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# 1 Introduction

## 1.1 Context

- 1.1.1 Portsmouth City Council (PCC) has responded to the challenge of boosting the delivery of new homes by taking a proactive approach to working with developers and landowners to help facilitate delivery on a number of very complex brownfield sites within the geographical confined area of a small 'island city'.
- 1.1.2 The current Portsmouth Plan Core Strategy 2027 (PCLP') was adopted in January 2012 following an Examination in Public (EiP). The Local Plan sets out that during the plan period 2012 to 2027 the housing target was to be 12,254 net new dwellings with an average delivery of 584 per annum. However, the housing requirement set in the Local Plan (adopted January 2012) was 5 years old in April 2017, so housing requirements after this date are now based on the Government's Standard Method 'local housing need' figure. Applying the current standard method (Dec 2020) results in a 'local housing need' of 855 dwellings per annum (pa) (updated to 872 pa with new affordability ratio data in April 2021). The NPPF includes the requirement for a 'buffer' of 5% to ensure choice and competition in the market for land, or 10% where an authority relies on a recently adopted local plan or annual position statement, or 20% where there has been significant under delivery of housing over the previous 3 years (measured against the Housing Delivery Test).
- 1.1.3 It is important to note that while Portsmouth City Council, as the Local Planning Authority, is responsible for the suitable allocation of land in the city for housing and the granting of planning permissions for new dwellings with appropriate conditions, the Housing Delivery Test relates to the number of annual completions of new homes constructed in the city and compares this against the housing requirement set by Government using their methodology. While PCC, in the decision to approve the Portsmouth draft Local Plan consultation document on 27<sup>th</sup> July 2021 has rejected the Government's target of more than 17,000 homes and believes that decisions on housing need should be made by local people in Portsmouth, the City Council nevertheless recognises that the requirements under the Housing Delivery Test are binding upon it and irrespective of the targets set by Government remains committed to working to deliver the housing that the people of Portsmouth need.

## 1.2 Housing Delivery Test

- 1.2.1 The Housing Delivery Test (HDT) was introduced by the Government in 2018 as a monitoring tool in order to speed up the delivery of housing. The HDT is an annual measurement of housing delivery in terms of the total number of new houses and flats (including student and other C2 delivery) completed in a local authority area annually. The HDT results for all local authorities in England have been published annually since Feb 2019.
- 1.2.2 The HDT will be used to determine the level of consequences applied to the local authority where the delivery of the housing requirement has not been met. The National Planning Practice Guidance (PPG) provides further details on Government planning policies set out in the National Planning Policy Framework (NPPF), including the Housing Delivery Test measurement. This states where delivery of housing has fallen below the housing requirement, certain policies set out in the NPPF will apply. Depending on the level of delivery these are:
- The authority should publish an action plan if housing delivery falls below 95%;

- A 20% buffer on the local planning authority's 5 year land supply if housing delivery falls below 85%; and
  - Application of the presumption in favour of sustainable development if housing delivery falls below 75% subject to the transitional arrangements (NPPF Paragraph 222).
- 1.2.3 These consequences apply concurrently. For example, those who fall below 85% should produce an action plan as well as the 20% buffer. The consequences will continue to apply until the subsequent HDT measurement is published. The relevant consequences for any under-delivery will then be applied. Should delivery meet or exceed 95% no consequences will apply.
- 1.2.4 In line with NPPF Paragraph 11, the primary implication of the presumption in favour of sustainable development for decision takers is that policies which are most important for determining applications are out of date and hence planning permission should be granted unless (emphasis added):
- The application of policies in the NPPF that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or
  - Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF as a whole.

### 1.3 Housing Delivery Test Results (January 2021)

- 1.3.1 The HDT Measurement Rule Book (February 2019) sets out the method for calculating the HDT result. The HDT compares the net homes delivered over the **previous three financial years** to the homes that should have been built over the same period as identified by the housing requirement for each authority. The housing requirement is either that identified in a recently adopted Local Plan i.e. where the plan is less than 5 years old, or a standard methodology is applied, as set out in the HDT Technical Note (February 2019), namely the annual average household growth plus any unmet need.
- 1.3.2 The previous years' (February 2020) HDT results set out that the City scored 119% with an over-delivery of 395 dwellings over the previous three years against the standard method target of 855 dwellings per annum. The 'over delivery' above the minimum requirement seen in the period 2016 - 2019 was largely due to a significant number of student accommodation schemes being completed<sup>1</sup>. Student accommodation made up 59% of the total completions for this period however this trend is not expected to continue as the number of student accommodation completions declined in 2019/20 and they make up only 13% of permitted sites as of 31.03.2020.
- 1.3.3 The most recent HDT results were published by the MHCLG on 19 January 2021 for the 2017/18 - 2019/20 period. Unlike the previous year's HDT there was a shortfall of 524 dwellings which meant that PCC received a score of 80%. Therefore, as a consequence of the HDT, there is a requirement for PPC to prepare an Action Plan and include a 20% delivery buffer on top of the annual minimum housing target. The Action Plan should cover the period 1 April 2021 to 31 March 2022. The results as published are set out in Table 1 below.
- 1.3.4 In light of the temporary disruption caused by the first national lockdown announced on 23 March 2020 due to the Coronavirus Pandemic, MHCLG has reduced the period for measuring the homes required in 2019/20 by one month. Table 1 above shows what the original figure

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<sup>1</sup> During 2017 - 2020 student housing made up to 60% of total residential delivery within the City.

would have been in brackets if the government had not adjusted the period to take into account the impact of COVID 19. PCC's required housing number was reduced from 855 to 794 meaning that PCC scored 80% rather than the anticipated 78%. However, the outcome would have been the same if either figures had been used. It is expected that the COVID pandemic will continue impact on future delivery however the government has yet to confirm if they will make a similar allowance for the 2021 completions as they have done for 2020.

**Table 1: Portsmouth Housing Delivery Test Result, January 2021**

	Year			Total
	2017-18	2018-19	2019-20	
<b>Number of homes required</b>	718	857	794 (855) <sup>2</sup>	2,368 (2,430)
<b>Number of homes delivered</b>	990	627	270	1,887
<b>Difference</b>	272	-230	-524 (-585)	-481 (-543)
Housing Delivery Test Result				80% (78%)
Housing Delivery Test Consequence				20% buffer and Action Plan

## The Action Plan

- 1.3.5 This Action Plan considers the possible reasons for the under delivery of new housing against the Government's targets during the past three years and whether these relate to the Council's responsibilities as the local planning authorities, and how these might be addressed to aid future delivery in the City.
- 1.3.6 The PCC HDT Action Plan summarised in Section 4 of this report has been produced by the LPA in line with requirements set out in national planning guidance which states that such plans should:
- outline the local challenges;
  - identify actions to address under delivery in so far as possible; and
  - set out measures to maintain or improve levels of delivery

## 1.4 National Planning Practice Guidance

- 1.4.1 The national PPG for Housing and Delivery sets out that the Local Planning Authority (LPA) may wish to include an analysis of under delivery in their Action Plans considering any:
- Barriers to early commencement after planning permission is granted and whether such sites are delivered within permitted timescales;
  - Barriers to delivery on sites identified as part of the 5 year land supply;
  - Whether sufficient planning permissions are being granted and whether they are determined within statutory time limits;
  - Whether the mix of sites identified is proving effective in delivering at the anticipated rate;

<sup>2</sup> Figures in brackets are the original 2019/20 figures without the COVID 19 adjustment by MHCLG.

- Whether proactive pre-planning application discussions are taking place to speed up determination periods;
- The level of ongoing engagement with key stakeholders to identify more land and encourage an increased pace of delivery;
- Whether particular issues such as infrastructure or transport could be addressed at a strategic level.

1.4.2 Chapter 2 of this report sets out an initial analysis of potential barriers to housing delivery in Portsmouth.

1.4.3 The PPG also sets out potential actions LPAs could consider as part of the Action Plan:

- revisiting the Strategic Housing Land Availability Assessment (SHLAA) / Housing and Economic Land Availability Assessment (HELAA) to identify sites potentially suitable and available for housing development that could increase delivery rates, including public sector land and brownfield land;
- working with developers on the phasing of sites, including whether sites can be subdivided;
- offering more pre-application discussions to ensure issues are addressed early;
- considering the use of Planning Performance Agreements;
- carrying out a new Call for Sites, as part of plan revision, to help identify deliverable sites;
- revising site allocation policies in the development plan, where they may act as a barrier to delivery, setting out new policies aimed at increasing delivery, or accelerating production of an emerging plan incorporating such policies;
- reviewing the impact of any existing Article 4 directions for change of use from non-residential uses to residential use;
- engaging regularly with key stakeholders to obtain up-to-date information on build out of current sites, identify any barriers, and discuss how these can be addressed;
- establishing whether certain applications can be prioritised, conditions simplified or their discharge phased on approved sites, and standardised conditions reviewed;
- ensuring evidence on a particular site is informed by an understanding of viability;
- considering compulsory purchase powers to unlock suitable housing sites;
- using Brownfield Registers to grant permission in principle to previously developed land; and
- encouraging the development of small and medium-sized sites

1.4.4 In light of the PPG, Chapter 3 of this report identifies actions that were taken in the period 1 April 2019 to 31 March 2020 by the PCC Planning Policy, often in conjunction with other PCC colleagues and/or external parties. Chapter 4 sets out any conclusions drawn.

## 2 Potential Barriers to Housing Delivery

### 2.1 Introduction

2.1.1 The Planning Practice Guidance sets out a series of factors which may impact upon housing delivery. This section analyses each factor recommended in the PPG and concludes if it may have impacted on the delivery of new homes during the 2017/18 to 2019/20 period.

### 2.2 Potential Barriers to Commencements

2.2.1 The PPG recommends that the Local Planning Authority examine barriers to early commencement after planning permission is granted and whether such sites are delivered within permitted timescales. Barriers to commencement by the LPA could include granting permissions with overly restrictive conditions and allocated sites with insurmountable constraints, either through inappropriate or out of date allocations.

#### Planning permissions

2.2.2 As can be seen in Table 2 below, since April 2017 a total of 162 dwellings with planning permission were not delivered in the city because of a lapse of permission where development failed to commence within the permitted timescales. To compare this to what was successfully delivered in the city during this time, this figure is 18% of the total number of dwellings commenced and 9% of the total number of dwellings constructed. This shows that the majority of the permissions that the City Council is permitting are being delivered, however there are still some schemes that don't come forward.

2.2.3 There is a comparatively small number of dwellings that remain 'under construction' for a lengthy period (which would represent 5% of the amount delivered), suggesting there perhaps are some smaller sites that have implemented their planning permission but have possibly stalled in their construction. The reasons for this are unknown but could be investigated further to determine the reason. Given that for a start to be made in the majority of cases planning constraints and conditions on development would have need to have been satisfied it is likely that viability, finance or other non-planning related constrains are responsible for these developments not proceeding.

2.2.4 Whilst every dwelling is needed to meet Portsmouth's housing target, as the proportion of dwellings with lapsed permissioned is so minor compared with the number total dwellings completed during this period, it seems unlikely that the Council was creating major barriers to commencement during this period, through conditions attached to the grant of planning permission or related issues.

**Table 2: Number of dwellings commenced and lapsed since April 2017 - March 2020**

Year	Dwellings Commenced	No of Dwellings where permission has lapsed	No of dwellings under construction for more than 5 years	Dwellings completed
2017 - 2018	350	133	23	962
2018 - 2019	257	16	32	648
2019 - 2020	288	18	32	270
<b>Total</b>	<b>895</b>	<b>162</b>	<b>87</b>	<b>1,880</b>

## Housing Delivery on Allocated Sites

2.2.5 The PPG recommends that the Local Planning Authority reviews whether the mix of sites identified in the adopted Local Plan is proving effective in delivering at the anticipated rate. The current Portsmouth Plan (2012) is reliant on a small number of strategic sites to meet the bulk of the councils housing target, a site allocations document was intended to follow the Core Strategy but was overtaken by a change in direction in national planning policy. The Council's SHLAAs and HELAAs (from 2012 to 2019) also sought to identify potential housing opportunities during this period. As can be seen in Table 4 below, delivery on the adopted Strategic Sites was limited in the 2017 to 2020 period. There was delivery in the city centre (now expected to significantly exceed the Core Strategy estimate for delivery going forward) both in this period and prior to 2017 however the other two allocated sites were yet to commence, though significant progress has been made on the planning of Tipner which is expected to deliver significantly more development than envisaged by the Core Strategy.

**Table 3: Delivery on allocated sites 01.04.2017 - 30.03.2020**

Strategic Allocation	Core Strategy allocation	2017/2018	2018/2019	2019/2020	Total
PCS1: Tipner	1,730	0	0	0	0
PCS2: Port Solent	500	0	0	0	0
PCS4: Portsmouth City Centre	1,600	465*	553*	57*	1,075
PCS6: Somerstown and North Southsea	539	0	0	0	0

\*These are student completions with every 2.5 student bedrooms providing the equivalent of 1 dwelling

**Table 4: Anticipated Strategic Site delivery outlined in the current Portsmouth Plan**

Plan Period	Anticipated Strategic Site Delivery
2012 - 2017	729
2017 - 2022	1,871
2022 - 2027	519

2.2.6 When considering potential past reasons for under delivery of development on the city's strategic sites there needs to be consideration of the specific constraints which face them as urban and brownfield land:

1. Land assembly - many of the city's strategic sites have required or will require significant land assembly either by Portsmouth as the Local Authority or a private developer / partnership. This has been a notable constraint for the City Centre and Tipner Strategic Development sites, resulting in delays for both sites.
2. Changing market conditions - Changes at a national and global level have led to delays in bringing strategic sites forward in the City. The City Centre had secured permission for retail led expansion and redevelopment in the late 2000's, however the changing market following the 2008 recession and the continuing move to online has removed much of the demand that would have driven that scheme and resulted in the need for an all new approach to the area.

2.2.7 It should be noted that changing National Policy has also been factor in 'under delivery'. The Government has introduced the Standard Method approach to calculating since initial proposals for many of the city's strategic sites were first conceived, resulting in much higher housing targets for the city than the adopted Local Plan and its supporting evidence were prepared to deliver (420 per annum). The following table illustrates how the housing targets have changed over time during this period, first as revised inputs became available, then changes to the standard method took effect.

**Table 4 Portsmouth Housing Need Standard Methodology**

Date of release	Change	Annual figure
Jan 2012	Local Plan adopted (Policy PCS10)	420
Sep-17	Initial publication	835
May-18	Revised affordability	863
Sep-18	Revised household projections	595
Oct-18	Revised NPPF	863
May-19	Revised affordability	867
Dec-20	Revised Methodology	855
Apr-21	Revised affordability	872

2.2.8 The strategic sites identified in the Portsmouth Plan have not be able to be delivered on the trajectory envisioned by the Core Strategy, in part due to the constraints identified above. The existing allocations are being revisited as part of the preparation of the new Local Plan.

### 2.3 Insufficient housing land supply

2.3.1 We should also consider whether there was sufficient identified land available for housing during the 2017/18 to 2019/20 period.

#### Portsmouth 5-year land supply

2.3.2 As can be seen in Table 5 below Portsmouth had close to a five year land supply during 2017-2019 when the council was still meeting the government's housing delivery target, falling in the final year to 3.8.

2.3.3 The primary reasons for the decline in the five year land supply are likely to have been the slow delivery of the strategic sites allocated in the 2012 Plan (see section 2.2 for further analysis) and to some degree the limited amount of available development land within the city.

**Table 5: Portsmouth's 5 year Land Supply position since April 2016**

Monitoring Year	Land Supply in years
2016-2017	5.1
2017-2018	4.7
2018-2019	4.7
2019-2020	3.8

#### Engagement with stakeholders on identifying development land

2.3.4 This section looks whether there was sufficient on-going engagement with key stakeholders (for example, landowners, developers, utility providers and statutory consultees) during the 2017-20 period to identify land for new homes and encourage an increased pace of delivery.

2.3.5 The City Council undertook stakeholder engagement as part of its preparation of the annual Housing and Economic Land Availability Assessment (HELAA). As part of the HELAA work a number of "Call for Sites" have been undertaken, including two in the period from 2017 -20 in

the summer 2018 and autumn 2019. Major landowners and agents active in the city were contacted, as well as relevant individuals who had previously expressed an interest through previous Planning Policy consultations. The details of the consultation were placed on the Council's website. Key information on specific aspects, such as size of site, current use, proposed scale of development etc. was sought from respondents in a consistent manner.

- 2.3.6 These consultations resulted in limited numbers of new sites being put forward for development, with many of the sites being put forward already being identified and assessed by the Council with the summer 2018 consultation receiving six responses (of which four were already known sites), and the autumn 2019 consultation receiving responses relating to 12 sites six of which were already identified for housing).
- 2.3.7 The limited numbers of sites put forward, and the high proportion of sites being put forward which were already known of by the City Council, suggests that a lack of stakeholder engagement by the City Council is not limiting factor for the number of potential housing sites coming forward, but it is instead physical constraints limiting the availability of sites for development in the city.

## 2.4 Effective Development Management Service

- 2.4.1 This section addresses the parts of the list identified in the PPG that are relevant to the development management process as follows:
- Whether sufficient planning permissions are being granted and whether they are determined within statutory time limits;
  - Whether proactive pre-planning application discussions are taking place to speed up determination periods;

### Sufficient granting of planning permissions

- 2.4.2 As can be seen in Table 6 below there were 3,454 dwellings granted planning permission and 1,880 dwellings completed in the three year period plus a further 895 commencing; a ratio of 54% homes granted to homes delivered (or 80% if included commenced schemes).
- 2.4.3 The fact that the number of completed dwellings amount to only just half of the number of dwellings granted planning permission during the same period would strongly suggest that the development management process is not holding up delivery in the city and that there are may be other reasons, outside of the Local Authority's control, for lower housing delivery.

**Table 6: Dwellings permitted, commenced and completed during 2017 - 2020**

Monitoring Year	Dwellings Permitted	Dwellings Commenced	Dwellings Completed
2017/2018	1,091	350	962
2018/2019	945	257	648
2019/2020	1,418	288	270
Total	3,454	895	1,880

### Determination times

- 2.4.4 Table 7 shows that a majority of planning applications were determined within the statutory period with on average 87% of major and 78% of minor applications being determined within the 13 week and 8 week deadline respectively. This would suggest whilst these rates could be still be increased, (the steps being taken / proposed to address this taken since are

outlined in Chapters 3 and 4) the speed of which applications are determined by the Council are unlikely to be significant constraint to delivery.

**Table 7: Percentage of Applications Determined by year and time (Source MHCLG)**

Year	Major decisions within 13 weeks	Major decisions, over 13 weeks	Minor decisions within 8 weeks	Minor decisions over 8 weeks	Other decisions within 8 weeks	Other decisions over 8 weeks
2016	81%	19%	73%	17%	89%	11%
2017	95%	5%	90%	10%	85%	15%
2018	79%	21%	74%	26%	79%	21%
2019	88%	13%	78%	22%	80%	20%
2020	92%	8%	73%	27%	75%	25%

#### Pre-application discussion

2.4.5 The PPG suggests that Local Planning Authorities ensure that proactive pre-planning application discussions are taking place to speed up determination periods. As can be seen in Table 8 below, Portsmouth City Council processed a significant number of pre application discussions, though there was a gradual decline during the delivery period since could reflect the uncertainty affecting housing development in the Solent at this time (see section 2.5). The reasonably low refusal rates for the same period (Table 9) could indicate that nature of pre-app discussions were effective.

2.4.6 It is clear that the council are being proactive in having pre-planning application discussions with developers both internal and external to speed up determination periods and achieve suitable outcomes and is therefore not a barrier to development coming forward.

**Table 8: Pre-application cases received April 2017 to March 2020**

Year	2017-2018	2018-2019	2019-2020
No of Pre-Apps	584	525	479

**Table 9: Applications by type and decision 2017 - 2020 (Source MHCLG)**

Application Type	Decision	Year		
		2017-2018	2018-2019	2019-2020
Major	Granted	90%	94%	83%
	Refused	10%	6%	17%
Minor	Granted	78%	81%	87%
	Refused	22%	19%	13%

## **2.5 Mitigation Requirements under the Habitat Regulations**

2.5.1 The water environment within the Solent region is internationally important for its wildlife and is protected under the Water Environment Regulations and the Conservation of Habitats and Species Regulations as well as national protection for many parts of the coastline and sea. There are high levels of nitrogen and phosphorus input to this water environment with sound evidence that these nutrients are causing eutrophication at these designated sites.

2.5.2 Following changes in European Case law, Natural England, the government's adviser for the natural environment, began advising Local Planning Authorities in early 2019 that all new development involving, or generating additional, overnight stays must be 'nutrient neutral' to

ensure that development does not add to the existing nutrient burdens. While nitrate pollution arises from a number of sources, including in particular agricultural run-off and wastewater overflows, it was considered that new occupied dwellings and other development generating additional overnight stays would add to the degradation of the protected habitat through the additional waste water generated, even though the direct impacts on the Solent water environment and particularly the city's permitted output through the Budd Farm Wastewater Treatment Works (WWTws) via Eastney Long Sea Outfall, is negligible (a less than 1% contribution to the nitrogen load of Langstone Harbour).

- 2.5.3 Despite this, the range of sources of nitrate pollution and the complex and partly unknown impact pathways into the Solent, Natural England have advised that the uncertainty of impacts from additional wastewater generated by each new development on water quality must be appropriately addressed in order for the Appropriate Assessments of each proposal to conclude that there are no adverse effects on habitat sites (and therefore for the Council's decisions to be legally compliant). This places the burden of a much wider issue on the planning system and the local housing industry.
- 2.5.4 As a result of this new constraint on housing proposals, no new homes (deemed to have a potential likely significant impact on the Solent SPAs) were granted planning permission in Portsmouth from April to November 2019 while a strategic solution to the issue was explored.
- 2.5.5 To address this moratorium on granting planning permission and aid the delivery of new homes in Portsmouth, the City Council was able to develop and bring into force an *Interim Nutrient Neutral Mitigation Strategy* on 29 November 2019, largely due to its unique position as a landowner of a significant amount of Council housing stock by offsetting the impact of new development through water efficiency upgrades to existing homes within the Council's control. The Strategy provided a robust framework through which planning applications could achieve 'Nutrient Neutrality', agreed in principle with Natural England, and included guidance on what types of development require mitigation, mitigation options and cost recovery schedule.
- 2.5.6 The issue of nitrate pollution arguably was the most significant barrier to the delivery of housing in Solent catchment during the delivery period, affecting the granting of planning permissions in Portsmouth for over half of 2019, causing a backlog of planning applications and uncertainty in the industry which continued into 2020.

## 2.6 Development Viability

- 2.6.1 The adopted Portsmouth Local Plan and the supporting Community Infrastructure Levy (CIL) have been prepared with city-wide viability appraisals.
- 2.6.2 Portsmouth generally has two main constraints which affect development viability in the city, the first of these is the lower housing sales prices than much of the surrounding area, with the average house price for PCC being the 203rd lowest (out of 339) at £237,526 of the Local Authorities nationwide, this is exacerbated further when considered in the context of South East England which is characterised by higher house prices. The 2nd main issue is a lack of unconstrained land in the city for development caused by the city's geography. The majority of the sites identified as being suitable for development within Portsmouth are Brownfield land (these sites have an assumed value of £1,250,000 per hectare (PCC viability Study), compared to an assumed benchmark for £25,000 for agricultural land).
- 2.6.3 Understandably, there have been delays to the determination of some planning applications due to the time involved in addressing complex on-site issues and the negotiation of planning

obligations including affordable housing and transport contributions. Some of these delays are linked to the processes for appraising planning application viability assessments for example with regard to meeting policy requirements for affordable housing provision.

- 2.6.4 There are some sites within identified regeneration areas which have not come forward, in part due to uncertainty with regard to viability. This is linked to necessary policy requirements for the area and specifically flood risk infrastructure to accommodate a provision of residential development and/or other sensitive uses. A full, long term flood defence strategy for the whole city area, which provides the required approach and timescales for implementation, had not been finalised at the time of preparing the adopted Local Plan.
- 2.6.5 There are factors which can affect the viability of a development within Portsmouth some elements are required in order to be in-line with national guidance or to overcome constraints which would otherwise prevent development, that weren't anticipated when the Local Plan and CIL were adopted in 2012. An example of this would be contributions required under the Habitat Regulations to mitigate the impacts of residential development on the Solent's Special Protection Areas (SPAs) including the finalised Solent Recreation Mitigation Strategy (2017) and the Interim Nutrient Neutral Strategy (2019). These requirements have added additional costs to residential development that have made the viability in Portsmouth even more challenging during the 2017 -20 period.
- 2.6.6 The City Council has commissioned a Viability Study in support of the preparation of the new Local Plan and will be consulting on the requirements for development contributions, as set out in section 4 of this report.

## 2.7 Conclusions

- 2.7.1 The Council need to produce a Housing Delivery Test Action Plan following the publication of the Housing Delivery Test results in January 2021; the number of new homes built in Portsmouth in the past three years was an average of 80%<sup>3</sup> of the city's set annual housing target; below the government's highly aspirational target of 95% deliver for all planning authorities.
- 2.7.2 Having analysed the factors identified in the PPG that may be responsible for under delivery of new homes against the government's assessed annually housing target, the data available for the 2017/18 - 2019/20 period indicates that the City Council's planning service has been performing well with a large majority of planning applications being determined within required timeframes, around double the amount dwellings being granted planning permission compared to those delivered, both of which were reflected in the high rates of schemes approved (89% for majors and 82% for minors on average). Regular stakeholder engagement on identifying development sites in the city was also undertaken during this time.
- 2.7.3 However, possible barriers have been identified in the challenges of delivering of large scale strategic sites allocated in 2012, including land assembly, changing market conditions, new viability constraints (flood defence needs and habitat mitigation requirements). The 5-year land supply did dwindle during this period, and there are recognised constraints on land supply (including the development of challenging brownfield sites), but this is unlikely to have been a significant constraint given the identified opportunities at that time. The need for nitrate mitigation under the Habitat Regulations and the moratorium on granting planning permissions for new homes in Portsmouth between April and November 2019 would have

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<sup>3</sup>Inclusive of an adjustment for the initial pandemic lockdown in March 2020.

had a significant impact on delivery due to uncertainty this caused in the development industry in the region. This is added to by the viability challenges in the city due to site specific constraints, high cost of brownfield land development and the low value of development land.

- 2.7.4 The impact of Government's changing national policy, including a significantly higher housing target than was envisioned when the Local Plan was adopted, should also be taken into account.
  
- 2.7.5 This evidence supports the conclusion that the main constraints to delivery (as reflected in delivery in the 2017 - 20 period) in the city are not therefore due to the how the Council's Planning Service performs but rather by inherent structural issues facing the city caused by its unique geographical constraints, market position, changing environmental case law and the Government's position on the nitrate pollution issue in the Solent.

### 3. Future Key Actions

- 3.1 To address the key issues identified in Chapter 2 (land availability, development viability, and nitrate mitigation) the Council has outlined several possible key actions to help deliver new homes in Portsmouth. This chapter will address each issue and set out what actions have or will be taken. These are specific identified interventions in addition to those which are already being implemented as outlined in chapter 3.
- 3.2 The City Council has not waited until the publication of this Housing delivery Test Paper to identify ways in which it can have a positive impact upon housing delivery rates in the city. There are already a number of measures being undertaken by the Council, some of which have been running for a number of years which have been implemented in order to increase housing delivery in the City.

#### 3.1 Development Management

- 3.1.1 Although Development Management has not been identified as a significant barrier to delivering new homes, the Council is striving to make continued improvements and has implemented a number of significant measures to boost housing delivery and in particular the large strategic sites allocated within the current Local Plan including the appointment of a senior officer focused specifically on the delivery of Strategic sites. A New Neighbourhood Team has been established within the Development Management department to focus upon the delivery of major and strategic developments across the City. An experienced planner has been appointed to lead this team, with over 30 years of experience including work at the Ebbsfleet Garden City Development Corporation and in respect of the Longcross Garden Village coming forward at Runnymede Borough Council.
- 3.1.2 The City Council has also expanded the Development Management team with numerous appointments in the last six months:
- 2 x Team Leaders
  - 3 x Principal Planning Officers
  - 3 x Senior Planning Officers
  - 1 x Planning Officer
  - 1 x Enforcement Officer
  - 2 x Validation Team Officers
  - 1 x Uniform/IDOX Database Consultant
  - 1 x Principal Heritage Consultant
- 3.1.3 Aside from specific personnel, the Department is also actively promoting the wider use of Planning Performance Agreements to establish a clear officer resource for projects (including other key departments such as Highways) against agreed determination timeframes, providing significant pre application advice for applicants as part of this process in order to ensure well designed housing and swift delivery. The use of PPA templates is being deployed across the DM team for all major applications. Other measures being considered include the wider use of s106 Unilateral Undertakings, required potentially at the validation stage of applications, to ensure that delays in application determination are minimised.
- 3.1.4 Greater use of bodies such as Design South East and the Design Council is also being promoted to help deliver optimal development layouts and designs that, when submitted, can be processed and approved without significant delay. This would require the developer to fund the design workshop/panel.

## **3.2 Land Availability**

- 3.2.1 There are two main mechanisms that the planning team can use to attempt to address housing land supply issues in the City (in addition to the measure outlined in chapter 3) the first is to revisit the housing land supply through the Housing and Employment Land Availability Assessment (HELAA) and the second is to work with neighbouring authorities through the Duty to Cooperate to accommodate any unmet need arising.

### **Housing and Economic Land Availability (HELAA)**

- 3.2.2 Portsmouth City Council has increased the level of ongoing engagement with key stakeholders to identify more land and encourage an increased pace of delivery. This includes engagement with the Council's 'development arm', the Strategic Developments teams and the Housing service. The Council's HELAA will be reviewed annually to identify deliverable opportunities for new homes in the city, including engagement with landowners and key stakeholders as required.
- 3.2.3 Portsmouth City Council first published a SHELAA assessment in 2009 with the most recent version being published in February 2019, informed by an updated Call for Sites. The preparation of 2021 HELAA has identified potential land for an additional 4,681 dwellings on 10 broad locations and 293 sites, 1,496 of which are available within the first 5 year period. The HELAA has considered a wide range of sites including public sector (including Council owned land) and due to the nature of the city a large number of brownfield sites.
- 3.2.4 The HELAA has identified a large number of small and medium sized sites in order to attempt to decrease reliance on the main strategic allocations. Due to the built up nature of the city and areas of challenging housing viability in the city, sites can be difficult to bring forward. This is reflected in the City Council's Viability Study and the recommended approach for levels of developer contribution and affordable housing proposed in the Council's Regulation 18 draft Local Plan; which sets aspirational targets for affordable housing but accepts case by case viability testing may be necessary. It is hoped that taking on board these recommendations informed by viability testing will increase the levels of housing delivery on small and medium sized sites across the city by ensuring that developer contribution requirements are not set at a level that is too onerous.
- 3.2.5 The HELAA, identifies developable land within the city. The current HELAA has identified potential land for an additional 4,681 dwellings on 10 broad locations and 293 sites 1,496 of which are available within the first 5 year period. This is significantly less than is needed showing that readily available land is in short supply within the city.
- 3.2.6 The City Council will continue to update and revise its HELAA to take account of any additional sites coming forward and will revisit the assumptions made on the capacity of identified sites as and when new information becomes available.

### **Working with others - duty to cooperate**

- 3.2.7 Due to the constraints on land availability outlined in Chapter 2, the Council is proactive working with other local authorities to meet the City's unmet housing need. This section summarises the Duty to Co-operate and Statements of Common Ground with regard to housing delivery.
- 3.2.8 The Localism Act 2011 sets out the statutory framework regarding the Duty to Cooperate. The duty to co-operate covers a number of public bodies and these are set out in the Town and

Country Planning (Local Planning) (England) Regulations 2012. Further information is contained in the National Planning Policy Framework (NPPF) (paragraphs 24 – 27, NPPF 2021).

- 3.2.9 Local authorities are under a Duty to Co-operate with each other and with other prescribed bodies on strategic matters such as housing, economic growth, transport and infrastructure provision which have cross-boundary implications. This needs to be undertaken constructively, actively and on an ongoing basis to maximise the effectiveness of Local Plan preparation in the context of strategic cross-boundary matters.
- 3.2.10 In South Hampshire, there is a long history of cross-boundary working between local authorities and their strategic partners. PCC has been a founding member of the Partnership for Urban South Hampshire (PUSH) which was formed in 2003 and renamed the Partnership for South Hampshire (PFSH) in 2019. PFSH includes twelve local authorities and closely collaborates with the Solent Local Enterprise Partnership, the Environment Agency, Natural England and Homes England.
- 3.2.11 In June 2016 the South Hampshire Spatial Position Statement was published, it sets out development targets for each Council to 2034. It is based on significant cross-boundary evidence and will assist local authorities in meeting the duty to cooperate on strategic and cross-boundary matters. Further work is currently being undertaken to update the evidence base to take into account the provisions of the latest NPPF including the provisions of the Standard Methodology. This will inform a new spatial strategy covering the period to 2036 with a long term vision to 2050. The document will also represent a multi-lateral statement of common ground.
- 3.2.12 Statements of Common Ground (SoCG) are being prepared and will be maintained on an ongoing basis throughout the plan making process. The advice in the national Planning Practice Guidance (PPG) is that as a minimum these statements should be published when the area covered and the governance arrangements for the co-operation process have been identified and the substantive matters to be addressed have been determined. The SoCG can then be used to identify any outstanding matters that will need to be addressed and the process for reaching agreements and where possible an indication of when such statements are likely to be updated.
- 3.2.13 The Council have undertaken work to agree and continue to update SoCG, with the following neighbouring authorities, and others as may arise:
- Partnership for South Hampshire (multi-lateral statement covering the South Hampshire sub-region)
  - Fareham Borough Council; and
  - Havant Borough Council
- 3.2.14 Through internal collaboration within and working with strategic partnerships such as PFSH the Council is working hard to identify land both within and outside the authority area. The Council will continue to work proactively with other authorities on the distribution of housing need across the sub region, including any SoCG on agreed contributions to Portsmouth's unmet housing need.

### **The new Portsmouth Local Plan**

- 3.2.15 The emerging Local Plan 2038 (LP2038) has regard to changes to national planning policy since 2015, new evidence studies, public consultation, and a revised PFSH Position Statement currently under development. Portsmouth is seeking to respond positively to the

challenge of housing delivery. Though the city has very little greenfield land available for potential housing development given that it is heavily urbanised. The significant open areas it does have are public open spaces and/ or areas of protected habitat of strategic importance to the City and the local communities, to providing necessary access to open space for residents.

- 3.2.16 A 'Regulation 18' draft of the new Portsmouth Local Plan has been prepared. There are a number of proposed changes from the existing development plan which aim to increase the supply of housing in the city to meet the government's housing targets including:
- Proposed strategic development site policies - within the city are a number of allocated strategic development sites which are allocated for a mix of uses including predominantly housing, these allocations have been tested to ascertain where further housing development can be achieved, through looking at the mix of uses, opportunities to increase density and promote good design including tall buildings.
  - Draft Density policy- the city council is proposing a new density policy that has minimum density requirements across the city that represent a significant uplift compared to the previous policy position. It is anticipated that this will help to enable the delivery of more housing across the city, especially on small and medium sites.
  - Draft Housing mix, type and tenure policy- This policy sets the levels of affordable housing, accessible housing and other developer contributions specific to housing. The policy requirements have been informed by the Council's Local Plan Viability Study to be set at a level that allows for the vast majority of identified sites to be deliverable.
- 3.2.17 The identified strategic sites are considered suitable for mixed-use development including new housing development. The sites largely re-use previously developed land for mixed-use development primarily housing and employment but also providing wider community benefits such as environmental and access improvements. The proposed housing supply for the plan period includes the identified potential non-strategic housing sites from the HELAA assessment which will help to secure a mix of housing types across the City.
- 3.2.18 The identified Strategic Sites will be consulted on within the LP2038 at the Regulation 18 public consultation stage in late summer 2021. Each of the Strategic sites identified has their own specific challenges and opportunities.

### **3.3 Development Viability and Delivery**

#### **Viability Assessment**

- 3.3.1 The City Council has produced a Local Plan Viability Study in support of its new Local Plan. The viability study has identified that development viability is a barrier to delivery as asset out in chapter two of this report. In response to this the Viability study has made the following recommendations;
- 3.3.2 That the Council revisits its housing policy, and moves to the following total policy requirement.
- The Minimum Policy Requirements (Water efficiency standard and 20% accessible and adaptable, 5% wheelchair Adaptable)

- 20% Affordable Housing on sites of 10 unit and larger.
  - Future Homes Standard Option 2.
- 3.3.3 On sites in the lower value area and schemes of six storeys and more the applicant would be able to submit a site-specific viability appraisal (in line with the requirements of paragraphs 10-008-20190509 and 10-009-20190509 of the PPG).
- 3.3.4 These recommendations are in the context of CIL continuing at the current rates and S106 payments, associated the environmental mitigation of £5,000/unit. Whilst the non-residential uses are not viable, they are not rendered unviable by the cumulative impact of the Council's policies, rather by the general market conditions. The employment uses (office and industrial) are coming forward.
- 3.3.5 These recommendations reflect the tight development values in the city and are being taken forward by the emerging Local Plan in order to ensure that the policy requirements set do not restrict the ability to deliver residential development in the city. The Council is however seeking to ensure at least 30% of new homes on sites of 10 units or larger are secured as Affordable Homes, notwithstanding the viability constraints, but will seek to ensure individual development viability appraisals are carried out to ensure this policy aspiration does not restrict delivery.
- 3.3.6 The City Council is currently testing the appropriate levels of developer contribution through its regulation 18 Local Plan consultation having reference to the recommendations coming out of the Viability Study.

### **Council Led Development**

- 3.3.7 The City Council is one of the largest residential landowners in the City and also owns land in neighbouring boroughs including Havant and East Hants. This has allowed the Council to take an active role in delivery of housing within the City.
- 3.3.8 The Council is committed to addressing the City's housing shortage and within its Housing Directorate has implemented schemes to improve the delivery of both affordable and market housing within the city.
- 3.3.9 The Council currently have a pipeline of 315 units, with a further 10 sites currently in feasibility stages. Of the units currently in the pipeline, three of the largest sites sit in Havant. The sites currently in feasibility have a greater focus on delivering in Portsmouth and there are large scale developments amongst these sites.
- 3.3.10 There are a number of council estate areas within the city where Portsmouth City Council has significant land holdings. The housing management teams in the Council are working to understand where Council owned land holdings can be used to bring forward development.
- 3.3.11 The Council's intention is to build the homes Portsmouth people need and can afford and to ensure that these homes are as energy efficient as possible. The Council is utilising teams capable of delivering homes and have in house expertise in architecture, landscape architecture, building surveying, M&E service and energy services, and is working to expand build capacity. The Council has recently commenced its first Passive House build projects.
- 3.3.12 The City Council is currently looking at other forms of development rather than direct delivery which may help us to deliver homes more quickly. Opportunities include considering joint

ventures with private developers and with the council's wholly owned housing company which has recently been formed. An opportunity has arisen through One Public Estate grant funding for us to investigate use of our land for custom or self-build. The first schemes for this are in Havant but once the expertise needed to deliver a scheme in this way is in place these skills can be used in Portsmouth.

- 3.3.13 The City Council has set up Ravelin Housing LTD (RHL), which is a commercially wholly owned development company set up with the aim to deliver both affordable and private housing for sale and for rent. RHL is the commercial development arm of the Ravelin Group Limited, family of companies.
- 3.3.14 RHL has been brought forward by the City Council not to compete with but rather to complement the private sector developers in the city at a time where there is clear evidence that there is market failure. RHL will deliver projects aligned with the Council's corporate objectives, thereby supporting the city's economic growth and regeneration needs whilst specifically focusing on satisfying the demand for new housing of all tenures.
- 3.3.15 RHL's strategic goals aim to deliver multi-tenure housing for sale and rent with a target to deliver 1,000 residential units over 10 years commencing with development delivery from 2021. There have been numerous sites identified for development and are currently in the initial stages of the planning process or at pre application stage.
- 3.3.16 In addition to the schemes being brought forward by Ravelin the City Council has close involvement in a number of the city's strategic sites most notably at Tipner and in the City Centre. This has involved the Council being directly involved in land assembly and compulsory purchase in order to enable the delivery of the strategic sites.

#### **Council's Interim Nutrient Neutral Mitigation Strategy**

- 3.3.17 The Council adopted the Interim Nutrient Neutral Mitigation Strategy on 29 November 2019. The Strategy was an interim measure envisioned to last three to four years to help to enable housebuilding to continue within the City whilst a more long term solution was worked on with PFSH and relevant stakeholders.
- 3.3.18 The Interim Strategy, which has utilised water efficiency upgrades to the Council's housing stock, is coming to the end of its anticipated timescale. Updating this strategy will continue to help enable planning permissions to be granted without this risk of legal challenge, helping housing to continue in the city.
- 3.3.19 The Council is in discussions with potential partners such as the Wildlife Trust regarding a land management schemes that reduce the nitrogen load of agricultural land and provide offsetting 'credit' for purchase, alongside suitable legal agreements. . There are currently a number of landowners within the catchment offering nitrogen offsetting opportunities which can be secured to enable the grant of planning permission, where this can be agreed with the local planning authority and Natural England. The Council is currently in discussions on a partnership agreement that would help to enable minor housing schemes in the city in view of the recognised viability constraints the city faces. The Council has been signposting applicants for major development proposals to the Trust and other mitigation options in the meantime.

## 4 Conclusions

4.1.1 PCC has identified the following potential barriers for the 2017-20 period (as identified in section 2 of this report) and identifies key actions to address them:

- **Housing Land Supply:** while positive engagement and consultation on the identification of development opportunities will continue, the city's constraints on developable land mean that it is unlikely Portsmouth will be able to meet the Government's full housing target for Portsmouth for the plan period without some of our housing need being met from outside of the city, in co-operation with other neighbouring authorities.
- **Development viability and delivery:** Poor development viability in the city, restricts growth and limits opportunities for sites to come forward. The Council will seek to set deliverable policies for the new Local Plan informed by its evidence base and through consultation on the Plan. PCC will assist delivery in the city through the delivery of own schemes and continuing to provide enable strategic framework/ solution to the nutrient neutral mitigation requirements for new homes.
- **Development management:** although development management procedures were not found to be barrier to the delivery of new homes during the monitored period, the Council is striving to continue to make improvements its planning applications service for to ensure quality outcomes for all.

4.1.2 The Action Plan for above is in Appendix 1.

4.1.3 The Council is content that it is both cognisant of these delivery issues and is working constructively, usually in partnership with third parties, to resolve them with the aim of improving housing delivery. Where necessary actions will be updated, or new actions added in response to currently unforeseen issues or barriers to development, or as a result of changes in government policy, legislation or planning practice guidance. Close working relationships with infrastructure providers, developers and other key stakeholders will be key to ensuring a step change in increasing housing supply locally.

### Next Steps

4.1.4 Appendix one sets out a range of short and medium term actions which aim to increase the delivery of new homes in the City. It also identifies timescales and responsibilities for delivery of the actions, where appropriate. Monitoring of the actions will be undertaken annually following receipt of the annual HDT measurement (anticipated to be November each year), and the annual review of the Action Plan will draw on information from a range of sources including the annual housing completions surveys (which provides figures for the number of new homes completed each year) and other relevant documents.

## Appendix 1: Portsmouth Housing Delivery Test Action Plan

Cause	Evidence	Action	Responsible	Status
<b>Strategic Issue: Housing Land Supply</b>				
Housing Land Supply	Insufficient land to meet future requirements based on government standard housing methodology.	<p>Prepare the revised Local Plan and identify new housing allocations.</p> <p>Continue work on studies including Strategic Housing and Economic Land Availability Assessment and evidence on market demand.</p> <p>Regular Brownfield Register updates.</p> <p>Work with the PFSH Authorities on future SDOA identification work</p>	City Development - Planning Policy	Ongoing
Progress with Duty to Co-operate and sub-regional Strategic Planning	Need for an updated sub-regional strategic (South Hampshire Spatial Position Statement) to deal effectively with housing distribution and unmet housing need.	<p>Updated South Hampshire Spatial Position Statement to be undertaken and agreed by PFSH and Local Authorities.</p> <p>Continue to update unilateral Statement of Common Ground /documents with Neighbouring Authorities</p>	<p>Partnership for South Hampshire</p> <p>South Hampshire Local Authorities</p>	Ongoing
<b>Strategic Issue: Development Viability and Delivery</b>				
Identifying developable sites/ Bringing sites forward.	Supporting evidence for deliverability of strategic sites in Local Plan Review	<p>Whole Plan Viability Assessment</p> <p>Housing and Economic Land Availability Assessment including call for sites</p> <p>Consultation on the draft new Local Plan</p> <p>Continue to support Portsmouth City Council Housing and Council owned Ravelin Housing company to deliver new and affordable homes across the city.</p>	City Development - Planning Policy	Ongoing
Nitrates pollution in the Solent	Effective suspension of housing consents without Natural England approved mitigation in place.	Updated Interim Nutrient Neutral Mitigation Strategy with co-operation on any appropriate longer term strategic solutions with PFSH or other partners	PCC City Development - Planning Policy and other South Hampshire LPAs	Ongoing
<b>Development Management</b>				
Potential for delays to grant of planning permission	Need to ensure planning applications are determined with agreed timescales and provide an effective, efficient service.	<p>The use of PPA templates for major applications.</p> <p>Wider use of s106 Unilateral Undertakings at the validation stage of applications to ensure that delays in application determination are minimised.</p> <p>Ensure team is fully resourced as required.</p>	City Development - Development Management	Ongoing

End of document

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