

LAND AT NEWGATE LANE (NORTH) AND LAND AT NEWGATE LANE (SOUTH), FAREHAM

APPENDICES TO : UPDATE ON HOUSING NEED AND SUPPLY MATTERS

ON BEHALF OF FAREHAM LAND LP AND BARGATE HOMES LTD

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PLANNING | **DESIGN** | **ENVIRONMENT** | **ECONOMICS**

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APPENDIX 1 :

PLANNING INSIGHT REPORT

THE AUTHORITIES THAT FACE 2020 DELIVERY TEST PENALTIES

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Authority	Estimated homes required, 2017-20	Estimated homes delivered, 2017-20	Estimated housing delivery test 2020 measurement	Estimated housing delivery test 2020 consequence	Housing delivery test 2019 consequence	Local plan under five years old during 2019/20?
Adur	532	249	47%	Presumption	20% buffer	Yes
Arun	3,068	1,891	62%	Presumption	20% buffer	Yes
Ashfield	1,454	918	63%	Presumption	None	No
Ashford	2,739	2,180	80%	20% buffer	Action plan	Yes
Barking and Dagenham	3,764	2,060	55%	Presumption	20% buffer	No
Barnet	7,074	6,336	90%	Action plan	Action plan	No
Basildon	2,851	1,257	44%	Presumption	Presumption	No
Bexley	1,414	1,052	74%	Presumption	None	No
Bolton	2,312	1,489	64%	Presumption	20% buffer	No
Bradford	4,972	4,341	87%	Action plan	Action plan	Yes
Braintree	2,346	1,930	82%	20% buffer	20% buffer	No
Brentwood	1,231	819	67%	Presumption	20% buffer	No
Brighton and Hove	1,970	1,596	81%	20% buffer	20% buffer	Yes
Bristol	6,692	4,617	69%	Presumption	Action plan	No
Bromley	1,923	1,770	92%	Action plan	None	Yes
Bromsgrove	1,360	983	72%	Presumption	20% buffer	Yes
Broxbourne	1,420	945	67%	Presumption	20% buffer	Yes
Broxtowe	1,095	808	74%	Presumption	Action plan	Partially
Bury	1,737	866	50%	Presumption	20% buffer	No
Calderdale	2,394	1,181	49%	Presumption	20% buffer	No
Camden	3,360	2,632	78%	20% buffer	Action plan	Yes
Canterbury	2,472	2,106	85%	Action plan	Action plan	Yes
Castle Point	956	440	46%	Presumption	20% buffer	No
Chesterfield	704	626	89%	Action plan	20% buffer	Yes
Chiltern	903	734	81%	20% buffer	None	No

Authority	Estimated homes required, 2017-20	Estimated homes delivered, 2017-20	Estimated housing delivery test 2020 measurement	Estimated housing delivery test 2020 consequence	Housing delivery test 2019 consequence	Local plan under five years old during 2019/20?
Dacorum	1,971	1,651	84%	20% buffer	None	No
Dover	1,675	1,328	79%	20% buffer	Action plan	No
East Cambridgeshire	1,464	1,160	79%	20% buffer	20% buffer	Yes
Eastbourne	1,635	457	28%	Presumption	Presumption	No
Elmbridge	1,698	953	56%	Presumption	Presumption	No
Enfield	2,535	1,305	51%	Presumption	20% buffer	No
Epping Forest	2,557	1,213	47%	Presumption	20% buffer	No
Epsom and Ewell	1,567	512	33%	Presumption	20% buffer	No
Erewash	1,124	752	67%	Presumption	20% buffer	No
Fareham	1,188	866	73%	Presumption	20% buffer	No
Folkestone and Hythe**	1,600	1,383	86%	Action plan	None	No
Forest of Dean	992	869	88%	Action plan	None	No
Gateshead	1,313	821	63%	Presumption	Action plan	Partially
Gedling	1,220	869	71%	Presumption	20% buffer	Partially
Gosport	510	415	81%	20% buffer	20% buffer	Yes
Gravesham	1,160	731	63%	Presumption	Action plan	Partially
Great Yarmouth	959	895	93%	Action plan	20% buffer	Yes
Greenwich	7,403	6,444	87%	Action plan	20% buffer	Partially
Guildford	1,675	1,194	71%	Presumption	Action plan	Yes
Hackney	4,528	3,639	80%	20% buffer	20% buffer	Yes
Haringey	4,506	2,634	58%	Presumption	Action plan	Yes
Hastings	860	472	55%	Presumption	20% buffer	No
Havant	1,339	923	69%	Presumption	20% buffer	No
Havering	3,553	1,238	35%	Presumption	Presumption	No
Hinckley and Bosworth	1,311	1,172	89%	Action plan	None	No

Authority	Estimated homes required, 2017-20	Estimated homes delivered, 2017-20	Estimated housing delivery test 2020 measurement	Estimated housing delivery test 2020 consequence	Housing delivery test 2019 consequence	Local plan under five years old during 2019/20?
Ipswich	1,288	808	63%	Presumption	20% buffer	Yes
Isle of Wight	1,894	978	52%	Presumption	20% buffer	No
Islington	3,852	3,102	81%	20% buffer	20% buffer	No
Kensington and Chelsea	1,740	879	51%	Presumption	20% buffer	Yes
King's Lynn and West Norfolk	1,542	1,424	92%	Action plan	20% buffer	No
Kingston upon Thames	1,967	1,610	82%	20% buffer	20% buffer	No
Kirklees	4,885	4,029	82%	20% buffer	20% buffer	Yes
Lewes	894	838	94%	Action plan	Action plan	Yes
Lewisham	4,253	3,517	83%	20% buffer	None	No
Medway	4,668	2,451	52%	Presumption	20% buffer	No
Mid Sussex	2,565	2,313	90%	Action plan	None	Yes
Mole Valley	1,218	950	78%	20% buffer	Action plan	No
New Forest	1,989	1,036	52%	Presumption	Presumption	Yes
Newcastle-under-Lyme	1,014	790	78%	20% buffer	None	No
Newham	7,498	6,896	92%	Action plan	20% buffer	yes
North Hertfordshire	2,669	936	35%	Presumption	Presumption	No
North Lincolnshire	1,208	1,129	94%	Action plan	20% buffer	No
North Somerset	3,121	2,460	79%	20% buffer	20% buffer	Yes
Northampton	2,662	2,063	78%	20% buffer	None	Partially
Oadby and Wigston	404	370	92%	Action plan	None	Yes
Oldham	2,070	1,578	76%	20% buffer	20% buffer	No
Oxford	1,746	938	54%	Presumption	20% buffer	Yes
Plymouth*	4,800	3,832	80%	20% buffer	None	Yes

Authority	Estimated homes required, 2017-20	Estimated homes delivered, 2017-20	Estimated housing delivery test 2020 measurement	Estimated housing delivery test 2020 consequence	Housing delivery test 2019 consequence	Local plan under five years old during 2019/20?
Portsmouth	2,430	1,784	73%	Presumption	None	No
Redbridge	3,370	1,881	56%	Presumption	20% buffer	Yes
Reigate and Banstead	1,886	1,581	84%	20% buffer	None	Partially
Rochford	982	908	92%	Action plan	20% buffer	No
Rossendale	583	367	63%	Presumption	20% buffer	No
Rother	1,208	670	55%	Presumption	20% buffer	Partially
Rotherham	1,691	1,450	86%	Action plan	Action plan	Partially
Sandwell	4,260	2,007	47%	Presumption	20% buffer	No
Sevenoaks	1,922	1,321	69%	Presumption	20% buffer	No
Slough	2,480	1,890	76%	20% buffer	20% buffer	No
South Bucks	1,174	725	62%	Presumption	None	No
South Hams*	4,800	3,832	80%	20% buffer	None	Yes
South Kesteven	2,033	1,853	91%	Action plan	20% buffer	Yes
South Somerset	1,993	1,872	94%	Action plan	None	Partially
South Tyneside	1,017	778	77%	20% buffer	Action plan	No
Southend-on-Sea	3,205	1,107	35%	Presumption	20% buffer	No
Southwark	7,635	5,327	70%	Presumption	Action plan	No
Spelthorne	1,628	785	48%	Presumption	20% buffer	No
St Albans	2,445	1,487	61%	Presumption	20% buffer	No
Staffordshire Moorlands	553	522	94%	Action plan	20% buffer	Yes
Stevenage	1,126	696	62%	Presumption	None	Yes
Stockport	3,061	2,766	90%	Action plan	20% buffer	No
Swale	2,328	2,029	87%	Action plan	20% buffer	Yes
Swindon	2,923	2,581	88%	Action plan	None	Partially
Tameside	1,865	1,607	86%	Action plan	20% buffer	No

Authority	Estimated homes required, 2017-20	Estimated homes delivered, 2017-20	Estimated housing delivery test 2020 measurement	Estimated housing delivery test 2020 consequence	Housing delivery test 2019 consequence	Local plan under five years old during 2019/20?
Tandridge	1,759	817	46%	Presumption	20% buffer	No
Thanet	2,507	948	38%	Presumption	Presumption	Yes
Three Rivers	1,676	823	49%	Presumption	Presumption	No
Thurrock	3,167	1,823	58%	Presumption	20% buffer	No
Tonbridge and Malling	2,309	2,036	88%	Action plan	None	No
Torbay	1,460	1,133	78%	20% buffer	Action plan	Yes
Tower Hamlets	11,335	7,522	66%	Presumption	20% buffer	Yes
Trafford	3,725	2,182	59%	Presumption	20% buffer	No
Tunbridge Wells	1,860	1,540	83%	20% buffer	Action plan	No
Walsall	2,584	2,143	83%	20% buffer	20% buffer	No
Waltham Forest	2,673	2,481	93%	Action plan	None	No
Warrington	2,534	1,403	55%	Presumption	20% buffer	No
Watford	1,898	872	46%	Presumption	20% buffer	No
Wealden	3,060	2,366	77%	20% buffer	20% buffer	No
Welwyn Hatfield	2,365	1,448	61%	Presumption	20% buffer	No
West Devon*	4,800	3,832	80%	20% buffer	None	Yes
Westminster	3,204	2,856	89%	Action plan	None	Yes
Windsor and Maidenhead	2,075	1,762	85%	Action plan	None	No
Wirral	2,291	2,083	91%	Action plan	20% buffer	No
Woking	1,161	881	76%	20% buffer	None	No
Worthing	2,380	1,188	50%	Presumption	20% buffer	No
Wyre Forest	679	563	83%	20% buffer	None	No
York	2,925	2,342	80%	20% buffer	20% buffer	No

Note: Presumption = council faces the NPPF's presumption in favour of sustainable development, 20% buffer on housing land supply and action plan to raise delivery. 20% buffer = council faces adding 20% buffer to housing land supply figure and producing a delivery action plan. Action plan = council faces producing a delivery action plan outlining causes of under-delivery and how it plans to rectify them. *Plymouth, South Hams and West Devon are part of a joint plan with the same requirement and delivery figures. **Folkestone and Hythe District Council was called Shepway District Council until 1 April 2018. In the final column on local plan status, "No" indicates that the plan was more than five years old for the entirety of 2019/20 and "Partially" indicates that the plan became more than five years old at some point during 2019/20.

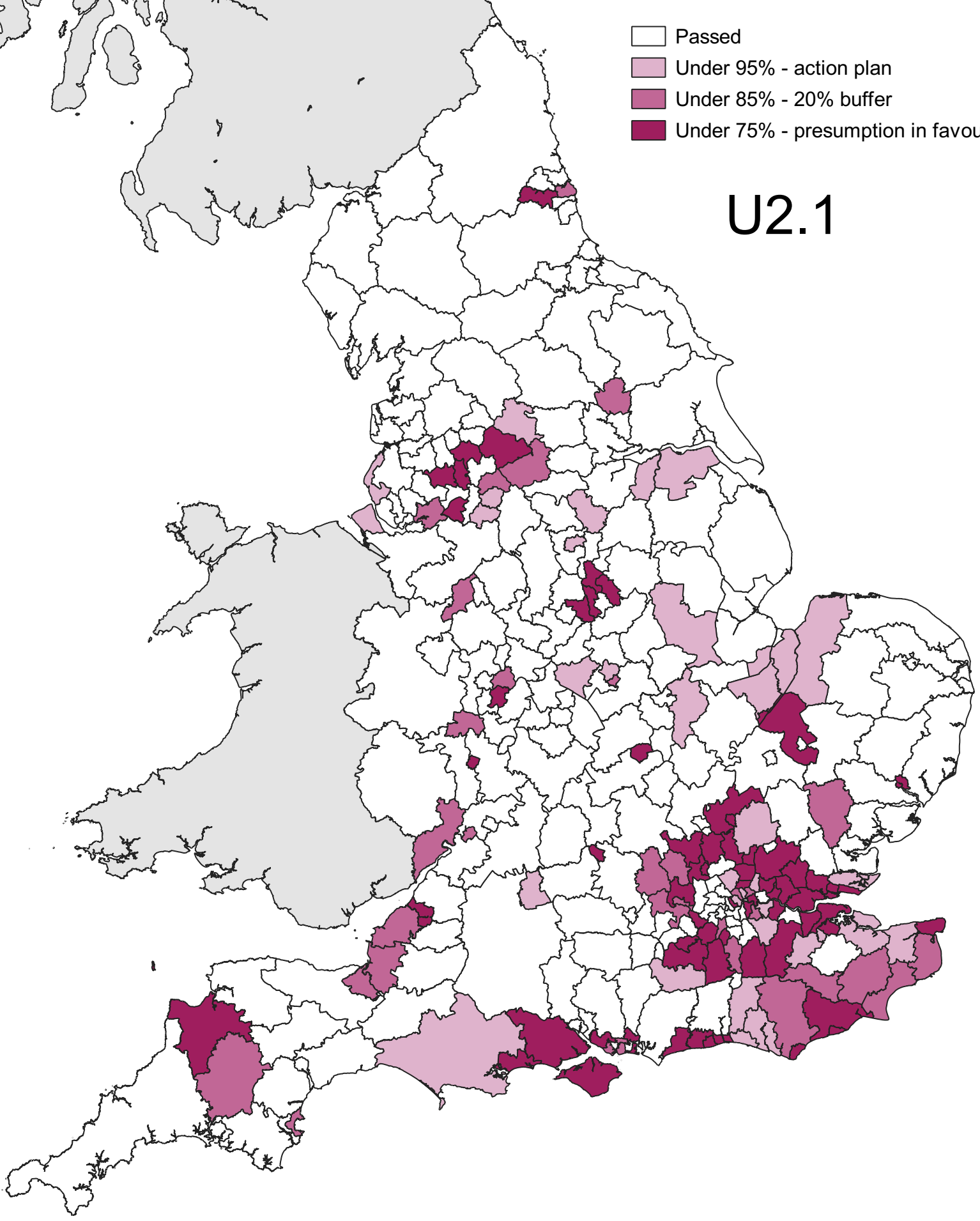
Source: Planning analysis of data from local planning authorities, MHCLG, PINS and Savills

APPENDIX 2:

SAVILLS MAP

- Passed
- Under 95% - action plan
- Under 85% - 20% buffer
- Under 75% - presumption in favour

U2.1



APPENDIX 3:

**WELBORNE SUPPLEMENTARY PLANNING
STATEMENT**



W E L B O R N E
G A R D E N V I L L A G E

Supplementary Planning Statement

December 2020



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1. INTRODUCTION

- 1.1 This Supplementary Planning Statement is submitted in support of the Outline Planning Application (OPA) for a mixed-use new community to the north of Fareham, locally known as Welborne. The OPA is submitted to Fareham Borough Council (FBC) on behalf of Buckland Development Limited (Buckland). The main elements of the OPA are 6,000 residential dwellings, employment uses, local and community services and supporting infrastructure, including improvements to M27 Junction 10.
- 1.2 Buckland submitted the original OPA for this development in March 2017. Following the submission, a significant amount of comments on the OPA have been received from the statutory consultees, the general public and FBC. This led to discussions and negotiations with these parties to agree changes to the original OPA, and requirement for additional information to be provided in some cases. This culminated in a submission of an updated OPA in December 2018, in which a comprehensive Planning Statement was submitted, amongst a suite of other documentation. This Planning Statement has been submitted to supplement the December 2018 Planning Statement, and to provide update to this document, in relation to the proposed changes to the OPA. Further updated documents and information was submitted at various intervals prior to the planning committee which was undertaken in October 2019.
- 1.3 The OPA includes detailed approval for significant improvements to M27 J10, transforming the current junction arrangement into an 'all moves' junction. It is agreed by all parties that the proposed improvements to M27 J10 are a critical element of infrastructure that is required for both the full delivery of Welborne, and to support local (and regional) growth aspirations. It is also agreed by all parties that there is sufficient local highway capacity to accommodate up to 1,160 dwellings at Welborne prior to the improvements to M27 J10 becoming operational. The design and delivery of the junction improvements is being led by Hampshire County Council (HCC) as 'Scheme Promoter'.
- 1.4 The OPA was considered at FBC Planning Committee in October 2019, in which a 'Resolution to Grant' decision was reached, subject to the signing of a S106 Legal Agreement. Since the Planning Committee, significant progress has been made in negotiating this agreement with all parties, including FBC and HCC.
- 1.5 However, as explained in this Statement, despite significant efforts and government lobbying, significant progress has not been made in relation to finding gap funding for the M27 J10 Improvements. Whilst extremely positive discussions have been undertaken with Central Government regarding Housing Infrastructure Funding, the Solent LEP funding has been reallocated away from the project. Further, the Covid-19 pandemic has increased the financial and funding uncertainty. This combination of circumstances has placed the delivery of the project in jeopardy, which has significant implications in regard to project programming, delivery and HCC's Scheme Promoter position on the M27 J10 Improvements.
- 1.6 Given this, Buckland are proposing solution, by providing an additional contribution of £20m to the M27 J10 Improvements, totalling a £40m developer contribution. However, this alters the viability assumptions and costings in which the OPA was considered at Planning Committee. This additional contribution also has an effect on the amount of affordable housing that the scheme can viably deliver without additional funding solutions. These changes are explained in detail within the Viability Statement which is submitted, and should be read alongside, this Supplementary Planning Statement.
- 1.7 Significant time, efforts and resources have been placed into the delivery of Welborne from all parties for over a decade. Despite this, no solution has been found which will enable the delivery of Welborne without additional government funding, of which there is no sign it will be forthcoming.

To ensure Welborne's delivery, more certainty must be created, and the indefinite search for a funding solution must be resolved. The proposals as set out by Buckland in the documentation submitted seek to achieve this solution.

- 1.8 Furthermore, since the Planning Committee, significant work has been undertaken by Buckland in preparation for the first reserved matters planning applications, particularly in relation to the sitewide strategies which are required to be submitted in advance of these reserved matters applications. One of these sitewide strategies, the Biodiversity Enhancement Strategy, is now ready for submission, and has been included as a part of this additional application information package.
- 1.9 Also, again since the Planning Committee, as further negotiations regarding the S106 agreement have taken place, it has been noted that the proposed PEGASUS crossing which spans the A32 toward the centre of the site is shown on a different location in the submitted parameter plan and within the detailed A32 drawings. In order to regularise this position, the detailed A32 drawings have been updated to reflect the correct location of this crossing. These drawings have been reviewed by Hampshire County Council and agreed in principle.

Additional Application Documentation

- 1.10 This Supplementary Planning Statement should be read alongside the following submitted additional application documentation:
 - a. Viability Statement
 - b. Biodiversity Enhancement Strategy
 - c. EIA Statement of Conformity
 - d. Updated Package of Drawings relating to the detailed A32 works

2. M27 J10 FUNDING AND BACKGROUND**The OPA and Planning Committee**

- 2.1 The OPA includes detailed approval for significant improvements to M27 J10, transforming the current junction arrangement into an 'all moves' junction. It is agreed by all parties that the proposed improvements to M27 J10 are a critical element of infrastructure that is required for both the full delivery of Welborne, and to support local (and regional) growth aspirations. It is also agreed by all parties that there is sufficient local highway capacity to accommodate up to 1,160 dwellings at Welborne prior to the improvements to M27 J10 becoming operational. The design and delivery of the junction improvements is being led by Hampshire County Council (HCC) as 'scheme promoter'.
- 2.2 The proposed junction improvements represent a significant piece of infrastructure, and thus have a significant cost to deliver. HCC now estimate that this cost will be in the region of £70-75m (including risk and optimism bias). At the time of the planning committee (October 2019), HCC estimated the cost was £85-90m, and c. £49m of funding had been secured for M27 J10, as illustrated in the table below. This left a funding gap of c. £36-41m, when compared to the cost estimate for the scheme. An important factor to note is that both the Solent Growth Funding and the Retained DfT funding were both under a timing constraint, namely that the sums needed to be spent (or allocated) by March 2021.

Source	Amount
Developer Contribution (Buckland)	£20m
Solent Growth Funding (held by LEP)	£14.9m
Retained DfT Funding (held by LEP)	£14.1m
Total Funding	£49m
Funding Gap	c. £36m-41m

Table 1 – Proposed Funding Sources at October 2019

- 2.3 FBC have historically maintained that, in order to ensure the comprehensive delivery of Welborne, in conformance with the provisions of the Welborne Plan, that key infrastructure should be fully funded before works are commenced at Welborne. In order to protect this position, the following draft Grampian condition (Draft Condition 52) was agreed between Buckland, HCC and FBC to be imposed on the OPA, once granted:

52. No development shall take place on any other work on site other than that related to the delivery of Junction 10 until details of the sources of all the funding necessary to carry out the Junction 10 works has been submitted to and approved in writing by the Local Planning Authority. The development shall be undertaken in accordance with the approved details.

REASON: To ensure the timely delivery of the necessary infrastructure to service the development and in the interest of highway safety.

- 2.4 Draft Condition 52 was included to enable parties to seek additional funding opportunities either prior to the signing of the S106 Agreement and planning permission being issued (thereby removing condition 52 from any planning permission), or following the signing of the S106, with funding commitments demonstrated to FBC (as part of a discharge of condition application) prior to development being undertaken. At the time of the planning committee, all parties believed a funding solution could be achieved swiftly, and in any event by summer 2020.
- 2.5 A further draft Grampian condition was also agreed, which related to the development permitted prior to the M27 J10 improvements being operational (Draft Condition 53), which reads:

53. No occupation of the 1,161st residential unit; or 1,501st sqm B1 Office floorspace; or 5,751st sqm B2 General Industrial floorspace; or 4,001st sqm B8 Storage or Distribution floorspace; or 4,701st sqm A1 Retail Floorspace or the opening more than one primary school within the development hereby permitted, until the M27 J10 is open to the public as an all-moves junction, in accordance with the details approved under conditions 57 to 67 of this planning permission and as referred to within the legal agreement pursuant to section 106 of the Town and Country Planning Act 1990, as amended.

REASON: To ensure the timely delivery of the necessary infrastructure to service the development and in the interest of highway safety.

- 2.6 These conditions were both put before members within the Committee Report for the OPA, which received resolution to grant in October 2019.
- 2.7 Significant viability work has been undertaken as part of the Welborne project, and the outcomes of this were presented at this Planning Committee. In summary, the agreed viability position at the time of planning committee was as follows:
 - a. Buckland would pay £20m toward the M27 J10 Improvements. The remaining cost would be sourced from Central Government Grant Funding.
 - b. Infrastructure Delivery Cost was £308m, of which £106m would be required within the delivery of the first 1,000 units
 - c. Due to the significant cost in the early phases of development, the first 1,000 units at Welborne would be able to support provision of 10% affordable housing, based on a sub-market developer return on costs of 14.4% (Market-rate developer return on costs is usually a minimum 20%)
 - d. Factoring in growth over the build period for the whole development, it may be possible that later phases could support additional affordable housing, and thus a viability review mechanism will be incorporated into the S106 agreement. This will enable, if viable, later phases to deliver additional affordable housing to meet the Welborne plan target of 30%.
 - e. The development should not provide a payment of CIL, as the infrastructure to be provided as part of the S106 Agreement is sufficient to support the new community, and has other wider benefits. This Infrastructure will be provided at significant cost.

2.8 The table below illustrates a very simplified snapshot of the viability and delivery profile for the first 1,000 units at Welborne, taken from the CBRE Viability Report which was appended to the Planning Committee Report. It shows that the costs, through land acquisition and infrastructure delivery, outweigh the Gross Development Value of the first 1,000 dwellings by a factor of almost 50%.

	First 1,000 Homes (£/m)
Gross Development Value	129
Cost	(252)
Profit/Deficit	(123)
Profit/Deficit as % of costs	(49%)

Emerging Conclusions – Viability of First 1,000 Units

First 1,000 Units and Viability, Extract from CBRE Welborne Viability Report, October 2019.

Changing Circumstances since the Planning Committee

- 2.9 Since the Planning Committee in October 2019, negotiations surrounding the S106 have continued in earnest, and HCC have been proceeding with design work related to the Junction improvements. Buckland have also applied for, and implemented, enabling works to enable the swift delivery of the junction, once funding is secured.
- 2.10 Alongside this, applications for funding sources for the M27 J10 have been considered and discussions have been undertaken with senior members of Homes England, as well as Members of Parliament including the Housing Minister, Robert Jenrick MP and the Attorney General, Suella Braverman (the Local MP for Fareham). At this meeting, it was clear from a Central Government perspective, a local solution should be prioritised, rather than seeking significant additional funding from Central Government.
- 2.11 As a part of this, in 2017, FBC applied for £10m of Housing Infrastructure Fund Marginal Viability Grant (HIF). Following the ministerial meeting mentioned above, we have been advised that this application could be extended to £30m, following recommendation from the Housing Minister and his Special Advisors, subject to local partners proposing a solution to the remaining gap., Buckland and FBC have undertaken a number of meetings outlining their revised approach with Homes England, who have agreed in principle the £30m allocation, subject to the agreement of contracts.
- 2.12 Whilst significant progress has been made with HIF, the elements of funding which are held by the LEP have become much less certain. At the LEP Board Meeting of 22nd May 2020, the LEP Board resolved to withdraw the remaining Solent Growth Funding (£14.9m) and allocate it to other schemes. It was confirmed at the M27 J10 Steering Group on 19th August 2020 that the remainder of the retained DfT funding (£14.1m, less the £5m spent to date) was also to be reallocated to other projects in the region. Also, since the Planning Committee, HCC has reviewed the junction cost, and now estimates the cost will be £75m Table 2 below illustrates the funding position at the time of writing this Statement.

Committed Source	Amount
Developer Contribution (Buckland)	£20m
Money paid to HCC in design fees	£5m
Total Committed Funding	£25m
Funding Gap	£50m
Potential Source	
Housing Infrastructure Fund	£30m
Potential Funding Gap	£20m

Table 2 – Proposed Funding Sources at September 2020

- 2.13 Alongside the negotiation of the S106 and attempts to achieve funding, Buckland have been progressing with securing consent enabling works (including access to Boundary Oak School, access to the retained properties at Kneller Court Lane and ecological enabling works for the improvements to M27 J10), as well as progressing with work on the Strategic Scale Documents (Strategic Design Code, Street Manual, Biodiversity Enhancement and Housing Strategy), ready for submission as soon as the S106 is signed. These have all been undertaken with, currently, no prospect of a start on site, due to the provisions of Condition 52.

Opportunities to achieve other funding to satisfy Condition 52

- 2.14 As demonstrated in above, despite 11 months of lobbying by all parties for alternate funding, a significant funding gap remains. It is understood that during the ministerial meeting mentioned above, it was set out that it is extremely unlikely that any further HIF would be made available to Welborne, above the £30m HIF allocation.

- 2.15 There are other funding sources which could be utilised to offset other infrastructure costs (eg. affordable housing or school delivery) and thereby enabling more of the infrastructure budget to be diverted to M27 J10. However, these other potential funding sources often require an implementable planning permission to be in place prior to accessing them, as do many of the other funding streams which are available from government.
- 2.16 Further, significant government spending has recently been undertaken to combat the Covid-19 pandemic. Whilst economic stimulus packages are being announced to attempt to restart the economy following lockdown, these are focused on the retail, manufacturing and hospitality sectors at this stage. No announcements have been made for any funding to stimulate the construction or property sector. It is considered that if any funding packages do come forward, it is unlikely these will be made this financial year, and even if so, they will focus on 'easy wins' ie. stalled or slow delivering schemes which have shorter timeframe for delivery than Welborne.
- 2.17 Given this situation, Buckland consider it to be exceptionally unlikely any further funding will be available or accessible in the current financial year. Opportunities for funding could be present just prior to, or at the start of the next financial year (eg. April 2021), but given considerations above regarding Covid-19, there is significant risk that these will not materialise.

Programme implications

- 2.18 Following the above changes in circumstances, Buckland have undertaken a review of their anticipated delivery programme, and the implications of the failure to have achieved a method of filling the funding gap, some 11 months after planning committee. Key anticipated timeframes are shown in the table below, as a 'best case' based on the securing of funding as soon as possible.

Signing of the Section 106 Agreement	Unknown
Submission Approval of Strategic Scale Documents (Strategic Design Code, Street Manual and Housing Strategy)	c. 4 months
M27 J10 Funding Secured	Unknown
Submission of Neighbourhood Design Code and Phase 1 Reserved Matters	Once funding secured, and Condition 52 discharged. C. 4 months from submission to determination.
Works related to Strategic Services and Utilities (subject to planning)	Once funding secured, and Condition 52 discharged. C. 18 month process.
Works on Pre-occupation obligations (Dashwood, etc.)	Once funding secured, and Condition 52 discharged. C. 12 month process due to ecology constraints.
Commencement of Phase 1	Only once above actions completed, so estimate of 18 months from funding secured.
First Occupation	Two years from the point of funding allocation

Table 3 – Potential Programme Key timescales (Best Case)

- 2.19 The securing of the M27 J10 funding, and thus unlocking the ability to discharge Condition 52 and start on site in earnest thereby absolutely critical to this programme. Should this not be achieved as soon as possible the programme will slip. Given funding is often allocated in the Autumn Spending Review, or the April Budget, it is likely that any slip past a review stage will lead to minimum 6-month delay. Without funding certainty, the delay to delivery could be exponential.
- 2.20 Whilst the achievement of funding for M27 J10 has been a substantial risk to the delivery of Welborne throughout, given the requirements of Draft Condition 52, and failure to fill the funding gap during the S106 negotiation period, the funding position has become an even more significant (and more imminent) obstacle to progression.

The Need to Secure Welborne’s Delivery

- 2.21 As a Government allocated garden village, Welborne is a project of national importance, and its delivery is critical to the growth aspirations of both Fareham and the Hampshire region. Therefore, its imminent delivery is of extreme importance. However, the circumstances above regarding funding have further increased the focus on its need to deliver imminently, due to a variety of factors.
- 2.22 Significant time, efforts and resources have been placed into the delivery of Welborne from all parties for over a decade. Despite this, no solution has been found which will enable the delivery of Welborne without additional government funding, of which there is no sign it will be forthcoming. To ensure Welborne’s delivery, more certainty must be created, and the indefinite search for a funding solution must be resolved.

Risk to HCC M27 J10 Project Sponsorship

- 2.23 As was set out at the M27 J10 Steering Group Meeting on 19th August, the Solent LEP have confirmed that the £24m (£29m, less £5m spent to date) previously allocated funding for M27 J10 has been reallocated to other projects in the region and will not be available for Welborne. Further, it was also confirmed that funding has been withdrawn which would have enabled HCC to complete the detailed design works with Highways England. HCC have confirmed they can only continue as project sponsor if there is a clear funding mechanism to cover their costs. The current funding for J10 technical work is forecast to be spent before April 2021. Should further funding not be found before this April date, according to Buckland’s discussions with HCC, they are likely to pause all their work towards the delivery of M27 J10, until further funding can be found.
- 2.24 HCC have made significant progress in recent months with the progression of the technical work required with Highways England to deliver M27 J10. It is clear that if HCC pause work on the project, progress with Highways England will be lost, and even if funding is forthcoming at a later date, this will have significant effects on the delivery programme at Welborne.

Housing Infrastructure Fund Conditions

- 2.25 Following Buckland and FBC’s discussions with MHCLG, it is understood that any HIF allocation would also be time restricted, much like the original LEP funding. Therefore, this £30m funding could be lost if not spent by 2023. Given the two year anticipated build out for the M27 J10 works, in order to guarantee that this £30m would be spent by 2023, works would have to commence in 2021. Therefore, the timescales to achieve the remaining £20m funding gap are further constrained.

Local Plan and Five Year Land Supply

- 2.26 Working to the ‘best-case’ (as programmed in table 3), the anticipated delivery rate of dwellings at Welborne is summarised below.

Year	Dwellings Delivered Per Year	Cumulative Dwellings Delivered
2020-2021	0	0
2021-2022	0	0
2022-2023	30	30
2023-2024	180	210

2024-2025	240	450
2025-2026	240	690
2026-2027	240	930
2027-2028	240	1210
2029-2030	280	1490

Table 5 – Anticipated Dwellings Delivered, based on Table 3 Programme.

Orange highlight illustrates FBCs current Five-Year Housing Land Supply Period

- 2.27 Welborne is a critical element of FBCs adopted Local Plan, and represents the single largest housing allocation (and delivery vehicle) in the Borough. Allocated in FBCs Core Strategy in 2011 (which covers the plan period until 2026), the Core Strategy predicted that some 5,350 dwellings would be completed at Welborne by 2026, with the remainder complete by 2031. Whilst this timescale and delivery has clearly slipped in the last 9 years since the plan was adopted, it illustrates the importance of the delivery of Welborne to meet the targets and aspirations of the current local plan.
- 2.28 Further, FBC are currently embarking on a review of their Local Plan, covering the period to 2037. The policies surrounding Welborne are not proposed to be reviewed as part of this plan, and Welborne remains a critical element of planned growth in the area, with the Local Plan 2037 consultation documentation acknowledging the high reliance on Welborne to deliver to meet the planned growth requirements in the Borough. Thus, should Welborne be subject to further delays in its delivery, the strategy held both within the adopted local plan and the emerging local plan will be weakened significantly.
- 2.29 Looking at shorter to medium term implications, any delays in the delivery of dwellings at Welborne will have implications upon FBC’s five-year housing land supply. Over the last few years, the five year supply position has fell below the required 5 years, and is currently 4.03 years (as measured in June 2020). This has been compounded by the ‘moratorium’ on planning consents which has been created due to issues regarding nutrient loading and nitrogen on local Special Protection Areas. This is a factor which does not affect Welborne, as nitrate neutrality has been demonstrated as part of the Shadow Appropriate Assessment submitted.
- 2.30 The 450 units currently programmed for delivery (using the best-case programme) equates to approximately 0.83 years of FBCs five-year land supply to 2025, when utilising an overall housing requirement of 540 homes per year. Therefore, Welborne also has a significant contribution to make to housing delivery, even in the short/medium term.
- 2.31 Both the adopted Local Plan and the Draft Local Plan 2037 consider options for the delivery of new residential land allocations in areas other than Welborne. However, the geography of the Borough, with the sea to the south and limited capacity in the built-up areas, means there are limited opportunities for further residential allocations. There is much public objection to the perceived coalescence of existing settlements, which means edge of settlement locations for development have been receipt of significant local objection. However, should Welborne remain undelivered, it is likely that FBC may need to consider these options to deliver the required level of homes, or be subject to further speculative planning applications in these areas which look to exploit any weakening five year housing land position.
- 2.32 The swift delivery of Welborne is even more critical now than it has ever been for the short and long-term growth aspirations of FBC and the region both in housing and economic terms.

Works already undertaken

- 2.33 As noted above, Buckland has continued to undertake a significant amount of work towards the delivery of Welborne, even without an OPA consent. This has included tangible progress towards the submission of strategic scale documents (the Strategic Design Code, Biodiversity Enhancement Strategy and Street Design Manual). Should the funding barrier to delivery remain, there is a very real risk that this work will need to be redone as time passes, and this material becomes dated. As has been shown in the determination period of the OPA with nitrogen and biodiversity, new requirements are appearing rapidly from Government and governing bodies, which may have implications on delivery and work undertaken to date.
- 2.34 The predominant justification for many of the enabling works which Buckland have undertaken to date has been to undertake works which would require protected species relocation and licencing to enable clearance of land for the M27 J10 works. Whilst these works have been undertaken, the habitats created will need to be maintained and monitored (at cost) until completion of the junction works.
- 2.35 Further, some of these standalone enabling works already undertaken by Buckland have required previously farmed fields to be cleared of crops and are now left fallow. These fields will need to be maintained (at a cost), to enable works to continue in earnest free of ecology constraints once funding is secured. These costs provide further incentive for swift delivery of homes at Welborne, as they cannot yet be balanced against development receipts.
- 2.36 Whilst Buckland remain committed to exploring alternative funding sources, it is clear it has now reached a point where the whole delivery of Welborne is in jeopardy, unless an alternative solution can be found to solve the funding issue.

3. PROPOSED CHANGES TO THE OPA AND ADDITIONAL INFORMATION SUBMITTED

M27 J10 Funding and Viability

- 3.1 Given the considerations set out above, and the need to secure the delivery of Welborne, Buckland have been considering alternative funding solutions to secure the delivery of M27 J10, and thereby the delivery of Welborne. Following this review, Buckland propose the following:
- a. Welborne to be zero-rated for CIL, in line with the Changes to the FBC CIL Charging Schedule as recently submitted to the Planning Inspectorate for Examination.
 - b. The developer contribution to the M27 J10 Improvements is raised from £20m to £40m. This will then, along with the anticipated HIF allocation of £30m, enable the Improvements to be fully funded.
- 3.2 This payment will be required in the first phase of development (first 1000 units) to enable the junction to be provided prior to the delivery of the 1160th dwelling. This will severely impact the predicted return on cost. To achieve the previously agreed return on cost of 14.4% (a sub-market rate, but agreed as suitable as part of the viability work assessed and presented to the October 2019 Planning Committee) with the increased developer contribution and delivering all of the infrastructure required to deliver Welborne (at a cost of some £308m), affordable housing provision would need to be reduced to 3%.
- 3.3 Buckland is fully committed to the delivery of a balanced community at Welborne, and thus cannot countenance an affordable housing delivery of just 3%. Buckland remain committed to provide a minimum of 10% affordable housing across the entire development. As the submitted viability assessment illustrates, when factored in with the proposed £40m junction developer contribution, this leaves a predicted return on cost of 1.5%, which is exceptionally below market rates (which usually expect a 20% return on GDV).
- 3.4 The submitted Viability Assessment illustrates a 'no growth' scenario, however the previous viability work undertaken by both Buckland and FBC assumed modest growth in values, due to a 'placemaking premium' at Welborne, and to factor in house price growth. In the context of overall returns predicted at 14.4%, but with an acknowledgement that significant funding is required in early phases, it was agreed that a 'Viability Review Mechanism' would be present which would require Buckland to increase affordable housing provision beyond the 10% agreed for the first 1,000 dwellings, in later development phases, should viability allow. However, with an additional £20m of M27 J10 funding due in the early phase, the return on cost now is at 1.5%. In order to enable Buckland to 'catch-up' at later phases to an acceptable return on gross development value (GDV), the parameters of the viability review mechanism must be reviewed.
- 3.5 Following discussions with FBC, Buckland propose two substantive changes to the viability review mechanism:
- a. The first viability review will be undertaken prior to the delivery of the 3,000th home, and will be undertaken at 750 dwelling intervals thereafter (ie. at 3,750, 4,500, 5,250 and 5,750 dwellings).
 - b. On any of the viability review dates should cumulative profits exceed 20% of cost), 80% of any additional returns over 20% of cost will be used to repay HIF, which in turn will be re-invested in affordable housing by FBC
 - c. Following the repayment of HIF, 50% of any surplus above 20% on GDV will be used to further boost the delivery of affordable housing to a total of 30% sitewide
- 3.6 Further, given their increased costs and the impact this therefore has on the viability of the proposals, as well as the need to preserve the provision of as much affordable housing as possible, the development is no longer committing to deliver Passivhaus or Lifetime homes. Whilst every

effort will be made to deliver these where practicable, a commitment to a fixed percentage of delivery cannot be made in the context of the viability considerations set out above.

- 3.7 These changes and viability considerations are set out in full within the submitted Viability Statement.
- 3.8 As discussed at our meeting on the 17th December 2020, this change to the proposals regarding the developer contribution, and subsequently the viability review, will necessitate a return to planning committee to consider the OPA proposals, as the scheme of delegation as set out in the October 2019 committee papers does not cover this matter. However, we are firmly of the belief that, without these changes, there is very little prospect of Welborne progressing further, as additional Government funding outside the HIF is unlikely to be secured imminently, meaning progress with HCC and Highways England will be lost.
- 3.9 Further, the current draft Condition 52 prevents development beginning at Welborne until funding is secured. Therefore, with no funding present, and little prospect of it being achieved imminently, given the costs incurred to date Buckland cannot commit to progress with further costly, and potentially abortive, work on the Design Codes and reserved matters applications, with no prospect of onsite delivery due to the provisions of Condition 52. This will lead to a potentially indefinite delay of the delivery of Welborne. This is something all parties wish to avoid. These factors have led Buckland to submit these proposals.

Biodiversity Enhancement

- 3.10 Since the Planning Committee, significant work has been undertaken by Buckland in preparation for the first reserved matters planning applications, particularly in relation to the sitewide strategies which are required to be submitted in advance of these reserved matters applications. One of these sitewide strategies, the Biodiversity Enhancement Strategy, is now ready for submission, and has been included as a part of this additional application information package. This Biodiversity Enhancement Strategy was envisaged, at the time of the planning committee, to be approved following outline planning permission but prior to the approval of the first reserved matters application, as confirmed by Draft Condition 10 present in the officers report to committee.
- 3.11 The sitewide Biodiversity Enhancement Strategy has been prepared alongside discussions and input from FBC officers and HCC Ecology officers, and sets out the strategy for harnessing biodiversity opportunities within Welborne, and illustrates how development phases can achieve Biodiversity Enhancement within all contexts of the community as it grows. It approaches Biodiversity Enhancement from the whole site perspective and will be delivered over an extended timeframe of 25 or more years, providing a basis for a consistent approach as statutory guidance and requirements for new planning applications which evolve over time.

Other supporting documentation

- 3.12 To enable FBC to determine this planning application in the above new viability context, and also given that some 11 months have passed since the planning committee, a review of the ES information submitted has been undertaken. This review is documented in the submitted Environmental Statement of Conformity, which concludes that no additional impacts have occurred since the Committee in October 2019.
- 3.13 Furthermore, as further negotiations regarding the S106 agreement have taken place, it has been noted that the proposed PEGASUS crossing which spans the A32 toward the centre of the site is shown on a different location in the submitted parameter plan and within the detailed A32 drawings. In order to regularise this position, the detailed A32 drawings have been updated to reflect the correct location of this crossing. These drawings have been reviewed by Hampshire County Council and agreed in principle.

4. DEVELOPMENT PLAN CONTEXT AND PLANNING EVALUATION

- 4.1 This section of the Planning Statement reviews the application proposals in the context of the local and national planning policy context. Much of this planning policy context remains as considered at the Planning Committee in October 2019, and thus this section focusses on any policy changes in the intervening period, and evaluation of the changed OPA proposals as outlined above.

Updated Planning Policy Since October 2019 Planning Committee

- 4.2 There has been very limited formal planning policy update at a national level since the October 2019 Planning Committee. Minor changes have been made to the Planning Practice Guidance, but these are not material to the determination of this planning application.
- 4.3 Whilst there has been little formal planning policy update, in August 2020, a new 'Planning White Paper' was released, titled Planning for the Future (the PWP). The PWP sets out consultation proposals for comprehensive reform of the planning system, with a view to boosting the supply of housing, reducing uncertainty and delivering beautiful places. Whilst specific proposals have not been enacted into formal planning policy and legislation, the PWP is useful in setting out a 'direction of travel' and laying out the Governments objectives for planning policy moving forward. It is considered that this OPA meets many of these objectives and aims, particularly in seeking to deliver a Garden Village of exemplary quality, with beauty at its heart.
- 4.4 In terms of local level planning policy and guidance, again there has been very limited update of this since the October 2019 Planning Committee. FBC have been continuing with work on their Draft Local Plan 2036, with further consultation on Issues and Options undertaken in January 2020. However, the updated plan maintains the position of the previous draft, namely that Welborne will continue to be subject to the detailed policies within the Welborne Plan, which is not being revisited as part of the 2036 work. Therefore, the planning policy position at Welborne remains as considered previous.
- 4.5 The most significant update is related to the FBC CIL Charging Schedule. Following the recommendations of the Welborne Plan, viability work undertaken by Buckland and independent viability review undertaken for FBC by CBRE, the Charging Schedule is proposed to be revised to 'zero-rate' development at Welborne. This change to the CIL Charging Schedule was subject to formal consultation in July 2020, with a further consultation on minor modifications held until 18th September 2020. The updated CIL Charging Schedule reflecting the changes proposed (and zero rating Welborne) has now been submitted to the Planning Inspectorate for examination.
- 4.6 As set out above, with the submitted Viability Statement and in the previous viability work undertaken in support of the OPA, the development cannot viably support CIL payments, and thus the zero rating of Welborne is critical to enable the OPA to be successfully delivered.

Planning Policy Evaluation of Changes to the OPA Proposals

- 4.7 Given that the vast majority of the OPA proposals remain as considered previously at Planning Committee, the changes to the OPA proposals only have a limited effect on conformance with Welborne Plan policies, and the development remains substantially in conformance with the plan as a whole.
- 4.8 It is clear throughout almost all of the policies of the Welborne Plan, that planning applications for development at Welborne must be comprehensive, and contain the infrastructure fit for the delivery of 6,000 homes, including the provision of the M27 J10 improvements. This is to both support the new community, and prevent adverse impacts on existing communities in the area. As agreed as part of the discussions surrounding the OPA, the cost of this infrastructure is some £308m, based on a developer contribution of £20m to the M27 J10 improvements. Given the importance of the

delivery of this raft of infrastructure required to create a sustainable community at Welborne, it is not considered that the infrastructure could be reduced in order to facilitate additional junction contribution, without significant impact on the proposed new community, or existing communities. Therefore, in order to enable the additional £20m of junction contribution to be found, and thereby enable Welborne to become deliverable, flexibility must be found elsewhere.

- 4.9 This causes the main change proposed in this submission, related to the nature of provision of Affordable Housing, and therefore conformance with Welborne Plan Policy WEL18. WEL18 states:

"Development at Welborne shall provide a total of 30% affordable housing.

Each residential phase of development shall be required to meet the target of 30% affordable housing provision unless a robust and transparent viability appraisal proving this not to be possible is accepted by the Council.

In exceptional circumstances where viability considerations require, the minimum affordable housing numbers on any phase will be 10% (subject to viability and the implications for other infrastructure) and the maximum required will not normally exceed 40%.

Where it is agreed that a residential phase will not meet the 30% target of affordable housing, the subsequent phase or phases will be required to meet that shortfall in addition to the 30% target if possible in viability terms.

The initial tenure split will be 70% affordable or social rent and 30% intermediate tenures. The tenure split will be kept under review phase by phase based on evidence of need and viability.

A range of affordable housing types, sizes and tenures shall be delivered within each residential phase. The precise number and mix of affordable homes within each phase shall be agreed with the Council, having regard to the nature of the phase to be developed, the identified need for affordable homes and its viability at the time the phase comes forward.

Approximately 15% of all affordable homes delivered within each phase of the development shall be designed to meet higher accessibility standards equivalent to the Lifetime Homes standards. The precise proportions shall reflect evidence of need at the time the phase comes forward and will be subject to the need to ensure that the phase remains economically viable.

Planning permission will be granted for affordable homes that are integrated with the market housing, within the overall limits set out, and are designed and will be constructed to the same or higher standards. Affordable housing may be clustered in small groups.

- 4.10 As can be seen in the underlined sections of the policy, whilst the aspiration of the policy is that 30% affordable housing is achieved on site, there is a clear understanding that this is subject to viability considerations. As demonstrated within the submitted Viability Statement, viability constraints are clearly present which prevent the delivery of 30% affordable housing on any phase, without additional grant funding being present. Therefore, it is considered that the proposed development is in conformance with the exceptions within this policy. Buckland remain committed to a Viability Review Mechanism that allows later phases of development to increase affordable housing provision, should viability considerations allow. However, as explained above, the parameters of this viability review mechanism need to be altered to reflect the additional contribution which Buckland is providing to the M27 J10 Improvements, and thereby reflect that Buckland will be making a significantly sub-market return throughout the development.
- 4.11 The Affordable Housing Mix is proposed to remain as presented at Planning Committee in 2019, 50% affordable rent and 50% intermediate tenures.
- 4.12 WEL17 – Market Housing sets out the requirement to deliver approximately 15% of all market homes as lifetime homes, or to an equivalent standard, subject to viability. WEL 36 sets out the requirement that 10% of dwellings will be built to Passivhaus Standard, again, subject to viability. As demonstrated within the submitted Viability Statement, viability constraints are clearly present which prevent the delivery of these items, without impact on the delivery of affordable homes or other infrastructure. Given both of these policies contain viability exceptions, it is clear that the proposed development, with the additional M27 J10 contribution, meets these exceptions. The

position regarding the delivery of these two dwelling types will be reviewed as a part of the viability review process.

- 4.13 In relation to the Biodiversity Enhancement Strategy, the most pertinent policy of the Welborne Plan is WEL31 - Conserving and Enhancing Biodiversity. This policy states:

The initial planning applications for development at Welborne shall be supported by a full ecological assessment to identify and address potential impacts on designated sites, priority habitats and protected species, within and immediately adjacent to the site boundary.

The ecological assessment shall clearly set out how biodiversity interests will be protected, and where possible enhanced. Given that the development of Welborne will take place over a long period of time, the ecological assessment should provide details of how it is intended that it is regularly updated to ensure that any mitigation measures required are effective.

Any adverse impacts to designated sites, priority habitats and priority and protected species should be avoided. If impacts are unavoidable, measures shall be put forward to ensure that impacts are appropriately mitigated, with compensatory measures used only as a last resort.

Proposals shall demonstrate how development contributes towards enhancing biodiversity through:

i. The implementation of the broad habitat types within Welborne's seminatural greenspace;

ii. Incorporating design features within the built environment to enhance biodiversity; and

iii. Enhancing ecological connections to other areas of natural greenspace off site.

- 4.14 The initial sections of this policy are satisfied by the detailed ecology information submitted as part of the Environmental Statement and other supporting information. The Biodiversity Enhancement Strategy focusses on the section emphasised above. The Strategy clearly demonstrates how reserved matters will enable the implementation of habitat types in a variety of contexts, not limited to proposed greenspace, and clearly indicates how design features will be utilised to enhance biodiversity. The requirement set out within the Biodiversity Enhancement Strategy for consideration of adjacent development parcels, and the formation of a 'jigsaw plan' enables reserved matters applications to clearly demonstrate how ecological connections will be established and maintained both off and on-site. Therefore, it is clear that all of the provisions of policy WEL31 have been considered and are met within the Biodiversity Enhancement Strategy, and thus this document is in conformance with this Welborne Plan policy.
- 4.15 Further, the Biodiversity Enhancement Strategy is also in full conformance with the provisions of the Draft Condition 10, as held within the Officer's report to Planning Committee of October 2019.

5. CONCLUSIONS

- 5.1 The Welborne OPA was considered at FBC Planning Committee in October 2019, in which a 'Resolution to Grant' decision was reached, subject to the signing of a S106 Legal Agreement. Since the Planning Committee, significant progress has been made in negotiating this agreement with all parties, including FBC and Hampshire County Council (HCC).
- 5.2 However, significant progress has not been made in relation to finding gap funding for the M27 J10 Improvements, despite efforts made. This has placed the delivery of the project in jeopardy, which has significant implications in regard to project programming, delivery and HCCs project sponsor position on the M27 J10 Improvements.
- 5.3 Given this, an alternative solution is needed, therefore Buckland are proposing an additional contribution of £20m to the M27 J10 Improvements (creating a total £40m contribution), which alters the viability assumptions and costings in which the OPA was considered at Planning Committee. This additional contribution also has an effect on the amount of affordable housing that the scheme can viably deliver, and the exact types of market housing which can be viably delivered. These changes are explained in detail within the Viability Statement which is submitted alongside this Supplementary Planning Statement. Other than these changes, no other changes are proposed to the OPA which was considered at Planning Committee in October 2019.
- 5.4 As demonstrated within this statement, these changes are in conformance with the viability exceptions within the policies of the Welborne Plan.
- 5.5 Alongside these changes to the viability parameters, this Supplementary Planning Statement also supports the submission of a Biodiversity Enhancement Strategy. This Strategy, drafted with input from FBC and HCC officers, clearly demonstrates how Biodiversity Enhancement will be secured at Welborne, and satisfies both the provisions within Welborne Plan policies as well as the Draft Condition 10, presented to Planning Committee in October 2019.
- 5.6 To enable FBC to determine this planning application in the above new viability context, and also given that some 11 months have passed since the planning committee, a review of the ES information submitted has been undertaken. This review is documented in the submitted Environmental Statement of Conformity, which concludes that no additional impacts have occurred since the Committee in October 2019.
- 5.7 Given the above, it is considered that the exceptional circumstances present provide clear justification to activate the viability exceptions within the Welborne Plan, and thus this OPA should be granted planning permission to ensure the swift and comprehensive delivery of Welborne.

APPENDIX 4:

WELBORNE VIABILITY STATEMENT

Welborne Garden Village – Viability Statement 17 December 2020

Original Offer

The Site Wide Viability Report (SWVR) that was submitted in support of Buckland Development Limited's outline planning application (P/178/0266/OA) concluded, on grounds of viability, that:

- The scheme should not be liable to pay the Community Infrastructure Levy (CIL)
- The developer contribution towards M27 Junction 10 costs is capped at £20m
- Affordable housing for the first 1,000 units should be 10%
- The affordable mix for the first 1,000 units is split 50/50 between affordable rent and intermediate tenures
- The scheme is unable to provide Passivhaus or Lifetime Homes for the first 1,000 homes

Despite the above, the Developer Return on Cost was calculated at 14.4% (significantly below market norms of 20% on Gross Development Value [GDV]), reflecting BDL's aspirations to deliver affordable housing where possible and desire to get the scheme underway delivering much needed homes.

A Viability Review Mechanism was proposed with the first review to take place after completion of the 1,000th residential unit and occur at a frequency of 750 unit completions thereafter, with additional affordable housing and other policy aspirations being delivered once BDL returns had reached normal market levels.

CBRE were instructed by Fareham Borough Council (FBC) to undertake a review of the SWVR and to review the costs contained within the Infrastructure Delivery Plan (IDP).

CBRE Viability Conclusions:

CBRE reviewed the SWVR and benchmarked the assumptions against market data. CBRE, also reviewed the inputs and outputs of the BDL financial model (the key tool for accessing the viability of the scheme). They analysed BDL's approach against guidance contained in the National Planning Policy Framework (NPPF) and the National Planning Policy Guidance (NPPG) regarding assessing viability for planning purposes.

CBRE concurred with the SWVR conclusions.

Current Position

Even though it is over 12 months since the Resolution to Grant was approved (16 October 2019) additional M27 funding has not been allocated and some existing funding (c£24m) has been reallocated elsewhere due to time constraints.

BDL has fully engaged with FBC, Hampshire County Council (HCC) and other organisations on completing the work required to sign the S106 agreement and expect to be able to sign shortly.

However, under the proposed planning conditions, works on site (other than for the M27 works) are not able to commence until full funding for the M27 works is identified.

Without the ability to start on housing and the other infrastructure work, BDL are unable to engage consultants for detailed design work for the first housing Reserved Matters Applications.

The local SME housebuilders are also unable to commit their resources to design schemes for which they cannot see certainty of delivery over the near future.

HCC may withdraw from acting as project sponsor for the M27 works and there is no guarantee that they will reengage if, and when, the funding issue is resolved in the future.

We can no longer wait for a solution to be delivered by others and, as local partners, BDL, FBC and HCC must together deliver a workable solution that can be implemented now.

Solution and Revised Offer

The solution that BDL propose is that the developer makes an additional contribution of £20m towards the M27 J10 works, resulting in a total developer contribution of £40m.

If the current HIF proposal of £30m can be confirmed on acceptable terms to FBC, then the works will be fully funded at a current cost estimate of £70m (£75m less £5m spent to date).

If HCC commit to delivering the scheme then, with the funding in place, a local solution would be achieved, something that the Secretary of State for Housing, Communities and Local Government has suggested is a desirable outcome.

With BDL increasing their contribution by an additional £20m, the viability modelling shows that affordable housing delivery would drop to 3% (0% if a normal market return were required) rather than 10% as in the current position.

However, BDL would be prepared to commit to a minimum affordable delivery of 10% across the scheme with a revised viability review mechanism.

We have had discussions with a local RP who should be able to make an early commitment to deliver an extra 10% (100 units) affordable housing during the first 1,000 units with an expectation that this level of support could continue over the life of the development.

BDL proposes the following offer:

- The scheme should not be liable to pay the Community Infrastructure Levy (CIL)
- The developer contribution towards M27 Junction 10 costs is capped at £40m
- Affordable housing should be 10% minimum
- The affordable mix is split 50/50 between affordable rent and intermediate tenures
- The scheme is unable to provide Passivhaus or Lifetime Homes
- Viability reviews held at 3,000, 3,750, 4,500, 5,250 and 5,750 dwellings

This will result in a Developer return on cost of only 1.5% which again reflects BDL's aspiration to deliver affordable housing above the level that is justified in viability terms.

The viability mechanism will now be as follows:

Revised Viability Mechanism

- The developer commits to provide a minimum 10% Affordable Homes
- **HIF Element**
 - A minimum developer return of 20% on Cost
 - 80% of any surplus above 20% on Cost will be used to repay the HIF funding (which repayment will be reinvested in on site affordable housing by FBC)

Once the HIF funding is fully repaid:

- **Planning Gain Element**
 - A minimum developer return of 20% on GDV
 - 50% of any surplus above 20% on GDV will be used to further boost the delivery of affordable housing up to a total of 30% including all other affordable
- Finance Rate – will be based on benchmarked prevailing market rates for the Cost of Capital appropriate for the project and will be reviewed on a regular basis
- The maximum affordable housing delivered will be 40% in any single phase and 30% overall
- Where any phase is able to deliver in excess of 30%, financial contributions may be made in lieu of onsite delivery subject to agreement by both parties
- The detailed workings of the mechanism will be secured in the S106 agreement

Attachments:

Viability models showing:

- Current Position – delivers 10% affordable with an initial developer return of 14.4%
- Current Position with extra £20m contribution – delivers 3% affordable with a developer return of 14.4%
- Proposed Position – delivers 10% affordable with an initial developer return of 1.5%