

## Note on Exceptional Circumstances in relation to the IOW housing number

### 1.0 What are “exceptional circumstances”

- 1.1 The phrase ‘**exceptional circumstances**’ is taken from guidance in the National Planning Policy Framework (2021). This advises local authorities in preparing local plans *“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless **exceptional circumstances** justify an alternative approach which also reflects current and future demographic trends and market signals...”* (paragraph 61).
- 1.2 Supporting Planning Practice Guidance (PPG) on ‘Housing and economic needs assessment’ advises an assessment of local housing need (LHN) as *“the first step in the process of deciding how many homes need to be planned for”* and that *“It should be undertaken separately from... establishing a housing requirement figure...”*.
- 1.3 The Government’s **standard methodology** (SM) is the route expected to be followed to assess local housing needs (LHN). A formula identifies the minimum number of homes expected to be planned for each year, to tackle projected household growth and any historic under-supply of housing. This is not the housing requirement figure which is the figure set out, justified and planned for in the Local Plan. Any alternative method of assessing the LHN is only expected to be used in ‘**exceptional circumstances**’ and where it is used, it will be closely scrutinised at the Local Plan examination.

### 2.0 The difference between local housing need and housing requirement

- 2.1 A Local Housing Need (LHN) figure is different to the housing requirement. The National Planning Policy Framework (NPPF) advises that *“a housing requirement figure should be established for the whole area, and the extent shown to which the identified housing need can be met over the plan period (paragraph 66)”*.
- 2.2 The calculation of a Local Housing Need figure is not influenced by any implications of meeting a housing requirement, i.e. the LHN comes first before any consideration of whether it can be planned for. This means the LHN is expected to be identified by using the standard method unless it can be justified by ‘**exceptional circumstances**’.
- 2.3 Government guidance does not set out what an ‘**exceptional circumstance**’ might be. However, PPG states that figures higher than the standard method can be considered sound. However, where a lower figure is used, it must be robustly demonstrated and based on a *‘realistic assumption of demographic growth’*. For example, where the population projections show an in-migration to the island of those aged over 50, it would not be likely to be considered realistic just to ignore this when calculating housing need.

### 3.0 Draft IPS consultation responses arguing for “exceptional circumstances”

- 3.1 In the public consultation on the Draft Island Planning Strategy in 2021 the council received almost 200 responses asking the Council to make the argument for ‘**exceptional circumstances**’ in setting the LHN, arguing that it would yield a lower level of need. No specific figures as either an alternative LHN or an alternative housing requirement were put forward in the consultation process.
- 3.2 The comments requesting the IWC pursue ‘**exceptional circumstances**’ centre around a response submitted by the local MP. This identified two principal factors to justify a departure from the standard method. The first of these was that the 2014-based household projections for the Island (which are used in the SM) derive from the 2014-based sub-national population projections. These

show household growth for the Island is largely (if not entirely) a consequence of net internal migration, primarily of older households, to the Island from other parts of the UK. The second is that the SM includes an affordability uplift which is added to the demographic-based household growth but, it is said, there is no evidence that this uplift will address affordability problems on the Island.

#### 4.0 Critique of the case for exceptional circumstances

- 4.1 Demographic data suggests the island can expect an ageing population with in-migration from other parts of the UK comprising a significant component of the expected growth. Indeed, recently released Census 2021 data demonstrates that there has been an increase of 24.7% in people aged 65 and over since 2011 (compared to an increase of 20.1% across England as a whole).
- 4.2 Planning Practice Guidance requires any alternative approach for establishing local housing need to be based on realistic assumptions of demographic growth. The consultation representations do not provide any evidence to explain why that data is not “*realistic*” nor identify any alternative data, or explain why any alternative data is more realistic or more robust.
- 4.3 The point is made that if the net internal migration element of expected demographic growth was not included in the household growth used to identify the LHN, the figure would be lower. However, there is nothing in national policy to suggest that net internal migration should not be a component of an area’s LHN. It would be highly unrealistic to presume that movement around the country could be prevented through simply not making any provision for it within an area’s local housing need calculation. This would mean, for example, not making allowance for people to move for employment or family reasons, unless there were further layers of inclusion and exclusion in the need calculation related to specific age groups, employment status or family connections, all of which would be open to interpretation, challenge and significant risk. Therefore, if net internal migration were simply excluded it is very unlikely it would be seen as a ‘*realistic assumption*’ at the local plan examination.
- 4.4 There is criticism that the affordability uplift in the SM doesn’t make housing more affordable, especially with net in-migration. However, this is not Island-specific or local and no comments have been made either on the rationale or an alternative to the affordability uplift, which forms a key component of the SM.
- 4.5 Government guidance doesn’t argue that the affordability uplift will increase the affordability of homes but suggests that it will “*start to address*” the issue. Its primary focus is to increase the overall supply of homes. It is important to recognise that if **no** affordability uplift is included, then past under delivery will need to be taken into account in any housing requirement in the local plan. This is a significant figure. In the 9 years since the adoption of the Core Strategy, the past under-delivery figure amounts to 1,319 dwellings, or 147 dwellings on average per annum, when using the adopted Core Strategy housing requirement (520 dwellings per annum). That figure of 520dpa is less than the current household growth (533) which could generate further under-delivery against needs.
- 4.6 It should therefore be recognised that if the affordability uplift is ignored in any assessment of local housing need, it would be more than offset by the need to address past under delivery of housing on the island. Given that ‘exceptional circumstances’ is an approach which goes against the standard government method, it is a very risky approach for a seemingly poor return that would be closely scrutinised at the Plan examination – for example removing internal migration may reduce the housing need by a certain number of dwellings per year, however the necessity for then having to include under delivery adds 147dpa to the housing need that may be in excess of what has been removed.

## 5.0 The approach in the Island Planning Strategy

- 5.1 **Pursuing a case for ‘exceptional circumstances’ is not seen as the right approach to assess local housing need for the Isle of Wight and is not being argued in the IPS.** Whilst there is a view that it is advantageous to use this argument to reduce the local housing need number, this is highly risky and there is no guarantee of success, not least as past under delivery would have to be included in any re-calculation (approx. 150dpa). As a case for exceptional circumstances runs counter to the standard method, it would be highly contested at the plan’s examination, not least by the development sector which would argue for different demographic factors to be altered in any locally crafted calculation and seek to increase the housing requirement substantially, especially because of past under delivery on the island that cannot be denied.
- 5.2 The current version of the IPS puts forward a different approach, in conformity with the NPPF, accepting the standard method as the local housing need, but using local characteristics and market signals to identify an island realistic housing requirement figure. It proposes an average annual housing requirement of 479 dwellings. The Council argues that if provision were made to meet the LHN in full (10,020 dwellings as of March 2022), that this could not be delivered and would result in the housing provision within the IPS as not being ‘effective’ or ‘deliverable’ over the plan period. Effectiveness is a key test of ‘soundness’ (paragraph 35, NPPF). Similarly, paragraph 16(b) of the NPPF advises that *“Plans should... be prepared positively, in a way that is aspirational but deliverable.”*
- 5.3 The argument set out in the IPS and supporting Housing Evidence Papers A-D is that setting an unrealistic and unattainable housing requirement in the IPS would not produce or enable plan-led decision making. This would be because within a short period of time after adoption of the plan, the levels of actual housing delivery on the island would make it highly likely that the Council could not demonstrate a five year housing land supply (“5YHLS”) or meet the requirements of the Housing Delivery Test, both of which are reasons for treating the IPS policies relating to housing as out of date in line with paragraph 11 of the NPPF.
- 5.4 The approach proposed in the IPS is consistent with paragraph 66 of the NPPF. The housing requirement in a local plan should be one which *“shows the extent to which their identified housing need... can be met over the plan period”*. This paragraph acknowledges that meeting identified needs in full may not be possible in a plan area.
- 5.5 Producing a local plan which the evidence shows is unlikely to be deliverable is not sound. There is no credible evidence to suggest that the house building industry on the Isle of Wight could deliver an average of 668 dwellings per year on a sustained or consistent basis for the entirety of the 15 year plan period.
- 5.6 The council has put forward an approach which is a sensible balance between the objective of reflecting what the evidence shows is realistically capable of being deliverable and the objective of producing a plan that is aspirational.