

Response from Newport Town Council to the Local Government and Housing Committee of the Welsh Parliament

Consultation: Inquiry into second homes.

Newport Pembrokeshire is a very attractive small seaside town with a population of about 1,161 (1). It is an increasingly popular place for investors to buy second homes or holiday lets, and an attractive place for older people to retire.

The average price for a house in Newport is approximately £372,819 (2), which is nearly 50% greater than the UK average and in the last 5 years some properties have shown a 70% increase in their price. A 3 bedroom bungalow is currently on the market for £525,000. (3)

The proportion of the population aged between 18-64, is substantially lower than the Welsh average, while the proportion of the population over retirement age is much higher.

Homes not occupied all year round grew in number 2.5 times faster than resident households between 2001 and 2011 in Newport and continues to grow. In the 2001 Census 272 of the houses in Newport recorded had 'no usual resident' because they were second homes/holiday lets. By 2011 this number had risen to 344.

Employment and business is very much dependent on a visitor economy which is itself dependent on having holiday accommodation. However the investment desirability of property here is pricing young people who wish to continue to live and work here out of the market. There is a slow exodus of our young and future families.

Newport used to be a Welsh speaking community and now is predominantly English speaking. There is however an excellent school for infants and juniors which uses the medium of Welsh and so it is imperative that we safeguard and increase the population of young families to preserve the language and culture of this community. We also need to preserve the workforce to service our economy.

Newport depends on its tourism and we do not in any way want to demonise our visitors, and create any feeling for them that they are unwelcome, as they have contributed greatly to our vibrant community. We are concerned that focussing on this aspect alone could have unintended consequences.

Recommendation 1 – develop regional and local variation in public policy

Newport is governed by Pembrokeshire Coast National Park Authority as its planning authority. There is already local variation in the Local Development Plan in acknowledgement of the special circumstances of various places in Pembrokeshire, but there is a need to give any conditions teeth. Local variation in policy is excellent but Town and Community Councils must be listened to to make sure it is enforced and the planning authority needs to stand by those conditions.

The Town Council often feels powerless to ensure that planning conditions are upheld or that its concerns are treated seriously. We would like a more powerful role in the planning process.

For example quite recently a developer suggested they would provide units that would be sold at an affordable price on a development of 21 market houses. These would be for local employees. There were also 14 affordable rental houses. The developer later applied for permission to increase the

size of the one bedroom units to two bedrooms. The Town Council objected but the planning authority agreed. They were put on the market for around £370,000.

Land in Newport is incredibly expensive. The 3 acre site for this development was sold for £1.6 million. It is a development of 21 market houses, many in the region of £500,000, which are beyond the wildest dreams of our younger working population. The conditional affordable rental housing is separated off into a corner with tiny backyards. Local and regional policy will not address the needs of Newport unless this issue can be dealt with. For every small affordable rental property built we pay the price with at least twice as many new unaffordable houses which are mostly sold as second homes and to affluent retirees. Public policy under these circumstances needs to address the fact that in places like Newport, developers' profits are a major force in the creation of our problem. Market housing should not 'provide the framework to cross subsidise the provision of affordable housing.' (Local Development Plan). It is exacerbating the problem. New ways of building are needed to address local needs alone. A variety of well designed rental or buy family homes, elderly accessible one-storey homes and so on in proper streets would serve the mix of population a small town needs and reflect its vernacular. This will never happen while profit is the driving force. This approach needs to be part of any local variation.

Recommendation 2 – control of the numbers of second homes

Any policy that aims to reduce the number of second homes needs to reflect on the essential part they play in the economy of Newport and their definition. There is a huge unseen consequence as holiday makers are our lifeblood. There is a discussion to be had about how many there should be and whether there is a tipping point. The prices of houses in Newport are already beyond the reach of most of the inhabitants of Newport and so limiting their sale to full time residents alone would simply increase the number of affluent retirees. Better to address the issue of providing decent affordable houses to buy or rent for all sectors of the community so that elderly people, young people and families can stay here, without the need to move away. There would need to be constraints to ensure future sales to local people. This has been done with financial assistance to local councils to purchase land and build what they need to meet this need.

Recommendation 3 - The definition of second homes.

- Homes that have been purchased for rental purposes - this includes many local people who have invested in holiday lets that they run as a business. It also includes people who do this as an investment and rent out via an agency. This is where most of our holiday visitors stay and they are essential to our economy.
- Homes that are bought for personal use only. Some of these homes have been used by families that have been coming to Newport for generations and they are familiar faces in Newport. Others are more recent. There is a division of opinion in Newport about whether this is a good thing for Newport or not. Many businesses welcome them and are angry about any vilification. The downside is that there are stretches of prime locations in Newport that are empty for most of the year and any land or property that comes up for sale in a good location is snapped up for an exorbitant price and frequently replaced with a more modern non-traditional house.
- People who have lived in Newport for generations and have inherited their family home. These people feel very hurt that they are having to pay a 100% second home tax when their families have been in Newport for longer than most people here and they are preserving their family legacy. If they sell to mitigate that then their family home would most likely become a holiday home.

- The invisible second home. By 2011 the number of second homes had officially risen to 344. and it continues to rise. This number is probably an underestimate as a significant number of couples are registering separate main residences as individuals; one for their actual residence and the other for their second home in Newport.
- The second home registered as a business to avoid second home tax. There is considerable resentment about this evasion.

It is not helpful to group all these categories into one heading and make it the cause of all problems and it is in fact quite divisive.

Recommendation 4 – responding to Brexit and Covid-19

Newport is a fairly self sufficient community when it comes to shops and supplies and this is largely due to the boost from summertime tourists. However since Covid and with the loss of European labour many are having difficulties financially and in finding the labour to keep going. This is particularly true for the hospitality and farming sectors. Any loss of any of these businesses would have a serious long term effect on life in the community. Support is urgently needed.

Recommendation 5 – the need for policy intervention across a range of policy areas

There should definitely be policy intervention in planning and taxation policies.

Recommendation 6 – Local Council Tax Premium

The definition of Second Home is crucial to this and while it is a good thing, there is a lot on inequity in the way that it is being levied. There are ways of avoiding payment by claiming business exemption for example but there are also local people who have moved away and may come back, who are having to pay because they have kept a home that has been in their family for generations.

The PCC Enhancing Pembrokeshire Grant which is funded by the Local Council Tax Premium has made a huge contribution to Newport in supporting projects which have improved many aspects of Newport, but even though Newport is a major contributor to this fund and the increase in the taxation to 100%, it seems the extra funds raised will be used by Pembrokeshire County Council to fund affordable housing across Pembrokeshire. The grants we have received in Newport have been well used and have benefitted the community greatly, but they do not address the nub of the situation. We need large amounts to either buy land or buy property - to use the money to not only enhance our community but start to solve the problem. While we recognise and support meeting the needs of the less affluent areas in Pembrokeshire, Newport is hamstrung by the exorbitant cost of land and property prices.

Recommendation 8 - Land transaction tax.

Given the wealth of the people who purchase second homes and build them in Newport, it won't act as a deterrent and would not bring any benefit to or make any difference to Newport itself.

Recommendation 9 – Gwynedd and Anglesey Councils' 'Local Market Housing' Scheme

This seems a very innovative and excellent scheme. However it would be necessary for the housing to be built by the local authority ideally in cooperation with the community, as this would not be financially feasible for a developer given the price of land in Newport.

Recommendation 11 – trialling a new use class for second homes

While understanding the logic of this, given the price of housing in Newport this would not release any housing onto the market that would be within the reach of young families and would just increase the number of affluent retirees.

Gaps in knowledge and data

Newport Town Council is currently conducting a survey on Housing and Needs in Newport in order to get an up to date insight into the experiences and situations of our residents. We hope that this will form the basis for working with the whole community to collaborate with Pembrokeshire County Council and Pembrokeshire Coast National Park Authority to work towards a plan to alleviate the negative issues that affect our community because of its thriving tourism, without causing any unforeseen outcomes.

References

1. <https://www.nomisweb.co.uk/reports/localarea?compare=W05000434>
2. <https://www.zoopla.co.uk/house-prices/browse/pembrokeshire/newport/?q=Newport%20Pembrokeshire>
3. https://www.zoopla.co.uk/for-sale/property/pembrokeshire/newport/?q=Newport%20Pembrokeshire&results_sort=newest_listings&search_source=for-sale