

## APPENDIX 8: PRINCIPAL RESIDENCE POLICY DATA REPORT



September 2023

## EXECUTIVE SUMMARY:

### 1) Trends in the local non-principal residence market:

A range of sources show evidence of growing market pressure for non-principal residences in the Penzance Civil Parish, fuelled by developers' marketing strategies and the rapid rise of entire-property lettings on Airbnb – in both cases, accelerated by the effects of the Covid-19 pandemic. Airbnb lettings now massively outstrip private residential lettings by 100-to-1 within the parish, while non-principal residences account for well over 50% of households in the Mousehole area (based on an analysis of census data trends by Lower Super Output Area; more granular data, as cited in the justification to policy H2 in section 5.3.4 of this plan, indicate that this figure rises to over 80% in some parts of Mousehole village)..

### 2) Harm to local communities:

Residents have serious concerns that their communities are being hollowed out. Parish-wide questionnaire responses showed strong support for applying a principal residence policy in Mousehole, Paul and parts of Newlyn (85.8% of 204 respondents). This was echoed in community surveys in Mousehole (87.3% of 63 respondents agreed that second homes “have an impact on themselves and their family and/or on the community”, Newlyn (90.2% of 153 respondents wanted to “prevent new-build homes from being used as second homes; and in Heamoor (93.2% of 295 respondents supported a principal residence policy) .

In addition, Cornwall Council's 2021 “Housing in Cornwall 2021” report on second homes shows that house prices are higher in areas with higher levels of second home ownership.

### 3) Census data analysis:

Extrapolations from 2001 and 2011 census data suggest that there were an estimated 1,389 second homes in the Penzance Civil Parish in 2021, even before the effect of recent emerging trends in the second homes market. That represents over 12% of the total number of household spaces, versus 4.0% in 2001 and 6.7% in 2011. In terms of the rate

of growth in second homes, Penzance was set to overtake Cornwall as a whole by 2021 (and pending the release of 2021 detailed census data, this is the best currently available estimate).

## DETAILED EVIDENCE:

### 1) Trends in the local non-principal residence market:

#### Non-principal residence data by area within the Parish, 2021

This evidence was sourced from data collected for “Trapped”, the report of the Penzance Council Housing Crisis Working Group, issued in March 2022<sup>i</sup>.

The first step in the process was to determine the distribution of second homes registered as such for Council Tax purposes, using Cornwall Council revenue and assessments data from November 2021 as shown in Table 1. This is a source which is significantly understated in absolute terms<sup>ii</sup> but gives a strong indication of concentrations within the Parish – the hotspots being Mousehole<sup>iii</sup>, Penzance Promenade, and Newlyn Harbour/Gwavas.

The second step was to apply this distribution to the estimate of the actual number of non-principal residences in the Parish in 2021 as extrapolated from historical census data using the methodology described in section 3 of this evidence base (1,389, rounded up to 1,400).

In this way, it is possible to estimate the breakdown of the actual number of non-principal residences (extrapolated from census data) by lower super output area (based on up-to-date revenue and assessments data), giving a more granular analysis of the distribution of second homes within the Parish. This distribution is shown on the following page, in Table II and the heat map.

*Table I: Concentrations of second homes by Lower Super Output Area, Penzance Civil Parish, November 2021*

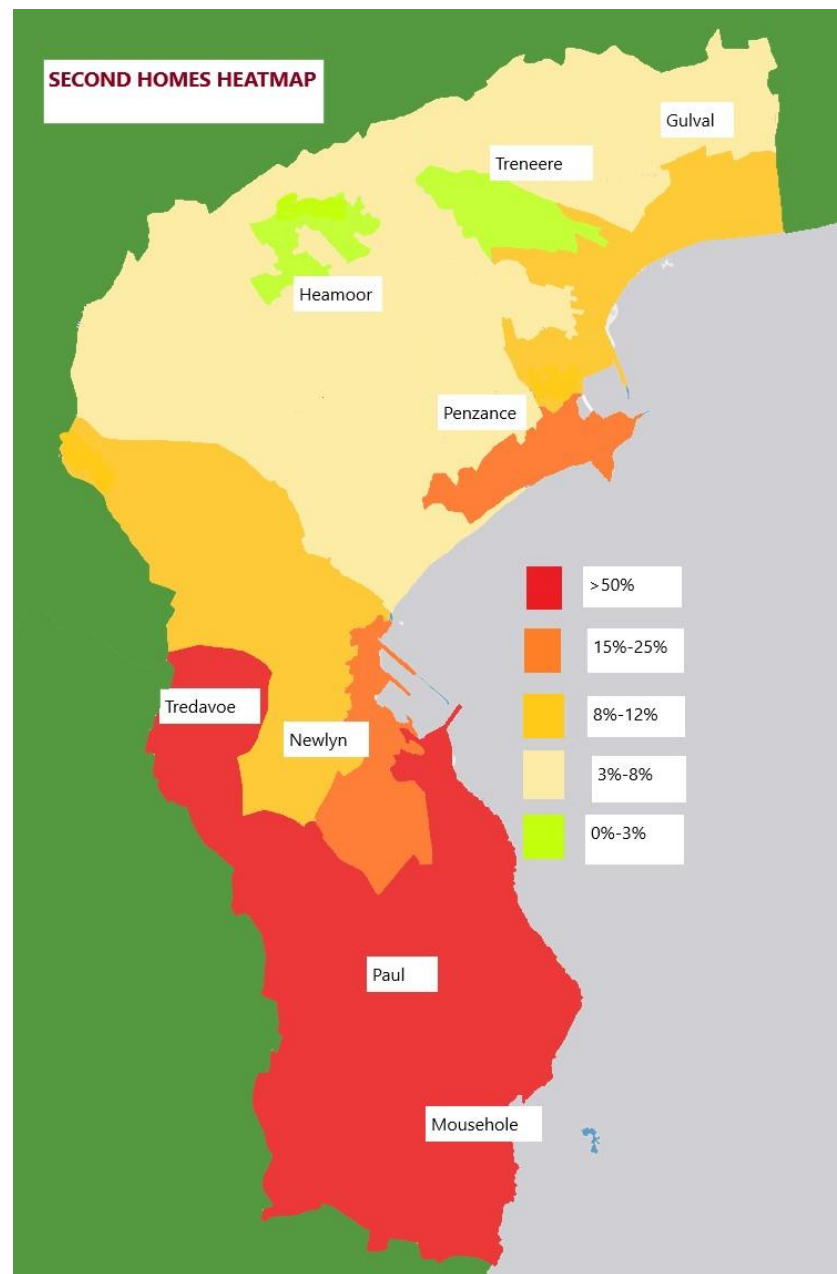
LSOA	Area	Second homes (A)	% of parish total by LSOA
<b>E01019002</b>	<b>Mousehole and Paul</b>	<b>180</b>	<b>36.0%</b>
<b>E01019001</b>	<b>Penzance Promenade</b>	<b>81</b>	<b>16.2%</b>
<b>E01019004</b>	<b>Newlyn Harbour and Gwavas</b>	<b>58</b>	<b>11.6%</b>
E01018996	Penzance Chyandour and Eastern Green	34	6.8%
E01019003	Newlyn West	29	5.8%
E01018999	Penzance Wharfside and Town	31	6.2%
E01019000	Penzance Wherrytown	19	3.8%
E01018995	Penzance St Clare and Town	22	4.4%
E01018976	Heamoor West and Gulval	19	3.8%
E01018998	Penzance Battlefields	13	2.6%
E01018994	Penzance Alverton	10	2.0%
E01018977	Heamoor Village	< 5	0.0%
E01018997	Penzance Treneere	0	0.0%
	<b>Penzance Total (rounded)</b>	<b>500</b>	<b>100.0%</b>

(A) Source: November 2021 revenue and assessments data provided by Cornwall Council Housing Intelligence Unit to the Penzance Council Housing Crisis Working Group

*Table II: Estimated number of non-principal residences by Lower Super Output Area, Penzance Civil Parish, November 2021*

	% of parish total	Estimated non-principal residences	Total households	% non-principal residences
	(A)	(B)	(C)	(D)
<b>Mousehole and Paul</b>	<b>36.0%</b>	<b>504</b>	<b>942</b>	<b>53.5%</b>
<b>Penzance Promenade</b>	<b>16.2%</b>	<b>227</b>	<b>1103</b>	<b>20.6%</b>
<b>Newlyn Harbour and Gwavas</b>	<b>11.6%</b>	<b>162</b>	<b>865</b>	<b>18.8%</b>
Penzance Chyandour and Eastern Green	6.8%	95	877	10.9%
Newlyn West	5.8%	81	864	9.4%
Penzance Wharfside and Town	6.2%	87	1002	8.7%
Penzance Wherrytown	3.8%	53	790	6.7%
Penzance St Clare and Town	4.4%	62	1166	5.3%
Heamoor West and Gulval	3.8%	53	1048	5.1%
Penzance Battlefields	2.6%	36	751	4.8%
Penzance Alverton	2.0%	28	831	3.4%
Heamoor Village	0.0%	0	620	0.0%
Penzance Treneere	0.0%	0	618	0.0%
<b>Penzance Total (rounded)</b>	<b>100.0%</b>	<b>1400</b>	<b>11500</b>	<b>12.2%</b>
(A) As per Table 1.				
(B) Penzance Parish total (1400) multiplied by percentage from Column A.				
(C) Total number of households per LSOA as supplied by CC Housing Intelligence Unit, Nov. 2021.				
(D) Column B expressed as a percentage of Column C.				

The statistical evidence provided here supported by a wide range of evidence from other sources relating to (i) market pressures and (ii) the rise of Airbnb entire-property lettings, as described below.



### (i) Market pressures

Estate agents and developers are keenly aware of the appeal of second homes in West Penwith, especially with the St Ives principal residence policy (introduced in 2016) forcing buyers to look to other towns and villages. This was exemplified in a September 2018 report in the “Financial Times”. Sub-titled “*Prices on Penwith peninsula are still low enough to attract second-home buyers*”, the article refers specifically to Penzance as a “*different story*” from St Ives and a “*less touristy option*” for London-based buyers<sup>iv</sup>.

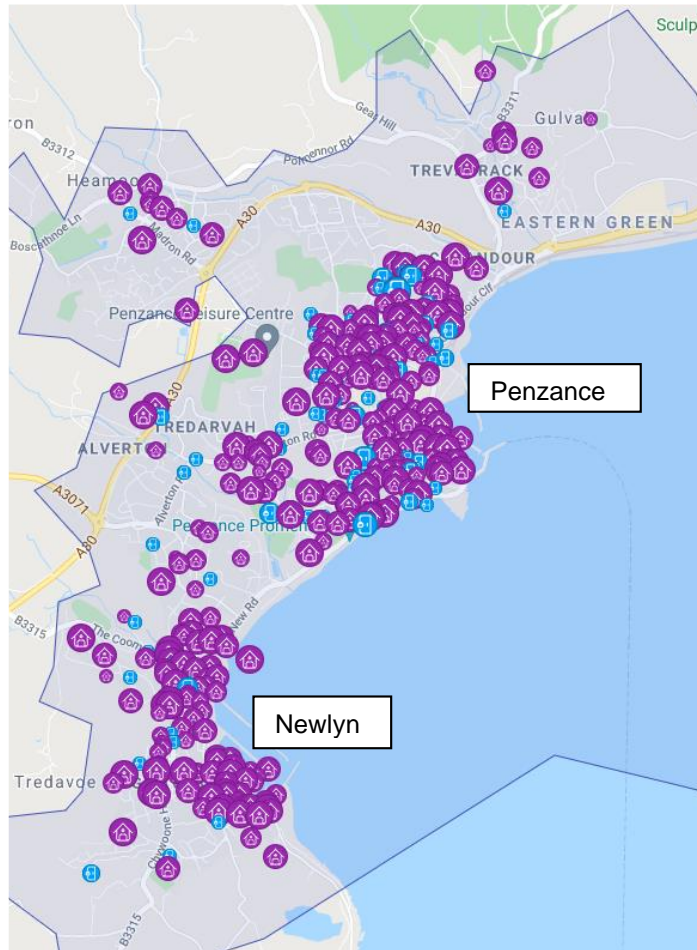
Since then, the Covid-19 pandemic has given this market a substantial boost. A letter sent by Savills estate agents to a householder in Heamoor in November 2021 illustrates this perfectly: it encourages the owner to register their property for sale, stating that “*We’re experiencing high levels of interest, with 274% more new buyers registering with us to find their next home in Cornwall compared to the same period in 2019 ... Demand from lifestyle relocators, downsizers and London buyers looking for a bolthole to escape city life has strengthened the coastal hotspots of Cornwall*”, generating annual price growth quoted by Savills at 14.6% in the second quarter of 2021<sup>v</sup>.

At the same time, developers are specifically targeting the second homes market when marketing new-build housing developments in Cornwall. The Financial Times article referred to above mentions the Gwel Enys development at Madron (marketed by the developers with the tag line “*there’s so much more to Cornwall than pasties and Poldark!*”<sup>vi</sup>) and the Porthgwari development at St Clare. Another example is the Withnoe Lane farm development in Launceston, where the marketing literature referred to homes that “*offer fantastic investment opportunities for holiday homes because of their outstanding location*”<sup>vii</sup>. Given the high proportion of open market homes (70%) permitted for new housing developments in the Penzance Civil Parish, it is entirely foreseeable that similar marketing strategies will be adopted going forward. This was confirmed by the local estate agent who spoke as an expert witness to Penzance Council Housing Crisis Working Group, who referred to “*developers angling their marketing material very much at the out-of-county buyer*”<sup>viii</sup>.

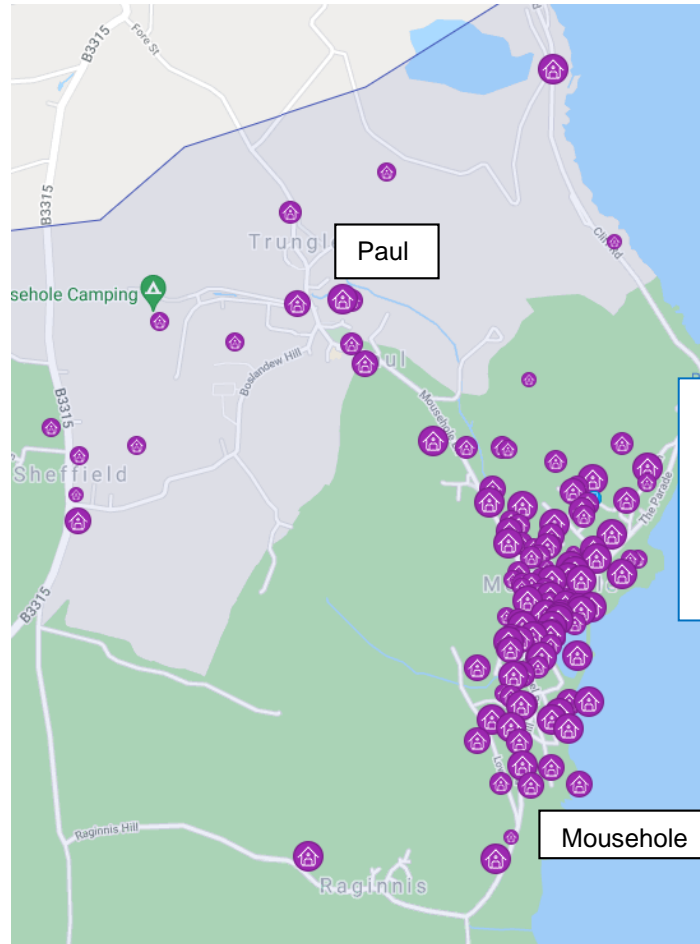
### (ii) The rise of Airbnb entire-property lettings

A significant source of potential current and future pressure for new-build second homes in the Penzance Civil Parish is the very rapid growth in entire-property lettings via the Airbnb platform, which has seriously squeezed the private rental market, especially since the pandemic. Traditional Airbnb lettings, whereby home-owners rent out a spare room to visitors, are not problematic. Rather, it is the growing practice of entire homes being acquired solely to be rented out on Airbnb as a commercial venture (with none of the regulatory burdens associated with traditional holiday lets). In preparing its March 2022 report, Penzance Council’s Housing Crisis Working Group heard from expert witnesses about multiple cases of private rental tenants being evicted so that landlords could rent out their properties on Airbnb, fuelled by the Covid-driven demand for staycations and boltholes from city life. This is corroborated by actual data: based on a snapshot review of Airbnb and

Rightmove listings in February 2022, there were 410 entire property lettings listed within the Penzance parish on Airbnb, compared with just 4 private rental lettings on Rightmove (two of which were single bedsits in HMOs)<sup>ix</sup>.



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



Air BNB/Vrbo lettings: Mousehole & Paul

*Airbnb/Vrbo holiday lettings:  
22 February 2022  
Source: airdna website, cited in  
the Penzance Council Housing  
Crisis Working Group report*

<b>Penzance civil parish</b>	<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>

This has exacerbated a trend that was already emerging back in 2018: according to Visit Cornwall, the number of Airbnb hosts in Cornwall rose from 17 in January 2016 to 6,300 in January 2018 and 9,000 in August 2018. Of those, 80% were entire-property lets<sup>x</sup>. This replicates the situation experienced in major tourist hotspots like London and Edinburgh, where an explosion in short-term lets is leading to a “hollowing-out” of entire neighbourhoods. To quote Kate Campbell, the housing convenor of Edinburgh City Council, “*Short term lets are having a terrible impact. They are hollowing out communities... Residents are putting up with high levels of anti-social behaviour and, very worryingly for us, we believe there is a huge impact on housing supply*”<sup>xi</sup>. Independent research commissioned by the BBC cites a 2017 study of “transient vacation rentals” which indicates that this phenomenon is not restricted to urban areas, but is also experienced in coastal tourist hotspots – for example Oahua Island in Hawaii, where people are “*most worried about the sense of community being damaged, with this referenced more than twice as frequently as property values and affordability*”<sup>xii</sup>.

There is clearly potential for new-build residential properties in the Penzance area to be acquired by absentee landlords and rented out on Airbnb on a scale that risks harming local communities. This is a low-cost and high-return business model compared to renting out properties as permanent homes. A growing trend is the proliferation of multiple Airbnb lettings of entire homes by single landlords: London already has the world’s most prolific Airbnb landlord with no fewer than 881 properties on his books generating income of £11.9 million a year<sup>xiii</sup>. Another emerging trend is for developers and agents to advertise unsold new-build properties directly on Airbnb<sup>xiv</sup>. The Penzance Civil Parish cannot expect to be immune from this trend over the lifetime of the Neighbourhood Plan.

## 2) Harm to the local community:

Responses to the 2018 plan-wide survey supported a principal residence condition in Mousehole, Paul and parts of Newlyn<sup>xv</sup>. Residents in Mousehole overwhelmingly agreed that second homes have an impact on their lives<sup>xvi</sup>; Newlyn residents were overwhelmingly supportive of preventing new-build properties being used as second homes<sup>xvii</sup>; and Heamoor residents supported a principal residence policy for their village<sup>xviii</sup>. Comments accompanying the surveys express concerns about the “hollowing-out” of communities that echo media reports of the impact on major tourist destinations (see above). And many respondents expressed support for extending the principal residence policy beyond Mousehole and parts of Newlyn to the rest of the parish, even though that was not included as an option in the consultations conducted in 2018/2019.

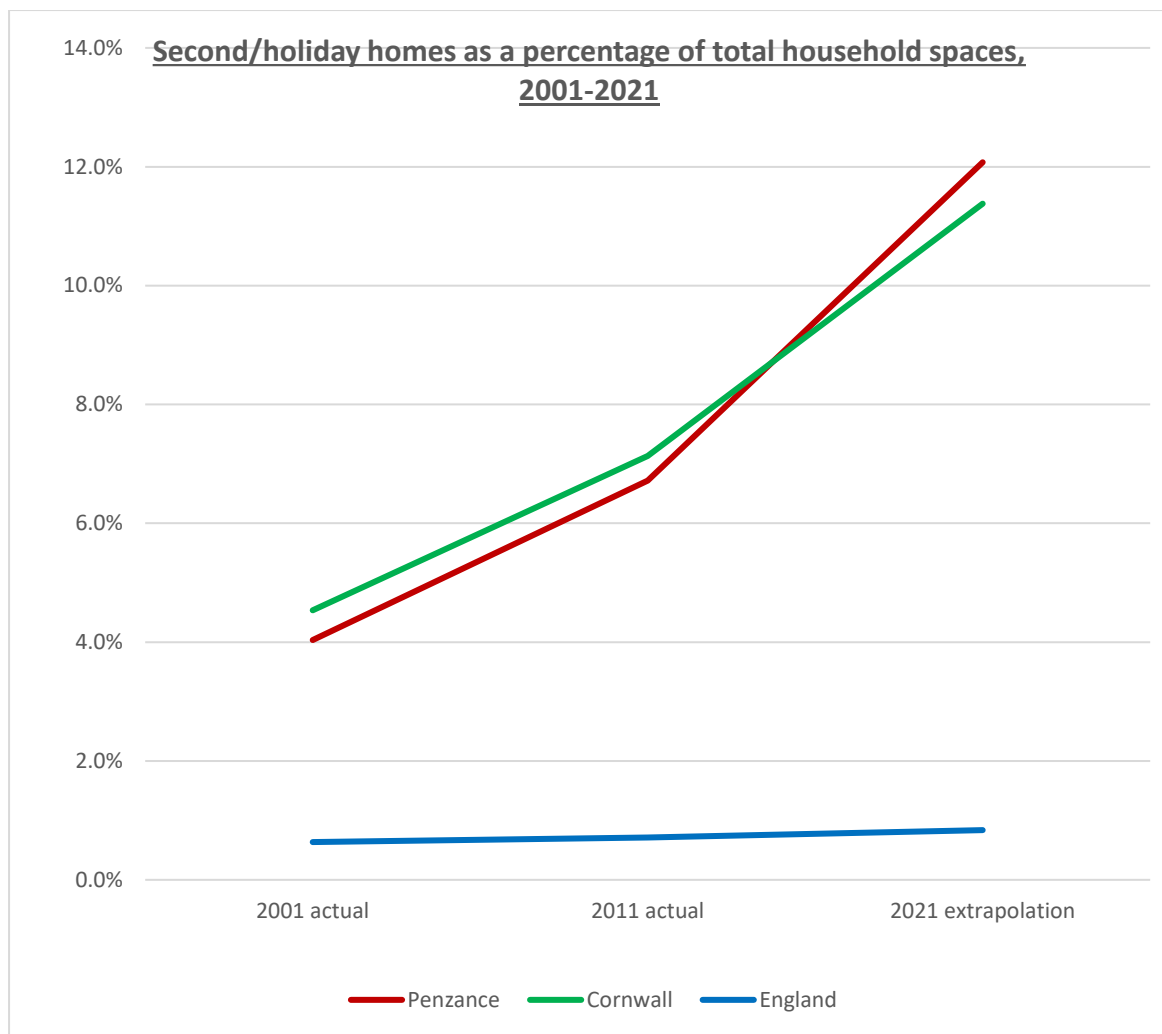
The housing crisis now being experienced in the parish in the wake of the Covid-19 pandemic has reinforced these concerns, which are also supported by the findings of an Exeter University research paper which found that a key planning policy issue is how communities perceive second homes as affecting their community and sense of place, especially in light of the role of place-based policy in the localism strategy<sup>xix</sup>.



Finally, Cornwall Council has provided evidence that house prices are higher in areas with higher levels of second homes, using a combination of Land Registry and Council Tax data to show that “*for parishes with over 12% second homes, house prices are 1.4x above the Cornwall average*”, which exacerbates affordability issues in communities (like Penzance parish) where there is a lack of affordable housing provision<sup>xx</sup>.

### 3) Census data analysis:

The data show a clear upward trend in second home ownership in the Penzance Civil Parish. Extrapolations based on 2001 and 2011 census data point to a minimum of 1,389 second/holiday homes in the parish by 2021, or 12.1% of all household spaces, compared with 4.0% in 2001 and 6.7% in 2011. This puts the Civil Parish ahead of the average for Cornwall as a whole, with a faster growth rate.



Sources: The figures presented below are sourced from data queries on 2001 and 2011 census data made via the Nomis website<sup>xxi</sup> (indicated

by an asterisk in the tables) or calculated from those data, except for the number of households in 2021 which was obtained from (i) Cornwall Council November 2021 Revenue & Assessments data supplied to the Penzance Council Housing Crisis Working Group (for the Penzance Civil Parish); (ii) Appendix 2 of the “Cornwall Housing Implementation Strategy August 2021” in Cornwall Council’s Monitoring Report 2020-21<sup>xxii</sup> (for Cornwall); and (iii) ONS 2016-based household projections<sup>xxiii</sup> (for England).

The four-step approach used to extrapolate the number of second homes to 2021 is described below:

**Step 1: Calculate the percentage of “unoccupied household spaces” classified as second/holiday homes based on 2001 census data**

The 2011 census data (the most recent available) do not distinguish between second/holiday homes and other “household spaces with no usual resident”<sup>xxiv</sup>. So the first step is to use the 2001 data (which do make this distinction) to estimate the percentage of unoccupied household spaces that are second or holiday homes.

<b>Step 1</b>	2nd/hol *	Vacant *	Total	% 2nd/hol	Households *	% of 2nd/hol
	A	B	A+B=C	A/C	D	A/D=E
<u>2001 split</u>						
<b>Penzance</b>	<b>419</b>	<b>281</b>	<b>700</b>	<b>59.9%</b>	<b>10,383</b>	<b>4.0%</b>
Cornwall	10,489	5,938	16,427	63.9%	231,241	4.5%
England	135,202	676,196	811,398	16.7%	21,262,825	0.6%

**Step 2: Apply the percentage of second/holiday homes from 2001 as per Step 1 to 2011 census data for unoccupied household spaces**

By applying the percentage of second/holiday homes calculated from the 2001 data to the 2011 data, we eliminate unoccupied household spaces other than second/holiday homes (e.g. homes empty because of sale/transfer, and properties containing short-term residents) to arrive at an estimate for the number of second/holiday homes in 2011.

<b>Step 2</b>	Unoccupied *	% 2nd/hol	Total 2nd/hol	Households *	% of 2nd/hol
	A	B	AxB=C	D	C/D=E
<u>Apply 2001 split to 2011 data</u>					
<b>Penzance</b>	<b>1,273</b>	<b>59.9%</b>	<b>763</b>	<b>11,350</b>	<b>6.7%</b>
Cornwall	28,957	63.9%	18,504	259,346	7.1%
England	980,279	16.7%	163,707	23,044,097	0.7%

Step 3: Calculate the growth rate in second/holiday homes from 2001 to 2011

Having eliminated household spaces other than second/holiday homes from the 2011 census data in step 2, we can now arrive at estimated growth rates for the 2001-2011 period.

<b>Step 3</b>	2nd/hol 2001 *	2nd/hol 2011	Increase	Growth rate
	A	B	C	C/A
<u>Calculate 2001-2011 growth rate</u>				
<b>Penzance</b>	<b>419</b>	<b>763</b>	<b>344</b>	<b>82.1%</b>
Cornwall	10,489	18,504	8,015	76.4%
England	135,202	163,707	28,505	21.1%

Step 4: Extrapolate the 2011 second/holiday homes figure to 2021 based on the 2001-2011 growth rate

By applying the 2001-2011 growth rates calculated in Step 3 to the estimated number of second/holiday homes calculated in Step 2, we can extrapolate the figures to 2021.

<b>Step 4</b>				2021	
	2nd/hol 2011	Growth rate	2021 estimate	households	% of 2nd/hol
	A	B	$A \times (100+B) = C$	D	$C/D = E$
<u>Extrapolate growth to 2021</u>					
<b>Penzance</b>	<b>763</b>	<b>82.1%</b>	<b>1,389</b>	<b>11,500</b>	<b>12.1%</b>
Cornwall	18,504	76.4%	32,641	286,869	11.4%
England	163,707	21.1%	198,249	23,684,091	0.8%

This gives an estimate of 1,389 second/holiday homes in the Penzance Civil Parish by 2021, or 12.1% of all household spaces. That potentially moves the parish into the territory where the level of second homes creates affordability issues (as discussed above).

And because this extrapolation is based on observed trends during the period from 2001 to 2011, it does not capture the effect of the emerging market trends that have arisen since 2011 (such as the rise of entire-property Airbnb lettings and the impacts of the Covid-19 pandemic, as described above). This means that the actual trend to 2021 is likely to show higher growth than indicated here.

## References

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- <sup>i</sup> “TRAPPED” – a report on the housing crisis in the Penzance area prepared by the Penzance Council Housing Crisis Working Group, March 2022. <https://www.penzance-tc.gov.uk/trapped-a-report-on-the-housing-crisis-in-penzance/>
- <sup>ii</sup> This arises because *“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”* (source: <https://www.cornwall.gov.uk/media/32992350/secondhomes31032018.pdf>).
- <sup>iii</sup> The actual concentration in Mousehole is likely to be higher than the 53.5% shown in Table II because the “lower output area” data set also includes Paul, which has a lower incidence of non-principal residences (as shown, for example, in the Airbnb heatmap).
- <sup>iv</sup> “Cornwall looks to London to buoy up property market”, article by Melissa Lawford, Financial Times, 7th September 2018.
- <sup>v</sup> Marketing letter from Savills office in Truro, received by the householder on 9 November 2021.
- <sup>vi</sup> Publicity material for Gwel Enys development at Madron, Linden Homes website (viewed on 30th January 2018).
- <sup>vii</sup> Reported on Cornwall Live website, 13th November 2017.
- <sup>viii</sup> Penzance Council Housing Crisis Working Group report, page 5.
- <sup>ix</sup> Penzance Council Housing Crisis Working Group report, page 3 (sourced from the airdna and Rightmove websites, 22 February 2022).
- <sup>x</sup> Report on BBC Spotlight, 25th September 2018.
- <sup>xi</sup> “What the Airbnb surge means for UK cities”, Clara Guibourg & Kevin Peachey, BBC News website, 25th April 2019.
- <sup>xii</sup> “What Airbnb really does to a neighbourhood”, Prof Daniel Guttentag, BBC website, 30th August 2019: <https://www.bbc.co.uk/news/business-45083954>.
- <sup>xiii</sup> Daily Telegraph, 9th November 2017.
- <sup>xiv</sup> “Major UK agent signs up to rent empty properties via Airbnb”, [thenegotiator.co.uk](http://thenegotiator.co.uk), 17th January 2018.
- <sup>xv</sup> The results of the overall PZNP questionnaire as of 24th May 2019 show that of the 204 respondents, 72.55% “agree strongly” and 13.24% “agree” with the proposition *“New build homes in Mousehole, Paul, and (parts of) Newlyn will not be available for use as second homes”*.
- <sup>xvi</sup> The results of the Mousehole PZNP survey as of 24th May 2019 show that of the 63 respondents, 60.32% “agree strongly” and 26.98% “agree” with the statement *“Second homes have an impact on the lives of me, my family and/or the community”*.
- <sup>xvii</sup> The results of the Newlyn PZNP survey as of 24th May 2019 show that of the 153 respondents, 79.74% “agree strongly” and 10.46% “agree” with preventing new-build homes from being used as second homes.
- <sup>xviii</sup> The results of the Heamoor PZNP survey as of 24th May 2019 show that of the 297 respondents, 84.75% “agree strongly” and 8.47% “agree” with the statement *“We should prevent new-build homes in Heamoor being used as second homes”* (NB: Heamoor is not included in the proposed PRP in the PZNP due to the low current incidence of second homes).
- <sup>xix</sup> Jenny Barnett, “A Place in the Country: The Contribution of Second Homes to North Devon Communities”, University of Exeter PhD thesis: <https://ore.exeter.ac.uk/repository/handle/10871/14821>.

<sup>xx</sup> [https://www.cornwall.gov.uk/media/k2vaas1v/cornwall\\_secondhomes\\_2021.pdf](https://www.cornwall.gov.uk/media/k2vaas1v/cornwall_secondhomes_2021.pdf).

<sup>xxi</sup> Source of unoccupied household spaces census data: Nomis website (Office for National Statistics) at <https://www.nomisweb.co.uk>, data sets for KS401EW (2011) and KS019 (2001).

<sup>xxii</sup> <https://www.cornwall.gov.uk/environment-and-planning/planning/planning-policy/adopted-plans/cornwall-monitoring-report/>. The figure of 286,869 represents the 2011 census figure (259,346) plus actual housing completions in Cornwall 2012-2021 (27,523).

<sup>xxiii</sup> Accessible on the ONS website via the link:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/2016basedhouseholdprojectionsinengland/2016basedhouseholdprojectionsinengland>

<sup>xxiv</sup> Full definition provided in <https://www.nomisweb.co.uk/census/2011/ks401ew>.