South Hampshire Strategy

Background Paper : Employment floorspace and housebuilding provision figures

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push
Partnership for Urban South Hampshire

Foreword

In October 2012, the Partnership for Urban South Hampshire (PUSH) adopted an updated South Hampshire Strategy. It quantifies the provision which should be made in each PUSH authority for new employment development and for housebuilding.

This Background Paper explains the derivation of those figures. It begins with an overview of the origins of the South Hampshire-wide employment and housebuilding figures, and then explains the detailed calculations relating to each. It then describes how those South Hampshire-wide figures were apportioned amongst the individual authorities.

This document is unavoidably technical, but every effort has been made to explain the arithmetic calculations in the simplest terms possible using plain English.

The South Hampshire Strategy and other PUSH documents can be seen on the PUSH website at: www.push.gov.uk

Contents

1 Calculating 2011-2026 requirements for the strategy area

Introduction

1.1 The South Hampshire Strategy is based on the PUSH Economic Development Strategy (EDS) which is founded on the ambition to deliver higher levels of economic growth. Two of its component documents – 'Preferred Growth Scenario' and 'Employment Sites & Premises Demand and Supply Analysis'[1] - set out respectively the number of new homes and the amount of new employment floorspace which are needed during 2006-2026 to realise the aims of the EDS.

1.2 Those figures were the product of economic and demographic forecasting undertaken by leading forecasters Oxford Economics. A separate background paper which was produced for PUSH by Oxford Economics - titled 'PUSH modelling approach'[2] - explains the methodology, data and assumptions used in preparing the forecasts.

1.3 The EDS figures relate to the geographic area of PUSH when the EDS was formulated in 2009/10; that area included the Totton and Waterside part of New Forest District. The latter is no longer within the PUSH area and is not covered by the South Hampshire Strategy, so an adjustment needs to be made to the EDS employment floorspace and housebuilding forecasts to take account of development planned in that part of New Forest District. Those adjustments, which have been agreed with officers of New Forest District Council, are set later in this document.

1.4 The resulting figures, which are for 2006-2026, then need to be converted into figures for 2011-2026, as that is the time period covered by the South Hampshire Strategy. That conversion is made by deducting the employment floorspace/homes built during the five years 2006-2011. The use of this market-based approach takes into account any apparent under or over development provided by the market compared to the envisaged requirements during the first five years of the 2006-2026 period.

Housebuilding

(NB: All the numbers in this section are dwellings except where otherwise indicated)

1.5 Section 4.3 of the Preferred Growth Scenario document includes the following table which sets out the population and dwelling projections associated with the preferred scenario:-

Figure 14: Population and Dwellings

	2006	2011	2016	2021	2026	2006-26
Population	1,014,900	1,054,700	1,087,600	1,118,300	1,148,000	133,100
Dwellings	430,000	445,000	467,000	487,000	504,000	circa 74,000

[1] Available on the PUSH website at: http://www.push.gov.uk/work/economic-development/economic-development-strategy.htm
[2] Available on the PUSH website at: *(address to be added once document is on the website)*

1.6 The key number in Figure 14 above is the 2006-2026 dwelling requirement of circa 74,000. As explained in paragraph 1.3 above, the first step is to adjust that 74,000 figure to match the area covered by the South Hampshire Strategy, as follows:-

Preferred Growth Scenario figure 2006-2026	74,000
Minus provision in New Forest (part) 2006-2026	1,835[3]
Requirement in Strategy area 2006-2026	72,165

1.7 That 2006-2026 dwelling requirement figure is then adjusted to 2011-2026 by deducting the number of new homes completed during the five years 2006-2011. Those completions statistics are compiled by Hampshire County Council from planning applications, site visits and other information supplied by local planning authorities. That conversion calculation is as follows:-

Requirement 2006-2026	72,165
Minus completions 2006-2011	16,579
Requirement 2011-2026	55,586

1.8 In the South Hampshire Strategy, this figure is rounded to 55,600 dwellings – an average of around 3,700 per year.

1.9 Housebuilding in 2009/10 and 2010/11 was at a low, with only around 2,300 homes built each year. The figure for 2011/12 - the first of the fifteen years covered by the South Hampshire Strategy - was about the same. That is substantially below the 3,700 per year provided for by the Strategy. However, a rise in building rates is assumed during 2012-2014 consequent on the Government's initiatives and incentives to stimulate increased housebuilding. That would mean that development of the 55,600 dwellings is 'back-loaded', such that annual housebuilding in South Hampshire during 2014-2026 could be up to 20% above the 2006-2011average building rate.

Employment floorspace

(NB: All the numbers in this section are square metres)

1.10 The Strategy's figures for employment floorspace provision derive from the forecasts of future requirements set out in table 2.6 of the PUSH Economic Development Strategy document 'Employment Sites & Premises Demand and Supply Analysis':-

Table 2.6: Total Estimated Development Commercial Employment Floorspace 2006 to 2026 for South Hampshire (sq m)

Use Class	**Accommodating Forecasted Employment Change (A)**	**Total Replacement Activity (B)**	**Replacement (Requiring Supply) (C)**	**Sub – Total (Requiring Supply)**	**Choice & Flexibility (D)**	***Total Completions (E = A + B + D)***	**Development Requiring Supply (F = A + C + D)**
B1a	540,000	300,000 – 440,000	150,000 - 220,000	690,000 - 770,000	70,000 - 80,000	*910,000 - 1,070,000*	**760,000 - 840,000**
B2 (inc B1b/c)	n/a	560,000 – 840,000	280,000 - 420,000	280,000 - 420,000	30,000 - 40,000	*590,000 – 890,000*	**310,000 - 470,000**
B8	50,000	420,000 – 640,000	210,000 - 320,000	260,000 - 370,000	30,000 - 40,000	*500,000 – 730,000*	**290,000 - 410,000**
Total B Use	**590,000**	**1,300,000 – 1,940,000**	**650,000 - 970,000**	**1,240,000 - 1,560,000**	**120,000 - 160,000**	***2,010,000 – 2,680,000***	**1,360,000 - 1,720,000**

[3] Figure confirmed with New Forest District Council by email on 5 September 2012.

1.11 These forecasts include an allowance to ensure choice for developers and ensure the market has capacity to 'move and churn' – column D in the table above. The forecasts are expressed in terms of the total amount of new employment floorspace required (column E) and also as the amount of floorspace for which supply needs to be identified (column F). The former includes replacement employment space which is redeveloped on the same site. Thus the column E figures can be termed 'gross requirement' and the column F figures as 'net requirement'. (The nature of the other columns is explained in footnotes to the table within the Employment Sites & Premises Demand and Supply Analysis document.).

1.12 The figures in column E, rather than those in column F, were used as the starting point for generating the employment floorspace provision figures in the South Hampshire Strategy, because the necessary adjustments for geography and time period (see paragraphs 1.3 and 1.4 above) can only be undertaken on gross figures.

1.13 Table 2.6 above contains figures for each of three planning use classes – B1a, B2 (including B1b and B1c), B8. Use class B1a is translated into the South Hampshire Strategy as 'office development', but use classes B2 (including B1b and B1c) and B8 are combined in the Strategy into overall figures for 'manufacturing & distribution'. That combination is to recognise that many development proposals comprise a mix of manufacturing and distribution uses, and to allow flexibility in the provision of sites.

1.14 The forecasts in Table 2.6 are in the form of ranges, but for simplicity and to reduce uncertainty in local plan preparation, PUSH decided that the South Hampshire Strategy's employment floorspace provision figures should be single figures rather than ranges. In generating single figures from within the ranges, PUSH assumed that development activity will remain subdued in the short term and then pick up somewhat in the medium and longer term.

1.15 As explained in paragraph 1.12 above, the starting point for generating the Strategy's employment floorspace provision figures are the figures in the 'Total Completions' column E in Table 2.6 above. The next step is then to adjust them - for the reasons explained in paragraph 1.3 above - to match the area covered by the South Hampshire Strategy. That adjustment is as follows (all figures are square metres):-

	B1a	*B1b - B8*
EDS requirement 2006-2026 (Table 2.6 Column E)	910,000 – 1,070,000	1,090,000 – 1,620,000
Minus provision in New Forest (part) 2006-2026	<u>24,000</u>	<u>48,500</u>
Requirement in Strategy area 2006-2026	886,000 – 1,046,000	1,041,500 – 1,571,000

1.16 The resulting figures are for 2006-2026 so, as explained in paragraph 1.4 above, they then need to be converted into figures for 2011-2026. That conversion is made by deducting the employment floorspace completed during the five years 2006-2011.

1.17 Employment floorspace completions statistics are compiled by Hampshire County Council from planning applications, site visits and other information supplied by local planning authorities. The employment floorspace statistics are normally only published for overall employment floorspace i.e. all the 'B' uses combined. They reveal that a total of almost 375,000 square metres of floorspace was completed in the Strategy area during 2006-2011. However, in order to provide the necessary separate completions statistics for use class B1a and for use classes B1b-B8 combined, County Council officers undertook a more detailed investigation of employment floorspace completed. That yielded estimates of around 169,000 square metres being B1a and 206,000 being B1b-B8.

1.18 So using those estimates, the 2006-2026 requirement figures are adjusted to 2011-2026 as follows (all figures are square metres):-

	B1a	*B1b - B8*
Requirement 2006-2026 (from table above)	886,000 – 1,046,000	1,041,500 – 1,571,000
Minus estimated completions 2006-11	169,000	206,000
Requirement 2011-2026	717,000 – 877,000	835,500 – 1,365,500

1.19 The Employment Sites and Premises Demand and Supply Analysis document estimates the proportion of these requirement figures for which supply needs to be identified in Local Plans: 81%[4] for B1a and 55%[3] for B1b-B8. Thus the 'gross' requirement figures in the table above are converted to net figures (for which supply needs to be identified) as follows (all figures except the percentages are square metres):-

	B1a	*B1b - B8*
Gross requirement 2006-2026 (from table above)	717,000 – 877,000	835,500 – 1,365,500
Multiplied by % which requires supply	81%	55%
Net requirement 2011-2026	580,770 – 710,370	459,525 – 751,025
Mid-point of net requirement range:	*645,570*	*605,275*

1.20 Paragraph 1.13 above explained the reasons for the figures in the Strategy's policies being single figures rather than ranges. PUSH decided that those single figures should be from the bottom half of the ranges above. This is because the Economic Development Strategy forecasts were prepared in 2009/10 and were based on an economic outlook that is now regarded as over optimistic. The outlook for the UK economy and that of South Hampshire is less optimistic and the return to growth is turning out to be slower than was envisaged when the forecasts were prepared. The scale of the recession, likely duration of recovery (given the risks from Europe, commercial banks in the Eurozone, and slow growth in the US) and downside risks were not fully factored into the forecasts.

1.21 For office development (B1a), the bottom point of the range was adopted i.e. 580,770 square metres. In the Strategy, this figure is rounded to 580,000. The adoption of this figure reflected advice from members of the Solent LEP Board who are closely in touch with the commercial property market, that any higher figure would be over-ambitious in view of current and foreseeable economic prospects. This figure would enable a substantially higher average rate of office development over the fifteen year period 2011-2026 than was built in the preceding five years 2006-2011.

1.22 The amount of office floorspace built in the 2011/12 – the first of those fifteen years – was the same as that built in 2010/11, and it is assumed that office building rates will not start to increase until around 2014. As with housebuilding, this would mean that development of the 580,000 will be 'back-loaded', such that provision for office

[4] Table 2.6 - column F as a percentage of column E (using the average of the very slightly different percentages for the lower and upper end of the range.)

development during 2016-2026 will be about 50%[5] above the 2006-2011 building rate. This reflects that the future provision figures include an allowance for flexibility and choice (meaning that actual build rates will be thus slightly below them) and reflects also that the PUSH EDS aspiration is to secure a higher level of economic growth which must in turn mean greater employment floorspace development than in the past.

1.23 The Strategy's figure for manufacturing and distribution (B1b-B8) floorspace provision is a combination of the low end of the range during the first five years (2011-16) and the middle of the range during the remaining ten years (2016-26). That sum is as follows:-

Low end of range during 2011-16 (one-third of net figure in para 1.19 above)	153,175
Mid-point of range during 2016-21 (ditto)	201,758
Mid-point of range during 2021-26 (ditto)	201,758
Target for 2011-2026	556,691

1.24 In the Strategy, this figure is rounded to 550,000 square metres.

1.25 This figure derives from the assumption that development activity will remain relatively depressed in the short term but will pick up somewhat in the medium and longer term. It is a slightly more bullish trajectory compared to the provision for offices, based on three factors: the advice of Solent LEP Board members that there are current shortages of available space for manufacturing & distribution, the various national and local initiatives to boost manufacturing, and thirdly, the planned development of the advance manufacturing-focused Solent Enterprise Zone and the manufacturing and distribution-focused Eastleigh River Side.

1.26 As with office development, this trajectory would mean that development of the 550,000 square metres would be 'back-loaded', such that provision for manufacturing & distribution development during 2016-2026 would be substantially above the 2006-2011 building rate. As with offices, this reflects the Economic Development Strategy's ambition to secure higher levels of economic growth and that the future provision figures include an allowance for flexibility and choice.

Resulting policy figures

1.27 Thus the South Hampshire-wide development provision figures for 2011-2026, which are incorporated into the Strategy's policy 4, are:-

- 55,600 net additional dwellings
- 580,000 square metres of net additional office floorspace
- 550,000 square metres of net additional manufacturing & distribution floorspace.

[5] This is calculated from the gross figures in paragraph 1.18 by comparing the requirement 2011-2026 with estimated completions 2006-2011

2 Development provision figures for individual authorities

Introduction

2.1 The process for generating the development provision figures for individual authorities was the same for both employment floorspace and for housebuilding. It was an iterative process involving officer and Councillor discussions, to apportion the South Hampshire-wide provision figures (in paragraph 1.27 above) amongst the individual authorities. As the Strategy is an update to the existing strategy in the South East Plan, the policy figures in the latter were a starting point for the process, with the definitive apportionment taking account of these factors:-

- the scale of development commitments (planning permissions and local plan allocations);
- each authority's aspirations for development;
- the Strategy's spatial planning principle of prioritising development in the two cities and other major urban areas;
- regeneration opportunities and environmental constraints;
- the intention that the scale and timing of employment development in the New Community North of Fareham should keep pace with housing development to maximise self containment and sustainability.

Employment floorspace

2.2 The employment floorspace figures which emerged from that process and which are included in the Strategy's policy 6, are below (all figures are square metres):-

Authority	***Offices (B1a)***	***Manufacturing & distribution (B1b-B8)***
East Hampshire (part)	3,000	1,000
Eastleigh	2,000	90,000
Fareham	50,000	50,000
New Community North of Fareham	34,000	34,000
Gosport	10,000	74,000
Havant	59,000	68,000
Portsmouth	100,000	50,000
Southampton	181,000	59,000
Test Valley (part)	51,000	36,000
Winchester (part)	90,000	88,000
South Hampshire total	**580,000**	**550,000**

2.3 The figures for office development in Portsmouth and Southampton are large, reflecting their latent potential for office development and the Strategy's prioritisation of development in the two cities. The figure for new office floorspace in that part of Winchester District which is within the Strategy area is also sizeable. This partly reflects the planned provision for new employment opportunities in the West of Waterlooville Major Development Area, but also reflects existing commitments elsewhere.

2.4 The same explanation applies to the sizeable figure for manufacturing & distribution in that part of Winchester District which is within the Strategy area, while the substantial figure for manufacturing & distribution development in Eastleigh Borough reflects the development opportunities at the Eastleigh River Side site. The figures for Gosport and Fareham Boroughs include the 82 hectares manufacturing-focused Solent Enterprise Zone which straddles the boundary between the two authorities.

2.5 As explained in the Strategy document, the intention is that the New Community North of Fareham (NCNF) will contain a number of jobs which is equivalent to about half of the NCNF's economically active population in order to maximise self containment. Development of the NCNF will begin in 2016 and it is envisaged that by 2026, around three-quarters of its overall employment floorspace (and housing) will have been built: it is those figures which are included in the table above. However the figures for the NCNF are subject to further detailed masterplanning and other on-going evidence work which will support updated trajectories in the NCNF Area Action Plan.

Housebuilding

2.6 The housebuilding provision figures which emerged from the process described in paragraph 2.1 above are set out in the table below which forms part of policy 11 in the Strategy document. Those figures are for the net provision of new homes - both market and affordable – in each authority 2011-2026.

2.7 New student accommodation units which are self-contained will account for a modest proportion of the two city's housebuilding targets: being fully self-contained, they fall within the Government definition of 'new dwellings'[6]. However, new student properties which are not fully self contained - e.g. if they share a communal kitchen – are not defined as new dwellings and thus cannot be counted against Local Plan housebuilding targets. Nevertheless, they will still help with meeting local housing needs: by freeing up private housing for occupation by non-student households, they will increase the housing stock available for households in the same way as other new build housing.

2.8 Drawing on information from their universities, the two city councils estimate that over 3,000 new non-self contained student units are likely to be built between 2011 and 2026. Both councils estimate that on average each student-occupied private sector property is occupied by four students. On this basis, the anticipated new student units would release just over 750 market homes which can then be occupied by non-student households.

2.9 New homes are planned to built in the New Community North of Fareham (NCNF) from 2016. The NCNF is ultimately expected to accommodate 6,500-7,500 new homes: the figure below is the number (about three-quarters of the total) which is envisaged to be built by 2026. However the figures for the NCNF are subject to further detailed masterplanning and other on-going evidence work which will support updated trajectories in the NCNF Area Action Plan.

[6] The definition can be seen here:
http://www.communities.gov.uk/housing/housingresearch/housingstatistics/definitiongeneral/

Authority	***Dwelling provision 2011-2026***
East Hampshire (part)	1,050
Eastleigh	8,050
Fareham	2,200
New Community North of Fareham	5,400
Gosport	2,550
Havant	5,150
Portsmouth	9,100
Southampton	12,200
Test Valley (part)	2,950
Winchester (part)	6,200
Market housing released by new student accommodation	750
South Hampshire total	**55,600**

2.10 As explained in the Strategy document, the figures above are aspirational and will be tested during the preparation of local plans taking account of other considerations including any impact on sites of European importance for nature conservation. In the event that an authority is unable to provide for its figure, then that will be addressed when this strategy is reviewed.