

# Brighton & Hove City Council

## Tourism, Equalities, Communities and Culture Committee

## Agenda Item 13

**Subject:** Second Homes and Implementation of Principal Residence Policy

**Date of meeting:** 16 June 2022

**Report of:** Executive Director, Economy, Environment & Culture

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**Ward(s) affected:** All

### For general release

#### 1. Purpose of the report and policy context

1.1 This report responds to a Notion of Motion (NoM) referred to the March 2022 TECC Committee from 3 February Council. The NoM supported the implementation of a 'principal residency policy' applicable to new homes delivered in the city to reduce the levels of second homes and enable increased primary residence and year-round community benefits.

1.2 The NoM, included in Appendix 1, requested a report to be submitted to Housing and TECC Committees outlining possible planning policy options that could be considered to implement a principal residence policy and model the impact of such an approach on both affordability and availability in the next five years. This report identifies the evidence and justification which would be required to support such an approach and sets out planning policy options along with a timetable for potential implementation.

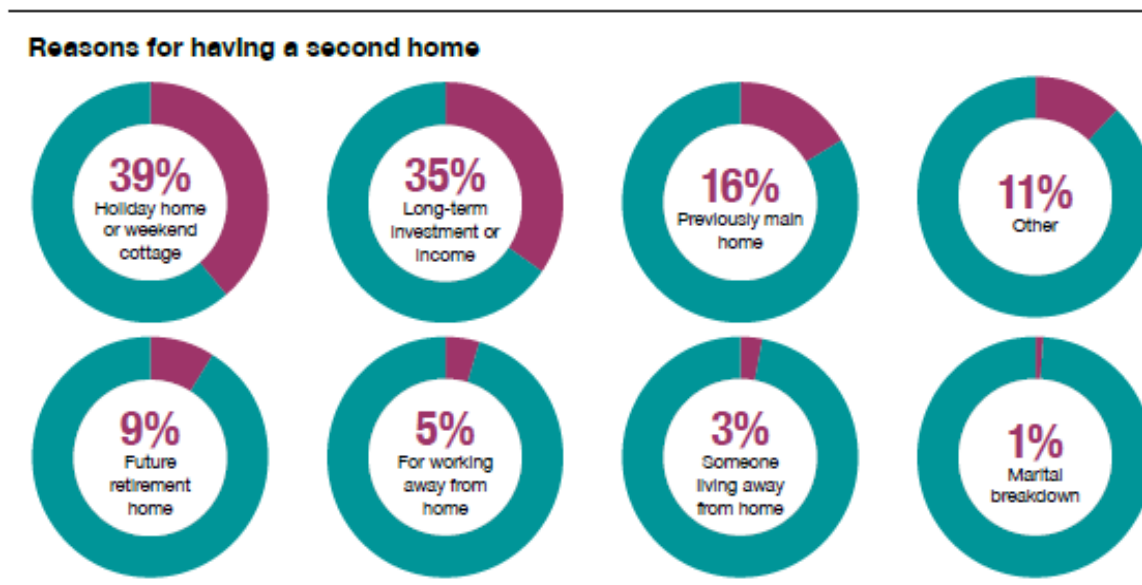
#### 2. Recommendations

2.1 That Committee notes the policy option analysis in paragraphs 3.18 – 3.22 and the recommendation for a combination of Options 2 and 3 to be the preferred policy option for further consideration during the city plan review.

2.2 That Committee agrees to officers undertaking further actions set out in the report at paragraphs 3.8 in terms of further research and analysis as part of the City Plan Part 1 Review.

#### 3. Context and background information

- 3.1 The NoM reflected concerns raised by housing campaign group ACORN<sup>1</sup> with the number of second homes in the city and how new dwellings might be safeguarded for permanent residents given the city’s housing affordability issues and the need to support existing residential communities.
- 3.2 A second home usually describes a property that is not the owner’s sole or main residence. The English Housing Survey 2018-19<sup>2</sup> identified the following reasons for having a second home:



- 3.3 Second homes can be rented out as short term holiday let accommodation. From April 2023, second homeowners will need to demonstrate that holiday lets are being rented out for a minimum of 70 days a year to qualify for small business rates relief.
- 3.4 A second home that is frequently occupied can bring economic benefits to the community through occupiers supporting local businesses and services. Second homes that are unused for much of the year provide little or no benefit to the community. Large numbers of second homes and holiday lets can reduce the availability of long term private rental housing and have an adverse impact on local communities and the sustainability of local facilities. If not well managed, short term holiday lets can cause anti-social behaviour.

**Second Home ownership in Brighton & Hove**

- 3.5 There is no single data set which accurately identifies the number of second homes in a local area. Local authorities who have introduced restrictive policies have had to draw on a number of data sets which generally correlate to identify local ‘hotspots’. Census data, council and business tax

<sup>1</sup> Founded in Bristol in 2014, ACORN is a mass membership organisation and network of low-income people organising for a fairer deal for communities

<sup>2</sup> [2020 EHS second homes factsheet.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/2020/EHS_second_homes_factsheet.pdf)

- data are commonly used and examined at the parish level. Appendix 2 provides a high-level analysis of the current available data sources.
- 3.6 For Brighton and Hove, the 2011 Census data indicates that the proportion of household spaces ‘that are not usually occupied, either because they are second or holiday homes or because they are left vacant’, was 4.2% of the city’s households. This was a small increase since 2001 (3.8%).
- 3.7 The council’s 2018 Visitor Accommodation Study Update estimated there were 1,500-2,000 short-term holiday let properties actively being marketed in the city. In March 2022, the website airdna.co indicates 3,118 properties actively being marketed<sup>3</sup>. This increase is not surprising given the city is an important tourist destination and pandemic staycation trends.

### **Evidence Gaps**

- 3.8 Analysis of successfully adopted planning policies indicates that a threshold or trigger of ‘harm’ or tipping point for making communities socially unviable is typically 20% of local dwellings in second home ownership<sup>4</sup> and evidence of growth in number of second homes over time. Looking at evidence used to justify the introduction of such policies (included in Appendix 3) indicates the following analysis will be needed:
- Analysis of 2021 Census data to show how far numbers of second homes have increased.
  - A review of data at ward level to identify if there are local hotspots which are reaching/exceed a threshold of 20% of homes as having no usual residents.
  - The impact of second and holiday homes on local communities (resident population rates), the economy and local services,
  - The impact on housing affordability and availability.

### **Review of policies introduced elsewhere**

- 3.9 At the national level, the Government’s Tourism Recovery Plan<sup>5</sup> includes a commitment to consult on the possible introduction of a Tourist Accommodation Registration Scheme in England, including consideration of the effect that short-term letting has on housing supply. The Levelling Up and Regeneration Bill indicates that amendments will be made to the Local Government Finance Act 1992 to allow councils to apply a council tax premium of up to 100% for empty homes after one year (as opposed to the current two years) and to introduce a new discretionary council tax premium on second homes of up to 100%. The decision on whether to apply a premium, and the level, will be a matter for each billing authority. The Bill does not contain any cap in relation to the number of days a second home must be occupied before becoming liable for a council tax second homes premium.
- 3.10 Appendix 3 provides a review of local planning authorities and local communities that have introduced local or neighbourhood plan policies to

<sup>3</sup> [Airbnb Data on 3,118 Vacation Rentals in Brighton And Hove | MarketMinder \(airdna.co\)](#)

<sup>4</sup> a 2003 document ‘An Effective way to Sustain Rural Communities’ suggested a 15% threshold.

<sup>5</sup> The Tourism Recovery Plan, 11 June 2021

- restrict the numbers of second homes, largely through a 'Principal Residence Policy' (PRP).
- 3.11 PRP has been introduced in very small rural or coastal communities and largely through neighbourhood plans. There are no known cities/ large urban authorities with a PRP.
- 3.12 PRP is implemented by way of planning condition or Section 106 agreements on grant of planning permission. They apply to new build housing only and the restrictions can be in perpetuity. Evidence of compliance is in the form of documented evidence provided to the authority on request. Councils need to enforce compliance for PRP to be effective.
- 3.13 A PRP cannot apply to the existing stock of housing including existing second homes and would not prevent the purchase of existing housing stock for use as second homes. New build housing will only form a small proportion of the total dwelling stock in the city. As such, the impact on affordability in a large urban area over time may be limited.
- 3.14 Appendix 3 includes the example of London Borough of Islington's 'Wasted Housing Supply' Supplementary Planning Document which is used to address 'Buy to Leave', where individuals or companies buy new residential dwellings for speculative investment purposes only, leaving the home vacant. The SPD does not have the full weight of a development plan policy and the practical issue of enforcing the s106 requirement of full occupation is not known. The evidence for buy-to-leave in the city is limited and anecdotal and is unlikely to justify taking the Islington approach.
- 3.15 There is a lack of published evidence indicating how effective the PRPs have been on reducing rates of second home ownership; improving housing affordability and supply or the impact on the viability of new development. Robust evidence of displacement impact to existing homes or neighbouring areas is lacking. Neither is there published evidence on how successfully the policies have been enforced.
- 3.16 Research by the London School of Economics in 2019 suggested that house building in St. Ives, Cornwall had slowed, that existing homes and homes in nearby towns were becoming the focus of second home purchases. In response, Cornwall Councillors and St Ives Neighbourhood Planning Group felt it was too early to tell with some positive impacts noted such as new builds addressing local community needs<sup>6</sup>.
- 3.17 Dorset Council concluded in its review of second home policy options<sup>7</sup> not to include a PRP in its local plan concerned that it may not impact on second home demand, it may shift second homes to alternative locations/ existing homes and uncertainty as to whether it would impact on affordability.

### **Potential planning policy options to consider for Brighton & Hove**

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<sup>6</sup> [Has St Ives' second home ban backfired? | Financial Times \(ft.com\)](#) and [Second homes ban in St Ives, Cornwall backfires according to new study | Falmouth Packet](#)

<sup>7</sup> [Dorset Council Local Plan Second Homes Background Paper, 2020/21:](#)

- 3.18 The potential for a PRP can be included as a relevant issue to be considered through the City Plan Part 1 review process. To be successful a local plan policy will need to be found 'sound' at examination and the examiner will look at the evidence that underpins any proposed policy. Evidence of harm that second homes and holiday home markets are causing to local communities would need to be demonstrated and reasonable alternatives explored. The following planning policy options could be considered:
- 3.19 **Option 1 – City Wide principal residency policy** - current evidence suggests a city-wide policy is unlikely to be justified.
- 3.20 **Option 2 – Supportive Policy in City Plan to guide Neighbourhood Plans** - should the further review of evidence identify local hotspots which are reaching/exceed a threshold of 20% second homes, a supportive policy could guide neighbourhood plans to bring forward PRP.
- 3.21 **Option 3 – Neighbourhood Plan policy** – neighbourhood forums could include a policy in their Neighbourhood Plans to restrict second homes. This option would only be appropriate if data showed that the proportion of second homes in the ward or neighbourhood areas were close to or had exceeded a threshold of approximately 20%.
- 3.22 The timetable for the implementation for Option 1 and 2 would follow the published timetable for the City Plan Part 1 Review as set out in the latest published Local Development Scheme. Consultation on a draft Plan is currently anticipated to take place in late 2023. Adoption of the Plan is estimated to be 2025. The timetable for Option 3 would depend on a neighbourhood forum's timetable for plan preparation. It is recommended that a combination of a supportive policy in the new city plan (Option 2) for neighbourhood plans to bring forward their own policy (Option 3) is the preferred option to consider further. Councillors will be engaged on the city plan review at key stages.

#### **4. Analysis and consideration of alternative options**

- 4.1 This report has considered the evidence and analysis that would be required to justify and support the policy option for a PRP.
- 4.2 The evidence so far on second homes in the city would indicate that a city-wide restriction of new build market housing through a principal residency policy would be difficult to justify. Further research is required to clarify the latest data on second homes in the city and to identify whether there are particular local 'hotspots' causing harm to local communities in order to justify introducing a policy through the City Plan Part 1 Review/ neighbourhood plans.

#### **5. Community engagement and consultation**

- 5.1 As part of plan preparation, any new proposed policy would be subject to several rounds of public consultation followed by independent examination.

## **6. Conclusion**

- 6.1 This report responds to the Notice of Motion put to the March TECC Committee. The NoM asked officers for a report outlining the planning policy options and evidence gaps/ requirements that would be required to introduce a policy to restrict the number of second homes in the city.
- 6.2 The report outlines the current available evidence on the proportion of second homes in the city and indicates that further evidence and analysis is required. It sets out examples of policies which have been successfully introduced by local planning authorities and local communities elsewhere and the evidence/ justification that was required to adopt those policies. The report suggests planning policy options and a preferred option to be explored if further evidence would support restricting second homes.

## **7. Financial implications**

- 7.1 There are no direct financial implications arising from this report. The cost of officer time, document production and further research and analysis associated with the recommendations in this report will be funded from existing revenue budget within the Planning service. Any significant variations to budget will be reported as part of the council's monthly budget monitoring process.

Name of finance officer consulted: John Lack    Date consulted: 10/05/22

## **8. Legal implications**

- 8.1 As noted in the body of the report, a Principal Residence Policy would need to form part of a local or neighbourhood plan and be justified by appropriate evidence.

Name of lawyer consulted: Hilary Woodward    Date consulted: 6/5/22:

## **9. Equalities implications.**

- 9.1 Any new policy to be introduced as part of the City Plan Part 1 Review would be subject to a Health and Equalities Impact Assessment.

## **10. Sustainability implications**

- 10.1 Any new policy to be introduced as part of the City Plan Part 1 Review would be subject to a sustainability appraisal to test options and reasonable alternatives and the social, environment impacts of drafted policy.

## **Supporting Documentation**

### **1. Appendices**

1. Notice of Motion
2. High Level Analysis of Second Homes data in Brighton and Hove
3. Review of Principal Residency Policies