



FAREHAM BOROUGH LOCAL PLAN 2037

Hearing Statement

Written Statement relating to Matter 3

Housing Need and Supply

Prepared on behalf of Persimmon Homes (South Coast)



February, 2022

1	INTRODUCTION	3
2	HOUSING REQUIREMENT	3
3	AFFORDABLE HOUSING REQUIREMENT	6

1 INTRODUCTION

- 1.1 This Hearing Statement has been prepared on behalf of Persimmon Homes (South Coast) in response to the Revised Publication Fareham Local Plan (CD001). Our client previously made representations to the Publication Local Plan in December 2020 and also to the Revised Publication Local Plan in June 2021.
- 1.2 Persimmon Homes have land interests within Fareham Borough and in particular at the edge of Stubbington, which includes (but is not limited to) the site south of Oakcroft Lane (Site HA54) which was recently granted planning permission on appeal.
- 1.3 This statement has been prepared in accordance with the prevailing planning policy and guidance, in particular the National Planning Policy Framework (NPPF), July 2021 and the Planning Practice Guidance (PPG). It expands on our client's previous representations and argues that the level of housing requirement identified in Policy H1 is neither robust nor sufficient to address the likely needs of the Borough over the plan period. It is also argued that the proposed stepped approach to delivering the housing requirement is unjustified and inappropriate in light of the pressing and immediate need for both market and affordable homes within the Borough. Overall the approach to the housing requirement and supply is not positively prepared, nor is it justified or consistent with national planning policy.
- 1.4 Paris Smith LLP, on behalf of Persimmon Homes (South Coast) wish to take a full and active part in the Hearing to be held on Wednesday 9th March 2022 in relation to Matter 3 (Housing Need and Supply).

2 HOUSING REQUIREMENT

Q1. What is the justification for the conclusion in paragraph 4.3, that the Plan should not plan for a higher level of housing need than the standard method Local Housing Need suggests?

- 2.1 Planning Practice Guidance (PPG)¹ sets out clearly the range of circumstances where it may be appropriate to provide a higher number of homes than the bare minimum local housing needs figure; albeit the list is not exhaustive and other reasons may apply. To our understanding, FBC has not undertaken any rigorous assessment to consider whether these sorts of circumstances would apply within the Borough over the plan period. If any such analysis has been undertaken, it should be included within the Examination library. Even in the case of addressing the unmet needs of neighbouring authorities, the level of assessment provided to justify the position in Policy H1 is minimal and restricted only to considering the unmet needs of Portsmouth. FBC does not appear to have appropriately considered the wider PfSH area, where there is a significant level of unmet need, as set out in the analysis undertaken by PfSH for the 25th October 2021 report to the Joint Committee (See FBC002).

Q3. The Statement of Common Ground (SoCG) with Portsmouth suggests their unmet need is now 800 dwellings, not 669 as identified in paragraph 4.5 of the Plan. What is the current position?

- 2.2 Please see our response to Question 5 of Matter 1. In summary, Portsmouth City Council (PCC) estimated their unmet housing need to be about 750 in July 2021 and about 800 in September 2021 when the SoCG with FBC was signed. PCC have always been clear that they consider that the level of unmet need will change over time and is likely to increase.
- 2.3 Our response to Matter 1 also drew your attention to the unfolding developments since the SoCG was signed in September 2021, particularly in relation to the Tipner West site which was one of PCC's key strategic development proposals. PCC has now effectively scrapped that part of the Tipner scheme and has yet to indicate how it will make up the 3,500 dwelling shortfall that scrapping Tipner West would involve. We consider that the current level of unmet need in

¹ PPG: Paragraph: 010 Reference ID: 2a-010-20201216

Portsmouth is significantly more than 800 dwellings and that a revised SoCG should be agreed with FBC reflecting the latest level of unmet need.

Q4. The above SoCG also suggests a contingency of 11% should be added to the 900 dwellings. Is this included in Table 4.1 of the Plan?

- 2.4 It seems clear to us that there is no 11% contingency included within Table 4.1 of the Plan. This means that the SoCG between FBC and PCC is inaccurate and either that SoCG, or Table 4.1 of the Plan, require urgent revision. It is unclear whether the 11% contingency referred to was intended to apply to the 900 dwelling contribution to meet PCC's unmet housing needs or if it in fact refers to the 11% contingency that the Fareham Local Plan proposes for housing supply over and above the housing requirement as shown in Table 4.1.
- 2.5 Given the recent significant impact of the scrapping of the West Tipner strategic development on the level of PCC's unmet housing need, we argue that there is a good case for seeking some level of increase to Fareham's 900 dwelling contribution.
- 2.6 In considering the appropriate level of contribution for Fareham to make, it should be noted that across the Portsmouth Housing Market Area (HMA) only Fareham will be in a position to make any significant contribution to addressing Portsmouth's unmet housing needs. Both Winchester and East Hampshire each only have a small part of their area within the HMA and are both at an early stage in the preparation of their new local plans. Both Gosport and Havant have each already confirmed that they are unable to meet any portion of Portsmouth's housing shortfall, as is set out in in paragraph 4.5 of the Revised Publication Local Plan. Indeed, Gosport Borough has a very large housing shortfall in its own right, now amounting to some 2,500 dwellings over the plan period.²

Q5. Are specific sites identified to meet Portsmouth's need? If so, which sites and are they located within the Portsmouth HMA?

- 2.7 Our understanding is that FBC has not sought to identify any specific sites to meet the shortfall arising from Portsmouth. Given that the Borough is split between the Southampton and Portsmouth HMAs, we do believe that specific sites should be identified in the plan for this purpose. FBC may well argue that Welborne Garden Village will address this issue as it is located within the Portsmouth HMA. However, we do not accept that such an approach would be sufficient. Welborne has been part of Fareham's development strategy at the current level of provision (6,000 dwellings) since 2015 when the Welborne Plan was adopted. Therefore, the housing provision from that site has already been factored in to addressing Fareham's own housing needs.
- 2.8 What is required is newly identified suitable sites which are located within the Portsmouth HMA. This would allow clear monitoring of the progress that Fareham makes in delivering the agreed contribution to Portsmouth's housing need. This approach would also allow engagement with PCC's housing services on affordable housing nominations to ensure that the homes could effectively address Portsmouth's need for affordable as well as new market homes.
- 2.9 Consistent with our argument that insufficient housing sites have been identified in the Fareham Local Plan, we would respectfully draw your attention to our client's land interests at Stubbington which were described in the representations made by Persimmon Homes (South Coast), both in December 2020 and in July 2021. Whilst it is for FBC to decide which additional sites should be included within the plan, we would argue that our client's sites are available, suitable for housing development and are well located to address any contribution Fareham makes to the unmet housing needs of the Portsmouth HMA.

² Table 4 of the 25th October 2021 Report to the PFSH Joint Committee (FBC002).

Q6. Given the current suggested unmet need for the sub region of around 10,750 dwellings, should the plan make a greater contribution to meeting these needs?

- 2.10 Please see our response to Question 6 of Matter 1. In summary, the level of unmet need across the PfSH area has been growing significantly over time. This is not only due to changes in the 'standard methodology', but also due to the impact of the requirement for 'nutrient neutrality' which has had a significant suppressing impact on planning permissions and the rate of housing delivery.
- 2.11 We consider that the 10,750 figure referred to above is now out-of-date and the latest available figure is 12,896 as shown in Table 4 of the October 2021 report to the PfSH Joint Committee (FBC002). However, since that report was drafted, further developments will have resulted in a further increase to overall unmet need. These include the scrapping by PCC of the West Tipner strategic development and the significant delays to the progress of the Havant Local Plan, each of which we discussed in our Matter 1 statement.
- 2.12 In light of the very significant and growing level of unmet need we consider that Fareham should make a larger contribution. The 900 homes proposed by Fareham is barely sufficient as a contribution to address Portsmouth's shortfall. It does nothing to address the very large shortfalls from elsewhere in the Portsmouth HMA (Gosport in particular) and it does nothing whatsoever by way of contribution to the large shortfalls from within the Southampton HMA.
- 2.13 As we referred to under Question 4 above, Fareham is the only local authority in any position to make a realistic contribution to address the shortfalls from within the Portsmouth HMA and so it does fall to Fareham to increase its level of contribution for this purpose. We would argue that a doubling of the 900 homes to about 1,800 dwellings would result in a fair and achievable contribution for Fareham to make to the shortfalls from across the Portsmouth HMA.
- 2.14 In relation the Southampton HMA, the levels of anticipated unmet need are even higher than from the Portsmouth HMA. Whilst it may be possible for other authorities in this HMA to share the burden (Test Valley for example), it seems only reasonable for Fareham to make a specific contribution towards addressing the shortfall from this area.

Q8. Is the proposal in Policy H1 to step the housing requirement justified? Does this suppress housing delivery and impact on the plans ability to meet housing needs in the early years of the plan?

- 2.15 We do not consider that the stepped approach set out in Policy H1 is justified or appropriate. It is acknowledged that housing delivery in the past two or three years has been constrained by the need for schemes to demonstrate 'nutrient neutrality'. However, within the East Hampshire catchments, in which Fareham is located, there has been ample strategic mitigation put in place over the past twelve to eighteen months, with a number of third-party nitrates mitigation schemes now fully operational. This provides a choice of suppliers whereby any developer can purchase nitrates credits to secure mitigation for their schemes. Going forward, there is a more than adequate supply of such mitigation credits for the East Hampshire catchments for both the short and longer term. I would refer you on this matter to the latest PfSH report covering this issue.³ Therefore, the nutrient neutrality issue should not be used by FBC as an excuse for suppressing housing delivery in the early years of the local plan.
- 2.16 FBC also raise the issue of delivery at Welborne as a reason why the trajectory needs to be stepped, citing paragraph 73 of the NPPF. Again, we do not consider that this is adequate justification. The Welborne development has been planned for well over a decade now with the Welborne Plan adopted seven years ago and outline planning permission granted in September last year. FBC have had more than adequate opportunity to work with site promoters to plan

³ Report to the PfSH Joint Committee on 14th February 2022: Update on Nutrient Neutrality in the Solent <https://www.push.gov.uk/wp-content/uploads/2022/02/Item-11-Update-on-Nutrient-Neutrality-in-the-Solent.pdf>

for additional development sites which will deliver in the shorter term and could effectively 'fill the gap' in housing supply until such time as Welborne delivery begins in earnest.

- 2.17 There is no support in paragraph 73 of the NPPF for the stepped approach that Fareham has proposed. In our view this amounts to 'lazy planning' and, as your questions highlights, the result is that much-needed housing supply is suppressed in the early years of the plan. In considering this proposed approach, it is important to keep in mind that by FBC's own estimation there are some 3,000 households across the Borough that are in housing need now, many of which have been waiting for a considerable length of time. This situation has been worsened by the nutrient neutrality issue in recent years. Whilst the slowdown in supply due to nitrates in 2019-2021 is not Fareham's fault, the onus is now on FBC to correct for this by significantly accelerating housing supply in the short term. It should be noted that in the latest (2021) Housing Delivery Test figures, Fareham achieved a supply which was only 62% of their requirement. This poor level of delivery calls for urgent and immediate action and not 'kicking the can down the road' in the hope that Welborne will solve all of the Borough's housing need problems.

3 AFFORDABLE HOUSING REQUIREMENT

Q10. Has the affordable housing need been correctly established, and is it based on up-to-date information?

- 3.1 Paragraph 5.30 of the Revised Publication Plan states that there is a need for approximately 3,500 new affordable homes to 2036. This figure derives from the 2019 Affordable Housing Strategy (HOP001). The figure comprises the following elements, all of which it is stated are 'estimates':

- 1,000 households currently on the waiting list;
- 1,000 households in need of intermediate housing options (e.g. shared ownership);
- 1,000 households not on the waiting list but in either private rented accommodation or living with family and waiting for affordable accommodation; and
- 500 households as an estimation of 'newly arising needs' to 2036.

- 3.2 Whilst we have no specific evidence to counter these assumptions, we consider that the above approach is surprisingly 'broad-brush'. Given the importance of fully understanding the level of housing need in the Borough over the plan period, it is not appropriate to use such 'guesstimation' to derive a figure for those in affordable housing need. We do not consider that this approach has correctly applied the PPG on establishing the level of need for affordable homes, particularly in relation to the level of newly arising households in need over the plan period.⁴ It may be that there is further evidence of a deeper assessment of the figures that FBC has undertaken. If so, this needs to be added to the Examination library.

- 3.3 Aside from the broad-brush nature of the approach, it should be noted that the 500 figure for likely growth in the number of households in affordable housing need still uses 2036 as the local plan end date rather than 2037 (or 2038 as we believe it should now be extended to). This change alone is likely to result in a higher level of affordable housing need.

Q11. How does it compare to the housing requirement?

- 3.4 Taking the 3,500 figure quoted in the Revised Publication Local Plan, this would represent 36.6% of all 9,556 homes that the proposed housing requirement would deliver. If we take the proportion of affordable housing need against the total level of supply that the plan proposes to deliver (i.e. including the 11% contingency), it amounts to 33% of the 10,594 dwellings.

⁴ PPG: Paragraph: 020 Reference ID: 2a-020-20190220 and Paragraph: 021 Reference ID: 2a-021-20190220

Q12. Based on the requirement for qualifying developments to provide affordable housing as set out in Policy HP5, how many affordable homes is the Plan expected to deliver?

- 3.5 Looking at Policy HP5, it seems clear to us that the local plan will not achieve sufficient affordable homes to meet the assumed level of need stated in paragraph 5.30. Again, it should be noted that this 3,500 will in reality need to be higher as the plan does not end in 2036. Whilst we do not attempt to quantify how many affordable homes will be delivered through the local plan, a range of factors make us believe that 3,500+ will not be achievable.
- 3.6 First, whilst Policy HP5 includes 'headline rates' of 40% for greenfield sites and 35% for brownfield sites, these will only apply to developments of 10 or more dwellings. However, a large portion of Fareham's planned supply comprises small developments, existing permitted units on small sites and from future small windfalls. Hardly any of these developments will include any new affordable homes.
- 3.7 Second all of the development (over 10 dwellings) planned within Fareham Town Centre will provide only 20% affordable housing at best. This component represents 916 dwellings, or nearly 10% of the overall supply.
- 3.8 Third, no account seems to have been taken of likely financial viability issues on sites of more than 10 dwellings. The reality is that with all best intentions, a significant portion of sites will inevitably encounter viability difficulties and will be forced to negotiate with FBC to agree a reduced level of affordable housing. We believe that FBC needs to be clear about the impact that viability problems have had on the supply of affordable homes in recent years so this issue can be factored into future supply.
- 3.9 Finally, the Welborne Plan requires affordable housing to be delivered at only 30%. This will have a large impact on the overall delivery of affordable homes as some 3,610 dwellings from Welborne are included within the overall supply to 2037. However, the Council has itself acknowledged that, particularly within the early phases, considerably less than 30% affordable housing will be delivered at Welborne. In part this is due that due to the escalating costs of delivering the new M27 motorway junction that Welborne requires. It is well-known and has been covered in the media that the master developer of that scheme (Buckland Development) has reached an agreement with FBC that the level of affordable housing to be delivered can be significantly reduced, if they have to provide further capital funding to ensure that the junction can be delivered.
- 3.10 What is less well known is that the Council's own viability evidence supporting the local plan specifically assumes that the early phases of Welborne will include only 10% affordable housing as there is an assumption that this level of delivery will be required to maintain viability, in the hope that the level of delivery can be increased in later phases.⁵ Therefore, there is no certainty whatsoever over what level of affordable housing Welborne will actually achieve and it seems highly unlikely that the 3,610 homes at Welborne to be delivered within the plan period will achieve anything like the full 30%.

Q13. How does this compare to the identified need?

- 3.11 Overall, we have shown above that FBC is not planning for sufficient new affordable homes to fully meet the likely need over the full plan period. Equally, we consider it highly unlikely that even this insufficient number of affordable homes will be achieved and that FBC has failed to plan for an adequate number of affordable homes to be delivered to 2037. Consequently, there is a clear case here for an uplift in the overall level of the planned housing requirement in order to ensure sufficient affordable housing can be delivered.

⁵ Paragraph 7.2.6 in the Fareham Local Plan Viability Assessment (VIA001), 2019