

SUPPLEMENTARY PLANNING STATEMENT

Welborne

June 2021

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.
2. This Supplementary Planning Statement supports, and should be read alongside, the Planning Statement submitted in September 2018 and the Supplementary Planning Statement submitted in December 2020 and the following submitted additional application documentation:
 - a. Viability Statement June 2021
 - b. EIA Statement of Conformity June 2021

Background

3. 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. Further updated documents and information was submitted at various intervals prior to the planning committee which was undertaken in October 2019.
4. 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. The design and delivery of the junction improvements is being led by Hampshire County Council (HCC) as 'Scheme Promoter'.
5. 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.
6. In January 2021, the OPA was presented again to Planning Committee, to consider Buckland's proposal to increase their contribution for the improvements to M27 J10 from £20m to £40m (and other, minor, planning application updates). This had associated implications in relation to viability, and thereby affordable housing provision. These changes were unanimously approved by planning committee, leading to a second 'Resolution to Grant' decision was reached, subject to the signing of a S106 Legal Agreement. Since this planning committee, significant progress has been undertaken with the S106 Agreement, and the agreement is nearing a position ready for signing.
7. In summary, the viability and affordable housing provision agreed at this planning committee was as follows:
 - 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.

- c. The developer will deliver a minimum of 10% affordable housing across the development of development, with a target of delivering 30% affordable housing across the entire development subject to the outcome of regular viability reviews;
- d. A viability review will be undertaken prior to the delivery of the 3,000th dwelling, and will be undertaken at 750 dwelling intervals thereafter, with a final review at 5,750 dwellings (ie. at 3,750, 4,500, 5,250 and 5,750 dwellings) which will agree the level of affordable housing for the next phases of development;
- e. 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 government funding, which in turn will be re-invested in affordable housing by FBC (subject to a decision by the Executive Committee);
- f. Following the repayment of government funding, 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;
- g. The delivery of Passivhaus and Lifetime homes will be reviewed as part of the viability review process.

M27 J10 Improvements and Funding

8. At the point of the January 2021 Planning Committee, whilst the funding position surrounding the M27 J10 was becoming clearer, there were still uncertainties regarding the exact nature and terms of the funding which would be allocated by Central Government, as well as the delivery agreement for the works with Hampshire County Council. Now, following tireless work by Fareham Borough Council, Hampshire County Council, Homes England, The Ministry for Housing, Communities and Local Government and the Buckland team, the funding situation is much clearer, and is nearing final agreement. In summary, the anticipated terms of this agreement are as follows:
 - a. £42m Housing Infrastructure Grant (HIG). This grant will be subject to a recovery mechanism (see paragraph 9, below);
 - b. £40m developer contribution;
 - c. Hampshire County Council to take role of Project Sponsor, and to take contractual responsibility for cost overruns. The developer will bear the overrun costs, up to a maximum cost of £10m (see paragraph 10, below).
9. The difference in the government funding package from January 2021 is the Housing Infrastructure Funding of £30m is anticipated to be replaced with HIG of £42m. The repayment mechanism will be on the same terms as outlined at the planning committee in January 2021, and set out at 7(e) above. Given the repayment mechanism creates a further cost liability onto the scheme, Buckland would require that any grant repayment would be recycled back into affordable housing delivery for Welborne. Without this recycling, the target delivery of 30% Affordable Housing at Welborne would be compromised. It is understood that this would require a decision from the Executive Committee of FBC, separate to any Planning Committee Decision.
10. Further to item 8(c) above, and following discussions with all parties, Buckland has agreed to provisionally provide up to £10m should unidentified costs be incurred after the point at which contracts have been let (ie. a contingency for unexpected costs during the construction period). Should this £10m be required, this would mean Buckland would provide a total of £50m to the M27 J10 (£40m as agreed at Planning Committee in January 2021 plus this extra £10m), which would have implications to the viability of the overall project. Therefore, Buckland proposes that, should any or all of this £10m be required, Buckland can trigger a viability mechanism. This is explained in more detail within the submitted Viability Statement, but in simple terms, should the cost overrun money be required, this would trigger a commensurate reduction of affordable

housing, in relation to the cost overrun. The result of this viability mechanism may be a reduction of the affordable housing provision below 10% for the scheme as a whole, should a cost overrun payment be required.

11. The proposal for cost overrun set out in paragraph 10 above was not considered at the January 2021 planning committee and will therefore, will necessitate a return to planning committee.

Planning Evaluation

12. There has been very limited formal planning policy update at a national level since the January 2021 Planning Committee. Minor changes have been made to the Planning Practice Guidance, but these are not material to the determination of this planning application. 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.
13. 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 calculated to cost £308m, based on a developer contribution of £20m to the M27 J10 improvements. Given the importance of the delivery of the 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, should additional funding be required for the Junction Improvements, flexibility must be found elsewhere.
14. 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.

15. 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, with a minimum of 10% in any phase, 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 (above the £42m identified to date).
16. Clearly, these viability constraints increase if the junction contribution from the developer is required to be increased from £40m to £50m. Therefore, should this additional £10m be required, a viability mechanism is justified to equalise the implications of this additional funding on the project. The constraints created by the additional junction payment would clearly justify a reduction in affordable housing, meeting the exception within this policy as underlined above.
17. It is also important to note that, at this stage, without an agreed cost overrun strategy, Hampshire County Council will not consent to being scheme promoter, and thus the entire funding strategy for M27 J10 (and thus the delivery of Welborne) would be in jeopardy. The need for Welborne, and the benefits in housing, economic and social growth in which it would deliver, clearly outweighs the potential for a reduced affordable housing contribution within the planning balance.
18. Further, Buckland remain committed to a separate Viability Review Mechanism that allows later phases of development to increase affordable housing provision, should viability considerations allow. The Affordable Housing Mix is proposed to remain as presented at Planning Committee in January 2021, 50% affordable rent and 50% intermediate tenures. Further, should the cost overrun contribution not be required, the affordable housing provision would remain as agreed at Planning Committee in January 2021.
19. Finally, to enable FBC to determine this planning application in the above new viability context, and also given that time has 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 January 2021.
20. Given the above, it is considered that the exceptional circumstances present provide clear justification to activate the viability exceptions within the Welborne Plan. The substantial benefits which Welborne would deliver, all of which have been set out in the previous committee reports and planning statements related to this planning application, significantly outweigh any potential reduction in affordable housing provision. Therefore, this OPA should be granted planning permission to ensure the swift and comprehensive delivery of Welborne, along with these benefits.