



# **LOCAL INVESTMENT PLAN:** a framework for homes and communities

**PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE**

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# 1 Introduction

The Partnership for Urban South Hampshire, PUSH, comprises eleven local authorities that have come together to promote the economic regeneration and sustainable growth of the sub-region. PUSH works with a sister organisation, Transport for South Hampshire, which is responsible for the planning and delivery of sub-regional transport plans, policies and programmes.

The geographic area of South Hampshire is defined in the Plan for the South East and includes around 1 million people. It covers Southampton and Portsmouth, the whole of the boroughs of Havant, Fareham, Gosport and Eastleigh and parts of East Hampshire, Winchester City, New Forest and Test Valley. Each of these local authorities, together with Hampshire County Council, is a member of a Joint Committee set up under the Local Government Acts, that is the senior responsible body of the Partnership. PUSH's partner agencies also sit on the Joint Committee (or within its delivery structure), including the HCA, JobCentre Plus, the Skills Funding Agency, Business Link, SEEDA, and the Government Office for the South East.

This Local investment Plan relates to the defined South Hampshire sub-region (see map). Exceptionally, the whole of the New Forest District is included in the Plan.

## The PUSH vision

The PUSH vision is to secure a strong and prosperous future for urban South Hampshire. At its heart is economic growth, building on the character and strengths of the cities of Southampton and Portsmouth, and their associated travel to work areas, as drivers of the sub-regional economy.

PUSH's emphasis on a 'cities first' approach in practice implies tackling social and economic disadvantage in a number of established communities in urban South Hampshire. It involves physical regeneration, tackling worklessness and creating employment opportunities, improving skills and delivering improved social infrastructure. PUSH seeks to break down the pockets of disadvantage still present in some of our communities to enable all residents to share the benefits of growth.

The economic growth of South Hampshire needs to be underpinned by housing growth. For the most part, this is required to meet the needs of the existing South Hampshire population and respond to demographic trends affecting the rate of household formation, such as people living longer and family breakdown. Where possible, we will develop brownfields and use housing investment to reinforce the regeneration of existing communities. The PUSH vision also requires however the development of sustainable extensions to existing communities and the proposed creation of two Strategic Development Areas in greenfield locations.

The PUSH approach is to secure managed, balanced and *conditional* growth which means bringing together all the factors that are necessary to create well-rounded communities. It requires the timely provision of the necessary hard and soft infrastructure and conserving and enhancing the natural, historic and cultural environment. It means good design to create a sense of place. A holistic approach to growth is fundamental to PUSH and this Plan sets out our proposals.

## **The purpose of the Local Investment Plan**

The aim of this Plan is to provide a framework, agreed between PUSH and the Homes and Communities Agency (HCA), to deliver an agreed strategy for delivering additional homes in South Hampshire. It sets out the objectives of PUSH, summarises the current state of the housing market and housing needs, and describes PUSH policy priorities. The Plan explores potential resource requirements – although this is by no means a full evaluation – suggests some options for addressing funding shortfalls and sets out detail about housing projects in prospect. The focus is on delivery.

It is not possible to deliver PUSH's vision and objectives without engaging a range of partners dealing with jobs, skills, education, healthcare, transport, the environment and all the aspects that contribute to 'total place'. For this reason, the Plan goes much wider than provision of housing alone because it seeks to align a range of programmes operated by PUSH local authorities and its partner organisations to renew existing communities and create new ones. Each of our partners has their own objectives and priorities and we share a common vision of what we are seeking to achieve in South Hampshire. This coordinated approach is at the heart of PUSH's policies and practice.

The Single Conversation process provides that a Local Investment Agreement will be drawn up to seek to implement this Plan. This will set out what the HCA will provide in support of the strategy. The focus will be funding, especially in relation to affordable housing but it might also encompass development of new initiatives in relation to the private rented sector, assistance with the planning and master planning of major projects, consultancy in relation to funding and support for the provision of infrastructure including transport infrastructure.

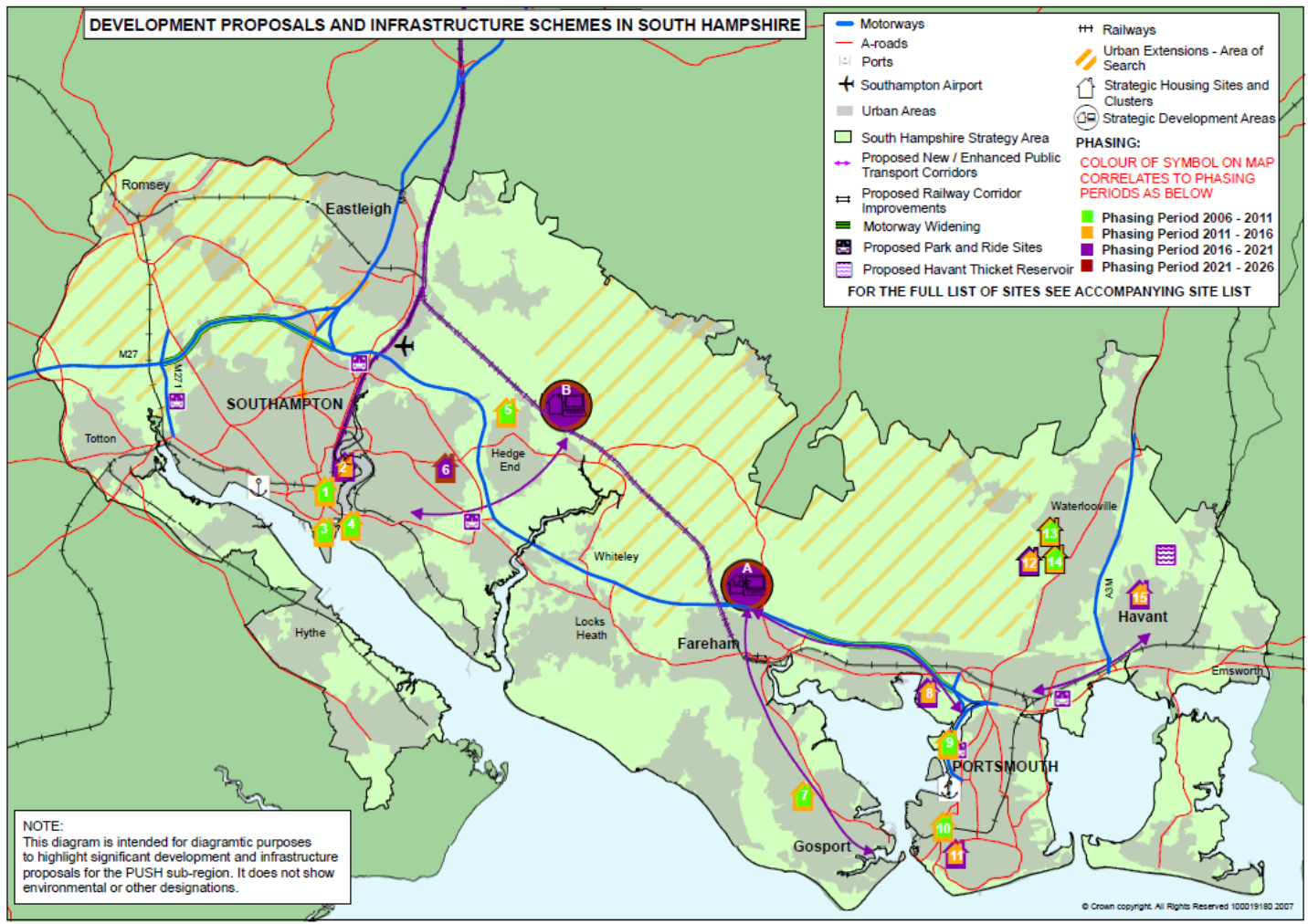
## **Timescale**

This Plan has two main time horizons:


- the short/medium term which relates to funding priorities in the period 2011-12 to 2014-15. The HCA's main focus is the next three years but PUSH has chosen to illustrate the slightly longer horizon because of the relationship with land availability studies;
- the longer term – up to 2026 - in relation to PUSH's strategy for delivering major urban renewal projects and new communities. The longer the time horizon, the greater the uncertainties and consequently the less detail presented.

## **Consultation**

The PUSH Joint Committee [has agreed] this Local Investment Plan [in the light of consultation with our partners]. The PUSH Programme Board and Delivery Panels have delegated responsibility for its delivery. The PUSH Overview and Scrutiny Committee reviews their performance in relation to both the Plan and the Agreement. The Local Investment Agreement will be drafted by the HCA in conjunction with PUSH once the Agency's own future funding position is known.




**Strategic Housing Sites and Clusters**  
*Numbers relate to locations on the map*

1. Southampton City Centre cluster - north 
2. Drivers Wharf/Meridian
3. Southampton City Centre cluster - south
4. Vosper Thorneycroft/Woolston
5. Dowds Farm
6. Southampton Estates renewal
7. Rowner
8. Port Solent
9. Tipner
10. Portsmouth City Centre
11. Somerstown
15. Leigh Park

**Urban Extensions**

12. West of Waterlooville (extension)
13. West of Waterlooville (Winchester)
14. West of Waterlooville (Havant)

**Strategic Development Areas**

- A North of Fareham and possible Eco town 
- B North/northeast of Hedge End

## 2 Aims and objectives: an integrated approach

The aims of PUSH have been set out in more detail in its business plan and in the South Hampshire Agreement, a multi-area agreement (MAA) published in June 2008 and in process of being refreshed. The business plan covers the period 2008-11 but the vision and MAA relate to the current South East planning period ending in 2026. Together, these documents set out both a short and longer term strategy for the sub-region.

PUSH's overall objectives are summarised in the business plan as:

- promoting economic success by seeking to create a diverse economy where business, enterprise and individuals can flourish, underpinned by modern skills;
- providing the homes we need in sustainable communities;
- building more cohesive communities and reducing inequalities, closing the gap between deprived areas and the economic performance of the PUSH sub-region;
- investing in infrastructure and sustainable solutions;
- promoting a better quality of life by safeguarding and promoting social and environmental well-being across the sub-region; and
- tackling climate change by reducing carbon emissions and securing an increased renewable and low carbon energy supply.

The headline targets as set out in the South East Plan, are to create 59,000 additional jobs by 2026 (estimated to require up to 2 million sq metres in new employment floorspace) and to provide an additional 80,000 homes, of which 28,500 should be affordable. These headline targets were formulated before the recession and are currently under review, not least because PUSH's monitoring indicates that the downturn has affected the progress of delivery.

### Promoting economic success

PUSH's economic strategy is to support the sub-regional economy during the current recession and to seek to strengthen and enhance it in the future by:

- improving our skills base and tackling barriers to employment and enterprise;
- promoting business sectors with the potential to perform well and address under performance in others;
- promoting inward investment; and
- ensuring that there is an adequate supply of suitable development sites to facilitate employment growth and business expansion.

The key driver of PUSH is the need to address South Hampshire's economic under-performance in comparison to the South East as a whole and to the national economy. Prior to the recession, South Hampshire was growing at around 2.75% a

year compared to 3.1% for the South East: PUSH's principal aim was to close that gap over the longer term.

PUSH remains committed to this objective but recognises that the original strategy - to achieve this through major expansion of the finance and business sector - is no longer realistic. A review has therefore been commissioned of the economic evidence base and PUSH's future development strategies. The review provisionally suggests that a projected loss of 28,000 jobs has occurred between 2008-11 and that there has been an overall increase of 18,700 in the number of people unemployed in the same period. Despite this, South Hampshire has weathered the recession better than the regional average and unemployment rates remain comparatively low.

The economic outputs sought in the PUSH business plan are set out in the table below.

Economic outcomes as set out in SHRS
• Over the period 2006-26, raise Gross Value Added (GVA) from 2.75% per annum to up to 3.5%
• Improve the relative employment rate and narrow the gap between the South East and PUSH by the creation of new jobs
• Provide new employment space fit for modern business needs including more space for expansion and new high-grade sites for commercial and industrial development
• Promote innovation and business start ups, improved productivity and effective support to growing companies, building on sectors where we excel, especially in higher value-added knowledge-based businesses. Targets include increasing VAT stock per 1,000 inhabitants from 25 to 40 by 2026
• Focus public interventions to engineer a further step change in the skills of the resident workforce, particularly in those sectors where skills deficits are most acute, increasing the percentage of the working age population with skills and narrowing the gap between South East skill levels and PUSH skill levels
• Improve the relative claimant count and narrow the gap between South East and PUSH percentage rates of those claiming out of work benefits
• Increased inward investment from both domestic and international companies
• A stronger support sector, for example retail and commercial services, to underpin the attractiveness of the sub-region to new and expanding businesses
• Closing the gap in those areas which are lagging behind the sub regional average and holding back the performance of the sub region as a whole

Productivity and skills remain the critical issues. Nearly 10% of the current workforce has had no skills training. **Table xx** shows the skills profile for South Hampshire's working age population in 2006 and demonstrates a consistent level of under-achievement. PUSH and its partner organisations have therefore targeted improvement of the skills base and have set up an Employment and Skills Board comprised of local authorities, businesses and relevant national and regional business and skills agencies to coordinate a multi-agency approach to skills and training provision in the sub-region.

Table 4		PUSH	South East	England
% of working age people qualified to at least:	Level 2	67.8%	72.2%	68.1%
	Level 3	47.7%	52.3%	47.8%
	Level 4	27.5%	32.5%	28.9%

The South Hampshire economy has strengths in marine, aerospace and defence, environmental technologies and advanced manufacturing sectors. We are working with the RDA, the universities and other organisations to promote small businesses especially those that have potential growth in applied technologies. Leading-edge support and infrastructure (including ICT connectivity) is essential to ensure that the South Hampshire industry can grow and compete effectively in global markets, and discussions are underway with BT Openreach to secure super-fast broadband provision in the sub-region.

We are currently reviewing our priorities in terms of *strategic* employment sites in South Hampshire required to support future economic growth and provide for business expansion. The review will identify not only large sites but smaller development opportunities that have a strategic role in supporting key growth businesses. PUSH and SEEDA are also working closely to consolidate efforts to attract inward investment. We are developing a PUSH wide joint model that will maximise investment opportunities to the sub region.

**In terms of progress against objectives:**

- Apprenticeship Provision: in 2008-09 an additional 470 Apprenticeship and 98 Advanced Apprenticeship starts were recorded, with key sectors such as Health and Public services, Engineering and Manufacturing, ICT and Leisure, Travel and Tourism showing notable increases. Specifically we have introduced an Apprenticeship Expansion Pilot in Marine, which commenced in July 2009, creating 60 additional 16-18 Apprenticeship places in this priority sector;
- Train to Gain Provision: in 2008-09 an additional 6,740 starts were recorded with key sectors such as Health and Public services, Engineering, Construction and the Built Environment. It is notable that an additional 1,883, Level 2, 517 Level 3 and 120 Level 4 completions were also recorded, an increase of 216%;
- an Employment and Skills Board has been created to bring a coordinated, multi-organisational approach to skills and training provision that meets the needs of employers and the economy;
- a new Business Group has been set up to improve engagement with the local businesses;
- a new framework for delivery of inward investment has been agreed and will be implemented in April 2010.

## Community infrastructure and sustainability

Infrastructure improvements in South Hampshire have generally not kept pace with development and there is a consequent backlog of investment. This reflects raised environmental standards, resulting partly from the recognition of the potential impacts of climate change, which has resulted in a need to modernise facilities such as those for water supply and treatment. Additionally, PUSH needs to plan for the infrastructure required to support growth.

PUSH is conscious of the need to manage the *cumulative* effect of development across South Hampshire. Getting the right infrastructure in place is critical both to regenerate existing communities and to support the creation of new ones. An important issue for this Local Investment Plan is how to create sustainable places that deliver a high quality of life.

### Sustainability and community infrastructure outcomes 2006-26

- Sustainability will be at the heart of our agenda. We will develop a strategy to mitigate and adapt to the potential effects of climate change.
- Community infrastructure – schools, healthcare, law and order etc – that meets the needs of the community and enhances quality of life and opportunity.
- Green infrastructure that is accessible to users and enhances biodiversity.
- Reduced abstraction and consumption of water and a water management infrastructure operating to European standards.
- Improved flood defences to the appropriate standards that will provide better protection to existing, growing communities.
- 100MW of energy to be provided from renewable resources by 2016.
- Waste recycling and recovery facilities to minimise impact on the environment.
- Regeneration of brownfield sites, many a legacy of past industrial activity.

In terms of **progress against** objectives:

- a Memorandum of Understanding has been agreed with the Environment Agency, Natural England and GOSE relating to joint working, which will be underpinned by an action plan;
- a Strategic Flood Risk Assessment for South Hampshire has been completed to identify areas at risk. PUSH is working with the Environment Agency on ways of improving flood protection;
- an Integrated Water Management Strategy has been completed on a sub-regional basis relating to water supply, quality, drainage and disposal. Asset management planning by the water companies is underway;
- a Green Infrastructure Strategy is now being finalised in consultation with partners and work has commenced to develop an implementation plan to inform Local Development Frameworks;
- a proposal has been submitted to Government (DBIS) for the PUSH area to be designated a Low Carbon Economic Area.

## Providing homes to support economic growth

PUSH has published a *Sub Regional Housing Strategy (2007-11)* that sets the key objectives for housing across the housing market area of southern Hampshire.

These are to:

- support economic growth by increasing the supply of housing to deliver a balanced housing market including family and affordable homes;
- improve the condition and management and make better use of the existing housing stock;
- drive long-term economic prosperity through the principles of sustainable development
- meet the needs of everyone including homeless and vulnerable groups.

### Housing and planning outcomes

A *balanced* housing supply with the right kinds of homes in the right numbers in the right places.

Greater opportunity for people to buy their own homes.

Delivery of an average 4,000 new homes each year subject to the ability of the market to deliver, with the intention that 40% of these should be affordable of which 65% to be for rent

Renewal of major estates, notably in Southampton, Portsmouth and Gosport, to improve and diversify the stock, provide additional dwellings and help reduce concentrations of deprivation.

Two new mixed communities of sustainable homes in our Strategic Development Areas

Delivery of major housing and mixed development schemes including urban extensions that will start to deliver new homes in the medium term

All existing housing stock to be decent and fit for purpose, including all social housing to meet the decent homes standard; and reducing numbers in temporary accommodation

New homes to be built sustainably, initially to at least level 3 of the Code for Sustainable Homes.

A coherent set of up-to-date Local Development Frameworks to enable PUSH to be planned in an integrated way.

The South East Plan's assessment is that 80,000 additional homes are required to meet the growth aspirations of South Hampshire over the longer term, which equates to 4,000 dwellings a year on average. Although focus is inevitably placed upon delivering this, the proposed additional housing represents an increase of 13.5% on the existing stock. Housing authorities in South Hampshire therefore emphasise the need to get the most out of the *existing* stock and ensure that it is in good condition. PUSH is therefore seeking to:

- align housing delivery with the urban renewal strategies of Southampton and Portsmouth, and estate renewal in specific areas of housing need and deprivation, such as Gosport's Rowner Estate;

- deliver a target, set out in the South Hampshire Housing Strategy, that 100% of the social stock should be decent by 2010;
- require that up to 40% of new homes should be affordable, of which 65% should be for rent;
- reduce the numbers of households in temporary accommodation by 50% by 2010 against a baseline of 2,150 households in temporary accommodation in 2004;
- improve the condition of existing homes and retrofit energy and water efficiency measures to the existing stock as a contribution to climate change objectives and to assist with tackling fuel poverty. This objective also relates to the aims of PUSH's sustainability strategy.

In terms of **progress against objectives**:

- despite the recession, development of employment floorspace and housebuilding in 2008/9 were both slightly *higher* than in the previous year, and the number of homes built in South Hampshire since 2006 is slightly ahead of that required by the South East Plan;
- the Rowner estate regeneration project is underway which addresses a pocket of severe deprivation. The joint public-private venture involving the HCA is proving effective;
- approval has been given by the HCA for the preparation of an outline business case for £125m of PFI credits for the Somerstown estate renewal project in Portsmouth;
- land acquisition for the major Tipner urban regeneration site in Portsmouth is complete. Regional Transport Board funding of £25m is being sought towards the cost of creating access to the M275 for which the planning application is expected to be determined by March 2010;
- a local housing development company approach is being tested at Hinkler Parade in Southampton as a pilot for regeneration of the city's housing stock;
- a common framework for affordable housing across the sub-region has been agreed;
- two strong private sector renewal partnership has been put in place to improve the condition of homes in the private sector in the PUSH area;
- work has commenced on master planning the Fareham SDA, a proposed econ-town, and feasibility work is in progress in respect of the other proposed SDA near Hedge End.
- two core strategies have been put in place and the other eight are expected to be adopted by end 2011.

## Creating quality places

A key issue for this Plan is to ensure that PUSH's economic development objectives for South Hampshire are aligned with those relating to the quality of living. The 'cities first' policy means that we will support the economies of Southampton and Portsmouth as the anchors of the sub-region (together with those of the other principal urban areas of South Hampshire) with regeneration projects and initiatives that improve the quality of place. One of the challenges for PUSH is to ensure that the housing and employment developments proposed for greenfield locations – and in particular the two proposed new settlements - complements rather than competes with the well-being of existing urban areas.

South Hampshire's future economic success will be enhanced by its ability to attract and retain talented, creative people and nurture innovative businesses. Making the most of the sub-region's assets such as our coast and countryside, history and heritage, will be important in helping to establish our position as a desirable location. Quality Places help drive perceptions of South Hampshire are therefore central to this Local Investment Plan.

Our objective is to enable all communities to have a distinct identity, recognisable by the facilities and services they offer, by their local character, culture, heritage and environment. New and existing residents should feel part of their communities, help to shape them, feel safe and have adequate social and recreational provision. We want to plan for the sub-region in a way that recognises the relationships between the urban fabric and the natural environment and retains and enhances a sense of place.

There are specific proposals in this Plan that relate to Quality Places. We should like the HCA to share our perception of the identity of South Hampshire and support it in future master planning and developments. We should welcome practical support from the HCA's ATLAS team to embed cultural, sporting and green space initiatives both in new and existing urban areas.

### Creating Quality Places Outcomes

- Enhancing what is already excellent and resonates with residents and visitors. South Hampshire boasts assets such as its coast and countryside, a maritime tradition including the historic dockyard, and a passion for sport.
- Good design. This will be at the top of our agenda to create a sense of place in every new development and regenerated community, and will also be important in protecting and enhancing places people already value
- An enhanced and thriving natural environment that maintains the integrity of important sites and habitats, provides an accessible network of green spaces, and maintains separation between settlements and the distinctiveness of communities.
- Enhanced quality of life through a diverse and vibrant cultural offer, using culture and heritage to create a sense of identity and distinctiveness.
- A thriving creative businesses sector and a healthy visitor economy.

In terms of **progress against objectives:**

- PUSH has been identified as a priority place by the National Living Places Partnership led by CLG and DCMS in order to maximise the contribution of culture with in growth areas and growth points;
- A CABE Diagnostic workshop has been undertaken to understand the things that resonate with South Hampshire residents so that these can be enhanced through the growth process
- A consultancy (Arthesia) has been commissioned to undertake a South Hampshire Identity project to help us take foreword this agenda.

**Transport**

Effective transport is one of the preconditions for economic growth in South Hampshire and is coordinated by Transport for South Hampshire. TfSH's strategy seeks to:

- *reduce* the demand for travel;
- *manage* existing transport provision better; and
- *invest* in a targeted way in those projects that deliver most in support of PUSH's economic objectives and priorities.

**Transport outcomes 2006-26**

- Reduced travel demand and dependence on the car.
- Improved management of the road network to optimise its effectiveness.
- New and improved junction capacity on strategic highways to access major housing, employment and mixed use development and regeneration sites.
- New and improved public transport networks, including a bus rapid transit system, to link new and existing communities.
- Better rail links within the sub-region and increased use of rail to deliver fast and efficient services both for passengers and commercial traffic.
- Better information systems to allow travellers to make more informed choices.
- Greater inter-modal transport integration to provide more efficient transport networks and greater travel choice
- A freight strategy to support economic development in a sustainable manner.

Further details of TfSH's programme are set out in its own strategic plan *Towards Delivery* and the PUSH business plan. The key issue is for TfSH to work with the Highways Agency, Network Rail and others to support development in the sub-region and overcome transport constraints to economic growth.

Against these priorities, **progress includes:**

- works to upgrade junction 5 of the M27 (the junction serving Southampton Airport and northern Southampton) are underway;
- access studies for the two SDAs and a project to consider traffic flows on the M27 have commenced, specifically examining motorway junction capacities;

- planning for the bus rapid transit (BRT) project is well-advanced, although progress has been delayed by a judicial review. The first phase, funded by the Community Infrastructure Fund, will link Gosport and Fareham and help open up employment opportunities at Gosport. Ultimately the network will serve Portsmouth and the Fareham SDA;
- a new access from the M275 to the Tipner site at Portsmouth is in prospect, that will enable regeneration of this major regeneration site;
- phase 1 of the DaSTs study (*Delivering a Sustainable Transport System*) is largely complete that will produce a range of compliant transport options from 2014 onwards
- a memorandum of understanding was signed with the Highways Agency in 2008 and has been followed by contributions towards a joint evidence base

### **Changing assumptions**

Like any other area, South Hampshire has been affected by the recession. Nonetheless, PUSH's overall strategy remains consistent with that set out in our business plans and the South Hampshire Agreement. However, the recession has undoubtedly changed the pace of economic growth and with it the levels of investment in business, housing, property and infrastructure. We would expect some of these effects to continue into the longer term.

The consequences are that:

- some of the outcomes and delivery targets set out in this chapter will need to be revisited;
- the delivery horizon will, in any event, need to be rolled forward from 2026 to 2031. This may result in a re-profiling of delivery targets;
- we expect the available resources to place a constraint on the pace of future delivery so that what was expected to be achievable annually before the recession will no longer be feasible in the short and medium term;
- the evidence base which forms the basis of PUSH's economic objectives and the other objectives that flow from these, is being updated;
- there could be specific areas in which aspects of PUSH's strategy will need to be revisited in the light of a refreshed evidence base. This might, for example, include assumptions about which industries will lead South Hampshire's future economic growth or the ability to deliver key infrastructure improvements necessary to support planned growth.

PUSH has undertaken a stocktake of the South Hampshire Agreement (MAA) and is in process of agreeing a short update with Government and other stakeholders. PUSH has commissioned consultants DTZ and Oxford Economics to update the evidence base underlying the PUSH Economic Development Strategy published in 2008. The consultants will work with the Centre for Cities who will independently review the steps needed for PUSH to achieve transformational change in the economy of South Hampshire.

### 3 The housing market in southern Hampshire

PUSH undertook a Strategic Housing Market Assessment (SHMA) in 2005 which was updated in 2006. Housing Market Monitoring Reports (HMMR) are now commissioned annually and PUSH also seeks to establish a comprehensive picture of housing need through the analysis of Housing Strategy Statistical Appendices (HSSA) of our constituent local authorities. The evidence from these sources was used to shape priorities in the PUSH sub-regional Housing Strategy completed in 2007.

This chapter presents an up-to-date picture of the housing market in South Hampshire, and describes key factors influencing affordable housing demand and supply, and issues that will need to be addressed if housing needs are to be met and communities supported in deprived areas. It draws on evidence from:

- current HSSAs
- the 2009 HMMR
- Hampshire County Council Annual Monitoring Report 2009
- the Index of Multiple Deprivation, 2007
- a survey of development plans and priorities of housing associations operating within southern Hampshire
- Hampshire County Council annual monitoring for the South East England Partnership Board
- English House Condition Survey Annual Report 2007
- local authority stock condition surveys
- Business Plan Statistical Appendices of stock-holding local authorities.

#### **Geographic areas**

Wherever possible evidence is based on the South Hampshire sub-regional boundary defined in the South East Plan which corresponds to the area covered by PUSH. In some cases (eg HSSA returns), data is only available for complete local authority areas. In these cases, data for all ten PUSH housing authorities are used and the phrase used to denote this in this chapter is 'southern Hampshire'. The total figures for all ten authorities will exceed those of the sub-region.

#### **New housing supply**

Between 2006 and 2009, housing completions in South Hampshire slightly exceeded (by 3%) the level proposed in the South East Plan of 4,000 homes a year on average. In 2008-09, 3,990 net new homes were completed despite challenging market conditions.

The outlook over the next few years is for a lower level of completions. Dwellings under construction, new starts and planning approvals have fallen by between a third and a half (excluding the distorting effect of approvals for two very large sites) signalling reduced building rates over coming years. Nonetheless, averaging over the longer term, market housing has been successfully delivered in South Hampshire.

## Size and type of homes

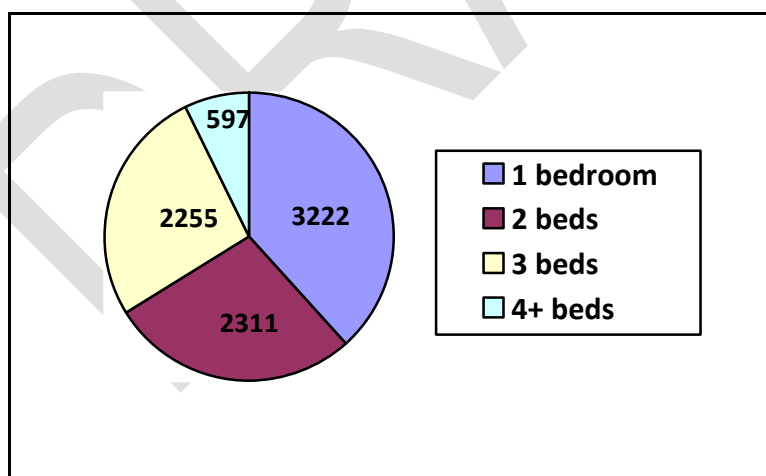
PUSH's ambitions for sustainable economic growth and regeneration require that a range of sizes and types of home is provided and these should include the right mix of housing to meet existing and future needs and attract higher income households and skilled workers.

Family homes have a key role to play but as yet, there is insufficient provision of this type of dwelling. Recently, there has been a bias towards the development of smaller homes across all tenures at the expense of larger family homes. In 2008-09, 81% of completions were one and two bedroom properties – mainly flats - compared with the SHMA estimated need that 53% of new homes should be of this type. The latest housing monitoring highlights this as a continuing issue in South Hampshire.

In the affordable sector, only 12% of net completions (148 homes) in 2008-09 had three or more bedrooms. The need for larger affordable houses is particularly pronounced among *existing* social tenants. From a total of 8,385 transfer applicants, over 2,200 applicants are waiting for a three-bedroom home and almost 600 for four or more bedrooms.

The PUSH Housing Strategy therefore concluded that pressure was increasing for the provision of larger, affordable family houses. In practice, demand for affordable homes is increasing across the whole range of dwelling sizes. In 2006, 16% of applicants were registered for three or more bedrooms: the percentage remained unchanged in 2009 but the number of applicants for larger homes across the ten housing authorities rose from 5,544 to 6,934 between 2006 and 2009. The conclusion for PUSH and the HCA is therefore that a more sustainable mix of new houses and flats is required in both the affordable and market sectors.

**Figure 1 Bedroom requirements - South Hampshire transfer applicants**



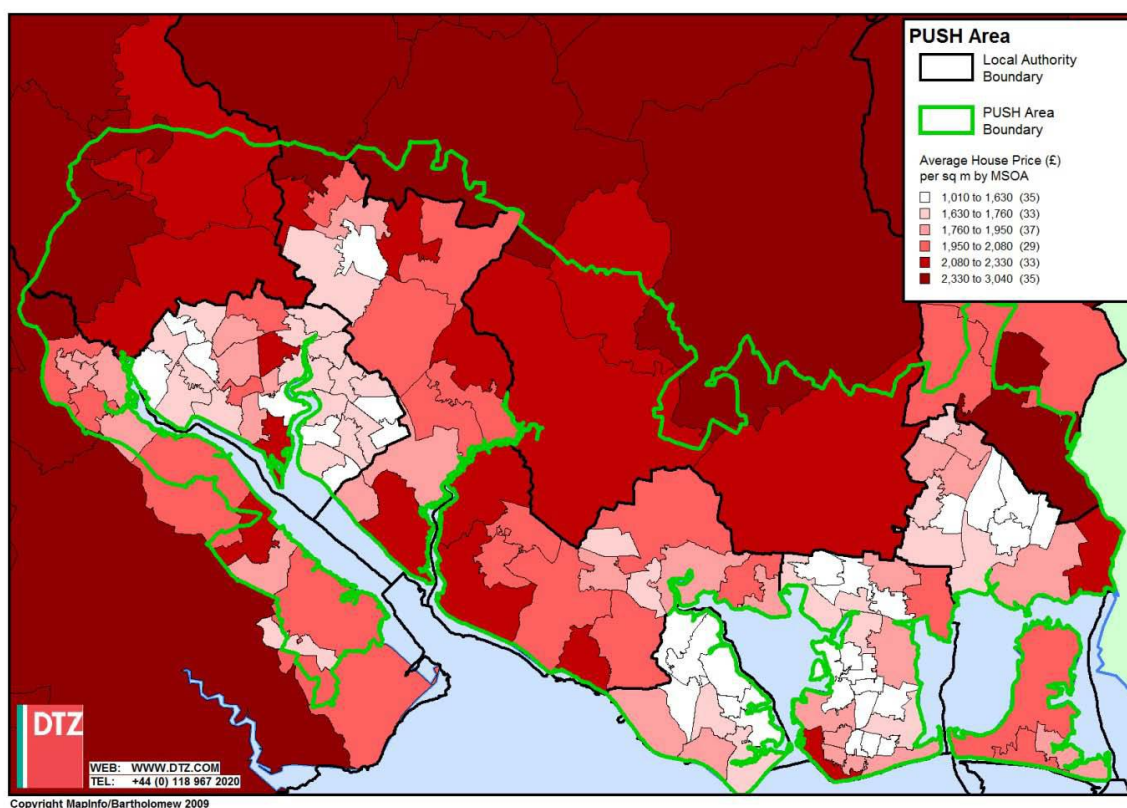
## House prices

The average cost of a property within the sub-region in 2009 was around £186,900, compared to £206,000 a year earlier. As fig 2 illustrates, average prices tend to be higher in the west of the sub-region than the east.

The average affordability ratio for market housing in southern Hampshire is 8, ranging from 6.92 (in Southampton) to 10.67 (in Winchester, outside the PUSH area). The affordability ratios in five out of ten local housing authority areas were higher in

June 2009 than a year earlier. These ratios indicate that nowhere in southern Hampshire is market housing readily accessible to first time purchasers.

**Figure 2: Variability in house prices across South Hampshire**



Source: Hometrack & DTZ Mean Average House Prices Per Square Metre September 2009 (MSOA = Middle Super Output Area; Numbers in Brackets Refer to the Number of MSOAs which fall into that Price Band)

### Impact of the economic downturn

The recession has introduced additional affordability pressures on would-be house purchasers in that mortgage eligibility tests have become more stringent and larger deposits are required from home buyers - the average deposit for first time buyers in September 2009 was 25%.

Access to intermediate housing, that is, homes provided at below open market prices or rents above social rents, has been affected by the same pressures as outright market purchase. More than 4,000 households registered for shared ownership with *Homes in Hants* have been actively looking for intermediate housing over the last two years but the numbers gaining access to the sector have fallen. Just five lenders were offering shared ownership mortgages at the end of 2009, all of whom required a deposit of 10% or more.

Further evidence of pressures brought about by the recession is:

- a low volume of sales has restricted mobility within the market and restricted the release of smaller homes;
- housing benefit claims increased in 2009;

- the number applications for social rented housing has increased - nearly 35,000 households with a reasonable preference category (ie a recognised degree of priority for housing) appear on local authority housing registers in southern Hampshire and over 8,000 social housing tenants are registered for transfer<sup>1</sup>;

The key messages for this Plan are therefore that the housing market downturn has not made home ownership more affordable or accessible in southern Hampshire and that the indicators, including increased housing benefit uptake, suggest that the demand for affordable housing will continue to increase in the foreseeable future.

## Homelessness

Homelessness across the ten PUSH local authorities has been reduced by over 50% since 2005-06 (see table below): 946 households were accepted as homeless by PUSH authorities during the year to 31 March 2009, compared to 941 in the previous year. This represents a considerable achievement given increases in unemployment and home repossessions during the recession. As at 31 December 2008, most authorities had met or exceeded the PUSH target for reduction in the proportion of households in temporary accommodation.

### Homeless acceptances 2005 – 2009

	2005/06	2006/7	2007/8	2008/9
	89	82	35	55
Eastleigh	70	57	63	33
Fareham	110	44	31	32
Gosport	218	173	89	94
Portsmouth	529	298	302	330
Havant	152	99	100	95
New Forest	86	91	80	74
Southampton	475	285	184	188
Test Valley	69	21	17	13
Winchester	..	35	40	32
Total	1798	1185	941	946

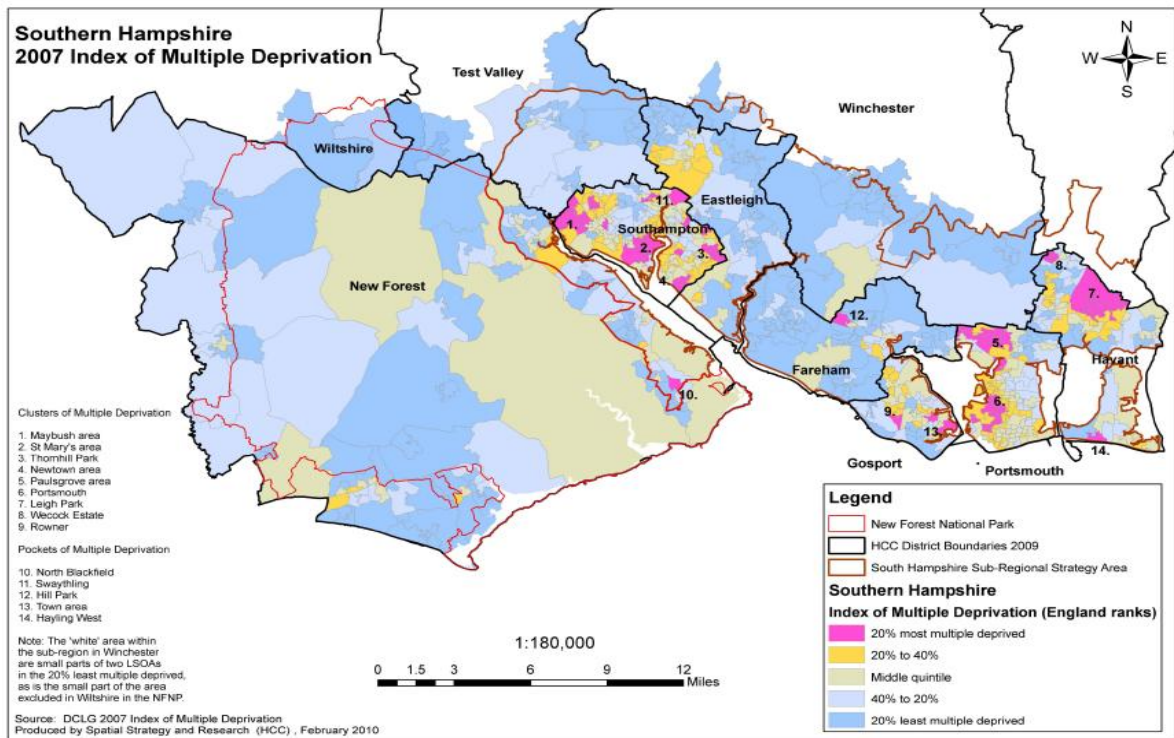
*Housing authorities in southern Hampshire: whole authority basis*

## Estates renewal

Concentrations of disadvantage are not conducive to building sustainable communities and providing new opportunities for residents. New housing can help to improve the physical environment and change the social balance in existing areas of deprivation through tenure diversification.

Portsmouth and Southampton are the PUSH authorities with the highest levels of deprivation, followed by Havant and Gosport. Winchester and Fareham rank among the least deprived of all authorities as shown by the blue areas in fig 3 below.

<sup>1</sup> These figures should not be aggregated together as some duplication may occur



Nine significant clusters of deprivation have been identified in the PUSH area, together with five smaller pockets. The majority of these areas align strongly with concentrations of local authority owned housing. Four are in Southampton, two in Portsmouth; two in neighbouring Havant, and one, the Rowner Estate in Gosport. Of these, two clusters are ranked in the 10% most income-deprived areas in England: Somerstown in Portsmouth and Warren Park ward, part of Leigh Park, Havant.

Income and employment deprivation scores illustrate the broad range of economic conditions in southern Hampshire. Income deprivation ranges from 48% (Charles Dickens Ward, Portsmouth) to 1% (Clanfield and Finchdean, East Hampshire), and employment deprivation from 24% (Charles Dickens Ward, Portsmouth) to 1% (Valley Park, Test Valley). Health and educational deprivation also tend to be higher in areas of greater multiple deprivation.

More detail of the estates renewal strategy is set out in chapter 4 of the Plan. There are significant pockets of deprivation that can be addressed by the regeneration of local communities and diversification of housing tenure. The key issue for PUSH and the HCA is to ensure that these projects are prioritised and that there is continuity of funding for them over the longer term.

### **Affordable housing provision**

PUSH aims to provide 28,500 affordable homes over the period 2006-2026, an average of 1,425 a year. Although recent housing completion rates for all tenures have averaged in excess of 4,000 homes a year, affordable housing completions have remained below the intended level.

The Hampshire County Council Annual Monitoring Report identifies net completions of 1,265 new affordable homes in 2006-07, 921 in 2007-08 and 1,239 in 2008-09. These figures exclude households assisted through Open Market Homebuy. The 2008-09 figure was however, boosted by affordable housing completed earlier than planned on s106 sites due to the availability of funding provided by the HCA.

The Government's Kick Start programme, designed to enable house building to resume on stalled sites, will enable 311 homes to be completed on sites within PUSH authorities by 31 March 2011 of which 174 will be affordable.

Delivery of 1,425 affordable homes a year will be challenging in a housing market which has changed so dramatically. Local authority and housing association projections are positive but appear to assume that grant funding will continue at the level seen in recent years. More details of future plans are set out in chapter 6 and annex B but whether the intended level of completions will actually be achieved is still very uncertain.

### **The role of the private rented sector**

The size and affordability of the private rented sector in PUSH appears to have been relatively unaffected by the recession. The sector continues to provide relatively affordable accommodation and landlords are retaining their properties. Nationally, landlords re-entering the market are tending to buy houses rather than flats, suggesting that they expect to remain in the market for the longer term.

PUSH sees scope to work with the HCA to develop a joint initiative exploiting the contribution that privately rented housing might make to meeting housing need and this is developed later in the Plan.

### **The existing housing stock**

One of the four PUSH strategic housing priorities is to *improve the condition and management and make better use of the existing housing stock*.

Four housing authorities in PUSH are significant owners of their own stock.

	LA-owned stock	Total Housing Stock	Council owned as % of total stock
Portsmouth <sup>2</sup>	15,600	85,200	18%
Southampton	17,270	99175	17%
Gosport	3,250	32,269	10%
Fareham	2,376	47,044	5%

To date, work relating to the existing stock has largely focused on achieving the Decent Home standard in the local authority social rented stock. All six stock-holding authorities were on track to deliver the Decent Home standard by the Government's 2010 deadline. Some homes in Portsmouth will potentially be non-decent due to tenants opting out of improvement work but will be improved as they become vacant.

<sup>2</sup> Portsmouth figures include 6,000 dwellings located in borough of Havant. These are expressed as percentage of PCC total stock. Havant BC transferred its own stock by LSVT to Hermitage Housing Association, now part of the Guinness Trust Group, in 1994.

The table below sets out the number of non-decent homes owned by each PUSH authority at 1 April 2009, reasons for failing the Decent Home standard, the estimated cost of making all council-owned homes decent and the financial contribution made by Government. (The figure for 2010/11 is provisional awaiting Ministerial confirmation).

**Number of non-decent local authority owned homes April 2009 - reasons for failure and cost of improvement**

Authority	Reason for non-decency					Cost of rectification £000s	Regional Housing Pot allocations to Decent Homes 2009/10 £000s
	Fail statutory minimum standard	State of repair	Modern amenities & services	Thermal comfort			
Fareham	0	0	83	0		200	123
Gosport	0	0	147	211		1520	0
New Forest	0	0	227	0		995	0
Portsmouth	0	0	4561	0		24246	1,913
Southampton	0	1469	89	728		13842	1496
Winchester	0	0	15	0		75	0
<b>PUSH totals</b>	<b>0</b>	<b>1469</b>	<b>5122</b>	<b>939</b>		<b>40878</b>	<b>3532</b>

Table x shows good prospects for PUSH local authority stock continuing to meet the Decent Homes standard.

**Table x Number of non decent homes at 1 April 2009 and forecast to 2014**

Authority	2009	2010	2011	2012	2013	2014
Fareham	83	0	0	0	0	0
Gosport	358	127	0	0	0	0
New Forest	227	276	214	150	50	0
Portsmouth	4561	2124	1584	..	..	..
Southampton	2044	900	0	0	0	0
Winchester	15	0	200	400	600	800
<b>PUSH totals</b>	<b>7288</b>	<b>3427</b>	<b>1998</b>	<b>550</b>	<b>650</b>	<b>800</b>

Decent Homes is recognised as a relatively low standard which does not take into account common areas, the external appearance of council homes and the surrounding neighbourhood. For the most deprived estates, additional funding for estate renewal will be essential to create attractive neighbourhoods.

The PUSH Housing Strategy also recognised that, in 2006, the number of owner-occupied unfit homes in four of the authorities was higher than the average for the South East region and that unfit homes had a negative impact upon the health and well-being of residents.

Since completion of the Housing Strategy, methods for assessing the condition of owner-occupied homes have been changed from unfitness to Housing, Health and Safety Rating System (HHSRS), identifying hazards that focus on the needs of the

occupier rather than solely on the condition of the building. The HHSRS definition is wider than the old fitness standard and so takes in more homes. However, only hazards designated as Category 1 require mandatory action.

In 2009, PUSH authorities reported that 38,107 private sector (non-housing association) dwellings had Category 1 hazards. The estimated cost of removing these exceeds £123m (£3,240 per property).

Since publication of the Housing Strategy, all PUSH authorities have successfully bid for regional funding to improve private sector homes. Allocations for the three years 2008-11 (provisional for 2010-11) to the PUSH 4 Safer Homes partnership (comprising East Hants, Fareham, Havant, New Forest, Southampton, Test Valley and Winchester) and to the Southern Home Loans Partnership core group (the remaining PUSH authorities, (Eastleigh, Gosport and Portsmouth plus Chichester DC) total £18.5m.

### **Energy efficiency**

SAP ratings are based on estimated annual heating and hot water costs per square metre of a property. The SAP scale runs from 1 (poor) to 120 (excellent). New build homes achieve a rating of between 75 and 100. The average SAP rating for the privately owned housing stock in PUSH authorities is 57.9, higher than the national average for all stock of 50.

Comprehensive data regarding SAP levels in the social rented stock is not readily available. Tackling the energy efficiency of property in the affordable sector is important to PUSH not only because of our concern to improve the sustainability of properties but because it can have significant implications for the outgoings of tenants. PUSH would like to work with the HCA to unlock resources as part of national programmes to invest in improving the energy efficiency of affordable homes.

The key message for this Plan in relation to the existing housing stock is that although PUSH stock-holding local authorities are on track to meet the Decent Home standard, there is an opportunity to improve the energy efficiency of the *all* the housing stock in South Hampshire social housing stock and improve the quality of life for tenants and we should like to work with the power and water utility companies and the HCA to deliver improvements.

### **Empty homes**

The PUSH Housing Strategy recognises that reducing the number of empty homes is vital for regeneration: empty homes can blight neighbourhoods, fall into disrepair and have wider negative impacts upon the well-being of local residents. Bringing long term empty homes back into use can also have an impact, albeit limited, on meeting local housing need.

The latest monitoring found that vacancy rates were at historically very low levels. This remains true: 2% of all homes in southern Hampshire were empty as at 31 March 2009. This compares with the average across the South East (2.3%) and in England as a whole (2.87%). The number of local authority owned empty homes is extremely low. At the same date only 81 homes had been vacant for six months or longer. The majority of these were in Gosport awaiting demolition.

PUSH authorities also compare well with the regional and national averages in respect of private sector dwellings that have been empty for six months or longer: 39% of all empty homes were vacant long term, compared to 43% in the South East and 47% for England. Vacancy rates in general appear to have been higher than in 2008, which may reflect the poor state of the housing market in March 2009, when mortgages were difficult to obtain and property more difficult to sell. After deducting properties identified for regeneration or development, there were 4,897 long term empty homes within PUSH authority areas, that is, 0.82% of all homes.

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## 4 Policy priorities for housing in South Hampshire

PUSH's economic strategy recognises that an adequate provision of housing is essential to underpin the economic growth of the sub-region. PUSH's housing delivery objectives continue to be aligned with those of the South East Plan, although their achievement may be constrained by the available resources and the ability of the market to deliver. Changes to the economic strategy as a consequence of the recession will lead to a review of the assumptions underlying the assessed housing requirement.

### Phased delivery

PUSH's housing delivery strategy is phased over time:

- in the short term (effectively the next 3-5 years), new housing will be delivered by existing planning permissions and local plan allocations, supplemented by windfall sites. There is particular emphasis on brownfield sites;
- in the medium term to 2015-16 and beyond, the strategy is to develop major urban extensions as the most sustainable greenfield development option, together with urban previously developed sites and city regeneration projects;
- post 2016, the strategy envisages the continued delivery of brownfield urban renewal projects but with an additional focus on the two Strategic Development Areas (SDAs) north of Fareham and north/north east of Hedge End.

The challenge to PUSH and its delivery partners in the public and private sectors, is to achieve the right balance between the short-term funding requirement to develop smaller sites and the need for planned support from the HCA over the long term to secure continuity of delivery for the large regeneration and greenfield projects.

Moreover, PUSH needs access to resources to support the delivery of sufficient affordable housing over the life of the strategy.

### PUSH POLICY PRIORITIES

PUSH's first strategic housing priority is

*to provide a balanced housing supply with the right kinds of houses in the right number and in the right places*

PUSH will be seeking a geographic spread of housing developments across South Hampshire to help accommodate local demand. In practice, PUSH straddles two housing markets – Southampton and Portsmouth and their environs – and both need a supply of the right sort of dwellings in order that PUSH can implement its strategy of city-led economic growth.

We will seek a range of housing types and sizes across local housing markets within the sub-region. One of the findings of the Housing Monitoring Report of December 2009 described in chapter 3 was the mismatch between the type and size of dwelling being delivered and the demand for family accommodation. In the affordable sector

the shortage of new family housing could reduce mobility within the stock.

PUSH is also concerned to provide the right accommodation to attract higher income and skilled households to South Hampshire to drive economic growth. Work undertaken for PUSH by the Centre for Cities recommends that new housing supply should match the needs of higher skilled purchasers. They point to a problem in the *quality* of the stock, especially within Portsmouth and Southampton and to the currently low level of high value housing within the two cities. This is an important finding for PUSH because it has immediate resonance with our economic strategy.

Portsmouth and Southampton have already recognised these issues. For example the policy in the current draft of the Portsmouth Plan (Core Strategy) states:

*In order to secure adequate accommodation for families and larger households in the city, sites delivering 10 or more dwellings, will provide a minimum of 40% of dwellings with 3 or more bedrooms. The council's preference is for 3+ bedroom properties to be provided as houses...*

PUSH will therefore encourage delivery of new housing more in keeping with the profile of need: specifically an increased emphasis on family accommodation and provision of new housing suitable for potential high earners. The challenge is, however, in relation to funding. We recognise that in the affordable sector there is a trade-off between size of dwelling, the cost of provision and the numbers of homes completed, that and this has implications for the potential grant requirements for affordable housing from the HCA.

### **Developments in the pipeline**

The immediate priority for PUSH over the next three years is to deliver housing developments in the pipeline. These sites are listed in annex B. Small sites and windfalls are particularly important for housing delivery and our monitoring reveals that around 900 homes a year (around 20-25% of total completions) arise from sites of fewer than 10 dwellings.

In terms of affordable housing, PUSH planning authorities currently have thresholds under which an affordable housing contribution is not required: the consequence is that social housing tends not to come forward as a result of s106 agreements on these sites. In practice however, almost 1300 affordable homes in 2008-09 were provided as a result of s106 agreements, which are therefore critical to maintaining a supply of new affordable units in South Hampshire.

### **Renewal of major estates**

PUSH's objective is progressively to renew estates in Southampton, Portsmouth and other urban areas, as part of a long-term programme.

The programme has multiple objectives. The estates renewal programme will seek to modernise the stock: it will increase the number of dwellings provided, utilise brownfield land before Greenfield, and help to diversify tenure in areas currently dominated by social housing.

Additionally, it is a PUSH priority to regenerate estates outside of the two cities. The HCA is already involved in the Rowner project in Gosport which continues to be a PUSH priority. Over 500 dwellings will be demolished and 700 built, of which 37%

will be affordable. During the construction phase the developer has agreed to provide at least 5 apprentice posts demonstrating the linkages that PUSH wishes to encourage between employment and construction initiatives. PUSH is also concerned about large estates such as Leigh Park in Havant that have high levels of worklessness and where the stock (predominantly 1950's and 60') is nearing the end of its design life. It is poorly supported by local service provision.

In order to deliver estates renewal objectives, PUSH needs support to a long term programme, for the creation of local housing companies and access to PFI. PUSH would welcome the funding commitment of the HCA to this programme and access to their consultancy and expertise. Estate renewal in Southampton is being piloted at Hinkler Parade which, if successful, will be rolled out across the city's housing stock over the long term to provide up to 4,000 additional homes.

A new company, Portsmouth Social Housing Ltd, is being used as a vehicle for future city housing development in Portsmouth which is also working up plans to use the PFI process to deliver regeneration. The new company and the PFI proposals will initially concentrate on the major regeneration of Somerstown and Strouden Court in Leigh Park Havant.

### **Strategic Development Areas**

Two Strategic Development Areas have been identified to help deliver growth in the longer term. PUSH has sought to minimise greenfield development but some will be inevitable and the most sustainable option - supported by the sustainability appraisal and Inquiry into the South East Plan - is to concentrate growth into a few locations.

The proposed locations are:

- the eco-town north of Fareham;
- north and north east of Hedge End.

For the most part, the two proposed SDAs are unlikely to deliver a significant number of new dwellings in the plan period. The estimated capacity of the SDA north/north east Hedge End is up to 6,000 dwellings and 74,000sqm of employment; for Fareham it is around 8,000 dwellings, with up to 121,000sqm of employment floorspace. Both developments are largely outside the time frame of this Plan - the first housing completions at the Fareham eco-town are projected for 2014-15. However, there will be a resource requirement before then: an infrastructure delivery strategy will set out the extent and timing of the physical and social infrastructure required to support the new community but it is already clear that significant new investment will be required to enable the new community to operate.

Currently the SDA is scheduled to be 55% complete by 2026 but given market conditions, the pace of delivery could slow. Completions for the proposed SDA in the north and north east of Hedge End (up to 6,000 dwellings) are not forecast to commence in the Plan period.

A key priority for PUSH is that the HCA and our other partners should help us deliver the vision for these settlements. For the Fareham eco-town, this has been developed with local community groups and the statutory agencies, and involves the Bus Rapid Transit system, green infrastructure, sustainable drainage, new schools, a district and local centres and other infrastructure. Successful delivery in the two

SDAs will require:

- significant input of specialised major project expertise and master planning. PUSH will wish to continue to benefit from ATLAS advisory services and HCA design expertise;
- assistance with land assembly;
- large scale investment in infrastructure to access and service the two greenfield sites. PUSH will wish these to be recognised by the HCA as a priority call on resources;
- a significant demand for grant for affordable dwellings and support to a range of tenures, including shared ownership housing.

### **Delivery of major housing and mixed development schemes in urban extensions**

The table below indicates the range of large projects that are expected to deliver at least some additional housing in the Plan period, and include urban regeneration projects and urban extensions. More detail of major project delivery is in chapter 6.

#### **Provisional -requires confirmation**

Southampton City Centre North  
Drivers Wharf/ Meridian, Southampton  
Southampton City Centre South  
Centenary Quay (Vosper Thorneycroft) Southampton  
Dowds Farm, Hedge End  
Rowner, Gosport  
Gosport Waterfront  
Port Solent, Portsmouth  
Tipner, Portsmouth  
Portsmouth City Centre  
Somerstown, Portsmouth  
West of Waterlooville (extension)  
West of Waterlooville (Winchester)  
West of Waterlooville (Havant)  
Leigh Park  
Urban extensions in Winchester CC area (including Whiteley)  
Urban extensions in Test Valley BC area  
Southampton Estates renewal 1st phase

### **Intermediate housing/shared ownership**

As revealed by the housing monitoring data, there is a continuing demand – about 4,000 households - for shared ownership products and the expectation is that this could increase as a way for householders to acquire a foot on the housing ladder. PUSH has not prioritised this type of development and is unable realistically to do so while funders effectively restrict access to mortgage lending. PUSH sees an opportunity to work with the HCA and housing associations to resolve this difficulty.

## **The private rented sector**

The Private Rented Sector remains buoyant in PUSH and offers a means to fill a gap in housing supply. Our housing monitoring has highlighted the potential for the gap in housing supply to be partially filled by an improved and expanded private rented sector. Comparing rental costs and earnings, individual and household incomes appear to be high enough to afford market rents, making this a viable alternative to other tenures. A supply of good quality private rented housing can also provide good homes for those waiting for affordable homes.

PUSH therefore sees scope for further expansion of the private rented sector and is keen to pursue opportunities which may arise from the HCA's Private Rented Sector Initiative to see a 'professionalised' private rented sector and to test new models of funding for the provision of privately rented homes. This has the potential to ensure new developments continue, promote the private rented sector as a tenure and provide homes for local people.

## **All existing housing stock to be decent and fit for purpose**

The record of PUSH housing authorities in achieving the Decent Homes standard is set out in chapter 3. New build represents only a small increment to the existing housing stock and the greatest gains in terms of water and energy efficiency can be achieved by focusing on improving the existing stock. A priority for PUSH is to use HCA expertise and funding to retrofit the affordable stock: we should like to develop a programme to improve water efficiency in the stock and to promote greater energy efficiency as a contribution to tackling fuel poverty in both the private and social housing sectors.

## **New homes should be built sustainably**

PUSH is working on a climate change strategy and, as described in chapter 2, has agreed a Memorandum of Understanding with the Environment Agency and Natural England. South Hampshire is a coastal area and subject to flood risk: a Strategic Flood Risk Assessment has been completed to identify areas at risk. A PUSH priority is to ensure that we work with our partners to deliver additional housing in agreed locations.

PUSH's policy is to deliver new housing to at least level 3 of the Code for Sustainable Homes and this will be achieved by appropriate planning policies in Local Development Frameworks. We should like to work with the HCA to tap into their expertise in developing sustainable communities.

## **Local authority new build programme and public sector land**

A number of local authorities in South Hampshire make land available to housing associations to deliver social housing. PUSH will want to prioritise such sites for HCA funding in the short term.

Grant has been allocated to four PUSH local authorities to deliver 108 additional affordable homes in Portsmouth, Southampton, New Forest and Fareham through the Local Authority New Build programme.

In the longer term New Forest District Council intends to develop sites directly where there could be up to 300 units on 23 sites over the next 10 years and will be bidding for HCA funding through the NAHP.

In the longer term, the re-use of surplus public sector land is a major issue for South Hampshire because of the scale of Defence Estates holdings, which tend to be concentrated in particular locations. Some of this land is already available for mixed or employment development and a significant further amount is likely to become available in the longer term as a result of the replanning of Defence requirements.

Additionally, PUSH is already working with SEEDA and the HCA on the proposed joint land initiative.

PUSH sees a major opportunity to work with the HCA, the RDA and the MOD to utilise public sector land releases to meet the housing and employment needs of South Hampshire. We propose this as a priority for the HCA's Public Land Initiative.

### **Quality and sustainable places**

PUSH seeks to create well-designed places. Specifically, our policy priorities in this Plan period are:

- to work with ATLAS to embed a strong concept of quality of place offer within new developments, and regeneration initiatives
- shared commitment to master planning the SDA's, including expertise and resource;
- to develop our existing partnership with CABE, the Solent Centre for Architecture and the HCA academy to build a consensus on design standards in South Hampshire through the publication of design guidance, training and capacity-building;
- to deliver PUSH's green infrastructure strategy and the specific projects identified are delivered as part of the development process to ensure that PUSH creates green and liveable places.

### **Housing for supported people**

The aging population in South Hampshire means that the vast majority of household growth likely to occur will be in single person households, of whom 50% will be pensioners. Many of this group will continue to live in their family home leading to inefficient use of the housing stock. PUSH will wish to play its part in implementing national policies aimed at supporting the needs of an aging population.

### **Rural housing in southern Hampshire**

Although PUSH is by definition an urban area, four of the partner authorities (East Hampshire, Test Valley, Winchester) are partially rural in nature and one, New Forest is largely rural. The more urban parts of these authorities' areas, which fall within the PUSH boundary, play an important role in their housing plans by acting as a focus for housing delivery. New Forest District Council (NFDC) has opted to focus its Single Conversation for the entire district through PUSH.

All four authorities recognise that, wherever possible, housing need should be met where it arises and, alongside their commitment to urban growth, are committed to delivering affordable housing which contributes to sustaining rural communities. As members of the Hampshire Alliance for Rural Affordable Housing (HARAH), the four

authorities work in partnership to optimise provision of affordable homes across their districts to address specific rural challenges such as poor housing affordability, lack of housing suitable for younger adults and families, and availability of employees to provide local services. HARA works specifically on rural exception sites which deliver 100% affordable housing in small villages where there is a demonstrable need.

Rural affordable housing need is difficult to quantify at a district or sub-regional level and decisions to develop rural schemes tend to be based on local evidence of need derived from village need surveys and other local sources such as parish plans as well as opportunities to develop. During 2008-09, 64 affordable homes were completed on rural exception sites in the four rural local authorities' districts but outside the PUSH area. In NFDC, completion of 122 affordable homes is projected in 2009-10 and 106 in 2010-11: 39 of these homes are expected to be on rural exception sites.

In Winchester City Council's area, rural exception sites within PUSH are projected to deliver 70 affordable homes in 2009-10 to 2011-12, more than 30% of Winchester's current delivery pipeline.

Affordable housing has historically been slower and more costly to deliver in rural areas but is a valuable complement to urban development. Rural sites tend to be less affected by fluctuations in the economy and so can offer a degree of continuity when larger sites may be more difficult to develop. It can enable need to be met close to where it arises and enable rural communities to remain viable.

## 5 Resourcing growth and current funding

This chapter is in two parts: the first flags up the potentially high costs of delivery in terms of infrastructure costs. The second relates specifically to housing delivery and, in particular, affordable housing.

### Infrastructure investment

Evidence of total potential infrastructure requirements to support growth in South Hampshire was given to the South East Plan Panel: PUSH will be reviewing and updating that evidence. However, to illustrate the potential scale of need, Hampshire County Council has recently considered the cost of social infrastructure in the County required to support *additional* growth – that is, excluding replacement infrastructure - which is tabulated for South Hampshire below.

Infrastructure		South Hants
<b>Local Authority Services</b>		
Education	Primary Schools	£146m
	Secondary Schools	£115m-129m
Public Services	Libraries	£19.4m
<b>Other Services</b>		
Affordable Housing	RSL finance	£1.43bn
	Land value	£998m
	Additional funding	£370m
Education	Nursery - Public	£6.2m
	Nursery - Private	£8.3m
Social Infrastructure	Social and community facilities	£5.6m
Utility Services	Water supply, waste water treatment	£168m-£208m

Health	Health Centres and GP Surgeries (part)	£13.8m
Social Infrastructure	Sports Centres and swimming pools	£20.8m
	Open spaces, parks and play space	£46.5m
<b>Other Services</b>		
Flood Defences		£250m+

(Hampshire Community Infrastructure Study Nov 2009)

### Transport infrastructure

Transport for South Hampshire, PUSH's sister organisation, has set out its aspirations for the improvement of the full range of transport infrastructure in South Hampshire in its policy statement *Towards Delivery* (April 2008). The table below shows that the full programme would cost in the region of £2.5bn.

Access to S Hants	1,000
Eastern access (Hedge End SDA)	183
Access to SE Hants (Fareham SDA)	344
Eastleigh River Side	298
Tipner	66
Strategic traffic management	70
Transport modelling	5
LDF schemes	10
Other	473
<b>Total</b>	<b>2,469</b>

Other transport projects are being delivered by the highways authorities independently of TfSH, some of which have attracted RTB funding, for example, Trafalgar Gate Link Road and Northern Road Bridge in Portsmouth.

The key transport issue for South Hampshire is the capacity of M27 junctions to handle the projected traffic being generated from new employment and residential locations, particularly the two SDAs and the urban extensions. The emphasis is on traffic management, increased containment within the developments and improved public transport. **The Highways Agency...complete**

### Funding infrastructure requirements

PUSH's development programme implies addressing the need for:

*strategic* infrastructure - such as flood protection, water supply and waste treatment, a sustainable energy supply, strategic transport and major health and education provision; and

*local* infrastructure – including place-making, green spaces, social infrastructure and local transport, all of which is required to improve the quality of expanding communities or support the creation of new ones.

In practice, a significant proportion of investment in strategic infrastructure will be met by the utility companies but PUSH is concerned that the relevant Regulators may not have recognised the scale of investment needed to upgrade inadequate infrastructure and provide for sufficient new capacity to support South Hampshire's economic and population growth. We propose that the HCA should help PUSH make the case to the relevant regulatory authorities.

Equally, there is some infrastructure investment that clearly depends upon the public sector, and this is particularly the case with strategic transport capital investment. The TfSH strategy already provides for *managing* demand as much as investing in new capacity. PUSH considers that a funding stream along the lines of the Community Infrastructure Fund needs to continue in future years and we propose that PUSH and the HCA should seek to identify transport projects to be funded through such a mechanism that will support PUSH's housing objectives and especially sustainable transport projects to help unlock the development of new and expanded communities.

One of PUSH's theme groups, the External Funding Panel, is charged with developing innovative approaches to funding. It is in the early stages of considering options – the range is set out below – and how these might help support strategic infrastructure fund were it to be established. Further detail is set out in chapter 10 of the updated South Hampshire Agreement (the MAA). Recent experience has demonstrated the inadvisability of depending on the property market and capital growth to support borrowings. In order to make progress with a possible initiative therefore, PUSH would need to identify sources of revenue to underpin the cost of borrowing. These could include the Community Infrastructure Levy, a tariff or initiatives such as Tax Incremental Finance. PUSH has already bid for two Accelerated Development Zones in response to the Government's invitation last year to designate pilot projects.

- Community Infrastructure Levy (CIL)/strategic tariff
- Regional Infrastructure Fund
- prudential borrowing
- LABGI (business growth incentives)
- tolls
- Tax Incremental Finance
- PFI
- Special Purpose Vehicles/Local Asset Backed Vehicles
- Bonds
- European funding

We propose that PUSH and the HCA should explore the options to provide alternative funding for infrastructure projects. We would wish to consider whether HCA funding could be channelled to a strategic fund over the long term. PUSH would look for support from the HCA to its TIF bids were Government minded to introduce the initiative.

## Affordable housing investment

Homes and Communities Agency funding for South Hampshire is tabulated below. Figures for 2009-10 are *provisional* and subject to updating.

<b>HCA Funding in South Hampshire 2009-10</b>	
<b>£provisional</b>	
P&R	4,652,632
National Affordable Housing Programme	62,639,044
Kickstart 1	7,453,398
Kickstart 2	N/A
LCIF	3,150,000
Community Infrastructure Fund	8,598,161
Local Authority New Build	N/A
<b>Total</b>	<b>86,493,235</b>

HCA grant in PUSH authorities (excluding Winchester, Test Valley and East Hampshire) in 2008-09 averaged £68,978 per social rented home and £30,658 per low cost homeownership (LCHO) property. This equates to grant per person of £20,580 for rent and £10,511 for LCHO.

In addition to HCA grant, affordable housing provision has relied on investment from a range of other sources: planning gain from private developers, local authority financial contributions, housing association borrowing, recycled capital grant from housing association property sales or a combination of all these.

The extent of reliance on public funding is illustrated in the table below. In 2008-09 78% of affordable homes (1,002 out of 1,271) provided through s106 agreements were funded by a combination of developer contributions and affordable housing grant: 222 homes were funded in the same way but with additional local authority support. A further 47 homes received 'mixed funding' that is, funding from additional sources or for specific purposes such as the CLG Places of Change programme to replace and update hostels or Single Regeneration Budget allocations.

### Developer provision through planning gain and funding sources 2008-09

Authority	Number of homes	Funding sources		
		Developer and NAHP	Developer contribution NAHP & LA Support	Mixed funding
East Hampshire	72	72	0	0
Eastleigh	198	85	103	10
Fareham	54	51	3	0
Gosport	99	99	0	0
Havant	88	88	0	0
New Forest	171	90	81	0
Portsmouth	445	420	3	22
Southampton	52	36	4	12
Test Valley	25	22	0	3
Winchester	67	39	28	0
<b>PUSH authority totals</b>	<b>1271</b>	<b>1002</b>	<b>222</b>	<b>47</b>

Housing associations in PUSH authority areas built or acquired a further 302 affordable homes in 2008-09 with local authority financial support of £4.4m.

#### Future funding for affordable housing

Most of PUSH's housing developments will be delivered by the private sector with smaller development programmes being undertaken by housing associations and the four developing local housing authorities. At the moment, no other local housing authority proposes to establish its own development arm.

PUSH's housing strategy depends upon a number of factors, including:

- the provision of adequate land in the planning system underpinned by an up-to-date framework of local development documents;
- sufficient funding to maintain a supply of housing starts, principally to support the cost of investment in on-site and off-site infrastructure, and to contribute to the cost of affordable dwellings;
- forward planning for major initiatives such as local housing companies, PFI projects and master planning for the SDAs or urban extensions.

In recent years there has been a move by the Housing Corporation/HCA to fund projects capable of rapid delivery. This approach, while providing flexibility and greater assurance that funds will be fully utilised, militates against projects such as major public sector stock regeneration which require an 'up front' funding commitment in order to provide development partners with sufficient certainty to proceed with schemes. A funding solution is therefore required that will reconcile the objectives of creating strategic funding packages that offer continuity of funding and the reactive approach to deliverable schemes.

PUSH therefore looks for three main forms of support to its affordable housing objectives from the HCA:

- **a smaller projects allocation to southern Hampshire** that will enable PUSH authorities and our partner housing providers to access flexible resources to invest in small projects some of which will be unplanned and a response to opportunities arising. PUSH proposes that a fund or allocation should be incorporated in the Local Investment Agreement;
- **a longer term funding programme for major projects.** This relates mainly to post-2015, when new or expanded communities in the proposed SDAs and urban extensions will start to come on stream. Developers need the confidence of some assurance of future funding for affordable housing in order progress their plans;
- **longer term funding programme for regeneration schemes.** Because of the rolling nature of estates renewal projects, especially in Southampton and Portsmouth, PUSH will be looking for continuity of funding over a period of a decade or more to enable the affordable stock to be upgraded and redeveloped at higher densities. PUSH therefore proposes that the Local Investment Agreement should provide a longer term planning framework for investing in PUSH renewal and regeneration projects.

Additionally, PUSH will want the HCA to take full account of the grant implications of achieving a sustainable mix of types and sizes of dwellings which has been considered elsewhere in this Plan. PUSH needs to secure a balance between the type of affordable housing required and the nature of new supply. Grant per person can be a more informative measure when considering whether family homes represent value for money.

### **Costs of the proposed programme**

The 'Single Conversation' process involves the preparation by PUSH of this Local Investment Plan in conjunction with the HCA, and the HCA will, once their own future funding position is clear, draft a Local Investment Agreement in association with PUSH setting out the proposed level of funding for South Hampshire. The distribution of funding will be informed by, and aligned with, the Plan.

*[Provisional text]* Annex A sets out a proposed housing delivery trajectory for South Hampshire to 2015 and annex B which identifies the residential projects in the programme. On the basis of a programme of x dwellings a year as set out in the housing trajectory and assuming average grant rates at historic levels, the total grant requirement from the National Affordable Housing Programme would be in the region of £xm a year.

However, this figure assumes that the programme identified is deliverable: nor does it take account of the viability of schemes. The larger projects in particular will need a full viability assessment and there can be no assumption either that the overall quantum of funding available to the HCA (and its predecessor agencies) will continue in future years, or that average grant rates will continue at historic levels. A more realistic assumption is that project appraisals for each scheme will need to show how

the funding of projects is built up from the available sources and demonstrate the maximum cost-effectiveness.]

### **Funding sources for housing provision**

There is evidence that conventional sources of development funding for both housing and employment have reduced as a consequence of the recession. The write down of property portfolios and the difficulty of obtaining loan finance has significantly affected the ability of house builders to fund development and to finance on-site infrastructure.

Planning obligations are also under pressure. There are clear indications from PUSH authorities and housing associations that house builders are less willing to provide the same number of s106 housing units as they have in the past.

As a result of the policies of most lenders the ability of housing associations to cross-subsidise affordable homes from shared ownership has also significantly reduced.

Additionally, recent and planned average local authority funding of affordable homes per dwelling is projected to fall over the next two years as indicated below

<b>2008/09 actual</b>	<b>2009-10 planned</b>	<b>2010-11 planned</b>
£21,697.7	£20,063.4	£21,600.78

These averages conceal a wide variety of local circumstances and policies. Furthermore, it is far from certain that local authorities will have the same level of capital receipts and other funds available to commit to affordable housing beyond 2011.

The combined effect of these factors has been mitigated in South Hampshire by the HCA's intervention in the market, enabling housing built for purchase to be converted to affordable dwellings. Unsold shared ownership housing developed by housing associations has also been added to the affordable stock. We are assuming that these approaches will not continue and that there will be a drop in delivery of affordable homes as a result.

PUSH has not tried to quantify the overall effect of changes in the financing environment for affordable housing but we are concerned that it could have a significant impact on the number of dwellings delivered. That points strongly to the need to work with the HCA to consider future funding options. These might include:

- use of financial contributions made by developers in lieu of on-site provision of affordable housing. Contributions are already being used to fund affordable housing according to individual authorities' circumstances and policies. Contributions of over £7.3m were held by PUSH authorities at 31 March 2009. This approach relies on sites being available where commuted sums can be invested;
- resolving issues relating to the financing of shared ownership housing, working with the lenders to create more favourable terms for borrowers;

- devising a way of utilising the private rented sector and of attracting institutional investors and other housing providers, to create a sustainable supply of affordable dwellings.

### **Public land**

PUSH is considering with SEEDA a potential role in the joint SEEDA-HCA property portfolio. One of the key advantages to this initiative is the ability to prioritise the development of strategic employment sites in South Hampshire. Some of SEEDA's sites might be suited to mixed employment and residential development.

PUSH local authorities are significant land owners in their own right and six authorities own affordable housing stock ranging in scale from Fareham (2700 homes) to Southampton (over 17,000). Some, like Winchester, have an active programme of land disposal to housing associations for the development of affordable homes. In practice, much of the stock of these authorities has already been subject to review and suitable regeneration and renewal projects will be coming forward as part of PUSH's housing programme over the medium and long term.

Post-2015, land from other public bodies may become available in South Hampshire (particularly from Defence Estates) and PUSH proposes that we should consider with the HCA and public partners whether some of these sites could be used in a cost-effective way to help meet South Hampshire's housing requirements.

## **6 Delivering new homes for South Hampshire**

### **Delivery and trajectory**

The performance of South Hampshire in complying with the South East Plan requirements has been good with 4,547 completions in the PUSH area in 2006-07 followed by 3,839 and 3,986 in the two successive years. Projected completions in 2009-10 have, however, dipped significantly as a result of the recession, to around 2,700.

A trajectory of house building for the PUSH geographic area is set out at annex A. It is a summation of the individual trajectories produced by the PUSH authorities for their 2009 Annual Monitoring Reports. Whereas the average number of dwellings built during 2006-7 – 2008-9 slightly exceeded the South East Plan's policy targets for the authorities collectively, over the coming few years much lower house building is anticipated. A steady recovery over the coming years is predicted in the trajectory, with building rates from 2013 onwards at a level somewhat above South East Plan targets.

However, the speed of recovery in house building rates is uncertain. For various reasons the trajectory, with its expectation of a full recovery in house building by 2013, may be regarded as optimistic. Separate work being undertaken by consultants DTZ and Oxford Economics for PUSH, expects that total employment in the PUSH area will not return to 2008 levels until 2015, without policy intervention.

A fuller explanation of the trajectory and the projected housing completion figures for each authority is at Annex A.

### **Major sites**

A list of the major housing sites in South Hampshire is annexed at B. This relates to sites delivering more than 50 homes and includes some details about the nature of the site, affordable housing and infrastructure costs to the extent that they are currently available.

Key sites include:  
*[list to be compiled]*

### **Smaller sites**

In practice, much of PUSH's housing delivery – and in particular, that of affordable homes over the next three years 2010-14 – will derive from smaller sites.

*[list to be compiled]*

## Affordable housing

Local authority HSSAs anticipate delivery of 1,578 affordable homes in 2009-10 and 1,977 in 2010-11. These projections relate to southern Hampshire - the whole of the 10 local authority areas - and so are likely to exceed the level of completions in the PUSH area. This projected level of delivery relies on favourable circumstances including – critically - financial viability being such that sites come forward for development, supported where appropriate by public investment through the HCA and other public or private sector sources.

## Housing associations

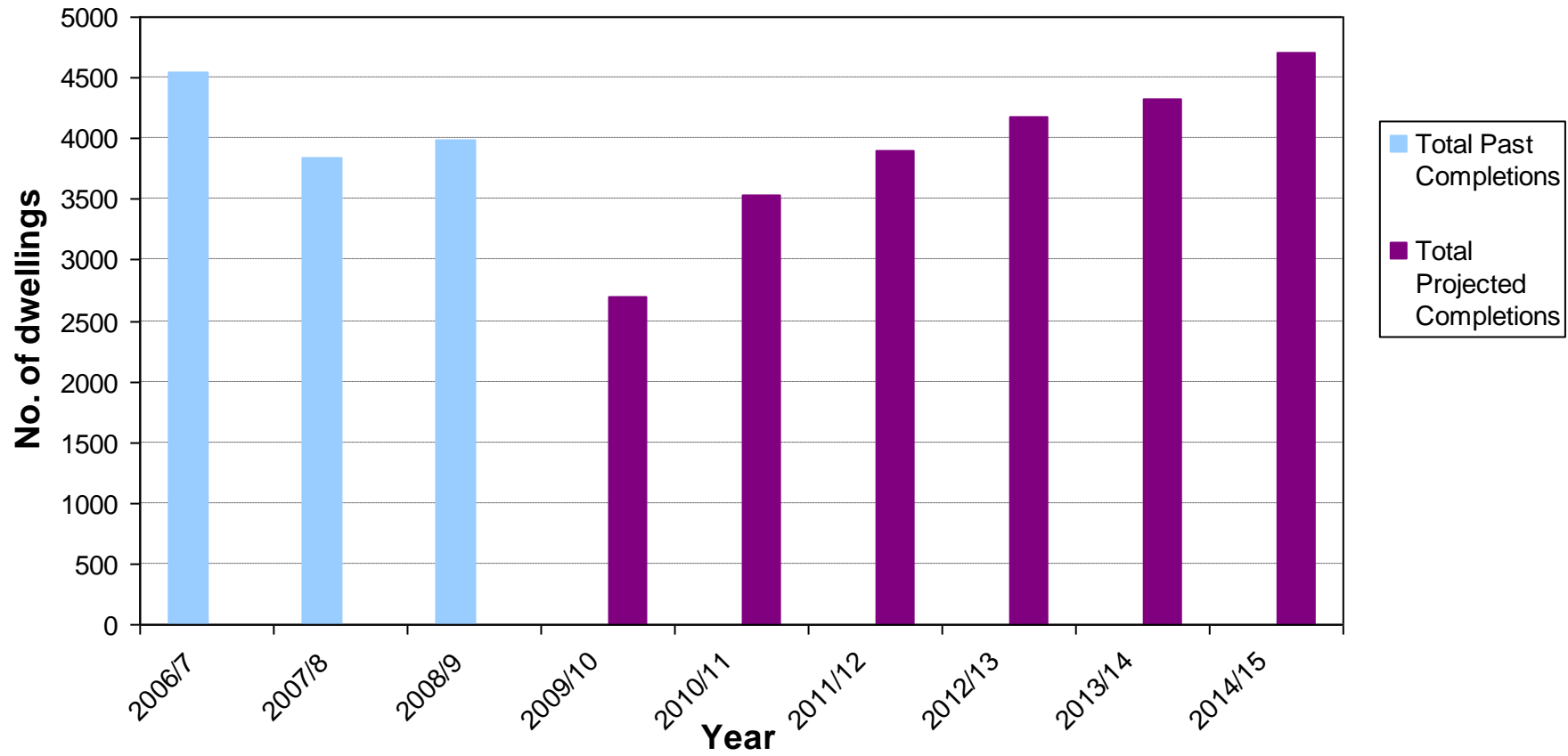
PUSH is a priority for housing associations operating in South Hampshire. Eleven of the largest housing associations developing in southern Hampshire have provided information regarding current and future development plans which shows that a relatively high level of delivery is projected between 2010-11 and 2014-15 with output averaging 1,464 homes per year. (Proposals of other associations will potentially increase the total pipeline). However, this is contingent on the availability of sufficient HCA grant funding.

Fig x: Housing association minimum projected delivery on sites within the PUSH area 2010-15

2010-11	2011-12	2012-13	2013-14	2014-15
100	100	100	100	100
92	37	42	75	100
80	80	80	80	80
350	350	350	350	350
150	150	150	150	150
400	400	400	400	400
27	25	50	50	50
250	250	125	125	125
50	50	50	50	50
50	50	50	50	50
<b>1549</b>	<b>1492</b>	<b>1397</b>	<b>1430</b>	<b>1455</b>

A further 2,909 homes (principally social rent but including Homebuy and intermediate rent) also feature in associations' development plans

### Draft PUSH Housing Trajectory (2009)



## ANNEX A PUSH Housing Trajectory Past and Projected Housing Completions

	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Actual net completions</b>									
East Hampshire (part)	34	84	37						
Eastleigh	742	417	516						
Hedge End SDA	0	0	0						
Fareham	581	548	320						
Fareham SDA	0	0	0						
Gosport	686	277	201						
Havant	236	390	252						
New Forest DC (part)	102	173	155						
Test Valley (part)	229	116	54						
Winchester (part)	143	222	108						
Portsmouth	526	712	1309						
Southampton	1268	900	1034						
<b>Total Past Completions</b>	<b>4547</b>	<b>3839</b>	<b>3986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Projected completions</b>									
East Hampshire (part)				15	73	88	182	187	135
Eastleigh				299	455	384	272	230	296
Hedge End SDA				0	0	0	0	0	0
Fareham				257	406	450	490	351	113
Fareham SDA				0	0	0	0	0	175
Gosport				47	213	159	240	189	168
Havant				278	451	528	559	560	597
New Forest DC (part)				69	77	122	135	106	95
Test Valley (part)				146	200	233	285	305	280
Winchester (part)				119	215	222	377	522	575
Portsmouth				892	648	670	455	627	1095
Southampton				578	802	1038	1186	1248	1173
<b>Total Projected Completions</b>				<b>2700</b>	<b>3540</b>	<b>3894</b>	<b>4181</b>	<b>4325</b>	<b>4702</b>

A trajectory setting out the expectations of PUSH authorities in terms of housing completions over the period 2006 /07 to 2014/15, compiled purely for monitoring purposes, is set out in the main report at [fig xxx](#). Each of the PUSH authorities has published its own housing trajectory as part of its Annual Monitoring Report (AMR). The PUSH housing trajectory was produced by adding the housing trajectories for each district and part district together to give a trajectory for the PUSH geographic area. The data for each district or part district is set out in the table below.

The recession will lead to less house building in the next few years. The projections show that the number of dwellings built will fall below the annual requirement for several years before getting back on track. The projections for building on large sites

(10 dwellings and above) are based on optimum rates of completion. It is likely that some sites will be affected by the downturn in the housing market and will not be completed at the optimum rate. These sites are still likely to be built but implementation may be later than anticipated.

Sites under 10 dwellings make up 20-25% of housing completions each year in the PUSH area (around 900 dwellings a year) and will therefore be a significant component of housing supply throughout the plan period. Small sites (below 5 or 10 dwellings depending on authority) are windfall sites and are not normally included in the trajectory until planning permission is granted (although Portsmouth City Council have included some windfall sites in its housing trajectory). Future planning permissions are likely to identify some further dwellings on small sites that will be built by 2014/15 that are not included in this trajectory.

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Annex B Development sites

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