



Item 10

# Report to the Partnership for Urban South Hampshire Joint Committee

Date: **16 September 2008**

Report of: **Stuart Jarvis, Managing Director**

Subject: **Deliverability of the Strategic Development Areas**

## SUMMARY

Consultants David Lock Associates were commissioned by PUSH to undertake a study into the potential risks to the delivery of the two Strategic Development Areas. This report outlines the conclusions and recommendations made in the study, and sets out a recommended PUSH response.

The consultants' assessment is that there are significant risks that may prevent each SDA delivering its allocated number of new homes by 2026. However, the study concludes that it is possible for the SDAs to be delivered in whole or in part by 2026 provided that PUSH and the local authorities respond quickly to the recommended actions.

## RECOMMENDATION

That the Joint Committee endorses the PUSH responses to the consultants recommendations set out in appendix 1.

## **INTRODUCTION**

1. At the Examination-in-Public of the South East Plan there was discussion on the deliverability of the two proposed Strategic Development Areas: up to 10,000 new homes at the north of Fareham SDA and up to 6,000 at the north/north east of Hedge End SDA between 2016 and 2026. Some EiP participants with interests in other land argued that the SDAs 2016 start date and the envisaged build rates were unrealistic. The Panel which conducted the EiP endorsed both SDA proposals but agreed that achieving the envisaged rates of house building from 2016 will be challenging. They called for certainty and commitment from all parties to enable the SDAs timely development.

## **CONSULTANCY BRIEF**

2. To address the matter of deliverability, consultants David Lock Associates were commissioned by PUSH to identify the potential risks to the delivery of the two SDAs and to consider mitigation strategies to ensure the SDAs timely delivery. In short, the preparation of a risk assessment and a risk management strategy.
3. The brief to the consultants required six topics to be explored, to which a further three were added during the study, as follows:-
  - i) Density and housing mix
  - ii) Build rates
  - iii) Provision, phasing and funding of infrastructure
  - iv) Bringing forward employment land
  - v) Delivery mechanisms for affordable housing
  - vi) Policy options
  - vii) Land assembly and control
  - viii) Environmental impacts and mitigation
  - ix) Strategic delivery issues

## **METHODOLOGY**

4. The consultant's methodology combined a 'case study approach' looking at major developments elsewhere in the country, together with a series of meetings and workshops with key stakeholders.
5. The case studies varied in scale, location, type and stage of implementation, but all were of substantial size – a minimum of 2,500 new dwellings and the largest being 12,000. They included development areas at Swindon, Peterborough, Northstowe (Cambridgeshire), Corby, Cranbrook (East Devon) and Milton Keynes. In addition to the case studies David Lock Associates were able to draw on their considerable experience in delivering major projects throughout the country.
6. Transferable lessons and practical experience of the risks to delivery together with mitigation strategies used were gleaned from the case

studies, albeit recognising that there is no single correct answer or approach, and that no two areas are alike in terms of social, physical, environmental and political context.

7. The engagement with stakeholders comprised of a series of one to one meetings and workshops to identify the issues, and potential constraints; and to learn from experience elsewhere. It also enabled the collection of background information about the two SDAs. Those involved included PUSH officers, the Advisory Team for Large Applications (ATLAS - the body which assists local authorities in dealing with large planning proposals), the known promoters and landowners for both the SDAs, the Highways Agency, Environment Agency, Southern Water and Natural England.
8. Importantly, the last four of these stakeholders did not identify any infrastructure constraints or 'showstoppers' to delivery of the SDAs, although a number of issues were highlighted which require careful planning and mitigation strategies.

## **STUDY CONCLUSIONS**

9. The consultants' assessment is that there are significant risks that may prevent each SDA delivering its allocated number of new homes by 2026. The consultants recommend both short and long term actions to mitigate against these risks. Crucially, they state that "*it may be possible for the SDAs to be delivered in whole or in part by 2026 if PUSH and the local authorities respond quickly to the recommended actions.*"
10. The study acknowledged that the development of the SDAs is at a very early stage and many of the issues identified are usual at this stage of the development process.
11. The study's conclusions identify a number of high priority actions that should be dealt with as a matter of urgency and others that will need to be resolved over the longer term. The consultants recognise that ultimately PUSH and the local authorities will determine priorities for promoting the SDAs, their preferred policy approach, the process they wish to undertake in consulting and working with promoters and key stakeholders, and the resources that can be put toward delivering the two SDAs. They also acknowledge that some compromises will need to be made throughout the planning and implementation process; the risks and mitigation measures identified in their report are designed to offer PUSH and the local authorities a framework to make informed choices.

## **PROPOSED PUSH RESPONSE**

12. The key issues and the required key actions identified by the consultants are set out in the Appendix, together with a proposed PUSH response to each. The PUSH responses seek to balance the need for deliverability against the need to ensure a robust and effective spatial policy framework

for the SDAs, because having a sound policy framework is the most effective means of ensuring delivery.

13. Many of the study's recommendations had already or are in the process of being implemented. It is also the case that the planning for the north Fareham SDA is more advanced than for the SDA to the north/north east of Hedge End. This is largely due to the fact that a large proportion of the land required to deliver the north of Fareham SDA is within the control of a single Joint Venture which is promoting the development, which in turn has allowed for early engagement with the main land owning interests. The land ownership situation in the broad area of search for the SDA to the north/ north east of Hedge End is more fragmented. Initial discussions have taken place with representatives of some of the land interests, and joint working arrangements between the two local authorities (Eastleigh and Winchester) are under discussion.
14. In order to take forward the planning and delivery of the SDA, Fareham Borough Council has established a Project Board which includes representatives of the Joint Venture, Transport for South Hampshire, PUSH and ATLAS. The Project Board has met several times to discuss and address many of the issues raised in the study, as well as other critical issues of mutual concern. A Community Liaison Group is also being established to facilitate greater engagement with the local community and key stakeholders. A series of Projects Teams are also in the process of being set up to undertake the detailed work of preparing a masterplan, and ensuring a sound evidence base in respect of the SDA for the relevant DPDs.
15. Fareham has also held preliminary discussions with SEEDA, the Highways Agency, Natural England, and the Environment Agency, in which a number of issues highlighted in the study have been discussed, and a commitment made to continue with joint working.
16. The study raises questions about the capacity of the two potential sites for the SDAs and the rate at which they might be built out. The study therefore recommends that "if the maximum dwellings for the two SDAs are unlikely to be reached, contingency development strategies may need to be considered in the wider context of housing delivery in South Hampshire as part of the next review of the RSS". The consultants suggest that this might include bringing forward reserve sites in other locations.
17. The PUSH response to this particular recommendation should be to point out that it is by no means certain that there would be any shortfall in the capacity of the two SDAs, and that the rate at which the development will be built out will to a large extent be determined by how soon the developers can commence development. Furthermore, bringing forward presently unidentified development sites could not be undertaken in isolation and would require a re-examination of the PUSH housing distribution strategy.

18. Work is already in hand to determine the potential boundaries of the north of Fareham SDA and to properly assess capacity through the local authority's LDF process and legal advice has been sought on the most robust spatial policy framework to bring forward the site in a timely and effective manner. In relation to the north/north east Hedge End SDA work is currently underway on traffic and transport studies before detailed consideration is given to capacity issues.

The above and the appendix demonstrate the considerable work which is underway/planned to ensure the timely delivery of the SDAs. PUSH is confident that this work will progress forward but it will need to monitor that progress; if any significant slippage occurs, then the review of the South East Plan will need to consider whether it is necessary to bring forward alternative sites elsewhere.

19. The Joint Committee is asked to endorse the proposed PUSH responses and commit to ensuring that the responses are actively pursued.

Approved by the Monitoring Officer		Date:	
Approved by the Finance Officer		Date:	

**Background Papers:** South Hampshire Strategic Development Areas  
Deliverability Study Final Report August 2008

**Reference Papers:** --

**Enquiries:**

For further information on this report please contact:-

Stuart Roberts, Planning Theme Lead  
Tel: 01962 846782

Email: [stuart.roberts@hants.gov.uk](mailto:stuart.roberts@hants.gov.uk)

## APPENDIX 1

This Appendix reproduces the consultants report advice on the key issues and the key actions to mitigate risks (in the left hand column) and (in the right column) sets out a recommended PUSH response.

<b>Key issues (in bold) and key actions to mitigate risks (bullet points)</b>	<b>Proposed PUSH response</b>
<p><b>A clear vision is needed for each SDA</b></p> <ul style="list-style-type: none"> <li>• Engage with promoters to set a clear vision and identify for each SDA, including:- <ul style="list-style-type: none"> <li>○ whether the SDA is free standing, an urban extension or a linked settlement;</li> <li>○ the average density</li> <li>○ employment provision; and</li> <li>○ the strategic transport approach</li> </ul> </li> </ul>	<p>PUSH agrees that the local planning authorities should develop a shared vision as a matter of priority.</p> <p>This work is already well in hand with respect to the north of Fareham SDA. Access studies are being undertaken in respect of both SDAs to assist in developing the strategic transport options</p>
<p><b>Establish greater certainty about site capacities</b></p> <ul style="list-style-type: none"> <li>○ Examine alternative boundaries and debate and define the site boundaries and capacities;</li> <li>○ Undertake a detailed site capacity study (if necessary); and</li> <li>○ If the maximum dwellings for the two SDAs (16,000) are unlikely to be reached, contingency development strategies may need to be considered in the wider context of housing delivery in South Hampshire as part of the next review of the RSS.</li> </ul>	<p>This work is already underway within the context of developing the Fareham Borough Core Strategy. Work has yet to begin in relation to north/north east Hedge End.</p> <p>PUSH will monitor the progress on SDA deliverability; if any significant slippage occurs, then the review of the South East Plan should consider whether it is necessary to bring forward sites elsewhere.</p>
<p><b>Establish greater clarity over infrastructure, funding and historic deficits</b></p> <ul style="list-style-type: none"> <li>○ Define the infrastructure deficit;</li> <li>○ Define the extent to which it is desirable for new development to contribute to the deficit or only resolve its own issues; and</li> <li>○ Define threshold levels for big ticket infrastructure items.</li> </ul>	<p>This work has already commenced with the commissioning of a series of PUSH studies which looks at various strategic infrastructure requirements, including sustainable transport options and water resources</p> <p>The identification and costing of the necessary social and physical infrastructure will emerge as detailed work is undertaken on the masterplans and through developing the spatial policy framework</p>

<p><b>Take a co-ordinated and focused approach to technical studies</b></p> <ul style="list-style-type: none"> <li>• Work with SDA promoters to jointly agree scope of work for future studies;</li> <li>• Summarise messages and conclusions from all of the technical studies to draw out key issues and to focus on implementation and delivery with clear and concise communication; and</li> <li>• Create opportunities to increase collaboration between PUSH and Transport for South Hampshire to integrate land use and transport planning.</li> </ul>	<p>This work is already underway; as stated in this report project management structures have been put in place to ensure the effective delivery of the north of Fareham SDA. Preliminary discussions have been held to determine the most effective management structures for bringing forward the north/north east of Hedge End SDA.</p> <p>To date the work has proceeded in close collaboration with TfSH who have already made successful bids for funding to ensure that progress can be made on identifying and developing sustainable transport options for the SDAs</p>
<p><b>Engage with SDA promoters and other key stakeholders</b></p> <ul style="list-style-type: none"> <li>• Set up a regular and structured programme of engagement and negotiation with SDA promoters; and</li> <li>• Actively engage with other key stakeholders.</li> </ul>	<p>This has already been formally established in respect of the north of Fareham SDA and informal discussions have been held with the main land interests in the north/north east of Hedge End SDA.</p> <p>Early and active engagement with all the key stakeholders is proposed in both SDAs.</p>
<p><b>Strengthen resources to meet timescales</b></p> <ul style="list-style-type: none"> <li>• Strengthen PUSH resources and capacity;</li> <li>• Designate a project champion for each SDA to structure decision making and to lead negotiation with the promoters; and</li> <li>• Assess and strengthen LPA resources if necessary in preparation for processing an outline planning application and reserved matters.</li> </ul>	<p>PUSH has already begun to address this issue and is in the process of ensuring that its resources are effectively deployed to strengthen the capacity of the local planning authorities to deliver the SDAs in a timely manner.</p> <p>Bids have been made by all the LPAs concerned to ensure that adequate resources are available to deliver the SDAs</p> <p>PUSH will consider what project leadership arrangements would best speed up and minimise to risks to the delivery of the SDAs, and how best its limited resources can be used to support the local planning and highway authorities.</p>
<p><b>Address land assembly issues</b></p> <ul style="list-style-type: none"> <li>• Engage with Fareham SDA promoters over site specific issues and with north/north east of Hedge End SDA</li> </ul>	<p>The issue of land assembly is seen as crucial and work is already underway to identify the issues surrounding assembly</p>

<p>promoters over land assembly issues;</p> <ul style="list-style-type: none"> <li>• Identify essential access points; and</li> <li>• Cross border discussions should be progressed with Winchester City Council for both SDAs.</li> </ul>	<p>for the north of Fareham SDA,</p> <p>Work is also underway and studies commissioned on the issue of access.</p> <p>Regular meetings have been held between all the councils responsible for delivering the SDAs. Winchester City Council is also represented on the Project Board established to deliver the north of Fareham SDA.</p>
<p><b>Identify the preferred planning policy framework</b></p> <ul style="list-style-type: none"> <li>• Prepare the Core Strategy followed by a Supplementary Planning Document, and prepare the outline planning application in parallel with the preparation of the SPD;</li> <li>• Alternatively, prepare the Core Strategy, with Area Action Plan in parallel with outline planning application; and</li> <li>• Submit an outline planning application at LDF EiP stage to demonstrate deliverability.</li> </ul>	<p>Further studies have been commissioned, and legal advice sought on the most effective and robust means of bringing forward the SDAs. Evidence to date continues to suggest that the process of preparing the Core Strategy with an Area Action Plan following closely behind is the preferred route towards providing a sound spatial planning framework for the SDAs</p> <p>The LPAs may seek to encourage the developers to submit an outline planning application to help address issues of deliverability at the EiP stage of the respective relevant DPDs</p>
<p><b>Determine the average and the range of densities for each SDA</b></p> <ul style="list-style-type: none"> <li>○ The vision for each SDA should reflect the desired character of the development, from family homes with private gardens to urban areas with less private outdoor space; and</li> <li>○ The vision for each SDA should reflect potential market demand for different types of densities.</li> </ul>	<p>PUSH recognises the importance of establishing average densities for the SDAs at an early stage, but this should be consequent on establishing a clear and shared vision as to the type of place we are trying to create.</p> <p>PUSH would agree that it is important to provide a range of house types and tenures to create a balanced and cohesive community, but this should be determined through the masterplanning process.</p>
<p><b>Make realistic and achievable assumptions regarding build rates</b></p> <ul style="list-style-type: none"> <li>• Reconsider the build rates that are currently proposed if they are too ambitious and are not supported by high demand, a strong local market, simple land ownership issues and multiple development fronts coming forward at one time;</li> <li>• Take into consideration the need for flexibility to address unforeseen risks</li> </ul>	<p>Build rates will need constant monitoring, and are notoriously difficult to predict. In the present financial climate build rates would be extremely slow; however by the time the developments commence, much of the current uncertainties in the credit market should have been resolved, and the pent up demand which will only be exacerbated by the slow down might</p>

<p>to delivering within timescales;</p> <ul style="list-style-type: none"> <li>• Establish as much certainty as possible over funding for affordable housing; and</li> <li>• PUSH and the LPAs may wish to encourage house builders to build some or all of the affordable housing to secure both quality and delivery. However, upfront costs can affect funds available for other infrastructure so priorities will need to be agreed and compromises may need to be struck.</li> </ul>	<p>actually speed up completions in the SDAs.</p> <p>In addition to uncertainties in the market, the delivery of housing completions will also be affected by the earliest date at which the development can commence, and the LPAs are in dialogue with the developers to ensure that the necessary planning decisions are able to be made in a timely manner.</p> <p>Because of the uncertainties it is not considered necessary to alter the PUSH assumptions on build rates but to be aware of potential problems should they prove too optimistic</p> <p>PUSH has already held preliminary discussions with senior officials of the emerging Housing and Communities Agency regarding funding and delivery of the affordable housing</p>
<p><b>Establish infrastructure and funding options</b></p> <ul style="list-style-type: none"> <li>• The preferred method of infrastructure funding should be decided early in the process – tariff, CIL with some S106, or conventional S106;</li> <li>• Thresholds for big ticket items, trigger points and levels of development that can be delivered before major investment is needed should be identified early to inform developer agreements;</li> <li>• Discuss with the site promoters which elements of the social infrastructure (e.g. schools) they have the capacity and expertise to deliver;</li> </ul>	<p>PUSH would agree that this needs to be resolved early on in the process, but at the present time it is more important to resolve issues regarding site boundaries, capacity and access.</p> <p>A statement on infrastructure and delivery will be required in the respective LPAs' Core Strategies.</p>
<p><b>Identify environmental impacts and mitigation</b></p> <ul style="list-style-type: none"> <li>• PUSH, the LPAs and the promoters should allow adequate time for ecological and environmental studies to be undertaken; and</li> <li>• PUSH and the LPAs should encourage the promoters to undertake a Phase 1 Habitat survey.</li> </ul>	<p>Preliminary discussions have been held with the statutory agencies regarding the environmental impacts of the north of Fareham SDA, and a Phase 1 Habitat survey is in the process of being commissioned</p> <p>This work will commence when there is more certainty about the proposed boundaries for the north/north east of Hedge End SDA.</p>
<p><b>Develop a strategy for delivering</b></p>	

<p><b>employment provision</b></p> <ul style="list-style-type: none"> <li>• Develop strategies for releasing and marketing sites as early as possible;</li> <li>• Incorporate the skills and expertise from PRUPIM in developing the Fareham SDA;</li> <li>• Consider self containment targets across a wider geographical area rather than just each SDA boundary; and</li> <li>• Seek government funding as a catalyst for employment provision, either by acting as a speculative investor or by providing incentives.</li> </ul>	<p>PUSH would agree that it is important to develop an employment strategy as soon as possible to ensure that the SDAs fulfil their role in improving economic performance in the sub-region and to secure the desired level of self containment.</p> <p>SEEDA is recognised as having a crucial role in delivering the employment uses in the SDAs and in potentially attracting investment.</p> <p>PUSH has held preliminary talks with SEEDA and the development of an employment strategy will be one of the key tasks of the PUSH Economic Development Director in close collaboration with the relevant district councils.</p> <p>PRUPIM are members of the north of Fareham SDA Project Board and will be invited to add their skills and expertise in developing the employment strategy.</p> <p>PUSH would acknowledge the need to be realistic about how the self containment objectives are set and met, and will monitor the development of any targets through the production and implementation of the employment strategy.</p>
<p><b>Develop a strategy for delivering affordable housing</b></p> <ul style="list-style-type: none"> <li>• Seek funding commitments from RSLs for three years;</li> <li>• Encourage house builders to construct part or all of the affordable housing;</li> <li>• Seek agreements with several RSLs to limit the risks of funding not becoming available from the Housing Corporation;</li> <li>• Consider the balance between shared ownership and social rented as one has greater development value than the other;</li> <li>• Consider on-site and off-site provision as appropriate;</li> <li>• Remain flexible in the S106 agreement to allow for alternative</li> </ul>	<p>PUSH would agree with the need to develop an affordable housing strategy to assist in the delivery of the social housing. However, early engagement with the RSLs could prove difficult as at this stage it is not known who will develop the market housing. PUSH will therefore need to seek further advice on the most appropriate stage in the development process to bring on board the RSLs, and the most effective means to do this if the development interests in the SDAs are not likely to be actually developing the housing.</p> <p>PUSH would not accept the proposal to consider off-site provision of the</p>

<p>funding mechanisms; and</p> <ul style="list-style-type: none"> <li>• Ensure that planning conditions are not overly restrictive by limiting the proportion of commercial units that can be built in any one period according to the numbers of affordable housing units that are built.</li> </ul>	<p>affordable housing. On a green field site of this scale the development would be expected to meet all its affordable housing requirements on site.</p> <p>PUSH would agree that in developing the affordable housing policies for the SDAs there would be a need to build in flexibility to ensure that the development can respond to changing circumstances and opportunities over the lifetime of the development, which is likely to be in excess of 15 years</p>
<p><b>Set a deliverable timetable</b></p> <ul style="list-style-type: none"> <li>• Negotiate and engage with the landowners/promoters as soon as possible to establish a realistic timetable; and</li> <li>• There are significant risks to the delivery of the north/north east of Hedge End SDA within the timescales identified given the current stage of engagement with promoters, planning for the SDA and the substantive site constraints faced. Resourcing and decision making authority should be allocated to open up dialogue with promoters, to determine an appropriate boundary for the SDA and to set the policy framework process in motion.</li> </ul>	<p>Timetables for both the production of the relevant DPDs, the masterplan and the outline planning application with all the supporting documentation including Environmental Assessments, are currently being produced in consultation with the promoters of the north of Fareham SDA</p> <p>Early discussions have also been held between Winchester and Eastleigh regarding the timing and content of the relevant Core Strategies and DPDs and how to bring forward the SDA in the timeliest manner.</p>