



# Housing Topic Paper

Draft Local Plan — 2015 to 2030



Council of the  
ISLES OF SCILLY



## Contents

List of Figures .....	2
Executive Summary .....	3
1. Context of the Isles of Scilly .....	4
2. Planning Policy Context .....	5
3. Local Housing Market Context .....	7
4. Past Approaches to Housing Provision .....	12
5. Understanding Future Housing Needs .....	16
6. Viability .....	20
7. Changes to Qualifying Criteria for Local Housing .....	23
8. Future Local Housing .....	26
9. Housing Strategy Recommendations .....	27
Glossary of Terms.....	30



Figure 1 CRHA Semi-detached Affordable Homes, St Martins



## List of Figures

- Figure 1 CRHA Semi-detached Affordable Homes, St Martins..... 1
- Figure 2 Housing on Tresco delivered under Proposal E 2005 Local plan..... 4
- Figure 3 Chart of 20 years of average house prices. Source: Land Registry ..... 8
- Figure 4 Policy 3, 2005 Isles of Scilly Local Plan..... 9
- Figure 5 Council Housing at Sally Port, St Mary's ..... 10
- Figure 6 Council Housing, Ennor Close, St Mary's ..... 10
- Figure 7 Ownership split of Council Housing, Source: CLOS ..... 11
- Figure 8 CRHA Semi-detached Affordable Dwellings, Bryher ..... 11
- Figure 9 Types of homes delivered 2006 - 2016 ..... 14
- Figure 10 Size of Homes delivered 2006 - 2016..... 14
- Figure 11 Types of land delivering housing 2006 - 2016 ..... 15
- Figure 12 The Nature of Sites Coming Forward 2006 - 2016 ..... 15
- Figure 13 The current qualifying criteria for occupying Specific Local Need dwellings..... 24
- Figure 14 The current eligibility criteria for Key Worker Status ..... 24
- Figure 15 Proposed revised qualifying criteria for local affordable housing ..... 25



## Executive Summary

This housing topic paper has been drawn up to provide evidence and explanation to underpin the housing strategy of the emerging Isles of Scilly Local Plan. In 2015 the public were consulted on the intention of the Local Planning Authority (LPA) to review the 2005 Local Plan. This consultation was largely based upon a Scoping Report which included questions around the issue of housing. Officers also set up off-island events on all of the inhabited islands to gauge people's views on a new local plan. 60% of respondents agreed that housing was an issue that should be addressed in the new local plan and only 9% of respondents disagreed that new housing was required on the islands. It is clear, however that building new homes is a particularly sensitive issue to those who live, work and visit the islands. The sensitivity of this issue is the reason for this topic paper.

The Local Plan Review process commenced shortly after the publication of the 2014 Strategic Economic Plan (SEP) for the Isles of Scilly. This work was commissioned by the Council to provide a basis for future economic growth of the islands and was carried out by Three Dragons and Ash Futures Ltd and included a Housing Growth Plan (HGP). The SEP and HGP formed the basis of understanding existing housing issues but identified the need to develop a greater understanding of the housing situation. This led to the commissioning of a Strategic Housing Market Assessment (SHMA), which included a Housing Survey of all residents. This work was produced by David Couttie Associates and was published in 2016.

The combined work of the HGP 2014 and the SHMA 2016 highlight the problems with the housing market, the housing needs facing the islands and why it is necessary to plan strategically for modest housing growth.





## 1. Context of the Isles of Scilly

- 1.1 The Isles of Scilly are located 28 miles of the south west coast of Cornwall, and to commute from Penzance, via the Scillonian Ferry, takes 2 hours 45 minutes to travel around 40 miles, which operates March to November. Outside of this the only other current option to get to the islands is via aeroplane. From Lands End Airport you can reach the islands in as little as 15 minutes and you can also commute from Newquay Airport which takes 30 minutes. These services operate on a year-round basis. During the summer you can also commute from Exeter airport which takes around 1 hour. The transport links between the islands and mainland UK are a fundamental part of life on the islands. This importance is reflected in the recent proposal, approved by Cornwall Council, to reinstate a heliport in Penzance to provide a dedicated helicopter service to the islands. If the proposal is implemented a heliport should provide greater access and flexibility to those visiting, working and living on the islands. The last helicopter service between Penzance and Scilly ceased operation in 2013 and with its loss the islands became a little bit more isolated.
- 1.2 Whilst geographically small, the remit of the Council includes being the responsible authority for water services (Water Authority), for the local highway network (Highway Authority), for education (Education Authority), for planning (Planning Authority), for health and social care service (Adult Social Care and Children's Services) it also operates the local airport on St Mary's and is also responsible for the disposal of refuse both domestically and commercially (Waste Authority).
- 1.3 Comprising 5 inhabited islands and hundreds of smaller uninhabited islands and rocky outcrops, the Isles of Scilly are home to a population of 2203 people (Census 2011). The total amount of land comprising the inhabited islands is around 6 square miles (15.5km). This creates a general density of around 137 people per square kilometre (383 per square mile). Cornwall has a density of 153 per square kilometre and England has a density of 413 people per square kilometre (or 353 excluding London).



Figure 2 Housing on Tresco delivered under Proposal E 2005 Local plan



## 2. Planning Policy Context

2.1 The Isles of Scilly are designated an Area of Outstanding Natural Beauty (AONB), Heritage Coast and Conservation Area. An AONB is a statutory designation under the Countryside and Rights of Way Act 2000. The Act confirms the purpose of designation AONBs is the conservation and enhancement of the natural beauty of the area. It gives the local authority a permissive power to take action to conserve and enhance the natural beauty of the AONB in their area. It is a statutory requirement under Part IV of The Countryside and Rights of Way Act 2000 (the CRoW Act) for a local authority to prepare and publish a plan which formulates the policy for managing each AONB that falls within the local authority catchment. **The vision contained in the current Management Plan 2015 - 2020 is that the Isles of Scilly AONB designation:**

- Retains the special qualities of landscape and seascape that form the essence of the AONB
- Is recognised, understood and conserved for all to appreciate, enjoy and respect in a manner that is socially and economically sustainable
- Responds to forces for change, including climate change, tourism, agriculture, development and energy security by integrating the needs of local communities and visitors with the conservation and enhancement of a nationally important landscape
- Welcomes visitors who contribute to the sustainable economy of the Islands without compromising the special qualities of the AONB
- Supports a farming community that is successfully adapting to changing economic circumstance through sustainable diversification and strategic resource management that respects and conserves the AONB's traditional landscape features
- Supports a population with a strong sense of community, working in partnership to achieve social, economic and environmental sustainability
- Supports a diverse community that enjoys a good quality of life, with opportunities for young people to remain on the Islands and with access to fulfilling employment and a wide range of services

- 2.2 The Management of the AONB is delegated to the Isles of Scilly Wildlife Trust who implement the management plan 2015 – 2020 on behalf of the AONB Partnership.
- 2.3 The Act states that the purpose of the management plan is to formulate the policies of local authorities for the management of the Area of Outstanding Natural Beauty and for the carrying out of their functions in relation to it.
- 2.4 The Act places a statutory duty on relevant authorities to have regard to the purpose of conserving and enhancing the natural beauty of the AONB when exercising or performing any functions affecting land in the AONB. "Relevant authorities" are any public bodies including local and statutory authorities, parish councils and statutory regulators.
- 2.5 In 1975 the islands were designated a Conservation Area. Section 69 of the *Planning (Listed Building and Conservation Areas) Act 1990* defines conservation



areas as 'areas of special architectural or historic interest, the character or appearance of which it is desirable to preserve or enhance' and local planning authorities have the statutory duty to identify and designate such areas

- 2.6 Section 71 of the act requires LPAs to formulate and publish proposals for the preservation and enhancement of conservation areas. There is also a duty to consult the public on the proposals. Clearly the production of a conservation area character appraisal at the time of designation or review is essential to provide an understanding of what the council is seeking to conserve.

### National Planning Policy

- 2.7 In 2012 the Government published the National Planning Policy Framework (NPPF) which replaced all other previous Planning Policy Guidance (PPGs) documents. The NPPF states that local planning authorities should 'use their evidence base to ensure that their Local plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework<sup>1</sup>'. Paragraph 14 also states that Local Plan should meet objectively assessed needs unless:

- **Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole; or**
- **Specific policies in the Framework indicate development should be restricted.**

- 2.8 For example, those policies relating to sites protected under the Birds and Habitats Directives (see paragraph 119) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an **Area of Outstanding Natural Beauty** (AONB), Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets; and locations at risk of flooding or coastal erosion.

- 2.9 National Planning Policy Guidance (NPPG) was published in 2014 and addresses whether local planning authorities have to meet in full the housing needs, identified in the housing needs assessment. This guidance makes it clear that assessing need is the first stage in developing a local plan and once this has been assessed the reasonable amount of land available to meet that need should be considered to establish realistic assumptions about the availability, suitability and likely economic viability of land to meet the identified need for housing over the plan period. The NPPG acknowledges that housing supply and affordability are issues in rural areas, recognising the role of housing in supporting the broader sustainability of rural settlements to ensure the viable use of local services and facilities to maintain thriving communities.

- 2.10 The NPPF sets out twelve core planning principles and that planning should take account of the different roles and character of different areas, **recognising the**

<sup>1</sup> DCLG (2012) National Planning Policy Framework, London: DCLG, Para. 47.



**intrinsic character and beauty of the countryside** and supporting thriving rural communities within it.

- 2.11 The NPPF also recognises the special circumstances in **delivering housing within AONBs** which are given the **highest status of protection in relation to landscape and scenic beauty** (para 114). The **AONB is a statutory designation** under the Countryside and Rights of Way Act 2000. This purpose of which is the **conservation and enhancement of the natural beauty** of the area.
- 2.12 The Government continues to regard AONBs as having the highest status of protection as far as landscape and natural beauty are concerned. As the quality of the landscape creates a desirable place to live it is one of the main causes for high house prices. The quality of the landscape necessitates the need for a protectionist approach and means that opportunities for new development are limited. As a result the housing market no longer reflects the income of those living and working locally. This is unsustainable both economically and socially. Lower paid workers who are unable to find homes close to their places or work are creating over-occupied households or it forces younger families to leave the islands.

### 3. Local Housing Market Context

#### Size of Population

- 3.1 The resident population of the islands is small with the last census of 2011 recording just over 2,200 people split over 5 inhabited islands, mainly living on the largest island of St Mary's. The geographic area of the islands is small covering around 6 square miles (15.5km). Both the HGP and the SHMA recognised that along with the rest of mainland UK the islands population is aging, although to no greater degree than elsewhere. A small population creates problems of maintaining a balanced and viable community to fulfil the essential requirements of a self-contained island community.

#### Higher than average rental reliance and less owner-occupation

- 3.2 It is recognised that the current housing stock of the islands has a lower percentage of owner-occupation compared to the mainland. For the resident population there is a much greater reliance on private rented housing with an estimated 30% of the housing stock<sup>2</sup> being identified as a 'second home' or used as a 'holiday let'. The supply of housing for local occupation comes from two main sources including the development of new housing and re-lets and sales of the existing housing stock.

#### Higher than average house prices

- 3.3 The value of homes on Scilly is significantly higher than both the national UK average and the south-west average. The chart in Figure 3 below presents the data from Land Registry on actual prices paid for house sales on the Isles of Scilly. This suggests that house prices are significantly higher compared to mainland UK prices. There are other factors influencing house prices, including the added value of 'desirability' of the islands as an attractive and quiet place to retire or have a 'second home'. As noted above the Isles of Scilly have a higher than average number of second homes, which is a significant proportion of the existing housing stock. This is

<sup>2</sup> 2011 Census





reflected in the fact that the islands have been included as one of 150 Councils affected by high levels of second homes who will receive of a share of £60 million pounds (announced in December 2016 by DCLG) to assist in delivering local and affordable housing. This confirms that there are recognised housing delivery issues, as a result of this 'desirability' on the islands.

### Comparison of House Prices to the Isles of Scilly

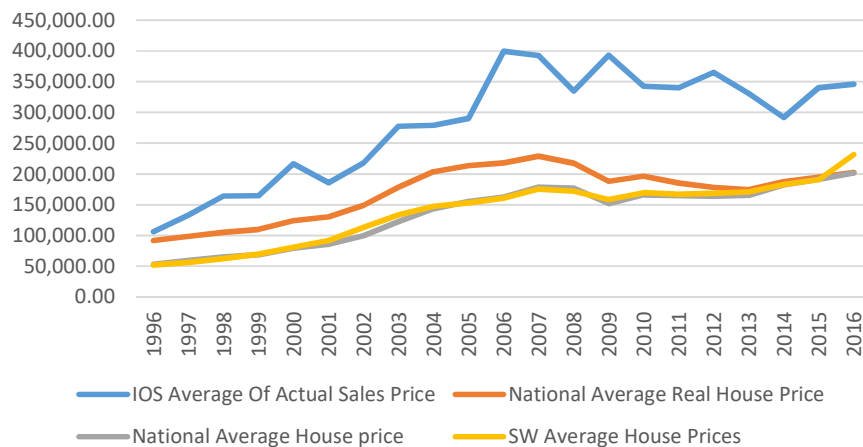


Figure 3 Chart of 20 years of average house prices. Source: Land Registry

### Lower than average incomes

- 3.4 Average income of islanders is also a factor in accessing housing. The 2016 SHMA highlighted that 35% of households had incomes below £20,000. The total proportion earning below the regional (South West) average of £26,518 per annum (source: Annual Survey Hours Earnings ASHE 2015, median income) was 49.5%, the average earning below the corresponding figure in Cornwall of £23,346, with 42.6% on the Islands earning below the Cornwall County average. It should be noted there is no ASHE data for the Isles of Scilly due to the low reliability of the data sample. 21.4% of households responding to the Housing Survey 2015 stated that they earned over £45,000 with 3.8% earning in excess of £75,000.

- 3.5 High house prices combined with the largely tourism based economy and resultant seasonal nature of many of the islands job opportunities results in lower than average incomes. A combination of factors that result in difficulties for the local population to purchase homes.

### Planning restrictions on occupation of any new build housing.

- 3.6 Since the 2005 local plan was adopted a modest amount of new homes have come forward through the planning system. These have largely been the provision of affordable homes and delivered by Housing Associations or one-off self-build projects. Policy 3 restricts the development of housing to that which meets the needs of the community only, as set out in figure 4 below. Outside of one-off, self-funded projects, funding to build affordable houses is limited, given the significantly higher build costs, which deters even small-scale house builders from considering the islands as place to build. There is little profit in building houses on the islands when



you factor in the additional freight costs of delivering the resources to build to the small scales of the Isles of Scilly.

#### Policy 3 - Housing

1. To endeavour to ensure that housing is available to meet the needs of the community in perpetuity and to promote sustainable communities on the inhabited islands, no general open market housing will be permitted.
2. To ensure that suitable housing is available to meet the long term needs of the community, residential development will only be permitted where it is required to meet:
  - a) an identified and recognised local need or to accommodate a key worker whose needs cannot be met by the existing housing stock; or
  - b) the provision of staff accommodation for businesses on or near the premises where possible and where it can be demonstrated that there is no other accommodation available and it is not possible to recruit staff already housed on the islands.
3. All new residential development will be subject to secure arrangements to ensure that it remains permanently available to meet the specific identified need that justified its original permission.
4. In the case of any new dwelling, it must be sited adjacent to or integrated within an existing settlement or established group of dwellings.
5. Development proposals that result in an inappropriate mix of dwelling sizes or net loss to the residential housing stock will not be permitted.
6. Development proposals to change the use of a residential dwelling to a small guesthouse (up to 6 bed spaces) will be permitted only where a permanently occupied residential unit is retained. The subsequent change of use from a small guesthouse to the original dwelling will be permitted.

Figure 4 Policy 3, 2005 Isles of Scilly Local Plan

#### **Limited availability to purchase free-hold land**

- 3.7 Land ownership can be a factor in building homes. Outside of Hugh Town on St Mary's, and the island of Tresco (which is leased to the Dorrien-Smith family on a long lease), the majority of land is in the ownership of the Duchy of Cornwall Estate where it is largely tenanted as agricultural land on long-term leases or is coastal, heath and nature reserve managed by the Isles of Scilly Wildlife Trust. There is land, owned by the Duchy, outside these broad categories but for one-off developments it can be difficult to obtain land to build a dwelling. This generally has a positive effect for the islands, as it removes the possibility of speculative unplanned development which has preserved the natural environment and landscape of the island. It can, however, also mean that there are perhaps fewer freehold self-build opportunities for local people seeking to build their own home. Although it is acknowledged that other viable small scale estate development, as per the affordable homes listed on page 13, has not been affected in the same way.



Figure 5 Council Housing at Sally Port, St Mary's

### Loss of control over Social and Council Housing Stock

- 3.8 Nationally there were around 1.8 million properties purchased under Right to Buy (RTB) between 1980/81 and 2013/14. The number of dwellings owned by local authorities in England declined from 5.1 million in 1980 to 1.7 million in 2014. The total capital receipts from RTB sales up to 2010/11 amounted to around £45 billion<sup>3</sup>.



Figure 6 Council Housing, Ennor Close, St Mary's

- 3.9 As of 2016 there are 108 homes owned and maintained by the Council of the Isles of Scilly and whilst a number of applications have been made to purchase under RTB there have been a total of 13 properties lost under this scheme, which is around 9% of the total council housing stock, as shown in Figure 7 below. This low take-up of right to buy is likely to be as a result of the higher than average value of council

<sup>3</sup> 2015 Report on The Impact of the Existing Right to Buy and the Implications for the Proposed Extension of Right to Buy to Housing Associations: <https://www.parliament.uk/documents/commons-committees/communities-and-local-government/Full-Report-for-Select-Committee-141015final.pdf>





housing on the islands together with low social rents and the covenants imposed on the sale of any council housing stock.

### Ownership split of Council Housing 2016

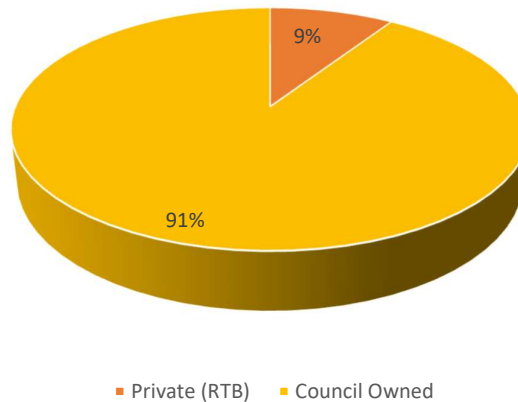


Figure 7 Ownership split of Council Housing, Source: CIOS

- 3.10 In 2015 the Government announced plans to extend the voluntary rights of social housing tenants to purchase their homes. Whilst this has yet to be rolled out nationally, and is currently being piloted by 5 Housing Associations, the proposal includes the sale of affordable housing, owned and managed by Housing Associations. This could result in the loss of the much needed high value homes on St Mary's, St Martin's, St Agnes and Bryher if the extended rights are enacted.



Figure 8 CRHA Semi-detached Affordable Dwellings, Bryher

- 3.11 These factors create a set of circumstances that limit who is willing and who is able to build housing, affordable or otherwise, in what is a desirable location. Delivering affordable housing therefore is heavily reliant on subsidies which, in times of





Government spending review, has been reduced across all areas. This includes that available to local government as well as non-departmental public bodies such as the Homes and Communities Agency (HCA) who are the primary source of funding for affordable housing in England. During the 2005 Local Plan period sources of funding through the HCA enabled the delivery of social housing on the islands, particularly early on in the life of the 2005 Local Plan.

- 3.12 The HCA enabled the construction of two affordable homes on Bryher, two affordable homes on St Martin's, 3 affordable homes on St Agnes and 20 on St Mary's, as set out in the table in table 1 below.

Table 1 Housing Association Homes delivered under the 2005 Local Plan

Island	Number of Affordable Homes delivered	Housing Association
<b>St Mary's</b>	Ennor Close x 6 (2004/5)	Cornwall Rural HA (CRHA)
	Branksea Close x 6 (2006)	Devon & Cornwall HA
	Barnes Acre x 6 (2007)	CRHA
	Well Cross x 2 (2014/15)	CRHA
<b>St Martins</b>	Middle Town x 2 (2010)	CRHA
<b>St Agnes</b>	Higher Town x 3 (2010)	CRHA
<b>Bryher</b>	Church Quay x 2 (2010)	CRHA

## 4. Past Approaches to Housing Provision

- 4.1 The 2001 South West Regional Plan acknowledged the continuing struggle to maintain viable and balanced communities and that there was a need to ensure that housing is available for local people, to diversify the local economy and maintain and improve the air and sea links to the islands as well as protect the environment. Policy HO4 of this plan covered housing in rural areas and the Isles of Scilly. This policy sought to ensure that local authorities, social housing providers and other agencies made provision for limited additional housing within or adjacent to settlements in the Isles of Scilly where it supported local services which could become unviable without some modest growth; it is needed to support local economic development which will help in diversifying the rural economy or housing where it is required to meet the needs of the rural communities, including affordable housing. The 2001 Regional Plan did not prescribe any housing figures for the Isles of Scilly.
- 4.2 Progress on the replacement Regional Plan was at an advanced stage when the 2011 Localism Act officially revoked all Regional Spatial Strategies. Since 2011 there has been no regional housing figures provided by the South West Regional



Assembly. The Draft Regional Spatial Strategy for the South West did reach publication stage in June 2006 and covered the period from 2006 to 2026. Policy SR42 of this draft plan required Local Development Documents (that is Local Plans produced by Local Planning Authorities) to ensure that housing is available for local people to diversify the local economy and maintain and improve the air and sea links to the islands and to protect the environment. This draft document estimated a strictly local needs provision only of an annual overall net dwelling requirement of 5 homes from 2006 to 2026. Essentially this suggested that there was a need to deliver 5 new homes per year or 100 homes over a 20 year period.

- 4.3 The 2005 Isles of Scilly Local Plan has sought to maintain a 'no open market housing' approach and only permit new housing that would be delivered to meet the needs of the community (i.e. to meet a specific local need, key worker or for staff accommodation). Whilst a small amount of housing came forward as a result of allocations in the Local Plan, including developments on St Mary's and Tresco. Social housing on the off-islands, not allocated in the plan, also came forward as a result of government funding. Housing developments have, however, in the last 5 years slowed to one-off windfall sites for local self-build. This situation is due to a combination of the constraints mentioned in paragraph 3.4 above but also the reduced government funding for the delivery of social housing in rural areas that had previously come through the Homes and Communities Agency (HCA).

#### **Understanding Past Trends**

- 4.4 The Planning and Compulsory Purchase Act 2004, which came into force in September 2004, introduced fundamental changes to the planning system. Section 35 of the Act required that every Local Planning Authority submit an Annual Monitoring Report (AMR) to the Secretary of State by the 31st December. Monitoring is central to sound spatial planning and the achievement of sustainable development and is required to identify the impact of planning policies and proposals and assess whether or not they need adjusting or replacing to ensure they meet their purpose.
- 4.5 The Authority Monitoring Reports (AMR) were designed to enable monitoring and communication of the effectiveness of the local plan in terms of its policies and proposals. Up to 2011 the AMR was comprised of a set of Government identified 'Core Output Indicators' as well as a set of locally defined 'Local Indicators'. After 2011 Section 113 of The Localism Act (2011) included the requirement to produce an Authority Monitoring Report (AMR). This enabled authorities to choose which targets and indicators to include in the report as long as they are in line with the relevant UK and EU legislation. Their primary purpose is to share the performance and achievements of the planning service with the local community. The Council of the Isles of Scilly, after 2012, simplified the monitoring as many of the core output indicators were not relevant to development taking place on the islands.
- 4.6 The following housing data has been extracted from the 2006/7 AMR through to 2016/17 and shows the types of housing delivered over the Local Plan 2005 period.



Housing Delivered over the 2005 Local Plan Period  
by Housing Type

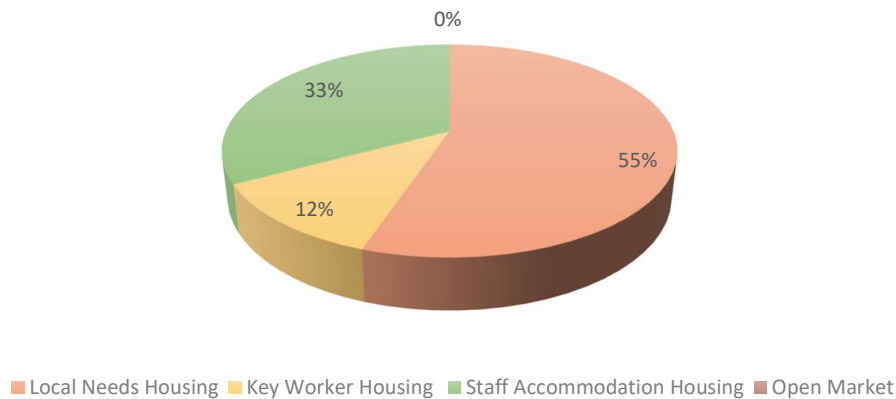


Figure 9 Types of homes delivered 2006 - 2016

- 4.7 The figures show that excluding new holiday let homes delivered during the period, the 2005 Local Plan enabled 67 new homes to be delivered. All of these homes were subject to either planning obligations (Section 106 Legal Agreements) or planning conditions to restrict homes from being sold-on as second homes or holiday letting properties. With the exception of the permissions to allow the replacement of an already unrestricted dwelling, with a dwelling that is not materially larger than existing (which are not included in the above figures), all of the 67 homes were controlled. The chart in figure 9 above identified that over half (55%) were delivered to meet a specific local need, whilst less than 12% were delivered as key worker accommodation and around 33% were delivered to meet staff accommodation needs.

Housing Delivered over the 2005 Local Plan Period  
by Bedroom Size

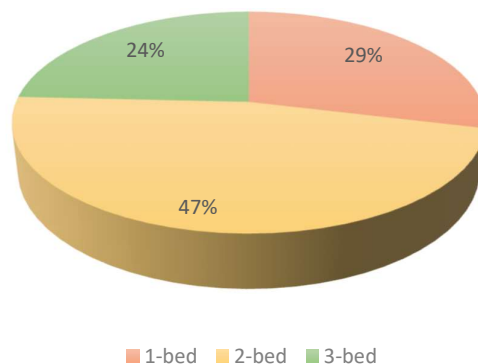


Figure 10 Size of Homes delivered 2006 - 2016

- 4.8 Figure 10 above highlights that the most common housing delivered was of a 2-bedroom size which was 47% of the total new housing delivered. There were no



larger properties of 4 bedroom size or more. There were slightly fewer 3 bedroom size properties delivered overall, around 24% of the total and 29% were of a 1-bedroom size.

Housing Delivered over the 2005 Local Plan Period  
by Land Type

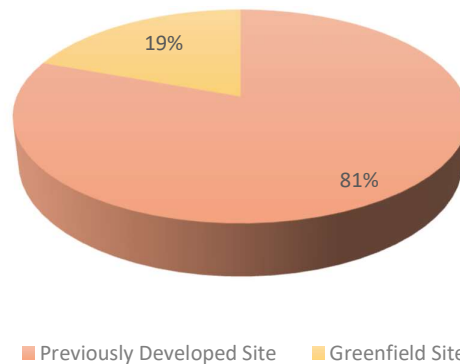


Figure 11 Types of land delivering housing 2006 - 2016

- 4.9 Figure 11 identifies that most housing delivered over the course of the plan period was through the use of previously developed land or buildings. Around 80% of new housing created came through the re-use of previously developed land or buildings.

Housing delivered over the 2005 Local Plan Period by  
Allocations versus Windfall Sites.

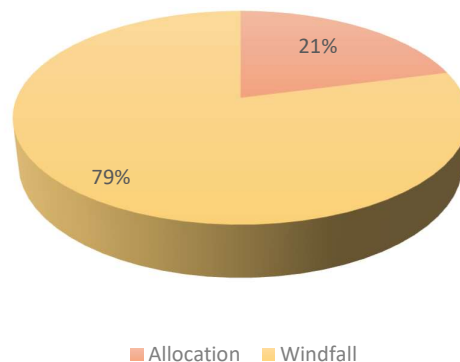


Figure 12 The Nature of Sites Coming Forward 2006 - 2016

- 4.10 The data contained in the AMR and the sites that came forward for housing over the plan period, shows that almost 80% were windfall sites and not sites allocated in the local plan, as indicated in Figure 12 above. In fact there are two sites within the 2005 Local Plan (Sites within Proposal A, A1: 0.34 hectares adjoining Coastguard Bungalows and A2: 0.36 hectares on the eastern side of McFarland's Down) that remain undeveloped.





- 4.11 Two of the allocated sites within the Local Plan (Proposal A3: 0.06 hectares of derelict farm buildings at Normandy Farmhouse and Proposal E: mixed use development on Tresco) were delivered through the 2005 Local Plan. This equates to around 20% of the housing delivered.
- 4.12 The housing delivered at Normandy Farmhouse and the unallocated affordable homes delivered on St Mary's at Well Cross Yard, Ennor Close and Branksea Close as well as that delivered on the off-islands including 3 homes on St Agnes, 2 homes on Bryher and 2 homes on St Martins were part-funded through the Homes and Communities Agency (HCA). The HCA have in recent years been the biggest source of funding for the construction of affordable housing. Nationally the Government has recorded, through the Department of Communities and Local Government (DCLG) that 32,110 affordable homes were delivered in England in 2015/16. This is 52% lower than the 66,600 affordable homes delivered in 2014/15. This fall reflects the transition from the 2011 to 2015 Affordable Housing Programme to the new affordable housing programmes which refocuses the need to deliver shared ownership housing<sup>4</sup>. The fact that no affordable housing projects have come forward in recent years on the islands, despite acknowledged housing needs demonstrates the difficulties in delivering affordable housing projects on the islands.
- 4.13 Whilst there is a supply of existing houses on the islands that would be expected to satisfy the housing needs of the population, the core of older housing stock including council homes lost through right-to-buy, are not otherwise restricted through the planning system. It is the ability of anyone being able to purchase property on Scilly, together with the desirability of the location, which pushes up the average house prices out of the reach of the local population. There are no control mechanisms that could be retrospectively applied to enable existing property to only be occupied by those and living and working on the islands and it is not considered that this would be wholly appropriate given the reliance of the economy on tourism. With the remaining properties that are available to rent or buy by the community there are insufficient in type and number to create movement in the housing market. There is therefore a need to construct more affordable homes that are sufficiently controlled in perpetuity and of the right size and tenure to ensure the housing needs are satisfied without having a continual need to build more housing in the future, which could have a negative impact upon the important and highly protected landscape.
- 4.14 It is paramount therefore that the right number and type of homes are built with enforceable control mechanisms to avoid the need to build unnecessarily in an area that is highly designated and protected for its natural and historical environmental quality.

## 5. Understanding Future Housing Needs

- 5.1 The NPPF sets out that local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements. Therefore LPAs should have an identified five-year housing supply at all points during the plan period. Housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating

<sup>4</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/569979/Affordable\\_Housing\\_Supply\\_2015-16.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569979/Affordable_Housing_Supply_2015-16.pdf)



the five year supply. Considerable weight should be given to the housing requirement figures in adopted Local Plans, which have successfully passed through the examination process, unless significant new evidence comes to light. It should be borne in mind that evidence which dates back several years, such as that drawn from revoked regional strategies, may not adequately reflect current needs.

### **The Objectively Assessed Need (OAN)**

- 5.2 The 2016 Strategic Housing Market Assessment (SHMA) has been an important piece of work to understand the housing needs of the islands. It was undertaken to provide a comprehensive and robust assessment to obtain high quality information about current and future housing needs of the Isles of Scilly. This work analysed household and population projections, addressing the need for all types of housing and identifying the housing demands on the islands. This work used a mix of primary data through a Housing Needs Survey and secondary data from local and national sources to inform the future policies of the new local plan. It identified that the OAN of the Isles of Scilly equates to 120 homes over the plan period. This figure factors in net migration and an element of market housing to address very modest growth. The affordable housing element of this however is identified as 105 homes over the plan period. It is considered that setting a figure that seeks specifically to deliver a prescribed amount of market housing, to meet demand as opposed to need, is not considered to be an acceptable approach for the Isles of Scilly.
- 5.3 National Planning Policy Guidance (NPPG) on calculating the 5 year housing land supply is clear that only 'deliverable sites' should be used in the calculation. This could include those that are allocated for housing in the development plan and sites with planning permission. It is stated in the guidance that planning permission or allocation in a development plan is not a pre-requisite for a site being deliverable in terms of the five-year supply. Local planning authorities have to provide a robust, up-to-date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out. If there are no significant constraints, such as infrastructure, to overcome then it can be considered capable of being delivered within a 5 year timeframe.

### **Potential Housing Sites from the 2016 SHLAA**

- 5.4 The following set of standard outputs should be produced from a Strategic Housing Land Availability Assessment (SHLAA) to ensure consistency, accessibility and transparency:
- *a list of all sites or broad locations considered, cross-referenced to their locations on maps;*
  - *an assessment of each site or broad location, in terms of its suitability for development, availability and achievability including whether the site/broad location is viable) to determine whether a site is realistically expected to be developed and when;*
  - *contain more detail for those sites which are considered to be realistic candidates for development, where others have been discounted for clearly evidenced and justified reasons;*
  - *the potential type and quantity of development that could be delivered on each site/broad location, including a reasonable estimate of build out rates, setting out how any barriers to delivery could be overcome and when;*



- an indicative trajectory of anticipated development and consideration of associated risks.

5.5 The site assessment sheets that form the 2016 SHLAA include 23 sites on St Mary's and 4 sites on Tresco. All sites have been the subject of site visits as well as desk-top investigations to determine all potential constraints. Whilst no sites have unimplemented planning permission for housing developments the table 2 below summarises the numbers of potential homes that could be delivered over the plan period.

Table 2 Table of Possible Housing Sites and Delivery Periods, Source: SHLAA 2016

Settlement Area	0-5 years	6-10 years	11-15 years	Total
Hugh Town	50	0	0	50
Old Town	35	48	0	83
Tresco	4	8	8	23
<b>Total</b>	<b>89</b>	<b>56</b>	<b>8</b>	<b>153</b>

- 5.6 The land in the SHLAA has excluded sites that have identified constraints that suggest they would not be deliverable over the plan period. It has also excluded sites that are locationally unsustainable. The potential sites identified as suitable could deliver a minimum of 153 homes, at modest densities, over the plan period. Planning guidance suggests that the size of sites will be an important factor in identifying whether a housing site is deliverable within the first 5 years and the time it takes to commence development on site as well as build-out rates will also be of a consideration to ensure a robust five year housing supply.
- 5.7 Whilst the breakdown of each of the 5-year brackets does not reflect the size of the sites, it does reflect a sequential approach to sustainable sites, with Hugh Town and Old Town being considered more sustainable places to develop than those sites further north on St Mary's. This is considered to be the most reasonable approach in calculating the 5 year housing land supply.
- 5.8 What is apparent from the SHLAA is that no sites were submitted on the off-islands of St Martins, St Agnes or Bryher. This is because of the small scale nature of these islands and the Duchy of Cornwall Estate not considering it appropriate to identify sites on these small islands. It is likely that housing demand on the off-islands would be assessed as the opportunity or need arises. Furthermore the SHMA did not breakdown the housing need by island and as such it is difficult to precisely identify the housing needs of each island. It is considered appropriate to cater for housing needs outside of St Mary's on a windfall approach only.

#### 5 year housing land supply calculation (OAN)

- 5.9 The land identified as deliverable within 0-5 years would provide around 89 homes. The SHMA figure of 8 homes per year (120 over 15 years), as the objectively assessed need, would equate to a need to provide land for around 40 homes in the first 5 years. The five year housing land supply calculation on the basis of sufficient land to accommodation 89 homes would be 11.12 years supply of housing land. If account is taken for the plan period being 2015 – 2030 and adjust this to 2017, 120 homes over this period accounts for 8.5 homes per year. This results in a need to



deliver 42.5 homes over the next 5 years. The adjusted 5 year housing land supply calculation on this basis would be 10.4 years supply of housing land.

### 5 Year housing land supply calculation (Affordable Housing)

- 5.10 As identified above the land identified as deliverable within 0-5 years would provide around 89 homes. For affordable homes the SHMA figure of 7 homes per year (105 over 15 years) would equate to a need to provide land for around 35 affordable homes in the first 5 years. The five year housing land supply calculation on the basis of sufficient land to accommodate 89 homes would be 12.7 years supply of housing land. If account is taken for the plan period being 2015 – 2030 and adjust this to 2017, 105 homes over this period accounts for 7.5 homes per year. This results in a need to deliver 37.5 homes over the next 5 years. The adjusted 5 year housing land supply calculation on this basis would be 11.8 years supply of housing land.
- 5.11 It is not expected that the all of the sites identified as suitable for housing within the 2016 SHLAA would be developed. Whilst the SHLAA for the Isles of Scilly is following the approach set out in the NPPG, and has been used to demonstrate a 5 year supply of housing land, given the policy focus on the delivery of local needs affordable housing, it is not considered necessary to provide a continual rolling five-year supply, as required by paragraph 47 of the NPPF. The difference between planning for the OAN housing figure of 120 and the Affordable Housing element figure of 105 homes over the plan period is marginal. **It is considered that the five year housing land supply for the Isles of Scilly is currently 11.8 years supply based on the need to plan for affordable homes only.**
- 5.12 Section 4 above clearly shows that the past delivery of housing has been through windfall sites and as such there are sufficient grounds to not identify or update this study annually. In making allowances for windfall sites the Isles of Scilly consider that the amount of land submitted for the current 2016 SHLAA demonstrates that it can meet its objectively assessed housing requirements over the plan period. The difference is 1.4 years less of a supply of housing land over the next 5 years. As a consequence of accepting that enabling development is likely to be a necessary aspect of housing delivery, the small amount market housing within the OAN figure of 15 homes will be delivered over this period. It is therefore not considered necessary to set a figure that includes market housing.

### Types of Housing

- 5.13 The 2016 SHMA analysed changes in population and household profiles to enable an understanding of the level of housing need and demand within the islands. 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. The SHMA identified that the most significant feature for the Isles of Scilly is the growth of the population in the over 65 age group. This group represented 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. The SHMA also noted that the household projections suggest 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. A decline therefore that needs to be critically addressed. This information helps to understand the type of homes to plan for during the plan period.

- 5.14 The SHMA highlighted that overall there is a need to provide smaller house sizes across all types of housing. This is regardless of whether this is market housing or affordable housing with both the need being expressed for smaller property sizes and the higher number of larger homes within the privately owned stock.

#### **Self-build or Custom-build homes**

- 5.15 The 2015 Housing Survey, that formed part of the SHMA, flagged up the demand for 11 self-build properties. This is supported by the current demand expressed for this type of housing on the Custom/Self Building Housing Register, which was established in April 2016. At the time of writing this report there were 18 households (as of March 2017) registered to self-build. Self or custom build housing is housing built or commissioned by individuals or groups of individuals for their own occupation. The Government wants to make building your own home a mainstream housing option and considers it an affordable way of building a place that people are proud to call home. As a consequence it is likely that greater emphasis will be required on enabling the delivery of self and custom build homes. In terms of meeting the needs of this group, all housing developments should consider opportunities to set aside a proportion of the sites net developable area for self or custom build housing, given the evidence of a demand for this housing locally.
- 5.16 The current self-build register demonstrates that all of the current demand is for development plots on St Mary's. This demand is primarily for property sizes of between 2 and 4 bedrooms, preference being within the 3 bedroom size category with the desire for the property type to be terraced, semi-detached or detached. Clearly not all of these preferences can be met but it demonstrates an ability and a desire to custom/self-build housing on the islands. This demand is locally-driven from people who already live on the islands and have a pre-existing connection here.

## **6. Viability**

- 6.1 As widely recognised, and as identified in the SHMA, house prices on the Isles of Scilly are much higher than the average house prices for mainland UK. A factor that might be expected to make building houses more viable on the islands. However, the combination of significantly higher build costs (estimated to be around 50% higher than the mainland), together with existing planning restrictions on who can live in new-build homes, has made the development of new homes of any size unviable for developers.
- 6.2 The viability issues have been exacerbated by an increasingly aged water and sewerage infrastructure system that results in a degree of unknown costs for any potential developer considering building homes on the islands, particularly where these are to deliver local needs housing. The development of sites for housing therefore is likely to be less viable when factoring these issues against development profit. It is anticipated that money secured through the Community Homes Fund could be used



to investigate further the viability testing of suitable sites to ensure local homes are delivered without significant cost which could result in the need to construct a higher number of 'open market' property as a delivery mechanism. The viability testing is required to inform the policies of the emerging local plan. If as expected the results of this viability testing indicate that the development of 100% affordable housing is unlikely to be viable, based on past and current experience, open market housing will be required to financially subsidise and therefore enable the provision of affordable homes.

- 6.3 In permitting open market homes as a mechanism to deliver affordable homes, consideration will be given to applying a sequential approach. A sequential approach in the first instance could seek to restrict the enabling 'open market' housing to ensure that it is used as a 'principal residence' only through a planning condition. The justification for this approach would be on the basis that pure 'open market' could be considered to be socially unsustainable development by potentially adding to the existing housing problems on the islands by fuelling more second home ownership and holiday accommodation, as an investment opportunity, contrary to the sustainability tests of the NPPF. Such principal residence open market housing could be secured by businesses and organisation needs to meet their staffing, recruitment and retention issues. However the preference for this approach could be waived where the viability of a site submitted on an 'open book' basis demonstrates either an over-provision of such restricted open market and/or that the value of the open market property is compromised to the extent that it would not facilitate the amount of affordable homes required on a particular site or elsewhere.
- 6.4 In applying the sequential approach to open market housing, should it be adopted, a judgement would need to be made on the basis of a robust viability assessment to determine which preference would be most appropriate, on a site by site basis, to ensure the delivery of affordable homes i.e. whether to restrict occupancy to permanent residences or allow pure unrestricted open market housing. On the basis that an unintended consequence of applying a 'principal residence' condition could result in decreased viability and the need to construct a greater number of 'restricted' open market properties, the next stage of the sequential approach would be to allow pure open market, with the expectation that fewer such properties would be required to deliver the affordable housing.
- 6.5 As the viability of delivering affordable homes will vary due to the particular circumstances of a site and influenced by timing, it is recommended that the number of open market homes (whether restricted or not) is not prescribed in any target but established through viability assessments on a case by case basis, which supports the recommendation to not plan for the OAN but for affordable homes only. The table below sets out and explains the suggested sequential approach to the delivery of affordable homes.

Table 3 Suggested sequential approach to delivery of affordable homes

**Sequential Test applied on a site by site basis.**

\* To meet the needs of qualifying persons (set out on Page 25)



Preference	Proposal	Affordable Housing Requirement Expectation	Financial Justification and other Requirements.
<b>1<sup>st</sup> Preference</b>	The site is viable to deliver all local affordable homes*.	100% Affordable Homes*	<p>No financial justification required to be submitted.</p> <p>Development must make best use of land and ensure appropriate infrastructure provision is in place before new homes are commenced.</p> <p>The scheme must be well-designed at an appropriate level of density and the installation of new or improved infrastructure connections and access improvements, including flood risk/heritage mitigation.</p> <p>Secure control mechanisms are established to ensure the occupation of affordable homes meets the agreed local needs criteria.</p>
<b>2<sup>nd</sup> Preference</b>	The site is unviable to deliver 100% affordable homes*; enabling development in the form of open market homes but restricted for permanent use is therefore required to deliver the affordable element and can be achieved on site.	<p>Dependant on the viability of the scheme but at least 60% of homes on the site must be affordable*.</p> <p>Open market homes would be restricted to a 'principal residence' occupancy conditions unless a clear case is made on the balance of viability either reducing the number of affordable homes or a detrimental impact upon the protected landscape as a result of a greater number of homes (see 3<sup>rd</sup> preference).</p>	<p>Developer required to submit financial justification on an 'open book' approach to demonstrate that the delivery of 100% affordable homes is not viable.</p> <p>A clear case must be made in relation to the amount of 'open market' required to deliver a well-designed scheme at an appropriate level of density and the installation of new or improved infrastructure connections and access improvements, including flood risk/heritage mitigation.</p> <p>Secure control mechanisms are established to ensure the occupation of affordable homes meets the agreed local needs criteria with the enabling open market housing subject to a condition to ensure they are used as permanent homes (unless justified in accordance with the 3<sup>rd</sup> preference).</p>
<b>3<sup>rd</sup> Preference</b>	The site is unviable to deliver 100% affordable homes; enabling development in the form of open market homes but not subject to any restrictions is therefore required to deliver the affordable element and can be achieved on site.	<p>Dependant on the viability of the scheme but at least 70% of homes on the site must be affordable.</p> <p>As part of the viability assessment, it must be proven that restricting open market housing as a 'principal residence' would reduce the number of affordable homes that could be delivered; and/or result in a detrimental impact upon the protected landscape as a result of a greater number of open market homes being required; or where it is demonstrated that there is no or a limited market for</p>	<p>Developer required to submit financial justification on an 'open book' approach to demonstrate that the delivery of 100% affordable homes is not viable.</p> <p>A clear case must be made in relation to the amount of 'open market' required to deliver a well-designed scheme at an appropriate level of density and the installation of new or improved infrastructure connections and access improvements, including flood risk/heritage mitigation. The assessment must also demonstrate that restricting any open market housing with a 'principal residence' condition would be inappropriate and unviable.</p> <p>Secure control mechanisms are established to ensure the occupation of affordable homes meets the agreed local needs criteria.</p>



		homes with a permanent residence restriction.	
--	--	---	--

### Issues

- 6.6 The Government's strategic housing policy objectives are set out in paragraphs 47-55 of the NPPF. They include creating sustainable, inclusive, mixed communities and ensuring high quality housing for those who cannot afford open market housing.
- 6.7 The rural nature of the islands and the environmental constraints that apply within it mean that there are few opportunities for the large-scale mixed-tenure housing schemes that could be used to secure a significant number of affordable homes through legal agreements.
- 6.8 Market pressures mean that most of the original housing stock, including traditional cottages that help give the islands its distinctive character, are no longer affordable by local people. This has had the effect of excluding them from an important part of their own heritage. At the same time, a significant number of properties remain empty during the winter months, reflecting the high proportion of holiday lets and second homes.
- 6.9 Limiting occupancy restrictions imposed on new-build homes often means that even where a person has lived on the islands for most of their life or they work on the islands they fail to qualify to occupy new housing. Revisions to the qualifying criteria are required that allow people who live and work on the islands to be able to rent or purchase occupancy restricted property.

## 7. Changes to Qualifying Criteria for Local Housing

- 7.1 The current local plan restricts new housing to the delivery of local housing only, as set out in paragraph 4.3 above. This includes housing to deliver a Specific Local Need (SLN), Key Worker (KW) housing and staff accommodation. New housing proposed for staff accommodation purposes is usually controlled by a condition, whereas housing to deliver accommodation for a SLN or KW is controlled by the applicant entering into a Section 106 Legal Agreement (S106). In order to determine who qualifies to occupy any permitted housing, the local planning authority (LPA) adopted a supplementary planning document (SPD) to set out clear qualifying criteria.





### Specific Local Need

- 7.2 Most new dwellings permitted are justified on the basis of delivering a Specific Local Need (SLN) and the S106 is usually drawn up to allow persons with either a SLN or KW status to occupy it. The SPD sets out that a qualifying person is someone who satisfies Condition A and Condition B, below. Any person applying for the SLN Status is required to complete a form and provide appropriate evidence to determine whether or not they qualify to occupy a restricted occupancy property. Although any person can own such a property.

#### Condition A

He/she must be un-housed or living in inadequate accommodation and unable to rent a home appropriate to their circumstances on the local housing market

#### Condition B

He/she is the child of parents who, along with the child, have for the preceding 10 years been, and still are, in continuous residence on the Isles of Scilly in permanent residential accommodation, such accommodation not being commercial, and he/she has attained the age of 25 years. The LPA maintain a register of persons who have been granted the status of 'SLN' together with a register of properties with restricted occupancy conditions. Once a restricted occupancy property becomes vacant the owners are required to let the LPA know so any person looking for such a property can be notified.

Figure 13 The current qualifying criteria for occupying Specific Local Need dwellings

### Key Worker

- 7.3 The process of establishing a KW is also set out in an SPD which provides eligibility criteria where a person has to:

- Work for an organisation or business whose primary purpose is delivering services that directly benefit the community;
- Work from a base within the islands;
- Employed for a minimum of 21 hours per week on a permanent contract or fixed term contract of at least one year (un-expired at time of application by at least 6 months);
- Employed as a Key Worker as their main employment;
- Hold a recognised technical or professional qualification if this is normally required for the job;
- Unable to find accommodation suitable for their household needs on the islands or living on the islands in accommodation that is unsuitable to their household needs.

Figure 14 The current eligibility criteria for Key Worker Status

- 7.4 Key Workers are split into category 1 and category 2 key workers where priority is given to category 1. This group includes: police, teachers, doctors, nurses, dentists, veterinarians and officers who provide are professionally qualified and provide a statutory service for the Council. Category 2 key workers are any persons with a qualified or experienced trade that directly benefits and supports the community.



- 7.5 The criteria to qualify to achieve a SLN status is drawn particularly narrowly and often results in a person who has lived on the islands for many years being unable to qualify to buy or rent certain housing. Small scale nature of the community can make the assessment of applications difficult.

### Proposed New Qualifying Criteria

- 7.6 As part of the Local Plan review process Members of the Council were invited to join a local plan working group, to engage with and steer the local plan process. Part of the remit has included the assessment of whether the current SLN and KW process requires revision. Members have steered the direction of this process with the following being deemed appropriate changes to the qualifying criteria to occupy local housing permitted and agreed that the following principles are appropriate:

1. they need to live on the islands and the property would be their sole private residence; and
2. **they are unable to afford to purchase a home on the islands at open market value that is appropriate and suitable to the needs of either the individual or their household taking into account their income and any savings or equity in another property and having regard to prevailing market prices and**
3. they satisfy at least one of the following criteria:
  - A. The person is a **permanent resident** who has been permanently living on the islands for a continuous period of at least 5 years immediately prior to occupation; **OR**
  - B. The person is a **former resident** who
    1. has been away for educational, training purposes or to obtain a professional or technical accreditation; **OR**
    2. is currently employed by the armed forces, merchant navy and whose main residence will be on the islands; **OR**
    3. is retired from the armed forces or merchant navy.

Figure 15 Proposed revised qualifying criteria for local affordable housing

- 7.7 When a person applies to occupy restricted local housing they will be required to declare that they meet the criteria. In order to verify an application the LPA/Council may invite a person to an interview to confirm the information provided.
- 7.8 Agreeing the principals of the criteria is the first stage. The following is a list of some of the matters that will need to be considered before finalising the criteria:
- **Legality and Policy Impacts**
  - **Timeline for adoption** of a **Supplementary Planning Document** – Draft, consult, adopt
  - **Assessing against the criteria** – how and who?
  - **Method of restricting** – Planning condition? Section 106 Planning Obligation (deed)
  - **Monitoring** – How do we ensure occupation is adhered to
  - **Enforcement** – What do we do if occupation is breached?
  - **Assess the impact on existing properties** with occupation restrictions/S106's



- 7.9 Modifications to the criteria by which people qualify to occupy local housing will go some way to enabling more people with a genuine need to live and work on the islands, to do so. The issue of whether a person has the status of key worker can often result in perceived inconsistent outcomes because a person with a trade under category 2, for example, who is the only person of that trade or profession may qualify one year, but where there are multiple people on the islands able to carry out the same trade, then other people may not qualify further. The establishment of a key worker doesn't in itself deliver housing. Additionally any person who is employed on the islands should be able to rent or buy property because there is no commutable place, outside of the islands, where a person could live more cheaply, and still work on the islands. It is therefore considered appropriate to move away from a policy for key workers with more focus on encouraging the provision of staff accommodation where justified to facilitate economic growth and overcome some of the recruitment and retention issues facing business and organisations.

## 8. Future Local Housing

- 8.1 Whilst it is not possible to address all of the issues, as highlighted in section 3, through the planning system. It is possible to seek to address issues of viability, through the allowance of 'enabling development'. It is also possible to address some of the secondary issues that have caused problems qualifying to occupy restricted properties, through mechanisms of creating a flexible qualifying criteria which would in turn create a greater degree of movement within the housing market.
- 8.2 In the interests of protecting a stock of new housing required for the future security and sustainability of the island, it is recommended that the housing policy framework for the new Local Plan should be based on approach set out in table 4 below:

Table 4 Suggested Types of Housing Supported in the New Local Plan

1. 105 Local Needs Accommodation 'Affordable Housing'	2. Open Market House 'Enabling Housing'	3. Staff/Business Accommodation Needs Housing
This would meet the identified shortfall of homes for the existing population	Only permitted on the basis that it will enable the provision of affordable housing through cross-subsidisation on the basis of the suggested sequential approach.	Would fill the gap for businesses and organisations to replace Key Worker Status. Would allow any business or organisation to make a case to provide housing for employees
Housing would be controlled by Conditions or Obligations to 'Local Affordable Housing': e.g.  Affordable Rents Shared Ownership Custom/Self Build	Controlled by a condition to ensure 'Principal Residence' and not used as a second or holiday home unless such a restriction makes the provision of enabling affordable housing unviable.	Controlled by a condition to limit use for 'staff accommodation'

- 8.3 It is acknowledged that in such a highly designated and protected landscape new homes should seek to use previously developed land and build at densities that



make the most effective and efficient use of sites. In addition and given the acute housing issues on the islands, any 'open market' dwellings should only be permitted to 'enable' the provision of the affordable homes required to meet the needs of the community through cross-subsidisation. As previously indicated given that open market housing is likely to be required to enable the provision of affordable homes, the amount of such housing is difficult to quantify and will depend on the cost and viability as sites are developed.

## 9. Housing Strategy Recommendations

- 9.1 It is clear that the number of designation constraints facing the islands are significant when compared to almost any other LPA in the country. In recognition of this it recommended that new residential developments should be restricted to meet the needs of the resident communities and businesses. It is recognised however that enabling development will be required to facilitate the delivery of local needs housing and this added flexibility is required to ensure schemes are deliverable. This aspect of open market could be met in part by the self-build demand expressed by the SHMA and Custom/Self-Build register. The future housing strategy of the local plan should give full weight to the need to protect the AONB from inappropriate development. This is considered to be in accordance with the NPPF, paragraph 14, on the basis that it is an area where unnecessary new development should be restricted.
- 9.2 It is recommended therefore that policies should seek to ensure that new homes delivered meet the affordable housing needs of the islands with appropriate planning controls to ensure new homes remain affordable to buy or rent for those living and working on the islands. Simultaneously making the ability of those who live and work on the islands able to purchase or rent property by ensuring a 'local qualifying criteria' is fit for purpose.
- 9.3 It is recommended that only where a case is made, through an 'open book' approach, to demonstrate clear financial viability to deliver affordable homes, should 'open market' development be permitted, as set out in the sequential approach in Table 3 (page 22). Subject to the primary objective of delivering affordable homes, the preference would be for open market dwellings to be used as a 'principal residence' to bring down the 'open market' value to levels more equitable on the mainland to better meet the housing needs of the community and prevent their use as a second home or as an investment opportunity to be used as holiday accommodation.
- 9.4 Such an approach would seek to safeguard the sustainability of development by reducing the proportion of homes not occupied as 'principal residence' and preventing them from being marketed and sold as holiday lets or second homes. This approach chimes with the statutory objectives of meeting the economic and social well-being the islands communities within an AONB.
- 9.5 In view of the special circumstances of the Isles of Scilly, a different approach to housing provision from non-designated areas is necessary, justified and appropriate:





- a) reflecting the high level designations covering the islands and legislation and the duty to promote the social and economic wellbeing of the islands' communities in meeting these purposes;
- b) consistent with national policy and guidance that 'great weight should be given to conserving landscape and scenic beauty in Areas of Outstanding Natural Beauty (AONB), which have the highest status of protection in relation to landscape and scenic beauty. Affordable housing needs should not be met if adverse impacts of the amount of open market housing would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF, or where specific policies indicate development should be restricted. The Isles of Scilly are not a suitable locations for unrestricted housing and general open market housing targets are therefore not provided; and
- c) recognising the particular issues within the Isles of Scilly where high demand from in-migration and second home ownership, have led to house prices and rents but because average local incomes low there is an 'affordability gap' and consequently many local households are in affordable need.

9.6 Sections 2 and 3 of this Housing Topic Paper explains the purposes, national policy and guidance and characteristics and particular issues for the islands.

9.7 To conserve and enhance the AONB, Heritage Coast and Conservation Area the priority is addressing the housing needs of the islands' communities rather than meeting the external demand for market housing. Within the Isles of Scilly the policy approach is:

- a) to prioritise the needs of our island communities for affordable housing using a needs led approach, on strategically sustainable sites, identified through the SHLAA.
- b) to provide for a range of types, sizes and tenures (including owner-occupied and custom/self-build housing) to meet the affordable housing need identified;
- c) to provide for accessible and adaptable housing to address the housing needs of the islands' communities, particularly of an ageing population. It should either be affordable housing or support the provision of affordable housing.

9.8 The proposed Local Plan spatial strategy, which defines the approach to the distribution of housing in the islands, would focus primarily on St Mary's in Hugh Town and Old Town as the two main settlements. The sites identified in the SHLAA suggest that development in these areas has the potential to improve infrastructure and minimise the impact upon the landscape whilst creating sustainable and balanced communities.

9.9 In addition windfall sites would be directed to each of the inhabited islands only where they are well related to existing developments with particular emphasis on locations close to local amenities. The change of use of existing buildings or new build through self /custom build would be permitted in such areas where they meet local housing needs. The rest of the islands is considered as 'open countryside' where new build housing would not be permitted.



- 9.10 This positive approach to housing will help to ensure that the housing needs of local island communities are addressed as far as is possible within the context of the conservation of the islands as a designated Area of Outstanding Natural Beauty. It is underpinned by a range of evidence including that housing delivery is constrained by highly sensitive landscapes and the potential for landscape harm; topography; wildlife designations and heritage assets.
- 9.11 Underpinning the strategy is the ability to work to deliver housing through a needs led approach on allocated sites on St Mary's. This is consistent with national policy on planning in rural areas that local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.
- 9.12 Identifying suitable sites will ensure that local need affordable housing may be permitted in the most suitable locations. The predominance of land ownership by the Duchy of Cornwall Estate provides certainties that has the effect of reducing the value of land and enables the building of homes to a more reasonable level. It ensures the delivery of the maximum number of affordable homes on a given site making the best use of the scarce and finite supply of suitable housing land.
- 9.13 It is important that the limited supply of suitable sites is prioritised to address the affordable housing needs of local communities in the longer term. It is therefore not possible nor appropriate to plan for and include a figure in the Isles of Scilly Local Plan for market dwellings arising from within the islands. This would result in the finite supply of suitable housing sites being further reduced, undermining the affordable homes-led approach and increasing the pressure for more market, and consequently delivery of fewer affordable dwellings.



## Glossary of Terms

AONB	Area of Outstanding Natural Beauty
AMR	Authority Monitoring Report
CA	Conservation Area
CRoW	Countryside and Rights of Way
DCLG	Department of Communities and Local Government
HA	Housing Association
HGP	Housing Growth Plan
LB	Listed Building
LPA	Local Planning Authority
NPPF	National Planning Policy Framework
NPPG	National Planning Policy Guidance
PDL	Previously Developed Land
PPG	Planning Policy Guidance
RTP	Right to Buy
SEP	Strategic Economic Plan
SHMA	Strategic Housing Market Assessment
SHLAA	Strategic Housing Land Availability Assessment
SM	Scheduled Monument