

Cabinet Office

Island Spatial Strategy Options

Evidence Policy Paper P.EP 01



Isle of Man Strategic Plan

Preliminary Publicity

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The goal is to have an updated spatial strategy for the Isle of Man which reflects national goals and stated outcomes. The visioning, debate and data analysis starts here with preliminary publicity.

Cabinet Office, July 2023

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Part 1: General Approach

1.1 General Approach and Introduction

The Island Spatial Strategy (ISS) has strategic significance and sits at the very heart of the strategic plan. Simply put, the ISS embodies the approach to attain a sustainable pattern of development across the Island. A vision statement normally accompanies a spatial strategy as it provides a narrative to the strategic direction for development over the plan period and the reasons for that strategy. Good evidence is key and a sufficient spatial analysis of that evidence is necessary in order to draft policy and other guidance on how the Island will develop over the best part of the next two decades. Cabinet Office will continue to compile evidence and carry out such analysis throughout the plan making process

It is important that issues and options are explored and different approaches tested when it comes to the spatial distribution of development; whether they relate to a concentration of development in and around Douglas, a dispersal of new development around the Island, one or more new settlements or a combination of patterns.

The Spatial Strategy adopted in 2007 and retained until now has been based on the core principles of Centres, Links and Gateways as a focus for future development and growth with a presumption against development in the countryside. The scale of development directed to each settlement was proportional, dependent on the 'tier' in which it sat in the settlement hierarchy. The spatial strategy was depicted diagrammatically by a 'Key Diagram'.

Part One

Critical data/evidence in defining any spatial strategy includes Island-wide surveys of housing, employment, landscape character and other environmental factors and strategic infrastructure. Data sources include:

- Population and household changes (refer to Section 6) expected over time which act as the basis for calculations concerning population numbers and demographic composition – ultimately this provides the baseline for translating raw data into the number of new homes required over the plan period and allows approaches on the best distribution options to be discussed.
- Survey of existing land available for housing (available via the Residential Land Availability Study);
- A study of urban capacity i.e. assessment of the capacity of existing settlements, including approval data – to help judge the best options for the provision and distribution of housing growth areas;
- The changing character and size of settlements in the last 20 years and changing constraints - such as flood risk or loss of/gain of community facilities, services or infrastructure;
- National Transport Study – to identify areas of the road network most suited to a growth in traffic volume and allow for proper assessment of the implications of and interrelationship between land use and transport planning. The Transport Strategy is currently underway and will feed directly into the Draft Plan;
- Other infrastructure (needs and availability) – in order to ensure straightforward connections and availability of supply, e.g. utilities, water, power, sewerage, education, health, transport, etc.
- Landscape Character Assessment – to be able to identify landscape quality and need for green gaps (the IOM Landscape Character Assessment 2008 is the main evidence document at this stage), and
- Evidence of future growth industries or businesses that are of strategic importance to the current and future economy of the Island. An Employment Land Review is required to set the scene for the scale and location of employment opportunities at Area Plan level.

1.2 Core Principles

As part of the preparation of the Draft Plan it will be important to test different scenarios to make sure the best solutions are identified. The Response Questions associated with this consultation do ask about spatial matters, for instance; to what extent should the built up area of Douglas accommodate further growth?

There are, however, a number of core principles that will be embedded in the approach taken for the Draft Plan. It shall be assumed that:

- Good evidence will be instrumental to the development of the spatial strategy;
- The spatial strategy will give clear policy guidance for the overall pattern of development on the Island;
- There will be a Vision Statement;
- There will be a Key Diagram;
- There will be a focus on the regeneration of urban areas;
- There will be recognition that the 2021 Census is the proper and most reliable basis for population data and projecting future population and household size. The findings of the 2021 Census and data that flows from it will be taken as the baseline;
- Broad housing need will be based on projected household changes using the Census, but with an allowance made for market review/affordability. Input will come from the findings of the 'objective assessment of housing need' Study;
- Government policy set out in Our Island Plan and Economic Strategy will influence the spatial strategy. There is a strong link between economic policies and their impact on the future economy and achieving population growth;
- Douglas will continue to have a dominant effect on the whole of the Island since it is the major source of housing and employment. Douglas in this description is taken to be the 'settlement' or built up area of Douglas in planning terms rather than the City boundary, and
- There will be resistance to new isolated dwellings in the open countryside.

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1.3 What will be Reviewed?

The current spatial strategy is set out in Chapter 5 of the Strategic Plan. As a way of setting out what will specifically be reviewed the following list reflects the key elements:

1. The existing settlement and development pattern;
2. The spatial vision;
3. The use of the terms Centres, Links and Gateways;
4. The spatial distribution of housing and the identification of housing figures;
5. The description of towns/villages/settlements as 'Service Centres/Villages' and 'Villages' and their position in any settlement hierarchy going forward including whether that hierarchy should change;
6. Terminology used including 'local needs' and 'development boundaries': terms will be clarified as part of a glossary of terms;
7. The broad approach to countryside development and rural housing, and
8. Approach to green gaps between settlements and need for such policy.

1.4 Population Projections

The 'only robust estimate of measure of the population and its composition currently available is that provided by the census' - this is set out in the Review of Population Statistics 2023¹. This Report does recognise however that there is a clear need for more frequent and more robust population estimates including an annual population estimate.

Statistics Isle of Man intends to publish:

- i. **A dedicated annual report** - which includes additional relevant information and trends, such as that associated with the number of filled employment positions on the Island or the number of registered electors. This report will also host population projections updated annually to reflect the levels of migration identified by the population estimate.
- ii. **A quarterly provisional population estimate** - this will be published in the Quarterly Statistical Update produced by Statistics Isle of Man, starting with the report for the second quarter of 2023 (refer to para.s 6.6.1 and 6.6.2, GD 2023/062²).

Analysis - based **only** on the Census Data - allows for very early estimates of possible population and household size figures. From the outset, Cabinet Office commits to examining any new data available in terms of projections as the plan process continues. Also housing need will be based on 10 year household growth projections. So, the estimates identified in Table 1.1 below may well change as additional data is incorporated over time. There is further discussion of the figures (including an alternative scenario for average household size) in Part 2 of this paper which looks at Housing Need.

Table 1.1: Recorded and Possible Population figures based on Census data

	2021	2031	2037
Resident Population	84,069	88,000	89,500
Average Household Size	2.22	2.16	2.16

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1.5 Options for Growth

There are a number of different options for growth and Cabinet Office is particularly interested in receiving consultation responses on this topic. There are three main options but variations exist within all of them. It is worth remembering that some development is already in progress or planned and that valid planning approvals can still be implemented. So, the question about 'options for growth' is essentially about long term growth patterns and steering the Island forward in the most sustainable way over the next 18 years.

The Response questions are drafted to help get a feel for the pattern of development that seems right for the Island, its terrain and topography and its beauty, taking into account the priority to optimise the use of land and the availability of infrastructure.

Brownfield sites will be expected to deliver new opportunities for residential development alongside other uses as it's important to strengthen communities by having the right mix of uses. The goal is to make the places that we have better. At times there will be the need to have new green field development and these must be designed to be good and well designed places from the outset.

Table 1.2: Growth Options

Options	Key Features	Assumptions	Variations
<p>Option 1</p> <p>Hierarchy of settlements</p> <p>(the current system)</p>	<p>Traditional hierarchical pattern.</p> <p>Where settlements of similar scale and level of services are grouped within the same 'tier' regardless of their capacity for growth.</p> <p>Development levels based on equal proportions i.e. number of housing units per settlement are the same if in the same tier.</p>	<p>Growth pattern on Island would follow the current model using a familiar pattern of development growth.</p>	<p>Settlements could change tier position or enter/exit the recognised hierarchy.</p> <p>Expectation for Douglas to take more growth. Alternatively - less growth.</p> <p>Settlement position adjusted to take into account constraints from the outset.</p>

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Table 1.2: Growth Options cont....

Options	Key Features	Assumptions	Variations
<p>Option 2</p> <p>Douglas and the East focus.</p>	<p>Focus on Douglas including expansion and settlements in the East closest to Douglas.</p>	<p>Exclude Laxey/Baldrine due to distance from Douglas</p>	<p>Focus could include groups/settlements in Santon</p>
<p>Option 3</p> <p>Dispersal.</p>	<p>More opportunities away from Douglas in lower order settlements and rural locations.</p>	<p>Existing size and scale of place less important.</p>	<p>Potential for new settlement(s) where there is good infrastructure or potential for good infrastructure over the plan period/plan lifetime.</p> <p>Location of development based on and primarily aligned with infrastructure availability as main consideration in identifying areas for growth.</p>

1.6 A New Approach to Area Plan Boundaries

The current Strategic Plan defines four areas as a way of identifying the boundaries of the Area Plans. The Strategic Plan of 2007 - and as updated in 2016 - set out the housing needs for each area over the plan period. The needs for each plan were set out in the Housing Chapter rather than the Spatial Strategy Chapter.

The future of the Area Plans for the Island is set to change as the intention is to move to a planning framework retaining a strategic plan but with one all-Island Area Plan instead of three or four area plans as originally anticipated.

Adjustments will be made to take account of this future intention but the numbers of Plans need not hinder the development of a new spatial strategy.

**Part Two:
Housing Need
and Distribution
2021 to 2041**

2.1 Housing Need and Distribution

Housing policy has a significant impact on our towns, our villages and our countryside. It affects what our communities look like and how we feel about them and a strong sense of public feeling is no more apparent than when new estate development is being considered on the edge of our urban areas. Such transition areas between 'town and country' are often the most controversial; encroachment into green fields is not always needed, but in some instances it may be the better solution to meet future development demands.

The Strategic Plan sets the broad planning framework for housing location, design, layout, supporting infrastructure requirements and tackles the issues associated with satisfying the Island's housing needs. One of its core objectives is to identify the right level of housing opportunities needed over a defined period which in turn provides certainty for developers and communities about likely changes over time. Both the 2007 and 2016 Strategic Plan Update have included a total figure for the Island and a breakdown of need figures across the north, south, east and west (see Table 1.3). In terms of housing approvals and delivery since 2001, net figures are set out in Table 1.4.

Housing Policies and Island Spatial Policies guide the general distribution of development around the Island and are closely linked. Both rely on population and household figures and estimated changes and these are the starting point in any plan making process that attempts to project what land and new homes are required over a defined period.

It is important to recognise that the population projection data provided by Statistics Isle of Man is an independent data set, and does not take into account Government's policy goals. It focuses in the main on the presentation of statistics and trends albeit within a meaningful context. Cabinet Office in the delivery of its statutory duty to deliver the Island Development Plan can carry out further analysis. It has the ability to factor in other assumptions, evidence and policy goals in its translation of these projections into Island-wide housing need and land requirements at the national and local level.

In terms of calculating housing need, an 'Objective Assessment of Housing Need' (OAHN), as commissioned by the Housing and Communities Board, will influence the policy approach for housing included in the Draft Plan. In the meantime, housing need for the plan period 2021 to 2041 (note this is based on a 10 year household growth) has been calculated using an updated methodology to that used in previous plans to reflect the approach used in other jurisdictions. Firstly though, a brief description of the current method.

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Table 1.3: Strategic Plan Housing Need Figures (2007 and 2016)

	Plan Period	Housing Need (net new dwellings)	North	South	East	West
Isle of Man Strategic Plan (2007)	2001 - 2016	6,000	1,200	1,300	2,500	1,000
Isle of Man Strategic Plan (2016)*	2011 - 2026	5,100	770	1,120	2,440	770

* The overlap in plan periods was dealt with as part of the Strategic Plan Review in 2015/2016

Table 1.4: Housing unit Approvals and Delivery since 2001

	Valid Planning Approvals 2001 to 2023	Completed or Under Construction 2001 to 2023	% of Valid Approvals take up 2001 to 2023
North	1,203	979	81%
South	1,727	1,566	91%
East	3,019	2,741	91%
West	1,444	1,374	95%
Total	7,393	6,660	90%

2.2 How Housing Need has been Calculated in the Strategic Plan

The Strategic Plan 2016 uses a set of straightforward calculations to identify national housing need across the Island and the breakdown of that figure into the north, south, east and west.

This part of the Island Spatial Strategy Paper outlines how housing calculations have been done in the past and goes on to explain an alternative method more commonly used across the United Kingdom, States of Guernsey and Jersey. Cabinet Office considers the adoption of this alternative method as a practical and sensible option for the Island.

The method below explains how figures were produced for the current Strategic Plan. Some elements will be relevant for the new method and will remain important to how housing need is calculated as part of the preparation of the new Strategic Plan.

Table 1.5: Key Data Used in the Strategic Plan 2016

Factors	Description
Resident Population	Isle of Man residents present on Census Night plus residents absent from the Island on Census Night.
Residents Living in Private Households	Statistics concerning resident households - excluding persons in communal establishments such as Noble's Hospital/Care Homes or the Isle of Man Prison.
Average Household Size	A household comprises of either one person living alone, or a group of persons (who may or may not be related) living at the same address.
Number of Private Households	Change in the number of private households over the plan period is the key figure.
Vacancy Factor of 4% (not relevant in the new method)	An allowance made for 'choice and churn' within the market in recognition that some empty units are required at any one time in order for it to function. Some dwellings will be empty because they are for sale, others may be being renovated.

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The increase in the number of private households over the plan period 2011 to 2026 plus the vacancy factor (4%), provided the overall figure for housing need stated in the Strategic Plan 2016.

As a result of this calculation Strategic Policy 11 (and Housing Policy 1) state:

The housing needs of the Island will be met by making provision for sufficient development opportunities to enable 5,100 additional dwellings (net of demolitions), and including those created by conversion, to be built over the Plan period 2011 to 2026.

In terms of how this policy has performed since 2011:

- Between 2011 and 2023, there was planning approval for 3,476 new dwellings;
- 2,214 or 64% of those approvals were 'taken' up i.e. units were started or completed;
- Take-up was highest in the West 75%, then the South 73%, East 55% and North 52%;
- 42% of the land allocated for development in existing plans had some form of approval for residential development.

Note: the table refers only to valid approvals. All lapsed approvals are discounted.

The current Strategic Plan makes no adjustment to account for the findings of any Housing Needs Assessment. However, this is to change in order to better reflect the approach used elsewhere in the UK to supplement Census data. Adjustments may include bespoke demographic analysis and are often referred to as 'Objective Assessments of Housing Need' known as OANs or OAHNs. They generally include affordable housing need and an analysis of housing mix requirements.

2.3 A New Approach to the Assessment of Housing Need

Work is underway to develop a standard methodology that the Island can use to calculate its housing need. A Housing Needs Assessment has been commissioned to carry out a comprehensive study of current and future housing requirements on the Island. The assessment is being undertaken to inform future housing policies which will be set out in the Draft Plan and also the work of the Housing and Communities Board.

It is hoped the Assessment will help to identify households identified as currently being in housing need, the future housing requirements of established and newly forming households within the Island, as well as inward migrants from the UK and elsewhere in the world. Achieving such gross housing requirements can be offset against the likely supply of housing from within the existing stock to yield a net requirement for additional housing.

The intention is to have defined terminology in the Draft Plan in order to better understand the differences between housing 'requirement' (every Islander has a housing requirement), housing 'demand' (those people who can buy or rent a property in the private housing market), and housing 'need' (people who need assistance through social rent or subsidised access to the private sector such as the Shared Equity Purchase Assistance Schemes).

Being clearer about these terms will help identify the housing necessary to accommodate the Isle of Man's population and to examine the issue of appropriate minimum standards. Account will be taken of any progress made to introduce a Housing Association on the Island.

Part Two

2.4 The Objective Assessment of Housing Need

The study which is being carried out seeks to establish the objective housing need for the period to 2037 and up to 2041. The Study will use Statistics Isle of Man data and further modelling scenarios to achieve a number of outputs:

An overall level of housing need for the Island - this will be driven by future household growth over the plan period, and also to a large extent by assumed levels of net migration. However, in addition to the future household growth it is also important to take account of unmet needs at the start of the period from concealed households that should have already been able to form and homeless households who do not have a home of their own.

The mix of housing needed - this also depends on the size and make-up of the future population, but must also take account of the propensity of existing households to move from their current home. For example, there is likely to be a substantial increase in older person households over the Plan Period, but most will be households already living on the Island – so the need for older person housing will inherently depend on the extent to which these households choose to (or have to) move to a more suitable home. The balance between market housing and affordable housing also depends on household mix, combined with information on income and homeownership. The work will help in the understanding of the likely need for private rented and affordable rented homes and first homes, older person housing, supported housing and the impact this will have on the general housing stock.

A view on key drivers underpinning the housing market - this will look at the characteristics of the existing stock and key trends. Indicators such as land prices, house prices, affordability, new housing development and turnover of the existing stock, short-term and long-term vacancies, overcrowding and under-occupation will be looked at. The Study will review the available population and household projections to better understand the key demographic drivers and consider the overall changes projected and also the changes within individual cohorts. The Study will look at projection scenarios and test alternative assumptions to understand the sensitivity of the household growth to a range of differing factors. This will potentially include a review of the different migration rates already assumed but would also consider factors such as household formation rates and the impact on average household sizes. Adopting different household formation rates allows the balance between housing need and housing demand to be properly tested.

Impact of Government's policy goals - consideration will be given to the likely number of future workers, taking account of the projected population and sensitivity testing related to economic activity rates, including growing the Island's population up to 100,000 by 2037. These projections can then be aligned against future employment projections based on different economic scenarios.

2.5 Current Position on Gross Housing Need ahead of the Draft Plan

Ahead of the OAHN and taking into account existing Census based population data, Cabinet Office has identified a baseline housing need figure using household growth projections and affordability data. The method follows that encouraged in England under the National Planning Policy Framework – i.e. 'the standard method'.

Data Sources include:

- i. The Census (2021) and derivatives of the Survey provided by Statistics Isle of Man
- ii. The Isle of Man Housing Market Review 2022

It should be noted that whilst the National Planning Policy Framework expects authorities to use the 'standard method' to assess local housing need, it is currently being reviewed and elements of the method may change in the future. Cabinet Office has used the methodology to calculate what provisional figures would look like in terms of the minimum number of homes needed.

Part Two

2.6 How the Standard Method Works

The Standard Method uses a very simple three step process for the purpose of helping Local Planning Authorities decide their housing need in a consistent and time efficient way. A fourth step has been added for the purposes of this explanation.

Step 1: Setting the baseline - the baseline:

- uses projections of household growth in the area, and
- calculates the projected average annual household growth over a ten year period

Step 2: Making an adjustment to take account of the market - the adjustment:

- recognises household growth on its own is insufficient as an indicator of need;
- recognises that there may be a constrained supply of available properties;
- takes into account the affordability of the area by comparing median house prices to median earnings;
- in the UK, levels of adjustment will differ between areas (parishes/villages potentially) where there is a greater gap between average house prices and average earnings. The Isle of Man for the purposes of any Standard Method Assessment will be treated as one area.

Step 3: Capping the level of 'adjustment' increase - a market adjustment alone could lead to a significant increase in local housing need. A cap is therefore used and is set according to how up to date an area's housing policies are.

So, elsewhere:

- i. If a plan was approved in the last five years, the annual housing need figure is capped at 40% above the annual housing need figure set out in the plan.
- ii. If a plan is older than 5 years, the annual housing need figure is still capped at 40% unless either the projected household growth over 10 years or the existing plan's annual housing requirement is higher. In that case, the higher of those figures is used.

Step 4: Sense Check and Consideration of Other Policy Goals - this step can take into account the economic aspirations of Government Policy and Cabinet Office has applied this step.

2.7 What would a 'Manx Standard Method' mean for Housing Need

Table 1.6: Standard Method Calculation Tables

Step 1	
Identify the average household size and number of households over the next 10 years (the baseline) - based on a projection of 88,000 residents by 2031 and average household size of 2.16	3520
Step 2	
<p>Take the median earnings to median house price ratio set out in Isle of Man Housing Market Report 2021³ to help address the housing to earnings gap. The calculation would look like this:</p> <p>Adjustment Factor = $\frac{\text{Local Affordability Ratio} - 4}{4} \times 0.25$</p>	9.97
<p style="text-align: right;">Median House price for the year 2021:</p>	£349,950
<p style="text-align: right;">Median Salary to Median House Price Ratio as a decimal:</p>	9.97
<p style="text-align: right;">$9.97 - 4.0 = 5.97 / 4 \times 0.25 =$</p>	0.373125
<p style="text-align: right;">10 year household growth =</p>	3520
<p style="text-align: right;">$3520 \times (1 + 0.3775) =$</p>	4833

Part Two

Step 3	
<p>Applying a cap:</p> <p>The Isle of Man has a Strategic Plan where the housing need figures were last reviewed in 2016 and a series of Local and Areas Plans which are all greater than 5 years old with the exception of the Area Plan for the East (2020).</p> <p>Notwithstanding the East Plan, it would be appropriate to consider the Island’s Housing Policies overall to be greater than 5 years old which justifies applying a cap and in this scenario at the higher scale (see results).</p>	
<p>So, taking into account:</p> <p>A. The projected household growth for the area over the 10 year period identified in Step 1, and</p> <p>B. The average annual housing requirement figure set out in the most recently adopted strategic policies + 40%</p> <p>It can be seen that the figure produced at step 2 is less than the higher figure of A and B, therefore the housing need figure of 4849 remains the overall figure.</p>	<p>A: 4928</p> <p>B: 4508</p> <p>Figure remains at 4833 (i.e. housing need 2021 to 2031)</p>

Step 4 Planning for a Higher Population

The purpose of this method is to find the minimum housing need figure. However, any planning authority can plan for higher economic growth.

The Economic Strategy embedded in Our Island Plan states that we should plan to provide the infrastructure for a population of 100,000 residents by 2037.

What is the impact on housing need if planning for 100,000 residents by 2037 using a projected 10 year housing growth figure?

Running the same calculation again (Steps 1 to 3) but using a greater household growth.

1. Total Residents	100,000
2. Residents in private households (2,000 in institutional accommodation)	98,000
3. Average household size	2.16
$(98,000 / 2.16) - \text{Existing households } 37,220 =$	8150
$8150 / 15 \times 10 = \text{10 year household growth} =$	5433
Median House price for the year 2021 =	£349,950
Median Salary to Median House Price Ratio as a decimal =	9.97
$9.97 - 4.0 = 5.97 / 4 \times 0.25 =$	0.373125
10 year household growth =	5433
$5433 \times (1 + 0.373125) =$	7460
Applying a Cap:	
A. $5433 \times 1.4 =$	7606
B. $(322 \times 10) \times 1.4 =$	4508

As the figure produced at step 2 (7460) is less than the higher of A. or B. 7,460 remains the 'need' (2021 to 2031)

Part Two

2.8 How Average Household Size Affects Housing Need Figures

If the average household size (AHS) were to reflect the 2021 Census findings - AHS of 2.22 - how would the housing need figures be affected?

The results from Step 4 would be as follows:

Step 4 Planning for a Higher Population with an AHS of 2.22	
1. Total Residents	100,000
2. Residents in private households (2,000 in institutional accommodation)	98,000
3. Average household size	2.22
(98,000 / 2.16) – Existing households 37,220 =	6924
8150 /15 X 10 = 10 year household growth =	4616
Median House price for the year 2021 =	£349,950
Median Salary to Median House Price Ratio as a decimal =	9.97
9.97 – 4.0 = 5.97 / 4 x 0.25 =	0.373125
10 year household growth =	4616
5433 x (1+ 0.3775) =	6338
Applying a Cap:	
A. 5433 X 1.4 =	6462
B. (322 x 10) X 1.4 =	4508
As the figure produced at step 2 is less than the higher of A. or B.	Figure remains 6338

2.9 The Need to Monitor Data and Evidence up to the Draft Plan

Further evidence will become available ahead of the draft plan and Cabinet Office is keen to receive views on the preliminary calculations/conclusions set out in the above tables.

We are interested to know if:

- you agree with using the Standard Method?
- you agree with the gross calculation on new dwellings needed for an estimated population of 100,000 by 2037?

Cabinet Office recognises that projections become increasingly unreliable as time goes on which makes it imperative to make sensible decisions taking into account the most up to date statistical data available alongside this Administration's population goals.

Part Two

2.10 Spatial Distribution and Options for Change

The Town and Country Planning Act 1999 states that the Island Development Plan shall consist of a strategic plan and one or more area plans. The intention during this Administration was to have 3 Area Plans in place – The Area Plans for the East and South (both of which are in operation) and The Area Plan for the North and West (published in draft).

Cabinet Office is advancing the end goal of having an Island Development Plan made up of: A Strategic Plan and One Area Plan. The latter - a single 'All-Island Area Plan' - will look at land allocations and local planning matters across the whole Island at the same time. It will reflect the Spatial Strategy and Policy guidance set out in the Strategic Plan. Section 2(4) of the Town and Country Planning Act 1999 states that **an area plan shall be in general conformity with the strategic plan.**

The Spatial Strategy to be followed in the future (as detailed in this paper) is still being considered. This means that the spread of and concentration of development is not yet certain. For the purposes of understanding in principle how revised housing need figures would affect the the Island, calculations have been done on the basis of the existing settlement hierarchy. This allows an understanding of how new housing might be spread across the Island in the future, but on the basis of the current spatial strategy.

Table 1.7 updates the spread of development across the Island according to planning approval data and settlement hierarchy position - i.e. approvals in the Main Centre (Douglas) and in the Service Centres, Service Villages and Villages. The table also looks at how the new data updates the broad 'distribution' across the the north, south, east and west.

Table 1.7: Analysis of changing housing distribution across the settlements using the existing settlement hierarchy.

Existing Settlement Hierarchy	Total approvals 2001 - 2014*	2001 - 2014 %	Total approvals 2001 - 2023	2001 - 2023 %
Main Settlement	1,832	31%	2,128	29%
Service Centres	2,508	43%	3,046	41%
Service Villages	834	15%	1,403	19%
Villages	663	11%	816	11%
Total	5,837	100%	7,393	100%
Distribution by Plan Area (Existing Strategic Plan)			Distribution using up to date approval data (2001 to 2023)	
East	48%		45%	
South	22%		23%	
North	15%		16%	
West	15%		16%	

*This period was the data range used for the Strategic Plan 2016

Part Two

2.11 Converting Gross Housing Need to Net Housing Need

To arrive at a net housing need figure, deductions need to be made to the gross figure. Deductions relate to the number of units granted planning approval (which remain valid) and the number of units expected over the remainder of the plan period - e.g. projections for conversions. Table 1.8 shows an indicative net requirement based on a gross need of **7460** dwellings by 2031.

Table 1.8: Calculating a Net Housing Need using current data (July 2023)

Assessment of Net Housing Need 2021 to 2031	
Housing need based on 10 year household growth assessment	7,460
Existing Planning Approvals (new units)	2,937
Projections	134
Additional opportunities needed to 2031 (7,460 - 2,937 - 134)	4,389

Distribution - using existing method (figures are rounded)		
North	0.15	660
West	0.15	660
South	0.22	970
East	0.48	2,110
Total		4,400

Table 1.8 cont...

Allowing for existing Land Supply as at June 2023 (based on approved plans and including Strategic Reserves)	
North	382
Allocated land - without valid planning approval	
West	229
Allocated land - without valid planning approval	
South	325
Allocated land - without valid planning approval	
East	1,617
Allocated land - without valid planning approval	
Total	2,553

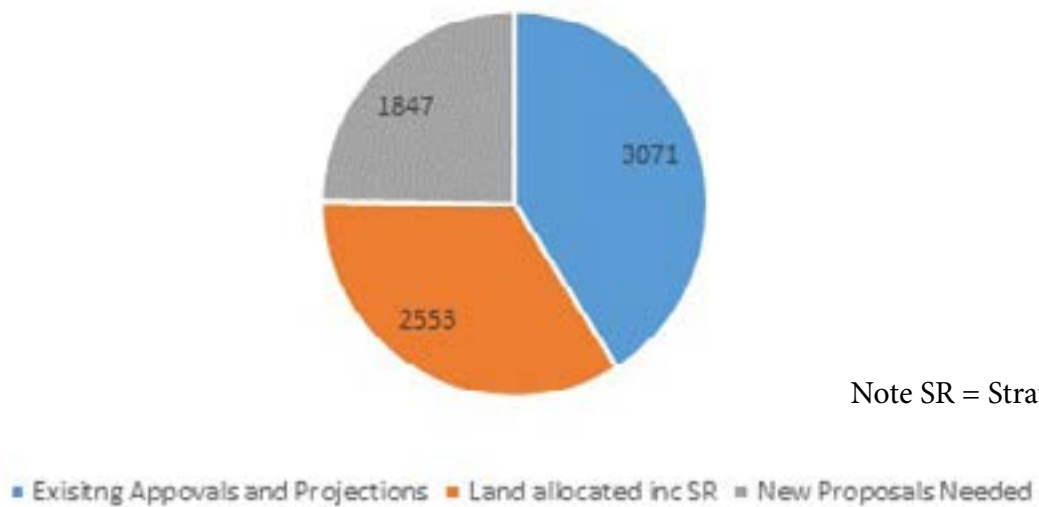
Part Two

Table 1.9 Net Housing Need - taking into account existing land supply and planning approvals for housing

Strategic Housing Need over the Plan Period - 2021 to 2037 (based on a 10 year housing growth projection)*	
North Residual Need	278
West Residual Need	431
South Residual Need	645
East Residual Need	493
Total	1,847
Over 10 years	184 per annum

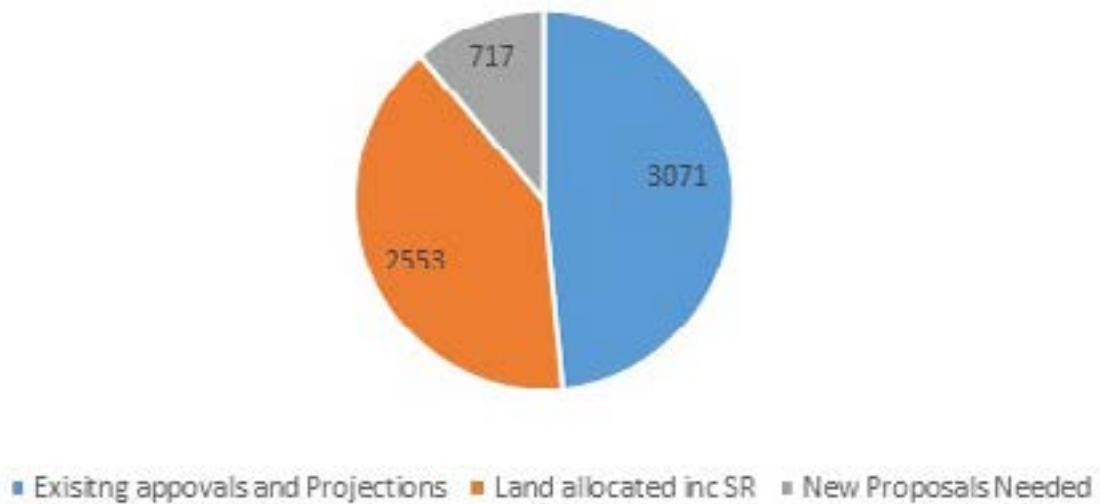
*Note - Table assumes a spatial distribution aligning with current settlement hierarchy.

Figure 1: Pie Chart to show Housing Need Delivery 2021 to 2031- 2.16 AHS



Note SR = Strategic Reserve site

Figure 2: Pie Chart to show Housing Need Delivery 2021 to 2031- 2.22 AHS



Part Two

2.12 Why does Housing Need Relate to 10 Years Rather than the Whole Plan Period of 20 years?

Beyond 10 years, projections become extremely unreliable.

So whether the Plan is for 10, 15 or 20 years, it is necessary to recognise that the Strategic Plan is about more than housing and there is a benefit to having a plan which looks long term and this means stretching beyond a 10 year housing need assessment. This enables better long term planning and provides more certainty for all.

It is anticipated that a sensible review date will be after the 2026 Census, when figures are available (2027/2028). Depending on that set of calculations it may be necessary to update the housing need figures in the Strategic Plan. This can be done via a focus review in line with the Development Plan Procedure, Schedule 1 of the Town and Country Planning Act 1999 or, if more appropriate, via a National Policy Directive (Section 2A of the Act).

An adjustment of housing needs (quantitative and qualitative) is already factored in as a work stream as the Objective Assessment of Housing Need Study is ongoing. This will provide an essential 'sense check' of the figures and support any amendments needed and ultimately the wording of draft policies.

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**Part Three:
Employment Land Need
and Distribution
2021 - 2041**

3.1 Employment Land

This section discusses employment land and available employment land evidence within the Employment Land Review 2015 (as updated in 2017⁴), in light of the Government’s approved Economic Strategy which forms part of Our Island Plan.

Existing Evidence - recent employment figures have been provided by Statistics Isle of Man. Both the 2020 and 2022 quarterly averages have been assessed. It’s likely that the pandemic and challenging economic conditions which followed resulted in the closure of several small to medium businesses over that time - a substantial drop was observed in those working in the food and drink sector. The important elements of the data are summarised below:

Table 1.10: Office Based Employment by Sector (estimate for 2026 and at 2022)

Sector	ELR (2017) 2026 Estimate	2022 Quarterly Average	Difference
E-Gaming	1369	976	-420
ICT	2604	1298	-1306
Banking	1959	1807	-152
Insurance	2277	1602	-675
Fiduciary	1459	1844	385
Professional Services	4440	6866	2426
Total	14,135	14,394	+259

Part Three

Table 1.11: Manufacturing Employment Land Needs (estimate for 2026 and at 2022)

Sector	ELR (2017) 2026 Estimate	2022 Quarterly Average	Difference	Area needed per em- ployee M2*	Hectares needed to 2026
Manufacturing: General & Engineering	1430	1256	-174	42	-7.32
Manufacturing: Food & Drink	772	1802	1030	52	53.55
Total	2,202	3,058	856		46.23

* Based on the approach taken in the ELR

3.2 Employment Land Analysis

The Employment Land Review calculates the demand for employment land (manufacturing, distribution & warehousing and out of town office) from 2014 – 2026 (2017 Supplementary Report).

In looking at both the 2020 and 2022 quarterly averages, early analysis suggests that the quarterly 2022 average provides a more stable set of figures.

Office Based Employment - a slight under estimate of office based employees is observed in the data although there was a substantial over estimate of employees within the ICT sector. This has been mitigated through growth in other professional services that include emerging sectors.

The additional 259 employees in office based sectors above the ELR estimate is only 1.7% of the eligible workforce and immediate action in terms of new office space provision may not be necessary but will continue to be monitored, noting that there is a need for a quality assessment of office space.

Manufacturing Based Employment - the ELR gives a combined needs figure for the North and West of 1.86 hectares for Manufacturing. However, the ELR distribution is not aligned with the Island Spatial Strategy. The implications of the major employment and regeneration areas of Jurby and Ramsey, the commercial port of Peel or other opportunities available in the North and West should be factored in to any proposals to change the spatial strategy as part of the Strategic Plan Review.

A 27% under estimate of employees within the Manufacturing sector was made in the ELR as measured in 2022 (Table 1.11).

Significant allocations already exist in the Area Plan for the East and South, where much of the demand is focused for high quality Office and Business Park / Technology Park uses including Medicinal Cannabis.

Part Three

3.3 Land Needs

Gross Land Requirement - the need figure of **46.23ha** does not allow for 'choice or churn' and therefore an element of over-allocation is perhaps required: A 35% increase (for non-take up for example) would give an overall need figure of **62.41 hectares of employment land needed for manufacturing (general and food and drink)** less that which has been developed since Q3 2014 (which is only minor development in Jurby).

Net Land Requirement - there is land available for employment uses in all areas but it varies significantly between north and west, the east and the south. It is calculated that 56.15 ha of land is available now leaving a need for 6.26 ha. However, this figure is likely to grow once analysis has been undertaken of the additional data - set out as being needed – listed below. As a way to measure scale, the Snugborough Trading/Rural Industries Estate between the River Dhoo and Peel Road is around 10ha in size.

Table 1.12: Employment Land Needs to Meet Current Workforce

Area	Land Available	Notes
North and West	3.36	
South	56.29 (net = 25.46)	(gross) Apply a reduction of 55%*.
East	27.33	
Total	56.15	
Net Land Requirement Ahead of further study/evidence	62.41 - 56.15 = 6.26ha.	

* No assessment undertaken on the south sites - issues are anticipated with flood zones and other environmental constraints.

3.4 Evidence Required Ahead of Draft Plan

Cabinet Office consider that some additional evidence is required ahead of the Draft Plan to support a refined Employment Land Paper and Draft Policies. This should examine the interplay between the workforce size and the availability, quality and location of employment land. Further data is required in relation to growth sectors and the needs of those sectors.

Cabinet Office will work with Government Departments and other third parties to advance qualitative and quantitative data and analysis of that data with a view to better understanding the Island's needs in terms of employment land. Evidence will focus on:

- i. a further audit of employment land available for development (including the quality of that land/space) and cross checking of that audit with data from across Government and commercial surveyors.

Research may investigate:

- i. leasehold prices for industrial and office accommodation per square metre over the last 10 years; and
- ii. rent prices for industrial and office accommodation per square metre over the last 10 years.
- iii. vacancy rates
- iv. the types of uses on employment land/in current industrial units for the purposes identifying any issues which may affect employment land needs.
- v. the changing needs of new/existing sectors/occupiers in terms accommodation needs.
- vi. supplementary market commentary from RICS Surveyor in due course.

Additional evidence will allow the Draft Strategic Plan to formulate a set of draft policies for further consultation which is supported by a set of robust evidence.

Endnotes

- 1 Statistics Isle of Man (2023), 'Review of Population Statistics', June 2023, GD 2023/061., Douglas, Isle of Man. 16 pages.
Hyperlink available [here](#).
- 2 Ibid - see paras 6.6.1 and 6.6.2.
- 3 Statistics Isle of Man (2021), Isle of Man Housing Market Review, Douglas, Isle of Man. 18 pages.
Hyperlink available [here](#).
- 4 Peter Brett (2015), 'Isle of Man Government Employment Land Review', Douglas, Isle of Man. 64 pages, and (2017) 'Isle of Man Employment Land Review' - Supplementary Report, Douglas, Isle of Man. 53 Pages.
Hyperlink available [here](#).

Cabinet Office

Island Spatial Strategy Options

P.EP 01