difficulties. The High Court decision on the St Ives case accepts the principle of a policy restricting second homes being lawful. However, the policy will need to be applied to individual planning permissions through the imposition of conditions or through a planning obligation. The wording and form of both have yet to be settled. In other areas of law, the term 'principal residence' is given a very fluid meaning and very much fact specific. The St Ives Neighbourhood Plan defines what it means by a principal residence and the criteria to be used, including registration on the electoral roll or for local services, such as schools and GPs. However, the criteria are far from being conclusive, so if the Council were to produce a policy, it would have to ensure that the criteria were clearly defined.
68. In light of this, there could be scope for applicants for planning permission and appellants on appeal to the Secretary of State to challenge the validity of the condition or the reasonableness of requiring a planning obligation. There could be a reasonable case to argue if the evidence required to prove compliance with the condition or agreement is onerous and difficult to produce, or monitoring compliance cannot be effective in identifying breaches.
69. Even if a planning condition or planning obligation could be drafted with precision and a breach of planning control identified, the decision to enforce would, as the High Court in St Ives acknowledged, need to take into account the personal circumstances of the owner at that time. The decision to take enforcement action is made on a case by case basis, so it should not be assumed that personal circumstances or human rights would 'outweigh the importance of having coherent control over town and country planning'.

Other legal advice

70. Since the Council's solicitor advised the former Local Plan Review Advisory Group on the potential for a restrictive second homes policy, Exmoor National Park Authority has provided the Council with a copy of Counsel advice on a proposed planning condition. The condition was drawn up for the purposes of the Lynton and Lynmouth Neighbourhood Plan to ensure a new property would be a principal residence. When considering the condition, Counsel advised that 'it follows from the fact that the proposed condition would be lawful that it would also be lawful for the Council to incorporate a policy within the development plan dealing with such a condition, for

example, by explaining the reason for it and the circumstances in which it will be imposed.’ It is also worth noting that the condition has now been challenged at appeal and upheld by a planning inspector³⁴. Further analysis is provided in part 3 of this paper.

Section 1 summary

71. Although there is yet to be a successfully adopted local plan policy restricting second homeownership outside of a national park, it does appear that one could be lawful in theory. The cases of the Lynton and Lynmouth Neighbourhood Plan, the St Ives Neighbourhood Plan, Exmoor National Park Local Plan and the advice from PAS all show that a robust evidence base is essential in underpinning any potential planning policy. The case of the Borough of Islington’s Wasted Housing Supply SPD shows the importance of a robust planning obligation and proof from an independent body, such as the Council of Mortgage Lenders, that a policy would not be unduly restrictive.
72. The detailed coverage of the St Ives Neighbourhood Plan is useful, particularly as the policy to restrict second homes has been tested through the courts. The concerns of the examiner and the Cornwall Affordable Housing Team and the potential for conflict with the NPPF and European law provide valuable focus on the key issues that any plan maker would need to address for any restrictive policy. Furthermore, the St Ives examiner’s steer that any policy should not apply to holiday lets (and the distinction between holiday lets and holiday homes) is relevant to Purbeck and justification for not trying to restrict holiday lets through any policy.
73. The Exmoor National Park Authority Local Plan inspector appeared to be mindful of the issues raised during neighbourhood plan examinations and the St Ives legal challenge, making particular mention of the social impacts; legality of a model condition; and compatibility with human rights. The significance of the inspector finding the policy to be sound is that it is the first local plan policy to reach this stage. Although it is for a national park authority where development is more strictly controlled, it nevertheless sets a useful benchmark for other local plans, provided they can prove their case.
74. The Council’s own report to the Local Plan Review Advisory Group highlights the potential for unintended consequences and the particular difficulties that could be encountered with enforcing a second homes policy. However, the findings from Islington and Lynton and Lynmouth appear to suggest that these can be manageable.
75. A strong evidence base is essential, in order to demonstrate there is a genuine issue that needs to be addressed through a planning policy. Roseland Neighbourhood Plan in Cornwall attempted to introduce a restrictive policy, but the examiner required its removal because ‘without supporting evidence the policy is not **demonstrated** to have a sustainable impact, whether on the local economy, socially and upon the environment.’³⁵

³⁴ <http://www.exmoor-nationalpark.gov.uk/PAttachments/Applications%20Devon/Year%202015/Lynton%20Lynmouth%2062.41/62.41.15.018/62.41.15.018.0%20APPEAL%20DECISION.pdf>

³⁵ http://www.roselandplan.org/uploads/2/1/4/5/21457108/ndp_roseland_examiner_report_-_05.05.2015.pdf

76. Taking into account the above findings and the advice from PAS, below are the key areas that this paper addresses. Case studies from section 1 show it is essential that they are addressed, or the Council would have no basis for a sound policy. The rest of this paper is split into the following sections:

Section 2: evidence

- Setting out an accurate picture of second homeownership in Purbeck;
- Investigate whether second homes are reducing local housing stock by showing a correlation between changes in housing stock, compared with resident population changes;
- Consider if second homes affect affordability;
- Ascertain if local households are being driven out of their areas as a result of second homes; and
- Investigate economic impacts on spending and local services.

Section 3: potential unintended consequences of a restrictive policy

- Effects on the affordability of the existing housing stock;
- Spatial approach: displacing the problem;
- Enforceability;
- Would a policy be unduly restrictive?; and
- Other factors to be aware of

Section 4: reasonable alternatives

Potential policy

- Sustainability appraisal

Overall conclusions

- Recommendations for the Local Plan Review.

Section 2: evidence

77. Section 1 provided the context and the key factors that would be needed in the evidence base to underpin any planning policy. Section 2 discusses each of those factors.

Setting out an accurate picture of the level of second homeownership in Purbeck

78. There is no single source that provides a council's level of homeownership, but there are a number of sources that can help build a picture. It is important that it is as accurate as possible because paragraph 158 of the NPPF requires councils to 'ensure that the Local Plan is based on adequate, up-to-date and relevant evidence'.
79. The fact that there is no single source to obtain a definitive number of second homes shows a clear limitation to this paper. However, even if there were a sole dataset, it could become out of date very quickly as properties change hands. The Council believes that by looking at all the available sources, it is possible to gain an understanding of the overall picture in terms of trends and the parts of the district where the issue is most acute.
80. Below is a summary of the results from three data sources: council tax records; electoral roll; and local knowledge. To help compare the results within each dataset, each ward / parish is provided with a rank to indicate where the number of second homes is greatest.
81. This analysis of datasets ends by drawing all the data together in an overview, comparing the rankings. This provides an overview of the key areas where the incidence of second homes is greatest.

Council tax records

82. Through the 2016 local plan review options consultation, respondents drew to the Council's attention that the figures from council tax records do not provide an accurate picture of second homeownership. There are limitations to this source, as a household with two addresses may register the cheaper of the two areas of council tax as their primary residence, when in reality it is their holiday home. In other situations, different family members may have different properties in different names.
83. Nevertheless, council tax records are used by councils (e.g. Cornwall Council, whose evidence was cited in the St Ives Neighbourhood Plan) as an appropriate data source for second homes and can provide an indication of particular areas that are affected. Purbeck District Council's 2015 SHMA³⁶ includes an allowance of 7.4% for second homeownership, which it expects to continue. This level is gleaned from council tax records in 2015 and reflects a district-wide average. Note that council tax records count second homes separately to long-term empty homes. Therefore, the figures below do not include any long-term empty properties.

³⁶ The 2015 Eastern Dorset Strategic Housing Market Assessment (SHMA) can be accessed online at: <https://www.dorsetforyou.gov.uk/article/404418/2015-Update-and-Review-of-the-Strategic-Housing-Market-Assessment>

84. The table below looks at the most recently available council tax records³⁷.

Parish	Total homes	Total second homes	% second homes	Rank
Affpuddle & Turnerspuddle	230	11	4.78%	15
Arne	635	33	5.2%	14
Bere Regis	840	15	1.79%	22
Bloxworth	89	4	4.49%	17
Chaldon Herring	84	19	22.62%	2
Church Knowle	157	31	19.75%	3
Coombe Keynes	38	5	13.16%	9
Corfe Castle	705	72	10.21%	11
East Holme	22	3	13.64%	8
East Lulworth	85	4	4.71%	16
East Stoke	180	8	4.44%	18
Kimmeridge	55	4	7.27%	12
Langton Matravers	478	79	16.53%	7
Lytchett Matravers	1,497	10	0.67%	25
Lytchett Minster & Upton	3,575	19	0.53%	26
Morden	151	4	2.65%	19
Moreton	166	3	1.81%	21
Steeple	41	7	17.07%	6
Studland	262	73	27.86%	1
Swanage	5,806	1,001	17.24%	5
Wareham St Martin	1,156	15	1.3%	23
Wareham Town	2,864	55	1.92%	20
West Lulworth	360	38	10.56%	10
Winfrith Newburgh	323	21	6.5%	13
Wool	2,164	18	0.83%	24
Worth Matravers	394	74	18.78%	4
Totals	22,357	1,626	7.27%	-

Table 1: council tax data

85. The results show that the largest proportions of second homes are in the coastal part of the district and in the AONB. This includes Studland (27.86%), Chaldon Herring (22.62%), Church Knowle (19.75%) and Worth Matravers (18.78%). The largest number in one single parish by far is Swanage, with 1,001 second homes. This represents around 17.24% of its housing stock.
86. There are several parishes where the proportion of second homes is less than 1%. This includes Wool (0.83%), Lytchett Matravers (0.67%) and the parish with the lowest proportion, Lytchett Minster and Upton (0.53%). Overall, the parishes with the fewest number of second homes are in the northern half of the district, outside of the coastal and AONB areas.

³⁷ Dated 30/11/16

Electoral roll

87. On the electoral roll, homeowners are required to state whether or not their property is a second home. Although people may sign on to a different electoral roll to their main residence, this can still provide a useful dataset for gauging a trend. The table below³⁸ breaks down the numbers by parish. Where there is a noteworthy split within a parish, this is also shown, e.g. Corfe Castle parish contains Corfe Castle village and Kingston. The results for these two villages are shown in brackets.

Parish	Total homes	Total second homes	% second homes	Rank
Affpuddle & Turnerspuddle	229	16	6.98%	12
Arne	643	43	6.68%	13
Bere Regis	842	18	2.13%	21
Bloxworth	87	4	4.59%	17
Chaldon Herring	85	24	28.23%	1
Church Knowle	160	32	20%	5
Coombe Keynes	36	7	19.44%	7
Corfe Castle (Corfe Castle) (Kingston)	726 (644) (82)	105 (85) (20)	14.46% (13.19%) (24.39%)	9
East Holme	18	1	5.55%	16
East Lulworth	91	4	4.39%	18
East Stoke	179	10	5.58%	15
Kimmeridge	56	6	10.71%	11
Langton Matravers	485	97	20%	5
Lytchett Matravers	1,500	15	1%	25
Lytchett Minster & Upton	3,615	21	0.58%	26
Morden	147	2	1.36%	24
Moreton	167	7	4.19%	19
Steeple	41	7	17.07%	8
Studland	278	78	28.05%	2
Swanage	5,925	1,199	20.23%	4
Wareham St Martin	1,162	17	1.46%	23
Wareham Town	2,905	67	2.30%	20
West Lulworth	372	49	13.17%	10
Winfrith Newburgh	329	22	6.68%	14
Wool	2,170	34	1.56%	22
Worth Matravers (Harmans Cross) (Worth Matravers)	404 (215) (189)	85 (13) (72)	21.03% (6.04%) (38.09%)	3
Totals	22,652	1,970	8.69%	-

Table 2: electoral roll data

88. The electoral roll results continue the trend of the council tax data that the largest proportions of second homes are found in the AONB and coastal areas of Purbeck. Where the result is broken down to individual villages, however, it indicates pockets where the issue is even more intense. The parish of Worth Matravers, for example, has

³⁸ Using February 2017 data

a proportion of 21.03% second homes, but the village of Worth Matravers has a figure of 38.09%.

89. Again, the northern half of the district has comparatively fewer second homes.

Discrepancy between council tax and electoral roll figures

90. The council tax and electoral roll figures show an overall discrepancy of 295 properties across the district. This is owing to a combination of several possible factors, including: some residential annexes may have not been declared for council tax purposes, but the residents may have registered to vote; empty properties will be registered for council tax, but will not have any residents registered to vote; some households are staying long term in holiday lets, which are registered differently for council tax purposes; and the data used above for council tax are from November 2016, while the electoral roll data are from February 2017. During this three-month period, a number of new properties have been built in the district. People have moved into them and registered on the electoral roll. Those properties will now be registered for council tax, but they would not have been in November 2016.

91. Despite this discrepancy, the Council believes the data sources to be reliable for the purposes of this paper in terms of showing trends.

Local knowledge

92. To help refine the overall picture, the Council asked the district's town and parish councils to provide figures based on their detailed local knowledge. The results from those who responded can be seen below.

Parish	Total homes ³⁹	Total second homes	% second homes
Bere Regis	840	12	1.42%
Bloxworth	89	5	5.61%
Church Knowle	157	31	19.75%
Coombe Keynes	38	7	18.42%
Corfe Castle	705	96	13.62%
East Stoke	180	4	2.22%
Kimmeridge	55	9	16.36%
Morden	151	2	1.32%
Wareham St Martin	1,156	8	0.69%
Wool	2,164	14	0.65%
Worth Matravers	394	80	20.30%

Table 3: local knowledge data

93. Unfortunately, information is not available across the district. But the results do reinforce the trend from the other data sources, where the largest proportions of second homeownership are in the AONB and towards the coast

³⁹ According to council tax records

Conclusions on the level of second homeownership in Purbeck

94. The varying results show that it is not possible to gain a wholly accurate picture of second homeownership in Purbeck. However, this does not mean they should be ignored, as they can all give a good indication of trends and trends are sufficient for the purposes of this study. Overall, the grand totals of the full datasets (council tax and electoral roll) are between 1,626 / 7.27% and 1,970 / 8.69%. These are broadly in the same region and tally well with ONS figures⁴⁰ that cite 1,809 holiday homes in the district (the seventh highest proportion in England and Wales). The national average is 4.4% and the regional average is 6.3%⁴¹.
95. For ease of comparison, the table below draws together the three datasets used in this study and presents a mean average. Note that the percentages may vary, despite some sources providing the same number of second homes. This is because of the difference in overall council tax and electoral roll figures, as explained above.

Parish	Data source							
	Council tax		Electoral roll		Local knowledge		Mean average	
	No.	%	No.	%	No.	%	No.	% ⁴²
Affpuddle & Turnerspuddle	11	4.78%	16	6.98%	N/A		14	5.88%
Arne	33	5.2%	43	6.68%	N/A		38	5.94%
Bere Regis	15	1.79%	18	2.13%	12	1.42%	12	1.78%
Bloxworth	4	4.49%	4	4.59%	5	5.61%	4	4.90%
Chaldon Herring	19	22.62%	24	28.23%	N/A		22	25.43%
Church Knowle	31	19.75%	32	20%	31	19.75%	31	19.83%
Coombe Keynes	5	13.16%	7	19.44%	7	18.42%	6	17.01%
Corfe Castle	72	10.21%	105	14.46%	96	13.62%	91	12.76%
East Holme	3	13.64%	1	5.55%	N/A		2	9.60%
East Lulworth	4	4.71%	4	4.39%	N/A		4	4.55%
East Stoke	8	4.44%	10	5.58%	4	2.22%	7	4.08%
Kimmeridge	4	7.27%	6	10.71%	9	16.36%	6	11.45%
Langton Matravers	79	16.53%	97	20%	N/A		88	18.27%
Lytchett Matravers	10	0.67%	15	1%	N/A		13	0.84%
Lytchett Minster & Upton	19	0.53%	21	0.58%	N/A		20	0.56%
Morden	4	2.65%	2	1.36%	2	1.32%	3	1.78%
Moreton	3	1.81%	7	4.19%	N/A		5	3%
Steeple	7	17.07%	7	17.07%	N/A		7	17.07%
Studland	73	27.86%	78	28.05%	N/A		76	27.96%
Swanage	1,001	17.24%	1,199	20.23%	N/A		1,100	18.74%
Wareham St Martin	15	1.3%	17	1.46%	8	0.69%	13	1.15%

⁴⁰

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/2011censusnumberofpeoplewithsecondaddressesinlocalauthoritiesinenglandandwales/2012-10-22> table 3

⁴¹ <https://www.dorsetforyou.gov.uk/media/214762/Eastern-Dorset-SHMA/pdf/Eastern-Dorset-SHMA.pdf> paragraph 4.37

⁴² According to council tax records

Parish	Data source							
Wareham Town	55	1.92%	67	2.30%	N/A		61	2.11%
West Lulworth	38	10.56%	49	13.17%	N/A		44	11.87%
Winfrith Newburgh	21	6.5%	22	6.68%	N/A		22	6.59%
Wool	18	0.83%	34	1.56%	14	0.65%	22	1.01%
Worth Matravers	74	18.78%	85	21.03%	80	20.30%	80	20.04%
Totals	1,626	7.27%	1,970	8.69%	N/A		1,791	8.01%

Table 4: comparison between datasets

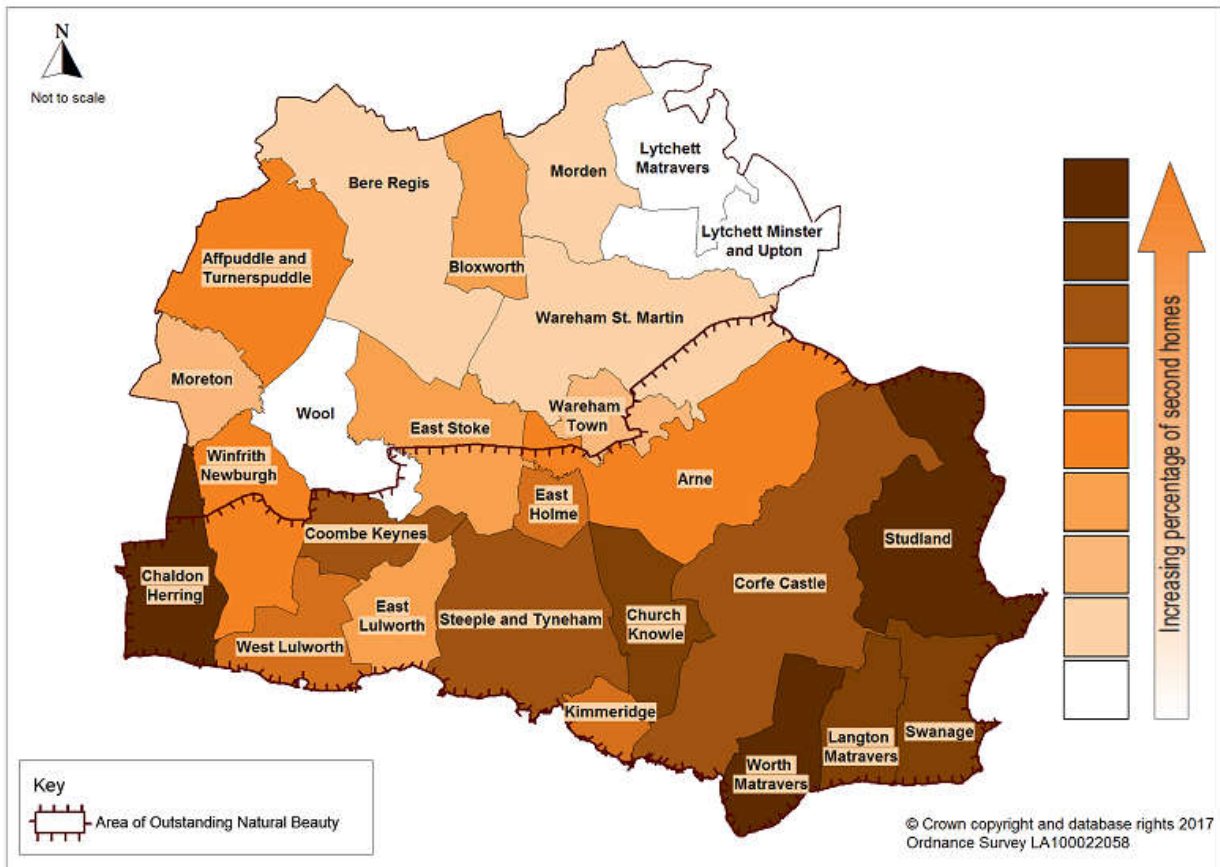
96. For the purposes of this paper, the Council will use the average figures, as they are a blend of all the available data sources and are a good indication of trends. Below is a rank order of where the proportion of housing stock as second homes is largest.

Mean average rank	Parish	Percentage second homes
1	Studland	27.96%
2	Chaldon Herring	25.43%
3	Worth Matravers	20.04%
4	Church Knowle	19.83%
5	Swanage	18.74%
6	Langton Matravers	18.27%
7	Steeple	17.07%
8	Coombe Keynes	17.01%
9	Corfe Castle	12.76%
10	West Lulworth	11.87%
11	Kimmeridge	11.45%
12	East Holme	9.60%
13	Winfrith Newburgh	6.59%
14	Arne	5.94%
15	Affpuddle & Turnerspuddle	5.88%
16	Bloxworth	4.90%
17	East Lulworth	4.55%
18	East Stoke	4.08%
19	Moreton	3%
20	Wareham Town	2.11%
21	Bere Regis	1.78%
21	Morden	1.78%
23	Wareham St Martin	1.15%
24	Wool	1.01%
25	Lytchett Matravers	0.84%
26	Lytchett Minster & Upton	0.56%

Table 5: ranking comparison between datasets

97. Having regard to the geography of second homes, all the datasets show the highest proportions to be generally in the coastal and AONB parts of the district. Indeed the top 14 parishes in the table above are all in the AONB (part of Winfrith Newburgh parish falls outside the AONB, but the village is within it), accounting for around 1,625 (91%) of the 1,792 second homes estimated to be in the district. 10 of the bottom 11 parishes fall outside the designation, with the exception being East Stoke, which is half in the AONB and half outside.

98. This geography of distribution tallies with the conclusions of the Eastern Dorset SHMA (2015), which says that ‘the area between Swanage and Wareham... is most sought after for second homes’⁴³. It also reflects the opinion of a local estate agent⁴⁴ that the coastal villages and Swanage are the most prevalent locations for second homes. In order to help illustrate the spatial distribution of the proportions of second homes by parish, the choropleth map below shows the mean average rankings from table 5. To help differentiate between shadings, parishes are grouped into threes, with the exception of Moreton and Wareham Town, which are in a group of two. The darker colours represent the higher proportions of second homes and there is clearly a higher concentration in the AONB.



Map 1: choropleth map ranking proportions of second homes by parish

99. The Council has several choices for how to use the evidence presented in this section. Second homeownership occurs in every parish in Purbeck, so the Council could consider a policy to cover the whole district. However, there are some parishes where evidence indicates that second homes affect only a very small percentage of the housing stock and this puts into question whether or not a restrictive policy would be necessary. After all, the NPPF requires strategies to be based on proportionate

⁴³ <https://www.dorsetforyou.gov.uk/media/214762/Eastern-Dorset-SHMA/pdf/Eastern-Dorset-SHMA.pdf> page 224

⁴⁴ Who provided feedback as part of the economic impacts section of this report

evidence, so limiting second homes in areas that are the least affected may not result in a sound policy.

100. Alternatively, the Council could consider applying the policy to, for example, the top 10 affected parishes, but this could change over time and would make it difficult to apply the policy. Instead, given the strong evidence to suggest that the issue is at its most acute in the AONB, the most pragmatic solution would be for it to cover the AONB part of the district. Virtually all of the parishes in the AONB have a level of second homeownership higher than the national and regional averages and the AONB accounts for 91% of second homes in the district.

Investigate whether second homes are reducing local housing stock by showing a correlation between changes in housing stock, compared with resident population changes

101. One of the most commonly-cited negative impacts of second homes that emerged from the 2016 local plan review options consultation was how they reduce the housing stock available to local people. Several town and parish councils, as well as individuals, commented that second homeownership is not an efficient use of a limited resource. It is important not to blame second homes entirely for reduced housing stock, though. There is freedom of movement in the UK and so anyone can relocate to Purbeck if they choose to. People are also living longer, so the turnover of properties is taking increasingly longer. Other demographic changes put pressure on local housing stock, for example rising divorce rates mean a need for two properties, when previously only one was needed.
102. As such, it would not be correct to only blame second homes on any perceived lack of housing stock for local people. That said, the St Ives Neighbourhood Plan evidence base⁴⁵ cited 2001 and 2011 Census data to compare the 'usual resident population' with 'household spaces'. This helped illustrate how any increase in housing stock was corresponding with changes in local population levels. Purbeck District Council considers that this St Ives approach is an appropriate way to gauge the extent to which second homes might be having an effect on housing stock.

Census data

103. Using 2001 and 2011 Census data, the table below looks at how the population has changed in Purbeck's wards, compared with the number of new household spaces. This provides an indication as to how incidences of second homeownership may be increasing or decreasing over time across the district.
104. It is important to note that, in Census terms, an unoccupied household space includes empty homes and therefore does not translate directly into second homes. In Purbeck, the level of empty homes is relatively small compared with the overall housing stock

⁴⁵ <https://stivesnplan.files.wordpress.com/2013/08/evidence-base.pdf> page 47

(1.5%⁴⁶) and is on the decline. Therefore, the Council does not consider that this will skew the results to such a degree to make them unreliable.

105. In reading the table below, it is worth bearing in mind that unfortunately, the 2001 Census only goes as far as ward level, not parish, and ward areas have since been updated. To help compare the data, a map showing Purbeck's parishes is in appendix 1 of this paper and a list of parishes according to wards in 2001-2011 is in appendix 2.

⁴⁶ <https://www.dorsetforyou.gov.uk/media/214762/Eastern-Dorset-SHMA/pdf/Eastern-Dorset-SHMA.pdf> para 4.37

Location / ward ⁴⁷	2001					2011					% difference 2001 - 2011			
	Population	All household spaces	Resident households	Unoccupied household spaces	% unoccupied	Population	All household spaces	Resident households	Unoccupied household spaces	% unoccupied	Population	All household spaces	Resident households	Unoccupied household spaces
England and Wales	52,041,916	22,538,641	21,660,475	878,166	3.9%	56,075,912	24,429,618	23,366,044	1,063,574	4.35%	7.8%	8.4%	7.9%	21.1%
South West	4,928,434	2,185,966	2,085,984	99,982	4.57%	5,288,935	2,408,437	2,264,641	143,796	5.97%	7.3%	10.2%	8.6%	43.8%
Dorset	390,980	178,065	167,998	10,067	5.65%	412,905	195,059	180,213	14,846	7.61%	5.6%	9.5%	7.3%	47.5%
Purbeck	44,416	20,625	18,804	1,821	8.83%	44,973	22,140	19,583	2,557	11.55%	1.3%	7.3%	4.1%	40.4%
Bere Regis	1,984	881	850	31	3.52%	1,945	941	883	58	6.16%	-2.0%	6.8%	3.9%	87.1%
Castle	1,969	973	842	131	13.46%	1,780	1,024	794	230	22.46%	-9.6%	5.2%	-5.7%	75.6%
Creech Barrow	1,852	863	784	79	9.15%	1,764	887	781	106	11.95%	-4.8%	2.8%	-0.4%	34.2%
Langton	1,617	844	685	159	18.84%	1,491	868	666	202	23.27%	-7.8%	2.8%	-2.8%	27.0%
Lytchett Matravers	3,634	1,512	1,475	37	2.45%	3,747	1,642	1,580	62	3.78%	3.1%	8.6%	7.1%	67.6%
Lytchett Minster and Upton ⁴⁸	7,573	3,230	3,166	64	1.98%	7,983	3,747	3,372	102	2.72%	5.41%	16%	6.5%	59.37%
St Martin	2,752	1,146	1,113	33	2.88%	2,774	1,179	1,133	46	3.9%	0.8%	2.9%	1.8%	39.4%
Swanage ⁴⁹	10,124	5,304	4,441	863	16.27%	9,601	5,816	4,504	1,312	22.55%	-5.16%	9.65%	1.41%	52.02%
Wareham	5,665	2,643	2,545	98	3.71%	5,496	2,691	2,557	134	4.98%	-3.0%	1.8%	0.5%	36.7%
West Purbeck	1,513	687	590	97	14.12%	1,464	708	581	127	17.94%	-3.2%	3.1%	-1.5%	30.9%
Winfrith	1,616	731	685	46	6.29%	1,618	802	717	85	10.60%	0.1%	9.7%	4.7%	84.8%
Wool	4,118	1,813	1,628	185	10.20%	5,310	2,108	2,015	93	4.41%	28.9%	16.3%	23.8%	-49.7%

Table 6: comparison of 2001 and 2011 Census data

⁴⁷ See appendix 2 of this report for a breakdown of which parishes were in which wards in 2001-2011

⁴⁸ East and west wards merged

⁴⁹ North and south wards merged

106. The results show how in Purbeck in 2001, out of a housing stock of 20,625 dwellings, 1,821 (8.3%) were not occupied by a resident household. In 2011, out of a housing stock of 22,140 dwellings, 2,557 (11.55%) were not occupied by a resident household. So between 2001 and 2011, the housing stock in Purbeck grew by 7.3% (1,515), but the resident population grew by only 1.3% (557) and the number of resident households grew by 4.1% (779). Overall, the level of unoccupied household spaces rose from 1,821 in 2001 to 2,557 in 2011, which is an increase of 40.4%.
107. Interestingly, results at ward level show some significant variations. For example, the Castle ward has seen a drop in population of 9.6% and a drop in resident households of 5.7%, despite an increase in the housing stock of 5.2%. The proportion of unoccupied households has actually risen by 75.6%.
108. Meanwhile, Wool has seen an increase in population of 28.9% and an increase in resident households by 23.8%, despite an increase in housing stock of 16.3%. The proportion of unoccupied households has gone down by 49.7%.
109. The areas where there has been a drop in occupied households, despite a rise in household spaces are:
- Castle (Corfe Castle and Studland parishes)
 - Creech Barrow (Arne; Church Knowle; Kimmeridge; Steeple; and Tyneham parishes)
 - Langton (Langton Matravers and Worth Matravers parishes)
 - West Purbeck (Coombe Keynes; East Holme; East Lulworth; East Stoke; West Lulworth)
110. It is also worth noting that Swanage ward experienced the second largest increase in proportion of household spaces at 9.65%, but the resident households increased only marginally by 1.41%.
111. There is an overall trend where the wards containing parishes towards the south of the district and the coastal areas contain the highest increases in unoccupied homes. A principal characteristic of this part of the district is its scenic beauty. With the exception of the northern part of East Stoke parish, all of the above-mentioned wards are in the AONB.

Dorsetforyou.com data

112. Data held at www.dorsetforyou.com⁵⁰ shows second home figures from 2001, 2010 and 2014 by parish. The 2001 figures are based on the Census; whereas 2010 and 2014 figures are derived from council tax data. As the data sources are not standardised, there are some discrepancies, for example where the number of homes in some parishes appears to have dropped between 2001 and 2010. A likely explanation is that since the 2001 Census, properties have since registered differently for council tax purposes, e.g. as holiday lets. Nevertheless, the data presents a useful indication of

⁵⁰ <https://www.dorsetforyou.gov.uk/article/331510/Statistics-on-second--holiday-homes-in-Dorset>

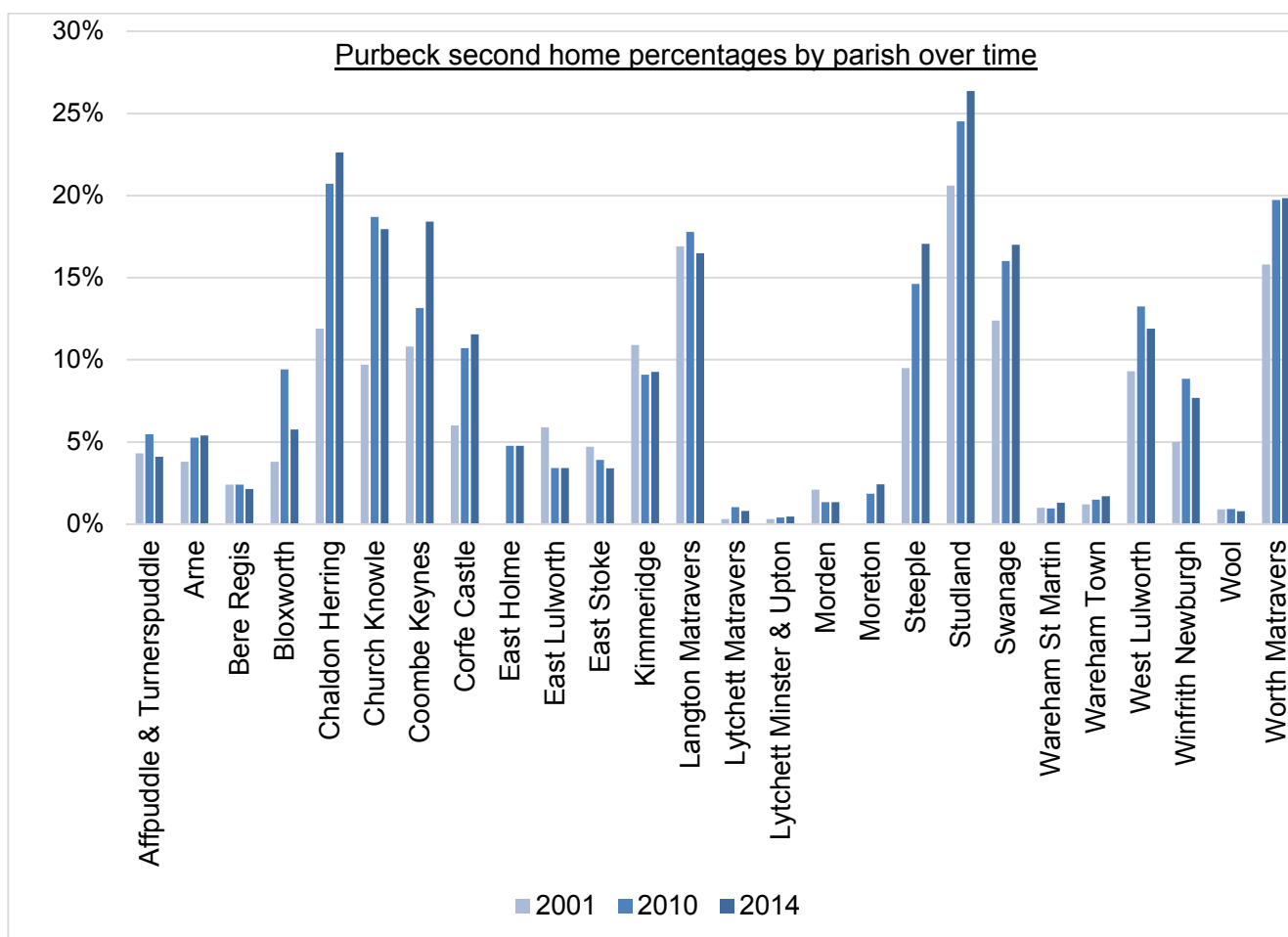
trends over time, as summarised in the table below. Where data is not available, this is marked with an asterix.

Parish	2001		2010		2014	
	Total homes	% second homes	Total homes	% second homes	Total homes	% second homes
Affpuddle & Turnerspuddle	208	4.3%	219	5.47%	220	4.09%
Arne	612	3.8%	627	5.26%	630	5.4%
Bere Regis	796	2.4%	835	2.4%	841	2.14%
Bloxworth	80	3.8%	85	9.41%	87	5.75%
Chaldon Herring	84	11.9%	82	20.73%	84	22.62%
Church Knowle	154	9.7%	155	18.71%	156	17.95%
Coombe Keynes	37	10.8%	38	13.16%	38	18.42%
Corfe Castle	701	6%	718	10.72%	710	11.55%
East Holme	*	*	21	4.76%	21	4.76%
East Lulworth	85	5.9%	88	3.41%	88	3.41%
East Stoke	170	4.7%	179	3.91%	177	3.39%
Kimmeridge	55	10.9%	55	9.09%	54	9.26%
Langton Matravers	503	16.9%	478	17.78%	479	16.49%
Lytchett Matravers	1,367	0.3%	1,472	1.02%	1,494	0.8%
Lytchett Minster & Upton	3,227	0.3%	3,465	0.40%	3,509	0.46%
Morden	141	2.1%	150	1.33%	150	1.33%
Moreton	119	0%	163	1.84%	165	2.42%
Steeple	42	9.5%	41	14.63%	41	17.07%
Studland	272	20.6%	261	24.52%	258	26.36%
Swanage	5,286	12.4%	5,676	16.01%	5,759	17%
Wareham St Martin	1,146	1%	1,155	0.95%	1,159	1.29%
Wareham Town	2,642	1.2%	2,686	1.49%	2,728	1.69%
West Lulworth	378	9.3%	370	13.24%	370	11.89%
Winfrith Newburgh	320	5%	328	8.84%	325	7.69%
Wool	1,813	0.9%	2,078	0.91%	2,159	0.79%
Worth Matravers	341	15.8%	365	19.73%	383	19.84%
Totals	20,625	5.4%	21,790	7.04%	22,085	7.27%

Table 7: comparison between 2001, 2010 and 2014 dorsetforyou data

* = data not available

113. In order to show the trends by parish over time, the results of the table above are presented in the graph below. This illustrates well how the general trend across the district has been worsening.



Conclusion on whether second homes are reducing the local housing stock

- 114. The results of the Census comparisons show that in almost all cases apart from Wool, there has been a rise in household spaces, i.e. new dwellings, but without a corresponding rise in resident households. In fact, the number of resident households in some wards has actually fallen, despite an increase in new dwellings. The number of unoccupied homes has also risen in every ward, except for Wool. This indicates that second homes are reducing the local housing stock, although to varying degrees across the district.
- 115. The comparison of datasets held on dorsetforyou from 2001, 2010 and 2014 show how the proportions of second homes in each parish have varied over time. The overall trend is a worsening one.
- 116. The Council’s solicitor, in his report to the Local Plan Review Advisory Group, noted the importance for presenting evidence to demonstrate how over some (many) years that the incidence of second homes is increasing and that it is a problem. The data presented above do show clearly that second homes are increasing; this paper goes on to consider whether or not they are causing any problems.

Consider if second homes affect affordability

117. The Purbeck District summary of the 2015 SHMA⁵¹ notes that in Purbeck, the affordability of market housing, measured using the lower quartile house price to lower quartile income ratio is 9.9 (according to 2013 figures). This is the second highest of all the eastern Dorset councils. The eastern Dorset average is 9.5, which sits well above the South West regional figure of 7.8 and a national average of 6.5. The SHMA notes that 'across all areas of the eastern Dorset housing market area, the affordability of property has worsened quite markedly over the past 15 years.'
118. It is, however, difficult to quantify to exactly what extent second homeownership is affecting affordability. As already quoted in this paper, the Government's 2017 Housing White Paper⁵² discusses the lack of housing supply and affordability of homes generally, and its wish to support areas most affected by second homes. It also says how the additional demand for housing as an investment product pushes up prices further⁵³. The 2015 Eastern Dorset SHMA alludes to second homeownership being partly responsible for raised house price rises, noting the concerns of some estate and letting agents over the demographic profile of some towns and villages, as incomers with high spending power price local people out of the housing market⁵⁴.
119. This tallies well with concerns raised by respondents to the 2016 local plan review options consultation. Several town and parish councils noted that, as prices rise, the more property becomes an attractive investment. Those who can afford to buy them (often from outside the area) will be able to afford the asking price, so local people are outbid. The scarcity of housing then pushes up rents.
120. The White Paper, SHMA and anecdotal evidence put it into no doubt that second homes have the potential to affect housing affordability in a locality. But quantifying the amount to directly attribute to second homes is extremely difficult, if not impossible, when there are other economic factors to consider. Indeed, a local estate agent, who provided comments as part of the economic impacts section of this paper, feels that a sizeable part of the house buying market is people retiring to the area from the Home Counties, where property prices are around 30% more than in Purbeck. This demand pushes prices up and often prices local people out of the market.
121. As discussed above in the section on whether second homes are reducing local housing stock, they are likely a contributing factor, but other demographic reasons mean they cannot be solely to blame. For example, some respondents to the 2016 Local Plan Review options consultation from Wool suggested that second homes have a negative impact on affordability in the parish. However, the findings of this study show that second homeownership has actually reduced in Wool, plus Wool has one of the lowest number of second homes in the district at around 1%.

⁵¹ <https://www.dorsetforyou.gov.uk/media/214769/purbeck-SHMA-summary/pdf/purbeck-SHMA-summary.pdf> para 2.30

⁵² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590463/Fixing_our_broken_housing_market_-_accessible_version.pdf executive summary, step 4; section 4.2

⁵³ ⁵⁴ <https://www.dorsetforyou.gov.uk/media/214762/Eastern-Dorset-SHMA/pdf/Eastern-Dorset-SHMA.pdf> paras 2.48 and 7.49

122. The degree to which the influence of incoming retirees, second homeowners and buy-to-let investors affects affordability is not possibly to directly quantify. But economic theory on price elasticity says that the price of something is affected by the demand for it and its level of supply. In other words, the higher the demand and the lower the supply, the higher the price. Evidence presented in this paper shows that despite a district-wide rise in population and rise in housing stock, the available stock is not increasing accordingly, because of second homeownership and that second homeownership is generally increasing. Meanwhile, the SHMA is saying that affordability has worsened over a similar period. This leads to a strong argument that second homes could be a contributing factor to worsening affordability: the reduction in supply caused by second homes, coupled with increasing demand through demographic changes, is helping house prices to increase. This is in line with price elasticity theory.
123. It follows that if the rate of housing stock that is being lost to second homes is not replaced at the same rate, affordability will only worsen. The SHMA includes an allowance for second homes of 7.4% and so the housing number for Purbeck (identified under current Government guidance) reflects the expectation that this level of second homeownership will continue. In theory, this should effectively compensate for any loss of the housing stock to second homes because that stock will be replaced.
124. However, in reality, it cannot be assumed that increasing housing supply will correlate with a rise in affordability. Historically, a disproportionate rise in house prices compared with wages in Purbeck has undoubtedly affected affordability with a continual worsening trend. In line with price elasticity theory, increasing supply should help lower prices. But it would take a significant increase in housing supply for this to have an effect in Purbeck's case.

Conclusion on second homes and affordability

125. It stands to logic that second homes could be affecting house prices in Purbeck, but given the varying other factors that contribute towards affordability (which will vary across the district), it is impossible to quantify the exact extent. Whilst it is impossible to quantify, this should not be seen as a reason to do nothing: if second homes are part of the problem, then there is surely a case to looking into easing that part of the problem. Section 3 below looks into this issue further in terms of the unintended consequences of a policy on affordability.

Ascertain if local households are being driven out of their areas as a result of second homes

126. Through the 2016 local plan review options consultation, the Council received anecdotal evidence that the demographic of parts of the district is being affected negatively because young people are being forced to leave. Some people continue to work in the area, but are forced to move outside the district, meaning they have to commute in. Wool Parish Council even knows of people whose grown up children have to live in the garage; or families whose homes are too small, but cannot afford to move. The Parish Council believes that this is partly attributable to second homes. The result can be a negative effect on social cohesion.

127. As with the above analyses on housing stock levels and affordability, it is important not to blame second homes entirely for these social issues. It is true that second homes are part of a wider issue that affects housing supply and affordability, but other demographic factors are also relevant. The same applies to whether or not local households are being forced to leave as a result of second homes. A case in point is the anecdotal evidence from Wool Parish Council. Whilst Purbeck District Council does not dispute that there may indeed be local residents in substandard accommodation, the evidence in this paper indicates that Wool parish is the one of the least affected by second homes. Therefore, in the case of Wool, some other social / economic / demographic reasons could better explain why local people are experiencing affordability problems.
128. In fact, there may be reasons why someone may choose to leave an area that are not related to housing supply or affordability - work opportunities, for example. This makes it difficult to directly attribute people leaving an area because of a causal effect of second homes. This difficulty was noted in advice the Council received from PAS (see section 1 above).
129. However, there may be a link in some instances, given this paper's conclusions on reduced supply and affordability issues caused by second homes. Both of these could lead to someone no longer being able to live in their locality.
130. This hypothesis is supported by the Council's housing register. In order to qualify to enter the register, a household must be unable to meet its housing needs in the current market. A household also has to have a local connection to the part of the district they would like to be housed in. As at 1st March 2017, there were a total 660 households on the Council's housing register. As with the general pattern of second homeownership favouring the coastal and AONB areas of Purbeck, the number of applications for the housing register is most common in the central and south eastern parts of the district.
131. It is worth bearing in mind that not every household on the housing register will have been forced out of the area as a result of housing supply and affordability issues. The local connection criteria to join the register include already living in the area for five years (although perhaps in inappropriate accommodation and/or with unaffordable rent) or having a close family connection to a family member who has been there for five or more years. Therefore, the number on the register will not automatically translate into people being forced out of their areas because some will already be living in their preferred areas and some will never have lived there. However, it does translate into a lack of adequate supply and housing affordability, both of which this paper concludes can be exacerbated by high levels of second homes.

Conclusions on whether local households are being driven out of their areas as a result of second homes

132. It is difficult to find a direct link between second homes and people being forced to leave their localities. However, there is evidence that local people's housing needs are not being met by the market, meaning that they qualify for inclusion on the Council's affordable housing register. This, along with anecdotal evidence gained through the local plan review options consultation does suggest that the effects caused by second

homes through reduced housing supply and affordability could lead to people needing to leave their areas.

Investigate economic impacts on spending and local services

133. Through the 2016 Local Plan Review options consultation, many respondents said about the positive economic impacts that second homeownership can lead to. For example, they bring people to the area outside of the tourist season; they provide year-round work for local tradespeople; some are temporarily used as holiday lets; and they pay full council tax, despite not getting full use of local services.
134. However, many also cited negatives, making clear that they outweighed the positives. These included the lack of support for local businesses, with some being forced to close; some second homeowners bring their own supplies and do not shop locally; and the affordability issues caused by second homes mean that local employers cannot employ local staff because there is nowhere for them to live.
135. The opinions given provided a useful indication of the likely issues affecting the local economy as a result of second homes. However, it is important to differentiate between second homes and the impacts of the seasonal tourist economy. The seasonality inevitably affects the local economy, with spending and seasonal working increasing over the summer months. Therefore, it is imperative that the Council does not inadvertently blame second homes for economic impacts that are actually caused by the tourist season. Whilst it is true that businesses have closed in the district, including in areas with significant numbers of second homes, it is not clear to what the causative factors were. For example, closure may have been owing to second homes, seasonality, or even poor running of the business.
136. To help gain a more detailed understanding, the Council asked over 30 local businesses directly for their views. These were selected on the recommendations of ward councillors and represented a range of businesses across the district. The covering letter is provided in appendix 3 of this paper. The Council received a range of responses, but they did request to be treated anonymously.
137. It is clear that the impact of second homes can differ according to the business. Those whose trade is more towards hospitality find that they have a lot to thank the second homeowners for, in terms of helping sustain their businesses year round. However, others whose businesses are not seasonal or provide a hospitality service are not so dependent on them.
138. Several businesses felt that second homeowners have much greater spending power and help support local restaurants, bars and cafes year round. Often, second homeowners move to the area permanently and bring their wealth with them, continuing to spend at the businesses they have grown to enjoy through their holidays. The help second homeowners' spending gives to sustain local businesses means facilities are then available to local people to use year round (albeit less frequently, compared with second homeowners), when they would otherwise be shut out of season. This is seen as a benefit to communities, particularly in Swanage. One business reported regular trade from some second homeowners, who 'have their set rituals or routines' and may visit daily and often stock up before leaving. This viewpoint seems to counterbalance

the opinions given through the 2016 options consultation about (some) second homeowners not shopping locally.

139. When absent from the area, second homeowners employ local tradespeople to maintain their properties and this is a good source of income. As one respondent put it, 'locals do not pay to have lawns cut'. This provides a clear economic benefit, which is in line with some of the benefits expressed through the 2016 options consultation, although it does somewhat contradict the view given that second homes force businesses to close. This positive impact is, however, somewhat counterbalanced by the reporting of a 'black economy', where locals can allegedly earn a significant undeclared income looking after second homes. The respondent who made this claim says that it leads to people reducing the hours they are prepared to work, or they increase their expectations of the hourly rate they should be paid. The upshot is it reduces the pool of potential employees for businesses because of the employees' increased wage expectations, which may not always be economically viable in the hospitality industry.
140. Other businesses reported some other significant negative effects. One noted a different type of recruitment problem, this time because of the lack of resident population. The business felt that the lack of new, qualified workforce will worsen as the average age of the workforce increases. They believe that affordability in areas such as Worth Matravers, Kingston, Corfe Castle and Swanage is an issue, with younger people being priced out of the market and this leads to a smaller pool of people to recruit from. Many of this business's employees still live with their parents or are eventually forced to rent or buy further away from their place of work. In planning terms, this has a wider impact than just an economic one: the lack of affordability is a social problem; and the effects of additional commuting distances can mean increased private car journeys, causing environmental impacts through congestion and air pollution.

Conclusion on economic impacts

141. The responses provided through the 2016 options consultation on economic impacts showed pros and cons and the responses provided by local businesses for this paper were also varied. This makes it challenging to conclude one way or another if the economic impacts of second homes are wholly negative or positive because it seems to depend on the circumstances of local businesses. Those in more of hospitality and service-type trades see clear benefits, with not one of the respondents from this sector saying second homes cause them negative impacts. In fact the opposite was often the case, with emphatic responses that second homes' economic impacts are 'hugely positive'. Businesses whose trade is more niche and not particularly affected by second homes are understandably more neutral because they do not require the spending of second homeowners to sustain them. However, that is not to say second homes do not have an impact on these businesses, when the availability of housing is causing problems with recruitment. This lack of resident population and the effects of a displaced workforce (or one where they are being forced to live with their parents) is not ideal and something one particular business anticipates worsening.
142. In order to conclude if the overall economic impact of second homes is negative or positive, perhaps the way to look at it from a hypothetical alternative angle: the impacts on the economy if there were no second homes at all. From the opinions provided by

many of the local businesses, a situation with no second homes could mean that their businesses would either fail or could not be sustained year round. This would have a clearly negative effect on the local economy and would cause a social impact, as the facilities may no longer be available for the infrequent use of local people. Looking at it from the point of view from the business with recruitment difficulties, if there were no second homes, it would be difficult to say that the recruitment problems would be solved: while it appears logical to suggest that second homes affect affordability, they are not the only factor. Other – possibly more influential – factors, such as the influx of retirees and other demographic changes affect affordability as well. So there are doubts that the non-existence of second homes would actually solve the business's problems. Therefore, it would be difficult to conclude that a scenario where there were no second homes would actually cause a significant economic benefit to this business.

143. In looking at it from this alternative angle, overall it seems to cast the economic impacts of second homes in more of a positive light, albeit not a significant amount.

Section 2 summary

144. The review of evidence shows that second homeownership affects different parts of the district to differing degrees, but with a general trend for higher proportions in the AONB. These proportions are almost entirely above the national and regional levels, with parts of the district around the coast experiencing the highest levels. This leads to the conclusion that, should the Council wish to implement a restrictive planning policy, it should cover the AONB.
145. Evidence shows that across most of the district over a 10-year period, housing stock rose but resident population fell. This indicates that second homes are becoming more prolific, as shown by the overall trends in dorsetforyou data, and they are using up local housing stock.
146. It is difficult to ascertain the extent to which second homes affect housing affordability, as affordability is influenced by many factors. However, following the logic of price elasticity theory, if demand for homes is high and supply is reduced in part because of second homes, prices will rise. Affordability is linked to people having to leave their areas, but again, it is difficult to measure the extent to which this is caused by second homes. There are many reasons why someone might leave their area, but given the link between second homes and affordability, it is certainly plausible that second homes could be part of the problem.
147. It is difficult to conclude as to whether, overall, second homes cause positive or negative economic impacts. Their presence helps sustain local businesses, which then mean that they are available to local people. However, linked to the point above about the link between second homes and affordability, it is conceivable that they are a contributing factor towards recruitment problems for local businesses. On balance, this paper concludes that the removal of second homes in Purbeck would not solve the problem of affordability; but their removal could affect the success of hospitality and other service-type trades. Therefore, it concludes that the economic impacts are positive, albeit relatively minor overall.
148. Although evidence suggests a minor positive economic impact from second homeownership, this does not indicate the Council should not look to restrict it. The

evidence on the level of the problem and its worsening over time; the effect on the level of housing stock; and the effect they likely have on affordability shows that second homeownership is an issue in Purbeck and it is worth investigating the merits of a restrictive planning policy. However, the Council must make sure that in doing so, it would not lead to unintended consequences. Section 3 goes on to discuss what those could be.

149. In the Council's solicitor's report to the former Local Plan Review Advisory Group, he mentioned the need to demonstrate why the current adopted Purbeck Local Plan Part 1 (PLP1) 2012 strategy is no longer appropriate and that second homeownership now needs to be addressed. At that time, there was no precedent that could give the Council the confidence that the issue could be tackled through the planning system. Therefore, the merits of a policy were not considered at that time. Five years have now passed since the adoption of the PLP1 and a lot has happened in that time, with clear precedents setting out how a planning policy can be justifiable. Therefore, it is not necessarily the case that the 2012 strategy was inappropriate; circumstances at that time indicated very strongly that addressing second homeownership through the planning system was inappropriate. There would have been a strong risk that the PLP1 would not have been found sound, if it had included a restrictive policy at that time.

Section 3: potential unintended consequences of a restrictive policy

150. Section 1 of this paper looked at whether or not a local plan could introduce a planning policy to restrict second homes and concluded that it would be possible in theory. Section 2 then looked at the evidence to establish the extent of second homeownership in Purbeck, concluding that it is causing social / economic impacts. However, it is not enough to just conclude that second homeownership is causing impacts and that a planning policy could be introduced: a restrictive policy may have unintended consequences, as advised by the Council's solicitor in the March 2017 Local Plan Review Advisory Group report. This section explores the potential unintended consequences of a restrictive planning policy.

Effects of a policy on the affordability of the existing housing stock

151. It may seem logical to say that restricting second homes could improve housing affordability. However, a policy could only apply to new properties and not the existing stock. Section 2 cited price elasticity theory, where if the demand for second homes is still there and the available stock is diminishing, prices could rise. This means that existing, unrestricted properties could rise in value and become even less affordable to local people. In theory, only the value of new properties that are restricted by the policy may be suppressed if their saleability is restricted.
152. In order to investigate the effects a restrictive policy might have on the existing, unrestricted stock, the Council commissioned evidence⁵⁵ to look into this issue. Looking at the AONB, the evidence found that there is a considerable supply of second hand properties and that second home purchasers would continue to have plenty of choice, were a restrictive second homes policy for new properties introduced. As such, it is highly unlikely that introducing such a policy, on its own, would lead to an increase in house prices in the unrestricted (second-hand) stock.
153. Evidence gathered from estate agents in Purbeck also pointed towards a potential policy having no adverse impact on the market values of new properties.

Conclusions on affordability

154. Evidence suggests that it appears unlikely a policy would have much of an impact on house prices, whether they be the existing, unrestricted stock, or new, restricted stock. Therefore, the Council considers the impact of a policy on affordability to be neutral.

Spatial approach: displacing the problem

155. Section 1 of this report concluded that there are parts of the district where the proportion of second homes is comparatively greater and that policy coverage in the AONB might be most appropriate. However, it is incumbent on the Council to consider

⁵⁵ The 'Restrictive Second Homes Policy' paper was prepared by Three Dragons in association with Rural Housing Solutions in June 2017. The paper can be accessed via: www.dorsetforyou.gov.uk/Purbeck-local-plan-review

whether or not a restrictive policy would simply displace the problem elsewhere in the district.

156. Evidence commissioned as part of this paper⁵⁶ indicates that this may not be a potential issue for two reasons. Firstly, even if a policy were to be introduced, there would still be a large stock of unrestricted housing available for the second homes market in the AONB. And secondly, local agents believe that the demand for second homes is predominantly around the coast area and the 'chocolate box' villages of Purbeck. These are predominantly in the AONB, where the higher quality landscapes are located. It is therefore unlikely that second homeownership would be displaced to the less desirable parts of Purbeck. Instead, it would be more likely that potential second home buyers would look further afield to other council jurisdictions.
157. That said, while this paper concludes there is a strong case for focussing any restrictions on the AONB, the evidence regarding the desirability of chocolate box villages, which occur outside the AONB should also be addressed. For example, Briantspuddle in Affpuddle and Turnerspuddle Parish is outside of the AONB, but could be considered to be a chocolate box village. Here the percentage of second homes is approaching the regional average. Such settlements would be eligible for small rural exception site developments, which can include an element of market housing. Given the attractiveness of these smaller villages, such developments could prove attractive to the second homes market and it would therefore be prudent to restrict the occupation of these homes as well. After all, the impacts of unoccupied properties in small communities would be felt greater than in larger settlements.

Conclusions on displacing the problem

158. Evidence shows that a restrictive policy would unlikely cause a displacement of second homeownership elsewhere in the district, outside the AONB. However, there are still attractive locations outside the AONB, where market housing could arise through rural exception sites. The Council should consider including such sites within any potential restrictive policy.

Enforceability

159. One of the key concerns raised through the Lynton and Lynmouth and St Ives Neighbourhood Plans was the enforceability of a policy. These concerns have been echoed by respondents to the 2016 Local Plan Review options consultation and the Council's solicitor's report to the Local Plan Review Advisory Group. Administering a policy could have significant resource implications.
160. In the Lynton and Lynmouth case, the examiner said that enforcing housing policies elsewhere in the National Park have been rare and were dealt with case by case, without undermining policy. Therefore, enforcement was not an issue. In the St Ives case, Cornwall Council's affordable housing team argued that the Lynton and Lynmouth area is 500% smaller than St Ives in terms of population and number of households, meaning that enforcement would be much more difficult in St Ives (the examiner did not specifically mention enforcement, inferring that it would not be an issue). Purbeck is 23

⁵⁶ The 'Restrictive Second Homes Policy' paper (June 2017) can be accessed via: www.dorsetforyou.gov.uk/Purbeck-local-plan-review

times larger than St Ives, which begs the question as to whether or not this area would be manageable.

161. The Council has contacted Cornwall Council to enquire whether enforcement is proving problematic. However, the Council advises that the Neighbourhood Plan was only 'made' on 29th December 2016 and no property has been built yet that is restricted. The matter of enforcement has however been considered at appeal in respect of a site in St Ives. The inspector dismissed the appeal against Cornwall's refusal to lift the restriction, and stated the following in regard to enforcement:

'I see little reason why enforcement action could not be taken if evidence comes to light that the property was being used as a second/holiday home contrary to the provisions of the condition. The second/holiday home activity could be required to cease and an opportunity provided for the dwelling to be occupied by a locally based person, potentially through the letting market or other means. Whilst I agree with the appellant that it may sometimes be appropriate for the Council to apply discretion in pursuing enforcement action (including a consideration of whether human rights would be infringed) this does not mean that the disputed condition is necessarily unenforceable'⁵⁷.

162. Exmoor National Park Authority (ENPA) considered the issue of enforceability in detail before advising Lynton and Lynmouth Neighbourhood Plan Group. ENPA advised that there is information, such as how often the dwelling is occupied, council tax, children at school, registration at doctors, etc. that would lead to a conclusion as to whether a home was being occupied as a principal residence. Other forms of housing can be restricted successfully through planning conditions, such as agricultural workers' dwellings and holiday lets, and appropriate enforcement action can be taken.
163. ENPA advises that if a dwelling is not occupied, then there is no breach of planning control – after all the purpose of a policy is to restrict occupation, so a breach will only occur if the house is occupied as a second home. It is not within the remit of planning law to force someone to occupy a property. As such, ENPA's standard condition does not stipulate occupation for a minimum period per year. Such a stipulation would be also be unreasonable from the point of view of the homeowner needing a prolonged stay in hospital, or being away with the armed forces. ENPA sought counsel advice on this, who agreed that it would be unreasonable to stipulate a minimum occupation period. Counsel also said that where 'there is room for dispute, it would be for the occupants of the relevant house to prove their case (e.g. on an appeal against an enforcement notice) by reference to relevant evidence as to the nature of their use and occupation of the relevant house in the normal way.' The standard condition, which counsel advises is lawful, is:

'The dwelling hereby approved shall not be occupied otherwise than by a person as his or her only or principal home. The occupant shall supply to the local planning authority (within 14 days of the local planning authority's request to do so) such information as the local planning authority may reasonably require in order to determine compliance

⁵⁷ Appeal Decision APP/D0840/W/16/3160559

with this condition. For the avoidance of doubt the dwelling shall not be occupied as a second home or for use as a single unit of holiday letting accommodation.'

164. It is worth noting that the model condition not only precludes second homes, but also holiday letting accommodation. This paper has already concluded that the Council will not pursue such an additional limitation (as per the examiner's report on the St Ives case), given the local economic advantages of holiday lets on the tourism industry.
165. In practice, ENPA has not experienced any enforcement-related issues with any policies. Generally, local residents will notify the Authority if any breach of a condition is occurring, but in addition, the Authority has set up a database to record each new home and monitor them periodically. This ensures that they are being occupied in accordance with the planning permission.
166. ENPA advises that the condition has been tested at appeal⁵⁸. The inspector concluded the following:

'From the evidence before me the need within the town is for principal and affordable housing provision rather than second homes or holiday lets. I share the concerns of the Authority regarding the impact of the large number of second homes and properties used for holiday accommodation on the sustainability of the local community. On that basis it is not unreasonable of the Authority to impose a condition restricting occupancy to main residences to address this issue, in accordance with [Lynton and Lynmouth Neighbourhood Plan] Policy H3.

Whilst the appellant considers the condition would restrict the sale value of the dwellings and may make it difficult to obtain money from banks, evidence of this has not been provided. Moreover, the application form clearly describes the proposed dwellings as principal residence dwellings. As such I do not consider the Authority has been unreasonable with regard to imposing a condition that accords with the application description and the requirements of the development plan.'

167. In looking towards the potential for an equivalent Purbeck policy, the Council believes the following needs to be taken into account:
- any new policy would only apply to new-build properties and this would represent a small minority of the district's housing stock;
 - the feedback received from the Borough of Islington shows that local communities can be relied on to notify the Council of any breaches; and
 - in order to be exempt from enforcement action, any breach of a planning condition would need to be continuous over a 10-year period. This is a significant amount of time for a breach to go undetected. Furthermore, properties would likely be legally bound via a Section 106 agreement, which would still apply, even if a condition had

⁵⁸ <http://www.exmoor-nationalpark.gov.uk/PAttachments/Applications%20Devon/Year%202015/Lynton%20Lynmouth%2062.41/62.41.15.018/62.41.15.018.0%20APPEAL%20DECISION.pdf>

been breached. Therefore, there would be plenty of time for the Council to take action.

168. These reasons indicate that detecting breaches of planning control and issuing enforcement notices may not be such a difficult issue. However, there is the issue as to whether or not the Council could actually force a household to start using their property as their principal residence, or even force them to sell it if they are not.
169. Planning policies do have to be monitored to make sure they are still effective over time. Monitoring would allow the Council to identify any enforcement issues and revise the policy as appropriate.

Conclusions on enforceability

170. Whilst the enforceability of a policy is a legitimate concern, the reality is that it would appear manageable, given the small proportion of the housing stock that it would apply to and the length of time available to the Council to take any action. ENPA's experiences provide some useful factors to take into account, in terms of a standard planning condition which counsel has advised is lawful, and which has been upheld at appeal successfully.

Would a policy be unduly restrictive?

171. Appendix A of the annex to Circular 11/95 (The Use of Conditions in Planning Permissions)⁵⁹ talks about domestic occupancy conditions and says:

'if the development of a site for housing is an acceptable use of the land there will seldom be a good reason on land-use planning grounds to restrict the occupancy of those houses to a certain type of person (eg. those already living or working in the area)... It may deter housebuilders from building homes for which there is a local demand and building societies from providing mortgage finance. It may also impose hardship upon owners who subsequently need to sell. It involves too detailed and onerous an application of development control and too great an interference in the rights of individual ownership...'

172. The quote above is preceded by clarification that it does not apply to affordable housing, staff accommodation, agricultural dwellings and seasonal use. In other words, it is appropriate to restrict occupancy in those instances. Nevertheless, it does set out clearly the Government's concerns as to why restricting occupancy is inappropriate.
173. The main concerns stem from the saleability of market homes and their sales prices. Looking at this more locally, this could have ramifications for development viability, which could in turn affect the amount of affordable housing that could be delivered alongside market housing. A further problem could be a difficulty in maintaining a five-year supply of housing, as developers could stop building homes because they are not sellable. This again could have a detrimental effect on affordable housing delivery. The ultimate problem could be whether or not a policy would block the Council's ability to 'boost significantly the supply of housing', in line with the requirement of paragraph 47

⁵⁹ <https://www.gov.uk/government/publications/the-use-of-conditions-in-planning-permissions-circular-11-1995>

of the NPPF. A further question hangs over the inheritance of a restrictive policy – the inheritor would presumably be forced to sell, rent or move to the property – or if a property could be purchased as a buy-to-let.

174. In order to help respond to these points, the Council has contacted Cornwall Council; ENPA; Derbyshire Dales District Council; the Council of Mortgage Lenders (CML); and independent viability consultants.

Saleability and mortgageability

175. ENPA has commissioned viability evidence⁶⁰, which shows that a restrictive policy would reduce the values of the stock covered by the policy. The impact would be greater in the areas that are more popular for second homes and less in cheaper areas. The evidence shows that the affected homes would be around 5-10% cheaper.
176. Cornwall Council has advised that because the plan was only ‘made’ by Cornwall Council on 29th December 2016, no houses have been constructed that are affected by the principal residence property. Therefore, at the time of writing, there is currently no evidence available regarding the effects of the restriction on saleability or mortgages.
177. The Council of Mortgage Lenders has advised the Council that a restrictive policy would most likely have valuation implications, as it would affect the ease of resale. The degree of complexity surrounding this depends on if the property is sold as freehold or leasehold. In terms of freehold, a restriction would not actually preclude finance, as lenders will usually try to accommodate the needs of any borrower, as long as the ‘basic proposition’ (e.g. property; loan affordability; and terms) is sound.
178. If a property is leasehold, the situation could be more complex. Any effect on the valuation of a property will in turn affect the loan-to-value, so this may lead to people being unable to borrow as much as they might if the property did not have a restrictive condition stipulated in the lease. The reason for this is that it raises a risk that the lease may be forfeit if the condition were breached. This would remove the lender’s security and this additional risk would be priced into the valuation (and potentially also into the interest rate; the minimum deposit; etc.). CML advises that this risk can be mitigated, however, if the local authority were to agree to allow the lender a grace period to secure their security and to ensure the property were being used in compliance with the lease. For example, in the case of a buy-to-let property, the lender might appoint a receiver to let the property and pay the mortgage. In the case of a residential property, the lender might seek possession of the property through the courts. Such mechanisms notwithstanding, this complicates the loan application and underwriters will approach it with greater caution.

Sales prices of restricted homes → viability

179. Whilst the reduction of house prices of the affected stock compared with the existing stock might seem like a welcome consequence of a restrictive policy, there could be wider and less welcome implications. ENPA’s viability evidence shows that the likely reduction in sale prices of around 5-10% will affect viability and the amount of

⁶⁰ http://www.exmoor-nationalpark.gov.uk/_data/assets/pdf_file/0005/758705/CE12-Three-Dragons-and-Rural-Housing-Solutions-2016-ENPA-Whole-Plan-Viability-Study.pdf

affordable housing that developments could support. This means that more market homes to compensate and a smaller proportion of affordable homes will be built. In ENPA's case, communities would generally like to see houses being occupied by people who will contribute to the social sustainability of local communities and ensure that there are thriving villages over the longer term. Therefore, the Authority is taking a view that if the consequence means a small number of additional (albeit restricted) market homes to deliver the affordable homes needed, it would provide a better and more sustainable outcome than having fewer, unrestricted market homes that could be purchased as second homes.

180. This is a really important factor for the Council to take into account. The Council's housing register shows a large number of households in housing need and the number is increasing. The Council should be looking to maximise affordable housing, not reduce it.
181. Derbyshire Dales District Council has no viability issues to report as a result of Wirksworth's neighbourhood plan policy, but Cornwall Council has told the Council it advises neighbourhood plan groups in Cornwall that a principal residence policy would affect viability. As well as the percentage of affordable housing that development could deliver, it would also go on to affect the amount of Community Infrastructure Levy (CIL) that can be collected from development.
182. This is an important and unintended consequence of a policy. CIL is used to fund various infrastructure projects around the district and town and parish councils receive 15% of the money levied on development in their areas. Where there is an adopted neighbourhood plan, this increases to 25%. Any drop in CIL could therefore affect the district-wide delivery of infrastructure and could affect any planned spending by town and parish councils.
183. To look closer at the degree to which a restrictive policy could affect viability, the Council sought the view of independent viability consultants⁶¹. The consultants tested a variety of scenarios, including theoretical reductions in market values of 5% (in line with ENPA's findings) and 10% (a much less likely scenario). The results were that a restrictive policy could be introduced without needing to adjust the approach to affordable housing and / or CIL rates.

Maintaining a five-year supply of housing and paragraph 47 of the NPPF

184. Paragraph 47 of the NPPF requires councils to 'boost significantly the supply of housing... to ensure that their local plan meets the full, objectively assessed needs for market and affordable housing'.
185. Under current Government guidance, a Strategic Housing Market Assessment (SHMA) looks at the various factors that contribute towards housing need and demand and concludes with an 'objectively assessed need' figure for the relevant council to test. The 2015 Eastern Dorset SHMA⁶² includes an allowance for second homes of 7.4%, which

⁶¹ The 2015 Eastern Dorset Strategic Housing Market Assessment can be accessed via: www.dorsetforyou.gov.uk/article/404418/2015-Update-and-Review-of-the-Strategic-Housing-Market-Assessment

⁶² <https://www.dorsetforyou.gov.uk/media/214762/Eastern-Dorset-SHMA/pdf/Eastern-Dorset-SHMA.pdf>

the SHMA assumes will continue. This is a reasonable assumption because, even if the Council were to introduce a restrictive policy, it would only apply to new build properties. This means the existing housing stock could still be used as second homes and these would need replacing.

186. Therefore, the Council would still be seeking to meet its objectively assessed housing needs as long as it continues to make an allowance for the number of homes 'lost' from the local stock. Regular monitoring would ensure the Council would be able to provide an accurate allowance and provided this were factored into future local plans, the test of soundness would be met. Therefore, compliance with paragraph 47 of the NPPF should not be a concern⁶³.
187. However, ENPA's viability evidence shows that, from the development industry's perspective, there was some evidence that lenders (providing development finance) would restrict their loans if a purchase would be limited. This is an important consideration because without finance, developers would not be able to build and this could put housing supply at risk. In instances where a council cannot demonstrate a five-year supply of housing, this introduces a potential risk of 'planning by appeal', where unplanned development is allowed on appeal under the NPPF's 'presumption in favour of sustainable development'.
188. Notwithstanding this, ENPA has advised that it is not aware of any problems associated with housing delivery, due to the principal residence policy. Derbyshire Dales District Council has not observed any problems with housing supply as a result of Wirksworth's neighbourhood plan policy and Cornwall Council has advised that it is too soon to gauge what effect the St Ives policy will have on housing supply.

Inheritance and buy-to-let

189. It would be feasible that someone who owned a principal residence property and lived locally would wish to bequeath that property to someone else. However, the beneficiary may not live locally. Therefore, on inheriting the property, their choice would be one of: leave the property empty; sell it; or let it.
190. As already set out above, planning law cannot force somebody to occupy a house, so there would be a risk that a property could sit empty. If the beneficiary were to sell the property, its marketability would be reduced to those wishing to use it as a primary residence.
191. None of the adopted policies reviewed in this study is explicit in saying whether or not buy-to-let properties are prohibited. The Council's interpretation is that they would be allowed, as long as the household renting the property is using it as a primary residence, in line with the definition of second homes given in the introduction of this paper. After all, if the goal of a policy is to increase the sustainability and economic wellbeing of an area by ensuring there is a resident population, then rented accommodation would still achieve this. The issue would be if the property ceases to be let, the owner would need to use it as a primary residence as well.

⁶³ It is also worth noting that, at the time of writing, the Government is consulting on a new, simplified method of assessing housing need.

Affordable Housing and the Right to Buy

192. The Council currently agrees planning obligations with landowners and registered providers restricting the occupation of new affordable housing to those on the housing register. This would continue as any second-home policy would not apply to affordable housing.
193. However some tenants of affordable homes let by registered providers have the right to buy or acquire the freehold or a leasehold interest of their properties from their landlord at a discount once they have occupied for a period of time. This may apply at some time in the future to new dwellings provided as affordable rented properties or shared-ownership where the tenant buys shares in the property and pays a rent on the outstanding share belonging to the landlord. Generally, the tenant exercising the right to buy or to acquire does so free from restrictions. This would mean a change in status from the property being an affordable home to becoming a market home. The market home could be sold on the open market free of any restriction on occupation.
194. There are parts of the Council's area which have been designated as rural areas by the Secretary of State⁶⁴ and in those areas a restrictive covenant can be included in the conveyance or grant limiting who can buy or lease a relevant property to those who have had either their only or principal home or their place of work in the area in which the property is situated for a period of three years⁶⁵. However, the Council has little control over whether housing associations choose to apply this restrictive covenant, as discussed further in section 4 below.
195. Separately, the same areas⁶⁶ also benefit from restrictions preventing occupiers of shared ownership homes from buying 100% of the property at some future date (staircasing); instead they can only buy a maximum of 80%, meaning that the property remains in shared ownership in perpetuity or as an alternative the shared-owner can purchase 100% but the registered provider makes a commitment to purchase the property back upon resale^{67,68}. In the case of applications for new affordable shared-ownership dwellings, the Council will look to require by way of planning obligations registered providers to let the dwellings on leases containing restrictions preventing staircasing-out. It will also usually seek to resist applications being made by registered providers or developers to the Secretary of State to waive the protected area status.

Conclusions on whether a policy would be unduly restrictive

196. Saleability and mortgageability is a complex area, but the advice from the CML suggests that a policy would not cause insurmountable problems.
197. Delivery of affordable housing and infrastructure are two of the Council's corporate priorities, so it is important that a policy would not adversely affect either. Evidence

⁶⁴ Housing (Right to Buy) (Designated Rural Areas and Designated Regions) (England) Order 1981 Art 2 and Sch 1 para 12

⁶⁵ Housing Act 1985 section 157

⁶⁶ Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009 Sch 3

⁶⁷ Leasehold Reform Act 1967 Sch 4A

⁶⁸ Although there is an option under the legislation for the shared-owner to purchase 100% (with commitment from the registered provider to purchase the property back on re-sale), this is not something that has happened so far in Purbeck.

commissioned through this paper concludes that neither would need to be adjusted as a result of introducing a policy.

198. A policy should not adversely affect the Council's ability to meet its objectively assessed housing needs, as required by the NPPF.
199. Inheritance of a restricted property and buy-to-let should not be affected by a policy, provided the new occupants use the property as their primary residence.
200. This paper therefore concludes that a potential policy would not be unduly restrictive.

Other factors to be aware of

Restrictive occupancy, not occupants

201. Not an effect of a potential policy, but a factor to be mindful of, is that a policy can only control the *occupancy* of a property, not the *occupants*.
202. One of the key points made by respondents to the 2016 Local Plan Review options consultation was that second homes are pricing local people out of the housing market. Whilst this paper concludes that second homes are likely a contributing factor towards affordability, it is worth bearing in mind that the new, restricted stock would not be the preserve of local people because of the freedom of movement. A restrictive policy would ensure that a home is a household's primary residence and therefore would still be open to purchase from someone wishing to relocate to Purbeck. Respondents to the consultation also pointed out that second homeowners have greater spending power than many local people and are therefore able to pay the full asking price of properties. A restrictive policy would not be able to stop a household from outside the area outbidding a local household on a new property, if it is their intention to use their new home in Purbeck as their primary residence.

Local services

203. A further factor to be aware of is that several respondents to the 2016 Local Plan Review options consultation pointed out that an advantage of second homes is that their owners pay 100% council tax but do not use local services. One of the potential implications of a restrictive policy could be more stretched local services, assuming a rise in the proportion of occupied properties.

District-wide housing number

204. The Government currently requires SHMAs to adjust housing numbers to take into account second home levels, although this requirement may change in the future. In Purbeck's case, the allowance made is 7.4%. As long as this requirement continues, the Council will still have to make an allowance for any loss of second hand stock to second homes, even if a restrictive policy were introduced.

Section 3 summary

205. This section has examined the potential unintended consequences that a restrictive policy may cause. It is vital that the Council is aware of these if it is to proceed with a new policy.
206. Looking at the effect a policy might have on the affordability of existing, unrestricted housing stock, evidence shows that impacts would be neutral. Furthermore, the sales prices of the restricted stock would unlikely be significantly affected.
207. Restricting the occupancy of new-build homes should not lead to a displacement of second homes from the AONB to elsewhere in the district. This is because of the volume of unrestricted properties that would still be available in the AONB; and that prospective second homeowners would more likely look to other coastal and higher value landscape areas outside the district. Nevertheless, there are attractive chocolate box villages outside the AONB, where market housing could be permitted on rural exception sites. Given the potential social and economic impacts that under-occupied homes could have on those communities, there is a strong case for also restricting market housing on rural exception sites district wide.
208. Enforceability of a policy should not be a problem, given the number of properties a policy would be likely to affect.
209. Owing to the scarcity of adopted second homes policies in the country and that there is no evidence of restricted properties being built out, it is difficult to see at this stage how saleability and mortgageability would be affected. Advice from the Council of Mortgage Lenders shows this to be a complex area, but it does appear that issues could be overcome in theory.
210. The NPPF requires development to be viable, so the Council has commissioned evidence to look into the potential impacts of a policy in this respect, paying particular attention to affordable housing contributions and CIL. After all, meeting local housing needs and delivering infrastructure are two of the Council's corporate priorities. The evidence shows that a restrictive policy covering the AONB would not have an adverse impact on viability and lead to no need to adjust affordable housing or CIL contributions.
211. The NPPF also requires councils to maintain a five-year supply of housing. Any policy should not lead to the Council falling foul of this requirement, provided housing policies are monitored.
212. Inheritance of a restricted property should not be a problem, provided that property is occupied as a principal residence, either by the new owner or a tenant.
213. As a result, the Council does not believe that there would be any adverse unintended consequences of a policy in terms of affordability; displacing second homeownership; enforceability; or being unduly restrictive.
214. The Right to Buy could mean that at some point in the future affordable homes would become unrestricted market homes which could be sold on the open market. The Council has very little control over this, although housing associations could choose to apply a restrictive covenant at the point of sale.

Section 4: alternatives

215. One of the legal challenges to the St Ives Neighbourhood Plan was on the basis that reasonable alternatives to the second homes policy had not been considered during plan making. Whilst the Court found that the developer's challenge on this basis carried no substance, it nevertheless highlights the importance of considering reasonable alternatives. The alternatives have been considered through the Sustainability Appraisal process⁶⁹ and are discussed below.

Reasonable alternatives assessed in the Sustainability Appraisal

District-wide policy

216. Evidence shows that second homes occur across the district to differing levels and the Sustainability Appraisal found that an option to apply the policy district-wide scored as well as proposed Policy PRH. However, the NPPF requires plans to be based on a proportionate evidence base. Evidence shows that 91% of second homes are in the AONB and that is where the impacts are felt most acutely. A district-wide policy would be disproportionate in light of the evidence, so on balance, the Council considers Policy PRH to be the preferred option.

No policy

217. Historically, the Council has felt it has been unable to address the issue of second homes through the planning system. An option of having no policy would therefore continue the current approach of not restricting second homeownership. However, given the compelling evidence that a problem exists and that something can potentially be done to help address it through a local plan policy, the Council does not believe that a do nothing approach is a preferable alternative.

Deliver more homes

218. The developers challenging the St Ives Neighbourhood Plan suggested that, as the second homes policy purported to address the lack of open market dwellings available to local residents to buy as their principal residence, the most obvious solution was to facilitate more market housing.

219. The Court ruled that this was not a reasonable alternative in the context of the objectives of the plan, which included bringing 'greater balance and mixture to the local housing market and create new opportunities for people to live and work [in St Ives], to strengthen [the local] community and the local economy'. Even if it were a reasonable alternative, there was no proof it would have been environmentally equal or better.

220. Given the social and economic issues highlighted in this paper associated with the presence of second homes in Purbeck, as well as the environmental designations that prohibit house building in many parts of the district, it is very difficult to support building more, unrestricted housing to compensate for second homes. Any additional homes would not be restricted and it is difficult to see how this would achieve social or

⁶⁹ The Sustainability Appraisal Report will be published alongside the next consultation on the Local Plan Review.

economic betterment. Without knowing how many extra homes would be needed through this alternative option and where they would be, it is impossible to say what the environmental impacts would be and whether they could be mitigated successfully. However, it is unlikely that additional housing would lead to any environmental improvements.

221. Therefore, the Council does not consider that the delivery of additional homes would be a preferable alternative.

Other alternatives not considered to be reasonable

222. The Council has also considered the following alternatives, but they are not reasonable and therefore not assessed through the SA process.

Tariff on second homes

223. During the Local Plan Review issues and options consultations, some town and parish councils suggested that the Council should tax second homes more heavily and / or introduce a Community Infrastructure Levy (CIL)-style financial contribution from new development that could pay for new-build affordable housing.

224. Council tax is outside of the control of planning policy, but it is worth noting that the Council already charges 100% council tax on second homes, which is the maximum amount the Council is allowed to charge by law. Anything greater than this would be illegal.

225. Having regard to a planning-related levy, an Act of Parliament⁷⁰ provides the legal mechanism by which councils can charge CIL on development. Without such facilitative legislation, it would not be possible to charge CIL. There are no provisions in planning legislation that would allow the Council to introduce any other type of levy through the local plan. Therefore the introduction of a tariff would not be legal and it would not be a reasonable alternative.

A Guernsey-style local and non-local housing policy

226. There are around 27,000 homes on Guernsey, of which around 1,600 (6%) are 'open market' and the remaining 25,400 (94%) are 'local market'⁷¹. The States of Guernsey's local and open market 'Housing Control Law' reserves the local market property stock for people with a local housing licence (principally achieved through being born on the island or marrying someone with a licence), with the open market stock available for purchase by anyone from outside the island.

227. The Housing Control Law does not restrict second homeownership, but it does ensure an exclusive housing stock for local people. Given the issues raised by Purbeck residents about local stock being purchased by people without a connection to the district, it is worth exploring whether or not a similar local and open market housing

⁷⁰ <http://www.legislation.gov.uk/ukdsi/2010/9780111492390/contents>

⁷¹ <https://www.gov.gg/CHttpHandler.ashx?id=106718&p=0>

policy could be a reasonable alternative to a restrictive second homes policy. Therefore, the Council has contacted the housing department in Guernsey for further information.

228. Further to discussions with Guernsey's housing department, it became clear that the island's law-making process is different from that of the UK. Although a Crown Dependency, the island has its own independent government in the form of the States of Guernsey. Laws have to be ratified by the UK Government, but the UK does allow a degree of freedom to create laws tailored to the island's specific local circumstances. In this instance, the housing laws were allowed as a reaction to the impacts of World War 2, which forced many locals to evacuate. The States wanted to make sure there would be a stock of homes for local people in perpetuity.
229. The same degree of freedom in law making is not afforded to districts and boroughs in the UK. This means that it would not be possible to introduce a similar housing control law in Purbeck that would preserve a stock of local and non-local housing, without the legislation from the UK Government to facilitate it. Therefore, this would not be a reasonable alternative. The closest equivalent is properties with a restrictive covenant under Section 157 of the Housing Act 1985. This is explained further below.

Section 157 of the Housing Act 1985

230. Through the Local Plan Review options consultation, respondents suggested that the Council impose a restrictive policy comparable with Section 157 of the Housing Act 1985⁷², as done in parts of Devon. This led to a key action being identified to work with the Council's housing and legal teams to investigate the possibility of restricting the resale of council houses under the Right to Buy.
231. Section 157 is a restrictive covenant on the sale of ex-council and housing association properties in National Parks, AONBs, and designated rural areas⁷³. The AONB and designated rural areas cover most of Purbeck, except for Wareham and Upton. Section 157 requires that the purchaser of the property must have lived or worked locally (or both) for three years immediately prior to the purchase.
232. There are three important aspects to consider about Section 157. Firstly, it applies to affordable housing only and not to market housing. This means it would not apply to all new homes. Secondly, it is explicit in applying only to Council houses and to housing association properties. Purbeck District Council is no longer building any affordable housing and the Council has no legal powers to force housing associations to covenant properties with the restriction. Housing associations would need to covenant properties voluntarily. Thirdly, covenants are outside the control of planning law and therefore the Council would be unable to introduce a Section 157-style policy through the local plan or through its own housing policies.
233. In light of this, a restrictive policy along the lines of Section 157 would not be a reasonable alternative. The Council could still apply Section 157 itself to existing Council-owned stock, but there is only one Council-owned property left.

⁷² <http://www.legislation.gov.uk/ukpga/1985/68/section/157>

⁷³ As defined by Statutory Instrument 1997/620-25 and 1999/1307

Section 4 summary

234. This section has explored alternatives that could be introduced instead of a restrictive second homes policy. None appears to be more reasonable or sustainable than a restrictive second homes policy.

Potential policy

235. This paper has established that a local plan policy could be appropriate to restrict second homeownership of new-build properties. It has also established that second homes are a particular issue in parts of Purbeck and they can be linked to negative social impacts. In the absence of any more sustainable reasonable alternatives, the Council believes there is scope to introduce a restrictive policy, though it is important to be aware of the potential unintended consequences of a policy, as discussed in this paper.

Policy PRH: Principal Residence Housing

236. The proposed policy is below, along with its preamble.

Preamble

The Council's second homes background paper shows evidence of second homeownership across the district, accounting for around 8.01% of the overall housing stock. Second homes are contributing factors towards social issues such as affordability and community cohesion.

The Council's second homes background paper shows that second homes are causing negative social effects. The Council cannot control the existing housing stock, but a planning policy can apply to new-build properties. The proportion of second homes is particularly high in the AONB, where around 91% of the district's second homes are located. This is where the negative effects are most acute, although the market for second homes also covers 'chocolate box' villages found district wide. Therefore, Policy PRH predominantly applies to the AONB part of the district, but also covers rural exception sites across the district because such sites are often on the edges of attractive rural villages that would likely be desirable to second homeowners. The Council will monitor the non-AONB parts of the district that are not restricted by the policy and will consider broadening the coverage of the policy if negative effects increase.

The Council defines a second home as: 'Privately-owned habitable accommodation falling within Class C3 of the Use Classes Order, which is not occupied by anyone as their only or principal residence. It may be occupied occasionally, for example as a holiday home or when working away from the occupier's main home. The following exceptions are considered by the Council not to be a second home:

- A dwelling occupied as a rental property;
- A dwelling used for a substantial part of the year for a holiday let business;
- a property that the owner plans to sell in the near future, or has been purchased recently but has not been moved into yet; or

- a property that is occupied by a student(s) as accommodation while at college / university.

A principal residence is therefore defined as a property that is occupied as the occupier's only or main residence, where the occupier spends all of their time save for any temporary absence by the occupier that is not sufficiently continuous or lengthy or combined with other circumstances to give rise to the inference that the occupier has ceased to occupy the dwelling as their only or principal residence.'

Policy PRH: Principal Residence Housing

Owing to the impact on the local housing market of the continued uncontrolled growth of dwellings used for holiday accommodation (as second or holiday homes) new C3 dwellings in the AONB, including changes of use to residential but excluding replacement dwellings, will only be supported where there is a restriction to ensure that such dwellings are occupied by an individual as their only or principal residence. This means that the dwelling is where the occupier spends all of their time save for any temporary absence by the occupier that is not sufficiently continuous or lengthy or combined with other circumstances to give rise to the inference that the occupier has ceased to occupy the dwelling as their only or principal residence. All market housing delivered on rural exception sites across the district will have the same restriction.

The restriction will be imposed through a planning condition or under the terms of a planning obligation.

The condition or obligation will require that new C3 dwellings to which this policy applies are occupied solely as the only or principal residence of those persons entitled to occupy them. Occupiers of such dwellings will be required to keep proof that they are meeting the obligation or condition, and be obliged to provide this proof if/when Purbeck District Council requests it. Proof of Principal Residence is via verifiable evidence which could include, for example (but not limited to) occupiers being registered on the local electoral register and being registered for and using local services (such as healthcare, schools, etc.).

Would the policy pass the NPPF's tests of soundness?

237. Paragraph 182 of the NPPF specifies the tests of soundness that a local plan, and therefore local plan policy, has to reach. Below is a breakdown of the tests in the context of the potential policy.

Positively prepared: 'the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.'

238. The proposed policy would not prejudice the Council's ability to meet its objectively assessed development needs, as it will not prevent the Council from delivering a

mixture of market and affordable housing. It would also not prevent the Council from delivering infrastructure or any neighbouring authority's unmet needs under the 'duty to cooperate'. As held by the examiner of the St Ives Neighbourhood Plan Policy H2, restricting second homeownership is consistent with achieving sustainable development because the uncontrolled growth of second homes is having an adverse impact on communities and the economy. The Government has identified Purbeck as an area in which to 'tackle the high levels of second homeownership' and communities have been clear to the Council through Local Plan Review consultations that second homes are not meeting local housing needs. Therefore, the Council's proposed policy is positively prepared.

Justified: 'the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence.'

239. This paper has set out that restricting second homeownership is appropriate, given the available evidence and consideration of reasonable alternatives. It seeks to restrict second homes in the AONB and rural exception sites district wide, which are the areas most affected. This is a proportionate approach.

Effective: 'the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities.'

240. This paper has considered a variety of relevant factors, such as the impacts of a policy on viability and enforceability. There is no evidence to suggest that the policy would not be deliverable. The issue is localised to an extent that its delivery does not require joint working with neighbouring councils. It would be monitored over time to carefully check that it is not having an unexpected impact on house prices and / or viability, or displacing second homeownership to non-AONB locations in the district or beyond.

Consistent with national policy: 'the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.'

241. There is nothing in national policy that would prohibit the introduction of a restrictive policy. It would not prejudice the Council's ability to meet objectively assessed housing needs and nor would it undermine the NPPF's 'golden thread' of sustainable development. In fact, restrictive policies such as the one in St Ives have been held to achieve sustainable development. Given the circumstances in Purbeck, there is a strong argument to say that the proposed policy would enable the delivery of sustainable development.

Model condition and informative note

242. The potential policy mentions that a mechanism for control would be a planning condition. The Council proposes the following model condition and informative note:

'The dwelling hereby approved shall not be occupied otherwise than by a person as his or her only or principal home. The occupant shall supply to the local planning authority (within 14 working days of the local planning authority's request to do so) such information as the local planning authority may reasonably require in order to determine compliance with this condition.'

Reason: To safeguard the sustainability of the local community, whose sustainability is being eroded through the number of properties that are not occupied on a permanent basis and to ensure that the resulting accommodation is occupied by persons in compliance with Policy PRH of the Purbeck Local Plan.

Informative note:

This condition shall not preclude periods of occupation by visiting guests, but those visiting guests will not individually or cumulatively contribute towards the occupation of the property as a Principal Home. The condition requires that the dwellings are occupied only as the 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 condition, and be obliged to provide this proof if / when the Local Planning Authority 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.).'

243. The proposed condition broadly reflects that of ENPA's, which was subject to counsel advice; the local plan inspector supports it; and appeal inspectors have supported it. The informative note has featured on grants of planning permission⁷⁴ covered by the St Ives Neighbourhood Plan.

244. An alternative to a condition could be a S106 legal agreement, which the Council could produce on a case-by-case basis.

Sustainability appraisal

245. The proposed policy has been considered through the SA process, along with alternatives. The SA concludes that the policy is the best option, when assessed against all SA objectives together, taking into account the baseline and other relevant policies.

⁷⁴ For example, PA16/10452

Overall conclusions

247. Planning policies to restrict second homeownership are a relatively new occurrence, with only a handful of examples to draw upon. A review of these policies and the evidence behind them has shown that introducing a policy is by no means simple. Not only does a policy need to be underpinned by evidence, but its unintended consequences also need careful consideration.
248. Section 1 of this paper took a comprehensive look at whether or not introducing a policy would be possible in Purbeck, by looking at other councils' approaches and considering legal advice. This led to the conclusion that a policy would be possible in principle, provided there is the necessary evidence to support it; the potential ramifications are considered; and that the Council has taken into account reasonable alternatives.
249. This led to section 2 analysing the evidence by setting out a picture of the levels of second homeownership in Purbeck, concluding that second homeownership affects different parts of the district to differing degrees, but with a general trend for higher proportions in the AONB and chocolate box villages across the district. These proportions are almost entirely above the national and regional levels, with parts of the district around the coast experiencing the highest levels. It then looked at the effect second homes have on local housing stock, with the evidence showing that across most of the district over a 10-year period, housing stock rose but resident population fell. This indicates that second homes are becoming more prolific and they are using up local housing stock. Effects on affordability proved difficult to gauge because affordability is influenced by many factors. However, following the logic of price elasticity theory, if demand for homes is high and supply is reduced in part because of second homes, prices will rise. Affordability is linked to people having to leave their areas, but again, it is difficult to measure the extent to which this is caused by second homes because there are many reasons why someone might leave their area. But given the link between second homes and affordability, it is certainly plausible that they could be part of the problem. Qualitative data gathered through Local Plan Review consultations and surveys undertaken as part of this paper suggest that second homes do lead to an overall positive, albeit minor, economic effect. However, this does not outweigh the clear steer from the other findings regarding the extent of second homeownership and the social problems it can be linked to.
250. The conclusions of section 2 added weight to the case for introducing a restrictive policy. However, the Council needs to be aware of the potential unintended consequences it might cause and these were examined in section 3. The report concluded that a new policy would not cause any adverse ramifications in terms of affordability of existing, unrestricted stock or the sales prices of new, restricted stock; displacing second homeownership; enforceability; or being unduly restrictive. Having regard to the latter, this was looked at particularly in respect of saleability and mortgageability; development viability (affordable housing and CIL contributions); maintaining a five-year housing supply and meeting objectively assessed housing needs; and inheritance, buy-to-let and the Right to Buy of restricted properties.
251. The conclusions of sections 1-3 led this paper to consider that a new policy would be possible, but the plan-making process requires that other reasonable alternatives be explored when producing a policy. A range of alternatives has been considered, but

none was found to be more appropriate to address the identified issues than proposed Policy PRH.

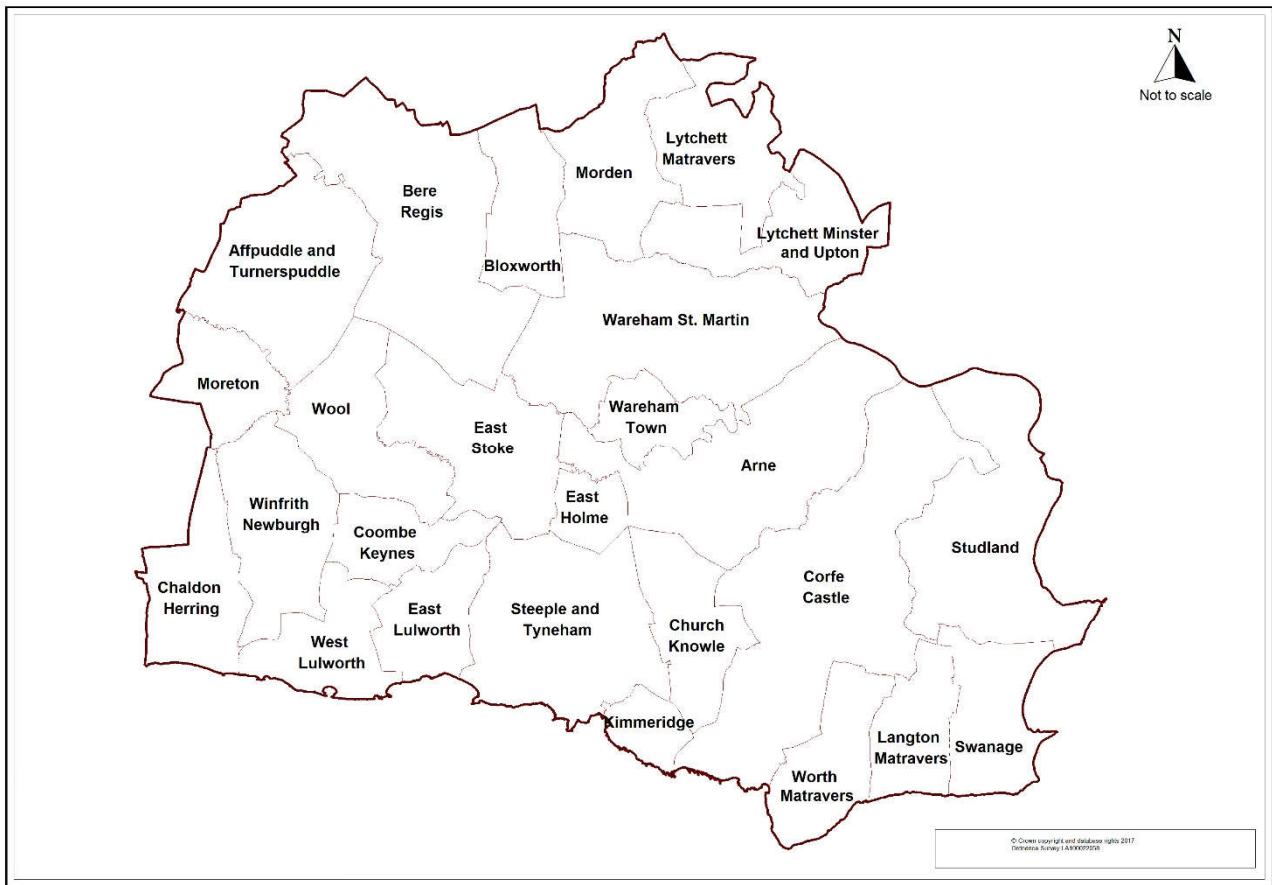
252. Therefore, this paper proposes that the potential policy should be considered by the Council, along with a model planning condition and informative note to attach to any potential planning permission affected by the policy. This paper has looked at the policy in terms of the NPPF's tests of soundness and concludes that the proposed policy would be sound.

253. The policy has been informed by a sustainability appraisal.

Recommendations for the Local Plan Review

254. This report recommends that the Local Plan Review incorporates proposed Policy PRH: Principal Residence Housing and that it be monitored over time.

Appendix 1: Purbeck parishes



Appendix 2: parishes by ward (applicable to 2001-2011 Census data)

The Census data cited in section 2 of this paper refers to wards that have been updated since the Censuses took place. The tables below show which parishes were in which ward in 2001-2011 and which are in wards now.

Wards relevant to 2001-2011 Census data

Ward name in 2001 – 2011 Censuses	Parishes in ward
Bere Regis	Bere Regis
Castle	Corfe Castle; Studland
Creech Barrow	Arne; Church Knowle; Kimmeridge; Steeple; Tyneham
Langton	Langton Matravers; Worth Matravers
Lytchett Matravers	Lytchett Matravers
Lytchett Minster and Upton	Lytchett Minster and Upton East; Lytchett Minster and Upton West
St Martin	Bloxworth; Morden; Wareham St Martin;
Swanage	Swanage North; Swanage South
Wareham	Wareham Town
West Purbeck	Coombe Keynes; East Holme; East Lulworth; East Stoke; West Lulworth
Winfrith	Affpuddle and Turnerspuddle; Chaldon Herring; Moreton; Winfrith Newburgh
Wool	Wool

Current wards

Current Purbeck wards	Parishes in ward
Bere Regis	Bere Regis
Castle	Corfe Castle; Studland
Creech Barrow	Arne; Church Knowle; Kimmeridge; Steeple; Tyneham
Langton	Langton Matravers; Worth Matravers
Lytchett Matravers	Lytchett Matravers
Lytchett Minster and Upton	Lytchett Minster and Upton East; Lytchett Minster and Upton West
St Martin	Bloxworth; Morden; Wareham St Martin;
Swanage	Swanage North; Swanage South
Wareham	Wareham Town
Lulworth and Winfrith	Coombe Keynes; Chaldon Herring; East Lulworth; West Lulworth; Winfrith Newburgh
Wool	Affpuddle and Turnerspuddle; East Holme; East Stoke; Moreton; Wool

Appendix 3: covering letter and local businesses contacted to gauge economic impacts

Planning & Community Services
Westport House, Worgret Road, Wareham, Dorset BH20 4PP
www.dorsetforyou.com/purbeck Switchboard: (01929)556561

Direct Dial: 01929 557359 Email: stevetapscott@purbeck-dc.gov.uk

Our Ref: Second homes

Date: 17/03/17

Dear Sir or Madam

Evidence of the economic impacts of second homeownership

Purbeck District Council is currently reviewing its local plan and is looking into the possibility of introducing a planning policy to restrict second homeownership in the district. I am currently producing a paper to use as evidence to underpin any potential policy. The paper needs to look at several aspects, one of which is the economic impacts of second homes. For information, I have included a definition of second homes at the end of this letter.

Your business has been suggested to me by either your ward councillor or the Council's economic development team as worth contacting to help with the Council's research. If you have the time, I would be most grateful if you could respond, letting me know to what extent second homes in your area affect your business, either positively or negatively. For example, a lack of indigenous population may affect your opening hours and the number of people you are able to employ; or second homeowners may provide you with valuable revenue to sustain your business year round.

My preference would be to attribute any evidence to its source and therefore mention your business in the study. However, if you would prefer your response to be anonymous, please let me know.

The quickest and easiest way to contact me is by email: stevetapscott@purbeck-dc.gov.uk.

In anticipation, I would like to thank you for any time and expertise you may be able to provide, but I understand if you are unable to respond. If I do not hear back from you by **Monday, 24th April 2017**, I will consider that you do not wish to take part in the research.

Yours faithfully,

Steve Tapscott
Senior Planning Policy Officer

GENERAL MANAGER
Planning & Community Services
Bridget Downton



Purbeck District Council's definition of second homes

There is no official definition of what constitutes a second home, but for the purposes of this research, the Council is using the following:

A 'second home' is defined as a privately-owned habitable accommodation that is not occupied by anyone as their main residence. It may be occupied occasionally, for example as a holiday home or when working away from the household's main home. There are some instances where more than one property is owned or rented by a household, but the additional property/properties are not considered to be second homes:

- if a property is occupied by anyone as their main residence it is not a second home [i.e. if someone is renting from a landlord]
- a property that the household plans to sell in the near future, or a recently bought property that they haven't moved into yet, is not regarded as a second home
- a property that is occupied by a student son/daughter as accommodation while at college/university.