



Housing

Topic Paper

1 Introduction

- 1.1 The purpose of this topic paper is to present a coordinated view of the evidence that has been considered in drafting policies in relation to housing. It is hoped that this will make it easier to understand how we have reached our conclusions.
- 1.2 It provides background information, including relevant national and local policies, summarises the key issues for this matter taking account of evidence and consultation feedback. It also sets out policy options we have considered and assessed to inform our draft policies or approach.
- 1.3 This topic paper may be revised and updated at each stage of preparation of the Local Plan. This would encompass any subsequent changes to policy, our key issues and any new relevant evidence which has been produced to guide the draft policies or approach. The papers are available to view and access from the council website: www.testvalley.gov.uk/localplan2040
- 1.4 This topic paper supports the first statutory stage of preparing the draft Local Plan 2040 which is known as Regulation 18 which we are undertaking in two stages. This is Stage 1 which focusses on strategic matters. Following the public consultation for Stage 1, we will take account of any feedback to refine the draft Local Plan.

Overview of Topic

- 1.5 This topic paper summarises the national and local policy context, supporting evidence and assessments undertaken to support the preparation of Strategic Policy 6: Housing Provision, for the draft Local Plan 2040.
- 1.6 Meeting future housing needs is a key challenge for the Local Plan. The plan must seek to provide for the delivery of an appropriate number of homes, of the right size, tenure and type, and in appropriate locations, to meet identified housing needs. Within this provision, the specific needs of different household groups must also be met, including for affordable housing and for those with specialist needs. The assessment of these needs informs the 'housing requirement' for the Borough, which needs to be set out in the Local Plan 2040.
- 1.7 Increasing overall housing delivery is one of the Government's key priorities for the planning system in England, and the target has been set to raise housing completions to deliver 300,000 homes per annum each year by the mid-2020s. Test Valley has made a significant contribution towards this by consistently exceeded our current local housing target. Over the last five years the Council has delivered just over 4,300 homes and over 1,300 affordable homes.
- 1.8 National planning policy requires that a local housing need assessment is prepared to determine the minimum amount and type of housing needed in

the Borough over the lifetime of the plan. A sufficient supply and mix of sites should then be identified to meet the identified housing requirement, whilst also taking account of existing sites that may already have planning permission for housing development, but are not yet built.

1.9 This housing topic paper:

- explains how the housing requirement has been derived and how the proposed split within two distinct housing market areas (HMAs) has been derived; and
- set out the existing housing supply, across the housing market areas (which includes sites that are already committed for new housing), in order to clarify and demonstrate what the residual housing requirement will be for Test Valley, split between the two housing market areas.

1.10 At Regulation 18, Stage 2, we will make provision for a supply of land to meet the housing requirement over the plan period in line with the proposed spatial strategy and settlement hierarchy, including proposed new development allocations for housing. Stage 2 will also set out how the plan will, seek to make appropriate provision for affordable housing; accommodation for Gypsies, Travellers and Travelling Showpeople; accessible and adaptable housing; and housing to meet the needs of particular groups, including disabled people, older people, people who rent their homes, students and those who commission or self build. This topic paper will be updated.

1.11 The structure of the topic paper follows consideration of housing matters in Regulation 18, Stage 1 focusing on the issues of the level of a) housing need to be planned for, b) consideration of Housing Market Areas within the Borough and how these should be reflected in policy in setting the housing requirement and, c) the current position on housing supply to meet the housing requirement set in light of the assessment of local housing need. As relevant for the issues of housing need and Housing Market Areas, it explains the context and if there were options (reasonable alternatives) over the policy approach and the proposed way forward and recommended approach.

2 Policy Context

National Policy Context

2.1 Local planning authorities are required to address the requirements set out in national planning policy and guidance in preparing their local plans, namely the National Planning Policy Framework (NPPF, July 2021) and supporting National Planning Practice Guidance (PPG).

National Planning Policy Framework (July 2021)

2.2 At the heart of the NPPF is a presumption in favour of sustainable development, which should be seen as being at the heart of the framework covering both plan making and decision-taking. Paragraph 7 in the NPPF sets out that planning policies and decisions should play an active role in guiding development towards sustainable locations, but in doing so should

take local circumstances into account, to reflect the character, needs and opportunities of each area.

- 2.3 The development plan must include strategic policies to address the local planning authority's priorities for development and use of land in its area. Plans should apply a presumption in favour of sustainable development and positively seek opportunities to meet development needs, whilst being sufficiently flexible to adapt to rapid change.
- 2.4 Paragraph 11 covers the presumption in favour of sustainable development. For plan making this means that:
- All plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;
 - Strategic policies should as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas (as established through statements of common ground), unless
 - i. The application of policies in the framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution in the plan area, or
 - ii. Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the framework taken as a whole.
- 2.5 Paragraph 20 states that strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for inter alia housing (including affordable housing).
- 2.6 Paragraph 23 requires that broad locations for development should be indicated on a key diagram, and land-use designations identified on a proposals map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development. This should include planning for and allocating sufficient sites to deliver the strategic priorities of the area (except insofar as these needs can be demonstrated to be met more appropriately through other mechanisms, such as brownfield registers or non-strategic policies).
- 2.7 In order to support the Government's objective of significantly boosting the supply of homes, paragraph 60 in the NPPF states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 2.8 Paragraph 61 sets out that in order to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance (unless exceptional circumstances justify an alternative approach

which also reflects current and future demographic trends and market signals).

- 2.9 Paragraph 62 advises that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.
- 2.10 Paragraphs 63 to 65 address affordable housing provision and set out that where a need is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site, unless off-site provision or a financial contribution in lieu can be robustly justified, or the agreed approach contributes to the objectives of creating mixed and balanced communities.
- 2.11 Paragraphs 66 and 67 concern the provision of a housing requirement figure. A housing requirement figure should be established for the whole area, which shows the extent to which identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. Within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations. Once the strategic policies have been adopted, these figures should not need re-testing at the neighbourhood plan examination, unless there has been a significant change in circumstances that affects the requirement. Where such a figure cannot be provided for a neighbourhood area, an indicative figure should be provided if requested, which takes account of factors such as the latest evidence of local housing need, local population and the most recently available planning strategy.
- 2.12 Paragraphs 68 and 69 concern the provision of supply to meet the housing requirement. From a strategic housing land availability assessment (SHELAA) planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of:
- a) Specific, deliverable sites for years 1-5 of the plan period; and
 - b) Specific, developable sites or broad locations for growth, for years 6-10 and where possible, for years 11-15 of the plan.
- 2.13 Small and medium sized sites can make an important contribution to meeting the housing requirement of an area, and are often built-out relatively quickly. To promote the development of a good mix of sites local planning authorities should:
- a) Identify through the development plan and brownfield registers, land to accommodate at least 10% of the housing requirement on sites no larger than 1 hectare; unless it can be shown, through the preparation of relevant

- plan policies, that there are strong reasons why this 10% target cannot be achieved;
- b) Use tools such as area-wide design assessments and Local Development Orders to help bring small and medium sites forward;
 - c) Support the development of windfall sites through policies and decisions – giving great weight to the benefits of using suitable sites within existing settlements for homes; and
 - d) Work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes.
- 2.14 Paragraph 71 states where an allowance is to be made for windfall sites as part of the anticipated supply. In such cases there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment (SHELAA), historic windfall delivery rates and expected future trends.

Planning Practice Guidance

- 2.15 The Guidance sets out that housing need is “*an unconstrained assessment of the number of homes needed in an area*” and should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.
- 2.16 The Guidance is clear that the standard method for assessing local housing need is a minimum number and that “*consideration can still be given as to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies.*” It also provides examples of when it might be appropriate for local authority areas to plan for higher levels of housing need than the standard method. Examples include (but are not limited to):
- Growth strategies for the area that are likely to be deliverable;
 - Strategic infrastructure improvements; or
 - An authority agreeing to take on unmet need from a neighbouring authority.
- 2.17 The Guidance makes clear that the housing needs of individual groups may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method, as these will often be calculated having consideration to the whole population as opposed to new households.
- 2.18 Local Planning Authorities will need to take into account these needs including the need for affordable housing - having regard to the overall housing need identified, the extent to which this can be translated into a housing requirement figure over the plan period, and the anticipated deliverability of different forms of provision, having regard to viability.
- 2.19 The Guidance section for Housing for older and disabled people sets out that the need to provide housing for older people is critical, as people are living

longer and the older population is increasing. It sets out that the health, lifestyle and housing needs of older people will differ greatly with housing needs ranging from accessible and adaptable general needs housing to specialist housing with high levels of care and support.

- 2.20 It provides guidance on how the housing needs of older and disabled people can be assessed, and that this should inform clear policies within plans, which may include specific site allocations, to provide greater certainty to developers. Separate guidance is provided on optional technical standards including for accessible and adaptable housing, use of national space standards and wheelchair-accessible housing.

3 Key Issues

Adopted Local Plan

- 3.1 The Council adopted a Local Plan in 2016, with policies covering the period from 2011 to 2029. The key policies in the adopted Local Plan with particular significance include:
- Policy COM1 – Housing Provision 2011-29;
 - Policy COM7 – Affordable Housing;
- 3.2 Policy COM1 sets out the overall housing requirement for the Local Plan for the period 2011 to 2029 and how this would be delivered across the two identified Housing Market Areas in the Borough (i.e. in Northern and Southern Test Valley). It sets out how the Local Plan will deliver a mix in size, type and tenure of housing to meet the housing needs as evidenced in the Strategic Housing Market Assessment (SHMA) (2014), to deliver 588 dwellings per annum (dpa) across the Borough. This includes provision for older people, people with disabilities, households with children, and young people, through strategic allocations identified in the Local Plan, existing commitments and through other windfall or unplanned sites.
- 3.3 Policy COM7 seeks to secure affordable housing provision, through negotiation, with the proportion of provision linked to the size of the development and its location.

Main Issues from Consultation on Previous Local Plan Stages

- 3.4 Two previous stages in the preparation of the Local Plan 2040 have been undertaken and the responses to consultation on them has helped inform our approach. These comprise an Issues and Options consultation in 2018 and a Refined Issues and Options consultation in 2020.
- 3.5 At the Issues and Options stage, we asked about matters including the use of the standard method for assessing local housing need, whether a higher level of housing growth may need to be accommodated, and the approach to Housing Market Areas.

- 3.6 Within the Refined Issues and Options stage we set out an expectation that the Council would use the standard method for assessing local housing need. It was also recognised that we would take account of existing housing supply when considering how much additional housing would need to be provided for to meet the identified need. In terms of Housing Market Areas, it was noted that the majority of responses to the earlier Issues and Options stage had supported separate Housing Market Areas being maintained but that they should be reviewed, including in terms of their boundaries. Within the consultation document questions were raised in relation to the identification of Housing Market Areas.
- 3.7 The key issues identified from the Refined Issues and Options stage included:
- Support for meeting the local housing need in full;
 - General support for using the standard method to determine the housing requirement;
 - A need to take account of cross-boundary issues and consider any unmet housing need from neighbouring authorities and the South Hampshire sub-region;
 - Overall support for maintaining Housing Market Areas, with support for maintaining two Housing Market Areas based on parish boundaries; and
 - Mixed comments on the boundary division between the Housing Market Areas.

Relevant Evidence and Studies

- 3.8 A key element of the evidence base for the Local Plan is the Borough's Strategic Housing Market Assessment (SHMA) (2022). This was commissioned by the Council and completed by Justin Gardner Consulting (JGC). The SHMA (2022) sets out overall housing need as well as looking at affordable housing need, in the context of changing Government policy (including in relation to First Homes). The study also looks at the needs from a range of specific groups in the population, including older persons.
- 3.9 A Housing Market Area Study (HMAS) (2022) has also been undertaken. The HMAS provides evidence regarding the 'Housing Market Areas' that exist in the Borough and will inform our housing requirement.
- 3.10 The SHMA sets out our local housing need assessment, using the standard method, and sets out that our local housing need figure is currently 541 homes per year from 2020 to 2040. Over the 2020-40 period, this equates to 10,820 additional dwellings.
- 3.11 The affordable housing needs assessment within the SHMA shows a need for social/affordable rented housing across the Borough. There is also evidence of a need for affordable home ownership products, and this could be impacted by the NPPF requirement for First Homes.
- 3.12 The SHMA analysis also identifies a need for all sizes of housing within all tenure groups. For market housing, there is a focus on smaller (2- and 3-

bedroom) family units, but also some larger (4+-bedroom) homes. For affordable home ownership the need is more for 2-bedroom homes (along with some 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1 and 2 bedroom homes.

- 3.13 The SHMA also identifies a large and growing older person population in the Borough, which is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional care home bedspaces.
- 3.14 The updated Strategic Housing and Economic Land Availability Assessment (SHELAA) (2021) identifies land that has been promoted as being available for future housing, economic or mixed use development.
- 3.15 Sites promoted through the SHELAA may not be considered appropriate for future development. However, the SHELAA gives a clear indication of the range, location, geography and nature of sites that may be available for development, and is particularly relevant to the Local Plan at Stage 2, Regulation 18 as it will help to inform consideration of sites for allocation.

4 Housing Need

- 4.1 Our current housing requirement set out in the Adopted Local Plan, is Policy COM1, which states 588 homes are required per year. This was based on an economic scenario of forecast jobs growth and providing sufficient housing to maintain the working age population sufficient to enable a local labour supply for the jobs forecast to be generated.

Options for the Policy Approach

- 4.2 Since the Local Plan was adopted in 2016, the Government have amended national policy to introduce the 'standard method'¹ to calculate our local housing need which provides the starting point for establishing our housing requirement. The standard method takes accounts of the number of new homes that are needed to meet demographic changes and then applies an affordability adjustment to take account of prices signals and to boost housing numbers. Alternative approaches can be used if exceptional circumstances justify it, including circumstances where a higher housing need may be appropriate.
- 4.3 As set out above, to justify our housing requirement, we have commissioned two key pieces of evidence; a Strategic Housing Market Assessment (SHMA) and a Housing Market Area Study. The former (SHMA) provides evidence regarding our overall housing need, affordable housing needs and specialist housing needs. The latter (HMAS) provides evidence regarding the housing market areas that exist in the Borough and its findings are covered in the Housing Market Areas section

¹ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

- 4.4 The SHMA sets out our local housing need assessment², which is included at Appendix 1 to this Topic Paper. This concludes that our local housing need figure is currently 541 homes per year, from 2020 onwards, and would apply until the end of the plan period in 2040.

Whether Exceptional Circumstances Exist to Justify Alternative Approach

- 4.5 The SHMA has also assessed whether there are any exceptional circumstances that exist to justify an alternative approach to the standard method calculation, and has concluded there are not (in accordance with national guidance). Such approaches would be based on growth funding, strategic infrastructure improvements or addressing unmet housing needs from surrounding areas, none of which currently apply to Test Valley. As there are no exceptional circumstances, it is considered the local housing need figure (using the standard method) provides our housing requirement
- 4.6 Within the Sustainability Appraisal (SA) an option of increasing the identified housing need to help meet local affordable housing need was identified as not being justified as a reasonable alternative, particularly when accounting for the outcomes of local evidence through the Strategic Housing Market Assessment (SHMA). Additionally, an option of identifying a lower level of housing need than established through the standard method was not considered to be a reasonable alternative as none of the circumstances set out in national policy that would justify a lower level of housing would be relevant to the Borough at this time. It was therefore concluded that there were no reasonable alternatives for the SA to assess and the only reasonable approach identified was applying the standard method for identifying local housing needs.

Proposed Way Forward and Recommended Approach on Housing Need

- 4.7 In accordance with national policy, which states strategic plan policies will need to look ahead over a minimum of a 15-year period from adoption of the Plan, we need to consider how much further into the future we project our plan period as we progress to the next stage of the Local Plan (Regulation 18, Stage 2 later next year). Based on our current timetable, a plan period to 2040 is proposed (based upon 2025 as an Adoption date and a minimum 15-year period from Adoption). This would also be consistent with the timescale of evidence base.
- 4.8 Table 1 sets out the overall housing requirement for the plan period 2020-2040.

Table 1: Proposed Borough wide Housing Requirement

	Per Year	2020 to 2040
Housing Requirement	541	10,820

² Based on 2014 household projections and 2020 affordability ratio.

- 4.9 It should be noted that there are variables used in calculating the standard method that could change over the course of preparing the Plan which we would need to respond to³. Therefore the current figure of 541 homes per year could change over the course of preparing the Local Plan 2040, for example as updated data sets on future household growth projections and/or the affordability ratio of average earnings to average house prices are published.
- 4.10 Also, we will need to consider how we provide housing requirement figures for designated neighbourhood plan areas at the next stage of the Local Plan (Regulation 18, Stage 2) as we are required to do so by national policy.
- 4.11 The Council is currently seeking to meet the local housing need figure (as calculated using the standard method) in full through the identification of sufficient sites in the next stage of the Local Plan 2040, Regulation 18, Stage 2. We will need to monitor whether future evidence indicates that an alternative housing requirement is needed, or if evidence emerges that the standard method figure cannot be accommodated.

5 Housing Market Areas

- 5.1 A key strategic decision for the Local Plan 2040 is how the provision of new housing will be distributed within the Borough. This includes how it should be broadly divided across the different Housing Market Areas (HMAs) in Test Valley. This also concerns the balance between the scale of development in Andover, Romsey and the other settlements, as informed by the Settlement Hierarchy.
- 5.2 Planning Practice Guidance (PPG) describes a HMA as '*a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live a work*'. One way to think about an HMA is therefore the area in which you would look to consider if looking to move home, whilst maintaining your existing place of employment, or the area in which you would seek employment, if you were not looking to move home.
- 5.3 In Test Valley, there is a strong distinction between Andover and the northern part of the Borough, and Romsey and the southern part of the Borough, which has a closer relationship with South Hampshire, in meeting housing needs. It has therefore been appropriate to consider the two areas separately.
- 5.4 The Council has therefore had a long-standing split regarding housing needs, recognising the distinct geography of Test Valley, and contains two distinct housing market areas. Reflecting this, the Adopted Local Plan identifies two separate housing market areas (HMA): Southern Test Valley (STV) covering

³ Planning Practice Guidance states local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination.

seven parishes⁴ and Northern Test Valley (NTV) covering the remainder of the Borough. These two HMAs are also used for the calculation of five-year housing land supply, with the current 588 homes per annum split between STV (194 homes per annum) and NTV (394 homes per annum) which is based on the amount of population in each area.

Options for the Policy Approach

- 5.5 The issue of HMAs within Test Valley has been reassessed for the draft Local Plan 2040, taking account of the findings of the HMAS. Consideration has been given to whether provision should be on the basis of a single Borough-wide HMA, or two or more HMAs and if so what the boundary split between these should be and how it should be drawn.
- 5.6 The HMAS 2022 has reviewed our approach set out in the Adopted Local Plan and recommends a continued split with two separate HMAs for Northern Test Valley (NTV) and Southern Test Valley (STV), but with a revised boundary rather than the existing division. The various data sources have taken account of the wider extent of the HMAs on a regional and sub-regional basis which cover much larger areas than the Borough⁵, internal migration flows between local authorities and the relationship with larger surrounding settlements and Travel to Work Areas (TTWA).
- 5.7 The proposed boundary split is broadly following the route of the A30 across the centre of the Borough, east to west. This split reflects the wider regional context, functionality, commuting patterns and geography of the different parts of the Borough. The boundary split between NTV and STV would align with parish boundaries, with the parishes north of Stockbridge now within NTV and parishes from Stockbridge southwards are within STV. The map at Appendix 2 shows this.
- 5.8 Within the Sustainability Appraisal (SA), in addition in reviewing whether there were reasonable alternative approaches to the scale of housing need, there has also been considered of the identification of Housing Market Areas within the Borough. It is recognised that this was done as a technical exercise based on the most recent evidence and the approach set out in national planning guidance. Therefore, no reasonable alternative options were identified for this. The key evidence provided through the HMAS indicated that there are two HMAs within the Borough and identifies their geographical extent.
- 5.9 In light of this, there was also consideration of the split of the scale of housing need between the two HMAs. The only reasonable approach identified was to split the scale of housing need between the HMA on a demographic basis (i.e. the existing population split), reflecting that the standard method of identifying local housing needs is based on a demographic data.

⁴ Ampfield, Chilworth, North Baddesley, Nursling and Rownhams, Romsey, Romsey Extra and Valley Park.

⁵ Northern Test Valley corresponds to the area which lies within the wider Andover and Salisbury HMA and Southern Test Valley corresponds to the wider Southampton HMA.

Proposed Way Forward and Recommended Approach

- 5.10 The Plan proposes to split the housing requirement according to the amount of population within each HMA. This would be consistent with the Government’s standard method for calculating local housing need which is derived from a demographic basis which looks at expected growth from the existing household baseline. As such, 57% of the housing requirement would be met in Northern Test Valley and 43% would be met in Southern Test Valley, reflecting the demographics of the two housing market areas and revised HMA boundary. This is also consistent with the approach to apportionment in the Adopted Local Plan 2016. This 57:43 split is a change from the 67:33 split in the current Adopted Local Plan 2016, as it takes account of the change in HMA boundary as STV now covers a larger geographical area (and therefore with an increased population within this) and due to difference in population growth in different parts of the Borough in recent years.
- 5.11 The housing requirement figures of 541 homes per year and its split 57:43 between the NTV and STV HMAs has been assessed within the Sustainability Appraisal (SA). Table 2 below sets out the split for the housing requirement, which would be used to determine the housing provision. Each HMA will have a separate housing provision requirement figure.

Table 2: Proposed Housing Market Area (HMA) Housing Requirements (rounded figures)

	Percentage Split	Homes per Annum	Homes for 2020 to 2040
Borough wide	100%	541	10,820
Southern Test Valley	43%	233	4,653
Northern Test Valley	57%	308	6,167

- 5.12 The HMAS also concluded that the two HMAs could be further split into four sub areas reflecting the more urban and rural areas of the two HMAs⁶. The role of these sub areas will be considered further as we begin to think about how we distribute the number of homes throughout the Borough in Regulation 18 Stage 2.
- 5.13 It is proposed that the HMAs would be used as distinct areas for the purpose of calculating and apportioning the five year housing land supply (HLS) in Test Valley, continuing the long-standing approach which is used in the adopted Local Plan 2016. As the Local Plan 2040 progresses through its plan preparations stages, we will determine at what point HLS should appropriately be monitored on this basis, with regard to the base date, housing need figure, and housing market areas. For the time being, HLS continues to be monitored according to adopted Local Plan Policy COM1.

⁶ For Northern Test Valley HMA: an Andover Sub Area and Test Valley North Rural Sub Area. For Southern Test Valley HMA: Romsey and South East Sub Area and Test Valley South Rural Sub Area.

- 5.14 The Romsey and South East sub-area (within STV) corresponds to the current STV HMA in the Adopted Local Plan 2016, plus Braishfield. This is the area of the Borough (excluding Braishfield) which lies within the South Hampshire sub-region and covered by the Partnership for South Hampshire (PfSH)⁷, of which the Council is a member. No change has been made to the boundary of this area, since Test Valley joined PfSH in 2004.
- 5.15 The Council is participating in ongoing work to prepare a Statement of Common Ground (SOCG) for South Hampshire through PfSH, including a joint evidence base to replace the Spatial Position Statement (SPS) 2016. The SOCG deals with strategic cross-boundary matters at a sub-regional level. The work on the SOCG and its evidence base is intended to inform a non-statutory PfSH Joint Strategy, which can inform local plans and assist local authorities in South Hampshire in meeting the Duty to Co-Operate. The work of PfSH is therefore intended to feed into the preparation process for the Local Plan 2040, including consideration of the issue of housing need as relevant.
- 5.16 The review of HMAs within Test Valley for the draft Local Plan 2040, does not in itself change the area of the Borough that sits within the South Hampshire sub-region and the outcome of work on the SOCG will be taken into account as relevant, as it applies to the area. The HMAS acknowledges that the current STV HMA in the Adopted Local Plan 2016 is part of the wider Southampton HMA which is covered by PfSH.
- 5.17 The most recent report to the PfSH Joint Committee (25 October 2021)⁸ provided an update on progress in preparing the SOCG and approval of its scope and content. These states:

“3.5 The evidence base collated over recent years supports the definition of the South Hampshire sub-region for strategic planning purposes, whether it relates to the two closely related housing markets around Portsmouth and Southampton, the functional economic market area across the whole sub-region or the physical geography of an area between the South Downs and New Forest National Parks and the coast with islands and peninsulas interspersed with harbours and river.”

“3.6 There is common agreement amongst partner authorities that the PfSH area is an appropriate geography upon which to prepare a Joint Strategy to deal with cross boundary strategic planning matters and support the production of local plans. An extensive evidence base has identified the housing market areas and the need to plan at the South Hampshire scale has previously been considered. Significant information is included within the 2014 GL Hearn Strategic Housing Market Assessment and previous evidence base work related to the physical environment has demonstrated the synergies for collaborative planning in South Hampshire. It is not intended to revisit the definition of the sub-region as part of the work identified in this SoCG.

⁷ See: www.push.gov.uk

⁸ See Item 11, Page 55 (available: <https://www.push.gov.uk/wp-content/uploads/2021/10/Full-Agenda.pdf>)

However, it is acknowledged that there will be some strategic issues that need to be considered in the context of a wider geographical area than that within the PfSH boundary.”

- 5.18 The issue of the relationship between South Hampshire area and HMA was assessed in the South Hampshire SHMA 2014⁹ which forms part of the evidence base for the PfSH SPS. This found that within the South Hampshire sub region there are two overlapping housing markets, based upon Portsmouth and Southampton respectively, of which the STV HMA in the Adopted Local Plan 2016, lies within the Southampton HMA. Whilst the South Hampshire sub-region boundary used by PfSH was considered as a sensible functional geography, previous CLG Research had concluded that these HMAs extended further inland to the north (beyond the defined South Hampshire sub-region boundary) and this principle was accepted, though with a difference over the potential extent northwards.

6 Housing Supply

- 6.1 To meet the proposed housing requirement (as calculated using the standard method) we have assessed how much housing supply is needed to meet this need, over the plan period to 2040. This has been undertaken by assessing how much existing housing supply we have committed already, as of 1 April 2021, against the housing requirement. This will begin to identify the ‘residual’ amount of housing, or the amount of housing needed once the existing stock of housing land has been taken into account. The residual housing requirement will need to be provided for through policies and site allocations in the Local Plan 2040 (Regulation 18, Stage 2).

Table 3 Housing Requirement and Supply¹⁰

	Borough wide	Southern Test Valley	Northern Test Valley
	2020 to 2040	2020 to 2040	2020 to 2040
Total Housing Requirement	10,820	4,653	6,167
Total Housing Supply	6,367	3,705	2,662
Total Residual Requirement	4,453	948	3,505

- 6.2 The assessment of the current housing supply (as at 1 April 2021) includes past completions (2020/21) plus future supply comprising: existing commitments from outstanding permissions, Adopted allocations, prior approvals and Use Class C2 self-contained units; from identified capacity from sites within the Strategic Housing and Economic Land Availability

⁹ Available: <https://www.push.gov.uk/wp-content/uploads/2018/06/SHMA-2014-1.pdf>

¹⁰ Northern Test Valley and Southern Test Valley HMA sub-areas refers to the proposed revised boundary between these, with Southern Test Valley comprise the parishes from Stockbridge southwards.

Assessment (SHELAA) where there is a policy presumption in favour of residential development, and from the Andover and Romsey town centre masterplans; and an allowance for future windfalls (sites currently unidentified but assumed future capacity expected to come forward).

- 6.3 The current supply figures provide the total existing supply Borough-wide and individually for each respective HMA. These supply figures provide a snapshot at the current time. There will be variables within these figures which we will need to be further investigated to ensure a sufficient number of homes is planned for, and to maintain a resilient housing land position.
- 6.4 Table 3 demonstrates the approximate Borough wide residual housing supply will be a total of 4,453 homes, to 2040. This shows that our existing housing supply will deliver over 50% of our housing requirement to 2040. This means we will need to allocate, as a starting point, new sufficient sites to meet the residual housing supply figure.
- 6.5 The distribution of future housing will be addressed at the next stage of the Local Plan 2040, through setting out our proposed draft site allocations for development. This will take account of the Spatial Strategy, Settlement Hierarchy and site selection criteria and Sustainability Appraisal.
- 6.6 The consideration of draft site allocations will also consider the potential role of Neighbourhood Plans (and other community development) in meeting the residual requirement figures, and particularly to meet the housing needs of individual local communities. We will also consider the provision of specific housing requirement figures for designated neighbourhood areas.
- 6.7 We should also consider whether we need to allocate for a higher number of homes (than the residual requirement as a minimum) in order to provide for greater resilience in maintaining a sufficient supply of sites to deliver the housing requirement. We will need to make sure that we provide for a sufficient supply of homes to meet our needs. Otherwise, there is an increased risk that homes could be permitted on sites not preferred by the Council and our residents, including as a result of planning appeals.
- 6.8 The Council will continue to monitor the housing land supply position as the preparation of the Local Plan 2040 progresses, including how this affect the residual requirement to be accommodated.
- 6.9 There are potential risks to the delivery of the Local Plan, including housing. We will need to consider contingency mechanisms, where monitoring indicates that delivery is falling short. Alongside this, we will need to ensure the Local Plan 2040 has sufficient flexibility and resilience to respond to delivery risks and contingency measures will be set out in the next stage.

7 Summary of Proposed Way Forward and Recommended Approach

- 7.1 Taking account of the findings of evidence base studies: Strategic Housing Market Assessment (SHMA) 2022 and Housing Market Areas Study (HMAS) 2022, the proposed housing requirement of 541 homes per year is based upon the Government's standard method calculation. This equates to 10,840 homes over the plan period 2020-2040. This would be split 57:43 between two separate revised Housing Market Areas (HMAs) for Northern Test Valley (NTV) and Southern Test Valley (STV), which would divide the Borough in the centre and align with parish boundaries.
- 7.2 The specific wording of the proposed strategic policy is available within the Local Plan 2040 Regulation 18 Stage 1 document, as Strategic Policy 6.
- 7.3 Taking account of existing supply, such as sites already with planning permission, there is a Borough-wide residual requirement of around 4,453 homes, which the Local Plan 2040 will need to make additional provision as a minimum.
- 7.4 For the next stage, Regulation 18 Stage 2, the Council will consider proposed new development allocations to meet the residual housing requirement over the plan period to 2040, the role of Neighbourhood Plan in meeting housing needs, and the mix of housing to be delivered including how provision should be best made for meeting the need for affordable housing and for specific household groups with particular housing needs, including for specialist housing for older people and people with disabilities.
- 7.5 The next stage of the draft Local Plan 2040, Regulation 18, Stage 2, will include a series of more detailed policies to support our proposed approach to housing delivery, as part of the Development Management policies. Additionally, there will be new strategic policies on the types of housing to be provided, where considered necessary, reflecting the progression of detailed evidence. This will take account of national planning policy and the findings of the SHMA 2022.
- 7.6 This stage will include addressing the need for affordable housing, and how to secure provision to meet the particular housing needs of specific household groups, including for those with specialist housing requirements. We will consider whether specific policies are needed to meet specific housing requirements and types. This will include consideration of how to make provision for the specific housing needs of: Gypsies, Travellers and Travelling Showpeople, older people, people with disabilities and people who rent their homes. The needs of older people and those with disabilities also includes the assessment of need for specialist accommodation e.g. sheltered/supported/extra living housing and accessibility standards.
- 7.7 We will also consider how to make provision for those who wish to develop their own homes, through self-build and custom-build, and whether there should be a specific policy on the overall mix of homes, both private and affordable, as informed by the SHMA.

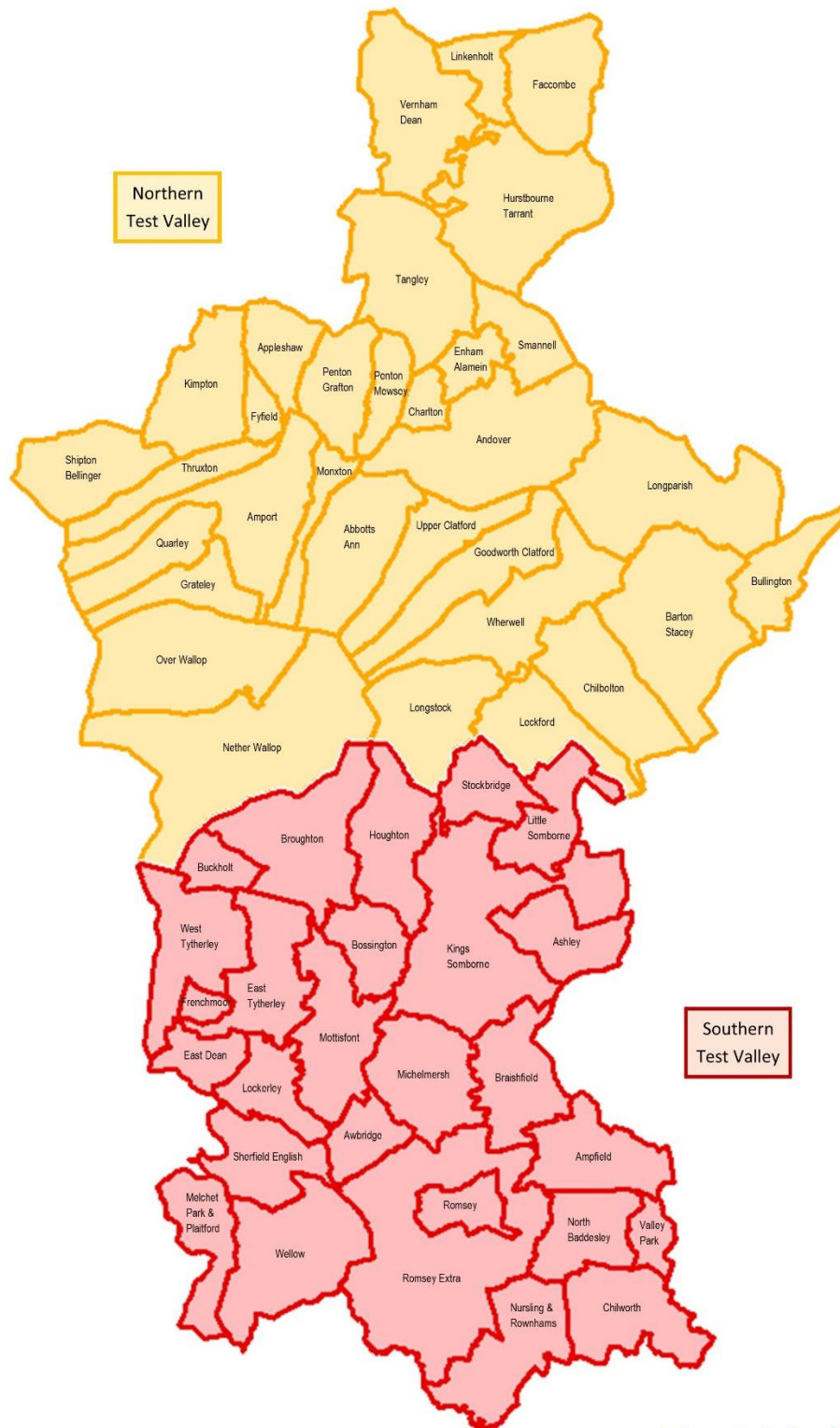
- 7.8 For affordable housing, we will review the current policy approach for affordable housing in rural areas. This will take account of the provision of First Homes and First Home Exception Sites.

Appendix 1: Local Housing Needs Assessment

	Test Valley
Setting the Baseline:	
Household Growth (per annum) over next 10 years, 2021-31	398
Affordability Adjustment:	
Median workplace-based affordability ratio, 2020	9.76
Adjustment Factor	136%
Step 2 Housing Need Figure	541
Cap:	
Date of plan adoption	January 2016
Plan more than 5 years old	Yes
Housing requirement in last adopted plan	588
Cap at 40% above last Adopted Plan	823
Minimum Local Housing Need (per annum)	541

Source: Derived from ONS and MHCLG sources

Appendix 2: Housing Market Areas by Parish



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