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Island Planning Strategy Regulation 19 Planning Service
Seaclose Offices
Fairlee Road
Newport
Isle of Wight
PO30 2QS

Date: 19 August 2024

Our Ref: AG M24/0870-01

By email only:

policy.consultation@iow.gov.uk

Dear Sir/Madam,

RE: ISLAND PLANNING STRATEGY (REGULATION 19) CONSULTATION

Tetlow King Planning (“TKP”) represents **Sovereign Network Group** (“SNG”) who are one of the main providers of affordable housing on the Isle of Wight (“IoW”). SNG welcomes the opportunity to respond to the Island Planning Strategy (“IPS”) Regulation 19 consultation and associated evidence base. As significant developers and investors in local people, SNG is well placed to contribute to the IPS’s objectives and act as long-term partners in the community.

SNG is committed to investing in the local community and addressing the acute need for affordable housing on the IoW as identified in the Local Housing Needs Assessment (“2022 LHNA”). We note the Council’s intention for the IPS to have a 15-year period from 2022 to 2037, which at the time of writing has only 13-years remaining. Once submitted, examined, and adopted the proposed plan period will likely be significantly shorter than the 15-year period proposed. SNG suggest that the IPS period is extended beyond 2037 to ensure it fully accords of the National Planning Policy Framework (“NPPF”).

SNG would welcome the opportunity to discuss or a make a written submission in relation to overarching challenges in relation to affordable housing delivery. For the purposes of this representation and the IPS, SNG wish to stress its continued commitment to investing on the IoW and the need for the IPS to recognise challenges faced by registered providers nationally and how these challenges can be more keenly felt on the IoW.

The overarching point is that there are financial and regulatory pressures on the sector nationally and many registered providers have scaled back new business operations with many not offering for new Section 106 homes due to limited resources and a focus on investing in existing stock. SNG are currently one of the only registered providers operating on the island with an active development programme.

A key challenge is financial pressure and while this is fundamentally a national issue it is important that Local Plan policies do not create additional barriers to viability – this includes through the imposition of requirements on affordable housing not applicable to other forms of housing and a flexible approach to planning obligations for affordable housing schemes.

Specific comments are offered in relation to draft policies within the IPS but the opportunity for further discussion would be appreciated.

Strategic Policy AFF1: Isle of Wight Affordable Housing

SNG recognises the importance of ensuring that all affordable housing tenures, as defined in Annex 2 of the NPPF, are genuinely accessible and affordable for local residents. We do, however, consider that the current wording of Policy AFF1 conflates defining affordability with defining affordable housing tenures. For example, the policy begins by stating that “*The Isle of Wight Council recognises that*

affordable housing as defined in the NPPF is not affordable on the island”, however the glossary of the IPS clarifies that the Council “will use the definition of affordable housing set out in policy AFF1 (in relation to discounts from market value) in conjunction with the NPPF definition.”

As such it is clear that the purpose of the policy is not to define affordable housing tenures but rather to define the level of discount to be applied to NPPF Annex 2 tenures in order for them to be considered to be affordable to IoW residents. It is considered that the policy should be reworded to reflect this position.

Following informal discussions with the Council, we are grateful for the clarification that the market sale discounts specified in the policy pertain to the sale price rather than the shares sold, and that the rental discounts represent the stated percentage of market rent, capped at local housing allowance. To ensure consistent interpretation and application of the policy, we have set out some recommended amendments to the policy wording below:

“The Isle of Wight Council recognises that affordable housing as defined in the discounts referred to in the NPPF is are not affordable on the island. To address this, the council will use the following definition of ~~affordable housing~~ affordability in conjunction with the affordable housing tenures defined in the NPPF:

- For one and two bedroom homes: For sale at a price equivalent to at least 30 per cent below local market value ~~Up to 70 per cent of market sale~~; for rent up to 70 per cent of market rent ~~or the~~ capped at local housing allowance, whichever is the lowest.*
- For three bedroom homes: For sale at a price equivalent to at least 35 per cent below local market value ~~Up to 65 per cent of market sale~~; for rent up to 65 per cent of market rent ~~or the~~ capped at local housing allowance, whichever is the lowest.*
- For homes with four or more bedrooms: For sale at a price equivalent to at least 40 per cent below local market value ~~Up to 60 per cent of market sale~~; for rent up to 60 per cent of market rent ~~or the~~ capped at local housing allowance, whichever is the lowest.*

Policy AFF1 follows the approach of the Affordable Housing SPD (September 2023) in varying affordability thresholds in relation to bedroom numbers. SNG is concerned that this may prejudice the mix of affordable housing that comes forward. Complex multi-tenure discounts may increase a perception of risk and may increase pressure to deliver smaller unit sizes in response to the thresholds set rather than local needs. The IPS Housing evidence Paper D – Barriers to Delivery May 2024 identifies the perception that development on the IoW is complex and risky with lower operating margins as barrier to delivery.

It is suggested that a fixed discount from market value be considered across property sizes. Rent should continue to be capped at the lower of the discount from the market value or the Local Housing Allowance.

SNG supports the need for locally defined discounts in principle; however, we ask the Council to be wary of the ways in which such policies could impact development viability which may restrict the provision of affordable housing. It is SNG’s view that these requirements should be introduced alongside robust analysis and consideration of the effects on viability so that the application of such policies does not frustrate the delivery of critical affordable housing.

It is considered that the policy wording relating to the type and mix of affordable homes to provided does not wholly align with the policy direction set out in Policy H5. The policy wording of AFF1 implies that all developments which provide onsite affordable housing should be informed by a Parish Level Housing Needs Survey. In contrast Policy H5 expects a target mix of 80% social / affordable rented tenures with the remaining 20% to be other affordable home ownership tenures. Policy H5 is clear that a Parish Level Housing Needs Survey (completed after 2018) is one of a range of sources that could be used to justify an alternative mix of affordable homes on site. It is recommended that this element of Policy AFF1 be reworded to ensure consistency with Policy H5.

SNG recognises the value of a diversified approach to affordable housing, particularly in the context of ensuring that housing is genuinely affordable to those most in need. As such, we recommend that the Council consider incorporating a policy prioritising the provision of social rent, as outlined in the 2024 NPPF consultation. Social rent, typically set significantly below market rent and directly linked to local incomes, provides an essential safety net for low-income households, ensuring that they are not priced out of the housing market. Given the unique challenges faced by IoW residents, including lower-than-average incomes and high housing costs, the prioritisation of social rent within the affordable housing mix could significantly enhance housing accessibility for the most vulnerable populations.

SNG would appreciate the opportunity to discuss the relationship between different affordable housing products and grant funding. There may be opportunities to support the delivery of social rent under Homes England's Strategic Partnership programme. However, as noted at the outset, a conversation in relation to wider constraints to the delivery and adoption of affordable housing may be beyond the scope of the Regulation 19 Consultation.

We welcome and support the expectation that all new build affordable housing secured through Policy H5 (Delivering affordable housing) will be consistent with Part M4(2) of the Building Regulations. However, we note that requiring only affordable homes to be fully M4(2) compliant risks jeopardising the viability and deliverability of affordable housing on the Island. We therefore suggest that Policy H3 (Housing Development General Requirements) be amended to require M4(2) compliance across all new housing developments. This approach would ensure fairness and maintain the overall viability of affordable housing projects on the Island, while also ensuring that market properties deliver homes that can easily be adapted to accommodate the Islands ageing population.

Policy C1: High quality design for new development

SNG fully supports the aspirations of Policy C1 and the emphasis on high-quality design. To enhance the clarity and effectiveness of the policy, we suggest that Policy C1 explicitly state that it applies to all forms of new development, including redevelopment projects. Additionally, we recommend that the policy expressly acknowledge that maximising the density of development, particularly in redevelopment scenarios, can involve increasing both the number of bedspaces and the number of units. This principle should also be reflected in the site-specific regeneration policies to ensure a comprehensive approach to density optimisation.

Policy C11: Net zero carbon and lowering energy consumption in new development

The draft targets set are higher than those required by the Government's Future Homes Standard (FHS) to be achieved by 2025. FHS currently aims to achieve its net zero target by 2050. This was underlined in the December 2023 Written Ministerial Statement on energy efficiency and environmental standards¹.

The WMS noted inter alia that:

“The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale. Any planning policies that propose local energy efficiency standards for buildings that go beyond current or planned buildings regulation should be rejected at examination if they do not have a well-reasoned and robustly costed rationale ...”

This should also be understood in the context of paragraph 194 of the NPPF which provides that:

“The focus of planning policies and decisions should be on whether proposed development is an acceptable use of land, rather than the control of processes or emissions (where these are subject to separate pollution control regimes). Planning decisions should assume that these regimes will operate effectively.”

¹ HC Deb 13 December 2023, vol 742, col 49WS to 50WS.

Addressing climate change and improving energy efficiency is wholly supported but it is suggested that caution should be exercised before parallel sets of standards are introduced through planning policies.

It is suggested that should C11 retain commitments to standards higher than those set nationally that the wording is reviewed to ensure sufficient flexibility is retained to ensure that it does not impede regeneration, such as overly onerous targets on embodied carbon. This is particularly important with respect to regeneration that would attract social, environmental, and economic benefits.

Policy H1: Planning for housing delivery

The draft spatial strategy proposes a housing requirement of 6,795 net additional dwellings over the 15-year plan period from 2022 to 2037, equating to 453 dwellings per year. We note that this figure is significantly lower than both the Standard Method figure of 667 dwellings per annum identified in the 2022 LHNA and the current Standard Method figure of 703 dwellings per year. Additionally, the implications of the revised Standard Method for calculating local housing need, published alongside the 2024 NPPF consultation, should be taken into account. Although the revised calculation holds limited weight at this early stage, it further increases the local housing need on the IoW to 1,104 dwellings per year which is more than double currently provided for in the spatial strategy. This should also be viewed in context of the fact that the 2024 NPPF consultation is accompanied by Written Ministerial Statement (“WMS”) from the Deputy Prime Minister, Angela Rayner MP which indicates the ‘direction of travel’ in respect of the new Government’s intentions for national planning policy; one of which is setting an objective to deliver 1.5 million homes during the current Parliament.

As such it is also important to consider the proposed amendments to paragraph 61 in the 2024 NPPF consultation, which states that *“The overall aim should be to meet an area’s identified housing need,”* reinforcing the Government’s position that identified needs should be met in full, rather than the current position which is to meet *“as much as possible.”* SNG recognises the significant constraints in meeting the Island’s overall housing need, including issues like nutrient neutrality and the natural limitations on land availability inherent to being an island. However, it also should be recognised that the principal method for securing affordable housing on the Island is through Section 106 contributions. In light of these challenges, we recommend updating the policy wording to ensure that the housing requirement is expressed as a minimum figure, reflecting the need to address as much of the identified housing shortfall (including affordable housing) as possible.

Policy H5: Delivering affordable housing

Policy H5 requires all development that include a net gain of 10 or more dwellings to include a minimum of 35% affordable housing provision on site in line with current national policy, with a financial contribution being sought from sites with a net gain of 9 or more dwellings in the National Landscape. We do however note that the policy defines affordable housing solely in relation to Policy AFF1 (which as previously highlighted only seeks to define affordability) and does not refer to the wider definition in either the Glossary of the IPS (which is consistent with the current NPPF) or the NPPF itself. The policy wording should be updated to reflect the comprehensive definition of affordable housing as set out in the Glossary of the IPS and the NPPF, ensuring consistency and clarity in its application.

We are pleased that Policy H5 sets out a target housing mix to provide a starting point for discussions. It is however noted that the policy refers to the defunct ‘starter homes’ tenure which has also been removed from the 2024 NPPF consultation. We recommend that this element of the policy be deleted. SNG welcomes that applicants will be able to use data from the Housing Register, made neighbourhood plans, Parish level housing needs surveys (completed after 2018) and Local Housing Needs Assessments to justify an alternative mix of affordable housing to be provided on individual sites. This is a broad and appropriate range of data sources, which will allow the policy to effectively to respond to evolving affordable housing needs throughout the lifetime of the plan.

Whilst we support the intention for affordable homes to be the principal residence of the occupant(s) we do however raise concerns in respect of the requirement to ensure that all affordable homes provided under the policy are to be secured in perpetuity. There is no wording in the current/draft NPPF or Planning Practice Guidance (“PPG”) that requires all affordable housing to be secured in this manner. National policy is silent on the requirement to secure affordable housing in perpetuity, other than the specific reference to rural exception sites in Annex 2 of the 2023 NPPF, which states:

“Rural exception sites: Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority’s discretion, for example where essential to enable the delivery of affordable units without grant funding.” (emphasis added).

This principle in respect of rural exception sites is appropriate and supported as it helps to secure land for delivery of affordable housing in rural areas where housing delivery would otherwise not be permitted. However, a blanket approach to securing affordable housing in perpetuity is not supported for several reasons. Firstly, it restricts lenders’ appetite to fund development, as mortgage provision becomes more difficult with greater restrictions on individual properties. Private companies will not typically invest in developments if there is no prospect of realising the original investment and any returns.

This would also present challenges for registered providers owing to reliance to grant funding. Homes England grants generally are not compatible with restrictions on the ‘staircasing’ of shared ownership or other forms of intermediate affordable housing products.

It is important to understand this in the context of the Homes England Strategic Partnerships rules. These mean that residents cannot be prevented from transitioning from a rental product to a shared ownership product.

As such, affordable housing should only be secured in perpetuity on rural exception sites.

We also raise concerns in respect of the intention for all affordable homes secured under the policy to be subject to parish specific local connection criteria. Again, under current and emerging national policy and guidance only rural exception sites are required to apply locality as a policy criteria. As identified at paragraph 2.26 of the IPS *“There are now over 2,400 individual households on the housing register in the four most urgent categories of need.”* If a local connection requirement is applied to all affordable housing on a parish rather than an Island basis, then properties will be allocated according to geographical location and housing need becomes a secondary issue. Should geographical location come before need, it is likely households with an urgent housing need will have to live in poor or unsuitable housing conditions for longer. As such, local connection criteria should only be applied to rural exception sites and a clear mechanism for a cascade to be triggered. It is suggested that the Island Home Finder could and should be used as a model.

Glossary

The glossary to the IPS provides a definition of affordable housing which is in line with the current definition set out in the NPPF. The glossary is clear that *“The council will use the definition of affordable housing set out in policy AFF1 (in relation to discounts from market value) in conjunction with the NPPF definition”*. As previously noted, the 2024 NPPF consultation proposes changes to the definition of affordable housing which currently only relate to the replacement of the defunct Starter Homes tenure with the First Homes tenure type; however, it is possible that there will be further revisions to the definition in the subsequently adopted NPPF.

To ensure the glossary remains consistent with national policy it is recommended that the glossary is amended to state:

“The council will use the definition of ~~affordable housing~~ affordability set out in policy AFF1 (in relation to discounts from market value) in conjunction with the ~~affordable housing tenures defined in the adopted NPPF definition~~ at the time of determination”.

It should also be noted that paragraph 16(f) of the NPPF confirms that Local Plans should avoid unnecessary duplication, including repetition of policies within the NPPF itself. As such it is questionable whether a definition of affordable housing in the glossary is needed given that it merely seeks to replicate provisions already within adopted national policy, which in any case is subject to change.

We would like to be consulted on further stages of the above document and other publications by the Council, by email only to consultation@tetlow-king.co.uk; please ensure that the **Sovereign Network Group** is retained on the consultation database, with **Tetlow King Planning** listed as its agent.

Yours faithfully,



Annie Gingell BSc (Hons) MSc MRTPI
Associate Director
For and On Behalf Of
TETLOW KING PLANNING



cc: Sovereign Network Group

Isle of Wight Strategic Manager - Housing Enabling & Delivery (Dawn Lang)