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Dear Mr Hawes,

EXAMINATION OF THE HART LOCAL PLAN - STRATEGY AND SITES (the Plan)

1. The hearing sessions finished on 18 December 2018 and I advised the Council that I would write as soon as practicable to advise you about any further steps or main modifications that I consider are necessary for the Plan to be made legally compliant and/or sound. My letter focuses on the most significant areas rather than being a comprehensive review of the wording of the main modifications that have already been discussed at the hearing sessions. I will undertake this in the near future and once the Council has provided a response to this letter.

Objectively assessed housing need

2. The Plan at Policy SS1 sets out a housing requirement of 388 dwellings per annum (dpa), which at the time of publishing the Regulation 19 Pre-Submission Plan for consultation was based on the then proposed Government standard methodology for calculating housing need, with an uplift applied. The justification for the uplift is set out in Appendix 2 'Housing Numbers and Trajectory' of the Plan. The 'cap' was removed and then an uplift of 25% was applied as a contingency in case of a change in methodology or alterations to data, such as household projections or affordability ratios. Reference was also made to the benefits of boosting the supply of housing, including the delivery of affordable units. Considered in isolation, I have some concerns with regard to the evidence and its robustness that supported the rationale behind the additional uplift.
3. Nonetheless, I am mindful that the Council produced a Joint Strategic Housing Market Area Assessment (SHMA) (HOU1a & b) in November 2016, with Rushmoor District Council (RDC) and Surrey Heath District Council (SHDC), which constitutes the Housing Market Area (HMA). Following the SHMA's publication the 2014 household projections were soon released. Given the requirements of PPG, 2012 (Paragraph: 016 Reference ID: 2a-016-20150227), the Council undertook a review of the SHMA (HOU2a & b) and tested a number of alternative scenarios, with the more recent household projections, including a partial return to trend of household formation rates and differing migration trend periods.

4. The SHMA identifies an Objectively Assessed Housing Need (OAHN) in Hart of 382 dpa, which is largely driven by job growth, and is almost identical to the 388 dpa derived from the standard methodology. I will set out my reasoning in full in my final report, but I am content that a figure in the range of 382 to 388 dpa represents a robust figure for the Council's OAHN.

The housing requirement

5. At the hearing sessions, representatives from SHDC, provided an update to the position previously agreed between the authorities in the HMA, in relation to unmet need. The unmet need in SHDC results from the heavily constrained nature of the area. SHDC has now published an Issues and Options/Preferred Options consultation, which identifies a shortfall in supply of 731 dwellings over its plan period (2016-2032). SHDC advised that although there are on-going attempts to try and find more sites, this is unlikely to significantly reduce. The Council had set out that any unmet need from SHDC would occur towards the end of the Plan period, however, this view was not shared by SHDC at the hearing session, who set out that the unmet need is imminent.
6. RDC has just received its Inspector's Report following their Plan's examination. The Rushmoor Plan does not make any additional provision for any unmet need from SHDC. There is a surplus in supply identified in the Rushmoor Plan of around 1,000 dwellings. However, it is clear that this is necessary to mitigate the risk from some large sites in that Plan failing to deliver as anticipated and should not be seen to be off-setting any unmet need from SHDC.
7. The housing requirement in the emerging SHDC is based on the standard methodology figure (352 dpa). Since the publication of the emerging SHDC Local Plan for consultation, new guidance in the PPG, 2018 has been published that advises the standard methodology figure should be seen as a starting point and that recent assessments of need, such as SHMAs, should be taken into account (Paragraph: 010 Reference ID: 2a-010-20180913). The SHMA identifies a higher housing need figure of 382 dpa for SHDC. Therefore, there is a possibility that the unmet need from SHDC could increase in the future, if the housing requirement in the Plan was to increase as it progresses through its preparation. However, this remains very uncertain.
8. It is generally accepted that Hart is the least constrained authority in the HMA. Given this, the matters discussed above and the fact that the Rushmoor Plan is unlikely to be reviewed for a period of 5 years following its adoption, I consider that the Hart Local Plan should seek to meet the identified unmet needs of SHDC of 731 dwellings, which represents the most up-to-date figure at this point in time.
9. I also consider that the Plan period should be amended to reflect the base date of the SHMA, given that this evidence has been key to my conclusion that the Council's OAHN is between 382 and 388 dpa. The need to deliver 731 additional dwellings over the Plan period (2014 to 2032) on top of the

SHMA OAHN of 382 dpa, would result in a total housing requirement of 7,614 dwellings over the extended Plan period, which equates to 423 dpa, an additional 41 dpa.

10. Further and importantly, such an additional uplift in the housing requirement would also result in more affordable housing being delivered in Hart, which I consider to be necessary. Again, I will set out my full findings in my final report, but I consider that to uplift the housing requirement beyond 423 dpa, to deliver additional affordable housing, would result in open market dwellings being provided when there is no evidence of any need, which could lead to an imbalance between homes and jobs and unsustainable commuting patterns.

Housing supply, trajectory and soundness

11. Based on the trajectory provided on Page 14 of the Council's hearing statement for '*Matter 3 Housing: the objectively assessed need for housing and the housing requirement*', I calculate that a housing requirement of 423 dpa over the Plan period would result in a shortfall in supply of 230 dwellings by the end of the Plan period. I also calculate that this shortfall would occur in the last year of the Plan period (2031/32). Please can the Council advise me if it disagrees with these calculations.
12. The NPPF, 2012 at Paragraph 47 sets out that to boost significantly the supply of housing, local planning authorities should (amongst other things) be able to demonstrate a five year housing land supply and identify a supply of specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 (to meet identified needs).
13. The Plan would provide for specific, developable sites for 12 years following the adoption of the Plan anticipated sometime in 2019. I consider that this would meet the requirements of Paragraph 47 of the NPPF and the shortfall of 230 dwellings during the last year of the Plan period, would not result in the Plan being found unsound, particularly as the Plan would need to be reviewed in 5 years time in any event.
14. Whilst there would be no flexibility for any sites that might not deliver as anticipated, there is clear evidence that over recent years, very few sites in Hart see their planning permissions lapse, particularly for sites over 10 dwellings. I am also mindful that in the short term there is forecast to be a very healthy level of supply over and above the housing requirement in the first five years of the Plan following adoption. This means that in the short term the slippage in delivery of some sites could be accommodated. Further, a review of the Plan in 5 years time would ensure that any potential under or non-delivery from sites in the longer term can be suitably addressed at that time.
15. I will not set out my detailed findings in terms of all aspects of the supply, I will do so in my final report. However, I am content that appropriate assumptions have been made in terms of all of the components of supply that are relied upon by the Council.

16. Given the above, I anticipate that the Council could seek to rely on the delivery of the proposed new settlement to boost the supply of housing. However, I have some significant concerns with regard to the proposed new settlement that are discussed further below.

Policy SS3 and the area of search for a new settlement

17. The Plan sets out at Policy SS3 the Council's commitment to preparing a New Settlement Development Plan Document (DPD) after the adoption of this Plan. Policy SS3 and its supporting text identifies an area of search (AoS) at Murrell Green / Winchfield for the delivery of up to 5,000 dwellings through the production of a New Settlement DPD. The Plan states that it is not required in this Plan period to meet identified housing needs. Despite this, the Council anticipate that some 1,500 homes from the proposed new settlement would be expected to be delivered within the Plan period.
18. I have a number of fundamental concerns with regard to the soundness of Policy SS3. The Council and the site promoters have suggested that because the Plan does not rely on any delivery of housing from the proposed new settlement that Policy SS3 in itself cannot be found unsound. However, the policy sets out that *'Permission will be granted for the development of a new settlement to be identified from the area of search identified on the Policies Map following the adoption of a New Settlement Development Plan Document and agreed comprehensive masterplan'*. The Plan is therefore establishing the principle of a new settlement as the most appropriate growth strategy for meeting the Council's long-term needs. It is also establishing a relatively confined area of search for a new settlement.
19. The tests of soundness require the Plan to be justified and therefore *'the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence'* (Paragraph 182 of the NPPF). To find the Plan sound, I must therefore be satisfied that a new settlement within the identified AoS is the most appropriate growth strategy to meet long-term needs, when considered against reasonable alternatives.

Sustainability Appraisal

20. The Sustainability Appraisal (SA) (CD5a) that accompanied the pre-submission Regulation 19 consultation (pre-submission SA) did not test reasonable alternatives to a new settlement and it was considered as a 'constant' as part of all reasonable alternatives that were appraised. On this basis, I am not of the view that the pre-submission SA, in its own right, appropriately or robustly considers reasonable alternatives to a new settlement as a long-term growth strategy.
21. The Council has, however, produced a 'Post Submission Interim Sustainability Appraisal Report' (post submission SA) (CD5c) to supplement the pre-submission SA. This did test a number of alternative growth strategies to a new settlement. Putting aside the concerns raised in terms of legal compliance of the post submission SA, in terms of consultation, I am concerned by the way in which the new settlement has been considered and

ranked against reasonable alternatives. There are numerous examples of this, which will be discussed in turn.

22. The first relates to the historic environment where the post submission SA identifies that within the AoS there are a range of notable heritage constraints including listed buildings and a Conservation Area. Despite this, Option 1b, which is the preferred option in the Plan and includes the proposed new settlement, is ranked the highest/best. The post submission SA states that *'...this conclusion does nonetheless reflect a considerable degree of uncertainty, recognising that the AoS is associated with considerable heritage value'*. Further, it goes on to say *'With regards to effect significance, it is difficult to draw conclusions. Under all options there will be good potential for mitigation through appropriate design, layout and landscaping. At this stage it is appropriate to 'flag' the potential for all options other than Option 1 to result in significant negative effects; however, there would be good potential to avoid/mitigate impacts'*.
23. Given the above and that there is no heritage assessment of any significance before the examination, it is therefore unclear why the potential for a significant effect from Option 1b has been ruled out. The only justification put forward appears to be a lack of objection from Historic England to Policy SS3. However, their Regulation 19 representation simply notes that there are heritage assets in the AoS and welcomes the high level criteria in Policy SS3 for this to be considered in the subsequent DPD and asks to be involved. It does not state that there would be no unacceptable effect on the significance of heritage assets that lie within or close to the boundary of the AoS. It appears that a 'precautionary approach' has been applied to all other reasonable alternatives, which has not been equally applied to Option 1b, with no robust justification for such an approach. In addition, it is somewhat surprising that Option 1b has been ranked ahead of Option 1a, given that Hartland Village (the main component of Option 1a) already benefits from planning permission, where it was found there would be no unacceptable impact on heritage assets and does not require any further site allocations. Given the above, the ranking of Option 1b as the best performing under heritage is not justified.
24. Turning to the topic of land and other resources, the post submission SA sets out that *'With regards to the proposal to bring forward an allocation for a new settlement in the MG/W, whilst the national data-set shows there to be a concentration of Grade 4 land in Winchfield area, broadly associated with the centre of the area (where there is a high density of woodland, potentially indicative of poorer soils), the dataset also shows the majority of land to the east and west (namely that land that is currently mainly in agricultural use) to be Grade 3. Also, the detailed 'Post 1988' dataset potentially serves to indicate that agricultural land may be higher quality than is indicated by the nationally available, low resolution dataset. Specifically: the western part of the area, around Totters Farm (west of the Brenda Parker Way) is largely Grade 2 (with the remaining land Grade 3a, i.e. also BMV). The only other land that has been surveyed is a relatively small parcel directly north of Winchfield station, found to comprise Grade 3a'*. The post submission SA

therefore acknowledges that the AoS is highly likely to contain large areas of best and most versatile (BMV) agricultural land.

25. I consider that it is reasonable to assume, given the potential size of the site for a new settlement likely to come forward within the AoS, that options which include the AoS for a new settlement, would lead to a greater level of loss of BMV agricultural land than those options that do not. I can understand why Option 1b would rank higher than Options 2b, 3b and 4b, given that these options include additional sites, as well as the AoS for a new settlement. However, it is not clear to me why Option 1b would rank higher than Options 2a, 3a, 4a, 5, 6, 7 or 8 or indeed why a potentially significant adverse effect has been ruled out for Option 1b. Further, Option 1b is ranked the same as Option 1a, which includes the development of Hartland Village, which benefits from planning permission and is largely previously developed land. Such a ranking is also therefore not, in my view, robust.
26. In terms of flood risk and other climate change adaptation issues, the post submission SA states that *'...with regards to the proposal to bring forward an allocation for a new settlement in the MG/W area through a separate DPD (the 'b' options), there are significant flood risk constraints (fluvial, surface water and groundwater); however, there is confidence in the ability to masterplan a new settlement that avoids these constraints, given the scale of the AoS'*. There is clearly a significant level of uncertainty with regard to potential flood risk and the scale of the AoS is relied upon to overcome such constraints. However, there are other constraints within the AoS, such as for example biodiversity features, areas of ancient woodland, heritage assets, landscape sensitivity, the M3 motorway, the railway line, gas pipes and electricity pylons. Consequently, such a finding appears to be somewhat of a leap of faith, that is not supported by any robust evidence. For some of the other options, there is a much greater understanding of flood risk at the sites, with some already having been subject to planning applications and thorough investigation. However, the post submission SA chooses not to rank the options and concludes *'the alternatives are judged to perform broadly on a par, and significant effects are not predicted'*. Given my observations, I consider that the decision not to rank the options in terms of flood risk to be very questionable.
27. The post submission SA sets out in terms of landscape that the AoS *'...is not an area that stands out as relatively constrained, in the Hart context, on the basis of the evidence provided by the Hart Landscape Capacity Study (2016); however, there are nonetheless clear landscape sensitivities. In short, it is fair to say that there is good landscape capacity in the centre of the area, given urbanising influences (most notably the railway and M3) and extensive woodland, but that there are significant sensitivities within the wider area'*. Despite this, Option 1b was ranked joint highest with Option 1a. However, it is unclear why this is the case, given that the proposed new settlement would result in the development of large areas of open countryside and Option 1a already benefits from planning permission and is largely previously developed land. Further, the post submission SA notes that Pale Lane is 'relatively unconstrained', but despite this and it being a smaller site / potential development, Option 3a is ranked lower than Option 1b.

28. Option 1b has been ranked the highest under the category climate change. This is as a result of the potential for the proposed new settlement to deliver a district heating system. However, there is little evidence to suggest that this is a feasible or realistic option that is being actively pursued by the site promoters. I consider this raises doubt about the appropriateness of such a ranking.
29. Finally, with regard to water, Options 1a and 1b are ranked on par as the highest scoring options. I also find this difficult to understand given that Option 1a benefits from planning permission where it has been established that any effect on the capacity of waste water treatment works can be suitably mitigated. Based on the text in the post submission SA, there is still uncertainty associated with Option 1b, with Thames Water recommending in their Regulation 19 representation that a '*mini Integrated Water Management Strategy (IWMS) is produced to support the development promotion*'. Further, Option 1b is ranked higher than Option 3a, when it is acknowledged that in response to a recent planning application for a development at Pale Lane, there were no objections from the Thames Water Waste Water and Drainage team.
30. I acknowledge that the AoS by its very nature leads to some uncertainties, but in this case, the boundary of the AoS is, in my view, relatively confined and the indicative concept plan provided by the site promoters, once the requirements for SANG are taken into account, shows much of the AoS boundary being utilised as part of the proposed new settlement. It is therefore not, in my view, significantly different to that of a site allocation boundary.
31. I acknowledge that some evidence has been provided by the site promoters, particularly in support of their Regulation 19 representations. However, these represent very high-level broad overviews, with little in the way of detail. The examples provided above illustrate that there is insufficient evidence before the examination to support the rankings given to the AoS for the new settlement within the post submission SA or to allow a suitably robust comparison of reasonable alternatives to be undertaken, based on proportionate evidence. Further, the examples also demonstrate that inconsistent assumptions have been applied to Option 1b when compared to the other reasonable alternatives. In my judgement the scoring of Option 1b above or equal to other options is not justified by the evidence. As a result, I consider that Policy SS3 and its supporting text are not justified, as, on the currently available evidence, it cannot be determined that it represents the most appropriate long-term growth strategy.
32. I consider that the post submission SA is therefore not robust and should not be relied upon in support of the Plan. Consequently, the concerns raised with regard to consultation and legal compliance of the post submission SA become of little relevance. However, it is important to note that my concerns with regard to the SA are limited to the post submission SA's consideration of the proposed new settlement. I consider that should Policy SS3 and its supporting text be removed from the Plan (along with any other subsequent

changes required) the pre-submission SA is suitably robust to support the Plan, being based on appropriate assumptions and reasoning. I will set out my reasons for this view in my final report.

Deliverability

33. In addition, to my above concerns, there is little evidence to demonstrate that a site can actually be delivered in terms of infrastructure, viability and landownership within the identified AoS. The Council's Infrastructure Development Plan does not include any consideration of the proposed new settlement other than a brief mention of the potential secondary school and the viability assessment has not directly considered a proposed new settlement in the AoS. Again, whilst there is some information from the site promoters in relation to such matters, it is not of any great substance.
34. Evidence was also provided at the hearing sessions that shows a significant parcel of land cutting across the middle of the AoS that is not either in the ownership of the site promoters or land that is available to them. It was set out by Winchfield Parish Council at the hearing sessions that the owner of the land is not willing to release it as part of the development. This was not disputed by the Council or the site promoters. There is consequently some doubt, at this time, whether a comprehensive and inclusive new community can be delivered as required by Policy SS3 and its supporting text. Given all of this, I am not sufficiently content based on the evidence available to the examination that Policy SS3 is deliverable and is therefore not effective.

Implications

35. I am of the view that a significant level of further supporting work would be required for Policy SS3 to be found sound in its current form, which would need to include appropriate and proportionate area/site assessments, infrastructure considerations, viability testing, evidence in support of deliverability and further SA work, which would need to be done in an impartial manner with sufficient evidence to support its findings and comparisons with alternative options. Any further SA work would also need to include additional standalone consultation. This would all lead to a significant delay in the examination, whilst it was paused, to allow such work to be undertaken. Further hearing sessions would be needed.
36. It was suggested at the hearing sessions that such detailed work and assessment would be undertaken as part of the preparation of the New Settlement DPD. However, as set out above, the Plan is establishing the principle of a new settlement as being the most appropriate strategy in the long-term, over other growth options such as smaller strategic urban extensions to existing settlements to name one example. Based on the Council's approach it is evident that potential growth options, alternative to a new settlement, would not be considered through the production of the New Settlement DPD. Logically, the only reasonable alternatives considered would be potential site options within the already defined AoS boundary. Consequently, I am of the view that there needs to be sufficient evidence now to support the proposed new settlement AoS, to allow a robust comparison to be undertaken with reasonable alternative long-term growth

strategies and to allow me to take a view that there is a real likelihood that a site could come forward in the AoS that would not have unacceptable impacts. For the reasons set out above, at the current time, I do not consider this to be the case.

37. Given my earlier findings in terms of the housing requirement, Policy SS3 is not required for the Plan to be sound and, in light of my comments above, I consider that the most appropriate course of action would be to remove it (along with any other necessary subsequent changes) from the Plan through Main Modifications (MMs). This would allow the Plan to progress towards adoption without any significant delay to the examination process.
38. The Council has set out that it is seeking to start the planning process for the proposed new settlement now, due to the long lead in times that are involved with the delivery of large sites. However, I have already established that the proposed new settlement is not required in this Plan period for it to be found sound.
39. I understand that this will come as a significant disappointment to the Council, who have clear aspirations to deliver a new settlement to meet long-term housing needs. In this regard, I consider that it would not be unsound for the Plan to retain the Council's aspirations to plan for long-term needs beyond the Plan period, which could include the delivery of a new settlement. But, the Plan should clearly state that this, as a growth option, would need to be fully considered and evidenced in a future (potentially early or immediate) review of the Plan or a subsequent DPD.

Concluding remarks

40. Assuming that the Council would be content to adopt the Plan on the basis of the modifications I have set out above, in respect of the housing requirement, trajectory, the Plan period and Policy SS3, I would be grateful if it would draft all necessary MMs to be added to the schedule for consultation.
41. In terms of the proposed new settlement, I fully acknowledge that it is the Council's Plan and if the Council wishes to pursue the area of search for a new settlement within this Plan, I would need to advise in more detail, the work that would be required to progress with the examination, as I have only provided a brief overview above. I am also mindful that following further work, there can be no guarantee that the evidence would support it as the most appropriate long-term growth strategy or that Policy SS3 would be found sound.
42. Notwithstanding the above, I would strongly recommend my suggested approach, which would allow the Plan to come forward without significant delay. It would also be open to the Council to undertake an immediate review of the Plan if it wished to pursue the proposed new settlement in the near future, which would not have a significantly different timescale to the production of a New Settlement DPD, as currently proposed. I would be grateful if the Council can confirm its position to me as soon as is practicable.

43. Please note that I am not seeking the views of any other party in relation to the above matters at this stage. However, I will assist the Council with any queries and with any further advice it may require.

Yours sincerely,

Jonathan Manning

INSPECTOR