

FAREHAM BOROUGH COUNCIL LOCAL PLAN 2037
INDEPENDENT EXAMINATION
RESPONSE TO FOCUSED CONSULTATION
MILLER HOMES LTD
JULY 2022



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1.0 Introduction

- 1.1 This representation is submitted on behalf of Miller Homes Ltd (MH) in respect to the focused consultation for the Fareham Local Plan 2037 examination process. At the Inspector's request (Post Hearings letter dated 6 June 2022), the Council have prepared updates to three topic papers on housing supply matters to understand the implications of the Inspector's findings. The below response should be read in conjunction with the submitted examination statements regarding Matters 3 (housing need and supply) and 7 (housing land supply) and MH Regulation 19 representations (ref: CD009 Part 1 – Page 837-870), copies of which can be re-provided on request.
- 1.2 The comments provided respond directly to the following three topic papers:
- Revised Affordable Housing Background Paper (July 2022)- FBC089
 - Revised Housing Supply Topic Paper (July 2022) – FBC090
 - Windfall Analysis Update (May 2022) - FBC077
- 1.3 In responding to the three topic papers, due regard is had to the NPPF paragraph 35 in assessing the Plan's soundness.
- 1.4 MH responded to the previous Reg 19 Submission Draft Local Plan consultation in Summer 2021, including submissions in relation to draft strategic policy H1 (Housing Provision). The previous representations, including those submitted regarding Matters 3 and 7 remain valid, unless specifically updated with this submission and/or the agreed Statement of Common Ground (SoCG) between FBC and MH.
- 1.5 MH is promoting land to the west and east of Downend Road, Portchester, for residential development through the plan-making process, (HA56 as well as HA4 – including an extension to HA4 (SHELAA site refs: 3009, 3030, 3130)) on the basis that all three sites are sustainable, suitable and available. This is based on the evidence presented by both the Local Planning Authority (LPA) (with respect to the allocated areas) and MH (with respect to all areas), including the SoCG.
- 1.6 We are fully supportive of the HA4 and HA56 allocations. Additionally, MH is seeking an extension to the HA4 allocation, extending the allocation further northwards, to accommodate an additional 100 homes (SHELAA site 3130). Although now an omission site, this land was previously promoted by the Council as a sustainable alternative and included within the potential strategic growth area in earlier versions of the plan. The site's suitability for development is set out in the MH Regulation 19 consultation response (CD009 Part 1 – Page 840-847) which we do not repeat here.
- 1.7 An Outline Planning Application for 350 homes (ref. P/20/0912/OA) on HA4, with detailed access arrangements and provision of safe and suitable pedestrian links across Downend Road and its Rail Bridge, was allowed on appeal on 18 October 2021. A subsequent Reserved Matters application (P/21/2048/RM) for a first phase of 180 dwellings was validated on 2 February 2022, decision pending. A further subsequent Reserved Matters application (P/22/0896/RM) for the remaining phase of 170 dwellings was validated on 22 June 2022, with a target decision date of 17 August 2022. A decision on the first phase reserved matters

has yet to be made/issued, clearly illustrating the potential for extended determination periods to arise during the lead-in period to delivering residential development. This does impact on the housing trajectory.

- 1.8 An associated Outline Planning Application for improvements to Cams Bridge (ref. P/18/0001/OA), to enable direct pedestrian and cycle access to Portchester south of HA4 was approved on 3 May 2019. A subsequent Reserved Matters application (P/21/0741/RM) was validated 28 April 2021, and a decision remains pending on those reserved matters too.
- 1.9 The HA4 site, including the extension land, is demonstrably in a sustainable location.

2.0 Response to housing land supply updates

- 2.1 During examination hearing sessions, the Inspector raised concern on housing supply matters and, at the Inspector's request (Post Hearings letter dated 6 June 2022), the Council have prepared updates to three topic papers to understand the implications of the Inspector's findings. MH have previously submitted representations in relation to housing supply and continue to raise issues in regard to the soundness of the Local Plan regarding strategic policy H1.

Revised Housing Supply Topic Paper

- 2.2 It is noted that the revised Housing Supply Topic Paper (July 2022) (ref. FBC090) takes into account the Inspector's position on housing supply as expressed in the Post Hearing Letter (INSP015), specifically in relation to:
 - the delivery assumptions for Welborne (both in terms of start date and peak housing delivery rates); and
 - the removal of two allocations, Fareham Station East (FTC3) and Fareham Station West (FTC4).
- 2.3 MH raised concern about the trajectory for Welborne, and stated that the first completion dates and peak delivery rates were overly ambitious. MH therefore agrees with the Inspector's position on these points and are pleased to see that the site's trajectory has been pushed back a year and the peak delivery rates reduced to a more realistic figure, with peak delivery from 2029/30 onwards revised from 300 to 260 dwellings per annum.
- 2.4 These changes result in a significant loss of 814 dwellings from the overall Local Plan housing supply i.e. across the full plan period. However, we also note that the Council has added additional delivery to the trajectory to reflect planning permission granted for 'land south of Funtley Road – HA10'. The overall affect of these adjustments is a reduced overall supply 744 homes.
- 2.5 Significantly, these adjustments have two material effects:
 - 1) They further reduce the 'flexibility' in the plan from an 11% contingency to only 7.1%, which, as discussed at the hearing sessions in relation to matters 3 and 4, is being relied upon to potentially address a variety of issues, such as:

- a. slippage in delivery;
 - b. additional unmet need from Portsmouth;
 - c. additional affordable housing provision (including affordable need associated with unmet need); and
 - d. potentially, a lengthened plan period.
- 2) The ability to meet the flat or stepped trajectory
 - 3) The 5-year housing land supply (5YHLS) position, which has significantly decreased from 10,594 to 10,237, equating to 5.23 years (excess or 156 dwellings).
- 2.6 Whilst there is no definitive requirement in national policy to provide a contingency buffer within the plan, the inclusion of a buffer will help to ensure that the plan is effective and sufficiently flexible should delivery on some sites not match expectations. Indeed, the Plan highlights that the Planning Inspectorate recommend planning for a minimum of 10% additional supply, but given the reliance on large sites, the Council considered that a more precautionary of 11% was appropriate and fully justified. In previous drafts of the plan, the contingency had been set at 15%. Now the revised topic paper is proposing just 7.1%.
- 2.7 In this context, there is a clear and serious question mark, which goes to the soundness of the plan, over whether the contingency actually exists and, if it does, whether it is effective and whether a positive approach has been taken (see further MH hearing statement for Matter 7).
- 2.8 The approach is far from cautionary and positive, the reality is that the contingency buffer is not a contingency at all, but a relied upon element of the planned supply. In that sense, the housing requirement and supply fails to meet the aims and objectives of the plan and is inconsistent with national policy.
- 2.9 The solution is to reintroduce omission sites previously included, and consulted upon, in earlier draft versions of the plan. Reinstating an 11% contingency would require the allocation of an additional 400 homes.
- 2.10 The revised Housing Supply Topic Paper also explains that the Council's rationale for a stepped requirement has not changed, but an alternative approach is proposed having regard to latest supply position. The topic paper outlines that the stepped trajectory in Policy H1 has been amended to 210 dwellings per annum in the first 2 years and 653 dwellings per annum for the remainder of the plan period. The paper also explains the implications of this amendment for the 5YHLS and Housing Delivery Test (HDT). It sets out at Table 4 that the 5YHLS has significantly reduced. Further, both tables show a 5YHLS only in the first 5 years of the plan, with the remainder of the plan period failing to meet a rolling 5 year supply.
- 2.11 MH note that 0.23 years of supply (associated with the 5.23 year supply upon adoption of the plan) equates to only 156 units. If there is slippage in delivery (including for example in the process of approving reserved matters applications) the position will quickly become marginal or fall into a negative/shortfall position.

- 2.12 With this in mind, MH would highlight again the past record of delivery, suggesting that a larger contingency/flexibility would be fully justified, and their concern that FBC does, on the evidence take a considerable amount of time to determine reserved matters applications. These timescales do not appear to have been taken into account when setting out the lead in times in Revised Appendix B in the updated Topic Paper.
- 2.13 In order to ensure FBC meet the need and secure a rolling five-year supply, avoiding the need for a stepped housing requirement, it is now even more imperative that additional deliverable and developable sites should be allocated, to ensure positive and effective planning, to respond to pent up demand, a tighter 5YHLS position and meet need when it arises. This would ensure the Local Plan is consistent with NPPF paragraph 60, which states that to significantly boosting the supply of homes, and it is important that a sufficient amount and variety of land can come forward where it is needed.
- 2.14 As a result, MH position on this matter remains the same in that the stepped approach to housing land supply, whilst allowed for by the NPPF and PPG in some cases, is not sufficiently justified and is inconsistent with the NPPF in Fareham. What is required, and what FBC did positively, justifiably and effectively seek to do at one stage during the plan making process, is to make further residential allocations.

- 2.15 It is worth highlighting the PPG advice on this:

“A stepped housing requirement may be appropriate where there is to be a significant change in the level of housing requirement between emerging and previous policies and / or where strategic sites will have a phased delivery or are likely to be delivered later in the plan period. Strategic policy-makers will need to identify the stepped requirement in strategic housing policy, and to set out evidence to support this approach, and not seek to unnecessarily delay meeting identified development needs. Stepped requirements will need to ensure that planned housing requirements are met fully within the plan period.” (Paragraph 21, ref. ID 68-021-20190722).

- 2.16 Limiting provision to later in the plan period, and continuing to suppress housing delivery to a greater extent than the submitted stepped requirement in the very early years, will leave a whole generation without sufficient housing. Specifically, FBC will produce a housing deficit for the first seven years of the plan period with a deficit of over 500 dwellings between 2022 and 2024.
- 2.17 By illustration, if the new stepped trajectory is maintained, supply of housing will not catch up with housing need until year 2028/2029, as follows:

Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37
Need	541	541	541	541	541	541	541	541	541	541	541	541	541	541	541	541
Accumulating	541	1082	1623	2164	2705	3246	3787	4328	4869	5410	5951	6492	7033	7574	8115	8656
Stepped Requirement	210	210	653	653	653	653	653	653	653	653	653	653	653	653	653	653
Accumulating	210	420	1073	1726	2379	3032	3685	4338	4991	5644	6297	6950	7603	8256	8909	9562
Shortfall / surplus	-331	-600	-550	-438	-326	-214	-102	10	122	234	346	458	570	682	794	906

- 2.18 Delivery of new homes needs to be brought forward in the plan period to ensure compliance and consistency with the NPPG and NPPF.
- 2.19 Further, given that FBC is now a presumption authority, based upon the latest 2021 HDT results and taking into account the NPPF (paragraph 74) requirement for a 20% buffer on five-year housing land supply, MH note that the PPG outlines:
- “To ensure that there is a realistic prospect of achieving the planned level of housing supply, the local planning authority should always add an appropriate buffer, applied to the requirement in the first 5 years (including any shortfall), bringing forward additional sites from later in the plan period”* (Paragraph: 022 Reference ID: 68-022-20190722).
- 2.20 However, the revised topic paper confirms that the 20% buffer is only applied for the first two years (down from three years) due to expected HDT results with 5% buffer applied from then on. The PPG states that the buffer should be applied to the requirement in the first 5 years and there is no reason that FBC shouldn't comply with this.
- 2.21 Clearly, insufficient flexibility is being achieved within the plan and the stepped trajectory is being retro-fitted to help FBC support its removal of previously tested, and included, sustainable sites from the plan – such as the HA4 extension (omission site).
- 2.22 The revised proposed stepped approach to housing delivery continues to be inconsistent with the NPPF and unjustified given the additional sustainable sites available, that were previously promoted by the Council as sustainable alternatives (including Land to north of allocation HA4 Site ID 3130). Nothing has changed, and the current omission of these sites renders the plan unsound. Currently policy H1 is inconsistent with the NPPF and unsound.

Revised Affordable Housing Background Paper

- 2.23 Following the Inspector's request at the hearing sessions, the Council has prepared a further Affordable Housing Background Paper (July 2022) (ref. FBC089). This further clarifies the Council's affordable housing requirement, also setting out the affordable housing need and supply over the plan period, using the methodology set in the Planning Practice Guidance.
- 2.24 The Background Paper covers the period 2021-2037 (16 years) and identifies an affordable need across the plan period of 2,783 homes (circa 174 dpa). The supply will result in 2,727 dwellings which falls short of meeting the identified need.
- 2.25 Further, in May 2022, Fareham's average house price was £350,589. This is approximately 16% higher than the national average, which according to ONS¹ was £302,278.

¹ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/may2022>

- 2.26 Paragraph 1.42 of the draft Local Plan outlines the Borough's affordability issues, namely for first time buyers and households of low income. FBC also highlights that there is now an ageing population that needs to be taken account of.
- 2.27 Clearly there is justification to increase the supply of new homes above and beyond the standard methodology need figure to help meet the need and address affordability issues.
- 2.28 To help alleviate the affordability issue, the draft Local Plan should be seeking to boost the supply of housing and reduce the affordability gap. Instead, the plan seeks to delay housing delivery generally, through the stepped trajectory, and restricts the requirement to 10,237 new homes. The issue is exacerbated as 74 of those homes comprise outstanding small permissions and 1,120 'windfalls', noted in the plan as likely to comprise previously developed land. Both categories are highly unlikely to deliver any affordable housing.
- 2.29 Discounting the above elements of supply (outstanding small permissions and 'windfalls'), all housing supply (market and affordable) will be in the region of 9,043 dwellings under the planned requirement. To meet the affordable demand, 31% of all planned new homes would need to be affordable. However this is unlikely to be achieved for example because there is uncertainty about the level of affordable housing to be provided at Welborne, with the s106 agreement suggesting just 10% provision to facilitate the M27 J10 improvements.
- 2.30 As outlined in MH Matter 7 statement, the latest Authority Monitoring Report (AMR) covers the period 1 April 2020 to 31 March 2021. The report sets out at paragraph 3.4 the below table, and with the exception of 2011-2012 and 2014-2015, eight of the ten years outlined in the table historically show a consistent and significant under delivery of affordable housing, well under the 33% average adopted affordable target.
- 2.31 Similarly, affordable housing completions within the same time period were below the average annual target of circa 174 dpa which FBC estimates is needed going forward.
- 2.32 Over the 10 year period there has been an average delivery rate of circa 23% affordable housing, and over the last 5 years there has been an average delivery rate of circa 17% affordable housing. It is clear that within the past 5-10 years, FBC has failed to meet its 33% target and only met this annual target twice within the last 10 years.
- 2.33 In particular, the delivery of affordable housing in 2018/19 was poor, with only 15 (5% of total dwellings) affordable homes delivered. The most recent year, 2020/21 picked up to 25% delivery rate, however this still shows significant under delivery against the adopted target.
- 2.34 It is also important to highlight, as demonstrated by the evidence, that the delivery of a higher number of affordable homes in one year does not guarantee this will continue for future years.

Year	Affordable Dwellings (net)	Total Dwellings (C3) (net)	% of Total Dwellings
2011-2012	93	275	34%
2012-2013	66	238	28%
2013-2014	41	154	27%
2014-2015	96	287	33%
2015-2016	79	371	21%
2016-2017	98	349	28%
2017-2018	54	291	19%
2018-2019	15	290	5%
2019-2020	27	285	9%
2020-2021	29	117	25%

Table 1: Affordable housing completions from Fareham Borough Council Authority Monitoring Report 2020-2021

- 2.35 It is clear that affordable need has not been met in the past and likely will not be met in the future, with FBC planning to deliver fewer affordable dwellings than are required. Consequently, without the release of additional greenfield sites, affordable need will not be met.
- 2.36 The allocation of additional sustainable sites in the deliverable supply, including land to the north of allocation HA4 (site ID 3130) would help meet the affordable housing need and target requirement going forward.

Windfall Analysis Update

- 2.37 The Windfall Analysis Update (May 2022) (ref. FBC077) now includes data from additional years 2019/20 and 2020/21. The result shows a slight decrease in the total windfall from 1,224 to 1,222. Whilst this does not align with the reduced total windfall figure (1,120) within the revised Housing Supply Topic Paper, MH makes no further comment on this matter.

3.0 Conclusions

- 3.1 MH consider that there are insufficient land allocations to ensure that the housing requirement of the borough is met over the plan period, resulting from:
- An unjustified approach to unmet need
 - A mis-match between affordable need, requirement & supply
 - An unrealistic view of the level of available contingency
 - An unjustified approach to HDT/HLS/stepped trajectory
- 3.2 Ultimately the only robust response, which would satisfy the tests of soundness and ensure an adequate rolling five-year housing land supply, would be to allocate more sites for residential development. The allocation of additional sustainable sites in the deliverable supply, including land to the north of allocation HA4 (site ID 3130) would help meet the housing need and target requirement going forward.