

Horsham Local Plan Examination

Written statement from Save West of Ifield

Submitted by Fenella Maitland-Smith on 22nd November 2024.

Matter 8, Issue 1 - Whether the housing requirement is justified, effective, consistent with national policy and positively prepared?

Q1. Is Strategic Policy 37: Housing Provision sound?

- a) Is the requirement for 13,212 homes between 2023 and 2040, below the local housing need for the area as determined by the standard method justified? Is it clear how the figure has been calculated and should this be explained more clearly in the justification text?

A lower requirement and rate of house-building is justified, and is the most reasonable response to the negative effects of the unsustainable population growth of the past 20 years on the regional environmental resources – specifically in this case on groundwater supplies. Horsham’s population growth is driven almost entirely by net internal migration – households moving into the District mainly from London, Surrey and Crawley – and is nothing to do with local need.

As to whether the figure of 13,212 between 2023 and 2040 is justified, we suggest it is too high and a figure of around 10,000 over the period (600 a year) would be sufficient to satisfy genuine need. We advocate that a bottom-up analysis should underpin the calculation of need, using ONS projections of the components of population change for each LPA (and not the aggregate projection for the LPA), plus consideration of other elements of need such as housing lists and employment (rather than a blunt instrument like the Standard Method with its unjustifiable adjustment for affordability). We believe that 600 new houses a year should provide space for delivery of social housing to address housing lists, and allow several hundred houses for net internal migration into the District (rather than the net migration of 700+ households in recent years). HDC should argue for a lower requirement of 600 a year.

Yes it’s clear how the figure of 13,212 has been calculated and the requirements for water neutrality taken into account.

- b) Would the adverse impacts of the Plan not providing for objectively assessed housing needs significantly and demonstrably outweigh the benefits of doing so when assessed against the policies in the NPPF taken as a whole? Is the overall housing requirement justified?

It’s hard to imagine what the adverse impacts of not providing for OAN might look like, given the OAN is far higher than genuine local need (around 600), and the Standard Method is a device for concentrating building in the most profitable areas. The result of the OAN for Horsham, without the constraints of National Park or AONB land, is unsustainable population growth.

Our analysis of population growth by LPA (in our Reg 19 response to Policy 37, page 6) shows that Horsham’s population grew by 11.8% in the 10 years between the 2011 and 2021 (ONS Census), the highest of any LPA in Sussex or Surrey, and almost double the rate for England and Wales overall of 6.3%.

The Plan allows for 777 new houses a year, similar to the 800 a year in the existing HDPF, so we might expect a growth rate of around 11% over the next 10 years.

But the Plan mentions the likelihood of reverting to the OAN target of 911 a year after five years. Then add another 220 DtC for Crawley, and Horsham could be looking at an overall target of 1,130 houses a year (see Chart 1), and significantly higher population growth. The Plan should be more explicit about the implications of this.

And if the Government’s proposed changes to the Standard Method are applied then Horsham could be looking at 1,300 OAN plus 220 DtC (see Chart 1), ie double the requirement of the HDPF, and so presumably double the rate of population growth to around 20% over 10 years. Plus, there may be additional pressure on Horsham to provide

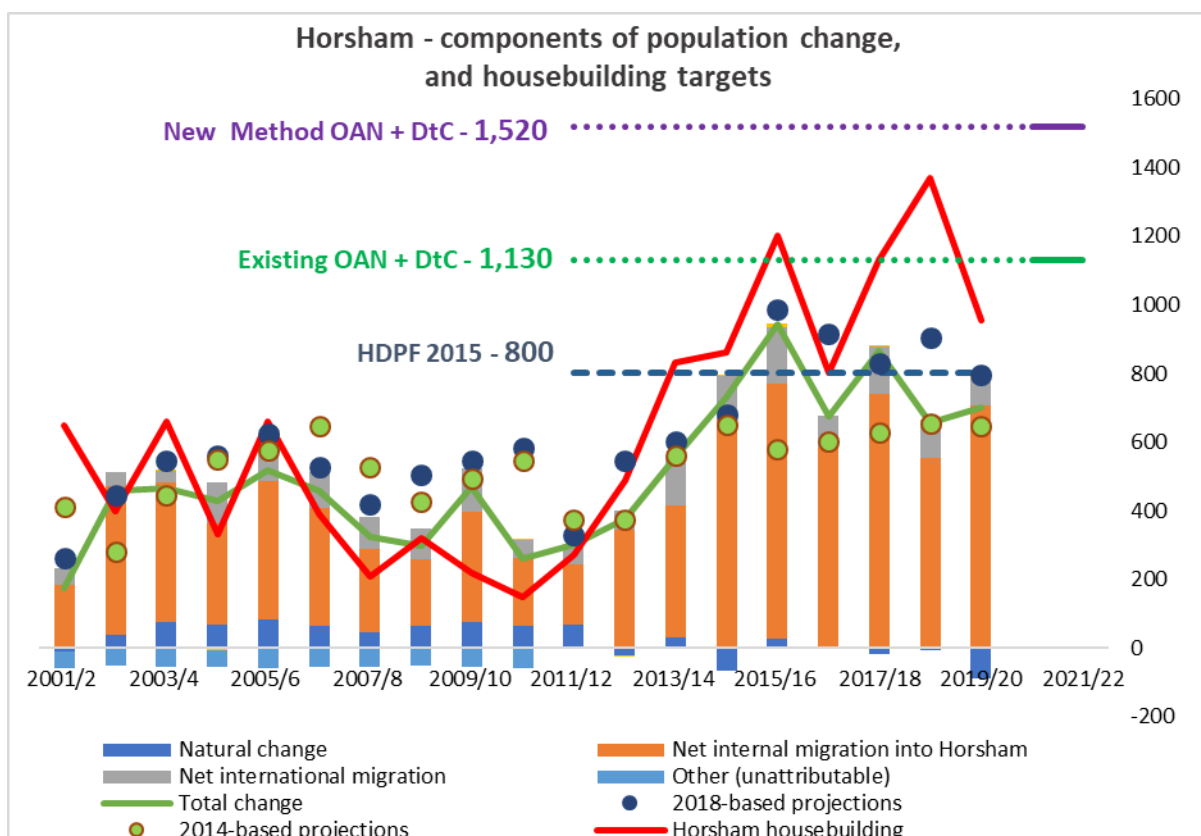
housing for other constrained neighbouring LPAs via DtC, given their OANs will also increase. **The Plan should be updated to acknowledge these possibilities and the implications.**

None of this growth in housing and population is to do with meeting local need. Housebuilding in Horsham over the past 20 years is almost entirely satisfying the demand from investors and households moving into the area from other LPAs, many of whom have been priced-out London. So **Horsham’s huge population growth is driven by this almost limitless external demand.** Chart 1 shows how this external demand (net internal migration – orange bars) dominates Horsham’s population increase, and effectively how it responds to the supply (availability) of new housing. Horsham is not building to meet need but to create and then satisfy external demand. **Allowing Horsham to grow unsustainably to become a commuter sprawl, in order to satisfy unfettered free-market forces is not sustainable or sound.**

If there are any adverse impacts from lower building requirements these will be felt by the house-builders in terms of less opportunity for the attractive profits from building on greenfield sites in expensive areas where demand is almost infinite.

They may argue that lower requirements lead to unmet local need (excess demand) from first-time and other buyers, which puts upward pressure on prices worsening affordability. But we already have excess demand from outside the District (and investors). Plus the evidence is that the main driver of house prices is interest rate change, not supply (see page 13 of our Reg 19 response to Policy 37). And let’s not forget the adverse effects of builders reducing their build-out rates to protect profits if prices do stagnate/fall or costs rise.

Chart 1: Change in Horsham’s population, by component, compared with house-building targets



To summarise – Horsham’s overall housing requirement is not justified:

- Horsham’s current and expected rate of population growth is unsustainable, and much greater than other districts in the south-east. This rapid population growth is largely driven by inward migration from London and other areas, in response to excessive housebuilding, which itself is driven by grossly inflated government targets.

- Horsham's lack of land protections, combined with Government targets, mean the District is open to the full force of the free-market in a way which is neither sustainable or sound.
- The Plan could and should propose much lower and sustainable house-building targets than are suggested by the Standard Method. Instead a bottom-up approach should be used using ONS data on the components of population change for each LPA, plus consideration of other elements of need such as housing lists. The proposed changes to the Standard Method would significantly increase Horsham's OAN and strengthen HDC's case for 'exceptional circumstances' under NPPF 61.

Lastly, we realise that this Examination process is not tasked with critiquing the Standard Method, but we are extremely concerned that The Standard Method is deeply flawed and should not be used to calculate housing requirements – either in its existing form, or the new variant proposed by Government.

In fact we would argue that the Standard Method itself is unsound. The use of the Affordability Adjustment to increase targets in expensive areas is unjustified and discredited by research from the Bank of England, Office for Budget Responsibility, IMF, Oxford University and others (see page 13 of our Reg 19 response to Policy 37). **There is no evidence that the Affordability Adjustment helps to reduce prices. It is neither an indication of demographic trends or an economically sound response to market signals, and so itself contravenes NPPF 61.**

LPA's should be able to determine genuine housing need from the bottom-up - by tenure, size, etc. using the components of the ONS's population (household) projections at LPA level - birth and death rates, international migration, and a 'reasonable' level of internal migration. Plus housing lists. This would be a more sophisticated use of the ONS population projections to inform housing need, as well as being less complicated and more logical and intelligible to the public and planners than the current or proposed Standard Method.

In the current Method, using the ONS population data, and their forward projections, at the 'overall' (aggregate) level for an LPA says nothing about housing need. Analysis of these data for many LPA's including Horsham shows that their population growth is driven largely by increased internal migration or foreign investment (which is due to plentiful supply of new houses, ie supply is creating demand). Blunt use of ONS aggregate projections for target setting leads to a vicious circle of housebuilding exceeding local need, attracting people into the area, increasing population growth which pushes up the next set of targets. This 'ratcheting-up' effect is hugely amplified by the Affordability Adjustment.

And the ratcheting-up of targets is made even worse in cases of over-delivery in recent years, as in Horsham between 2015 and 2021. The ONS's principal projections are based on the trend in population growth of the past 5 years, so over-delivery in that period will be projected forwards as an even higher growth rate than might otherwise be observed.

Of course under-supply in the ONS's 5 year period would produce a lower growth rate (and targets) – similarly flawed, and perhaps the reason that the government and developers want to move away from ONS data given the likely dampening effect of the pandemic on house-building and so on population growth in expensive (profitable) areas? But **we also note this failure of the Standard Method in areas like Crawley where negative net migration leads the the OAN to underestimate genuine need.** This is another argument for using a bottom-up approach using the components of population change, and properly taking account of internal migration flows.

The Standard Method doesn't measure anything – not need, and not even demand – it's simply a means for increasing the volume of housebuilding in certain (profitable) areas.

The proposed change to the Method to use dwelling stock is a slight improvement over use of the ONS overall household projections, but this is massively offset by the absurd increase in weight of the Affordability Adjustment. This component of the Method is completely unjustifiable, unsustainable and unsound.

Q3. Is there any substantive evidence that the Plan should be accommodating unmet need from neighbours, and if so, would it be sound to do so? In any event, should any unmet needs from other relevant areas be clearly identified in the Plan?

Given the 150 houses a year DtC for Crawley in the HDPF, Horsham DC should argue that this flow of households from Crawley to Horsham is already embedded in the ONS's population (and dwelling stock) data, and will affect projections (stock) used in the Standard Method. Horsham's stock is already growing at a rate which includes this DtC. And since Horsham is massively (unsustainably) over-building in any case, there is no case for any additional DTC building in Horsham. Effectively the DtC is embedded or 'baked-in' to Horsham's OAN. See Annex A – page 13 – of our Reg 19 response to HA2 for explanation.