



Appeal Decision

Site visit made on 4 October 2022

by Jonathon Parsons MSc BSc(Hons) DipTP Cert(Urb) MRTPI

an Inspector appointed by the Secretary of State

Decision date: 16 February 2023

Appeal Ref: APP/N1730/W/21/3289388

Land to the west of Reading Road, Hook

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against failure to give notice within the prescribed period of a decision on an application for planning permission.
 - The appeal is made by Falcon Developments (SE) Ltd, Malcolm Gately and Vanessa Trillia against the decision of Hart District Council.
 - The application Ref 21/01958/FUL, dated 19 July 2021.
 - The development proposed is the erection of 20 affordable dwellings on an entry-level exception site with vehicular access from Reading Road alongside landscaping, public open space, internal roads, parking and associated drainage infrastructure.
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Decision

1. The appeal is dismissed and planning permission is refused for the erection of 20 affordable dwellings on an entry-level exception site with vehicular access from Reading Road alongside landscaping, public open space, internal roads, parking and associated drainage infrastructure.

Procedural Matters

2. The appeal is against the non-determination of a planning application by the Council. Had it been in a position to do so, the Council indicates it would have refused the planning application on the main issues below, having regard to development plan policy and material considerations.
3. A Unilateral Undertaking (UU) dated 20 July 2022 relates to the provision of entry-level housing, education contributions and mitigation contributions in respect of the Thames Basin Heaths Special Protection Area (TBHSPA). It also requires the County Council to secure highway works following planning permission. These obligations are taken into account in this decision.
4. Parties were consulted on the submitted evidence on entry-level housing and affordable housing contained within the Council's Statement of Case and appellant's Final Comments. This decision takes their comments into account.

Main Issues

5. The main issues are (a) whether the proposal would be appropriately located, having regard to the spatial settlement strategy under the development plan, (b) the provision and affordability of entry level housing within Hart, having regard to existing provision and affordability; and (c) residents' accessibility to services and facilities, having regard to sustainable transport measures.

Reasons

Spatial strategy

6. The appeal site comprises a field in the countryside which lies adjacent to the settlement boundary of Hook under the Hart Local Plan (Strategy and Sites) 2032 (LPSS), adopted April 2020. Within the adjacent settlement boundary, there is a recently constructed housing development at Sheldons Reach and, across Reading Road, there is small-scale industrial development outside of the settlement boundary, within countryside as well.
7. The LPSS has been tested through a sustainability appraisal to make sure that the policies and proposals reflect the most sustainable approach to development, having regard to the balance of economic, social and environmental factors. LPSS Policy SD1 details that when considering development, a positive approach will be taken reflecting the presumption in favour of sustainable development in the National Planning Policy Framework (the Framework). LPSS Policy SS1 sets out the planned amount and location of new development to be built in Hart over the Plan period 2014–2032 which will be focussed within defined settlement boundaries, Hartland Village allocation and through Neighbourhood Plans.
8. Under LPSS Policy SS1, the proposal would not be a rural exception site located outside of a village in accordance with Policy H3 because Hook is a local service centre. Also, it would not fall within any permissive categories of development in the countryside under Policy NBE1 referenced in LPSS Policy SS1. The effect of the spatial strategy of LPSS is to focus development to areas with accessible services and facilities, and to protect the countryside. Such a strategy, based on a sustainable approach to development, is supported by Policy HK1 of the Hook Neighbourhood Plan (NP) 2017-2032, made February 2020, which states the focus of development in Hook will be within the existing settlement.
9. For all these reasons, the housing development in this countryside location would conflict with the spatial strategy for Hart, Policies SD1 and SS1 of the LPSS and Policy HK1 of NP.

Entry-level housing and affordable housing

10. The entry-level housing would consist of 10 Discount Market Sale Housing (DMSH) and 10 Shared Ownership (SO), which would be restricted to 'first time buyers.' Under each tenure, there would be three 3-bed and seven 2-bed units. The DMSH would be discounted by 25% from the market price and the SO would offer property equity shares between 25% and 75%.
11. Policy transitional arrangements enable consideration of this entry-level housing scheme, despite the policy introduction of first homes. Appeal decisions indicating differing interpretations on how to apply the two criteria under the footnote to Paragraph 72 of the National Planning Policy Framework (the Framework) have been provided. In terms of the criteria, the entry-level site would exceed 1 hectare in size but would not exceed 5% of the size of the existing settlement. The inclusion of the word "or", between the criteria, gives flexibility and allows for schemes, such as that before me, with a greater site area to be considered if the settlement size limit is met. In this instance, the settlement size criterion would be comfortably met. Such a stance accords

with Hanslope decision where the Inspector considered this wording allows a judgement to be made, based on individual circumstances.

12. Paragraph 72 places a burden on local planning authorities to support the development of entry-level housing sites, suitable for 'first time buyers', unless the need for such homes is already met within the authority's area. A Strategic Housing Market Assessment (SHMA)¹ 2016 informed the LPSS and taking it into account, the Council's housing report (AECOM)² report estimates entry-level housing demand to be 157 dwellings per annum (dpa) over the plan period, with that for Hook at 13 dpa. Although a one-off survey, the appellant's housing needs survey for Hook (HNS)³ indicates 30 of the 55 respondents would be 'first time buyers.'
13. Both the Council and appellant seek to establish how this demand has been met. Using National data⁴, the appellant's entry level housing report (Tetlow King Planning)⁵ indicates a delivery of SO and other affordable home ownership products of 66 dpa between 2014/15 and 2020/21. The Council's AECOM report shows an annual delivery of 47 dpa for affordable home ownership. The Council and appellant's delivery evidence above does not allow the identification of 'first time buyers', a key feature of entry-level housing. However, the Council's AECOM estimates for overall demand for subsidized affordable housing ownership is not much greater than that for entry-level housing and therefore, a significant proportion of the above delivery evidence by both parties is likely to 'first time buyers'. Consequently, the evidence on entry-level housing delivery from both parties indicates a significant under supply of this form of housing within Hart.
14. To contribute to this deficient supply, the entry-level housing must be realistically discounted from a market value. For the purposes of this assessment, the 2-bed DMSH are priced at £243,750 (market value £325k) and the purchase threshold, income eligibility level for households, would be £62,679.
15. The Council AECOM report details that households within the Council's 2021 Help to Buy Register (HBR) have incomes that do not meet the purchase threshold for DMSH. However, using the latest HBR 2022, the appellant's Tetlow King Planning report indicates 37 applicants within Hart have an income meeting the purchase threshold for 2-bed DMSH, with 4 of these being within Hook. The appellant's HNS details that 4 Hook respondents would have income meeting the purchase threshold. The income range for 'can rent, can't buy' households (CRCBH), derived and updated from the SHMA, have a range between £38-£82k in Hart District, which similarly indicates some buyers being able to meet the purchase threshold for the 2-bed DMSH, albeit not all.
16. Not all this households will be interested in entry-level housing within the CRCBH and HBR data, some will have owned property before, and for the CRCBH data, it is not possible to put a figure on household numbers meeting the purchase threshold like the HBR. Both data sources do not identify entry-level households. The HBR does not indicate DMSH as an affordable housing

¹ Hart, Rushmoor and Surrey Heath Housing Market Assessment (SHMA) 2016.

² Entry Level Homes in Hart, Research Report, Hart District Council, AECOM, May 2022.

³ Hampshire Hubs Housing Needs Survey, September/October 2021.

⁴ Department of Levelling Up, Housing and Communities, Live Table 1007, figure 3.1

⁵ Response to Council's Affordable Housing Evidence, Land adjacent to Reading Road, Hook, Hampshire, Tetlow King Planning, July 2022.

product being offered and where 'first time buyer' appears as an entry, it does so within a description of existing situation. However, many of the HBR households meeting the purchase threshold are in a private rent, living with friends/family or housing association situation, which strongly indicates a likelihood of 'first time buying'. Furthermore, in terms of CRCBH, people enter the private rent tenure to build a deposit up for purchasing a first property.

17. Entry-level housing households would also need a deposit, 10% of the discounted market value. The Council's AECOM report shows household median savings for the 2021 HBR not meeting the required deposit level. However, the appellant's Tetlow King Planning report, using the 2022 HBR data, shows 122 households have savings meeting the 10% deposit for the 2-bed DMSH, with 15 within Hook.
18. Under the UU, a market value would be set by a Council appointed independent valuer. A higher market value would result in higher discounted value and higher purchase threshold with affordability issues. The Council's AECOM report indicates median market values for a terraced dwelling, new 2 and 3-bed dwellings for Hart, and terraced house in a grouped postcode area (£342,500) around the site. However, the Hart median values do not reflect those in Hook and the postcode median value includes higher value property areas. Terraces will also include both 2 and 3-bed dwellings. Given this, it has not been demonstrated the market value pricing is unrealistic.
19. For the 3-bed DMSH, the discounted value would be £318,750 (market value 425k) and the purchase threshold would be 82K. Based on the CRCBH and HBR (2020 and 2021), there would no entry-level housing household eligible. If the mortgage to income ratio is changed from 3.5 to 4.5, the purchase threshold would provide greater affordability. Mortgages are available over longer periods to reflect current circumstances, such as the increase in retirement age extending the economically active years of younger people. Homes England uses the higher ratio. However, this is in respect of SO and moreover, mortgage applications depend upon personal circumstances especially since the 2008/2009 banking crisis and given the entry-level housing will be 'first time buyers', the case for this higher ratio has not convincingly been made.
20. The SO accounts for 10 of the 20 proposed affordable dwellings and offers a more flexible route, through equity share, to home ownership than the DMSH. As a result, the HBR and CRCBH data shows income would be above that necessary to pay for the equity and (rent on the unsold equity) for both 2 and 3-bed SO, and affordable.
21. In conclusion, the evidence indicates significant entry-level housing demand and that the 2-bed DMSH, 2 and 3-bed SO would be affordable to a modest number of entry level housing households for Hart and Hook. The 3-bed DMSH would not be affordable, albeit only 3 dwellings are proposed. Significant weight should be given to the contribution of the scheme to deficient entry-level housing supply.

Accessibility to services and facilities

22. The appeal site lies within an edge of town settlement location and is approximately 20 minutes/7 minutes away from Hook Service Centre, where there are local facilities including a railway station, services and employment.

Bus stops are slightly closer to the site than the centre and offer services to neighbouring settlements on an hourly basis, Monday to Saturday. As part of the proposals, a footway would be constructed across the frontage of the site to connect with one along Reading Road, leading into the centre. Within the site, there would also be a footpath connection through to the neighbouring recent residential development and through an open space area to connect up with a public footpath adjacent to the site into Hook.

23. Although significant, these walking times to the centre would be acceptable within a settlement, with walkways being street lighted. There are no dedicated cycle ways along roads into the centre but there is an option of riding along a less busy residential road for part of the way. National policy also accepts accessibility varies between areas. Paragraph 105 of the Framework indicates opportunities to maximise transport facilities will vary between urban and rural areas. Therefore, whilst many facilities and services would take longer to access than if closer to town, they are still within acceptable limits and the development would make provision for improved connectivity.
24. For all these reasons, the location of the proposed development site would have good access to services and facilities by non-car modes. Accordingly, the proposal would comply with Policy INF3 of the LPSS and Paragraphs 104 and 105 of the Framework.

Other matters

25. The UU details obligations for the provision of the entry-level housing. It includes 'first time buyer' eligibility criteria, income caps for eligibility, preference to those living in Hook parish and delivery mechanism for the housing. It provides for a Council appointed valuer to set the market value from which the 25% discount will be made. Such provision would accord with the purpose of the scheme, local and national policy. It also set out a requirement to secure highway works to the site to accord with sustainable transport policy. These obligations are necessary to make the development acceptable in planning terms, are directly related to the development and are fairly and reasonably related in scale and kind to the development. Therefore, they would comply with the statutory tests of Regulation 122 of the Community Infrastructure Levy Regulations 2010 (as amended).
26. The Council can demonstrate a surplus 5 year housing land supply (5YHLS), measured at 10.4 (2021 Housing Supply Statement) and has met the Housing Delivery Target comfortably (210%). There has been delivery of 573 dwellings per annum between 2014/15 and 2020/21, well above the housing requirement of 423 dpa.
27. The SHMA estimated an annual affordable housing requirement of 305 dpa for the plan period. Although the LPSS does not accommodate all of this need, it sets an overall affordable housing requirement of 1,633 dpa for the LPSS plan period and the Council's latest predictions indicate the completions and permissions of 2,000 dpa, with 283 affordable housing for Hook. To date, completions have averaged 134 dpa above the Housing Strategy's (non-statutory) target of 100 dpa, with Hook having an average of 22 dpa. The national data used by the appellant's Tetlow King Planning report evidence only relates to shared and full ownership completions, and not to other forms of affordable housing, and therefore, there is no reason to doubt the Council's figures on the progress being made in overall affordable housing provision.

28. There is local support for the scheme, including strong support from the Parish Council and from the Council's Housing Officer. However, the proposal should be considered on its planning merits taking into account local and national policy.

Planning balance

29. The appeal scheme makes a significant contribution to meeting entry-level housing demand for which there is an acute need. It will also contribute to affordable housing need, albeit progress is being made in meeting this. It would provide an attractive mix of housing in a location with a good access to facilities and services. The proposal would provide construction jobs which along with the financial spend of new residents, would benefit the local economy. There would be a landscaped public open space, offering opportunities for biodiversity enhancement, and improved connectivity to the centre of Hook. Given the scale of the proposal, the generated New Homes Bonus benefit would be limited. Cumulatively, these benefits would weigh in favour of the proposal attracting and attract considerable weight. As Council Tax would be used to pay for services generated by residents, this would be not amount to a benefit.
30. However, the proposal would be contrary to the spatial strategy of directing development to larger settlements and allocation within the development plan in the interests of sustainable development. The plan is meeting its housing requirements and although it has not met entry-level housing requirements, overall affordable housing completions show progress in meeting these requirements within the plan. The Framework makes clear that the planning system should be genuinely plan-led. For these reasons, the conflict of the scheme with Policies SD1 and SS1 of the LPSS, and Policy HK1 of the NP would be overriding and there would be conflict with the development plan taken as a whole.
31. The development plan does not have an entry-level housing policy, and the location of the housing would have good accessibility to services and facilities by sustainable transportation. However, the strategy policies of the LPSS, LP and NP are most important given the countryside location of the development and would be overriding. They therefore cannot be regarded as out-of-date and the tilted balance and the presumption in favour of sustainable development under paragraph 11 d) ii does not apply.
32. The SHMA figure for affordable housing need is greater than that in the plan and the definition of affordable housing under national policy has widened. The plan does not explicitly provide for entry-level housing. However, the SHMA is a policy document to inform the preparation of the LPSS plan and under this adopted plan, it is meeting housing requirements and making progress is providing affordable housing. Consequently, the provision of the entry-level housing and its associated benefits in this location would not outweigh the primacy of the development plan and there are no material considerations of sufficient weight that indicate that the proposal should be determined other than in accordance with the development plan.
33. The UU also details obligations relating to the payment of infrastructure and TBHSPA mitigation contributions under the relevant Habitats Regulations. As there are substantive reasons to dismiss this appeal, there is no requirement for me to consider whether these obligations meet the statutory tests of the

Community Infrastructure Regulations 2010 (as amended) and paragraph 57 of the Framework. Similarly, there is no requirement to carry out an Appropriate Assessment under the Habitat Regulations.

Conclusion

34. For the reasons given above and having regard to all other matters raised, I conclude that the proposal would conflict with the development plan, and there are no material considerations to outweigh that finding. Accordingly, the appeal should be dismissed, and planning permission is refused.

Jonathon Parsons

INSPECTOR