Housing Development Study

Isles of Scilly

Prepared by Atlantic Arc Planning
in association with Understanding Data
and APG

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Council of the
ISLES OF SCILLY

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1. INTRODUCTION

1.1 Introduction

This report has been prepared by Atlantic Arc Planning ltd, in association with understanding data ltd and APG Architects. The report seeks to build upon the existing work undertaken on behalf of the Council of the Isles of Scilly to support the delivery of housing to meet the needs of the local community. The report takes forward the ambitions set out within the report to the Council in November 2018 to support the delivery of key worker housing as part of a wider affordable housing delivery programme. The aim is to support future bids for the development of sites for the delivery of affordable and key worker housing.

The report therefore provides;

- An analysis of the Policy context for the delivery of Key worker housing
- An assessment of the demographic, market and delivery issues that affect the provision of affordable and key worker housing
- Capacity/design assessment of 4 selected draft local plan allocations
- Key issues
- Recommendations and next steps.

1.2 Key Policy Context

The Isles of Scilly has a unique housing market. Second homes and holiday accommodation represent approximately 30% of the Island's housing stock, limiting access to the Island's stock for local households, while forming a key element of the areas holiday offer and stock.

Market housing prices are very high in relation to the level of incomes for the Islands, data shows the average house price in 2015 was £325,000.

The Isle of Scilly, of course, share issues with other island communities, however it is the mix of housing pressure and the size of the population that exacerbates the complexity of the response to a solution which elsewhere, the market would provide a clear response by increasing housing delivery.

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.

Ash Futures Island Futures

Work in 2014 set out a broad economic strategy, this was "Island futures – Economic Strategy" May 2014. The key relevant section for an overall approach to housing and growth is found on Page 5:

"It is very clear that the islands should not spoil their special and valued environment - an environment at the heart of why people want to live on and visit the islands. Nevertheless, there is a considerable demand for housing from Isles of Scilly residents and workers - both for affordable and market housing. If the Isles of Scilly is to keep more young people on the islands and attract new people to live and work (replacing those who leave), it needs to make sure that it has sufficient choice of housing to fulfil local needs and future demand. Any new housing should be developed to meet the social and economic needs of the Isles of Scilly and managed so that it continues to meet them in the future. Without this, the islands risk depopulation and a further decline in services. We believe that there are existing and potential sites for housing which do not risk spoiling the most environmentally sensitive areas. A sustainable future for the Isles of Scilly must embrace the social needs of the residents, the importance of a thriving economy, and the precious natural environment. Without all three being planned for, a viable future for Scilly will be in doubt."

The key extract from the Housing Action plan are on Page 6:

"The existing stock provides a small supply of housing available for permanent occupation each year – for resale or re-letting (but resales of market housing can be taken up by second home owners or as holiday lets). This very limited annual supply – around 30-35 dwellings – highlights the limited flexibility within the housing market.

There is also a stock of 30 properties available for letting to key workers, with a wide variety of owners."

Isles of Scilly Strategic Housing Market Assessment (2016)

In 2015 the Council of the Isles of Scilly commissioned David Couttie Associates to undertake a Strategic Housing Market Assessment (SHMA), a key component of the evidence base of the Local Plan review.

"Much of the land is under the ownership of the Duchy of Cornwall and let on a leasehold basis making it is 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.

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 Objectively Assessed Need (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.

At Full Council on the 22nd February 2018 Members of the Council of the Isles of Scilly approved the revocation of the Supplementary Planning Guidance (SPG) documents for Key Workers and Specific Local Need and agreed to the **adoption of an interim policy position.** This interim policy forms part of the emerging Draft Local Plan 2015 - 2030, which will be subject to public consultation in March 2018.

Interim Policy: Qualifying to Occupy Homes with Specific Local Need and Key Worker Occupancy Restrictions on the Isles of Scilly

Any home on the Isles of Scilly that is subject to an occupancy restriction, through a Section 106 Planning Obligation, for Specific Local Need or key Workers, will need to be occupied in perpetuity by a person or persons (and their dependants) with a proven housing need as their principal residence throughout the year. A proven housing need is where:

1. the property would be their sole private residence; and
2. they need to live permanently on the islands due to their employment circumstances and work commitments; or
3. they have been continuously resident on the islands for at least five years and require new accommodation as a result of the requirement to:
   - vacate tied accommodation; or
   - relocate to more suitable accommodation due to a medical and/or mobility condition; or
   - relocate to smaller accommodation due to under-occupation; or
4. they are a former resident who has previously lived permanently on the Isles of Scilly for a continuous period of at least 5 years and who:
   - has been away for educational, training purposes or to obtain work experience or professional or technical accreditation; or
   - is currently employed by the armed forces or merchant navy and whose main residence will be on the islands; or
   - is retired from the armed forces or merchant navy; or
   - needs to provide substantial care to a relative who has lived continuously, on the islands for at least 5 years (substantial care means that identified as required by a medical doctor or relevant statutory support agency).

Housing Viability Assessment

Three Dragons with Rural Housing Solutions March 2018

Key findings of viability analysis:

Housing development on the Isles of Scilly would not be able to deliver schemes of purely affordable housing without significant levels of grant funding. In order to deliver affordable homes without grant, around 40% to 50% of dwellings will need to be market housing. Local Plan policy LC1 supports the approach of allowing market homes where they enable the delivery of affordable housing.

Schemes maximising the proportion of affordable dwellings can be best delivered as a mix of tenures, with a combination of Affordable Rent, Shared Ownership and open market sale to meet a range of housing needs.

The policy of requiring open market dwellings to be sold to those who will occupy them as their principal residence is supported by the viability analysis. However, it should be noted that, in some cases, this restriction may marginally reduce the number of affordable dwellings delivered. But by optimising the mix of dwelling types and affordable housing tenures, the introduction of principal residence should not impact on the overall level of affordable housing delivered.

Delivery of affordable housing is sensitive to development costs and it will be important that costs are minimised so that the maximum amount of affordable housing can be delivered.

Draft Local Plan 2019

The housing strategy for the plan period is set out in Policy LC1 and establishes the requirement to deliver up to 105 affordable homes over the Local Plan period (2015–2030). New homes will primarily be delivered on land specifically allocated for development in Hugh Town and Old Town on St Mary's. As windfall homes have historically provided a good mechanism for housing delivery, it is considered that a proportion of the local housing need will continue to be delivered through this route.

The housing allocations set out in Policy LC6 demonstrate that these sites could deliver around 105 homes.

Delivering 105 affordable homes represents the affordable element of the full Objectively Assessed Housing Need (OAN), as identified in the 2016 Strategic Housing Market Assessment (SHMA).

The plan has additional policies covering Qualification to Occupy affordable housing LC2, creating a Balanced Housing Stock LC3, staff accommodation (LC4) and site allocations (LC6).

2. NEED AND SUPPLY

2.1 Housing Need

The current draft Local Plan states:

Fundamental to the future sustainability of the islands is the need to build more homes to address the acute housing problems. Based on the 2016 Strategic Market Housing Assessment (SHMA), the Local Plan identifies a requirement for 105 affordable homes that will need to be delivered over the next 15 years. To ensure that these much-needed affordable dwellings are built, it is recognised that open market homes will also be required, to financially subsidise and enable their provision. As the costs of delivering affordable dwellings will vary due to the particular circumstances of a site and the details of the development being proposed, the number of open-market homes required during the plan period is not prescribed and will be determined through viability assessments on a case-by-case basis. No open-market housing will be permitted just to meet any demand for such homes.

To ensure an appropriate amount of land is available to enable the delivery of these much-needed affordable homes, the Local Plan identifies a range of sites on St Mary's within the two largest settlements of Hugh Town and Old Town, in the interests of sustainability. The Local Plan also provides some flexibility, as new homes will also be allowed on sites not specifically identified (windfall sites) where they are well related to exiting settlements, including those on the off-islands. Windfall housing developments will count towards achieving affordable homes over the plan period. Windfall sites will only be permitted where these make a contribution to delivering affordable housing and will include self- or custom-build homes.

The SHMA recommended:

Market Housing:

Creating a more balanced stock has to address imbalances in the current stock structure.

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.

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.

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.

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.

Overall however the need is still significantly for more one and particularly two bedroom properties uses to provide a more balanced housing offer.

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.

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.

Tenure Mix:

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

Affordable Housing:

Social Rented Property Size

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.

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.

These are principally flats and terraced houses to meet the needs of single, couple and small family households.

Three bedroom family units are around 35% of the social stock, and the level of under-occupation by two spare bedrooms is estimated at almost 25 properties. This is 40% of the total 3-bedroom stock.

Future 3-bedroom unit need, could therefore be met from better turnover of the existing stock arising from initiatives targeted to free up under-occupied stock.

In view of the increasing older population, it is now even more important to achieve a better flow of the under-occupied, family sized affordable rented stock to help address the scale of need for family units.

The SHMA is clear that larger units play a part alongside addressing gaps in provision of smaller market housing. The recommendation of the 60/40 split (1/2 bed vs 3 or 4 beds) appears to be largely derived from rebalancing the existing stock for market housing which for owner occupation is split 57% 3 and 4 beds and 37% 1 and 2 beds.

The SHMA quotes that

"a level of future delivery in the affordable rented sector should be 60% bedsits and one bedroom and 40% two bedroom units."

When considering just private rented and social rented the split is weighted towards more 1 and 2 bedroom stock. The 2015 household survey reports this as 59.4 as 1 or 2 bed and 40.6% as 3 + bed

Census sets out the stock split by bedroom and tenure as:

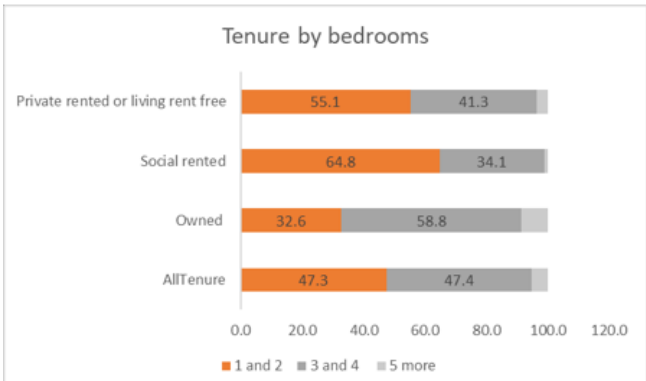

Chart 1

This is more nuanced. In a way it suggests that for affordable housing – private rented or social rented that the rebalancing should lead to more 3- or 4-bedroom properties. Where larger properties are intended to help retain either key workers and/or attract them to the islands, this provides a clear rationale to provide 3 or 4 bedrooms units.

Rebalancing the owner occupation stock is a helpful conclusion of the SHMA – and much of what could have been smaller owner-occupied stock has probably shifted to holiday accommodation. The gap in social and to a lesser extent private rented is for larger properties.

Where indicative schemes are proposing social or private rented then the 60/40 split referenced in the SHMA and Local plan should carry less weight. If anything, the reverse could be applied.

2.2 Housing Supply

Housing supply on the Isles of Scilly and recently new construction for residential use has been limited.

Under the current Local Plan (adopted in 2005) the Council restricted new residential development (Policy 3) to that which meets local affordable housing need in perpetuity or provides accommodation for staff.

The 2005 Isles of Scilly Local Plan had 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.

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.

The current draft Local Plan (2019 consultation) allocates a range of sites to meet current and future need for new housing, responding to a variety of challenges set out in the 2015 SHMA.

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 reduced out migration and in migration and an element of market housing to address issues around population decline and the islands sustainability. The affordable housing element of this however was identified as 105 homes over the plan period. The draft Local Plan 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.

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.

The Duchy of Cornwall own around a third[1] or a quarter[2] of residential dwellings, estimated at around 400 /300 dwellings. The existing housing stock faces challenges to adapt to pressures such as demand holiday use, and challenges relating to energy performance, as captured by EPC data and the traditional construction of many older properties. Around 40% of the housing stock on the Islands was built before 1900.

As part of the Local Plan review, the Council seeks to reverse the decline in new affordable housing development and has put forward policies that promote delivery of housing to meet local community need. The Council is obliged to ensure that such policies are deliverable and viable.

The existing tenure mix is weighted towards private renting with proportions considerably higher than mainland authorities. There are serious issues with affordability and availability. This affects both the local community and opportunities within the wider economy, as it is difficult to attract staff and potential entrepreneurs.

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 or is coastal, heath and nature reserve managed by the Isles of Scilly Wildlife Trust.

The population has been getting older which puts more pressure on the available housing stock however the population peaked in 2008 and has declined since then. The share of older people is increasing and working age people decreasing. This is an added pressure on the islands.

Key services on the islands have been under threat due to staff recruitment and retention issues. Social housing is used to mask a lack of choice in the private sector rented market, and covers difficulties in open market purchase, both in terms of range of available stock and affordability.

2.3 Development viability on the Isles of Scilly

In March 2018 the Council of the Isles of Scilly published a strategic viability report to support the assumptions and policies being developed within the local plan. The report produced by Three Dragons and Rural Housing Solutions used an accepted national model to provide a guide on the delivery of affordable housing. The model was sense checked following discussions with local agents and assumptions made on the premium required in terms of build costs compared with a Cornwall average.

The report set out the following key findings;

- Housing development on the Isles of Scilly would not be able to deliver schemes of purely affordable housing without significant levels of grant funding. In order to deliver affordable homes without grant, around 40% to 50% of dwellings[3] will need to be market housing. Local Plan policy LC1 supports the approach of allowing market homes where they enable the delivery of affordable housing.
- Schemes maximising the proportion of affordable dwellings can be best delivered

[1] https://duchyofcornwall.org/newton-park-estate.html

[2] https://www.ft.com/content/ec6b3bee-9fa8-11e3-b6c7-00144feab7de

[3] page 2 http://www.scilly.gov.uk/sites/default/files/planning-apps/Housing%20Viability%20Assessment%20Council%20of%20Isles%20of%20Scilly%20-%20Final%20Report%20March%202018.pdf

as a mix of tenures, with a combination of Affordable Rent, Shared Ownership and open market sale to meet a range of housing needs.

- The policy of requiring open market dwellings to be sold to those who will occupy them as their principal residence is supported by the viability analysis. However, it should be noted that, in some cases, this restriction may marginally reduce the number of affordable dwellings delivered. But by optimising the mix of dwelling types and affordable housing tenures, the introduction of principal residence should not impact on the overall level of affordable housing delivered.
- Delivery of affordable housing is sensitive to development costs and it will be important that costs are minimised so that the maximum amount of affordable housing can be delivered.

The broad conclusions are consistent with those that could be found in many parts of the UK, but it is also worth noting the range of feedback provided in the development of the report.

The additional transport costs (for materials and labour) and smaller schemes on the Isles of Scilly as well as the limited pool of local labour means that they are higher than they would be on the mainland. Consultees offered different about the additional cost of building homes on the Isles of Scilly and for this exercise modelled two build cost scenarios:

- Base build costs[4] - equivalent to a Cornwall baseline + 25%
- Higher build costs - equivalent to a Cornwall baseline + 40%.

Key components of feedback in the report from the local industry and registered providers with past development experience in the islands highlighted a number of factors

- The sales market is small with limited number of new properties coming to market each year. A significant addition of new supply of sale housing over a short period has the potential to disrupt the market.
- ßRestricting potential purchasers of sale properties is likely to decrease market values. By restricting occupancy to local families with housing need could reduce market value by as much as 40%. A 'principal residence' condition would also impact on values but by less. No single view on the likely level of impact - could be marginal, de minimus or up to 15%. (report uses 5% as a guide)
- Development costs are higher on the islands than the mainland for a number of reasons including higher transport costs for materials, higher costs for disposing of waste materials, limited economies of scale that can be achieved and need to 'bring in' specialist labour for certain tasks (with their associated transport and accommodation costs).
- Estimates of residential (new) build costs said to be between £1200 per sqm and £1,500 (including excavation, prelims, labour, contractor's return) with higher costs where there is a higher build specification e.g. use of granite. Alternative estimate of costs provided as uplift on mainland costs (i.e. Cornwall). Again, various views about potential uplift which ranged from 25% to 40% uplift. Said that local firms are less costly than mainland contractors brought in for development projects – local firms have better knowledge of most efficient methods of transporting goods/ using specialist labour.
- Schemes of 5-8 said to be the 'right size' for the local development industry. But larger schemes (say up to 12 dwellings) within the local industry's capacity.
- Very few sales of land for housebuilding in recent years so extremely difficult to judge land values.
- Values for Rural Exception Sites would be around £10,000 per plot, akin to values on the mainland. However, sites for single market dwellings on their own would be significantly higher, depending on size and location of plot.
- Affordable housing providers. Registered Providers have some appetite to develop on the Isles of Scilly, but sites would need to deliver market sale homes in tandem with affordable. A value of circa £10,000 per plot on a rural exception basis would be typical.

[4] page 11 http://www.scilly.gov.uk/sites/default/files/planning-apps/Housing%20Viability%20Assessment%20Council%20of%20Isles%20of%20Scilly%20-%20Final%20Report%20March%202018.pdf

There is interest in delivering shared ownership but some caution around affordability as this would be a new product on the Isles of Scilly.

- Maintenance and repairs will be considerably more expensive than on the mainland and management of homes is difficult.

The report provides an important part of the evidence to support the delivery of affordable housing but highlight some key issues which need to be considered in developing a delivery strategy.

1. Build costs represent a major risk /abnormal cost.
2. Development capacity is limited in scale locally which affects either the likely rate of development or size/complexity of site that can be realistically brought forward.
3. Lack of experience of shared equity and local concerns on the impact of local needs type restrictions on values highlight other issues of increased sales risk from market or, restricted market housing which will affect both viability and likely appetite of private sector delivery partners.
4. There are limited delivery partners to provide affordable housing. While a number have developed in the past and the Viability report suggests there may be some interest going forward concerns around, costs, sales or product risk and future management costs are likely to limit partners.

2.4 Delivery

There are a number of features that highlight the distinctive character of the housing market in the Isles of Scilly. These features, in turn influence both type of need, demand and the likely most effective delivery vehicles for meeting the need.

- The housing market is dominated by the holiday and second homes.
- Owner occupation is low compared to National averages, even as a percentage of non-holiday homes.
- Low levels of owner occupation are matched by a larger private sector rental market
- Character has similarities to more transitory populations, student communities where there is a constant flux and movement of groups. This is clearly not the character of the Isles of Scilly, but it is worth noting the similar characteristics and ask what that means for the local market.
- Housing options to the local population are limited by the range of housing which may also add to a degree of insecurity or transitory nature of populations/key workers or reduce the attraction or retention of staff.
- The viability study produced for the Council questions the level of market demand for shared ownership or owner occupation. This highlights more the lack of evidence of demand rather than no demand, accentuating the issue of market sales risk in the local market if a traditional developer or Registered provider approach is taken.
- The limited range and high level of private and social rented also highlights a feature of the private rented and social stock including a significantly higher percentage of higher income groups in social and private rented compared to National averages.
- The number and scale of development partners for providing a step change in scale or type of delivery above the ongoing delivery of windfall development which is likely to absorb much of the local capacity.

- Future ambitions for the Islands reflect an attempt to address the demographic change. There is a need to provide housing to meet local needs and affordable housing but also provide housing tenures and types to attract those needed to work on the islands and provide a higher degree of certainty /ownership for local families.

The stock of social housing has traditionally been brought forward through a traditional funding of social housing providers with funding from central or local government. While in England as a whole an increasing level of provision has been through developed linked via a S106 to an open market scheme with cross subsidy, this approach has been more limited. This reflects the more limited scale of development and the scale of the private sector along with associated concerns about levels of sales risk for "larger" developments.

The recommendation from the viability report is to highlight the need for cross subsidy to support the delivery of affordable housing and reduce the need for public funding. Comments from developers and agents recorded in the report however highlight a concern about the deliverability of this approach and the limitations of the nature of the private sector on the islands.

This uncertainty, about the strength and nature of the local private sector is not an exact science but needs to be considered when looking at the strategy for future delivery of affordable and key worker housing. To rely upon cross subsidy of market homes, as might occur elsewhere in the UK, either with or without a principal residence restriction, appears less certain in the context of the Isles of Scilly. Due to limit development partners and, for larger schemes higher sales risk.

Higher levels of construction costs significantly affect viability and create a degree of uncertainty for delivery partners.

The Councils self-build register would suggest a significant local interest in self or custom build on the Islands, but there is no clear current vehicle to support this approach beyond windfall opportunities.

Potential vehicles for delivery of Affordable and key worker housing

Traditionally affordable housing can be delivered through a number of routes or vehicles;

- Private sector developer, with an associated S106 agreement requiring provision of an element of affordable housing
- Private sector development in partnership with a registered provider, either through the mechanism of a S106 agreement or a commercial partnership to deliver a mix of housing
- Provision by a registered provider for an affordable housing only scheme, usually with support or grant funding from central or Local Government.
- Direct Delivery by the Council
- Development by a Community Land Trust (CLT) acting as a registered provider.

The Councils viability assessment suggests that to achieve delivery through a S106 agreement will require significant levels of cross subsidy. The viability assessment gives a range of options, depending upon assumptions around build costs, housing mix, site and size and if a principle residence condition is imposed.

The estimates of viability are sensitive to changes in construction costs, and while recognising the limited scale of local development capacity do not in turn factor potential concerns about sales risk that might arise for developers.

Currently there appears limited developer/RSL interest in taking forward larger sites for affordable and key worker housing, though this could be tested further with more detailed assessments of the capacity and options for the proposed local plan sites in this report. The site at Carn Thomas in practical is a site which might warrant further marketing as a development opportunity.

With the challenges to for the Islands driven by changes to the structure of the population over the coming years and the consequences of that in terms of service requirements there is a strong argument for taking a longer term approach to delivery which also allows greater local control /flexibility .This conclusion is highlighted when the limit to the scale of likely development, and pressures on loss of the existing stock for holiday use or to respond to EPC ratings are also considered. Scope for further housing is limited, and provision for local and key worker needs are critical, so there is an even greater need to make effective use of opportunities and give greater local control.

One option to seek to address this concern would be to support the development a CLT for the islands. The CLT, as a registered provider develop affordable housing and support key worker housing, including self or custom build to provide a range of tenures to meet both the needs and ambitions of the community going forward

What is a Community Land Trust (CLT)?

Community Land Trusts (CLTs) are a form of community-led housing, set up and run by ordinary people to develop and manage homes as well as other assets important to that community, like community enterprises, food growing or workspaces. CLTs act as long-term stewards of housing, ensuring that it remains genuinely affordable, based on what people actually earn in their area, not just for now but for every future occupier.

There are now over 320 Community Land Trusts in England and Wales, and the sector has grown six-fold in the last six years. The largest Community Land Trusts have over 1000 members each. Community Land Trusts have developed 870 permanently affordable homes to date and are working to develop an additional 5800 homes in the next few years. An example of Community land trust on a small island community is on the Holy island of Lindisfarne, Northumberland.

Holy Island of Lindisfarne CDT

The Holy Island of Lindisfarne Community Development Trust (HILCDT) was formed fourteen years ago to build affordable homes for island residents being priced out of a rising housing market on the island. It was the first CLT scheme to receive an investment from the Homes and Communities Agencies National Affordable Housing Programme and forms the basis of guidelines on working with the HCA.

The trust originally obtained charitable donations to fund the construction of 7 two-bedroom houses and flats for rent, going on to build 4 more 3-bedroom homes in 2009, in a unique partnership with 4 Housing Group. Ownership remains with the trust and rents are not linked to land values. Additionally, the homes cannot be sold under right to acquire rules, so affordable homes will continue to be available for the benefit of future generations on the island.

In all, about 20% of the permanent islanders and 50% of schoolchildren now live in homes provided by the trust. As part of the process to secure HCA grant, the trust became an incorporated charitable company. When it advertised for people to join the company, 80 people responded, over half the island's population.

The development of a Community Land Trust could provide a vehicle that would deliver a range of housing, and potentially other community facilities, and support the development of local construction capacity. Community Land Trusts also provide a strong vehicle for with direct community ownership and engagement in the delivery and management of the housing by developing a Community Land Trust control would be clearly within the Islands community.

Phasing and site options

This report has considered development options for three proposed local plan allocations;

- H1 – Former Primary School, Carn Thomas, Hugh Town
- H2 – Former Secondary School, Carn Thomas, Hugh Town
- H3 – Land to the north of Old Town, Ennor Farm, Old Town
- H7 – Land to the east of Ennor Close, Old Town

The sites are all capable of development for a range of housing though their flexibility does vary. The scale and nature of the Carn Thomas former school site of 21 units makes it less attractive to a self-build approach or a phased development.

The other two sites do potentially offer the opportunity to develop in phases over a longer time period if that is required.

View from Hugh House looking east over Hugh Town

This issue of phasing/scale is important as earlier evidence raises potential concerns about the capacity of the local market /development sector to provide for a single larger development. In addition to reduce concerns around sales risk of market/shared ownership properties self-build may provide an appropriate vehicle. In that case the ability of the site to effectively allow for self or custom build to come forward, from serviced plots over an extended period is a factor to consider. This reduces capital outlay until there is greater certainty around sales.

Role of Self/custom build.

If the Council wish to support the opportunity for greater owner occupation as a tenure on the islands, for local people/key workers, one option would be to deliver this through the provision of serviced plots as part of any site brought forward. One advantage of this approach is it would allow the rate of growth to match sales and so reduce concerns about sales risk in the development of market homes. The disadvantage of self/custom build is it is not an option attractive to all purchasers, however this could be mitigated through the use of system build though costs will again be a significant factor.

3. SITE OPTIONS AND ASSESSMENTS

Site Locations

3.1 Site descriptions

This study takes forward for assessment four sites that have been identified within the Draft Local Plan for housing development. For the purposes of this study the brief has been to review the capacity of 4 sites all located on St Mary's and provide potential structure for their development. The sites are:

- H1 – Former Primary School, Carn Thomas, Hugh Town
- H2 – Former Secondary School, Carn Thomas, Hugh Town
- H3 – Land to the north of Old Town, Ennor Farm, Old Town
- H7 – Land to the east of Ennor Close, Old Town

Site H7 lies adjacent to 2 other allocated sites, (Site H4 and site H6) which lie to the north, separated by a public footpath,and to the south. The context of both of these sites should be considered when assessing site H7, in particular the access and connectivity into site H6 through H7.

All of the sites are located within a short walk of the Five Islands School, Hospital and other community facilities.

3.2 Site Analysis

The Isles of Scilly are covered by several landscape and historic designations. The islands form part of the AONB (Area of Outstanding Natural Beauty) with the waters around the island are designated as a Special Area of Conservation (SAC). In addition, the islands are designated in the local plan policy as Conservation Areas which place a duty of care on the Local Planning Authority 'to preserve and enhance the character of the Conservation Area and to protect features of special architectural or historic interest'.

1. Location plan

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H1 – Former Secondary School, Carn Thomas, Hugh Town

Site H1 is located to the south of the Strand, opposite the H2 site. The site fronts onto the road facing north with the landform rising steeply to the south beyond the former building platform. The site currently accommodates the rubble and spoil from the demolition of the former school buildings, which is arranged to create a steep slope rising from the west to the east across the frontage. The land rises steeply to the south from approximately 11m AOD at the Strand to a plateau at 24m AOD, which stretches south east in a narrow plot. Several stands of trees located on the rising slope.

The plateau forms part of a prominent ridge that extending south east across this part of the island. Former tennis courts and play areas are still located on the high land. To the east and west of this part of the site, the site slopes steeply down to residential properties at Jacksons Hill to the north east and south west to St Mary's Parish Church, housing and Hugh Town.

Several listed buildings are located to the south west, including the church. The top of the church spire can be seen from the plateau although the boundary vegetation generally screens views out and provides a backdrop to views of the church from the west and Hugh Town.

Access to the site is from the Strand with residential properties creating boundaries along the other edges. The plateau is accessed via steps through the centre of the site or a steep footpath that snake around the northern boundary from the Strand.

1. Location Plan
2. Existing footpath access to the upper plateau (gated)
3. View from the site looking north towards Porth Mellon
4. Existing site entrance from the Strand
5. Elevated view across the site spoil towards Hugh Town
6. View along the frontage to the Strand illustrating the steep level change and partially vegetated slope
7. View of former play area on the plateau looking north
8. View of former play area on the plateau looking east towards adjacent properties

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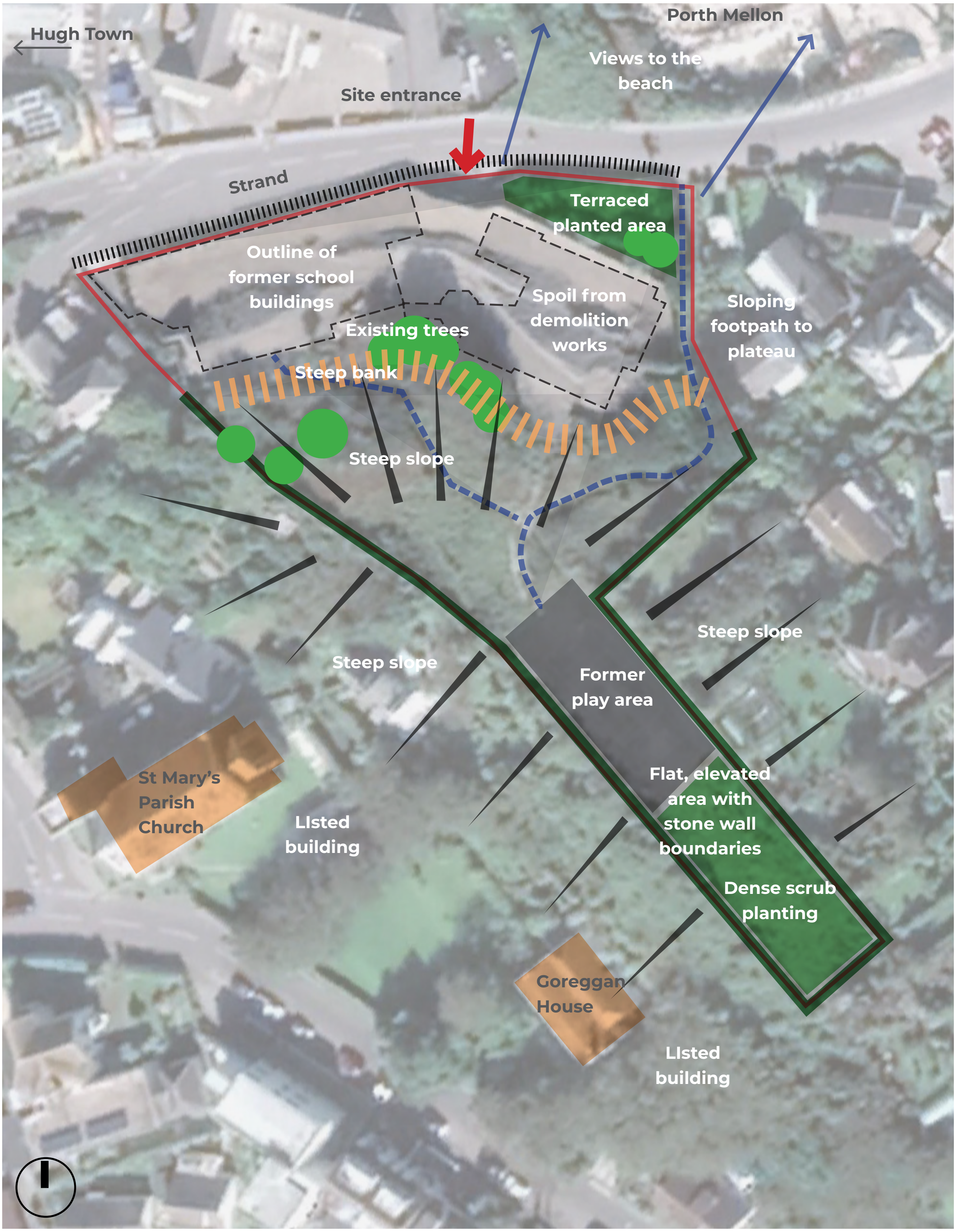

H1 Site Analysis

H1 – Former Secondary School, Carn Thomas, Hugh Town

Analysis Summary

- The site is constrained by the steep slope and level change that separates the plateau from the part of the site fronting Telegraph Road.
- Vehicular access to the upper site is extremely difficult and creates a constraint to construction and maintenance of any development.
- The lower part of the site faces north with the land rising to the south.
- Views are across the road to the former primary school site, with the eastern part of the site afforded views over Porth Mellon beach and the coastal waters.
- Developable land is restricted to the flatter frontage part of the site although stepped or split-level units could be developed these will incur a construction premium.
- Several listed structures including the St Mary's Parish Church and the Goreggan House are located to the west of the site and care should be taken to mitigate against harm to the setting of these buildings.
- The upper part of the site has long ranging views although is well enclosed by vegetation and stone garden walls.
- This part of the site is also narrow, and the width could restrict development opportunities.
- Access is difficult though pedestrian access is afforded via a steep footpath from Telegraph Road.
- Located along Telegraph Road (A2111), the main road into Hugh Town at a gateway location into the town.

1. Location plan


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H2 – Former Primary School, Carn Thomas, Hugh Town

H2 is located to the east of Hugh Town at Carn Thomas. The former primary school site lies to the north of the Strand on the promontory between Porth Mellon and Town Beach. The site is on level ground set onto the cliff which rises steeply to the rear (north). The land rises slightly beyond the northern boundary before sloping steeply to the beach and rocks below. The land to the north is densely planted preventing direct views to the sea. To the west are several cottages. These create a built edge and buffer to Town Beach. The site currently houses the former school buildings which are a mixture of the historic single storey school buildings (circa1905) and late C20th additions. The older buildings occupy the west of the site creating a courtyard along the Strand frontage with the additional built form enclosing the eastern edge. A small garden to the eastern boundary provides views over Porth Mellon. The frontage to the Strand if marked by a stone wall with vehicular access at the middle of the boundary and pedestrian access points at the east and west.

To the north west corner of the site a 2-storey building is set into the cliff boundary. Steps provide access to the rear of the building and series of terraced areas. These are currently overgrown and inaccessible.

1. Location Plan
2. Historic former school building (hall) with elevated internal floor (access via steps)
3. View of newer, 2 storey, detached school building
4. View from the Strand looking north along the street frontage. Extensions to the original buildings are to the centre/right of the photo
5. View from the adjacent site looking north to the site. Views of the coast and rising land behind
6. View to the rear of the property. Buildings set into the landform
7. Former school entrance and extensions
8. View from the eastern edge towards Porth Mellon

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H2 Site Analysis

Analysis Summary

- Mixture of historic and mid-century school buildings arranged on a narrow south facing site.
- Steeply sloping land to the rear (north) which is also heavily vegetated, resulting in an undefined boundary edge
- Views are restricted to the south towards the former secondary school, with oblique views east to Porth Mellon and Town Beach to the west.
- Narrow site with vehicular access contained at the centre of the road boundary;
- Located within the Porth Mellon archaeological constraint area
- Located along Telegraph Road (A2111), the main road into Hugh Town at a gateway location into the town

1. Location plan


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H3 – Land to the north of Old Town, Ennor Farm, Old Town

Site H3 is a broadly flat site located on the northern edge of Old Town sloping gently from the south eastern corner to the lowest part of the site in the north west. The site is generally well enclosed by a stone and tree lined hedge to the eastern boundary along Old Town Lane and a broken hedge bank to the south at The Old Town Inn. The northern boundary is marked by a stone hedge with trees and fields beyond with a raised stone-faced bank marking the western edge. The field beyond is raised and slopes away to the west.

Access to the field is provide via a stone gateway at the south-eastern corner. An agricultural track leads across the field to the adjacent field, exiting through an opening in the stone bank. It is unclear as to whether this access route would need to be maintained following development.

The site is located on the edge of the Old Town settlement and adjacent to a number of detached period houses as well as woodland and fields.

Old Town Castle (Ennor Castle) is a Scheduled Monument and is located approximately 50m to the south of the site. It is visible form parts of the site. A Heritage Impact Assessment[a] has been undertaken of the site as part of the allocation and local plan process and should be referred to.

Although not immediately adjacent to the site, Lower Moors SSSI lies to the north west of the site within 20m of the boundary.

The lowest area of the site is located at the north western corner of the site and is close to the area identified in the local plan as being potentially subject to 1in200 yr flooding.

1. Location Plan
2. View of woodland and fields to the north of the site.
3. View from the field entrance to adjacent property
4. View across the field from the southwest corner. The stone bank to the left larks the boundary. Views of the adjacent SSSI beyond the trees.
5. Existing farm track along southern edge
6. Existing stone wall and field entrance
7. View along the eastern (road) boundary, marked by mature hedgerow trees
8. View across the site from the south east corner at the field entrance.

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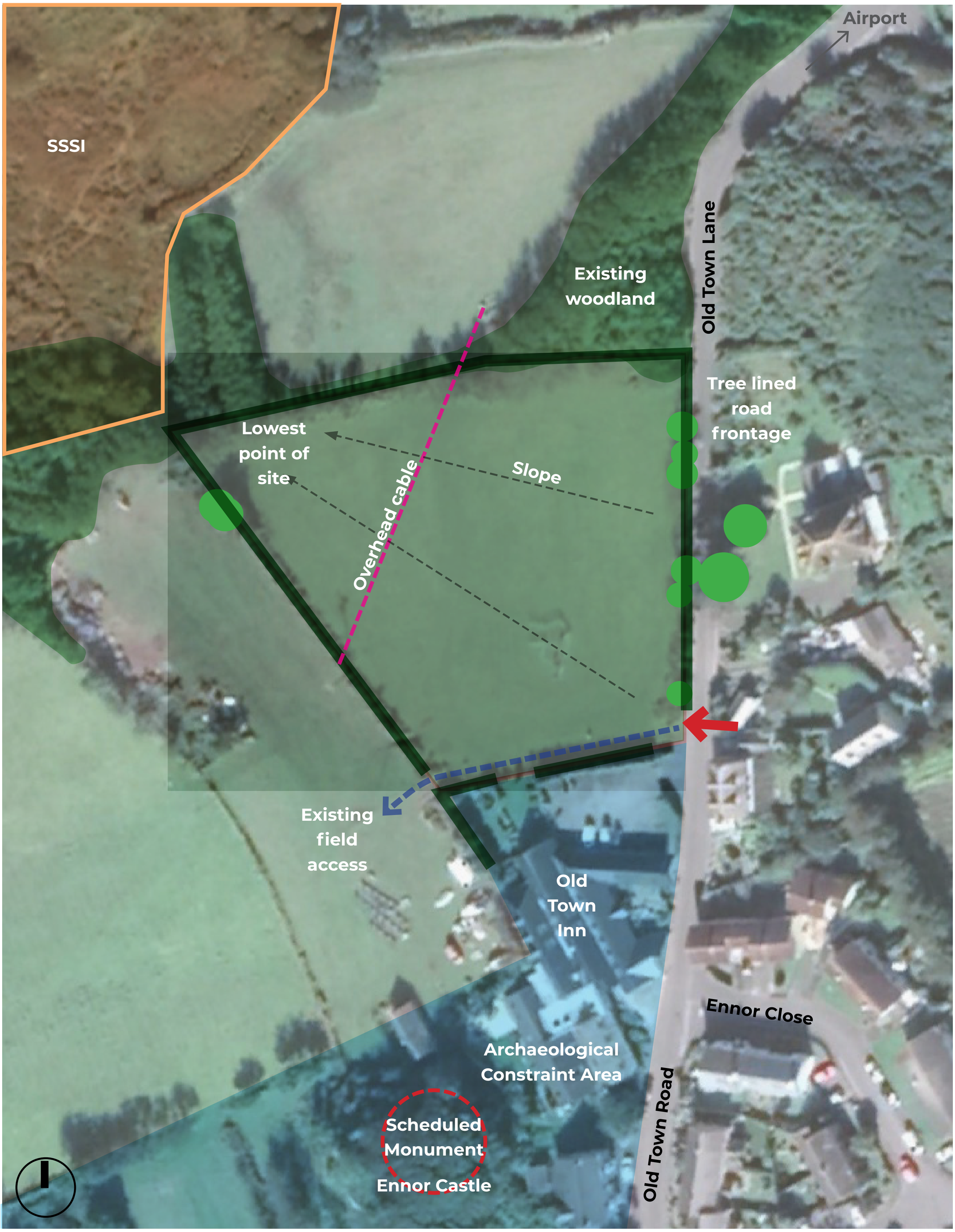
[a] http://www.scilly.gov.uk/sites/default/files/planning-apps/H3%20Housing%20Allocation%20 Heritage%20Impact%20Assessment%202018_0.pdf



H3 Site Analysis

Analysis Summary

Located along at the northern edge of the settlement of Old Town, the site is currently laid out as pasture.

- The landform is generally flat with a gentle fall from south to north with the lowest point of the site located in the north west corner.
- It is enclosed by stone hedges on all sides with the frontage to Old Town Lane formed by a stone hedge and hedgerow trees.
- To the south the boundary to the Old Town Inn is a broken hedge, whilst the boundary to the west is a stone-faced bank with dense scrub growth along its length.
- The northern boundary is to the adjacent woodland block. Gaps in the planting provide views to the local nature reserve and SSSI beyond with rising land beyond this.
- Opportunities for enhancement and retention of boundaries and boundary features should be considered
- Access is currently through a stone gate at the south east corner from Old Town Road. A farm track runs through the site along the boundary to the neighbouring field. It is unclear as to whether this route would need to be retained following development.
- The site is generally well sheltered and enclosed from the prevailing south westerly winds.
- Overhead cable run through the site and form a potential constraint to development. Options to bury or reroute the cable could be considered.
- The site forms an important gateway to the more densely populated area of the island at Old Town and Hugh Town.
- Consideration of impacts on the Scheduled Ancient Monument at Ennor Castle will need to be properly assessed as part of any development proposal. Inter-visibility will form part of any heritage and/or visual assessment
- Consideration of any impacts on the SSSI located 20m to the north west of the site must be taken. The SSSI and the historic area of Old Town to the immediate south are subject to Archaeological constraints which must be considered during design development.

1. Location plan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H7 – Land to the east of Ennor Close, Old Town

Site H7 is located to the east of the existing housing at Ennor Close on rising land. To the east, and further up the slope separated by an adjoining field is the airport land and the end of the east-west runway. The coast and beach at Porth Minick are located approximately 200m to the south.

Ennor Close is a small, cul-de-sac estate of mixed tenure housing including properties maintained by RSLs. It is located to the east of the main concentration of development at Old Town.

The site is currently laid out as a grassed field with lines of shelter hedging (escallonia spp) dividing it into 4 distinct areas.

Access is via Ennor Close and the field opening along the public footpath / track that leads to the airport.

Hedges define the boundaries on the north, south, east and part (southern) of the western edges with existing garages at Ennor Close. The site slopes up from Ennor close towards the airport land to the east. The slope is even

Another of the sites allocated in the Draft Local Plan is Site H6 which lies to the south of H7 and would be accessed through H7. Consideration of access into the site should be taken when designing the layout for H7.

1. Location Plan
2. Existing residential unit at entrance to site
3. View within adjacent estate
4. View from the east looking west towards the houses at Ennor Close
5. Existing hedge and stone wall
6. View along the existing farm track and footpath from the airport looking west towards Ennor Close. H7 is located to the left of the photo
7. View of existing garages at Ennor Close. The airport footpath and farm track are to the left of the photo.
8. View from the southern field looking south towards the coast

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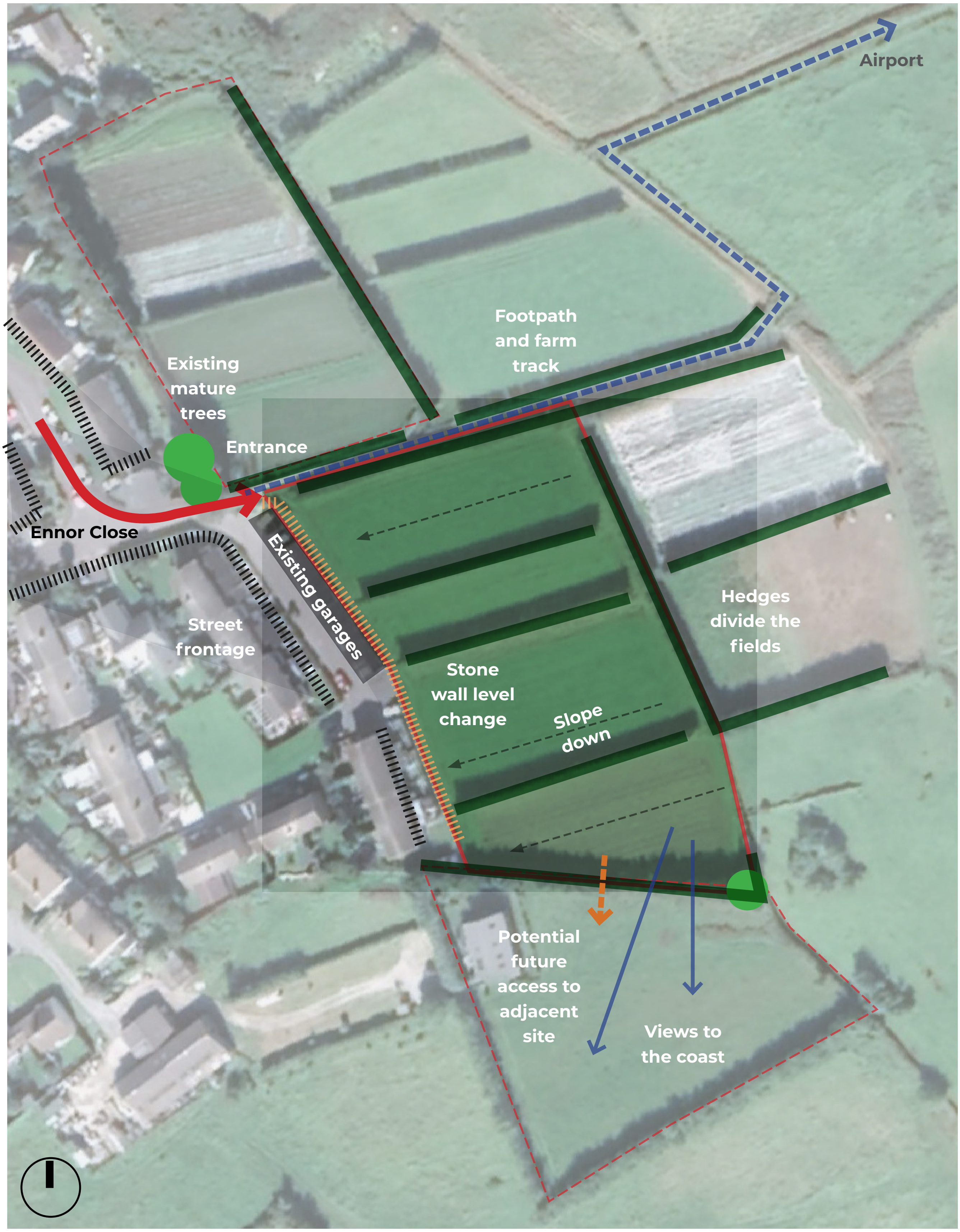

H7 Site Analysis

Analysis Summary

- The site is located behind Ennor Close on fields that rise to the east towards the airport.
- A farm track and footpath provide access to the site via Ennor Close at the north west corner of the site.
- The site is divided into 4 units by windbreak hedge planting. These run east west across the site.
- The external boundaries are marked by hedges on 3 sides with existing garages and houses forming the western boundary to the housing estate.
- Glimpsed sea views are possible from the higher parts of the site.
- Allocated site H6 is immediately to the south of the site and access to its should be a consideration when designing the layout of H7.
- The airport building and E/W runway are located approximately 100m to the east of the site on higher ground. The footpath / track to the north of the site provides a pedestrian walking route to the airport.

4. SITE PROPOSALS

4.1 Vision & Objectives

Initial discussions with the Isles of Scilly Council and the Duchy of Cornwall representatives and the development of the brief to underpin the Concept Layout Options and the Vision:

Vision:
The development of high quality, sustainable housing on the Isles of Scilly that will support the local community, its needs and aspirations. Housing that encourages long term social investment, a settled community and develops opportunities for individuals, couples and families to grow and develop the Isles of Scilly

Objectives

The concept layouts should:

- create a design that is specific to the area and reinforces the distinctive character, retaining and enhancing existing landscape features and character;
- maximise opportunity for flexibility of layout, to maximise the opportunity for a range of housetypes and tenures;
- provide parking for cars (ratio to be confirmed but is assumed at 1 to 1);
- provide the opportunity to stimulate market housing and subsidise affordable and key worker housing on the island;
- identify opportunities to create custom / self-build or community / land trust homes;
- identify and establish capacities for each site to support the development of a strategy for provision suitable homes to meet current and projected housing needs;
- allow for sustainable long-term financial viability through the inclusion of a mix of house types that are simple in form, well designed and laid out to provide.
- be able to support and provide evidence to any funding / grant bids.

The concept layout options were developed from site and context appraisal, desktop studies and discussions with Duchy of Cornwall and Local Authority representatives.

Issues of construction typology and methodology are discussed later in this report

Working with the criteria and aims of the Smart Islands programme options and opportunities for further discussion and/or study have been identified. The report discusses the provision of utilities (water, waste and power) and the opportunities for each site later.

Old Town (H7)

27no. 2 or 3bed houses

4no. 2 bed flats

- Parking would be provided in courtyard areas. Generally at 1 to 1 ratio (subject to requirements)

Old Town Optional site (H4)

20no 2 or 3 bed house

- Parking would be provided in courtyard areas. ≠≠≠≠Generally at 1 to 1 ratio (subject to requirements)

4.2 Old Town (Site allocation H7)

The initial concept layout has taken account of the natural landform of the site, the existing boundary hedges, site access and the immediate context. Access is provided from the existing farm track access point and enters into the site to create a street frontage, backing onto the existing garages to the west. The layout also allows for linking into the adjacent H6 site to the south. Creation of the access road also provides opportunity to access the site to the north (H3) and should be considered as an opportunity to develop at the same time.

Layout Summary:

- Access provided from the existing estate road along the farm track and footpath to the airport.
- Existing garages are retained with gardens backing onto them to take up the level change. These could be redeveloped to provide a rationalised garage or storage area
- Boundary hedges retained - opportunities to retain hedges within the site should be explored.
- The layout provides for 27no 2 and 3 bed houses and 4no 2 bed flats. 4 bed houses could be incorporated with minimal impact to the layout as required.
- Parking would be provided on street / on plot at the front of dwellings or in courtyard areas. Generally, at 1 to 1 ratio (subject to requirements)
- Opportunity for small play area could be incorporated into the layout.
- Phased development across the site, developing out from the access road, maintaining flexibility to respond to need and agreed delivery programmes.
- Additional option for development layout of H3 demonstrates opportunity to create 20no 2 and 3 bed houses.

Carn Thomas - Former Secondary school (H1)

5no. 2 or 3bed houses

13no. 2 bed flats

3no. 3bed bungalows.

- Parking would be provided in courtyard areas. Generally at 1 to 1 ratio (subject to requirements)

Carn Thomas - Former Primary school(H2)

1no 4 bed house (converted building)

1no 3 bed house (converted building)

4no 2or 3bed houses (new development)

- Parking would be provided in courtyard areas. Generally at 1 to 1 ratio (subject to requirements)
- Opportunity to create a detached house, small office or visitor centre for the Wildlife Trust.

4.3 Carn Thomas - Former Primary and Secondary School (Site allocation H1 & H2)

The initial concept layout has taken account of the natural landform of the site, the existing buildings, steep cliff faces to the rear and the limited access points. Re-use of existing buildings has been assumed with the more recent built form replaced with new development. The sites have been considered together in order to respond to the prominence of the location at a key entry point into Hugh Town and the combined importance of street frontage.

Layout Summary (H1):

- Mixture of Houses and flats developed on the lower platform (broadly on the previous building footprint) with opportunity for developing 3no bungalows on the high plateau. This provides 5 houses and 13 flats, plus 3 bungalows.
- Frontage to the road is created with parking courts and access from the central and eastern section.
- Steep slopes prevent significant development of the wider site, with construction constraints and access a factor for consideration.
- Due to the potential constraints for construction, limited parking opportunities and access restricted to footpath only, other options for development of the plateau should be considered.

Layout Summary (H2):

- The layout provides for a total of 6 houses (with 2no 2/4 bed houses created from the existing buildings and 4no 2/3 bed houses).
- Parking would be provided in courtyard areas. Generally, at 1 to 1 ratio (subject to requirements)
- Opportunity to create a detached house, small office or visitor centre for the Wildlife Trust.

Old Town (H3)

24no. 2 or 3bed houses

- Parking would be provided in courtyard or on plot. Generally at 1 to 1 ratio (subject to requirements)
- Opportunity for self build / community / Land Trust housing area within the development site.

4.4 Old Town (Site allocation H3)

The initial concept layout has taken account of the natural landform of the site, the existing buildings, steep cliff faces to the rear and the limited access points. Re-use of existing buildings has been assumed with the more recent built form replaced with new development.

Layout Summary:

- The layout provides for 16no 2 and 3 bed houses. 4 bed houses could be incorporated with minimal impact as required.
- Layout arranged to create courtyards to reflect context and character
- Parking would be provided on street / on plot at the front of dwellings or in courtyard areas. Generally, at 1 to 1 ratio (subject to requirements)
- Green space (including allotments and orchard) along the western edge to create a landscape buffer and mitigate potential impact on Ennis Castle (subject to further analysis).
- Flat site with generally open aspect surrounded by trees and hedges. The site is also located at a low point on the island and consideration of utilities and drainage are needed.
- Existing access from lane retained and link to adjacent field incorporated (subject to requirements)
- Opportunities for community housing should be considered on this site.
- Proximity to SSSi should be assessed and appropriate measures incorporated.
- Existing trees and hedges should be retained to maintain character and provide screening/ buffer as necessary. External views are limited and local

5. Concept Delivery Strategy

5.1 Sustainable development

Planning policy and a number of community, private and local authority initiatives, including Smart Islands Partnership (smartislands.org) and the Draft Local Plan demonstrate a desire and policy to develop and promote sustainability throughout island life. This is underpinned in the Draft Local Plan:

- Draw on local and site context and unique landscape of the Isles of Scilly;
- Sustainability through island self-sufficiency and resilience in infrastructure
- Sustainable housing market that creates sustainable housing needs, choice and vitality in the housing market;
- Economically sustainable
- Climate resilience and adaptability in the built environment and green infrastructure

Development of the allocated sites should reflect these key criteria through the design and layout of buildings, developing and promoting a sense of place, responding to context, orientate buildings for maximum solar gain and supporting sustainable mixed communities.

A range of housing tenures and mixes will assist in creating and sustaining a balanced mixed community. All of the allocated sites are located within or adjacent to existing communities with H3 and H7 likely to provide a greater opportunity due to location and proximity to existing the community and the range of housing types and tenure that could be integrated.

Power Generation

Opportunities for the integration of sustainable technology and generation technology such as solar, solar thermal, ground/air source heat.

All the sites would be able to incorporate roof based solar PV panels subject to orientation of buildings. The plateau at the former Secondary school site (H1) could provide suitable area for up to 800m2 footprint.

Ground source would be possible on each of the sites, though more problematic on the Carn Thomas sites due to topography, and likely ground conditions (bedrock). Site specific assessments are required.

Wind turbines could be possible in some locations, however specialist advice in relation impacts on the airspace and airport will need to be sought. Another consideration is the location in the AONB and the planning restrictions that such structures may fall under.

Water and Sewage

Connections to the water and sewage network are not currently known, however proximity to existing development would indicate opportunities. Capacity issues would need to be assessed and considered in any development constraints.

Wider project opportunities for creation of new reed-bed sewerage systems could assist in capacity issues and provide wider ecological and sustainability benefits. This would require consideration as part of a wider island wide strategic programme and selection of suitable sites with the relevant authorities.

Rain water harvesting should be reviewed with a view to assessing the functionality of grey water and stored water integration into the building fabric or form and the practicalities of filtration and other required systems.

Green infrastructure and ecology

Each site has potential for enhancement of the natural environment, linking into the surrounding context of each site that reinforcing the corridors and connectivity of green spaces. H1 and H2 have limited on-site opportunities.

Enhancements such as bat, bee and bird boxes can be easily integrated into the building fabric.

Spaces, hedges and trees are all important features of the island character and must be retained and integrated into the development layouts where practicable. These should reflect the character of the landscape as well as the built form.

5.2 Transport and movement

Whilst there is no maximum or minimum parking standards within the current planning policy the emerging Local Plan Policy SS9 Managing Movement requires any development with a potential to generate vehicular movements and car parking to provide to (a)promote sustainable transport options such as walking, cycling and electric vehicles and (c) an appropriate level of off-street cycle and car parking and electric vehicle charging, taking into account the scale and type of development and the accessibility of the location to facilities and services.

Part 2 of this policy requires any development, that generates significant amounts of movements to be supported by a Transport assessment and Travel Plan.

Opportunities for the inclusion and delivery of charging points for electric cars, bikes and scooters can be done on a site specific basis to work within the Smart Islands initiative in developing a

(Electric) Car share schemes will also have an impact on the scale and layout of schemes and would provide flexibility to the development of sites and assist in meeting the targeted reduction in car movements.

5.3 Deliverability

Each site requires specific consideration of the deliverability, its response to housing need, development opportunity, tenure and mix.

Construction labour force and delivery of materials is a consideration on all sites. As is the programming of construction, seasonality of labour and accommodation for workers.

Options / partnerships

- RSL - established partnerships and RSL options. Maintenance and management of properties is an ongoing practicality and cost issue. Reducing the number of RSL to increase individual stock could provide more cost effective arrangements.
- Individual small developer - custom house builder (option to provide subsidy for key worker / affordable housing?)
- Self build or custom – sold as individual plots or community groups
- Land Trust / Homes England

H1 / H2

These sites have been considered together due to the prominence, location and key frontages. The study indicates that H1 / H2 would not be suitable for self-build custom build due to the constrained nature of the site, the topography and the resultant physical constraints on the housetypes / sizes.

The H1 site is expected to require flats to provide numbers and benefit the viability of any development. It is likely that these would be more suited to holiday or market units that could provide cross subsidy for development of other sites.

The raised plateau presents a challenge in construction terms with access restricted and delivery or movement of (bulky) materials difficult. Providing a serviced plot to a self-builder on the plateau would remove developer profit issues and de-risk issues relating to marketability of a built house.

Alternative uses for the plateau could be:

- Single storey dwelling (up to 3no) as private or holiday lets
- Green space, allotment or garden space;
- Solar / energy production

The H2 site can utilise the existing built structures to provide a conversion option with additional units provided as new build. These are unlikely to prove economic enough for custom-build or RSL development due to the lower densities, however partnered development of holiday units could provide a foil to the development of H1.

H3

The site provides the most flexibility of layout and can integrate a range of terraced, semi-detached and detached housetypes to create flexibility of form, size and tenure.

The site would be suited to integration of self-build or custom-build units which could be laid out as semi or detached houses. This could be seen as a low risk approach to delivery with the option to sell as serviced plots.

The flexibility of layout could provide a range of sizes and tenures and could be arranged to form clusters of units, based on a communal or community focus.

Its location, close to the Old Town centre, school and other community amenities is probably better served as an extension of the community rather than as holiday development.

H7

The site can be laid out to provide a flexible approach to delivery of a range of housetypes and tenures.

A Phased approach could be undertaken to delivery which could respond to the needs or developing needs for housing.

The flexibility of layout could accommodate a range of tenures and property sizes, based on a distributed plot mix. It is felt that this approach would be more suited to an RSL or HA approach rather than custom or self build.

5.4 Construction issues - options and opportunities

- Key issues relating to construction include access, material deliverability and access to suitable qualified labour force
- Buildability of houses is linked to access to appropriate construction materials and workforce.
- Frame or panel systems could be used to provide an integrated solution which could meet or exceed current building regulations standards
- Advantages to this approach would be speed of delivery of materials in bulk, limited labour force skill requirements and speed of construction.
- Issues around the lifespan of timber framed prefab units are linked to the design and delivery of the footings, weather during installation and quality of weather proofing.
- Examples from Scottish isles demonstrate the suitability for an exposed island setting.
- Traditional construction is also an option, using stone, block and render or brick. The Issues relating to the availability of materials and a suitably skilled labour force are likely to affect the costs significantly.
- Local materials such as granite could be used to maintain the vernacular and appearance. Supply and cost will require costing and investigation.
- The local housing market is narrow in scope and unique to the island context. Ownership is currently limited with rented accommodation prevalent due in part to the dominance of rental properties and restricted market opportunities.
- Housing market restrictions based on the market conditions need to be tested to understand the opportunity for market units and self-build.

5.5 Programme opportunities

- Seasonal issues related to construction will affect the delivery of houses.
- Opportunities for maintaining a labour force on the island through temporary accommodation located on one site whilst another is being delivered may assist a longer delivery season. This could also mitigate any issue around holiday / seasonal accommodation issues reducing the impacts on the local economy as a result.
- Programming the delivery of housing will depend on demand and need.
- Delivery of site H7 could be in conjunction with H3 with H3 providing discrete temporary accommodation for labour force. H1 and H2 could also utilise this approach.
- Delivery of materials due to weather and cargo sailings will affect the construction process.

6. CONCLUSIONS

6.1 Evidence findings and insight

Demographic trends

The population of the islands has not increased from the 2008 (peak) level in the nine years since. 2016/17 has seen the second largest fall in population recorded. The 2017 figure has fallen to close to the 2006 level. The population is estimated to be 74 lower in 2017 than it was in 2008.

The latest available population projections continue to reflect these changes and predict a falling population for the Isles of Scilly. The SHMA and the Local Plan however both set out a housing target based on a positive view of the future population of the islands reflecting an ambition to increase and stabilise the Islands population.

This ambition stems from the concern, set out in reports such as *Islands Futures*, that a lack of growth could act as a tipping point on the viability of a range of services, businesses and the wider economic viability of the islands.

The population decline on the Isles of Scilly has been focused in Hugh Town and the area around St Mary's school. This area represents the broad concentration of the holiday stock.

Within the broader demographic change there have been significant increases in the "older" population of the islands, with those aged 65+ increasing from 16.6% of the total in 1991 to 25% in 2017. The corollary of this is a reduction in the share of working age population, from 64% in 1991 to 59.9% in 2017.

Just looking at changes since 2008 (the recent peak population) there are 166 less people of working age and 105 more people aged 65+. This trend has the potential to have significant impacts on the viability of the facilities and services on the islands.

While a common theme nationally the ageing of the population/ reduction in the working age population brings with it more significant issues for the Isles of Scilly due to geography and limited scope for additional carers/facilities against likely rising demand for care either at home or in a care home setting.

The causes of the decline from the 2008 peak population are likely to be linked to:

- Housing availability and affordability
- Economic prospects during and post-recession

While the issue of sustaining viability of services is common amongst a number of Island communities (see reference in *Island Futures*) The Isles of Scilly present an even greater or more extreme case due to their smaller scale and level of existing population compared to other island communities in the UK. This scale has an impact upon both the supply and opportunities for the delivery of new homes to meet the needs of the community.

Pressures relevant to housing supply are:

- The changing nature of holiday accommodation, with a continued shift towards self-catering accommodation. While this trend has seen the conversion of guest houses to self-catering units across the islands, if it were to continue it could put considerable further pressure on the available housing stock for the islands.
- The physical nature of the housing stock - there are high levels of private renting across the islands. Social renting is higher than the England average with an associated lower level of owner occupation. The Isles of Scilly has a higher share of flats (19%) than England (15%) and Cornwall 8%. This is higher again for St Mary's (22%). The higher level of flats lends themselves to use as holiday accommodation so there is a competing use for smaller properties which may be relatively affordable set against detached and larger houses. The most common number of bedrooms across most islands and all tenures is 3 bedrooms.
- Potential issues about the long term viability of some of private rented stock in terms of legislation around Energy Performance Certificates and historic construction techniques that mean meeting more rigorous standards would be too expensive. This could lead to more properties shifting to holiday use.
- The continued ageing of the population, both creating demand for additional services and facilities as more older people move to the

time of their life where care packages, either home based or in an institutional setting.

- The reduction in working age population and a heightened awareness of the difficulties of recruitment to key worker roles on the islands across a range of types and level of jobs. This is an issue that impacts on the low paid in essential posts as well as those in more senior roles who may not be looking to permanently move to the islands and struggle to find suitable short term (1 or 2 years) as well as those looking to make a more permanent move.
- Future population growth is predicted to decline further and accelerate the changes already experienced over the last few decades (that is a falling share of the working age population and an increasing share of older people). Tackling this issue and providing the means for more working age people to make a living and stay on the islands as well as attracting more people to live and work on the islands is one of the core issues that the Local Plan is responding to.
- Affordability measures show national scale unaffordability levels across both rented and market purchase sectors. Given the limited new additions to housing stock since 2010, and potential losses through conversion to holiday use. For this to have acted (alongside economic uncertainties) to reduce the population of the islands is striking and increases the need to provide a range of affordable units over the next 11 years of the Local Plan period). The SHMA and Local Plan concluded that all likely current and future demand would need to be affordable, in the wider sense.
- The housing market on the Isles of Scilly shows high levels of those from higher paying occupations renting either privately or in social housing. In the case of social housing this may well be linked to essential key worker posts for the wider Council or public sector. This however uses part of the social stock that would otherwise be available for those with more limited incomes. It also means that a part of the private rented stock is used by those on higher incomes than would be the case on the mainland. 24% of households with a person in the three higher earning occupations is in private or social rented accommodation (2011) on the Isles of Scilly. This is 174 households. The same figure for Cornwall – if the Isles of Scilly rate was the same as this it would free up 115 units. This is highly significant in the context of overall housing need on the islands.
- The wider economy could be part of the solution around affordability issues. Islands Futures was clear that the solution lay in bringing more wealth and more value to the islands is important because this is how vital services will be protected and improved - thus encouraging more people to stay and more people to visit. This can be achieved by increasing the number of people coming to the Isles of Scilly, by increasing the amount that they spend, by starting new businesses that create wealth within the community and by reducing the costs of living. Retaining and attracting key workers at its broadest definition of those contributing to the essential well-being of the Islands is a critically important aim. There remains a lack of published robust data to allow for a meaningful economic assessment of how employment and business have changed and performed since 2011.

Example:

There is growing awareness within English National Parks of the impacts of limited supply of housing and affordability and the impact on the ability of younger people to live and work within the Park boundaries. The Yorkshire Dales National Park has a multi local authority initiative aimed at attracting more younger people to live and work within the Park.[5]

While superficially relevant, the Dales National Park is surrounded and within relatively close distance to a range of small, medium and large villages, market towns, and with good public transport links to nearby cities, and both absolute and relative better affordability to a large range of housing options.

For example Skipton (population of 15,000) is within 40 minutes train journey of Leeds and sits on the boundary of the national park. 52% of house sales in Craven in 2018 were for under £200,000.

A feature of the housing markets of the north of England, and relevant to the Peak District, Lake District and Yorkshire dales is not the absence of high value properties, but strong affordable market segments of their housing market areas.

Smaller Scottish islands remain a better benchmark in considering issues around depopulation and re population, housing for local and key workers and the provision of affordable social housing.

Recent press reports[5] [6] highlight the situation on Arran. The Arran Economic Group are making the case for funds to develop dozens of homes on the island that will be allocated according to economic rather than social need for local workers. The group, made up of local business people and community activists, describe the island's house prices are as unaffordable as London with the annual wage on Arran sitting at £24,000 – with house prices going for 10 times that figure. Arran has a population of just over 5000.

To summarise the position on Arran:

Challenge: The lack of affordable housing is restricting current and will restrict future economic growth on Arran and is a fundamental causal effect of a reducing working age population. This is not new; the Craigforth Study identified the need for 105 to185 affordable homes in 2007.

Between 2007 and 2011, only 30 affordable homes were built. The 2011 census saw a 16% decline in working age population since 2001, during a period growth. The supply of affordable homes is the major unfunded infrastructure improvement which could significantly reduce economic development and community viability and is now being addressed as a matter of urgency.

Response: A 2016 Housing Study to identify housing requirements based on economic need was commissioned by the AEG, completed and presented in October 2016. The Study was asked to provide analysis of the problem and recommend solutions. The findings from the study, subsequent enabling responses and solutions are highlighted below: - A chronic lack of affordable housing is impacting and will continue to impact on Arran's ability to sustain or grow its current level of economic and social activity.

The AEG commissioned four feasibility studies on sites suitable for the construction of affordable homes; two sites in Brodick and two sites in Lamlash. Combined, these sites could provide up to 191 affordable 2 and 3 bed units including self-build plots. - There is a requirement for 200 affordable homes now. The current NAC Housing Waiting List is 309. NAC has agreed to build 26 units at Brathwic Terrace, Brodick and Trust Housing Association have agreed to build a further 20 at Springbank, Brodick.

Based on the Study findings, workers required to sustain, grow services and the economy are priced out of the Arran housing market. This impacts all sectors but specifically problematic are the Health & Social Care, Education and Tourism sectors.

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[4]https://www.lakesanddales.org/news/yorkshire-dales-national-park-authority-young-people-campaign-is-last-chance-for-dales-communities

[5]https://www.scottishhousingnews.com/article/arran-islanders-bid-for-government-funds-to-tackle-affordable-housing-crisis

[6]https://www.theguardian.com/uk-news/2019/apr/22/nothing-affordable-buying-home-now-just-dream-young-couples-older-workers-arran-tourism-booming

Delivery: For most areas, this will apply to 2018 and beyond. The Housing Study, Feasibility Studies and subsequent discussions made several recommendations which are outlined below:

1) Setting up of a Scottish Company Limited by Guarantee to expedite the community led solutions. The latter is now complete (Arran Development Trust) with OSCR registration lodged. 10 Directors have been identified (based on specific skills & experience) and have agreed to serve. This will allow the Trust to access appropriate funds. For example, The Scottish Land Fund and The Rural Housing & Islands Fund. The ADT is now an Associate member of The Development Trusts Association Scotland.

2) Ensure that the local community is fully engaged and supportive of the need for affordable housing to, sustain the economy and the community, prevent further decline in working age population and improve the overall quality of life on the Island. The Arran Development Trust has been incorporated and will work closely with the community to ensure their views are considered. Membership of the ADT will be promoted extending voting rights to members.

3) Expand the Board of Trustees for the Arran Development Trust to represent both demand for and potential supply of affordable housing. This is now complete with 10 Directors registered (based on skills and experience required at board level). The ADT will also now be able to recruit further members. Incorporate the Housing Study findings into the new Local Development Plan (LDP). AEG working with NAC LDP officers has ensured the findings and sites identified are suitable and included.

4) Focus on affordable accommodations for workers which support the Arran economy and infrastructure. AEG working with NAC Housing Department and the Allocations Team at Trust Housing Association are lobbying for a Local Lettings Policy within which, priority should be given to Workers on Arran specifically within the Health & Social Care, Education and Tourism sectors. Quantum Solutions and Denholm Benn have designed affordable units incorporating renewable technology and a "home for lifetime" concept. These designs are targeted at tackling fuel poverty, lessening the requirement to move home due to lack of space and current/future allocation of affordable housing for Workers.

5) Engagement to encourage the 59 Empty Homes owners identified to bring vacant properties back into use as Affordable Homes, utilising financial incentives available through North Ayrshire Council Empty Homes Fund. The AEG have engaged with the community on several occasions to identify specific properties and are now working with NAC Housing Department on the potential of introducing a "buy-back" scheme allowing the AEG/ADT to purchase, renovate and bring back into use some of these properties for affordable rent or future sale for Island Workers.

6) Strategic expansion of affordable housing in Brodick, Lamlash and Shiskine incorporated in the LDP. The AEG have identified a further 3 affordable home 17 development sites on the West Coast of Arran, which are strategically placed and would be appropriate given the potential of new job creation identified in the foreseeable future.

This would seem to be relevant to the Isles of Scilly and we would recommend contact is made to explore the common ground and solutions further.

Delivery

- Delivery of housing has remained at a limited level. Since 2012 14 new homes have been constructed, mostly on St Mary's. The scale reflects an organic approach to delivery based upon infill and redevelopment. This limited scale of development has meant that since 2012 only 10 affordable homes have been built, (the remainder are staff accommodation) This is clearly less than the target for delivery of affordable homes set out in the local plan, and without a step change is unlikely to compensate for losses to the holiday market or increases to address issues of affordability or availability of a housing mix to meet economic or key worker aspirations set out in the Islands strategy documents.
- The small or organic scale of recent housing delivery also reflect the lack of delivery partners. In terms of affordable housing, while the islands have seen the development of small schemes in the past from a range of Housing Associations there has been little significant scale of development in recent years. The nature of affordable housing delivery has changed significantly in the last 10 years with providers usually needing to provide cross subsidy to support schemes and also becoming more cautious where market risk, and hence the ability to cross subsidise, is higher. The last Registered Provider scheme was 2 homes completed in 2015 incorporating a range of grant funding sources.
- Private sector development partners able to deliver a larger scale of delivery are likely to be from the mainland, with limited knowledge of the local land market and costs. This lack of local capacity to deliver larger schemes means either, sites needed to be marketed beyond the local market ,delivery rates are retained at a lower level to match local capacity or development is undertaken without the benefit of market cross subsidy .
- The challenge in terms of delivery reflect the fact that the islands are different and traditional responses that may be effective in larger communities are not appropriate in these circumstances. To provide an effective response there is a need to consider if a bespoke vehicle can be created to support delivery to meet the Islands needs going forward.

Viability

- The 2018 viability study for the Local Plan concludes that affordable housing could be delivered but only with significant elements of market housing to cross subsidise.
- This assessment of viability was however sensitive to potential increases in build costs which were identified as significantly higher than a Cornwall average with a range from 25 to 50% more, presenting a major development risk.
- Developer/agent feedback obtained as part of the delivery of that report highlighted concerns around the likely impact on values of a principle residency condition and also highlighted the likely scale of development that could be brought forward by the local market.

6.2 Conclusions and Recommendations

- A step change in Housing delivery is needed to address affordable and key worker needs
- Relying upon windfall development is unlikely to meet the scale of need or type of housing required.
- Delivery through a traditional S106 approach will be inefficient considering the limited opportunities and remains uncertain for larger sites due to concerns around market capacity and sales risk and a limited range of private sector partners.
- To meet key worker housing and longer-term requirements, ambitions for the islands there is a role for a greater range of housing tenures and unit size.
- The development of a Community Land Trust and the use of Self and custom build provide an option to support a longer-term option to deliver the local ambitions of the community, either as part of or instead of direct delivery by the Council or a registered provider.
- Further marketing of site options, particularly the Carn Thomas sites, with the private sector would provide a way of further testing of the scope to attract private investment which could be used to support delivery and grant application on one of the sites. However, to date this has been unsuccessful in providing a traditional housing scheme.
- Any development for affordable and /or key worker housing will only be viable with cross subsidy or public subsidy. The nature, scale and housing market of the islands mean the opportunity for cross subsidy of open market housing to deliver a “larger” single or range of sites is problematic and reliance upon this approach will further delay any delivery. On that basis public subsidy will likely be required in addition to, or to underwrite the cross subsidy from market units. The unique nature of the delivery of housing on the Islands needs to be recognised by Homes England in their assessment and allocation of funding.
- The development of self or custom build units for key workers /local needs may provide an opportunity for cross subsidy but with no ability to provide up front delivery.
- The Carn Thomas site will include abnormal costs of further site clearance. Funding for abnormal costs could be supported through a bid to Homes England Small Sites fund.

6.3 Next Steps

In order to bring forward development opportunities several areas of studies and investigations are likely to be required. These will in turn, be able to support, strengthen or identify opportunities for funding bids, strengthen business cases or provide other development opportunities not discussed in this report.

Detailed Market Appraisal

A further review of the housing market (holiday, rental, and ownership forms) will inform the development opportunities, need and business case for development.

Detailed site layout

Further detailed development of site layouts and house designs to assist in the cost analysis and feasibility work to RIBA Stage 2/3

Detailed Cost and Viability Appraisal

Assessment and testing of markets and viability for such schemes will provide more cost certainty when allied to cost reports. Initial development appraisals will be required to form the basis of developing a cost base and thereafter viability assessments which will develop with the market appraisals.

Where possible, a review of recent developments and cost data (eg Cornwall Rural development at Normandy or apartments at Porth Cressa) should be undertaken to enable real-time comparative assessment of additional development costs / uplift.

Further study of existing initiatives within similar communities

Consider further contact to explore common ground and test potential solutions with other island communities such as that highlighted on the isle of Arran (see examples page 53-54).

Review of the provision of affordable housing on the Isles of Scilly

Undertake a review and discussions with existing Registered Providers and Council to consider the opportunities for collaboration of registered providers / future community land trust on the island in relation to management, provision and presence and associated cost reduction / rationalisation opportunities.

Construction methodologies and innovation

Given the changing landscape of innovation and advances in construction industries detailed reviews of the technologies and construction methodologies it is recommended that a review of construction methodologies, innovation and off-site manufacturing and construction techniques

Ecological and archaeological appraisals

Site investigations for each site (subject to delivery strategy) to identify and manage issues relating to ecology. An initial (extended) Phase 1 Habitat survey will identify any critical constraints and any mitigation opportunities.

Opportunities for enhancement and input into a wider green infrastructure strategy for the island

Archaeological appraisals will also identify any constraints to development on any site. Initial desktop studies will be carried out to scope each site with further recommendations as required.

Design coding or pattern book for the Isles of Scilly

To provide structure and quality to development on the islands. Given the scale of development being proposed it is important that the planning policies are provided with design support as structure to develop consistency and quality that reflects the continuing aspirations for the islands.

Review and assessment of key worker posts

Undertake a review of the role of and definition of key workers to assess and feed into need, quantity and tenure requirements.

Site specific assessment

Site specific surveys and assessments would be subject to initial investigations and a detailed site appraisal. This would include

- Building and structures surveys
- Topographical site surveys
- Ground investigations (site)
- Landscape and visual impact assessments
- Arboricultural assessments (site)
- Utilities and services capacity assessments
- Sustainable energy capacity assessment (site)

APPENDICIES

Appendix A - Evidence Review

Population and Demographic changes

The SHMA (2016) highlighted an ageing population, and that population peaked in 2008 and then declined. Later data has confirmed this position.

Natural Change and Migration

There is a small decline in the population due to more deaths than births in the last two years.

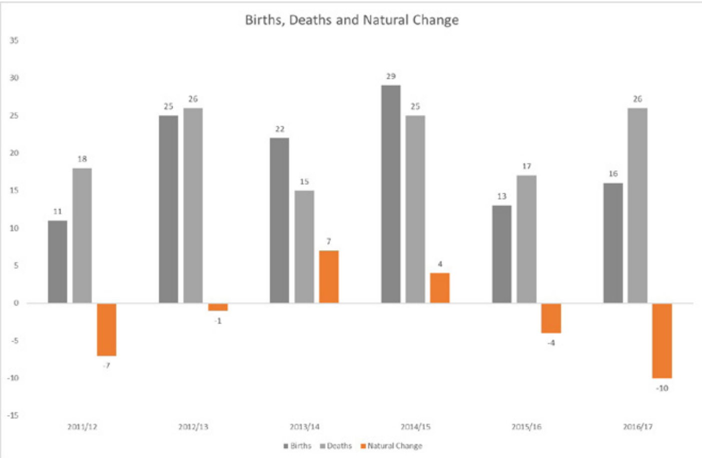

Chart 1 - Natural Change

The latest year of data (2016/17) has seen the largest net out flow of internal migrants since 2011, at -69.

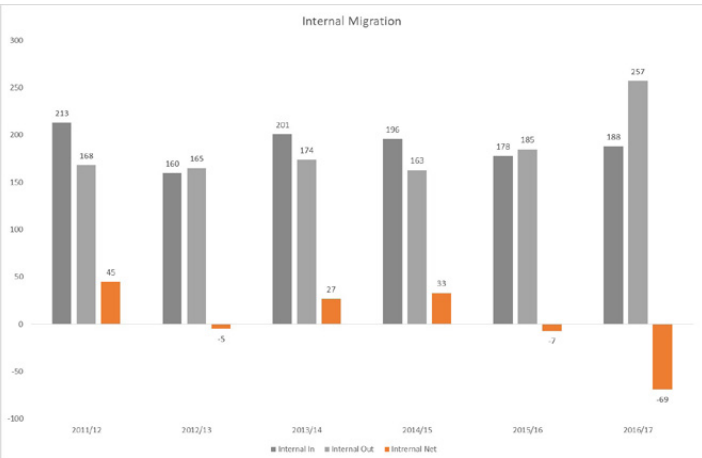

Chart 2 - Migration (internal)

The Isles of Scilly population has gained 24 people from 2012-2017 from internal migration. There remain annual fluctuations which at this scale are likely to represent a range of issues such as available accommodation on the island and personal circumstances of those leaving the islands. The most recent data shows a more significant outflow of people.

Long term population change

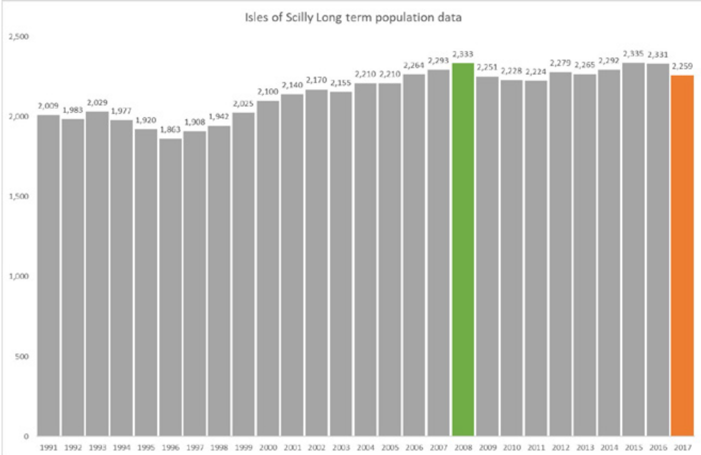

Chart 3 - Long term population

There was broadly consistent population growth from 1996 to 2008. The population fell immediately after this and has broadly recovered by 2016 to the 2008 level (-2). The last year of record shows a further small decline.

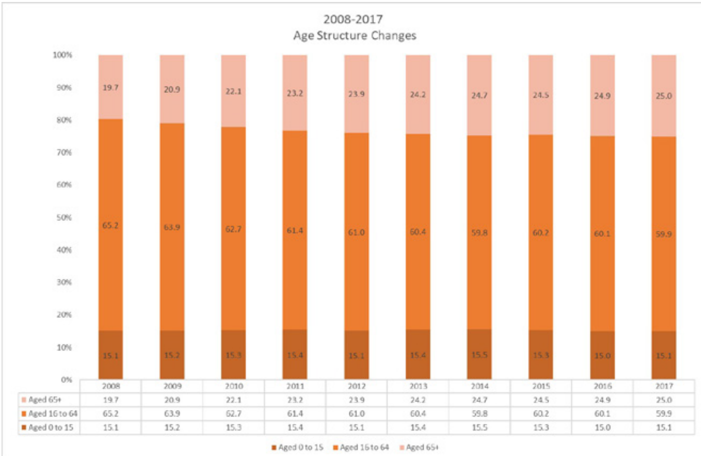

Chart 4 - Age Structure 2008-17

The main changes have been an increasing level of older people (aged 65+) and less working age (16-64) which has fallen from 65.2% to 59.9% of the total. This is even clearer when looking back at longer term historical trends.

The main changes from 1991 have been a falling percentage of younger people (19.4 to 15.1%) and working age people (64 to 60%) and increasing older people, from 16.6% in 1991, to 25% in 2017.

	All Ages	Aged 0 to 15	Aged 16 to 64	Aged 65+
2008	2,333	353	1,520	460
2009	2,251	342	1,439	470
2010	2,228	340	1,396	492
2011	2,224	343	1,366	515
2012	2,279	344	1,390	545
2013	2,265	349	1,368	548
2014	2,292	355	1,370	567
2015	2,335	357	1,406	572
2016	2,331	350	1,400	581
2017	2,259	340	1,354	565
Change 08-17		-13	-166	+105

Table 1 - Actual Age Groups 2008-2017

The overall scale of the change of the broad age groups is shown above. The 65+ age group has increased by 105, the working age group (16-64) has fallen by 166. This will represent both migration moves in and out of different ages, and a larger cohort of post 2nd World War Baby boomers ageing from one age category to the next.

Small Area Population Changes

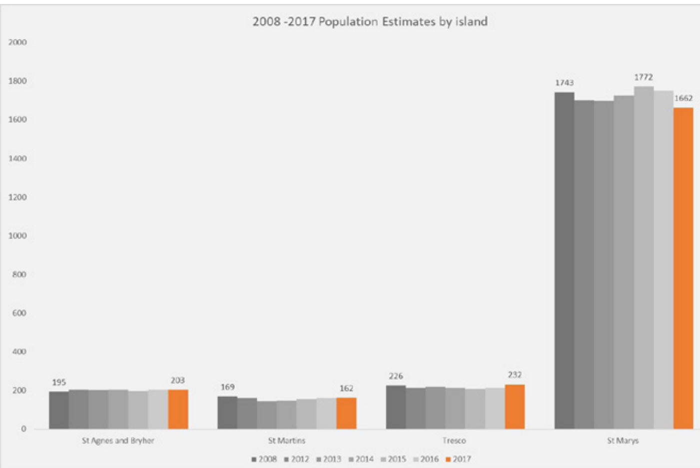

Chart 5 - Island population change

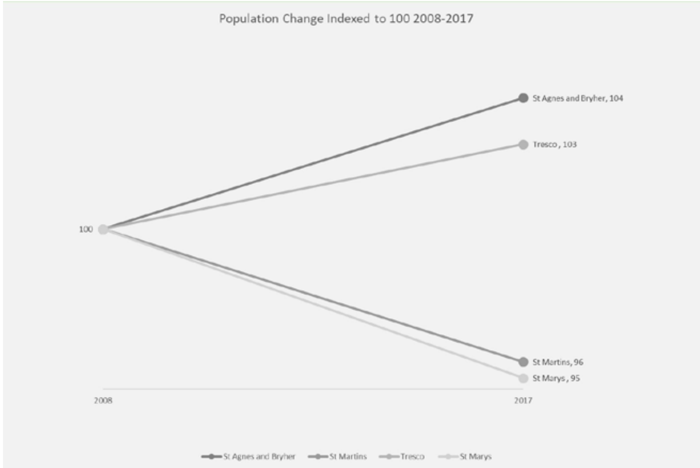

Chart 6 - Island population change indexed where 2008=100

There is clear evidence of population decline on St Mary's and St Martin's.

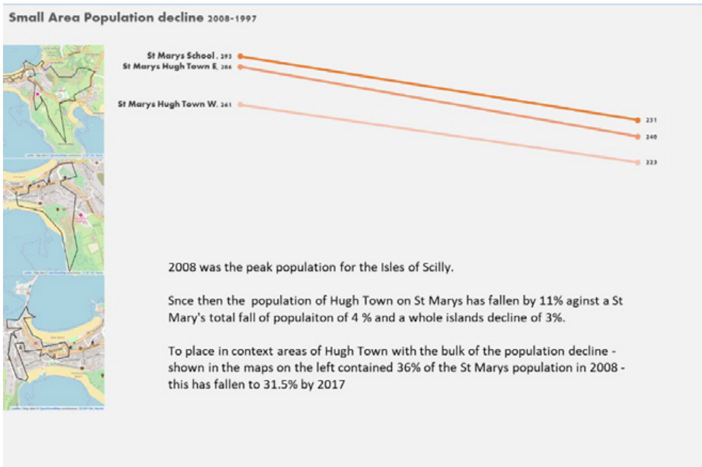

Figure 1 - St Mary's detailed population decline

KEY MESSAGES POPULATION CHANGE

The population of the islands has not increased from the 2008 (peak) level in the nine years since. The revisions to the official estimates have acted to increase the population for 2012-2016, but 2016/17 has seen the second largest fall in population recorded. The 2017 figure has fallen to close to the 2006 level. The lack of growth will act as a dampener on population projections, which are driven by recent trends.

The latest available population projections continue to reflect these changes and predict a falling population for the Isles of Scilly. The SHMA and the Local Plan both set out a housing target based on a positive view of the future population of the islands.

The population decline on the Isles of Scilly has been focused in Hugh Town and the area around St Mary's school. This area represents the broad concentration of the holiday stock.

There have been significant increases in the "older" population of the islands, with those aged 65+ increasing from 16.6% of the total in 1991 to 25% in 2017. This is not unique to the Isles of Scilly and in part is driven by larger cohorts born in the immediate aftermath of the second world war. The corollary of this is a reduction in the share of working age population, from 64% in 1991 to 59.9% in 2017.

Just looking at changes since 2008 (the recent peak population) there are 166 less people of working age and 105 more people aged 65+. This trend has the potential to have significant impacts on the viability of the facilities and services on the islands.

While a common theme nationally the ageing of the population/ reduction in the working age population brings with it more significant issues for the Isles of Scilly due to geography and limited scope for additional carers/ facilities. The start impact of the ageing of the population can be seen clearly in the chart below.

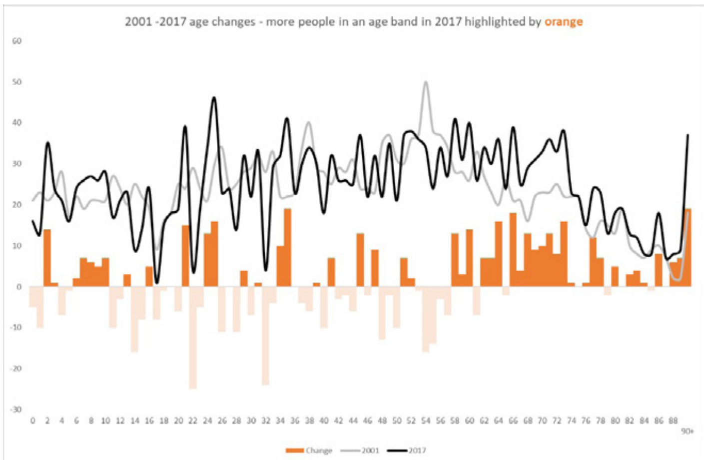

Chart 7 - Age Changes

Population projections

The latest 2016 based projections continue the recent trend (2012 and 2014 based) of projecting a declining population for the Isles of Scilly. The revised population estimates, which had the effect of lessening the decline since 2008, are directly responsible for these projections showing less of a decline going forward compared to the 2014 based version. Results from both recent projections are compared below.

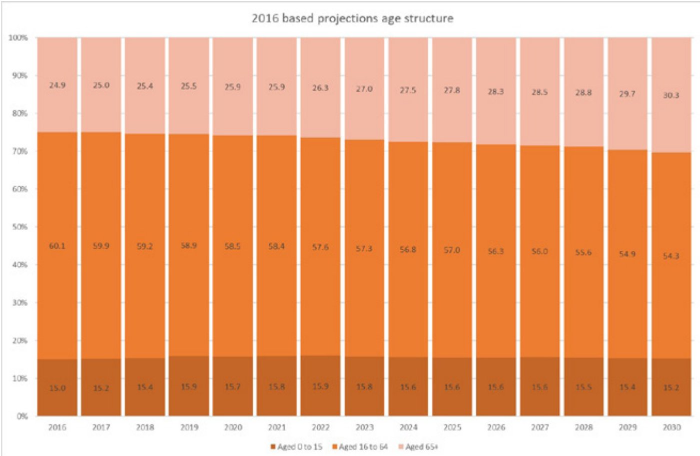

Chart 8 - 2016 based projections age structure

There is less decline in the 2016 based projections, with individual years showing a slightly higher population across the period to 2030. However, the overall impact is still a smaller future population.

There is an expected continued growth in older people (65+ age group increases to 30% by 2030) with a linked decrease in working age population to 54%.

KEY MESSAGE POPULATION PROJECTIONS

The official projections continue to validate the need for the Council of the Isles of Scilly to adopt an alternative approach to housing need which links to the policy aims of maintaining the viability of services, strengthening the economic base of the islands and providing affordable accommodation for residents and key workers. Just following the trends is likely to see continued population decline

Economic context

The economy of the Isles of Scilly is low wage and low productivity. It is self-contained due to its geography. It is dominated by one or two business sectors. It has high levels of very small businesses. The cost of living is high. These factors make the economy particularly vulnerable to shocks and any downturn in the tourism trade.

The economic characteristics of an area are a key component to understanding population and household change within that area, for example, commuting and economic led migration.

Review of available economic data caveat.

Note: there are two limiting issues when considering economic data for the Isles of Scilly, the first is that many official statistics are rounded, sometime to the nearest 1,000, and the second, and more significant is the limited amount of data available. The Annual Population Survey (APS) and Annual Survey of Hours and Earnings (ASHE) are normally key sources of economic characteristic and earnings data, but because they are survey based (e.g. a sample of the population), then normally available data for larger local authorities are not available for the Isles of Scilly. This puts more reliance on the 2011 Census data.

Labour Demand

Labour demand consists of the jobs and vacancies within an area.

It is important to consider the labour market of an area and try and measure what effect it may have on the housing market. The number of jobs available, the type of jobs, (occupation) and area of employment (industry), can all have an impact the housing market in terms of choice, location, tenure and affordability.

In 2013, the total number of jobs is estimated at around 1300. This includes employees and self- employed.

Jobs density is the numbers of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident of working age. There have been fluctuations in job density.

Date	Published Total jobs[3]	Jobs density	Population 16-64	Total jobs derived
2000	1,000	0.78	1,380	1,076
2001	1,000	0.99	1,385	1,371
2002	1,000	0.91	1,390	1,265
2003	1,000	0.84	1,435	1,205
2004	1,000	0.91	1,426	1,298
2005	1,000	0.94	1,500	1,410
2006	1,000	0.92	1,507	1,386
2007	1,000	0.93	1,520	1,414
2008	1,000	0.94	1,439	1,353
2009	1,000	0.97	1,396	1,354
2010	1,000	0.81	1,366	1,106
2011	1,000	0.9	1,375	1,238
2012	1,000	0.83	1,358	1,127
2013	1,000	0.86	1,368	1,176
2014	[4]3,000	2.09	1,370	2,863
2015	3,000	2.01	1,406	2,826
2016	3,000	2.08	1,400	2,912
2017	1,000	0.89	1,354	1,205

Table 2 - Job Density data

Source: Jobs Density by ONS published by Nomisweb

Clearly the total jobs estimate is skewed by the rounding used in the published total jobs figure. The table takes the published estimate of the population 16-64 for the relevant years and applies the job density rate to this to derive an estimated job total.

An alternative source that is available is the Business register and employment survey (BRES) data for both public/private sector.

This shows employment around the 1,250 mark in 2017 with an increase in part time employees since 2015.

	Employees	Full-time employees	Part-time employees	Employment
2009	1,000	600	400	1,200
2010	1,100	700	400	1,200
2011	1,200	700	400	1,400
2012	1,100	700	400	1,200
2013	1,100	700	500	1,200
2014	1,200	700	400	1,300
2015	1,250	800	350	1,500
2016	1,250	800	400	1,500
2017	1,250	800	450	1,250

Table 3 - BRES data

Source: BRES

Again, there are some variations here – additionally the methodology was changed for the 2015-17 data compared to previously available data.

[3] Total jobs is a workplace-based measure of jobs and comprises:

employees (from the Business Register and Employment Survey), self- employment jobs (from the Annual Population Survey), government-supported trainees (from DfES and DWP) and HM Forces (from MoD).

The number of jobs in an area is composed of jobs done by residents (of any age) and jobs done by workers (of any age) who commute into the area. Jobs density is the numbers of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident of working age.

[4] Warning It is unlikely that the change seen for 2014-16 represents actual change – rather an error by ONS or a methodology change. After checking with ONS about this change in the published data for the years the following response was received

"There is a known issue around estimates of Jobs Densities for the Isles of Scilly. Part of the estimates use data from the Annual Population Survey which is weighted to the represent the population of each local authority. However, as the Isles of Scilly has such a small population, it is included with Cornwall for estimation purposes. This, unfortunately, can cause an overestimation of jobs.

However, despite this, these remain our best estimates of Jobs"

Sector Employment Changes

Using BRES data for 2015-2017 it is possible to see the breakdown of the recorded fall in employment from 2015 to 2017 of 250. It should be remembered that this data rounds to the nearest 250 at the total level!

	Employment		
Industry	**2015**	**2017**	**Change**
01: Crop and animal production, hunting and related service activities	150	150	0
47: Retail trade, except of motor vehicles and motorcycles	125	125	0
50: Water transport	100	35	-65
52: Warehousing and support activities for transportation	45	40	-5
55: Accommodation	150	150	0
56: Food and beverage service activities	125	150	25
68: Real estate activities	30	30	0
78: Employment activities	200	0	-200
84: Public administration and defence; compulsory social security	50	100	50
86: Human health activities	75	50	-25
87: Residential care activities	20	30	10
93: Sports activities and amusement and recreation activities	30	35	5
94: Activities of membership organisations	30	250	220
	1,500	**1,250**	**-250**

Table 4 - Sector employment changes (Selected)

While this largely shows minor changes, which have to be viewed in the context of rounding, it also highlights what at first seems two major shifts in employment. See changes highlighted by shaded cells. It is more likely that there has been some re-labelling of employment by sector to account for this.

Occupational structure

The occupational structure of a population can be used to assess the competitiveness of an economy.

The Isles of Scilly has a higher percentage of Managers etc (20%) than Cornwall and England (both 11%) and Skilled Trades occupations 20% compared to 17% in Cornwall and 11% in England.

Taking a standard key worker definition, it is possible to set out the key worker context on the Isles of Scilly.

117. Senior Officers in Protective Services	1
118. Health and Social Services Managers and Directors	3
124. Managers and Proprietors in Health and Care Services	4
221. Health Professionals	7
222. Therapy Professionals	1
223. Nursing and Midwifery Professionals	18
231. Teaching and Educational Professionals	53
321. Health Associate Professionals	3
323. Welfare and Housing Associate Professionals	7
331. Protective Service Occupations	22
356. Public Services and Other Associate Professionals	5
411. Government and Related Organisations	7
612. Childcare and Related Personal Services	38
613. Animal Care and Control Services	1
614. Caring Personal Services	38
	208

Table 5 - Occupation / key worker jobs

This shows the wider context of employees likely to match key worker definition.

Data provided by the Council of the Isles of Scilly highlighted that they currently have 33 vacancies on the establishment list, and that the number of posts unfilled through inability to find suitable housing where the applicant was from off island in the last few years has been 4.

The council refused 25 applications under their key worker policy as not fulfilling the criteria in the period 2007-2017.

- 6 were adequately housed,
- 15 did not meet the key worker criteria
- 4 were for other reasons.

The industrial breakdown of the Isles of Scilly economy is dominated by accommodation and food services sector, in employment terms.

	IOS
A Agriculture, forestry and fishing	75
C Manufacturing	40
F Construction	95
G Wholesale and retail trade; repair of motor vehicles and motor cycles	134
H Transport and storage	131
I Accommodation and food service activities	313
L Real estate activities	28
M Professional, scientific and technical activities	22
N Administrative and support service activities	78
O Public administration and defence; compulsory social security	78
P Education	107
Q Human health and social work activities	105
R,S Arts, entertainment and recreation; other service activities	61

Table 6 - Employment by sector (selected)

Occupation by tenure (of household representative)

It is possible to consider the relationship between industry and occupation and tenure. The following charts explore this.

There are particularly high levels of social renting (13%) for Managers, directors and senior officials and professional occupations (11%) giving a clear indication of how the local housing market and allocation of such social housing has had to respond to key worker issues and general affordability and availability issues. Private renting is high across all sectors.

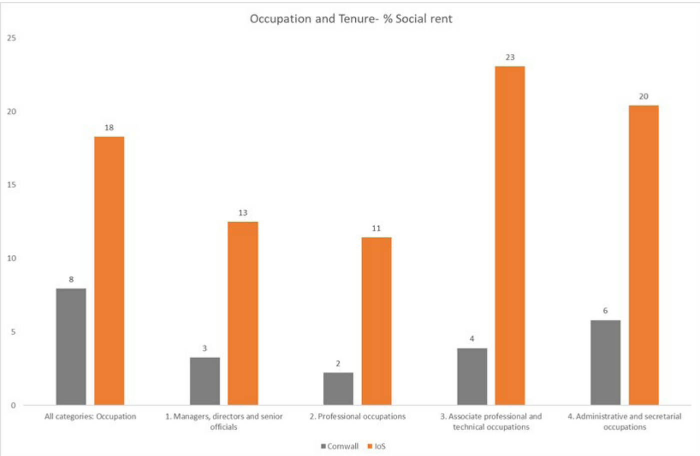

Chart 9 - Social Renting – higher paid occupations

Looking in detail at the social rented mix shows considerably higher levels on the Isles of Scilly compared to Cornwall.

The same occupations show much higher levels of private renting than neighbouring Cornwall, reinforcing both the availability of suitable properties and their affordability.

Private renting is considerably higher than in Cornwall.

Tie in to social rent profiles of occupants (NS)

KEY MESSAGES - EMPLOYMENT

Private renting is considerably higher for all occupations, managers and professional occupations. This could in part represent the short-term nature of some placements in larger companies, or the public sector, but will in part reflect availability and affordability as well.

What is equally significant is the extent that more people employed in the first three of these occupations, managers, professionals and associate professionals were found in social rented properties in 2011. This is highly unusual

Looking just at Managers, professional and associate professionals shows that the Isles of Scilly has the highest level of these occupations in social rented housing outside central London, and the fourth highest rate nationally. This one indicator shows the extent of the affordability challenge.

For the Isles of Scilly, its location is the source of most of its success – and many of its problems. Its remoteness, and the challenges linked with that, mean that the islands are vulnerable and risk a spiral of decline. Without sufficient number of people living there and without sufficient numbers of people visiting, the provision of basic services to sustain the population is threatened. Although the population increased slightly between 2001 and 2011 (more slowly that Cornwall or England and Wales), it has declined since a peak of 2008.

Bringing more wealth and more value to the islands is important because this is how vital services will be protected and improved - thus encouraging more people to stay and more people to visit. This can be achieved by increasing the number of people coming to the Isles of Scilly, by increasing the amount that they spend, by starting new businesses that create wealth within the community and by reducing the costs of living. Retaining and attracting key workers at its broadest definition of those contributing to the essential well-being of the Islands is a critically important aim.

The main thrust of the islands Economic Strategy is “to grow the economy” - not just for its own sake, but to help maintain the conditions for healthy communities and healthy businesses on the islands.

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Housing Stock

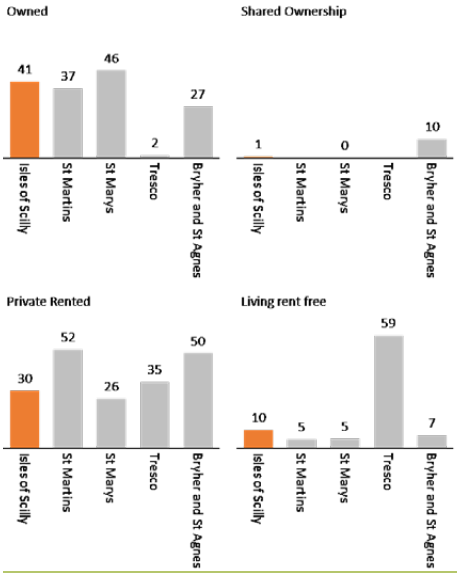
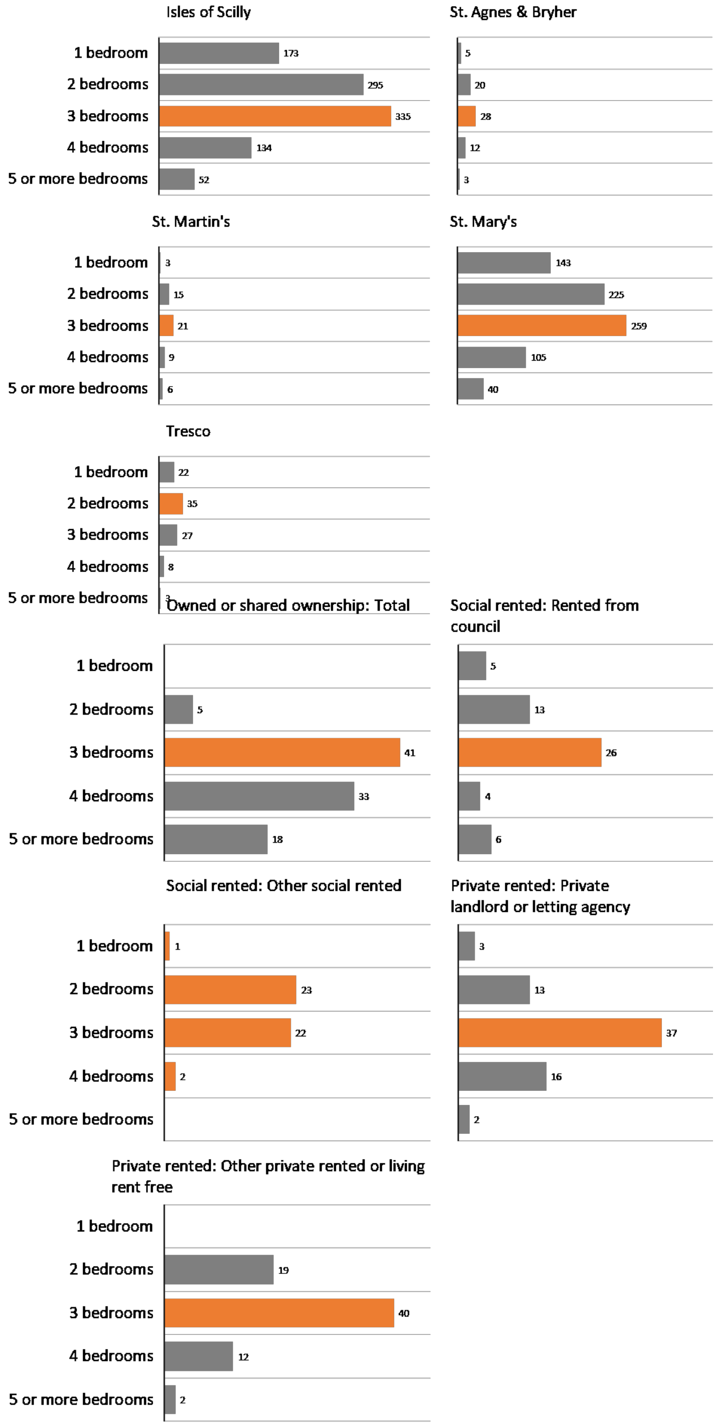


Chart 10 - Tenure % (2011)

There are particularly high levels of private renting on St Martins and Bryher/St Agnes. The overall Isles of Scilly level (30%) is significantly higher than the Cornwall and England average (17%). The private rented sector is dominated by lettings from a single source, the Duchy of Cornwall which owns a conservative 300 dwellings. Census showed around 200 dwellings rented privately from a private landlord / letting agency. Owner occupation is lower than mainland values.



Charts 11 & 12 - Bedrooms by islands and tenure

From the occupied stock (2011 Census data) there were (household spaces):

- 173 with 1 bedroom
- 295 with 2 bedrooms
- 335 with 3 bedrooms
- 134 with 4 bedrooms
- 52 with 5 or more bedrooms.

That's equates to:

- 47% 1 or 2 bedrooms
- 34% 3 bedrooms
- 19% with 4 or more bedrooms

The occupied stock at time of the Census amounted to 989 household spaces. In terms of the census a household space[5] is the accommodation used or available for use by an individual household.

The total dwelling stock on the islands in 2011 was 1389, with 400 unoccupied.

	St Agnes & Bryher	Tresco	St Martin's	St Mary's	IoS
2017 Self Catering Units	40	100	25	310	475
2011 Census Unoccupied	38	69	19	274	400

Table 7 -Holiday Stock and Unoccupied Household Spaces

The two categories are not a direct comparison but are a helpful indicator of possible scale of change since 2011.

In 2011 400 unoccupied household spaces represented 28.8 of the total stock. Previous studies have split this figure between second homes (approximately 200) and holiday lets. The holiday market is increasingly complex in terms of usage and season. There is not currently published data that would allow this figure to be split more accurately at present.

KEY MESSAGES – HOUSING STOCK

There are high levels of private renting across the islands. Social renting is higher than the England average with an associated lower level of owner occupation. This reflects both wider affordability/availability issues and peculiarities in land / freehold ownership on the Isles of Scilly.

The Isles of Scilly has a higher share of flats (19%) than England (15%) and Cornwall 8%. This is higher again for St Mary's (22%)

The higher level of flats lend themselves to use as holiday accommodation so there is a competing use for smaller properties which may be relatively affordable set against detached and larger houses.

The most common number of bedrooms across most islands and all tenures is 3 bedroom.

[5]Household spaces are identified separately in census results as those with at least one usual resident, and those that do not have any usual residents.

A household space with no usual residents may still be used by short-term residents, visitors who were present on census night, or a combination of short-term residents and visitors.

Vacant household spaces and household spaces that are used as second addresses are also classified in census results as household spaces with no usual residents.

Housing Market

House Prices / Private House Rental Values

There are distinct periods of house price trends. 1997 to 2005 saw consistent house price growth. There have been considerable annual fluctuations since 2006, in part down to volume of sales (with a small number of sales, one or two individual properties of a type or location being sold will have a much larger impact on overall median prices).

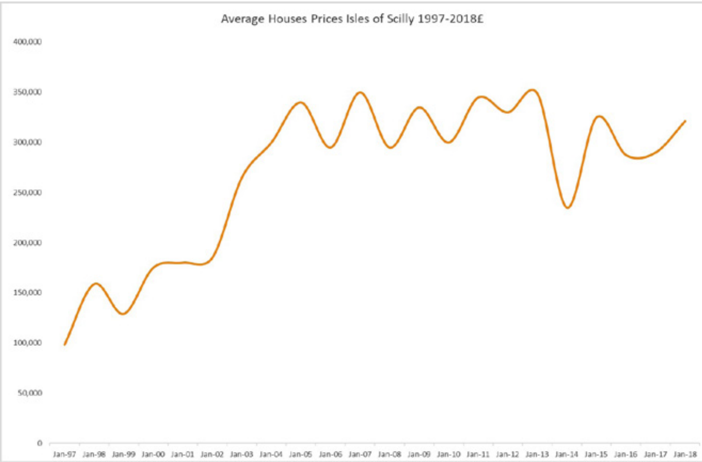


Chart 13 Average House Price

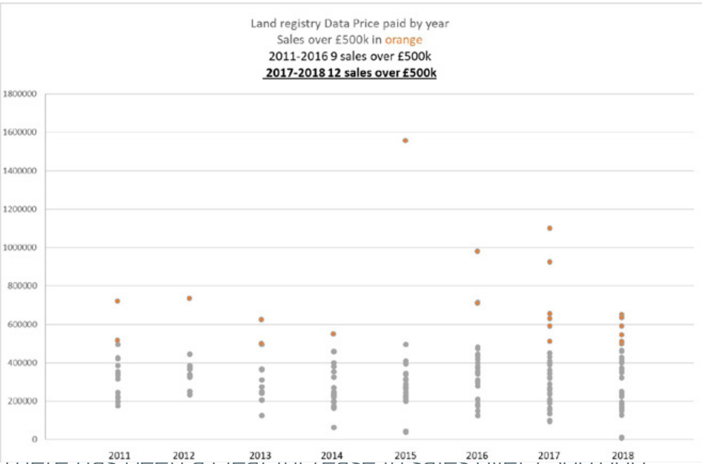


Chart 14 All Sales since 2011

The overall number of sales though (and this will include holiday accommodation) is low.

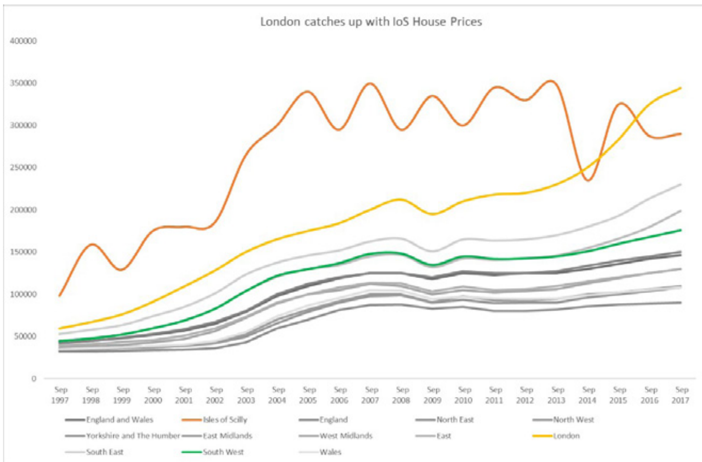


Chart 15 Comparative House Prices

Benchmarking prices against other areas shows average house prices are nationally very high. It is only in the last few years that values in London have overtaken the Isles of Scilly. Prices are based on a low overall number of sales on the islands.

House Rental Values

The data used to generate these statistics is based on a sample of rental information, collected by Rent Officers, from landlords and letting agents and published by ONS / Valuation Office.

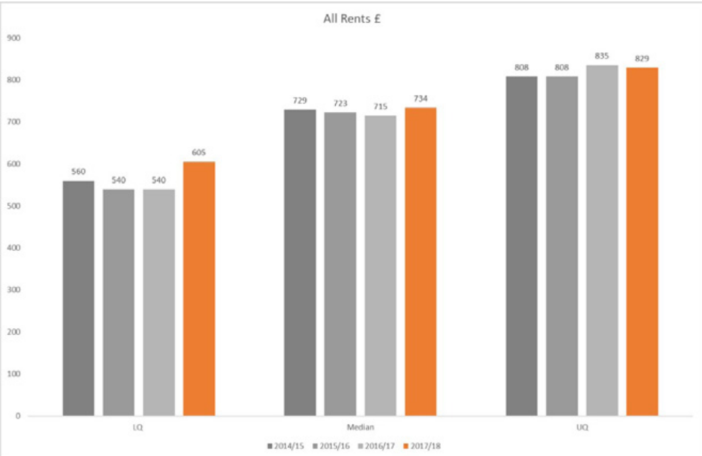


Chart 16 - All Rents[6]

Source Valuation Office Agency

Overall rents have increased since 2014/15 for all measures, although with some fluctuation for the median values. The rents recorded on the Isles of Scilly are compared to England, the South West and Cornwall in the table below.

2017/18	Count of rents	Mean	Lower quartile	Median	Upper quartile
England	483,310	844	525	690	950
SOUTH WEST	68,050	796	575	700	875
Cornwall UA	6,450	686	550	650	750
Isles of Scilly UA	40	808	605	734	829

Table 8 - Comparative rents

Source Valuation Office Agency

The sample for the Isles of Scilly represents around 13% of private rented stock. Rents are broadly higher than the Cornwall average and for the lower quartile value, higher on the Isles of Scilly than Cornwall, South West and England.

Housing Completions

It is possible to update Table 5-6 from the SHMA (2016).

	Completions	Holiday Let*	Staff Accommodation**
2012/13	7	3	0
2013/14	6	1	2
2014/15	9	7	2
2015/16	2	0	0
2016/17	3	2	0
2017/18 ?	To follow		
Nominal Local Plan Annual Target	6		

Table 9 Housing Completions

*'Of the New Dwelling Completions Number subject to holiday let conditions' from Isles of Scilly AMR

**' Of the New Dwelling Completions Number subject to staff accommodation conditions' (same source)

It should be noted that while the nominal annual target (equivalent) was met from 2012/13-2014/15 completions for these years were heavily influenced by dwelling completions that had an associated holiday condition, and staff accommodation.

Completions have reduced in the last two full years and staff accommodation and holiday lets consist significant percentages of the total

Key messages on Housing delivery

Who is developing?

While the total number of dwellings completed give a guide to the current rate of delivery it is important to also understand the scale. type of the development coming forward and who is developing those units.

[6]Note:

Median – when a series of numbers are arranged by size the median represents the middle value.

Lower quartile – when a series of values are arranged by size the lower quartile (or 25th percentile) is the value that splits the lowest 25% of the data from the highest 75%.

Upper quartile - when a series of values are arranged by size the upper quartile (or 75th percentile) is the value that splits the highest 25% of the data from the lowest 75

[7]http://www.scilly.gov.uk/sites/default/files/document/planning/AMR7-11%202012%20-%202017.pdf

Energy Efficiency Rating

The energy efficiency rating is a measure of the overall efficiency of a home. The higher the rating the more energy efficient the home is and the lower the fuel bills will be.

Energy efficiency rating

A section of the EPC will be dedicated to how energy efficient a property is. It's graded from A to G, with A meaning an energy efficient, well-insulated, probably modern home, and an older building with no retrofitted energy-saving technology will be around a D grade.

There are 614 recorded energy efficiency ratings for the Isles of Scilly.

Of these 217 or 35% were graded F or G.

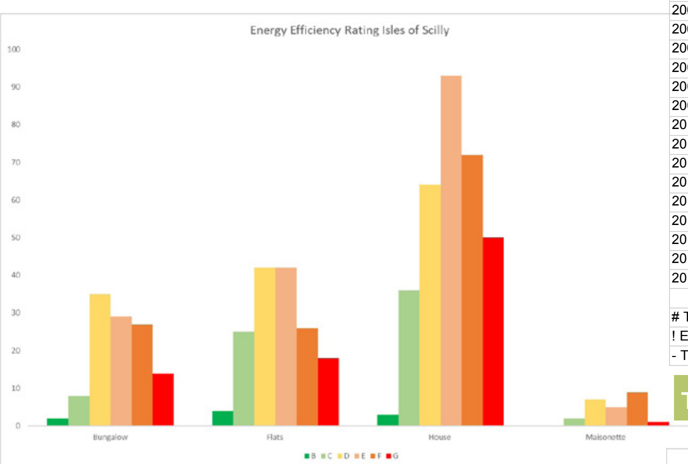


Chart 17 - EPC data

	B	C	D	E	F	G	E-G
Bungalow	1.7	7.0	30.4	25.2	23.5	12.2	60.9
Flats	2.5	15.9	26.8	26.8	16.6	11.5	54.8
House	0.9	11.3	20.1	29.2	22.6	15.7	67.6
Maisonette	0.0	8.3	29.2	20.8	37.5	4.2	62.5

Chart 17 - EPC data

Implications of this are that private sector properties are less likely to be eligible, with anecdotal evidence that these are shifting to the holiday market.

Affordability

Due to lack of published earnings data the affordability ratio data published by ONS does not contain consistent data for the Isles of Scilly.

Annual Survey of Hours and Earnings (ASHE) – workplace based data only provides partial values for the Isles of Scilly for 2008 and 2009 in terms of weekly pay, as the extract below shows. Note the annual pay figure for 2009. This is the basis for the Affordability calculation.

Date	Weekly pay - gross		Hourly pay - gross		Annual pay - gross	
	number	conf %	number	conf %	number	conf %
1997	-	-	-	-	-	-
1998	-	-	-	-	-	-
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	277.7	-	6.30	-	!	!
2009	270.0	-	#	-	12,813	-
2010	#	-	#	-	#	-
2011	#	-	#	-	#	-
2012	#	-	#	-	#	-
2013	#	-	#	-	#	-
2014	#	-	#	-	#	-
2015	#	-	#	-	#	-
2016	#	-	10.08	-	!	!
2017	#	-	#	-	!	!
2018	#	-	#	-	#	-

These figures are suppressed as statistically unreliable.

! Estimate and confidence interval not available since the group sample size is zero or disclosive (0-2).

- These figures are missing.

Table 11 Gaps in Earnings data

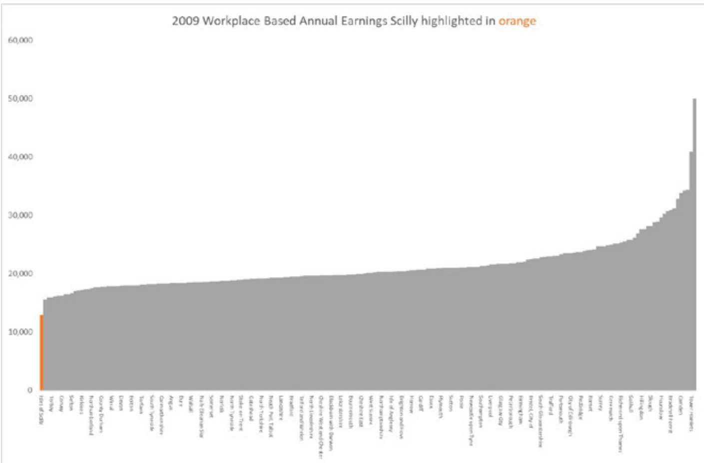


CHART 18 2009 workplace earnings

	number	conf %
Isles of Scilly	12,813	0.4
Ceredigion	15,600	13.0
Gwynedd	15,902	6.2
Torbay	15,919	11.0
Dudley	16,063	9.2
Shropshire	16,202	8.2
Conwy	16,263	14.0
Scottish Borders	16,480	7.8
Herefordshire, County of	16,492	5.6
Sefton	16,610	4.7
Hartlepool	17,056	8.0

Table 12 2009 earnings comparisons

Confidence values

The official data only gives a single annual salary value for the Isles of Scilly for 2009 and they express this value (the lowest in England, Wales and Scotland) as a precise estimate.

The only two years where affordability ratios are published for the Isles of Scilly are 1998 (14.22) and 2009 (24.9). For both years these rates put the Isles of Scilly as having the highest (un) affordability ratios nationally.

Appendix C of the note by Understanding Data (3. SHMA UPDATE Housing Need Isles of Scilly Local Plan evidence[8]) suggests an alternative Affordability Ratio for use in standardised methodology workings of 15.00 for 2016/18. This would place the Isles of Scilly in the highest 10% nationally of affordability ratios . The workings behind this are not directly comparable to the published sources.

The number of sales on the Isles of Scilly fluctuate and this, rather than any particular "market" trend is likely to be behind house prices ups and downs, especially when larger detached dwellings are sold.

The chart below shows the extent of this fluctuation

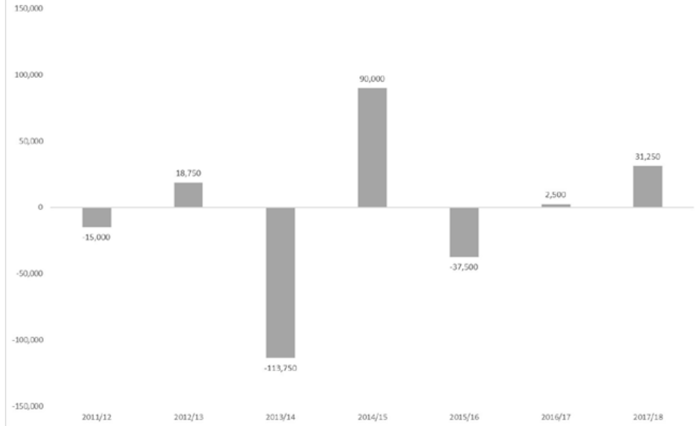
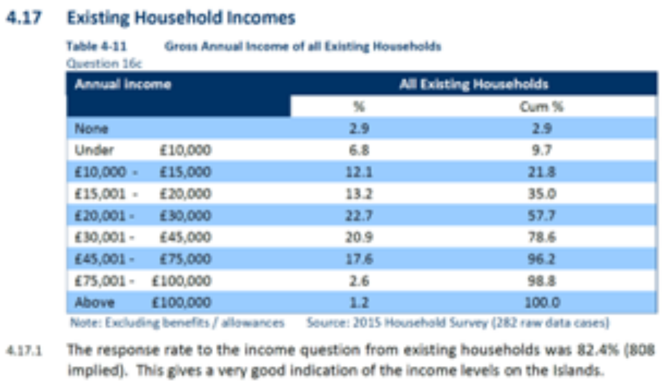


Chart 19 Annual fluctuations in Average House Price

The 2016 SHMA contains data on earnings from the household survey. This contains data from 282 respondents – which is broadly 8% of the total population. While not ideal, and for a single year (2015) it presents an opportunity to use this data to calculate a proxy affordability ratio.

Figure B1 SHMA extract



4.17 Existing Household Incomes

Table 4-11 Gross Annual Income of all Existing Households

Question 16c

Annual income		All Existing Households	
		%	Cum %
None		2.9	2.9
Under	£10,000	6.8	9.7
£10,000 -	£15,000	12.1	21.8
£15,001 -	£20,000	13.2	35.0
£20,001 -	£30,000	22.7	57.7
£30,001 -	£45,000	20.9	78.6
£45,001 -	£75,000	17.6	96.2
£75,001 -	£100,000	2.6	98.8
Above	£100,000	1.2	100.0

Note: Excluding benefits / allowances Source: 2015 Household Survey (282 raw data cases)

4.17.1 The response rate to the income question from existing households was 82.4% (808 implied). This gives a very good indication of the income levels on the Islands.

It is possible to derive a median earnings figure (for 2015) from this data. The median figure would be in the "20,001-30,000" range. It is likely to be at the lower end of this range. 32% or respondents earned less than this.

http://www.scilly.gov.uk/planning/local-plan-local-planning-policies/local-plan-evidence-base-library

2009 Annual Earnings £			3 yr. Latest Average Earnings (2015-17) £	
Isles of Scilly	13,430		**Torridge**	20,420
West Devon	16279		**Rossendale**	20,467
Torridge	17,450		**Mansfield**	20,657
Torbay	18,471		**Thanet**	20,802
North Devon	18,539		**Boston**	21,238
Ceredigion	19,026		**Gwynedd**	21,555
Tendring	19,365		**West Devon**	21,658
Blackpool	19,410		**Blackpool**	21,998
Eden	19,446		**Arun**	22,013
Rossendale	19,505		**Wyre Forest**	22,017

Table 13 Comparative earnings

Using the household survey data to estimate the Isles of Scilly earnings at approximately £20,000 looks a reasonable (if optimistic) judgement based on comparisons against other local authorities.

Affordability Ratio

Using the standardised methodology "formula" gives an affordability ratio of

£300,000* / £20,000 = 15.

*recent average house price for IoS

This would give the Isles of Scilly an affordability ratio higher than the rest of the South West.

While the historical data on affordability (1998 and 2009), and the only available comparative figure on annual salary (2009) both ranked the Isles of Scilly at the most unaffordable end of the scale – without robust data for the intervening years, it is not felt that this ranking can be replicated without further fresh evidence. The alternative set out here is a good proxy, uses the SHMA (2016) household survey, and gives a good indication (if likely underestimate) of an affordability ratio.

KEY MESSAGES HOUSE PRICE,RENT AND AFFORDABILITY AND ENERGY EFFICIENCY

The contrast between house prices and the limited earnings data is stark. Adopting the same approach as suggested by the Local Plan Expert Group for the construction of an Affordability Ratio of Rental prices would give a Rental Affordability ratio of 43% (Lower quartile estimates of Earning vs LQ rent). The expressed LPEG upper limit (attracting the largest uplift in response) on Rental Affordability was 35% - the value for the Isles of Scilly is appreciably higher than.

House price Affordability is limited by lack of earnings/income data. For two available years (1998/2009) Isles of Scilly was ranked worst nationally. House prices are similar to areas in the South East, East of England and London.

Even with the gaps in official data it is clear that affordability is a major issue for residents and key workers on the Isles of Scilly. Key Message EPC, completions and Affordability.

Completions for full time residential housing are not at the level of the previous target (6 dws p.a.) and there is uncertainty about the ability of windfall style developments to deliver affordable or private rented products of a range of tenure.

For energy performance Certificates all property types have over 55% of the total in the worst three ranked categories (E-G). For houses this figure is 68%.

From the 1st April 2018 there is a requirement for any properties rented out in the private rented sector to normally have a minimum energy performance rating of E on an Energy Performance Certificate (EPC). It will be unlawful to rent a property which breaches the requirement for a minimum E rating, unless there is an applicable exemption. This may cause a further shift in private rented properties switching to holiday accommodation, putting further pressure on the Islands' stock and potentially reducing the availability of permanent accommodation for the local community.

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