

Home Builders Federation

Matter 2

Matter 2: Plan Period and Levels of Growth to Plan For

Issue 1: Plan Period

2.1 The IPS contains identifiable strategic policies. NPPF paragraph 22 expects strategic policies to look ahead over a minimum 15-year period from plan adoption. The submitted plan covers the period 2022 to 2037. Would it be necessary for soundness (consistency with national planning policy) to extend the plan period so that relevant strategic policies look ahead to 2040?

Yes, HBF considers it necessary to extend the plan period to at least 2040. The Plan period being proposed in the Island Planning Strategy (IPS) is just 12 years from the adoption of the local plan, assuming that this is achieved within the 2025/26 monitoring year. This is substantially shorter than what is required by national policy.

2.2 If the Plan period was extended, would it be reasonable to extrapolate identified needs / requirements (from the available evidence base) in the submitted Plan or would it be necessary to commission additional evidence?

This is for the Council to answer.

2.3 What would be the mitigating circumstances that could justify a 12-year post adoption plan period for strategic policies for the Isle of Wight as submitted? Would an early review mechanism be either a justified or effective approach in an Isle of Wight context?

With regard to the mitigating circumstances to just for a 12 year post submission plan period this is for the Council to answer. If the inspectors consider there to be mitigating circumstances an early review mechanism would be necessary in order for the plan to



be found sound. However, any review policy would need to have consequences should the review not occur if it is to be effective. If the policy is not an effective one, then it cannot be the basis for making the plan sound.

2.4 Whilst the housing requirement is proposed to be lower (453 dwellings per annum (dpa)), the Plan does not identify a local housing need for the Island at variance to the standard method output, which in March 2024, was 703dpa. The standard method for housing need is forward looking. Accordingly, would it be necessary for soundness to adjust the start of the plan period to 1st April 2024?

If the standard method is considered by the Council to be the appropriate method for assessing housing needs, then it would be consistent with national policy to adjust the start date of the local plan to 1st of April 2024.

Issue 2: Whether the approach to establishing the housing need is soundly based.

2.5 Does the Local Housing Need Assessment 2022 [Document HO13] and the Housing Evidence Exceptional Circumstances Paper [Document HO15] justify why the standard method outputs are appropriate for establishing the housing need for the Island and as such should be considered a valid advisory starting point when establishing a housing requirement for the Island?

Whilst the standard method is the advisory starting point for establishing housing need, it must be recognised that the outcome of that calculation represents the level of housing need considered by national policy to be the number of homes that should be planned for through this local plan. This is reinforced in Planning Practice Guidance (PPG) which states in paragraph 2a-003-20190220 that, “*There is an expectation that the standard method will be used ...*”. It is therefore HBF’s position that it is not strictly necessary for the Council to justify the use of the standard method as the starting point given that there is an expectation that it will be used. The Council should only be required to justify its position should it choose not to use the standard method as the starting point for establishing the housing requirement. As such, HBF consider the standard method to be a valid starting point for establishing the housing needs of the Isle of Wight.

2.6 Having regard to NPPF paragraph 61, are there the exceptional circumstances for the Isle of Wight, including the demographic characteristics of the Island, which would justify an alternative approach to the standard method, to determine the housing need over the plan period?

No.

2.7 Is it reasonable, as set out in Housing Exceptional Circumstances Paper [Document HO15], that alternative methodologies using exceptional circumstances could result in a standard method comparable or higher housing need figure for the Island, for example because of the scale of past under-delivery of housing?

PPG recognises at paragraph 2a-015-20190220 that alternative approaches to housing need can be used in exceptional circumstances and that these could result in either a lower or a higher assessment of local housing needs. However, PPG does outline that the burden of proof to justify a lower housing need figure will be higher than those Councils proposing a higher level of need than the minimum arrived at using standard method. This may be the result of the need to take account of significant levels of past under delivery or indeed where base level of household growth is expected to be higher than that used in the standard method. For example, the most recent 2018-based household projections indicate that annual household growth over the base period 2024 to 2034 is 553 households per annum, compared to 517 for the same period in the 2014-based projections.

2.8 The primary evidence before us advocating for exceptional circumstances, includes a September 2020 analysis paper, provided as part of the representations from Mr Bob Seely [IPSR52]. Would that evidence provide a reasonable basis for concluding that the submitted IPS would not be an appropriate strategy and that a lower level of housing need would be necessary for soundness?

No. There is nothing within the representations from Mr Seely to conclude that a lower level of housing need should be used as the starting point for considering the housing requirement in the IPS.

2.9 Has plan preparation appropriately considered all reasonable options for establishing the housing need and appraised them accordingly as part of the Integrated Sustainability Appraisal?

No comment.

Issue 3: Whether the proposed housing requirement is soundly based.

2.10 Is it demonstrated through the Integrated Sustainability Appraisal, and other evidence (for example Housing Evidence Paper C [Document HO18], that the proposed housing requirement of 453dpa (6,795 net additional dwellings over the plan period) would contribute to achievement of sustainable development on the Island? Would accepting the housing requirement of 453dpa as a realistically deliverable housing figure require accepting that there would be some associated negative impacts?

Accepting a housing requirement of 453 dpa will inevitably mean accepting the negative impacts that arise from that decision. The likely negative impacts arising from the decision not to deliver what is required have been set out by the council and HBF would broadly agree with the conclusions. What HBF do not agree with is that the numbers should be restricted to reflect what has been delivered in recent years. Taking such an approach will bake in the negative impacts arising from the Council's failure to meet needs in full and potentially see these worsen over time.

2.11 Having regard to the Employment Land Study 2022 [Document EC1] would the proposed housing requirement provide sufficient homes required to accommodate economically active households necessary to support the Plan's economic growth? Is there a risk that the proposed housing requirement could constrain or harm economic growth, including the potential from the Solent Freeport status, over the plan period?

There is a risk that the proposed housing requirement could constrain economic investment on the Island given that the evidence in EC1 shows that as minimum the Island needs 504 dpa to ensure jobs growth over the plan period of 2,282 jobs. It is also notable that a housing growth figure of 408 dpa is required to, in effect maintain the status quo. Given the aging population and the Council's concerns regarding the attractiveness of the Isle of Wight to retirees there is a significant risk that the proposed

housing requirement will not ensure that there is a sufficient working age population to meet the future jobs growth expectations for the Island.

2.12 The proposed housing requirement is based on an assessment of the capacity of the market to deliver on the Island based on recent and past trends. As a methodology for establishing a housing requirement is that a reasonable and justified approach, consistent with national planning policy, including NPPF paragraph 67?

HBF accept that there can be constraints present in any housing market that may limit the number of homes that can be delivered. Usually, these constraints are physical – for example in tightly constrained cities such as Oxford where there are insufficient development opportunities in an area to meet needs in full – or policy constraints, such as those in footnote 7 to paragraph 11 of the NPPF, that mean housing needs cannot be met in full. The Council's approach is different in that it is proposed not meet housing needs as it is suggested that there is insufficient capacity within the development industry on the Island to deliver more than 453 dwellings per annum. This is not a constraint on land availability but on the market to deliver those homes, and seemingly dismisses the potential for that market to grow should sufficient sites be allocated to meet needs in full. Therefore, HBF do not consider the approach proposed by the Council to be consistent with paragraph 67 of the NPPF.

2.13 Are there any other factors that indicate the proposed lower housing requirement would be justified, for example the extent of available, suitable or achievable land supply on the Island or any environmental and/or infrastructure capacity constraints?

For council.

2.14 Given the current development plan on the Isle of Wight predates the NPPF and the objective of significantly boosting the supply of housing, does looking back at past trends generate a housing requirement that would be compatible with being prepared positively, in terms of the balance of being aspirational but deliverable as per NPPF paragraph 16b)?

Basing delivery in the future on past trends is an unsound approach to setting a housing requirement. Such an approach will inevitably fail to boost housing supply and just accepts that delivery beyond a certain level across the plan period is not possible.

2.15 Would it be reasonable to conclude that because the 2012 Core Strategy for the Island did not allocate specific sites for the development and that Area Action Plans intended to perform that role did not materialise, rates of housing delivery on the Island have been suppressed over the last 10-12 years? Does this explain why in Table 2 of the Housing Evidence Paper A [Document HO16] average delivery rates have come down year-on-year in the last five years (is previous plan-led land supply drying up)? Is this also borne out in Table 3 of the same Paper A which shows delivery averages preceding the Core Strategy being materially higher than for the period since 2012?

Yes. Without specific sites being allocated for development essentially the Council were relying on existing permissions and windfall development to deliver its housing requirement in the 2012. Had the Council worked more proactively to identify and allocate sites for development over this period the number of homes delivered may well have been higher. While the nature of the development industry on the Island may have some impact on the rate of delivery, the lack of allocations and the certainty this would bring to house builders operating on the Island cannot be dismissed.

2.16 Is the period of assessment informing the 453dpa housing requirement figure robust and justified? Are there reasonable alternatives to inform the housing requirement if a different period of past delivery were selected?

HBF does not consider the whole approach taken by the Council of basing the requirement on past delivery rates to be sound. Delivery has in the past consistently exceeded 453 dpa in the past following the adoption of development plans with site allocations. It is also notable that the expected level of delivery in the early years of this plan exceeds 453 dpa which suggests that where a plan comes forward with site allocations there is capacity to deliver above 453 dpa.

2.17 Part of the assessment of market capacity or demand to deliver on the Island includes an analysis of 'conversion' rates (the rate at which planning applications are implemented (or converted) into delivery on the ground (completions)). Is the assessment of conversion rates robust and is there a risk it could be skewed by any specific larger sites lapsing (for example, representations from the Home Builders Federation refer to the Pennyfeathers Site, Ryde (HA119))? Would it be reasonable to conclude that increasing supply, and subsequently granting planning permission, would not translate into boosting housing delivery on the Island?

The Council's state in paragraph 5.6 of HO16 that as the number of permission has increased the conversion rate has fallen. The Council therefore concludes that just granting planning permission has not led to an increase in build out rates and that in fact the opposite is true. However, HBF's understanding, which was confirmed by the Council, is that the permissions in Table 1 of HO16 includes the Pennyfeathers site for 904 homes, which was granted outline planning permission in 2017. Removing this one site from total permissions shows a far higher conversion rate and does not support the Council's conclusion that an increase in permissions would not deliver an increase in new homes. What the evidence does indicate this that larger allocations will not translate to short term increases in housing delivery. However, in terms of conversion rate the number of homes delivered from planning permission granted has remained relatively stable and that increasing the number of available sites on the Island could lead to an increase in housing delivery.

2.18 If it was concluded that the housing requirement should be the standard method figure of 703dpa or an alternative capacity/market-led figure higher than the proposed 453dpa, what harm(s) would arise? Would the principal harm be the potential loss of plan-led decision making? Have any other adverse consequences of a higher housing requirement been demonstrated through the Integrated Sustainability Appraisal?

For council.

2.19 In addition to the island-based housebuilders, have national housebuilders been active on the island during the assessment period from which the Council has based its 453dpa figure? Is there robust evidence to demonstrate that allocating sites on the Island to implement a higher housing requirement would not be an appropriate strategy because they would not be delivered? (for the various factors listed at paragraph 5.2 of Housing Evidence Paper A – linking through to the 2019 University of Portsmouth study in Documents HO2 and HO3).

The fact that not all national housebuilders are operating on the Island does not necessarily mean that higher levels of housing delivery cannot be achieved should not be used an excuse for not meeting housing needs in full. It may require an alternative strategy to ensure those needs are met, one which perhaps steps the housing requirement to allow house building industry on the island to scale up delivery

alongside focussing on a wider range of sites that reflects and supports the housebuilders operating on the Isle of Wight, allowing them to grow and deliver the homes that are needed.

2.20 Primary barriers to housing delivery are principally set out and summarised in Housing Evidence Paper D [Document HO19]. Is there a realistic prospect that these barriers could be overcome or decreased during the plan period? Would setting a higher housing requirement incentivise action or investment to help address barriers (for example from the Council, Homes England or the development sector)?

Unless sufficient land is allocated to meet housing needs it is not possible to state whether or not the barriers listed by the Council can be overcome. HBF agree that it is more difficult to increase the delivery of housing quickly on the Island given that it does not have the same range of house builders operating in its housing market but if the Council is unwilling to identify sites to deliver beyond 453 dpa requirement it is inevitable that delivery will not greatly exceed this number.

2.21 Under the Council's approach to the housing requirement, how can the market shape or affect housing delivery going forward to demonstrate higher levels of growth could be sustainably delivered, including, potentially, through future plan reviews? Would higher housing growth be dependent on external factors, for example, greater levels of public investment to support affordable housing delivery?

For Council.

2.22 The submitted housing trajectory (at Appendix 4 of the IPS) includes two early years where annual housing delivery would significantly exceed 453dpa and then a mid-period (c.2027-2031) averaging at circa 570dpa. What accounts for the higher delivery in those years? Could it be sustained over the remainder plan period, particularly the latter periods, if suitable land was made available through a plan-led approach?

This is for the Council to answer. However, as we suggest in our representations, it would have been helpful for the Council to provide a detailed trajectory setting out the delivery expectations for all the sites that are expected to come forward over the plan period and contribute to meeting housing needs. This would have enabled all

interested parties to scrutinise the council's proposed housing supply and allow for a more effective debate at the hearings as to what is achievable across the plan period. It is also notable that the latest five-year housing land supply statement published by the Council (ED3A) that delivery is expected exceed the proposed housing requirement by over 1,100 homes between 2024/25 and 2027/28. This would suggest that if suitable land was made available then delivery and higher rates is possible and if the right sites are allocated could be sustained over the plan period. In fact, having a pot of allocated sites considered suitable for development available to house builders operating the island would allow them to plan ahead and maintain delivery in the medium to long term.

2.23 If the proposed housing requirement were to be found sound as a minimum figure, is the policy framework in the IPS sufficiently flexible to support further housing delivery on the Island beyond the windfall allowance already accounted for?

No. Appendix 4 of the IPS indicates that 6,803 homes are expected to come forward I total over the plan period – 8 homes more than the housing requirement of 6,795. No consideration appears to have been given to allocating additional sites to test whether a higher level of delivery could be achieved that would better meet the Island's housing needs. The 453 dpa requirement proposed by the Council has seemingly been used as a cap on what can be delivered. Given the Council acknowledge that the standard method is the starting point for establishing the housing requirement it is been logical, even if the requirement was set at 453 dpa, for sites allocations to support delivery beyond this figure. Such an approach would not have compromised the Council's decision making, should the council's assertions be accurate, but would have provided scope for delivery capacity to grow over the plan period.

2.24 Should the housing requirement at Policy H1 be expressed as a minimum figure ("at least"), consistent with paragraph 7.6 of the Plan?

Yes.

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