



Southwold Neighbourhood Plan 2020-2039

**Regulation 14 Consultation
Section 4 - Housing**

**2nd November 2020 –
31st January 2021**

**Copies of the Plan available to view from
Southwold Town Hall**

**Please respond with comments to the
Town Hall, Market Place, Southwold by**

Sunday 31st January 2021

4. HOUSING

4.1 The Southwold Neighbourhood Plan's vision is to increase and diversify the town's full time population with more young people, more working people and more families. This is challenging due to a number of constraints affecting Southwold's housing market. The Neighbourhood Plan has five housing policies designed to over-come these constraints so as to enable the community to achieve its vision.

Constraints

4.2 Southwold is a small coastal town of just over 1,400 dwellings.¹⁰ However, only about 40% of this housing stock is actually lived in by full time residents.¹¹ In the main, these full time residents are elderly or very elderly.¹² The town's remaining housing stock is occupied as second homes or used for holiday letting.

4.3 Driven by Southwold's popularity as a tourism destination, house prices are the highest in the Local Plan area (the former Waveney District) and unaffordable to local people.

- In 2018, the average house price in Southwold was £542,000 with the average flat costing £335,250.
- In 2015 the price of the average property was more than 21 times the average earnings of a Southwold resident. This compares to 7.03 for Suffolk.¹³ (See Figure 4.1)

Figure 4.1: House price/earnings ratio, 2015



4.4 Given the profitability of holiday letting compared to long term lets, Southwold has little in the way of full time market rental property. According to a leading estate agent in the town, any residential lettings that do come onto the Southwold market "instantly

¹⁰ Figure for 2012; Southwold and Reydon Society Housing Report (2012)

¹¹ See Paragraph 4.25

¹² According to the Office for National Statistics (ONS), which analysed the age composition of 274 coastal communities, Southwold has the highest proportion of its population aged over 65 years, 50%, and the highest average age, 65, in the whole of England and Wales ONS (2014) 2011 Census: Coastal Communities. <http://webarchive.nationalarchives.gov.uk/20160107113925/http://www.ons.gov.uk/ons/rel/census/2011-census-analysis/coastal-communities/index.html>

¹³ ONS and Land Registry. Southwold's full time income is assumed to be similar to the Waveney District Council area.

gain huge interest”, with over ten applicants per property advertised. The agent also advises that “residential rentals within Southwold generally obtain 20% - 25% higher rental income than similar properties within Reydon and other local villages.”¹⁴

- 4.5 Whilst the need to build more affordable housing is clear, finding development sites is a formidable obstacle. Southwold’s geography, a densely developed hillock surrounded by water and marshland, means that future land for development within its settlement boundary can only be released on brownfield sites. Chiefly, these sites will be built on community facilities and employment land.¹⁵
- 4.6 The option of building on rural exception sites is excluded; the only suitable site for such development (on Blyth Road) has already been built out with a scheme of four permanently affordable houses delivered in 2015 by Hastoe Housing Association.
- 4.7 Along with lack of land for development, the high price of land with residential planning permission -- approximately 1,500% higher than in the rest of the Waveney Area – is a further barrier to developing housing that meets local needs.¹⁶
- 4.8 Delivery of most affordable housing in England and Wales is developer-led, but this is not possible in Southwold because the vast majority of sites are small. Looking to the future, there are only two sites in the town that could potentially come forward that are large enough to generate the Local Plan’s 40% requirement for affordable housing on planning schemes for 11 or more units.¹⁷
- 4.9 The final constraint is the fact that although Southwold is a small rural market town with only about 800 full time residents (based on the 2020 electoral role), the town is not a Designated Protection Area (DPA). Consequently, as affordable housing is built, it is being lost through the right to buy/acquire and stair casing of shared ownership to 100% equity, without there being a supply of land to replace it. An example of this is Tibby’s Triangle, completed in 2013, built on the site of the former Adnams’ distribution centre. It provided 38 houses with ten shared ownership homes. Less than 10 years later, 90% of the affordable units are second homes and holiday lets.¹⁸ East Suffolk Council has tried to obtain DPA status for Southwold, without success.¹⁹ Based on the advice of East Suffolk Council, and in light of the lack of alternatives, the Southwold Neighbourhood Plan seeks to address these needs through policies that encourage the development of permanently affordable housing in the form of Community Led Housing (CLH). This is the only vehicle empowered to achieve this objective for the full range of housing tenures. Our policies anticipate that in the future the government may extend this right to other entities.
- 4.10 The NP has three housing policies (SWD1-3) that enable CLH Groups to acquire land for affordable housing and make delivery of affordable housing viable. These policies, which have been developed based on a “Planner’s Guide to Community Led Housing” (2019) are vital to achieving the community’s vision for its future.²⁰ Indeed, these policies provide the only realistic solution to realising the Waveney Local Plan’s vision

¹⁴ SNP Supporting Documents – Section 14.,

¹⁵ Since 2010, the only new housing developments in excess of one unit have been built on the former Adnams Distribution Centre (Tibby’s Triangle), the former British Legion building, the former Southwold Service Station; the former Duncan’s builder’s yard. New housing development is in progress at the former community hospital site and is planned for the former fire station site.

¹⁶ SNP Supporting Documents – Section 11

¹⁷ The BT Exchange on Station Road and the Southwold Business Centre

¹⁸ HLIN Case Study 71, 2013, P. 2 <https://www.housinglin.org.uk/Topics/type/Tibbys-Triangle-in-Southwold/>

¹⁹ SNP Supporting Documents - Section 12.

²⁰ SNP Supporting Documents – Section 16.

for Southwold: by 2036, “new housing growth in the area will have provided homes with a range of tenures and will have made homes more affordable for those working in the area.”

Permanently Affordable Community Led Housing Development

- 4.11 Housing surveys conducted in Southwold in 2013 and 2016 demonstrate a high demand from people living in Southwold for affordable housing. The 2013 survey identified a total of 21 existing households (43 people) who reported housing need and 11 households identified a further 19 people wishing to return to Southwold if appropriate housing were available. This amounts to 40 housing units needed, based on a 40% response rate from full-time residents. In January 2016 there were 80 people on the Waveney District Council Housing Register asking to be housed in Southwold and Reydon.²¹ Of these, 22 were classified as being in high or medium need. In October 2019 these figures were 72 in total, with 27 in high or medium need.
- 4.12 There is another way to assess housing need which may be more appropriate for Southwold, given its small, elderly and shrinking population, and where many local people have moved away or given up aspiring to live in the town because of the unaffordable prices. This is to assess the number of people coming into Southwold to work as a percentage of Southwold’s resident working population. The ONS study referred to in Section 3 found that there were more than twice as many people travelling to Southwold for work each day as there were Southwold residents in employment. This is the highest percentage in the ONS study. This is confirmed by the Local Plan’s Strategy for Southwold: “[T]here is a significant amount of in commuting to Southwold from outside of the Southwold and Reydon area. More homes in the Southwold and Reydon area, particularly affordable homes, will allow people who work in the area to live in the area”.²²
- 4.13 Providing affordable housing for people who work in Southwold would not only draw into the town a new generation with different skills and commitment to community, increasing the town’s “human capital” and vibrancy. It would also help to reduce climate change emissions per capita by enabling people to walk or cycle to their place of employment and to local shops and community facilities.²³ This, in turn, would enhance the long-term health of the population, a priority of the Suffolk Health and Wellbeing Strategy.²⁴
- 4.14 In 2016, there were 93 affordable dwellings in Southwold.²⁵ Since then, the East Suffolk Housing Authority (formerly Waveney) has built 20 more on a redundant builder’s yard. Hastoe Housing Association has nine affordable units (four for rent and five shared ownership) under construction on the former community hospital site and is negotiating to buy the former Fire Station site to build an additional 10 affordable units. However, even with this amount of affordable housing development, the level of need

²¹ SNP Supporting Documents - Section 4

²² Local Plan, P. 17; P. 132, Para 6.1

²³ Local Plan, Vision, P. 20

²⁴ “Evidence suggests that choosing a healthy lifestyle is likely to reduce demand on health and social care in the long term.” <https://www.healthysuffolk.org.uk/board/our-priorities/older-people-in-suffolk-have-a-good-quality-of-life>

²⁵ 88 East Suffolk Housing Authority properties (with a turnover rate of 10% per annum); 4 owned by Hastoe Housing Association; and 1 shared ownership property at Tibby’s Triangle.

is increasing.²⁶ This problem is likely to worsen unless action is taken, given that very few sites are likely to come forward in the future which are capable of delivering developer led affordable housing and the lack of DPA status to protect affordable housing converting to market housing and being sold off as second homes or holiday lets. To prevent this happening in the future, during the period of this Neighbourhood Plan, the preferred method for delivering affordable housing is through Community Led Housing (CLH) Groups with the legal ability to build permanently affordable housing.

4.15 CLH Groups can take different legal forms, but three qualities are essential for a development scheme to qualify as CLH:

- There must be meaningful community engagement in the development of a scheme.
- A CLH Group must own, manage or steward the homes in a manner of its choosing, including establishing an allocations policy that is consistent with its constitution. This policy should be transparent, reflect local housing needs, and be developed through consultation with the community and stakeholders.
- The benefit to the community must be clearly defined and housing affordability must be legally protected in perpetuity through a Section 106 agreement or other legally binding mechanism.²⁷

4.16 CLH schemes are likely to have higher borrowing costs and lower income generation than market residential development; this needs to be taken into account to enable the acquisition of land at a price below market residential value that is required to make CLH affordable housing schemes viable. In this regard the two sources of land that potentially could be acquired at less than market residential value are sites covered by Local Plan Policies 8.22 and 8.12 (Built Community Services and Facilities and Existing Employment Areas). If community or employment buildings have to be lost, then the preferred use of these sites should be permanently affordable housing because the increase in the number of working age people and families living in the town will increase demand for existing and future community facilities and support employment. This will help to regenerate Southwold. If no CLH scheme comes forward, then the next best alternative is affordable housing delivered by a housing association.

4.17 Each of the two Local Plan policies for community facilities and services and employment sets out specific circumstances where proposals for alternative uses must first demonstrate that there is no demand for community or employment uses by marketing it for a period of at least one year in accordance with Appendix 4 of the Local Plan. The objective is to maintain a supply of land at a lower price for uses that promote a community's economic and social sustainability. In order to sustain this objective, if during the marketing period no scheme for future community or

²⁶ The Strategic Housing Market Assessment for the Local Plan identified an objectively assessed need for 374 new houses per year in the Local Plan area, of which 208 need to be affordable to meet local need, which realistically would not be provided through market-led allocation. Section 1.7 (Scale of Growth), pp 26-27.

²⁷ A Planner's Guide to Community Led Housing, pp 7-8

, <https://www.communityledhomes.org.uk/resource/planners-guide-community-led-housing>. The seven most common types of CLH are Community Land Trusts; Co-housing; Cooperatives; Self-help housing; Community Self build; Self-finish; Tenant Management Organisations.

employment use should come forward, the best alternative use of land is considered to be permanently affordable Community Led Housing, and if this is not possible, then affordable housing delivered by a housing association. In practical terms, if the marketing for these alternative uses were to take place contemporaneously with the marketing of the existing use and no scheme for any of these uses came forward, then the landowner would be able bring forward proposals for other uses such as market-led residential development. To increase flexibility for owners/developers, the marketing exercise for the difference uses can be undertaken simultaneously. This approach to land use for the NP Area is embedded in Policies SWD2 and 3.

- 4.18 Policy SWD1 is slightly different in that it focuses on alternative uses of Assets of Community Value (ACVs). Local Plan Policy WLP8.22 does not permit change to a non-community use of ACVs. However, given the cost of development and land acquisition in Southwold, there are circumstances where the only realistic way to retain the ACV in community use is to cross-subsidize with another form of development. Given the pressing need for permanently affordable housing, this is considered to be the only acceptable form of cross-subsidy.
- 4.19 The principles for achieving viability in CLH schemes, and illustrative case studies, are set out in “Viability of Community-led Housing Projects”, a report prepared by Locality at the request of Southwold Town Council.²⁸ In essence,
- The viability of any CLH scheme will need to be assessed on a case-by-case basis as development proposals comes forward.
 - CLH projects will have a different viability profile from conventional housing delivery. Their income will be constrained by their objective of delivering permanently affordable housing. At the same time, the cost of CLH schemes are likely to be higher, reflecting their more limited borrowing capacity because of lack of credibility with financiers in the early stages and before the organisation has assets to borrow against.
 - It is likely that CLH schemes will need blended finance. This could be a mixture of gifts, grants, loans, community shares, crowdfunding, cross-subsidy, etc. Acquiring assets can also need donations, less than market valuations, bequests, taking on leases rather than purchasing, and working collaboratively with partners such as Housing Associations, Local Authorities, and landowners both public and private. The transfer of assets at low values can also enhance, or even determine, financial viability especially in areas where land values are high.
 - A very important feature of CLH projects is the ability to avoid the developer's profit, typically a minimum 20% uplift on their costs for a profit margin. Community-led housing projects run by a legal entity which has a not-for-profit constitution, nonpaid trustees and many volunteer members can undertake many functions without cost to the project. The project costs can then be spent on experts: architects, surveyors, valuers, financial expertise, legal charges etc. Further savings can be made using “sweat equity.”
 - Because of the different viability profile of CLH compared with market housing, the value of CLH sites should be assessed by an independent CLH financial

²⁸ SNP Supporting Documents –Section 15

viability appraiser taking into account the higher costs of CLH development of affordable housing (which therefore results in lower residual values).

- 4.20 Accordingly, to support viability, CLH schemes may consist of any mix of affordable tenure and size that is identified as being needed by the community at that time. There also may be a need to cross-subsidize the affordable housing element of the scheme with a limited number of market residential units. This would be acceptable provided it is clearly demonstrated that the amount of market residential is no greater than is required to make the affordable scheme deliverable.
- 4.21 It is recognised the CLH schemes will need be innovative in terms of funding, partnerships and potentially design. That this is possible has been demonstrated in Southwold, where an innovative CLH scheme is under development. After the NHS announced in 2015 that Southwold's community hospital would be decommissioned, the Town Council obtained its designation as an ACV. A CLH Group was formed and partnered with Hastoe Housing Association (Hastoe) on a development proposal that involved Hastoe giving one-third of the site to the CLH Group for free and Hastoe building out the rest of the site with a 100% affordable housing scheme. This was made viable through a high level of government grant because of the scheme's extra community benefits that included restoring the landmark Victorian building. Having acquired its part of the site for free, the CLH Group was able to raise over £1 million from community shares and grants to build a community hub for a new library, nursery, co-working space and a 'farm-to-fork' café.
- 4.22 This innovative approach, supported by all of the departments within East Suffolk Council with an interest in the project (Planning, Economic Development, Housing and Community), which enables retention of ACVs for some community use, is embedded in the Neighbourhood Plan by Policy SWD1.

POLICY SWD1 – REDEVELOPING ASSETS OF COMMUNITY VALUE FOR COMMUNITY LED HOUSING DEVELOPMENT OF PERMANENTLY AFFORDABLE HOUSING

- A. Proposals to redevelop a registered Asset of Community Value within the settlement boundary will be supported in exceptional circumstances where:**
- i. it can be demonstrated that the current and alternative community uses for the whole of the site have been fully explored and that the redevelopment is necessary to enable the retention and continued use of part of the ACV for community use; and**
 - ii. if community use is provided on only part of the site, then that use must be for the benefit of the community and is controlled by an eligible voluntary or community body as defined in the Localism Act 2011 (a parish council or voluntary or community body with a local connection); and**
 - iii. the change of use of the rest of the site is restricted to permanently affordable housing.**

- B. The change of use of any part of the site for permanently affordable housing should be delivered by a Community Led Housing Group.**
- C. Cross-subsidy of permanently affordable housing with an element of market housing may be permitted if it is demonstrated through an independent, community-led housing viability study that market housing is essential to make the mixed community and affordable housing scheme viable.**

POLICY SWD2 – REDEVELOPING COMMUNITY USES FOR PERMANENTLY AFFORDABLE HOUSING

- A. Proposals to redevelop community land or buildings within the settlement boundary will be supported for the following uses in descending order of priority:
 - i. Solely community uses;**
 - ii. If, through a sustained marketing campaign that meets the requirements of Local Plan Policy WLP8.22, it is demonstrated that the delivery of solely community uses is not possible, then development of a mix of community use and permanently affordable housing will be permitted.**
 - iii. If, through a sustained marketing campaign that meets the requirements of Local Plan Policy WLP8.22, it is demonstrated that the delivery of a mix of community use and permanently affordable housing is not possible, then development of the whole site for permanently affordable housing will be permitted. If a permanently affordable housing scheme does not come forward, then an affordable housing scheme delivered by a housing association will be permitted.**
 - iv. If, through a sustained marketing campaign that meets the requirements of Local Plan Policy WLP8.22, it is demonstrated that the delivery of a permanently affordable housing scheme or an affordable housing scheme delivered by a housing association is not possible, alternative uses will be permitted.****
- B. The change of use of any part of the site for permanently affordable housing should be delivered by a Community Led Housing Group.**
- C. Cross-subsidy of permanently affordable housing with an element of market housing may be permitted if it is demonstrated through an independent, community-led housing viability study that market housing is essential to make the mixed community and affordable housing scheme viable.**

POLICY SWD3 – REDEVELOPING EXISTING EMPLOYMENT AREAS FOR PERMANENTLY AFFORDABLE HOUSING

Proposals to redevelop employment uses within Existing Employment Areas will be supported for the following uses in descending order of priority:

- i. A solely employment use.
- ii. If, through a sustained marketing campaign that meets the requirements of Local Plan Policy WLP8.12, it is demonstrated that a solely employment use is not possible, then permanently affordable housing will be permitted. If, through a sustained marketing campaign that meets the requirements of Local Plan Policy WLP8.12, it is demonstrated that permanently affordable housing is not possible, then an affordable housing scheme delivered by a housing association will be permitted.
- iii. If, through a sustained marketing campaign that meets the requirements of Local Plan Policy WLP8.22, it is demonstrated that the delivery of a permanently affordable housing scheme or an affordable housing scheme delivered by a housing association is not possible, alternative uses will be permitted.
- iv. The change of use of any part of the site for permanently affordable housing should be delivered by a Community Led Housing Group.
- v. Cross-subsidy of permanently affordable housing with an element of market housing may be permitted if it is demonstrated through an independent, community-led housing viability study that market housing is essential to make the mixed community and affordable housing scheme viable.

Housing Occupied as Second Homes or for Holiday Letting

4.23 Southwold has had a tourism economy since the 1870's but until the 1990's, second homes were a small part of this economy.²⁹ Most visitors lodged in hotels, bed and breakfast accommodation or boarding houses. The majority of the town's housing stock was occupied by full time residents, typically on a long-term rental basis. Today, the most notable feature of Southwold's housing stock is the high proportion of dwellings occupied as second homes and/or used for holiday letting.

4.24 According to the 2011 ONS study,³⁰ Southwold is the coastal community with the highest proportion of household spaces with no usual residents, 50%, in the whole of England and Wales. Moreover this has changed substantially in the period since 2001, when the equivalent figure was 38%. By contrast, the average rate of non-

²⁹ The number of second homes in the UK more than doubled between 1995 and 2013 (English Housing Survey). This surge is associated with second home consumption by a growing cohort of 'top earners' and the view that housing is a sound 'investment good'. "Second Home Investment" Professor Christian Hilber, Centrepiece, Autumn 2018 <http://cep.lse.ac.uk/pubs/download/cp543.pdf>

³⁰ ONS (2014) 2011 Census: Coastal Communities

principal residents in small coastal communities in England and Wales is 10.4% and in England and Wales as a whole, it is 4.4%.

- 4.25 In 2016, the SNP team conducted a comprehensive building by building survey of the town to obtain an up-to-date understanding of the number of buildings and their current use. This survey identified 1,388 number of houses classified as C3 use. Of these, it found that 57% of were occupied as second homes or were used for holiday letting.³¹



Figure 4.2: Use of dwellings in Southwold, 2015

- 4.26 To obtain a better understanding of long term trends, the SNP team conducted additional research into the use of properties sold between 2006 and 2016.³² The results show that of the 498 homes sold during this ten year period, only 24% were occupied by permanent residents. The remaining 76% had become, or continued to be, holiday lets or second homes.
- 4.27 Using these and other data, the SNP developed three different methods to attempt to project the size of Southwold's permanent population over the period 2016 – 2036. All are highly uncertain but, interestingly, they give comparable answers. If nothing were to change, then in 15-23 years, Southwold's permanent population would reach a level of about 450 over-18s, living in 225 residences.³³
- 4.28 In January 2020, further research was conducted into the incidence of holiday letting of C3 dwellings. The number of homes used for this purpose had increased from 300 in 2016 to 374 in 2020.
- 4.29 The continuing conversion of Southwold's stock of C3 dwellings to second homes and holiday letting is having a profound impact on the sustainability of the town. Southwold Primary school has a capacity of 105 places. In June 2019, Suffolk County Council predicted that by June 2024, Southwold Primary School would be 67 places below capacity. This means it would be highly under-utilised and at risk of being financially unsustainable. In sum, if nothing were to change, Southwold could lose its primary school, which would make the town a less attractive place for working families.

³¹ SNP Supporting Documents - Section 4.2

³² SNP Supporting Documents - Section 4.3

³³ SNP Supporting Documents - Section 4.4

Catchment Area	Net Capacity	95% Capacity	Forecast 2019/20	Forecast 2020/21
Southwold Primary School	105	100	58	47
	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast Surplus Places
	43	37	33	67

- 4.30 In light of these trends, it is not surprising that in responses to the Neighbourhood Plan questionnaire³⁴ 87% of residents, and 73% of second homers, were in favour of mechanisms in the Neighbourhood Plan to encourage full time residency. In response to the question “How does the high proportion of second homes and holiday lets affect you?” 47% of residents listed ‘Worried about the sustainability of the Southwold community’ as their first or second priority.
- 4.31 Southwold’s elderly population is especially vulnerable to the social and health impacts of living in a town where many of the surrounding dwellings are empty during the winter months. The Suffolk Health and Wellbeing Strategy states that “Appropriate housing, access to transport and a safe environment can help improve quality of life, independence and promote social inclusion. Evidence suggests that social isolation is a contributing factor in over 60% of preventable illnesses.”³⁵
- 4.32 Appropriate housing includes achieving the right balance between full time homes and dwellings that are occupied part of the time, or not at all, so that elderly residents do not feel isolated and vulnerable.
- 4.33 In-depth interviews with business owners have highlighted deep concerns about the impact of the lack of full time residents on their viability; a typical comment was that the abundance of tourism during the summer did not make up for the lack of off-season trade. Significantly, whilst this comment might have been expected from shops supplying ordinary needs like the hardware, butcher or delicatessen, it was also made by businesses that cater for tourists.
- 4.34 Equally, it is important to recognise that the occupiers of many holiday homes are committed to Southwold and have a positive impact on the town. Many come to the town regularly and, in the case of those owning second homes, some spend quite long periods of time, so are very committed to Southwold. Indeed many end up living in Southwold. The second home/holiday let housing market creates local jobs for painters, decorators, cleaners, gardeners, etc. At the same time, Southwold also has “buy to invest” properties which are empty nearly all year round. Some owners of holiday lets regard the town as a business opportunity rather than their community.
- 4.35 With the ability to physically expand Southwold greatly restricted by its near-island nature and the sensitive environment in which it sits, it is important to strike the right balance so that the thriving tourism economy does not undermine the town’s viability. Without a thriving full time community, Southwold will lose many of the things that make it a place that people want to visit and spend their holidays.

³⁴ SNP Consultation Documents - Section 1

³⁵ Suffolk Joint Strategic Needs Assessment

- 4.36 In seeking to strike this balance, and in light of the trends over the past 10-15 years which are considered to have swung too far, it is necessary to have a 'principal residence requirement.' This policy applies to all new housing (except for like for like replacements) whether newly constructed or created from changes of use and/or the conversion of existing buildings. The policy also extends to affordable housing to ensure that even if becomes market housing through staircasing or the right to buy, it will still be occupied by full time residents.
- 4.37 It is anticipated that such a policy will reduce the cost of land, which would be a boon to Southwold by making it easier to build affordable housing.³⁶ The windfall sites that will become available for residential development, other than those identified as Development Sites in this Plan, will be mainly redundant community facilities or employment land that are unlikely to accommodate more than 10 dwellings. The overall effect will be beneficial by providing a supply of lower cost land that makes it possible to build more affordable housing whilst delivering other social and economic benefits. In disposing of one of its properties, 5 Strickland Place, Southwold Town Council first had a valuation as an open market freehold property, then decided to impose a restricted, principal residence, covenant. The quoted price fell by 25%.
- 4.38 It will be important to review the outcomes of this policy over the early years of the Neighbourhood Plan. If it is considered that this is having a detrimental impact on the vitality and viability of Southwold, then there will be an early review of the Plan and Policy SWD4 in particular.

POLICY SWD4 - PRINCIPAL RESIDENCE REQUIREMENT

Proposals for all new housing (including affordable housing but excluding replacement dwellings) will only be supported where first and future occupation is restricted in perpetuity to ensure that each new dwelling is occupied only as a Principal Residence.

Principal Residence housing is defined as a property which is occupied as the sole or main home of the occupants and where the occupants spend the majority of their time when their employment does not required them to be away from home for purposes of their work.

New housing includes both dwellings that are newly constructed or created through change of use.

These restrictions will be secured prior to the grant of planning permission through appropriate Planning Conditions or Planning Obligations created and enforceable under section 106 of the Town & Country Planning Act 1990, or any subsequent successor legislation.

Holiday Letting

- 4.39 In February 2020, comparethemarket.com advertised Southwold as the top destination in England and Wales for investment in a second home. "Possible annual rental

³⁶ A study of the impact of principal residence restrictions in a Swiss Canton found that the cost of primary housing was reduced and the cost of second homes increased. "Second Home Investment," Professor Christian Hilber, Centrepiece, Autumn 2018. <http://cep.lse.ac.uk/pubs/download/cp543.pdf>

revenue from Southwold is way more than any other seaside town, at £115,689, with an average daily rate coming in at £334.”³⁷

- 4.40 Dwellings (C3 use class) available for short stay self-catered letting that total 140 days or more per year are classified as small businesses, which are exempt from both council tax and business rates due to the small business rate exemption. This, and other tax benefits, has made holiday letting an increasingly attractive form of investment. As at 2016, 22% of Southwold’s housing stock were holiday lets; 28% of dwellings sold between 2006 and 2016 became holiday lets.³⁸ A survey in January 2020 showed that the number of holiday lets had increased to 374 (26%).³⁹
- 4.41 As would be expected, the high number of dwellings used for holiday letting in Southwold is inversely correlated with the low number of homes available for full time market rent – 10% compared to 15% in Waveney.⁴⁰ A robust private rental market fills an important gap in the housing market by providing homes for people who cannot afford to buy their own home but do not qualify for affordable housing or people relocating to the area for work. In fact, having a strong supply of rental housing is necessary to support the major infrastructure projects that will dominate the economy of the East Suffolk area for most of the period of the SNP.
- 4.42 The conversion of dwellings to short stay self-catered letting for holiday visitors, which could be rented out to full time occupants, undermines the Local Plan’s vision for Waveney: *“There will be sufficient housing of the right types and tenures to meet the needs of the population and people moving to the District.”* It also works against the overall spatial strategy for Southwold and Reydon which is to make homes more affordable for those working in the area through new housing growth with a range of tenures⁴¹.
- 4.43 Intensive use of dwellings for holiday letting can be associated with unneighbourly behaviour. When people are on holiday, they tend to use a property differently from when they are in their own home. Local residents complain about excessive noise; light pollution from all-night security lighting; anti-social parking, unmanaged rubbish that reduces recycling and attracts vermin. The amenity of residents is also harmed in other indirect ways. Users of holiday lets do not participate (other than as consumers) in community institutions that rely on volunteers to deliver events and services. (The Town Council, Scouts and Guides, the RNLI, the Voluntary Help Centre, Christmas Lights Committee, Arts Centre and Arts Festival are all mainly run by volunteers.) By reducing the capacity of communities to deliver community facilities, holiday letting on a large scale works against the intention of the Local Plan’s communities policy, which is protect community facilities to ensure vibrant communities.⁴²
- 4.44 The high number of dwellings used for holiday letting is an underlying cause of three weaknesses and threats identified by the East Suffolk Economic Growth Plan: i) the area’s relatively old and ageing population which has widespread implications (including for workforce skills); ii) housing affordability, which is challenging for people,

³⁷ <https://www.comparethemarket.com/home-insurance/content/second-homes-by-the-sea/>

³⁸ SNP Supporting Documents - Section 4.3

³⁹ SNP Supporting Documents - Section 13

⁴⁰ 2011 Census.

⁴¹ Local Plan (2019), p20 and p22 <https://www.eastsuffolk.gov.uk/planning/planning-policy-and-local-plans/waveney-local-plan/>

⁴² Planning Inspector Appeal Decision, APP/Q0505/C/18/3193261 17 Richmond Road, Cambridge CB4 3PP, 2018

particularly young people, who rely on local jobs, many of which are poorly paid; and
iii) high levels of second home ownership, particularly in Southwold.⁴³

- 4.45 As with the principal residence requirement, a balance needs to be struck between providing adequate accommodation for tourism and the impacts of holiday letting. This requires a policy intervention to ensure that where dwellings are being used intensively for holiday letting, change of use is required. This will be done on a case by case basis, taking account of the particular circumstances to determine whether, as a matter of “fact and degree,” the property has ceased to have the characteristics of a dwelling.⁴⁴
- 4.46 Circumstances which are likely to contribute to a material change of use could include the number of people using a dwelling house at any one time; the number of unrelated parties; the frequency and duration of bookings; the impacts of visitors to the premises; proximity to other dwellings; the availability of on-site car parking; and other impacts that materially affect local amenity. Consideration should be given to actual and potential impacts and also to indirect and cumulative impacts.
- 4.47 Many of the dwellings being used as holiday lets do not have adequate on-site parking facilities to meet the demand from visitors. The January 2020 survey revealed that 239 holiday lets, including a number advertising accommodation to more than 10 guests, did not provide any off-road parking.

POLICY SWD5 – HOLIDAY LETTING

New C3 development for holiday letting (sui generis) or change of an existing C3 use to holiday let will only be permitted where the applicant can demonstrate that all of the following requirements have been met:

- a) Sufficient car parking space can be provided within the curtilage of the building in accordance with Policy SWD7 (Parking).**
- b) Taking into account the cumulative and indirect impacts of the high volume of holiday letting, there are no significant impacts on amenity and community services.**

⁴³ East Suffolk Economic Growth Plan, p11 <https://www.eastsuffolk.gov.uk/assets/Business/East-Suffolk-Growth-Plan.pdf>

⁴⁴ Moore v. SSCLG [2012] Neither of the two extreme propositions – that use of a dwelling house for commercial holiday lettings will always amount to a material change of use, or that use of a dwelling house for commercial holiday lettings can never amount to a material change of use – is correct