Isle of Wight Council and Chamber of Commerce

Assessment of housing supply

September 2020

Three Dragons

Contents

Executive summary

1. The Isle of Wight (IoW) Chamber of Commerce and the Isle of Wight Council have jointly commissioned a research study to review the current situation in relation to granted planning permissions and completions. This work will inform the preparation of the Island Planning Strategy.
2. The Council and Chamber of Commerce are concerned as to whether the Island can meet its housing targets and about the barriers to delivery of housing of all tenures and to provide for the future housing needs of the IoW. While it is recognised that many of the problems faced in the IoW are a microcosm of the national housing situation, the study has focused on the characteristics of the IoW housing market and development industry to identify the extent of the issue and potential responses.
3. Housebuilding across many authorities has been below what is required. Central Government, supported by a number of influential research papers, has in the recent past sought to grant extra responsibilities and powers for local authorities to intervene in the delivery of housing. However, the new proposals published in summer 2020, suggest that Government have lost patience with the current planning system and have sought to simplify further in an effort to speed up and increase housing delivery to meet their national target.
4. The review of comparator authorities in terms of population has shown that generally, on the indicators used, the IoW is not at the extremes. The exception to this is affordable housing delivery, which as a proportion of overall completions is the lowest amongst the comparators. What is clear however, is the IoW has more in common with authorities in the midlands, east and north than those in the south, yet its targets and such like still reflect its southern geography. Given past performance and in looking at comparators, it is likely that the IoW currently does not have the market or delivery pattern to suggest that it can get close to the housing targets being identified. The relatively low house prices (when compared to the rest of the south of England) and the low level of planning appeals are evidence supporting this argument. Even with public sector intervention and planning reform, it is not clear as to how the IoW could significantly change its market to meet latest or newly announced housing targets.
5. Once planning permission is gained, developments are not taking any longer to start on the IoW than the norm nationally. The level of permissions on large sites that are not converted to completions would also appear to be consistent with the norm nationally. Where the IoW does differ is perhaps in respect of the size of sites. Given the geography and constraints the IoW does not have many opportunities for very large sites to come forward and the benefits that can bring for delivering both housing numbers and affordable housing.
6. Affordable housing delivery has been very weak. In part this reflects the fact that many recent mixed tenure developments have been below the threshold for providing affordable housing. There are also apparent economic disincentives for housing associations to build on the island. However, prospects are better going forward with a much stronger affordable housing pipeline, although the issue about sites below the threshold remains.
7. Feedback from the development industry shows the rate of delivery on the mainland is around twice to three times that of the IoW for companies that develop in both areas, mainly related to the scarcity of large sites and the profile of the housebuilders active on the IoW. The lack of large sites reduces the attractiveness of the IoW to the national volume housebuilders. Cost is cited as a barrier to development on the IoW although separate data from BCIS suggests that this does not necessarily relate to direct like for like build costs. It is possible that logistical issues and higher costs associated with small sites may help explain the view from the development industry. Labour availability as well

as sales rates and values are seen as issues. Other issues include access to local market intelligence and perceptions of risk and difficulty.

8. There are a range of issues that are key factors in delivery on the IoW but the willingness of the market and the availability of large sites are probably the biggest influencers. This is within a context of:

    - Short term (2015-2020) recent delivery of around 300 units per year
    - A current plan requirement of 520 dwellings per year
    - A current standard method requirement of 673 dwellings per year
    - A future proposed standard method more than 1,000 dwellings per year

9. It is unrealistic and highly improbable for the Isle of Wight to get anywhere near the proposed standard methodology requirement. The IoW Council and its partners can help overcome some of the issues and potentially increase the number of completions but they are unlikely to be able to improve sufficiently to meet the housing requirement identified in the standard method for calculating requirements (current or proposed).

1 Introduction

1.1.1 The Isle of Wight (IoW) Chamber of Commerce and the Isle of Wight Council have jointly commissioning research work to review the current situation in relation to granted planning permissions and completions. This work will inform the preparation of the Island Planning Strategy.

1.1.2 The Isle of Wight Council is reviewing its local plan. Consultation was undertaken in late 2018/ early 2019 on a draft Island Planning Strategy that planned for 641 dwellings per year in line with the Government's standard method (at that time) of calculating housing need (an increase on the currently adopted 520 dwellings per year).

1.1.3 The Isle of Wight Council has publicly recognised that it cannot currently demonstrate a five year land supply and due to an under-supply of housing (in the context of the Housing Delivery Test) has added a 20% buffer to its land supply calculation and has published an action plan.

1.1.4 The Council and Chamber of Commerce are concerned as to whether the Island can accommodate the proposed targets and about the barriers to delivery of housing of all tenures to provide for the future housing needs of IoW. This includes concerns that housing sites in general are not built out as quickly as they should be (in comparison to elsewhere) and that there is an associated and widening affordability gap with the affordable housing sector also under-performing. While it is recognised that many of the problems faced in the IoW are a microcosm of the national housing situation, the study has focused on the characteristics of the IoW housing market and development industry to identify the extent of the issue and sets out potential responses.

1.2 Research undertaken

1.2.1 The research undertaken for the study was a mix of statistical analysis, document review and web-based research. It included:

- Brief overview of national policy context regarding housing delivery
- Analysis of planning performance and market in comparison to other areas
- Analysis of past patterns of supply and delivery – for different areas of IoW
- Review of affordable housing delivery
- Review of research already undertaken on behalf of the Council which explored the level of interest in developing in the IoW and issues faced

2 National policy and influencers

2.1 Policy context

2.1.1 New housebuilding has fallen short of housing targets in many locations across the country, and there is a widespread recognition that the UK is not delivering the quantity of housing required. The Government has long considered that the planning system itself is one of the main barriers and to that end there has been efforts to amend and change policy, culminating in the proposals published in summer 2020 (and discussed at the end of this section in more detail). Conversely, some commentators point to banks of unbuilt consents and approach from housebuilders and developers as the problem. There is also some recognition of other influencers in delivery not least the role of the public sector as a deliverer rather than just rule setter. Though the direct role of councils in house building is greatly diminished from its role during the 1960’s and 1970’s, there is a growing appetite for more public sector intervention in the delivery of housing.

2.1.2 This apparent ‘need’ to change the system and the growing appetite for intervention can be traced through a number of changes in legislation and guidance, and through a number of influential research papers, the key ones are summarised in this section.

2.1.3 An early signifier of this key change was the Localism Act (2011). In broad terms, the act granted authorities the ‘general power of competence’ allowing them the legal capacity to do anything that an individual may do so long as it does not break the law. This has a number of far-reaching impacts for local authorities, many of which with the intention of ensuring local authorities have the power to ensure decisions, such as around housing need, are taken locally, and allows greater scope for intervening in the market.

2.1.4 The National Planning Policy Framework (NPPF), in 2012, introduced a presumption in favour of sustainable development and a clear focus on ensuring more homes are delivered via a plan-led system. The framework placed greater responsibility for delivering a sufficient supply of homes at the local authority level and, alongside planning policy guidance, introduced methods for local authorities to calculate need. The 2012 framework also gave a recognition that plans should be deliverable requiring policy makers to consider issues around viability when forming strategies.

2.1.5 The NPPF was revised in 2018 and again 2019. As part of the changes the NPPF introduced a new, standardised methodology for assessing housing need and a Housing Delivery Test. The latter triggers the presumption in favour of sustainable development where delivery is substantially below the housing requirement over the previous three years. The tests have been criticised by some as it penalises local authorities for the inaction of private developers, where the authorities have very little power to intervene[1]. A new set of proposals have been published and are discussed at the end of this section.

2.1.6 Though not policy documents, it is worth also mentioning some other important reports that have also had an impact in strengthening the case for public sector intervention. The Elphicke-House report (2015) recommended that councils should be using assets available to them, including borrowing capacity, to ensure that they are housing their populations by investing in appropriate housing provision. It advocated that councils should act as ‘housing delivery

[1] Morphet & Clifford (2019). Local Authority Direct Delivery Of Housing: Continuation Research. RTPI Research Paper July 2019.

enablers' and actively use their own assets and knowledge to unlock housing opportunities and deliver more homes.

2.1.7 A second is the 'Building Our Homes, Communities and Future' report commissioned by the Local Government Association (2016). One key recommendation, which was enacted in the October 2018 budget, was to free local councils from the restrictions to borrow to money to funds for housebuilding through removing the Housing Revenue Account (HRA) borrowing cap. This means that authorities are not restricted by government controls and are instead able to borrow against expected income, in line with the Prudential Code. Importantly, this has allowed authorities without an HRA to pursue housebuilding.

2.1.8 The 'Independent Review of Build Out' report by Sir Oliver Letwin (2018) investigated the gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand. It concluded that a key driver in the slow rate of build-out was the homogeneity of the type and tenure of the homes on offer on large sites which restricts the rate in which they are absorbed by the market. Alongside recommending that authorities get greater powers in controlling development on larger sites, it also suggests a requirement for a more diverse offer.

2.1.9 Finally, during the course of drafting this report the government published its White Paper, 'Planning For The Future', on 6th August. The White Paper was accompanied by a consultation document, 'Changes to the current planning system'. Together, these documents propose radical reforms to the planning system – long and short term. Key changes include zoning of land in local plans into three types of area – Growth, Renewal and Protection and replacing the current system of planning obligations and CIL with a single development levy to fund local infrastructure and further changes to calculating housing numbers.

2.1.10 It is the latter which is most pertinent to this report, especially as the first stage of these changes is put forward as part of 'Changes to the current planning system' which are likely to be brought forward more quickly. The Government proposes significant changes to the standard method resulting in both a much bigger national figure of 337,000 and a redistribution of housing focussing new homes on southern England and in particular rural areas such as potentially the IoW rather than our major cities (due to the affordability uplift).

2.1.11 The first stage (as set in 'Changes to the current planning system') proposes adjusting the formula in three ways.

- It introduces a second additional affordability adjustment based on the increase in the median house price to median income ratio over the last ten years: this produces a higher housing need figure for areas where housing has become even less affordable in the last decade
- It removes the cap (step 3 in the current formula)
- It introduces the concept of replacing the household projections with a new foundation for housing based on an increase to the existing housing stock

2.1.12 The white paper takes the 'new' method for calculating need forward but importantly changes the approach as to who sets this figure – the paper seems to suggest that the Government will set the figure and that this will be binding for each LPA. This can only mean that individual authorities will be undertaking significant amounts of lobbying to government before figures are published.

2.2 Summary

2.1 Housebuilding across many authorities has been below what is required. Central Government, supported by a number of influential research papers, has in the recent past sought to grant extra responsibilities and powers for local authorities to intervene in the delivery of housing. However, the new proposals published in summer 2020, suggest that Government have lost patience with the current planning system and have sought to simplify further in an effort to speed up and increase housing delivery to meet their national target.

3 Review of planning performance and market in comparison with other Local Planning Authorities

3.1 Comparators

3.1.1 In order to determine whether the IoW is unduly affected by its local market and geographical limitations a comparison with a number of key indicators has been made with other local authorities within England.

3.1.2 To ensure a fair comparison is made without any pre-determining of location or market, indicators of past supply and completions are made with other local authorities within England that have a similar overall population. For the purposes of this assessment local authorities with a population within 5% of that of the Isle of Wight (142,000) have been chosen[2] , numbering 20 local authorities, ranging from a population of 135,000 (Stafford) to 149,000 (Blackburn with Darwen).

Table 2.1 Comparator local authorities

Local Authority	**Population (000s)**
Blackburn with Darwen	148.6
Blackpool	138.6
Breckland	141.6
East Devon	145.9
East Lindsey	140.3
Elmbridge	138.9
Horsham	142.9
Ipswich	141.8
Isle of Wight	142.2
Lancaster	143.1
Middlesbrough	141.2
North Hertfordshire	136.6
Preston	140.9
Redcar and Cleveland	135.6

[2] Population for local authorities including the Isle of Wight are from ONS 2016 estimates for 2020

Local Authority	Population (000s)
South Kesteven	145.4
South Oxfordshire	141.9
Stafford	135.4
Tendring	148
Thanet	146
Torbay	137.1
Warwick	140.9

3.2 Indicators

Permissions, starts and completions

3.2.1 The first set of indicators compare the Isle of Wight with similar sized local authority areas on the basis of permissions, construction starts and completions. The figures are presented as both annual average and annual average per 1,000 of population (2015 – 2019)[3].

[3] Permissions data has been provided by Glenigan (who also provide data to MHCLG), please note that it is understood that the Glenigan data does not seek to remove potential double counting as sites move through the planning system, e.g. resubmission of reserved matters. Dwellings started and completed taken from MHCLG live tables

Table 2.2 Permissions, starts and completions (2015-2020 annual average)

Local Authority	Annual average dwellings permitted	Annual average dwellings permitted per 1,000 pop	Annual average dwellings started	Annual average dwellings started per 1,000 pop	Annual average dwellings completed	Annual average dwellings completed per 1,000 pop
Blackburn with Darwen	797	5.36	200	1.35	183	1.23
Blackpool	455	3.29	123	0.88	125	0.90
Breckland	3,153	22.26	528	3.73	488	3.44
East Devon	1,595	10.93	950	6.51	808	5.53
East Lindsey	1,678	11.96	388	2.76	350	2.49
Elmbridge	580	4.17	243	1.75	220	1.58
Horsham	2,284	15.98	885	6.19	945	6.61
Ipswich	1,122	7.91	118	0.83	220	1.55
Isle of Wight	1,005	7.06	270	1.90	300	2.11
Lancaster	566	3.95	380	2.66	385	2.69
Middlesbrough	1,285	9.10	480	3.40	463	3.28
North Hertfordshire	743	5.44	223	1.63	258	1.89
Preston	2,050	14.55	563	3.99	420	2.98
Redcar and Cleveland	1,500	11.06	433	3.19	405	2.99
South Kesteven	1,580	10.87	465	3.20	448	3.08
South Oxfordshire	4,700	33.12	775	5.46	725	5.11
Stafford	1,775	13.11	715	5.28	680	5.02
Tendring	1,260	8.51	508	3.43	398	2.69
Thanet	1,683	11.53	145	0.99	130	0.89
Torbay	868	6.33	283	2.06	305	2.22

Local Authority	Annual average dwellings permitted	Annual average dwellings permitted per 1,000 pop	Annual average dwellings started	Annual average dwellings started per 1,000 pop	Annual average dwellings completed	Annual average dwellings completed per 1,000 pop
Warwick	3,251	23.07	670	4.76	663	4.70

3.2.2 As can be seen from the table above, the Isle of Wight is amongst those authorities with a low rate for the number of dwellings permitted - at 7.06 per 1,000 of population. In this measure, IoW lies 7th out of 21 authorities. In contrast to the highest (South Oxfordshire at 33 dwellings per 1,000 population) which is nearly 5 times that of the Isle of Wight. However, half the local authorities are under 10 per 1,000 and over 3/4 are at 15 or under per 1,000. Therefore, whilst at a relatively low rate, it is clear that the Isle of Wight is similar to many of the other local authorities of similar size in terms of permissions granted.

3.2.3 In terms of starts and completions the pattern is similar, with the Isle of Wight at 1.9 and 2.1 dwellings per thousand population for starts and completions, amongst lower ranked authorities. Only 5 local authorities having lower starts per 1,000 population and 6 local authorities having lower completions per 1,000 population. The highest figure for completions is Horsham at 6.61 dwellings per 1,000 population, just over 3 times that of the Isle of Wight.

3.2.4 Conversion of permissions to completions is also an important factor in considering how the market for delivery compares to other areas. If the data in table 2.2 is expressed as a percentage, i.e. the percentage of completions as a proportion of permissions, the Isle of Wight at 30% conversion rate is just over the median point (28%), suggesting that the conversion rate is not exceptionally good or bad.

Standard methodology and housing delivery test

3.2.5 It is understood that the figures underpinning both the standard methodology and the housing delivery test are subject to change, especially given that they are based on 2014 household projections which have been updated in both 2016 and 2018 and which generally show lower future household formation. Whilst new guidance has now been published this is subject to consultation and therefore potential change, so for the purposes of this report the 2014 based figures continue to be used[4].

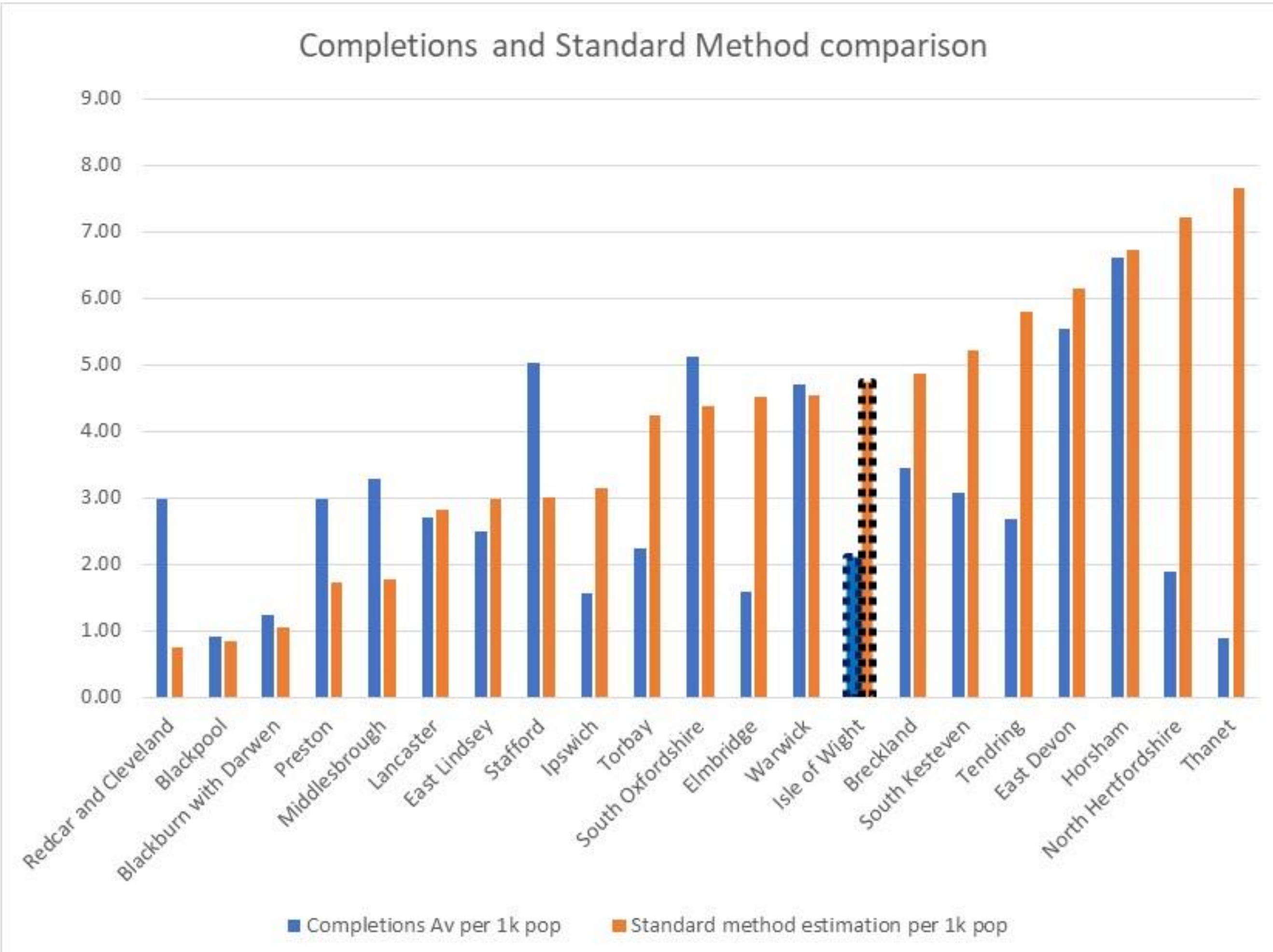
3.2.6 The following table and chart show the standard method and housing delivery test, expressed as annual requirements as well as the average annual completion rate for each of the comparator local authorities. These figures are also expressed as a rate per 1,000 population.

[4] The proposed (summer 2020) new standard method for IoW would be over three times current annual average delivery at just over 1,000 units per year

Table 2.3 Completions and housing requirements (2015-2020 annual average)

Local Authority	Standard method estimation	Housing delivery test 2019	Standard method estimation per 1,000 pop	Annual average dwellings completed	Annual average dwellings completed per 1,000 pop	Completions as % of Standard method (per 1,000 pop)
Blackburn with Darwen	155	157	1.04	183	1.23	118%
Blackpool	115	108	0.83	125	0.90	109%
Breckland	688	697	4.86	488	3.44	71%
East Devon	895	885	6.13	808	5.53	90%
East Lindsey	418	415	2.98	350	2.49	84%
Elmbridge	626	623	4.51	220	1.58	35%
Horsham	962	800	6.73	945	6.61	98%
Ipswich	444	445	3.13	220	1.55	50%
Isle of Wight	673	675	4.73	300	2.11	45%
Lancaster	402	404	2.81	385	2.69	96%
Middlesbrough	251	254	1.78	463	3.28	184%
North Hertfordshire	984	988	7.20	258	1.89	26%
Preston	241	234	1.71	420	2.98	174%
Redcar and Cleveland	101	117	0.74	405	2.99	401%
South Kesteven	758	775	5.21	448	3.08	59%
South Oxfordshire	619	627	4.36	725	5.11	117%
Stafford	405	413	2.99	680	5.02	168%
Tendring	857	838	5.79	398	2.69	46%
Thanet	1118	1114	7.66	130	0.89	12%

Local Authority	Standard method estimation	Housing delivery test 2019	Standard method estimation per 1,000 pop	Annual average dwellings completed	Annual average dwellings completed per 1,000 pop	Completions as % of Standard method (per 1,000 pop)
Torbay	579	495	4.22	305	2.22	53%
Warwick	638	963	4.53	663	4.70	104%



3.2.7 In terms of both the standard method and the housing delivery test, the Isle of Wight has a slightly higher requirement than most of the comparator per 1,000 of population but cannot be characterised as being in an exceptional situation.

3.2.8 It is of note that despite the similar populations the number of new dwellings required does vary considerably with a very clear north south divide with local authorities south of Birmingham having much higher annual requirements than those in the north. This is an important consideration if the Isle of Wight's economic and market position is more akin to authorities in the north than those in the south. Furthermore, the proposed revisions to the standard method do nothing to readdress this balance and would seem to exacerbate it further.

3.2.9 The above chart illustrates a very important point about the position of the IoW amongst these comparator authorities. A comparison of completions rates and the standard method figure shows the scale of the step-up in housebuilding activity required to meet the standard method figure. For the IoW this figure is 373 dwellings per annum (against an average annual completions rate of 300 dwellings). Only Thanet and North Hertfordshire have a larger difference between the two measures.

3.2.10 This requirement to more than double the number of completions can also be considered in the number of permissions. If it is assumed that the permissions to completion rate is maintained (at 30% as described in preceding paragraph), then for the Isle of Wight to meet its 'standard methodology' housing figure of 673 units per year, it would need to be permitting on average 2,254 dwellings per year.[5]

Completion rates – market and affordable housing

3.2.11 With relatively low completions when compared to the number of permissions and the required housing delivery targets, it is important to explore further whether it is the market or the affordable housing sector (or both) that is not performing. The following table compares the Isle of Wight with other local authorities in terms of the proportion of affordable housing delivered.

Table 2.4 Market and affordable housing completions

Local Authority	Annual average dwellings completed	Annual average dwellings completed - Market	Annual average dwellings completed - Affordable	Affordable housing as % all completions
Blackburn with Darwen	180	128	53	29%
Blackpool	128	73	55	44%
Breckland	488	448	40	8%
East Devon	810	635	175	22%
East Lindsey	350	265	85	24%
Elmbridge	220	205	15	7%
Horsham	945	768	178	19%
Ipswich	220	188	33	15%
Isle of Wight	300	285	15	5%

[5] This figure assumes the same rates of reserved matters and resubmissions, noting that it is understood that the Glenigan data (on which this is based) does not seek to remove potential double counting as sites move through the planning system

Local Authority	**Annual average dwellings completed**	**Annual average dwellings completed - Market**	**Annual average dwellings completed - Affordable**	**Affordable housing as % all completions**
Lancaster	390	290	100	26%
Middlesbrough	463	425	38	8%
North Hertfordshire	258	223	35	14%
Preston	420	345	75	18%
Redcar and Cleveland	408	333	75	19%
South Kesteven	445	395	50	11%
South Oxfordshire	725	510	215	30%
Stafford	680	483	198	29%
Tendring	400	373	28	7%
Thanet	130	105	25	19%
Torbay	303	278	25	8%
Warwick	665	438	228	34%

3.2.12 The Isle of Wight has the lowest absolute number[6] (15) and proportion (5%) of affordable housing delivered of any of the comparator local authorities. The average proportion across these local authorities is 20%, which is significantly higher with the best performing authorities delivering up to and above 200 affordable housing completions per annum.

3.2.13 Even with a modest target of achieving the average affordable housing completions of the comparator authorities, (i.e. moving from 5% to 20%), would mean total annual completions would rise from 300 per year to 355 per year. Whilst some way still from the housing target, such an increase would help to meet the overall housing delivery target and provide a more balanced housing market and a wider choice of homes.

[6] This figure is shared with Elmbridge

Appeals

3.2.14 Planning performance as expressed through the appeals process is an important consideration in terms of a measure of market interest and the local planning framework. The level of appeals submitted, and succeeding is driven by a number of factors, including whether a council is meeting its 5yr housing supply targets, the status of the local plan, and the confidence of the local housing market. Appeals are expensive and time consuming and will generally only be pursued when the market is sufficiently buoyant to make the process worth it for developers.

3.2.15 For this review residential major appeals have been used to compare the Isle of Wight with the other local authorities. In the following table it can be seen that the number of appeals submitted over the past 5 years in the Isle of Wight is amongst the lowest across all the local authorities with only 4 appeals in total and is the 3rd lowest in terms of total number of dwellings that have been appealed (118 dwellings). This is within a backdrop of not achieving target housing numbers. Also, of note is that from the review local authorities with low levels of appeals (i.e. in single figures) are all in the north of England, apart from the Isle of Wight.

3.2.16 These figures provide a useful insight into whether the private sector considers that there is effective demand for higher housing delivery. The implications of this analysis is that the market is either satisfied with the amount and location of housing that it can achieve in line with the local plan and/or does not believe that a higher rate of delivery is either possible and/or desirable in the Isle of Wight.

Table 2.5 Appeals (on major residential planning applications) [7]

Local Authority	Total Appeals	Total dwellings	Allowed Total Appeals	Allowed Total Dwellings	Dismissed Total Appeals	Dismissed Total Dwellings
Blackburn with Darwen	0	0	0	0	0	0
Blackpool	1	86	1	86	0	0
Breckland	21	1,365	10	993	11	372
East Devon	27	813	6	223	21	590
East Lindsey	9	357	3	134	6	223
Elmbridge	21	1,619	7	207	14	1,412
Horsham	26	1,002	4	334	22	668
Ipswich	27	1,304	8	447	19	857
Isle of Wight	4	118	2	96	2	22

[7] Planning Inspectorate Appeals Database 1st April 2015 to 31st March 2020

Local Authority	Total Appeals	Total dwellings	Allowed Total Appeals	Allowed Total Dwellings	Dismissed Total Appeals	Dismissed Total Dwellings
Lancaster	5	146	3	85	2	61
Middlesbrough	2	157	1	20	1	137
North Hertfordshire	16	469	5	71	11	398
Preston	11	828	6	517	5	311
Redcar and Cleveland	6	1,034	5	959	1	75
South Kesteven	16	1,152	5	582	11	570
South Oxfordshire	42	3,562	21	2,260	21	1,302
Stafford	39	412	30	57	9	355
Tendring	149	4,618	126	2,592	23	2,026
Thanet	55	782	48	419	7	363
Torbay	31	322	28	57	3	265
Warwick	77	1,940	73	1787	4	153

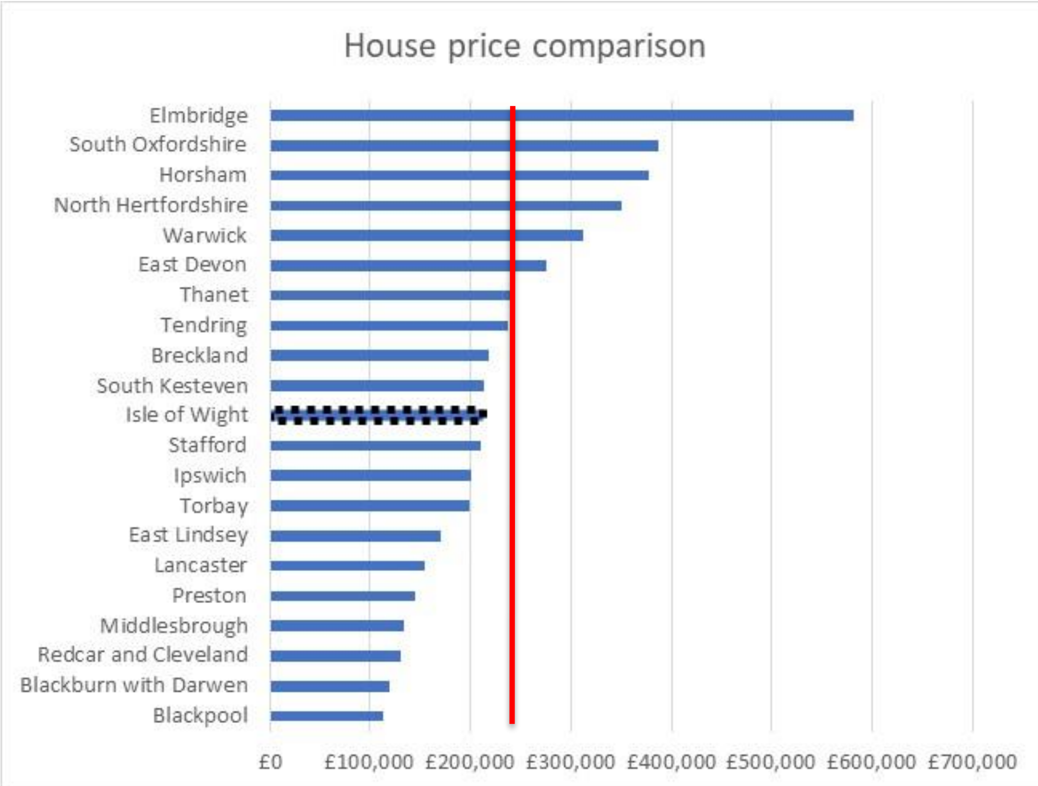
House prices and market

3.2.17 Average house prices are a useful indicator of the strength of the local market when compared to other locations. It can help provide context for the data previously discussed around completions and appeals in particular. The ONS release (Dataset 9 Price Paid) has been used (September 2019[8]).

[8] Whilst more recent data will now be available the impact of Covid19 pandemic on the housing market suggests that it would not be robust to use figures from 2020, given the vagaries and that pre pandemic figures will be more reliable for comparison purposes.

Table 2.6 Average house prices

Local Authority	Average house price
Blackburn with Darwen	£120,000
Blackpool	£113,375
Breckland	£217,500
East Devon	£275,000
East Lindsey	£170,000
Elmbridge	£581,000
Horsham	£378,000
Ipswich	£200,000
Isle of Wight	£212,000
Lancaster	£155,000
Middlesbrough	£133,000
North Hertfordshire	£350,000
Preston	£145,000
Redcar and Cleveland	£130,000
South Kesteven	£212,995
South Oxfordshire	£387,500
Stafford	£210,000
Tendring	£237,000
Thanet	£240,000
Torbay	£198,500
Warwick	£312,000



3.2.18 This single measure of the strength of the housing market indicates that the IoW market in terms of house prices sits mid table. The red trend line illustrates the average house price for England (£240,000), which is similar to the average across the comparator local authorities (£237,000) It is towards the lower end of the comparator authorities in the south (east) of England and more like places in the midlands and east such as Breckland, Stafford and Ipswich.

3.3 Summary

3.3.1 The review of comparator authorities in terms of population has shown that generally on the indicators used the IoW does not rank at the extremes. The exception to this is affordable housing delivery, which as a proportion of overall completions is the lowest amongst the comparators. What is clear however is the IoW has more in common with authorities in the midlands, east and north than those in the south, yet its targets and such like still reflect its southern geography. Given past performance and in looking at comparators, it is likely that the IoW currently does not have the market or delivery pattern to suggest that it can get close to the housing targets being mentioned. The relatively low house price (when compared to the rest of the south of England) and the lack of appeals despite not meeting housing targets in particular demonstrate this position. Even with public sector intervention and planning reform it is not clear as to how the IoW could significantly change its market to meet latest or newly announced proposed targets.

4 IoW current dwelling supply/delivery

4.1.1 In addition to analysing how the Isle of Wight compares to other similar sized local authorities we have also reviewed the Council's monitoring data in more detail to establish where undersupply or under delivery may be occurring in relation to housing targets set by the standard methodology and housing delivery test.

4.2 Completions and permissions

4.2.1 Whilst the comparison data does show both completions and permissions for the IoW it does not break down the information in detail. Please note that data within the national data sets may not match the local data, due to different collecting methodologies and the local data being corrected more regularly as information becomes available. The following table provides a break down by major and minor and also by area. The areas described within the annual monitoring are as follows:

- KRA – Key Regeneration areas (urban)
- SRS – Small Regeneration Areas (urban)
- RSC – Rural Service Area (villages)
- WRA – Wider Rural Area (rural and villages)

Table 4.1 Isle of Wight AMR data on permissions and completions (2014-2019)

	Annual average permissions[9]			**Annual average completions**		
	Minor	**Major**	**All**	**Minor**	**Major**	**All**
KRA	161	356	517	77	207	284
SRA	43	16	59	23	19	42
Urban	*28%*	*51%*		*26%*	*59%*	
RSC	33	49	82	15	14	30
WRA	36	33	69	19	10	30
Rural	*10%*	*11%*		*9%*	*6%*	
Total	271	453	724	135	251	386

4.2.2 The table above shows that around 80% of permissions and 85% of completions are within urban areas with the majority as major permissions and completions. In the rural areas, the supply and completions are far less and there is less reliance on major sites for supply or completions, which are more closely aligned between minor and major.

4.2.3 Overall, about 37% of permissions and 35% of completions were on sites of less than 10 dwellings. This is consistent delivery pattern from 2014 to 2019. The Annual Monitoring Report

[9] Please note that the data will differ from that presented in Chapter 3 as it is sourced directly from the Council and in particular the permissions data has been 'cleaned' by the Council to remove any double counting that may be present in the Glenigan data.

for 2018/19 reported a similar pattern in that 39% of completions in the eight years 2011/12 to 2018/19 were on sites of 1-9 dwellings.

4.2.4 In terms of conversion rates from permission to completions it can be seen that in the urban areas these are at 57% and in the rural areas at 39% - suggesting that rural permissions lapse at a greater rate than in urban areas. In particular the major rural sites are worse performing with around 1 dwelling in 3 coming forward. However, whilst these percentages for the rural areas seem worrying, in absolute terms an improvement would have limited effect as the contribution to the overall supply and completions is not as significant as other sources of supply.

4.2.5 The most effective change would be to improve the conversion rate in the urban areas and in particular within the key regeneration areas for both minor and major completions. At the moment the conversion rate for these is at 55%. If this was increased to 80%, this would improve annual completions to nearly the current local plan requirement of 520 per annum (assuming the other permission to completion conversion rates remained the same). To be within reach the of the standard methodology figure then all the permission to completion rates would have to be around 90%, up from the current rate of just over 50% to provide 654 completed dwellings per annum.

4.3 Large sites

4.3.1 The Council have provided data on large sites over 20 dwellings that have been permitted since 2012. Given site availability due to local constraints and the island market the number of sites permitted within this period is not extensive at just over 25 unique applications (i.e. stripping out multiple applications for the same site or multiple reserved matters where sites are phased).

4.3.2 The analysis of this data aims to set out how long sites take to come forward once permission is received, or if they come forward at all. There is a perception that in some area's sites are 'slow' in coming forward or that they are 'land banked' to improve asset values but with no intention from landowners to bring them forward.

Table 4.2 Isle of Wight large site review (over 20 dwellings permitted since 2012)

Application reference	Units	Application year	Date permitted (Outline)	Date permitted (Full or RM)	Date started	Date completed	Years from 1st permission to completion	Commentary
P/01456/14	904	2014	Sep-17	No full permission	Not started	Not completed	N/A	Applications anticipated 2021. Complex ownership slowed progress.
P/01529/12	230	2012	Feb-13	No record provided	Mar-18	Not completed	N/A	Site reported as partly built out (site now known as Ryde Village Extra Care)
P/00573/15	128	2015		Apr-16	Not started	Not completed	N/A	
P/01870/12	89	2012		Sep-14	Mar-17	Not completed	N/A	Potentially an updated application - P/01565/13 Os Parcel 5177 Land South of Hazely Combe Arreton, Newport IOW. Residential development comprising 40 dwellings and vehicular access; associated landscaping and open space. The development has commenced but only insofar as drainage being

Application reference	Units	Application year	Date permitted (Outline)	Date permitted (Full or RM)	Date started	Date completed	Years from 1st permission to completion	Commentary
								installed to gain a technical commencement. No houses are being built and we are not aware of this being imminent. The site has been for sale.
P/01307/13	86	2013	Jul-15	Jul-15	May-18	Not completed	N/A	Site 50% completed in 2019/2020 monitoring year
P/00760/16	80	2016	N/A	Aug-17	Apr-19	Not completed	N/A	Site 10% completed in 2019/2020 monitoring year
P/01227/18	75	208	N/A	2018/19	Jun-19	Not completed	N/A	Site reported nearing completion in 2019/2020 monitoring year
p/01213/15	70	2015	23/11/2016	No full permission	Not started	Not completed	N/A	Site reported expired 2019/2020 monitoring year
P/00743/15	60	2015	N/A	N/A	N/A	N/A	N/A	Superseded by P/01227/18
P/00966/14	57	2014	12/01/2016	No full permission	Not started	Not completed	N/A	RM submission imminent
P/00941/16	53	2016	N/A	Sep-17	Not started	Not completed	N/A	Currently HE site - anticipated IoW purchase and revised application to be submitted
P/01332/11	50	2011		Nov-13	Jan-14	Jul-15	1.7	
P/01562/14	49	2014	Mar-15	Mar-15	Jul-16	Mar-18	3.0	
P/01441/09	45	2009	N/A	N/A	N/A	N/A	N/A	Application is superseded by P/00941/16.
P/00823/14	43	2014	No record provided	No record provided	Mar-18	Not completed	N/A	Understood foundations commenced but no further work undertaken
P/01420/13	40	2013	N/A	Jan-14	N/A	N/A	N/A	Superseded by P/01227/18
P/00164/17	30	2017	2018/19	Mar-20	Not started	Not completed	N/A	No further details
P/01794/12	28	2012	N/A	Aug-13	Jan-14	Jun-15	1.8	
P/01476/11	25	2011	N/A	Jan-13	Jun-13	Oct 14	1.7	
P/00867/17	25	2017	N/A	Oct-17	May-18	Not completed	N/A	Site 50% completed in 2019/2020 monitoring year
P/00507/14	24	2014	N/A	Jan-16	N/A	N/A	N/A	Application amended to P/00761/16 (see next record)
P/00761/16	24	2016	N/A	Nov-16	Aug-18	Mar-20	3.3	Site reported completed in 2019/2020 monitoring year
P/01316/15	24	2015	N/A	Sep-16	N/A	N/A	N/A	Application amended to P/00761/16 (see above record)
P/01021/11	23	2011	N/A	Dec-12	Nov-15	Mar-17	4.3	
P/01547/14	23	2014	N/A	Mar-15	Aug-15	Sep-16	1.5	

Application reference	Units	Application year	Date permitted (Outline)	Date permitted (Full or RM)	Date started	Date completed	Years from 1st permission to completion	Commentary
P/01604/13	22	2013	N/A	Jun-15	Dec-19	Not completed	N/A	Site 30% completed in 2019/2020 monitoring year
P/00336/15	22	2015	N/A	Dec-15	Sep-16	Mar-18	2.3	
P/01398/12	21	2012	N/A	Dec-12	Not started	Not completed	N/A	Expired - no recent interest
P/01392/16	21	2016	May-17	No full permission	N/A	N/A	N/A	Site recently sold to alternative developer
P/00959/17	21	2017	N/A	2018/19	Not started	Not completed	N/A	No further details

4.3.3 Out of the records provided only 4 of the sites with outline planning permission have not converted to full permission, although it is understood that two of these are imminent. This suggests that neither developers or the Council are stopping or holding up applications in the system.

4.3.4 Of the sites that have full permission (including reserved matters) only five have not commenced, suggesting that developers are not generally 'sitting' on permissions. Whilst there have been some renewals this does not appear to be systemic.

4.3.5 Progress on sites is very mixed. Of the listed sites around 1/3 have been permitted, 1/3 are under construction and 1/3 have not started or have expired. The data from IoW shows a very limited number of much larger sites, with just 1 site over 500 dwellings gaining planning permission in the last 8 years and a further 2 sites over 100 dwellings. Only 1 of these has started construction.

4.3.6 Where sites have been completed the time taken from permission to completion, whilst steady and in some cases quite slow, does not seem to completely stall and sites do get completed. The steady nature of progress is down to the type of developers and the market (mainly local developers with limited market).

4.3.7 Nationally, studies have been undertaken with commentary on both conversions rates and also the average timescales for planning permission to completion of units. Shelter published a useful research paper in 2019[10], which updated earlier work (Phantom Homes, 2017) on the development cycle. The paper helpfully includes a summary of other studies that have been undertaken on timescales:

- Calcutt review of housebuilder delivery (2007) – found that it takes 1.7 to 3.2 years for discharge of conditions, build and sales
- LGA research (2016) – found that this had increased to 2.6 years on average from sites receiving planning permission through to completion
- Chamberlain Walker Economics for Barratt (2017) – suggest 4 years on average from time taken from detailed planning permission to site completion

[10] Planning permissions and completions – Research note, Shelter, 2019

- Nathaniel Lichfield & Partners (2016) – sites up to 100 dwellings from submission of application to first completion just under 3 years and for 100 to 500 dwellings just over four years. Also quotes CLG figures that 30-40% of permissions don't convert to completions.

4.3.8 The Shelter report also shows that completions as a proportion of permissions has reduced in England – in 2011 permissions were circa 191,000 rising to circa 383,000 in 2018, with completions at around 128,000 in 2011 but only rising to around 195,000 in 2018. Meaning that nationally the conversion rate has dropped from 67% to 51%.[11]. However, Shelter refine the analysis further by adding in a 1 to 3 year lag between permission and completions – on this measure it finds that with 1 year lag the conversion rate is 66%, for 2 years it is 75% and 3 years it is 83%.

4.3.9 The Shelter report references the Nathaniel Lichfield and Partners Report 'Start to Finish' 2016. Lichfield's has since updated this research and published a second edition in Feb 2020. Whilst the focus for both reports is on large scale sites, it does contain some interesting analysis including:

- Brownfield sites deliver at a slower rate than their greenfield equivalents
- Large scale schemes of 500 or more dwellings, on average, take 5 plus years to start (outline validation to first completion) – under 100 it is just over 3 years and from 100 to 500 it is 4 years
- Sites with more than 30% affordable housing build out at close to twice the rate of schemes with a lower or no affordable housing

4.4 Summary

4.4.1 In reviewing the data and comparing it with national studies, once planning permission is gained developments are not taking any longer on the IoW than the norm. The level of permissions on large sites that are not converted to completions would also appear to be fairly similar. Therefore, the IoW does not appear to perform any differently to the rest of the country – however where it does differ is perhaps in respect of the size of sites. Given the geography and constraints it does not have many opportunities for very large sites to come forward and the benefits that can bring for delivering both housing numbers and affordable housing relatively quickly once planning permission is gained[12].

[11] This compares with the annual average in the IoW of 53% (as set out Table 3.1) suggesting that the IoW is fairly typical of England 2018 figures set out by Shelter

[12] Please note completions and affordable housing delivery is only speeded up (when compared to smaller sites) once permission is granted – allocation and gaining permission for these sites does take a much longer time on average according to data presented by Lichfield in their reports Start to Finish (2016 and 2020)

5 Affordable housing supply

5.1 Importance of affordable housing

5.1.1 The earlier analysis of the group of comparator authorities highlighted the low levels of delivery of affordable housing in the IoW and how achieving the average delivery rates of the comparator authorities would significantly boost overall levels of housing completions (but not to the level of the housing delivery test).

5.1.2 Current policy targets for delivery of affordable housing are set out in the adopted Core Strategy from 2012 and are, in summary, to:

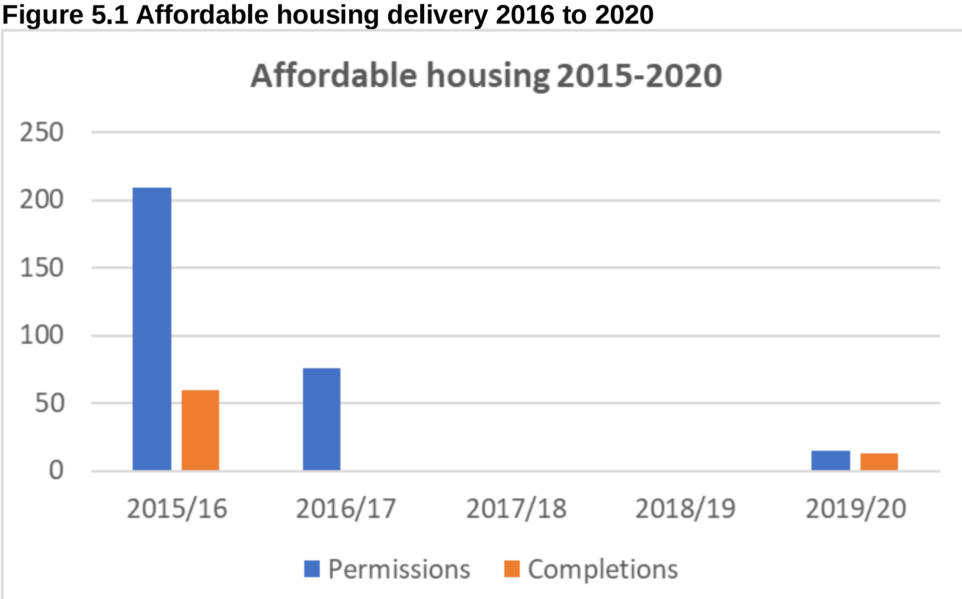
- Provide 35% of the development as on-site affordable housing on developments of 15+ units in Key Regeneration Areas and 10+ units elsewhere:
- Provide financial contributions towards affordable housing for developments of 1-14 units in Key Regeneration Areas and 1-9 units in Smaller Regeneration Areas and rural areas;
- Deliver a target mix of 70% of affordable housing to be social/affordable rented and 30% for intermediate tenures.

5.1.3 In this section we consider in more detail the position of affordable housing and put forward some very tentative thoughts about possible reasons to explain the low delivery rate.

5.2 Patterns of affordable housing delivery

5.2.1 The chart below shows the number of affordable housing homes given permission and completed in the last five years[13]. This indicates a near stalling of affordable housing delivery in the last few years.

Figure 5.1 Affordable housing delivery 2016 to 2020



[13] We have assumed 13 completions in 2019/20 as per information on the affordable housing development plan provided by the Council

5.2.2 The issue of under-delivery of affordable housing is already acknowledged by the Council. The most recent Annual Monitoring Report (for 2018/19)[14] states that:

> *"There has been a significant under delivery of affordable units over the last few years, culminating with zero being delivered this year. Existing large sites have delivered their requirement, and there are not enough large sites in the pipeline to deliver affordable units. This, coupled with changing approaches from Government on when financial contributions towards affordable housing can be sought, has meant an insufficient development pipeline for affordable units."*

5.2.3 In earlier years, much higher levels of affordable housing were achieved – c150 completions per annum 2011/12 to 2014/15 which was much closer to the Local Plan target percentages.

5.2.4 There are indications that future supply will start to pick up again with a number of schemes in the pipeline. Information from the Council shows a RP programme with an average of 150 completions per annum over the next three years i.e. back to the levels of 2011/12 to 2014/15. However, some of the schemes in the programme are subject to the availability of public funding.

5.3 Possible explanations for under delivery of affordable housing

5.3.1 This study is not designed to investigate in detail the explanation for under delivery of affordable housing that is affecting the IoW. The Council has already identified, as quoted above, that the low level of large sites being brought forward is part of the explanation. This argument is supported by the relatively high proportion (just under 40%) of dwellings permitted/completed on sites that are below the threshold above which affordable housing is required. The Core Strategy policy calls for financial contributions on smaller sites but, we understand, these have not often been collected.

5.3.2 Development viability and funding may also be part of the explanation for the relatively low delivery of affordable housing over recent years. The impact will affect both mixed tenure through s106 and affordable housing led schemes. We have tested the hypothesis that there are more financially attractive opportunities on the other side of the Solent and this is a potential disincentive for registered providers to develop on the IoW. Our analysis is very high level and simply compares the local housing allowance (LHA) rates for the IoW and places in Hampshire. The LHA rate is important in that it sets the maximum rents that a provider can charge for affordable rented housing (and therefore what it can afford to borrow to pay for new affordable rented units). The table below sets out this simple comparison using the main Broad Market Rental Areas that define LHA rates. The BMRA do not directly correspond with local authority boundaries and some Hampshire districts are all or in part in BRMA outside those shown below. These are mainly Hampshire districts more distant from the Isle of Wight.

[14] https://www.iow.gov.uk/azservices/documents/2776-IWC-Monitoring-Report-2018-19-Final.pdf

Figure 4.2 Local Housing Allowance Rents[15] for selected Broad Rental Market Areas – as at June 2020 - in £s per week for 1 bed, 2 bed and 3 bed properties

BRMA	1 bed	2 bed	3 bed
Isle of Wight	£103.56	£132.33	£166.85
Southampton	£136.93	£178.36	£212.88
Portsmouth	£134.63	£166.85	£201.37
Winchester	£166.85	£197.92	£253.15
Basingstoke	£159.95	£189.86	£218.63

5.3.3 LHA rates are significantly lower in the Isle of Wight BRMA than in the BRMA on the other side of the Solent. The differences vary with BRMA and property type but are typically around 25%-35% and as much as 61% for a 1 bed dwelling when the IoW BRMA is compared with that for Winchester. This will affect the economics of development for Affordable Rent. Scheme viability will reflect a whole range of factors but a housing association can, in theory, pay about £35,000 to £45,000[16] more for an Affordable Rent dwelling built in the Southampton or Portsmouth BRMA than in the IoW.

5.3.4 One of the other factors that can affect the viability of affordable housing is the availability of grant from Homes England. It is worth noting that Homes England, as a general rule, only considers grant funding social rented units in specific areas which are considered to be subject to high affordability pressures. These do not include the Isle of Wight but do include all other of the Hampshire authorities. This would suggest another possible ‘barrier’ to successful affordable housing delivery in the IoW. However, the schemes identified in the future pipeline have been attracting Homes England funding and so the issue of public funding may be less ‘absolute’ going forward.

5.3.5 There are also other types of affordable housing that could usefully be promoted to add diversity to the overall patterns of housing delivery. The government has recently announced that the 2021-26 Affordable Homes Programme will be split 50/50 homes for affordable rent and homes for affordable home ownership; the latter including a new model for shared ownership. Separately the government is consulting[17] on introducing a policy that a minimum of 25 per cent of all affordable housing units secured through developer contributions should be First Homes (a form of affordable home ownership). Alongside opportunities to increase delivery of other varied development types (such as custom and self build and build to rent, including as an intermediate private rent) the various government policy and funding changes, could be an opportunity for the IoW to increase variety in the new build sector and potentially to increase delivery rates.

5.4 Summary

5.4.1 Affordable housing delivery has been very weak and there are apparent economic disincentives for housing associations to build on the island, although prospects are better going forward with a much stronger pipeline. In addition, many recent mixed tenure developments have been below the threshold for providing s106 affordable housing. However, the underlying issues

[15] LHA rents are provided by the Valuation Office Agency
[16] We have assumed a borrowing rate of 5% and that there are no marginal management or other costs incurred in the higher value BRMA
[17] MHCLG, Changes to the current planning system, Consultation on changes to planning policy and regulations, August 2020

affecting delivery is something the Council may want to explore in more detail as well as considering further diversification to the range of housing opportunities made available.

6 Construction industry response and local authority initiatives to stimulate market

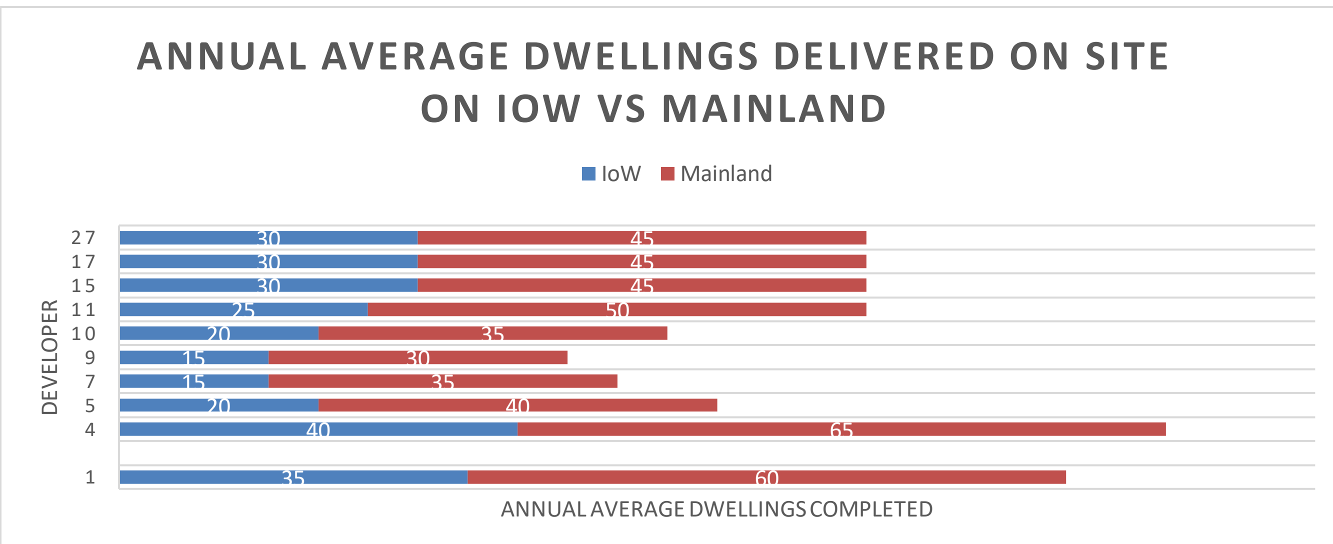
6.1.1 In addition to reviewing construction activity data it is also important to collaborate the data with the view of the industry. The IoW Council commissioned a housing delivery report in 2019 which sought industry views on housebuilding on the IoW. Rather than repeat this consultation exercise the consultant team have drawn from the results set out in Chapter 5 and Appendix 1 and 2 of that report[18]. The team have also informally discussed housing delivery on the Isle of Wight with two national housebuilders who are not currently active on the island.

6.1.2 The Housing Delivery report consultation included a wide range of developers and registered providers both on and off island. A series of questions were asked (21 in total) relating to the regional and local (IoW) market and delivery. We do not seek to repeat the analysis set out in that report but have drawn out some of the key findings that relate back to the findings of our report.

Build out rates

6.1.3 The consultees were asked about build out rates (in terms of dwellings per annum) for sites on the IoW and for those on the main land. The results are set out below for each of the developers that developed on both the IoW and the mainland:

Figure 6.1 Build out rates



6.1.4 As can be seen in figure 6.1 the rate of delivery on the mainland is around twice to three times that of the IoW for companies that develop in both areas. This is largely to do with the low number of large sites on the IoW (where evidence suggests quicker builder out rates) and the type of developer, with the majority are local and regionally based rather than the nationals who are geared up to build at speed.

6.1.5 The response to the question around build out rates also showed that across all developers, including those who only develop in either the IoW or on the mainland, on average the annual

[18] Assessment of Housing Delivery, November 2019, Tanglewood Homes

build out was 23 dwellings on the IoW and 45 dwellings on the mainland. Again this is a reflection of the types of sites available and the attractiveness to the national housebuilders.

6.1.6 The same question around annual development rate was asked in a different form 'What sales rates would you include in a site appraisal for an Island development?'. The average response was 16 dwellings per annum, or 1 dwelling sold approximately every three weeks. In a normal market on the mainland on a site with 1 developer the expected figure would be around 40 to 50 per annum or just under 1 a week. This also shows that on the mainland the completions and build are generally in tandem but on the IoW there would seem to be a lag between completions and sales. This has the effect on lengthening the total development and sales period, which will increase finance costs and impact on viability. Again, this is likely to be partly down to the size of sites that can come forward and the type of developers that do not have access to the marketing powers of the larger nationals.

Barriers to delivery

6.1.7 The consultation asked four questions around barriers to development:

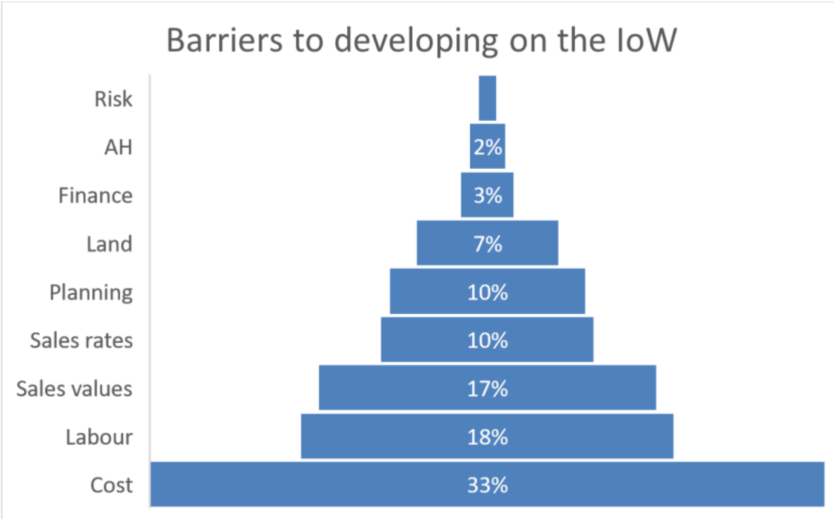
- The impact on build costs when developing on the Island
- A general question on 'what are the barriers to developing on the island?'
- For those not currently active 'why do you not currently develop on the island' and
- 'What do you perceive to be the barriers to developing on the island?'

6.1.8 In terms of build cost the answer ranged from 15% to 30% higher costs for building on the IoW – it is not clear from the results as to what the base point is for the increase but if compared to latest BCIS costs it can be seen that the mean cost for estate housing on the IoW is currently the same as the rest of Hampshire. Therefore, suggesting that build costs increases may be more perception than reality, although it is possible that there may be more logistical problems on the IoW and these may have some other organisational costs. In addition, we are aware that small sites do not benefit from the economies of scale of larger sites and this may also be part of the reason.

6.1.9 Rather than consider each of the questions separately the answers have been combined to present an overall picture as to why the IoW differs from the mainland in terms of supply and delivery. Across the three questions there were 9 different responses noted (cost, labour, sales values, sales rate, planning, land, finance, affordable housing and risk). These were all mentioned several times in response to each question with a total of 115 responses across the 27 consultees.

6.1.10 The results clearly show that for the development industry, costs and labour are the most important factors affecting delivery of housing, making up over 50% of the responses. Sales rates and values are also important with a further 27% of the responses. Planning (with 10%) and land (with 7%) are the other two significant considerations.

Figure 6.2 Barriers to developing housing on the IoW



6.1.11 The informal consultation with two major housebuilders suggested similar reasons for not wanting to develop on the island. In particular the start up costs and management of sites were a key factor as was access to local market (intelligence) in terms of potential sites and land values within the context of policy requirements and potential sales values.

6.1.12 In response to the final question within the survey regarding perceptions of the housing market, the overriding concern seemed to be risk and difficulty, although it is assumed that whilst the survey was anonymised, that this response was from those not currently operating on the IoW.

Summary

6.1.13 Feedback from the development industry shows:

- The rate of delivery on the mainland is around twice to three times that of the IoW for companies that develop in both areas, mainly related to the scarcity of large sites and the profile of the housebuilders active on the IoW. The lack of large sites reduces the attractiveness of the IoW to the national volume housebuilders.
- On the mainland the completions and build are generally in tandem but on the IoW there appears to be a lag between completions and sales, which increases overall costs.
- Cost is cited as a barrier to development on the IoW although separate data from BCIS suggests that this does not necessarily relate to direct like for like build costs (although it is possible that logistical issues and higher costs associated with small sites may be some of the issue). Labour availability as well as sales rates and values are seen as issues.
- Other issues include access to local market intelligence and perceptions of risk and difficulty.

7 Conclusion and actions

7.1.1 This assessment has set out a review of various housing and planning indicators, research papers and developer consultation to provide background information to support the Council's position in respect of a realistic housing target within future local plan making.

7.1.2 In considering future housing requirements, both the current standard methodology and the proposed amendments to the methodology result in housing targets far in excess of what has been delivered in the past. In simple terms the current method would require the current rate to be doubled and the proposed revisions would likely mean more than tripling the number.

7.1.3 The analysis shows some key information and issues around housing delivery including:

- Relative to its population the IoW the number of permissions that the IoW grants are around the same as other similar sized local authorities
- Future housing requirements are slightly higher than most similar sized local authorities based on current method – this would be exacerbated with a move to the proposed method
- The step change from annual average delivery to current method is nearly the largest of the comparison authorities
- Affordable housing delivery is the lowest of all the comparator authorities at just 5% of completions on an average annualised basis – an increase to 20% (similar to the comparator authorities) would assist in overall delivery but not be sufficient to meet current plan target and some way off standard methodology targets
- Despite not meeting housing targets there have been very few appeals with IoW amongst the lowest across the comparator authorities
- House prices in the IoW have more in common with midlands and east of England than they do with southern England
- Urban areas make up most of the supply and delivery
- Small sites (less than 10) are a very important source of supply, accounting for over a third of completions
- Whilst large sites of 10 or more make up a larger component there are only three sites not completing units yet that are over 100 dwellings – suggesting most sites are relatively small between 10 and 100 dwellings
- Conversion rates from planning permission to completions are similar to both comparator authorities and nationally, suggesting that the IoW is not affected any differently to other areas in terms of lapsed permission and stalled sites
- There are economic reasons why delivery of affordable housing may be more attractive on the mainland than on the IoW
- Consultation suggests build out rates are much slower on the IoW than the mainland reflecting site size and type of developer
- Consultation suggests that developing on the IoW is more expensive, access to labour more limited, housing market not attractive and access to market challenging

7.1.4 Some of these issues, such as affordable housing delivery, seeking to improve labour, reducing development cost assisting access to market and sites, can be assisted by public intervention. The public sector can also assist in improving the market through bringing forward quality spaces and infrastructure. However, whilst this may contribute to marginal increases in supply, they are unlikely to meet the doubling or tripling housing targets. To hit those targets there would need to be a perfect combination of larger site releases, increased market demand and willingness of national housebuilders to locate on the island – all of which appear unlikely.

7.1.5 However, whilst attaining the proposed levels of delivery may not be possible the IoW Council and its partners will need to explore all the options at their disposal to encourage higher delivery rates. We set out in Appendix A, a list of potential actions. The intention of this long list, some of which may already be in the pipeline or have already been actioned, is to be a check list so that IoW Council can demonstrate that it is using all its powers to increase delivery.

Appendix A Action checklist

Table A.1 Action checklist

	Action	**IoW response (not appropriate / underway / completed)**
Direct		
1	Align public support for infrastructure spending to critical infrastructure that maximises delivery from strategic sites – work with HE and LEP to develop a funding strategy with defined targets	
2	Align public support for affordable housing spending to areas of most need and where investment maximises outputs – work with HE to develop an affordable housing funding strategy with defined targets	
3	Plan for and invest in a programme of joint ventures, including with registered providers	
4	Review potential for and benefits of establishing a Housing Delivery Company	
5	Consider use of CPO – but recognise complexity and action of last resort	
6	Improve connectivity, especially around broadband to incentivise economy (homeworking)	
Process		
7	Set up some form of developers' forum which facilitates information flows to and from development industry. Or - facilitate regular individual meetings with key organisations/individuals. Regularly consult with key landowners/developers to identify barriers and look at mechanisms to overcome	
8	A 'housing delivery programme team' is formed to assist developers to bring their schemes to the market, and for those who are on site to increase delivery rates and to identify ways to diversify housing types. Team to: - bring together a group of officers with relevant skills (including viability assessments) and a wider range of skills that can be drawn on (including other public bodies e.g. the highways team)	

	Action	IoW response (not appropriate / underway / completed)
	- establish strong working relationships with site promoters and with RP partners - include a programme manager with overall responsibility for the work of the team.	
9	Focus planning skills and resources on housing delivery to get things done quicker. This will include skills such as negotiating with developers/landowners to agree site specific solutions, delivery planning for large/complex sites and infrastructure, completion notices, developing funding bids etc. In a competitive job market, the Council will need to consider how it can attract and retain the best staff.	
10	Ensure training is provided to planning committee members on their responsibilities within planning committees, in order to reduce the chances of poor decision taking and resulting delays in delivery – especially on large sites. Members are provided with regular updates on progress with major applications	
11	When viability is a proven issue, IoW Council to review options for increasing AH % including seeking grant from HE to achieve additionality. But also to consider opting for a reduced % of affordable housing early in a development, but with a viability review at later dates to review % AH asked for. Reviews to be achieved through s106 agreements.	
12	Include viability reviews in s106 agreements if completion has not taken place by an agreed milestone	
13	Consider including provision in s106 agreements for RP's to be sold serviced land instead of completed units but with care taken that this does not undermine pepper-potting of AH and maintains equivalence.	
14	Work with landowners to split up sites and promote diversity in product, including custom and self-build	
15	Strengthen in-house capacity re scheme viability – so the authority is better able to interpret viability information from applicants and external advisers. Can be achieved through appointment of in-house 'expert' (potentially as a shared resource with neighbouring authorities) and with additional officer (and member) training	

	Action	IoW response (not appropriate / underway / completed)
16	Improve capacity to secure public sector funding through bidding process – key funders include HE and LEP – work with neighbouring authorities to expand capacity	
17	Publish a Housing Prospectus including signposting to relevant sources of funding	
28	Progress delivery and funding plans for development on key sites, working with council infrastructure providers and other agencies.	
Process	Consider masterplanning on new sites to create different products that can compete in the marketplace at the same time in the same location.	
29	Introduce LDOs for larger strategic sites	
30	Rigorous testing of deliverability of sites to meet policy requirements – including town specific affordable housing targets Establish policies to diversify the market – e.g. promoting custom and self-build, breaking up sites Review trade-off between different affordable housing options – more overall numbers versus lower cost for tenants Consider potential de-allocation if no clear timetable for delivery (noting this will require contingency of available sites)	
31	Clear economic policy to encourage jobs and reinvigorate housing market	