

Representations on the Focused Fareham Local Plan Consultation

Persimmon Homes South Coast

July 2022

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1.0 Introduction and Background

- 1.1 Thank you for inviting Persimmon Homes South Coast (PHSC) to respond to the focused consultation on the following three topic papers which are related to housing requirement and supply issues and which were published by Fareham Borough Council (FBC) in July 2022:
- Revised Affordable Housing Background Paper (July 2022) - FBC089
 - Revised Housing Supply Topic Paper (July 2022) – FBC090
 - Windfall Analysis Update (May 2022) - FBC077
- 1.2 Gillings Planning has been asked by PHSC to respond to this consultation on their behalf and we request that you accept this response as such.
- 1.3 As set out in the email issued by FBC on 5th July 2022, PHSC qualifies to make a response to this focused consultation as they have previously made representations on the following emerging policies:
- H1 – Housing Provision; and
 - HP5 – Provision of Affordable Housing.
- 1.4 Persimmon Homes was also represented at the Fareham Local Plan Examination hearing sessions for the following matters:
- Matter 3 – Housing Need and Supply;
 - Matter 4 – Housing Policies; and
 - Matter 7 – Housing Land Supply.
- 1.5 For information, this consultation response has been prepared by Peter Home MRTPI, who is a Director of Gillings Planning Ltd. and was formerly employed as Planning Director at Paris Smith LLP.

2.0 Housing Land Supply Background Paper

Summary of our response on FBC090

- 2.1 The version of the Housing Land Supply Background Paper that we have reviewed is that published in July 2022, with the document reference FBC090.
- 2.2 Whilst we are content with how the majority of the paper has been prepared, we have noted some errors, including in paragraph 2.2 and in Table 4 (Five Year Housing Land Supply with Proposed New Stepped Housing Requirement). We also have a number of specific comments that are set out below. Our main concern raised by this document is how 'tight' Fareham's housing land supply within the emerging local plan has now become. This is particularly the case following the modifications recommended by the Inspector in the letter of 6th June (INSP015). There is now very little margin for error with the planned contingency buffer now falling to 7%, down from 11% at the Examination hearings and 15% when the plan was first published for pre-submission consultation in late 2020.
- 2.3 This is of significant concern given the degree to which Fareham still depends on large scale sites (including Welbourne) for the delivery of homes during the early years of the plan. As we set out below, this concerning position highlights a clear need for a strong policy commitment within the local plan to an early review to be completed within five years. We consider that this review should be an absolute commitment and should not be contingent on any particular outcome of the Partnership for South Hampshire work on the distribution of housing across the subregion.

Detailed comments

- 2.4 Paragraph 2.2 of the document sets out the key planning permissions and appeal decisions that have added homes to the local plan housing supply since the Council's response to the Inspector's initial questions in December 2021 (Ref: FBC001). However, the bulleted list omits Land east of Crofton Cemetery and west of Peak Lane (Site HA54) where planning permission was granted on appeal for 206 dwellings in January 2022. This represented an addition of 26 dwellings over and above the 180 homes identified as the site's capacity in Policy HA54 of the local plan. We note that the site has been correctly included within Appendix 1 of FBC090, so the omission may be limited simply to paragraph 2.2, which should nevertheless be corrected.
- 2.5 Paragraph 2.7 sets out how the modifications recommended by the Inspector in INSP015 and other changes made as a result of the hearing sessions have impacted on the contingency buffer. This buffer has now been reduced to 7.1%, which is four percent lower than the buffer identified in the Submitted version of the local plan and eight percent lower than the original buffer identified in the version of the plan consulted on in late 2020. The Council has consistently acknowledged the importance of maintaining a buffer above the established housing requirement to maintain flexibility and to accommodate circumstances and needs that were not anticipated in the local plan. For example, this is clearly set out in paragraph 4.12 of the local plan,

which goes on to acknowledge that the Planning Inspectorate recommends a minimum contingency buffer of 10% additional supply. It is considered that the erosion of this buffer, to a level well below 10%, demonstrates the need to identify additional deliverable new sites to address the gap. In the absence of appropriate additional sites, we consider that it is essential for the local plan to commit to an early review to be completed within five years. An early review will be needed due to Fareham's own housing land supply position and will not be caused simply by any additional requirements that may be recommended in sub-regional strategic planning work. Therefore, this commitment should be made within policy and not relegated to supporting text or made in any way contingent on the work that the Partnership for South Hampshire is doing on the strategic distribution of growth.

- 2.6 Section 3.0 of the document sets out the proposed changes to the 'stepped housing trajectory'. Overall, we consider that the proposed changes represent a welcome improvement to the position set out in the plan as Submitted. The reductions in the first two years are now more clearly focussed on achieving the aim of the approach, which is to facilitate a plan-led process within Fareham as quickly as possible. However, as the Council state in paragraphs 3.1 and 3.5 of the document, it is very important that the stepped trajectory is not seen as a mechanism to suppress housing delivery in the early years of the plan or to set a maximum number of homes for any given year.
- 2.7 In order to give effect to the Council's clear intentions here, we urge that a clear statement is made within Policy H1 that the annual average figures proposed to be quoted in Policy H1 (as shown at the bottom of paragraph 3.7 in FBC090) do not represent a maximum. Given the decline in the projected housing supply buffer to 7%, the local plan needs to do all it can to both meet and exceed the projected supply in the early years. Therefore, a clear statement in policy that the annual average figures set out in the stepped trajectory do not represent a 'maximum' is justified and necessary. This will help to avoid this issue becoming a matter of tension during the evaluation of planning applications in the next few years.
- 2.8 Section 5.0 of FBC090 deals with the Five-Year Housing Land Supply (5YHLS). We have two comments on how the position set out in Table 4 has been prepared. First, the stated 'Local Plan Housing Requirement' for years 2022/3 – 2026/7 should be 2,822 and not 2,882 as stated ($653 \times 4 + 210$). However, we believe that the correct figure has been used in the calculation in the subsequent rows, so this error should not impact the outcomes.
- 2.9 Second, the 'Under Delivery' row is not correctly allocated as the 69-dwelling shortfall from year 2021/22 should be addressed within the first five-year period only. This means that the full 69 should be included for the 2022/3 – 2026/7 column, and the shortfalls in subsequent 5-year blocks adjusted accordingly. This error will result in changes being required to the rest of the calculations in the table.
- 2.10 Notwithstanding the errors highlighted in Table 4, we do note with concern that the rolling 5YHLS position for the first five-year period is projected to be marginal at best, in spite the proposed changes to the stepped housing trajectory. It would take very little for this position to deteriorate and put the Borough in a position where there was an inadequate housing land supply. A reduction or delay in the supply of as few as 50 dwellings during the first few years would be sufficient to reduce the 5YHLS to below

five years of supply, particularly if that results in a further year of a 20% buffer (as opposed to 5%) being required due to HDT failure.

- 2.11 The position set out in Table 4 also demonstrates that even in the best-case scenario, the 5YHLS will become inadequate by year 6 of the local plan, although we would argue that this is likely to happen earlier than projected. This position further emphasises the need for the clear policy-based commitment to an early review of the local plan as we have argued above. Paragraph 5.3 of the document acknowledges this need for an early review, based on the 5YHLS position. Therefore, this should not be a matter of contention.

3.0 Affordable Housing Background Paper

Summary of our response on FBC089

- 3.1 The version of the Affordable Housing Background Paper that we have reviewed is that published in July 2022, with the document reference FBC089.
- 3.2 Overall, whilst we are content with the sections of this document which review the existing need for affordable homes, we have significant concerns about how the Council has gone about assessing the future arising need and assessing the projected supply of affordable homes. We consider that there are a number of serious errors and unjustified assumptions that have been made in these parts of the document. These result in a significant underestimate in the level of newly arising need and an overestimate of the level of supply that will be achieved through the local plan.

Detailed comments

Newly Arising Need

- 3.3 Paragraph 21 of the PPG¹ advises that there are two components of newly arising need. The first is the proportion of newly arising households (over the plan period) that will be unable to afford market housing. The second component is the proportion of the existing households within the area that are anticipated to fall into need during the plan period.
- 3.4 In relation to the first of these components, paragraph 3.32 of FBC089 explains that due to constraints in the availability of other appropriate data, the Council considers that the proportion of the existing affordable housing stock within the borough is an appropriate metric for determining the proportion of new households that will be unable to afford market homes. They do this calculation by simply multiplying the current proportion of affordable homes (4,506 homes or 8.9% of the total existing housing stock) by the anticipated number of new households that population projections anticipate will form over the 16-year plan period (6,160 households).
- 3.5 This approach is completely flawed and incorrect as it ignores the existing unmet affordable housing needs, i.e. those households within the borough that would qualify for an affordable home, if there were sufficient available within the borough now. In our view, the total assessed existing need as set out in Table 2 (paragraph 3.26) of the document should be added to the existing number of affordable homes before this is applied as a multiplier against the projected total number of newly arising households.
- 3.6 However, we do accept that the total assessed existing need figure set out in Table 2 (4,874) may well include some element that would involve double counting when added to the existing number of affordable homes in the borough. Therefore, the Council

¹ PPG Reference ID: 2a-021-20190220.

should be asked to reassess the correct figure from the various components of Table 2. That revised figure should then be added to the number of existing affordable homes to take proper account of the number of existing households in need that are not currently accommodated within any of the 4,506 affordable homes within the borough.

- 3.7 The second component of newly arising need are those existing households who are not currently in housing need but who would fall into need during the plan period. We can only assume that the Council have misunderstood this element of the PPG as their approach, set out in paragraph 3.33 of the document, is to totally ignore this element of newly arising need. They effectively assume that all of those existing households who may fall into need are already on the Housing Register, which as they indicate has already been considered. Again, this is completely flawed and misunderstands what the PPG intends. Paragraph 3.33 goes on to state:

“There is no reason to believe that there likely changes in house prices and wages that will impact the future level of households falling into need. This statement is evidenced by the fact that the housing register has not increased over a number of years as set out in Table 1.”

We consider this to be an illogical position from a local authority with a statutory duty to meet the needs of those of its residents that are unable to meet their own housing needs.

- 3.8 Contrary to the Council’s statement in paragraph 3.33, there is clear and compelling evidence of the continuing unaffordability of homes within the borough. This is evidenced by the ONS housing affordability data² which shows that between 2011 and 2021 the ratio of median house prices in the borough to median workplace-based annualised earnings increased from 7.99 to 10.74. This trend shows no sign of reversing and will result in more households falling into housing need over time.
- 3.9 Further, the ONS recently released data on the analysis of average weekly wages in the UK³ which has shown that, when adjusted for the high levels of inflation and cost increases that are currently being experienced, average annual wage growth was at the lowest rate seen since 2001. The data further demonstrated that, between March and May 2022, inflation adjusted average regular wages actually declined by 3%.
- 3.10 Even though the current levels of inflation are likely to pass in a year or two, it is highly likely that it will take average wages many years to recover, in real terms, to the relative position that they were before the Covid pandemic and the subsequent cost inflation event. Therefore, when considered alongside the prospect of continuing increases in housing costs, well above average wage growth, it is clearly illogical and unjustified to conclude that there will be no impact on the number of existing households that will fall into housing need over the plan period. We strongly urge the Council to revisit this component of newly arising need and undertake a more appropriate and realistic assessment of the situation.

² <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2021>

³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/latest>

Affordable Housing Supply

- 3.11 Paragraph 4.2 of FBC089 considers the likely level of re-lets over the plan period. The figure of 160 dwellings per year is used to calculate how many of the Council-owned affordable stock will become vacant, amounting to a total of 2,560 potential re-lets from currently occupied stock. However, this assumption needs to be justified as it is unclear where the '160 dwellings per year' figure comes from. It is also the case that when this is multiplied up by 16 years (the plan period) the total is greater than the total number of affordable homes that the Council currently owns. Therefore, this approach assumes that some properties will be vacated and re-let twice during the plan period. If that is an appropriate assumption, this should be explained within the document.
- 3.12 Paragraph 4.2 then goes on to add a further 79 potential re-lets based on the Council-owned homes that are currently undergoing void work for re-letting or awaiting longer-term redevelopment. However, given that the overall re-let figure simply appears to be extrapolated from a historic re-lettings per year figure (160 per year), this would no doubt include properties that previously underwent refurbishment and were then re-let. Therefore, to add the additional 79 re-lets represents double-counting in our view. This emphasises the need for some analysis of the historic re-let figure to understand how the 160 per year has been derived.
- 3.13 Paragraph 4.3 looks at the anticipated new affordable supply from the planned development in the local plan. However, the analysis in this paragraph and in Table 3 is unclear as to the level of affordable housing delivery that has been assumed for each of the components listed in Table 3. Paragraph 4.3 states that:
- "The revised Local Plan supply, as of 1st April 2022, makes provision for at least 10,237 homes and the majority of these sites can be anticipated to make a substantial contribution to the supply of affordable housing based on the proportions set out in Policy HP5."*
- 3.14 This would suggest (accurately in our view) that a proportion of the sites will not be able to deliver the full policy-compliant level of affordable homes. However, the analysis gets somewhat confusing when in paragraph 4.4 it states in relation to Table 3 that:
- "It assumed policy compliant development in line with HP5 on greenfield, brownfield and town centre sites."*
- 3.15 It is considered that assuming that all sites in the local plan will deliver full policy-compliant affordable housing is unrealistic and not consistent with the historic track-record at Fareham. We are aware that many schemes in the past have been permitted with a reduced level of affordable housing or have successfully applied to have a reduction in or removal of their affordable housing requirements following planning permission. We would have expected to see some level of analysis of this historic track-record in the Background Paper to appropriately guide the Council's assumptions about what could be delivered in the coming plan period. In the absence of any such analysis, we simply cannot accept that full policy-compliance is realistic or appropriate.
- 3.16 Table 3 also includes the affordable homes anticipated at Welborne. Again, it is unclear what level of delivery is assumed. We are aware that, due to the viability constraints caused by having to fund necessary infrastructure at Welborne, the site developers

(Buckland) have already agreed with the Council that the initial phases of the scheme will contribute only 10% affordable housing. This level of delivery is what has been assumed by the Council's own viability evidence⁴. Has this been taken into account in Table 3? If not, what is the evidence that Welborne will deliver more than 10% affordable housing in the early plan period, given the previous viability evidence?

- 3.17 Paragraph 4.5 of FBC089 covers the anticipated level of supply from windfall sites. This is also included in Table 3 as a total of 156 affordable dwellings. However, there are multiple flaws and errors in the calculations made, which we will go through in detail. First, the Council refer to the previous Windfall Background Paper (HOP007) which has now been superseded by the Windfalls Analysis Update (FBC077) with slightly different recommended windfall figures per year (52 per year for large sites (5+ dwellings) as opposed to 51 in the HOP007).
- 3.18 Second, the Council correctly recognise that if any affordable homes will be delivered through windfall sites, these will come from sites above 10 dwellings in scale, which is the national policy threshold for seeking affordable homes in non-rural areas such as Fareham. However, the 'larger sites' category in both HOP007 and FBC077 includes sites of 5 or more dwellings and so it is not appropriate to multiply the 51 (now 52) dwellings per year to find a level of affordable supply, as many of these sites will be under the national policy threshold for securing affordable homes. This error significantly overestimates the number of potential affordable homes that could be delivered from windfall sites.
- 3.19 Third, there is a simple updating error made in that the numbers of affordable homes the Council assumes will be achievable in Table 3 (156 dwellings) is not the same as the reference in paragraph 4.5 (which refers to 168 dwellings).
- 3.20 Finally, we have undertaken our own analysis of the large (10+ dwelling) windfall sites that have actually been permitted in Fareham since April 2015, using the tables provided in FBC077. This indicates that precisely zero affordable homes have been actually secured in this period and all that has been achieved is one small financial contribution in lieu of on-site delivery. See the Table 1 below which sets this out.

Table 1: Analysis of Affordable Housing Delivery from Windfall Sites in Fareham (2015-2021)

Year	Number of units permitted	Type of permission	Planning ref:	Affordable homes secured	Comment
2015/16	18	Change of use	P/14/0080/PC	0	No prior approval required
2015/16	16	Change of use	P/14/0913/PC	0	No prior approval required
2017/18	33	Full Permission	P/15/1261/FP	£32,400	Contribution in lieu of delivery
2018/19	12	Appeal decision	P/03/1439/FP	0	AH condition removed following grant of permission due to viability
2018/19	23	Full Permission	P/07/0848/FP	0	Viability appraisal issued by applicant in 2011 to remove AH requirement. No further progress on scheme
2018/19	10	Full Permission	P/17/0213/FP	0	Caught by changes to National Planning Policy. No AH requested

⁴ Paragraph 7.2.6 in the Fareham Local Plan Viability Assessment (VIA001), 2019

2018/19	24	Full Permission	P/14/0033/FP	0	Vacant Building Credit obviated need for AH
2019/20	40	Full Permission	P/16/0295/FP	0	Sheltered housing. Viability appraisal at application stage accepted. No AH requested
2020/21	13	Full Permission	P/09/0672/FP	0	Mixed use scheme. No AH proposed or requested

- 3.21 In light of the flawed approach adopted by the Council and the evidence provided in Table 1 above, we would strongly urge that it is unrealistic and unjustified to assume any level of affordable housing delivery from windfall sites in Fareham and this element should be removed from Table 3 of FBC089.
- 3.22 As a further minor point, we note that in Table 4 of the document, Site HA51 (Redoubt Court) is still projected to achieve 20 units (12 as net yield). However, in the Inspector's letter of 6th June (INSP015) certain changes to the layout of this site were recommended and it was noted that these could well have an impact on site capacity. This impact should be appropriately reviewed by the Council and Table 4 updated accordingly.
- 3.23 In light of the various points we have made above, the overall projected supply of affordable homes as set out in paragraphs 4.11 and 4.12 will need to be revised once the further analysis work has been undertaken.
- 3.24 At the conclusion of the document in paragraph 5.4, the Council acknowledges that even with their current projected affordable supply figures (which we have demonstrated above are incorrect and over-estimate supply), the level of affordable supply will still not quite meet the level of affordable housing need. We consider that once the appropriate further analysis and revisions have been undertaken, this will result in a very significant shortfall in affordable homes over the plan period when assessed against the existing and newly arising need (which also needs revising upwards). We therefore conclude that the Council needs to do more to reconcile the shortfall in order to ensure that the local plan can be found 'sound'. At the very least, this is yet a further reason why it is imperative for the local plan to commit to an early review within five years so that these issues of deficiency in supply can be addressed as soon as possible.

4.0 Windfall Analysis Update

- 4.1 We have reviewed the Windfall Analysis Update (FBC077), published in April 2022 and we have no additional comments to make on this document. However, we agree with the statement on page 32 of the update that a full revised Windfalls Background Paper dated 2022 should be prepared and issued with the Main Modifications consultation.