

HOUSING DELIVERY TEST ACTION PLAN



HOMES

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SOUTHAMPTON
CITY COUNCIL

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Executive Summary

1. The Housing Delivery Test is an annual monitoring test undertaken by Government to see if the number of homes being delivered in each local authority area over a rolling three-year period matches the authority's housing target for the same period. If housing delivery falls below 95% of the overall target then consequences are applied, as specified in the National Planning Policy Framework (NPPF)¹, to try and remedy this.
2. Since the first Housing Delivery Test (2018 measurement) was published, Southampton had regularly exceeded 100% delivery each year as show in Table ES.1. However, in January 2024 the 2022 measurement covering the monitoring years 2019-20, 2020-21 and 2021-22 was published, which indicated that delivery had fallen to 75% of the overall housing target for that period. This means that to comply with the consequences as set out in the NPPF, Southampton City Council is now required to apply a 20% buffer to its five year housing land supply calculations and to prepare this document, an Action Plan that explores the reasons why housing delivery has fallen below required levels and sets out actions to improve delivery levels in the future.

Table ES.1: Southampton's Housing Delivery Test results since the Test was first introduced

Measurement Year	Result	Consequence
2018	120%	None
2019	149%	None
2020	129%	None
2021	138%	None
2022	75%	Apply 20% buffer and prepare Action Plan

3. The reasons why housing delivery can fall below required levels can be complex, interlinked and multi-faceted. It is important to note that many of these reasons can lie outside of the Council's control and there is a responsibility for all stakeholders involved in housing delivery, including the Council, other public bodies, landowners, developers, and infrastructure providers, to work together to address these.
4. It is also important this result is seen in context with many local authorities in the south Hampshire sub-region having seen reductions in their performance in the Housing Delivery Test 2022 measurement. Notably, delivery has now fallen below 95% for the majority of member authorities of the Partnership for South Hampshire.
5. The Council has identified the key barriers to housing delivery that may have contributed to the result recorded in the Housing Delivery Test 2022 measurement. These include:
 - Post- commencement delays on some strategic sites which were expected to deliver homes during the years covered by the 2022 measurement. In addition, some of the residential towers proposed on these strategic sites are no longer being brought forward by the developer for reasons including viability and changes in buyer preferences away from apartments.
 - National planning policy changes impacting the way housing need is calculated meaning Southampton's housing target has increased significantly to levels above that planned in

¹ Available at: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

current development plan documents. However, there is insufficient supply of available land to meet these increased targets. This is in part due to the city's tight boundaries and build up nature, meaning there is a lack of available development land. Nevertheless, that which is available is predominantly brownfield land and therefore more complex to deliver.

- Development viability is challenging in the city due to most development sites being located on brownfield land that either has high Existing Land Use Value or significant remediation requirements. However, Gross Development Value is often significantly lower than elsewhere in Hampshire and the wider South East region. Moreover, substantial rises in build costs plus the need to mitigate impacts on protected ecological sites have further added to the viability burden.
 - The Covid-19 pandemic interrupted construction due to lockdowns, social distancing rules and staff absence. Whilst housing targets were reduced for the 2022 measurement to account for the impacts of the first national lockdown where no work on construction sites could take place, the impacts of the pandemic have been felt over a much longer period.
 - The need for developments to demonstrate nutrient neutrality caused delays whilst suitable mitigation measures were devised that could fulfil the tests of the Habitats Regulations. These mitigation measures were often complex to deliver involving third-party land in neighbouring local authorities and requiring suitable legal agreements.
6. Despite the planning system often being cited as a reason for slow housing delivery at a national level, the Council's Development Management Service has performed exceptionally well permitting significant numbers of homes within proscribed time limits and to a high quality of decision making.
7. To address the potential barriers to housing delivery the Council has put forward the following actions, noting they are limited to those within the Council's ability and authority to implement:
- Undertaking a further Call for Sites exercise in 2024 and completing the new Strategic Land Availability Assessment to identify a pipeline of small, medium and large-scale sites.
 - Working with Partnership for South Hampshire and neighbouring local authorities to prepare Statements of Common Ground to address strategic cross-boundary issues including strategic housing growth and unmet needs, transport, and environmental issues.
 - Continuing to progress the new Local Plan, Southampton City Vision, which will include policies to enable increased delivery of new housing.
 - Commissioning a whole-plan viability assessment of the Southampton City Vision to ensure balance is achieved between the Council's ambitions for housing and development being viable.
 - Progressing the regeneration of the Townhill Park Estate through the Affordable Housing Framework.
 - Reviewing the Council's existing homes and landholdings to improve the quality of existing homes and identify opportunities to deliver new homes.

- Delivering with appointed consultants the Southampton Renaissance project, a series of development strategy documents which aim to identify key investment opportunities in order to attract inward investment and encourage new development, including housing.
 - Continuing to support the delivery of nutrient neutrality mitigation measures.
8. These actions will be monitored with the results used to inform the annual review of the Action Plan which will follow the publication of the Housing Delivery Test 2023 Measurement (expected late 2024). In the meantime, where necessary, these actions will be updated or new actions will be added in response to unforeseen issues or new barriers to development, or as a result of changes in legislation or national planning policy.

Introduction

What is this Document?

9. This Action Plan has been prepared by Southampton City Council as a consequence of the city's 2019/20 to 2021/22 housing delivery figures, as reported in the Housing Delivery Test 2022 Measurement, falling to 75% of the overall housing target for the same period. The Council is therefore required, by Government, to prepare and publish an action plan within 6 months of the Housing Delivery Test result.
10. It is important to acknowledge that whilst Southampton City Council, as the Local Planning Authority, has responsibility for allocating land for housing and granting planning permission for new homes, the Housing Delivery Test only focuses on the number of housing completions in the city compared to the local authority's housing target. Not all issues that determine whether new homes are built are within the Council's control, therefore this Action Plan cannot address all barriers to housing delivery. It will however focus on those actions that can be delivered by the Council to enable greater housing delivery in the city in future years.
11. The Action Plan is split in four chapters:
 - 1) Housing delivery – background and context
 - 2) Potential barriers to housing delivery in Southampton
 - 3) Potential actions to improve housing delivery in Southampton
 - 4) Conclusions and next steps
12. A final table of actions can be found at Appendix 1.

Chapter 1: Housing Delivery – Background and Context

National Housing Delivery

13. During the 2017 Budget, in an attempt to address challenges with the supply of housing and its implications for affordable housing availability, the Government pledged to deliver 300,000 new homes in England each year by the mid-2020s. However, as shown in Table 1, despite some improvements in housing delivery rates in the late 2010s, so far this target has not been achieved. Likewise, there was a dip in delivery rates in the early 2020s primarily due to the Covid-19 pandemic and its impacts upon the construction sector.

Table 1: Number of dwellings delivered in England since introduction of the Housing Delivery Test

Monitoring Year	Total No. of Dwellings Delivered in England
2015-16	195,073
2016-17	222,164
2017-18	227,139
2018-19	248,683
2019-20	250,329
2020-21	217,454
2021-22	243,704

Southampton's Local Planning Context

14. Southampton City Council has sought to take a proactive approach to housing delivery in the city, including in its roles as Local Planning Authority and as a major landowner. The Council has worked closely with developers and other landowners to bring forward sites and attract inward investment. This cooperation is crucial given the complexity of development in the city due to its tightly constrained boundaries and the majority of developable land being brownfield.
15. The current Development Plan for Southampton comprises:
- Saved Policies of the Local Plan Review, (adopted in March 2006 and amended in March 2015);
 - Core Strategy Partial Review (adopted March 2015);
 - City Centre Action Plan (adopted March 2015);
 - Hampshire Minerals and Waste Plan (adopted September 2013); and
 - Bassett Neighbourhood Plan (made July 2016).
16. The planned level of housing delivery for Southampton is set out in Policy CS4: Housing Delivery of the Core Strategy Partial Review. It establishes that 16,300 new homes are to be delivered in the City between 2006 and 2026. This equates to an annual average delivery of 815 new homes. However, due to changes in national planning policy, once the Core Strategy Partial Review became five years old in March 2020, all subsequent housing delivery targets have been calculated using the Government's Standard Method for housing need. More information

regarding how the Standard Method is calculated and applied can be found in the Planning Practice Guidance on Housing and Economic Needs Assessment².

What is the Housing Delivery Test?

17. The Housing Delivery Test, first introduced in 2018, is a monitoring activity that assesses the number of new homes built in a Local Planning Authority’s area over the previous three monitoring years relative to the local housing requirement for the same period. Under-delivery of new housing relative to this requirement can have consequences for the Local Planning Authority in terms of plan-making, strategic planning work and decision-making. The exact consequences depend upon on the extent of this under-delivery within discrete percentage bands set by the Government and published in the NPPF (paragraph 79), and summarised for this report in Table 2 below.
18. Housing delivery is based on the number of net additional dwellings delivered. In addition to traditional dwellings which are considered to fall under Use Class C3 of the Town and Country Planning (Use Classes) Order 1987 (as amended)³, the Housing Delivery Test also takes into account the delivery of homes via residential institutions (Use Class C2), such as care homes, along with student accommodation which falls within the Sui Generis Use Class.

Table 2: Consequences applied in the Housing Delivery Test based on percentage of homes delivered compared to target housing requirement

Percentage of Homes Delivered Compared to Target	Consequence
100% or more	None
Between 95% and 100%	None
Between 85% and 95%	Prepare Action Plan
Between 75% and 85%	Apply 20% buffer to five year housing land supply
Less than 75%	Apply presumption in favour of sustainable development with regards to policies controlling the location of housing

19. It should be noted that these consequences apply concurrently. For example, a local authority that achieved a measurement of 80% would be required to apply the 20% buffer to its five year housing land supply and prepare an Action Plan. A local authority that achieved less than 75% would be required to apply all three consequences.

Housing Delivery Test Results

20. The Housing Delivery Test measurement for 2022 (covering monitoring years 2019-20, 2020-21 and 2021-22) was published on 19th January 2024. Over this three-year period, there was an under-delivery of 610 homes in Southampton as set out in Table 3. This amounts to a Housing Delivery Test measurement of 75%. This is inclusive of adjustments made by the Government to the requirements for 2019-20 and 2020-21, in recognition of the impact of Covid-19 pandemic on planning and construction during national lockdowns. The Government reduced the period for the number of homes required by one month in 2019-20 and by four months in 2020-21. For

² Available at: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

³ Available at: <https://www.legislation.gov.uk/ukxi/1987/764>

comparison purposes, Table 3 shows what the original figure would have been in brackets had the Government not applied adjustments.

Table 3: Southampton’s Housing Delivery Test Result for 2022 Measurement

	Monitoring Year			Total
	2019-20	2020-21	2021-22	
Number of Homes Required	746 (815)	667 (1,002)	1,029	2,442 (2,846)
Number of Homes Delivered	449	845	538	1,832
Difference	-297 (-366)	+178 (-157)	-491	-610 (-1,014)
Housing Delivery Test Result				75%

21. As a result of this under-delivery, the Council is required apply a buffer of 20% to its five year housing land supply and to produce this Action Plan, for publication on the Council webpages within six months of the Housing Delivery Test result.
22. Table 4 sets out the Housing Delivery Test results for Southampton since it was first introduced. Unfortunately, the Housing Delivery Test measurement for 2022 is the first time that housing delivery in the City has fallen below 100%. The potential reasons for this are explored in the next chapter.

Table 4: Past Housing Delivery Test results for Southampton

Housing Delivery Test Measurement	Monitoring Years Covered	Southampton Result	Consequence
2018	2015-16 to 2017-18	120%	None
2019	2016-17 to 2018-19	149%	None
2020	2017-18 to 2019-20	129%	None
2021	2018-19 to 2020-21	138%	None
2022	2019-20 to 2021-22	75%	20% buffer

23. It is also important to place Southampton’s result in context. As shown in Table 5, only two authority members within the Partnership for South Hampshire (PFSH) sub-region have seen an increase in housing delivery between the 2021 and 2022 measurements, whilst other members all saw decreases, some significantly so. The number of member authorities where delivery fell below 95% also increased from three to six. Therefore, Southampton is not alone in experiencing a drop in housing delivery. In the wider South East the number of local authorities that achieved a measurement of 95% or higher dropped slightly from 36 to 34 between the 2021 and 2022 measurements. In the 2022 measurement, there were four other local authorities, in addition to Southampton, that achieved a measurement between 75% and 85%. Notably however, there are 20 local authorities performing worse than Southampton with a measurement below 75%.

Table 5: Partnership for South Hampshire Authority Members Housing Delivery Test Results for 2021 and 2022 Measurements

Authority Member	Housing Delivery Test: 2021 Measurement	Housing Delivery Test: 2021 Consequence	Housing Delivery Test: 2022 Measurement	Housing Delivery Test: 2022 Consequence
East Hampshire	138%	None	112%	None
Eastleigh	178%	None	156%	None
Fareham	62%	Presumption	42%	Presumption
Gosport	100%	None	65%	Presumption
Havant	74%	Presumption	71%	Presumption
New Forest	141%	None	92%	Action Plan
Portsmouth	54%	Presumption	38%	Presumption
Southampton	138%	None	75%	Buffer
Test Valley	184%	None	189%	None
Winchester	139%	None	154%	None

Housing Delivery Test Action Plan Requirements

24. The Planning Practice Guidance on Housing Supply and Delivery⁴ sets out the Government’s requirements with regards to Housing Delivery Test Action Plans. It is the responsibility of the Local Planning Authority to prepare the Action Plan, involving relevant stakeholders in the process. There are suggestions as to the types of issues that Local Planning Authorities may wish to review as they seek to understand why under-delivery of new homes has occurred. There are also suggestions as to potential actions that could be considered to address under-delivery. It is stated that Local Planning Authorities are also responsible for monitoring the Action Plan, although given housing delivery is a collaborative process between many different stakeholders, all stakeholders will have a responsibility in delivering the Action Plan.
25. Within this framework, it is for each Local Planning Authority to determine how their Action Plan is prepared and what issues are covered given these will be specific to local context. The Strategic Planning Team at Southampton City Council have prepared this Action Plan having regard to the Planning Practice Guidance and engaging with a variety of stakeholders, including other Council teams, developers, planning agents and other built environment professionals, including those with expertise on development viability. Chapter 2 presents the Council’s analysis of potential barriers to housing delivery in the city. Chapter 3 identifies potential actions that could help address these barriers, including some actions the Council is already undertaking. Chapter 4 sets out the conclusions of this report. The definitive Action Plan for the next year, comprising a list of actions and responsible parties is set out in Appendix 1.

⁴ Available at: <https://www.gov.uk/guidance/housing-supply-and-delivery>

Chapter 2: Potential Barriers to Housing Delivery in Southampton

26. In line with the requirements set out in the Planning Practice Guidance, this chapter will explore the potential reasons for the under-delivery of new housing in Southampton over the 2019-20, 2020-21 and 2021-22 monitoring years.

Potential Barriers once Planning Permission is Granted

27. The Government’s Planning Practice Guidance suggests that Local Planning Authorities should examine potential barriers that delay or prevent schemes coming forward once planning permission is granted. This should also include consideration of whether schemes are being delivered within permitted timescales.
28. As shown in Table 6 there were 218 dwellings that were not delivered during the relevant monitoring years of the Housing Delivery Test 2022 measurement because the development failed to commence within the timescale conditioned by the relevant planning permission. This represents 12% of the total number of dwellings commenced and 12% of the total number of dwellings completed during the three-year period. It demonstrates that the vast majority of planning permissions for housing granted by the Council are being delivered, however there is ultimately a small number of developments which do not come forward.
29. It should be noted that most of the developments that were not delivered were smaller schemes of nine dwellings or less. There is also a clear spike in the number of dwellings that were not delivered during 2020-21 before this then falls back in 2021-22, albeit not to the same level as 2019-20. Whilst the reasons for the non-delivery of these schemes has not been investigated on a case by case basis given team resource at the time of writing, one potential and likely reason for the non-delivery is the impact of the Covid-19 pandemic. The pandemic caused significant delays in the construction sector and given the uncertainty at this time small and medium-sized developers who would have taken on these smaller projects may have decided not to proceed due to perceived risks.

Table 6: Number of dwellings commenced, completed and lapsed during the monitoring years 2019-20 to 2021-22

Monitoring Year	No. of Dwellings Commenced	No. of Dwellings Completed	No. of Dwellings where Planning Permission has Lapsed
2019-20	992	449	24
2020-21	473	845	129
2021-22	378	538	65
Total	1,843	1,832	218

30. As shown in Table 7, there are a very limited number of dwellings that have not yet been delivered five years after construction commenced on non-strategic schemes. Notably, the number of dwellings outstanding has nearly halved over the three monitoring years covered by this Housing Delivery Test measurement. Given that these schemes have started, on-site planning constraints and conditions must have been fully addressed meaning it is likely that any reasons for delayed build out are not a planning related issue. Rather, it may be the case that viability, developer finances or some other non-planning related constraint has stalled delivery.

Table 7: Number of dwellings outstanding on non-strategic sites more than five years after commencement on a development during the monitoring years 2019-20 to 2021-22

Monitoring Year	No. of Dwellings Outstanding on Non-Strategic Sites
2019-20	32
2020-21	30
2021-22	17

31. Southampton has a number of strategic sites that are each proposed or have planning permission for a large number of new dwellings. Whilst housing delivery on sites of this scale will usually take several years, delivery on some strategic sites has taken longer than anticipated. In particular, there are three strategic sites where construction commenced more than five years prior to the most recent monitoring year, 2021-22, and where housing delivery has been slower than anticipated, stalled or will no longer take place.
32. The first of these strategic sites is Centenary Quay which is a large-scale, multi-phase redevelopment of the former Vosper Thornycroft shipyards to create a new mixed-use neighbourhood. The site received hybrid planning permission (ref: 08/00389/OUT) in 2009 for 1,620 dwellings and a mix of commercial and community uses. Details for the first phase of development and proposals for the river's edge were submitted in full, with the remaining proposals submitted in outline. Table 8 shows the rate of delivery at Centenary Quay. Whilst there was an inevitable gap between the grant of planning permission and the delivery of new homes as a result of the need to undertake enabling works, delivery since then has been invariably lumpy. This may in part be attributed to the scheme's housing mix which included a large number of apartment blocks.

Table 8: Number of dwellings delivered annually at Centenary Quay since initial planning permission was granted

Monitoring Year	No. of Dwellings Delivered
2009-10	0
2010-11	0
2011-12	102
2012-13	58
2013-14	103
2014-15	137
2015-16	257
2016-17	8
2017-18	110
2018-19	76
2019-20	16
2020-21	87
2021-22	0
Total	954

33. At the end of the 2021-22 monitoring year there remained 666 dwellings still to be delivered against the original hybrid planning permission. Permission was approved in 2016 for a further phase of development comprising a 27-storey tower containing 161 apartments. Construction of this phase was delayed as the developer sought approval for subsequent changes to the permission including reconfigurations to alter the dwelling mix and to address new Building Regulations related to fire safety. Although construction on this phase finally began in 2019,

there have been delays as a result of the Covid-19 pandemic and the developer seeking changes to support the tower being used as a build-to-rent scheme rather than for general sale to individual households.

34. A final phase of development was submitted to and approved by the Council in late 2022, after the 2021-2022 monitoring year was over. This final phase was for 164 dwellings which means that 341 dwellings with outline planning permission will no longer be coming forward. This is clearly a significant loss to housing delivery in the city which will impact future Housing Delivery Test measurements. The developer has advised that this shortfall in new homes is the combination of a number of factors but primarily the result of a reduction in the number of proposed residential towers on the site (from three to one) due to viability, changes in market demand with greater demand for houses than flats, the need to meet parking demand, and below ground constraints.
35. The Council sees Centenary Quay as one of its premier waterfront sites and has worked closely with the developer and other stakeholders for nearly 20 years to see it implemented. This has included providing effective efforts to resolve planning issues and determining planning applications in a timely manner. However, it is clear from the above analysis that non-planning issues have contributed to delays in delivery and even a reduction in the overall delivery numbers for the scheme.
36. The second strategic site where delivery is taking longer than five years is the regeneration of the Townhill Park Estate. A hybrid planning application (ref: 15/01856/OUT) was granted permission in 2016 to redevelop the estate, including the creation of 665 new dwellings following the demolition of 416 existing dwellings which were considered poor quality stock. The application included details for the first phase of development comprising 276 dwellings. Whilst demolition work commenced on site in 2017 and 56 new dwellings were completed, since then work has stalled. This is the result of a complex range of issues including site-specific constraints, a need to balance Council budgets noting increasing financial pressures in other services, and the Council's delivery partner leaving the project due to their own resourcing challenges. The Council is now working proactively to reinvigorate the delivery of the new dwellings at Townhill Park Estate as outlined in the next chapter.
37. The final strategic site is the West Quay Phase 3 development site. This site is situated between the West Quay Shopping Centre and The Quays Swimming and Diving Complex and has been proposed for a range of uses over the past two decades to complement its central city centre location. Development at West Quay Phase 3 has come forward in various stages including a headquarters office building and a hotel. In 2014 outline planning permission was granted for a comprehensive development of much of the remainder of Phase 3 which would comprise a mix of uses retail, leisure, residential, offices and a hotel. Reserved matters approval was granted later in 2014 for a retail and leisure complex with a substantial area of new public realm and completed in early 2017.
38. The residential element of West Quay Phase 3 was intended to comprise of a tower of between 15 and 27 storeys delivering between 140 and 260 apartments. The reserved matters application for this residential tower was required to be submitted within five years of the grant of outline planning permission. Unfortunately, that reserved matters application was never submitted and so an entirely new planning permission would be required to progress the tower. Again, this is a significant loss to housing delivery in the city that could well have come forward to contribute to the figures in the Housing Delivery Test 2022 measurement. The main reason for the tower not coming forward during the monitoring period was also one of viability, in

particular the thin margins that meant the retail and leisure complex could only proceed following an award of £7 million from the Regional Growth Fund.

Changes to National Policy on Housing Need

39. In the Housing Delivery Test, Local Plan housing need targets are used to calculate the overall number of homes required to be delivered unless the Local Plan is no longer ‘up to date’. A Local Plan is considered out of date if more than five years have passed since it was adopted, and there has been a review determining that policies need to be updated, or no such review has been undertaken. This being the case, the number of homes required by the Housing Delivery Test is calculated using the Government’s Standard Method approach⁵.
40. The Core Strategy Partial Review was adopted by Southampton City Council in March 2015. With the Council working on a new Local Plan to replace the Core Strategy and other local development plan documents, this meant that from April 2020 the Standard Method would apply in calculating the number of homes required in the Housing Delivery Test. This is set out in Table 9.

Table 9: Number of homes required when calculating Housing Delivery Test

Monitoring Year	Number of Homes Required	Method for Calculating Number of Homes Required
2019-20	815	Core Strategy Partial Review (Policy CS4)
2020-21	1002	Standard Method
2021-22	1029	Standard Method

41. The consequence in using the Standard Method is that the number of homes required under the Housing Delivery Test is substantially higher than the housing targets the Core Strategy Partial Review and its supporting evidence were prepared to deliver. To meet the number of homes required the Council must therefore rely on increased delivery from previously unallocated sites, which undermines a plan-led system.

Insufficient Housing Land Supply

42. For new homes to be delivered there needs to be a sufficient supply of land available. This section will explore whether there was a sufficient supply of land during the 2019-20 to 2021-22 monitoring years.

Table 10: Southampton’s five year housing land supply

Monitoring Year	Land Supply in Years	Source of Housing Need in Calculating Land Supply
2015-16	5.9	Core Strategy Review
2019-20	8.17	Core Strategy Review
2021-22	4.53	Standard Method with 35% uplift

⁵ Available at: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#housing-need>

43. Due to resourcing challenges in recent years, Southampton City Council has not recorded a five year housing land supply position on an annual basis. However, table 10 shows the Council's recorded five year housing land supply position where available from previous monitoring years. The Council's housing land supply increased substantially between 2015-16 and 2019-20 as the supply of deliverable sites was strengthened against the housing target set in the Core Strategy Partial Review.
44. However, in December 2020 a Written Ministerial Statement was published requiring that the Standard Method is used to generate housing need in calculating five year housing land supply in Local Planning Authorities without an 'up to date' Local Plan. Furthermore, the 20 largest cities and urban centres in England, including Southampton, were also instructed to apply a 35% uplift to their housing need calculation in an attempt to increase national housing delivery. After the transitional period ended in June 2021, as the Core Strategy was more than five years post-adoption, the Council have needed to apply the Standard Method with the 35% uplift when calculating its five year housing land supply for the 2021-22 monitoring year. It should be noted the Planning Practice Guidance states the cities and urban centres uplift will not be applied to the number of homes required in the Housing Delivery Test until the 2022/23 monitoring year which will first be included in the 2023 measurement.
45. Although the five-year supply of deliverable sites remained consistent between 2019-20 and 2021-22, the city's housing land supply dropped below the required five years as a result of the vastly inflated housing need the Council was now required to meet. As the Core Strategy Partial Review did not plan to deliver this many new homes there is an inevitable squeeze on supply exacerbated by the limited amount of available development land within the city in general.

Engagement with Stakeholders on Identifying Development Land

46. The Planning Practice Guidance suggests that Local Planning Authorities explore the level of engagement that took place with key stakeholders during the 2019-20 to 2021-22 period to identify more land and encourage an increased pace of delivery. These stakeholders include landowners, developers, utility providers and statutory consultees.
47. As part of its evidence gathering for the new Local Plan, Southampton City Council has been preparing a new Strategic Land Availability Assessment (SLAA). To support this, the Council held two Call for Sites exercises, the first between February and May 2020 and a second between August and October 2021. Details were e-mailed to contacts on the Local Plan consultation database, which includes major landowners and agents who are active in the city, as well as statutory consultees, utility providers and those who have expressed interest in planning policy consultations. The details were also published on the Council's website. Those submitting potential development sites were asked to complete a form so that information could be gathered in a consistent manner. This information included size of the site, current land use, ownership details, market interest, utilities access, key constraints and timescales for delivery.
48. Since these were the first Call for Sites exercises since the publication of the previous SLAA in 2013, a number of new potential sites were submitted during the first exercise in 2020, 25 in total. However, whilst 16 submissions were made during the second exercise, only eight of these were new sites that had not previously been identified and assessed.

49. The limited number of new development sites submitted overall suggests that it is not a lack of stakeholder engagement by the Council that is limiting the number of potential housing sites. Rather, it is the availability of land within the city’s already built-up boundaries that is inhibiting new sites coming forward for the delivery of various types of development, including housing.

Effectiveness of Development Management Service

50. The Planning Practice Guidance suggests that Local Planning Authorities should explore the effectiveness of their Development Management service in contributing to the delivery of new homes. This includes whether sufficient planning permissions are being granted and whether they are determined within statutory time limits, as well as whether proactive pre-planning application discussions are taking place to speed up determination periods.

Table 11: Dwellings permitted, commenced and completed during the monitoring years 2019-20 to 2021-22

Monitoring Year	Net Dwellings Permitted	Dwellings Commenced	Dwellings Completed
2019-20	1,388	992	449
2020-21	1,117	473	845
2021-22	1,134	378	538
Total	3,639	1,843	1,832

51. As shown in Table 11 there were 3,639 net dwellings granted planning permission during the three monitoring years between 2019-20 and 2021-22. This is nearly double the number of dwellings that were completed during that same time. This strongly suggests that it is not the development management process which is holding up delivery of new homes in the city.

Table 12: Percentage of applications determined by year and time limit

Monitoring Year	Major decisions within 13 weeks*	Major decisions over 13 weeks	Minor decisions within 8 weeks*	Minor decisions over 8 weeks	Other decisions within 8 weeks*	Other decisions over 8 weeks
2016/17	70%	30%	51%	49%	55%	45%
2017/18	68%	32%	39%	61%	36%	64%
2018/19	100%	0%	90%	10%	93%	7%
2019/20	100%	0%	90%	10%	97%	3%
2020/21	100%	0%	85%	15%	96%	4%
2021/22	100%	0%	94%	6%	96%	4%

* This includes applications where decisions were reached within an agreed extension of time or other planning agreement

52. In 2016-17 and 2017-18, several staff members left the Development Management Service due to retirement or to explore new opportunities elsewhere outside the Council. With Planning Officers being in high demand, there were delays in recruiting replacements. However, with new Officers in place and staffing levels at full capacity, as shown in Table 12 since 2018-19 there has been a step change in the Development Management service to ensure that planning applications are decided within the prescribed time limits of 13 weeks for major planning applications and 8 weeks for minor planning applications. Whilst in the two monitoring years before this an average of only 69% of major planning applications and on average less than half

of minor planning applications were determined within prescribed time limits, since 2018-19 100% of major planning applications and on average nearly 90% of minor planning applications were decided within the prescribed time limits. This strongly suggests that the speed that applications are determined by the Council is unlikely to be a significant constraint on delivery.

53. Despite this success, a challenge for the Development Management Service in trying to meet the prescribed time limits for planning applications has been delays in receiving comments from statutory consultees. Until these comments are received, officers are limited in the scope of advice they can give to developers regarding amendments needed to make a proposal acceptable so that planning permission can be granted. Moreover, developers may not want to commence making changes until they have a comprehensive understanding of all of the changes required to ensure these are made in a joined-up manner. Overall, the delays in receiving comments from statutory consultees can necessitate extensions of time agreements between the applicant and the Council meaning developments can spend more time in the planning system than they might otherwise need to. However, whilst the Council seeks to engage positively with statutory consultees, most do not sit within the Council. Therefore, the Council's ability to push for comments on planning applications is limited and it is for the statutory consultees to ensure they have adequate resources to respond to applications, including securing further support from the Government where appropriate.
54. Pre-planning application discussions are encouraged in the Planning Practice Guidance to help speed up determination periods by ensuring issues are resolved and key information is provided when applications are submitted⁶. As shown in Table 13, the Council processed a substantial number of pre-application (pre-app) cases during each of the three monitoring years. There was a general trend for a gradual reduction in the number of pre-application cases for all types of development during this period. This could be a reflection of the economic challenges brought up by the Covid-19 pandemic and subsequent global crises, one example being the disruption to global shipping caused by the blockage in the Suez Canal, which contributed to escalating build costs. These challenges, and the uncertainties around them, may have led to householders deprioritising home improvements that require planning permission and developers reigning back their project pipeline. Despite these reductions, the number of pre-application cases remain sufficiently high to allow officers and developers to engage in proactive, positive discussions. The reasonably low levels of refusal rates as shown in Table 14 also suggests that many of these pre-application cases were effective in identifying and resolving potential blockers to development or otherwise steering developers away from development which would be inappropriate.

Table 13: Pre-application cases by type received between 2019-20 and 2021-22

Monitoring Year	No. of Pre-Apps Received		
	Major Schemes	Minor Schemes	Householder and Other Schemes
2019-20	34	84	260
2020-21	19	88	221
2021-22	18	67	179

⁶ Available at: <https://www.gov.uk/guidance/before-submitting-an-application>

Table 14: Applications by type and decision between 2019-20 and 2021-22

Application Type	Decision	Monitoring Year		
		2019-20	2020-21	2021-22
Major	Granted	81%	90%	82%
	Refused	19%	10%	18%
Minor	Granted	75%	75%	83%
	Refused	25%	25%	17%
Other	Granted	82%	88%	92%
	Refused	18%	12%	8%

55. The Government assesses the quality of decision-making by Local Planning Authorities based on the number of planning application decisions that are overturned at appeal. This is based on a rolling assessment period each covering two monitoring years. Table 15 shows that the percentage of major and non-major planning application decisions that were overturned at appeal are low. This indicates that planning policies and material considerations are predominantly being applied correctly in decision making to ensure that appropriate new development can come forward.

Table 15: Percentage of application decisions by type overturned at appeal during the biennial assessment periods covering the monitoring years assessed by the Housing Delivery Test 2022 measurement (2019-20 to 2021-22)

Assessment Period	Major Application Decisions Overturned at Appeal	Non-Major Application Decisions Overturned at Appeal
2018-20	3.2%	1.1%
2019-21	3.8%	0.5%
2020-22	2.4%	0.3%

56. Given this evidence, it is clear that the Development Management service is functioning well by providing effective pre-application advice, delivering timely decisions on planning applications and that the quality of those decisions is high. This ensures that developers have certainty in progressing their projects through the planning process and that post-permission issues, which may be outside of the Council's control, are potentially the cause of current under-delivery of new housing.

Development Viability

57. The Council's suite of adopted Development Plan Documents⁷, along with its Community Infrastructure Levy Charging Schedule⁸, were informed by viability assessments. However, given the age of these documents and their evidence base, it is important that new viability evidence is commissioned to support work on the new Southampton City Vision Local Plan and to determine the level of developer contributions that will be sought for new development.

58. There are several constraints affecting the viability of development in Southampton. Nearly all of the development in the city is on brownfield land, most of which has a significant Existing

⁷ Available at: <https://www.southampton.gov.uk/planning/planning-policy/adopted-plans/>

⁸ Available at: https://www.southampton.gov.uk/media/1rfboqua/charging-schedule2_tcm63-364535.pdf

Land Use Value or has substantial remediation costs. Unfortunately, the Gross Development Value usually achieved in the city is notably lower than other parts of Hampshire. This is a reflection of local house prices, with the median house price in Southampton at the year ending March 2022 being £237,000⁹. This is the second lowest median house price for districts in the South East region and 105th lowest price out of the 296 districts in England. Despite lower Gross Development Value, build costs in Southampton are the same as the rest of Hampshire and on certain developments can even be higher due to the constraints of working in an urban area amongst existing buildings or due to the additional costs associated with taller buildings.

59. The Covid-19 pandemic has induced a number of changes in the housing market including to what buyers want. There is now a greater desire for both indoor and outdoor space, which has prompted buyers to look for more sizeable homes, preferably with a garden. However, many developments in the city, particularly those in the City Centre, have space constraints and are generally brought forward for flats, often without any outdoor space. An increase in rates of working from home means buyers have less need to live in reasonable proximity to their place of work, again leading to less demand for the kinds of flatted development that generally works best for many of the constrained sites in the City Centre. Consequently, the price of flats in the city has broadly plateaued since the pandemic. These difficulties have been cited as one of the reasons two residential towers at the Centenary Quay development are no longer being brought forward by the developer, meaning that fewer new homes will be built on that site overall.
60. A general difficulty across the country, not just Southampton, has been rising build costs. This has resulted from many factors including the country's exit from the European Union which has reduced the available pool of construction labour and increased import costs. As aforementioned, import costs also increased in the wake of the Suez Canal becoming temporarily blocked by a container ship in early 2021 leading to major disruption in global shipping.
61. The challenge of viability means that many applications are submitted with a viability appraisal to support negotiations in reducing developer obligations. The need for the Council to verify these appraisals with its own consultants, plus the need to negotiate obligations that address a site's unique complexities, means that it can take some time before a developer and the Council reach a mutual agreement on matters. Whilst these negotiations usually take place under an extension of time agreement, they do ultimately add to the time taken before planning permission can be granted.
62. There are also now a number of environmental mitigation measures that are required under the Habitat Regulations which were not a requirement when the current suite of Development Plan Documents were adopted. Without these mitigation measures planning permission cannot be granted, so they are required to ensure new homes can come forward. That said, they do weigh on overall viability. Examples of these measures include the Solent Recreation Mitigation Strategy which requires residential developments to mitigate their recreational impacts on Special Protection Areas in and around the Solent. Most often this is achieved by a financial contribution to the Solent Disturbance Mitigation Project. A further example is the need to achieve nutrient neutrality, which is described in further detail later in this chapter, but can ultimately require the developer to purchase mitigation credits. These mitigation measures add additional costs to residential development, and it is expected that further environmental

⁹ ONS, 2024, Median house prices for administrative geographies [Online]. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/medianhousepricesforadministrativegeographies> [accessed on 9th July 2024]

requirements, such as Biodiversity Net Gain (BNG), whilst having laudable aims, will make viability in the city even more challenging.

Covid-19 Pandemic

63. The Housing Delivery Test 2022 measurement covers the period when the Covid-19 pandemic was raging across the country and the rest of the world. The pandemic upended usual ways of working at the Council as a result of social distancing requirements, the requirement for new workplace health and safety measures, and multiple lockdowns. Some officer time within the Planning service was temporarily reallocated to the Council's pandemic response including helping the city's most vulnerable residents. Officers adjusted successfully to working from home, supported by the rollout of new IT equipment. Meetings of the Planning and Rights of Way Panel were moved online so that democratic decision making could continue.
64. The construction industry was severely affected by the pandemic. During the first national lockdown, which commenced in March 2020, many construction sites were closed leading to a pause in the delivery of new homes.
65. This inability to build during the first national lockdown was recognised by Government and consequently the housing requirement between March and July 2020 was deducted from the final result. This means that housing requirements were only counted for 11 months of the 2019-20 monitoring year and 8 months for the 2020-21 monitoring year.
66. Once construction work could resume after the first lockdown, regulations on social distancing restricted the number of workers who could be onsite at any given time which would have slowed delivery, as would have the increased worker absences due to sickness or the need to self-isolate to reduce transmission of the coronavirus. These factors were not recognised in further reductions to the housing requirement.
67. Given the significant reduction in commencements in 2020-21 and 2021-22, the impact of the Covid-19 pandemic will continue to be felt in future Housing Delivery Tests.

Nutrient Neutrality

68. Nutrient pollution is having significant impacts on the ecology of water bodies. Increased levels of nutrients, such as nitrogen and phosphorous, can accelerate the growth of some plants, which then have a detrimental impact to wildlife and other plants. This process is known as eutrophication and is resulting in some protected sites falling into unfavourable conditions. In 2018, a legal decision from the Court of Justice of the European Union, known as the 'Dutch Nitrogen Case', meant that measures to mitigate the impact of nutrients in water bodies can no longer be postponed into the future. Consequently, any development that would have an adverse impact on a protected site by increasing nutrient flows needs to provide mitigation.
69. In 2019, Natural England advised Southampton City Council and other local authorities in southern Hampshire that new developments would need to demonstrate nutrient neutrality to meet the legal tests of the Habitats Regulations. This is because protected sites in and around the Solent, including the Solent & Southampton Water Special Protection Area and Solent Maritime Special Area of Conservation, are being degraded by increased nutrient levels. Nutrient neutrality is achieved where the nutrient outputs of new developments do not exceed

the outputs of the current land use. Where outputs would exceed those of the current land use, then mitigation measures will be needed to reduce the levels of outputs elsewhere within the river catchment.

70. The Council took a pragmatic approach to ensuring new developments could demonstrate nutrient neutrality. Grampian conditions were used to ensure mitigation measures were delivered prior to occupation. Normally, these measures would involve the purchase of mitigation credits from other landowners who had been reducing the nutrient outputs of their holdings. As the local market for credits was starting from scratch it took some time before these credits became widely available. Developers would have delayed building out new homes until they had certainty that mitigation credits were available for their scheme and that it could be built out in accordance with Habitat Regulations.
71. The most common method for generating mitigation credits has been to reduce the nutrient output of farmland by using less fertiliser, changing farming activities to less nutrient intensive ones such as grazing, or taking the farmland out of production all together to provide new ecological spaces. There is no such farmland available in Southampton to provide these credits so the Council and developers have been reliant on mitigation credit schemes coming forward in other neighbouring authorities. The Council has been working closely with partners to make progress in this area and has sought to ensure the necessary legal frameworks are in place that allow mitigation measures in other local authority areas to be counted as mitigation in Southampton.
72. This culminated in the Council's adoption of its Nitrogen Mitigation Position Statement in June 2022. This provides certainty to developers regarding the Council's approach to calculating nutrient outputs and levels of mitigation required, as well as what options for mitigation the Council deems acceptable to comply with the Habitats Regulations.
73. Whilst this certainty will allow developers to continue to progress their schemes and deliver more completions in Southampton, the mitigation measures required to achieve nutrient neutrality are a further cost that weighs on the viability of development. However, it is important to note that unlike some other planning obligations, such as affordable housing, which can be reduced to ensure developments are viable, nutrient mitigation measures must be provided for a planning permission to be granted that is legally compliant with the Habitat Regulations.

Conclusions on Potential Barriers to Housing Delivery

74. The number of new homes delivered in Southampton between 2019-20 and 2021-22 was 75% of its target determined by Government. This is below the highly aspirational target of 95% that the Government expects all local planning authority areas to achieve to avoid consequential measures being applied.
75. In terms of exploring potential reasons why housing delivery has fallen below this target, the available data indicates that the Council's Development Management service has performed well during the 2019-20 to 2021-22 period. All major planning applications were determined within the prescribed timeframe and most other smaller applications also determined within the relevant prescribed timeframe. The number of schemes refused planning permission has stayed relatively stable, with refusals demonstrably justified given the very low percentage of application decisions that have been overturned at appeal. Whilst it is important for the Council

to support the delivery of the required number of new homes, it will not do so at the expense of providing high quality homes that meet the needs of residents and contribute to the beauty of the city. The Council has also been proactive during this time in undertaking regular stakeholder engagement to help identify a pipeline of new developable sites for its emerging local plan, albeit the city's built-up boundaries mean there is limited developable land available.

76. There have been some identified challenges in the delivery of large-scale strategic sites such as Centenary Quay, the Townhill Park Estate regeneration, and the residential element of West Quay Phase 3. Challenges have included additional difficulties due to site specific constraints and changing market demand, but the biggest challenge cited is viability. The Covid-19 pandemic has impacted on delivery in the short-term as a result of restrictions shutting down construction sites during the first national lockdown and subsequent social distancing measures reducing the number of people that can work onsite. The rollout of pandemic restrictions, combined with new global crises and the long-term effects of Brexit, have also contributed to a significant surge in the cost of building materials. This exacerbates existing viability challenges in Southampton that come from site specific constraints, the need to deliver environmental mitigation, the high cost of redeveloping brownfield sites, and the lower sales value of completed homes compared to other locations in the South Hampshire sub-region and the wider South East.
77. It is also important to consider the impact of changing national policy. During the Housing Delivery Test assessment period the annual housing need for Southampton increased by 26% over what was planned for in the Core Strategy Review as a result of having to use the Government's Standard Method. Until a new Local Plan can be adopted, housing delivery will therefore be reliant on a number of unplanned sites coming forward which is not conducive to a plan-led system.
78. From the evidence available, it can be concluded that the main constraints to delivery in Southampton do not lie with the Council's Planning Service which has performed incredibly well given the challenges of the Covid-19 pandemic. Rather, the city faces inherent structural issues in the limited amount of brownfield land that is available for redevelopment as a result of its geographical constraints; its ability to secure inward investment; the challenges of making brownfield development viable; the need to mitigate the environmental impacts of development; and increased housing targets which do not account for these factors.

Chapter 3: Potential Actions to Improve Housing Delivery in Southampton

79. The previous chapter outlined several issues that are potentially hindering the delivery of new housing in Southampton. These include challenges around the availability of land, development viability and nutrient neutrality. This chapter will address each of these issues and set out the actions that have been, or will be taken, to increase the delivery of new homes in Southampton.

Development Management Service

80. Given the demonstrable high performance of the Development Management Service, it is considered highly unlikely that this a blocker to housing delivery in the city. However, it is important that complacency does not become an issue and as highlighted in the previous chapter sudden drops in staffing levels can significantly affect performance. Consequently, the Council will continue to ensure adequate support for the service to sustain staff retention and ensure the swift and effective hiring of new staff, where needed.
81. The Development Management Service is also exploring opportunities for new Planning Performance Agreements with major landowners in the city to allow for more open and proactive discussions earlier in the applications process as landowners consider the future evolution of their estates. This is based on the successful agreement put in place between the Council and the University of Southampton to explore the future of development of its campuses and research facilities as well as the delivery of new student housing schemes.

Land Availability

82. As outlined in the previous chapter, housing land supply has fallen in recent years. This is mainly due to an increase in housing need rather than a fall in the supply of housing sites. Nevertheless, there will need to be a significant increase in supply to restore a five year housing land supply.
83. To increase land supply the first approach will be to complete a new Strategic Land Availability Assessment (SLAA). If, despite all efforts, this does not deliver sufficient supply to meet the city's needs then the Council will work with its neighbouring authorities and the wider Partnership for Southern Hampshire¹⁰ through the Duty to Cooperate to see where any unmet need can be accommodated, where appropriate.

Strategic Land Availability Assessment (SLAA)

84. The Council is currently working to prepare a new SLAA as part of the evidence base for its new Local Plan, 'Southampton City Vision'. This preparation has involved engagement with key stakeholders to identify sites and opportunities to accelerate delivery. There has also been extensive engagement with the Council's Corporate Assets and Estates Team to identify potential Council owned sites that could be used to deliver housing.
85. The draft SLAA, informed by two Call for Sites, was published in October 2022 as part of the Draft Plan with Options consultation identified 79 development sites along with allowances for

¹⁰ Find out more about Partnership for South Hampshire at: <https://www.push.gov.uk/partnership/>

increasing residential densities in district centres, further office to residential conversions, and the regeneration of housing estates. Together, these sites were considered to have capacity to deliver 10,499 new homes over the plan period to 2040. It is estimated that 3,237 new homes would be deliverable within the first five year period. There are a wide range of sites contained within the SLAA, including land put forward by the Council and other public sector bodies, but inevitably given the built-up nature of the city nearly all of these sites are entirely brownfield land.

86. The SLAA contains a mix of small, medium and large sites in order to ensure variety of supply and avoid an overreliance on strategic sites that can take a long time deliver, particularly if there are site constraints or major infrastructure requirements to be addressed. These kinds of issues combined with general challenges in the city regarding viability mean that it can be difficult to bring some sites forward. As part of the evidence base for the Southampton City Vision Local Plan, a new whole-plan viability study will be prepared to inform the levels of appropriate developer contributions and affordable housing. The aim will be to achieve the right balance between aspirations for the city and a contributions regime that is not so onerous that it prevents development from coming forward.
87. With the Council now required by Government to add a 35% cities and urban centres uplift to its housing need, the identified supply of housing will not meet needs in full. To address this the Council proposed to undertake a further Call for Sites in the second half of 2024 to identify any further development sites. At the same time, the Council will also contact the owners and developers of existing SLAA sites to confirm these remain available for development and whether there are any changes in circumstances. The Council will also undertake further work on the capacity of SLAA sites to seize opportunities to increase densities that would yield additional homes.

Working with Others

88. The Council recognises the importance of working with neighbouring authorities to address cross-boundary strategic issues and to promote the growth and prosperity of the South Hampshire region. A key facilitator for this growth and prosperity is ensuring that housing needs are met given local demand and the need to improve affordability. However, meeting this need may not be fully achievable within the constraints of the city.
89. Local Planning Authorities, like Southampton City Council, are subject to the Duty to Cooperate. The Duty was introduced under the Localism Act 2011¹¹, and for the planning system was intended to replace the strategic approach to cross-boundary issues that was previously addressed in County Structure Plans and Regional Spatial Strategies. Other organisations that are subject to the Duty to Cooperate include county councils and the organisations listed in paragraph 4 of the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended)¹². The Government's approach for organisations to maintain effective cooperation under the Duty are set out in paragraphs 24 to 27 of the NPPF¹³.

¹¹ Available at: <https://www.legislation.gov.uk/ukpga/2011/20/contents>

¹² Available at: <https://www.legislation.gov.uk/uksi/2012/767/contents>

¹³ Available at: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

90. For the Council, one of the key forums for cross-boundary working has been the Partnership for South Hampshire (PFSH)¹⁴, which was previously known as the Partnership for Urban South Hampshire prior to 2019. PFSH brings together all the local authorities that are either entirely or partially located in southern Hampshire. It works closely with a range of partners including the Solent Local Enterprise Partnership, the Environment Agency, Homes England, Natural England, Solent Transport and local private sector businesses.
91. In December 2023, PFSH published a Spatial Position Statement¹⁵ replacing an earlier version published in 2016. The Statement has been produced collaboratively by constituent members and does not have the status of a development plan document. Therefore, members do not have to abide by the Statement, rather it is a set of principles for local plans to deliver sustainable development in southern Hampshire.
92. The Statement has been prepared based on significant cross-boundary evidence and will help member authorities with cross-boundary issues of housing growth as well as related issues such as transport planning and environmental issues, including nutrient neutrality. It also sets out the approach to the draft PFSH Statement of Common Ground¹⁶ which will be updated to reflect the progress of members' new local plans.
93. With regards to housing, the Statement sets out the housing need and supply for each local authority area up to 2036. It establishes the approach for addressing the housing needs of those authorities who are not able to meet their needs in full. However, it reiterates that the 35% cities and urban centres uplift that is applied to Southampton should not be redistributed to other local authorities if this cannot be met within the city boundary since it is a national policy tool to encourage the regeneration of brownfield sites within major urban areas.
94. Statements of Common Ground (SoCGs) will be prepared by the Council and its partners and subsequently maintained on an ongoing basis as the Southampton City Vision Local Plan progresses towards adoption. The Council proposes to undertake work to agree and continue to update SoCGs with the following partners, and others as needed:
- Partnership for South Hampshire (multi-lateral statement covering the southern Hampshire region);
 - Eastleigh Borough Council (neighbouring authority);
 - New Forest District Council (neighbouring authority);
 - Test Valley Borough Council (neighbouring authority); and
 - Isle of Wight Council (the Port of Southampton operates one of the key ferry routes connecting the island to the mainland).
95. Through collaboration with partners in neighbouring authorities and at PFSH, the Council is working to identify land that will contribute to the housing needs of the city and the wider sub-

¹⁴ Available at: <https://www.push.gov.uk/>

¹⁵ Available at: <https://www.push.gov.uk/work/planning-and-infrastructure/push-position-statement/>

¹⁶ Available at: <https://www.push.gov.uk/wp-content/uploads/2023/06/Item-13-Statement-of-Common-Ground-2023-Revisions-and-Update.pdf>

region. The Council will continue to work proactively to ensure the housing needs of the sub-region are met and are distributed in a way that promotes sustainable development, taking account of the individual constraints of each authority. This includes agreeing SoCGs for any contributions to Southampton's unmet housing need should there be insufficient land within the city to meet needs, ignoring the 35% uplift.

Southampton City Vision – A New Local Plan for Southampton

96. The Council adopted its Core Strategy Review in 2015, alongside the City Centre Area Action Plan and amendments to the saved policies of the Local Plan Review. Since then, there have been significant changes to national planning policy as a result of updates to the NPPF and Planning Practice Guidance. To address these national policy changes, as well as reflect changes in local circumstances and updated housing and economic needs, the Council is looking to progress a new Local Plan to replace the aforementioned suite of development plan documents. This new Local Plan will be called 'Southampton City Vision'.
97. The City Vision will respond positively to a number of challenges the city faces including the need to deliver new housing. It will be informed by a new evidence base, including a new Strategic Housing Market Assessment and Strategic Land Availability Assessment. The main challenge in identifying new sites for development is that Southampton is built out to its boundaries and therefore has very limited greenfield land. The greenfield land the city does have is allocated as open space for recreation, nature conservation or a combination of both. Given the importance of these open spaces to the city's residents and the benefits they bring for health, biodiversity, climate resilience, air quality and water quality and quantity, they will continue to be allocated for these purposes.
98. The Council held a Priorities, Ideas and Aspirations (Regulation 18) consultation between February and May 2020. The objective of the consultation was to start understanding priorities, ideas and aspirations for the city centre and local neighbourhoods from residents, businesses and anyone with an interest in the future of Southampton. The responses received informed the drafting of new planning policies which were set out in the Draft Plan with Options (Regulation 18), which was subject to public consultation between October 2022 and January 2023. This iteration of the Plan set out a full draft set of policies presenting different options regarding approaches or thresholds where reasonable alternatives could be identified and the Council considered it was important to get the views of residents, businesses and developers before final options were selected.
99. A number of policies presented in the Draft Plan with Options aim to increase the supply of housing in the city. These include:
 - A draft density policy – the Council is proposing a new density policy that will set out minimum density requirements for different parts of the city. Higher density development will be focused in the most sustainable locations (i.e. where there are the greatest number of facilities and significant public transport options). The highest densities will be in the city centre, followed by the town and district centres, and then transport corridors and hubs. Densities in the remainder of the city will be determined by local context. The densities that are proposed are a significant uplift compared to the adopted policy position and are intended to reflect average densities of developments that have been successfully delivered in the city over recent years. Delivering higher densities means sites can deliver more

housing but it will also be important for these developments to be high quality to avoid overintensification.

- A draft housing mix policy – this policy will establish the need to deliver a mix of different housing types and tenures in order to meet the needs of different residents. It will also set out requirements in relation to family housing and set out provision targets to account for previous low levels of delivery of this housing type. This will be informed by a new Strategic Housing Market Assessment.
- A draft affordable housing policy – this policy sets out levels of affordable housing and requirements for how this should be delivered. The percentage and mix of affordable housing to be delivered will be informed by a whole-plan viability study in order to balance the Council's aspirations with a requirement that is not too onerous.
- A draft housing standards policy – this policy requires that new housing must meet the Nationally Described Space Standards as well as sets out levels of housing that is to be delivered according to the M4(2) and M4(3) standards of the Building Regulations. This will help make housing available for all and should enable people to stay in their own home for longer as they get older or their care needs change. The percentage of accessible homes to be delivered will be informed by a whole-plan viability study to ensure most sites can remain viable whilst delivering accessible homes.
- Proposed strategic development site policies – a number of strategic development sites are proposed for allocation, most of these for a mix of uses including housing. These allocations will be optimised in terms of densities, mix of uses and design constraints to ensure levels of housing are maximised whilst maintaining high quality design.

100. In addition to the proposed strategic development sites, the proposed pipeline of sites for the plan period includes a number of smaller and medium non-strategic sites which are identified in the SLAA as being suitable for development. Whilst there will not be a site specific policies for these, they will be allocated more generally under the housing policies to ensure an adequate supply of sites to address the city's housing needs.

101. The Strategic Planning Team have completed the review and analysis of the comments received on the most recent consultation. The team will now look to commission further evidence to inform the selection of options, where required, and amend policies where needed, factoring in consultation feedback and ensuring all policies and approaches considered 'sound' as per the NPPF's definition at paragraph 35¹⁷. However, there is currently uncertainty regarding the full scope of the changes that will need to be made since further changes to national planning policy are proposed following the Levelling Up and Regeneration Act receiving Royal Assent. Once secondary legislation is published, alongside any Government guidance, an updated NPPF, and National Development Management Policies, the team will look to review these as quickly as possible to finalise policies and move forward with a Pre-Submission (Regulation 19) consultation.

¹⁷ Available at: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Development Viability

102. The Council will commission a whole-plan viability study to assess the various requirements and obligations proposed in the City Vision to ensure these are set at a level that would not make viability a barrier to development. The study will need to consider the tight development margins in the city.
103. Requirements that will need to be considered in relation to housing include; provision of affordable housing; provision of accessible and wheelchair user housing; the need to meet Nationally Described Space Standard; energy and water efficiency standards; and other sustainability measures to support the net zero transition. This is in addition to meeting CIL and S106 payments, as well as environmental mitigation costs to achieve nutrient neutrality.

Council-Led Development and Making Council Land Available for Redevelopment

104. The Council is one of the largest landowners in the city and this includes 16,500 Council-owned homes. The Council has sought to take a positive and proactive approach to housing, as outlined in the Southampton City Council Housing Strategy 2016-2025. The key priorities of this strategy have included: delivering more housing with a diverse mix to meet varying needs, improving the quality of homes to support health and wellbeing, and supporting people to live independently for longer. The Council has a commitment to deliver 8,000 new affordable homes by 2040 to alleviate pressure on the Housing Register.
105. To support this aim, the Council has been delivering estate regeneration projects with previous successes at Hinkler Road, Laxton Close, Exford Avenue and Cumbrian Way over the past couple of decades. Furthermore, in 2022 the Council's Cabinet approved the establishment of the Affordable Housing Framework¹⁸. This is a delivery mechanism for the Council to transfer its own land to Registered Providers who will build affordable housing for either social rent, affordable rent, or shared ownership. The Council will then benefit from nomination rights. In December 2022, a series of Council sites were approved by Cabinet for disposal through the Affordable Housing Framework. Subsequently, in August 2023, four Registered Providers were appointed to the Framework - Abri, Hyde, Sovereign and Stonewater.
106. As mentioned in the previous chapter, the ongoing regeneration of the Townhill Park Estate has stalled following the Covid-19 pandemic. However, the Council is now looking to reinvigorate the scheme. Plots 5 and 6 have gone out to mini-tender in Spring 2024 to the Registered Providers on the Affordable Housing Framework with award approval expected in August 2024. A second mini-tender for Plots 2 and 9 is expected to be issued in Summer 2024.
107. Following the receipt of funding from the Brownfield Land Release Fund, the Council expects to be able to progress the demolition of the existing dwellings on Plots 5 and 9 over Summer 2024, which will release land for 220 new dwellings. Further investigation is underway as to whether Plot 10 should be delivered by the Council itself or under the Affordable Housing Framework. The plots at the Townhill Park Estate will be the first sites to come forward under the Affordable Housing Framework with a pipeline of further sites to come forward in the next few years.

¹⁸ Find out more about the Affordable Housing Framework at:
<https://www.southampton.gov.uk/housing/find-a-home/affordable-housing-framework/>

108. The Council is currently reviewing its landholdings to determine whether there is additional land that could be freed up for redevelopment, including for housing. This will be determined on a site-by-site basis and consider whether such land could be directly developed by the Council, transferred to the Affordable Housing Framework, or sold on the open market to be purchased by a developer. Current estimates suggest these landholdings could yield a significant number of new homes.
109. To further the Council's role as an owner and developer of housing, work is currently underway to identify a suitable supplier to support the Council in bringing forward a new strategy to materially improve its existing housing stock. This strategy will also explore opportunities to deliver more new housing with a mix of tenures through estate regeneration or the redevelopment of the Council's retained landholdings. The first phase of this work will involve careful analysis of a number of matters including performance of the existing housing stock, investigation of local need and the current housing offer, assessment of the required level of investment based on financial viability, and consideration of potential delivery models. This analysis will inform the Council's strategic decision-making on the recommendations for subsequent phases of work. This work will be vital in creating a new investment and value proposition for Southampton that can innovatively fund the retrofit and refurbishment of the Council's existing housing stock and support the delivery of further new, high-quality homes for city residents. Crucially, this will support wider placemaking in disadvantaged neighbourhoods that may ultimately make the City more prosperous and improve the viability of development projects across the City.

Southampton Renaissance

110. To address the impacts of higher inflation and interest rates on investment and development in the city, the Council are progressing a new development strategy for the city known as the 'Southampton Renaissance'. In May 2024, the Council appointed Prior + Partners to lead a consortium of five consultancies to provide a city prospectus, series of area frameworks, and a delivery strategy that will realise a unified vision for the city centre. Taking into account expertise in areas such as viability, cost consulting, civil engineering and mobility, the Southampton Renaissance documents will identify key investment opportunities in the city centre including those which can incorporate new housing. By showcasing the breadth of regeneration opportunities available, it is hoped that more developers and investors will bring forward new proposals to the city and increase housing delivery.

Nutrient Neutrality Strategy

111. The Council adopted its Nitrogen Mitigation Position Statement in June 2022¹⁹. The Statement sets out several options that developers can use to mitigate the nitrogen output of their schemes if this would exceed the level required to achieve nutrient neutrality.
112. One of the options is to purchase credits from a landowner who has implemented measures to reduce nitrogen discharges from their land. Such schemes must meet certain tests proscribed by Natural England in order to be found acceptable for demonstrating nutrient neutrality. There is no land available in Southampton to deliver the kinds of schemes that would meet these tests so credits must be obtained from schemes outside the city. To ensure these schemes continue

¹⁹ Available at: <https://www.southampton.gov.uk/planning/planning-permission/sustainability-checklist/nitrogen-mitigation/>

to meet the prescribed tests and the Council can undertake any enforcement measures as necessary, the Council must enter into a S33 agreement, pursuant to the Local Government (Miscellaneous Provisions) Act 1982 (as amended)²⁰, with the relevant landowner.

113. The Council entered into a S33 agreement with Eastleigh Borough Council in July 2022. This would allow developers to purchase credits from Eastleigh Borough Council which is running a mitigation scheme²¹ on its existing agricultural landholdings in the Borough. The Council then entered into a further S33 agreement in December 2023 with Roke Manor Limited to allow developers to purchase credits from their mitigation scheme at Awbridge Danes near Romsey.
114. Entering into these agreements supports developers in purchasing the nitrogen credits necessary to progress their housing schemes. The Council will look to enter into further agreements with appropriate schemes as necessary to ensure there is a sufficient supply of nitrogen credits available.
115. The Council also jointly funds a Strategic Environmental Planning Manager (SEPM) and supporting team through its contributions to the Partnership for South Hampshire. Their role is to provide strategic oversight on the delivery of new mitigation schemes and the maintenance of existing ones; to be a liaison between the member authorities on cross-boundary issues; and to work with external stakeholders such as DEFRA, Natural England, the Environment Agency and Southern Water. The Council will continue to work closely with the SEPM on nutrient neutrality issues to ensure continued delivery of housing developments.
116. Another mitigation option is the delivery of water efficiency measures in existing dwellings to reduce the levels of wastewater that reach the wastewater treatment works. The Council as a significant owner of homes within the city is exploring whether water efficiency measures could be applied in its portfolio to generate credits. In the first instance, these credits would be used to mitigate the nitrogen outputs of the Council's own housing projects.

²⁰ Available at: <https://www.legislation.gov.uk/ukpga/1982/30>

²¹ Find out more about the Eastleigh Borough Council Nitrogen Mitigation Scheme at: https://www.eastleigh.gov.uk/media/14521/eastleigh-borough-council_digital-brochure.pdf

Chapter 4: Conclusions and Next Steps

Conclusions

117. The Council has identified the following potential barriers to housing delivery during the 2019-20 to 2021-22 period:

- Delays on strategic development sites – the Council has been working closely with the developers of strategic sites in the city to ensure these are progressed through the planning system at pace. However, delays have occurred often for non-planning reasons. Whilst site-specific constraints and changing market demands have played a factor, the most common issue across all sites has been viability. This has particularly impacted the ability to deliver the residential towers proposed on some strategic sites despite the Council being pragmatic and adjusting contribution levels for requirements, such as affordable housing, based on the viability evidence submitted by developers. Whilst the Council provides as much support and advice as it can on these strategic sites, ultimately the decision to move forward on delivering housing is a commercial one made by the developer. On its stalled regeneration project of the Townhill Park Estate, the Council has taken proactive measures to continue bringing forward the development including subdividing sites and undertaking mini-tenders for these with Registered Providers on its Affordable Housing Framework. The Council also secured external funding from the Brownfield Land Release Fund to carry out demolition works of existing buildings that would help make some of the Estate’s sites ready for redevelopment.
- Housing land supply – the Council continues to engage with developers and local landowners to identify potential developable sites but there must be acknowledgement that the city’s constraints mean the supply of land, which is almost entirely brownfield land, is highly limited. Therefore, the Council continues to work with neighbouring authorities and the Partnership for South Hampshire on where unmet housing can be delivered outside of the city boundary, as appropriate, through a strategic approach to housing delivery for the whole sub-region.
- Development viability – viability in Southampton is challenging and can limit opportunities for new sites to come forward. New issues such as the need to mitigate nutrient outputs have added to the burden of developer obligations. The Council’s new Local Plan, Southampton City Vision, will strike a fair balance to ensure that development remains viable whilst delivering on the Council’s aspirations to deliver high-quality new homes and address the substantial number of people waiting on the Housing Register. Achieving this balance will be done through evidence, such as the commissioning of a whole-plan viability assessment, and consultation with stakeholders. The Council’s commissioning of a Southampton Renaissance strategy will help showcase regeneration opportunities and attract new inward investment to advance new development schemes and increase housing delivery.
- Covid-19 pandemic – the pandemic brought significant disruption to national life. Lockdowns and social distancing regulations introduced by Government inevitably slowed down the speed at which new homes could be built. The Council worked diligently to ensure planning permissions continued to be issued during this time so that housing delivery could continue at pace once the pandemic was over. Nevertheless, the impacts of the pandemic will continue to be felt for some time as the unrolling of pent-up demand, plus other recent

global crises, have contributed to a significant increase in inflation and a subsequent rise in interest rates that have exacerbated viability challenges in the city.

- Nutrient neutrality – changing case law requiring new development schemes to directly address the issue of nutrient outputs has been a challenge for all affected local authorities, including those in southern Hampshire. The ability in Southampton to deliver the types of mitigation required to demonstrate nutrient neutrality has been hampered by a lack of available land meaning the Council has been reliant on mitigation schemes coming forward outside of the city. The Council has proactively engaged with partners to support the delivery of these schemes and has ensured the necessary legal agreements are in place to allow developers in the city to acquire credits from these schemes. The Council continues to support the delivery of further new mitigation schemes to ensure there is sufficient availability of credits for the ongoing pipeline of new developments.

118. Whilst not all issues related to housing delivery are within the Council’s control, an action plan for addressing those barriers where the Council has the ability and authority to take action, as necessary, is included at Appendix 1.

119. The Council is confident that it fully understands the issues that have affected housing delivery in the City and is working constructively to resolve them to meet the overarching aim of improving housing delivery to a level that meets Government-mandated targets. Many of these barriers however cannot be resolved by the Council alone. Consequently, the Council will continue its close working relationships with developers, infrastructure providers, neighbouring local authorities, the Partnership for South Hampshire, statutory consultees and other key stakeholders to ensure the necessary step change in housing delivery takes place.

Next Steps

120. The Action Plan at Appendix 1 sets out a range of short and medium-term action with the aim of increasing the delivery of new homes in the city. The timescale and responsibilities for delivering these actions are identified as appropriate. Where necessary, these actions will be updated or new actions will be added in response to unforeseen issues or barriers to development, or as a result changes in legislation or national planning policy. Monitoring of the actions will take place on an annual basis after MHCLG publishes the annual Housing Delivery Test measurement. The results of this monitoring along with new and updated housing delivery data, development management service monitoring data and other data sources will be used to inform the annual review of the Action Plan that will be published prior to the deadline set by MHCLG.

Appendix 1: Southampton Housing Delivery Test Action Plan following the 2022 Measurement

Cause	Evidence	Action	Responsible	Status
Strategic Issue: Delays on Strategic Development Sites				
Delays at Townhill Park Estate regeneration	Work on the planning permission commenced more than five years ago but so far only 56 homes have been delivered. The originally appointed developer has pulled out of the scheme.	Secure new development partners through the Affordable Housing Framework	Southampton City Council – Corporate Estates & Assets	Ongoing
Strategic Issue: Housing Land Supply				
Housing Land Supply	Insufficient development land available to meet the housing targets required by the Government’s standard method with 35% uplift for cities and urban centres	<p>Progress the Southampton City Vision incorporating new allocations that provide housing as well as new policies that support higher rates of housing delivery</p> <p>Undertake a further Call for Sites exercise</p> <p>Continue to prepare evidence base documents for Southampton City Vision that support housing including the Strategic Land Availability Assessment and Strategic Housing Market Assessment</p> <p>Undertake regular updates of the Brownfield Register</p> <p>Work with Partnership for South Hampshire and its member authorities to</p>	Southampton City Council – Strategic Planning	Ongoing

		identify opportunities to deliver unmet housing need on a sub-regional basis		
Progress with Duty to Cooperate and sub-regional strategic planning	Need to work with partners to address strategic issues on a sub-regional basis including how to optimise housing distribution and address unmet needs in those authorities with greater constraints	Strategic Development Opportunity Areas to be identified and assessed to support the South Hampshire Spatial Position Statement 2023	Partnership for South Hampshire Southampton City Council – Strategic Planning to input	Ongoing
		Prepare and update Statements of Common Ground with neighbouring authorities	Southampton City Council – Strategic Planning Neighbouring local authorities	Ongoing
Strategic Issue: Development Viability				
Bringing forward developable sites	Viability cited by developers as a challenge on strategic sites	Undertake a whole-plan Viability Assessment of the Southampton City Vision	Southampton City Council – Strategic Planning	Ongoing
		Undertake a further Call for Sites to identify a mix of small, medium and large (strategic) sites		
		Continue preparation of the Strategic Land Availability Assessment		
		Identify opportunities to regenerate existing Council estates to increase housing density and bring forward Council-owned land for redevelopment for housing	Southampton City Council – Corporate Estate & Assets and Economic Development & Regeneration	Ongoing
		Complete the Southampton Renaissance Masterplan to deliver a comprehensive approach to development in the city centre and attract inward investment	Southampton City Council – Economic Development & Regeneration and Prior + Partners	Ongoing

Strategic Issue: Nutrient Neutrality				
Nitrogen pollution affecting protected habitats and wildlife in Southampton Water and the Solent	Developments needing to demonstrate nutrient neutrality in order to achieve compliance with the Habitat Regulations and secure planning permission	Work with Partnership for South Hampshire and other partners to progress the delivery of further mitigation schemes and ensure the necessary legal frameworks are in place to allow developments in Southampton to obtain credits from these schemes	Southampton City Council – Strategic Planning, Partnership for South Hampshire and member authorities	Ongoing