



Council of the
ISLES OF SCILLY

**STRATEGIC HOUSING
MARKET ASSESSMENT (SHMA)**

**EXECUTIVE SUMMARY OF THE KEY FINDINGS
JULY 2016**



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KEY FINDINGS AND FUTURE HOUSING TARGETS

Introduction

In 2015 the Local Planning Authority commenced a review of the 2005 Isles of Scilly Local Plan: A 2020 Vision. Part of this process is to understand the housing needs of the islands. A critical piece of the Local Plan evidence base therefore is understanding the population changes and housing market in order to understand the scale, distribution and type of housing required on the islands. David Coultie Associates (DCA) successfully tendered for this work and have produced a Strategic Housing Market Assessment (SHMA), which includes an objectively assessed housing need for the Isles of Scilly to help inform the Local Plan. The following is a summary of the key findings.

1 Context

- 1.1 Much of the land is under the ownership of the Duchy of Cornwall and let on a leasehold basis making it difficult to build new housing and the cost of development is also a significant factor. Build costs estimated to be 50% higher than the UK mainland due to freight costs.
- 1.2 The Islands have therefore much higher house prices than the mainland and coupled with low wages, low availability of owner-occupied housing and limited access to affordable housing, leading to out-migration of young people who leave for further education, employment and housing on the mainland.
- 1.3 Along with a loss of the younger generation, retirees migrate to the Islands to take advantage of the beauty of the local area, with an increasing older population placing significant implications for local services provided by the Council.
- 1.4 All of these factors mean the Council require a clear indication of the scale and mix of housing and the range of tenures that meet the changing needs of the resident population over the Plan period to 2030.

2 The Demographic Context & Future Projections

- 2.1 Analysis of changes in population and household profiles are essential in enabling an understanding of the level of housing need and demand within an area.
- 2.2 Demographic change creates the need for different levels and types of housing provision and is a key factor influencing the requirements for market and affordable housing.
- 2.3 The most significant feature is the growth of the population in the over 65 age group. This group represents 25% of the total population in 2014 and is expected to increase further to 32% in 2030. This group will impact on demand for supported housing, support services and need for adaptations to remain in their own home.
- 2.4 The working age population (16-64) will decline from 65% currently to 52% by 2030 with implications for the availability of a workforce to fulfil key roles within the community and economy.



3 The Economic Climate

- 3.1 The economic development of an area can be of equal importance in driving change in housing markets, especially due to the effect of migration. It is important to highlight the relationship between economic development and the provision of housing.
- 3.2 Whilst there is an obvious and established link between economic development and the requirement for new housing, the type of housing provided within an area can also play a central role in addressing and facilitating economic development and regeneration objectives.
- 3.3 The Isles of Scilly has high levels of Managers, directors and senior officials, reflecting the nature of smaller companies and a mix of skilled trades' occupations.
- 3.4 The occupational and industry profile of the Islands represents the more self-sufficient nature of life on the Islands, the influence of tourism, and both the importance of the public sector and small companies.
- 3.5 High levels of retirement can impact on the economy of an area with lower levels of economically active households. It also indicates an elderly population who will in the future require suitable accommodation to meet their changing needs.
- 3.6 There is also a relatively high level of wealth, based on the equity held in owner occupation. Many retired people will have their own resources for housing and care.
- 3.7 Incomes amongst concealed households are lower than in the population as a whole and their housing choices are consequently more limited. 89.3% of concealed households are unable to afford to buy in the owner occupied market and 72% cannot afford to rent in the private market.

4 Objectively Assessed Need

- 4.1 A primary objective of the Strategic Housing Market Assessment is to identify the future quantity of housing needed (National Planning Practice Guidance - paragraph 002).
- 4.2 Specific demographic and dwelling projections for the Isles were developed by Edge Analytics whose full Report to compare with the published Department of Communities and Local Government (CLG) 2012 sub national household projections (SNHP).

Household Projections – 2015 - 2030

Scenario	2015	2030	Change	Change %
SNHP12	974	874	-100	-10.3
STATIC	1,023	1,040	17	1.7
GROWTH	1,027	1,105	78	7.6

Where:

SNHP 12 is the CLG sub national household projections for 2015-2030 for the isles of Scilly;

STATIC is the scenario with no overall no growth;

GROWTH is the scenario, driven predominately by modest net migration gains.

- 4.3 The nature of the use of the housing stock locally creates a high vacancy rate of 28.7% and results in a dwelling growth in the POPGROUP model from 1,442 to 1,551 units **a growth of 109 units** to meet the population growth of 78.



- 4.4 Analysis of the range of housing market signals set out in Guidance and PAS advice suggests that the very high cost of housing could justify a minimum increase of 10% additional dwellings, equivalent to 11 additional units.
- 4.5 **This would result in an OAN figure of 120 units over the Plan period to 2030.**
- 4.6 The focus on self-build as a means of delivering more affordable housing should be examined as the housing survey identified 11 households interested in this option if land could be made available.
- 4.7 In addressing new housing delivery it will be important to improve the flow of the existing stock particularly through linking small units for older people to households under-occupying their existing home, especially in the social sector.

5 Housing Demand and Need

- 5.1 The distinction between housing demand and need is fundamentally economic. If a household can satisfy its own requirement for housing in the private market it is termed 'demand' but if some form of subsidy is required it is termed to be 'need'.
- 5.2 The findings of the household survey identify that there is an overall total for market housing in the Islands of around 54 units and a need for 13 units of affordable housing over the 3 years to 2018.
- 5.3 The key feature of population change impact on the housing market is an ageing population with implied increasing care, support and accommodation needs.

6 Property Size Targets

- 6.1 In view of the current stock balance and longer term demographic and household formation change, all future development should address the imbalance of stock type and size, both by tenure and location to create a more sustainable and balanced housing market.
- 6.2 The need for different property sizes in the affordable and market sectors have been provided to support targets and give direction to the property types, and particularly size of housing to be delivered to create a better balance in the local stock.

7 Market Housing

- 7.1 Creating a more balanced stock has to address imbalances in the current stock structure.
- 7.2 Over 63% of all owner occupied properties have 3 bedrooms or more bedrooms, very high levels compared to the combined total of below 37% of 1 and 2 bedroom units.
- 7.3 There is a need for a higher proportion of two bedroom units to create a better housing offer and address the increasing need for smaller properties due to demographic and household formation change.
- 7.4 Broadly we recommend a **60% small and 40%** large unit split to assist in the achievement of a better housing offer in the Islands. This balance could be subject to greater variation at site level.
- 7.5 Although the major requirement should be to deliver fewer of the three bedroom properties which are over a third of the current stock, there is still a need to create balanced developments.



- 7.6 Overall however the need is still significantly for more one and particularly two bedroom properties uses to provide a more balanced housing offer.
- 7.7 It is not in the remit of this assessment to assess whether or not the evidence of housing demand can be delivered within the Islands. This exercise will need to consider a range of other factors and issues, including the impact of potential demographic and formation change, the ability of the Council to accommodate future housing growth and local planning constraints.
- 7.8 In view of the proportion of 3 bedroom properties in the current market stock, it is recommended that as a guide to developers, the **40% of new delivery for larger families could be split 20% three and 20% four bedrooms.**

8 Tenure Mix

- 8.1 NPPF requires the provision of tenure mix targets within affordable housing policies which may vary by location within the Islands to take account of demand, need and current affordable supply at local level.
- 8.2 The 2015 household survey found no expressed demand for shared ownership units from existing and concealed households forming. This is unusual but as there are none in the stock this result is perhaps not surprising.
- 8.3 However future delivery should provide for a better balance in the market and shared equity in some form utilising land values could provide affordable housing for sale for out-migrants leaving because of affordability and new forming households.
- 8.4 Tenure mix is normally a key factor in site viability and we recommend retention of a tenure **mix balance of 80: 20** between social rent and intermediate housing.

9 Affordable Housing

- 9.1 Local planning authorities are not expected to simply translate housing demand into actual housing targets that need to be met. They are only part of the evidence and need to be considered against other strategic factors, including cross-boundary issues.
- 9.2 Targets should be set based on what is sustainable, viable and deliverable, and importantly supports other corporate regeneration and economic growth strategies.
- 9.3 Social rented housing is 18.1% of the stock but does not provide adequate turnover to meet the scale of need identified.
- 9.4 The assessment of affordable need calculates that after re-let and re-sale supply of 9 units, there is still a shortfall of 15 affordable units a year from existing and new forming households.
- 9.5 Meeting the total need for affordable housing however also involves initiatives to free up under-occupied social units making best use of the existing stock in addition to new unit delivery through the planning system.
- 9.6 Making best use of the stock, particularly in the social sector could have a significant impact on the delivery requirements of future social rented need and the success and outcome of initiatives to improve the flow of stock require close monitoring.



10 Social Rented Property Size

- 10.1 Stock balance, turnover and waiting list demand analysis are vital to identify the gaps in the stock and the proportions by type and size required to address current and future need.
- 10.2 95.4% of the waiting list is for bedsits, one and two bedrooms. In view of the scale of need for small units it would be **reasonable to consider a property size target for 60% bedsits and one bedroom and 40% two bedroom properties.**