

## Second Homes

### Key points:

- There is no way to accurately report numbers of second homes, however there are several sources that provide an indication of communities with higher levels of second home ownership.
- Issues associated with an imbalance of second homes include the erosion of community, seasonality, under-occupation of stock, and reduced affordability.
- Second homes that are occupied more frequently bring some economic benefit to the community, especially through sectors that support tourism such as local shops, restaurants and cafés, services such as gardening and cleaning and construction and repair.
- Second homes that are unused for much of the year provide little or no benefit to the community.
- Where there are a large number of second homes and holiday lets it can limit the availability of long term private rental stock.

### Background

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

There are four potential indicators of second homes in Cornwall:

1. Council Tax second homes data.
2. Stamp duty land tax: higher rates for additional dwellings.
3. Households with a second address (2011 Census).
4. Households without a usual resident (2011 Census)

It is important to recognise the different roles that second homes play in local housing markets and consider the differences in economic and community impacts. Second homes can be used in a variety of ways, including the following examples:

- Homes that are empty for much of the year which contribute very little to the economy.
- Homes purchased as a holiday home and used for short term lettings or short-term tenancies while not in use.
- Second homes that have been inherited and are rented out to provide an income, for example to supplement pension income, help with care fees, or supporting a child through university.
- Second homes bought for use while studying or working away from home.

The 2018/19 English Housing Survey<sup>1</sup> reported that 3% of households owned a second home and indicates the main reasons for second home ownership:

<sup>1</sup> <https://www.gov.uk/government/statistics/english-housing-survey-2018-to-2019-headline-report>

## Housing in Cornwall 2021 Second Homes

### Reasons for having a second home



### Second Homes: Council Tax and Business Rates Data

In 2013 Cornwall Council removed the discount for second homes, which resulted in all qualifying second homes now paying 100% council tax. The consequence of this change was that now we have no way to monitor second home ownership through Council Tax, and the data is not considered to be a reliable indicator of the scale of second home ownership.

If a second home is let out for 140 days a year, a property pays business rates instead of council tax. If the rateable value (the rent the property could have been let for as set by the Valuation Office Agency) is less than £12,000 these properties are eligible for small business rate relief, meaning they pay no business rates. Currently there is no way of checking the “actual” number of days any property is rented as to qualify the home only has to be “offered” for rent for 140 days or more. Therefore it is possible to claim small business rate relief as long as the property is offered for rent not actually rented.

In March 2021 it was announced by the Government that it plans to tighten the rules, so that people operating a holiday let would need to prove the property is let out for at least 140 days each year to qualify for rate relief.<sup>2</sup>

Although this data is not regarded as robust, the data is still useful to show us which parishes are more likely to have high levels of second home ownership. The map below shows the historic council tax data<sup>3</sup> and indicates higher levels of second home ownership are more likely in coastal communities and to a lesser extent in rural areas, such as Bodmin Moor, the Lizard and Penwith. It is likely that more areas would now be included as second home ‘hotspots’.

<sup>2</sup> <https://www.gov.uk/government/publications/tax-policies-and-consultations-spring-2021>

<sup>3</sup> When the discount was removed in 2013, the field recording as a second home was still kept in the council tax system, but it was not possible to update the data unless the council tax payer offered the information voluntarily.

## Housing in Cornwall 2021 Second Homes

### How many second homes are there in Cornwall?

The map shows the number of second homes recorded in the Cornwall Council Tax Database at 31st March 2018.

In 2013 the 10% discount for second homes was removed, meaning that second home owners pay full council tax for their property. The Council Tax team record if a property is used as a second home, but there is no incentive for the homeowner to share this information.

Any figures quoted are provided as estimates only.

See next page for second home figures for each parish.

**13,500**

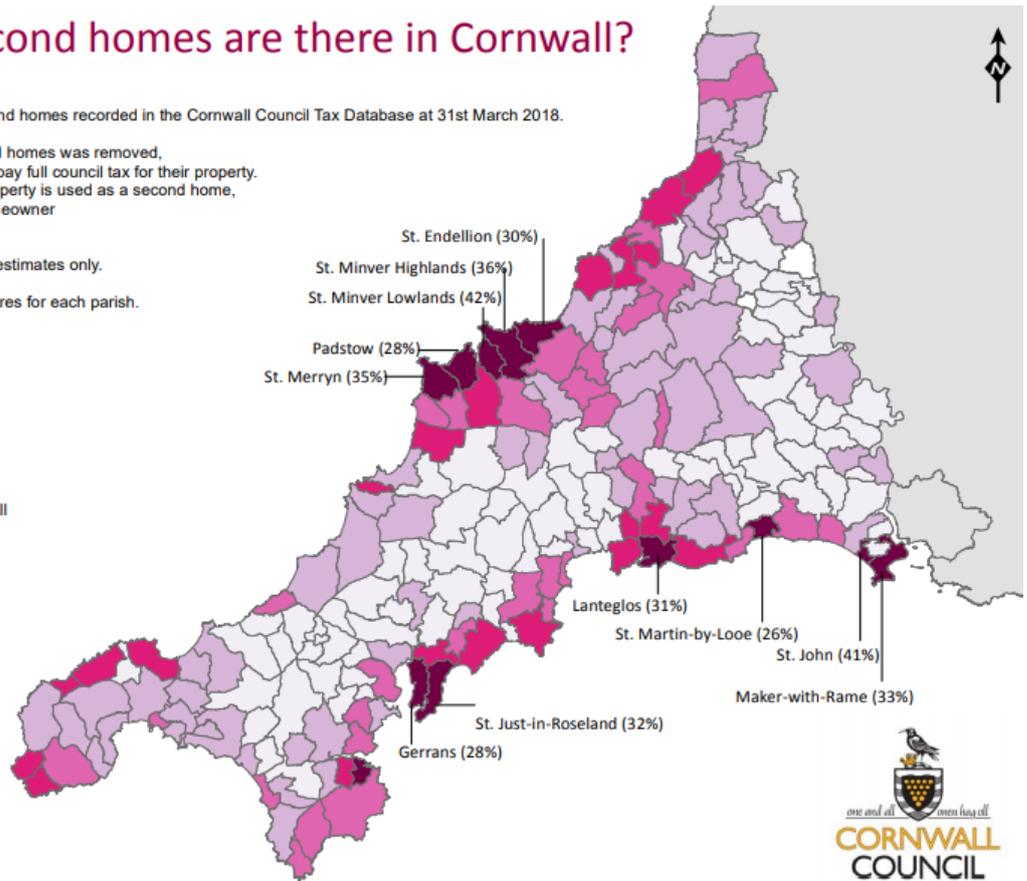
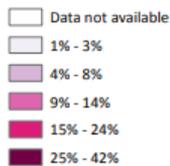
Estimated number of second homes  
31st March 2018

**5%**

Average % second homes in Cornwall

#### Parishes

##### % second homes

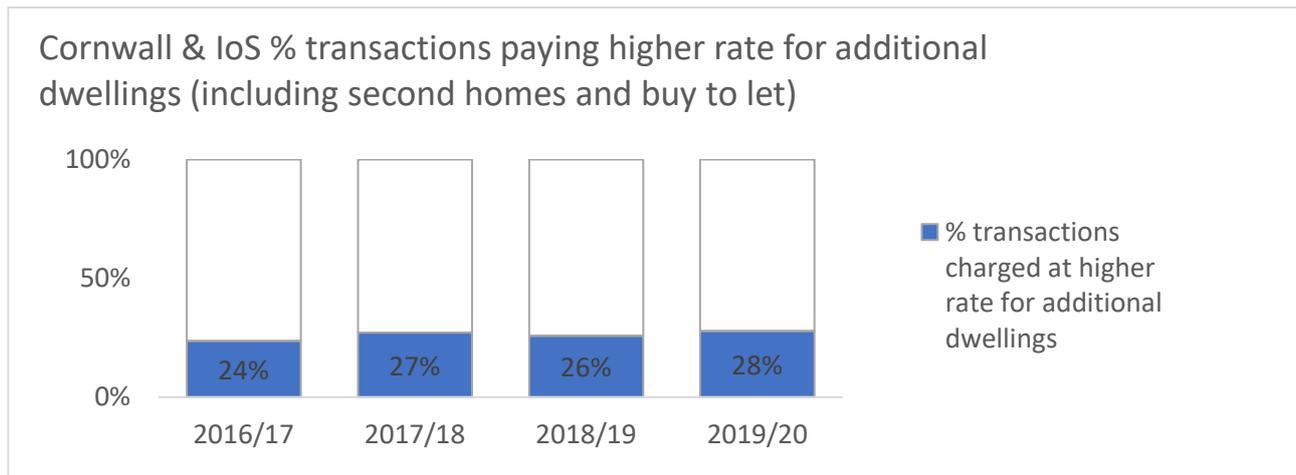


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### Stamp Duty Higher Rates for Additional Dwellings

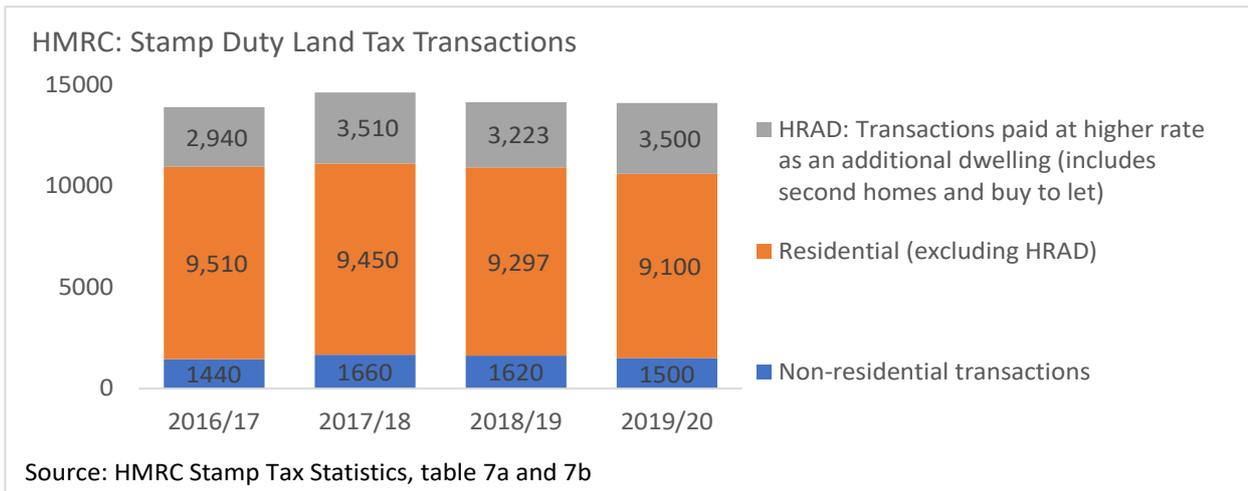
Higher rates for additional dwellings were introduced on 1 April 2016 and applies to any purchase of a residential property over £40,000. Purchasers pay 3% on top of SDLT rates if buying a new residential property as an additional home.



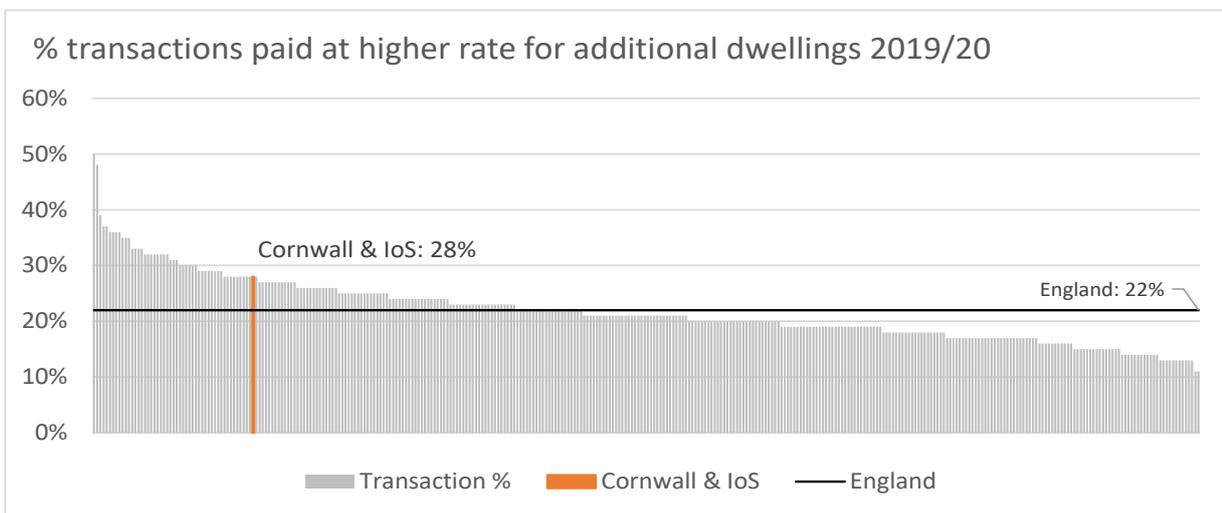
Source: [UK Stamp Tax statistics - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

The chart below shows the breakdown of property transactions by the type of stamp duty paid. This indicates that between 24% and 28% of transactions are paid at the higher rate since this tax was introduced.

## Housing in Cornwall 2021 Second Homes



Cornwall and Isles of Scilly are within the top 20% of local authorities for the proportion of transactions paid at the higher rate of stamp duty tax and higher than the England average.

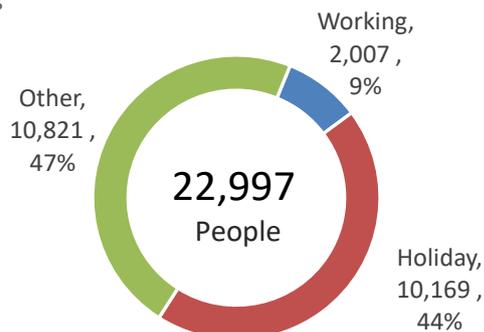


### Households with a second address

In the 2011 Census, 22,997 people usually resident elsewhere in England and Wales had a second address in Cornwall, used for 30 days or more each year. 11,849 people in Cornwall had a second address elsewhere in England and Wales, 295 had a second address in Scotland or Northern Ireland, and 5,468 had an address outside the UK.

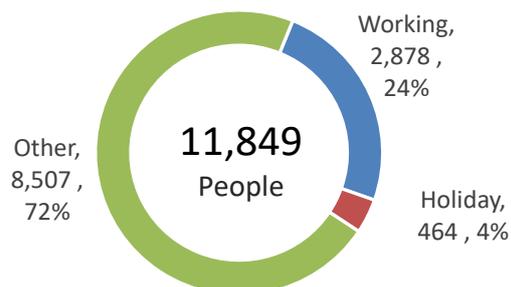
#### Second Address in Cornwall

People with a second address in Cornwall usually resident elsewhere in England and Wales



#### Second Address outside Cornwall

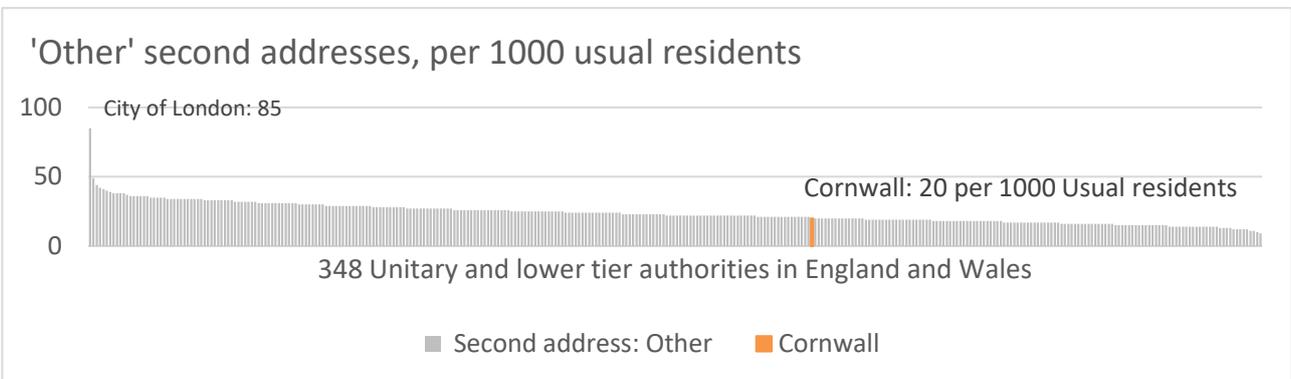
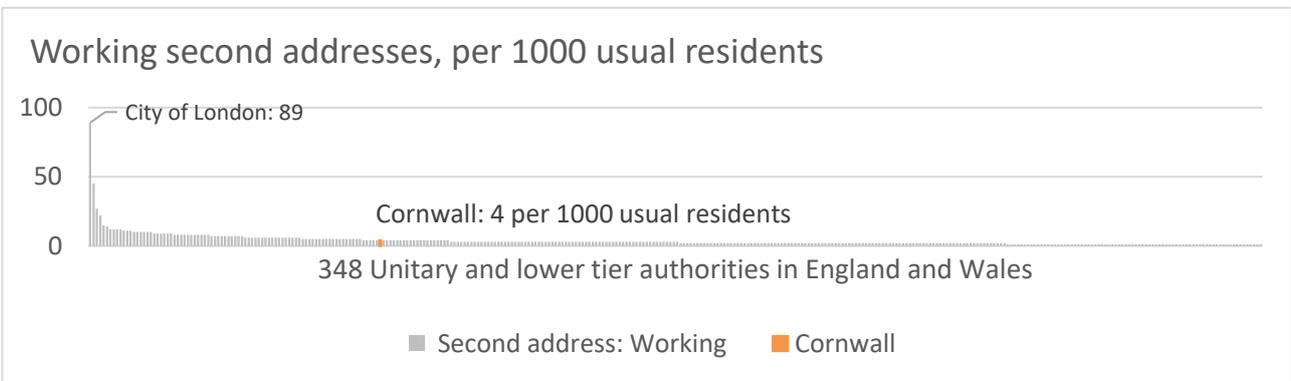
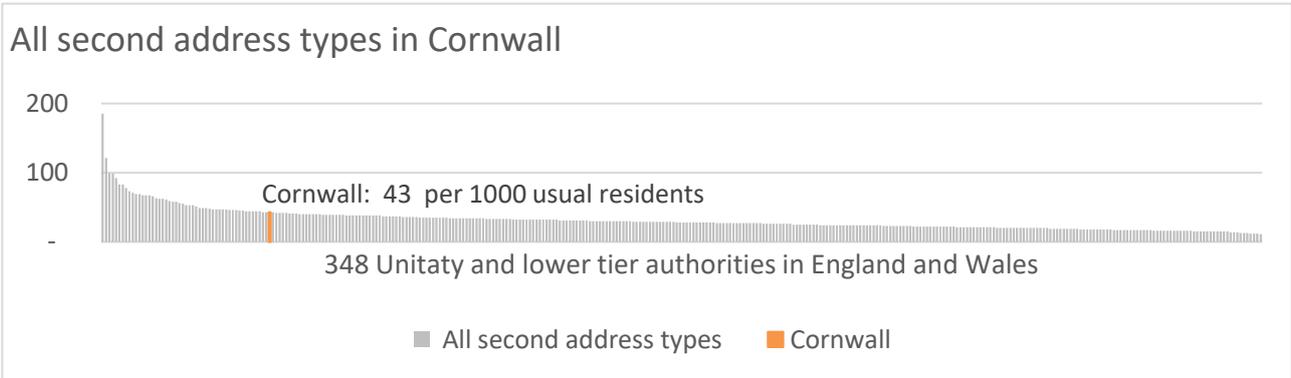
Usual Residents of Cornwall with a second address elsewhere in England and Wales



Source: 2011 Census table Table QS106EW

## Housing in Cornwall 2021 Second Homes

The charts below indicate Cornwall's relative position against other local authorities for the categories of second address for those usually resident elsewhere. The most common type of second address owned in Cornwall is 'holiday', which would put Cornwall in the top 10% of local authorities in England and Wales.



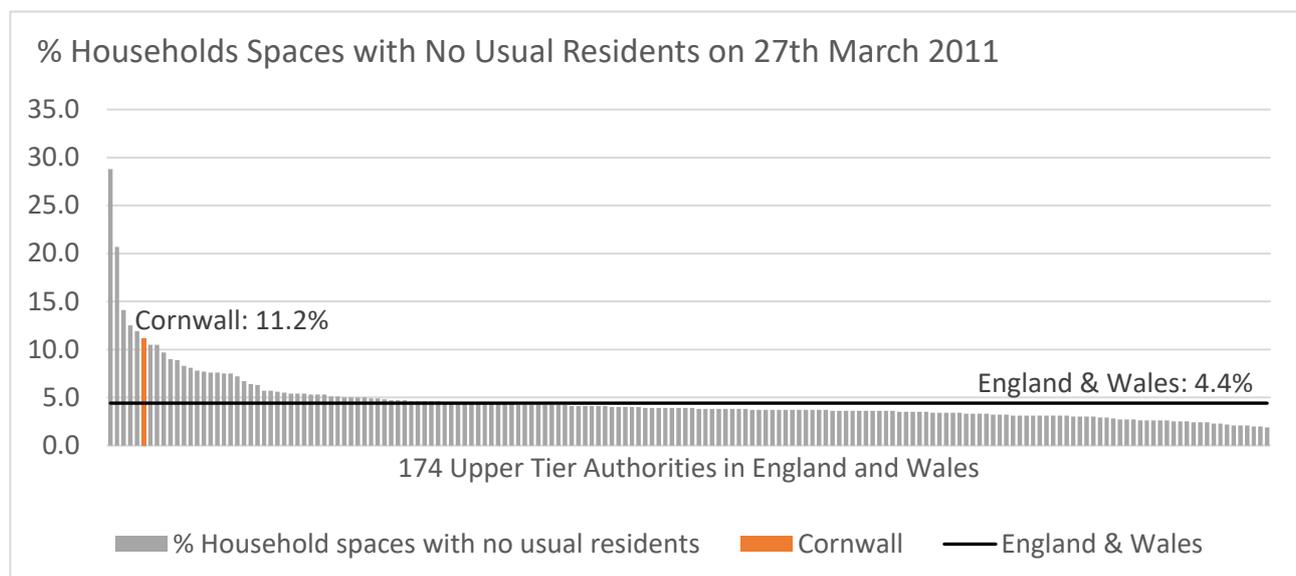
## Housing in Cornwall 2021 Second Homes

### Notes about this data

- This data records people, and not dwellings or homes.
- A second address is an address at which a person stays for more than 30 days per year that is not a person's place of usual residence. If a person with a second address was staying at that address on census night, they were classed as a visitor to that address, but counted as a usual resident at their home address.
- More than one person can record the same address, for example, these addresses could include dwellings that are a second address for more than one person (for example a family of four who all record the same holiday address), but also communal establishments such as armed forces bases and rented rooms in properties occupied by usual residents.
- This data also doesn't report people usually resident in Cornwall who own a second address also within Cornwall.

### Households without a Usual Resident

The 2011 Census recorded 28,957 household spaces with no usual residents, as measured on 27<sup>th</sup> March 2011<sup>4</sup>. Cornwall Ranked 6<sup>th</sup> out of 174 upper tier authorities for this indicator.



At a parish level the pattern is very similar to that for the historic Council Tax data, highlighting coastal and rural communities.

<sup>4</sup> Table KS401: A household space with no usual residents may still be used by short-term residents, visitors who were present on census night, or a combination of short-term residents and visitors. Vacant household spaces, and household spaces that are used as second addresses, are also classified in census results as 'household spaces with no usual residents'.

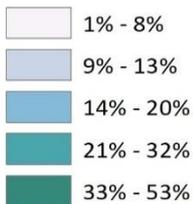
## Housing in Cornwall 2021 Second Homes

### 2011 Census: Household Spaces with No Usual Residents

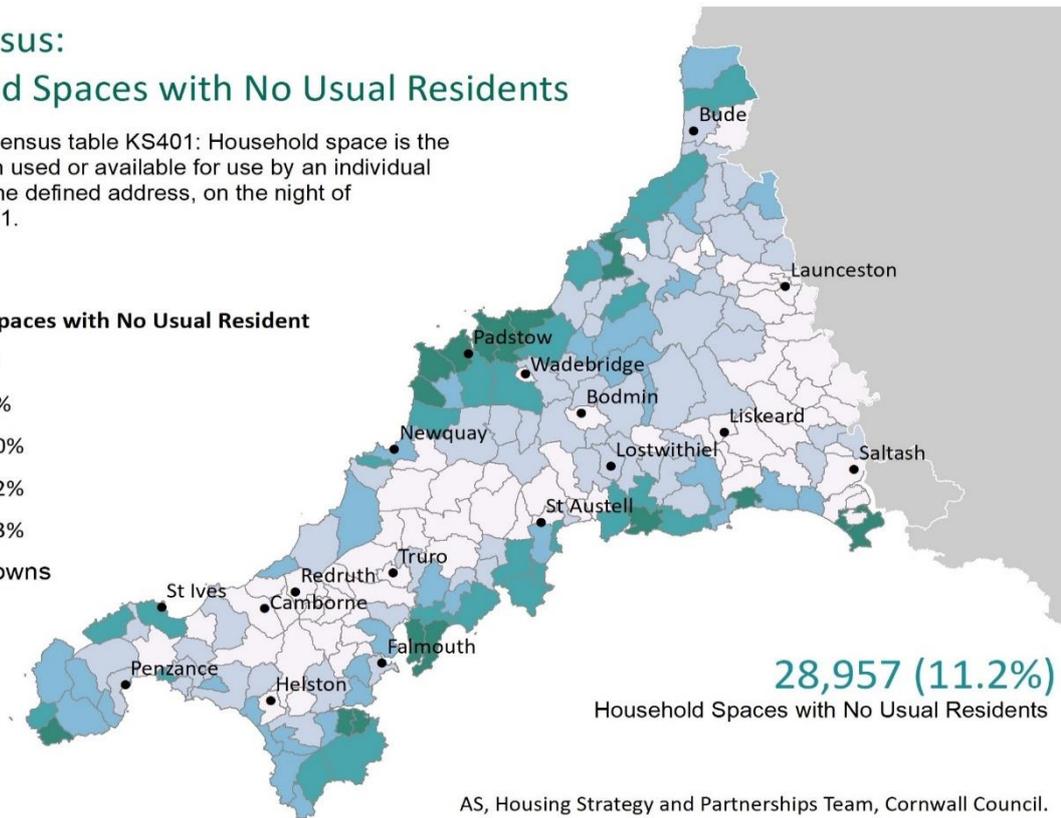
Source: 2011 Census table KS401: Household space is the accommodation used or available for use by an individual household, at the defined address, on the night of 27th March 2011.

**Parishes**

**% Household Spaces with No Usual Resident**



• Main Towns

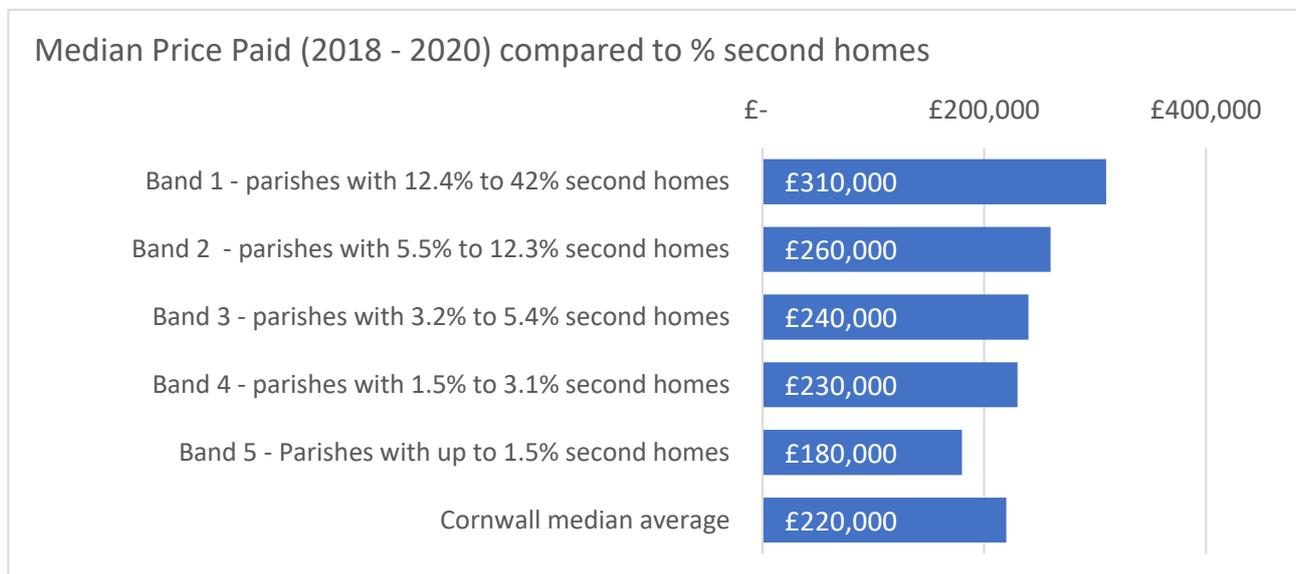


AS, Housing Strategy and Partnerships Team, Cornwall Council.  
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### Second homes and impact on affordability

By comparing house prices (HM land registry data price paid data, median for calendar years 2018 to 2020) with second homes records from 2018 Council Tax data, the chart below shows that house prices are higher for areas with higher levels of second homes. For parishes with over 12% second homes, house prices are 1.4 x above the Cornwall average.

It is not possible to link increased house prices directly to levels of second home ownership, and recognising the limitations in the Council Tax data, but it does suggest that where high levels of second home ownership is coupled with a lack of affordable housing provision, this will exacerbate affordability issues for some communities.



## Housing in Cornwall 2021 Second Homes

The English Housing Survey 2018/19 highlights that those owning a second home tend to be older.

Research by the Resolution Foundation in their 2019 report 'Game of Homes' highlights that the importance of this generational difference:

*The generational issues with additional property ownership are instead around the consequences of the boom over the past two decades in buy-to-let and other additional property, and the associated fall in home ownership since 2003. This has had several important consequences:*

- *It is associated with a rise in the proportion of people living long-term in the private-rented sector. This matters because this housing tenure is associated with higher housing costs, greater insecurity and lower wellbeing.*
- *If total national wealth (and additional property wealth) keeps growing faster than national income, this will widen the absolute gaps in wealth between people who own property and those who do not. Given that additional property wealth is held by the wealthiest members of each generation, and by a greater proportion of the generations born in the 1950s and 1960s, a rise in its value is likely to increase both inter (between) and intra (within) generational wealth gaps.*
- *It is possible that a rise in the number of small landlords has increased the risks for tenants of experiencing unprofessional, low-quality, or simply variable service.*
- *A rise in the number of second homes has increased the problem of underoccupancy of existing housing stock. This problem is particularly concentrated in regions such as the Lake District and the South West where there is a large number of holiday homes.*

*Game of Homes, Resolution Foundation*

*George Bangham, June 2019*

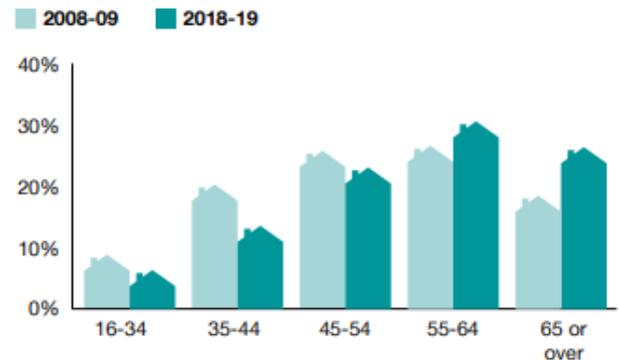
### Neighbourhood Plans and Principal Residence Policies

In April 2021 there were 17 parishes (out of 213) that had implemented a principal residence policy as part of their Neighbourhood Plan. These policies restrict new build properties<sup>5</sup> so that that they must be used as a primary residence. How effective these policies are in tackling affordability remains to be seen, and critics suggest possible unintended consequence of these policies include higher competition for existing homes, less construction of newly built homes and an adverse effect on the local economy.

In these parishes it is likely that second home ownership has reached a level that requires a policy response. Parishes that have adopted a Principle Residence Policy in their Neighbourhood Development Plan up to April 2021:

#### Those with a second home tend to be older

In 2018-19, 80% of those with a second home were aged 45 or over. A decade earlier, 71% of those with a second home were aged 45 or over.



<sup>5</sup> The Principle Residence Policy does not apply to replacement units, only net gain.

## Housing in Cornwall 2021 Second Homes

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- St Ives
- St Minver parishes (St Minver Highlands and St Minver Lowlands)
- Rame Peninsula (Maker-with-Rame, Sheviock, Millbrook, Antony and St John).
- Roseland Peninsula (Gerrans, Philleigh, Ruan Laniorne, St Just-in-Roseland and Veryan).
- Crantock
- Fowey
- St Agnes
- Mevagissey

### Impact of Coronavirus

During the pandemic the UK housing market has seen an increase demand for rural homes, enabled by the ability to work from home, a desire for more space, access to nature and effect of strict lockdown in densely populated areas<sup>6</sup>. This, coupled with the stamp duty holiday designed to invigorate the housing market, has resulted in house prices increasing in coastal and rural areas including Cornwall. If a property is bought to enable working from home, the second home could become the primary residence, which would increase the population and boost the economy, but also an additional pressure on services.

### Links to further information

- Stamp Duty: <https://www.gov.uk/guidance/stamp-duty-land-tax-buying-an-additional-residential-property>
- English Housing Survey 2018/19 Second Homes: <https://www.gov.uk/government/statistics/english-housing-survey-2018-to-2019-second-homes-fact-sheet>
- Resolution Foundation: Game of Homes, The rise of multiple property ownership in Great Britain, June 2019: <https://www.resolutionfoundation.org/publications/game-of-homes-the-rise-of-multiple-property-ownership-in-great-britain/>
- A Place in the Country, the cost of second homes, Jenny Barnett, 2013, [https://www.exeter.ac.uk/media/universityofexeter/centreforsportleisureandtourism/pdf/londonshowcase/Jenny\\_Barnett.pdf](https://www.exeter.ac.uk/media/universityofexeter/centreforsportleisureandtourism/pdf/londonshowcase/Jenny_Barnett.pdf)

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<sup>6</sup> [How home movers' priorities are shifting - Rightmove, May 2020](#)