

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 July 2022

Portfolio:	Planning and Development
Subject:	Local Plan Examination Update
Report of:	Director of Planning and Regeneration
Corporate Priorities:	Providing Housing Choices Protect and Enhance the Environment Strong, Safe, Inclusive and Healthy Communities Maintain and Extend Prosperity

Purpose:

To receive an update on the Local Plan examination, to note the contents of the Inspector's Post Hearing letter and the 'focused consultation' on three technical evidence documents supporting the Fareham Local Plan 2037.

Executive summary:

The Fareham Local Plan 2037 (the 'Local Plan') is at examination stage and the hearings concluded in early April. In early June, the Council received a 'Post Hearings' letter from the Planning Inspector outlining her areas of outstanding concern and stating her findings on changes required to enable the Plan to proceed.

The Inspector's Post Hearing letter provides her findings on a number of areas where the Inspector has some concern. In some places, she has provided a clear steer on changes which she feels are necessary to achieve a sound plan. Some of these relate to sites, others to policy areas and one provides a choice to the Council.

The Inspector's Post Hearing letter contains her findings on three elements of the Local Plan housing supply which have implications for parts of the technical evidence base. These three elements are the removal of two allocations, pushing the housing delivery at Welborne Garden Village back a year and reducing the overall contribution from Welborne across the plan period.

The Inspector has asked that the implications of these changes are included in a revised Housing Supply Topic Paper and that, alongside a revised Affordable Housing topic paper and the Windfall Analysis Update paper (May 2022), the Council undertake a focused consultation on technical housing matters with those representors who either commented on the policy area or attended the hearing session on this matter. The Inspector has requested that the Council comment on

the consultation responses, instead of responding directly itself. Following the suggested three-week consultation and the receipt of the responses and Council comments, the Inspector will advise further on these matters.

The Inspector has requested a formal response from the Council on the Post Hearings letter and it is proposed to respond in early August after the focused consultation has concluded.

This report asks that Executive note the content of the Post Hearing letter and that the focused consultation on technical housing matters will begin shortly. This report also seeks delegated authority to respond in full to the Inspector's Post Hearing letter.

The report also sets out the likely next steps of Local Plan progression through to the end of the examination process and adoption.

Recommendation:

It is recommended that the Executive:

- (a) notes the content of the Inspector's Post Hearing letter;
- (b) notes the start of the focused consultation on the following three technical evidence papers:
 - i. The Housing Supply Topic Paper;
 - ii. The Affordable Housing Topic Paper; and
 - iii. The Windfall Analysis Update; and
- (c) authorises the Director of Planning and Regeneration, following consultation with the Executive Member for Planning and Development, to formally respond to the Post Hearings letter.

Reason:

To adopt the Local Plan following examination, in order to maintain and ensure an up-to-date Local Plan for the Borough for the period to 2037.

Cost of proposals:

The costs of consultation and adoption are covered within the existing staff budgets.

Appendix A: The Inspector's Post Hearing letter dated 6th June 2022

Background papers: The Housing Supply Topic Paper (July 2022)
The Affordable Housing Topic Paper (July 2022)
The Windfall Analysis Update (May 2022)

Reference papers: None

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Executive Briefing Paper

Date:	04 July 2022
Subject:	Local Plan Examination Update
Briefing by:	Director of Planning and Regeneration
Portfolio:	Planning and Development

INTRODUCTION

1. The Fareham Local Plan 2037 (the 'Local Plan') is at examination stage and the hearings concluded in early April. In early June, the Council received a Post Hearings letter from the Inspector (see Appendix A). This is the first feedback the Council has received since the hearings, other than requests for further information or clarifications.
2. The Post Hearings letter provides feedback from the Inspector including her findings on a number of changes necessary for the Plan to be found sound. The findings are on a range of matters; landscape designations, biodiversity net gain, local plan review and housing supply.
3. The Inspector has asked the Council to revise some of the technical evidence relating to housing supply to demonstrate the implications of her findings. She has requested that the Council then undertake a focused consultation on those topic papers.
4. The Council will need to formally respond to the Post Hearings letter, but it is considered appropriate to do so following the consultation, in early August.
5. This report details the findings in the Post Hearings letter, outlines the process for the focused consultation on technical housing supply matters, and outlines the likely next steps towards adoption of the plan.

POST HEARINGS LETTER - SUMMARY

6. The Post Hearings letter focuses on areas where the Inspector has concerns on the soundness of the Local Plan following the conclusion of the hearings in early April.

Habitats Regulation Assessment (HRA)

7. The Inspector has requested that the Council recalculate the nutrient budget for the Local Plan and update the HRA as necessary in response to the new guidance issued

by Natural England (NE) on nutrient neutrality. The Council has also been asked to update the Statement of Common Ground with NE accordingly.

Early Review of the Plan

8. In light of the ongoing Partnership for South Hampshire (PfSH) work on housing need and supply in the sub-region which is looking to identify Strategic Development Opportunity Areas (SDOAs) to address potential shortfalls in housing supply across partner authorities, the Inspector considers it necessary for the Council to include a commitment, that an early review of the Plan would be undertaken in the event that the work concludes the borough should make an additional contribution to sub regional unmet need.

Development Strategy – Policy DS3 Landscape

9. The Inspector does not feel that the evidence base supports the designation of Areas of Special Landscape Quality (ASLQs). She considers that it is difficult to understand how the scoring has been used to decide which areas of the borough should be taken forward for designation, and that is unclear how the overall match ratings have been determined based on the individual criteria assessed. Two options have been presented for the Council to consider; firstly, to delete the designation from the Plan and rely on policy DS3 as a borough-wide policy. The second way forward would be for a clear and robust paper to be prepared which revisits the areas of ASLQ and addresses the matters raised in her letter.

Housing Allocation – HA42 Land South of Cams Alders

10. The Inspector does not consider that the policy goes far enough to ensure that the proposal complies with Policy NE1 (Strategic Policy - Protection of Nature Conservation, Biodiversity and the Local Ecological Network), which aims to protect and enhance sites of nature conservation value. The Council has therefore been requested to draft a further site-specific requirement, referring to policy NE1 and the need for the proposal to demonstrate that there would be no significant effects on the SINC and that if there are such effects, that appropriate mitigation can be secured.

Housing Allocation – HA51 Redoubt Court, Fort Fareham Road

11. The Inspector has requested that the Council add a requirement to policy HA51 that the development should provide a landscaped buffer to the southern boundary with Longfield Avenue as well as to the south eastern boundary as specified in the existing wording.

Housing Allocation – HA55 Land South of Longfield Avenue

12. The Inspector concluded that she is satisfied that the principle of the allocation is soundly based. The remaining issue of concern relates to the treatment of the strategic gap. Retaining the strategic gap designation over those parts of the site which are to remain undeveloped is, in her opinion, justified. However, she considers its retention over areas indicated for development, to be contradictory and unnecessary. As such, the strategic gap boundary shown on the Policies map and the illustrative site plan included in Policy HA55, should be amended in line with the masterplan.

Housing Allocation – HA50 Land North of Henry Cort Drive

13. This site is also designated as within the strategic gap. The Inspector considers that the act of allocating this site for housing is acceptable, however its designation as strategic gap no longer serves a purpose and is unjustified. The designation should therefore be removed from the allocation site.

Policy NE2 Biodiversity Net Gain

14. This policy seeks to halt the loss of biodiversity and provide net gains in line with recently assented Environment Act 2021. Following detailed consideration of the justification for the policy at the hearing sessions in light of legislation, the Inspector now accepts the justification of the policy but wants the policy wording to reflect the need for a future Supplementary Planning Document alongside reference to requiring the net gain be in place for a minimum of thirty years, in line with the Environment Act.
15. The Inspector has also set out her findings in relation to housing supply which are set out in the following section.

POST HEARINGS LETTER - HOUSING SUPPLY

Inspector's findings

16. The Inspector has made her findings clear on three elements of housing supply which have implications for the Council's ability to demonstrate a rolling five year Housing Land Supply position across the plan period, as evidenced in the Housing Supply topic paper.
17. The Inspector's finding is that two housing sites should be removed from the Local Plan. The sites are FTC3 Fareham Station East (120 dwellings) and FTC4 Fareham Station West (94 dwellings). These sites are included in the current adopted Local Plan and remain undeveloped. They were proposed within the submitted Local Plan as developable sites likely to come forward in the later years of the Plan, years 10 to 16.
18. At the hearings, the Council was asked to demonstrate the evidence it had in relation to the sites' deliverability and information in relation to land ownership. The Council advanced details of its discussion with the landowners to date and the degree of certainty it has over the delivery of homes on the sites. However, owing to the uncertainties presented by the multiple ownership issues, including existing railway land, private land, a minerals storage facility and Fareham Fire Station, the Inspector does not consider that there is a realistic prospect of the sites becoming available during the Plan period. In her letter, the Inspector recommends that these sites should be removed from the supply.
19. Another area where the Inspector has made her position known is in relation to two elements of housing delivery at Welborne Garden Village. Welborne will make a significant contribution to housing supply within the Borough over the plan period, although the full delivery of the 6,000 homes will continue after the end of the plan period in 2037. There was considerable debate during the hearing sessions about the delivery and the build out rate assumptions for the site. Despite support from Buckland Development Ltd and their planning consultants at David Lock Associates, the Inspector's letter states that both assumptions are optimistic. The Inspector letter includes her findings on two elements of housing delivery at Welborne.

20. Firstly, she recommends that the site should be pushed back a year in the trajectory of housing supply over the plan period. This has the result of losing 300 homes from Welborne in the plan period (reducing from 3,610 to 3,310 dwellings) and importantly, 240 homes from the five-year supply between 2022/23 to 2027/28. As this letter is in the public domain, the implications of this are felt in the Council's ongoing five-year supply position for Development Management purposes.
21. Secondly, her finding is that the peak delivery rate should be no more than 260 dwellings (compared to 300 in the submitted Plan) to be applied. This has the effect of further reducing the supply from Welborne Garden Village by another 300 dwellings to 3,010 over the plan period.
22. The result of these three findings would be a loss of 814 dwellings from the plan housing supply over the Plan period. The Inspector has requested that the Housing Supply Topic Paper is updated to reflect these changes.

Further Updates to Housing Supply Position in the Revised Housing Supply Topic Paper

23. Housing supply is a matter that changes frequently as planning consents are granted and as houses are delivered. The submitted Local Plan had a housing supply with a base date of April 2021. Through the examination hearings, the Council was requested to present an up-to-date housing supply position as of April 2022.
24. In updating the position to April 2022, the additional permissions granted either by the Council or via the appeal process have been included in the supply position. Whilst the reduction of 814 homes referenced in paragraph 19 may initially sound significant, this is out of an overall supply of over 10,000 homes across the sixteen years of the plan. Moreover, as the housing supply has changed since the Plan was submitted and in particular has increased because of the number of homes granted permission via planning appeals during recent months. Therefore, the supply position has not reduced by 814 dwellings overall, it has reduced by 357 dwellings (from 10,594 in the submitted Local Plan to 10,237 at present).
25. Overall, the consequence of this reduction in supply is not considered significant for the progression of the Plan; the Council is still able to meet its housing need and make a measured contribution to unmet need in the wider sub-region, but it would mean a reduction of the contingency buffer from 11% to 7.1%. However, given that the Inspector has reviewed each element of the overall Local Plan supply and has made no further recommendations to remove sites or alter the delivery assumptions, there is a degree of comfort that the Inspector is likely to find this level of contingency acceptable as the Local Plan examination progresses.
26. Another outcome of the process of updating the housing supply position is that the number of homes delivered in the year 2021/22 is now known and can be compared against the level predicted for that same year in the submitted plan. By understanding this alongside updated information on housing delivery in the coming years from those sites with planning permission, the opportunity was taken to review the stepped requirement proposed in the submitted plan.
27. Members will recall that Local Plans can propose a lower requirement in early years of the plan (to be made up in later years) if certain criteria are met. Due to the recent history of low levels of housing delivery, largely in response to the nitrate neutrality issue as evidenced in our Housing Delivery Test Action Plan, the submitted Local Plan

contains a proposal to lower the requirement to 300 homes per year for the first three years, as opposed to the 541 homes required by the Government's standard methodology. If accepted, this would be the requirement that we are judged against in future Housing Delivery Tests. Given the updated supply position, the Housing Supply Topic Paper proposes an alteration to that stepped requirement, to reduce the requirement to 210 homes per year for the first two years of the plan period, to meet the same objective – gaining a Housing Delivery Test result of over 75% as quickly as possible. It is the receipt of test results lower than 75% that requires the Council to apply the presumption in favour of sustainable development and reduce the weight it assigns to its own Local Plan policies, which is why it is important to strive for test results higher than 75%, particularly in light of the Council's effort to prepare and in time, adopt a new Local Plan.

Other Housing Supply Topic Papers

28. The Affordable Housing Topic Paper was produced after a request of the Inspector during the examination hearings to set out the calculations of both need and supply in a particular manner. The consequence of a review of affordable housing need and the supply position is that the Local Plan is predicted to lead to the delivery of 2,727 affordable homes against a need of 2,783 homes over the plan period. This position is improved from the submitted Plan.
29. The Windfall Analysis Update Paper simply updates the Council's windfall assumptions since the data included in the published background paper in 2018. The number of homes delivered on sites not previously known to the Council, known as windfall, remains at 102 dwellings a year split across small and large sites. Windfall is one element of housing supply on which the Council can rely if it has compelling evidence such as it sets out in this topic paper.

NEXT STEPS

A Focused Consultation on Housing Supply Matters

30. The Inspector's Post Hearing letter states that the Council should undertake reviews to two pieces of technical evidence, namely the Housing Supply topic paper and the Affordable Housing topic paper, and together with the Windfall Analysis update paper (May 2022) the Council should undertake a three-week focused consultation with those representors who commented on the policy area or attended the hearing session on the matter of housing supply.
31. The focused consultation will be undertaken through direct communication with the identified parties, enclosing the three technical topic papers identified above. It is proposed that the focused consultation will begin on the 5th July 2022 and end on 25th July 2022.
32. Responses will be requested in writing by the deadline. The responses will come to the Council but be passed to the Inspector. The Inspector has requested that the Council provide a commentary on the responses received.

Council's Formal Response to the Post Hearing Letter

33. The Inspector has requested a formal response from the Council on the Post Hearings letter. Actions in relation to all findings are being progressed in consultation with the Executive Member for Planning and Development. It has been identified that the Council's response is likely to focus on issues of landscape, biodiversity net gain and the early Local Plan review.
34. In relation to housing supply matters, the Council is likely to want to respond in relation to Welborne start date and delivery rates. It may also be possible to provide further information to the Inspector which may be helpful to her in re-assessing her findings.
35. It is advised that the Council formally respond to the letter after the focused consultation on housing supply matters has concluded, to have the benefit of seeing the comments received on the focused consultation on housing supply matters and the necessary time to consider its preferred route on matters such as the landscape designations.
36. Delegation is sought to the Director of Planning and Regeneration, following consultation with the Executive Member for Planning and Development in order to formally respond to the letter.

Anticipated Modifications Process and further consultation

37. Following the focused consultation on housing supply matters, receipt of the Council's view on comments received during that consultation and the formal response from the Council on all aspects of the Post Hearings letter (see paragraphs 7-20), the Inspector will consider the way forward and advise accordingly. It is anticipated that, at that time, the Inspector will inform the Council on the full list of modifications she requires in order to conclude the plan is sound, known as 'main modifications'.
38. The Inspector has already requested that the Council begin preliminary work on a 'Schedule of Main Modifications', including changes that she has already requested through the examination process. There is also the opportunity for the Council to suggest any additional modifications, those of a factual or typographical nature, at this time. There is a requirement to consult on this Schedule of Main Modifications, and these modifications will form the basis of a future report into the Executive and full Council. The timescale for this is anticipated to be during the autumn of this year.
39. Following that modifications consultation, all responses are sent to the Inspector for her consideration. After that, the Inspector will issue her final report to the Council on her determination on whether the plan is sound, with the main modifications. Receipt of the report will conclude the examination process.

Anticipated adoption process

40. It will then be for the Council to decide whether to adopt the plan with the modifications the Inspector is requiring. The Council's Local Development Scheme sets out the approximate timescales for the progression of the Local Plan, suggesting that the new plan will be adopted in Autumn/Winter 2022. At this time, it is considered likely that adoption will be within this timescale.

CONCLUSION

41. The topic papers attached to this report will be the subject of a focused consultation on housing supply matters for a period of three weeks. To maintain progress at this stage,

it is recommended that the Executive notes the letter and the focused consultation and authorises a delegation to the Director of Planning and Regeneration, in consultation with the Executive Member for Planning and Development, to respond formally to the Inspector's letter in early August.

Enquiries:

For further information on this report please contact Gayle Wootton. (Ext 4328)