

Housing Land Supply Assessment

On behalf of Bargate Homes.

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1. Introduction

- 1.1. Pegasus Group has been instructed by Bargate Homes to review the current five-year housing land supply (5YHLS) position in East Hampshire insofar as this is likely to be relevant to the progression of planning applications.

- 1.2. This Review has been prepared following the publication of the revised National Planning Policy Framework in December 2023, and in the context of a recent appeal decision for land at Mount Royal, 46 Lymington Bottom, Four Marks, Alton (Appeal Ref: APP/M1710/W/23/3329928).

2. The housing land supply requirement

The area of assessment

- 2.1. The Development Plan for East Hampshire includes the Joint Core Strategy (JCS) which was adopted in May 2014, and which covered the entirety of East Hampshire including the parts within the South Downs National Park (SDNP). However, the SDNP Authority then adopted the SDNP Local Plan which supersedes the JCS in that part of the plan area. Accordingly, the JCS only remains part of the Development Plan in East Hampshire excluding the parts in the SDNP. The District Council has also adopted the Housing and Employment Allocations Plan which again covers only the parts of East Hampshire outside of the SDNP. Therefore, the Development Plan is which applies to the District excluding the SDNP is distinct from that of the SDNP.
- 2.2. In this context, the Housing and Employment Allocations Plan sets out that the 5YHLS is now to be assessed separately within the two parts of the district, and this would appear appropriate given that the policies which would be rendered out-of-date in the absence of a 5YHLS are distinct in each of these parts of the district.
- 2.3. This position was agreed by the Council in the signed Statement of Common Ground (SoCG) for the Four Marks appeal.

Status of the Adopted Local Plan

- 2.4. Paragraph 76 of the revised NPPF states that local planning authorities are not required to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing for decision making purposes if the following criteria are met:
 - a. their adopted plan is less than five years old; and
 - b. that adopted plan identified at least a five year supply of specific, deliverable sites at the time that its examination concluded.
- 2.5. As the East Hampshire Local Plan is greater than five years old, the provisions of paragraph 76 do not apply in this case.

Housing Need

- 2.6. Paragraph 77 of the NPPF explains that the supply should be demonstrated against either the housing requirement set out in adopted strategic policies, or against the local housing

need where the strategic policies are more than five years old. Where local housing need is used as the basis for assessing whether a five year supply of specific deliverable sites exists, it should be calculated using the Standard Method set out in national planning guidance

- 2.7. For East Hampshire the adopted housing requirement is more than five years old and therefore the housing land supply should be assessed against the minimum local housing need of 464hpa as calculated using the Standard Method¹. This was agreed by all parties in the Four Marks appeal.

Application of a Buffer

- 2.8. The revised NPPF has removed the requirement that the supply of specific deliverable sites should in addition include a 5% buffer.
- 2.9. Paragraph 79 of the revised NPPF confirms that where the Housing Delivery Test (HDT) indicates that delivery has fallen below 85% of the local planning authority's housing requirement over the previous three years, the authority should include a buffer of 20% to their identified supply of specific deliverable sites as set out in paragraph 77 of the framework.
- 2.10. East Hampshire is not an authority with a record of significant under-delivery, recording a result of 112% in the latest HDT results published in December 2023, and therefore a 20% buffer does not need to be applied.

Taking account of past delivery

- 2.11. Paragraph 77 of the revised NPPF states that National Planning Guidance (PPG) provides further information on calculating the housing land supply, including the circumstances in which past shortfalls or over-supply can be addressed.
- 2.12. However, the PPG remains unchanged from that at the time of writing of the Briefing Report in November 2023. The PPG identifies that when using the standard method, there is no requirement to take account of past delivery as this is already accounted for within the affordability adjustment within the Standard Method.

¹ East Hampshire excluding the South Downs National Park

The current 'five-year' housing requirement

- 2.13. The current five-year requirement is therefore **2,320** dwellings (464x5).

Status of an Emerging Plan

- 2.14. Paragraph 77 of the revised NPPF requires that local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide either a minimum of five years' worth of housing, or a minimum of four years' worth of housing if the provisions in paragraph 226 apply.
- 2.15. Paragraph 226 explains that certain local planning authorities will only be required to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of four years' worth of housing against the housing requirement set out in adopted strategic policies, or against local housing need where the strategic policies are more than five years old. This policy applies to those authorities which have an emerging local plan that has either been submitted for examination or has reached Regulation 18 or Regulation 19 (Town and Country Planning (Local Planning) (England) Regulations 2012) stage, including both a policies map and proposed allocations towards meeting housing need. These arrangements will apply for a period of two years from the publication date of the revision of the Framework (i.e. until 20th December 2025).
- 2.16. National Planning Practice Guidance was updated on 5 February 2024 to make it clear that the new four-year housing land supply target for councils with advanced draft local plans should be measured against a five year rather than four year housing requirement. (PPG ID 68-05520240205)
- 2.17. In February 2019 the Council published a Regulation 18 draft Local Plan for the period 2017–2036. This included both a 'policies map' and proposed allocations towards meeting housing need.
- 2.18. However, at Full Council in May 2022, the Leader of the Council confirmed suspension of the Local Plan preparation and to return to Regulation 18 consultation later in the year, due to the need to revisit the emerging Local Plan in response to further changing government guidance and increased housing requirements. It was considered that further early-stage consultation would also allow the emerging Local Plan to better address climate change and strive towards net zero carbon development.



- 2.19. A Regulation 18 (Part 1) – Issues & Priorities consultation was held from 21 November 2022 to 16 January 2023 on a draft Local Plan for the period 2021 to 2040.
- 2.20. On 22 January 2024 the Council commenced a Regulation 18 consultation on the draft Local Plan 2021-2040. The consultation draft includes allocations towards meeting the housing need, and a policies map. Therefore, in accordance with NPPF paragraph 226, East Hampshire need only demonstrate a minimum of a four-year supply of deliverable housing sites.

3. The deliverable supply

- 3.1. In October 2023 the Council published a Five-Year Housing Land Supply Position Statement (5YHLSPS), with an addendum published in February 2024 to update it for the revision to the NPPF.
- 3.2. Using the net housing figures, the updated 5YHLSPS assessment presents that position at 1st April 2023. East Hampshire consider a total of 2,198 homes are deliverable in the 5-year period, which equates to a 4.74 years supply, which equates to an ‘over-provision’ of 342 dwellings ‘for decision-making purposes only.’
- 3.3. The Council position was maintained at the recent Four Marks appeal, whereas the appellant found the supply to be only 3.59 years based on their assessment of supply totalling 1,664 homes, a difference of 534 homes between the two parties.

Errors within the Council’s assessment

- 3.4. The 5YHLSPS published in October 2023 identifies a deliverable supply of 2,198 homes. However, Appendix E of the 5YHLSPS identifies that the deliverable supply arising from large sites with detailed planning permission sums to 892 homes rather than the 1,096 identified in Table 5.
- 3.5. Therefore, once the supply is calculated as set out in the remainder of the 5YHLSPS, there is a deliverable supply of 1,994 homes rather than the supply of 2,198 identified in Table 5, as set out in Table 3.1 below.

Table 3.1 – corrected supply of the Council

	Table 5	Corrected
Five-year requirement	2,320	2,320
Large sites with detailed planning permission	1,096	892
Large sites with outline planning permission	416	416
Small sites with planning permission	231	231
Local Plan Allocations	147	147
Neighbourhood Plan Allocations	15	15
Other identified deliverable sites	94	94
C2 uses	87	87
Windfalls	112	112
Total supply	2,198	1,994

- 3.6. The 5YHLSPS issued for the For Marks appeal seems to correct this error but is still dated October 2023. The Inspector to the appeal acknowledged this error, but agreed with the Appellant that 204 dwellings should be discounted from the supply:

60. The Council at the Inquiry stated that the trajectory in their Appendix E was erroneous as it showed large sites being phased incorrectly to include only sites under construction rather not what was expected from them. Whilst the Council suggest that the 1,096 figure is valid, they confirmed at the Inquiry that at the present time no 'pro-forma' questions are sent to the particular house builders or any other written communications with developers, rather it is derived from officers opinion. There was no written evidence to support the trajectories. Moreover, the District Council do not do their own monitoring rather it is undertaken by the County Council which further distances their officers from understanding the sites constraints and the County Council did not submit evidence to the Inquiry on this matter.

61. Whilst the District Council offered reassurance about the genuine assumptions to the trajectories, there was no evidence from the housebuilders themselves, which is particularly important as they are in clear positions to understand their own site and its particular constraints. The Framework glossary refers to the need for clear evidence to demonstrate the deliverability, and accordingly I cannot conclusively conclude that any more than 892 dwellings are deliverable, and so 204 dwellings should be deleted from the supply.

- 3.7. The Four Marks Inspector also agreed with the Appellant's assessment of delivery on a number of sites.
- 3.8. Land East of Horndean (55562/005) – this site benefits from outline planning permission with two undetermined applications for the approval of reserved matters. The Appellant advised that the Council's Environmental Health Officers are concerned about ventilation, their Policy team have concerns about the design of the scheme and the Highway Authority have objected as well as the Parish Council. A reserved matters scheme has been submitted but is undetermined. Therefore, the submitted evidence does not clearly show this is deliverable in the time period and 200 dwellings should be deleted from the supply.
- 3.9. The Mill Chase Academy site is allocated for development, whilst a permission was granted there are various conditions including pre-commencement, which have yet to be discharged. The Council suggest that this should be completed within 5 years, with a rate of 50 dwellings per year, however this is not clearly substantiated. Moreover, it does not compare with other large sites, where the build rate is typically 30 dwellings per year which appears realistic. Therefore 57 dwellings should be deleted from the supply.
- 3.10. The Alton Neighbourhood Plan allocates a site by the Manor House for 15 dwellings. Whilst this was granted permission on appeal in June 2023, at the agreed base date of 1 April 2023

this did not have permission and so would be erroneous to include: a firm base date is needed as permissions will contribute to supply and so can be added but equally completions will need to be accounted at the same time which lead to the supply being diminished. As a result, 15 dwellings should be deleted from the Council's supply. In addition 5 dwellings should be removed from 'other identified deliverable sites' because they also relate to the above appeal site.

3.11. The Inspector also commented on the Council's windfall allowance.

The PPG also states a windfall allowance may be justified. Paragraph 72 of the Framework confirms the need for compelling evidence and any allowance should be realistic having regard to strategic land availability assessment, historic windfall and expected future trends. The Council include 112 dwellings as a foreseen windfall allowance. However, this is in addition to small sites with planning permission. In the two years 2026/27 and 2027/28 this would indicate 102 dwellings which far surpasses the windfall completions to date which the Appellant quantifies at 58 dwellings per year¹¹. I therefore find that there is not compelling evidence to assume greater than historic delivery and therefore 53 dwellings should be deleted from the supply.

3.12. In conclusion the Inspector assessed the supply at 1 April 2023 to be **3.59 years** based on the particular evidence before this Inquiry.

3.13. Pegasus Group concur with the Inspector's assessment, but also suggest there are further adjustments to the 5YHLS which should be taken into account.

3.14. When calculating the supply arising from C2 uses, the Council has not applied the correct conversion rate as required by the PPG. Once this has been corrected, there should actually be a supply of 93 homes from this source rather than the 87 identified in the 5YHLS, an increase to the supply of 6 homes.

3.15. Whitehill Chase, Whitehill & Bordon (WHI-028) – this site gained full planning permission (ref. 36216/008) after the base-date of the assessment on 25th April 2023. Consistent with Four Marks appeal Inspector's conclusion on the Alton Neighbourhood Plan allocated site by the Manor House, sites which also post-date the base-date, the site at Whitehall Chase should not be included in the deliverable supply. Accordingly, the supply should be reduced by 50 homes.

3.16. In addition, Pegasus Group question the assumed lapse rate for small sites. The 5YHLS suggests that using different methodologies either 3.43% or 8.9% of planning permissions on small permitted sites have lapsed on average per year to justify the application of a 5% deduction to the supply from small permitted sites. However, this has been miscalculated.

In reality, the sites which benefit from extant planning permission at any point in time could lapse at any point in the following three years rather than only in the first year as assumed in the Council's methodology. Once this is taken into account, based on the information provided in Appendix J, on average 10.0% of homes on small permitted sites have lapsed. It should be noted that this is very low compared to that which has occurred in other LPAs, but nonetheless even on this basis it would be appropriate to reduce the supply from small permitted sites by 10% rather than by 5%, which has the effect of reducing the supply of the Council by 12 homes.

The Total Supply

- 3.17. Table 3.2 below presents the respective positions of 5-year deliverable supply of the Council, that concluded by the Four Marks appeal Inspector and that of Pegasus Group.

Table 3.2 – The respective positions on the deliverable supply

Component of Supply	5-year supply		
	Council 5YHLSPS	Four Marks Appeal Inspector	Pegasus Group
Large sites with detailed planning permission	1,096	892 (-204)	892 (-204)
Whitehill Chase (WHI-028)	50	50	0 (-50)
Land east of Horndean (55562/005)	200	0 (-200)	0 (-200)
The Mill Chase Academy	147	90 (-57)	90 (-57)
Alton Neighbourhood Plan	15	0 (-15)	0 (-15)
Windfall Allowance	112	59 (-53)	59 (-53)
Small Sites total with appropriate lapse rate	231	231	219 (-12)
Other identified deliverable sites	94	89 (-5)	89 (-5)
C2 assumption	87	87	93 (+6)
<i>Total Adjustment</i>		-534	-590
TOTAL SUPPLY	2,198	1,664	1,608
Requirement (464 pa)	2,320	2,320	2,320
5YHLS	4.74	3.59	3.47
<i>surplus/shortfall against 4 years</i>	342	192	-248

4. Conclusions

- 4.1. The recent appeal decision at Four Marks has concluded the Council is unable to demonstrate a four year housing supply in accordance with paragraph 77 of the NPPF, being at only 3.59 years.
- 4.2. Analysis by Pegasus Group indicate that current deliverable supply should be further adjusted to be consistent with guidance, and the Four Marks appeal decision, such that the supply is actually only **3.47** years.
- 4.3. In such circumstances:
- 1) The most important policies for determining residential planning applications are out-of-date as set out in footnote 8 and paragraph 11d of the NPPF.
 - 2) Planning permission should be granted unless either footnote 7 policies provide a clear reason for refusal, or any adverse impacts would significantly and demonstrably outweigh the benefits.
 - 3) The weight afforded to conflicts with the policies of the adopted Development Plan will need to be materially reduced, as it will be necessary to allow developments that do not comply with these policies in order to restore a four-year housing land supply.
 - 4) Increased weight should be afforded to the provision of housing given that there is a need for additional housing to restore a four-year housing land supply.
- 4.4. It is acknowledged on adoption of the new Local Plan the Council will be exempt from having to identify a 5YHLS for at least 5 years subject to it meeting the provisions of NPPF paragraph 76.
- 4.5. The Council's latest Local Development Scheme (LDS) was published in July 2023. This indicates that the new Local Plan is expected to be adopted in September 2025. Should the timetable slip, the Council will not benefit from the provisions of paragraph 226 beyond December 2025. Therefore, the shortfall in housing delivery is likely to persist for some time without further intervention.

Town & Country Planning Act 1990 (as amended)
Planning and Compulsory Purchase Act 2004

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