

The Draft Isle of Man Strategic Plan 2015

Inspector's Report of the Public Inquiry

Pre-Inquiry Meeting 23 July 2015

Public Inquiry 28 September 2015 to 1 October 2015

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Report following an independent examination of the Draft Isle of Man Strategic Plan 2015.

PREAMBLE

Process

- 1.1 The Isle of Man Strategic Plan 2007 (CD 1) was approved by Tynwald and formally adopted that year, following consultations and independent examination (CD 3). It sets out general policies for the development and use of land across the Island and provides a framework for the intended preparation of more detailed Area Plans for the South, East, West and North of the Island. The Area Plan for the South was approved in 2013, again following consultation and independent examination. Pending preparation and adoption of the remaining Area Plans, for now the rest of the Island remains subject to the Isle of Man Planning Scheme (Development Plan) Order 1982 (generally referred to as the 1982 Development Plan) and a number of individual Local Plans.
- 1.2 In 2013 the Department of Infrastructure (the Department) embarked on a review of the 2007 Plan, in accordance with procedures set by the Town and Country Planning Act 1999, Schedule 1 (as amended) (CD 2). In summary, and adapting an extract from the **Department's evidence** (CD 25), the key stages are as below; this report concludes Stage 3 of the overall process.

Schedule 1 – Town and Country Planning Act 1999		
Stage	Headings (as set out in Schedule 1)	Summary of key dates/publications
Stage 1	Preliminary Publicity	6 December 2013 - 31 January 2014. Outcome in Department's Explanatory Note and Response Table (CDs 7 & 8 16 January 2015)
Stage 2	Publication of Draft Plan	16 January 2015 The Draft Isle of Man Strategic Plan 2015 published.
		16 January 2015 to 13 March 2015 Public Consultation (8 weeks). 10 July 2015 DSP1 Response Table (CD 9a) and DSP2 Schedule of Proposed Changes (CD 9b) published.
Stage 3	Public Inquiry	23 July 2015 - Pre-Inquiry Meeting 28 September 2015 to 1 October 2015 Public Inquiry. Appointed person prepares and submits report.
Stage 4	Publicity for Report of appointed person	The Department receives the report of the person by whom the inquiry was conducted. The Department publishes the report.
Stage 5	Adoption of Draft Plan	The Department adopts the Plan with or without modifications. Where the Department proposes to adopt the plan with modifications, these shall be published and any objections and representations considered before adoption.
Stage 6	Publication of Plan after approval	As soon as practicable after a plan has been approved by Tynwald, the Department shall publish it.

Scope of the Inquiry

- 1.3 Following the Pre-Inquiry meeting, and after an opportunity for further comment, I confirmed (Inspector's Note 1) that I would exclude examination of the Island Population Projections. The reasons were set out fully in Inspector's Note 1 and, **by reference, in the Department's Position Paper 1 (PP1)**. In brief, the Projections derived from the Isle of Man Population Projection 2012, were not prepared by the DoI, but were an input to the Draft Plan prepared by the Economic Affairs Division (EAD) within the Cabinet Office and used across Government for a wide variety of purposes.
- 1.4 The Chamber of Commerce (Resp 12) in its written responses has been adamant that the projections are insufficient to be compatible with the **Government's stated economic objectives** (CDs 21, 22 & 23). My decision to preclude interrogation of the projections led the Chamber not to participate at the inquiry, although, along with all others, I have had full regard to the **Chamber's written response to the consultation Draft**.
- 1.5 Similarly, I confirmed also that I would restrict my examination to the *changes* to the 2007 Plan proposed by the Draft 2015 Plan. Again the full reasons were set out in Inspector's Note 1, and in this regard by reference to the **Department's Position Paper 2 (PP2)**. In brief, I consider that this issue was statutorily determined at the conclusion of Stage 1 above, some time prior to my appointment to provide an independent examination of the Draft Plan, not a deferred review of the Preliminary Stage.
- 1.6 The changes to the extant Plan proposed by the Draft Plan focus on the intended Plan Period; Strategic Policy 11 and Housing Policy 1 regarding the quantity of future housing provision; Housing Policy 3 with respect to its broad spatial distribution; together with consequential changes to some other aspects of the Plan. For ease of comparison, the key extant and proposed policies are shown together:

Strategic Policy 11 and Housing Policy 1	
2007 Strategic Plan	Draft 2015 Strategic Plan
The housing needs of the Island will be met by making provision for sufficient development opportunities to enable 6000 additional dwellings (net of demolitions), and including those created by conversion, to be built over the Plan period 2001 to 2016	The housing needs of the Island will be met by making provision for sufficient development opportunities to enable 5100 additional dwellings (net of demolitions), and including those created by conversion, to be built over the Plan period 2011 to 2026
Housing Policy 3	
2007 Strategic Plan	Draft 2015 Strategic Plan
The overall housing provision will be distributed as follows: <ul style="list-style-type: none"> • North 1,200 • South 1,300 • East 2,500 • West 1,000 • All Island 6,000 	The Island's housing need of 5100 additional dwellings between 2011 and 2026 is to be met by a spatial distribution of housing across the North, South, East and West as follows: <ul style="list-style-type: none"> • North 770 • South 1120 • East 2,440 • West 770 • All-Island 5,100

Format of the Inquiry

- 1.7 Following a favourable consensus at the Pre-meeting, and in subsequent written responses, I programmed the inquiry to include a Round Table Discussion of the main strategic housing issues. Rather than hear a succession **of individuals and organisations in turn 'objecting' to aspects of the proposed changes**, I sought to bring together a range of informed opinion from across the Island to sit together to debate these important issues in a constructive rather than adversarial manner. From experience in other jurisdictions, it can sometimes be necessary to select participants in order to ensure a range of opinion within a manageable overall number. In the event, here all those who wished to take part were able to do so, and by self-selection provided the balance of different perspectives essential to this format.
- 1.8 The Round Table discussions took the form of a structured debate, chaired by me and guided by a Discussion Paper issued in advance following amendments in the light of comments on an earlier draft. I programmed 3 days for these discussions, although in the event we concluded this part of the inquiry at the end of a slightly prolonged Day 2 (Tuesday 29 September). The inquiry therefore did not sit on Day 3. I offer some thoughts regarding the Round Table process at Appendix 3 below.
- 1.9 Two participant groups had opted to appear separately: the Castletown Commissioners and Carse-Hannay Economic and Business Research; they did so as programmed in turn on the morning of Day 4 (Thursday 1 October). The Commissioners (Resp 11) focused on when and how the outcome of the present process to roll forward the Strategic Plan will impact **on a 'Mini Review'** of the Area Plan for the South with respect to housing allocations in and around Castletown (the Castletown Review).
- 1.10 Mr Stephen Carse and Mr Peter Hannay (Resp 16) were previously Government officials, with responsibilities for the Population Projection Model, before setting up a consultancy some 18 months ago. They participated on their own behalf, focusing on population issues, household sizes and vacant dwellings. I include the gist of their evidence within the Housing Demand section of this report.
- 1.11 I declined to hear Mr Nigel Crowe (Resp 27) regarding historic landscape assessment, as this topic was outside the scope of the inquiry in line with paragraph 1.5 above. I do however draw attention to the exchanges of correspondence between him and, primarily, the Government Advocate (based **at the Attorney General's Office**) a file of which is available with this report.
- 1.12 The inquiry concluded with closing submissions for the Department. Those submissions, orally and in writing, amongst other matters clarified a number of modifications to the 2015 Draft Plan requested by the Department in the light of representations prior to and at the inquiry.
- 1.13 I record my thanks to the Inquiry Officers, Messrs Andy Johnstone and Andrew Joyce for their efficient handling of the arrangements, and also all participants for an informed and courteous debate that added substantially to my understanding of the issues. I am conscious that I will not please everyone by this report, but hope that most will recognise that on adoption the 2015 Strategic Plan will be the better for the process.

THE PLAN PERIOD

Gist of the Representations

- 2.1 **The Department:** the 2007 Plan has a 'Plan Period' of 2001 to 2016 (15 years) based on 2001 census and 2006 interim census data. The Department judges it sensible to identify a plan period which ties in with a full or interim census, and that the most sensible period is now 2011 (based on that year's census) to 2026, again a 15 year period. The Department has indicated its commitment to a full Review within the next 6 years taking account of future census data.
- 2.2 Retaining a 2001 baseline would result in an unwieldy length of time, with 15 years of the supposedly new plan's period already elapsed on adoption. Extending beyond 2026 would be imprudent, creating increased uncertainty regarding figures underpinning the Plan. A shorter period would leave insufficient time for Area Plan work to be undertaken, nor allow proper long term planning, particularly with respect to infrastructure and service provision.
- 2.3 Most responses to the Initial Publicity preferred a 2026 end date, and it should be borne in mind that the Residential Land Availability Study and Updates (RLASs CDs 13-20) will continue to provide ongoing statistics from 2001 as well as 2011.
- 2.4 Census data and the EAD population projections are sound, certainly preferable to other approaches such as reliance on GP registration numbers. Updated projections from an interim 2016 census are unlikely to be available until towards the end of that year. There would then be merit in assessing the 2015 Plan's performance against this new data (assuming that the current process ends before then) as well as time to influence the remaining Area Plans. Future Area Plans will need to be in general conformity with the 2015 Strategic Plan, but updated population data and projections from an interim 2016 census could also be material to their content, including that of the by then Draft Area Plan for the East.
- 2.5 The Department recognises that the 2007 Strategic Plan took a lengthy time to complete and that subsequent progress on Area Plans has fallen behind what was intended. However, much has been learnt by these experiences and also there is now much better background data. There remain a number of pressures on the Department, however the timetable for future progress submitted at the inspector's request [and set out below] is realistic and consistent with the intended plan period.
- 2.6 It would be sensible for the Plan Period to be defined by months as well as years. A pragmatic approach, based on census dates, would be for the period to run from 1 April 2011 to 31 March 2026.
- 2.7 **Round Table Participants** mainly supported, or at any rate did not oppose, a new plan period of 2011 to 2026. Peel Town Commissioners foresaw problems with an increasing emphasis on green field 'commercial' development rather than regeneration projects, but not with the plan period as such. Mr Aram encapsulated an evidently widely shared dilemma: anything beyond 2026 would become increasingly uncertain ("ridiculous") but from the lack of progress to date would 2026 prove sufficient to complete the Area Plans and full review of the Strategic Plan? At the Initial Consultation, Dandara Group had promoted a longer period, to 2036, but responding to the subsequent Draft Plan described its paragraph 1.8.2 as helpful in giving reasons for 2026.

Mr Humphrey did not promote any longer period at the inquiry. Mr Tomlinson saw merit in 'fine tuning' the Plan following census updates. Peel Land (IoM) Ltd, while retaining reservations about the population data, described the intended plan period as sound.

- 2.8 Responding to my specific topic question regarding more precisely defined start and end dates, Miss Newton submitted suggested modifications to the Draft Plan, which in some measure the Department accepted. She also endorsed the **expectation that the** ("very important") output from the 2016 census would be known in time to influence an Area Plan for the East.

Written responses to the Consultation Draft Plan

- 2.9 The **Department of Economic Development** (Resp 1), amongst other criticisms, were concerned that future reviews of the Plan should be triggered by economic as well as housing data monitoring, but without commenting on the plan period as such.
- 2.10 **Manx Utility Authority** (Resp 3) commented that it looks to a horizon in excess of 50 years and that other Government Departments assess Island issues over similar periods.
- 2.11 The **Braddan Parish Commissioners** (Resp 4) described the Draft Plan's population figures and consequent housing provision as flawed because of "the volatility of the Island's finances since the 2011 census". They promoted delaying the new plan period, and updating housing policies, until after the 2016 interim census.
- 2.12 **Douglas Borough Council** (Resp 7) also urged deferring the new plan period, and therefore revised housing provisions, until after 2016. They elaborated on this in written submissions to the inquiry. Their Executive Committee are amongst those who see the population projections, and therefore the draft housing provisions, as too high. Their concern is that the Area Plan for the East, closely following this Strategic Plan partial review, will be founded on what they see as excessive housing requirements, with subsequent Plans for the West and North allocated a compensatory reduced requirement in the light of 2016 data.
- 2.13 **Mr Andrew Jessop** (Resp 20): somewhat similarly seeks deferment until the 2016 data is available.
- 2.14 **Other responses** made little by way of comment on the plan period as such. The Castletown Commissioners particular points are reported separately below.

Inspector's Assessment

- 2.15 The extant 2007 Plan's period is from the start of 2001 until 2016, although when in 2016 is not stated. Deferring the new plan period, as some urge, until after the 2016 interim census would not be a simple matter of substituting revised figures. As a matter of law as well as natural justice, it would necessitate a further round of consultation and independent examination, which could not start until that census data and any revised population projections became available. There is no dispute that that would not be until towards the end of 2016 at the earliest. In the meantime, Area Plan preparation and the partial review of the Area Plan for the South with respect to Castletown would be left in a state of limbo, as would the materiality of Strategic Plan housing provisions with respect to planning applications.
- 2.16 Those who urge deferring the new plan period until after the 2016 interim census do so for the stated reason that they consider the current population

projections, based on the 2011 census, to be too high. I note here that there are others – including the Chamber of Commerce, Peel Land (IoM) Ltd and Hartford Homes – who take the opposite view, that the projections are too low. I stand by my decision not to interrogate or to make recommendations regarding those projections. However, what became clear during the inquiry is that there ought to be sufficient time, if only just, to take account of the 2016 interim census and any revised resulting population projections before the Area Plan for the East is finalised.

- 2.17 That Area Plan, and others to follow, would need to be in general conformity with the 2015 Strategic Plan following its statutory adoption by the Department and approval by Tynwald. But that would not preclude scope to take account of revised population projections to 2026 in the event that these proved **significantly different from EAD's current model**. This would be an aspect of the **"Plan, Monitor and Manage"** already embedded in the Strategic Plan. I return to this topic when assessing the use of reserve sites as an aspect of housing supply. However, I see no reason to modify the intended start of the new plan period, quite the reverse.
- 2.18 An end date in 2026 would provide a 15 year plan period, of which about 5 is likely to have elapsed prior to the Plan coming into full effect. By the time of the inquiry there was little or no support for prolonging the plan period beyond 2026, because of increasing uncertainty regarding the future. I agree, a 15 year period from the firm benchmark set by the 2011 census accords with recognised good practice in this field. It recognises that inherently a strategic plan requires a lengthy period in which to have effect without pretence that the future much beyond that horizon can be foreseen with sufficient confidence.
- 2.19 Whatever their other perspectives, there was unanimity between inquiry participants, and in numerous written representations, regarding the urgency of completing work on the Area Plans, as well as a full review of the Strategic Plan, within the new plan period. I endorse that here and will do so again in **the context of the Department's response to the Castletown Commissioners**. This does not, however, in any way support extending the currently proposed plan period, but rather sets objectives that should be achieved within it.
- 2.20 As I have found when assessing residential planning applications or appeals, an imprecisely defined end date can create uncertainty when estimating likely completion numbers over a plan period. For that purpose, so long as it is defined, no calendar date is obviously better than any other. However, bearing in mind that the 2011 census was held on 27/28 April that year, a pragmatic plan period would, as the Department suggests, run from 1 April 2011 to 31 March 2026.
- 2.21 **Conclusion: subject only to textual modifications addressed below, the plan period proposed in the Draft Isle of Man Strategic Plan 2015 should be retained as 2011 to 2026.**

HOUSING DEMAND

Gist of the Representations

The Department

Population Projections

- 3.1 The 2011 census identified the Island's then population:

2011 Census Data		
i	Total residents	84,497
ii	Residents living in private households ¹	83,026
iii	Number of households	35,599
iv	Average household size (ii/iii)	2.33

- 3.2 EAD's Population Projection Model projected the total population to 2026 (and beyond); the percentage of the total population living in private (non-institutional) households was taken as constant.

Population Projection at 2026		
i	Total residents	93,526
ii	Residents living in private households	91,898

- 3.3 EAD jointly with the Department (DoI) identified 3 potential rates of change in average household size between 2011 and 2026.

Assessed Rates of Change in Average Household Size		
A	The same rate as assumed in the 2007 Strategic Plan	A reduction by 0.01 per year (to 2.18 in 2026)
B	Constant at the 2011 actual average size	Constant at 2.33
C	The actual rate of change between the 2001 and 2011 censuses	A reduction of 0.04 per 10 years (to 2.27 in 2026)

Vacancy Factor

- 3.4 The 2007 Plan added a "vacancy factor" of 4% to its assessed future demand for housing. This was not a survey figure of actual vacant homes on the Island but an allowance – an assigned factor – in recognition that a housing market requires some empty units at any one time in order to function. No reason is seen to change the percentage; an industry average widely used.
- 3.5 This 4% is lower than the proportion of homes currently vacant on the Island (the "vacancy rate") but prudent given that new stock can be expected to achieve higher occupancy levels than existing. Some consultees suggest that

¹ This excludes a relatively small percentage in institutional living, such as nursing homes or prison.

the *rate* is highly likely to exceed 10%, apparently implying that the *factor* should therefore also be as high. The Department draws a distinction between the *factor* and *rate*: excessive reliance on empty properties to meet housing need would be risky given the difficulty of predicting with confidence when these might be brought to market. The 4% factor strikes a proper balance and accords with the approach that prevails generally at present.

- 3.6 Empty property data is not yet available from the 2011 census. The 2001 census found a vacancy rate of about 8%, since when surveys in 2005, a housing conditions survey of private properties in 2007 and a Housing Policy Review Report 2010 (SD10) all concluded that there is not a problem with empty homes on the Island. Rates data suggests about 10% but there are uncertainties regarding the definition used.
- 3.7 With particular regard to Peel, RLAS7 (CD 20) shows 73 residential conversions within the town, suggesting a steady re-use of the existing stock, and there has also been public realm regeneration.

Housing Need Assessment

- 3.8 Bringing these considerations together:

Scenario	Households living in private residences		Additional Households	Vacancy Factor 4%	Housing Need
	2011 Census	2026 Projection			
A	35,599	$\frac{91,898}{2.18} = 42,155$	6,556	262	6,818
B	35,599	$\frac{91,898}{2.33} = 39,441$	3,842	154	3,996
C	35,599	$\frac{91,898}{2.27} = 40,484$	4,885	195	5,080

- 3.9 The downward trend in average household size has been slowing for some time on the Island but, as the difference between the 2007 Plan assumption and outturn illustrates, accurately predicting rates of change can be difficult. In 2011 the Isle of Man was mid-way in the range between Northern Island (2.54), England, IoM, Jersey and Scotland (2.19) (CD 4 Table 8). Factors affecting the rate of change include an ageing population (and degree of support for remaining in a family home); increasing fertility rates; changes in family relationships, such as divorce; economic growth, and consequent availability of finance.
- 3.10 Scenario B would run counter to evidence that average household size does not remain static. Scenario A has been slightly undermined by trend analysis showing that the rate of reduction was less than 0.01 per year; moreover there is uncertainty about how this rate had been derived for the 2007 Plan.
- 3.11 Notwithstanding a degree of uncertainty, scenario C is considered the best option, based on actual known data from 2001 to 2011. This rate of change has **therefore been used within the Department's** assessment of future housing need. Adding the vacancy factor, this points to a requirement for 5,080 additional dwellings, which has been rounded to 5,100 or 340 per year averaged over the 15 year plan period.

Housing Review Recommendations Report 2013

- 3.12 The inspector rightly queried how 340 per year could be reconciled with the Department of Social Care (as it then was) Housing Review Recommendations Report (November 2013), which includes a finding that **"With the predicted population increase, there is a need to build 400 housing units across all sectors, public and private, each year to meet estimated future demand."** (CD 26 p5).
- 3.13 In response, a statement was submitted to the inquiry from Ms Deborah Reeve, Director of Housing (within DoI from 1 April 2015) saying that the 2013 report was a summary for Tynwald of challenges facing the housing sector generally on the Island. It was to inform consideration of some 25 recommendations by the then Department of Social Care in relation to public sector and affordable housing (CD 25e). It drew on one of five detailed studies into the Manx housing sector, namely a Housing Needs Study (July 2013) by the David Tolson Partnership (CD 11).
- 3.14 This looked across housing policies, including minimum residency periods in order to qualify for public sector or affordable housing or eligibility for first time buyer financial assistance. Also income restrictions to those who meet the residency criteria. To provide an indication of total need, without taking account of these policy requirements, the Study drew on 2011 census data, focus groups and third sector housing organisations. The assessment of overall need **therefore included currently "excluded" groups**. The finding quoted above was intended to express in broad terms the scale of potential housing challenge; it was not a technical assessment of need intended to inform the strategic planning process, when eligibility criteria for public sector and affordable housing need to be taken into account. Ms Reeve confirms that Housing Division supports the housing need figure in the Draft Plan.

Status of the Draft Plan's Housing Need Requirement

- 3.15 **It is recognised that the phrase "overall maximum housing requirement" in the extant Plan (CD 1 – para 5.22) was poorly worded and has caused problems.** The provision sought was not intended to be a maximum figure and the word has been omitted in the Draft 2015 Plan. The aim is to achieve sufficient development opportunities to meet the assessed need, which in practice **requires a degree of 'over-allocation' to offset less than 100% take up rates.** The detail is for the Area Plans.

Conclusion on Housing Need

- 3.16 The Department is satisfied that the Draft Plan can respond to any population changes that might be identified by the 2016 interim census. Mr Hawker has confirmed that the Island population has not to date increased in line with the projection, but also that annual net in-migration is expected to average some 500 persons even if there are unusual changes in some years. A long term view should be taken over the entire plan period. Moreover the strategic planning process allows plenty of flexibility to adapt to any significant changes from one census to the next. In particular, there would be ample opportunity at the Area Plan stages to respond, as has been envisaged from the outset, to any unexpected increase in projected population through the release of reserve sites. Such sites were trialled, and found acceptable, through the Area Plan for the South process.

Round Table Participants

- 3.17 **Manx National Heritage:** whilst welcoming the review of whether the Strategic Plan provides for sufficient accommodation to meet population needs, complex census data requires careful, expert analysis. Accurate forecasting is **essential so that the Island's infrastructure is not overstretched by too-rapid** expansion of housing. As a minimum the assessment ought to have been justified against economic forecasts; as things stand there is a risk of an open-ended appetite for house building without demographic or economic justification. The Island needs a sustainable, mixed and balanced economy, not a house-**builders' charter**. There are a great many houses for sale, older properties are being neglected, while greenfield developments lack the vibrancy of town centres.
- 3.18 **Peel Town Commissioners:** excessive residential land allocations, particularly around Peel, are diverting investment away from the town centre, undermining refurbishment and regeneration of the existing housing stock within the Conservation Area.
- 3.19 **Peel Land (IoM) Ltd:** concerns raised regarding apparent over-reliance on the 2011 census are not warranted. Birth and death rates vary little between censuses; variation in population projection is primarily driven by assumed migration levels. The 500 annual net in-migration assumption is not agreed, but the figure does not derive from the 2011 census. The principle of basing housing need on predicted increases in the population living in private households is an established approach and is not disputed. Separately the Department needs to understand the scale of institutional housing need, mainly the elderly requiring care, and make appropriate additional provision over and **above the core housing requirement**. **As things stand the Department's** approach is flawed by failing to engage fully with the age and economic activity characteristics of the future population.
- 3.20 It would then be evident that the draft housing policies provide nowhere near sufficient labour force to meet Government economic aspirations (CDs 21, 22 & 23), rather they are predicated on a largely stagnant working age population and a dependency ratio increasing from 0.64 to an estimated 0.78. Relying on raising the retirement age to fuel economic growth is unsound. Vision 2020 (CD 22) identifies projected annual jobs growth of 0.7% to 1.0% underpinned by an expanding workforce. This informed the recent Employment Land Review (CD 24) and call for sites. The Strategic Plan draft housing policies are wholly incompatible.
- 3.21 The Department has applied a rather crude approach to converting population to households; a more robust approach would have examined household formation rates by age cohorts. As this was not done, for want of adequate data, it is all the more important to look carefully at the assumed rates of change in **average** household size. The recent slight reduction in house prices follows a period of rapid increase, and is an insubstantial basis for assessing needed future provision.
- 3.22 The current 2007 Plan was based on the period 2001 to 2005, which showed that average household size reduced by 0.01 persons per annum. The current Draft Plan applies the rate recorded between 2001 and 2011 of 0.04 persons over 10 years (0.004 per annum); only 40% of that assumed in the 2007 Plan. It is wrong to place too much weight on the period after 2005, when the UK

economy entered and started to recover from recession. This is reflected in advice and guidance from expert demographers, and will clearly have impacted on the IoM given its close relationship with the UK economy. Post 2005 saw restricted mortgage availability, lower than average housebuilding on the Island and increased job insecurity. It is unsurprising that household formation rates were then suppressed, but a mistake to assume that this will continue into the future. The Draft Plan should be based on the 0.01 annual reduction assumption.

- 3.23 In all, it is wholly illogical now for the Department to seek to reduce its annual house building requirement from 400 net new dwellings per annum in the extant Plan to 340 in the Draft Plan.
- 3.24 Affordability has worsened in recent years, as wages on the Island failed to keep pace with housing costs. It also appears that once demolitions are accounted for, past net annual delivery rates failed to meet the 400 target; on this basis the new target should be increased, not reduced, both to align with Vision 2020 and in response to housing market signals.
- 3.25 The 4% vacancy factor is widely used and appropriate.
- 3.26 **Miss Newton:** projections of household size may depend on what target is seen as desirable: if that is a low household size, then planned dwellings will be designed around 2 bedroom provision; if it a higher figure then emphasis may be on encouraging occupation of dwellings by more than one potential separate household. It is unclear at what age young adults should be considered, on average, to be treated as individual households for the purposes of housing provision. A son aged 21 living at home does not constitute an additional household. Households consisting of two generations of potentially separate households may be preferable to under-occupied larger houses or construction of more, smaller houses. These may be more affordable but also less sustainable by requiring the release of greenfield land.
- 3.27 Isle of Man in Numbers (CD 33) indicates that people registered with GPs exceed the census number by up to 2,500. In preparation for the 2007 Plan it **was said that this was because some who don't live on the Island are so** registered. But registration presumably requires a Manx address, suggesting either that houses recorded as vacant or households wholly absent at census are lower than estimated or household occupancy is higher than estimated. The census report does not include specific information on dwellings occupied by more than one household.
- 3.28 **The Plan's** vacancy factor should be better defined. Comparing the number of residential properties at the time of the 2011 census (said to be 39,465 Doc DSP21) with the number of households (35,599) suggests an actual vacancy rate of about 10%. If the 4% factor, to lubricate the market, is to be added to the housing need figure, the actual vacancy level above that percentage should be treated as part of the supply. Windfalls may be unpredictable but when added to the potential from vacant properties could readily assume the total proposed.
- 3.29 **Mr Aram:**² a clear, unambiguous, consistently applied planning policy framework is essential. The 2007 Plan went a long way towards achieving that but has been undermined by extended delays preparing it and the Area Plans. Reviewing aspects of the Strategic Plan is a distraction from preparation of the

² Mr Dennis Aram participated at the inquiry. Written submissions were jointly with his wife, Mrs Mary Aram.

Area Plan for the East. The draft Planning Policy Statement *Planning and the Economy* (2012) and Ministerial statement introducing it undermine extant, Tynwald approved, planning policies notwithstanding widespread opposition; it has not been revised or taken to Tynwald for approval. In April this year, the **Chief Minister opined that "... the Island Strategic Plan has been one of the biggest mistakes ..."** These matters should not be influencing the planning policy subject to this inquiry.

- 3.30 He supports the approach taken by the Department to assess Island-wide future housing need, based on Scenario C but no more than that. The Isle of Man in Numbers (CD 33 p21) shows house prices falling, countering any idea of a shortage, while increasing income tax receipts (p26) counters any suggestion that this is due to a recession.
- 3.31 **Hartford Homes**: the housing foreseen by the Draft Plan falls well short of that required to meet the economic aspirations of *Vision 2020*. The Island would stagnate, while the price of building land and homes would remain high or also stagnate. The growth range sought in *Vision 2020* translates into a minimum of 6,889 additional dwellings over the plan period or ideally 11,551 **"because we must be ambitious"** per the Chief Minister's statement to Tynwald (CD 21).
- 3.32 **Mr Hawker** (EAD): determining actual vacancy rates is substantially affected by the definition adopted and can vary enormously geographically. The UK Office for National Statistics definition refers to dwellings unoccupied for 6 months and second homes.
- 3.33 The Island population is currently (2015) about 85,250, some 1,700 fewer than projected by the Population Model, 4 years into the 2011-2026 plan period. However, annual net migration rates have varied considerably over the years, and his assessment, having regard to *Vision 2020* – new jobs together with the their multiplier effect – remains that over the whole plan period annual net immigration will **average** 500 persons, the figure assumed in the Draft Plan. The quantum of employment by sectors remains broadly in line with *Vision 2020*. E gaming is high value but still employs in the 100s whereas banking employs in the 1,000s.
- 3.34 It is possible that after 2016 the Island may move from periodic to rolling census data, as has been done in Guernsey.

Carse-Hannay Inquiry Session

- 3.35 **Messrs Carse & Hannay**: the EAD Population Projection Model lacks sophistication in that it does not relate average household size to age structure. They do not criticise its current adequacy, nor the basis of the average household size used by the Department, but these matters could be refined in future. They had been concerned about the discrepancy between the 4% vacancy factor used by the Department, in the initial belief that it was intended **to reflect a surveyed vacancy rate. As an assigned 'factor' to lubricate the housing market**, the 4% figure is not disputed. Their own survey, which pointed to something like a 13.9% vacancy rate, was based on random selection and enumerators calling on those homes – if needs be several times. It is acknowledged that this implies a less demanding definition of a vacant dwelling than that used by the UK Office for National Statistics.

Written Responses to the Consultation Draft Plan

- 3.36 The **Department of Economic Development** (Resp 1): did not contest the population projections or *overall* assessed housing requirement derived from them. The **Braddan Parish Commissioners** (Resp 4): after careful consideration, the 5,100 assessed need is seen as flawed and should be reassessed following the 2016 census. **Borough of Douglas** (Resp 7): the housing needs assessment is too high, and likely to be revised downwards following the 2016 census. **Marown Parish Commissioners** (Resp 10): the assessment is totally unsound and contrary to current evidence that the rate of population growth has peaked. The **Castletown Commissioners** (Resp 11³): **the Department's general approach is supported**, but it must be borne in mind that it is sensitive to small changes in the underlying assumptions, particularly average household size. The needs assessment should be tested against a range of different levels of migration.
- 3.37 The **Chamber of Commerce** (Resp 12): the Government's 3 stated objectives has their full support, namely protecting the vulnerable, grow the economy and balance the budget. The first cannot be achieved without the other two, and the housing need assessment in the Draft Plan is wholly insufficient to meet the Government's economic objectives, as set out in *Vision 2020*. **Shoprite (IoM) Ltd** (Resp 14): not just the working population but the **whole population's** housing needs should be addressed. Household size reduction is accelerating; the rate assumed in the Draft Plan wrong. Their own market based research demonstrates a need for 1,000 single bed (which could include retirement villages); 5,000 two bed and 600 three bed properties, together with large houses for high net worth individuals. In all, almost 7,000 are needed, with Government incentives to free up under-occupied larger properties.
- 3.38 **Mr Andrew Berry** RICS (Resp 15): as a residential property professional, he foresees impending over-development together with net-emigration, as businesses such as e gaming fail to endure, leading to neglected properties and decreased values.

Inspector's Assessment

Population Projections

- 3.39 Debates between those convinced that EAD's population projections are too high or conversely insufficient will doubtless continue. There is little dispute, **nor should there be, that what is termed 'natural change'** – the difference between births and deaths – is very well understood by demographers. The problematic factor, in the Island as elsewhere, arises when seeking to project future levels of net-migration. It is evident that during the 4 years to date into the intended plan period the rate of net immigration has been well below the 500 persons a year assumed in the projections. However, migration levels are **not 'policy neutral' but responsive to a much great degree than is natural change** (at least over the medium term) in particular to economic performance and job creation.
- 3.40 Mr Hawker is not only responsible for the projections but, to my mind tellingly, **Acting Director of the Government's Economic Affairs Division**. His advice to the inquiry was to the effect that the net rate of immigration **averaged over the whole intended plan period** has been carefully calibrated having regard to the Government's economic objectives including those set out in *Vision 2020*.

³ Their oral participation focussed on what will follow the Strategic Plan review, not its substance.

When asked by me, at the pre-inquiry meeting and at the inquiry itself, and when rather more pressed on the subject by others, he confirmed his confidence in these projections.

- 3.41 A number of responses to the Initial Consultation, and subsequently, pressed for this review of the Strategic Plan to be more wide ranging, especially with regard to its Business Policies. In the event, **the Island's** future economy has been subject to separate, though essentially contemporaneous, consideration at the Court of Tynwald and in the *Vision 2020* document. It would be unsound for the Draft Strategic Plan not to have regard to that and to be aligned with it; the advice from Mr Hawker provides a key linkage, at least as regards population aspects. I find no reason to amend my initial decision to view the EAD population projections – over the intended plan period – as a pre-determined input to the Draft Strategic Plan, and I proceed accordingly.

Methodology for Assessing Housing Demand

- 3.42 In principle, the **Department's methodology to determine housing need over the** intended plan period is straightforward. The total population, proportion living in private households (some 98.25%) and number of households in 2011 are known from the census. The total population, with the same proportion assumed to be living in private households, has been projected to 2026. Dividing the 2026 projected population living in private households by an assumed average household size produced a projected number of households in 2026. The difference between the 2026 and 2011 number of households together with an assigned vacancy factor provides an indication of the number of additional dwellings needed over the plan period. This is a well recognised and widely used method, and in principle I endorse its use in this case.

Starting Assumptions

- 3.43 The method does implicitly assume that there is no substantial unmet housing need, or surplus housing supply, at the outset of the plan period. I sought views and information on both. There is beyond dispute a continued need for affordable housing provision, but taking the market as a whole an unmet need would manifest itself in escalating property prices, whereas in fact the Isle of Man in Numbers (CD 33 p21) shows a slight easing in house prices and a somewhat bigger one for flats. A significant unmet overall housing need would also manifest itself in statutorily defined overcrowding and beyond that homelessness. The Department referred to several housing studies finding that there are no such significant problems in the Island.
- 3.44 Conversely I do not view the easing in prices I have just referred to as indicative of a significant housing market surplus. The Isle of Man in Numbers graph of recent average prices has a suppressed zero on its vertical (average prices) scale, which serves to illustrate trends well but can also visually exaggerate those trends. The easing in prices appears to be little more than a market adjustment rather than indicative of a significant over-supply. Moreover, whereas unmet housing need would have serious social and personal consequences, my experience of the Island has been that its house builders, and those financing them, are cautious not to proceed unless they are confident of finding buyers or tenants. There is no evidence of the type of reckless investment, backed by easy credit, which sadly featured in some jurisdictions.

Institutional Component

3.45 The Department's calculations assume that the *proportion* of residents living in institutions will remain constant over the plan period. The Island's ageing population profile may call that into question, though much depends on levels of home support, and this may be significant in the provision of specialist, institutional accommodation. However, it is evident from the figures that any likely variation from the assumed proportion will have only a small, second order, effect on general housing need.

Household Size

3.46 Average household size is by far the biggest factor: the 3 Scenarios assessed by the Department produce the following numbers of additional households by 2026.

Scenario	Annual rate of reduction in average household size	Increase in households 2011 to 2026
A	0.01	6,556
B	Constant at 2011 size	3,842
C	0.004	4,885

3.47 There is no inherent reason why the outturn figure must necessarily be any of these three, but no one has suggested any other coefficient, much less a justification for one. Nor has there been any support for Scenario B, which is unsurprising since it flies in the face of trends across western societies generally towards more fragmented households. Peel Land (IoM) Ltd, in particular, promote Scenario A, arguing that the rate of reduction was abnormally suppressed by economic circumstances in the latter part of the 2001 to 2011 period.

3.48 There is no explicit statement that I can find in the 2007 Plan to confirm that its assumed decrease of 0.01 per year was based on an observed rate between 2001 and 2005, although the figures it sets out (CD 1 Table 8.3) would be consistent with this assertion. The figures in that Table, however, were based on total population until 2006 rather than the more relevant population living in private households. The Department's Supporting Evidence Paper 1 (CD 4 Table 3) now includes a retrospective recalculation of the actual 2001 average household size, 2.37, based as it should have been on the relevant component of the total population. That Table also includes the equivalent known census figures for 2006 and 2011. It may readily be seen that the average reduction in household size was the same during the years before and after 2006, that is to say 0.004 per year. Not only is this a known rate of decline over the 10 years leading to 2011, but it appears to have been linear over that period. I can see no basis for not projecting it forwards over the intended plan period.

3.49 It would be neither practicable nor in any way desirable for the planning process to seek to manipulate or dictate household sizes and structures as a way of increasing the available supply of housing. Somewhat similarly, the mix of dwelling types needed will vary over time and from site to site. Where there is a case for prescriptive policies, the place for them is in Area Plans or individual site briefs, not the Strategic Plan.

Vacancy Factor

- 3.50 Finally there is the vacancy *factor*. At the inquiry the Department acknowledged that this had not been well described in its Supporting Evidence Papers (CD 4, 5 & 6), which convey an impression that the factor proposed, 4%, arose from a survey of vacant dwellings in the Island. There is no dispute that the actual vacancy *rate*, which I address when considering housing supply, is significantly higher. The vacancy *factor* is no more than an assigned percentage in recognition of the fact that a housing market cannot function practically with 100% occupancy at all times, when transactional chains would grow exponentially.
- 3.51 **There is no 'correct' factor, but 4% is widely used** by planning authorities and generally found adequate. It would roll forward the figure in the 2007 Plan. As the Department said, this *factor* is relevant only to dwellings built during the plan period, which by definition will be new and can also be expected to reflect current demands in terms of housing type, size and location. In contrast, the observed actual vacancy *rate* encompasses dwellings of all ages, sizes, conditions and locations, and so it is to be expected that a higher proportion will be unoccupied at any given time. Again I see no basis for proceeding on any other basis than that in the Draft Plan.
- 3.52 The arithmetical outcome of this analysis, in the Draft Plan, is an Island-wide requirement, as a rounded number, of 5,100 additional dwellings, or 340 per year, over the intended plan period.

Housing Review Recommendations Report November 2013

- 3.53 At the outset of the inquiry I remained concerned by a finding in the [then] Department of Social Care, Housing Review Recommendations Report 2013 that **"With the predicted population increase, there is a need to build 400 housing units across all sectors, public and private, each year to meet estimated future demand."** (CD 26)
- 3.54 On that basis, over its 15 year period the Draft Plan requirement would be a substantial 900 units short. As I record above, the Department tendered a written response by the Director of [what is now] the Housing Division (DoI) setting out the basis of the finding in the November 2013 Report and, to my mind crucially, explicitly endorsing the Draft Plan requirement.
- 3.55 That Report was expressly founded on work by the well-respected David Tolson Partnership, in particular **the Partnership's Report to the IoM Government, Housing Needs Study** July 2013 (CD 11). As intended, this focused very much on solely affordable rather than overall housing provision. There is nothing in that, underpinning, work that I could find to warrant a requirement, within the scope of the Strategic [land use] Plan, for 400 additional dwellings a year. I accept Ms **Reeve's** helpful clarification regarding the intentions of the November 2013 report to Tynwald.

Overall Conclusion on Housing Demand

- 3.56 I conclude that the additional housing requirement in the Draft Plan is sound. I also endorse the intention to omit the words **'maximum'** from the Plan's explanatory text. The requirement should not be treated as a **'target'** nor as a **'ceiling'** but as a **guideline, to be taken into account in the preparation of Area Plans and the determination of residential planning applications.**
- 3.57 **Conclusions: that subject only to textual changes set out below, the housing requirement set out in Draft Plan's Strategic Policy 11 and Housing Policy 1 should not be modified.**

HOUSING SUPPLY

Gist of the Representations

The Department

Introduction

- 4.1 The Draft Plan is not at odds with Government economic policy, as Mr Hawker confirms. The Government is reviewing retirement ages; if implemented this would more than restore the dependency ratio between the working age population and those below or above working age (CD 4 Table Aiii).
- 4.2 Residential Land Availability Study and Updates (CDs 13 – 20) monitor residential planning approvals and take up rates. To date they cover the period January 2001 to June 2014, the most recent (RLAS7 CD 20) having been published in July 2015. Between July 2011 and June 2013, 403 new dwellings were commenced or completed across the Island, increasing to 487 to June 2014. These arose in a number of ways, including conversions from non-residential to residential, sub-division of existing dwellings, windfall schemes,⁴ redevelopment within residential areas and new developments on allocated sites. Some may also come forward in rural areas where a need is proven.
- 4.3 The figures in the preceding paragraph show progress towards the 5,100 requirement, and this process will continue. The Draft Plan, at paragraph 2.25, includes a table [to the end of June 2013], intended to explain that not all 5,100 additional dwellings would require allocated sites, as some had already been approved and others could be expected to arise from conversions and windfalls. On reflection, the Department now considers that this level of detail is better left to Area Plans and that the Strategic Plan should explain the general point in words alone.

Transition between the Two Plan Periods

- 4.4 The 2007 Plan used 2001 census data to project housing need from then to 2016; the Draft Plan uses 2011 census data to project housing need from that year to 2026. This potentially creates different requirements during the overlap period: 400 dwellings per year under the 2007 Plan or 340 under the Draft 2015 Plan. But this must be seen in context. Actual construction varies year by year, and over the lifetime of the Draft Plan these figures will balance out. **It would not be helpful to have annual "targets" or "ceilings" for housing delivery.**
- 4.5 The 2007 Plan (CD 1 Table 8.3) predicted 3,754 additional households between 2001 and 2011. RLAS data records 5,162 residential units approved over that period (CD 5 Table 1) indicating that approvals were in line with the household prediction. For 2011 to 2016 (the transition period) the 2007 Plan foresaw 2,021 household formations, while the Draft Plan (based on Scenario C above) foresees 1,662. (CD 1 Table 8.3 and CD 10a Table 8.3).
- 4.6 During this transition period the Department will continue to monitor delivery opportunities (approvals) and physical developments (completion/construction) and relate these to: i) the 2001 baseline prediction, and ii) the 2011 baseline prediction. Within this period to the latest calculation in RLAS7 (CD 20) 770 units were approved from 1 July 2011 to 30 June 2014. That was below

⁴ As defined by CD 1 Appendix 1

requirements derived from either timeline, confirming that housing delivery is far from a mathematical exercise but driven by forces – such as available land – not all of which can be controlled by the Strategic Plan.

- 4.7 Alongside obvious economic forces governing the supply and demand for houses, several participants at this inquiry highlight that housing demand around Douglas and the East cannot at present be accommodated because of a shortage of available sites. It is foreseeable that the Area Plan for the East release of land will result in a spike of applications, perhaps making up for lost years.
- 4.8 Once the 2015 Plan is approved, all existing and future residential approvals from 1 April **2011 will be taken as contributing to this new Plan's housing** requirements. The Department does not propose alternative housing numbers for the transition years, as this would be unlikely to affect the overall supply over the plan period but rather confuse the development process. The delivery of housing is continuing, albeit currently below that predicted.
- 4.9 The Area Plan for the South makes provision for 37.9 ha of residential development land, excluding the 2 reserve sites which amount to another 2.9 ha in Arbory. Reserve sites must be additional to the general allocation. The Draft Strategic Plan policy refers to sufficient development opportunities to enable 5,100 additional dwellings to be built. It does not say, but some of that provision is to be held back. Reserving land for 20% of the 5,100 requirement plus the same again to provide for 20% above that requirement, as is being suggested, would complicate the Area Plan process, requiring further monitoring reports in advance. Releasing reserve sites beyond those allocated can be subject to clear monitoring criteria while still providing the necessary flexibility. Residential development is carefully monitored.
- 4.10 It also has to be questioned whether, as is also being suggested, the Strategic Plan should specify a mix of housing types within the overall requirement. What is the evidence? The Draft Plan at paragraph 8.4.4 acknowledges the need for a wide range of responses to an ageing population. This level of detail is over-prescriptive at the Strategic Plan level and more for the Area Plans. The Housing Division, now with the DoI, works closely with the Planning Development Team and with developers to secure the affordable percentages required by Housing Policy 5. Site specific briefs is the place to specify detailed housing requirements.

Round Table Participants

- 4.11 **Manx National Heritage:** the Plan should give greater emphasis to regeneration, residential conversions and sensitive development of brownfield land, with less reliance on unsustainable greenfield development to achieve additional housing. Also, estate agents advise that there are between 1,300 and 1,500 residential properties for sale, with widespread comment that new housing is not selling. This appears to be borne out by various financial incentives by agents and builders to encourage sales. Existing unoccupied properties for sale should be factored in, and planning policy should be mindful that greenfield development risks town centre decay and depopulation. Part of the role of planning is to steer development, not merely cater for market demand. If, as is now being suggested, the projected annual 500 net immigration is focused on the 25 to 44 year old age range, this would add to the proportion of nuclear families on the Island and increase average household sizes.

- 4.12 A careful, sensitive reappraisal of potential development opportunities should be undertaken, offering the opportunity to revitalise town centres and existing buildings, in the process stimulating the economy and property market through employment and the safeguarding of traditional skills among smaller contractors and jobbing builders. The DoI faces enormous pressures to release greenfield land never previously so considered. The Draft Plan is from an era predating adequate consideration of environmental constraints. These should be considered *before* rather than *during* the planning process.
- 4.13 Reserve sites should be treated as a buffer, carefully assessed in advance on a comparison basis and brought forward only if required. This is much preferable to sites just coming forward and granted approval, as has occurred previously, in a knee jerk reaction to an identified need for more housing.
- 4.14 As Dandara Group suggest, there needs to be a clear mechanism for the release of reserve sites. The population projections may prove under or over estimates, and either eventuality would be met if the reserve sites provide for, say, 20% of the 5,100 requirement and a further 20% above that requirement.
- 4.15 **Peel Town Commissioners:** the overall housing allocation should include specific allocations for social, sheltered and first time buyers. There is an identified need for more of these types of properties, which has not been incorporated into the Draft Plan. Peel suffers the opposite problem to Douglas; far from requiring future reserve sites, too much land around Peel remains allocated. And as the economy dipped, so planning approvals have been revised resulting in a greater number of smaller dwellings and fewer larger ones. **Reserve sites should be allocated to meet part of the Plan's housing requirement.**
- 4.16 **Peel Land (IoM) Ltd:** the omission of the table at paragraph 5.25 in the Draft Plan is supported. Prior to the inquiry, its most recent iteration implies an even greater shortfall in provision than did its initial formulation in the consultation Draft. Actual completions/under construction totals up to 2011 fell below the requirement in the 2007 Plan, and that shortfall should now be seen as needing **to be made up in the Draft Plan's supply requirement. It is far from clear that** the Draft Plan makes proper provision for appropriate and additional institutional accommodation above its general housing requirement. As it now stands the Draft Plan, at paragraph 5.25, relies on windfalls for almost 20% of its proposed housing requirement, thereby reducing the amount of housing to be delivered by other means. There has been no urban capacity study or any other evidence to show that past rates of windfall development will endure.
- 4.17 Although the decision not to interrogate the population projections at this inquiry is recognised, if unusual, their own analysis supported by a commissioned report by specialists, Regeneris Consulting, shows a serious mismatch between the Draft Plan and the Government's **ambitious** economic objectives. The latter calls for between 500 and 1,000 annual increase in the **working** population, the core of which in modern high tech businesses is aged between 25 and 44. Without that the Island faces a reducing working population, increasing elderly population and worsening dependency ratio, which would not be overcome just by raising the state pension age.
- 4.18 The use of reserve sites is therefore supported, as a second best – along with the adoption of Scenario A - **going some way to offset the Draft Plan's lack of** ambition regarding population growth. Reserve sites provide a **strategic** ability to call on already identified sites (rather than drawn out Development Order

processes for example) so as to provide additional housing where and when required. There is strong demand in the East for residential and employment uses, but allocated land in the Douglas Plan 1998 is largely used up. Reserve sites would provide an important element of flexibility in future housing provision. These must be additional to land allocated to meet the identified housing requirement. There should be no concern regarding any form of 'planning blight'.

- 4.19 Land allocations do not stand in the way of urban regeneration and refurbishment: they are completely different markets. There are very successful regeneration schemes, such as at Ramsey, but no one can be forced to regenerate their property. New modern housing stock is attractive to families, and brings economic benefits.
- 4.20 **Miss Newton:** the Draft Plan should make specific reference to the need for sheltered housing, setting requirements for their provision to be included in Area Plans.
- 4.21 There are a very large number of existing dwellings for sale, including about **350 described as 'chain free', which are likely to be** currently vacant. Evidence now suggests that overall at least something like 10% of all residential properties on the Island are vacant, well above the 4% vacancy factor needed **to lubricate a housing market. At least a proportion of the 'headroom' of** vacant properties above 4% should be treated as part of the potential housing supply. Similar considerations apply with respect to future windfalls and conversions, the latter including both changes from non-residential to residential and the sub-division of existing larger dwellings. More houses does not necessarily equate to more workers. There are plenty of homes on the Island.
- 4.22 If the paragraph 5.25 Table is to be omitted from the Plan, there needs to be text substituted regarding conversions and windfalls, or developers will focus exclusively on greenfield sites.
- 4.23 The Area Plan for the South includes two wholly residential reserve sites. A high **proportion of that Plan's allocation having been implemented**, it seems probable that one or both of those reserve sites will be released during the intended Strategic Plan period, to 2026. Although the residential capacity of the sites is not stated in the Area Plan, realistically these sites should not be omitted from the housing supply contributing to the Draft **Plan's housing requirement.**
- 4.24 The need for other reserve sites is doubtful. There is sufficient remaining land allocated, as yet without approvals, in the North and West to meet the Draft Strategic Plan requirements to 2026. In the East, the apparent shortage of existing supply suggests that there will need to be sufficient normal land allocations identified in that Area Plan, so that the need for reserve sites would not arise until after 2026. The timing is important, and any reserve sites would need to be additional to rather than part of the general provision.
- 4.25 **Dandara Group:** strategic reserve sites are supported, but these should be **additional to provision for the Plan's housing requirement. There needs to be a** clear mechanism for releasing these sites when required. Phasing policies bring inherent problems, since inaction by one land owner can prevent other sites coming forward. Over-provision is not a real risk, since market mechanisms will in practice deter over-supply. Scale comes into this, IoM developers know their markets and are responsible organisations. Also, the mix of housing types required will change over time and from site to site.

- 4.26 It is far too simplistic to suggest that allocating land on the edge of towns for house building equates to no refurbishment in the centre. They are completely different markets. New housing is an important contributor to affordable provision, through the Housing Policy 5 mechanism. The problem at Peel is not one of over-supply. The 2007 Plan Spatial Distribution was meant to reflect the availability of allocated land, but it underestimated the capacity of such land in the West and around Peel in particular.
- 4.27 **Mr Tomlinson**: he intends no criticism when he says that developers' main purpose is to maximise profit – they are businesses – they might include a shop or school within a scheme but that is not the primary purpose. He agrees with the Peel Commissioners that more emphasis is needed on civic pride and town centre regeneration.
- 4.28 **Manx Wildlife Trust**: the use of reserve sites is supported in principle, but they require clearer definition of their role now, prior to Area Plan preparation.
- 4.29 **Mr Aram**: if the paragraph 5.25 Table is to be omitted from the Plan, there should be some other published, regularly updated monitoring data. Reserve sites are supported, but should solely contribute towards provision for the Draft Plan's housing requirement. *The Isle of Man in Numbers* (CD 33) has numerous indicators (electoral roll, vehicle registrations, work permits etc) of a falling population. Rather than the assumed net immigration of 500 persons per year, Mr Hawker confirms that the Island population has reduced by about 400 persons per year over the 4 years since the census. The Plan should provide for a range of population outcomes through its plan period. An aim to create 500 to 1,000 new jobs each year implies up to an implausible 30,000 people over the plan period and the resulting impact on the environment. **It's not possible to keep increasing the population to pay the pensions' bill** – a Ponzi scheme.
- 4.30 **Hartford Homes**: allocating residential land increases competition, reducing house prices to potential purchasers. Developers will not build without a market. Manx house prices are comparable to the south-east of England, but potential workers moving from the north may struggle. They have built a variety of dwelling types, including sheltered, bungalows, First Time Buyer etc driven by what the market desires. They work with Housing Division regarding the types of 25% affordable provision. This does not require a further policy.

Written Responses to the Consultation Draft Plan

- 4.31 **Patrick Commissioners** (Resp 6): not enough is being done to encourage living above shops or in the use of brownfield land. **Douglas Corporation** (Resp 7): supports the provision of reserve sites. **Marown Parish Commissioners** (Resp 9): an urban capacity study would confirm that land for development in Douglas is very limited. Strategic reserves may be an appropriate concept, but based on realistic estimates of required size and not unnecessarily large. **Shoprite Ltd** (Resp 14): the Draft Plan fails to identify the particular size and type of accommodation increasingly required: more one and two bedroom and not so many three bedroom. **Mr John Matthews** (Resp 17), Kirk Michael resident: the Draft Plan fails to align its housing aspirations with infrastructure requirements, in particular transport and the inadequate sewerage along the west coast, nor does it have sufficient regard to protection of the Manx landscape. **Mr K Moughtin** (Resp 18), Andreas resident: the additional housing proposed is incompatible with the road network, medical services, schools, the needs of local communities and the environment. **Mr Tim Norton** (Resp 19), Onchan resident: the gradual conversion of houses

into offices has had an adverse effect. Those needing a Douglas/Onchan/Braddan location, but not necessarily a **'shop front' should be encouraged to** relocate to business parks, and their existing premises revert to residential.

Mr Juan Watterson MHK (Resp 33), Port St Mary resident: he is unconvinced that strategic reserve sites have been and will be treated much differently from normal allocated land. This calls their designation into question.

Inspector's Assessment

Introduction

4.32 Consistent with its title, The Isle of Man Strategic Plan, extant and as proposed, does not identify settlement boundaries or allocate sites for development. For now that remains the role of the various extant Local Plans, the Area Plan for the South (subject to partial review) and where these are silent the 1982 Development Plan.

Conversions and Windfalls

- 4.33 The Strategic Plan is there to steer the formulation of Area Plans and to provide policies in the determination of planning applications. The RLASs provide **regular and comprehensive updates of progress towards meeting the Plan's** identified additional housing requirements, and this will continue. As may be expected, these updates confirm that the greater part of additional housing across the Island results from development on allocated sites. All dwelling numbers in the RLAS Updates are net of demolitions. Those created by conversions include the subdivision of larger houses into flats and the change of use of non-residential premises to residential. No break down between the two is given but it a matter of common experience that subdivisions predominate.
- 4.34 Understandably, a number of inquiry participants and other parties in writing urge more emphasis on the refurbishment and reuse of existing premises, including the creation of living accommodation over town centre shops. The Peel Town Commissioners are amongst those who argue that this is being undermined by a ready supply of allocated greenfield land. Manx National Heritage and Manx Wildlife Trust also make similar points with respect to the redevelopment of brownfield land.
- 4.35 The Strategic Plan already includes Housing Policy 17, which remains unchanged in the Draft Plan and which, with its supporting text is normally favourable to the conversion of buildings into flats. **The Policy and the Plan's** Parking Standards (again unchanged in the Draft Plan) take a flexible approach to the often vexed question of parking provision at residential conversions. The redevelopment of brownfield land within settlement boundaries falls within the favourable scope of General Policy 2, again unchanged. General Policy 3 facilitates possible redevelopment of previously developed land in the countryside, subject to safeguarding criteria which I feel confident neither Manx National Heritage nor Manx Wildlife Trust would wish to see relaxed. It is difficult to see how, and no one has suggested how, the Plan could constructively be more supportive of residential conversions and the reuse of previously developed land than it is.
- 4.36 Purposefully suppressing the supply of allocated land would be most unlikely to achieve that outcome. Experience since the inception of modern planning controls, in 1948 in the UK, shows that bearing down on one particular form or location for development will too readily succeed but without triggering a desired upturn in another form or location. At various times this approach has

been tried with respect to offices, industry and housing, generally if not always with negative outcomes. Reverting to the particular issue raised with respect to Peel, upping the incentive for investment in the town centre, in the manner suggested, would be brought about by higher prices and lack of availability of modern homes on the allocated sites. That is hardly desirable. The RLAS Updates show a steady provision of additional dwellings created by conversions, in the West as elsewhere, but these serve a different segment of the housing market than that served by modern developments. The two are not in opposition.

Existing Vacant Dwellings

- 4.37 The question has been raised, by Miss Newton and others, as to why the **'headroom' between a 4% vacancy factor, needed to lubricate the housing market**, and the actual number of vacant properties across the Island should not be treated as contributing, as part of the housing supply, towards the assessed housing requirement of 5,100 additional dwellings over the intended plan period.
- 4.38 This is a more than reasonable question, but it does raise a number of essentially insuperable problems. Firstly, how many dwellings should be **treated as 'vacant' at any given time depends very substantially on which definition of vacant is chosen**. The UK Office for National Statistics, for **example, employ a 'tight' definition comprising second homes and others unoccupied for at least six months**. The concept employed by Carse-Hannay was very much wider. Based on rates data, the Department tentatively suggest something about 10%.
- 4.39 Then the reason why a property is vacant, or considered to be vacant, must be addressed. Is it undergoing renovation or awaiting renovation? Is it part of a **deceased person's estate, still to be settled? Is it part of a disputed divorce settlement? Is it a second home? Is it a primary home for a household that lives elsewhere for extended periods? Is the occupant undergoing prolonged medical treatment? Is the occupant away for an extended period but intending to return? Is it on the market but yet to find a buyer?** The list goes on and will constantly change as properties join **or leave the 'pool' of those that are vacant**.
- 4.40 Reliance on vacant dwellings as part of the future housing supply also **presupposes that the 'pool' will permanently shrink**. There is no obvious reason why that should occur over the plan period, or perhaps more pertinently no obvious mechanism whereby it could be brought about by the planning process. In all, I think that it would imprudent to rely on vacant dwellings as an alternative to planned provision.

Strategic Reserve Sites

- 4.41 Strategic reserve sites comprise parcels of land identified and allocated as such in Area Plans for potential future use – in the present context for housing – but subject to a future decision for release only if and when the need might be demonstrated. Miss Newton questioned whether in practice they are needed, because of the current availability of fully allocated land in the North and West, and likely timing relative to need in the South and East. Other participants supported their designation; no one opposed them.
- 4.42 From experience elsewhere, I raised a question of whether reserve sites might be neglected (blighted) pending final decisions regarding their release or otherwise for development. No one foresaw such a problem in the Isle of Man.

- 4.43 There were distinctly different views on whether reserve sites should be above, within or partly within and partly above land allocations needed to meet the identified requirement for additional housing over the plan period. Treating reserve sites as contributing to the identified requirement was seen as a way of avoiding an over-supply of land in the event of a lower than projected growth in households; treating them as providing a potential additional supply was seen as addressing a higher than projected growth; treating them as partly within and partly above was seen as providing a flexibility in either eventuality.
- 4.44 Having been reassured regarding the improbability of creating blighted land, at least in the Isle of Man, I consider that strategic reserves offer highly desirable resilience against an unavoidable degree of uncertainty about the future. To serve this function they need to be additional to, and not part of, the allocations needed to provide for the identified housing requirement over the plan period. At risk of repetition, an over-supply of land relative to demand should not be seen as equating to a surplus provision of additional housing. Developers and those financing them in the Island will not proceed without perceiving there to be a market demand. Conversely, an under-supply of land leads to a lack of choice, higher prices and ultimately real shortages of homes, at least where people wish to live. The resilience provided by reserve sites should be used to address that risk, in the event that household growth proves higher than projected. Pending a decision regarding their release, these sites should be subject to the normal presumption against development in General Policy 3, and criteria for their release (which may vary between Areas and also individual sites) needs to be carefully set out in the Area Plans. As it has been in the Area Plan for the South with respect to its reserve sites.

Draft Plan Paragraph 5.25 Table

- 4.45 The Draft Plan Table at paragraph 5.25 was clearly inserted with the best of **intentions. It was there to illustrate that not all the Plan's 5,100 additional** housing requirement need be achieved by new development on allocated sites. From that overall total is first deducted those approved since the beginning of 2011 until the end of June 2013 (from RLAS 6) and then in turn a projection of the number that might be created by conversions and windfalls to the end of the plan period. An evident arithmetical error has since been corrected (and would not of course be any reason to omit the Table) and it has also been updated to the end of June 2014 (from RLAS7).
- 4.46 Whatever the intention, the Table has been seen by many not simply as an illustrative snapshot, but in effect a policy tool, creating an expectation and apparent reliance on the proportion of the required total that would be achieved by conversions and windfalls. It was also out of date before publication and would become ever more so through the plan period towards 2026.
- 4.47 In the light of this the Department would now prefer to omit this Table; I agree, it has and would continue to cause more problems than benefits. No one opposed its omission, indeed this plainly came as something of a relief to the developer representatives because of the inherent unpredictability of conversions and windfalls. A number of participants, notably Mr Aram, sought an alternative, published source of updated information, to which the Department was receptive. An additional progress table, benchmarked from 2011 is proposed to be added to future RLAS Updates, submitted in illustrative draft to the inquiry (CD 25c). Such data, regularly updated, may well be of interest, particularly if broken down by Area, in the determination of sizeable residential planning applications and appeals and certain to be material in the

preparation of Area Plans. The place for it, however, plainly lies outside the Strategic Plan.

Overlap Years between the 2007 and 2015 Plans

- 4.48 The extant 2007 Plan seeks, on average, 400 additional dwelling per year between 2001 and 2016; the Draft 2015 Plan seeks (as I confirm above should be the case) 340 dwellings on average between 2011 and 2026. This prompts the question of what should be the aim between 2011 and 2016. It seems to me that as the Draft Plan is founded on the 2011 census its provisions should supersede the extant Plan with effect from the beginning of that year. **As I report below, this is indeed the Department's intention.** That being so, there are two housing provision timelines: from 2001 onwards to 2026 against a total requirement of 9,100 additional dwellings (400 x 10 + 340 x 15) and from 2011 onwards against a requirement of 5,100. Monitoring both would provide a **measure of the Island's housing performance since the inception of the Plan** and also based on the 2011 benchmark. These are, however, monitoring issues and do not require amendments to the Draft Plan itself, and there is no requirement to adjust the 2011 to 2026 requirement in the light of the outturn between 2001 and 2011.

Overall Conclusion on Housing Supply

- 4.49 Subject only to the presentational issue of the paragraph 5.25 Table, I conclude that the Draft Plan's approach to housing supply is sound.
- 4.50 **Conclusion: that subject only to textual changes recommended below, the Draft Plan should not be modified with respect to overall housing supply.**

SPATIAL DISTRIBUTION

Gist of the Representations

- 5.1 **The Department:** Draft Housing Policy 3 sets out a spatial distribution for the required 5,100 additional dwellings across the Island's four defined Areas. This distribution was based on planning approvals data between 2001 and 2013 (CD 19 - RLAS6) and how these were spread across the settlement types identified in the **Plan's Strategic Spatial Policies: the** Main Centre, Service Centres, Service Villages and remaining Villages. The resulting allocation by settlement type was then distributed to each Area based on the number of each settlement type it contains.
- 5.2 In response to one of the inspector's questions, this exercise was repeated, rolled forward 12 months to 2014 (RLAS7). (CD 20)

	Draft Plan based on RLAS6	Recalculation based on RLAS7	Difference
North	770	770	0
South	1,120	1,170	+50
East	2,440	2,390	-50
West	770	780	+10
Total	5,100	5,110	+10

- 5.3 The RLAS6 data (to the end of June 2013) was too early to pick up approvals following adoption of the Area Plan for the South, whereas these had started to filter through over the following 12 months and were recorded in RLAS7 (to the end of June 2014). As such the Department does not see a need to revise the Draft Plan distribution. Draft Housing Policy 3 was not solely an arithmetical exercise. The resulting distribution was checked against Area information, including transport connectivity and employment land. This provided reassurance regarding the distribution and there is nothing since to suggest that it needs to be revised significantly. The fundamental outcome – that the East and South should take most of the housing – has been reinforced by the Employment Land Review (June 2015 CD 24), countering any inclination to reduce the figure for the East by 50 solely as a result of the RLAS7 update exercise.
- 5.4 There are various potential ways of undertaking the spatial distribution, none perfect, but it is important to remember that the Strategic Plan is intended to be a part of an overall Island development plan, and that distribution will be further considered in Area Plan preparation, particularly if more than one of these Plans is considered in tandem. As things stand, the finding of the comprehensive Employment Land Review is that most employment land will be in the East followed by the South, and the proposed housing distribution is consistent with that.
- 5.5 Strategic Plan Business Policy 1 and Transport Policies 1 & 2 (CD 1 p74 & 95) will have a bearing on site assessments in the Area Plans. Local Authorities can be fully engaged in that process, but first there needs to be an overall background strategy. It is recognised that site assessment was less vigorous in some of the older Local Plans. It is conceivable to that some existing

allocations might be 'de-zoned' as part of Area Plan assessments. The Department would not wish to embark on an ad hoc 'audit', as has been suggested, of Local Plans interposed between adoption of the 2015 Strategic Plan and comprehensive Area Plan work.

Inquiry Participants

- 5.6 **Peel Town Commissioners:** housing development at Peel has already exceeded the current Housing Policy 3 allocation of 1,000 in the West; a further 770 is excessive. The Strategic Plan review should take a more holistic approach, including commercial/industrial development as well as residential. **Their town's infrastructure (medical, educational and sewerage) is unable to cope with yet more development.** Any additional residential development should focus on elderly and sheltered housing together with social and First Time Buyer provision.
- 5.7 While accepting that the extant 1,000 dwelling allocation is not a maximum and **that the distribution is in a "general way"**, this has created difficulties. The Draft distribution has been based on historic construction data, significantly limiting the evidence that ought to be taken into account. The extant Plan states that **"Area Plans will review existing housing allocations against sustainable criteria and other policies in the Strategic Plan"** (CD 1 para 8.5.3). This has not **occurred during the Plan's existence, with a very poor record of progressing** only the Area Plan for the South, undermining the evidence base for the current partial review of the Strategic Plan. There is no evidence of the monitoring and review envisaged in the extant Plan. (CD 1 para 1.8.1 and Chapter 13). The isolated figures and assessment of resulting traffic increases was a poor way to develop a strategy intended to endure for 10 years.
- 5.8 An approved spatial employment strategy did not exist when the draft Policy was drawn up. Its associated traffic assessment takes no account of **the Plan's** sustainable transport objectives (CD 1 Chapter 11). The visual impact of developments on the outskirts of Peel was considered in neither the 2007 Plan nor **Draft 2015 Plan, visually harming the town's main gateways with suburban** housing, some on high land.
- 5.9 The Draft Policy takes no account of increased flood risk, and fails to encourage town centre regeneration. Quarterbridge and Cooil Road roundabouts are main junctions leading into Douglas from the West; the traffic assessment identifies continued capacity problems with no proposed remedies.
- 5.10 **The Department's distribution methodology is understood**, but does it reflect house building over the past 10 years? Outside of Douglas, Peel underwent the highest population growth of anywhere in the Island, more than all other Service Centres together. (CD 33 p32) This continues – see RLAS7 and Additional Paper 2 (CD 25b, a manual extension of RLAS7 figures to 31 December 2014). The proposed allocations should take account of what has already been built. Adoption of the 2015 Strategic Plan should be followed by **an early 'audit' of existing residential land allocations in existing Local Plans and the 1982 Plan to align them with the new Strategic Plan.**
- 5.11 **Peel Land (IoM) Ltd:** the standard approach in England is to assess future housing needs alongside economic development needs; this provides a tried and tested, fully objective, basis to establish the quantum of housing and, through spatial analysis, its distribution. That said, the proposed spatial distribution is generally supported, even though regrettably it is not possible to interrogate at this stage whether sufficient employment requirements will be

allocated in each Area. In respect of the East, however, the Employment Land Review (June 2015 CD 24) confirms strong demand for further employment land, estimated at some 15 hectares; that the vast majority of such demand is in the East and that the existing supply is very limited. There is strong evidence, therefore, **to support the Draft Policy's focus of additional housing in the East**. Indeed it should be higher than 48% of the total, as urged by the Department of Economic Development and Chamber of Commerce. This will not lead to an overconcentration, as some have suggested, because the outcome accords with the overarching requirement for sustainable development.

- 5.12 **In answer to the inspector's direct question, if given a free hand their company would choose to develop in the East.**
- 5.13 **Dandara Group:** the 2007 Plan is weak regarding its housing distribution methodology, and although using past approvals as a basis for the proposed distribution appears the most appropriate option it should be used with caution. The lack of a past clear methodology might have skewed the outturn, which could now be repeated. Whilst the proposed approach has been **'supported'** by other considerations, including a preliminary assessment of individual **settlement's growth potential, this** may require amendment during the more detailed Area Plan processes. With regard to Peel, between 1991 and 2001 the town saw lower population growth than anywhere except Castletown. **In answer to the inspector's direct question, given a free hand they would build houses in Douglas and the East.**
- 5.14 **Mr Tomlinson:** the boundaries of the smaller defined settlements, with few if any services, are not easily identifiable. By way of example, when asked neither the Government Planners nor the Maughold Commissioners could provide a boundary for Glen Mona. Spatial Policy 4 requires Area Plans to define settlement boundaries but this has not been achieved. **The boundaries of the other 'Villages' could and should be settled cooperatively by local Commissioners and the Planners, well before the emergence of Area Plans.** This would remove uncertainty as to whether or not development on their peripheries is permissible.
- 5.15 **Manx Wildlife Trust:** the areas of land (ie the hectares) needed to accommodate each of the Area allocations should be established. It is not sensible to look at housing distribution in isolation from employment land. The aim should be to reduce road travel and its consequent impacts on the environment.
- 5.16 **Manx National Heritage:** give support to the line taken by Peel Town Commissioners. Basing the proposed distribution on historic distribution is flawed; also the process is skewed by the sequential preparation of Area Plans. That for the South has already done so. Retaining distribution approach 2 (the same percentages of the total as in the 2007 Plan) would facilitate the future full, comprehensive review of the Plan.
- 5.17 **Mr Aram:** neither the proposed approach to distribution, nor indeed any of the **others considered by the Department's Supporting Evidence, has any sound and robust evidence bases compatible with the Department's and Strategic Plan's overarching statement "Towards a Sustainable Island"**. **That requires a better balance between the location of housing and jobs, so as to reduce commuting (and with it greenhouse gas emissions) and pressure on the highway network (delaying or eliminating energy intensive upgrades).**

- 5.18 The chosen methodology results in an excessive housing allocation in the South, which as a percentage is also much higher than the percentage of the Island population currently living in the South. Several large employers have relocated over recent times from Castletown to Douglas. Commuter traffic testifies to the fact that housing in the South is already out of balance with jobs; in the am peak, twice as many cars head towards Douglas than the other way, reversing in the pm peak. The proposed allocation would only make matters worse.
- 5.19 The Department has failed to address the issue of sustainability – in particular commuting distances – nor **justified why this wasn't taken into account in the proposed spatial distribution**. Rather than address this, the Department responded that **"there will be need for traffic congestion investigative work in 2026 and not before"** (CD 9a No 147). Eliminating the need for highway upgrades would be a far preferable approach.
- 5.20 **On 19 May 2015 Tynwald passed recommendations that "Sustainability will be central to Government's policy and decision making"; and to ensure that greenhouse gas emissions "will be close to zero by 2050".** These motions came after the Draft Plan consultation period but the principles have long been Tynwald objectives. To embrace these principles fully the proposed allocation in the South should be reduced by applying sustainability analysis to each settlement, with a moratorium on new housing in the South beyond that allocated to 2016 in the 2007 Plan.
- 5.21 **Hartford Homes**: the Employment Land Review confirms that the overwhelming demand for employment land is in the East; it is logical for the housing distribution to reflect that. Not only is the greatest proportion of the working population currently living in the East, the future allocation of additional employment land will also be in the East. It is more sustainable to provide new housing where new jobs are to be created, reducing travel time and making best use of services, which are clustered in the east of the Island. There remains land allocated for housing in the South, North and West but that in the East has been exhausted, demonstrating the historic high demand there and consequent higher prices. New housing should be spread across the Island but predominantly in the East. **In answer to the inspector's direct question,** they have successfully built in the South and elsewhere but would like to build in the East.

Written Responses to the Consultation Draft Plan

- 5.22 **The Department of Economic Development** (Resp 1): the higher percentages of additional dwellings proposed for the East and South compared with the 2007 Plan appears, at first sight, **to support the Island's major employment centres and Capital town**. However, these percentages derive mainly from past planning approvals, taken together with settlement pattern, character and proximity to the main highway network. In terms of housing **numbers, the East's resulting share of the Island total between 2001 and 2026 falls by 0.7% (from 54.7% to 54%).** Similarly the number in the East and South together falls by 1% (from 73.2% to 72.2% equating to a medium size housing estate) (Resp 1 Annex A). The distribution is therefore away from the major employment centres and Capital town.
- 5.23 This disparity is highlighted by the Employment Land Review, which identifies 78% of all employment floorspace in the East, 14% in the South, 6% in the North and 2% in the West (CD 24). **74% of the Island's resident employed**

population live in the East and South (CD 12). The ELR identifies a need for **about another 15 ha of employment land zoned in the East, equating on DED's** estimate to about 2,335 additional employees. The Draft Strategic Plan's proposed housing distribution may be able, just, to accommodate those employees, but perhaps needs flexibility. There are other potential economic developments in the East/South giving rise to housing demands, such as the proposed University at the Nunnery and leisure developments in Central Douglas. The Central Douglas Masterplan (CD 23) is a further imperative. Capitals such as London or St Helier benefit from business agglomeration, and here on the Isle of Man there is a need to maintain the dominance of the East, especially the wider Douglas area, not only by increased employment but population with access to that employment, and to retail, leisure and other services. There should be an increased proportion of the residential spatial distribution assigned to the East and South.

- 5.24 **Onchan Parish Commissioners** (Resp 5): concentrating the majority of proposed development into an area already densely populated may be to the detriment of the East and the Island as a whole.
- 5.25 **Patrick Commissioners** (Resp 6): any plans for the West should be for all the Local Authorities there, not just Peel. This has been poorly thought out, for example Kirk Michael residents are now directed to Jurby to see a GP.
- 5.26 **Borough of Douglas** (Resp 7): they are unconvinced by the overall projected housing total. Even aside from that, there is concern at such a high number allocated within the confines of existing boundaries, and the accuracy of the figures used in the distribution calculation are questioned. Ways need to be sought to accommodate this level of development without encroachment onto green land separating the Borough from neighbouring authorities. The Area Plan for the East should be expedited.
- 5.27 **Marown Parish Commissioners** (Resp 9): aside from not accepting the total population projection, simply following past building rates is an abrogation of planning responsibility. Between 2001 and 2011 Douglas's **population** grew by 10.2%. The arbitrary allocation of 33% of projected development to Douglas, in addition to any brownfield development of housing, does not recognise the reality of lack of space within the current boundaries. Allocating the brunt of new development to the East because it has taken the brunt of past development is not a strategic argument. This may be embodied in the Area Plan for East before the 2016 census reveals that the current population **projection is too high. The Draft Plan's claim to "recognise the East as having the greatest potential for additional residential development" is not supported by evidence.**
- 5.28 **The Draft Plan acknowledges, vaguely, that "some land in and around Douglas is limited". An urban capacity study would show that land available for development in Douglas is very limited. What was the nature of the Department's "assessment of the settlements" in the North, South, West and East without urban capacity studies? The proposed spatial distribution is not a strategy, simply an assumption that houses should be built where houses have recently been built. While Douglas grew by 10.2% between 2001 and 2011, Braddan grew by 34.6%, suggesting that Douglas is already spreading beyond its boundaries. If Douglas cannot take its share of the 2,438 houses planned for the East, will the surrounding rural parishes be expected to take the hit? Will subsequent Area Plans have reduced allocations once it is realised proposed**

Spatial Distribution has led to excess capacity in the Plan for the East, with overlarge reserves sites, skewing development even more towards Douglas.

- 5.29 **Malew Parish Commissioners** (Resp 10): consideration should be given to Ballasalla also being designated as a Service Centre. Should more land be released in Castletown, the A5/A7 junction should be reviewed sooner.
- 5.30 **Castletown Commissioners** (Resp 11): are reported separately and more fully below. In brief they seek additional housing at Castletown.
- 5.31 **The Chamber of Commerce** (Resp 12): as well as reservations regarding the under-estimated population projections, the spatial distribution undesirably lowers the percentage of the employed population living in the East.

	Proposed housing distribution		Current resident employed population	
East	2,440	48%	25,036	58%
South	1,120	22%	6,827	16%
North	770	15%	6,314	15%
West	770	15%	4,957	11%

- 5.32 **There is no available data on jobs by Area, but it is clear that the most 'value added' to the economy contribute to the export of goods or off-Island services or to their on-Island import substitution. About 85% of such jobs may reasonably be assumed to be in the East, 10% in the South and the rest in the North and West. The Draft housing distribution is dislocated from these considerations. There is compelling evidence regarding the importance of business agglomeration, and an intolerance on the Island towards time travel compared with larger countries. House prices are demonstrably higher in the South and East of the Island adding 'frictional' impediments to potential businesses, hindering workers from living close to their work and deterring potential employees from the UK. The Island faces unprecedented challenges to meet the Government's "Growing the Economy" objectives and the spatial distribution should be recalibrated.**
- 5.33 **Shoprite Ltd** (Resp 14): aside from reservations regarding the Department's approach to the overall housing demand and supply, a mix of new housing across all 4 Areas is correct, with towns and villages targeting older residents where possible.
- 5.34 **Mr John Matthews**, Kirk Michael resident (Resp 17): additional housing in the West is opposed because of infrastructure constraints and impact on the environment.
- 5.35 **Mr K Moughtin**, Andreas residents (Resp 18): local authorities cannot cope with the suggested numbers. Residents of Peel objecting to more houses because of lack of local services were recently overruled.
- 5.36 **Mr Tim Norton**, Onchan resident (Resp 19): there is no reason why so much of Government and business should be concentrated at Douglas, which should be primarily residential.
- 5.37 **Mr Barry John Nutter**, Ballasalla resident (Resp 24): the spatial distribution 'based on past planning approvals data' appears a little too neat and arbitrary. The Island figure has been reduced by 15% but, oddly, the North and West by 36% and 23% respectively, the East has remained virtually level while the

South has an on par reduction. Accordingly, the figure for the South appears excessive, putting undue pressure on its residents and infrastructure.

Transport links will deteriorate further, particularly if the A5/A7 junction at Ballasalla is not to be reviewed until 2026. The final sentence in Draft Plan paragraph 5.21 is unclear.

- 5.38 **Mr Jonathan Kermode**, Ramsey resident (Resp 31): why only 770 for the North? Government should push businesses towards the North, reducing the strain on Douglas and reducing the need for travel.

Inspector's Assessment

Introduction

- 5.39 The Department considered 4 potential approaches to the spatial distribution of the proposed additional housing between the Island's 4 defined Areas, the outcome and comparison with the existing spatial distribution are summarised in CD 6 Table 15:

Spatial distribution approach 2001 to 2016 (15 year period)			Spatial distribution approach 2011 to 2026 (15 year period)			
Current spatial approach			Approach 1	Approach 2	Approach 3	Approach 4
Area	Spatial distribution 2001 to 2016 Isle of Man Strategic Plan 2007	Spatial distribution 2001 to 2016 Isle of Man Strategic Plan 2007	Divide total equally between 4 Areas	Divide in line with the Isle of Man Strategic Plan 2007	Divide on the basis of past development levels	Divide on the basis of available and potential residential development land
North	1200	20%	1270 (25%)	1016 (20%)	762 (15%)	1067 (21%)
East	2500	41.67%	1270 (25%)	2117 (41.67%)	2438 (48%)	2032 (40%)
South	1300	21.67%	1270 (25%)	1100 (21.67%)	1118 (22%)	1473 (29%)
West	1000	16.67%	1270 (25%)	847 (16.67%)	762 (15%)	508 (10%)
Total	6000	100%	5080	5080	5080	5080

- 5.40 The Department of Economic Development and Chamber of Commerce urge a higher proportion in the East, and to some extent in the South, while conversely the Local Authorities for Douglas and adjacent localities are concerned about capacity, impacts and the possibility of the Area Plan for the **East 'over-committing' while subsequent Areas Plans 'compensate' with lower allocations.** Peel Town Commissioners and others in the West argue that the intended allocation there is too much on top of recent past levels of development. Mr Aram, and others if less precisely put, seeks a more fundamental recalculation, founded on sustainability appraisals for each of the **Island's settlements and parishes. More specifically, Mr Aram argues that the outcome would reduce the allocation for the South.**

Assessment Principles

5.41 I assess these issues having particular regard to the following principles, all unchanged between the 2007 Plan and Draft 2015 Plan.

- **The Plan's Overarching Strategic Aim:**
To plan for the efficient and effective provision of services and infrastructure and to direct and control development and the use of land to meet the community's needs, having particular regard to the principles of sustainability whilst at the same time preserving, protecting, and improving the quality of the environment, having particular regard to our uniquely Manx natural, wildlife, cultural and built heritage.
- **The Plan's Strategic Objectives regarding (in brief): resources; environment; economy; transport and communications; and social.**
- **More specifically, the opening paragraphs to the Plan's Housing Chapter:**
The principal objective of the Government's housing policy is to ensure that sufficient housing, to appropriate standards, is made available to meet demands created by the growth in population and changing household sizes.
This provision should be made having regard not only to the other objectives of this Plan, but also to the aspirations of the population to live in particular parts of the Island.

Assessments Approaches 1, 2 and 4

- 5.42 **The Department's Approach 1 has the virtue of simplicity, but nothing else.** Its distribution would misalign with social objectives (it is unrelated to where people wish to live); economic objectives (it is unrelated to economic centres); and environmental objectives (it is unrelated to land or traffic capacity considerations or aims to minimise the need to travel). No one has supported Approach 1 and I discount it.
- 5.43 Approach 2 also has the virtue of simplicity in that it distributes the total requirement in the same proportions as used in the extant 2007 Plan. However, I have found little to suggest that the 2007 Plan distribution arose from a robust, comprehensive assessment. It was evidently founded in part on a desire to reduce the proportion of housing in the East (including Douglas) and **to increase it "quite appreciably" in the West** (CD 3 pages 56/57). But it was also based on pre-existing land allocations and the distribution of approvals by **Areas** (my emphasis) from 2001 to 2006 (CD 1 Section 8.5).
- 5.44 Manx National Heritage suggest rolling the same proportionate distribution forward (ie Approach 2) as assisting a future full review of the Strategic Plan. I have to say that I cannot see how doing so would either help or hinder such a review, which would presumably seek to reassess the issue afresh. In **comparison with the Department's preferred Approach 3, the outcome would** substantially increase housing provision in the North, significantly so in the West, be much the same in the South and substantially reduce it in the East. That would run counter to the clearest evidence of a slack housing demand in **the North, the East's dominant employment and economic standing and the aim** to reduce the need for commuter travel including from West to East. I discount Approach 2.
- 5.45 Approach 3 requires fuller analysis, and I return to it shortly.

5.46 Approach 4 is described as being based on “available and potential residential **development land**”. In some ways it partly echoes the approach taken for the 2007 Plan by being based on land availability (and in this case also foreseen as potentially available) but no other objectives. The inherent shortcoming to this approach is that it allows chance to dictate the future pattern of residential development across the Island rather than the **Strategic Plan’s underlying objectives** and also those of Government in a wider sense particularly with regard to stated economic objectives.

5.47 There is also no explanation offered as to how the “**potential residential land**” could have been reliably quantified at this stage in advance of detailed work on the remaining Area Plans. The actual amounts of existing residential land available at mid-2013 (ie **RLAS6, current when the Department’s analysis was undertaken**) bears little **relationship to the “actual and potential” amounts** underpinning Approach 4, as the table below illustrates. I discount Approach 4.

	Available land (ha) (31 June 2013)	%	Approach 4	
			Dwellings	%
North	60.50	41.0	1,067	21
East	14.4	10.0	2,032	40
South	37.49	25.0	1,473	29
West	35.20	24.0	508	10
Island	147.49	100.0	5,080 ⁵	100

Assessment Approach 3

5.48 Approach 3 is founded on past planning approvals (2001 – 2013) disaggregated by **settlement types as defined in the Plan’s Spatial Strategy: 33% in the Main Centre (Douglas); 41% in the 5 Service Centres taken together; 15% in the 9 Service Villages taken together; and 11% in the 14 remaining Villages taken together.** The future requirement was then itself assigned to each of the settlement types in line with these percentages to give a figure for each category, and then each of those figures was divided by the number of settlements in that category type. Using the Villages just by way of example: 11% of 5,100 is 561, which divided by the number of Villages, 14, assigns 40 to each. Repeating this exercise for each category (and subject to some minor rounding of the numbers) assigns 1,676 to the Main Centre, 417 to each Service Centre; 85 to each Service Village and the 40 to each Village. These numbers were then added together for each Area of the Island depending on the number of each settlement type it contains.

5.49 The Department then undertook broad assessments of each of the Area’s characteristics, including connectivity by private and public transport, and highway capacity of the main network. This essentially confirmed the arithmetical outcome described in the preceding paragraph but with some rounding up of the final figures. These form the basis of the Draft Housing Policy 3 distribution, which I set out overleaf alongside the extant distribution.

⁵ Before rounding

Area	2007 Plan Distribution		2015 Draft Distribution	
North	1,200	20%	770	15%
South	1,300	22%	1,120	22%
East	2,500	42%	2,440	48%
West	1,000	16%	770	15%
Total	6,000	100%	5100	100%

- 5.50 This methodology has been criticised for using past approvals to determine future distribution, thereby – as those critics see it – reproducing possible past mistakes. This would carry more weight if the method did indeed simply project the future Area distributions on the basis of past Area approvals. What it actually does is distribute future residential development geographically – that is to say by Area – on the basis of the proportions of past approvals by settlement type. This does have quite a lot to commend it. Past approvals by settlement type is a reasonable proxy for where people have chosen to live in the Island, that is to say in which size and type of settlement, while the aggregating and then averaging of the data smooths out potential distortions because available land may have been more plentiful at some settlements than others.
- 5.51 For example, the Peel Commissioners argue that development there has been at a higher level than at the other Service Centres because of the availability of allocated land. Approach 3 overcomes any such effect by notionally **“allocating”** the same number of future additional dwellings to Peel as to the other main Service Centres of Ramsey, Port Erin, Castletown and Onchan. I use the term **notionally “allocating” because of course the Strategic Plan does not actually** allocate development locations, that is for Area Plans. These may well in practice adjust the figures for particular settlements upwards or downwards, on detailed examination, but within an overall general indication provided by Draft Housing Policy 3.
- 5.52 It has a second advantage in that the method acts, at least in a general way, as a proxy for the capacity of each of the Areas to absorb additional housing: the resulting distribution to the South, just by way of example, is appreciably higher than that for the North because the former includes 2 Service Centres, 2 Service Villages and 3 Villages, whereas the latter has just one Service Centre together with 2 Service Villages and 4 Villages.
- 5.53 Mr Aram, with others, argues for a more fundamental sustainability appraisal, **analysing each of the Island’s settlements to seek a balance between resident** population, jobs and service provision, thereby minimising travel, and most particularly minimising commuter travel.
- 5.54 This is a seductive suggestion but in my view not one that should be pursued, at least not in this current focused review of the Strategic Plan. In a free, dynamic society, neither people nor businesses can or should be straitjacketed into the type of **‘command’** economy implicit in his suggestion. Individuals, including different individuals within the same household, have myriad reasons for where they live: jobs, yes, but also schools, family relations, familiarity with an area or simply a liking for a particular ambience and character. Businesses likewise expand, contract and relocate. Experience elsewhere says that even with hypothetically well balanced communities, many people will nonetheless chose to travel as part of their daily activities. In particular, all experience is that individuals are willing to commute further to higher earning employment while often locating their homes on other criteria. A successful Capital centre, whether London, St Helier, Douglas or any other that I can think of will attract a daily influx of commuters.

5.55 Of course, a sustainable Strategic Plan will seek to reduce the *need* for people to travel, and the impact caused when they do, but that is inherent in the **Strategic Plan's** established Spatial Strategy with its settlement hierarchy and defined 4 Areas. Put simply, the Spatial Strategy, which remains unchanged by the current partial review, identifies the various sizes of towns and villages, their relationship to the main highway network, and sets aims to steer development to them accordingly, together with firm policies to protect the general, unallocated, countryside from most forms of development. The **Department's distribution methodology desirably builds on this already** established strategy rather than seeking to recreate a new one.

Government Economic Objectives

5.56 **Vision 2020** and other Government recent key economic initiatives came after the Draft Plan was prepared but should certainly be accorded weight in the **Plan's** assessment and final, adopted form. I have therefore reviewed the written responses to the consultation Draft Plan made by the Department of Economic Development and Chamber of Commerce with particular care, together with the broadly similar points at the inquiry by Peel Land (IoM) Ltd and Hartford Homes.

5.57 As the Department (DoI) has acknowledged, housing approvals in the East may well have been suppressed over recent years for want of available land. Unlike **the other settlement types in the Strategic Plan's Spatial Strategy, the Main Centre, Douglas, stands alone**, so that any under-performance there is not averaged out by Approach 3 with other settlements of the same category. Approach 3 might therefore, on its own logic, under-allocate the future distribution of housing to the East. This has given me the most pause for thought while assessing the Draft Plan.

5.58 The key issue is whether the Strategic Plan, over its extended period of 2001 to 2026, would lead to a net reduction in the percentage of households living in the East and to an extent in the South, so as to undermine **the Capital's role as the Island's economic powerhouse, particularly with respect to the important commercial and IT based businesses**, and also with respect to the substantial employment opportunities in the South. **The submissions and the Department's** written responses (CD 9a) vary in their data usage. The key issue should relate to the number of resident households and their percentages of the Island total over the extended plan period.

5.59 In order to make this comparison, I have accepted the DED uncontested figures for the **percentages of the Island's households living respectively in the East** (54.7%) and East plus South (73.2%) in 2001 (Resp 1 page 2, 2nd paragraph). From this the percentage in the South (18.5%) is readily evident. The 2011 census includes tables showing households by Area of Residence (towns, villages and parishes) from which the number in the defined East and South Areas may be readily found by adding the figures relevant to each of those Areas (CD 12 Census Table 4.1). That is to say 19,555 households in the East and 6,254 in the South. (By way of a check I also did this for the North and West, confirming that the 4 Areas together equalled the Census Island Total). Draft Housing Policy 3 (which I commend above) would provide for an additional 2,440 homes in the East and 1,120 in the South. Finally, Approach 3 to future average household size (also commended above) projects an all-Island household total of 39,441 in 2026 (paragraph 3.8 above). From which the following may be deduced:

	2001	2026		
	% of Island Total	Households	% of Island Total	Difference %
East	54.7	19,550 + 2,440 = 21,990	21,990/39,441 = 55.7	+ 1.0
South	18.5	6,254 + 1,120 = 7,374	7,374/39,441 = 18.7	+ 0.2
East + South	73.2	29,364	29,364/39,441 = 74.4	+ 1.2

- 5.60 From my assessment, and notwithstanding the Department's partial concession in its written response, it seems to me that that the Strategic Plan over its proposed extended plan period would make provision to maintain, and to a small but not insignificant **degree increase, the proportion of the Island's** households living in the East and in the East and South combined, including a small increase in the South.
- 5.61 The Department of Economic Development is satisfied that, having regard to typical employment densities, the increased housing provision proposed for the East is, if only just, consistent with the Employment Land Review aim for another 15 ha or thereabouts of employment land in the East. That includes a little extra headroom in that the need for another 15 ha is by 2029, 3 years beyond the proposed plan period and offering scope for monitoring and management as part of the intended full review of the Strategic Plan well before then. Finally, inasmuch as the Department of Economic Development foreshadows other possible employment generating initiatives in the East, these could be considered in the context of possible strategic reserve sites over and above normal housing allocations in the forthcoming Area Plan for the East. For the longer term I note and **commend the Department's indication (paragraph 7.5 below) that future reviews of the Plan "will consider the** implications of any amended population projections as well as up to date evidence on employment land in terms of availability, location, quality and demand".

Housing Capacity of the East

- 5.62 I do understand and take account of concerns by, in particular, the Borough of **Douglas and adjacent Local Authorities, who have used terms such as "taking a hit" or "bearing the brunt". It will be little consolation** if I say that in my experience this type of development pressure, and responses to it, arises out of the success of Capital centres, whether for example London at one scale or St Helier at another. I have played a part in assessing the development plans for both. **The crucial point is not to see administrative boundaries as "frontiers";** they should not of themselves have a major influence in housing distribution when compared with physical determinants such as proximity, connectivity and availability of suitable land. **I note and commend the Department's wish fully to** involve the Local Authorities in Area Plan preparation.
- 5.63 I have not lost sight of the fact that **the Department's housing distribution Approach 4 "divide on the basis of available and potential residential development land" would have assigned 2,032 additional dwellings to the East,** appreciably fewer than does its selected Approach 3, namely 2,438 (rounded to 2,440 in the Draft Policy). However, rather than undermining the higher figure, the disparity to my mind more points to the shortcoming of Approach 4 in trying to estimate now, in advance of work on an Area Plan for the East, the extent of *potential* development land. It should be borne in mind that with or without the Table at paragraph 2.25 in the Draft Plan, there are in practice existing approvals since 2011 and likely future contributions by conversions and windfalls, all of which can be taken into account in detailed work on an Area

Plan for the East. My own quite detailed knowledge of land parcels in and around Douglas would make me very surprised if land, sustainably and well located, with proper regard to landscape and other development management considerations, could not be sufficiently identified to accommodate the remaining additional housing.

- 5.64 On the supposition that I might be wrong about this, and detailed work on the Area Plan found insuperable obstacles in accommodating the higher number in the East, the deficit would need to be reassigned to the other Areas. This would, however, be very much a compromise and sub-optimal outcome, less **well aligned with the Plan's sustainability, economic and transport objectives** in particular, and also with the clear evidence that Douglas and its hinterland is seen as an attractive location by many people as a place to live.
- 5.65 **Conclusion: that Draft Housing Policy 3 should be retained without modification.**

CASTLETOWN REVIEW

Inspector's Introduction

- 6.1 This session was at the request of the Castletown Commissioners, and their planning consultant, Mr Keith Hargest. It was requested in order to make representations regarding the undertaking made in the Area Plan for the South that the Department will conduct a further review of housing allocations in or about Castletown (the Castletown Review). This undertaking was endorsed, at the behest of the Commissioners, by the inspector who conducted an inquiry into the consultation draft of that Plan, whose recommendation on this point was accepted by the Department and by Tynwald in approving the Plan.
- 6.2 At my inquiry, the Commissioners again set out their need for the review, and the social harm resulting from a shortage, as they describe it, of available housing, particularly to allow younger residents to remain and set up independent homes. I do not in this report elaborate on the Commissioners' case for the review, simply because the need and intention are already established. Instead I focus on some of the procedural and timetabling issues raised and discussed, and which very usefully brought into focus the wider issue of development plan progression following this current Strategic Plan partial review.
- 6.3 **Other matters raised in the Commissioners' written response to the substance** of the consultation Draft Plan are referred to above within the separate topics.

Gist of points raised at the inquiry

- 6.4 **The Commissioners** raised the following questions and one proposition.
- If this Strategic Plan review leads to a change in the South housing allocation, how does that filter through to the Castletown Review?
 - Given that there needs to be over-provision of housing allocations to secure full delivery on the ground, how would this be dealt with as part of the Castletown Review?
 - How would any change in the vacancy factor impact on the Castletown Review?
 - Do the 2 residential Strategic Reserve sites designated by the Area Plan for the South (5% of the overall allocation) provide sufficient flexibility? What impact do these 2 sites have on the Castletown Review?
 - If spatial distribution based on settlement hierarchy is deemed a sound basis for distribution of the proposed housing allocations, does this cascade down into the Area Plans and/or Castletown Review and, if so, how?
 - Could additional land allocation arising from the Castletown Review be progressed via Development Order(s) or some form of extra-statutory allocation, rather than via Area Plan processes?
 - **There is no impediment to a 'call for sites' being issued at any time.**
- 6.5 **The Department:** DoI planning policy officers are progressing or committed to a number of matters, including but not limited to:
- marine planning legislation;
 - employment land call for sites following the Employment Land Review;
 - this current Strategic Plan focused review;

- the Castletown Review;
 - an Area Plan for the East; and
 - Area Plans for the North and West.
- 6.6 Work on the Castletown Review and an Area Plan for the East is awaiting the **inspector's report [ie this report] into the Strategic Plan focused review**, and the extent to which this leads to modifications (some of which were identified during the inquiry process) in accordance with statutorily prescribed procedures.
- 6.7 Current political commitments are:
- conclude this Strategic Plan review by the end of 2015;
 - begin preliminary publicity for an Area Plan for the East during 2016, such that there will, after due public consultation during the latter part of 2016, be a draft Plan ready to go to inquiry in 2017;
 - begin the Castletown Review early in 2016; and
 - begin preliminary work with a view to the remaining Area Plans (ie other than the East and South) going to public inquiry in 2018/19.
- 6.8 In response to the questions raised for the Commissioners, a practical consequence of this current Strategic Plan focused review will be to supersede the total housing allocation for the South set out in its Area Plan. An **explanatory modification to the Draft Plan's Preface is suggested. Any call for sites should closely precede any subsequent statutory processes concerning them, otherwise it would be a premature, abstract invitation.**
- 6.9 The Department remains open regarding the particular process for the Castletown Review. Relevant considerations are:
- whilst the Area Plan process is subject to various statutory requirements, unlike a Development Order it does not involve considerations of proposals **on an 'in principle' basis;**
 - proceeding via the Area Plan process enables subsequent further public participation at the planning application stage;
 - the Area Plan process enables a number of potential allocation sites to be considered alongside each other; whereas the Development Order route could, with additional work entailed, enable a number of sites to be advanced each subject to a different Order;
 - the Area Plan route enables appropriate comparison of sites contrasted with a potentially more piecemeal Development Order approach;
 - relative timings between the 2 processes are marginal; each requires public consultation, public inquiry and Tynwald approval;
 - proceeding with the Castletown Review within the Area Plan process would produce a unified coherent, modified Area Plan and enable sites in and around Castletown to be assessed on an equal footing with existing allocations, whether directly for residential use or forming a strategic reserve.
- 6.10 There is no proper basis in law to allocate land either for residential use or as a strategic reserve other than via the Area Plan or the Development Order statutorily prescribed processes.

Inspector's Assessment

- 6.11 I have thought it right to record above the highly pertinent points raised by and for the Commissioners regarding the interaction between the current focused review of the Strategic Plan and forthcoming Castletown Review into residential allocations in the Area Plan for the South. However, as discussed and uncontested at the inquiry, it would be inappropriate for me to seek to direct the manner or timing of the Castletown Review. The need for it and commitment to undertake it have already been established. It will plainly be influenced by the final outcome of the current focused review of the Strategic Plan but is not itself an aspect this review.
- 6.12 What I will say, because it is highly relevant to the effectiveness or otherwise of the Strategic Plan in its revised form, is to add my weight to the crucial importance of progressing the Area Plans and Castletown Review. Planning management in the Isle of Man is intended to be directed by a two tier development plan comprising a Strategic Plan sitting above and guiding the substance of detailed Area Plans, the latter including site specific allocations guided by the former.
- 6.13 As things stand, other than in the South individual development proposals have to be assessed having regard to the broadly up to date Strategic Plan and land allocations or zonings in earlier, often much earlier, Local Plans or the 1982 Plan. It is inherent in a two tier development plan that whereas the safeguarding or conserving objectives in the upper, Strategic Plan are generally capable of direct application to individual development proposals, its aspirational objectives for the economy, housing provision and much else generally rely on land allocations and zonings in the second tier Plans. Without the latter planning management can appear, or actually become, skewed toward a negative tone or over-reliant on **the uncertain process of "other material considerations" (S10(4) of the 1999 Act) outweighing the development plan**. I refer above to the upturn in residential applications in the South following adoption of its Area Plan and to my belief that the absence of an Area Plan for the East is inhibiting much needed development.
- 6.14 I am conscious of being at the outer limits here of my role to assess the current focused review of the Strategic Plan, but nonetheless:

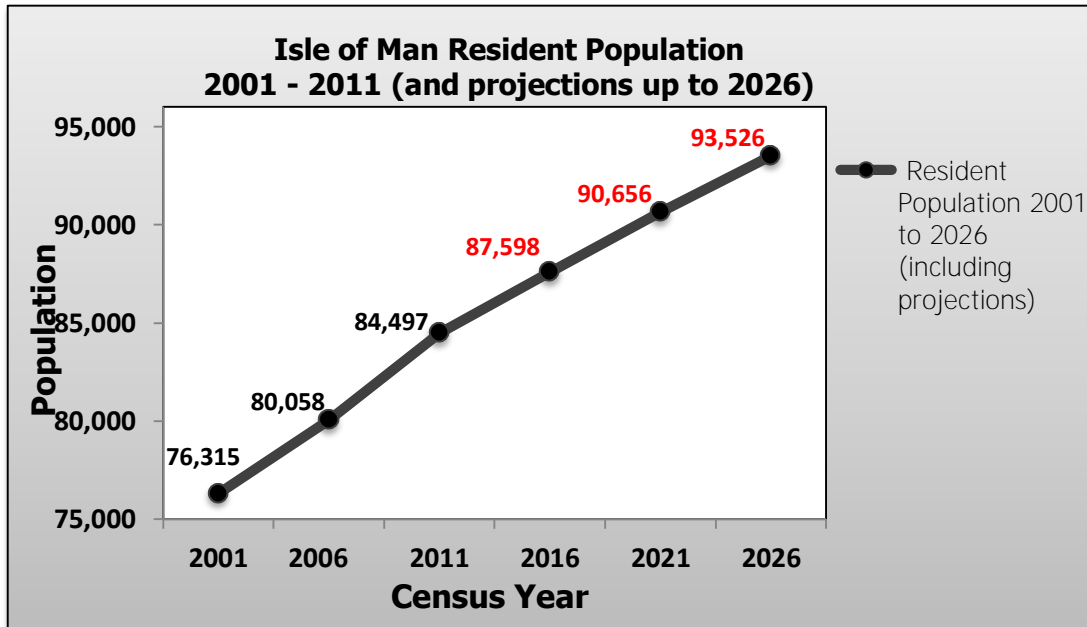
Conclusion: that so far as resources allow every effort be made to expedite future Area Plan work including that concerning Castletown.

SCHEDULE OF RECOMMENDATIONS

Introduction

- 7.1 This schedule of recommendations comprises:
- my conclusions on the debated issues, reported above;
 - uncontested modifications, which I endorse, proposed by the Department in the light of consultation responses between 16 January and 13 March 2015;
 - further uncontested modifications, which I also endorse, proposed by the Department at the conclusion of the inquiry. These clarify aspects of the **Plan highlighted by the inquiry process and also update the Plan's Preface.** The Draft Preface necessarily foresaw processes which have been or will **have been completed by the time of the Plan's adoption. It has been** redrafted accordingly.
- 7.2 **I recommend** that the plan period be more precisely defined as between 1 April 2011 to 31 March 2026, but otherwise adopted without modification.
- 7.3 **I recommend** that Strategic Policy 11, Housing Policy 1 and Housing Policy 3 be adopted without modification.
- 7.4 **I recommend** strategic reserve sites allocated in Area Plans should make provision additional to that needed to meet the identified housing requirement.
- 7.5 **I recommend** that future Residential Land Availability Studies incorporate 2 timelines, one benchmarked from 2001 and the other from 2011, with no numerical adjustment needed for the transition between the former and proposed plan periods.
- 7.6 **I recommend** that Appendix 8, column 2 be corrected by deleting the words "Existing dwelling units" and substituting the words "Number of private households", and adopted accordingly.
- 7.7 **I recommend** that paragraph 13.2 be modified by deleting it in its entirety from the words "It is proposed to undertake ..." and replaced as follows, and adopted accordingly:
- "It is proposed to undertake 5 yearly reviews after the Plan is approved by Tynwald which will tie in closely with the Isle of Man Census. Such reviews will consider the implications of any amended population projections as well as up to date evidence on employment land in terms of availability, location, quality and demand. A full Review would acknowledge and take into account as appropriate all up to date strategy/policy documents from across Government."
- 7.8 **I recommend** that Draft paragraph 8.4.8 be deleted in its entirety and replaced as follows, and adopted accordingly:
- "Having regard therefore to expected changes in population and average household size between 2011 and 2026, as well as an increase in household numbers overall, the Department has determined that provision should be made for sufficient development opportunities to enable just over 5,000 additional dwellings to be provided over the Plan period. As part of the process of calculating the spatial distribution of these new dwellings (which is discussed in paragraph 8.5 below) the figures for each Area were rounded up. This means that the new all-Island figure for inclusion in Housing Policy 1 stands at 5,100"

- 7.9 **I recommend** that Draft paragraph 13.1 be amended by deleting the words "... and related strategies and policies" and substituting the words "... and related strategies and policies and publish the findings of such monitoring as appropriate" and adopted accordingly.
- 7.10 **I recommend** that Draft Table 8.1, a graph showing resident population projections 2011 to 2026 be supplemented by the addition of the graph below showing resident population 2001 to 2026 (including projections), and adopted accordingly.



- 7.11 **I recommend** that the final paragraph of Draft Preface 2015 be deleted and replaced as follows, and adopted accordingly:

"A draft Isle of Man Strategic Plan 2015 was published in January 2015 and further public consultation occurred prior to a Public Inquiry held before an independent Inspector appointed to preside over the Inquiry. The Inspector then produced a 'Report of the Public Inquiry', which contained recommendations to the Department in relation to the draft 2015 Plan.

Although the Strategic Plan review was only focused on and resulted in changes to three specific policies, the Strategic Plan 2015 as approved by Tynwald is to be considered a single coherent document: the 2007 Strategic Plan is no longer of any legal effect.

If, contrary to the requirements of section 2 (4) of the Act (that an Area Plan is to be in general conformity with a Strategic Plan), there is any conflict between the contents of an Area Plan and the contents of the Strategic Plan, the more recently approved provisions will prevail.

By way of example, housing allocations set out in the Area Plan for the South are to be treated as superseded by the variations resulting from this Strategic Plan which specifically dealt with such allocations to the South area. On the other hand should any future Area Plan result in proposals which are contrary to any **provisions of this Strategic Plan (whether 'new' or surviving), the Area Plan provisions shall prevail.** This guidance as to status does not of course preclude any decision maker weighting such matters of timing alongside other relevant matters within the legitimate parameters of section 10(4) of the Act as they apply to a particular planning application."

7.12 **I recommend** that Draft paragraphs 5.18 to 5.28 inclusive, regarding Spatial Distribution, be deleted and replaced in their entirety as follows, and adopted accordingly:

“5.18 Chapter 8 gives the background to projected future housing need for the Island from 2011 to 2026. From this it can be seen that provision needs to be made for some 5,100 new homes up to 2026. By that date however existing homes will still comprise some 88% of the total housing stock, so by any measure it is clear that the existing spatial pattern will continue to dominate the Island Spatial Strategy.

5.19 The figure of 5,100 represents the broad housing requirement for the Isle of Man. It has been calculated by examining the actual household numbers in 2011 (as recorded in the 2011 Census) and the projected housing numbers in 2026 and allowing for a vacancy factor to account for a proportion of the overall estimated vacancy rate. In terms of how the figure of 5,100 should be distributed across the four Areas of the North, South, East and West, analysis has been undertaken of past planning approval data and the subsequent assessment examined a number of different approaches.

5.20 The approach considered to be the most appropriate calculated the spread of new housing on the basis of past development levels; using the planning approval data for new dwellings collated between 2001 and 2013. These figures provided an extensive data set. The preferred distribution approach (set out below) is supported by a general understanding of: the general settlement pattern of the Isle of Man as a whole and for each defined Area, the character of each settlement (including the potential of each to accommodate further growth), the proximity of settlements to the identified major employment centres, the areas of the Island which have been identified as having the greatest levels of demand for employment land as well as the likely impact of the preferred spatial distribution figures on the strategic highway network.

5.21 On the basis of over 12 years’ worth of planning approval evidence, the distribution across the North, South, East and West allocates 33% of the all-Island figure (5100) to the Main Centre (Douglas), 41% to the Service Centres, 15% to the Service Villages and 11% to the Villages. Based on the composition of the settlement types in each Area, the tables below shows how such a distribution would translate into a specific housing need for each Area. It is important to note that settlements of the same classification e.g. the Service Centres would, under this approach, be allocated the same proportion of the all-Island need figure.

Spatial distribution of housing 2011 to 2026 based on analysis of past planning approval data

Spatial distribution of new housing units	% of all-Island housing need figure
North	15%
South	22%
East	48%
West	15%
Total	100%

5.22 A spatial distribution based on the above approach results in the overall housing requirement of 5100 new dwellings between 2011 and 2026 being distributed in the following manner:

Area	Spatial distribution of housing requirement 2011 to 2026
North	770
South	1,120
East	2,440
West	770
Total	5,100

- 5.23 This proposed distribution recognises the East as having the greatest housing need between 2011 and 2026 followed by the South, West and North. The North and West are closely matched in terms of numbers. It is important to note that all of the Areas are different in terms of their settlement hierarchy. For example, both the North and West have only 1 Service Centre each (Ramsey and Peel), compared to the South which has 2 Service Centres (Castletown and Port Erin) and the East which has the Main Centre, Douglas, and one other Service Centre (Onchan).
- 5.24 Given the new Plan period for the Plan is from 2011 to 2026, it is important to examine both the number of dwellings actually built during the former Plan period i.e. between 2001 and 2011 and between 2011 and 2013. The Residential Land Availability Study (RLAS Update 4) identified that between 2001 and 2011, 5,400 new dwellings were granted planning approval. Further analysis revealed that out of that 5,400, 5,162 approvals remained valid as at June 2011 (Appendix 8). RLAS Update 4 reported that by June 2011 4,469 dwellings had been built or were under construction over the full monitoring period 2001 to 2011 (or 87%).
- 5.25 RLAS (Update 7) was published in July 2015 and analysed residential planning approval and completion data as well as land availability up to June 2014. The broad body of RLAS work undertaken by the Department has recently started to analyse residential approvals and take-up of such approvals since 2011 to reflect the new Plan period. Between July 2011 and June 2013, 403 new dwellings had commenced or had been completed across the Island and between July 2011 and June 2014, this had increased to 487. On further analysis of this data it is clear that new homes are being created in a number of different ways. These ways include: conversion schemes (from non-residential to residential or by the creation of multiple units from a single residential unit), windfall¹ schemes, redevelopment schemes in residential areas or new schemes on allocated sites. New units may also come forward in rural areas where a need is demonstrated.
- 5.26 In looking ahead, monitoring is expected to reveal a continuation of new planning approvals and new dwellings on the ground coming forward in a variety of forms during the Plan period. Each new RLAS Update records the types, locations and numbers of homes being approved and delivered. Given that the Plan period has in effect started, it needs to be recognised that some of the 5,100 new homes needed have already been provided and the figures set out in paragraph 5.25 above will increase as the Plan period advances. In line with the Island Spatial Strategy, the housing needs of the Island will continue to be met by concentrating new residential development in the existing settlements. The Department does, however recognise that some of **the smaller or ‘lower order’ settlements such as the Villages may have little or no potential for further development over the Plan period.** All settlements will

¹ Windfalls is defined in Appendix 1

however be appraised in detail as part of the preparation of the forthcoming Area Plans.

5.27 Chapter 8 - Housing - sets out in more detail the approach to secure the provision of housing through a process of Plan, Monitor and Manage¹. It is intended that each new Area Plan prepared will continue to undertake urban capacity assessments as part of a sequential approach² to the provision of new housing. This approach will seek to develop within existing settlements, or on previously developed land or by the redevelopment, regeneration and conversion of existing housing. Only then will greenfield sites be brought forward, as extensions to existing settlements.

5.28 **Set out above is a review of the Island's existing settlement pattern, the Spatial Vision, and the Spatial Strategy for the future development of the Island based on Centres, Links and Gateways. What follow from these are the Spatial Policies which will be applied so that the Island Spatial Strategy and ultimately the Spatial Vision can be achieved."**

7.13 **I endorse and recommend** retention of all other aspects of the Draft Plan not expressly referred to above, and that the Plan be adopted accordingly.

7.14 Finally, **I recommend** that following adoption of the 2015 Strategic Plan, so far as resources allow every effort be made to expedite future Area Plan work including that concerning Castletown

Alan Langton

DipTP CEng MRTPI MICE MCIHT

Independent Inspector

¹ Plan, monitor and manage is defined in Appendix 1

² Sequential approach is defined in Appendix 1"

APPENDIX 1: PARTICIPANTS

Department of Infrastructure	
Mr Gwion Lewis	Of counsel instructed by the Acting Attorney General
Mrs Diane Brown BSc(Hons) MTPL MRTPI	Head of Planning Policy, Strategy, Policy and Performance Division, Department of Infrastructure
Mrs Emily Curphey MRTPI	Director, Strategy, Policy and Performance
Cabinet Office – Economic Affairs Division	
Mr Carl Hawker FCCA	Acting Executive Director, Economic Affairs Division, Cabinet Office (Mr Hawker answered questions and clarified data without himself making representations)
Round Table Discussions on the Plan Period, Housing Demand, Housing Supply and Housing Distribution	
Mr Andrew Johnson BA MSc FSA	Curator – Field Archaeology/Inspector of Ancient Monuments, Manx National Heritage (Resp 2)
Mr Derek Sewell BSc MBA CTLT	Town Clerk, Peel Town Commissioners (Resp 8)
Mr Darren Wisher BA MA(Econ)	Managing Director, Regeneris Consulting for Peel Land (IoM) Ltd (Resp 13)
Mr Conor Vallely MTCP MRTPI	Associate HOW Planning for Peel Land (IoM) Ltd (Resp 13)
Miss Patricia Newton BSc DipTP MRTPI	Planning Consultant (Resp 21)
Mr David Humphrey BA(Hons) MCD MRTPI	Planning Director, Dandara Group (Resp 22)
Mr W R Tomlinson	Resident of Ramsey (Resp 23)
Mr Duncan Bridges BSc(Hons)	Manx National Heritage (Resp 25)
Mr Dennis Aram	Resident of Derbyhaven (Resp 30)
Mr George Li BA(Hons) DipArch ARB	Hartford Homes (Resp 34)
Bespoke Sessions	
Castletown Commissioners	
Mr Alwyn Collister	Chair, Castletown Commissioners
Mr Kevin Weir	Vice Chair, Castletown Commissioners
Mr Keith Hargest MRTPI MRICS MIHT	Planning Consultant for Castletown Commissioners
Carse Hannay Economic and Business Research	
Mr Stephen Carse BSc(Econ) MSc(Econ)	Partner, Carse Hannay
Mr Peter Hannay BSc(Hons) MA	Partner, Carse Hannay

APPENDIX 2: DOCUMENTS

Core Documents

- CD 1 Isle of Man Strategic Plan 2007
- CD 2 Town & country Planning Act (1999)
- CD 3 Report of an Inquiry Held into the Plan on 14th to 17th and 21st to 24th March 2005 at the Villa Marina, Douglas
- CD 4 The Strategic Plan Review Supporting Evidence Paper 1: Housing Demand – An examination of the 2011 Census and the Isle of Man Population Projections 2011
- CD 5 The Strategic Plan review Supporting Evidence Paper 2: Housing Supply – An examination of planning approval data for the Isle of Man (2001 to 2013) and current residential land availability
- CD 6 The Strategic Plan Review Supporting Evidence Paper 3: Housing Land Requirements – How the housing needs of the Plan Period 2011 to 2026 (based on the 2011 Census, the population Projection Model and the RLAS Report)
- CD 7 **The Department's Response** to the representations received on the Preliminary Publicity – Explanatory Note to Support the Response Table prepared by the Department (Response Table PP1)
- CD 8 **The Department of Infrastructure's Response to the Representations** Received on the Preliminary Publicity to the Isle of Man Strategic Plan Review (Response Table PP1)
- CD 9 Draft Isle of Man Strategic Plan 2015 – Response Form Consultation Questions
- CD 9a Response Table DSP1 – **The Department of Infrastructure's response to the** representations received on the Draft Isle of Man Strategic Plan 2015 July 2015
- CD 9b Schedule of Proposed Changes DSP2 July 2015
- CD 10 The Draft Isle of Man Strategic Plan 2015 – A Schedule of Proposed Changes
- CD 10a The Draft Isle of Man Strategic Plan 2015
- CD 11 Housing Needs Study prepared by David Tolson Partnership
- CD 12 Isle of Man Census Report 2011
- CD 13 DLGE Residential Land Availability 2007
- CD 14 DLGE Residential Land Availability 2008 Update 1
- CD 15 DLGE Residential Land Availability 2009 Update 2 (not published)

The Draft Isle of Man Strategic Plan 2015 Inspector's Report Documents

- CD 16 DLGE Residential Land Availability 2009 Update 3
- CD 17 DOI Residential Land Availability 2011 Update 4
- CD 18 DOI Residential Land Availability 2001-2012 Update 5
- CD 19 Residential Land Availability Study Update 6
- CD 20 Residential Land Availability Study Update 7
- CD 21 **Chief Minister's Progress and Priorities Statement to Tynwald October 2013**
- CD 22 Vision 2020 Isle of Man Department of Economic Development
- CD 23 Douglas Central Masterplan
- CD 24 Employment Land Review
- CD 24a Employment Land Review Appendices
- CD 25 DOI Proof of Evidence for the Public Inquiry
- CD 25a DOI Proof of Evidence for the Public Inquiry – Additional Paper 1
Response to Question 30
- CD 25b DOI Proof of Evidence for the Public Inquiry – Additional Paper 2
Residential Land Availability Study - Interim Update to Update 7 2001 – 2014
- CD 25c Table 1 Planning Approval and Projection Figures for the Island 2011 – 2016
(New Strategic Plan Period)
- CD 25d Annual Breakdown of Approved Dwellings 2001 to 2014
- CD 25e Department of Infrastructure Housing Division – Memorandum from Deborah Reeve,
Director of Housing, to the Inspector 29th September 2015
Draft Strategic Plan Public Inquiry – Housing Data Response
- CD 26 Department of Social Care Housing Review Recommendations Report
November 2013
- CD 27 National Income Accounts 2013/14 - Economic Affairs Cabinet Office Isle of
Man Government September 2015
- CD 28 January 2015 Market Trend Data Press Release – UK Government
- CD 29 Lifetime Homes Design Guide – Lifetime Homes Foundation
- CD 30 Intergenerational Foundation - Housing
- CD 31 Consultation on the Potential Introduction of an Enterprise Development Fund to the
Isle of Man – The Department of Economic Development
- CD 32 Call for Sites for Employment Land – The Department of Infrastructure
- CD33 The Isle of Man in Numbers – Economic Affairs Division

Evidence Papers (1 – 3) Supporting Papers

- SD 1/CD 1 Isle of Man Strategic Plan 2007
- SD 2 Securing a sustainable future for our Island – a mid-term report from the Council of Ministers on the Agenda for Change
- SD 3 Isle of Man Census Report 2011
- SD 4 Housing Statistical Release, 09/04/2013 Household Interim Projections 2011 to 2021 England
- SD 5 National records of Scotland - Statistical Bulletin, 2011 Census: First Results on Population and Household Estimates for Scotland – Release 1B
- SD 6 Jersey Census 2011: Bulletin 3, Households and Housing
- SD 7 Census 2011 Population and Household Estimates by Local Government District for Northern Ireland September 2012
- SD8 Statistical Report – 2008 Based Household Projections for Areas within Northern Ireland
- SD9 Progress and Priorities Statement to Tynwald October 2013
- SD10 Office of National Statistics – Large increase in 20 to 34 year olds living with parents since 1996
- SD11 IEA Discussion Paper No. 38 – Abundance of land, shortage of housing, April 2012
- SD12 Empty Homes Statistics 2013 – How Many Homes Are Empty?
- SD13 Economics Help – Irish Property Marks, Boom and bust
- SD14 National Records of Scotland – Estimates of Households and Dwellings in Scotland 2013
- SD15 Report on the 2011 Jersey Census
- SD16 Department of Social Care – Housing Policy Review Progress Report October 2010
- SD17 ECFIN Country Focus – The UK Housing Market: Anatomy of a house price boom
- SD18/CD14-20 Residential Land Availability Study Updates 2007 – 2014

Representations

- DSP1 Department of Economic Development
- DSP2 Manx National Heritage

DSP3 Manx Utilities Authority
DSP4 Braddan Parish Commissioners
DSP5 Onchan District Commissioners
DSP6 Patrick Parish Commissioners
DSP7 Douglas Borough Council
DSP8 Peel Town Commissioners
DSP9 Marown Parish Commissioners
DSP10 Malew Parish Commissioners
DSP11 Castletown Commissioners
DSP12 Isle of Man Chamber of Commerce
DSP13 Peel Holdings
DSP14 Shoprite
DSP15 Mr Andrew Berry
DSP16 Carse Hannay
DSP17 Mr John Matthews
DSP18 Mr K Moughtin
DSP19 Mr Tim Norton
DSP20 Mr Andrew Jessopp
DSP21 Miss Patricia Newton
DSP22 Heritage Homes
DSP23 Mr W R Tomlinson
DSP24 Ballasalla & District Residents Association
DSP25 Manx Wildlife Trust
DSP26 Mr David Comish
DSP27 Mr Nigel Geoffrey Crowe
DSP28 Mr Stephen Woodward
DSP29 Mr Chris Wilson
DSP30 Mrs Mary and Mr Dennis Aram
DSP31 Mr Jonathon Kermode
DSP 32 Mr Stephen Moore
DSP33 Hon Juan Watterson MHK

Late Ms Christina Corkill

Late Department of Environment, Food and Agriculture

Late IOM Natural History & Antiquarian Society

Responses /Further Statements and Inquiry Attendance Acknowledgments

Resp 1/1 Department of Economic Development

Resp 2/1 Manx National Heritage

Resp 7/1 Douglas Borough Council

Resp 11/1 Castletown Town Commissioners

Resp 13/1 Peel Land (Isle of Man)

Resp 16/1 Carse Hannay

Resp 21/1 Miss Patricia Newton

Resp 21/2 Miss Patricia Newton Addendum

Resp 22/1 Dandara Group

Resp 23/1 Mr W R Tomlinson

Resp 25/1 Manx Wildlife Trust

Resp 30/1 Mr and Mrs Aram

Resp 34/1 Hartford Homes

Process Documents

Isle of Man Strategic Plan Review 2015 pre-Inquiry Meeting Notes (23rd July 2015)

Round Table Discussion Paper (22nd July 2015)

Isle of Man Strategic Plan Review 2015 Round Table Discussion Paper – Final Version

Inspector's Note 1 (7th August 2015)

Inspector's Note 2 (14th September 2015)

Cabinet Office Public Notice for Draft Isle of Man Strategic Plan Review (30th July 2015)

Cabinet Office Public Notice for Pre-Inquiry Meeting and Public Inquiry

Guidance Notes for Participants and Observers

APPENDIX 3: ROUND TABLE FORMAT

Introduction

1. Round table formats, and their more structured version as Examinations in Public, are widely used in the consideration of draft development plans. As there are no specific statutory Manx inquiry procedure rules with respect to these formats, I thought that it might be helpful if I offer some thoughts about what I see as the main principles.

Principles

2. The aim is an efficient but fair opportunity to hear a range of views, aiming for a constructive rather than adversarial approach.
3. A range of participants is essential, typically including the development industry, environmental groups, local authorities and individual residents. There needs to be somewhere between a minimum of about 6 – to obtain a range and balance of perspectives – and a maximum of about 15 – so that the discussions remain manageable and without participants facing lengthy delays between speaking opportunities. It is sometimes necessary to co-opt participants and sometimes to curtail the number who can take part. Neither was needed on this occasion, with 9 willing participant organisations/individuals representing a good range of viewpoints.
4. The plan-making body, in this case the DoI, must be able to participate fully in the debates and have the final right of reply at the conclusion of any topic. I sought feedback from those who participated in this case. The consensus was favourable, with a consistent appreciation of the fact that the DoI right of reply was not treated as an inflexible termination of a topic, but I allowed further rounds of comments before finally turning again to the DoI representatives.
5. No one should be required to participate at the round table sessions in order to appear and be heard at the inquiry, and in the event that numbers have to be curtailed those denied the opportunity must most certainly be invited to attend a separate session. No participant should be permitted to attend the round table sessions and again at a separate session addressing the same or similar issues to those at the round table debates.
6. The questions to be addressed should be issued by the inspector initially in draft with an opportunity for anyone to comment prior to the final version. In the event that numbers have to be curtailed, the draft list of participants should likewise be published with an opportunity for representations before the definitive list.
7. The format is appropriate for broad policy topics. It should never be used to address more specific policies or identified sites, where some individuals may have a clear and direct personal interest. Such matters need to be addressed through the conventional formal inquiry process, including opportunities for formal cross examination of evidence.
8. **The resulting inspector's report of inquiry (ie this one)** is likely to have a narrative and discursive tone when compared with the more formulaic reports that typically flow from the conventional inquiry process considering a development plan. It is crucial, however, that the report reaches and expresses unambiguous recommendations.