

## 1.0 Second Homes - introduction

- 1.1 One of the issues raised in all IPS consultations to date has been concern over the number of second homes on the island and whether new dwellings should be safeguarded for permanent residents given the island's housing affordability issues and the need to support existing residential communities. Second homes that are unused for much of the year can provide little or no benefit to the community. Large numbers of second homes and holiday lets can also reduce the availability of long term private rental housing and have an adverse impact on local communities and the sustainability of local facilities. On the flip side, a second home that is frequently occupied can bring economic benefits to the community through occupiers supporting local businesses and services.
- 1.2 There is no planning definition of a second home. The Government's English Housing Survey provides a starting point with the definition:
- 'a privately owned habitable accommodation that is not owned by anyone as their main residence. It may be occupied occasionally, for example as a holiday home or when working away from the household's main home.'*
- 1.3 No direct reference to second homes is made in the National Planning Policy Framework (NPPF) or Planning Practice Guidance (PPG) or to 'primary' and 'secondary residences'. However, the NPPF seeks sustainable development that includes, ensuring a strong, healthy, just society; and achieving a sustainable economy. There is a legal obligation on plans to deliver sustainable development and plans must ensure that they are *'underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.'* (para 31 of the NPPF).
- 1.4 Given a lack of national planning policy restricting the development of second homes, any local plan policy would need to demonstrate that it contributes to sustainable development and that it meets the tests of soundness shown below:
- *Positively prepared*
  - *Justified*
  - *Effective*
  - *Consistent with national policy*
- 1.5 The 'development plan' consists of both local plans and neighbourhood plans and rather than the tests of soundness that a local plan has to pass, a neighbourhood plan has to pass a 'basic conditions' test which is set out below:
- Having regard to national policies and advice contained in guidance issued by the Secretary of State it is appropriate to 'make' the neighbourhood plan;
  - The making of the neighbourhood plan contributes to the achievement of sustainable development;
  - The making of the neighbourhood plan is in general conformity with the strategic policies contained in the development plan for the area of the authority (or any part of that area);
  - Prescribed conditions are met in relation to the plan and prescribed matters have been complied with in connection with the proposal for the neighbourhood plan

- 1.6 As can be seen these are different tests with neighbourhood plans that allow a more flexible approach but both needing to contribute towards sustainable development.
- 1.7 The issue of significant numbers of second homes is restricted to particular parts of the country including national parks and some coastal areas, though it also includes the City of London.
- 1.8 Some National Parks have included adopted policies seeking to restrict `non primary residences` in their local plans. National Parks are covered by the English National Parks and Broads UK Government Vision and Circular 2010. Paragraph 78 of this Circular states that the Parks are `not suitable locations for unrestricted housing` and this has led to the interpretation by some National Park authorities that there are planning grounds in their areas to restrict ownership to local occupancy which has led to successful adoption of some local plan policies restricting `non primary residences`.
- 1.9 Outside of the National Parks, some other local authorities and neighbourhood planning bodies have been seeking to restrict `non primary residences` in both local and neighbourhood plans. Adopted Neighbourhood Plans that include a primary residence policy include St Ives, North Northumberland Coastal Area, South Huish (Devon) and Wirksworth (Derbyshire Dales). The adoption of the St Ives Neighbourhood Plan and the Inspector's Report comments on the emerging Purbeck Local Plan indicate that a second homes restriction can be argued to deliver sustainable development and can meet the tests of soundness where a robust evidenced case can be made, albeit within emerging policy H14 in the Purbeck Local Plan the restriction only applies within the National Landscape<sup>1</sup> and not across the entire administrative area (the Inspectors have found the plan sound in their final report of 7 May 2024).
- 1.10 Evidence and research supporting a number of the neighbourhood plans mentioned above indicates that a threshold of 20% of local dwellings in second home ownership could be seen as the point at which there may be harm to a local community.
- 1.11 Where principal residence policies have been introduced in the neighbourhood plans mentioned above, they are implemented through planning condition or Section 106 agreement and would apply to new build housing only in perpetuity. It is important to note that any such policy could not be applied to existing housing stock and would not prevent the purchase of existing housing for a second home.

## 2.0 Second Homes on the IOW

- 2.1 There is no single source of information on the level of second homeownership by council area, but a number of different sources help to build an overall picture. Assessment of the scale of the issue is complicated by the fact that some second homes may be holiday homes or long term empty homes, whilst second homeowners are able to `flip` main residency between properties as many times as they wish. Second homes also do not have to be nominated as such for up to two years after purchase. Holiday homes let for 140 days or more per year can be registered as businesses rather than as second homes for Council tax purposes and are therefore subject to business rates. The difficulties in defining the number of second homes identifies a clear limitation to the data available, data that would be scrutinised heavily during any local plan examination. The data on property ownership can also quickly become out of date as properties change hands.

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<sup>1</sup> [30641b59-50b6-0b48-c46b-c901d7272ac7 \(dorsetcouncil.gov.uk\)](https://30641b59-50b6-0b48-c46b-c901d7272ac7.dorsetcouncil.gov.uk)

- 2.2 Looking at the available data from the Office of National Statistics (ONS), Council Tax and Electoral Records, it is possible to gain an understanding of trends and to identify the parts of the island where the issue is most acute.

### 3.0 Office for National Statistics (ONS) Census Figures

- 3.1 The table below shows national ONS figures from the 2011 Census for the top 20 local authorities with the most residents with a second address per 1000 usual residents. Most of these areas are rural, less densely populated and many are holiday areas. The City of London and Isles of Scilly have a high rate of people with a second address because they have comparatively few usual residents. By this measure, the Isle of Wight does not appear in the top 20 authorities.

England and Wales local authorities, March 2011			
Local Authority (LA)	2011 Usual residents	Usual residents elsewhere, with a second address in this LA	People with a second address per 1,000 usual residents
City of London	7,375	1,366	185
Isles of Scilly UA	2,203	266	121
Richmondshire	51,965	5,129	99
Gwynedd	121,874	12,012	99
South Hams	83,140	7,672	92
South Lakeland	103,658	8,628	83
Purbeck	44,973	3,713	83
North Norfolk	101,499	7,939	78
Isle of Anglesey	69,751	5,088	73
Cotswold	82,881	5,898	71
Pembrokeshire	122,439	8,458	69
West Somerset	34,675	2,387	69
West Dorset	99,264	6,699	67
Eden	52,564	3,522	67
Ceredigion	75,922	5,084	67
Chichester	113,794	7,549	66
Suffolk Coastal	124,298	7,819	63
East Lindsey	136,401	8,443	62
Scarborough	108,793	6,723	62
Westminster	219,396	13,415	61

Source: Office for National Statistics, Census 2011

- 3.2 The 2011 Census data shows the IOW has a rate of 47 people with a second address in the area per 1,000 usual residents. This compares to 34 in the South East and 28 in England. So, although the level on the IOW is higher than the average across the South East Region, this is well below the rate in Purbeck for example (83) where a local plan policy restricting second homes (but in AONB areas only) is well advanced.
- 3.3 The 2011 Census data also shows small built-up areas can have markedly high unoccupied household space. As shown on the table overleaf, coastal communities dominate with eleven communities having 30% or more household spaces unoccupied. In areas such as Southwold in Suffolk and Salcombe in Devon, half of all household spaces were unoccupied by usual residents at the time of the census. Aside from coastal areas, locations in the Lake District appear showing the tendency for

tourist areas in most cases to have higher shares of unoccupied household spaces. On the IOW, Nettlestone is the only settlement appearing with 33% of household spaces with no usual residents.

<b>Coastal Communities with highest and lowest share of household spaces with no usual residents.</b>		
<b>Coastal Community</b>	<b>Local Authority</b>	<b>%</b>
Southwold	Suffolk	50
Salcombe	Devon	50
Hunstanton	Norfolk	46
Rhosneigr	Isle of Anglesey	43
Rock	Cornwall	42
Aldeburgh	Suffolk	35
Trearddur	Isle of Anglesey	34
<b>Nettlestone</b>	<b>Isle of Wight</b>	<b>33</b>
Wells-next the-Sea	Norfolk	32
Hugh Town	Isles of Scilly	31
Seaton Sluice	Northumberland	30
Portslade by-Sea	Brighton and Hove	29

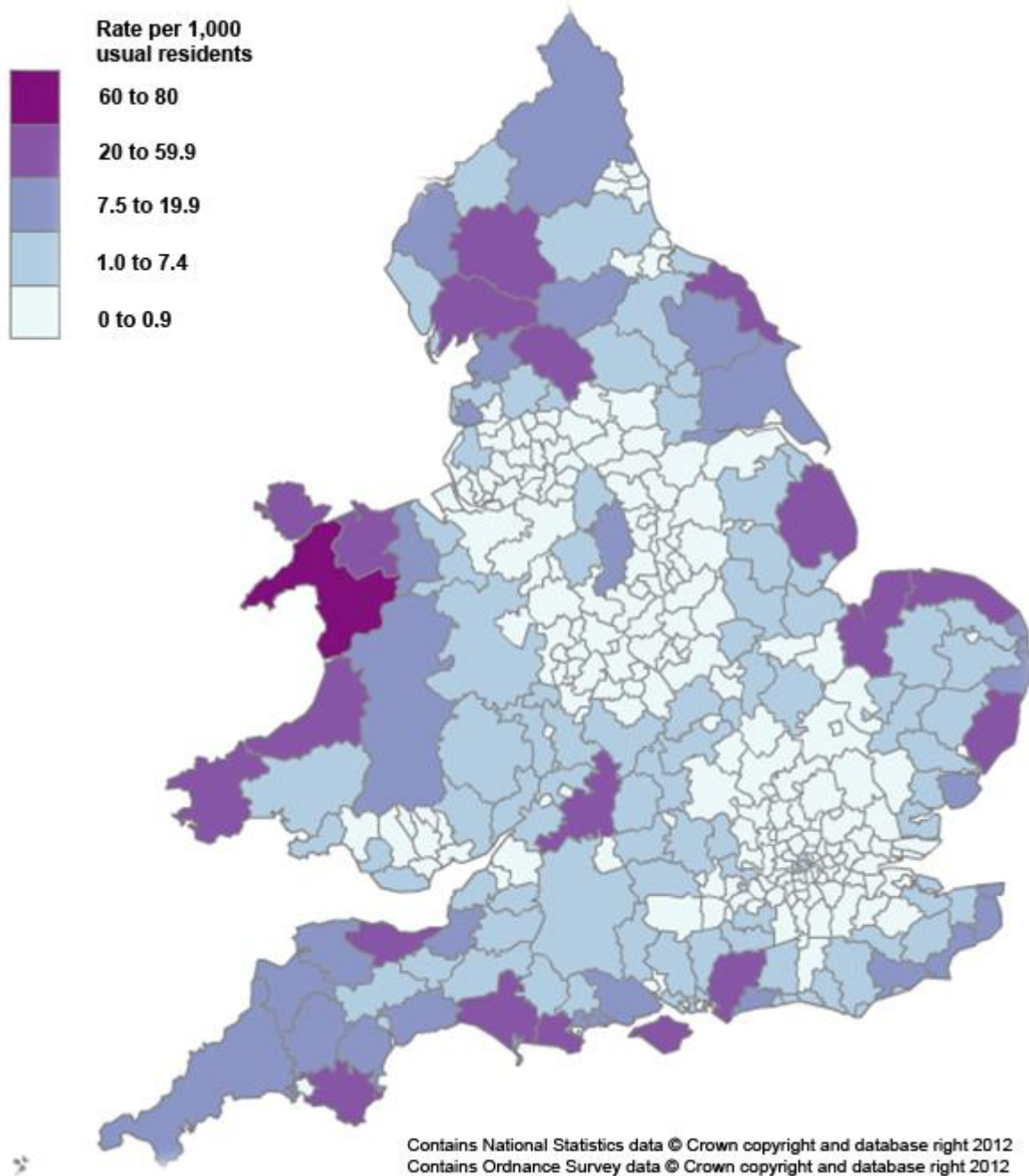
Source: Office for National Statistics, Census 2011

- 3.4 Census figures are also available for second properties used for holiday purposes. Gwynedd is the local authority with the highest rate (64 per 1,000). The Isle of Wight is 19<sup>th</sup> in England with 23 people per 1000 usual residents, again well below Purbeck (40 per 1000).

<b>Local Authorities (LA)</b>	<b>2011 Usual residents</b>	<b>Usual residents elsewhere, with a second address in this LA</b>	<b>People with a second address per 1,000 usual residents</b>
Gwynedd	121,874	7784	64
North Norfolk	101,499	4,842	48
South Lakeland	103,658	4,684	45
South Hams	83,140	3738	45
Isles of Scilly UA	2,203	99	45
Isle of Anglesey	69,751	2,893	41
Purbeck	44,973	1809	40
Eden	52,564	1865	35
Pembrokeshire	122,439	4310	35
Scarborough	108,793	3,697	34
West Somerset	34,675	1142	33
East Lindsey	136,401	4,472	33
Ceredigion	75,922	2269	30
Conwy	115,228	3,198	28
West Dorset	99,264	2713	27
Suffolk Coastal	124,298	3029	24
Chichester	113,794	2754	24
King's Lynn and West Norfolk	147,451	3539	24
<b>Isle of Wight</b>	<b>138,265</b>	<b>3114</b>	<b>23</b>
Craven	55,409	1204	22

Source: Office for National Statistics, Census 2011

3.5 The map below shows this distribution pictorially demonstrating a concentration of such properties in national parks and in coastal regions.



3.6 Holiday lets which are run as businesses (in excess of 140 days per calendar year which is the threshold to move from Council Tax to Business Rates) tend to be available to be let throughout the year which differs from a second home occupied for only part of the year.

#### 4.0 Council Tax and Electoral Records

- 4.1 Good data on the prevalence of second homes from Council tax records is patchy due to the lack of a requirement now for second home owners to register. Data from Council tax records are acknowledged to be incomplete as there is no longer a discount for council tax on second homes and so no incentive to register them as such. The figures may therefore underestimate the number of second homes. In England, Council tax data shows the IOW has 15<sup>th</sup> highest level of second homes at 4.53% (Gov.UK).
- 4.2 Council tax records do provide some data at a parish level which whilst not complete gives a distribution of second homes across the island as far as is known.

Parish	Total homes	Second homes	% second homes
Arreton	428	9	2.10
Bembridge	2,179	248	11.38
Brading	1,017	18	1.77
Brighstone	863	51	5.91
Calbourne, Newtown and Porchfield	390	15	3.85
Chale	318	16	5.03
Cowes	5,513	322	5.84
East Cowes	4,034	77	1.91
Fishbourne	346	14	4.05
Freshwater	3,281	168	5.12
Chillerton and Gatcombe	205	3	1.46
Godshill	691	12	1.74
Gurnard	1,055	74	7.01
Havenstreet and Ashey	407	6	1.47
Lake	2,529	27	1.07
Nettlestone and Seaview	1,739	385	22.14
Newchurch	1,215	17	1.40
Newport and Carisbrooke	11,658	70	0.60
Niton	1,105	62	5.61
Northwood	1,018	6	0.59
Rookley	282	4	1.42
Ryde	12,157	249	2.05
Sandown	3,644	89	2.44
Shalfleet	796	41	5.15
Shanklin	4,872	199	4.08
Shorwell	333	15	4.50
St Helens	710	66	9.30
Totland (small part AONB)	1,606	120	7.47
Ventnor (small part AONB)	3,565	344	9.65
Whippingham (small part AONB)	442	11	2.49
Wootton Bridge (small part AONB)	1,732	36	2.08
Wroxall	837	12	1.43
Yarmouth	587	86	14.65

- 4.3 The table above highlights the parishes which are wholly in (green) or partly in (orange) the Wight National Landscape (formerly AONB). These figures show that second home ownership varies considerably across the island and that a location within the National Landscape appears not to be a determining factor here for high levels of second

homes. It appears that the second homes issue is more specific to a small number of coastal settlements. This is an important point to consider given the emerging Purbeck Local Plan policy that only seeks to impose a primary residence requirement on new homes within the AONB.

- 4.4 The latest council tax records show the highest proportions of second homes are focussed at Nettlestone and Seaview (22.14%), Yarmouth (14.65%), Bembridge (11.38%) and St Helens and Ventnor with 9.3% and 9.6% respectively. Most other parts of the island have far lower percentages with 20 of the 33 parishes having 5% or less second homes. This concentration of second homes at Nettlestone shown by the Council Tax data mirrors the ONS 2011 Census statistics.

## 5.0 Empty Housing Stock

- 5.1 Electoral registration data does not require second home owners to register at their second property and many will therefore appear as empty.
- 5.2 The number of empty homes on the Isle of Wight has more than halved over the past six years and is now significantly ahead of the government's target of 3.7%. The latest figures show there are 865 empty homes on the Island. A more meaningful figure is 746 homes or 0.98% which subtracts those homes which are empty because the owner has died and probate has not been granted; those which are annexes previously occupied by relatives; those which have been left empty by someone receiving personal care (moved into a care home); or those which have been repossessed. Some of these properties could be second homes but the scale of this is unclear and as a % of the housing stock would not have a material impact on the overall figures.

## 6.0 Unintended consequences of Restricting Second Homes

- 6.1 Background work has been carried out by local authorities including Cornwall Council and Purbeck District Council on the implications of restricting second homes via appropriate local plan policy, identify potential unintended consequences of introducing such a policy. Understanding these helps to inform the IOW's approach in addressing this issue.
1. Impact on affordability – there is concern that in only applying restrictions on second homes to new dwellings, it would increase the desirability of existing homes for second home purposes (which planning policy could not control), therefore increasing prices of existing stock and making these properties even less affordable to local people. However, evidence from Purbeck suggests that where there is already a considerable supply of second homes it is unlikely a policy would have a major impact (for reference only 4.5% of total IOW housing stock are second homes). Some findings from work on the St Ives policy indicates that a smaller pool of second homes acts to increase prices and sends some of the demand for second homes to other locations;
  2. Focussing such restrictions only in the AONB may displace the problem elsewhere – the issue in Purbeck lies within the AONB and other attractive 'chocolate box' villages. It was concluded that all such areas should be included in a restrictive policy otherwise it may have the effect of simply shifting the problem from one place to another, however the policy remains solely focussed on new homes within the AONB. On the IOW, second homes are focussed within a limited number of coastal settlements most of which are outside the AONB. It is hard to accurately predict

the consequences of a restrictive policy. The focus on a limited number of settlements implies that what attracts people to these places is hard to replicate elsewhere so the spread of second home demand to other locations is curbed to an extent;

3. The difficulty in enforcing a second homes policy – Cornwall Council (for the St Ives Neighbourhood Plan) found that many local communities would be likely to notify the council of any breaches to the policy and therefore not many are likely to go undetected. Purbeck DC found the risk to be manageable given the small amount of stock it would apply to (as a guide the Purbeck SM housing number is 168dpa compared to 753dpa on the IOW at the time of writing). An island wide restriction would however introduce a potential resource and enforcement issue given the number of homes that need to be planned for on the island;
  4. Would a policy be unduly restrictive? Evidence prepared for Purbeck DC on the impacts on saleability and mortgageability suggests such a policy would not cause insurmountable problems, however in a constrained area such as their AONB and given the numbers of properties involved (the emerging Purbeck Local Plan housing number is 168dpa for the entire area) the evidence is not comparable. The impact on affordable housing and infrastructure was not found to be likely to be affected;
  5. Other factors (some linked to challenges of enforcing) - the restriction only applies to occupancy for a second home it does not prevent a person outside the area purchasing the property as their primary residence and outbidding a local person, and then 'flipping' to their second home at a later date. Another potential impact is on the community culture and the ability of a community to retain its local services and facilities;
  6. Evidence for the St Ives NP found that restricting second homes could damage local construction and tourism industries;
  7. A study by LSE on the impact of the restriction in St Ives contends that the ban on second homes has increased prices in the stock of existing primary residences and shifted some demand to other nearby towns.
- 6.2 Brighton & Hove Council have recently undertaken significant research<sup>2</sup> into the issue of second homes and have concluded that a city wide approach (i.e. policy in their local plan) could not be justified, however a supportive policy 'hook' allowing neighbourhood plans in hotspot areas to take the issue further would be the most appropriate mechanism given the evidence available at the current time.

## 7.0 Island Planning Strategy policy consideration

- 7.1 Reviewing the evidence, data, issues and plan preparation work undertaken in other areas, the Growth and Housing policies within the IPS do not include a specific restriction on all new built homes to be a primary residence, nor any area based restriction. The overall housing number within the IPS is approximately 25% less than the standard method, whilst the spatial strategy seeks to accommodate all of

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<sup>2</sup> [Implementation of a Principal Residence Policy.pdf \(brighton-hove.gov.uk\)](https://www.brighton-hove.gov.uk/media/1000000/Implementation_of_a_Principal_Residence_Policy.pdf)



planned growth on allocated sites (100%) at the primary and secondary settlements. Housing mix policies have also been tailored to look specifically at different tenures, so that the right size and type of properties are built to help address acute affordable housing issues on the island. The following policies are considered to have an indirect impact on the second homes issue:

- EV10 Preserving Settlement Identity
- G1 Our Approach towards Sustainable Development and Growth
- G2 Priority Locations for Development and Growth
- H1 Planning for Housing Delivery
- H2 Sites Allocated for Housing
- H7 Rural and First Homes Exception Sites
- H8 Ensuring the Right Mix of Housing

7.2 Given the content of the report however, policy C15 Community Led Planning has been expanded to include a specific bullet point referring to second home ownership as one of the issues that a Neighbourhood Plan (NP) could seek to address. This wording, together with the content of this report, provides the relevant policy 'hook' for any NP to take forward the issue and also has the benefit of a lower test to meet when it comes to any examination process.

## 8.0 Conclusion

8.1 The data and evidence collected demonstrates that levels of second home ownership on an island wide basis are not sufficient to justify an island wide policy restriction.

8.2 Whilst there are 'hotspots' in some of the smaller coastal areas / settlements, the lower housing requirement and revised spatial strategy approach, in combination with specific housing mix policies are considered to represent an appropriate way to address second home ownership on the island in the wider context of needing to deliver housing to help address acute affordable housing issues.

8.3 Parish, Town & Community Councils would however have the ability to address second home ownership through a neighbourhood plan should the issue be prevalent and causing specific concerns in their area, a process that St Ives and others have successfully followed. Policy C15 of the IPS provides the specific policy hook for this to be taken forward.

**SWOT analysis of having a local plan policy on 2<sup>nd</sup> homes**

<p><b>Strengths</b></p> <p>Establishes a clear position of providing housing for those living permanently on the island</p> <p>Contributes to achieving a better balance in the population structure including young and/or first time buyers</p> <p>Less house price inflation and provision of more affordable housing</p> <p>Provides supporting population for services and facilities</p>	<p><b>Weaknesses</b></p> <p>The spread of 2<sup>nd</sup> homes appears focussed on a small number of settlements rather than being widespread across the island which does not fit well with having an island wide policy</p> <p>Including a policy does not impact on the existing level of second homes as it only applies to new build properties</p>
<p><b>Opportunities</b></p> <p>Potential to decrease competition for buying new build properties</p> <p>Potential for an increased number of smaller units to meet local needs.</p> <p>Increased number of full time residents supporting schools, community facilities and services helping to keep a community and village culture alive</p> <p>Proven success of neighbourhood plans in tackling the new build second homes issue</p>	<p><b>Threats</b></p> <p>Potential for a reduction in seasonal spending in local shops, on attractions and services</p> <p>Introduces a perception of visitors and existing second home owners of being less welcome on the island</p> <p>Threat to scheme viability as site schemes reflect local needs in size and affordability.</p>