

The effect of second home ownership in porthleven

[Economics](#)



The rising number of second homes in the UK, appear to be at an all time high. This has been caused by the lowest interest rates for 30 years, low return on the stock market coupled with high consumer spending, creating a boom in second home ownership. But what effect does this have on the people in areas of low wages who can no longer compete with high earners chasing few homes that appear on the market.

The UK is split into 12 main regions (invest-in-the-UK 2003) of these it has been said that the South East is one of the hardest hit areas for earnings gap/house price ratio increases (Hbosplc, 2003), with the SouthWest following closely second, but whilst the South East enjoys attention from central government in the form of affordable housing strategies and regional funding other areas must apply for what financial aid is left and formulate their own strategies.

The UK on average has experienced an increase of 138% (news. bbc. co. uk, 2003) in house prices in the last four years, however in recent figures released by Penwith council, the SouthWest has seen an increase of over 103%, whilst this is not as high as the national average it is easy to forget that the SouthWest has one of the lowest income averages in the UK of just £15, 275 pa compared with the national average of £32, 7591 . This figure would give a borrowing capability for the average household in the SouthWest of just £68, 737 pa, and with the average house costing £169, 6472 gives a shortfall of £100, 9103

According to the Halifax Building Society report issued in January 2003 house prices have risen over 373% in the southwest over the last 20 years

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compared to the national average of just 306%, however this is still not as high as some areas such as the South East and central London.

One of the key issues on why house prices continue to rise is due to migration from more affluent areas, but as migration to the southwest continues with over 21% of those living in the Southwest (national average is just 18%⁴) over 60 the southwest is considered as having one of the biggest demographic time bombs in the UK. This puts a strain on already stretched resources such as health and social care due to the large influx of tourists each season, (tourists don't pay council tax or contribute towards water costs but use facilities that are paid for by local people, this causes high council tax and water bills for those already on the breadline)

The current situation shows no sign of abating, even though for the first time in four years the interest rate has risen by 1/4%, with the bank of England concerned over the Debt/Asset Ratio⁵ and the willingness of financial institutions to lend the current trend of boom continues, but is this small rise in interest rates enough to stem the inflow and help stabilize the SouthWest housing market..

Objectives and Aims

The objectives of this report are to highlight key areas in housing need that can be quantified with a sample questionnaire and collection of existing data on the housing market.

Key points that concern this report are,

- * To determine if there is a pattern to ownership and if so is there any change in the pattern to second home ownership within Porthleven
- * To highlight the effect of second home ownership on local businesses
- * To measure the impact of second and holiday home ownership on the local population
- * To measure the impact of high prices on the local population

With the current trend of house prices influenced by the purchase of second homes many villages in the Southwest have become property hotspots with local families priced out of the housing market.

The aim of this report is not to criticize but to analyze the current situation, inform and propose strategies that could be adapted or used by councils and housing trusts within the SouthWest, however there are limitations on what can be achieved within the given timescale, and based on these limitations the reports main focus is on the parish of Porthleven.

Porthleven is a typical Cornish village that has approximately 1650 Houses. Of these a recent Kerrier report, reported that 8%6 of these were for second home use. This figure does not take into account holiday homes but only homes that are used by the owner for brief visits to Porthleven. To put this into context 132 homes in Porthleven remain empty for approximately 48 weeks of the year.

The opinion of the local families within Porthleven are important to the future of the village, numerous opinion polls and studies have been carried out in

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Porthleven to ascertain as to the future of the port but none of these go far enough to consider the population and its make up and the current housing situation but reflect more on the Port and businesses around the Port.

This report therefore examines if in fact there are now more second homes than in the past 100 years, if a trend or pattern is being followed, how home ownership has affected the community in Porthleven and what effect second home and holiday homes have on local people and businesses.

Methods and Ethics

The intention of this report is to take a quantitative approach to data collection. The method of collection of the data will be through a sample questionnaire sent to 200 houses within the parish of Porthleven.

For the purpose of this report Porthleven has been divided into four geographical districts⁷, this would enable an even spread of 50 questionnaires to be sent out to each area, however it is important that the time constraint is met therefore it would be unfair to assume that 50 questionnaires for each district will give a complete picture of the housing stock, so the proposition is the use of Kerrier councils figures and rely on their reliability which will enable a pro rata calculation to be used to adjust for any discrepancies.

As Porthleven is naturally divided into geographical areas it is important to understand that a majority of the holiday homes are in concentrated areas, and that this is also true for the residential areas, however it is also important to understand that a proportion of the residential areas are made

up of rented homes which for the purposes of this report are still considered second homes.

The design and implementation of the questionnaire needs to address some ethical considerations, whilst many of the questions asked could be considered anonymous, questions such as income level and address could make it obvious to a reader of the report of where that person lives, in taking this into consideration all addresses will be street level only and will not contain the house number or any indication of the exact location of the source of that questionnaire.

Other issues that should be considered is the reluctance of the homeowner/renter to enter any details that they may feel uncomfortable with as the report writer lives within the village and may know the occupants, the opportunity for the occupier to opt out of selective questions will not be given as this will compromise the validity of information, if the situation arises where the occupier is reluctant another random house will be selected from that area.

A statement will head the questionnaire offering the chance for the occupier to decline to take part without reason, however within the report a note will be made of the number of occupiers that do not wish to take part.