



Draft Isles of Scilly Local Plan

Including Minerals and Waste

2015 to 2030

HOUSING TOPIC PAPER — UPDATE 2019

#HOUSING #LOCALPLAN #SCILLY



Council of the
ISLES OF SCILLY



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Executive Summary

1. This housing topic paper has been drawn up to provide evidence and explanation to underpin the housing strategy of the emerging Isles of Scilly Local Plan. Since initial public consultation on the Local Plan Review commenced in 2015 (the first Regulation 18 consultation) which presented the issues, it has gone through 2 further stages of public consultation. The second public consultation (also under Regulation 18) took place in 2018, which presented a number of 'options'. The last public consultation on a revised draft Local Plan was consulted on in 2019 (Regulation 19).
2. 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.
3. 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. These issues have not improved since this work was undertaken.
4. A focused update of the SHMA was undertaken in 2018 and again in 2019 and two papers were produced a review of the implications of the proposed Standard Method for calculating housing need and a data update paper. The Standard method was updated in July 2019 to reflect the National Planning Policy Framework (NPPF).
5. In 2018 a Housing Viability Report was produced by Three Dragons. The Housing Viability Assessment provides background information and evidence to demonstrate the viability implications of the policies in the draft Local Plan.
6. In 2019 a Housing Development Study for the Isles of Scilly was prepared by Atlantic Arc Planning. This report was in support of 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 aim of the Housing Development Study is to support future bids for the development of sites for the delivery of affordable and key worker housing.
7. In 2019 a consultation exercise was undertaken on the Regulation 19 draft Local plan. This housing topic paper has been updated to accompany the Reg 22 Submission draft Local Plan.



Context of the Isles of Scilly

8. The Isles of Scilly are located 28 miles of the south west coast of Cornwall, and to commute from Penzance, via the Scillonian Ferry, takes 2 hours 45 minutes to travel around 40 miles, which operates March to November. Outside of this period the only other current option to get to the islands is via aeroplane. From Lands End Airport you can reach the islands in as little as 15 minutes and you can also commute from Newquay Airport which takes 30 minutes. These services operate on a year-round basis.
9. During the summer you can also commute from Exeter airport which takes around 1 hour. The transport links between the islands and mainland UK are a fundamental part of life on the islands. This importance is reflected in the recent proposal, approved by Cornwall Council, to reinstate a heliport in Penzance to provide a dedicated helicopter service to the islands. If the proposal is implemented, a heliport should increase access and flexibility to those visiting, working and living on the islands. The last helicopter service between Penzance and Scilly ceased operation in 2013 and with its loss the islands became a little bit more isolated.
10. Whilst geographically small, the remit of the Council includes being the responsible authority for water services (Water Authority), for the local highway network (Highway Authority), for education (Education Authority), for planning (Planning Authority), for health and social care service (Adult Social Care and Children's Services). It also operates the airport on St Mary's and is responsible for the disposal of refuse both domestically and commercially (Waste Authority).
11. Comprising 5 inhabited islands and hundreds of smaller uninhabited islands and rocky outcrops, the Isles of Scilly are home to a population of 2242 people (2018). The total amount of land comprising the inhabited islands is around 6 square miles (15.5km).



FIGURE 2 HOUSING ON TRESCO DELIVERED UNDER PROPOSAL E 2005 LOCAL PLAN



Planning Policy Context

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

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

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



or appearance of which it is desirable to preserve or enhance’ and local planning authorities have the statutory duty to identify and designate such areas.

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

National Planning Policy

17. The National Planning Policy Framework has undergone some significant changes as work on the Plan has progressed. The current version (NPPF, February 2019) sets out a number of housing issues that Local Planning Authorities must take into account in the preparation of their Local Plans. This includes how local authorities are expected to implement the government’s objective to significantly boost the supply of housing.
18. Whilst the theme of boosting housing supply has and continues to be a common theme, the way in which housing need is calculated has changed significantly, from local authorities establishing their own ‘objectively assessed need’ (OAN) to the introduction of the ‘standard method for calculating housing need’. This means that the identification of housing need for the islands has changed and evolved throughout the preparation of the Plan, across the 2012 and 2019 NPPF.
19. In addition to establishing housing need, the current NPPF also requires local authorities to plan for “the size, type and tenure of housing needed for different groups in the community” (para 61), for both market and affordable housing. There is a particular focus on specialist accommodation (for example for the elderly), homes for first time buyers, self-builders and rural exception sites.
20. In rural areas the NPPF states that “planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this” (para 77).
21. A summary of the relevant aspects of the latest NPPF is included in Table 1 below. Some of the evidence for the Local Plan was undertaken under the 2012 NPPF, in particular the SHMA and the setting out of the OAN. A section of this paper below explains how the changes from OAN to Local Housing Need (LHN) have been dealt with.

National Planning Policy Framework Requirements 2019

Paragraph 20

Strategic policies should set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for housing, including affordable housing



Paragraph 59	To support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay
Paragraph 60	To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. Any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.
Paragraph 61	The size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes)
Paragraph 63	Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities. (paragraph 62) Provision of affordable housing should not be sought for residential developments that are not major developments.
Paragraph 65	Strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas
Paragraph 117	Planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses
Paragraph 123	Where there is an existing or anticipated shortage of land for meeting identified housing needs, it is especially important that planning policies and decisions avoid homes being built at low densities, and ensure that developments make optimal use of the potential of each site
Paragraph 171	should distinguish between the hierarchy of international, national and locally designated sites; allocate land with the least environmental or amenity value, where consistent with other policies in this Framework
Paragraph 172	Great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to these issues
Paragraph 173	Within areas defined as Heritage Coast (and that do not already fall within one of the designated areas mentioned in paragraph 172), planning policies and decisions should be consistent with the special character of the area and the importance of its conservation. Major development within a Heritage Coast is unlikely to be appropriate, unless it is compatible with its special character.

TABLE 1 SUMMARY OF NATIONAL PLANNING POLICY GUIDANCE NATIONAL PLANNING POLICY FRAMEWORK (NPPF) HOUSING RELATED



Local Housing Market Context

Size of Population

22. The resident population of the islands is small; the current 2018 estimate is 2,242 people split over 5 inhabited islands, with most living on the largest island of St Mary's. The geographic area of the islands is small covering around 6 square miles (15.5km). Both the HGP and the SHMA recognised that along with the rest of mainland UK, the islands population is aging, although to no greater degree than elsewhere. A small population creates problems of maintaining a balanced and viable community to fulfil the essential requirements of a self-contained island community. There has been a population slowdown and some decline since 2008. Population recovered to peak in 2015. Since then there has been three years of decline. This volatility in the last ten years has a direct influence on population projections and is the main factor in projections for the islands showing further decline in the period through to 2041.

Higher than average rental reliance and less owner-occupation

23. It is recognised that the current housing stock of the islands has a lower percentage of owner-occupation compared to the mainland. For the resident population there is a much greater reliance on private rented housing with an estimated 30% of the housing stock¹ being identified as a 'second home' or used as a 'holiday let'. The supply of housing for local occupation comes from two main sources, including the development of new housing and re-lets and sales of the existing housing stock.

Higher than average house prices

24. The value of homes on Scilly is significantly higher than both the national UK average and the South-West average. The chart in Figure 3 below presents the data from Land Registry on actual prices paid for house sales on the Isles of Scilly. This suggests that house prices are significantly higher compared to mainland UK prices. Since 2011 the average number of house sales annually has been 19 and has increased in the last three years to 27. There are other factors influencing house prices, including the added value of 'desirability' of the islands as an attractive and quiet place to retire or have a 'second home'. As noted above, the Isles of Scilly have a higher than average number of second homes, which is a significant proportion of the existing housing stock. This is reflected in the fact that the islands have been included as one of 150 Councils affected by high levels of second homes who will receive of a share of £60 million pounds (announced in December 2016 by DCLG) to assist in delivering local and affordable housing. This confirms that there are recognised housing delivery issues, as a result of this 'desirability' on the islands.

¹ 2011 Census

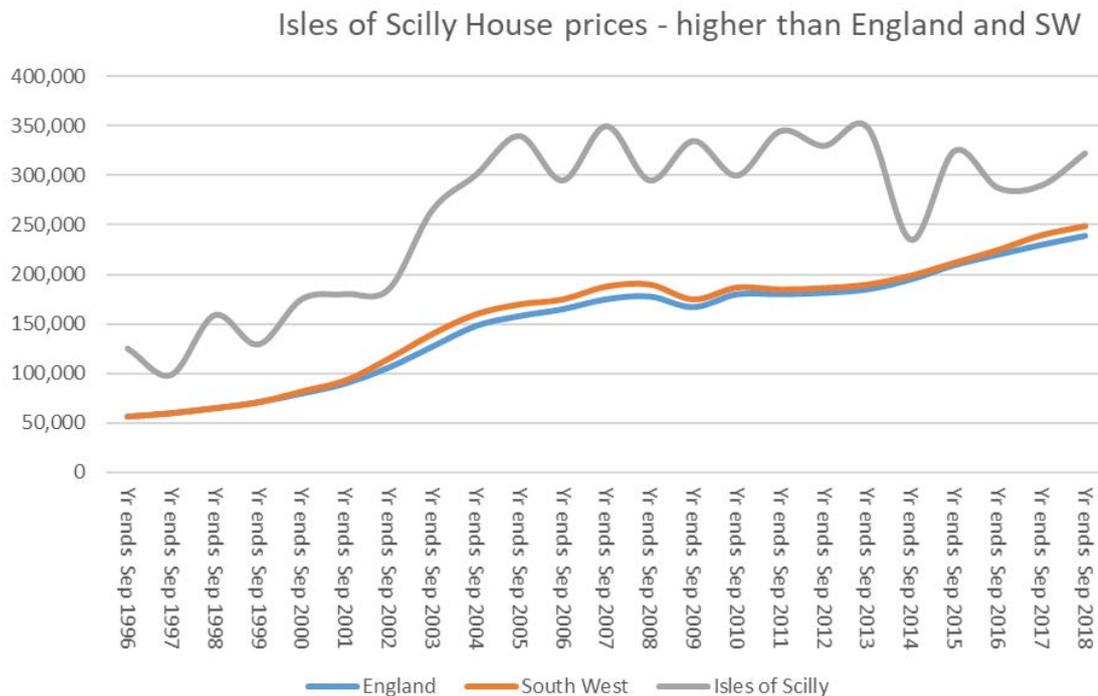


FIGURE 3 CHART OF 20 YEARS OF AVERAGE HOUSE PRICES. SOURCE: LAND REGISTRY

Lower than average incomes

- 25. The average income of islanders is also a factor in accessing housing. The 2016 SHMA highlighted that 35% of households had incomes below £20,000. It should be noted there is very limited ASHE² data for the Isles of Scilly due to the low numbers of the data sample, with weekly earnings only being published in 2009 for the period 2002-2018. 21.4% of households responding to the SHMA Housing Survey in 2015 stated that they earned over £45,000 with 3.8% earning in excess of £75,000. There is some published household income³ data for 2016 that shows net household income for the Isles of Scilly was £28,700 compared to £33,000 for the South West.
- 26. High house prices combined with the largely tourism based economy and resultant seasonal nature of many of the islands job opportunities results in lower than average incomes. A combination of factors that result in difficulties for the local population to purchase homes.

Planning restrictions on occupation of any new build housing.

- 27. Since the 2005 Local Plan was adopted a modest amount of new homes have come forward through the planning system. These have largely been the provision of affordable homes and delivered by Housing Associations or one-off self-build projects. Policy 3 of the 2005 Local Plan restricts the development of housing to that which meets the needs of the community only, as set out in figure 4 below. Outside

² Annual Survey of Hours and Earning

³

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/smallareaincomeestimatesformiddlelayersuperoutputareasenlandandwales>



of one-off, self-funded projects, funding to build affordable houses is limited, given the significantly higher build costs, which deters even small-scale house builders from considering the islands as place to build. There is little profit in building houses on the islands when you factor in the additional freight costs of delivering the resources to build to the small scales of the Isles of Scilly.

Policy 3 Housing

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

FIGURE 4 POLICY 3, 2005 ISLES OF SCILLY LOCAL PLAN

Limited availability to purchase free-hold land

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



FIGURE 5 COUNCIL HOUSING AT SALLY PORT, ST MARY'S

Loss of control over Social and Council Housing Stock

29. Nationally there were around 1.8 million properties purchased under Right to Buy (RTB) between 1980/81 and 2013/14. The number of dwellings owned by local authorities in England declined from 5.1 million in 1980 to 1.7 million in 2014. The total capital receipts from RTB sales up to 2010/11 amounted to around £45 billion⁴.



FIGURE 6 COUNCIL HOUSING, ENNOR CLOSE, ST MARY'S

30. As of 2019 there are 105 homes owned and maintained by the Council of the Isles of Scilly and whilst a number of applications have been made to purchase under RTB,

⁴ 2015 Report on The Impact of the Existing Right to Buy and the Implications for the Proposed Extension of Right to Buy to Housing Associations: <https://www.parliament.uk/documents/commons-committees/communities-and-local-government/Full-Report-for-Select-Committee-141015final.pdf>



there have been a total of 16 properties lost under this scheme, which is around 13.2% of the total council housing stock, as shown in Figure 7 below. This low take-up of right to buy is likely to be as a result of the higher than average value of council housing on the islands together with low social rents and the covenants imposed on the sale of any council housing stock.

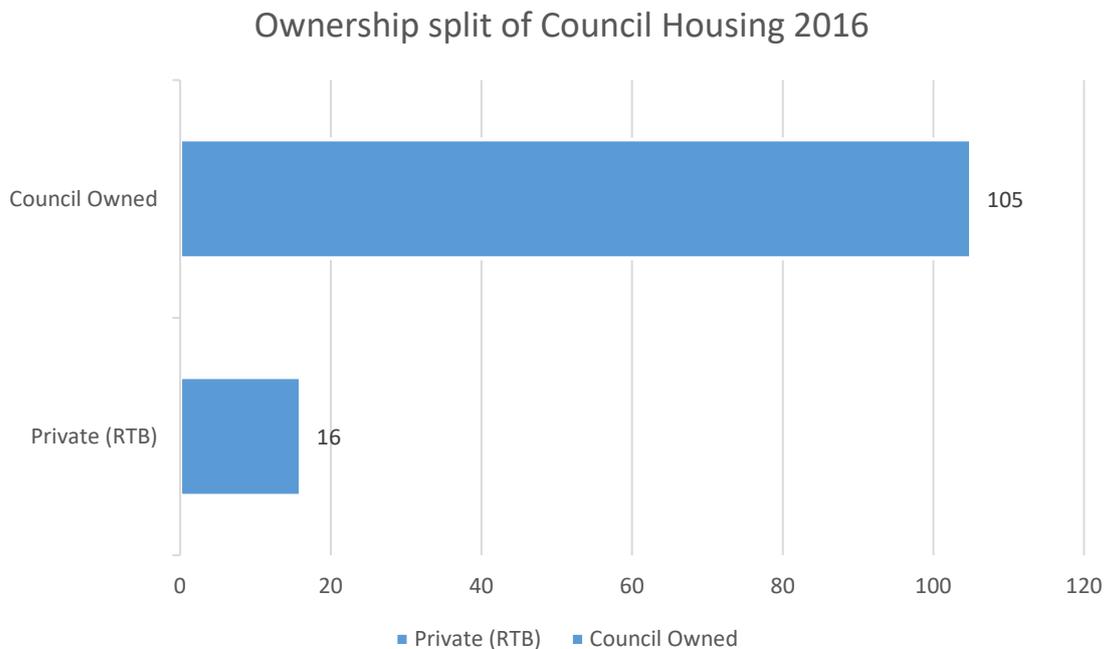


FIGURE 7 OWNERSHIP SPLIT OF COUNCIL HOUSING, SOURCE: CIOS

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



FIGURE 8 CRHA SEMI-DETACHED AFFORDABLE DWELLINGS, BRYHER

32. The circumstances of the Isles of Scilly limit who is willing and who is able to build housing, affordable or otherwise, in what is a desirable location. Delivering affordable housing is heavily reliant on subsidies which, in times of Government spending review, has been reduced across all areas. This reduction in funding includes that available to local government as well as non-departmental public bodies such as Homes England (formerly Homes and Communities Agency (HCA)), who are the primary source of funding for affordable housing in England. During the 2005 Local Plan period, sources of funding through the HCA enabled the delivery of social housing on the islands, particularly during the earlier period. The HCA enabled the construction of two affordable homes on Bryher, two affordable homes on St Martin's, 3 affordable homes on St Agnes and 20 on St Mary's, as set out in the table in table 1 below.

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

TABLE 2 HOUSING ASSOCIATION HOMES DELIVERED UNDER THE 2005 LOCAL PLAN



Past Approaches to Housing Provision

33. The 2001 South West Regional Plan acknowledged the continuing struggle to maintain viable and balanced communities and that there was a need to ensure that housing is available for local people, to diversify the local economy and maintain and improve the air and sea links to the islands as well as protect the environment. Policy HO4 of this plan covered housing in rural areas and the Isles of Scilly. This policy sought to ensure that local authorities, social housing providers and other agencies made provision for limited additional housing within or adjacent to settlements in the Isles of Scilly where it supported local services that could become unviable without some modest growth; it is needed to support local economic development, which will help in diversifying the rural economy or housing where it is required to meet the needs of the rural communities, including affordable housing. The 2001 Regional Plan did not prescribe any housing figures for the Isles of Scilly.
34. Progress on the replacement Regional Plan was at an advanced stage when the 2011 Localism Act officially revoked all Regional Spatial Strategies. Since 2011 there have been no regional housing figures provided by the South West Regional Assembly. The Draft Regional Spatial Strategy for the South West did reach publication stage in June 2006 and covered the period from 2006 to 2026. Policy SR42 of this draft plan required Local Development Documents (that is Local Plans produced by Local Planning Authorities) to ensure that housing is available for local people to diversify the local economy and maintain and improve the air and sea links to the islands and to protect the environment. This draft document estimated a strictly local needs provision only of an annual overall net dwelling requirement of 5 homes from 2006 to 2026. Essentially this suggested that there was a need to deliver 5 new homes per year or 100 homes over a 20 year period.
35. The 2005 Isles of Scilly Local Plan 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). 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 developments from those in the community to meet their own housing need. This slow-down in new homes being built is due to a combination of the constraints mentioned above but also the reduced government funding for the delivery of social housing in rural areas that had previously come through the Homes and Communities Agency (HCA), now Homes England.

Understanding Past Trends

36. The Planning and Compulsory Purchase Act 2004, which came into force in September 2004, introduced fundamental changes to the planning system. Section 35 of the Act required that every Local Planning Authority submit an Annual Monitoring Report (AMR) to the Secretary of State by the 31st December. Monitoring is central to sound spatial planning and the achievement of sustainable development



and is required to identify the impact of planning policies and proposals and assess whether or not they need adjusting or replacing to ensure they meet their purpose.

37. The AMRs were designed to enable monitoring and communication of the effectiveness of the local plan in terms of its policies and proposals. Up to 2011 the AMR was comprised of a set of Government identified ‘Core Output Indicators’ as well as a set of locally defined ‘Local Indicators’. After 2011, Section 113 of The Localism Act (2011) included the requirement to produce an Authority Monitoring Report (AMR). This enabled authorities to choose which targets and indicators to include in the report as long as they are in line with the relevant UK and EU legislation. Their primary purpose is to share the performance and achievements of the planning service with the local community. The Council of the Isles of Scilly, after 2012, simplified the monitoring as many of the core output indicators were not relevant to development taking place on the islands. The following housing data has been extracted from the 2006/7 AMR through to 2016/17 and shows the types of housing delivered over the Local Plan 2005 period.

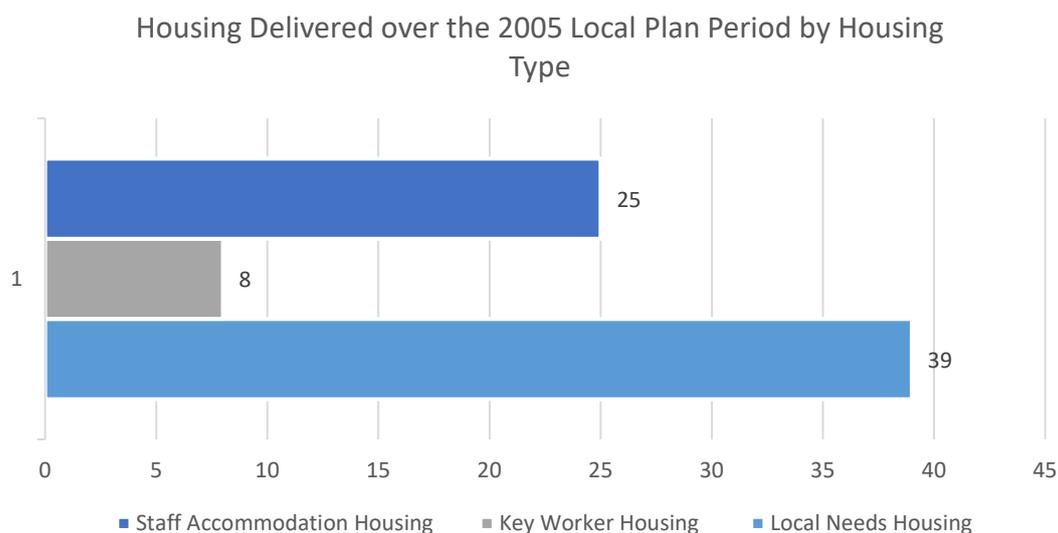


FIGURE 9 TYPES OF HOMES DELIVERED 2006 – 2018

38. The figures show that excluding new holiday let homes delivered during the period, the 2005 Local Plan enabled 72 new homes to be delivered. All of these homes were subject to either planning obligations (Section 106 Legal Agreements) or planning conditions to restrict homes from being sold-on as second homes or holiday letting properties. With the exception of permissions to allow the replacement of an already unrestricted dwelling of a similar size, (which are not included in the above figures), all of the 72 homes approved were subject to occupancy restrictions. The chart in figure 9 above, identifies that over half (54%) were delivered to meet a specific local need, around 12% were delivered as key worker accommodation and around 34% for staff accommodation needs.



Housing Delivered over the 2005 Local Plan Period by Bedroom Size

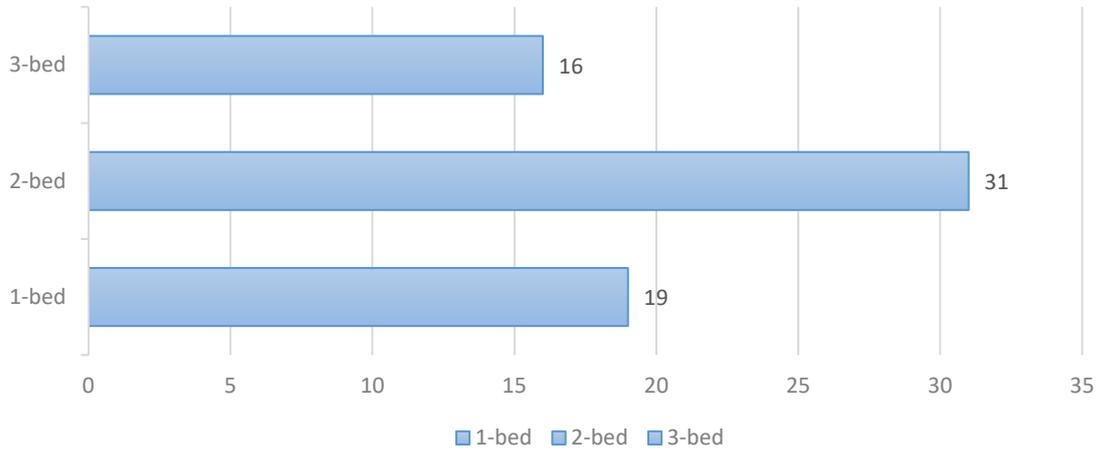


FIGURE 10 SIZE OF HOMES DELIVERED 2006 - 2016

39. Figure 10 above highlights that the most common housing delivered was for 2-bedroom size home, which was 47% of the total new housing delivered. There were no larger properties of 4 bedroom size or more. There were slightly fewer 3 bedroom size properties delivered overall, around 24% of the total and 29% were of a 1-bedroom size.

Housing Delivered over the 2005 Local Plan Period by Land Type

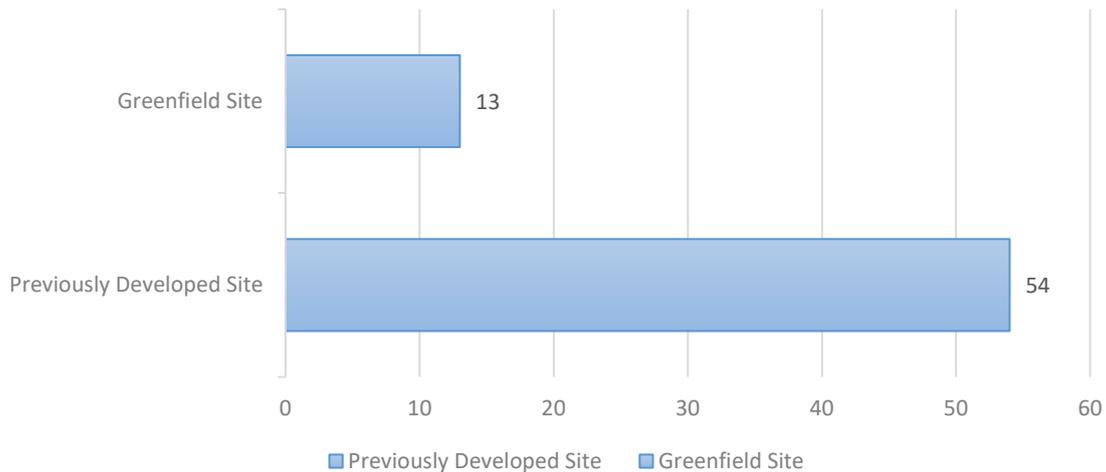


FIGURE 11 TYPES OF LAND DELIVERING HOUSING 2006 - 2016

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



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

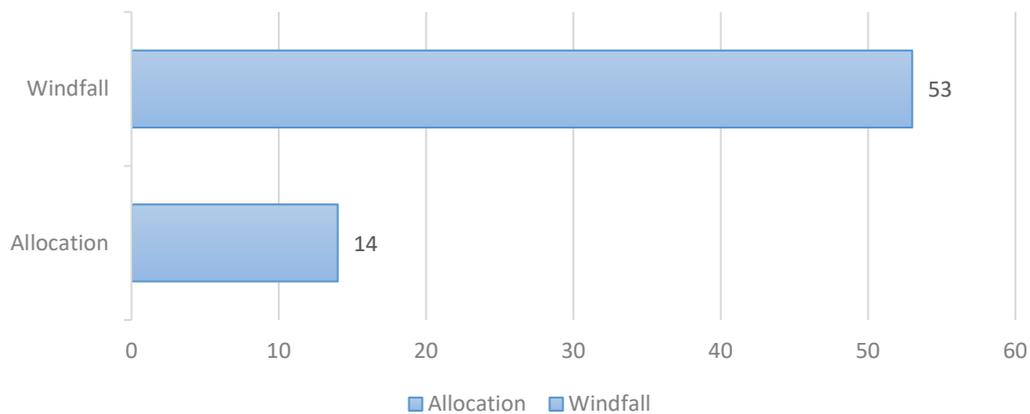


FIGURE 12 THE NATURE OF SITES COMING FORWARD 2006 - 2016

41. The data contained in the AMR indicates that over the local plan period, almost 80% were windfall and not allocated sites (see Figure 12 above). Two sites within the 2005 Local Plan (Sites within Proposal A, A1: 0.34 hectares adjoining Coastguard Bungalows and A2: 0.36 hectares on the eastern side of McFarland’s Down) remain undeveloped.
42. Two of the allocated sites within the Local Plan (Proposal A3: 0.06 hectares of derelict farm buildings at Normandy Farmhouse and Proposal E: mixed use development on Tresco) were delivered through the 2005 Local Plan. This equates to around 20% of the total housing delivered during the plan period.
43. The housing delivered at Normandy Farmhouse and the unallocated affordable homes delivered on St Mary’s at Well Cross Yard, Ennor Close and Branksea Close as well as those delivered on the off-islands, including 3 homes on St Agnes, 2 homes on Bryher and 2 homes on St Martins were part-funded through the Homes and Communities Agency (HCA). The HCA have in recent years been the biggest source of funding for the construction of affordable housing.
44. Nationally the Government has recorded, through the Department of Communities and Local Government (DCLG) that 32,110 affordable homes were delivered in England in 2015/16. This is 52% lower than the 66,600 affordable homes delivered in 2014/15. This fall reflects the transition from the 2011 to 2015 Affordable Housing Programme to the new affordable housing programmes, which refocuses the need to deliver shared ownership housing⁵. The fact that no affordable housing projects have come forward in recent years on the islands, despite acknowledged housing needs, demonstrates the difficulties in delivering affordable housing projects on the islands.

⁵ Source: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569979/Affordable_Housing_Supply_2015-16.pdf



45. Whilst there is a supply of existing houses on the islands that would be expected to satisfy the housing needs of the population, the core of older housing are not otherwise restricted through the planning system. It is the ability of anyone being able to purchase property on Scilly, together with the desirability of the location, which pushes up the average house prices out of the reach of the local population. There are no control mechanisms that could be retrospectively applied to enable existing property to only be occupied by those and living and working on the islands and it is not considered that this would be wholly appropriate given the reliance of the economy on tourism.
46. The number and type of properties that are available to rent or buy by the community is insufficient to create movement in the housing market. There is therefore a need to construct more homes that are affordable, appropriately controlled and of the right size and tenure, to ensure housing needs are satisfied without having to continually build more housing in the future, which could have a negative impact upon the important and highly protected landscape. It is paramount therefore that the right number and type of homes are built, with appropriate and enforceable control mechanisms, to avoid the need to build unnecessarily in the future to protect its natural and historical environmental quality.

Understanding Future Housing Needs

47. The NPPF sets out that local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements. Local Plans are required to demonstrate a clear understanding of the land available in their area through the preparation of a Strategic Housing Land Availability Assessment (SHLAA). From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of:
 - a) specific, deliverable sites for years one to five of the plan period; and
 - b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.
48. On the basis of National Policy requirements, LPAs should have an identified five-year housing supply at all points during the plan period. Housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply. Considerable weight should be given to the housing requirement figures in adopted Local Plans, which have successfully passed through the examination process, unless significant new evidence comes to light. It should be borne in mind that evidence which dates back several years, such as that drawn from revoked regional strategies, may not adequately reflect current needs.

The Objectively Assessed Need (OAN)

49. Although now superseded through the 2019 update to the NPPF, the 2012 NPPF set out a requirement for Local Plans to consider the Full Objectively Assessed Housing



NEED (FOAHN). In order to address this requirement the LPA commissioned a Strategic Housing Market Assessment (SHMA), undertaken by David Couttie Associates and published in 2016. The SHMA has been an important piece of work undertaken to provide a comprehensive and robust assessment to obtain high quality information about current and future housing needs of the Isles of Scilly. This work analysed household and population projections and addresses the need for all types of housing 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 Local Plan. It identified that the OAN of the Isles of Scilly equates to 120 homes over the plan period. This figure factors in net migration and an element of market housing to address very modest growth. The affordable housing element of this figure is identified as 105 homes over the plan period. It was 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 an acceptable approach for the Isles of Scilly.

Local Housing Need (2019 NPPF)

50. As of 2018 the most relevant section of the Planning Practice Guidance is entitled “housing needs assessment”⁶ which is now a requirement of the NPPF (2019). The guidance sets out how to use the standard method for working out the local housing need assessment (as per paragraph 60 of the NPPF). It states that there is an expectation that the standard method will be used, and that any other approach will be scrutinised more closely at examination. Other approaches to establishing housing need will only be acceptable in exceptional circumstances.
51. There are two component parts of this methodology – firstly household projections and then an affordability ratio. The current advice is that the Office of National Statistics (ONS) 2016-based household projections are not to be used for working out the standard method. The consultation suggests that authorities revert back to the Communities and Local Government (CLG) 2014-based household projections. For the Isles of Scilly this makes no real difference as both projections are negative. This is, however, a critical point as with negative household projections under this methodology a positive (above +1) need cannot be expressed. Affordability ratio data that the guidance expects to be used for the assessment isn’t available for the islands either.
52. In the calculation of the OAN in the SHMA there was a similar issue because available projections were for a declining population and number of households. The SHMA set out an OAN of 120 dwellings, or 8 a year for 2015-2030, based on a scenario that sets out modest population and household growth (rather than decline) for the plan period.

⁶ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>



53. The SHMA update paper on the standard method for calculating housing need (July 2019)⁷ uses a range of alternative data (for projections and affordability ratio) to allow the local housing need calculation to be undertaken and sets this out as 7 dwellings per year, as a reasonable approach to the new standardised Local Housing Need calculation.

Potential Housing Sites from the 2016 SHLAA

54. The following set of standard outputs should be produced from a Strategic Housing Land Availability Assessment (SHLAA) to ensure consistency, accessibility and transparency:

- *a list of all sites or broad locations considered, cross-referenced to their locations on maps;*
- *an assessment of each site or broad location, in terms of its suitability for development, availability and achievability including whether the site/broad location is viable) to determine whether a site is realistically expected to be developed and when;*
- *contain more detail for those sites which are considered to be realistic candidates for development, where others have been discounted for clearly evidenced and justified reasons;*
- *the potential type and quantity of development that could be delivered on each site/broad location, including a reasonable estimate of build out rates, setting out how any barriers to delivery could be overcome and when;*
- *an indicative trajectory of anticipated development and consideration of associated risks.*

55. The site assessment sheets that form the 2016 SHLAA⁸ include 23 sites on St Mary's and 4 sites on Tresco. All sites have been the subject of site visits as well as desk-top investigations to determine all potential constraints. Whilst no sites have unimplemented planning permission for housing developments table 3 below summarises the numbers of potential homes that could be delivered over the plan period.

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

TABLE 3 POSSIBLE HOUSING SITES AND DELIVERY PERIODS, SOURCE: SHLAA 2016

⁷ This was originally published in May 2018 and has been updated following changes to the relevant guidance: <http://www.scilly.gov.uk/sites/default/files/planning-apps/SHMA%20UPDATE%20Housing%20Need%20July%202019.pdf>

⁸ <http://www.scilly.gov.uk/sites/default/files/planning-apps/SHLAA%20Methodology%20and%20Site%20Assessments%20FINAL%20Mar%202017.pdf>



56. The SHLAA identifies a number of sites that would not be deliverable over the plan period. Including those with known constraints and those that are considered to be in relatively unsustainable locations. The potential sites identified as deliverable could achieve a minimum of 153 homes, at modest densities, over the plan period. Planning guidance suggests that the size of sites will be an important factor in identifying whether a housing site is deliverable within the first 5 years. The time it takes to commence development on site as well as build-out rates will also be of a consideration to ensure a robust five year housing supply.
57. Whilst the breakdown of each of the 5-year brackets does not reflect the size of the sites, it does reflect a sequential approach to identifying sustainable sites, with Hugh Town and Old Town being considered more sustainable places to develop than those sites further north on St Mary's. For the Isles of Scilly this method is considered to be the most reasonable approach in understanding a housing land supply.
58. What is apparent from the SHLAA is that no sites were submitted on the off-islands of St Martins, St Agnes or Bryher. This is because the Duchy of Cornwall consider it inappropriate to identify specific sites given the small scale of these islands. It is likely that housing demand on the off-islands would be assessed as the opportunity or need arises. Furthermore the SHMA did not breakdown the housing need by island and as such it is difficult to precisely identify the housing needs of each island. Consequently it is considered appropriate to cater for housing needs outside of St Mary's on a windfall basis only.
59. Overall and in relation to having a demonstrable rolling supply of housing land, to meet the housing needs of the islands, it is considered inappropriate to set a housing target, on the basis of the harm that could arise through over-development in such a small-scale and intimate landscape. It is therefore not possible to calculate a 5 year housing land supply. The Local Plan seeks to allocate 8 sites for the purpose of strategically delivering affordable homes. These sites could achieve a minimum of 116 homes, at relative densities. Evidence of past housing provision demonstrates that windfall homes deliver a reliable supply of homes to meet the needs of the community. Whilst viability suggests as much of 50% of a site may be required for open market housing, as a means of delivering affordable homes, the amount of land that has been identified as deliverable over the plan period demonstrates 116 homes could be achieved.

Years	Required	Delivered	Allocated Sites Remaining
0-4	35	0	3.55ha (116 dwellings)
5-10	70	0	3.55ha (116 dwellings)
11-15	105	0	3.55ha (116 dwellings)

TABLE 4 FIVE YEAR HOUSING LAND SUPPLY

Types of Housing

60. The 2016 SHMA analysed changes in population and household profiles to enable an understanding of the level of housing need and demand within the islands. Demographic change creates the need for different levels and types of housing



provision and is a key factor influencing the requirements for market and affordable housing. The SHMA identified that the most significant feature for the Isles of Scilly is the growth of the population in the over 65 age group. This group represented 25% of the total population in 2014 and is expected to increase further to 32% in 2030. This group will impact on demand for supported housing, support services and need for adaptations to remain in their own home. The SHMA also noted that the household projections suggest the working age population (16-64) will decline from 65% currently to 52% by 2030 with implications for the availability of a workforce to fulfil key roles within the community and economy. A decline therefore that needs to be critically addressed. This information helps to understand the type of homes to plan for during the plan period.

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

Self-build or Custom-build homes

62. The 2015 Housing Survey, that formed part of the SHMA, flagged up the demand for 11 self-build properties. This is supported by the current demand expressed for this type of housing on the Custom/Self Building Housing Register, which was established in April 2016. At the time of writing this report there were 32 households (as of July 2019) registered to self-build. Self or custom build housing is housing built or commissioned by individuals or groups of individuals for their own occupation. The Government wants to make building your own home a mainstream housing option and considers it an affordable way of building a place that people are proud to call home. As a consequence it is likely that greater emphasis will be required on enabling the delivery of self and custom build homes. In terms of meeting the needs of this group, all housing developments should consider opportunities to set aside a proportion of the sites net developable area for self or custom build housing, given the evidence of a demand for this housing locally.
63. The current self-build register demonstrates that all of the current demand is for development plots on St Mary's. This demand is primarily for property sizes of between 2 and 4 bedrooms, preference being within the 3 bedroom size category with the desire for the property type to be terraced, semi-detached or detached. Clearly not all of these preferences can be met but it demonstrates an ability and a desire for islanders to customise or self-build their own home. All of this demand is locally-driven from people who already live on the islands and have a pre-existing connection here.

Viability

64. As widely recognised, and as identified in the SHMA, house prices on the Isles of Scilly are much higher than the average house prices for mainland UK. A factor that might be expected to make building houses more viable on the islands. However, the combination of significantly higher build costs (estimated to be around 50% higher



than the mainland), together with existing planning restrictions, on who can live in new-build homes, has made the development of new housing of any size unviable for developers.

65. The viability issues have been exacerbated by an increasingly aged water and sewerage infrastructure system that results in a degree of unknown costs for any potential developer considering building homes on the islands, particularly where these are to deliver local needs housing. The development of sites for housing therefore is likely to be less viable when factoring these issues against development profit. It is anticipated that money secured through the Community Homes Fund could be used to investigate further the viability testing of suitable sites, to ensure local homes are delivered without significant cost, which could result in the need to construct a higher number of 'open market' property as a delivery mechanism. The viability testing has informed the policies of the emerging local plan. This demonstrates that the development of 100% affordable housing is unlikely to be viable, triggering the need for consideration of open market housing, on a site-by-site basis as a mechanism to cross-subsidise and enable the provision of affordable homes.
66. In permitting open market homes as a mechanism to deliver affordable homes, consideration will be given to applying a sequential approach. A sequential approach in the first instance could seek to restrict the enabling 'open market' housing to ensure that it is used as a 'principal residence' only through a planning condition. The justification for this approach would be on the basis that pure unfettered 'open market' could be considered to be socially unsustainable development as it would add to the existing housing problems on the islands by fuelling more second home ownership and holiday accommodation, as an investment opportunity, contrary to the sustainability tests of the NPPF. Such principal residence open market housing could be secured by businesses and organisation needs to meet their staffing, recruitment and retention issues. However the preference for this approach could be waived where the viability of a site submitted on an 'open book' basis demonstrates an imbalance in the ratio of affordable homes relative to open market homes. Policies should require that in all cases the ratio is always in favour of a higher number of affordable homes on any site.
67. In applying the sequential approach to open market housing, should it be adopted, a judgement would need to be made on the basis of a robust viability assessment to determine which preference would be most appropriate, on a site by site basis, to ensure the delivery of affordable homes i.e. whether to restrict occupancy to permanent residences or allow pure unrestricted open market housing. On the basis that an unintended consequence of applying a 'principal residence' condition could result in decreased viability and the need to construct a greater number of 'restricted' open market properties, the next stage of the sequential approach would be to allow pure open market, with the expectation that fewer such properties would be required to deliver the affordable housing.



68. As the viability of delivering affordable homes will vary due to the particular circumstances of a site and influenced by timing, it is recommended that the number of open market homes (whether restricted or not) is not prescribed in any target but established through viability assessments on a case by case basis. The table below sets out and explains the suggested sequential approach to the delivery of affordable homes.

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



<p>enabling development in the form of open market homes but not subject to any restrictions is therefore required to deliver the affordable element and can be achieved on site.</p>	<p>As part of the viability assessment, it must be proven that restricting open market housing as a 'principal residence' would reduce the number of affordable homes that could be delivered; and/or result in a detrimental impact upon the protected landscape as a result of a greater number of open market homes being required; or where it is demonstrated that there is no or a limited market for homes with a permanent residence restriction.</p>	<p>A clear case must be made in relation to the amount of 'open market' required to deliver a well-designed scheme at an appropriate level of density and the installation of new or improved infrastructure connections and access improvements, including flood risk/heritage mitigation. The assessment must also demonstrate that restricting any open market housing with a 'principal residence' condition would be inappropriate and unviable. Secure control mechanisms are established to ensure the occupation of affordable homes meets the agreed local needs criteria.</p>
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TABLE 5 SUGGESTED SEQUENTIAL APPROACH TO DELIVERY OF AFFORDABLE HOMES

Issues

69. The Government's strategic housing policy objectives are set out in section 5 of the NPPF (2019). They include creating sustainable, inclusive, mixed communities and ensuring high quality housing for those who cannot afford open market housing. The social objective of achieving sustainable development is set out in paragraph 8 b) which requires planning to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being.

70. The rural nature of the islands and the environmental constraints that apply within it mean that there are few opportunities for the large-scale mixed-tenure housing schemes. Such schemes could be used to secure a significant number of affordable homes through legal agreements. Market pressures are such that most of the original housing stock, including traditional cottages that help give the islands its distinctive character, are no longer affordable by local people. This has had the effect of excluding them from an important part of their own heritage. At the same time, a significant number of properties remain empty during the winter months, reflecting the high proportion of holiday lets and second homes.

71. The SHMA identified a need to address a rebalancing of the housing stock of the islands and in particular it suggests a need to:
 - Ensure sufficient small (number of bedrooms and size) properties are available for an increasing older population (para 2.4.7);
 - Apply property stock targets to ensure greater balance through different property sizes in market and affordable sectors (para 2.6.2); and



- Ensure 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 (para 2.7.3).

72. Policies in the Local Plan respond to the issues highlighted above in relation to the existing stock (limiting the size of house extensions) and to new dwellings (limiting the size of new dwellings). In both cases it would be reasonable to allow for exceptions around individual circumstances. These approaches are not unique to the islands, and both are considered in the following section.

House Size – New build

Context

73. The immediate context is considering space standards for around 105 new properties against the existing housing stock of 989 occupied dwellings out of a total stock or around 1389 dwellings. The expected new homes on the islands are intended to be affordable to meet the housing needs of the community. As such it is justifiable to attempt to match the policy aim of re-balancing the housing stock by influencing the size of homes (bedrooms) by using a physical size measure.

Recent Policy Context and Examples

74. Policy LC3 in the Regulation 19 consultation draft Local Plan set a requirement that all new affordable homes (permitted by LC6 and LC7) must be affordable by size and type to local people and will remain so in perpetuity, with the gross usable floor area being 93 square metres or less, unless there is a proven need for a larger dwelling. This approach could be justified as a reasonable approach to rebalance the housing stock and is sourced from the Technical Housing Standards. Other Local Plans have adopted similar approaches (see below). The Regulation 22 Submission Draft Plan maintains the spirit of this approach but removes the specific reference to 93 square metres and instead aligns with the Nationally Described Space Standards (NDSS), as set out in the Technical Housing Standards,⁹ which was published by MHCLG in 2015.

Hastings Borough Council

75. The Hastings Local Plan includes Policy DM3 f) which reflect the evidence report '*Space Standards within the Home*', it produced in February 2014. This sets out an analysis of a range of Councils who had looked at internal space standards. This shows that most of these Authorities use 93 square metres for affordable housing.

⁹ <https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard>



Local Authority/Agency	Dwelling type						
	Studio	1 or 2 person flat	3 person flat	1 or 2 person house	3 person house	4 person house	5 or 6 person house
Scott Wilson CABE report (Mean ave of 250 units)	32 sqm	47 sqm for 1 61 sqm for 2	87 sqm	64 sqm for 1 71 sqm for 2	95 sqm	120 sqm	163 sqm for 5
Lambeth Council	37 sqm	45 sqm	60 sqm	45 sqm	60 sqm	70 sqm	85 sqm
Broxbourne Council	37 sqm	50 sqm	60 sqm	60 sqm	75 sqm	85 sqm	100 sqm
Hertsmere Council	37 sqm	50 sqm	61-74 sqm	83 sqm	87-96 sqm	87-100 sqm	96-107 sqm
London (Housing Design) Guide	37 sqm	50 sqm	61-74 sqm	83 sqm	87-96 sqm	87-100 sqm	96-107 sqm
Mid Sussex Council	32.5 sqm	51-66 sqm		77 sqm	93 sqm	111 sqm	
Worthing Council	32 sqm	51-66 sqm		77 sqm	93 sqm	106 sqm	
Homes & Communities Agency	45-50 sqm	45-50 sqm	57-67 sqm	45-50 sqm	57-67 sqm	67-75 sqm	75-85 sqm
Harlow Council		48 sqm	61 sqm		71 sqm	80 sqm	96-114 sqm
Ashford Council		50 sqm	61 sqm		71 sqm	83 sqm	96-114 sqm
Sandwell Council	40 sqm	50 sqm	65 sqm	65 sqm	65-80 sqm	80-100 sqm	100 sqm
Average dwelling size granted consent in 2013		49 sqm	62 sqm	66 sqm	89 sqm	98 sqm	131 sqm
Existing SPG	32.5 sqm	29.5 sqm	38 sqm	29.5 sqm	38 sqm	44 sqm	52-66.5 sqm (5-7 persons)
Mean average including existing SPG	36 sqm	47 sqm	61 sqm	63 sqm	74 sqm	85 sqm	96 sqm
Median average including existing SPG	37 sqm	50 sqm	61 sqm	64.5 sqm	73 sqm	84 sqm	96 sqm
Proposed revised Watford Borough Council	37 sqm	37-50 sqm	61 sqm	37-50 sqm	61 sqm	70-74 sqm	86-99 sqm

TABLE 6 COMPARATIVE ANALYSIS OF DWELLING SIZE STANDARDS FROM 'SPACE STANDARDS WITHIN THE HOME'; FEBRUARY 2014 BY HASTINGS BOROUGH COUNCIL.

76. The Nationally Described Space Standard will replace the existing different space standards used by local authorities. It is not a building regulation and remains solely within the planning system as a new form of technical planning standard. This sets out that a 2 storey 3 bedroom for 5 people would be 93 square metres.

No of Bedrooms (b)	Number of bed spaces (persons)	1 Storey dwellings	2 Storey dwellings	3 Storey dwellings	Built-in storage
1b	1p	39 (37)*			1.0
	2p	50	58		1.5
2b	3p	61	7	90	2.0
	4p	70	79	99	
3b	4p	74	84	108	2.5
	5p	86	93	103	
	6p	95	102	112	
4b	5p	90	97	121	3.0
	6p	99	106	130	
	7p	108	115	116	
	8p	117	124	125	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

TABLE 7 TECHNICAL HOUSING STANDARDS, NATIONALLY DESCRIBED SPACE STANDARDS, MIN GROSS INTERNAL FLOOR AREAS AND STORAGE M2



77. The principle of the NDSS criteria being linked to affordable housing, to ensure that it is as far as possible kept affordable in perpetuity, is widespread.

Exmoor National Park

78. One clear way of supporting this approach on the Isles of Scilly, is to place restrictions on the size of new affordable dwellings, as in the example of Exmoor National Park Authority (see below). Mechanisms to maintain new homes from excessive size increases is a recognised way, tested at examination, to ensure that dwellings will be affordable by size and type to local people on low or moderate incomes and will remain so in perpetuity. The Exmoor Local Plan contained a policy approach seeking to limit the size of new affordable housing. The Inspector's report on that plan commented as follows:

“However, the specific limit of 90sqm set in submitted policy HC-S2 (and reflected in other relevant policies) is not based on the current national technical housing standards published by DCLG in 2015. MM31 therefore amends it slightly so that it corresponds to the national standard of 93sqm for a two-storey, three-bedroom dwelling. That should be sufficient to meet most housing needs that arise, but MM31 also makes necessary provision for exceptions to the limit in certain circumstances. So that the benefits of the dwelling size limit are not eroded over time, it is necessary for relevant policies to provide for the withdrawal of permitted development rights for extensions to new dwellings. MM39 is required to ensure that HC-D14 reflects the same approach.”

79. In this context, the approach of the Isles of Scilly Local Plan is both reasonable and appropriate. While applying a fixed size limit would be appropriate there is more flexibility by making clear reference to relevant guidance and the need to provide a mix of types sizes and tenures. The existing housing stock on the Isles of Scilly has:

- a higher than average proportion of larger, detached housing (32% against 22% England);
- a far higher proportion of unoccupied household spaces of 2nd homes and holiday lets (28.8% against England 4.3%); and
- a lower proportion of 1 and 2 bedroom owner occupied dwellings (13.9% against 17.2% England).

80. On the Isles of Scilly there is a significant disparity between:

- affordability ratios (an estimated affordability ratio of 15 against England 8);
- house prices (2018 average house prices of £325,000 against England £239,000); and
- income levels which are around £10,000 lower than the England average of £30,000.



- 81. Disparities are exacerbated by the size and type of the existing housing stock and pressures deriving from lack employment opportunities, working age population decline, and a possible further depopulation of the islands, in the face of continued holiday accommodation and tourism growth.
- 82. There is a greater share (25% against 18% in England in 2017) and an increasing amount (32.3% against England 24.2% in 2041) of older households, often living in family housing, that as recognised in the SHMA, may need smaller and more manageable housing.
- 83. These factors in combination mean that the available housing stock of the islands, for permanent residence, does not currently provide a range of accommodation sizes and types to meet the needs of all sections of the local community.
- 84. This shortage affects different prospective occupiers not just those in affordable need. Maintaining a stock of smaller and cheaper accommodation types is a critical part of the Local Plan’s response to the challenges that the islands face, highlighted in the SHMA. These factors are also relevant to the issue of limiting the size of extensions to existing dwellings.

House Size – Existing Homes

Context

- 85. The SHMA makes the case clearly about the overall housing stock and the identified future need. This is directly relevant in the Local Plan seeking to make sure that existing smaller units are not disproportionately increased in size, becoming even more unaffordable (and larger in terms of bedrooms) as a result in any subsequent resale, or rental.

Recent Policy Context and Examples

- 86. As a benchmark for the circumstances of the islands, a review has been undertaken to understand the approach to house size extensions across Local Plans (the currently adopted or latest pre- adoption position) in every National Park area across England, Wales and Scotland. This is set out in table 5 below.
- 87. National Parks and their respective plans are considered to provide a sensible benchmark for the housing pressures experienced by the Isles of Scilly. The shared issues include high house prices, low supply and low(er) incomes of the working resident population.

National Park	Approach to House Extensions
Northumberland	Criteria based
Dartmoor	30%
South Downs	30%
Exmoor	35%
Yorkshire Moors	30%
Yorkshire Dales	No policy



Snowdonia	Criteria
Pembrokeshire Coast	No policy
Peak District	No Policy
New Forest	30%
Loch Lomond and Trossachs	Criteria
Lake District	No Policy
Cairngorms	Criteria
Broads	No policy
Brecon Beacons	Criteria *
* 2008 report references extension size increase between 20 and 30%¹⁰	

TABLE 8 NATIONAL PARKS APPROACH TO RESTRICT HOUSE EXTENSIONS

88. The approach in the Regulation 19 draft Local Plan recommended a 37m² limit to house extensions. Following responses to this consultation, the Regulation 22 Local Plan is proposing a criteria based approach to control the size of house extensions to bring the property up to a size that is in accordance with the Nationally Prescribed Space Standards (Technical Housing Standards) (or any replacement standards).

Recent Evidence

89. As set out above, in 2018 a report was commissioned by the Local Planning Authority to consider viability of housing delivery, as part of Local Plan evidence base research. The headlines from this are set out below.

¹⁰ <https://www.beacons-npa.gov.uk/wp-content/uploads/oldsite/the-authority/planning/strategy-and-policy/spg-and-dc-guidance-notes/ES26%20Replacement%20Dwelling%20Guidance%20Note%20Authority%20Approved%20FINAL.pdf>



Housing Viability Assessment

Three Dragons with Rural Housing Solutions March 2018

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. This may mean allowing some open market housing where this enables affordable development to take place. This Housing Viability Assessment provides evidence to demonstrate the viability implications of the policies in the Public Consultation Draft of the Council's Local Plan.

The Viability Assessment has been prepared in consultation with the local development industry and has followed the relevant regulations and guidance and meets the requirements in the National Planning Policy Framework.

To test the viability of residential development, the report authors devised a number of case studies which reflect the type of sites likely to be come forward, in light of the policies in the consultation draft Local Plan and historic patterns of development. The case studies were:

- A1 – 4 units of Affordable Rent
- A2 – 4 units of Shared Ownership
- B6 - 10 units of Affordable Rent
- B7 – 10 units of Shared Ownership.

The testing undertaken identified the level and type of market housing (if any) that might be needed to enable delivery of affordable homes.

Key findings of viability analysis

Housing development on 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.

FIGURE 13 KEY FINDINGS OF THE HOUSING VIABILITY ASSESSMENT 2019

90. In 2019 a further report was commissioned by the Council's Housing Strategy team, as part of Strategic Development, which looked 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 assesses the support needed to ensure the delivery of key worker housing as part of a wider affordable



housing delivery programme across the islands. The aim was to support future bids for the development of sites for the delivery of affordable and key worker housing. Key conclusions are set out below.

Housing Development Study

Isles of Scilly

Prepared by Atlantic Arc Planning May 2019 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.

FIGURE 14 KEY FINDINGS OF THE HOUSING DEVELOPMENT STUDY 2019

91. Both the 2018 viability report and the 2019 housing development study reinforce the imperative and difficulties around the provision of affordable housing on the islands.

Changes to Qualifying Criteria for Local Housing

92. The 2005 adopted Local Plan restricts new housing to the delivery of housing to meet a specific local need only, as set out in figures 15 and 16 below. This includes housing to deliver a Specific Local Need (SLN), Key Worker (KW) housing and staff



accommodation. New housing proposed for staff accommodation purposes is usually controlled by a condition, whereas housing to deliver accommodation for a SLN or KW is controlled by the applicant entering into a Section 106 Legal Agreement (S106). In order to determine who qualifies to occupy any permitted housing, the LPA adopted qualifying criteria as Supplementary Planning Document (SPD) following the adoption of the 2005 Local Plan.

Specific Local Need

93. Under the 2005 Local Plan, most new dwellings permitted have been justified on the basis of delivering a Specific Local Need (SLN) and the S106 is usually drawn up to allow persons with either a SLN or KW status to occupy it. The SPD set out that a qualifying person was someone who satisfied Condition A and Condition B, below. Any person applying for the SLN Status was required to complete a form and provide appropriate evidence to determine whether or not they qualify to occupy a restricted occupancy property. Although any person can own such a property.

Specific Local Need SPD

Condition A

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

Condition B

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

FIGURE 15 THE QUALIFYING CRITERIA FOR OCCUPYING SPECIFIC LOCAL NEED DWELLINGS PRIOR TO REVOCATION IN 2018

Key Worker

94. The process of establishing a Key Worker status was also set out in an SPD and provided eligibility criteria where a person was required to meet the criteria set out in Figure 14 below.

Key Worker SPD

Work for an organisation or business whose primary purpose is delivering services that directly benefit the community;

Work from a base within the islands;

Employed for a minimum of 21 hours per week on a permanent contract or fixed term contract of at least one year (un-expired at time of application by at least 6 months);

Employed as a Key Worker as their main employment;

Hold a recognised technical or professional qualification if this is normally required for the job;

Unable to find accommodation suitable for their household needs on the islands or living on the islands in accommodation that is unsuitable to their household needs.

FIGURE 16 THE ELIGIBILITY CRITERIA FOR KEY WORKER STATUS, PRIOR TO REVOCATION IN 2018



95. Key Workers were split into category 1 and category 2 key workers where priority being given to category 1. This group included: police, teachers, doctors, nurses, dentists, veterinarians and officers who provide and are professionally qualified to provide a statutory service for the Council. Category 2 key workers are any persons with a qualified or experienced trade that directly benefits and supports the community.
96. The criteria to qualify to achieve a SLN status was drawn particularly narrowly and often resulted in a person who has lived on the islands for many years being unable to qualify to buy or rent certain housing. The small scale nature of the community has always made the assessment of applications particularly difficult and often emotive.

New Qualifying Criteria

97. In 2018 Members of the Council of the Isles of Scilly approved, at Full Council (22/02/2018¹¹), the revocation of the SLN and KW Supplementary Planning Documents, as set out above, and the adoption of an interim policy position for qualifying for SLN¹². This is the emerging qualifying criteria as set out in the Draft Local Plan 2015-2030 under Policy LC2 and as set out below in figure 17. This revised qualifying criteria was published on the Council's website and communicated to owners and occupiers of existing occupancy restricted homes and a new application process introduced.
98. It is considered that modifications to the qualifying criteria to occupy local housing will go some way to enabling more people, with a genuine need to live and work on the islands, to do so. The issue of whether a person has the status of key worker can often result in perceived inconsistent outcomes. For example, a person with a trade under category 2, and who is the only person of that trade or profession may qualify one year, but where there are multiple people on the islands who are able to carry out the same trade, then other people may not qualify further. The establishment of a key worker does not in itself deliver housing.
99. Any person who is employed on the islands should be able to rent or buy property because there is no commutable location, outside of the islands, where a person could live more affordably and still work on the islands. It is therefore considered appropriate to move away from a policy for key workers with more focus on encouraging the provision of staff accommodation where justified to facilitate economic growth and overcome some of the recruitment and retention issues facing business and organisations.
100. As part of the Local Plan review process, Members of the Local Plan Working Group assisted in the development of new qualifying criteria for SLN and KW persons. Part of the remit has included the assessment of whether the current SLN and KW remained fit for purpose or whether it required revision. The resulting revised

¹¹ <http://committees.scilly.gov.uk/documents/g1035/Public%20reports%20pack%2022nd-Feb-2018%2009.30%20FULL%20COUNCIL.pdf?T=10> (Agenda Item 11)

¹² <http://www.scilly.gov.uk/planning/local-plan-local-planning-policies/2018-interim-specific-local-need-policy>



qualifying criteria is set out below in Figure 17. This is the current criteria for assessing for those looking to occupy restricted occupancy homes on the island.

POLICY LC2 Qualifying for Affordable Homes
<p>All new affordable homes that are not delivered by the Council or other Registered Provider will be subject to occupancy restrictions, to ensure they will be occupied in perpetuity by a person or persons (and their dependants) with a local housing need, as their principal residence throughout the year. A local housing need is where:</p> <p>(1) The property would be their sole private residence and their need cannot be met by the local housing market; and</p> <p>(2) They need to live permanently on the islands due to their employment circumstances and work commitments; or</p> <p>(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:</p> <ul style="list-style-type: none"> a) vacate tied accommodation; or b) relocate to more suitable accommodation due to a medical and/or mobility condition; or c) relocate to smaller/larger accommodation due to under/over-occupation; or <p>(4) They are a former resident who has previously lived permanently on the Isles of Scilly for a continuous period of at least five years, and who:</p> <ul style="list-style-type: none"> a) has been away for educational or training purposes, or to obtain work experience or professional or technical accreditation; or b) is currently employed by the armed forces or merchant navy and whose main residence will be on the islands; or c) is retired from the armed forces or merchant navy; or d) needs to provide substantial care to a relative who has lived continuously on the islands for at least five years ('substantial care' means that the requirement for such care has been identified by a medical doctor or relevant statutory support agency).

FIGURE 17 REVISED QUALIFYING CRITERIA FOR LOCAL AFFORDABLE HOUSING

101. When a person applies to occupy restricted local housing they are required to declare that they meet the criteria. In order to verify an application, the LPA/Council may invite a person to an interview to confirm the information provided.

Future Local Housing

102. It is not possible to address all of the issues, as highlighted above, through the planning system. It is possible, however, to seek to address issues of viability by, for example, permitting 'enabling development'. It is also possible to address some of the secondary issues that have caused problems qualifying to occupy restricted properties, through mechanisms to ensure a flexible qualifying criteria, which would in turn create a greater degree of movement within the housing market.

103. In the interests of protecting a stock of new housing, required for the future sustainability of the island, it is recommended that the housing policy framework for the new Local Plan should be based on approach set out in table 7 below:



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

TABLE 7 SUGGESTED TYPES OF HOUSING SUPPORTED IN THE NEW LOCAL PLAN

104. It is acknowledged that in such a highly designated and protected landscape new homes should seek to use previously developed land, when available and build at densities that make the most effective and efficient use of available sites. In addition, and given the acute housing issues on the islands, any 'open market' dwellings should only be permitted to 'enable' the provision of the affordable homes required to meet the needs of the community through cross-subsidisation. As previously indicated, given that open market housing is likely to be required to enable the provision of affordable homes, the amount of such housing is difficult to quantify and will depend on the cost and viability on a case-by-case basis.

Housing Strategy Recommendations

105. The future housing strategy of the local plan should give full weight to the need to protect the AONB from inappropriate development. This is considered to be in accordance with paragraph 11 b) of the 2019 NPPF and on the basis of footnote 6 which states:

6 The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 176) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 63); and areas at risk of flooding or coastal change.

106. It is clear that the number of designation constraints facing the islands are significant when compared to almost any other LPA in the country. In recognition of these constraints and the tiny size of the islands, it recommended that new residential developments should be prioritised to meeting the needs of the resident communities and businesses. It is recognised however, that enabling development, in the form of



open market housing, may be required to facilitate the delivery of local needs housing.

107. In recognition of the issues facing the Isles of Scilly, policies in the Local Plan seek to ensure that new homes delivered meet the affordable housing needs with appropriate planning controls to ensure new homes remain affordable to buy or rent for those living and working on the islands, through a fit for purpose 'local qualifying criteria'. Only where a case is made, through an 'open book' approach, to demonstrate clear financial viability to deliver affordable homes, should 'open market' development be permitted, as set out in the sequential approach referred to in Table 4 above.
108. Subject to the primary objective of delivering affordable homes, the preference would be for open market dwellings to be used as a 'principal residence' to bring down the 'open market' value to more equitable levels of the mainland to better meet the housing needs of the community and prevent their use as a second home or as an investment opportunity to be used as holiday accommodation.
109. Such an approach would seek to safeguard the sustainability of development by reducing the proportion of homes not occupied as 'principal residence' and preventing them from being marketed and sold as holiday lets or second homes. This approach chimes with the statutory objectives of meeting the economic and social well-being the islands communities within an AONB.
110. As demonstrated in this paper, in view of the special circumstances of the Isles of Scilly, a different approach to housing provision from non-designated areas is necessary, justified and appropriate:
 - a) reflecting the high level designations covering the islands and legislation and the duty to promote the social and economic wellbeing of the islands' communities in meeting these purposes;
 - b) consistent with national policy and guidance that 'great weight should be given to conserving landscape and scenic beauty in Areas of Outstanding Natural Beauty (AONB), which have the highest status of protection in relation to landscape and scenic beauty. Affordable housing needs should not be met if adverse impacts of the amount of open market housing would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF, or where specific policies indicate development should be restricted. The Isles of Scilly are not suitable locations for unrestricted housing and general open market housing targets are therefore not provided; and
 - c) recognising the particular issues within the Isles of Scilly where high demand from in-migration and second home ownership, have led to house prices and rents, but because average local incomes low there is an 'affordability gap' and consequently many local households are in affordable need.
111. To conserve and enhance the AONB, Heritage Coast and Conservation Area the priority is addressing the housing needs of the islands' communities rather than



meeting the external demand for market housing. Within the Isles of Scilly the policy approach is:

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

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

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

This positive approach to housing will help to ensure that the housing needs of local island communities are addressed as far as is possible within the context of the conservation of the islands as a designated Area of Outstanding Natural Beauty. It is underpinned by a range of evidence including that housing delivery is constrained by highly sensitive landscapes and the potential for landscape harm; topography; wildlife designations and heritage assets.

114. Underpinning the strategy is the ability to work to deliver housing through a needs led approach on allocated sites on St Mary's. This is consistent with national policy on planning in rural areas that local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

Identifying suitable sites will ensure that local need affordable housing may be permitted in the most suitable locations. The predominance of land ownership by the Duchy of Cornwall Estate provides certainties that has the effect of reducing the value of land and enables the building of homes to a more reasonable level. It ensures the delivery of the maximum number of affordable homes on a given site making the best use of the scarce and finite supply of suitable housing land.



115. It is important that the limited supply of suitable sites is prioritised to address the affordable housing needs of local communities in the longer term. It is therefore not possible nor appropriate to plan for and include a figure in the Isles of Scilly Local Plan for market dwellings arising from within the islands. This would result in the finite supply of suitable housing sites being further reduced, undermining the affordable homes-led approach and increasing the pressure for more open market homes and consequently delivery of fewer affordable dwellings.



Glossary of Terms

AONB	Area of Outstanding Natural Beauty
AMR	Authority Monitoring Report
CA	Conservation Area
CRoW	Countryside and Rights of Way Act
DCLG	Department of Communities and Local Government
HA	Housing Association
HCA	Homes and Communities England (re-branded Homes England in 2018)
HGP	Housing Growth Plan
LB	Listed Building
LPA	Local Planning Authority
NPPF	National Planning Policy Framework
NPPG	National Planning Policy Guidance
PDL	Previously Developed Land
PPG	Planning Policy Guidance
RTP	Right to Buy
SEP	Strategic Economic Plan
SHMA	Strategic Housing Market Assessment
SHLAA	Strategic Housing Land Availability Assessment
SM	Scheduled Monument