

Exceptional Circumstances in relation to the IOW housing requirement

1.0 Draft IPS consultation responses arguing for “exceptional circumstances”

- 1.1 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 our Local Housing Need (LHN – see section 3 of this paper) rather than relying on the governments ‘standard method (SM)’ of calculating LHN. The responses argued that ‘**exceptional circumstances**’ would result in a lower level of need and fewer allocations on greenfield land. No specific figures as either an alternative LHN or an alternative housing requirement were put forward in the consultation process.
- 1.2 The comments requesting the IWC pursue ‘**exceptional circumstances**’ predominantly centred around a consultation response submitted by the local MP. This response identified two principal factors that were considered to justify a departure from the standard method.
- 1.3 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 factor is that the SM includes an affordability uplift which is added to the demographic-based household growth but, the response said, there is no evidence that this uplift will address affordability problems on the Island. These are assessed in more detail in section 4 of this paper.

2.0 What is “exceptional circumstances”?

- 2.1 Before considering the detailed aspects of the response referenced in paragraph 1.3 and the wider context of LHN and a housing requirement, it is important to explain what ‘exceptional circumstances’ is in relation to housing need.
- 2.2 The phrase ‘**exceptional circumstances**’ is taken from the National Planning Policy Framework. At paragraph 61, 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. [The outcome of the standard method is an advisory starting point for establishing a housing requirement for an area \(see paragraph 67 below\).](#) There may be **exceptional circumstances**, including relating to the particular demographic characteristics of an area²⁵ which justify an alternative approach to assessing*

housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals.”

- 2.3 On 20 December 2023, the government published a new National Planning Policy Framework. The revised NPPF included a new sentence in paragraph 61 (in blue on the previous page) and a new footnote (25), which is reproduced below:

‘Such particular demographic characteristics could, for example, include areas that are islands with no land bridge that have a significant proportion of elderly residents.’

- 2.4 This footnote relates to whether the characteristics of an area may represent **‘exceptional circumstances’** which could justify using a different approach to calculating housing need than the standard method the government expect local planning authorities to use.
- 2.5 The NPPF remains unchanged (paragraph 61) in that any alternative approach to calculating housing need should also reflect current and future demographic trends, market signals and, as set out in [Planning Practice Guidance](#), take account of historic under delivery.
- 2.6 It is recognised that the addition of footnote 25 could impact on the approaches set out in the IPS, including that to the calculation of housing need. As a result, further legal and demographic work was commissioned to provide independent external views on the implications of this new footnote on the Draft IPS and this is explored in more detail in section xx of this paper.

3.0 The difference between local housing need and housing requirement

- 3.1 A Local Housing Need (LHN) figure can be different to the housing requirement figure in a local plan. [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...*”.
- 3.2 The calculation of a Local Housing Need figure is not influenced by any implications of being able to meet a housing requirement, i.e. the LHN comes first before any consideration of whether it can be sustainably planned for within an area. This means, as set out in paragraph 61 of the NPPF, the LHN is expected to be identified by using the standard method (SM) unless **‘exceptional circumstances’** justify use of an alternative approach.
- 3.3 The Government’s **standard method (SM)** is a formula which identifies the LHN for an area and the minimum number of homes expected to be planned for each year to address projected household growth and any historic under-supply of housing.

3.4 Government guidance does not set out what an ‘**exceptional circumstance**’ might be. [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 is highly unlikely to be considered realistic just to ignore this when calculating housing need.

3.5 Moving on to a housing requirement, the NPPF advises in paragraph 67 that “*policy making authorities should establish a housing requirement figure for their whole area, which shows the extent to which the identified housing need can be met over the plan period*”.

4.0 Review of the case for exceptional circumstances put forward in Regulation 18 consultation response

4.1 Within the Regulation 18 consultation response from the MP, 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.

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 the data used in the SM is not “*realistic*” nor identify any alternative data, or explain why any alternative data is more realistic or more robust.

4.3 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).

4.4 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.

4.5 The second main criticism is that the affordability uplift in the SM doesn’t make housing more affordable, especially with net in-migration. However, this is not an Island-specific issue and no comments have been made either on

the rationale behind or an alternative to the affordability uplift, which forms a key component of the SM.

- 4.6 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 to meet demand and therefore eventually bring down prices.
- 4.7 It is important to recognise that if **no** affordability uplift is included in any alternative approach to calculating housing need, then as set out in PPG, any past under delivery of housing will need to be considered. On the island this is a significant figure.
- 4.8 In the 11 years since the adoption of the Core Strategy, the past under-delivery figure against the adopted Core Strategy housing requirement (520 dwellings per annum) amounts to **1,512 dwellings**, or **138 dwellings per annum**.
- 4.9 It should therefore be recognised that if the affordability uplift is ignored in any alternative calculation of local housing need, it would be more than offset by the need to address past under delivery of housing on the island.
- 4.10 Given that '**exceptional circumstances**' is an approach which goes against the standard government method, it is high risk 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 at least 138dpa to the housing need that may be in excess of what has been removed.
- 4.11 Following the publication of the revised NPPF in December 2023, which included footnote 25 (see paragraph 2.3 of this paper), the council commissioned further legal and demographic work to consider whether the additional footnote justified a change in approach. Both of these pieces of advice were shared in their entirety with [Full Council at its meeting of 20 March 2024](#).
- 4.12 The conclusion of both the legal and demographic work is unequivocal that the addition of footnote 25 to the NPPF does not justify a change of approach in relation to housing need in the IPS (see section 5 of this paper) and '**exceptional circumstances**'. The detailed demographic work concludes that should the exceptional circumstances route be pursued, there is a high probability that the housing need number generated would be in excess of the standard method (currently 703dpa), not below it. The IPS currently includes a housing requirement (453dpa) that is 38% below the standard method.
- 4.13 It is noted that alternative KC opinion and demographic work has been commissioned by a third party. At the time of writing this paper, only the KC opinion has been shared with the council. It is Officers view, as reported to [Full Council on 1st May 2024](#), that this alternative KC opinion does not clearly

demonstrate that an alternative approach to calculating housing need for the island should definitely be taken, and nor does it demonstrate that such an alternative approach would be robust and defensible at examination.

- 4.14 As the alternative demographic work has not been shared, no comment can be provided on this. It is noted that different demographic studies may suggest different outcomes when considering housing need, however a difference alone does not mean that such alternatives are robust and defensible at examination. Any third party who have commissioned work that they believe supports an alternative route for the draft local plan, or indeed alternative content, are able to make such representations at the Regulation 19 stage of the plan-making process.

5.0 **The approach in the Island Planning Strategy**

- 5.1 Pursuing a case for ‘**exceptional circumstances**’ is not seen as the appropriate approach to assessing local housing need for the Isle of Wight and is not being taken forward in the IPS. Whilst there is a view that it would be advantageous to use this argument to reduce the local housing need number, there is no guarantee that such a reduction would occur, not least as past under delivery would have to be included in any re-calculation (at least 138dpa).
- 5.2 As a case for exceptional circumstances runs counter to the standard method, any alternative calculation of housing need would be heavily scrutinised at the plan’s examination, not least by the development sector, who could argue for different demographic factors to be altered on any alternative calculation which would increase the housing requirement substantially, especially because of past under delivery on the island.
- 5.3 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 annual housing requirement of 453 dwellings. The Council position is that if provision were made to meet the LHN in full (10,545 dwellings as of March 2024), that this could not be delivered by the island housing market and would result in the housing planned for 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.*”
- 5.4 The position 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 would be

reasons for treating the IPS policies relating to housing as out of date in line with paragraph 11 of the NPPF.

- 5.5 The approach proposed in the IPS is consistent with paragraph 67 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.
- 5.6 Producing a local plan which the evidence shows is extremely 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 703 dwellings per year on a sustained or consistent basis for the entirety of the 15 year plan period.
- 5.7 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.
- 5.8 By taking the approach of accepting the standard method housing number, but then assembling a robust evidence base that demonstrates why such a figure is not deliverable on the Island, (and in the case of the IPS including a housing requirement that is 38% less than the standard method) this helps to mitigate against the plan being found unsound. It is the view of officers, which is supported by KC and demographic advice, that this approach has a greater likelihood of success over not accepting the standard method and instead arguing ‘exceptional circumstances’.
- 5.9 Notwithstanding the approach taken in the IPS that focuses on realistic delivery to steer the housing requirement, there is also a fundamental social responsibility aspect that needs to be considered. Using ‘exceptional circumstances’ to drive down the housing need number in the IPS would do nothing to address some of the severe demographic and social issues the island continues to face. Artificially reducing housing need, and by definition at the same time reducing the amount of affordable housing that can be delivered, would do absolutely nothing to help address the significant affordability and access to affordable housing issues that the island faces, and in fact would simply exacerbate these issues and make them worse.
- 5.10 Pursuing an argument for exceptional circumstances would restrict the supply of housing available on the island, which would in turn restrict access to good quality housing stock for first time buyers and younger people on the island. This would continue to drive higher and higher proportions of every peer group of school leavers into island leavers.