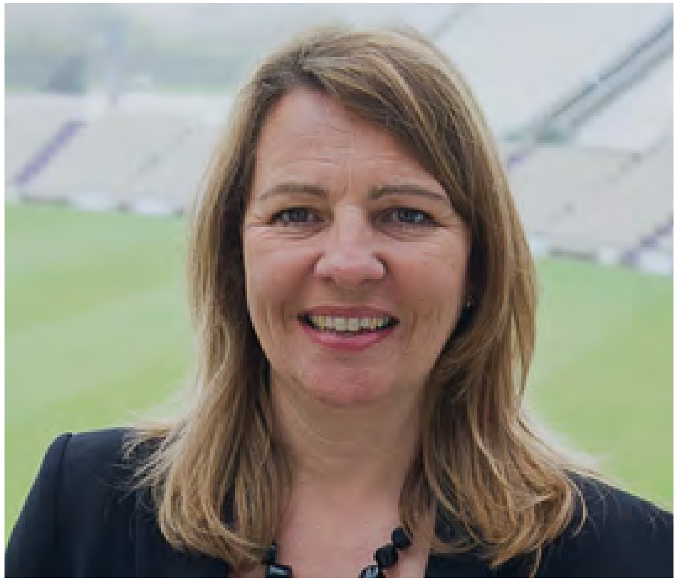
Business South

Central South - A call for housing change



Leigh-Sara Timberlake

Chief Executive, Business South

Mark Perry

Chief Executive, VIVID & Chair, Business South's Housing Working Group

Foreword

There's never been a more important time for us all to talk about housing. Having a safe, warm place that you can call home is central to the way we live and crucial for the future growth, prosperity and stability of our region.

While there's been much said about the housing crisis nationally, we felt that it was time to highlight our own regional housing story – and how intrinsically important having more good quality new homes of all types and tenures is to the region's economic growth and the regeneration of its cities. If we don't see the Central South's housing challenges addressed, our region's economic and social prosperity will continue to suffer.

As a result, we've sought to shine a spotlight on housing here in the Central South, highlighting the current situation and what it means for the region. With this understanding, we've moved to set out what we believe can be done now and what should be done in future to help see the existing situation addressed.

It's said that home is where the heart is – in this case, the heart of the Central South and its future needs to be an increased supply of all types of homes supported by the right infrastructure. We hope you'll be willing to help champion the changes we're seeking as part of helping the Central South flourish in future years.

Executive Summary

With significant national discussion and focus on UK housing, and with planning reform having commenced with more on its way, it was thought important to throw a spotlight on the subject from a regional Central South perspective. The Central South stands to offer much to the UK as a whole but, to unlock future growth and propel prosperity, it is vital that our housing issues are understood, and steps are taken towards addressing them. It's clear that:

- **Housing affordability remains problematic with ratios ranging from between 7-10 x an average salary**
- **Rents reflect the national picture with tenants having to pay average rents of over £1,200 per month**
- **Out of date local plans amongst leading local authorities pose problems for new housing delivery while existing housing requirements fail to be met**
- **New housing development has been further impacted by nutrient neutrality issues**
- **There remains a significant unmet housing need in the region**
- **Affordable housing waiting lists are significant across the region, particularly in a number of key urban areas central to current and future economic activity**
- **The cost of capital crisis and the challenge posed by the broader economic environment are also being felt here and stand as short to medium term blockers**
- **Issues around infrastructure, from engaging with providers through to securing connections, are also now playing a role in impacting on new housing delivery**
- **Employers are seeing opportunities for further organisational growth being limited and the ability to recruit new employees hampered by our housing situation**
- **Opportunities to better help ourselves in the region need to be fully recognised and capitalised on by leaders in relevant sectors while we see a need for even greater levels of cooperation across the Central South between all parties involved in homes and infrastructure**

To achieve an increase in quality, well designed homes, it's vital that both practical and policy changes are made locally and nationally. While many recommendations are aimed at the current Government, several are for Central South stakeholders to consider. We see a need to:

- **Make improved use of existing planning powers**
- **See improved consultee collaboration and the introduction of new standing advice**
- **Build educational capacity locally to help our own skills and resource base**
- **Strengthen obligations on utility providers while seeing the Central South as one of Ofgem's future Regional Energy Strategic Planners**
- **See a new long term funding deal for Central South authorities with planning functions at the heart**

We also consider there's a need for:

- **Regional planning to be reintroduced at pace across the Central South**
- **The establishment of a new office for the Central South**
- **The current local plan system to be streamlined**
- **A regional infrastructure fiscal incentive to be considered**
- **A potential affordable housing bonus scheme to be introduced**

Section 1
Current context

The UK's housing crisis, supply and delivery are far from new topics of debate with discussion on these items having taken place for many years. With the population now standing at over 67m, average house prices standing at nearly £270,000 [1] and the number of households on local authority housing waiting lists having reached 1.33million, it's clear the housing crisis has reached a peak. The depth of the crisis has only been underlined in a report released by the Home Builders Federation, which set out that "The average price of a property in England and Wales is more than eight times the average salary, making these staggeringly unaffordable places to live" and that "one in five people in Britain spend more than 40% of their post-tax income on housing. This amounts to 13.3 million people - more than anywhere else in Europe." [2]

Moving from home ownership to renting, high costs are also reflected in this part of the housing market with the Office for National Statistics (ONS) reporting that average UK private rents increased by 8.7% in the 12 months leading up to January this year. Zoopla has highlighted that the costs of renting are now £3,240 a year higher than three years ago, meaning a 27% increase set against earnings growth of 19% in the same period. In an update last year, Zoopla reported that half of all rental properties fall in the £1,000+ per month markets. [3]

For those tenants in receipt of Universal Credit local housing allowance, the rental challenge is even greater with recent research highlighting that only 8.5% of private rented homes are affordable under uplifted rates.[4] This means that fewer than one in ten homes in the private rented sector will be affordable to those currently in receipt of local housing allowance.

The real impact of the housing crisis has been drawn into sharper focus with National Housing Federation research highlighting that 310,000 children are now forced to share beds with their parents due to overcrowding – one in six children now share a bed and have no personal space of their own. [5]

While there's a current national ambition of delivering around 300,000 new homes each year, the country's population has increased by around 330,000 each year for the last decade. In considering this ambition, it's worth recognising the country has not delivered this number or above since the 1980s. In the period between 1949 and the 1980s, research indicates that the delivery of new homes was evenly split between the public and private sectors.

Since then, delivery by the public sector has decreased and the country's housing supply has, predominantly, been reliant on the private sector. In terms of the national picture, we also need to note our town planning system remains predominantly as it has done since the Town & Country Planning Act entered the stature books. At present, it takes an average of five years for a standard housing development to make its way through the planning system – before a single spade has been put in the ground.

So, against the national backdrop, a planning system that is clearly under pressure, and with the country aiming for growth, what's the housing and infrastructure picture like in the Central South? Crucially what does this picture mean for the region more broadly and in the longer term?

1 Private rent and house prices, UK February 2025, Office for National Statistics |2 Housing Horizons, October 2023, Home Builders Federation |3 Rental Market Report, December 2024, Zoopla |4 Savills, March 2024 |5 Overcrowding in England, April 2023, National Housing Federation

In considering the Central South, however, it's important to put it in context - it's a region that's a hub for study, for research, tourism and a diverse range of employers.

Given the Central South's attributes, the potential it can play in contributing to the social and economic fabric of the UK as a whole is significant. However, housing and infrastructure is key to seeing this potential achieved. In light of the national housing crisis, what's the situation here in the Central South and how are we faring in tackling it?

The housing and infrastructure headlines in the region are as follows:

>There are major pockets of housing need along the South Coast, including where owing to the local housing land supply position, there is an immediate presumption in favour of planning permission being granted.

>Unmet housing need in the region now totals over 50,000.

>Up to date local plans are presenting further challenges to the region while its planning constraints such as green belt and national parks, are only adding to the pressure of seeing suitable sites brought forward.

>Away from the open housing market, we see that a number of larger local authorities have severe housing waiting lists for those eligible for affordable housing.

>Despite the housing waiting lists in the Central South, provision per year of new affordable homes in some authorities stands only in double or triple figures; far from the numbers really needed.

>House prices have remained high with homes in the region standing at an average price of £358,000 compared to the current national average. In the northern part of the region such as Surrey, the average price is heading towards £500,000 with homes in the port city of Southampton averaging £245,000 while in Dorset, the average exceeds £330,000.

>Infrastructure issues are now delaying the delivery of developments, even designated local plan allocated sites. In recent research published by Savills, the ability to build enough infrastructure to facilitate growing requirements is "*resulting in developments across the UK now struggling to secure power connections in a cost effective or timely manner.*" [6]

>Nutrient neutrality has until recently torpedoed planning decisions and housing delivery in the region. As of August 2023, there were 55 sites with a full application submitted but which were undetermined in nutrient neutrality catchments across the Solent area and with the combined capacity to provide over 6,900 new homes and continue to harm viability.

6 Central South, Unlocking the capacity for growth, March 2024, Savills

In taking a snapshot view at several of the leading and larger local authority areas, it clearly highlights that the position here is reflective of the overall picture nationally with delivery, in the main, somewhat lacking.

	Basingstoke & Deane	Bournemouth, Christchurch & Poole (BCP)	Portsmouth	Southampton
Housing targets per year (latest 'Standard Method' data)	1,127	2,958	1,021	1,214
Homes delivered 2022-2023 (latest housing delivery test data)	986	773	9	296
Shortfall	-141	-2,185	-1,012	-918

The current situation has, therefore, led to a clear need for significant action to see delivery increased in the coming years. In Southampton, for example, the new housing target of 1,214 dwellings per annum remains a challenge for a city that is already densely populated.

Government data shows that housing delivery in the Central South's three key cities - Bournemouth, Portsmouth and Southampton - has underperformed. In fact, according to Savills, "housing delivery across the three cities, measured by net additional dwellings as a proportion of total stock, equals 0.2%, 0.5% and 0.6% across Portsmouth, Southampton and Bournemouth respectively for the past three years. The national average is 0.9% over the same period. [7]

In Portsmouth, the council has been asked to increase their housing supply – to build 18,378 new homes over 18 years. This equates to seeing 1,021 new homes delivered every year. Going forward, BCP has very high levels of unmet housing demand, so providing more housing is a key priority for the council. The pressure to deliver more homes has only increased given the latest targets with a requirement for nearly 3,000 homes a year.

7 Central South: Unlocking the capacity for growth, March 2024, Savills

While delivery and supply are clearly challenges in our region, it's worth recognising matters around affordability and, in turn, housing waiting lists. The challenge of home ownership is clearly documented by considering current average house prices and house price affordability across a number of our leading local authority areas. For those that are priced out of home ownership, the landscape looks equally as tough. When it comes to renting, the ONS reported average UK rents having risen in the 12 months leading to January 2025 by 8.7%. Across England, the average private rent (January 2025) now stands at £1,375 and in the South East in particular, average private rents have been reported as standing at £1,356pcm. [8] In 2024, Zoopla highlighted that nearly all private rented homes in the South East are in areas with average rents that are now over £1,000pcm. [9] For those individuals that are seeking affordable housing, the current housing waiting list picture is just another reminder of the challenges facing the region – across Hampshire alone in 2023, there were nearly 30,000 people reportedly on local authority housing waiting lists.

	Basingstoke	Bournemouth	Portsmouth	Southampton
Average house prices [10]	£395,098	£393,401	£280,092	£267,102
House price affordability	8.84 x salary*	10.23 x salary*	7.38 x salary*	7.05 x salary*
Average rents [11]	£1,228	£1,195	£1,192	£1,168
Housing waiting list	4,700 people	2,000 people	1,400 people	7,600 people

* Ratio of median house price to median gross annual earnings

In turn, this raises structural issues and challenges that impinge on the region's ability for growth. With clarity around the current picture here in the Central South, it's vital to recognise what the impact and issues are for employers and individuals.

8 Private rent and house prices, UK, February 2025, Office for National Statistics |9 Zoopla, UK Rental Market Report, March 2024 |10 HM Land Registry |11 Zoopla powered by Hometrack

Section

2

Section 2
Impact and issues

We believe it's all too easy to consider housing in an abstract manner removed from what it's really about. We need to look through a new lens – one that sees housing as being about homes and, in simple terms, homes are all about people.

Who better to help us understand the impact of the current housing scenario and to see where it fits into the region's operational jigsaw than the organisations that underpin its economy; employers. As part of getting underneath the skin of the Central South's housing challenge, we sought the voices of representatives from private sector businesses to public sector organisations and from those with a local footprint to those with an international one.

A clear message was received – access to homes is now a significant, if not leading, organisational challenge and risk. In turn, the current state of the Central South's housing market is now notably impacting the operations, sustainability and growth of private sector businesses and public sector organisations.

When discussing housing with employers, it only reaffirmed how intrinsic our region's housing is to seeing our growth ambitions realised. From restricting the ability to enrol further students in one of our leading universities through to a hospitality business running a 'lettings agency'; these are the hard outcomes.

Looking ahead, if employees are unable to secure decent housing that is affordable they will be unable to stay in the region.

In turn, this has the potential to impact on employers and, longer term, this may mean that businesses and organisations either leave the region or take the decision not to locate here in the first place. In considering the impact, there were consistent themes in the feedback received from employers:

>Hampering recruitment - The existing scenario is putting increased pressure on employers' ability to recruit new staff at all levels, which in turns poses broader workforce issues. When factoring in the significant future requirement to fill new roles through the Freeport and also the expansion of Southampton Airport in the coming years, the challenge is only going to get greater.

>Restricting growth ambitions - The lack of and affordability of housing in the Central South means that organisations that want to expand are having to continue to operate as they are at present. This is subsequently impacting on the potential to create additional jobs while also effectively restricting future revenue growth.

>Diverting resources - Organisations are having to divert resources, both people and capital, into supporting staff to secure suitable accommodation, if they are to maintain suitable workforce levels while also doing the 'right thing'.

>Talent retention - In a region with growth opportunities in a variety of sectors, from marine through to health research amongst others, the risk is that the leaders of tomorrow in these fields move up and out of the Central South. In research completed by Savills, the region is seeing over 18,500 students graduate and then leave the region for work, highlighting the scale of the brain drain. Graduates entering employment in higher-value sectors such as professional, scientific and tech, finance and information & communication are largely leaving the area to do so. They have the skills to enter these employment sectors, however the opportunities don't exist to persuade university leavers to stay.

Home Grown Hotels Group – private sector market intervention

The issues of housing affordability and supply in the Central South are now clearly impacting on the ability of the Home Grown Hotels Ltd (HGH), operators of The PIG Hotels, to recruit and secure new staff. As a result of challenges of attracting and securing staff, HGH adopted an interventionist approach. With existing and new staff struggling to not only afford a home in the areas surrounding the group's existing hotels, but also to secure one, the business felt it had to take action.

HGH has taken a direct step into the local housing markets in which it operates and now, effectively, runs a separate property business which holds multiple homes. This separately registered business does not seek to generate profit but instead acquires existing homes, which it can subsequently let to staff at what it sees as fair and reasonable rates. This approach helps the business to secure the staff it needs across the board, including niche and harder to fill roles like sommeliers.

HGH is also supporting new staff members with advanced payments, which allows for initial deposits to be able to be readily paid. **Across the business, HGH considers it is currently 'intervening' in the housing situations of around 5-10% of its staff at peak times.**

Cyclife Aquila Nuclear – recruitment challenges

Specialist nuclear engineering business, Cyclife Aquila Nuclear, part of Cyclife-EDF Group, provides bespoke engineered solutions across a range of national and international nuclear market sectors. At present, the business is entering a growth period and has a significant number of roles to fill, which include requirements for 50 new engineers.

While Cyclife Aquila is seeking both junior engineers as well as experienced individuals for higher paid roles, it's finding it increasingly challenging to attract candidates – a key factor involved is that candidates are recognising the high housing costs involved should they be successful and move to the area. Cyclife Aquila Nuclear is seeing that the region's housing scenario potentially could also impact on retention of existing staff.

Dr Nara Ringrose, People Director, said:

"The existing housing situation is actively impacting on the Central South's ability to attract and retain talent, which in turn affects the ability of businesses like ours to achieve future growth plans and to play our role in the region's economy."

Southampton Airport

Southampton Airport is a regional airport owned by AGS Airports Ltd, serving around 30 destinations with great onward connections to the world.

Operations Director, Gavin Williams, said:

"The Central South is a vibrant and dynamic region with a host of development opportunities that will attract significant inward investment over the coming years. The airport's future growth plans coupled with the Navigator Quarter will help create new jobs and with that brings the need for a housing strategy. **In order to be able to attract the right talent to those jobs, candidates need to know they can put down roots in the Central South and enjoy everything this region has to offer."**

University of Southampton – restricting growth

Senior Vice-President (Academic) – Professor Phillip Wright, University of Southampton:

"We could have taken more students but there simply aren't enough homes. It is a significant problem in both Southampton and Winchester.

"We were unable to accept a significant number of really high-quality students who would have positively contributed to our cities and region because of the lack of accommodation – and that, of course, has a knock-on effect with the number of staff we need to recruit."

"Housing is a major problem."

Solent Freeport

The Solent Freeport will unlock billions of pounds' worth of investment, create tens of thousands of new jobs and level up our important coastal communities. Establishing the Solent Freeport will enable us to create 30,100 new skilled and semi-skilled jobs including 15,050 direct jobs in the Solent and 15,050 in the wider UK supply chain. It will accelerate the creation of high-quality employment space, with investment specifically targeted at state-of-the-art growth sectors and ground-breaking approaches to decarbonisation and green innovation.

Brian Johnson, Chair of the Solent Freeport, explained the success of the enterprise relied on retaining, and when necessary, attracting new talent to the region and that would undoubtedly mean more homes being needed.

"We will be creating more high-quality employment in the region retaining talent and attracting new people to live in the Central South and more homes will be needed to meet that need."

"Business South's housing report is a timely document that highlights the future housing needs of the region and what must be addressed if the Central South and the Solent Freeport are to meet their full potential."

So, the economic and growth impacts of the Central South's housing crisis are clear to understand but what does it mean at a personal level?

Personal case study 1

Adam*, Young Professional, 30, Southampton
Rental Challenge

"Due to a change in personal circumstances, last month I found myself needing to find alternative accommodation in the Southampton area. I found this to be challenging for a number of reasons. One of those reasons was location - finding a suitable place to live in the City Centre was very challenging as a number of places were looking to only rent or make these available to students. They were more affordable, however restricted to students which I feel would have been linked into the fact that we have faced difficulties in accepting and housing students in the local area in recent times. A large number of properties were a considerable commute away from the City Centre and would perhaps put people off should they be looking for somewhere nearby due to a lack of transport links on the outskirts of town.

I also found that the vast majority of landlords needed a significant initial deposit alongside a month of rent in advance which perhaps reflects the current financial climate and is a lot to ask of someone in relation to an individual's pay cheque. Perhaps for a couple as opposed to a solo looking to find somewhere to stay this may have been easier. **There was an extremely high demand regardless of which property I viewed with some estate agents having as many as 6/7 viewings for one property per evening.** In the meantime, there were other options at fairly short notice - such as a wide range of Airbnb offerings as well as Southampton Solent University halls being rented out whilst out of term time. This however would not have been sustainable for a lengthy period of time as was still relatively expensive for a stay of 2/3 nights."

Personal case study 2

Senior Lecturer at a leading university in the Central South region

"When I think of home, I see a living room and kitchen with space enough outside for the kids to play. I think of a space that offers peace and quiet, where you feel safe and comfortable. When I was moving here to take up my role at the university, I was advised to check into a hotel with my wife and daughter (aged 7 at the time) while we looked for more permanent accommodation to rent. It took four weeks until we found somewhere.

"I would have preferred a house but settled for a two-bed apartment on the sixth floor. It's on a busy road but only a 15-minute drive to my work. Our contract ends soon and we would like to own a new-build house in an attractive area.

"It is my first time in the UK. I came here from Ghana and have previously lived in the United States and Europe.

"Finding a place to call home is difficult and I think housing should be seen as a political priority."

Personal case study 3

Admin officer who has always lived in Southampton

"When I think of home, I immediately think of Shirley Warren – the area of Southampton where I lived from the age of 7 until I was 21. I think of a 3-bed house and I remember the happy times when I was growing up.

"I went to the University of Southampton where I studied Psychology. In the first year of my degree I lived in halls and then for the following two years in a rented house.

"In my third year I met someone and we decided to rent a flat together. We were together for 18-months but then we broke up. I had to find somewhere to live pretty quickly and I ended up in a studio flat.

"My experience hasn't been very good and I feel like my flat is crumbling around me. The property management company and the landlord are not very quick to do things when issues arise. I had a water heater explode and a nest of rats was disturbed – and the shower is also falling off the wall. All of this happened and they are very slow to put it right.

"I am with a new partner and we are looking for a new larger property but it is all so expensive. I've only had a quick look but it can be anything up to £2,300 a month.

"Renting is so expensive and it would be cheaper to have a mortgage but with the current cost of living crisis it's difficult to save enough for a deposit to get on the property ladder. Looking ahead, my dream home would be a 3-bed house for me and my partner and his kids when they come to stay.

"In the future I would like to have children so we will be a blended family. Ideally, we would like a big family home but it's difficult to see how that will happen with the current economic and housing crisis."

Section

3

Section 3
Barriers and blockers

Having received feedback from employers in the region as well as having an understanding of individual, personal experiences linked to housing in the region, we've also examined the issues that are impacting on delivery - or as we've identified them, barriers and blockers.

>Education and awareness -We've all heard the response around not in my backyard to new home proposals but, as the housing crisis has intensified, it's clear that one of the blockers to new homes can be attributed to what we're calling a failure of empathy. Education and awareness around what the housing crisis means for the existing population living in an area is crucial. Awareness raising of those who are unable to live in their own home and instead remain living with others, those who have to move away from the area to find a home and those who are forced into squalid living conditions in our towns and cities needs to be raised up the agenda to show the conditions that too many of our residents are dealing with and living in. We need people to realise that this is about their own sons and daughters' futures and it's not a case of 'I'm alright Jack'. We make the case that a limited or lacking education and awareness around the role of homes and how this is linked to seeing improvements in the social and economic fabric of the UK as a whole is a key blocker.

To help tackle the Central South's housing challenge we need to change the narrative around new development. Some local opposition to new homes relates to design, either per se or in terms of its appropriateness, whilst some relates to the delivery of infrastructure, and some is simply a blocker to change. If those involved in housing delivery are to shift the public narrative around new homes, we need as a group to focus on public perception around all of these matters. We need to change the perception that development is not needed.

>Social infrastructure - It's clear that a blocker to seeing new homes built, particularly in the eyes of local communities, is a concern around the cumulative impact on existing social infrastructure (from schools to health services) and existing capacity. It's appreciated that, at times, there are perceived concerns around social infrastructure set against what is the actual reality. Whether it's perceived or real, social infrastructure and its connection to new housing delivery is a key and consistent blocker.

>Hard infrastructure - From roads to buses and utility connections to new development schemes, hard infrastructure is always a theme in the 'can we really take more new homes' here debate. From those involved in the delivery of new homes, the more recent blocker is that of connectivity to utilities, whether that's power or water.

>Nitrates ruling - Savills have cited that nitrates have been "a further major planning constraint which has been significantly constraining new development across the region." [12] Research indicated that by August 2023, there were 55 sites with a full application submitted but remain undetermined across the Solent in nutrient neutrality catchment areas, with a total combined capacity to deliver 6,982 homes. While the previous Government's £30million Nutrient Mitigation Scheme sought to address this issue, the topic remains a challenge for those involved in housing delivery in the Central South.

>Local authority resources and funding - It's clear that a leading barrier to the timely progression of proposals for new homes is the capacity of local councils' planning functions and their ability to provide an efficient service. This barrier is a multi-faceted one and is simply not solely about the quantum of staff but also linked to skills, experience, and competencies. Of course, the broader existing financial constraints local authorities in the Central South are facing must also be noted – as this is only compounding the existing situation.

>Consultee challenges - Within the operations of the planning system, one of the frequent challenges and frustrations for applicants and also determining authorities is linked to the role and input of statutory or other key external consultees. While recognising the pressures that many consultees are under, the timeliness of responses is vital to the process and success of the proposals in question.

12 Central South: Unlocking the capacity for growth, March 2024, Savills

>**Administrative complexity / structure** - While there has been positive change at the local level, existing structures and operations also act as something of a blocker. With a mix of unitary and borough councils in the Central South and with each having differing requirements, delivery of new homes and infrastructure is somewhat hampered. It could be argued that we have seen the impact of not having a higher-level body and / or organisation above existing local authority structures. With combined mayoral authorities having previously been awarded trailblazing affordable housing deals directly from central Government, it appears the Central South's existing structures or operations have, potentially, held the region back to some degree. The drive for devolution in our region is, therefore, seen as having the potential to offer and deliver real benefits.

>**No strategic vision** - Given the environment of the Central South features two national parks and several urban settlements that are tightly constrained, a barrier to the current and future delivery of homes and supporting infrastructure is a lack of an overarching regional strategy. With recent changes to national policy introducing a new Standard Method for calculating local housing need which imposes substantial increases in housing targets, we need a strategic plan covering the Central South, to improve the region's ability to effectively see suitable homes and infrastructure planned, managed and delivered.

>**Lack of local plans** - It's important to recognise the current situation regarding local plans in the region given that many are now largely out of date, including within the three leading cities of Southampton, Bournemouth and Portsmouth. Portsmouth's Local Plan dates back to 2012 and Southampton's back to 2010. In Bournemouth, Christchurch and Poole, (albeit only established in 2019 following the merger of three councils), a joint Local Plan has stalled with the council announcing a two year delay due to lack of clarity from central Government around housing targets and green belt release. We note some very recent progress, but there is still a long journey ahead for most local plans given the complexities of the local plan examination process and lack of planning inspectors.

>**Capital costs** - All those involved in the delivery of new projects, be they homes or infrastructure, are having to operate within the constraints of an altered financial environment. With borrowing costs having increased, decisions to secure and deploy debt are now harder than before. This cost of capital crisis presents a potential short to medium-term blocker to the region's ability to see improvements in the delivery of new homes and infrastructure. As such, the ability to secure funding from central Government is vital – but our current regional arrangements and perceived lack of cohesiveness are limiting efforts to secure significant sums or deals.

>**Social housing providers and the impact of the 'perfect storm'** - There are a number of sizable housing associations in the Central South that have active development programmes. But, with the sector facing a perfect storm - driven by building and fire safety regulatory changes, decarbonisation pressures and higher borrowing costs – the sector is less well placed than before to deliver increasing numbers of new affordable homes.

Section

4

Section 4
More housing is just the start

More housing will not be built in the Central South unless it is in the right locations, sustainably designed and seen as a positive addition by the existing community. Once the number and types of housing are determined the next step is to envision where, how and in what form this should be delivered – alongside jobs, schools, culture and recreation.

Sustainable Places for the Central South

Sustainable places to live, delivered at scale, generally require an urban approach, whether on brownfield or greenfield sites. Urban means accessible by sustainable transport, with a range of social, communal and commercial facilities within walking or cycling distance, and with plentiful natural green space. Urban places typically offer more homes per hectare than suburban or rural places. Well-designed places will have higher densities near to the urban centre and/or public transport interchanges, and lower densities closest to the countryside edge. More homes delivered using an urban approach (so-called Gentle Density) will preserve more green spaces overall.

Future housing in the Central South should be based on:

1. A sustainable location - Everyone should be able to live in a place where facilities used on a daily basis are walkable and facilities such as secondary schools or work should generally be accessible by public transport or active travel options, promoting cleaner air, less congestion, sociable travel, better health outcomes, reduced need for car parking, and increased viability of town and city centres. Sustainable locations will also preserve the most valued landscapes and ecology.

2. Mixed and viable communities - A healthy society comprises mixed communities comprising all social and economic backgrounds. Homes of various scales, affordability and tenure will help foster this diversity, as will homes that have the capacity to grow or adapt over time. Mixed communities will also include neighbourly commercial space and smaller scale workspaces. Grouped in mutually supportive pockets of activity, workspace adds important dynamism, colour and variety, drawing in non-residents and offering doorstep jobs to some.

3. Natural, playful, creative environments - Healthy, welcoming and attractive places require a rich mix of assets small and large to provide fully for the needs of their catchment population. From the safe and secure private space to the green street with its local pocket park, from the recreation grounds or sports fields to the dogwalkers circuit or trim trail, from the reflective and inspirational sculpture garden to the shaggy biodiversity of the riverside park, each city, town or village should offer a wide spectrum of outdoor spaces.

4. A rich urban character - Good places to live will offer a variety of environments and reflect their location in terms of layout, scale, architecture and materials. The townscape of each place will be subtly or strongly different depending on the story behind it. Some will share characteristics with neighbouring settlements, or be place-specific, such as in the cottages of the New Forest or the railway terraces of Eastleigh. Each should express its own distinctiveness, creating a specific connection to that place for residents.

5. A safe, functional and attractive public realm - The streets, routes and walks that link our public and private spaces are the open interchange provided for public life. The generosity and civic spirit displayed in these areas contribute significantly to the sense of welcome, freedom and wellbeing felt by all. They normally outlast buildings so their placement, scale and design are critical to the success of the place. Safe streets require natural surveillance and mixed neighbourhoods are best at offering this.

6. Homes for all - Last is the actual dwelling occupied by the household which must be built to last. This means generous space standards, to make them easy to live in and able to accommodate different demands from future residents, and robust design so that they withstand a changing climate, and mature with age. The aim should be domestic architecture so well designed that it is cherished by successive generations.

Section

5

Section 5
Recommendations

We recognise the challenges around housing and infrastructure are far from easy to resolve but fundamentally, if the Central South is to achieve its regional potential, making progress with the delivery of both is vital.

Given the region's current housing position and the impact the lack of homes is having and while acknowledging the Government's body of reform, we believe there are several areas worthy of consideration.

As a result, we have set out a series of high-level policy recommendations, which we hope can be considered by local and national stakeholders alike and which make a positive contribution to future thinking on addressing our housing and infrastructure challenges.

>*Maximising existing powers*

Given the pressures on local authorities and with a need to see homes brought forward at scale and pace, it brings into question elements of our existing planning system and associated policy.

While the changes introduced through the latest NPPF are welcomed, notably the reintroduction of local housing targets and the emphasis placed on affordable housing, we consider there remain a range of previously existing powers that should be used more effectively, or which warrant further revisions.

For instance, within national planning guidance, there is the ability for permissions in principle (PIP) to be granted. However, PIPs are rarely used and limited to small scale developments. To streamline the system and reduce pressure on council planning departments reduced, we see benefit in the regime being extended with the ability for it to be applied to all forms of development. We see that PIPs provide an effective, low-cost way for a developer to know whether or not to invest (and risk capital) on a proposal. At present, the 'frontloaded' planning system is costly, and as a result only makes it harder when it comes to diversifying housing delivery.

Other existing powers that fall within the current planning regime also need to be more effectively used, including where necessary CPOs - in order to see complicated development opportunities moved forward.

>*Improved consultee collaboration*

We hear that all too often key statutory consultee comments remain outstanding and / or alternative expert opinion (to cover for the lack of an internal expert) have yet to be received at vital points in the planning application determination process. While we recognise that organisations and agencies that form key consultees are under pressure, a lack of consultee feedback only impacts on the ability for the applicant and also the officers involved to see progress made with the proposals in question. If applications are to be moved efficiently through the process, there is an important role for statutory consultees to play.

However, to help reduce the burden on statutory consultees, we see a strong argument for the ability for standing advice to be issued over and above specific large, complex or unique proposals. Such standing advice would provide clear overarching guidance but with flexibility for local authority officers to draw a professional opinion which would help speed up the application process and, in turn, housing delivery. As a result and as part of its reform programme, we would welcome the Government giving further scrutiny to the current role of consultees and the approach adopted to their involvement in the planning process.

>Building educational capacity

With six universities within the Central South, we should be well placed with seeing the built environment sector supported from a future skills and capacity perspective. However, not one institution in the Central South currently provides town planning education. With an acknowledged shortage of planners in our local authorities at present and in considering the need in future, it's imperative that the region starts to support itself. As a result, it's recommended that collaboration takes place between all institutions with a view to seeing town planning undergraduate and postgraduate courses offered in some form. We also believe that the delivery of apprenticeship courses should also be considered.

To help see necessary practical skills developed, a partnership programme could be established with the housing and development industry and local Government across the Central South. We're also of the view that more could be done here that is not solely linked to planning but with a focus on the wider skills linked to construction, design, housing and development more broadly.

>Local Government funding and skills

While the Government's commitment to seeing 300 new planning officers in place is welcomed, more needs to be done to see planning departments better placed to support the housing and infrastructure improvements needed in the region, particularly if the latest targets are to be met (as a result of the new methodology introduced).

Without changes to existing funding and while recognising the Government's future plans around new multi-year settlements, the ability of local authorities to be proactive development partners and enablers at present will continue to prove challenging. It's vital that any future multi-year settlement approach adopted is one that is set over a significant long term horizon. As part of this, it will be crucial that future settlements for individual local councils, whatever their shape, size or status, see specific and significant ring-fenced capital for housing, planning and place directorates. We also consider that a 'weighting' for planning department staff in the Central South, similar to the 'London weighting' may also help to retain existing and attract new talent, helping to counter the chronic resourcing issues that currently exist.

>Strategic site utility obligations

The unacceptable delays in the provision of utilities for new development coming forward, be it homes or other uses, are clear to see. Given the challenges we know developers are facing when it comes to delivering new schemes owing to connection timescales or system capacity; we believe that a greater weight of obligation should be placed on utility providers. Bearing in mind that strategic sites are set out within adopted local plans, and these local plans took many years to produce, it is unacceptable that these developments should now be faced with significant delays associated with connections, and this is having implications on financial viability and deliverability. It must be recognised that utility providers are involved in the local plan process and therefore capacity provision should have been identified and provided for.

We are conscious that there is potential for providers to free up capacity that is not being used but which has been previously earmarked and held over a number of years; this capacity must be reviewed. We consider the Government should consider introducing penalties when utility providers fail to service allocated development sites in a timely manner. These penalties should then be ring-fenced to help fund optimisation of the networks.

We also call on the Government to help kick-start investment in our utility infrastructure to facilitate optimisation as we shift towards greener solutions.

>The Central South as a Regional Energy Strategic Planner

Ofgem has previously announced that regional energy planning roles will be created across Great Britain to improve local energy planning while aiding the transition to net zero. It's clear that energy infrastructure is a key issue for this region and, in light of this, we see it as a logical step for the Central South to become one of the 13 future Regional Energy Strategic Planners – we believe this will help unlock some of the issues that we're now facing, and which are impacting on the delivery of existing and planned future development.

>Addressing nitrates – working in local partnership

The requirement for developers to evidence nutrient neutrality has held back much-needed housing across the Solent region, for over four years now. It is essential that development opportunities are unlocked across the region and developers looking to invest in the area are supported in delivering new homes. Yet, it is equally as important to address nitrate and phosphate pollution for the wellbeing of our ecosystems and communities. The Central South region has already led the way on this, with initiatives such as Eastleigh Borough Council's Nutrient Offset Scheme, which delivers effective green infrastructure and long-term land-management across over 238 hectares of mitigation land.

This allows developers the chance to offset excess nutrient outputs, whilst delivering long-term sustainability and new green infrastructure for our communities. With £9.6m being awarded to the Partnership for South Hampshire from DLUHC's Local Nutrient Mitigation Fund in January 2024, to bring forward various mitigation projects, we are demonstrating that working with established Local Authority partnerships is the ideal way to see effective mitigation delivered in a timely fashion.

>*Reintroduction of regional level planning policy and / or spatial planning*

Given the challenges that we're seeing in the delivery of homes, and with higher housing targets imposed in December 2024, it's now clear there is a missing jigsaw piece in our planning framework puzzle to coordinate housing growth.

To assist, we consider there is now a critical need for regional spatial planning to come forward at pace and following the Government's earlier announcements to see this activity reintroduced as part of its devolution agenda and wider planning reforms. This would help with the development and delivery of housing targets, the completion of work around appropriate strategic growth locations as well as seeing the necessary consideration of supporting infrastructure.

However, while recognising the forthcoming changes to local government structures in this region as part of the Government's devolution agenda, it's vital that work on a new spatial plan covering the whole of the Central South is swiftly kicked-off and moved forward at pace. A spatial plan covering our sub-region is, therefore, vital if we are to see a strategic and joined-up approach to future housing and infrastructure.

>*Practical and directed regional support – Central South Regional Office*

While recognising the future creation of a new strategic authority covering Hampshire & Solent, we consider that in light of the challenges faced and the need for coordination across the wider geography of the Central South, there is the need for a further supporting structure. As a result, we consider that a Government Office for the Central South is warranted. We see the creation of such a function as playing a wide role in supporting growth in the region, from supporting all authorities with housing and infrastructure delivery and supporting skills programmes through to serving as a focus for other departmental funding streams.

>*Streamlining the local plan system*

Much has been said around the production of local plans, including the length of time they take to complete. Many new local plans are, essentially, not that new given that a number of strategic sites are highly likely to have been promoted over a long period of time. With our region struggling with local plans, we consider they need to be slimmer and produced quicker, with more emphasis on the principle of development and not the full detail. The detail can be dealt with at planning application stages. A streamlined local plan system, therefore, might have fewer stages and be far easier to produce. As a result, we see streamlining the existing approach to local plans as something that would deliver real impact; this requires changes to legislation, but we believe it would deliver economic growth and therefore should happen.

>*Regional infrastructure fiscal incentive*

There have long been debates around how to improve the Central South's infrastructure, be that roads or light rail links in an effort to see better connectivity between our leading cities and urban areas. As we know that infrastructure is a leading concern where and when new homes are proposed and, with plans for the Solent Freeport only likely to add pressure across the region, we believe there's a role for fiscal incentives to help drive greater investment in our infrastructure.

Those parties that are involved in bringing forward infrastructure improvements in the region could, potentially, benefit from some form of central Government tax break.

>*Affordable housing bonus scheme*

By way of an incentive to help see affordable homes in particular delivered across the Central South, there's the potential for central Government to introduce a revised form of the New Homes Bonus. To help see authorities rewarded for delivery, it is proposed that additional funding could be awarded on a per home basis.

This report has been produced with input from Business South's Housing Working Group and with leading contributions from the following organisations. Business South would also like to pay particular thanks to Matthew Turpin, Public Affairs Lead at VIVID, who has worked tirelessly to make this document a reality.

Please note that while Business South is a business engagement organisation and proud to promote the Central South UK both nationally and internationally, we do not profess to represent the 100 + businesses and organisations that support us. Therefore some may hold different views to the ones contained in this report.