

**South East Plan EiP: Sub-matter 8Bii Housing and Countryside**

**Statement by Partnership for Urban South Hampshire (ref 7138)**

**8Bii.1 Is the proposed housing figure for the sub-region at the most appropriate level, taking account of social, environmental and other factors?**

1. Yes. The view of PUSH is that 80,000 dwellings 2006 – 2026 is the most appropriate housing provision level taking account of all relevant factors.
2. Analysis undertaken for PUSH by consultants DTZ and Anglia Ruskin University using the Chelmer model shows that the economic growth-led strategy for South Hampshire will require around 74,000 new homes linked to new jobs in the sub-region. Those will also more than satisfy locally generated household growth. The other approx. 6,000 homes will address the current backlog of housing need.
3. Alternative levels of housing provision were considered during the preparation of the strategy, related to different economic growth assumptions, including 3 specific scales of development that the Regional Assembly asked PUSH to test (between 72,000 and 95, 000 dwellings).
4. These housing levels were appraised in terms of their economic, social and environmental effects (this involved consideration of spatial options) – including discussion with key stakeholders and public consultation.<sup>1,2</sup> This included an assessment of the potential impact on the two adjacent designated/proposed National Parks and nature conservation sites of European importance (see paragraphs 5.40-5.48 of the PUSH Final Advice). The greenspace proposals which will emerge from the Green Infrastructure Strategy (see PUSH Statement on Matter 8Biii) will mitigate those modest impacts.
5. The PUSH statement for Matter 2A.5 sets out the reasons why a figure higher than 80,000 dwellings for the sub-region would not be acceptable, including some commentary on statements in the Tym Report<sup>3</sup> commissioned by GOSE. PUSH believes there is no economic justification for increasing the housing figures for South Hampshire beyond the 80,000 new homes proposed in the Draft Plan. Any such additional homes are not required for local needs or to address the current backlog – they would largely be taken up by in-migrants, many of whom would not find employment within the sub-region (or would take jobs from existing residents) as it seems implausible that the local economy would grow even faster than the 3.5 GVA target.

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<sup>1</sup> South Hampshire Sub-regional Strategy: PUSH Final Advice December 2005. EiP Core Document SEP12. Viewable on PUSH website: <http://www.push.gov.uk>

<sup>2</sup> South Hampshire Sub-Regional Strategy: Background Document 2 Housing December 2005. EiP Core Document SEP12. Viewable on PUSH website: <http://www.push.gov.uk>

<sup>3</sup> Augmenting the Evidence Base for the Examination in Public of the South East Plan (Roger Tym and Partners 2006)

6. The impact on water supply, wastewater and the water environment of the proposed strategy appears manageable, subject to demand management measures and efficiencies to reduce household consumption. These are challenging but realistic. PUSH believes that the housing figures cannot be raised beyond 80,000 without adversely impacting on water resources. Higher rates of housebuilding would almost certainly impact on environmental designations and have an adverse impact on the New Forest National Park and the proposed South Downs National Park.
7. In summary, the PUSH view is that the 80,000 dwellings figure provides the necessary level of housing to deliver the economic growth strategy, will provide for local needs, and will address the backlog in provision. There is no economic case for a higher figure, which would also be likely to have unacceptable environmental consequences.

**8Bii.2 Is the level of affordable housing justified and capable of being implemented?**

8. Yes. PUSH commissioned a Housing Market Assessment<sup>4</sup> in 2005 to inform its strategic approach to a creating a balanced housing market within South Hampshire and to inform its policy on housing within the South East Plan. Early in 2006 PUSH commissioned a further report (stage 2 HMA)<sup>5</sup> which ensured that PUSH's approach was consistent with subsequent government guidance. Set out in Appendix 1 is a summary of the key findings of these studies in relation to affordability and housing need within the sub-region.
9. To tackle the identified affordability problem, the sub region needs as much affordable housing as can realistically be delivered. PUSH has agreed to develop a common policy framework for affordable housing (as set out in Policy SH13) in order to maximise the quantity of affordable housing that can reasonably be secured from the planning system, without impacting adversely on economic viability and to develop a more efficient and consistent approach.
10. PUSH authorities will seek to include this policy within emerging Local Development Frameworks within South Hampshire. The policy approach will follow Policy SH13 which is based upon the advice of the Housing Market Assessment and indicates that on average 30% to 40% of housing on new development sites should be affordable. PUSH will seek to approach this on the basis that the highest level of the target will be met unless economic viability modeling for the specific site justifies a lower target.
11. The quantity of affordable housing that can be supplied is constrained by the level of public sector funding that can be secured, and the level of cross subsidy that can be realistically achieved through the planning system. Given the scale of the backlog of housing need it is unlikely that the provision

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<sup>4</sup> South Hampshire Housing Market Assessment Stage 1 Final Report DTZ 2005. EiP Core Document SH15. Viewable on PUSH website: <http://www.push.gov.uk>

<sup>5</sup> South Hampshire Housing Market Assessment Stage 2 Final Report DTZ 2006. EiP Core Document SH16. Viewable on PUSH website: <http://www.push.gov.uk>

of affordable housing from the planning system alone can satisfy the demand. PUSH would argue that a programme of public subsidy should be directed towards clearing the backlog of existing need. Without public subsidy it is likely that the economic growth of the sub region will be constrained by a shortage of affordable housing.

### **8Bii.3 Are the proposals for the SDAs justified and appropriate?**

12. Yes. Paragraphs 5.11 – 5.14 the Final Advice to SEERA from PUSH<sup>6 7</sup> summarises the technical basis for the proposals, whilst paragraphs 5.26 and 5.28 demonstrate support through public consultation. A background paper<sup>8</sup> sets out the overall rationale for the housing distribution in South Hampshire. Paragraphs 4.25 – 4.37 of this document state the reasons why the Partnership believes that SDAs have an important role to play in the development of the sub-region over the next 20 years. There is insufficient land available for new housing within urban areas - greenfield land will therefore be required. PUSH has decided that it is more sustainable to concentrate much of this greenfield development on large sites (SDAs) than on many more smaller urban extensions.

### **8Bii.3 How will they contribute to meeting the need for socio-economic regeneration of parts of the sub-region, particularly in its urban centres?**

13. The SDAs must be seen as an integral part of the development package for the whole of the sub-region. The sub-regional strategy seeks to raise economic performance and close the gap with the regional average. The focus of this growth strategy is urban regeneration of the cities and other older urban areas. However, the development needs of the sub-region cannot be wholly met within these areas – there is insufficient land available to provide for all employment, housing and other uses. Some greenfield land will be required.
14. The pattern of greenfield development in recent decades has been through many small urban extensions across the sub-region. Some of these extensions have in turn been extended. The majority have not supported urban renewal and some have competed with the cities (e.g. the proliferation of out of town retail and business parks adjacent to motorway junctions).
15. The SDAs are being developed to enable them to support the cities. They aim to be more sustainable than urban extensions by providing significant local employment opportunities. It is unrealistic to expect them to be 100% self contained. Fast and efficient links to the cities will widen the labour base for city based employers. The SDAs will not include major retail outlets but these links will reinforce the shopping offer in the cities, which in turn will help

<sup>6</sup> South Hampshire Sub-regional Strategy PUSH Final Advice December 2005. EiP Core Document SEP12. Viewable on PUSH website: <http://www.push.gov.uk>

<sup>7</sup> South Hampshire Sub-regional Strategy Background Document 2 Housing December 2005. EiP Core Document SEP12. Viewable on PUSH website: <http://www.push.gov.uk>

<sup>8</sup> South Hampshire Sub-regional Strategy Rationale for the Housing Distribution PUSH November 2006.

their viability. A prosperous city attracts enterprise and new businesses which require labour from different socio-economic groups. Finally the lifestyle and type of housing provided in the SDAs will help augment the market choices available in the cities. The SDAs will support city renaissance in ways that would not happen if the greenfield development was distributed using a more disaggregated spatial form.

**8Bii.3 In the absence of detailed assessment, is the specificity about the SDA locations appropriate?**

16. More detailed assessment has been undertaken since the Panel posed this question and is now available in background documents recently submitted by PUSH. One background document sets out the rationale for distributing housing<sup>9</sup> including the reasons for identifying the two SDA locations proposed in the plan. The other background papers<sup>10</sup> explain the findings of initial feasibility studies of the two SDAs. Initial feasibility testing has demonstrated that both SDAs are credible and deliverable, although there are still some issues to resolve.
17. The size of the proposed developments warrant inclusion as specific proposals in the South East Plan. They are intended to help meet the needs of the whole sub-region and not simply need arising from within a single district and it is appropriate that the Plan gives a clear indication as to their general location. Without this certainty it will be difficult for planning authorities, developers, landowners and other parties who must be engaged in their delivery to proceed with confidence. Their inclusion as specific proposals in the South East Plan will enable Local Area Action Plans to be prepared for them in advance of LDF Core Strategies, thus speeding up their delivery.

**8Bii.3 Is the approach to phasing set out in paragraph 2.6 realistic and achievable?**

18. Yes. It is a cornerstone of good planning to ensure that development proceeds in phases in tandem with the provision of infrastructure and facilities. Development cannot go ahead at all without access roads and utilities, while other infrastructure such as new schools will be needed to avoid over-crowding at existing education establishments. Regulating the release of land in the SDAs according to the availability of brownfield sites within South Hampshire's existing urban areas would be in line with Government policy in PPG3 and now PPS3, and with public views. Managing greenfield land release in this way has been successfully undertaken by Hampshire's three Principal Authorities in respect of the Hampshire Structure Plan's reserve housing sites. Annual monitoring of land supply and predicted future housebuilding thereon, has informed decisions each spring on whether that land supply needs to be supplemented by the

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<sup>9</sup> South Hampshire Sub-regional Strategy - Rationale for the housing distribution PUSH November 2006.

<sup>10</sup> Fareham Strategic Development Area Initial Feasibility Study. PUSH, November 2006. North/North East of Hedge End Initial Feasibility Study. PUSH November 2006.

release of some or all of the reserve sites. That annual process has been undertaken for the last four years to the satisfaction of GOSE.

19. The key factors that will determine the success and deliverability of the SDAs are discussed further in Appendix 2.

**8Bii.4 In all other respects, is the proposed apportionment of the overall housing provision figures to the Districts at the most appropriate level, taking account of socio-economic and environmental factors?**

20. Yes. The apportionment reflects the Advice submitted to SEERA by PUSH. The reasons for the apportionment and why it is appropriate are set out in the background document<sup>11</sup> recently submitted by PUSH and can be summarised as follows.
21. In line with the regeneration and urban focus aims of PUSH the initial work concentrated on assessing the capacity of the urban areas. This approach ties in with the Government's "brownfield before greenfield" aims. However, it was always recognised that the brownfield capacity was unlikely to be sufficient to meet the needs of the area. The PUSH authorities' estimates of brownfield capacity have been revised over time and the final submission assumes that existing large site commitments together with development within the cities, town and larger villages can provide for some 54,200 dwellings 2006-2026 (nearly 68% of the 80,000 total). Figure 8 in the same background document shows each District's component of this total figure.
22. Spatial options for the 25,800 dwellings on new Greenfield sites were developed through a series of officer/member workshops. Options were appraised against:
- (a) The PUSH vision
  - (b) Impact on quality of life
  - (c) Spatial constraints & opportunities
  - (d) Transport implications
23. Account was also taken of the findings of the Housing Market Assessment work commissioned by the PUSH authorities from DTZ<sup>12</sup>:
- the bipolar nature of the housing market in South Hampshire, with one sub-area based on Southampton and another based on Portsmouth; and
  - the need to maintain some balance across the sub-region in terms of new housing to support economic growth, if both cities are to prosper.
24. The apportionment of new housing between the Southampton and Portsmouth sub-areas (45/55) reflects the split of population between the two areas.

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<sup>11</sup> South Hampshire Sub-regional Strategy – Rationale for the Housing Distribution, PUSH November 2005

<sup>12</sup> South Hampshire Housing Market Assessment Stage 1 Final Report DTZ 2005. Draft SE Plan Core Document SH15. Viewable on PUSH website: <http://www.push.gov.uk>

25. The proposals for SDAs in South Hampshire, considered under Matter 8Bii.3, provide for 16,000 dwellings, with the remaining 9,800 dwellings provided through urban extensions. The resulting apportionment of new housing to each district takes account of the views expressed during public consultation the views of each authority regarding the scope for SDAs and/or urban extensions within their own area, and the need to retain key gaps between settlements. It also took account of socio-economic and environmental factors as explained in the background document referred to above – see in particular paragraphs 2.5-2.8, 3.7-3.16, and 4.5-4.7.

**8Bii.5 How should the relationship between employment growth and release of housing be managed?**

26. The link between economic growth and housing supply needs to be maintained for the reasons set out in statement 2A/PUSH (7138).
27. Policy SH5 sets out the framework for putting in place a Plan, Monitor and Manage regime. Planning authorities are already required to undertake annual monitoring of development and other factors that have a bearing on their LDFs. The Regional Assembly will need to collate relevant up-to date data for the sub-region as a whole and compare against a growth trajectory for the sub-region. This monitoring regime will inform the management of housing supply, especially whether the rate of land release should be increased or slowed down. This would be a development of the successful process of monitoring and managing the release of the Hampshire Structure Plan's reserve housing sites. The regime will require the assimilation and interpretation of economic data pertinent to South Hampshire.

**8Bii.6 Is the Policy for Strategic Gaps properly justified?**

28. Yes. PUSH consider that policy SH3 is properly justified. The policy and supporting text recognises that Gaps are required in South Hampshire to prevent coalescence and to protect the identity of settlements.
29. The proposed strategy for South Hampshire envisages a significant amount of new development both within and adjoining the existing major settlements. In terms of the character of the area and retaining a sense of place and identity, the designation of strategic gaps (as listed in the policy) have a key role to play. (See PUSH submission to EIP on sub-matter 2B).
30. PUSH does not support the inclusion of the list of local gaps in paragraph 2.9 page 240, as this introduces a degree of confusion by identifying a number of potential local gaps. PUSH considers that the issue of local gaps should be addressed by the inclusion of a new regional policy. (See PUSH submission to EIP on sub-matter 2B).

## Appendix 1

### Summary of South Hampshire Housing Market Assessment Studies

1. DTZ's work established that there is a clear affordability issue in South Hampshire evidenced by house prices increasing by more than double since 1999 and average earnings increasing by less than 50%. In effect there has been a 60% decline in affordability and the level of household income needed to secure a mortgage on a typical low cost home is £33K (based on 2005 house prices). This increasing problem of affordability has been aggravated by an absolute decline in the stock of social rented accommodation due to the impact of "right to buy".
2. The estimated backlog of housing need in South Hampshire is 5,000 dwellings whereas the supply of affordable housing across the sub region of all types over the last 10 years is an average of 700 per annum. At this rate, it will take 7 years to clear the backlog of housing need, let alone the need for new affordable housing that may arise from rising economic growth. Furthermore the current rate of "right to buy" across the sub region is 700 per annum which effectively cancels out the supply of new affordable homes.

## Appendix 2

### Delivering the SDAs

1. Delivery of the two SDAs within the timescale envisaged will be challenging. This Annex sets out the reasons how this challenge can be met.

### Ownership and overall delivery

2. Landowners have previously indicated that they broadly support a major development within the area of search. They are already taking steps to engage with the development industry to implement the concept. Subject to their agreement, and careful coordination and strong leadership, there are no reasons to believe that this development cannot be successfully managed and delivered.
3. Strong leadership to coordinate overall delivery is also essential. A special delivery vehicle, comprising the planning authority, key agencies and service providers and developers will be required to ensure that all the parts of the project are planned and delivered on time.

### Infrastructure

4. Delivering the SDAs within the timescale planned will require a significant shift in the way infrastructure is planned, provided and paid for. The SDAs will need to have critical infrastructure (roads, water, drainage, power etc.) to be provided in advance of development. This could be met from a combination of public and private finances. Developers, either through Section 106 or other forms of planning gain would help pay for this infrastructure as housing and other forms of development are completed. The public sector would also need to align some programmes to complement SDA delivery.
5. The importance of up-front provision of infrastructure can be highlighted by taking the example of public transport. An efficient and frequent public transport network requires patronage. If the population is insufficient, operators will not lay on services. If services are not provided new residents will be unable to use them and will continue to rely on private cars. If they use cars rather than public transport, there will be no reason for operators to improve services. This circle has to be broken.

### Housing

5. Concern about the ability to build and occupy new homes at an average rate of up to 1,000 per annum (as proposed for Fareham SDA) is probably at the heart of questions over deliverability. This section explains why there are good grounds for believing that the required number of new homes can be built within the timescale envisaged.

6. Successful frontloading of infrastructure should include the provision of new distributor road links. These, together with the provision of other services, will effectively open up the whole development area. Subject to planned phasing, many housebuilders will not need to rely on other developers progress to commence development on their land.

### Delivering the build rate

7. It is well known that the number of house builders present on a site influences the build rate. The general rule is that the higher number of builders present the higher the overall build rate. The clear implication here for the SDAs is that a wide range of housebuilders should be given the opportunity to help build the SDAs. Conversely, if the development is restricted to a small number of developers they will effectively control build rates to suit their own business plans, rather than the needs of the area as a whole.
8. Those who challenge the ability to deliver the planned build rate may point to the rate of development achieved on large sites in Hampshire and elsewhere in recent years. These do not represent a valid comparison. Most recent developments have been predominately housing led urban extensions, not the creation of a new community. They also tend to be car orientated and lack an emphasis on public transport focus.
9. In the vast majority of cases these developments have only delivered homes to meet one or two segments of the market, unlike the SDAs which will provide for a much wider range of dwelling types, sizes and tenure. To illustrate this Knightwood in Chandlers Ford (1,370 homes) was 98% houses and Elvetham Heath (1,620 homes) was 85% houses. The vast majority of the dwellings were also market homes (only 18% affordable in Elvetham Heath, 7% at Knightwood). The comparative figures for the Fareham SDA are likely to be 67% houses and 33% apartments, of which 40% are likely to be provided as affordable dwellings.
10. It is fair to say that nothing has been built in Hampshire of comparable scale or ambition to the SDA for the past 30 years. You need to go back to the 1970s Basingstoke to find a reasonable comparison. Between 1971 and 1977 private sector development in the town was in excess of 600 per annum with public sector averaging 750 dwellings per annum. The total average number of completions was just under 1,400.
11. It is also worth noting that the recent Government Office commissioned report by Roger Tym and Partners<sup>10</sup> to consider higher housebuilding rates in the South East considered the role that new settlements might make towards housing provision. The authors came to a view that (for a settlement of between 10,000 and 20,000 new dwellings) a build rate of 2,000 dwellings would be credible (see main report, paragraph 3.23).

12. An assessment of the future housing requirements in the Fareham SDA indicated that the likely mix of dwellings to meet future needs could be of the order of around 67% houses and 33% apartments. Policy SH13 states that an average of between 30 and 40% of all new homes should be affordable – with a split of around 25% for social rented and 15% provided as intermediate housing. Given the character of the Fareham SDA (large greenfield development largely free of constraints) it seems appropriate to plan for the top end of this range in the Fareham SDA. Taking into account the mix of house type and tenure provides an annual average of dwellings as set out below.

Dwelling mix by type and tenure for Fareham SDA (average per annum)

	Market houses	Market apartments	Social/ intermediate houses	Social/ intermediate apartments	Total
Fareham SDA	400	200	266	134	1,000

13. The size and concept of the Fareham SDA as a sustainable community requires a wide range of different market segments to be satisfied and gives rise to a variety of different house types (e.g. apartments, town houses, terraced, semi and detached properties). The table shows that only 400 market houses annum need to be built and sold per annum to help deliver the required build rate. This equates to just 8 firms building and selling 50 houses each a year (i.e. one each a week) to achieve the Fareham SDA target.
14. The target for market apartments reflects the projected need for more single person households forming in the next 20 years. Although not all of these households will want to live in a flat, for many it is likely to be the only type of property that they could afford. The HMA assessment for South Hampshire found that Fareham Borough currently has a larger proportion of large dwellings relative to other local authorities in the sub-region. These apartments will help provide more choice of accommodation within the Fareham area. The target for market apartments would require 8 house builders to complete and sell just over two each a month – a very modest figure.
15. The above table also shows the important role that the public sector will play to deliver the housing target for the Fareham SDA. Around 25% of all the homes are likely to be for social rent. The key issue is likely to be the availability of funds to build the homes rather than numbers of occupiers, who will be drawn from local housing lists. PUSH is making representations to the Regional Housing Board that it gives a commitment on funding allocations for the total build of both the SDAs rather than in annual blocks as happens at present. This, together with greater clarity on the Board's

approach to developer contributions, would help secure the long term delivery of affordable housing in the SDA where it is particularly important that mixed, balanced communities are delivered.

16. A further 15% of homes in the Fareham SDA could be provided as intermediate housing for key workers and others who do not want to rent, but cannot afford open market prices. The key issue here is likely to be the provision of attractive and affordable home option packages for households who qualify for assistance.

### **Market appetite**

17. Fareham and Eastleigh Boroughs are already generally viewed as good places to live. House prices are often seen as a proxy for informing market appetite. In June 2006 the average price of a house in Fareham Borough was £217,000 – the highest of all the whole districts within urban South Hampshire. Prices in Eastleigh are only slightly lower. The SDAs are well placed to benefit from the perceived attractiveness of the Boroughs.
18. Demographic projections show that there will be considerable need for new homes in South Hampshire over the next 20 years. There should therefore be no shortage of potential buyers or renters looking for homes. Successful branding of the SDAs will be critical in encouraging potential occupiers to invest in the SDAs. Marketing the SDAs as desirable and attractive place to live will largely depend on the detailed design of the development. Delivering a high quality environment with services and facilities to match will also be important.

### **Dwelling build rate conclusions**

19. The target number of dwellings for the SDAs can be achieved if:
  - (a) Strong leadership is provided to coordinate overall delivery,
  - (b) Key infrastructure (primarily roads and utilities) is provided up front to enable the whole development to be opened up (subject to planned phasing),
  - (c) The SDA concept is successfully marketed as a distinct brand,
  - (d) A wide range of builders are active on site offering a mix of house types, sizes, designs and tenures,
  - (e) The necessary level of public sector financial support is forthcoming to build social rented homes
  - (f) Attractive intermediate housing packages are available and actively marketed