

# “TRAPPED”

## A report on the housing crisis in the Penzance area

Prepared by the Penzance Council Housing Crisis Working Group

March 2022

“**Trapped!**” That was the stark word used by a senior manager from LiveWest, a leading social housing provider, when asked to describe how he felt about the social housing situation in west Cornwall – a sentiment echoed by many of the housing sector experts who shared with us their experiences of living and working at the cutting edge of the grave housing crisis that is engulfing our part of Cornwall.

The Penzance Council Housing Crisis Working Group was set up by Penzance Town Council in September 2021 in response to the growing emergency, as local people found themselves increasingly squeezed out of the housing market – both as buyers and as renters.

Many local councils in Cornwall and elsewhere have flagged up this issue. We decided to take our engagement a step further, and invited people with detailed knowledge of the local housing landscape to talk to us about their experiences, in a series of informal meetings.

Representatives from Cornwall Council’s affordable housing team, Citizens Advice, the Cornwall Community Land Trust, and LiveWest (the area’s largest social housing provider) spoke to us candidly about the challenges in today’s local housing market, as did a local estate agent and a small-scale property developer active in our area. We also collated data from other sources to try and get an objective view.

Drawing on this information, we have put together a series of policy suggestions and recommendations at three different levels:

- **Local:** directly making a difference, by using our powers as a council and/or by working in partnership with others, in particular through the emerging Penzance Neighbourhood Plan (PZNP).
- **County:** working with our Cornwall Councillors to influence policy at County Hall.
- **National:** influencing national policy through our local MP and other channels.

**While this report cannot provide a quick fix to solve the current emergency, we hope that it will help trigger a rethink in policy at all three levels to ensure that a lasting solution is found, so that the people of our beloved corner of Cornwall will never have to experience such a crisis again.**

**Cllr Penny Young**

**Cllr Stephen Reynolds**

**Joint organisers – Penzance Housing Crisis Working Group**

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## **INTRODUCTION**

### **About our group**

The Penzance Council Housing Crisis Working Group (HCWG) was set up in September 2021, when the Council unanimously approved a recommendation put forward by councillors Penny Young and Stephen Reynolds.

All 20 town councillors were invited to contribute to the work of the group, and over half of them have done so. Group members are drawn from all political shades and none, but share a common desire to understand the crisis and find solutions.

We held regular meetings (face-to-face and online), both as a group and with expert witnesses, from October 2021 to February 2022.

This report, prepared for submission to the full council meeting on 7 March 2022, presents a summary of our findings.

### **About our area**

Penzance Council covers the civil parish of Penzance, which includes not only the town of Penzance itself but also the fishing port of Newlyn, the tourist hotspot of Mousehole, and the surrounding villages of Paul, Heamoor and Gulval.

Our area is in some ways a microcosm of the many coastal communities around the UK currently facing similar issues, from the chocolate-box former fishing village of Mousehole with its high proportion of second homes/holiday lets to two estates (Treneere and Roscadghill) that rank as having some of the highest levels of deprivation in Cornwall.

### **About the crisis**

Access to housing has long been an issue in our part of Cornwall, but the fallout from the Covid pandemic coupled with the boom in Airbnb holiday lets has escalated the crisis to unprecedented levels, with a collapse in the private residential lettings market leading to many long-term tenants being evicted.

At the same time, there is a shortage of social housing: although new homes are being built in our area and across Cornwall, the proportion of affordable homes being built is in decline. And the stock of social housing that was lost to public ownership through past “right to buy” schemes has never been reconstituted.

While the situation may ease in the short term as holiday demand switches back to foreign destinations with the lifting of travel restrictions, there are deep-seated structural issues with the housing market in our area. These need to be addressed, for the sake of our own and future generations.

## **1. Key issues**

### **1a. The private residential lettings market**

The trigger point for the current housing crisis in west Cornwall was a collapse in the private rental market. As property prices have risen steadily over the years, many local people have come to rely on private rented accommodation. But when foreign travel was severely curtailed due to the Covid-19 pandemic, demand for Airbnb short-term holiday lets soared. So when the Covid-related restrictions on section 21 “no fault” evictions were lifted by the government, many property owners switched to the more lucrative and less regulated Airbnb model.

That is not a new phenomenon: some people we spoke to said they had switched from residential lettings to Airbnb a few years ago, often because of difficulties evicting severe problem tenants. But the scale of the switching from the spring of 2021 onwards was unprecedented.

Local media have carried frequent reports about local families, often tenants of many years’ standing and holding full-time keyworker jobs, being evicted and displaced into caravan parks and temporary accommodation. The members of our group who are also Cornwall councillors (Thalia Marrington and Jim McKenna, who represent the Airbnb hotspots of Newlyn/Mousehole and Penzance Promenade respectively) shared with us their all-too-frequent experiences of desperately trying to help constituents facing sudden, imminent eviction.

We heard similar testimony from Kath Brisland, a housing specialist with Citizens Advice, who spoke of her mounting caseload and the mental distress involved:

*“Overall, eviction is brutal for tenants. If the bailiffs come you cannot collect your belongings: if you have to go into emergency accommodation you have the clothes you stand up in, maybe a few things in a bag, and that’s it. You then have to apply for grants to acquire new items.”*

The situation for tenants is exacerbated by a combination of high market rents and low average wages, leading to increased numbers of Section 8 notices to evict tenants in rent arrears.

Nick Jelbart, a local estate agent who spoke to us in early February 2022, reported that his agency had just two rental properties on its books: a 1-bed flat in Camborne that was already taken, and another 1-bed flat in the Battlefields area of Penzance which 10 people were booked to view in a couple of days’ time. He said that demand exceeds supply by 15-to-1. He too had experienced the brutality of eviction:

*“Last year I had to take the keys off a tenant on 23 December. To be honest, it breaks my heart. And I see desperate appeals for accommodation on Facebook, and just silence.”*

The latest snapshot data at the time of writing back this up: Rightmove had just four residential lettings advertised in Penzance as of 23 February 2022, two of which were rooms in houses in multiple occupation (HMOs).

The pull of Airbnb is clearly a key factor in the collapse of the private rental market, but there are other reasons cited by our expert witnesses for landlords no longer wanting to be landlords, including reduction of tax relief on mortgage payments to 20% and in particular, the cost of upgrading rental properties to “Decent Homes” standards, especially as regards energy efficiency: the government is proposing that private rental property should have a minimum “C” EPC rating by 2025.

That’s yet another pull factor towards the still unregulated Airbnb sector.

“Trapped” – the title of this report – sums up the situation perfectly. Model tenants are evicted through no fault of their own, and many end up making emergency housing applications. Cornwall Council then has a duty to rehouse them, but with social housing in chronically short supply (as discussed later in this report) the Council itself has become increasingly reliant on the private rental sector.

### 1b. The rise of Airbnb lettings

Airbnb short-term holiday lettings had been on the radar as a potential issue for housing in our area for a few years, but the effects of Covid-19 brought the situation to a crisis point.

Traditional Airbnb lettings, whereby home-owners rent out a spare room to visitors, are not problematic. However, they represent only a small proportion of total Airbnb listings (less than 20% in Penzance and Newlyn, and less than 5% in Mousehole and Paul – see Appendix I). The problem is rather the proliferation of entire homes being acquired solely to be rented out on Airbnb as a commercial venture (with none of the regulatory requirements associated with traditional holiday lets).

Latest data available from the Airdna website (which lists properties on Airbnb and Vrbo, a similar lettings platform) show a total of approximately 410 entire-property lets advertised within the area covered by Penzance Council. That’s in stark contrast with the four residential lettings advertised on Rightmove for the same area. And these are figures from the winter months, when Airbnb occupancy rates are below 50%, compared with 97% in July (see Appendix I).

Airbnb lettings are not all the same, by any means. Some local home-owners let their properties out in the summer months while they live in a caravan or stay with friends – something that has been going on for decades in our part of the world. Some Airbnbs are second homes that are let out while the owners are not in residence, while others are rented out by professional landlords.

The pull factors are obvious, in light of the issues in the private rental market as described above. But so are the downsides, not only for tenants but also for whole neighbourhoods that are being hollowed out in ways that are also being experienced in major tourist hotspots around the world.

The rental market is in urgent need of rebalancing, to encourage professional landlords to return to the residential lettings sector and level up the playing field: the lack of any equivalent of the “decent homes” standard for the deregulated Airbnb market is one potential area for rebalancing.

There is also a clear case for reforms to the planning system, so that local planning authorities (and Penzance Council in its role as a statutory consultee on planning applications) have an effective toolkit for preventing harm to neighbourhoods at risk of being hollowed out.

The planning system as it stands is powerless to prevent Airbnb switching. However, both the Scottish and Welsh governments are moving towards a system whereby primary residences, secondary residences and short-term holiday lets are treated as separate “use classes”, meaning that local planning authorities would have discretion to require planning permission for changes of use in designated “control areas”.

We would strongly support such a system in England, or at the very least in Cornwall as part of any potential devolution deal. And local councils such as ours would have a key role to play: we are in the heart of our communities every day, and are best placed to identify and prevent potential harm.

### 1c. Second homes

The second homes debate has been raging longer than the Airbnb debate, and came to prominence locally and nationally in 2016 with the St Ives Neighbourhood Plan, which introduced a policy restricting all new-build dwellings to primary residence use.

To date this policy does not appear to have put a serious brake on housing delivery in St Ives, which at the end of 2020-21 was ahead of Cornwall Council’s target (with 234 completions and 426 permissions). A primary residence requirement is also an option for the emerging Penzance Neighbourhood Plan (PZNP).

Although the Penzance civil parish does not have the same high proportion of second homes as St Ives, there is a clear uptrend in our area. Estimates prepared for the PZNP suggest the proportion may be around 12% over the whole of our area (around 1,300 properties), with a very high concentration in Mousehole and Paul and significant but lower concentrations in Penzance Promenade and parts of Newlyn (see Appendix II for an analysis).

However, a St Ives type policy would be a blunt instrument in that (unlike change of use) it applies only to new-build and hence only affects one aspect of the problem. Also, as with Airbnb lets, there is increasing fluidity around second homes: some stand empty most of the year, some are rented out in their owners’ absence, and some are tilting towards primary residences as out-of-county owners spend more time in Cornwall due to the rise in working from home and disillusionment with urban life. We also heard evidence from estate agent Nick Jelbart that demand from up-country buyers is increasingly for primary residences – downsizers and lifestyle changers – rather than for second homes.

In addition Penzance is not like St Ives, because Penzance was included as one of the “main towns” in the Cornwall Site Allocations Development Plan Document (CSADPD) where sites are allocated by Cornwall Council rather than by means of a Neighbourhood Plan.

So in most of the Penzance Council area (but excluding Mousehole), the majority of new housing is scheduled to come through sites allocated in the CSADPD. And because those sites are part of the Cornwall Local Plan, the PZNP cannot impose a primary residence policy on them because it cannot override Local Plan policies.

The consensus among our group is that the “change of use” route is the best one to go down. Unlike the PZNP (which once passed at referendum, will apply until 2030), a change of use system would give our communities the opportunity to flex the system in response to emerging trends in what is a fast-changing market.

Such a system could also address the trend towards existing properties – often older bungalows – being demolished or expanded beyond all recognition into large glass-fronted second homes/Airbnbs. Because they do not qualify as new-build, these developments would not be caught by a primary residence policy; and yet they strip much-needed bungalows out of the local housing stock and can radically alter the appearance of their immediate neighbourhoods.

However, we cannot necessarily rely on a change of use policy being introduced, either nationally or locally. So a full or partial primary residence policy in the PZNP would potentially help control the proliferation of second homes, especially in identified hotspot areas (see Appendix II). Evidence from PZNP public consultations shows strong support for such a policy among residents in Mousehole, and also in Heamoor (although residents in the PZNP area were not specifically consulted on whether they supported a parish-wide policy).

#### 1d. Property sales and the new-build housing mix

It’s not just the rental market in our area that is dysfunctional. Local estate agent Nick Jelbart referred to the current residential sales market as a “feeding frenzy”, as so many people look to relocate here. And yet, as with rentals, the market has shrunk: before the pandemic, his agency would normally have had 80-100 properties on its books, but now there are fewer than 30.

Much of this, he said, is fuelled by out-of-county buyers, typically empty-nesters in their 50s or 60s, initially from London and the south-east but now increasingly from the Midlands and north-west of England:

*“People from outside Cornwall are selling properties for £750,000 or so, and buying down here for maybe £450,000. That makes things tough for local buyers. I find it really difficult. I’m a born and bred Cornishman, with two teenagers, and I can’t see a future for them here as it stands.”*

Local developer Darren Newby echoed this. He is currently building a detached timber-framed house at Treife in the rural hinterland of Penzance, and at £750,000 he’s aware that it’s not affordable for locals. Even on a large new estate (like the 154 new-build homes that have obtained planning permission at Long Rock, just east of Penzance), estate agent Nick Jelbart reckoned it would be a 50:50 split between out-of-county and local buyers, as it was at recently-completed Linden Homes developments at St Clare (in the town) and Madron (just to the north of Penzance). For a smaller development, he said it would be more like a 70:30 split, with developers angling their marketing material very much at the out-of-county buyer.

To show just how hard it is for younger local buyers to access the housing market, he shared some figures. On a typical average wage in our area<sup>1</sup>, you can get around a £75,000 mortgage: no more. Even if you were happy with the very cheapest property on the market – typically a 1-bed town-centre flat in Bread Street – you would pay £110,000, which would need a £10,000 deposit and an income of £30,000+ a year.

The upward shift in the market – and in the expectations of out-of-county buyers – is also leading to a dearth of the cheaper properties that traditionally would have served as first homes. Bungalows are a rarity on the market, and sell without being advertised. Standard two-up-two-down terraced houses in the Battlefields area (the rows of late Victorian and Edwardian terraces just north-east of the town centre) hardly ever come on the market. They would once have been someone’s first home: now they sell for over £200,000.

The recent planning applications considered by the Penzance Council Planning Committee bear this out, with a preponderance of extensions, rebuilds, garage conversions, loft extensions and garden annexes as home-owners look to accommodate grown-up children who can’t afford a place of their own, or rent out an annexe on Airbnb for extra cash, or invest in their own property rather than pay inflated prices to trade up.

So the housing stock is shifting upwards in response to demand, with a knock-on effect of stripping out properties from the smaller, cheaper end of the market – and in the process, trapping young local buyers in the collapsing private residential lettings sector.

### 1e. Social and affordable housing provision

There was a widespread consensus among our group, and the experts we spoke to, that the dearth of affordable housing – especially social housing – is a critical factor in the current crisis. The social housing stock in our area has never recovered from the “right to buy” policies introduced in the Housing Act 1980, which saw vast swathes of homes leave the public sector.

Nicky Mannell and Michelle Billing from Cornwall Council’s Affordable Housing team told us that (as of November 2021) there were 939 people on the Homechoice Register with a local connection to Penzance. Of those, 57 were in Band A (the most urgent need), and the greatest need (544 people) was for one-bedroom properties.

And Kath Brisland from Citizens Advice told us (again as of November 2021) that there were around 2,600 people assessed as in the greatest need county-wide, but only some 600 social housing units were relet annually – partly because there are very few grounds for evicting tenants within the highly regulated social housing sector. This makes a big difference to those in housing need: the average rent for a 3-bed property, she said, is £80 per week in the social housing sector, versus £169.15 in the affordable sector and £256.73 in the private rental sector.

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<sup>1</sup> Average basic pay for St Ives parliamentary constituency (which includes Penzance): £382.30 pw, or £19,879.60 pa. Source: ONS Annual Survey for Hours and Earnings (ASHE) 2021, Table 10.



So the shortage of social housing units drives people back into the squeezed private rental sector: trapped in a vicious circle, and with public money being spent paying housing benefits to private landlords.

The standard model for providing “affordable” housing today is cross-subsidy, whereby private developers are expected to deliver a quota of affordable homes (currently set by Cornwall Council at 30% for our area).

This model is failing: statistics show that even as the number of housing units built in Cornwall has risen in recent years, so the proportion of affordable homes has been falling<sup>2</sup>. Darren Newby, the local developer who spoke to us, expressed frustration at the impact of affordable provision on his business, especially now that construction costs are taking off – by as much as 20% a month – with new price lists being faxed over to him monthly, making it almost impossible for him to budget.

Larger developers can cite “viability” as a reason for cutting the affordable quota, and this appears to be a key factor driving down the proportion of affordable homes built. As Cornwall Community Land Trust CEO Andrew George told us, rampant cost inflation in the construction industry increases the scope for developers to cite viability as a reason for scaling back the affordable portion of mixed affordable/open market developments.

Received wisdom has been that in larger developments, a mix of open market and affordable homes is preferable, as an alternative to what were pejoratively called “sink estates”. However, a substantial majority of local people now fall far short of the resources needed to buy on the open market, especially younger people: to quote estate agent Nick Jelbart, “no-one under 30 ever comes into our offices now, because there’s no way they could afford to buy.” That means many more professional people, keyworkers and the like are competing for social housing.

The concept of 100% affordable developments is now becoming established in Cornwall through community-led housing, especially through bodies like the Cornwall Community Land Trust. The “rural exception site” model, permitted under Policy 9 of the Cornwall Local Plan, is one route to achieve this: because these sites are not normally eligible for planning permission, the landowner will accept a lower value because there is no prospect of an open market sale. One such development is currently going through the planning system on the fringes of Newlyn, a community with a very tight property market and something of a hotspot for Airbnbs.

#### 1f. Asset release and land supply

Land availability and viability are also obstacles to replenishing our social and affordable housing stock. We asked local developer Darren Newby whether he would consider taking on a social housing project; he said that it would be difficult to make it pay, unless land became available under asset release so he didn’t have to pay £100,000 a plot.

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<sup>2</sup> Source: Cornwall Council Housing Trajectory, Appendix 1, 2020/21 update.

Cornwall Council is currently embarked on an asset release programme, and we feel it is vital that land scheduled for release and suitable for housing should be notified to town/parish councils, so they can consider options for retaining that land in the community by using it for homes or supported accommodation. Local councils could be given a three-month window to develop proposals to use those sites to deliver housing to meet local need in perpetuity. There might be a short-term loss to Cornwall Council in terms of capital gains, but there would be long-term savings by avoiding the need to pay out housing benefits, not to mention the benefit of keeping communities together. And this principle could be extended to asset release programmes conducted by central government.

In the short term, we are proposing that the PZNP designates the old adult social care site on the edge of Heamoor village for such a use: included in the current asset release programme, it is an ideal site close to public transport links and schools, and gives an opportunity to restore some much needed housing stock<sup>3</sup>.

We are also hopeful that local community awareness of and involvement in asset release programmes would unlock some imaginative ideas with the potential to deliver local solutions to local problems. Darren Newby, the local developer who spoke to our group, outlined one idea of his that had almost come to fruition on a brownfield site in Hayle: split the site into blocks of 5 or 10 units and get self-help build groups going. As the developer he would have sold the plots to the groups upfront, but stayed on board to guide them through the process (however, someone else bought the site). He believes that if you give local people – the future residents – a say in the design and build of developments, there will be better outcomes all round. Another option discussed was a consortium of local builders each taking on a share of an asset release plot, so that local firms could work together to deliver a project that would be beyond them individually.

Finally, we are open to modular housing solutions, that could be manufactured offsite to high environmental and energy efficiency standards and craned into position (such as those supplied by Bristol-based Agile Homes). There can be constraints in installing such units on cramped sites with limited access, but we feel it is worth exploring this concept – especially on underused urban brownfield spaces such as redundant lock-up garages. This solution would also align with our Council’s climate emergency declaration and Earth Protector town status.

Overall, the narrative that emerged is that local is best: local people know the lie of the land, know what is needed, and are mindful of the impact of what they do on the local community. The quality is likely to be higher too: Cornwall Community Land Trust CEO Andrew George told us they had used only local builders for many years, and their snagging lists are short: just one loose door handle in the 12 months post completion of a recent development. This contrasts very favourably with some of the poor build quality reported to us on developments built locally by national volume housebuilders.

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<sup>3</sup> Another option under consideration by Cornwall Council for that site is for an “extra care” supported living facility for older residents. While this would not immediately address the social housing crisis, it would potentially replenish the local housing stock by enabling people too vulnerable to remain in their homes to move somewhere more suited to their needs, freeing up their homes for others to occupy.

### 1g. Devolution and localism

One of the key plus points to emerge from the work of our group over the last few months has been the impressive level of engagement, understanding and intelligence about these crucial issues from right across the community, in both the public and private sectors – and within our own council: many of our elected members gave freely of their time to attend meetings, write notes, identify and invite expert witnesses, and think long and hard about what we could do.

We are aware that as a town council we have limited powers, and limited resources. But we are also aware that we are people who are in the heart of our community, democratically elected to represent the 20,000 or so people of our parish.

That gives us great strength and knowledge, especially in a county where the next tier up from us is a unitary authority serving around 550,000 people over a vast area.

We are pleased to see that the government is looking to make Cornwall one of the areas for the “devolution revolution” as part of the “levelling up” agenda, and we would urge both Cornwall Council and the government to make sure that local councils like ours – rooted in the community – are fully involved as partners in the devolution process.

The acute nature of the housing crisis we face in our area, and across Cornwall, means that housing policy must be part of the devolution deal. The top-down approach has failed: measuring the success of housing policy in terms solely of the number of dwellings (without consideration of type, quality or affordability) has proved a crude and perverse metric, especially given that the top-down housing target for Cornwall was uplifted by 4,500 to reflect forecast demand for second homes.

Housing policy needs a reset. It needs to be rebuilt from the bottom up, and driven primarily by local need rather than market demand. We need to make it easier to develop social and affordable housing that serves the local community in perpetuity, even at the expense of making it harder to build open-market properties for out-of-county buyers.

In all this, we need to be mindful of the special nature of our own environment in this far-flung corner of Cornwall: our marine and terrestrial ecosystems, our Celtic roots, and our unique heritage.

And we also need to be mindful that as we are living through this housing crisis, the world is living through a climate crisis. Balancing the housing emergency and the climate emergency can be difficult, but we must make sure as we move forward that we lean towards solutions that help protect our own environment, and the planet.

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## **2. Policy recommendations**

### **Local (Penzance Council)**

#### Policy suggestions for the emerging Penzance Neighbourhood Plan (PZNP):

- Recognise the **Airbnb issue**, and express support for local designation of “control areas” in the event that new planning legislation requires permission for change of use from primary to secondary or short-term holiday let (with discretion to apply it to any part of the PZ civil parish at risk of harm from proliferation of Airbnbs).
- Propose a **primary residence policy** along the lines of the St Ives “H2” policy, making new-build developments subject to a primary residence condition, in at-risk areas (especially Mousehole); precise areas to be decided by the Neighbourhood Plan Community Link Group.
- Emphasise the priority for social and affordable housing that’s **reserved to meet local need in the civil parish in perpetuity** (e.g. through the Community Land Trust model) and not subject to **right to buy**, to avoid depleting the stock of such housing in future.
- Support for dedicated **affordable keyworker housing** in general, and specifically at the Bellair allocated site (PZ-H3).
- Designate the **former John Daniel Centre/ adult social care site in Heamoor** for community-led social/affordable housing and/or an extra care facility for local need.
- Support for energy-efficient **modular housing** on brownfield micro-sites, even if internal space standards are not fully met.
- Support for applications from hospitality and tourist accommodation developments that include **onsite staff accommodation**.
- Support for smaller units with live/work potential for younger people in urban locations, to be made available on **5-year leases at affordable rents**.
- Support for “**extra care**” **facilities** to provide supported living for older residents, provided there is a sustainable management arrangement to prevent accommodation escaping to the private sector and that priority is given to local need.

#### Other local measures:

- Support **local not-for-profit organisations** helping people with housing issues through grants from our Social Action Fund, and by signposting them through our social media and noticeboards.
- Monitor **calls for evidence and consultations on housing policy** at CC/HMG level, and respond as needed. **We should make sure our voice is heard.**

### **County (Cornwall Council)**

Asset release: Notify town/parish councils of potential asset releases in their area and provide a 3-month window for community-led development proposals (co-housing, Community Land Trusts, self-build, consortia of local small developers/builders, etc.).

Devolution: Town/parish councils must have the opportunity to be fully involved in any new “county deal” for housing agreed under the government’s “devolution revolution”, so that policy reflects the varying needs and constraints of different communities within the county.

Homes England: As part of the proposed extended remit of Homes England to take in the regeneration of towns under the “levelling up” agenda, the “local leaders” involved must include strong town council representation, in recognition of our local democratic mandate.

### **National (Central government)**

Private residential lettings legislation: Abolish section 21 “no fault” evictions, while making it easier and quicker to evict serious problem tenants. Introduce a private landlord registration scheme.

Decent homes: Support smaller private landlords to help them meet Decent Homes standards by offering tax incentives, e.g. 100% capital allowances on qualifying upgrade expenditure in year 1.

Devolution: Support the designation of Cornwall as one of the areas selected for the “devolution revolution” under the Levelling Up White Paper, and ensure that key policy areas such as housing are included in the devolution deal.

Second homes/Airbnbs: Introduce separate “use classes” for primary residences, secondary residences and short-term holiday lets, along the lines proposed by the Welsh government, and allow local planning authorities discretion to designate “control areas” (as in Scotland) where planning permission is required for such changes of use. Introduce registration scheme for Airbnb lets to help level the playing field.

Right to buy: as part of the levelling-up “devolution revolution”, empower local planning authorities to designate priority areas where the “right to buy” policy for social/affordable homes will not apply, so that such homes remain available to the local community in perpetuity, and involve local councils in this process.

Cross-subsidy of affordable housing: Consider ending reliance on cross-subsidy from open market homes for affordable housing and encourage direct funding of good quality social housing, to avoid erosion of the affordable component of mixed developments due to “viability” issues.

Housing delivery targets: if nationally-determined housing delivery targets are retained, they must (i) be based on local need rather than market demand (for example, second homes must be excluded) and (ii) not be based solely on the number of dwellings, but reflect the type and tenure of dwellings actually needed. Ideally, this policy should be devolved to Cornwall Council, working in partnership with town/parish councils.

Increased taxation of second homes: The proposed tightening of the regime for short-term holiday lets (business rates to be charged on properties available to let for at least 140 days and actually let for at least 70 days) from April 2023 must be supported by adequately-resourced monitoring and enforcement action at local authority level.

## **ACKNOWLEDGMENTS**

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Joan Beveridge	(Penzance East Ward)
Jonathan How	(Penzance East Ward)
Bonnie Jackson	(Heamoor & Gulval Ward)
Richard Sorrell	(Heamoor & Gulval Ward)
Thalia Marrington	(Newlyn & Mousehole Ward)
Jim McKenna	(Penzance Promenade Ward)
Rob Crago	(Newlyn & Mousehole Ward)
Will Elliott	(Penzance Promenade Ward)
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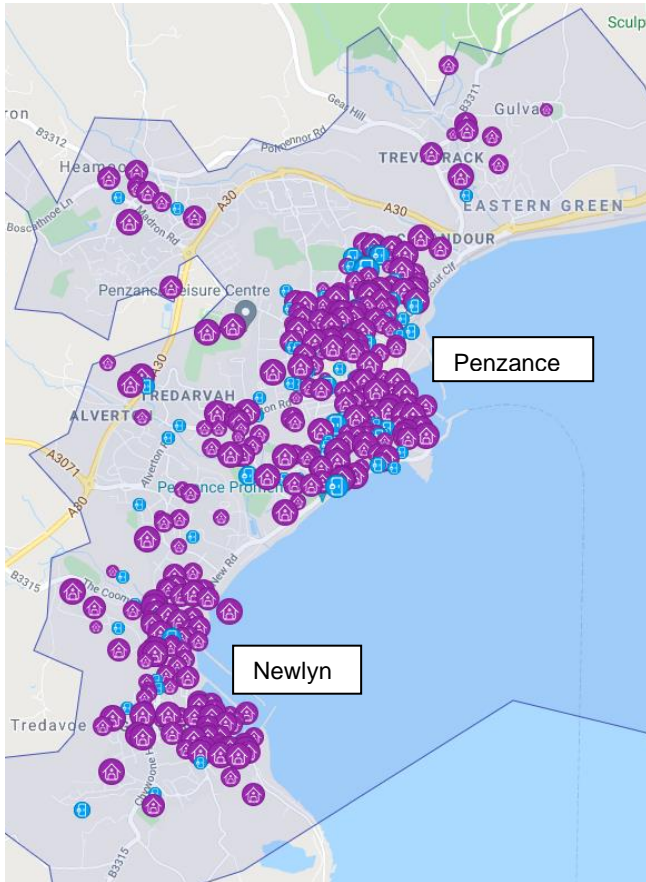
### **Expert witnesses:**

Nicky Mannell	Cornwall Council Affordable Housing Team
Michelle Billing	Cornwall Council Affordable Housing Team
Kath Brisland	Housing Advisor, Citizens Advice Cornwall
Andrew George	CEO, Cornwall Community Land Trust
Luke Dymond	Regional Manager Neighbourhoods, LiveWest
Nick Jelbart	Senior Negotiator, Marshalls Estate Agents
Darren Newby	Local developer

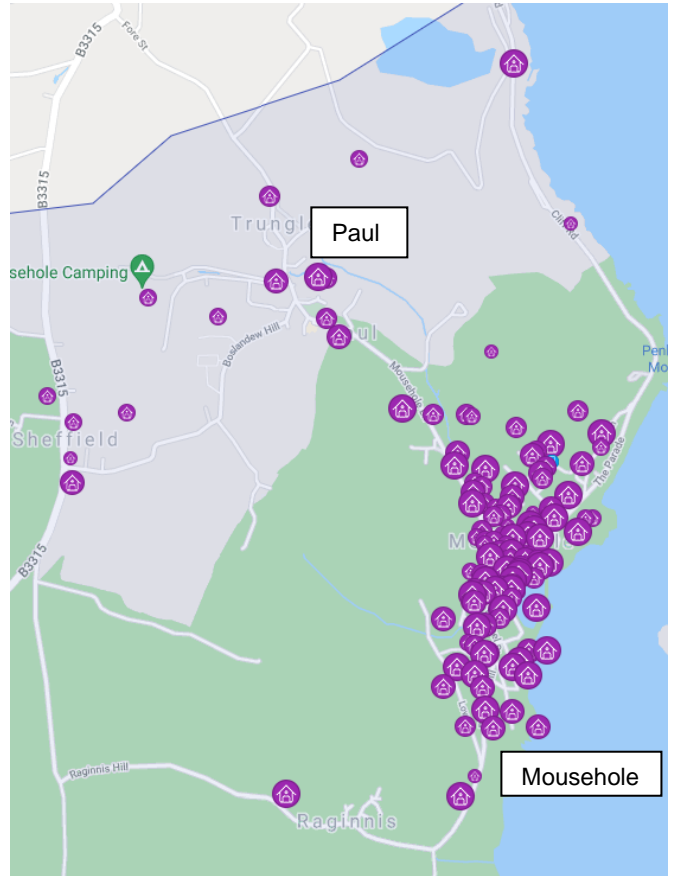
### **Other contributors:**

Our thanks also go to Abi Smith (Housing Intelligence Officer, Cornwall Council) for providing useful data and links on housing-related issues; and to the members of the officer team at Penzance Council (Hester Hunt, Sharron Goldingay, Elliot Ridington and Becky Orchard) who have forwarded useful information and links to us.

**APPENDIX I – AIRBNB EVIDENCE BASE**



Air BNB/Vrbo lettings: Penzance, Newlyn, Gulval & Heamoor



Air BNB/Vrbo lettings: Mousehole & Paul

**Penzance civil parish:**

	<b>Penzance, Newlyn, Gulval &amp; Heamoor</b>	<b>Mousehole &amp; Paul</b>	<b>Total</b>
<b>Total lettings advertised</b>	337	140	<b>477</b>
<b>Entire property lettings</b>	274	133	<b>407</b>
<b>%entire property lettings</b>	81%	95%	<b>85%</b>

**West Penwith:**

Total lettings advertised	2190
Entire Property lettings	2105
% entire property lettings	96%

**Cornwall:**

Total lettings advertised	13606
Entire property lettings	12322
% entire property lettings	91%
July occupancy rate	97%
January occupancy rate	45%

Source: extracted from [www.airdna.co](http://www.airdna.co) data as of 22 February 2022



## **APPENDIX II – SECOND HOMES EVIDENCE BASE**

No accurate data are available on the number of non-primary residences (i.e. second homes and holiday lets) in our area, so we have attempted to construct a fair estimate by extrapolating data from a variety of sources.

### **a) Council tax data**

Cornwall Council collects and publishes data based on revenue and benefits returns, showing the number of properties by local output area that are registered as second homes in the council tax database. However, Cornwall Council recognises that these data are inevitably understated, because since the second home council tax discount was abolished, owners no longer have any incentive to declare their property as a second home.

Although the dataset is understated, it has some merits: it is very recent, it gives a baseline figure, and it also gives an indication of the likely concentration of second homes across the Penzance civil parish.

Council tax data show a rounded total of 500 second homes for the civil parish, or just 4% of households; but even on purely anecdotal evidence, that is clearly an under-estimate.

More relevant is the distribution by area: of those 500 second homes, 180 (36% of the parish total) are in **Mousehole and Paul**. The second highest incidence is in **Newlyn Harbour and Gwavas** with 58 (18.5% of the total), followed by **Penzance Promenade** with 81 (16.2% of the parish total).

Those percentages give an indication of the overall distribution of second homes between the different areas, but understate the numbers.

So the next challenge is to find a dataset which enables us to estimate the total number of second homes parish-wide more accurately than the council tax dataset.

### **b) Census data**

Census data have the merit of being more comprehensive than council tax data, but with two disadvantages: (i) they are very old, the most recent available data being from the 2011 census; and (ii) they are not consistent over time, because the 2001 census captured data on second/holiday homes separately from other “unoccupied household spaces”, while the 2011 census captured data only on “unoccupied household spaces” with no distinction between reasons for non-occupation.

But by applying the second/holiday homes split from 2001 to the actual 2011 data, and then establishing a trend line forwards to 2021, it is possible to estimate the potential number of second/holiday homes in the Penzance civil parish as of now. Although this extrapolation would miss the effects of the Airbnb boom of recent years (which post-dates the 2001 and 2011 censuses), and so may still be an under-estimate, it does give a truer picture than council tax data alone.

These extrapolations (prepared for inclusion in the evidence base for the PZNP) suggest that in 2021, based on 2001-2011 trends, there would have been 1,383 second/holiday homes in the Penzance civil parish, or about 12% of the total number of households.

c) Concentrations of second homes

Applying the percentages from council tax data to the extrapolated census data, we see strong concentrations of non-primary residences in three areas: **Mousehole & Paul, Penzance Promenade, and Newlyn Harbour & Gwavas.**

Note that the data are broken down by “lower super output area” (as defined for 2011 census purposes), the most detailed level at which statistics are available; that means that some areas with higher concentrations (Mousehole and Newlyn Harbour) are combined with areas with lower concentrations (Paul and Gwavas).

	Estimated non-primary residences	Total households	% non-primary residences
<b>Mousehole and Paul</b>	<b>504</b>	<b>942</b>	<b>53.5%</b>
<b>Penzance Promenade</b>	<b>227</b>	<b>1103</b>	<b>20.6%</b>
<b>Newlyn Harbour and Gwavas</b>	<b>162</b>	<b>865</b>	<b>18.8%</b>
Penzance Chyandour and Eastern Green	95	877	10.9%
Newlyn West	81	864	9.4%
Penzance Wharfside and Town	87	1002	8.7%
Penzance Wherrytown	53	790	6.7%
Penzance St Clare and Town	62	1166	5.3%
Heamoor West and Gulval	53	1048	5.1%
Penzance Battlefields	36	751	4.8%
Penzance Alverton	28	831	3.4%
Heamoor Village	0	620	0.0%
Penzance Treneere	0	618	0.0%
Penzance Total (rounded)	1400	11500	12.2%

At **12.2%**, the overall percentage is high (and above the Cornwall average of 11.7%).

And at **53.5%**, Mousehole/Paul is on a par with some of the most notorious hotspots in Cornwall. With Mousehole likely to account for the majority of those non-primary residences (based on the heat map in Appendix I), it is likely to rank alongside Rock as being among the very highest rates in Cornwall.

Also, the true rate for the Newlyn Harbour area is likely to be higher than the 18.8% figure indicated for the “Newlyn Harbour & Gwavas area”, due to a much lower concentration in Gwavas.

The heat map on the following page shows the concentration of non-primary residences by “lower super output area”.

