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Bob Seely MBE MP

The Rt. Hon. Robert Jenrick, MP

Ministry of Housing, Communities and Local Government
2 Marsham Street
London
SW1P 4DF

21st of September 2020

Sent via email.

Re: Planning and Housing Targets

Dear Robert,

Thank you for agreeing to meet to discuss planning matters, including housing targets. I write to highlight in advance my serious concerns about the *current* Standard Method approach to deriving housing targets in my unique constituency.

I am also extremely concerned about the proposed - short-term, algorithmic - *update* to the Standard Method and its implications across the country, but in particular the Isle of Wight, where the consequences will be exacerbated.

Below I set out these concerns with regard to the Island and outline why the Island should be permitted to develop its own local method of assessing housing need, and hence its own housing target.

Let me sum up this letter in a single sentence though: I believe that the Isle of Wight's housing target is impossible to achieve, and I will do everything in my power to oppose it and any other measures which, in my opinion, damage my constituency.

However, I am, as ever, delighted to engage in sensible conversation as to how to reform and improve the planning and housing system.

Overview

The Isle of Wight faces unique geographic, demographic, and housing market circumstances in housing policy and delivery. As a result, the housing target derived from the Standard Method is neither deliverable nor, theoretically, desirable.

In brief, the Island's current Standard Method housing target of 688 dwellings per annum (dpa), a c. 15 per cent increase in housing stock in the next 15 years, is driven entirely by internal migration;¹ will see household growth solely in those over 65² and a doubling of those over 85;³ is 70 per cent higher than the existing delivery cap for the Island;⁴ and has an allocated yield which is over 50 per cent greenfield.⁵

The proposed new Standard Method will see this target increase by over 50 per cent to 1,045 dpa. In this scenario, the Island, 50 per cent of which is designated AONB⁶ and 84 per cent of which is rural,⁷ will build more houses per year than either neighbouring Portsmouth or Southampton, both cities with major infrastructure and services, and populations at least 70 per cent larger than the Island's.⁸ This is bizarre.

Background to the Isle of Wight's Housing Targets

- Under our current Local Plan, we have a Standard Method-derived target of **520 dpa**.⁹
- A revised Local Plan was developed in 2018 and included an updated Standard Method target of 641 dpa¹⁰ – which required **over 1,000 acres of greenfield building** in the lifetime of the plan. This was unacceptable and is being reconsidered.
- A housing target of **1,045 homes per annum** would result from the proposed new Standard Method currently out for consultation.¹¹

The Island's exceptional circumstances

The target to build this number of homes is flawed, very bad for the Island, and undeliverable.

The target is flawed since the Island has a naturally declining population. In part due to our attractiveness as a retirement destination, the Island's sole component of positive population growth is a net increase of c. 20,000 due to internal migration between 2017 and the end of 2033.¹² Much of this is driven by the demand for market housing for mainland buyers. Due to the nature of the methodology, our housing needs assessment converts these projections into dwellings required.

¹ See footnote 12

² www.housingnet.co.uk/pdf/PE_Report_IsleofWight_FINAL_05092019ZCPREZFORZRELEASE.pdf, p. 5 (Para 3.10)

³ <https://www.iow.gov.uk/azservices/documents/2782-IWC-HNA-April-2018.pdf>, p. 28 (Table 5)

⁴ <https://www.iow.gov.uk/azservices/documents/2981-Explainer-Planning-for-Sust-Dev-and-Growth.pdf>, p. 7 (Para 5.6),

⁵ Based on allocated yields included in the *Draft Island Planning Strategy Development Plan*, November 2018

⁶ www.iow.gov.uk/azservices/documents/2981-AONB-Management-Plan-20192024.pdf

⁷ <https://www.iow.gov.uk/azservices/documents/1321-Core%20Strategy%20-%20Adopted%20Mar%202012.pdf>, p.6 (Para 2.4)

⁸ <https://lichfields.uk/media/6084/govt-planning-reform-tables-aug20-7.jpg>

⁹ <https://www.iow.gov.uk/azservices/documents/2776-Core-Strategy-Adopted-March-2012-updated-web-links-May-2013-with-cover.pdf>

¹⁰ <https://www.iow.gov.uk/azservices/documents/2981-Final-Draft-IPS-for-Consultation.pdf>

¹¹ <https://lichfields.uk/media/6084/govt-planning-reform-tables-aug20-7.jpg>

¹²Source: 2016 SNPP. Housing need is determined based on trend projections of future population growth. Components of population change show net internal migration as almost the entirety of gain, whilst natural change is consistently negative between mid 2001 and mid-2016.

<https://www.iow.gov.uk/azservices/documents/2782-IWC-HNA-April-2018.pdf>, p.24 (Figure 7). This has been independently confirmed by the demographer Piers Elias: www.housingnet.co.uk/pdf/PE_Report_IsleofWight_FINAL_05092019ZCPREZFORZRELEASE.pdf

Under the current Standard Method, an affordability adjustment is already applied – and it is already flawed. In the case of an area where new housing demand is driven by inward migration of retirees, the methodology applies local-income affordability calculations to mainland-income internal migrants. Physical separation from many high paying industries has resulted in structurally lower wages and house prices on the Island than the majority of the South of England. This makes it a highly attractive location for retirees to move to with proceeds from the sale of a house in a higher value area. As such, many buy with asset wealth, **yet the affordability adjustment is based on local median earnings.**

The new Standard Method gravely exacerbates these flaws. The new affordability adjustment artificially inflates our housing need by 70 per cent, compared to the current 28 per cent. Although the latest, 2018-based household projection data only shows an increase of around 80dpa compared the 2014-based projections currently used, the new Standard Method increases the target by 352dpa. Not only is this a policy decision, it is also misguided due to the Island’s circumstances in regard to internal migration. **The majority of the top 15 areas out-migrants from the Isle of Wight move to are less affordable. The Island is more affordable than the majority of the top 15 areas in-migrants move from.**¹³ Given the demand from inward migrants is in part *because* our prices are lower than the areas they are moving from, a greater housing target to increase affordability is flawed. It is a vicious circle. The greater the multiplier, the greater the inward demand, the greater the household projections, the greater the delivery target, and the greater the absolute impact of the relative multiplier.

I am sure you will understand why this situation is unacceptable.

The target is bad for the Island. Portsmouth, with a population 68 per cent greater than the Isle of Wight, will build 30 per cent fewer homes under the proposed new Standard Method.¹⁴ By comparison the Island is one of England’s finest and most diverse landscapes. The Council have already failed the five-year housing supply test, in part due to the lack of previously developed land. The new targets will thus force development of less sustainable sites.

Effectively, our target is so high that we cannot but fail it.

Second, our current ageing profile of net migration means we are in effect asked to build a demographic model for the Island which assumes net ageing - and export of young Islanders. Under the draft Plan, by 2034 almost 50 per cent of the population of the Isle of Wight will be over 55, compared to 35 per cent across the UK,¹⁵ worsening the existing effects of demographic imbalance – such as low wages, health vulnerabilities and public service pressures. The number aged over 85 is projected to more than double,¹⁶ with a projected 70 per cent increase of those with dementia, and a 58 per cent increase of those with mobility problems between 2016 and 2034.¹⁷ We need the policy tools to pursue active intervention in this area.

Finally, the target is undeliverable as the Standard Method does not take into account our unique housing market circumstances resulting from separation by sea.

Significantly lower house prices and increased build costs associated with importing building materials to an Island has dictated there appear to be a natural cap¹⁸ to market absorption of new housing of a very

¹³ https://www.housingnet.co.uk/pdf/PE_Report_IsleofWight_FINAL_05092019ZCPREZFORZRELEASE.pdf, p.9 (Para 5.2)

¹⁴ <https://lichfields.uk/media/6084/govt-planning-reform-tables-aug20-7.jpg>

¹⁵ https://www.housingnet.co.uk/pdf/PE_Report_IsleofWight_FINAL_05092019ZCPREZFORZRELEASE.pdf, p.5 (Para 3.8)

¹⁶ <https://www.iow.gov.uk/azservices/documents/2782-IWC-HNA-April-2018.pdf>, p. 28 (Table 5)

¹⁷ *Ibid.*, p. 156 (Table 96)

¹⁸ <https://www.iow.gov.uk/azservices/documents/2981-Delivering-Affordable-Homes-For-Island-Families.pdf>, pp.9-11

maximum of 400 units per year.¹⁹ We build on average between 250-400 a year. The liberal granting of planning permission in recent years has not led to a significant increase in delivery, merely more hoarding of sites with permission. Imposing a target in excess of this natural cap will not increase supply, but merely dictate a loss of development control as “presumption in favour of sustainable development” allows developers to cherry-pick’ the most profitable greenfield sites, without increasing overall supply. We are already victim to this having failed our five-year land supply and will inevitably fail our housing delivery test even with the current unachievable target of 520 DPA. Zero affordable homes were built of 350 delivered in 2019.²⁰ Just 18 affordable homes were built in the year before that, compared to 34 and 35 in previous years respectively.²¹

A consequence is that the policy intention of the affordability adjustment has failed. Simply increasing the housing target, as we have seen, has not led to the delivery of affordable homes.

Other Issues in Relation to the Island and Housing Targets

Overdevelopment damages our economy, our quality of life and our ability to attract new work-from-home industries in future. First, the Island's economy is, in part, dependent on a tourism economy. People enjoy holidaying on the Island because of its beautiful and historic landscape. The economic worth of the visitor economy for the Isle of Wight has been estimated at £520 million annually. The more greenfield development is permitted, the greater the damage to our visitor economy.

Second, overdevelopment damages the ability of both the local population and visitors to enjoy our beautiful landscape.

Third, the better the quality of life on the Island the more we will be able to attract new jobs and more opportunities to the Island.

The Island faces exceptional factors in infrastructure delivery due to its status as an Island. The housing methodology used by the Island Plan does not take these into account. As a result, it will put potentially unsustainable pressures on the Island’s infrastructure. Roads, hospital and public services are under pressure. Electricity and sewage are under pressure. Because the Island is separated by sea from the mainland, the so-called Green Book calculations do not serve the Island.

Island housing plans damage our environment. We continue to build low-density, greenfield developments. These are generally very often car-dependent, on busy roads, away from shops and services. They cause communities to coalesce. **They are the very model of unsustainable development at precisely the time when the Island, and the rest of the UK, should be planning for sustainable housing.**

Conclusion

We need a deliverable and sensitive methodology to assess the Island’s housing need, taking into account our exceptional circumstances. There is no political support for the Government’s targets on the Island, or

¹⁹ <https://www.iow.gov.uk/azservices/documents/2981-Explainer-Planning-for-Sust-Dev-and-Growth.pdf>, p. 7 (Para 5.6),

²⁰ <https://www.iwight.com/azservices/documents/2776-IWC-Monitoring-Lite-Report-2018-19-Final.pdf>

²¹ <https://www.iwight.com/azservices/documents/2776-IWC-Planning-Monitoring-Report-Lite-201617-v1.pdf>,
<https://www.iwight.com/azservices/documents/2776-IWC-Monitoring-Lite-Report-2017-18-Final.pdf>

frankly, its approach. I am calling for a fresh approach and urge you to support my local Council by investigating our case for housing exceptional circumstances.

I look forward to discussing these matters urgently with you.

Yours sincerely,

A handwritten signature in black ink that reads "Bob Seely". The signature is written in a cursive style and is underlined with a single horizontal line.

Bob Seely

Member of Parliament, the Isle of Wight