

To the President of Tynwald, and the Honourable Council and Keys in Tynwald assembled.

Foreword from Political Member for the Cabinet Office, Mr David Ashford, MHK

On behalf of the Council of Ministers and the Housing and Communities Board, I am pleased to share the Island's first Objective Assessment of Housing Need.

Early in its formation, the Housing and Communities Board recognised that in order to prioritise the development of housing policies and initiatives, it was essential to have access to high level, data driven analysis of housing needs for our residents now and into the future.

This Objective Assessment of Housing Need provides critical analysis of our future housing requirements and will primarily act as an evidence base for the Island's Strategic Plan. It aims to provide a comprehensive understanding of the current landscape, challenges and solutions regarding housing accessibility and affordability.

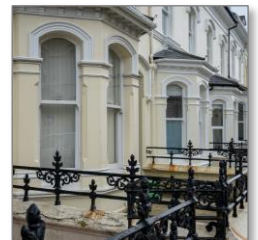
This plan has looked at the interplay between demographic shifts and trends to shape housing demand and supply for our Island. It explores population projections from migration to demographics, and the demand for housing from private residences to supported living and affordable housing.

The completed assessment is the start of the journey. We must now take stock of its findings and take considered time to look at its implications and how we meet the needs of our population, ensuring that everyone has a place that they can call home.

The Housing and Communities Board are grateful to the various areas of government whose range of data informed the objective assessment, and to the consultants, ORS, for their time and expertise.

David Ashford

Chair of the Housing and Communities Board



Isle of Man

Objective Assessment of Housing Need 2024

May 2024



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Contents

Executive Summary.....	5
Introduction.....	5
Population projections	5
Variant Scenarios.....	6
Households.....	6
Analysing the 1,000 projection	11
Impact of Public Sector Housing Eligibility criteria.....	11
1. Introduction	13
Background to the Project	
Introduction.....	13
2. Objectively Assessed Housing Need	15
Factors Affecting the Calculation of Housing Need	
Households.....	15
Dwellings	17
Housing mix.....	17
3. Demographics.....	19
Changes in Population	
Population trends.....	19
Population projections	21
Variant Scenarios.....	23
Overview of the Demographic Modelling – Households	24
4. Housing market	29
Trends and Affordability	
Tenure Trends	29
Property Size and Type.....	31
Second/holiday homes.....	32
House prices.....	32
Rents.....	33
Incomes	34
Affordability	34

5. Disaggregating Housing Need	35
Public Sector and Market Housing	
Uplifts for OAHN.....	37
OBR Labour Market Participation Projections	38
Older People.....	38
Female Participation	40
Young People.....	41
Analysing the 1,000 projection	47
Impact of Public Sector Housing Eligibility criteria	48
6. Specialist Housing	50
Older Persons and Adaptable Homes	
Older persons	50
Specialist Housing.....	51
Adaptable Homes	52
Table of Figures	54

Executive Summary

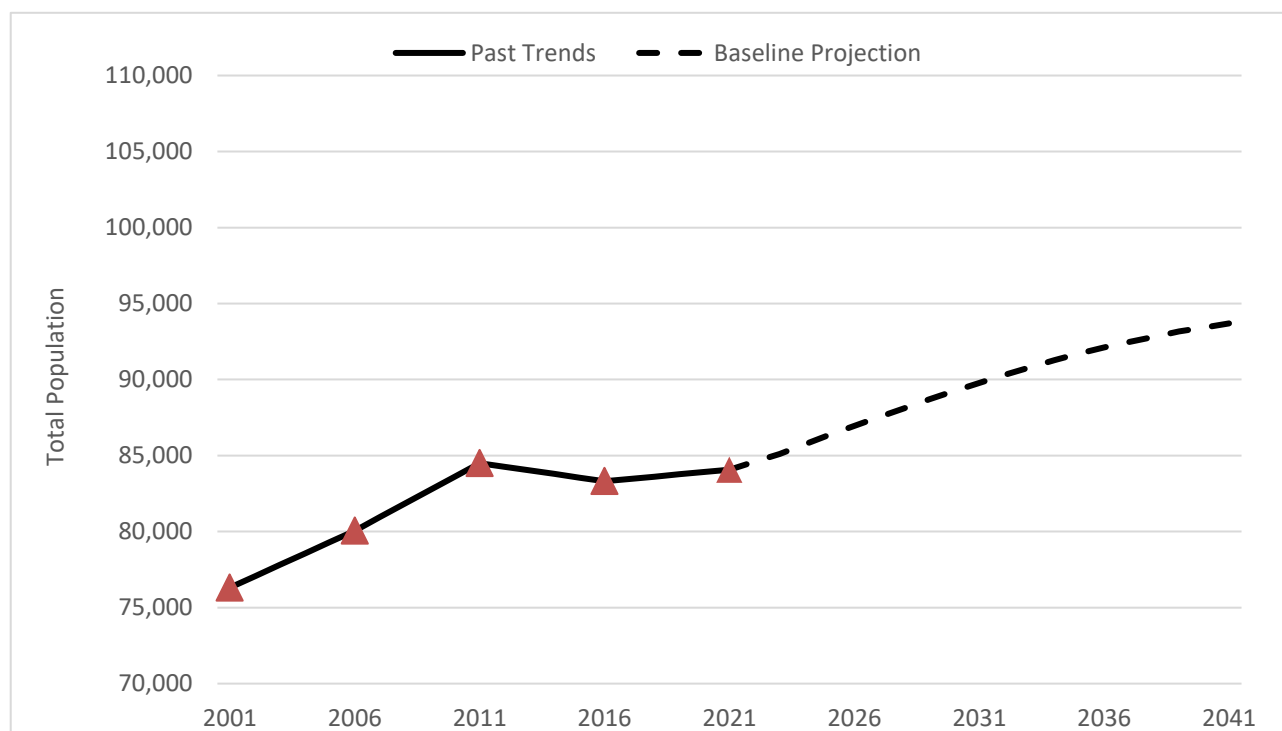
Introduction

1. The Isle of Man Government appointed Opinion Research Services (ORS) to prepare an Objective Assessment of Housing Need (OAHN). The OAHN will assist in the formation of the Island's strategic planning policy including the statutory Island Development Plan, a plan required by the Isle of Man Town and Country Planning Act 1999.
2. The Isle of Man Government recognises the need for an adequate supply of housing stock in supporting its ambitions for population, employment and economic growth. The Government's twin objectives of 5,000 new jobs by 2032 and an increase in the population of 15,000 by 2037 clearly impact housing need, and this document seeks to set out both the housing need implied by a baseline (trend-based) population growth, as well as the housing need implied by the goal of increasing population by 15,000 by 2037.

Population projections

3. A set of population projections based on past trends were prepared by Statistics Isle of Man. The projections contain a number of variant scenarios based on alternative migration assumptions. Their baseline scenario however is directly informed by past trends:

Figure 1: Population Projection for the Isle of Man Based on Past Trends (Source: Statistics Isle of Man)

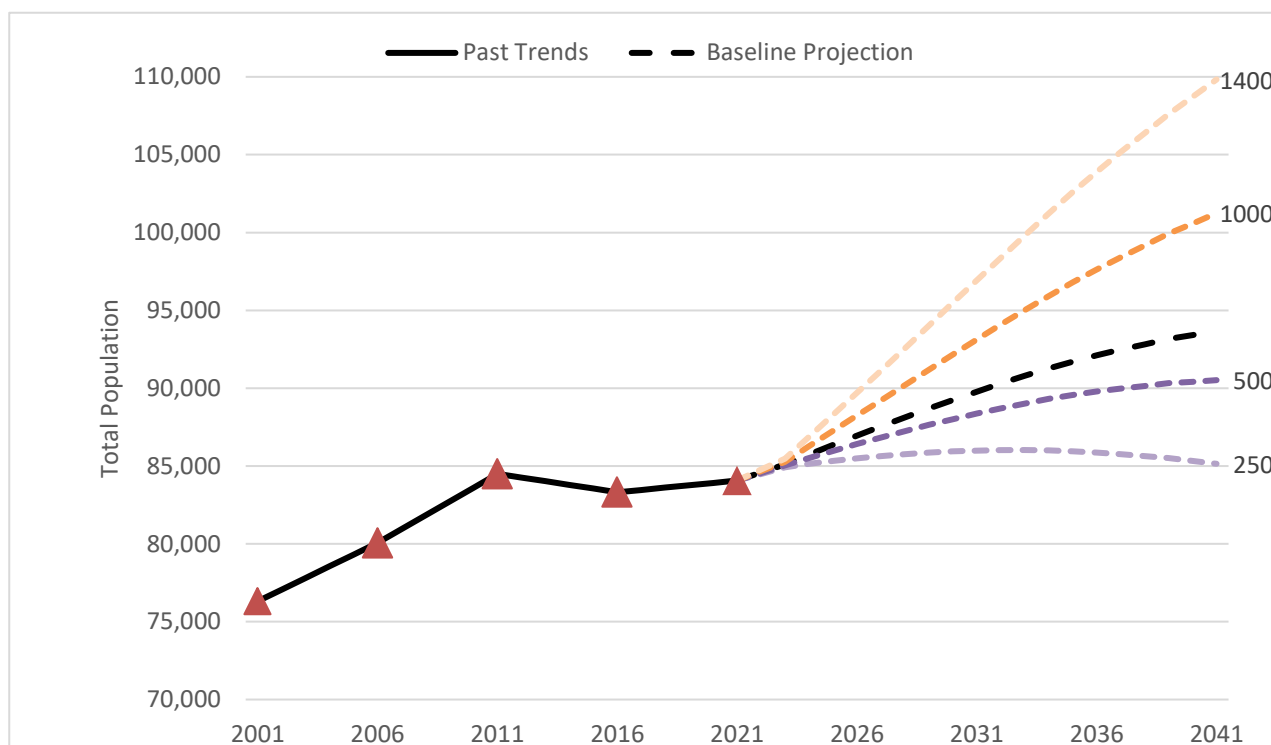


4. The baseline scenario is based on a net migration of approximately 650 persons per year, and projects an increase in the population of around 9,600 persons 2021-41. Notably, due to natural change (births and deaths) being negative, this net inward migration of 650 persons a year for the 20-year period 2021-41 results in a net increase in the population of fewer than 13,000 persons.

Variant Scenarios

5. As previously mentioned, in addition to the baseline scenario, Statistics Isle of Man produced variant scenarios, sensitivity testing the impact on the population of alternative migration assumptions. Figure 2 presents these in comparison with the baseline scenario of 650 additional persons per year. The alternative scenarios show the effect on the population of a net inward migration of 250, 500, 1000, and 1,400 persons per year.

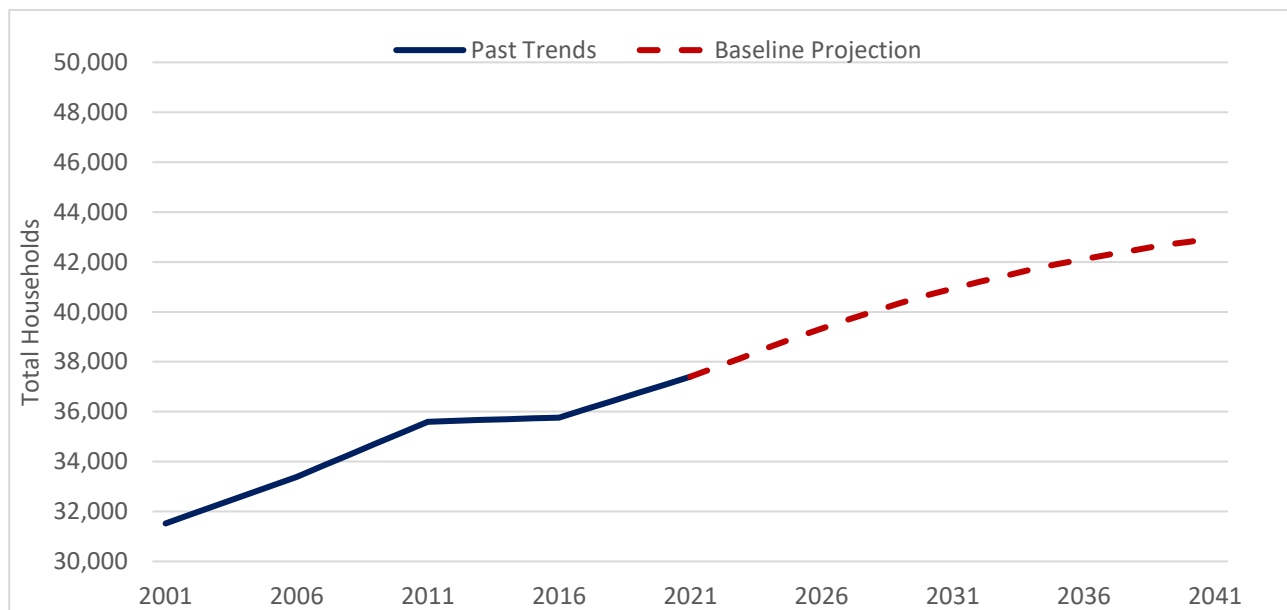
Figure 2: Total Population Projections based on Alternative Migration Numbers (Source: Statistics Isle of Man)



Households




6. To convert the population projections into household projections, the household representative rates from Census 2021 (as the most up-to-date data available) were applied to the baseline population projection 2021-41.
7. Applying the household representative rates to the baseline population projection 2021-41 shows that the increase of 9,600 in the population, combined with the reducing average household size and change of demographics over the period, corresponds to an increase of approximately 5,900 households (Figure 3):

Figure 3: Total Households on the Isle of Man 2001-2041 (Source: Census Data, Statistics Isle of Man, ORS Model)



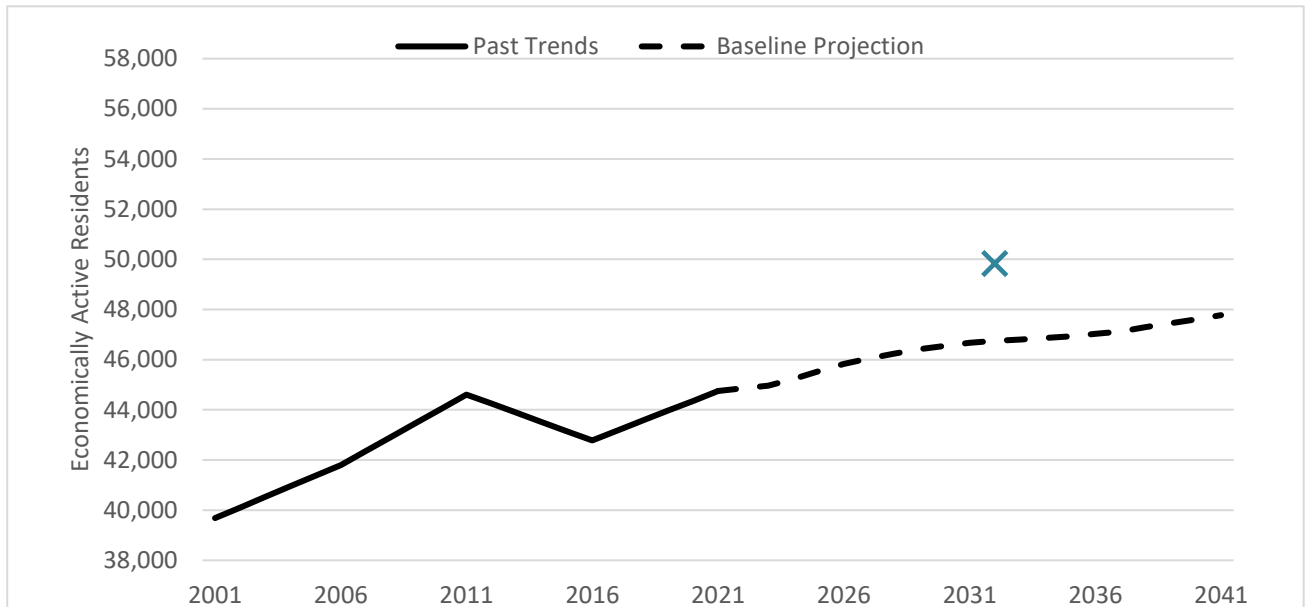
- 8. The total households have been converted to a dwelling number based on the percentage of household spaces with a usually resident household identified by Census data for the whole of the Isle of Man. Accommodating the 5,600 households will require 6,400 dwellings, as summarised in Figure 4. The vacancy rate is relatively high at 13.3%, likely due to the number of holiday homes on the Island.

Figure 4: Summary of Population, Household and Dwellings 2001-21 and 2021-41 (Source: Census Data, Statistics Isle of Man, ORS Model)

			
2001	76,300 persons	31,500 households	-
2021	84,100 persons	37,400 households	43,100 dwellings
Trend 2001-21	+7,800 persons	+5,900 households	-
Projection 2021-41	+9,600 persons	+5,600 households	+6,400 dwellings

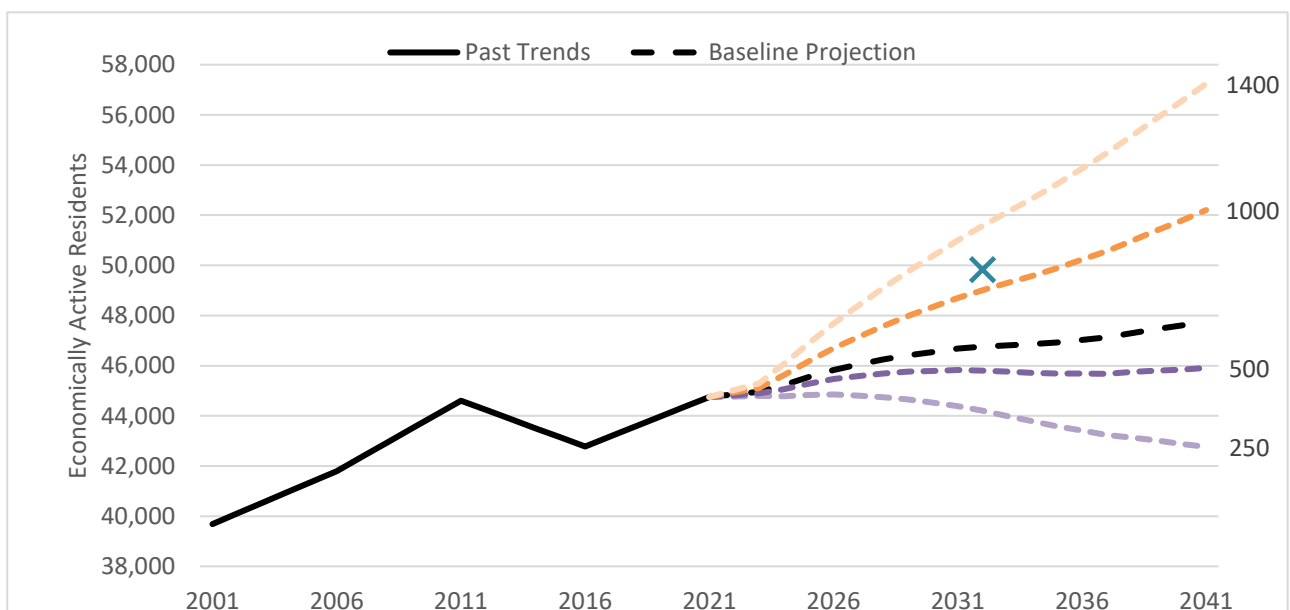
9. In 2021, the number of economically active residents was approximately 45,000. Under the baseline scenario, the projection of economically active persons in the baseline scenario falls far short of the desired 5,000 extra workers by 2032, indeed this number of workers is not reached by 2041 (Figure 5):

Figure 5: Economically Active Residents in Baseline Projection including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)



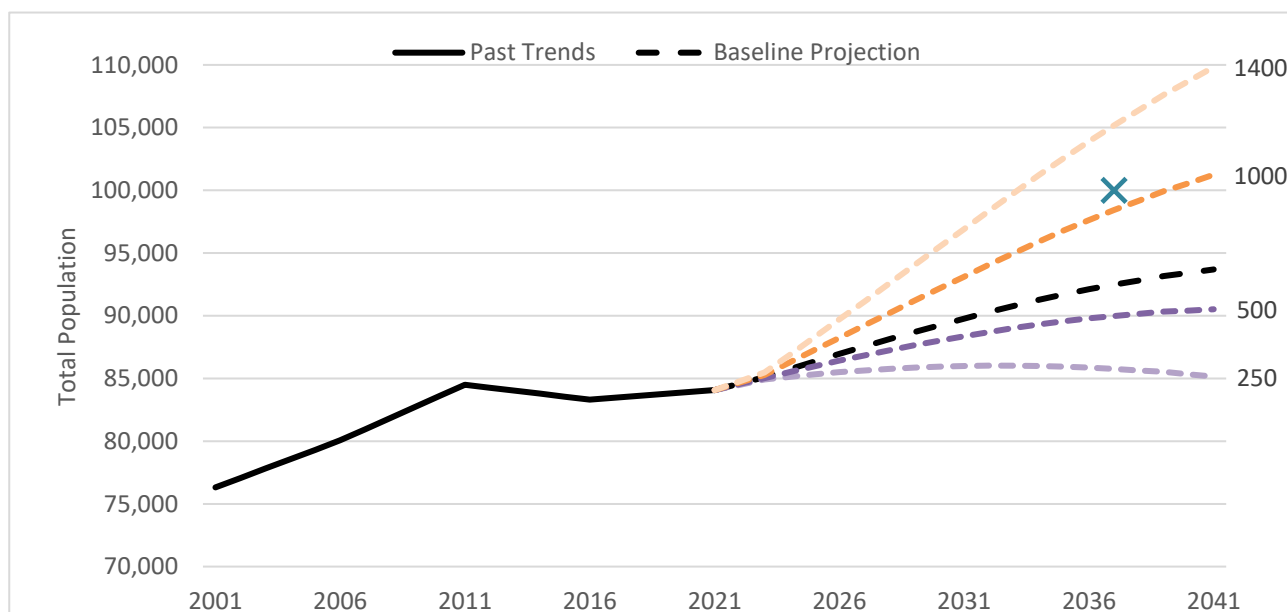
10. However, as discussed in Chapter 3, a number of variant scenarios have been produced, based on alternative migration assumptions. Projecting the economically active population in each of these scenarios in the same way (Figure 6) shows that the 1,000 additional person per year variant comes closest to achieving 5,000 extra economically active residents by 2032. Whilst the projection is slightly short of this figure, it does reach the desired level by 2035, and grows to 7,500 extra workers by 2041:

Figure 6: Economically Active Residents in Variant Projections including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)



11. On this basis, of the variants produced, the 1,000 variant is most appropriate to utilise in establishing a housing need that supports the Government's stated objectives.
12. Achieving a net increase of 1,000 extra residents a year does however require consideration of the patterns of migration previously discussed in Chapter 3. As the Isle of Man Population Report stated, approximately 50% of new migrants leave the island within 10 years. Therefore, if inward migration increases, it may be followed by a corresponding substantial out-migration within a decade. To offset this, inward migration will need to increase to higher levels to keep the net inflow at the desired 1,000 persons. However, as was also stated in the report, this effect seems tied to opportunities for career advancement, so the nature of the extra 5,000 jobs may therefore be a significant factor in mitigating this effect. Providing the sort of jobs that keep people on the island seems to be critical in achieving the Government's aims.
13. Housing itself is a further factor in achieving these goals. The market must deliver sufficient housing that the new workers have their needs met, however if the extra residents do not come to the island due to lack of accommodation, the necessary development itself will not materialise or at least slow due to lack of demand.
14. The other Government ambition set out in the Isle of Man Economic Strategy was to increase the population by 15,000 by 2037, i.e. to reach a total population of approximately 100,000, and the baseline projection again falls well short of this target and remains so to 2041 and beyond. However, the 1,000 variant scenario however comes close to this goal (Figure 7), effectively reaching the target by 2039. This again supports the use of this projection in establishing an appropriate housing target to meet the Government's ambitions.

Figure 7: Isle of Man Variant Population projections including 2037 Government Target (Source: Statistics Isle of Man)



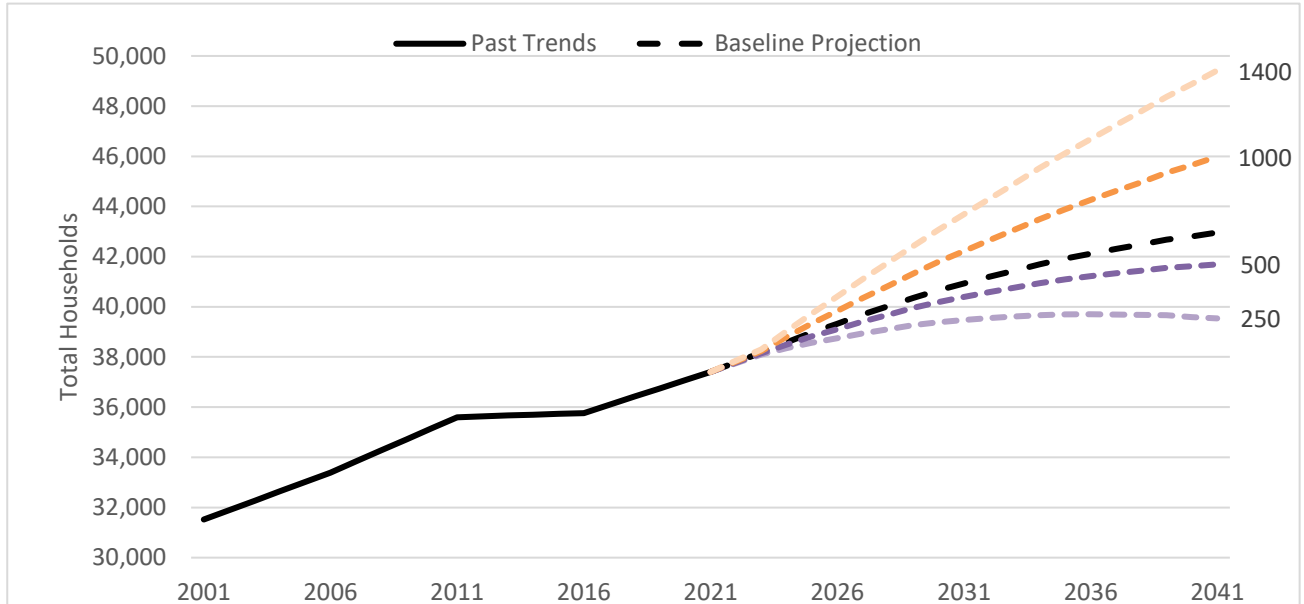
15. Whilst the response to the Economic Strategy consultation was mixed regarding the ambition of achieving a population of 100,000¹, this approach seems necessary to achieve the goal of 5,000 extra workers to fulfil the desired 5,000 extra jobs. Therefore, taking all these factors into account, the 1,000 projection seems the most appropriate to utilise in establishing housing need.

¹ Our Island, Our Future Public Consultation Summary of Responses 2022 – page 11

https://consult.gov.im/treasury/our-island-our-future-draft-economic-strategy/results/consultationreport-drafteconomicstrategy2022-gd-0081_compressed.pdf





16. Using the same process as was applied to the baseline population projection previously, each variant scenario can be converted into a household projection (Figure 8). The 1,000 variant projection shows an increase 8,600 households over the plan period.

Figure 8: Isle of Man Variant Household projections (Source: Statistics Isle of Man, ORS Model)



17. Through application of the occupancy rates discussed previously, this growth corresponds to a need for 9,900 extra dwellings. The comparative changes over the 2021-41 period of the baseline and higher variant scenarios are summarised in Figure 9 below:

Figure 9: Summary of population, household, dwelling, and worker change for high variant projections 2021-41 (Source: Statistics Isle of Man, OBR, ORS Model)

				
Trend 2001-21	+7,800 persons	+5,900 households	-	+5,100 workers
Baseline Projection 2021-41	+9,600 persons	+5,600 households	+6,400 dwellings	+3,000 workers
Net migration +1,000 pa	+17,200 persons	+8,600 households	+9,900 dwellings	+7,500 workers
Net migration +1,400 pa	+25,800 persons	+12,000 households	+13,900 dwellings	+12,500 workers

Analysing the 1,000 projection

18. Disaggregating these 8,600 households by type results in the following mix of households:

Figure 10: Household Type on the Isle of Man by Age Group 2021-2041, 1,000 variant scenario (Source: Census Data, Statistics Isle of Man, ORS Model. Note: Figures may not sum due to rounding)

Household Type	Year	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
Single person	2021	290	1,100	1,200	1,690	2,330	2,450	3,060	12,100
Couple no children	2021	280	1,180	900	1,630	3,050	3,280	2,340	12,600
Families + child(ren)	2021	170	1,680	3,050	1,900	370	60	20	7,200
Other households	2021	30	130	560	1,990	1,790	630	280	5,400
TOTAL	2021	800	4,100	5,700	7,200	7,500	6,400	5,700	37,400
Single person	2041	220	1,080	1,630	1,990	2,520	3,050	4,860	15,300
Couple no children	2041	210	1,150	1,220	1,920	3,300	4,070	3,710	15,600
Families + child(ren)	2041	130	1,640	4,140	2,240	400	70	30	8,600
Other households	2041	20	120	760	2,340	1,940	780	440	6,400
TOTAL	2041	600	4,000	7,700	8,500	8,200	8,000	9,000	46,000
Single person	Change	-70	-20	430	300	200	590	1,790	3,200
Couple no children	Change	-70	-30	320	290	260	790	1,370	2,900
Families + child(ren)	Change	-40	-40	1,100	340	30	10	10	1,400
Other households	Change	-10	0	200	360	150	150	160	1,000
TOTAL	Change	-190	-90	2,050	1,290	640	1,540	3,330	8,600

19. In terms of projected household change over the plan period, the largest increase is in households aged 75+, an increase of 3,330 (39% of the total increase in households). This is divided mostly into single households and couples without children, the majority being single households. There is also an increase of 1,540 in households aged 65-74, again split mostly between single households and couples without children. The other large increase (+2,050) is in 35-44 year olds, mostly families with children, an increase partially driven by migration. These increases are offset by a small reduction in households aged 16-34.

Impact of Public Sector Housing Eligibility criteria

20. The need for Public Sector Housing increases from 977 in the baseline projection to 1,438 in the 1,000 scenario. The 977 dwelling figure reflects the rates of private sector occupation found in the 2021 census applied to the demographic composition of the population in 2041. Since the baseline projection is a continuation of past trends, this 977 reflects the needs not only of in-migrants 2021-41, but also those of the current population moving forward, some of whom are projected to fall into need over the period. As a projection based on the current living arrangements on the island, it therefore also incorporates the impact of current policy restrictions on Public Sector Housing occupation such as eligibility criteria. One such eligibility criterion is the requirement that to qualify for Public Sector Housing, you must have been ordinarily resident on the island for at least 10 years².

² Guidance Notes for the Implementation of the Common Criteria for Acceptance and Allocation onto Waiting Lists for General Needs Public Sector Housing Amended Criteria approved by Tynwald – June 2023

21. The 10-year eligibility criterion means that some households that move to the island in the latter half of the plan period would not be eligible for Public Sector Housing. Taking these factors into account, ORS would present the need for Public Sector Housing as a range between a minimum of 1,208 (reduced to take account of the eligibility criterion) and 1,438 (projected need without consideration of eligibility). The 1,000 scenario modified to reflect the minimum need of 1,208 Public Sector Dwellings is shown below, with the unmodified (1,438) scenario numbers in red. This modification reduces the Public Sector Housing need from 15% to 12% of the total, whilst increasing private rent from 13% to 16%:

Figure 11: 1,000 Variant Dwelling Projection 2021-41 by Size and Tenure Modified to Reflect 10-year Residency Restriction on Public Sector Housing (Source: ORS Model. Note: Figures may not sum due to rounding)

Modified 1,000 scenario	Public Sector Housing		Market Housing			Total Market	Overall Total
	Rented		Private rent		Owner occupied		
1 bed	(345)	323	(248)	271	218	489	811
2 beds	(587)	496	(533)	624	1,628	2,252	2,748
3 beds	(464)	358	(376)	483	2,890	3,373	3,730
4+ beds	(42)	31	(179)	190	2,399	2,589	2,620
Total	(1,438)	1,208	(1,337)	1,568	7,135	8,703	9,909
Percentages of Total							
1 bed	(3%)	3%	(3%)	3%	2%	5%	8%
2 beds	(6%)	5%	(5%)	6%	16%	23%	28%
3 beds	(5%)	4%	(4%)	5%	29%	34%	38%
4+ beds	(<1%)	<1%	(2%)	2%	24%	26%	26%
Total	(15%)	12%	(13%)	16%	72%	88%	100%

22. The assumption being made in the table above is that each household that finds itself in circumstances that would normally warrant application for public sector housing, but that are ineligible to apply due to the 10-year criterion, are added to the private rent column. This group would be highly likely to apply for benefits to assist in their housing costs, and potentially form a demand for the new mid-rent scheme currently being piloted at the time of writing. Overall, the total housing need of 9,909 remains unchanged.

1. Introduction

Background to the Project

Introduction

- ^{1.1} The Isle of Man Government appointed Opinion Research Services (ORS) to prepare an Objective Assessment of Housing Need (OAHN). The OAHN will assist in the formation of the Island's strategic planning policy including the statutory Island Development Plan, a plan required by the Isle of Man Town and Country Planning Act 1999.
- ^{1.2} The Housing and Communities Board, on behalf of the Council of Ministers, has committed, in their published action plan, under the theme of "The Right Housing Stock", to "ensure the Island's housing stock meets the needs of the population now and into the future." The OAHN is a key part of achieving this commitment.
- ^{1.3} The intent of this document is to strengthen the Isle of Man's evidence base on housing. It establishes a housing need based on a clear methodology tailored to the Isle of Man's needs and contains clear recommendations for the proposed plan period of 2021-41.
- ^{1.4} The Isle of Man Government have set out growth ambitions beyond historical trend-based growth, and the housing required to support these ambitions are also modelled, utilising the same methodology as for the baseline projected growth. These growth ambitions are set out by the draft Economic Strategy, which was consulted upon in August and September 2022, and are summarised in "Our Island, Our Future – Isle of Man Economic Strategy 10-15 years³", published in November 2022. This document states regarding housing stock:

Good housing stock plays a large part in offering prosperity for people and communities and in enhancing the attractiveness of the Island to a larger, more diverse population. An adequate supply of affordable and attractive housing is an important component in an area's attractiveness to workers....

...Achieving these objectives would contribute toward the delivery of the economic vision for the Island and it is important that housing delivery is prioritised in order to provide the housing stock to support the growth of the Island's population, employment and economic growth.

Our Island, Our Future – Isle of Man Economic Strategy 10-15 years – page 30

- ^{1.5} As can be seen from the quote above, the Isle of Man Government recognises the need for an adequate supply of housing stock in supporting its ambitions for population, employment and economic growth. The document also sets out what the specific ambitions of the Economic Strategy are, and of particular relevance to this document are the following:

³ <https://www.gov.im/media/1377113/our-island-our-future-isle-of-man-economic-strategy-november-2022.pdf>

At the heart of this Economic Strategy is a focus on the shape of the economy and need to create and fill an additional 5,000 new jobs by 2032. Originally the second ambition, taking on board the feedback from the consultation it is clear that the need to sustain existing economic activity, as well as creating and filling jobs is critically important and hence this has been moved to the forefront of the Economic Strategy.

In support of this, the ambition around population then follows, however it will now be re-named 'Infrastructure & Services' and will emphasise the services our Island needs in order for our community to plan for an estimated population increase of 15,000 by 2037.

Our Island, Our Future – Isle of Man Economic Strategy 10-15 years – page 30

- ^{1.6} These twin objectives of 5,000 new jobs by 2032 and an increase in the population of 15,000 by 2037 clearly impact housing need, and this document seeks to set out both the housing need implied by a baseline (trend-based) population growth, as well as the housing need implied by the goal of increasing population by 15,000 by 2037.

2. Objectively Assessed Housing Need

Factors Affecting the Calculation of Housing Need

Households

- ^{2.1} When establishing housing need, it is necessary to consider the way in which the population live together in different types of households. Typically, each dwelling will house one household that is usually resident. Some dwellings will have concealed households living with the main household, such as adult children who wish to leave home. Other dwellings will not have any household usually resident: either due to them being used as a second home or alternatively being left empty.

Defining a household and a dwelling

The 2021 Isle of Man Census defines a household as:

“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 and who share cooking facilities and a living room, sitting room or dining room.”

The Isle of Man Town and Country Planning (Use Classes) Order 2019 separates the definition of a dwelling as either a dwellinghouse or flat where:

““dwellinghouse” means a building occupied for residential purposes other than a building containing one or more flats, or a flat contained within such a building;

“flat” means a self-contained flat...”⁴

The definition of self-contained flat is found in the Housing (Definition of Flat or House In Multiple Occupation) Order 2013:

““self-contained flats” means a set of premises, whether or not on the same floor, which forms part of a building, either the whole or material part lies above or below some other part of the building and in which all three basic amenities are available for the exclusive use of the occupants;”⁵

- ^{2.2} To establish housing need, one must therefore consider the growth in the number of households, and then calculate the number, size and type of extra dwellings required to support this increase.

⁴ Town and Country Planning (Use Classes) Order 2019

<https://www.gov.im/media/1367997/document-4-townandcountryplanning-useclasses-order2019.pdf>

⁵ Housing (Definition of Flat or House in Multiple Occupation) Order 2013

<http://www.tynwald.org.im/spfile?file=/business/opqp/sittings/20112014/2013-SD-0377.pdf>

- ^{2.3} Clearly, the key driver of household growth is an increase in the population, whether from natural change (births and deaths) or net inward migration projected over the plan period. These demographic changes are considered in detail in the next chapter. However, it is not simply the case that more people equals more households, as household size also plays its part. It is the case that if a given population is formed into smaller households, the resultant population will require more housing as there will be more households to accommodate. Conversely, if a given population forms into larger households, fewer dwellings will be required to accommodate them.
- ^{2.4} Since older persons tend to be in smaller sized households (e.g. a two-person household whose children have grown up and moved out), a prevalence of elderly people tends to lead to a smaller average household. Equally, a high proportion of 25-40 year olds tends to lead to a larger average household size as this group are more likely to be living with a number of children.
- ^{2.5} It is the case that in the baseline population projections provided by the Isle of Man Government, there is a projected increase of almost 7,000 persons aged over 75 over the period 2021-41, out of an overall population increase of just over 9,600, driving an ongoing reduction in household size over the last decades (see Figure 22). This is discussed in more detail in Chapter 3.
- ^{2.6} Another factor impacting housing need is the rate of household formation, i.e. the rate at which members of a given household begin their own households, e.g. moving out from their family home, or a divorcing couple separating from one into two distinct households. Economic pressures or reduced supply can constrain household formation, for example young people who cannot afford to buy a property tend to stay at home for longer period of time (e.g. whilst they save for a deposit), than they would otherwise do when property is cheaper and thereby more accessible. This can be somewhat mitigated by appropriate first-time buyer schemes such as First Home Choice and First Home Fixed, schemes which facilitate access to the housing ladder for first time buyers.
- ^{2.7} If it were the case that there is a history of economic pressure reducing household formation, simply following a trend-based projection would not mitigate this, as the trend would reflect the constrained rate, and not the true rate of household formation that would result if constraints did not apply. In such a case it may be appropriate to consider an uplift to the overall dwelling number to allow for the formation of these extra households that are not reflected in the trend-based figures. A reasonable measurement of this pressure is the ratio of house price to income, i.e. how many more times the median income is the cost of the median home. Where this ratio is notably high, this is evidence that there is economic pressure that may warrant an uplift to the number of dwellings planned for. As of 2022 this ratio was 9.97, and 11.35 among the under 25 population. Both ratios have steadily increased since 2018 (see Figure 36).
- ^{2.8} As previously noted, the Isle of Man Government have stated an aspiration to achieve an increase in the population of 15,000 by 2037. The extra workers this population would provide is intended to service an additional 5,000 new jobs by 2032. These objectives represent growth beyond the trend-based household projections; and would therefore also require an uplift to the baseline projection to accommodate this extra population, ensuring that the created number of jobs aligns appropriately with the number of available workers.

Dwellings

- ^{2.9} In terms of establishing the number of dwellings required to accommodate the number of households projected, account must be taken of dwellings without a usually resident household. At any given time, a proportion of dwellings will be empty for one reason or another. These dwellings may be second homes, holiday lets (particularly in high tourism areas), empty pending a household moving in, empty pending refurbishment etc. As a result the number of dwellings required is always higher than the number of households that those dwellings are intended to accommodate. A higher vacancy rate implies more dwellings are necessary for a given number of households. According to the 2021 census, 13.3% of all properties on the Isle of man were vacant households, indicating a high number of second/holiday homes. This is discussed further in Chapter 4.

Housing mix

- ^{2.10} Once an appropriate housing number is derived, this number is disaggregated into the type and size of dwelling that are required to meet the needs of the change in both number and demographic of the population over the plan period.
- ^{2.11} A proportion of the housing mix is market housing, of a size and type that residents want and can afford. The need for market housing over the plan period is set out in Chapter 5. However, a proportion of this market housing will be purchased and ultimately be let out to renters. This is a key market for international migrants to the island, as Isle of Man-based mortgage providers typically have more stringent restrictions/eligibility criteria on obtaining a mortgage for applicants that do not have the right to reside⁶. Depending on individual circumstances, for an international migrant to obtain a permanent right to reside on the island can require the applicant to live on the island for up to five years in alternative accommodation, i.e. renting.
- ^{2.12} Given the continuous net influx of migrants to the Isle of Man, it can be reasonably be concluded that a meaningful proportion will need to rent for an extended period before they can obtain a mortgage. As such, the private rented sector on the Isle of Man is of particular importance.
- ^{2.13} Privately rented properties serve a variety of purposes beyond accommodating those awaiting mortgage eligibility. It provides an option for households planning to be short term residents, as well as those unable to afford to own. As will be discussed in Chapter 4, the Isle of Man has seen the proportion of households that privately rent increase, with a corresponding reduction in owner occupation (see Figure 27).
- ^{2.14} The other key tenure is Public Sector Housing, i.e. housing for those unable to access suitable market housing. There are around 6,200 of these dwellings, and they are provided by a variety of housing authorities, which manage different areas of the Island. These areas consist of Braddan, Castletown, Douglas, Onchan, Peel, Port Erin, Port St Mary and Ramsey. The Department of Infrastructure provides public sector housing in areas where there is no functioning housing authority, operating approximately 1,200 of the 6,200 public sector dwellings.
- ^{2.15} Allocation of public sector housing is dependent on both eligibility criteria (including length of residence, income, savings etc.); and a points system to determine priority. Points are allocated based on length of time on the waiting list, size of household, inadequacy of current housing, etc.⁷

⁶ Source: Isle of Man Bank. Note that there are no immigration barriers between the Isle of Man and the UK mainland, although a work permit may be required depending on individual circumstances.

⁷ <https://www.gov.im/media/1379872/230621-guidance-notes-general-needs-v20.pdf>

- ^{2.16} The housing need assessment disaggregates the overall housing need into market ownership, private rent, and public sector, with the size mix of each category of dwellings also broken down. This can be found in Chapter 5.
- ^{2.17} Beyond standard market, private rent, and public sector, there are further types of housing on the Island, specifically Government schemes to assist First Time Buyers onto the housing ladder. Collectively, these are referred to as Affordable Home Ownership (AHO) schemes; and qualify as affordable housing under current Isle of Man housing policies.
- ^{2.18} In July 2014 the existing First Time Buyer Scheme was replaced with the Shared Equity Purchase Assistance scheme (SEPA). As a result, the “First Home Fixed” and “First Home Choice” schemes assist First Time Buyers in the purchase of a property through shared equity assistance:
- » First Home Fixed - buyers are considered for specific properties that are sold at a discounted price; and receive an equity loan towards the purchase.
 - » First Home Choice – an equity loan is provided to purchase any property advertised on the open market with no less than 55 square metres floor area and a separate bedroom and bathroom.
- ^{2.19} Both schemes involve assistance through an equity loan; up to a maximum of 30% of the property purchase price. In return, the Department of Infrastructure takes an equivalent share in the value of the property. Applicants must be First Time Buyers⁸, have been resident on the Island for at least five years, and their income must not exceed certain limits⁹. These limits are dependent on the type of household the applicant belongs to; and are higher for First Home Choice as this scheme lacks a specific discount on the properties.
- ^{2.20} Over the last two years, 62 homes have been obtained using the scheme¹⁰. Use of the schemes has increased since their inception, as the schemes only averaged 20 homes a year combined total over the period 2015-18¹¹.
- ^{2.21} In terms of helping those only able to afford to rent, the Department of Infrastructure are currently piloting a mid-rent scheme designed to assist those trying to save for a deposit. This pilot is scheduled to run for an initial 12 months. Mid Rent properties are rented on a short-term let initially for twelve months at a rate that is approximately 20% below market rate. This allows the renter to save some extra money each month towards a deposit in order to move on and purchase their own home, whether with or without the benefit of the First Home Fixed and choice schemes discussed above. As with the First Home schemes, applicants must have lived on the island for at least five years and are subject to income eligibility limits which vary depending on their household type.

⁸ Applications from those who have owned properties before may be considered by the Department of Infrastructure, subject to the production of additional information about the previously owned property, details of the transaction, and whether assistance is necessary in purchasing a suitable property.

⁹ <https://www.gov.im/categories/home-and-neighbourhood/affordable-housing/first-time-home-buyers-assistance/>

¹⁰ <https://www.gov.im/news/2024/mar/05/first-time-buyers-benefiting-from-government-loans/>

¹¹ Affordable Housing Need Interim Assessment 2019 Update – IoM Gvt 2019

3. Demographics

Changes in Population

Population trends

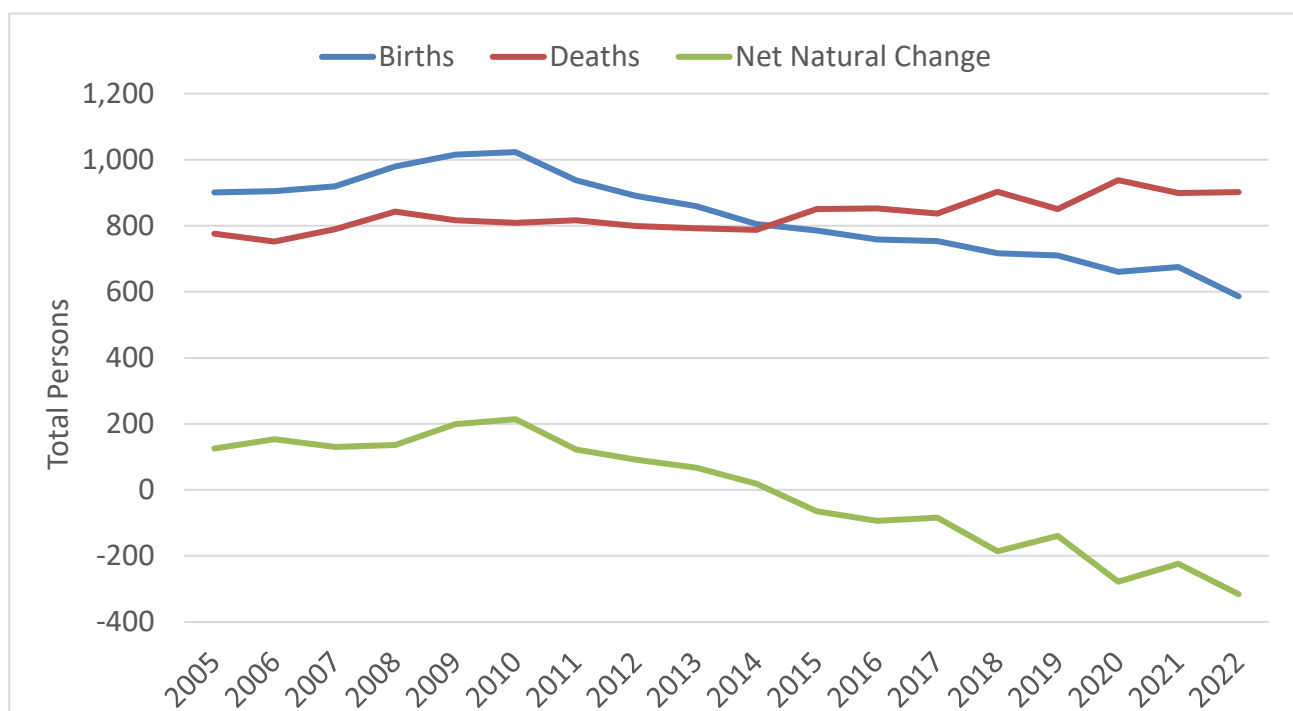
- ^{3.1} The Isle of Man has completed a full census every 10 years since 1821. Additional interim censuses occurring 5 years after the full census were introduced in 1966. Each census has the same basic question set, with additional questions asked at the 10-year point, depending on the identified need for data by Government or the private sector.
- ^{3.2} The censuses reveal that over the last decade, there has been limited change in the resident population, in fact it reduced by 0.5% over the period 2011-21 (Figure 12):

Figure 12: Population Change on the Isle of Man 2001-2021 (Source: Census Data)

Isle of Man	2001	2006	2011	2016	2021	2001-2021	2011-2021
Census Population	76,315	80,058	84,497	83,314	84,069		
Change from Previous		3,743	4,439	-1,183	755	7,754	-428
Percentage change from previous		4.9%	5.5%	-1.4%	0.9%	10.2%	-0.5%

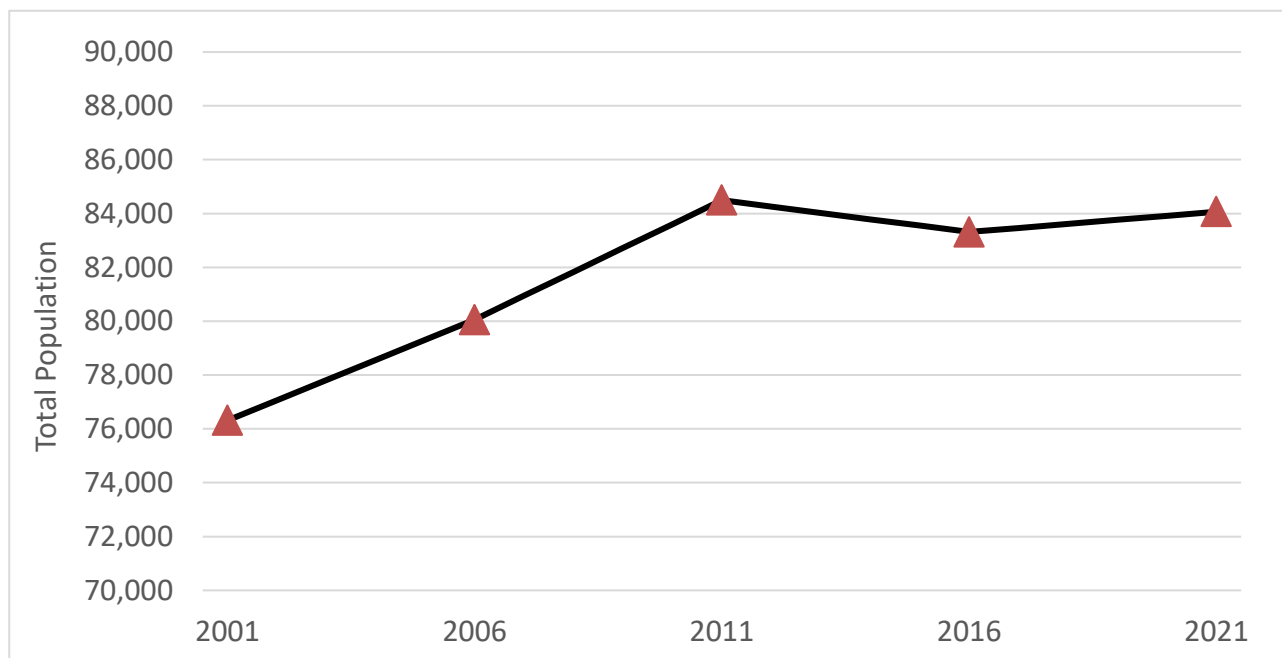
- ^{3.3} Population change is a function of two key drivers: natural population change (i.e. births and deaths), and net migration (i.e. inward and outward). Since 2010, the birth rate has dropped significantly, whilst deaths have steadily risen, resulting in a negative net natural change (Figure 13):

Figure 13: Change in the Birthing and Death Rates on the Isle of Man 2005-2022 (Source: Isle of Man in Numbers 2023)



- 3.4 Despite the reduction in population driven by natural change, the census-based population data indicates an increasing population over the period of negative natural change (2015-2022 in Figure 13) over the 20-year period 2021-41. This is due to net inward migration to the island being sufficiently high to overcome the effect of natural change, resulting in an overall population increase:

Figure 14: Total Population on the Isle of Man 2001-2021 (Source: Census Data)



- 3.5 With regard to inward migration, it should be noted that Isle of Man Population Report 2023¹² suggests that a significant percentage of inward migrants leave within a relatively short time:

Retention of Inward Migrants

... Historically, data suggests that around 50% of those who come to the Isle of Man as new or returning residents remain on the Island after ten years. Of those whose most recent dates of arrival fell in 2011, 47.6% had left the Island by 2021 while the corresponding figure for those arriving in 2012 is 46.2%.

The percentage of new and returning residents who leave after just two or five years is relatively stable from year to year, typically clustering within a few percentage points of 20% and 35% respectively, suggesting that this is a robust trend and worth further investigation.

Isle of Man Population report 2023, page 12

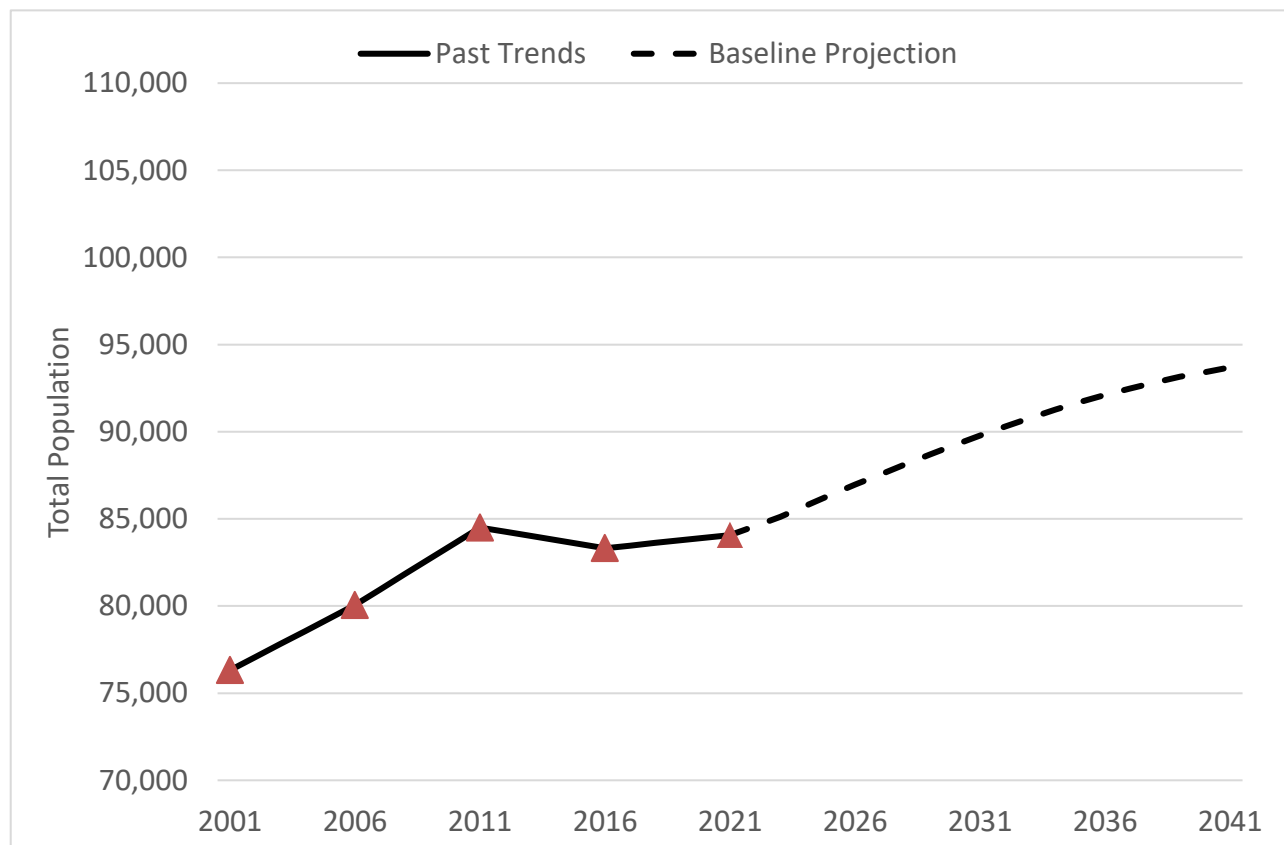
- 3.6 The report goes on to suggest that this effect may be due to limited opportunities for career advancement and/or change of career on the island.

¹² Isle of Man Population report 2023 – Statistics Isle of Man Cabinet Office, October 2023

Population projections

- 3.7 A set of population projections based on past trends were prepared by Statistics Isle of Man. The projections contain a number of variant scenarios based on alternative migration assumptions. Their baseline scenario however is directly informed by past trends:

Figure 15: Population Projection for the Isle of Man Based on Past Trends (Source: Statistics Isle of Man)



- 3.8 The baseline scenario is based on a net migration of approximately 650 persons per year, and projects an increase in the population of around 9,600 persons 2021-41.
- 3.9 Figure 16 shows the age profile of the residents in 2021 along with the projected age profile in 2041 according to the baseline projection. The orange bars below show the net change in each age group over the period. There is a clear increase in the over 65 population, those aged 35-49, and in children. Given the decrease in births outlined in Figure 13, it is reasonable to assume that the increase in children is as a result of the inward migration of families, a supposition further supported by the increase in 35-49 year olds due to inward migration, an age group likely to comprise many families with children.

Figure 16: Current Age Profile of Isle of Man Residents with 2041 Projection. (Source: Statistics Isle of Man)

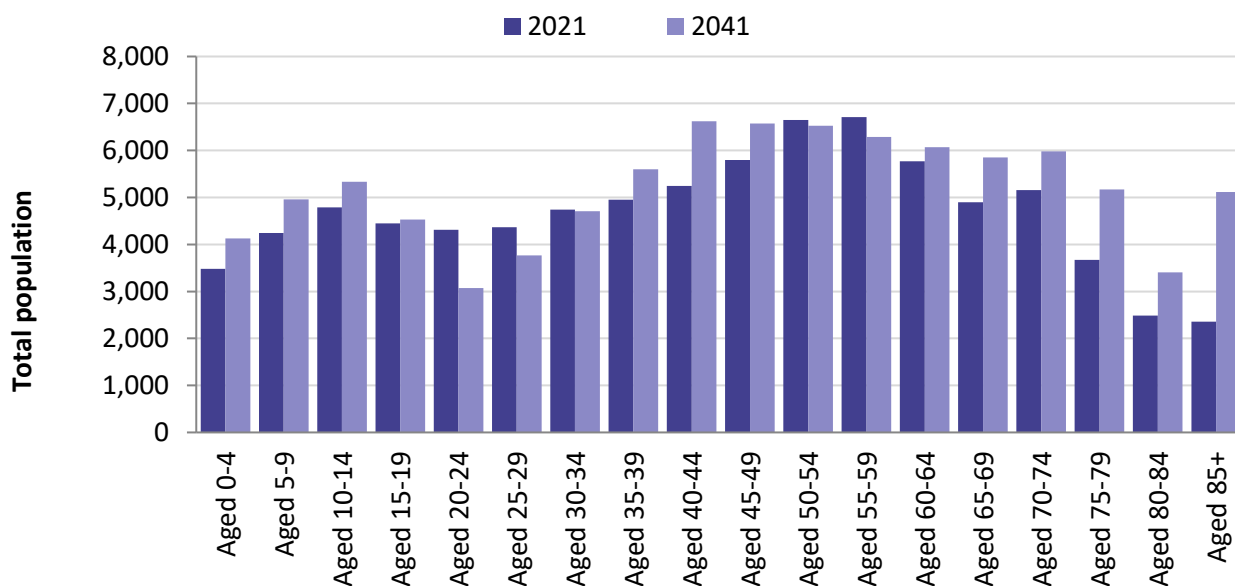
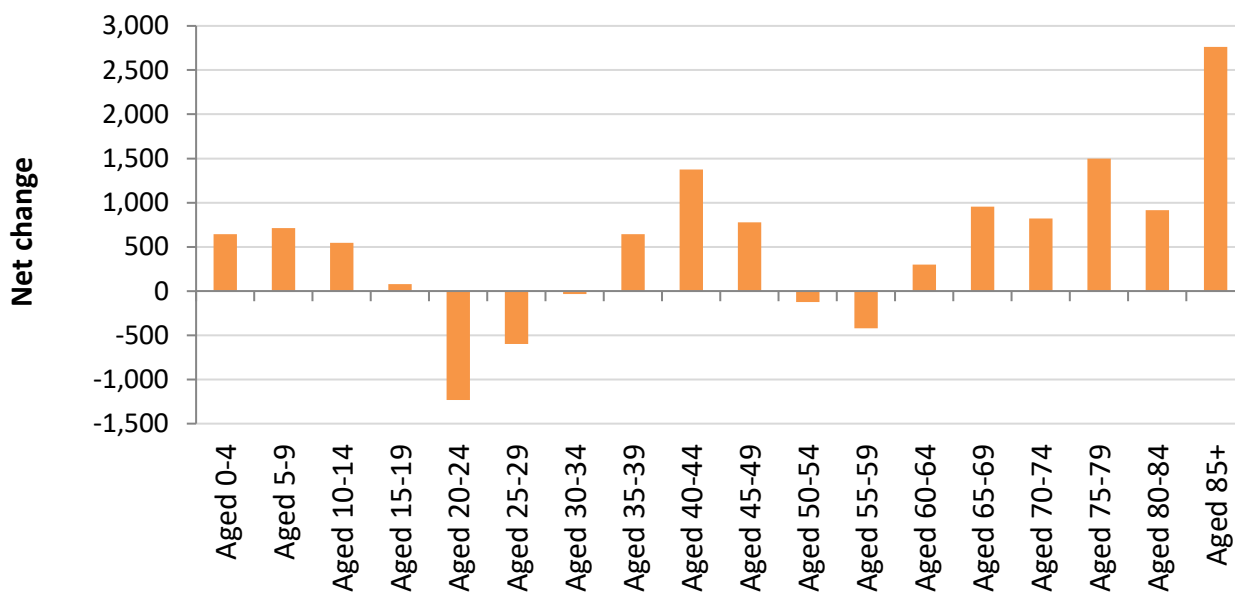


Figure 17: Net Change in Age Profile from 2021-41 (Source: Statistics Isle of Man)



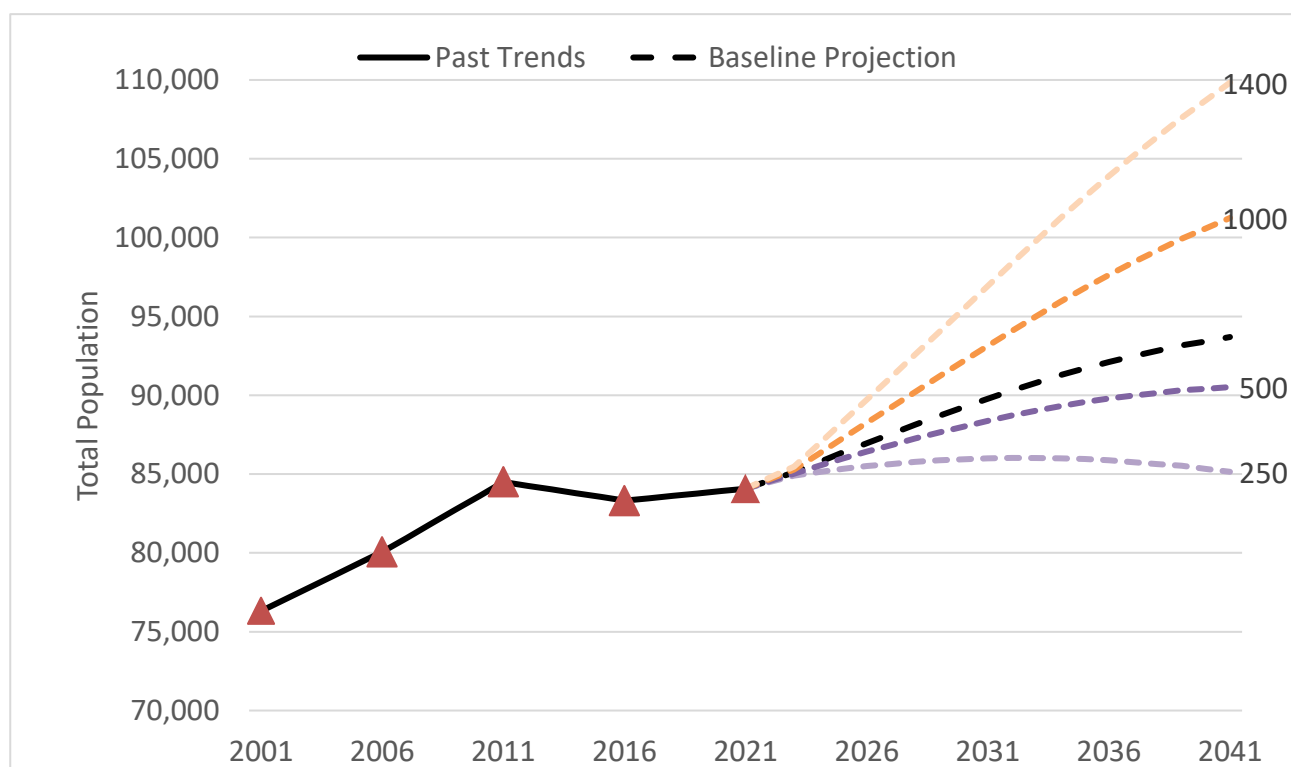
^{3.10} The increase in 35-49 year olds must be attributed to inward migration, as opposed to the existing population aging over the 20-year period. For example, there are projected to be 6,618 40-44 year olds in 2041 (Figure 5, aged 40-44, light blue bar). In 2021, this group would have been aged 20-24, and the census data shows a total of 4,309 20-24 year olds in 2021 (Figure 5, aged 20-24, dark blue bar). Therefore, at least 2,300 of the 40-44 year old cohort must be in-migrants, likely more, since at least some of those aged 20-24 in 2021 will have migrated away from the Isle of Man by 2041.

^{3.11} Furthermore, according to the data above, and as noted by the Isle of Man Population Report 2023 (page 20), net migration away from the Island is higher amongst the 20-24 age group than any other, in part driven by those that wish to pursue further education, as there is no University on the island. There is also a reduction in 50-59 year olds, however the cohort effect discussed earlier indicates that the number in this group in 2041 are higher than the 30-39 year olds in 2021, therefore this can in fact be considered an increase.

Variant Scenarios

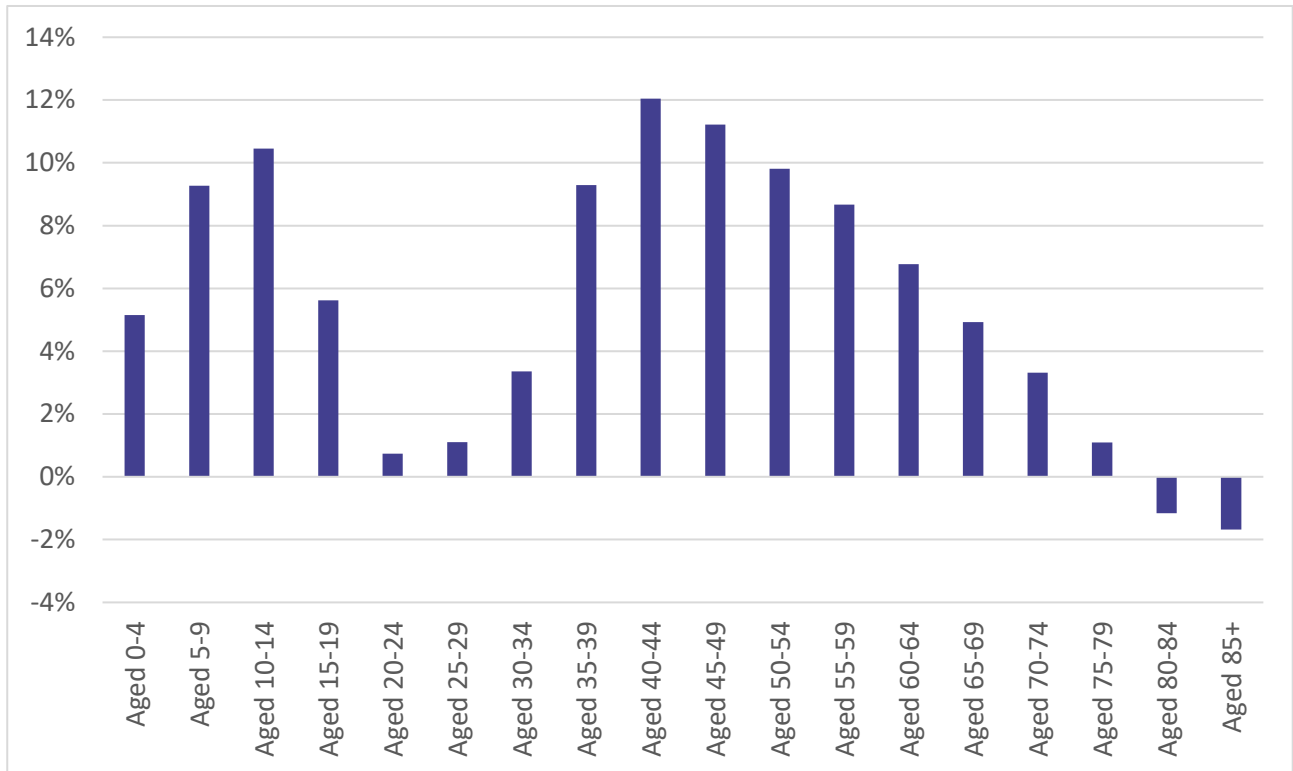
^{3.12} As previously mentioned, in addition to the baseline scenario, Statistics Isle of Man produced variant scenarios, sensitivity testing the impact on the population of alternative migration assumptions. Figure 18 presents these in comparison with the baseline scenario of 650 additional persons per year. The alternative scenarios show the effect on the population of 250, 500, 1000, and 1,400 persons per year. Notably, due to the reduction of the population due to the impact of natural change discussed earlier, net migration of 250 persons a year for the 20-year period 2021-41 results in a net increase in the population of less than 1,100 persons.

Figure 18: Total Population Projections based on Alternative Migration Numbers (Source: Statistics Isle of Man)



^{3.13} The age distribution of net migrants is shown in Figure 8. These figures are derived by comparing the different varying scenarios between which the only difference is the overall number of migrants added; the age distribution of the migrant population remains the same between these scenarios. This analysis confirms the disproportionate number of people aged 35+ who are migrating to the island (many of whom are presumably migrating with school aged children given the proportions in the 0-19 age group), and the comparatively low proportion of 20-30 year olds. Again, it is worth noting that a key driver of out-migration in the 20-24 age group is the need to travel for higher education opportunities.

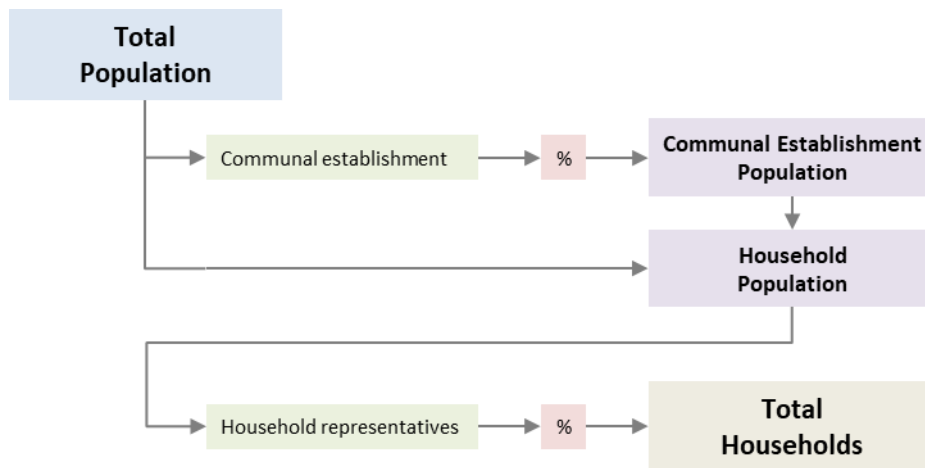
Figure 19: Distribution of Net In-Migrants by Age (Source: Statistics Isle of Man, ORS)



Overview of the Demographic Modelling – Households

3.14 Utilising the population projections for each year, Figure 20 provides an overview of the conversion from population to households.

Figure 20: Overview of the household projection process



3.15 Firstly, the population is separated between those living in communal establishments¹³ and those living in households. Household representative rates are then applied to the household population to establish the number of households. The method used reflects that used by the Office of National Statistics (ONS) in providing household projections for English Local Authorities.

¹³ Those who live in institutions, i.e. care homes, prisons, orphanages etc.

^{3.16} For the demographic modelling analysis, the initial communal establishment population was derived using 2021 Census data. The method assumes that the population aged under 75 that is resident in communal establishments will remain constant, with rates applied to the population aged 75 or over, in five-year age bands. This effectively means that whilst the under 75 communal population is assumed to remain the same, the over 75s in communal establishments are calculated as percentages of the total over 75s (a separate percentage for each five-year age band over 75), and these percentages are assumed to remain constant. As there a higher number of over 75s in 2041, applying the same percentage yields a larger over 75 communal population in 2041. The results of this analysis are set out in Figure 21 below:

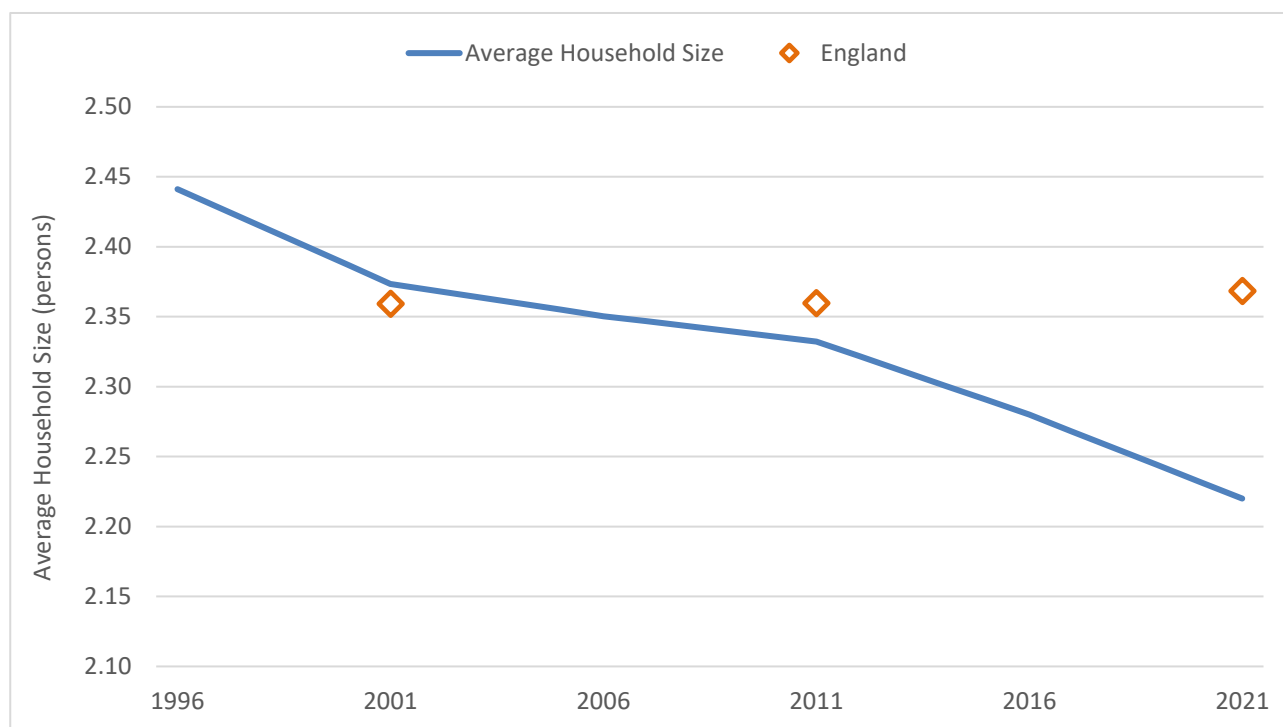
Figure 21: Household Vs Communal Living on the Isle of Man 2021-2041 (Source: Census 2021, Statistics Isle of Man, ORS Model)

Age Band	2021 Resident Population			2041 Resident Population			Total Change 2021-41		
	Household	Communal	Total	Household	Communal	Total	Household	Communal	Total
0-15	13,388	10	13,398	15,423	10	15,433	2,035	0	2,035
16-19	3,542	22	3,564	3,489	22	3,511	-53	0	-53
20-24	4,292	17	4,309	3,058	17	3,075	-1,234	0	-1,234
25-29	4,343	21	4,364	3,745	21	3,766	-598	0	-598
30-34	4,718	23	4,741	4,684	23	4,707	-34	0	-34
35-39	4,930	24	4,954	5,574	24	5,598	644	0	644
40-44	5,221	21	5,242	6,597	21	6,618	1,376	0	1,376
45-49	5,777	21	5,798	6,556	21	6,577	779	0	779
50-54	6,615	33	6,648	6,490	33	6,523	-125	0	-125
55-59	6,689	24	6,713	6,267	24	6,291	-422	0	-422
60-64	5,739	30	5,769	6,039	30	6,069	300	0	300
65-69	4,856	42	4,898	5,811	42	5,853	955	0	955
70-74	5,080	76	5,156	5,902	76	5,978	822	0	822
75-79	3,576	95	3,671	5,037	134	5,171	1,461	39	1,500
80-84	2,343	146	2,489	3,206	200	3,406	863	54	917
85+	1,953	402	2,355	4,244	874	5,117	2,291	472	2,762
Total	83,062	1,007	84,069	92,122	1,571	93,693	9,060	564	9,624

^{3.17} The second step is to apply household representative rates to the household population through the application of household representative rates.

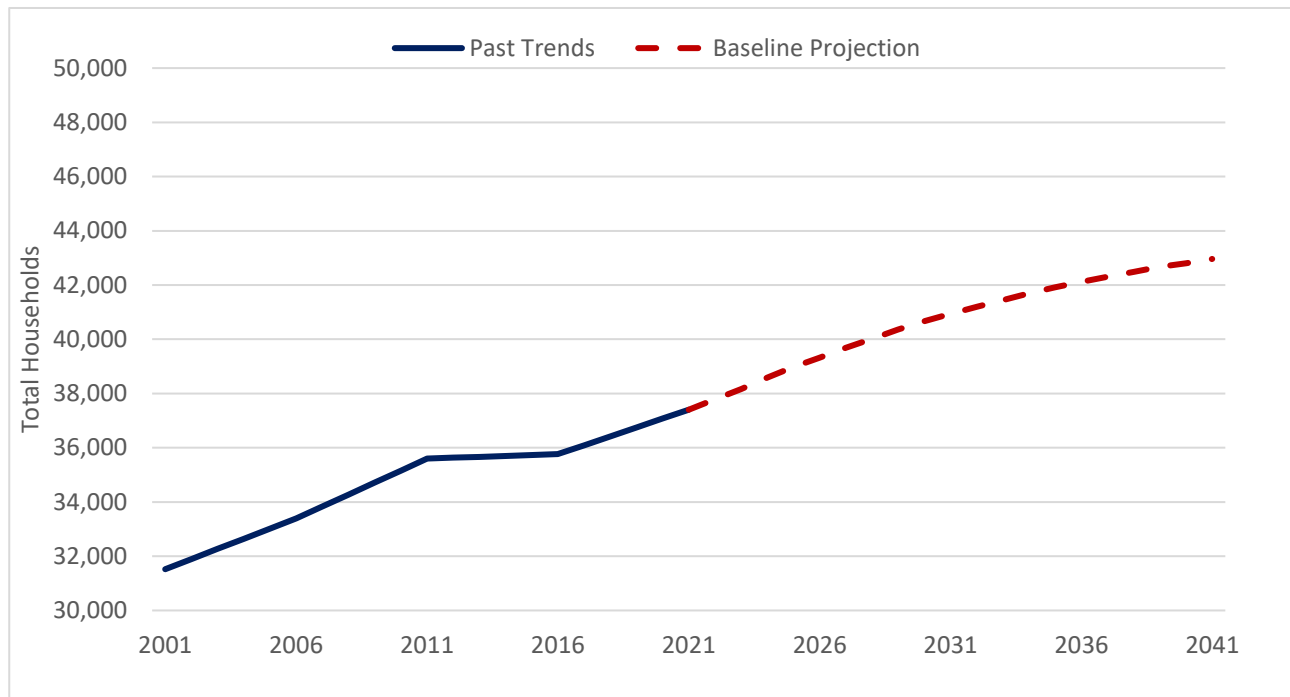
^{3.18} The household representative rates are based on age-gender-relationship rates from the 2021 and preceding censuses. Each of the specific rates have been projected forwards using a linear trend based on the immediately preceding 10 years in each case.

^{3.19} Collectively, the household representative rates can be used to calculate average household size. The trend in average household size in the Isle of Man with England as a comparator is shown in Figure 22 below:

Figure 22: Average Household Size (Persons) on the Isle of Man Against National Average (Source: Census Data)

- 3.20 There has been a clear decline in household size over the last decades from an average of 2.37 persons per household in 2001 to 2.22 in the 2021 census. By comparison, England's average household size has increased very slightly over the same period, from 2.36 to 2.37. The effect of a lower household size is that (all else being equal) a given sized population will form into more households at lower rates, and will consequently require more dwellings to live in.
- 3.21 As household representative rates are based on age and gender, it should be noted that the household size is impacted heavily by changes to demographics. For example, since older persons tend to live in smaller household sizes (e.g. a couple whose children have moved out, or someone who has lost their partner and lives alone), a larger older person population tends to reduce average household size. Given that the percentage of the Isle of Man population who are retired has increased from 19% in 2001 to 21% in 2021¹⁴, this is a likely contributory factor.
- 3.22 To convert the population projections into household projections, the household representative rates from Census 2021 (as the most up-to-date data available) were applied to the baseline population projection 2021-41.
- 3.23 Applying the household representative rates to the baseline population projection 2021-41 shows that the increase of 9,600 in the population, combined with the reducing average household size and change of demographics over the period, corresponds to an increase of approximately 5,900 households (Figure 23):

¹⁴ Source: 2021 Isle of Man Census Report Part I, table 1.2, page 16

Figure 23: Total Households on the Isle of Man 2001-2041 (Source: Census Data, Statistics Isle of Man, ORS Model)

^{3.24} These households disaggregate into household types as follows (Figure 24):




Figure 24: Household Type on the Isle of Man by Age Group 2021-2041, baseline scenario. (Source: Census Data, Statistics Isle of Man, ORS Model. Note: Figures may not sum due to rounding)

Household Type	Year	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
Single person	2021	290	1,100	1,200	1,690	2,330	2,450	3,060	12,100
Couple no children	2021	280	1,180	900	1,630	3,050	3,280	2,340	12,600
Families + child(ren)	2021	170	1,680	3,050	1,900	370	60	20	7,200
Other ¹⁵	2021	30	130	560	1,990	1,790	630	280	5,400
TOTAL	2021	800	4,100	5,700	7,200	7,500	6,400	5,700	37,400
Single person	2041	220	1,040	1,440	1,770	2,300	2,890	4,900	14,600
Couple no children	2041	200	1,100	1,080	1,710	3,020	3,860	3,750	14,700
Families + child(ren)	2041	120	1,580	3,660	1,990	370	70	30	7,800
Other	2041	20	120	670	2,090	1,780	740	450	5,900
TOTAL	2041	600	3,800	6,800	7,600	7,500	7,600	9,100	43,000
Single person	Change	-80	-70	+240	+90	-20	+440	+1,840	+2,400
Couple no children	Change	-70	-70	+180	+80	-30	+590	+1,410	+2,100
Families + child(ren)	Change	-40	-100	+610	+100	-	+10	+10	+600
Other households	Change	-10	-10	+110	+100	-20	+110	+170	+500
TOTAL	Change	-200	-300	+1,100	400	-100	1,200	3,400	5,600

¹⁵ Other households refer to any other type of household unit, such as multi-generation living or houses in multiple occupation (HMOs).

- ^{3.25} In terms of projected household change over the plan period, the largest increase is in households aged 75+, an increase of 3,400 (61% of the total increase in households). This is divided mostly into single households and couples without children, the majority being single households. There is also an increase of 1,200 in households aged 65-74, again split mostly between single households and couples without children. The other large increase (+1,100) is in 35-44 year olds, mostly families with children, an increase partially driven by migration as discussed previously. These increases are offset by a reduction in households aged 16-34, and a reduction in 55-64 year olds.
- ^{3.26} Overall, the largest increases are in single households and couples without children, representing over 80% of total household growth. Despite the increase in 35-44 year olds with children, the overall growth in families with children is limited, representing approximately 11% of total household growth.
- ^{3.27} The total households have been converted to a dwelling number based on the percentage of household spaces with a usually resident household identified by Census data for the whole of the Isle of Man. Accommodating the 5,600 households will require 6,400 dwellings, as summarised in Figure 25:

Figure 25: Summary of Population, Household and Dwellings 2001-21 and 2021-41 (Source: Census Data, Statistics Isle of Man, ORS Model)

			
2001	76,300 persons	31,500 households	-
2021	84,100 persons	37,400 households	43,100 dwellings
Trend 2001-21	+7,800 persons	+5,900 households	-
Projection 2021-41	+9,600 persons	+5,600 households	+6,400 dwellings

4. Housing market

Trends and Affordability

Tenure Trends

4.1 Considering the trends of tenure mix across the Isle of Man, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home (Figure 27 and Figure 26).

- » **From 2001-2011:** the number of owner occupiers climbed significantly (increasing from 21,300 to 23,500 households, a gain of over 2,000). However, despite this increase, the number of owner occupiers as a percentage of total households dropped by 2%. This was due to the comparable increase in private rented households (almost 1,700), and the modest increase in rent in public sector housing¹⁶ (272). Notably, because of the increases to the numbers of private rented and owner occupying households, this modest increase in public sector rent actually represented a drop of 1.3% (from 17.7% of total households to 16.4%)
- » **From 2011-2021:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 23,500 to 23,900 households, a gain of around 400); however, this was alongside a larger growth in private tenants (a gain of around 1,200). The number of public sector tenants remained stable, with only a marginal increase of 23 households.

4.2 It is evident that the overall balance between owners and renters has shifted over the last two decades, with the proportion of private renters increasing from 15 to 20%, with a reduction in owner occupation of 4%. Numbers of public sector renting tenants has remained relatively stable, with its proportion reducing slightly due to the increase in other tenures.

Figure 26: Households by Ownership Type 2001-2021
(Source: Census data)

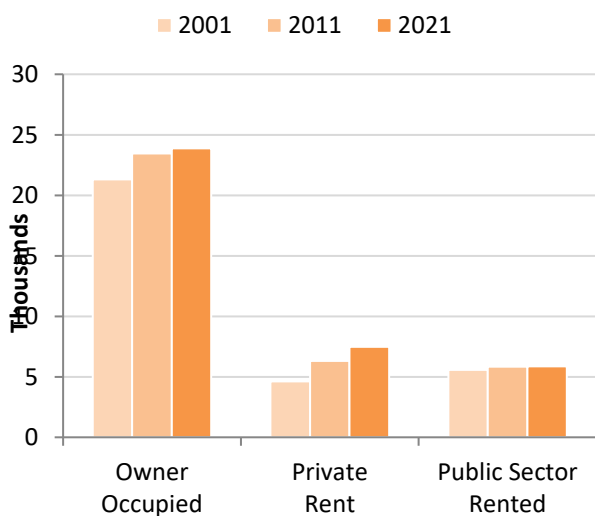
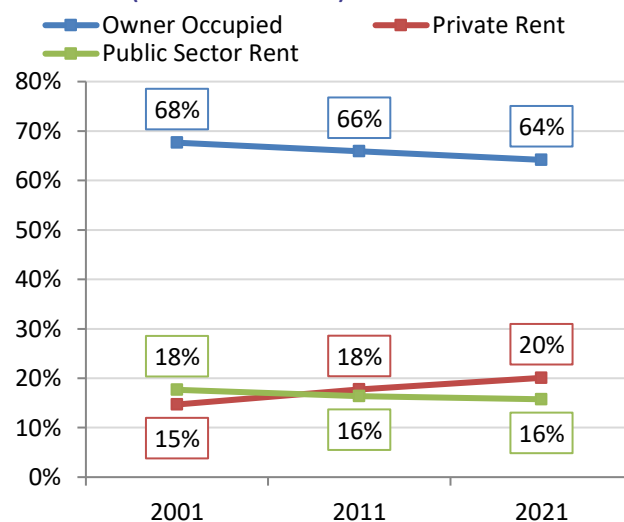


Figure 27: Households by Proportional Ownership Type 2001-2021
(Source: Census data)



¹⁶ Equivalent to social rented in mainland England.

- 4.3 Looking at the age distribution of households in the three tenures, overwhelmingly the 16-24 year old cohort are renting, with this proportion steadily reducing in favour of owner occupation as the age group under examination gets older. However, it should be noted that the numbers of 16-24 year old households is comparatively low, and so only represent around 600 renters. The proportion of public sector rented tenants remains roughly constant across all age groups (Figure 28 and Figure 29).

Figure 28: Household Tenure type by Age Group (Source: Census Data)

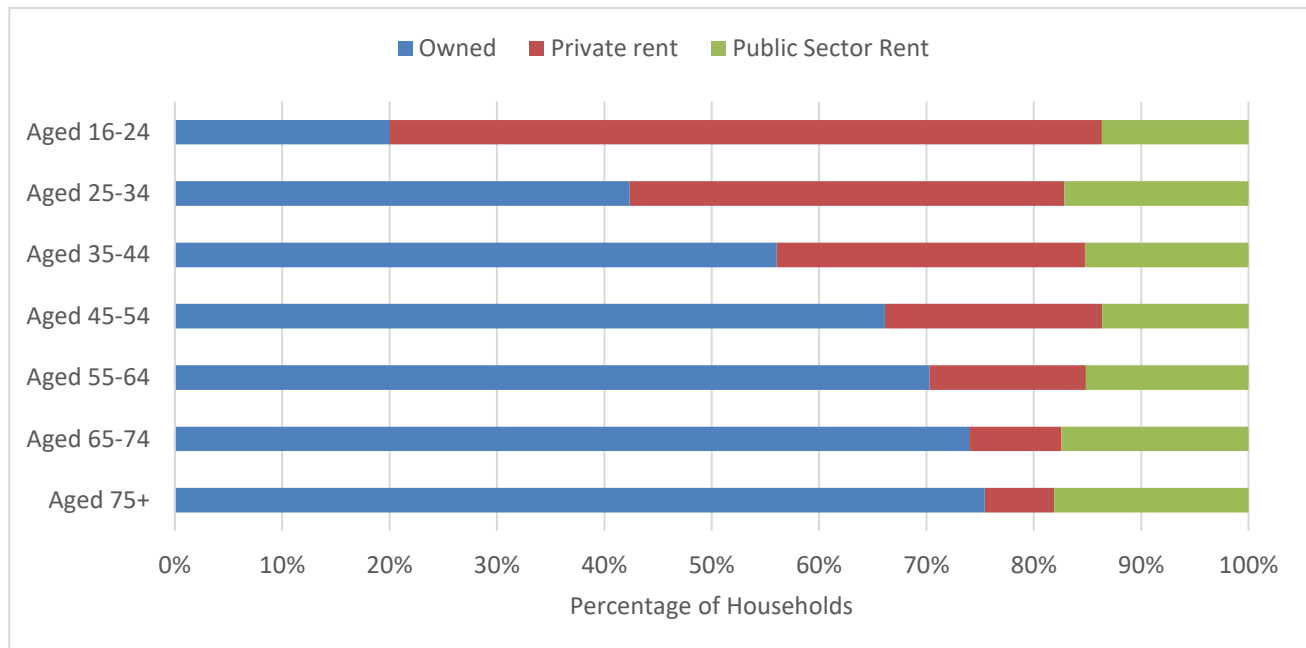


Figure 29: Household Tenure Type by Age Group (Source: Census Data)

	Owned	Private rent	Public sector rent	Total
Aged 16-24	200	600	100	1,000
Aged 25-34	1,700	1,600	700	4,000
Aged 35-44	3,200	1,600	900	5,600
Aged 45-54	4,700	1,400	1,000	7,100
Aged 55-64	5,200	1,100	1,100	7,500
Aged 65-74	4,700	600	1,100	6,400
Aged 75+	4,200	400	1,000	5,600
Total	23,900	7,300	5,900	37,100

Property Size and Type

- 4.4 The most common type of property on the Isle of Man is the detached dwelling, however the largest growth in in purpose-built flats, likely due to the increased demand for rented accommodation on the island. There has nonetheless been considerable growth in both detached and semi-detached properties, with a reduction in terraced properties and flats in converted houses (Figure 30).

Figure 30: Household Type in Isle of Man 2001-2021 (Source: Census Data)

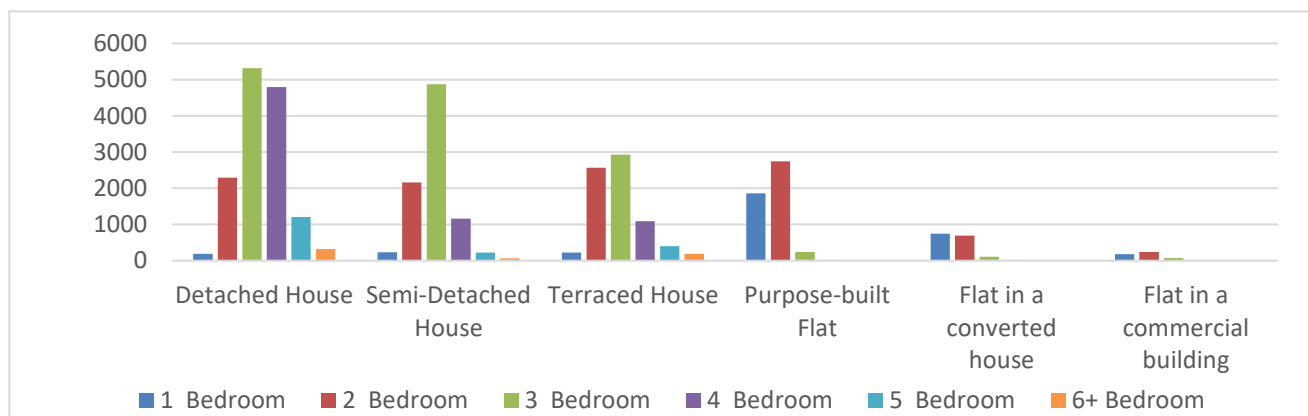
Year	Detached	Semi Detached	Terraced	Purpose built flats	Flat in Converted House	Other	Total
2001	12,212	6,769	7,591	2,684	1,950	315	31,521
2011	13,273	7,712	7,712	4,412	1,643	403	35,599
2021	14,119	8,716	7,405	4,870	1,571	539	37,220
2001-2021	1,907	1,947	-186	2,186	-379	224	5,699
2001	39%	21%	24%	9%	6%	1%	100%
2011	37%	22%	22%	12%	5%	1%	100%
2021	38%	23%	20%	13%	4%	1%	100%
2001-2021	-0.8%	1.9%	-4.2%	4.6%	-2.0%	0.4%	18%

- 4.5 The most common size of property is three-bedroom, with two bedrooms being the most common size for flats. Four-bedroom detached properties are far more common than semi-detached and terraced properties of the same size (Figure 31 and Figure 32).

Figure 31: Household Type by Number of Bedrooms (Source: Census Data)

Number of Rooms	Detached House	Semi-Detached House	Terraced House	Purpose-built Flat	Flat in a converted house	Flat in a commercial building
1-Bedroom	193	234	226	1,862	742	180
2-Bedroom	2,289	2,160	2,569	2,742	692	240
3-Bedroom	5,316	4,877	2,930	246	113	70
4-Bedroom	4,796	1,164	1,087	17	17	15
5-Bedroom	1,203	220	401	2	3	8
6+ Bedroom	322	61	192	1	4	7
Total	14,119	8,716	7,405	4,870	1,571	520

Figure 32: Number of Households by Number of Bedrooms and Household Type (Source: Census Data)

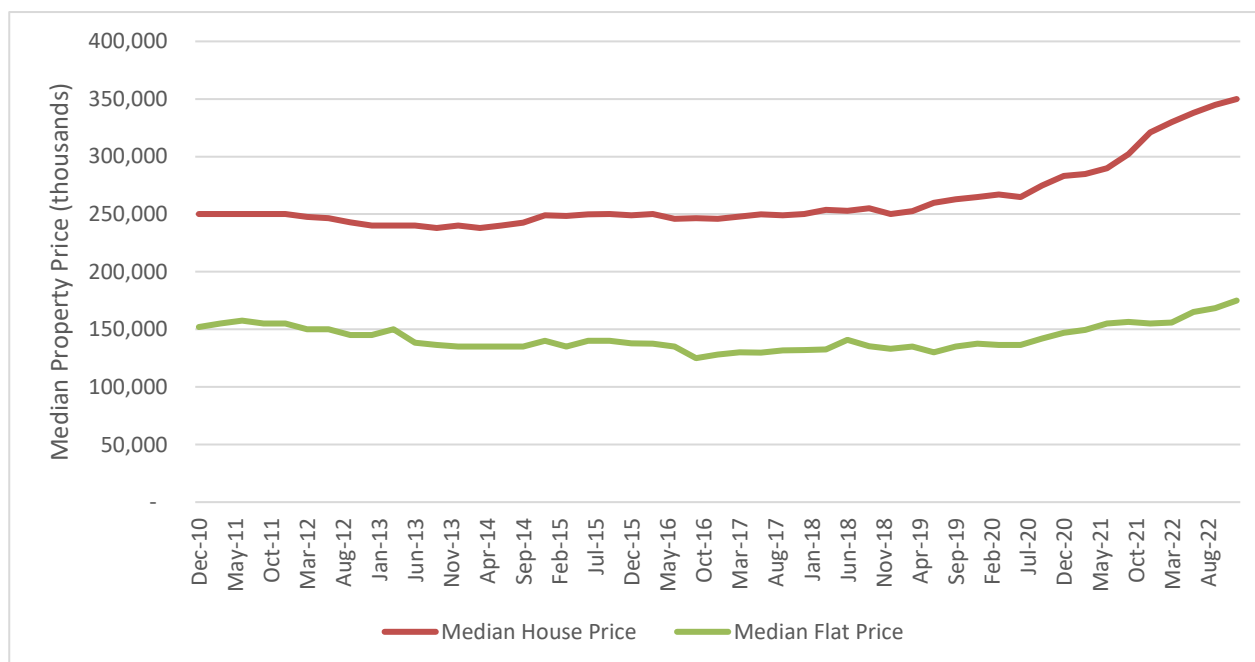


Second/holiday homes

- 4.6 According to the 2021 census, 13.3% of all properties on the Isle of Man were vacant¹⁷. There are several reasons why a property could be vacant at the time of the census, e.g. the properties could be second homes, holiday homes, awaiting a household moving in, undergoing refurbishment, awaiting demolition etc. However, this is a comparatively high vacancy rate compared to the England average of 6%. Indeed, it is comparable to other areas with a high proportion of holiday homes, such as Cornwall (12.2%), the Isle of Wight (11.8%), the Isle of Anglesey (14.9%), North Devon (11.7%), and Blackpool (10.8%). Since areas without large quantities of holiday homes typically have a vacancy rate of approximately 3-4%, we can reasonably assume that vacancies from non-holiday homes constitute a similar proportion of Isle of Man dwellings. This leaves approximately 10% (13.3% total vacant minus 3 to 4% approximate non-holiday vacant) of all homes on the Isle of Man as holiday homes, more than 4,000 properties in total.
- 4.7 The prevalence of holiday and second homes in an area tends to have well-understood economic impacts. Primarily they contribute to driving up house prices, as locals can be priced out by second homeowners, and they thereby limit the availability of housing for locals. However, in the case of properties let out as holiday homes, they can provide an important direct source of income for local people, as well as the additional general spend that tourists might bring to an area.

House prices

Figure 33: Median House and Flat Prices on the Isle of Man (Source: Statistics Isle of Man)



- 4.8 Median houseprices in the Isle of Man remained steady at approximately £250,000 from 2010 to March of 2019. From this point on median houseprices steadily climbed, reaching a peak of £350,000 in December 2022, the most recent figure available at the time of writing. Flats showed a slow decline in their median price from 2010 to 2016 (to a low of £125,000 in September), remained around the £135,000 mark for three years, and then began to increase as of mid-2019 to a peak of £175,000 in December 2022.

¹⁷ 5,695 vacant properties and 37,220 occupied = total 42,915. $5,695/42,915 = 13.27\%$ vacant.

Rents

Figure 34: Rent Prices Per Calendar Month on the Isle of Man (Source: www.Numbeo.com)

Rents	City Centre				Outside City Centre			
	1-bed	1-bed % of single median income	3 Bed	3-bed % of single median income	1-bed	1-bed % of single median income	3 Bed	3-bed % of single median income
High	£1,000	37%	£1,800	67%	£850	32%	£1,500	56%
Median	£845	32%	£1,444	54%	£700	26%	£1,183	44%
Low	£650	24%	£1,300	49%	£600	22%	£900	34%

- ^{4.9} Rents in the Isle of Man vary widely depending on whether the property is within a City Centre or not. It should be noted that the figures contained in Figure 34 can only be considered indicative as they are based on publicly reported figures to a cost-of-living website; and should be considered anecdotal rather than reliable figures. Nonetheless, these tally approximately with 2021 data shared by the Isle of Man Government¹⁸ which suggests average rents of approximately £179.60 per week for a 1-bed and £232.25 for a 3-bed property. These rents translate to £828 and £1,010 per month respectively, which are within the range of the prices set out by the website, especially when taking into consideration the inevitable increase in rents likely to have occurred over the last three years in line with house prices (see Figure 33). Furthermore, an examination of property website Zoopla provides further data points that indicate that the data in Figure 34 is likely roughly correct.
- ^{4.10} Based on a median income of £2,670 per month, renting a 1-bedroom apartment in an Isle of Man city centre would likely require 24-37% of this income, with the median value of 32%, outside of the city centre, 22-32% of income is required, with a median of 26%. By way of context, data from the Census 2021 in suggests that in England, an average of 26% of a renter's income is required for a median rented property in the financial year ending 2022¹⁹. The Office of National Statistics typically deem an area to have private rent that is affordable if it is equivalent to 30% or less of the median income of private renting households²⁰.

¹⁸ From "2021 living wage basket open data" spreadsheet found at: <https://www.gov.im/about-the-government/government/open-data/society/living-wage/>

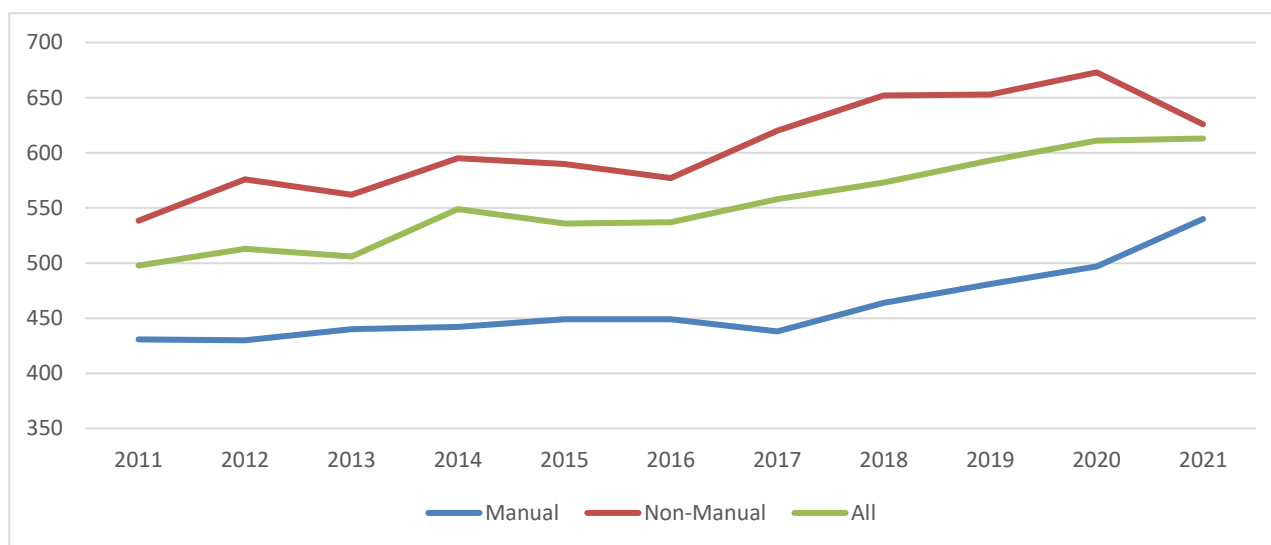
¹⁹

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordabilityengland/2022>

²⁰ Ibid.

Incomes

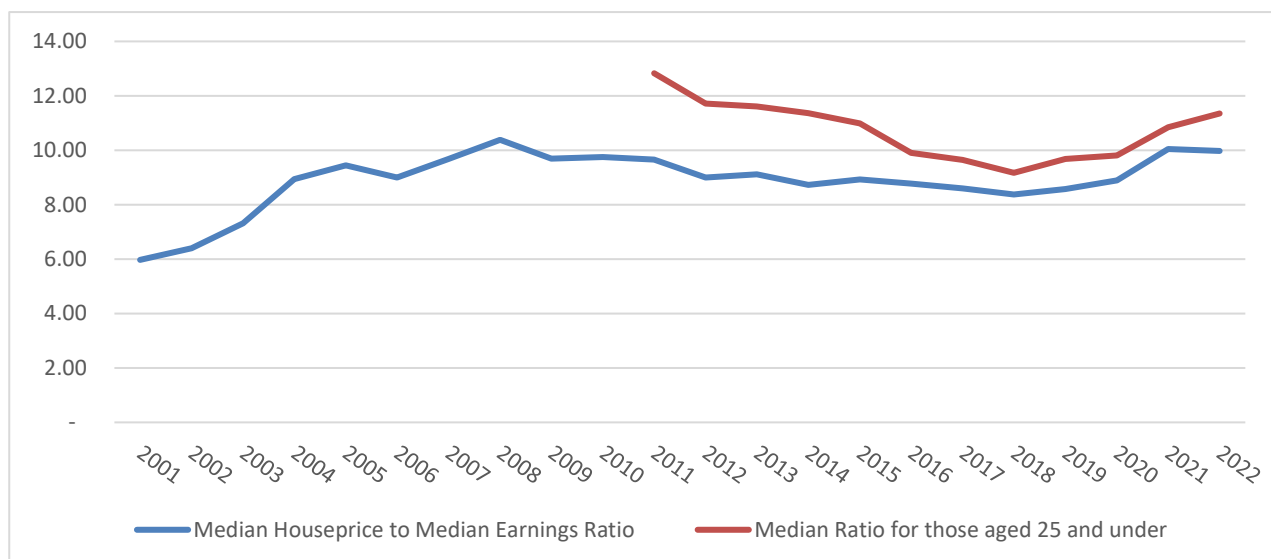
Figure 35: Median Weekly Earnings (£) 2011-2021 (Source: Isle of Man in Numbers 2023)



^{4.11} Median weekly income in the Isle of Man as of June 2021 was £613, which is equivalent to £32,000 per year, or £2,670 per month. This only includes full time employees, on adult rates, whose earnings were not affected by absence. A full-time employee was classified as anyone working 30+ hours a week, with the exception of teachers. Overall, incomes in the Isle of Man have steadily increased since 2016, however over the period 2020-21 there was a reduction in incomes in non-manual roles.

Affordability

Figure 36: Median Houseprice to Median Earnings Ratio 2001-22 (Source: Statistics Isle of Man)



^{4.12} As of 2022, the median houseprice to earnings ratio (i.e. a median house costs how many times the median salary) was 9.97. This represents a recent increase as the ratio has been stable at approximately 9 from 2012-2020; but climbed to 10.04 in 2021 from 2020's 8.89. For those under 25, the ratio has steadily decreased since 2011's 12.83, before starting to climb again from a 2018 low of 9.17. The ratio in 2022 was 11.35. By comparison, the average for English local authorities in 2022 was 8.3, which was a reduction from the previous year's 9.1.

5. Disaggregating Housing Need

Public Sector and Market Housing

- 5.1 As was previously summarised in Figure 25, the total household change implied by the baseline population projection was 5,560 households. The application of the Census 2021-based vacancy rate (13.3%) allows for those dwellings that are unoccupied (see paragraph 4.6), giving a total dwelling need according to the baseline projection of 6,411 dwellings over the 2021-41 period, which is approximately 321 dwellings per year.
- 5.2 However, in terms of disaggregating these dwellings into the two main classes of tenure requires a more nuanced approach to vacancy. As there is a continuous demand (i.e. a waiting list) for Public Sector Housing, and the Government allocate households based on need, it is the case that vacant Public Sector properties have new tenants allocated rapidly and therefore the vacancy rate in this sector is low.
- 5.3 At the time of writing, there was no information available on vacancy rate by tenure in the Isle of Man. However, the vacancy rate for social housing across England is fairly consistent at around 1.5% across a wide variety of local authorities. The England average is 1.474%, and it seems reasonable to apply the same rate to the Isle of Man's public sector housing in lieu of any island specific evidence in this regard.
- 5.4 Based on current occupancy and affordability patterns found in the 2021 Census, the 5,560 households can be separated by tenure:

Figure 37: Tenure split of household projection 2021-41 (Source: ORS Model)

Household Change 2021-41	Public Sector Rented Housing	Market Housing	Total
	962	4,598	5,560

- 5.5 Applying the Island's overall vacancy rate of 13.3% to the total, and the 1.474% England average to the public sector housing sector allows derivation of an overall vacancy rate for market housing by subtraction, as the overall housing need for market housing = total – public sector. This yields 5,435 market dwellings, which corresponds to a market sector vacancy rate of 15.4%:

Figure 38: Tenure split of household and dwelling projections 2021-41 (Source: ORS Model, 2021 Census)

Change 2021-41	Public Sector Rented Housing	Market Housing	Total
Households	962	4,598	5,560
Vacancy Rate	1.47%	15.4%	13.3%
Dwellings	977	5,435	6,411
Percentage of Total	15%	85%	100%

- 5.6 Almost 1,000 additional Public Sector Rented dwellings are required to meet the baseline need over the 2021-41 period. Given that the number of households renting public sector housing on the island has not significantly changed in the last decade (5,839 in 2011 and 5,862 in 2021 according to the census, an increase of 2.3 per year – see Figure 26), despite a current policy that requires 25% of all developments over 8 dwellings in size to be affordable²¹, this policy may need review.

²¹ Isle of Man Strategic Plan 2016 – Housing Policy 5 page 70

- 5.7 The policy deems properties that qualify for affordable home ownership schemes (e.g. First Home Fixed and First Home Choice) as a form of affordable housing, and it may be that the lack of a separate requirement for both affordable rented (i.e. public sector) and affordable owned provision has led to affordable homeownership provision eclipsing the need for rented affordable dwellings that remain affordable in perpetuity. The Government may consider implementing a revised policy that splits up the affordable need (e.g. requiring 15% rented, 10% AHO), or take a different approach altogether.
- 5.8 The application of Census rates allows for the disaggregation of the need for all tenures by bedroom size for the baseline projection scenario:

Figure 39: Baseline Projection Dwelling Projection 2021-41 by Size and Tenure (Source: ORS Model. Note: Figures may not sum due to rounding)

Baseline Projection	Public Sector Rented	Market Housing		Total market	Overall Total
		Private rent	Owner occupied		
1 bed	300	87	158	245	503
2 beds	405	224	1,203	1,427	1,606
3 beds	251	171	2,025	2,197	2,106
4+ beds	20	82	1,484	1,566	1,345
Total	977	564	4,870	5,434	6,411
Percentages of Total					
1 bed	5%	1%	2%	4%	8%
2 beds	6%	3%	19%	22%	25%
3 beds	4%	3%	32%	34%	33%
4+ beds	<1%	1%	23%	24%	21%
Total	15%	9%	76%	85%	100%

- 5.9 9% of all housing is projected to become privately rented. This sector has steadily increased by 2,800 over the past two decades, and continues to be in demand. On the baseline scenario, 564 units are projected to be needed 2021-41, mostly two and three-bedroom properties. As set out in Figure 28, the largest group of renters are young people (aged 25-44), many of whom will aspire to own, and may take advantage of one of the affordable home ownership options available, or the Mid-Rent scheme once it matures.
- 5.10 76% of all housing is projected to be owner occupied, primarily in 2,3 and 4+ bedroom properties. Dwellings larger than single bedroom are favoured by older households, and as previously noted the demographics indicate a large increase in the 65+ age group (see Figure 16). Therefore it follows that as the proportion of older persons in the population increases, the trend-based need for properties will tend towards larger property sizes. However it must be noted that this is trend-based, not policy-based, and the impact of implementing future policy aspirations could serve to change the composition of the population moving forward.
- 5.11 It should also be recognised that approximately 850 of the 6,400 properties will be without residents based on current vacancy rates. As previously noted, many of these properties will be holiday homes or second homes, and the projection of housing need assumes that the percentage of vacant properties will remain the same. However, a policy goal of reducing the vacancy rate would serve to free up more of these dwellings for the housing needs of residents, would thus serve to increase the supply, and reduce overall housing need.

- 5.12 The projections imply 851 new properties will be vacant, however such a policy of reducing vacancy would also apply to existing properties, of which the 2021 census enumerates at 5,695, so a projected total of 6,546 properties by 2041. This is comparable to the housing need in the baseline need projection, so a policy that achieved a modest reduction of 10% in the number of vacant properties would effectively reduce overall housing need by 10%, in the baseline scenario, as the occupation of these properties offsets housing need.
- 5.13 Public Sector Rented housing makes up 15% of the housing need, however it should be noted that the 977 properties to which this refers is a net figure, and is the amount required to cover future need emerging over the plan period. Since it is a net figure, any number of losses of Public Sector Rented housing to demolitions or conversions will add a corresponding number to the need.
- 5.14 Since the 977 Public Sector Rented housing is for future need, it is appropriate to also add to this figure sufficient homes to cover current priority need when considering housing targets as part of the planning process. As a proxy for current priority need, the most up-to-date data on households claiming income support that currently could be classed as homeless is presented in Figure 40. These households are claimant who are categorised as one of the following:
- Of no fixed abode
 - None-householder (i.e. a concealed household or “sofa-surfer”)
 - Currently in board and lodgings

As of the time of writing, there were almost 500 households in one of these categories, mostly single persons of working age:

Figure 40: Homeless households in the Isle of Man (Source: Isle of Man Government)

Type	Single Claimant				Couple claimant				Family claimant				Total
	<25	25-44	45-64	65+	<25	25-44	45-64	65+	<25	25-44	45-64	65+	
Homeless households	107	189	125	45	0	0	1	1	8	21	1	1	499

- 5.15 The Government will have its own criteria for establishing current public sector housing priority need, so the above should be considered indicative, and is not included in the need totals discussed elsewhere in this document, which refer specifically to future need.

Uplifts for OAHN

- 5.16 As noted in Chapter 1, the Isle of Man Economic Strategy seeks to create and fill 5,000 new jobs by 2032, with an associated population increase of 15,000 by 2037. The baseline population projection projects a growth of 8,400 by 2037, which is clearly short of this ambition. In any consistent projection in which the number of jobs and population were increased to this degree, there would be an associated increased need for housing.
- 5.17 To robustly align the jobs and workers in the projections, ORS has produced a projection of economically active residents, based on the population projections and current economic activity by both age and gender. Future change has been indexed to UK labour market participation projections by the Office of Budgetary Responsibility (OBR). The projections therefore assume that the Isle of Man’s economic activity rates moving forward will broadly follow those of the UK as a whole.

OBR Labour Market Participation Projections

5.18 The labour market participation projections produced by the OBR are based on historic profiles of different cohorts of the overall population – subsets that are grouped by year of birth and gender. Their analysis is not based on simplistic trends but is designed to capture dynamics that are specific to particular ages and those that cut across generations:

“We project each cohort into the future using age-specific labour market entry and exit rates as they age across time. These exit and entry rates are generally held constant, although we adjust entry rates for younger cohorts (discussed further below), and exit rates for people approaching the State Pension age (SPA), since the SPA rises over our projection period.”

5.19 Their analysis concludes:

- » **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;
- » **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and
- » **Young people;** economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

Older People

5.20 Recent increases in State Pension age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London²² concluded that:

“Future increases in the state pension age will lead to a substantial increase in employment”.

5.21 However, the issue is complex: most people do not retire at the SPA precisely, and other factors influence retirement decisions:

- » **Health:** longer, healthier lives mean people spend longer in employment;
- » **Education:** higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) give new options for some people to work for longer;
- » **Family circumstances:** evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;
- » **Financial considerations:** expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and

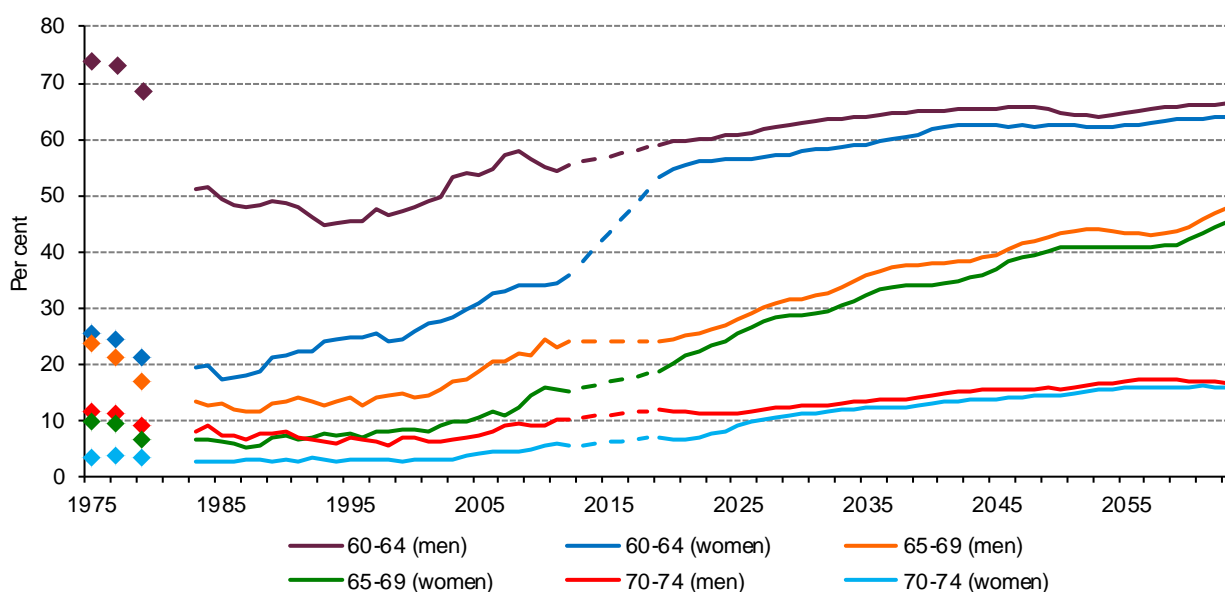
²² http://www.ifs.org.uk/pr/spa_pr_0313.pdf

- » **Compulsory retirement age:** the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don't set a compulsory retirement age for their employees²³.

5.22 Nevertheless, the financial drivers are particularly important to the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes will inevitably lead to higher economic activity rates amongst the older population.

5.23 Figure 41 shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

Figure 41: Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)



5.24 In summary, for those:

- » **Aged 60-64:** employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;
- » **Aged 65-69:** the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and
- » **Aged 70-74:** the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

²³ <https://www.gov.uk/retirement-age>

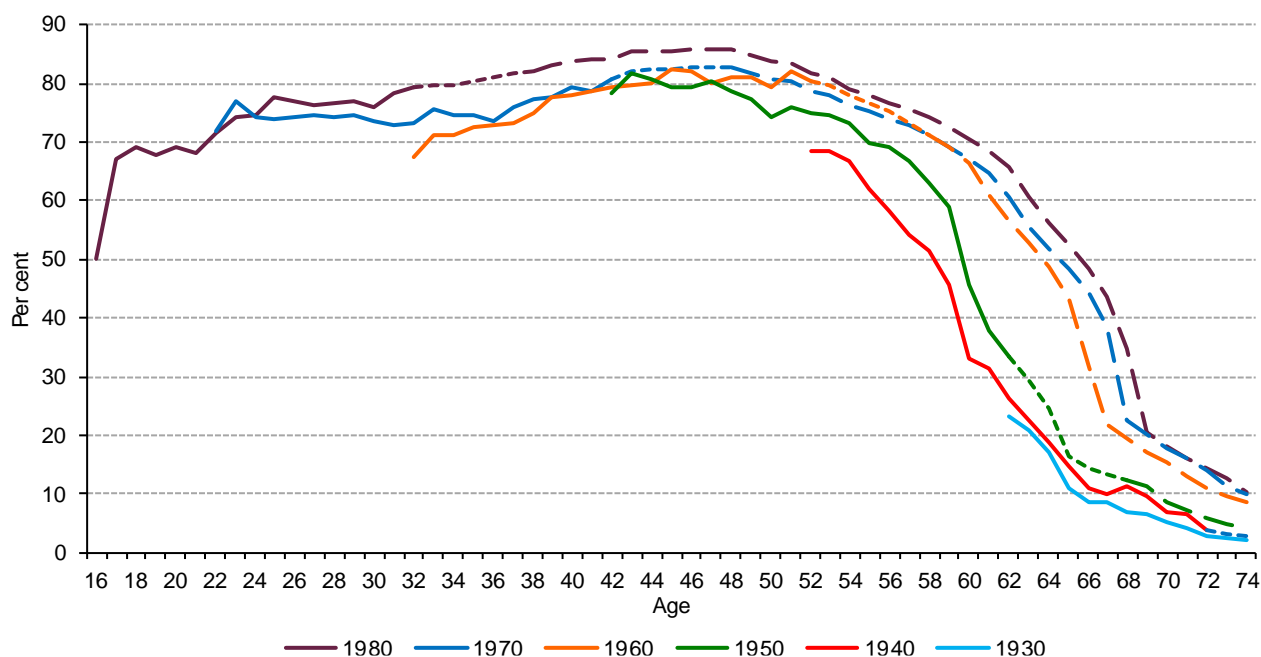
Female Participation

- 5.25 Women's participation in the labour force has increased, particularly since the 1970s, for a complex range of societal and economic reasons:
- » **Childbirth:** decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);
 - » **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;
 - » **Support services for women in work:** an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);
 - » **Equal pay:** the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and
 - » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.
- 5.26 National policy still aspires to encourage more women into work. The Government is seeking to "*incentivise as many women as possible to remain in the labour market*"²⁴ and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women.
- 5.27 Historic data clearly shows that women born in the 1950s (who are now likely retired or at least approaching retirement) have been less likely to be economically active than those born more recently, based on the comparison of data for individual ages. Participation rates for women have progressively increased over time: women born in the 1960s had higher rates than those born in the 1950s, women born in the 1970s had higher rates again, and women born in the 1980s have had the highest rates. The OBR projections take account of these historic differences between cohorts, but they do not assume that female cohorts yet to enter the labour market have even higher participation rates.
- 5.28 Figure 42 shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future:

24

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

Figure 42: Female participation rates by Cohort (Source: ONS, OBR)

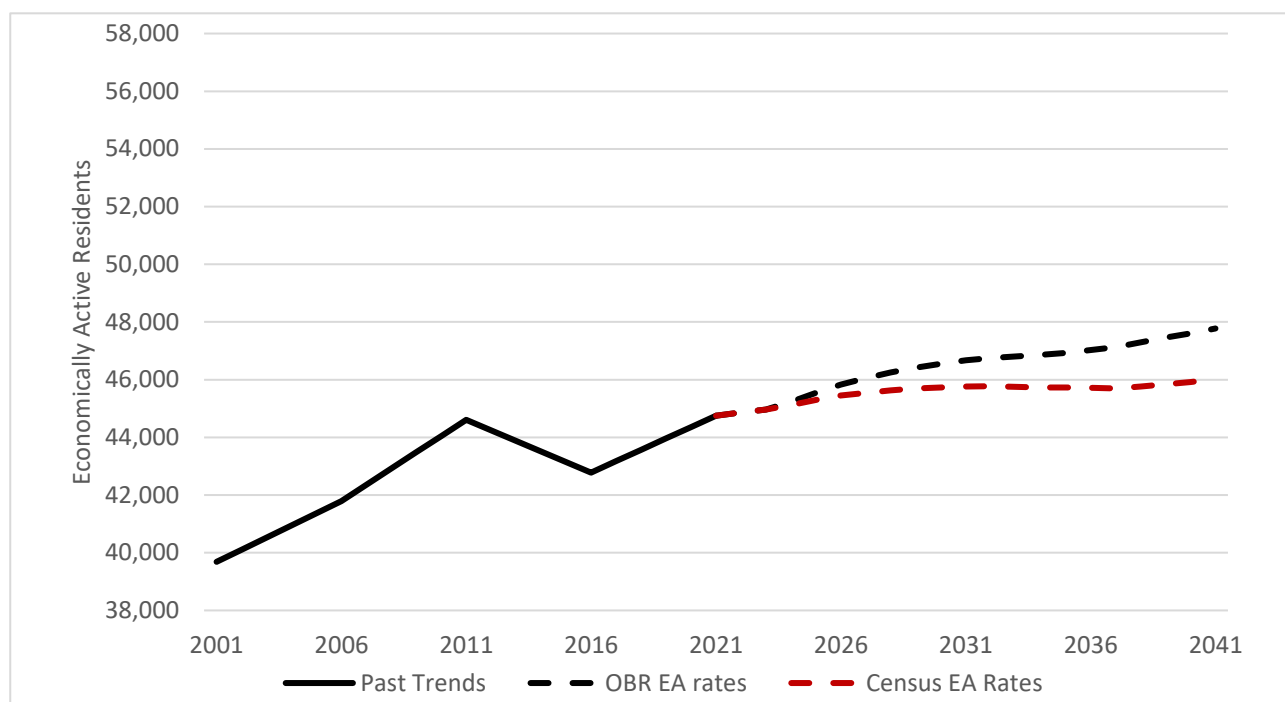


Young People

- 5.29 The key issue for young people is at what age they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education²⁵. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- 5.30 UK national policy also changed. The school leaving age rose to 18 in 2015 and the Government removed the cap on student numbers attending higher education²⁶.
- 5.31 The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.
- 5.32 For illustrative purposes, the economically active residents in the baseline projection are shown below in Figure 43 with economic activity rates indexed to the OBR UK Labour Market Participation Projections and with Census 2021 rates held constant over the plan period:

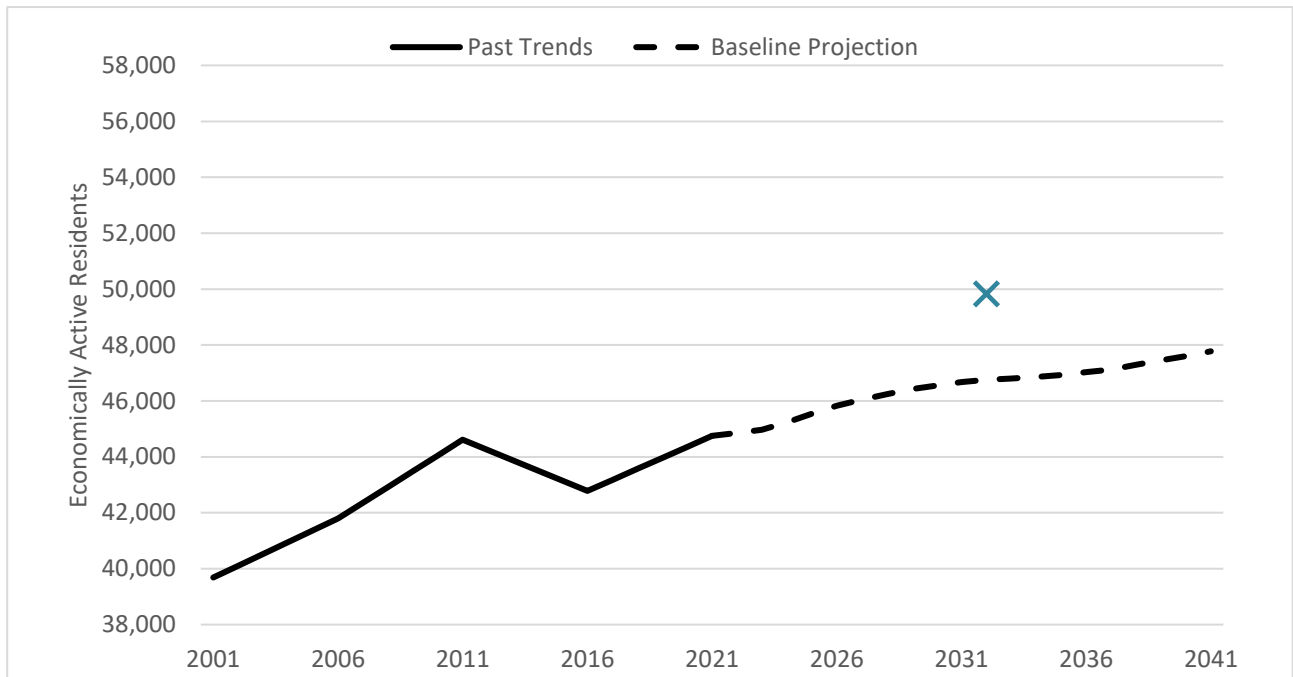
²⁵ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

²⁶ <http://www.bbc.co.uk/news/education-25236341>

Figure 43: Impact of OBR Economic Activity Rates on the Baseline Projection (Source: OBR, Statistics Isle of Man, ORS Model)

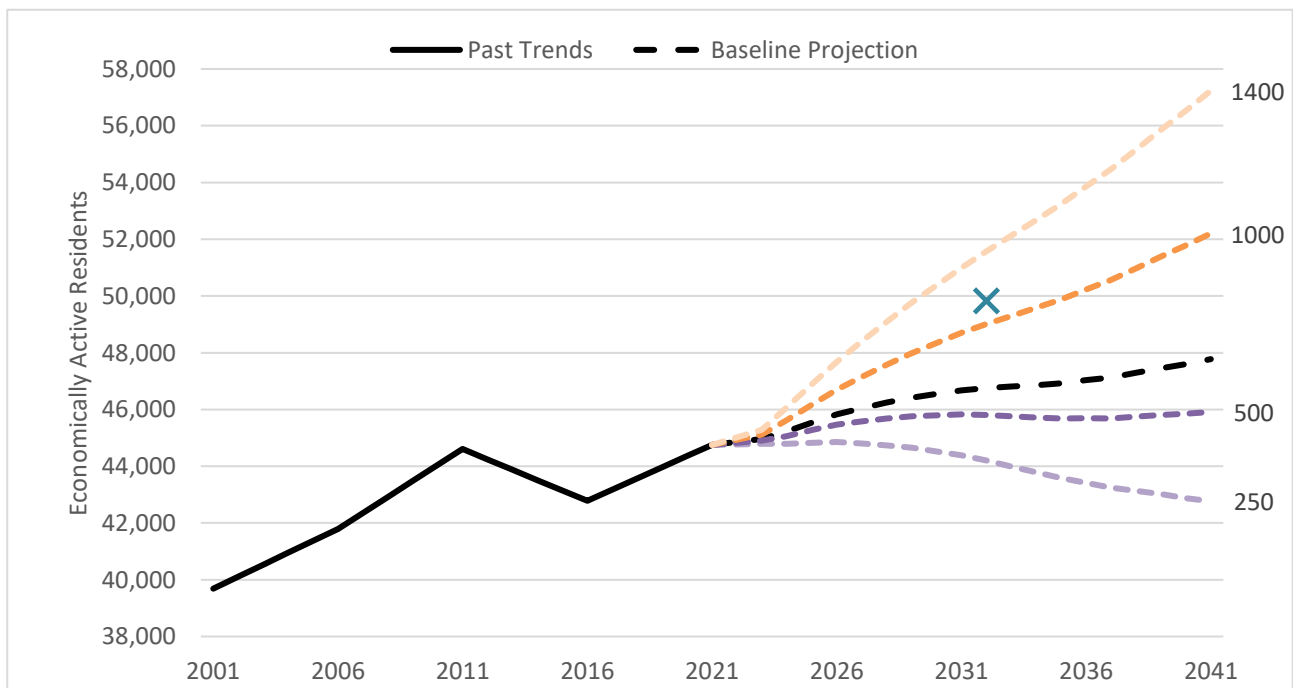
- ^{5.33} It should be noted that these figures assume no change in the rate of unemployment. It is nonetheless the case that reduced unemployment would lead to more growth, however it is unclear that the rate could be meaningfully reduced, as it is currently very low. Isle of Man unemployment as of December 2022 stood at 0.7% of the economically active population, or 292 people. To put this in context, the UK average at the time of writing was 3.8%.
- ^{5.34} In aligning jobs and workers, it should be understood that there is not a 1:1 relationship between these two elements. Double jobbing (i.e. one worker having more than one job) needs to be considered (especially amongst part time workers), as does the possibility of some jobs being filled by remote workers, who may not necessarily be resident to the Isle of Man. Furthermore, post-Covid, there has been a considerable increase in the amount of home working, therefore there is the converse possibility of island residents remotely working for companies based in the UK or internationally, thus taking away from the workforce that would fulfil Island-based jobs. These factors are difficult to enumerate, so the assumption is made that change in the economically active population is broadly comparable to the growth of resident workers, and that the intent is to increase the number of resident workers by 5,000 to fulfil 5,000 new jobs.
- ^{5.35} In 2021, the number of economically active residents was approximately 45,000. Under the baseline scenario, the projection of economically active persons in the baseline scenario falls far short of the desired 5,000 extra workers by 2032, indeed this number of workers is not reached by 2041 (Figure 44):

Figure 44: Economically Active Residents in Baseline Projection including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)



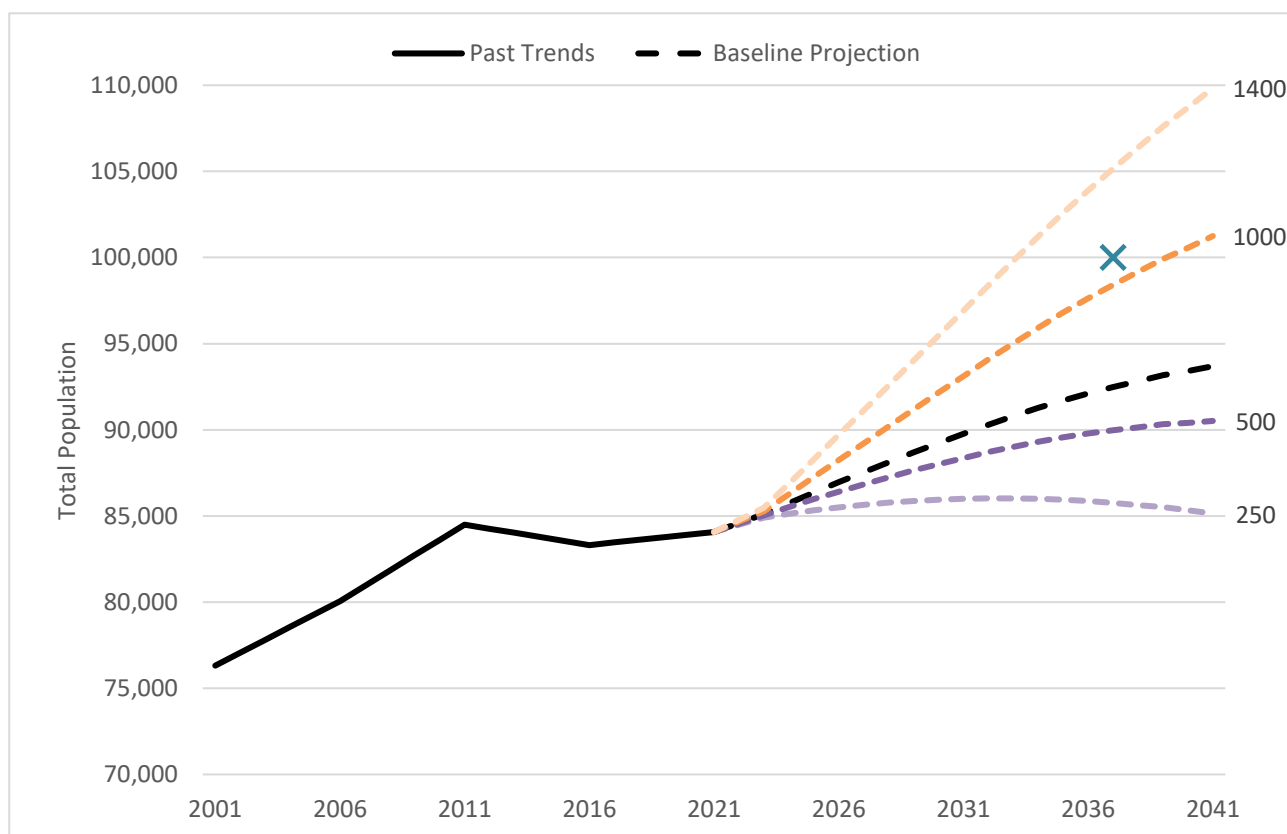
^{5.36} However, as discussed in Chapter 3, a number of variant scenarios have been produced, based on alternative migration assumptions. Projecting the economically active population in each of these scenarios in the same way (Figure 45) shows that the 1,000 additional person per year variant comes closest to achieving 5,000 extra economically active residents by 2032. Whilst the projection is slightly short of this figure, it does reach the desired level by 2035, and grows to 7,500 extra workers by 2041:

Figure 45: Economically Active Residents in Variant Projections including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)



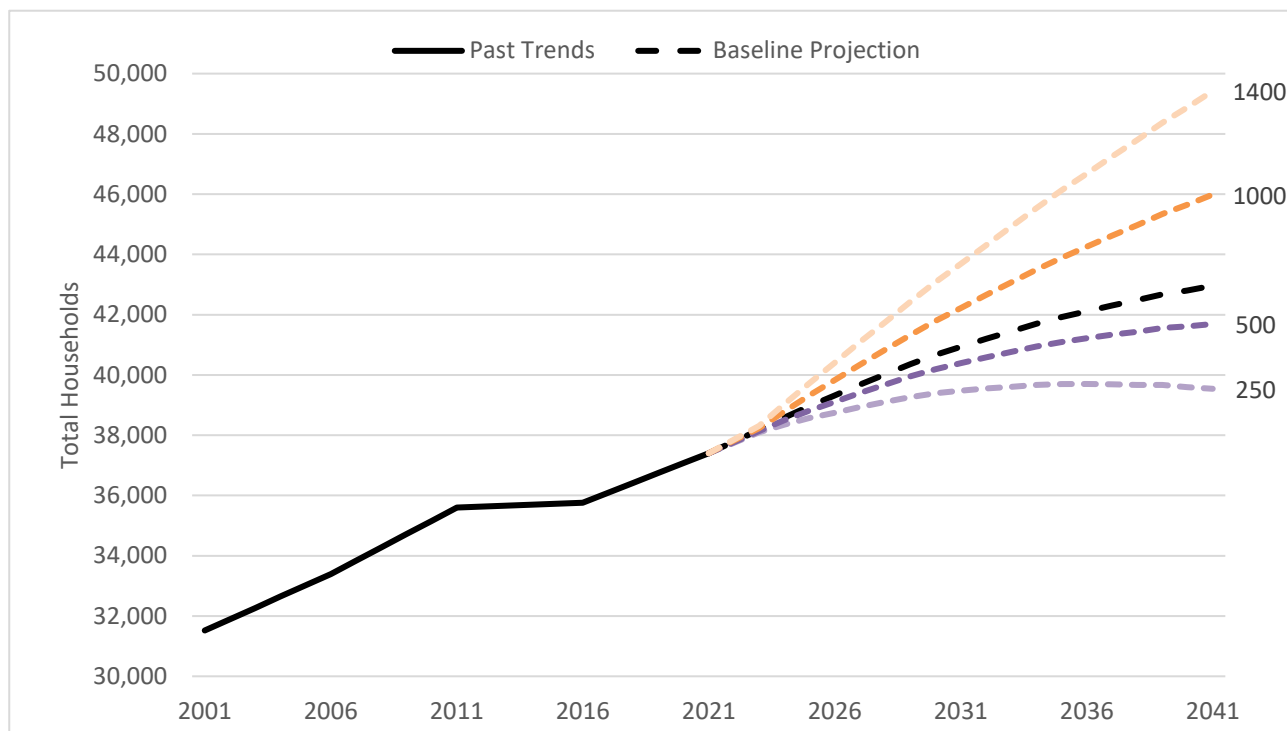
- 5.37 On this basis, of the variants produced, the 1,000 variant is most appropriate to utilise in establishing a housing need that supports the Government's stated objectives.
- 5.38 Achieving a net increase of 1,000 extra residents a year does however require consideration of the patterns of migration previously discussed in Chapter 3. As the Isle of Man Population report stated, approximately 50% of new migrants leave the island within 10 years. Therefore, if inward migration increases, it may be followed by a corresponding substantial out-migration within a decade. To offset this, inward migration will need to increase to higher levels to keep the net inflow at the desired 1,000 persons. However, as was also stated in the report, this effect seems tied to opportunities for career advancement, so the nature of the extra 5,000 jobs may therefore be a significant factor in mitigating this effect. Providing the sort of jobs that keep people on the island seems to be critical in achieving the Government's aims.
- 5.39 Housing itself is a further factor in achieving these goals. The market must deliver sufficient housing that the new workers have their needs met, however if the extra residents do not come to the island due to lack of accommodation, the necessary development itself will not materialise or at least slow due to lack of demand. For example, sufficient private rented stock must be available such that new international residents can rent for the required period before they earn the right to reside and thus become eligible to obtain mortgage. In addition, appropriate open market dwellings should be made available for those that are already eligible to buy. Balancing these interrelated factors over the course of the period will require careful planning.
- 5.40 The other Government ambition set out in the Isle of Man Economic Strategy was to increase the population by 15,000 by 2037, i.e. to reach a total population of approximately 100,000, and the baseline projection again falls well short of this target and remains so to 2041 and beyond. However, the 1,000 variant scenario however comes close to this goal (Figure 46), effectively reaching the target by 2039. This again supports the use of this projection in establishing an appropriate housing target to meet the Government's ambitions.

Figure 46: Isle of Man Variant Population projections including 2037 Government Target (Source: Statistics Isle of Man)



- ^{5.41} Whilst the response to the Economic Strategy consultation was mixed regarding the ambition of achieving a population of 100,000²⁷, this approach seems necessary to achieve the goal of 5,000 extra workers to fulfil the desired 5,000 extra jobs. Therefore, taking all these factors into account, the 1,000 projection seems the most appropriate to utilise in establishing housing need.
- ^{5.42} Using the same process as was applied to the baseline population projection in Chapter 3, each variant scenario can be converted into a household projection (Figure 47). The 1,000 variant projection shows an increase 8,600 households over the plan period.

Figure 47: Isle of Man Variant Household projections (Source: Statistics Isle of Man, ORS Model)







²⁷ Our Island, Our Future Public Consultation Summary of Responses 2022 – page 11

https://consult.gov.im/treasury/our-island-our-future-draft-economic-strategy/results/consultationreport-drafteconomicstrategy2022-gd-0081_compressed.pdf

^{5.43} Through application of the occupancy rates discussed previously, this growth corresponds to a need for 9,900 extra dwellings. The comparative changes over the 2021-41 period of the baseline and higher variant scenarios are summarised in Figure 48 below:

Figure 48: Summary of population, household, dwelling, and worker change for high variant projections 2021-41 (Source: Statistics Isle of Man, OBR, ORS Model)

				
Trend 2001-21	+7,800 persons	+5,900 households	-	+5,100 workers
Baseline Projection 2021-41	+9,600 persons	+5,600 households	+6,400 dwellings	+3,000 workers
Net migration +1,000 pa	+17,200 persons	+8,600 households	+9,900 dwellings	+7,500 workers
Net migration +1,400 pa	+25,800 persons	+12,000 households	+13,900 dwellings	+12,500 workers

Analysing the 1,000 projection

^{5.44} Disaggregating these 8,600 households by type as was previously done for the baseline scenario in Figure 24 results in the following mix of households:

Figure 49: Household Type on the Isle of Man by Age Group 2021-2041, 1,000 variant scenario (Source: Census Data, Statistics Isle of Man, ORS Model. Note: Figures may not sum due to rounding)

Household Type	Year	16-24	25-34	35-44	45-54	55-64	65-74	75+	Total
Single person	2021	290	1,100	1,200	1,690	2,330	2,450	3,060	12,100
Couple no children	2021	280	1,180	900	1,630	3,050	3,280	2,340	12,600
Families + child(ren)	2021	170	1,680	3,050	1,900	370	60	20	7,200
Other households	2021	30	130	560	1,990	1,790	630	280	5,400
TOTAL	2021	800	4,100	5,700	7,200	7,500	6,400	5,700	37,400
Single person	2041	220	1,080	1,630	1,990	2,520	3,050	4,860	15,300
Couple no children	2041	210	1,150	1,220	1,920	3,300	4,070	3,710	15,600
Families + child(ren)	2041	130	1,640	4,140	2,240	400	70	30	8,600
Other households	2041	20	120	760	2,340	1,940	780	440	6,400
TOTAL	2041	600	4,000	7,700	8,500	8,200	8,000	9,000	46,000
Single person	Change	-70	-20	430	300	200	590	1,790	3,200
Couple no children	Change	-70	-30	320	290	260	790	1,370	2,900
Families + child(ren)	Change	-40	-40	1,100	340	30	10	10	1,400
Other households	Change	-10	0	200	360	150	150	160	1,000
TOTAL	Change	-190	-90	2,050	1,290	640	1,540	3,330	8,600

^{5.45} In terms of projected household change over the plan period, the largest increase is in households aged 75+, an increase of 3,330 (39% of the total increase in households). This is divided mostly into single households and couples without children, the majority being single households. There is also an increase of 1,540 in households aged 65-74, again split mostly between single households and couples without children. The other large increase (+2,050) is in 35-44 year olds, mostly families with children, an increase partially driven by migration as discussed in Chapter 3. These increases are offset by a small reduction in households aged 16-34.

^{5.46} The 8,600 households will require 9,900 dwellings to accommodate them based on 2021 Census occupancy rates, noting as previously the role of the Island's high vacancy rate. Disaggregating these 9,900 dwellings by tenure and size as was previously done for the baseline scenario in Figure 39 results in the following dwelling mix:

Figure 50: 1,000 Variant Dwelling Projection 2021-41 by Size and Tenure (Source: ORS Model. Note: Figures may not sum due to rounding)

1,000 scenario	Public Sector Housing	Market Housing		Total Market	Overall Total
	Rented	Private rent	Owner occupied		
1 bed	345	248	218	466	811
2 beds	587	533	1,628	2,161	2,748
3 beds	464	376	2,890	3,266	3,730
4+ beds	42	179	2,399	2,578	2,620
Total	1,438	1,337	7,135	8,471	9,909
Percentages of Total					
1 bed	3%	3%	2%	5%	8%
2 beds	6%	5%	16%	22%	28%
3 beds	5%	4%	29%	33%	38%
4+ beds	<1%	2%	24%	26%	26%
Total	15%	13%	72%	85%	100%

^{5.47} Notably, given the larger proportion of younger people in the projection, the proportion of private rent has increased from 9% in the baseline scenario dwelling mix to 13% in the 1,000 variant, with a corresponding decrease in the proportion of owner occupation. The overall proportion of public sector housing has remained at 15%, but the size mix has changed, with a higher proportion of 3-bed offsetting a reduction in 1-bed properties.

Impact of Public Sector Housing Eligibility criteria

^{5.48} It may also be noted that the need for Public Sector Housing has increased from 977 in the baseline projection (see Figure 39), to 1,438 in the 1,000 scenario. The 977 dwelling figure reflects the rates of private sector occupation found in the 2021 census applied to the demographic composition of the population in 2041. Since the baseline projection is a continuation of past trends, this 977 reflects the needs not only of in-migrants 2021-41, but also those of the current population moving forward, some of whom are projected to fall into need over the period. As a projection based on the current living arrangements on the island, it therefore also incorporates the impact of current policy restrictions on Public Sector Housing occupation such as eligibility criteria. One such eligibility criterion is the requirement that to qualify for Public Sector Housing, you must have been ordinarily resident on the island for at least 10 years²⁸.

^{5.49} As previously mentioned, applying the census-based rates to the 1,000 scenario increases the Public Sector Housing need by a further 461 dwellings. Since the only difference between the baseline and the 1,000 scenario is an increase in inward migration, it can be deduced that these extra 461 dwellings are for the needs of the uplift in in-migrant population 2021-41. However, at any given time, a given proportion of the in-migrant population will not have been living on the Island for the required 10 years, so may therefore be

²⁸ Guidance Notes for the Implementation of the Common Criteria for Acceptance and Allocation onto Waiting Lists for General Needs Public Sector Housing Amended Criteria approved by Tynwald – June 2023

ineligible for Public Sector Housing. By 2031, 42.6% of the extra households that appear in the 1,000 scenario over and above those in the baseline scenario are projected to be living on the island. It may therefore be (incorrectly) deduced that only 42.6% of the extra 461 dwellings will be required, as the in-migrants after 2031 (the remaining 57.4%) will not having been living on the Island for the full 10 years by the end of the plan period.

- ^{5.50} The reason that this deduction is incorrect is that a number of these in-migrants are returning residents to the Island, i.e. they have previously lived on the Island and then moved elsewhere. The Isle of Man Population Report 2023 suggests that 13.2% of all inward migration is made up of people who are returning to the Island. The document does not comment on how long the returning residents had previously lived on the Island, so the assumption is made that all of this group will be eligible for Public Sector Housing by the time their need arises. Adding 13.2% of the remainder to the 42.6% brings the eligible total to 50.2%.
- ^{5.51} Those in-migrants whose circumstances have led to their being in need will nonetheless potentially (depending on individual circumstances) be eligible for income support to contribute towards housing costs, as the eligibility requirements for claiming benefits require a shorter residency than Public Sector Housing. As such, it is likely that the household in question will occupy a rented property, so any reduction in Public Sector Housing supply should be matched by an increase in the number of rented properties available, to ensure that there is appropriate housing for this group. If it is the case that they are still in need when they become eligible (i.e. after the 10-year residential period), they can at that point apply to be added to the waiting list.
- ^{5.52} Taking these factors into account, ORS would present the need for Public Sector Housing as a range between a minimum of 1,208 (1,208 = 977 plus 50.2% of the extra 461 dwellings) and 1,438 (projected need without consideration of eligibility, as enumerated in Figure 50). Assuming the same proportional bedroom split as in Figure 50, and increasing the number of private rented dwellings of a given size by the same amount as Public Sector Housing is reduced, the 1,000 scenario modified to reflect the minimum need of 1,208 Public Sector Dwellings is shown in Figure 51 below. This modification reduces the Public Sector Housing need from 15% to 12% of the total, whilst increasing private rent from 13% to 16%:

Figure 51: 1,000 Variant Dwelling Projection 2021-41 by Size and Tenure Modified to Reflect 10-year Residency Restriction on Public Sector Housing (Source: ORS Model. Note: Figures may not sum due to rounding)

Modified 1,000 scenario	Public Sector Housing	Market Housing		Total Market	Overall Total
	Rented	Private rent	Owner occupied		
1 bed	323	271	218	489	811
2 beds	496	624	1,628	2,252	2,748
3 beds	358	483	2,890	3,373	3,730
4+ beds	31	190	2,399	2,589	2,620
Total	1,208	1,568	7,135	8,703	9,909
Percentages of Total					
1 bed	3%	3%	2%	5%	8%
2 beds	5%	6%	16%	23%	28%
3 beds	4%	5%	29%	34%	38%
4+ beds	<1%	2%	24%	26%	26%
Total	12%	16%	72%	88%	100%

6. Specialist Housing

Older Persons and Adaptable Homes

Older persons

- ^{6.1} As can be seen in Figure 49 from the previous chapter, the projections imply a significant increase in the number of older person households projected to be on the Isle of Man by the end of the plan period. Of the 8,600 projected household growth, more than half will be over 65, and almost two-fifths will be over 75, corresponding to a total of around 17,000 65+ households by 2041.
- ^{6.2} Whilst the needs of older persons change over time, there is a tendency for many to choose to stay in the family home that they have occupied for a long time. However, this tendency is often due to a lack of a suitable alternative. Independent local research carried out by ORS indicates that around 25% of older households would choose to move to a suitable alternative, and this conclusion is supported at the national level by research carried out by Housing LIN, which is yet to be published.
- ^{6.3} There is no reason to assume that the rates on the Isle of Man would be meaningfully different to that of the UK as a whole, and if 25% of the 17,000 older person households were to move, this represents 4,250 households, against an OAHN of 9,900. As previously set out, these 9,900 dwellings correspond to a growth of 8,600 households, so if 25% of the older persons by 2041 decided to move to newly built properties, this would represent around half of all permanently occupied new builds.
- ^{6.4} As noted, this is dependent on suitable alternative properties being available, and this typically means bungalows suitable to downsizing older persons. The consequence of providing such housing is that the family homes that were being occupied by the older person household are released back on to the market, so it follows that the provision of small bungalows tends to increase the availability of three, four and five-bedroom family housing. However bungalows are often more expensive than similarly sized multi-storey housing, so options should be considered specific to the housing market in a given locality. The OAHN disaggregation in Chapter 5 is trend based, so does not reflect this effect where there is not a history of bungalow development.

Specialist Housing

- 6.5 As residents age, the probability of their requiring specialist housing increases. The Council of Ministers document “Future funding Nursing & Residential Care” published in 2018 presents data taken from two censuses regarding the proportion of residents in different age groups in residential or nursing care. Combining this data into an overall rate gives a sensible indication of the overall rates that can be expected moving forward, as presented below (Figure 52):

Figure 52: Proportions of different age groups in residential or nursing care on the Isle of Man (Source: Census, ORS Model)

Age	% in residential or nursing care
Aged 60-64	0.4%
Aged 65-69	1.0%
Aged 70-74	1.4%
Aged 75-79	2.9%
Aged 80-84	6.9%
Aged 85+	25.0%

- 6.6 If these rates are held constant over the plan period, and are applied to the 1,000 variant population projection, this indicates a need in 2021 of 1,010 bedspaces and 1,830 in 2041, an increase of 820. The same document breaks down the number of bedspaces for different forms of care on the island as of 2018. By proportioning out the 1,010 and 1,830 in the same way, an indication of the breakdown of the need for a further 820 bedspaces over the plan period can be established (Figure 53):

Figure 53: Projected need for specialist care bedspaces 2021-41 Isle of Man (Source: Census, DHSC)

Type of Care	Provider	2018	2021	2041	Net Change 2021-41
Residential Care	DHSC	150	160	290	130
	Private / voluntary	260	280	500	220
Nursing Care	Private, commissioned by DHSC	40	40	80	30
	Private	440	460	830	370
Dementia and Elderly and mental infirm (EMI)	DHSC	70	80	140	60
TOTAL		960	1,010	1,830	820

- 6.7 It should be noted that this is a trend-based projection so assumes the types and proportions of care needs remain the same as in 2018. If, for example, there were to be a policy implemented that provided extra support for older persons who wished to live in their own homes, then this may correspondingly reduce the specialist care need. It should also be noted that the change of 820 bedspaces in the above assumes that every resident in need of specialist care in 2018 was in receipt of that care, i.e. that there was no backlog of provision to address. If there is/was a backlog of provision, this would need to be factored in as part of the process of setting a plan target for older person specialist needs provision.

Adaptable Homes

6.8 The 2021 Isle of Man Census Report Part 1 states the following on page 10:

Long-term disability or illness.

10,038 residents state that they have been professionally diagnosed with a long-term physical or mental condition or disability that limits their day-to-day activities to some degree. This represents 11.9% of the overall population. Of these, 2,461 reported that their condition or disability severely limits their day-to-day activities.

As reported in the section on employment, 2,631 residents reported that they are unable to work due to a long-term illness or disability.

2021 Isle of Man Census Report Part 1

- 6.9 For a plurality of these conditions affecting 11.9% of the population, their housing needs will be affected in some way. As such, it may be appropriate to consider the adoption of M4(2)²⁹ or an equivalent standard for a proportion of new housing to ensure that homes are adaptable to changing needs. Amongst the older generations, the rate will undoubtedly be higher than 11.9%, therefore it may be appropriate to consider a larger proportion when planning for dwellings aimed at older people (e.g. bungalows).
- 6.10 The English Government has recently consulted on the future of these standards and how they will be applied. The consultation proposals recommended that all homes are built to M4(2) standard and a fixed proportion to M4(3) (i.e. wheelchair) standard. They also noted that “Some local authorities already apply the M4(2) standard as a minimum (e.g. the London Plan)” (para 28) and that “In terms of benefits, the mandating [of] M4(2) may potentially reduce the need for social care” (para 46).
- 6.11 Given the above, the Isle of Man Government may consider a policy whereby all homes are built to at least M4(2), unless viability precludes it.
- 6.12 The English Housing Survey also records limiting long term illness by tenure, and it is the case that in England the proportion of residents in affordable housing with such an long term illness that affects their housing need is roughly three times the proportion living in market housing (Figure 54 – 6.5% vs 19.8%).

Figure 54: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%

²⁹ Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England)

<https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

- ^{6.13} The above is data for England as whole, and therefore may not be directly applicable to Isle of Man residents, however it is evidence for considering a higher rate of adaptable housing in future Public Sector Housing developments.
- ^{6.14} Furthermore, the most recent English Housing Survey stated that 2.57% of households that have 1 or more members who have a limiting long-term illness require the use of a wheelchair. If 11.9% of households on the Isle of Man in 2041 have a member with a long-term limiting illness, this would represent 5,500 households. If 2.57% of these households had a member that required a wheelchair, this would represent 140 households in 2041. Again, it is likely that many of this group are older persons, but some will certainly not be, and this 140 could represent a potential need for M4(3) housing by 2041.

Table of Figures

Figure 1:	Population Projection for the Isle of Man Based on Past Trends (Source: Statistics Isle of Man)	5
Figure 2:	Total Population Projections based on Alternative Migration Numbers (Source: Statistics Isle of Man)	6
Figure 3:	Total Households on the Isle of Man 2001-2041 (Source: Census Data, Statistics Isle of Man, ORS Model)	7
Figure 4:	Summary of Population, Household and Dwellings 2001-21 and 2021-41 (Source: Census Data, Statistics Isle of Man, ORS Model)	7
Figure 5:	Economically Active Residents in Baseline Projection including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)	8
Figure 6:	Economically Active Residents in Variant Projections including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)	8
Figure 7:	Isle of Man Variant Population projections including 2037 Government Target (Source: Statistics Isle of Man)	9
Figure 8:	Isle of Man Variant Household projections (Source: Statistics Isle of Man, ORS Model)	10
Figure 9:	Summary of population, household, dwelling, and worker change for high variant projections 2021-41 (Source: Statistics Isle of Man, OBR, ORS Model)	10
Figure 10:	Household Type on the Isle of Man by Age Group 2021-2041, 1,000 variant scenario (Source: Census Data, Statistics Isle of Man, ORS Model. Note: Figures may not sum due to rounding)	11
Figure 11:	1,000 Variant Dwelling Projection 2021-41 by Size and Tenure Modified to Reflect 10-year Residency Restriction on Public Sector Housing (Source: ORS Model. Note: Figures may not sum due to rounding)	12
Figure 12:	Population Change on the Isle of Man 2001-2021 (Source: Census Data)	19
Figure 13:	Change in the Birthing and Death Rates on the Isle of Man 2005-2022 (Source: Isle of Man in Numbers 2023)	19
Figure 14:	Total Population on the Isle of Man 2001-2021 (Source: Census Data)	20
Figure 15:	Population Projection for the Isle of Man Based on Past Trends (Source: Statistics Isle of Man)	21
Figure 16:	Current Age Profile of Isle of Man Residents with 2041 Projection. (Source: Statistics Isle of Man)	22
Figure 17:	Net Change in Age Profile from 2021-41 (Source: Statistics Isle of Man)	22
Figure 18:	Total Population Projections based on Alternative Migration Numbers (Source: Statistics Isle of Man)	23
Figure 19:	Distribution of Net In-Migrants by Age (Source: Statistics Isle of Man, ORS)	24
Figure 20:	Overview of the household projection process	24
Figure 21:	Household Vs Communal Living on the Isle of Man 2021-2041 (Source: Census 2021, Statistics Isle of Man, ORS Model)	25
Figure 22:	Average Household Size (Persons) on the Isle of Man Against National Average (Source: Census Data)	26
Figure 23:	Total Households on the Isle of Man 2001-2041 (Source: Census Data, Statistics Isle of Man, ORS Model)	27
Figure 24:	Household Type on the Isle of Man by Age Group 2021-2041, baseline scenario. (Source: Census Data, Statistics Isle of Man, ORS Model. Note: Figures may not sum due to rounding)	27
Figure 25:	Summary of Population, Household and Dwellings 2001-21 and 2021-41 (Source: Census Data, Statistics Isle of Man, ORS Model)	28
Figure 26:	Households by Ownership Type 2001-2021 (Source: Census data)	29
Figure 27:	Households by Proportional Ownership Type 2001-2021 (Source: Census data)	29
Figure 28:	Household Tenure type by Age Group (Source: Census Data)	30
Figure 29:	Household Tenure Type by Age Group (Source: Census Data)	30
Figure 30:	Household Type in Isle of Man 2001-2021 (Source: Census Data)	31

Figure 31: Household Type by Number of Bedrooms (Source: Census Data)	31
Figure 32: Number of Households by Number of Bedrooms and Household Type (Source: Census Data)	31
Figure 33: Median House and Flat Prices on the Isle of Man (Source: Statistics Isle of Man)	32
Figure 34: Rent Prices Per Calendar Month on the Isle of Man (Source: www.Numbeo.com)	33
Figure 35: Median Weekly Earnings (£) 2011-2021 (Source: Isle of Man in Numbers 2023).....	34
Figure 36: Median Houseprice to Median Earnings Ratio 2001-22 (Source: Statistics Isle of Man)	34
Figure 37: Tenure split of household projection 2021-41 (Source: ORS Model)	35
Figure 38: Tenure split of household and dwelling projections 2021-41 (Source: ORS Model, 2021 Census).....	35
Figure 39: Baseline Projection Dwelling Projection 2021-41 by Size and Tenure (Source: ORS Model. Note: Figures may not sum due to rounding)	36
Figure 40: Homeless households in the Isle of Man (Source: Isle of Man Government)	37
Figure 41: Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)	39
Figure 42: Female participation rates by Cohort (Source: ONS, OBR)	41
Figure 43: Impact of OBR Economic Activity Rates on the Baseline Projection (Source: OBR, Statistics Isle of Man, ORS Model)	42
Figure 44: Economically Active Residents in Baseline Projection including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)	43
Figure 45: Economically Active Residents in Variant Projections including 2032 Government Target (Source: OBR, Statistics Isle of Man, ORS Model)	43
Figure 46: Isle of Man Variant Population projections including 2037 Government Target (Source: Statistics Isle of Man)	44
Figure 47: Isle of Man Variant Household projections (Source: Statistics Isle of Man, ORS Model).....	45
Figure 48: Summary of population, household, dwelling, and worker change for high variant projections 2021-41 (Source: Statistics Isle of Man, OBR, ORS Model)	46
Figure 49: Household Type on the Isle of Man by Age Group 2021-2041, 1,000 variant scenario (Source: Census Data, Statistics Isle of Man, ORS Model. Note: Figures may not sum due to rounding)	47
Figure 50: 1,000 Variant Dwelling Projection 2021-41 by Size and Tenure (Source: ORS Model. Note: Figures may not sum due to rounding)	48
Figure 51: 1,000 Variant Dwelling Projection 2021-41 by Size and Tenure Modified to Reflect 10-year Residency Restriction on Public Sector Housing (Source: ORS Model. Note: Figures may not sum due to rounding)	49
Figure 52: Proportions of different age groups in residential or nursing care on the Isle of Man (Source: Census, ORS Model)	51
Figure 53: Projected need for specialist care bedspaces 2021-41 Isle of Man (Source: Census, DHSC)	51
Figure 54: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)	52