

Draft Test Valley Local Plan 2042

Revised Regulation 18

Housing Topic Paper

June 2025

1 Introduction

- 1.1 The purpose of this topic paper is to present a coordinated view of the process that has led to the preparation of local plan policies relating to housing, as relevant to consultation on draft Local Plan 2024 Revised Regulation 18.
- 1.2 The process of preparing housing policies has given consideration to national and local policy, relevant evidence studies and responses received to previous local plan consultation stages. This consultation focuses on how the Council is seeking to meet the Government's increase in local housing need as calculated by the revised Standard Method.
- 1.3 This topic paper will be revised and updated as appropriate at each stage in preparation of the Local Plan. Topic papers and evidence prepared to support this consultation stage are available to view and access from the council website: www.testvalley.gov.uk/localplan2042
- 1.4 This topic paper supports the statutory stage of preparing the draft Local Plan 2042 which is known as Regulation 18. This is Revised Regulation 18 which focuses solely on matters related to addressing the increase in our housing needs. It includes proposed sites for allocation for residential development to meet these needs. Following the public consultation, we will take account of any feedback to refine the final draft Local Plan Regulation 19 in 2026.

Overview of Topic

- 1.5 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. The National Planning Policy Framework (NPPF) requires that a local housing need assessment (LHN) is conducted using the standard method in national planning guidance to determine the minimum number of homes needed¹. The local housing needs assessment informs the 'housing requirement' for the Borough to be delivered over the plan period 2025 – 2042. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for. Assessment should also be made of the specific needs of different household groups to also be met, including for affordable housing and for those with specialist needs
- 1.6 Increasing overall housing delivery is one of the Government's key priorities for the planning system in England, to accelerate housebuilding to deliver 1.5M homes in England over the current Parliament, and increasing annual delivery to a target of 370,000 homes a year.

¹ Local Housing need: The number of homes identified as being needed through the application of the standard method set out in national planning practice guidance.

1.7 The following local plan policies and associated issues are addressed in this topic paper:

- **Spatial Strategy Policy 3(SS3): Housing Requirement:**
 - The Test Valley local housing needs assessment (LHN) and defining the Local Plan housing requirement using the Government's Standard Method.
 - Existing housing supply and the residual local plan housing requirement.
- **Spatial Strategy Policy 6 (SS6): Meeting the Housing Requirement:**
 - Overview of local plan approach to allocating sufficient sites for housing to address the residual housing requirement in accordance with the spatial strategy².
- **Strategy Policy 5 (SS5): Neighbourhood Development Plan Housing Requirements**
 - The approach to establishing housing requirements for designated Neighbourhood Plan areas and proposed housing figures.

1.8 Other matters related to housing including Policy HOU8 Meeting the needs of Gypsies, Travellers and Travelling Showpeople and Other Housing Needs including Policy HOU1: Affordable Housing, HOU5: Provision of Housing to Meet our Needs, HOU6: Residential Space Standards, and Policy HOU7: Self Build and Custom Build Housing remain as set out in the Regulation 18 Stage 2 document and will be reviewed in informed Regulation 19.

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, December 2024) and supporting National Planning Practice Guidance (PPG).

National Planning Policy Framework (December 2024)

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 9 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 The process for defining the Local plan Spatial Strategy is set out in the Spatial Strategy topic paper and the Interim SA Report.

- 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:
- a) 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;
 - b) 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 (to ensure outcomes support beauty and placemaking), and make sufficient provision for homes (including affordable housing).
- 2.6 Paragraph 22 states that strategic policies should look ahead over a minimum 15-year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from major improvements in infrastructure. Where larger scale developments such as new settlements or significant extensions to existing villages and towns form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery.
- 2.7 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).

- 2.8 In order to support the Government's objective of significantly boosting the supply of homes, paragraph 61 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.
- 2.9 Paragraph 62 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. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for. The standard method figure should be used with Paragraph 11b) setting out the circumstances in which NPPF policies, protected areas or assets of particular importance; or adverse impacts would significantly and demonstrably outweigh the benefits, when assessed against the NPPF as a whole, means that it cannot be provided for.
- 2.10 Paragraph 63 states that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include, (but not limited to) those who require affordable housing (including Social Rent), families with children, looked after children, older people (including those who require retirement housing, housing with care and care homes), students, people with disabilities, service families, travellers³, people who rent their homes and people wishing to commission or build their own homes.
- 2.11 Paragraphs 64 to 66 address affordable housing provision and set out that where a need is identified, planning policies should specify the type of affordable housing⁴ required (including the minimum proportion of Social Rent homes required) and expect it to be met on-site, unless:
- a) off-site provision or a financial contribution in lieu can be robustly justified, and
 - b) the agreed approach contributes to the objectives of creating mixed and balanced communities.
- 2.12 Paragraphs 69 and 70 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

³ Planning Policy for Traveller Sites December 2024, sets out how travellers' housing needs should be assessed for those covered by the definition in Annex 1 of that document

⁴ Affordable housing as defined in Annex 2 of the NPPF

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.

- 2.13 Paragraphs 72 and 73 concern the provision of supply to meet the housing requirement. From a strategic housing land availability assessment, 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.

- 2.14 Small and medium sized sites can make an important contribution to meeting the housing requirement of an area, are essential for Small and Medium Enterprise housebuilders to deliver new homes, 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.

- 2.15 Paragraph 75 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.

National Planning Practice Guidance

- 2.16 The Guidance sets out that housing need⁵ is “*an unconstrained assessment of the number of the minimum number of homes needed in an area*” Assessing housing need is the first step in the process of deciding how many homes need to be planned for, and should be undertaken separately from

⁵ Housing and Economic Needs Assessment (Paragraph 001).

assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

- 2.17 The NPPF expects strategic policy-making authorities to follow the standard method for assessing local housing need. The standard method uses a formula (see Appendix 1) that incorporate a baseline of local housing stock, which is then adjusted upwards to reflect local affordability pressures to identify the minimum number of homes expected to be planned for. The standard method identifies a minimum annual housing need figures, and ensures that plan-making is informed by an unconstrained assessment of the number of homes needed in an area. It does not produce a housing requirement.
- 2.18 The housing requirement is the minimum number of homes that a plan seeks to provide during the plan period. Once local housing need has been assessed, an assessment should then be made of the amount of new homes that can be provided in the plan area. This should be justified by evidence on land availability, constraints on development and any other relevant matters. The Government is committed to ensuring that more homes are built and support ambitious authorities who want to plan for growth. The NPPF explains that the housing requirement may be higher than the identified housing need, and authorities should consider the merits of planning for higher growth, if for example this would seek to reflect economic growth aspirations.

Local Policy Context and Evidence

Adopted Local Plan

- 2.19 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;
- 2.20 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)⁶, 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.

⁶ <https://testvalley.gov.uk/assets/attach/2557/EB-LC-14-Test-Valley-SHMA-Justin-Gardner-Consulting-2013.pdf>

- 2.21 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.

Strategic Housing Market Assessment (2022)

- 2.22 A key element of the evidence base for the Local Plan at Regulation 18 Stage 2 was the Borough's Strategic Housing Market Assessment (SHMA) (2022)⁷. 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 looked at the need for affordable housing and the particular needs from a range of specific groups in the population, including older persons.
- 2.23 A new updated SHMA will be prepared to inform the final draft Regulation 19 Local Plan in 2026, which will inform the need for affordable housing and specific household groups. At present the Council's position on these matters remains as set out in the Regulation 18 Stage 2 draft local plan.
- 2.24 The updated Strategic Housing and Economic Land Availability Assessment (SHELAA) (2025) identifies land that has been promoted as being available for future housing, economic or mixed-use development.
- 2.25 In addition to strategic factors such as settlement hierarchy, consideration of sites in the SHELAA and sites submitted through previous local plan stages is the starting point to address the local plan housing requirement. However, sites included in the SHELAA may not be appropriate for development or potential allocation in the local plan. These sites have been subject to further assessment including in relation to the evidence base, Sustainability Appraisal (SA) and ongoing stakeholder engagement to determine potential suitability for allocation. The interim SA Report and Site Selection Topic Paper set out further detail of this process.

3 Housing Need

- 3.1 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.
- 3.2 Since the Local Plan was adopted in 2016, the Government have amended national policy to introduce the 'standard method'⁸ to calculate our local housing need and determine the minimum number of homes needed. The standard method takes account of the number of new homes that are needed

⁷ https://www.testvalley.gov.uk/assets/attach/15954/pt6_2-Test-Valley-Strategic-Housing-Market-Assessment-JGC-2022.pdf

⁸ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

to meet demographic changes and then applies an affordability adjustment to take account of prices signals and to boost housing numbers.

- 3.3 At the previous stage the Regulation 18 Stage 2 in 2024⁹ the then local housing need assessment was 550 homes per year. Prior to that at Regulation 18 Stage 1 in 2022¹⁰ it was 541 homes per year at that time. The Standard Method, under the earlier methodology last stood at 524 homes per year in March 2024, before the revision in the methodology of its calculation.
- 3.4 Following the Government's changes to national planning policy and the revision of the standard method in December 2024, the housing requirement has been updated to reflect the Government's revised standard method, which is now 934 homes per year, which has increased from 524 homes per year¹¹. The calculation is now based upon a baseline 0.8% increase in existing housing stock, which is then adjusted for affordability based upon the average ratio of median workplace-based earnings compared to median house prices over the last five years. For every 1% this ratio is above 5.00 times, the baseline figure is increased by 0.95%.
- 3.5 The latest standard method calculation is set out in Appendix 1. Appendix 2 provides a summary of how our housing requirement and the assessment of local housing need calculated using the Government's standard method has changed over recent years.
- 3.6 The plan period is now 2025-2042 in order to provide for a 15 plan period on the date of adoption. At 934 homes per year, for the plan period 2025-2042 (17 year period) this is a total of 15,878 homes.
- 3.7 The data which feeds into the standard method calculation is updated annually and will be considered as preparation of the draft local plan continues. Further data is expected to be published which will need to be addressed at Regulation 19 and the local housing need figure will therefore likely change again moving forward.

Whether Exceptional Circumstances Exist to Justify Alternative Approach

- 3.8 The NPPF also states that any housing needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.
- 3.9 The NPPF explains (paragraph 69) that the housing requirement may be higher than the identified housing need, and authorities should consider the merits of planning for higher growth, if for example this would seek to reflect growth aspirations, linked to economic development or infrastructure allocations.

⁹ Based on 2014 household projections and 2022 affordability ratio

¹⁰ Based on 2015 household projections and 2020 affordability ratio

¹¹ Based upon previous standard method calculation as of March 2024

Sustainability Appraisal

- 3.10 The interim Sustainability Appraisal (SA)¹² for Revised Regulation 18 (June 2025) has assessed alternative growth scenarios, including an increase in the housing requirement above the latest Standard Method figure of 934 homes per year as the level of LHN. The three scenarios tested are: Scenario 1, 934 homes per year, in line with LHN; Scenario 2¹³, 1,052 homes per year, a 13% increase on LHN; and Scenario 3¹⁴, 1,017 homes per year, a 9% increase on LHN.
- 3.11 This concludes that it is difficult to see a high level case for setting the housing requirement below LHN such that the local plan generates unmet need. There is a clear case of focusing attention on growth scenarios involving setting the housing requirement at meeting LHN. There is also a high level case for remaining open to setting the housing requirement at a level above LHN to provide flexibility for any unmet need from elsewhere, plus providing for meeting more affordable housing needs.
- 3.12 Scenario 1 is taken forward for the draft local plan Revised Regulation 18 public consultation. The appraisal shows it to perform suitably well and in compliance with NPPF paragraph 63 b) as being *‘Justified – an appropriate strategy, taking into account the reasonable alternatives, and based on proportional evidence.’*
- 3.13 It is acknowledged that there is a ‘homes’ argument for supporting a higher growth scenario, and that the shortlisted omission sites under the higher scenarios are subject to some limited constraints. However, there are highly significant concerns with both sites, perhaps most notably, in terms of transport and accessibility objectives and uncertainty over their delivery in the plan period. At the current time, the impacts and risks / uncertainties associated with higher growth are considered to comfortably outweigh the benefits. However, this position will be reconsidered in light of consultation responses and engagement with strategic partners and stakeholders. Account will also be taken as the position on potential unmet needs becomes clearer in future as respective local plans moves forward. This issue is considered further below.

Growth Strategy and Economic and Employment Needs

- 3.14 The Council's emerging economic and employment land strategy does not require housing delivery over and above LHN derived from the standard method as it stood at Regulation 18 Stage 2. The latest employment land study (2023) prepared by DLP on behalf of the Council recommends a ‘Growth Forecast’ which has been established through analysis of projection

¹² <https://www.testvalley.gov.uk/assets/attach/23438/Interim-Sustainability-Appraisal.pdf>

¹³ Includes additional growth south west of Andover

¹⁴ Includes additional growth at Grateley Station/Palestine as garden village

figures from Experian, Cambridge Econometrics and Oxford Economics. This recommended scenario also factors in growth in key employment sectors identified in the Partnership for South Hampshire (PfSH) strategy work. The DLP assessment concludes that this growth scenario did not require housing delivery above LHN derived from the standard method as it stood at that time.

- 3.15 An updated employment land study assessment will be prepared to inform the final draft Regulation 19 local plan in 2026, which will inform the issue of employment needs. This will take account of the findings of the new updated SHMA, as relevant. At present the Council's position on future employment land needs remains as set out in the Regulation 18 Stage 2 draft local plan.
- 3.16 The Council continues to work in partnership with neighbouring authorities including as part of the PfSH. There is no growth strategy agreed with neighbouring authorities or as part of the PfSH that would require the Local Plan housing requirement to exceed LHN, on this basis.

Affordable Housing Needs

- 3.17 It is important to consider local affordable housing needs and whether this is a factor (to be weighed in the balance) for setting the housing requirement above the LHN figure under the Standard Method.
- 3.18 This issue was considered within the Strategic Housing Market Assessment (SHMA) 2022 and specifically paragraphs 36 and 37 which did not support a housing requirement figure derived from meeting 'absolute' affordable housing needs. It therefore concluded that no higher requirement on the basis of affordable housing was justified.
- 3.19 The SHMA (para 36) states that caution should be exercised in trying to make a link between affordable need and planned delivery, because many households identified as having a need will already be living in housing so providing an affordable option does not lead to an overall net increase in housing. It is also noted the substantial contribution of the private rented sector towards meeting need for subsidised housing for rent. The private sector role in provision of subsidised housing for rent contributes to addressing the need and it is not necessary for the Plan to address absolute affordable need.
- 3.20 Setting a housing requirement above LHN to address absolute affordable housing need also carries a significant risk of the local plan housing requirement not being provided for. In Test Valley Borough absolute affordable housing need is 120% of the then standard method derived LHN (550 dpa) for Regulation 18 Stage 2, and this would lead to a housing requirement of 1,222 dpa.
- 3.21 The SHMA did not identify a demand for this level of market housing. Limitations in demand for market housing would likely result in the both the housing requirement and absolute affordable housing need not being

provided for. This would result in the application of the measures set out in NPPF Paragraph 11b.

- 3.22 The SHMA (para.37) states that although there is a notable need for affordable housing, it did not identify an affordable housing target. This is because the amount of affordable housing that can be delivered is limited by the amount that can be viably provided.
- 3.23 A whole plan viability assessment¹⁵ was also undertaken by BNP Paribas Real Estate on behalf of the Council to support Regulation 18 Stage 2. The study has appraised residential schemes with a range of affordable housing percentages up to 50%. The viability study concludes that a policy approach of 40% affordable housing should be retained and applied on a 'maximum reasonable proportion basis' taking site specific circumstances into account.
- 3.24 Therefore, due to limitations in market demand for housing, affordable housing viability and evidence from the SHMA 2022 it is not appropriate to identify a housing requirement above LHN on the basis of affordable housing need.
- 3.25 A new updated SHMA will be prepared to inform the final draft Regulation 19 local plan in 2026, which will inform the need for affordable housing. At present the Council's position on these matters remains as set out in the Regulation 18 Stage 2 draft local plan.

Strategic Planning Constraints

- 3.26 Test Valley is not affected by strategic constraints that would affect the ability to meet LHN (derived from the standard method). Furthermore, in view of the available housing supply options it is not considered reasonable to explore a growth scenario below LHN leading to unmet need. This position is unchanged since this issue was considered through SA at Regulation 18 Stage 1 (2022).

Unmet Housing Needs

- 3.27 Unmet housing need from neighbouring areas (which cannot be met within those areas) is one of the issues to be considered in setting the housing requirement.
- 3.28 Prior to public consultation on the Regulation 18 Stage 1 document, we did not have any requests to accommodate unmet housing need from our neighbouring authorities. Although there had been discussions regarding levels of existing housing supply through PfSH, there had been no agreement through PfSH regarding the identification of unmet housing needs.
- 3.29 NPPF paragraphs 11, 26 and 27 require local planning authorities to provide for any housing needs that cannot be met within neighbouring authorities

¹⁵ <https://www.testvalley.gov.uk/assets/attach/19880/Test-Valley-Local-Plan-Viability-final-090124.pdf>

which should be agreed through a SOCG. This is reflected in the ‘soundness’ test which are the tests local plans are assessed against to determine whether a local plan can be adopted. This states for local plans to be considered positively prepared, they need to provide a strategy that is informed by agreements with other authorities showing that unmet needs from neighbouring areas can be accommodated where it is practical to do so and is consistent with achieving sustainable development (NPPF paragraph 35).

- 3.30 The NPPF states strategic policy makers should prepare and maintain statements of common ground documenting the cross-boundary matters being addressed and progress of cooperation to address these. SOCG should be produced using the approach set out in Planning Practice Guidance (PPG), and be made publicly available throughout the plan making process to provide transparency (NPPF paragraph 27). The PPG advises the SOCG should be published in time for the Regulation 19 stage.
- 3.31 Through the consultation on the Regulation 18 Stage 1 document, the Council received representations from some of our neighbouring authorities. A summary of the key comments made relating to unmet housing needs is set out in Table 1.

Table 1: Summary of Neighbouring Authorities Comments on Regulation 18 Stage 1 document

Neighbouring Authority	Summary
Havant Borough Council	Through the Examination on their local plan, the Inspector identified they were 2,000 homes short of providing their needs. Havant have subsequently withdrawn their local plan. They are formally seeking a commitment from Test Valley to accommodate their unmet need.
New Forest District Council	Recommend need to ensure housing requirement is wholly consistent with the final agreed outcomes in the PfSH SOCG. If agreement cannot be met through PfSH and SOCG, and under applying the Government’s standard method for New Forest District, there will be the potential for unmet housing need arising from New Forest District.
Southampton City Council and Eastleigh Borough Council	Strongly welcome engagement from Test Valley through PfSH regarding emerging SOCG. The SOCG identified the need to address the issue of unmet housing needs through a Joint Strategy. They recommend we monitor the emerging evidence by taking a positive approach. Recommend our Sustainability Appraisal test a higher amount of housing.
Winchester City Council	Welcome ongoing collaboration. Recognise discussions ongoing as part of PfSH and no decisions have been agreed regarding unmet housing needs. Recommend we consider how the

	local plan can respond to this issue under the Duty to Co-Operate.
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- 3.32 The representations, at that time, from neighbouring authorities demonstrate the position on unmet housing needs was changing. The representations either included a formal request or an indication had been made that there is potential for our neighbouring authorities to have unmet need in the future.
- 3.33 Whilst preparing the Regulation 18 Stage 2 document, there was increasing pressure from authorities neighbouring southern Test Valley. Through the consultation on the Regulation 18 Stage 2 document, the Council received representations from some of our neighbouring authorities. A summary of the key comments made relating to unmet housing needs is set out in Table 2.

Table 2: Summary of Neighbouring Authorities Comments on Regulation 18 Stage 2 document

Neighbouring Authority	Summary
Havant Borough Council	No representations made
Basingstoke and Deane Borough Council	Noted that plan proposes meeting its housing requirement in full based on the standard method calculations. As identified in our draft Local Plan, we are seeking to meet our housing requirement with a 10% buffer over the plan period. BDBC raises no objection to the proposed spatial strategy subject to the identified housing need being met during the plan period and ensuring that any impact of the Plan on the borough of Basingstoke and Deane is suitably mitigated.
New Forest District Council	Acknowledge that a Spatial Position Statement has been produced (December 2023) by the Partnership for South Hampshire (PfSH) setting out the current level of housing need and supply in South Hampshire which identifies a current supply shortfall in meeting housing needs across South Hampshire. Will be aware that the December 2023 PfSH Spatial Position Statement indicates a significant current housing supply shortfall in the PfSH area of circa. 11,770 dwellings, of which there is a housing supply shortfall for NFDC against the standard method of circa. 5,650 dwellings in the period to 2036. It is in this context that NFDC has recently commenced a full Local Plan Review. At this stage of preparation, the extent to which the Local Plan Review will be able to meet future housing needs is not clear, particularly when considering the need for any such Plan to cover a minimum 15-year period from its adoption.

	<p>NFDC acknowledges that, at this time, unmet need arising from the South Hampshire area has not yet been fully quantified and recognises the difficulty for Test Valley Borough Council in considering this fully in its Local Plan at the present time. In this context, NFDC welcomes paragraph 3.63 of the draft Local Plan. However, NFDC considers that this commitment should be strengthened and elevated to policy status. This would require Test Valley Borough Council to specifically consider the need to commence a review of its Local Plan where a quantified unmet need has been established in a recently adopted local plan in a neighbouring local authority area. This will ensure that appropriate mechanisms are provided for within the Local Plan to enable Test Valley Borough Council to respond positively to considering how unmet needs from neighbouring authorities should be addressed</p>
New Forest National Park Authority	<p>Para.3.62 The NPA does not receive a housing need requirement from the Government generated through the standard methodology relating to the objectively assessed housing need. Instead PPG acknowledges that in national parks and alternative approach to the Government's standard method will be required. Para.014 of PPG confirms that national park authorities "...may continue to identify a housing need figure using a method determined locally." The NPA will therefore be commissioning evidence on the local housing need arising from communities within the New Forest National Park to inform the approach taken to the review New Forest National Park Local Plan review. At this stage we are unable to confirm whether there will be an unmet housing need arising from the 35,000 residents of the New Forest National Park. It is noted that TVBC are making provision for a minimum 10% supply in housing above the Council's housing requirement, equating to 12,415 dwellings planned compared to OAN need of 11,000 dwellings.</p>
Eastleigh Borough Council	<p>Continue to recognise the importance of collaborative working through the Partnership for South Hampshire (PfSH). This is reflected through the recent publication of the PfSH Spatial Position Statement (December 2023) which deals with cross boundary strategic planning issues such as unmet housing and employment needs. Continued dialogue between both Councils along with engagement with its neighbouring authorities across South Hampshire is therefore strongly welcomed. It</p>

	<p>is observed that the latest proposed housing figure reflects the Government's standard method at 550 dwellings per annum. We have noted that the Spatial Position Statement has identified East of Romsey and South-west of Chandler's Ford as two broad areas of search in Test Valley Borough, and that the intention of these broad areas of search is to help to deliver identified and potentially unmet housing needs within the wider housing market area. We note that the Council is proposing a 10% buffer above the identified local housing need (LHN) of 550 dwellings per annum to ensure that its housing supply position is robust and that a buffer above 10% will apply to Southern Test Valley. We support the provision of a buffer for the purpose of accounting for unknown delays in delivery and would also like to see it recognised that this buffer could help meet unmet housing needs. With the wider unmet need extending across the wider housing market area, all Councils in the area will need to consider the extent to which they may be able to meet these needs, recognising also national and other important local designations/issues (e.g. environmental, transport, etc). We therefore welcome the ongoing dialogue on these matters as we progress our plans.</p>
Southampton City Council	<p>Confirm its continued support for the development of a new and up to date Local Plan for the Borough of Test Valley and recognises the importance of working together to maintain and enhance the interconnectivity of the entire South Hampshire region, as is reflected in our shared commitment to the Partnership for South Hampshire (PFSH). Notes that TVBC intends to meet its housing needs in full and will not be seeking to export unmet need to neighbouring authorities. Welcomes the work that TVBC has undertaken to meet its full housing needs.</p> <p>SCC has been presented with a challenging housing target, including a 35% uplift as one of the 20 largest urban authorities in England, given the city's highly constrained boundaries. SCC continues to work on approaches such as increasing density and identifying opportunities for taller buildings in order to meet as much of the city's housing need as possible. If any unmet need is identified SCC will work with its partners at Partnership for South Hampshire, including TVBC, to find an appropriate way forward for resolving this in a future update to the Spatial Position Statement</p>

Winchester City Council	<p>Supports delivering housing in excess of need however would encourage confirmation that confirm that any housing delivered in excess of identified need for the Borough will be available to meet unmet needs arising elsewhere in the PfSH area. This reflects the PfSH Spatial Position Statement which indicates that TVBC is an authority that should be able to meet and potentially exceed its standard method-based housing need</p> <p>Suggest supporting text could be altered to specifically state that surplus should be retained and if possible increased and allocated to meet unmet needs from adjoining PfSH areas.</p> <p>Understands there are no unmet housing needs arising from either authority (Winchester and TVBC).</p>
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- 3.34 The process of evidencing, co-operating and agreeing on accommodating unmet housing need is not specifically identified in national policy. PPG recommends what should be set out in a SOCG which is the housing needs, capacity, and extent of unmet housing needs relating to the relevant areas. The onus is on the local authority who has identified unmet housing needs to undertake the evidence and justify this. For neighbouring authorities, they are required to co-operate where this is identified and work together to establish how the unmet need will be apportioned between neighbouring authorities who can accommodate this.
- 3.35 The Council has participated in work to prepare an updated Statement of Common Ground (SOCG) for South Hampshire through PfSH, including a joint evidence base to replace the Spatial Position Statement (SPS) 2016, with a new SPS 2023. The SOCG deals with strategic cross-boundary matters at a sub-regional level. The work on the SOCG and its evidence base inform the non-statutory PfSH SPS 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 2042, including consideration of the issue of housing need as relevant.
- 3.36 An updated SOCG for PfSH was approved in July 2023 and an updated SPS in December 2023¹⁶. Table 1 of the SPS sets out the housing need and supply position as at 2023, for the period to 2036. The identifies a shortfall/surplus which is based upon the amount of housing which is currently identified and thus there is some supply which is yet to be identified through local plans, reflecting that several local plans were at an early stage of plan preparation. There is not therefore yet a quantified unmet housing need, rather some housing need yet to be identified, which may or may not result in an unmet need in due course.

¹⁶ <https://www.push.gov.uk/work/planning-and-infrastructure/push-position-statement/>

- 3.37 The Inspector at the Examination into the Draft Havant Local Plan 2036, found a 2,000 home shortfall in the supply which was deemed not possible to accommodate together with unmet need arising within the South East Hampshire HMA. Havant has committed to working through PfSH to maximise opportunities to accommodate unmet need in the South East Hampshire HMA, but this is unlikely to be sufficient to meet housing need. Havant Borough Council responded to the Test Valley Local Plan 2040 Regulation 18 Stage 1 public consultation seeking a commitment from Test Valley to accommodate unmet need from Havant in our Local Plan.
- 3.38 The Draft Havant Local Plan 2036 was withdrawn on 16 March 2022 and work has started on a new local plan, the Building a Better Future Local Plan with a plan period to 2040. A Regulation 18 consultation was undertaken in October and November 2022 alongside a 'call for sites', this proposed an increase in the housing requirement from 315 to 516 homes per year.
- 3.39 The draft 'Building a Better Future' Plan as a full draft Regulation 18 local plan has been published for public consultation 6 May – 1 July 2025. This plan provides for 7,218 homes (net) 2023-2043 (360 homes per annum) against a standard method figure of 17,840 (892 homes per annum), leading to an unmet need of c.10,650 homes.
- 3.40 How any unmet need for Havant might be appropriately accommodated in neighbouring authorities is a matter to be considered through the Duty to Co-Operate. Havant's request made at Regulation 18 Stage 1 in 2022 was based upon the outcome of the local plan examination, for a plan which has now been withdrawn with evidence being updated for the new draft plan. No request was made at Regulation 18 Stage 2 in 2024. Also, given the geography and HMAs in South Hampshire and the relative distance, we consider it is unlikely that this should reasonably be met in Test Valley.
- 3.41 Since the publication of the PfSH SPS, the Government's revised NPPF and revised standard method of calculating local housing need has significantly impacted on the progress of emerging local plans and the level of housing need being planned for. Given the significant increases in need for homes, the pressure from neighbouring authorities will likely increase and we continue to engage on this matter. However, at present our discussions and their respective local plans are not yet at a stage of identifying and evidencing the scale of any unmet housing needs. As our own housing need has increased, it will make our ability to help address any unmet needs from our neighbouring authorities more challenging. We will continue to engage with our neighbours on this.
- 3.42 At present, we therefore do not have any current requests to help meet unmet housing needs from our neighbouring authorities. This position may change as plan preparation continues, but it is uncertain whether this will be at a point at which this draft local plan can address this, or whether it will need to be addressed through the new Spatial Development Strategies to be prepared by

the combined authorities and subsequent future local plan under the new unitary authorities.

Main Issues from Consultation on Previous Local Plan Stages

- 3.43 Four previous stages in the preparation of the Local Plan 2042 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, Regulation 18 Stage 1 in 2022 and Regulation 18 Stage 2 in 2024.
- 3.44 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.
- 3.45 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.
- 3.46 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;
 - Meeting need for affordable housing including providing for needs by type and affordability across the Borough;
 - 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.
 - Support for a specific local plan policy on self-build and custom housing
- 3.47 The key issues identified from Regulation 18 Stage 1 included:
- Support for using the standard method to determine the housing requirement, but some comments that consideration should be given to higher housing requirement figure;
 - Support for meeting the local need in full;
 - Consideration to be given to setting a housing requirement above LHN;

- Need to take account of cross-boundary issues and consider any unmet housing need from neighbouring authorities, in particular from the South Hampshire sub-region and arising from the planning work being undertaken by the Partnership for South Hampshire (PfSH), including the Statement of Common Ground (SOCG) and the Spatial Position Statement (SPS).
- Support for maintaining two housing market areas and a proportional housing split between the HMAs;
- Housing need and provision in the rural area to be considered;
- The role of Neighbourhood Plans in housing delivery;
- Importance of meeting the need for affordable housing and taking into account viability in establishing policy approach;
- The delivery of First Homes to be included in affordable housing policy and a policy on First Homes Exception Sites;
- Include policy on self build and custom build homes

3.48 The key issue identified from Regulation 18 Stage 2 included:

- Brownfield sites should be prioritised. Some respondents raised viability issues with brownfield sites
- Housing should be distributed to areas other than Andover and Romsey/more equal distribution across the Borough, including Tier 3 settlements
- Over reliance on large sites
- Rise in ageing population should be addressed
- Should include provision for unmet needs
- Housing Market Areas – Borough-wide approach should be taken rather than splitting north and south. Some respondents supported the split and HMA boundaries
- North/South split – concern with how split is determined and what factors influence it
- Housing requirement should reflect environmental constraints, with particular concerns raised over impact on the River Test and River Itchen
- Housing requirement should be higher to address i) affordability; ii) specialist housing; and iii) unmet need
- Plan period requires update/increase to housing requirement
- Support for standard method to calculate housing need
- Uncertainty over whether the rural housing requirements can be delivered if relying on Neighbourhood Plans
- Rural housing requirement should be increased to address affordability and to allow communities to grow and thrive
- Test Valley is rural Borough, villages should take more homes
- Villages that have already taken development prior to designation should not be given a housing requirement
- Housing requirement is too low and many villages could accommodate higher growth. It is unlikely to deliver much affordable housing.
- Settlements that do not have a designated (neighbourhood) area or choose not to produce a neighbourhood plan have no specific minimum housing requirement – not a proactive approach to delivering housing in the rural area

- Council setting housing target for village is not a community led approach
- Significant shortfall of supply to meet demand for care accommodation
- Should allocated small and medium sized sites to assist delivery
- A larger buffer should be applied
- A surplus in supply is provided – why allocate more than needed

Recommended Approach on Housing Need

- 3.49 Table 3 set out the overall housing requirement for the plan period 2025-2042 based on our Local Housing Need figure as explained above.

Table 3: Proposed Borough wide Housing Requirement

	Per Year	2020 to 2042
Housing Requirement	934	15,878

- 3.50 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 to¹⁷. Therefore, the current figure of 934 homes per year is likely to change over the course of preparing the Local Plan 2042, 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.
- 3.51 In summary, it is considered that there is no justified reason to increase or reduce the housing requirement from the figure of LHN, as from the latest Standard Method calculation.

4 Housing Market Areas

- 4.1 Previously the at Regulation 18 Stage 2 the draft Local Plan has considered the distributed within the Borough, this included 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.
- 4.2 The Council has previously had a long-standing split regarding housing needs, recognising the distinct geography of Test Valley, reflecting two distinct housing market areas. Reflecting this, the Adopted Local Plan identifies two separate housing market areas (HMA): Southern Test Valley (STV) covering six parishes¹⁸ and Northern Test Valley (NTV) covering the remainder of the Borough. These two HMAs were also used for the calculation of five-year housing land supply, with the adopted local plan 2016 housing requirement of 588 homes per annum split between STV (194 homes per annum) and NTV (394 homes per annum) based on the amount of population in each area.

¹⁷ 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.

¹⁸ Ampfield, Chilworth, North Baddesley, Nursling and Rownhams, Romsey, and Valley Park.

- 4.3 The issue of HMAs within Test Valley was reassessed for the draft Local Plan for Regulation 18 Stage 2, taking account of the findings of the Housing Market Areas Study (HMAS) 2022¹⁹. Consideration was 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.
- 4.4 The HMAS 2022 reviewed the 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 Borough²⁰, internal migration flows between local authorities and the relationship with larger surrounding settlements and Travel to Work Areas (TTWA).
- 4.5 For Regulation 18 Stage 2 the proposed boundary split was proposed 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 was aligned with parish boundaries, with the parishes north of Stockbridge now within NTV and parishes from Stockbridge southwards are within STV.
- 4.6 For this consultation on Revised Regulation 18, it is now proposed to change this position following the December 2024 revised NPPF and revised standard method calculation on local housing need. This reflects the revised NPPF paragraph 69, which requires establishing a housing requirement for the 'whole area' and therefore a split housing requirement based upon separate HMAs is no longer compliant with this approach.
- 4.7 A single Borough-wide approach is therefore now taken for calculating the five year housing land supply (HLS) in Test Valley, as housing supply should be identified and updated annually against the strategic requirement (NPPF paragraph 78). This is monitored against the latest standard method figure of local housing need of 934 homes per year, as the adopted local plan housing requirement is now considered out of date with regard to NPPF paragraph 78.
- 4.8** Taking forward a single Borough-wide housing requirement, 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 updated SOCG and new SPS which 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.

¹⁹ https://www.testvalley.gov.uk/assets/attach/15955/pp1_2-Test-Valley-Housing-Market-Areas-Study-JGC-2022.pdf

²⁰ 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.

5 Housing Supply

- 5.1 To meet the proposed housing requirement of 15,878 homes we have assessed how much housing supply is needed to meet this need, over the plan period 2025 to 2042. This has been undertaken by assessing how much existing housing supply we have committed already within the Borough, as of 1 April 2024, against the proposed housing requirement. This helps to identify the 'residual' amount of housing that is needed to be allocated for in the draft Local Plan 2042.
- 5.2 The assessment of the current housing supply (as at 1 April 2024) includes future supply comprising: existing commitments from outstanding permissions, adopted site allocations, prior approvals and Use Class C2 self-contained units, and bedspaces in communal accommodation (discounted at ratio of dwellings to bedrooms from 2021 Census); identified capacity from sites on the Brownfield Register 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). The current housing supply represents a deliverable pool of housing land and sites at a point in time.
- 5.3 The Council has reviewed the windfall allowance and also included a site adjustment factor to reflect that it can reasonably be expected that the capacity of some sites will increase above the capacity figure currently estimated, following further technical work and masterplanning is undertaken as sites progress through the planning process.
- 5.4 The current supply figures provide the total existing Borough-wide supply. There will be variables within these figures which will be considered periodically, to ensure a sufficient number of homes is planned for, and to maintain a resilient housing land position.
- 5.5 The distribution of future housing is addressed through policy SS6 which identifies the proposed site allocations for housing development. The approach taken to distribution is summarised in the Spatial Strategy Topic Paper.
- 5.6 The consideration of draft site allocations has also considered 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 have considered the provision of specific housing requirement figures for designated neighbourhood areas through Policy SS5.

- 5.7 Table 4 sets out the housing requirement and housing supply borough wide

Table 4: Housing requirement and Supply

	Housing Supply 2025-2042
Minimum Housing Requirement	15,878
Existing Commitments	3,187
Regulation 18 Stage 2 Site Allocations	5,534
Neighbourhood Development Plan Requirements	20
Revised Regulation 18 Site Allocations	5,676
Site Adjustment Allowance (reflecting future refinement in capacities)	196
Total Windfall Allowance	1,265
Total Supply of Housing	15,878

- 5.8 The housing supply presented in Table 5 is informed by the Council's latest Housing Implementation Strategy (data is as of 1st April 2024). All assumptions and phasing are explained in this document. A Housing Trajectory has been published separately setting out the proposed phasing of the draft site allocations alongside the total housing supply.
- 5.9 Paragraph 75 of NPPF recognises that an allowance for windfall sites can be made assuming that evidence is available to demonstrate this is likely to be a reliable source. The glossary (annex 2) of the NPPF provides a definition of windfall sites.
- 5.10 In reviewing the scale of the windfall allowance, the Council has focused on sites that fall below a net gain of 5 dwellings; this is so as to avoid potential double counting of sites that might otherwise be classified as identified capacity. It is recognised that larger windfall sites may come forward that are not promoted through the SHELAA – these usually become part of the supply at the point they gained planning permission or have a resolution for permission.
- 5.11 The allowance is based on observed trends and analysis of whether such trends are likely to continue in the future. The Borough has historically benefited from a supply of windfall sites. Table 5 set out the last 10 years of housing completions on sites under 5 (net gain) dwellings to support the proposed level of windfall allowance for the draft Local Plan 2042.

Table 5: Housing Completions on Sites less than 5 (net gain) dwellings

Year	Total (Borough-wide) net gain in dwellings for small sites (under 5 dwellings)	Northern Test Valley	Southern Test Valley
2014/15	82	38	44
2015/16	73	37	36
2016/17	80	35	45
2017/18	76	28	48
2018/19	83	36	47
2019/20	88	41	47
2020/21	63	30	33
2021/22	47	25	22
2022/23	44	10	34
2023/24	59	19	40
TOTAL	695	299	396
Average	69.5	29.9	39.6

5.12 The Council will continue to monitor the housing land supply position as the preparation of the Local Plan 2042 progresses, including how this affect the residual requirement to be accommodated.

5.13 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 2042 has sufficient flexibility and resilience to respond to delivery risks and contingency measures will be set out in the next stage.

6 Neighbourhood Plan Housing Requirements

6.1 Neighbourhood Plans are one of the tools to deliver housing in rural areas. They provide a tool for communities to have their say in the future of the places where they live and work. Once made, they become part of the Development Plan and have legal weight in determining planning applications.

6.2 In accordance with national policy (NPPF paragraphs 66 and 68), the draft Local Plan will need to identify housing requirements for designed neighbourhood plan areas. The approach to establishing housing figures for neighbourhood plan areas aligns with emerging and active designated neighbourhood plan areas, enabling communities to shape the future of their area.

6.3 It is anticipated that new neighbourhood plan areas will be designated over the plan period to 2042 and requirements for these areas will be made once they are designated. Housing requirements will also be given on commencement of the review of a made plan.

- 6.4 In the Regulation 18 Stage 2 document, the draft Local Plan was not proposing site allocations in any of the designated neighbourhood areas where a neighbourhood plan was actively being progressed. Due to the significant increase in our housing need, and the scale of the challenge to meet this, we are now having to allocate homes in these areas. We have therefore reviewed our approach to providing housing requirements to designated neighbourhood plan areas.
- 6.5 For our largest and most sustainable settlements (as identified in settlement tiers 1-2 of the settlement hierarchy), site allocations are proposed at these locations. It is considered that these will meet both the strategic housing need for the borough but also local needs. Reflecting this, it is proposed that housing requirements for designated neighbourhood plan areas at these settlements will not be provided.
- 6.6 In the rural settlements (as identified in settlement tiers 3 and 4 of the settlement hierarchy), the draft Local Plan will identify housing requirements for designated neighbourhood plan areas, but only where there is no site allocation proposed. The site allocations will meet the housing needs of these settlements.
- 6.7 Designated areas that now have a made neighbourhood plan are removed along with designated areas where there are proposed sites allocated in their area. Although no housing requirements are provided for these areas, neighbourhood plans can still consider undertaking housing needs survey to assess their specific needs including the type and mix of homes. The neighbourhood plan can seek to shape the draft Local Plan site allocation in this regard.
- 6.8 The proposed methodology for establishing Neighbourhood Plan housing requirement figures is consistent with the guidance set out in the NPPF. However, national guidance does not provide a methodology for establishing Neighbourhood Plan housing requirements. The proposed local plan methodology considers the following:
- spatial strategy
 - the role and function of the settlement,
 - the scale and population of the settlement,
 - provision of local facilities,
 - local constraints, including local character, environmental and infrastructure capacity.
- 6.9 In applying this methodology, planning judgement is applied to weigh up these factors as it is not possible or appropriate to apply a simple formula approach. This approach has the benefit of ensuring an appropriate scale of development taking into account constraints, settlement pattern, character and the overall strategy aim of sustaining rural settlements.

- 6.10 The current anticipated housing supply from neighbourhood plans is set out in Table 6 based on the proposed housing requirements for active designated neighbourhood plan areas.

Table 6: Neighbourhood Plan Housing Supply

	Borough wide 2020-40
Total housing proposed through Neighbourhood Plan Requirements	20

- 6.11 The proposed housing requirement figures for current designated and active Neighbourhood Plan area is set out in Table 7.

Table 7: Neighbourhood Plan Area Housing Requirements

Neighbourhood Development Plan	Minimum Housing Requirement
Awbridge	10
Wherwell	10

- 6.12 Through this process some designated Neighbourhood Plan areas are not being provided with a housing requirement. This is because some Neighbourhood Plan areas have a limited range of facilities and or are subject to constraints. However, these areas can still assess their own housing needs and if this identifies a need, these can still be delivered through their Neighbourhood Plans. This outcome does not preclude this.

7 Gypsy, Travellers and Travelling Showpeople

- 7.1 Through the preparation of the Local Plan, we have a duty to meet the accommodation needs of Gypsies, Travellers and Travelling Showpeople over the plan period to 2042.
- 7.2 National policy for Gypsies, Travellers and Travelling Showpeople is set out in the Planning Policy for Traveller Sites (PPTS) 2024. The draft Local Plan approach for assessing accommodation needs and emerging spatial strategy is consistent with national policy.
- 7.3 The needs of gypsies, travellers and travelling showpeople will be reviewed for the final draft Regulation 19 consultation in 2026. At present the Council's position on these matters remains as set out in the Regulation 18 Stage 2 draft local plan.
- 7.4 The draft Local Plan Policy HOU8 sets out the proposed approach to meeting the needs of Gypsies, Travellers and Travelling Showpeople including the land supply sources. Further site allocations will need to be identified at the next stage of the plan (Regulation 19) to fully address the residual need for pitches. Policy HOU9 forms part of the policy framework and provides a criteria-based policy for the determination of planning applications for Gypsy, Traveller and Travelling Showpeople pitches and plots.

8 Other Housing Needs

- 8.1 In delivering a sufficient supply of homes, paragraph 63 of the NPPF identifies the requirement for local plans to address the housing needs for specific groups. These groups include those who require affordable housing (including Social Rent); families with children; looked after children, older people including those who require retirement housing, housing with care and care homes); students; people with disabilities; service families; travellers; people who rent their homes and people wishing to commission or build their own homes.
- 8.2 The needs of these specific groups will be reviewed for the final draft Regulation 19 consultation in 2026 and an updated Strategic Housing Market Assessment (SHMA) has been commissioned to assess these particular needs. At present the Council's position on these matters remains as set out in the Regulation 18 Stage 2 draft local plan.

9 Summary

- 9.1 The proposed local plan policy approach to addressing local housing needs is consistent with national guidance as set out in the NPPF and PPG. The proposed housing policies have been informed by robust evidence base and Sustainability Appraisal. This topic paper will be updated and published alongside the proposed submission (Regulation 19) Local Plan, including those matters not covered by this consultation.

Appendix 1: Local Housing Needs Assessment using revised Standard Method calculation of local housing need for Test Valley 2024

Step 1 – setting the baseline – 0.8% of existing housing stock

Dwelling stock (including vacancies), based on data up to and including 2023/24

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

Table 125 – estimate by LA district

Rounded: 58,000

Unrounded: 58,356

0.8% allowance

Rounded: 464

Unrounded: 467

Step 2 – affordability adjustment

Median workplace-based affordability ratios, Table 5c

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricestoworkplacebasedearningslowerquartileandmedian>

5 most recent years

2019 9.91

2020 9.94

2021 10.52

2022 10.68

2023 10.27

Average 10.264

For each 1% the ratio is above 5.00, the baseline is increased by 0.95%.

Adjustment factor 2.00016

Bringing together

Rounded: 928

Unrounded: **934**

17 year plan period (2025-2042) **15,878**

Source: Derived from ONS and MHCLG data sources

Appendix 2: Evolution of Test Valley housing requirement in recent years

Source	Homes per year (Borough-wide)
Adopted Local Plan (2011-2029) 2016	588*
Draft Local Plan Reg 18 Stage 2 Feb 2024	550
Standard Method March 2024	524
Draft Revised Standard Method July 2024	921
Revised Standard Method December 2024	934

** used for calculating the five year housing land supply (5YHLS) until January 2025, when superseded by Revised Standard Method figure of 934*

Appendix 3: Neighbourhood Plan Housing Methodology

- a. The draft Local Plan 2042 will need to identify housing requirements for designated neighbourhood plan areas. This is a national requirement as set out in the NPPF (para 66) and it is a strategic matter for the draft Local Plan to address. Our approach to establishing housing figures for NDP areas will support and align with emerging and active Neighbourhood plans, enabling communities to shape the future of their local area.
- b. In order to ensure consistency of approach across the plan area a methodology for identifying NDP housing figures has been drafted. The draft methodology for establishing Neighbourhood Plan housing figures is set out in Table 1 below.

Table 1: Neighbourhood Plan Housing Requirement Methodology

Part 1	
Local Plan Context	
Local Plan Strategy	Assessment of how the Neighbourhood Plan area relates to the overall Local Plan strategy.
Position in Settlement Hierarchy	A proportionate scale of housing commensurate with the position of the settlement in the hierarchy. Housing requirement may be zero for some settlements in the open countryside
Population of Neighbourhood Area	Population of Neighbourhood Area (latest ONS figures) will help to inform (not dictate) scale of housing provision.
Local Need and Aspirations	
Local Housing Needs	Local housing needs identified through a local housing needs assessment (undertaken by a qualifying body) identifying quantum of local housing need and needs of specific groups.
Other Issues and Local Information	Review of any relevant local aspirations, local issues or other factors that influence housing provision.
Constraints	
Review of Neighbourhood Area Constraints	Review of constraints affecting the Neighbourhood Plan Area and impact on the scale of housing provision. Constraints include consideration of ecology, flood risk, landscape, heritage, other designations and assets / infrastructure.
Infrastructure Capacity	Assessment of local infrastructure capacity and if this presents a constraint or absolute constraint on the scale of housing that can be delivered in the Neighbourhood Area e.g. water infrastructure capacity.
Completions	
Housing Commitments and Completions within the Parish (2025 onwards)	Take account of scale of housing commitments and completions in the Neighbourhood Area since the start of the plan period in 2025. As we are currently in 2025 there are therefore no commitment or completions yet.
Conclusions	

Draft Housing Requirement Range	Based on overall assessment a housing range is identified as a requirement.
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- c. The methodology for establishing NDP housing numbers is consistent with the guidance set out in the NPPF. The methodology considers the impact of the overall Local Plan spatial strategy, settlement role and function, scale / population, provision of local facilities and local constraints (including local character, environmental, infrastructure capacity). In applying this methodology, planning judgement is applied to weigh up these factors as a simple formula approach is not appropriate. This approach has the benefit of ensuring an appropriate scale of development taking into account constraints, settlement pattern, character and the overall strategy aim of sustaining rural settlements.
- d. The summary assessments undertaken for the Neighbourhood Plan areas to establish housing figures are set out in Appendix 4.

Appendix 4: Summary of Rural Housing Requirement Assessment for Designated Neighbourhood Plan Areas*

Neighbourhood Plan Area	Population (2021)	NDP Status	Summary of Facilities	Summary of Settlement Character, Pattern and Constraints	Proposed Housing Requirement
Awbridge	791	NDP Progressing	Facilities include - primary school, village hall, recreation ground and limited local employment.	<p>A local housing needs survey has been prepared on behalf of the parish by action Hampshire in 2021.</p> <p>The village of Awbridge is has a SINC and Ancient Woodland adjacent to the settlement boundary, Upper and Lower Ratley are less constrained in this respect.</p> <p>Much of the adjoining land to the 3 settlements is identified as priority habitat.</p> <p>The Awbridge Danes Registered Park and Garden located to the south west of Upper and Lower Ratley will be sensitive. Landscape sensitivity is a consideration but small scale development is unlikely to have a visual impact on the New Forest National Park to the south east.</p> <p>The village of Awbridge and adjoining land to Upper and Lower Ratley is within a minerals consultation zone whereby development proposals would require prior consultation with HCC.</p>	Minimum of 10 dwellings
East Tytherley	188	NDP Progressing	Considered within the countryside with limited local facilities.	<p>The parish is very rural with East Tytherley the main countryside settlement.</p> <p>There is landscape sensitivity in this location and some ecological constraints in the parish, particularly to the south.</p>	0 dwellings

Neighbourhood Plan Area	Population (2021)	NDP Status	Summary of Facilities	Summary of Settlement Character, Pattern and Constraints	Proposed Housing Requirement
Michelmersh and Timsbury	919	NDP Progressing	Considered within the countryside with limited local facilities including a recreation ground, pub, village hall, low frequency bus service.	<p>To the west of Timsbury to is the River Test SSSI. There are some parcels of ancient woodland, SINC and Priority Habitat near the settlement boundaries that would need to be taken into consideration.</p> <p>The Michelmersh and Mottisfont Conservation Area and listed buildings within the settlements will also be sensitive.</p> <p>The Hampshire and Minerals and Waste Plan allocations in the area will need to be considered and liaison with Hampshire County Council as minerals planning authority undertaken.</p> <p>Land to the west of Timsbury is located within the River Test river corridor and within flood zones 2 and 3. There are large former landfill sites located to the immediate south of Timsbury and south East of Michelmersh which will be a consideration in terms of land contamination and restoration requirements.</p>	0 dwellings
Nether Wallop (Including parts of Middle Wallop)	906	NDP underway but not progressing	Nether Wallop is considered in relation to facilities in adjoining village of Middle Wallop. Range of facilities including primary school, convenience store, post office, pubs, recreation grounds / open space, village halls, churches, allotments and a daily bus service to Andover and Salisbury.	<p>Land within and adjoining Nether Wallop is not significantly constrained by ecology with the exception of some areas of Priority Habitat.</p> <p>There are conservation areas designated across Nether Wallop will need to be taken into consideration.</p> <p>Flood risk and groundwater flooding susceptibility is a constraint in some areas along the corridor of the Wallop Brook through the village. The ability to mitigate groundwater flooding elsewhere will need to be explored further. The impact of noise from the A343 may be a constraint.</p>	Minimum of 10 dwellings should be delivered, however as plan has not progressed, this has been reduced to 0 at present. However, the position will be reviewed for Regulation 19

Neighbourhood Plan Area	Population (2021)	NDP Status	Summary of Facilities	Summary of Settlement Character, Pattern and Constraints	Proposed Housing Requirement
Sherfield English	703	NDP being progressed	Considered within the countryside with limited local facilities.	<p>There are ecology constraints within the settlements of Sherfield English and Newtown.</p> <p>The parish is mainly rural with landscape sensitivity to consider. Land immediately to the east of Newtown is affected by surface water flooding.</p>	0 dwellings
Wherwell	454	NDP being progressed	Wherwell has access to the primary school and shop in Chilbolton. Range of other facilities including a nursery, pub, recreation ground/ open space, village hall, church, allotments and a daily bus service to Andover and Stockbridge.	<p>To the south of Wherwell is the River Test SSSI and there are significant areas of flood risk (Zones 2 and 3).</p> <p>There are some parcels of SINC and Priority Habitat near the settlement boundary that would need to be taken into consideration.</p> <p>There is a conservation area in the village which will need to be taken into consideration, as well as a number of listed buildings.</p>	Minimum of 10 dwellings

**Designated Areas were considered to inform the draft Local Plan 2042 Revised Regulation 18. The most recently approved designated area was Wherwell in February 2025. Any areas designated post this date will be assessed and will inform the Regulation 19 Local Plan*

