CABINET
Thursday 9 April 2015
PRELIMINARY ESTIMATES OF THE BOROUGH’S FUTURE HOUSING NEED AND SUPPLY TO 2036
Report of the Head of Regeneration & Planning Policy

Recommendation(s)

It is recommended that the preliminary estimates of the borough’s future housing requirements and potential land supply (2011-2036) are noted and that these estimates are agreed for the purposes of further testing in preparing the evidence base for the Local Plan.

Summary

On the basis of existing objective assessments of housing needs and the Planning Inspector’s Report on the Eastleigh Borough Local Plan 2011-2029, a preliminary indication of the borough’s housing requirements (2011-2036) has been obtained. This suggests that a housing requirement of 16,900 dwellings could be required within the borough between 2011 and 2036. This figure is questionable given the Council’s previously expressed concerns regarding the Inspector’s Report. More detailed work has now been commissioned to investigate the borough’s housing requirement further. A further report to Cabinet is expected in June 2015.

An interim update of the urban capacity for new housing in the period 2011-2036 has also been undertaken. Combined with the proposed allocations in the 2011-2029 Local Plan, it appears that additional greenfield sites may need to be identified to accommodate at least 6,600 new dwellings within the borough, as an approximate estimate. A full update of the borough’s Strategic Land Availability Assessment will commence shortly.

It is important to emphasise that these are very early indicative estimates of housing needs and land supply.

Statutory Powers

Planning and Compulsory Purchase Act 2004
Planning Act 2008
Localism Act 2011
Town and Country Planning (Local Planning) (England) Regulations 2012
Introduction

1. In accordance with the Council’s decision of 18 December 2014 and in response to the Planning Inspector’s preliminary conclusions on the Eastleigh Borough Local Plan 2011-2029, work has commenced on preparing a new local plan for the period 2011 to 2036.

2. This report provides members with a preliminary indication of the scale of housing development that may be required for the new Local Plan, on the basis of preliminary estimates of the borough’s future housing requirements and the potential supply of land.

Background

3. In support of the Eastleigh Borough Local Plan 2011-2029, a variety of evidence was collected and analysed on the housing requirements for Eastleigh Borough and the wider Southampton Housing Market Area. This evidence was summarised and reported in the Council’s Housing Background Paper of July 2014\(^1\). Taking this evidence into account, it was proposed that a minimum of 10,140 new homes should be built between 2011 and 2029 in order to meet the housing market area’s housing requirements. However the Eastleigh Borough Local Plan 2011-2029 was subsequently found unsound following its examination by the Planning Inspector, Simon Emerson. The Inspector considered that the Local Plan had failed to provide for the full objectively assessed housing needs of the borough (further details of the Inspector’s Report are covered in a separate agenda item).

4. In response to the outcome of the examination, the Council is in the process of preparing a new local plan that will cover a longer time period (from 2011 to 2036). This local plan will need to be informed and supported by a robust evidence base, including an objective assessment of the borough’s future housing requirement and a full update of the Strategic Land Availability Assessment. In particular, a new set of household projections with a base date of 2012 has just been released (February 2015) by the Department for Communities and Local Government (DCLG). These projections will need to be taken into consideration.

5. At this stage it is not possible to provide definitive conclusions on the borough’s future housing requirements. Further work is planned, to review the existing evidence in light of the 2012-based household projections and to investigate in detail the implications of the Planning Inspector’s findings. Physical and environmental constraints on accommodating development will need to be taken into account, as will the outcome of the Partnership for Urban South Hampshire’s update to the South Hampshire Strategy. The views of consultees, including the borough’s local communities, utility and infrastructure providers and the development industry will also be important.

Preliminary Indications of Future Housing Requirements

6. The Government’s Planning Practice Guidance (PPG) advises that the starting point for determining an area’s housing requirements is the latest population and household projections produced by the Office for National Statistics and the DCLG. A number of further questions should then be considered to see if an adjustment to these projections is necessary to fully determine an area’s future housing requirements. These questions relate to the projected demographic impacts of economic growth (particularly associated with a change in job numbers); market signals on the balance between the demand for and the supply of dwellings; and the total requirement for affordable housing.

7. In the context of this guidance, a number of information resources can be used to inform and provide an early indication of the borough’s future housing requirements over the period 2011 to 2036. These include:

(a) The Partnership for Urban South Hampshire’s Strategic Housing Market Assessment (the PUSH SHMA) (January 2014);


8. The Council has raised a number of concerns relating to the Inspector’s Report (item b) in the above list) which question its consistency with national planning policy and guidance. A letter dated 13 January 2015 was sent to the Minister of State for Housing and Planning and a detailed response is currently awaited from the DCLG. As such, the Inspector’s findings are discussed below on the understanding that they provide just one interpretation of the borough’s future housing requirement, which will be appraised and superseded by further work to underpin the new Local Plan.

9. The PUSH SHMA provides estimates of the overall need for housing within the Portsmouth and Southampton Housing Market Areas between 2011 and 2036. Results for individual local authority areas were also published in an appendix to the SHMA. Despite their limitations (which are discussed below) the SHMA results for Eastleigh Borough warrant attention in light of the Planning Inspector’s conclusions that the district-level figures provide a reasonable starting point for determining the borough’s housing requirement (see paragraph 13, Eastleigh Borough Local Plan Inspector’s Report, February 2015). Accordingly, Table 1 (below) presents the SHMA’s range of estimates, based on different demographic and economic projection scenarios, for overall housing need within Eastleigh Borough.
### Table 1: Estimates of housing need (2011-2036) for Eastleigh Borough from the PUSH SHMA (January 2014)

<table>
<thead>
<tr>
<th>Name of projection scenario</th>
<th>Overall Housing Numbers (2011-2036)</th>
<th>Housing Numbers per annum (2011-2036)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJ 1 (Sub-National Population Projections (SNPP))</td>
<td>11,839</td>
<td>474</td>
</tr>
<tr>
<td>PROJ 2 (SNPP adjusted for the 2011 Census)</td>
<td>13,898</td>
<td>556</td>
</tr>
<tr>
<td>PROJ 3 (10-year migration trends)</td>
<td>11,795</td>
<td>472</td>
</tr>
<tr>
<td>PROJ 4 (5-year migration trends)</td>
<td>14,146</td>
<td>646</td>
</tr>
<tr>
<td>PROJ A (Jobs baseline)</td>
<td>16,159</td>
<td>646</td>
</tr>
<tr>
<td>PROJ B (Residents in employment)</td>
<td>16,756</td>
<td>670</td>
</tr>
<tr>
<td>PROJ X (Zero net migration)</td>
<td>4,777</td>
<td>191</td>
</tr>
<tr>
<td>PROJ Y (Zero employment growth)</td>
<td>5,914</td>
<td>237</td>
</tr>
<tr>
<td>PROJ Z (Past completions)</td>
<td>12,863</td>
<td>515</td>
</tr>
<tr>
<td>PROJ 2A (2008-based headship)</td>
<td>16,937</td>
<td>677</td>
</tr>
<tr>
<td>PROJ 2 (Midpoint of 2011-based and 2008-based headship)</td>
<td>15,375</td>
<td>615</td>
</tr>
</tbody>
</table>

Source: Appendices U & V of the PUSH South Hampshire SHMA (January 2014)

10. The PUSH SHMA concluded that the scenario entitled: PROJ 2 (Midpoint of 2011-based and 2008-based headship) was the most robust demographic-based projection of future needs for the Southampton and Portsmouth Housing Market Areas. Subject to a consideration of physical and environmental constraints, Table 1 suggests that this could involve an overall
housing requirement of 15,375 new dwellings (615 dwellings per annum) for Eastleigh Borough by 2036.

11. The DCLG has recently released a new set of 2012-based household projections for England. These projections suggest an increase of 12,762 households within Eastleigh Borough between 2011 and 2036, based on past demographic change and rates of household formation. This is a lower figure of household growth than many of the scenarios in Table 1 and will require further investigation in preparing the evidence for the new Local Plan.

12. The Planning Inspector’s Report on the Examination into Eastleigh Borough Council’s Eastleigh Borough Local Plan 2011-2029 provides a further interpretation of what the borough’s future housing requirements could be. According to the Inspector, the starting point for the borough’s housing requirements (i.e. the evidence from demographic projections) indicates that as a minimum between 550 to 615 dwellings should be provided per annum (paragraph 25, Eastleigh Borough Local Plan Inspector’s Report, February 2015). This conclusion was reached on the basis of the PUSH SHMA conclusions and a further housing needs study by Justin Gardner Consulting, which was commissioned by the Council as part of the evidence base for the 2011-2029 Local Plan.

13. The Council disputes the validity of the Planning Inspector’s conclusions on the borough’s housing requirement in terms of the PUSH SHMA. This is because the borough level figures do not relate to an entire housing market area in accordance with national policy and were noted to be less robust (see paragraph 1.25 of Appendix U to the PUSH SHMA). Notwithstanding these concerns, the Planning Inspector’s conclusions would suggest that the starting point for the borough’s overall housing requirement could be between 13,750 and 15,375 dwellings over the period 2011-2036.

14. In accordance with the PPG, this is only the Inspector’s recommended starting point for determining the borough’s housing requirement. After hearing the evidence presented by the Council and by objectors to the Submitted Eastleigh Borough Local Plan 2011-2029, the Inspector indicated that a further increase to the demographic-based projections could be justified as a result of:

- Market signals for Eastleigh Borough;
- The affordable housing requirement for Eastleigh Borough;
- A shortfall in housing supply in the Southampton Housing Market Area between 2011 and 2026.

15. The Inspector’s Report does not however include quantified overall conclusions on the borough’s housing requirements for the period 2011-2029. This is partly because the range of housing requirements that would result

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from an uplift to the demographic projections would need to be tested through Sustainability Appraisal to ensure that they would be capable of being delivered in a sustainable manner. However, the Inspector was also equivocal on the implications of market signals and did not offer any estimate of the increase in housing supply that would, in his opinion, enable the Council to take full account of the borough’s affordable housing requirement.

16. With regard to market signals, the Inspector suggested that the Council should explore an uplift to demographic projections that is compatible with the “modest” market pressure recognised by the SHMA. An increase of 10% was suggested as one option to be explored (paragraph 41, Eastleigh Borough Local Plan Inspector’s Report, February 2015), although this figure does not appear to be wholly justified by evidence and is still a matter for debate and further investigation. Nevertheless, if this 10% uplift were to be accepted for the new Local Plan, this would give a borough-wide housing requirement of between approximately 15,100 and 16,900 new dwellings (to the nearest 100 dwellings, 2011-2036). The Inspector’s comments suggest that he considered a figure towards the upper end of the range would be the most robust approach for determining housing needs (paragraph 25, Eastleigh Borough Local Plan Inspector’s Report, February 2015).

17. Further work now needs to be undertaken to consider in more detail the remaining implications of the Inspector’s Report concerning affordable housing, the 2012-based household projections from the DCLG and other relevant evidence on the borough’s future housing requirements. The results of this work will be reported to a future Cabinet meeting and will need to be tested through Sustainability Appraisal, Habitats Regulations Assessment and Transport Assessment processes. They will also inform discussions with other local authorities in south Hampshire as part of the Council’s duty to co-operate on planning issues such as housing provision. At this stage, the overall figure for the borough’s future housing requirements could be greater or less than 16,900 new dwellings in the period 2011-2036.

Preliminary Indications of Future Land Supply

18. The Council’s SLAA is prepared in order to assess and identify a future supply of land which is both deliverable and developable. It was last updated in July 2014 to support the submitted 2011-2029 Local Plan. A full review of the SLAA will need to be undertaken in due course to inform the preparation of the new 2011-2036 Local Plan. In advance of this review, the Council has re-considered the housing potential and capacity in the urban areas of the borough. Greenfield sites will only be re-considered as part of the full SLAA review. In the meantime, ahead of this full review the estimated capacity of greenfield sites from the July 2014 version of the SLAA has been used in this report.

19. The Inspector’s report stated that the SLAA appears to have been comprehensive in its approach to identifying potential sites. However he also found the Council’s approach to be unjustified in relation to its assessment of certain sources of supply. (paragraphs 59-82, Eastleigh Borough Local Plan Inspector’s Report, February 2015).
20. In relation to urban supply the Inspector considered the approach of the SLAA unjustified in some areas. He thought the allowance for residential development in Eastleigh town centre and Hedge End, West End and Fair Oak district centres focused on physical capacity rather than providing evidence of the reasonable prospects of deliverability (paragraph 61, Eastleigh Borough Local Plan Inspector’s Report, February 2015).

21. He also identified a minor inaccuracy between the threshold set for site assessment and the unidentified small site allowance which should be corrected (paragraph 62, Eastleigh Borough Local Plan Inspector’s Report, February 2015).

22. Finally he commented on the Council’s approach to including an allowance for unidentified (windfall) sites. Whilst he found the Council’s approach in years 3-5 justified, he had concerns relating to this allowance from year 6 onwards. He suggested that the discount applied should be increased from 10% to 25% for year 6 onwards to allow for uncertainty of small sites continuing to come forward (paragraph 63, Eastleigh Borough Local Plan Inspector’s Report, February 2015). Further, to accord with national policy, garden land should also be excluded from this source of supply (paragraph 64, Eastleigh Borough Local Plan Inspector’s Report, February 2015).

23. By taking account of the Inspector’s conclusions above, the supply position in urban areas has been recalculated. It’s important to note that this re-calculation only represents an indicative position. Further work to assess residential capacity alongside the Council’s aspirations for Eastleigh town centre and the district centres will need to be undertaken, along with consideration of trends to ensure the small site allowance can continue to be justified. It is also important to note that a full review of the SLAA will shortly commence, including an assessment of greenfield sites.

Preliminary implications for 2011-2036 Local Plan

24. By comparing the early indications of the borough’s future housing requirements for 2011-2036 to the interim update of the Council’s urban capacity (see Appendix 1) and the previous estimates of greenfield capacity in the 2014 SLAA, an indication of the requirement for additional development sites can be ascertained. For the purposes of providing an interim calculation, it has been assumed that all of those sites already identified in the adopted Eastleigh Borough Local Plan Review 2001-2011; through planning permissions; and other sites with recognised development potential, along with all of the allocations of the Eastleigh Borough Local Plan 2011-2029 form part of the housing land supply. The July 2014 estimates of greenfield capacity will be updated in a full review of the SLAA.

25. The interim update of urban capacity in Appendix 1 has estimated that the borough’s urban areas could accommodate around 4,400 new dwellings over the period 2011-2036. Previous estimates of greenfield capacity have been used to identify a supply of a further 5,901 new dwellings (2011-2029). In comparison with a preliminary future requirement of up to 16,900 new dwellings, this means that sites may need to be identified within the new local
plan 2011-2036 to accommodate approximately 6,600 new dwellings. This requirement may change, given the potential for additional requirements to fully recognise the borough’s affordable housing needs, address market signals and to meet some of the shortfall in housing land supply to 2026 across the Southampton Housing Market Area.

Financial Implications

26. None arising from this report.

Risk Assessment

27. If the Council does not have a robust assessment of the borough’s housing requirements, or has not identified a supply of land that is suitable, available and achievable to meet these requirements, there is a high risk that the Local Plan would be found unsound and could not progress to adoption. Preliminary estimates of the borough’s future housing requirements and land supply provide a starting point for a more detailed work and a robust assessment.

Equality and Diversity Implications

28. The Equality Act is not relevant to the decision in this report as the decision does not relate to eliminating discrimination, advancing equality of opportunity, or fostering good relations between different people. An Equality Impact Assessment has not been carried out.

Conclusion

29. For the reasons given in this report, the borough’s future housing requirements to 2036 cannot be fully determined at this stage. However, preliminary indications are that up to 16,900 dwellings may be required. More detailed appraisals of the existing and emerging evidence will now be undertaken and will be reported to a future Cabinet meeting. It is anticipated that the outcomes of these appraisals will be available for reporting to Cabinet in June 2015.

30. At this early stage in the plan-making process, initial assessments of the future supply of housing land within the borough which is both deliverable and developable suggest that there is capacity in the borough’s urban areas and on committed greenfield sites for approximately 10,300 dwellings in the period 2011-2036. By comparing this to the indicative requirement of around 16,900 additional dwellings, it appears that additional development sites will need to be identified by the Eastleigh Borough Local Plan 2011-2036. New greenfield sites may need to be identified to accommodate at least 6,600 new dwellings, as an approximate estimate. It is important to emphasise that this is only an early indicative estimate and is subject to more detailed assessments.

31. Further work on the new Local Plan will provide certainty on both the extent of the borough’s future housing requirements and the potential supply of housing land within the borough. A full review of the Council’s SLAA will be necessary in order to identify strategic options for public consultation. In the meantime,
the potentially significant additional needs arising will require the Council to engage with developers, land owners and the local community at the earliest opportunity.

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Appendices Attached: 1
Report No PP000153

LOCAL GOVERNMENT ACT 1972 - SECTION 100D

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

South Hampshire Strategic Housing Market Assessment (SHMA) (Final Report), Partnership for Urban South Hampshire, January 2014

Strategic Land Availability Assessment (SLAA) (Background Paper G4), Eastleigh Borough Council, July 2014