



Local Plan Examination

Horsham District Local Plan 2023-2040

Hearing Statement

Matter 8 – Housing

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1 Matter 8, Issue 3

Whether the other housing policies are justified, effective, consistent with national policy and positively prepared?

Q2. Is Strategic Policy 39: Affordable Housing sound?

Q5. Is Policy 42: Retirement Housing and Specialist Care sound?

These two questions are inextricably linked insofar as Policy 39 applies to all housing including *retirement and other specialist care housing* whether falling within Use Class C2 or C3, and Policy 42 *additionally* applies to various forms of retirement and care housing.

1.1 Issues Relating to the Provision of Affordable Housing

As an overarching point, the duplication leaves scope for confusion and contradiction and the two policies have to be carefully read together to understand the totality of policy for affordable housing applicable to any given type of retirement or care housing. It would prove clearer and more effective for just one policy to set out the affordable housing requirements for retirement and care housing.

It is not clear whether the reference at the beginning of criterion 1 of the Policy 39 to *self-contained residential developments* means residential developments which are not part of wider developments or developments where the residential accommodation is self-contained. This is important given the reference to C2 and specialist care housing. The latter interpretation, which accords with Policy 42 as drafted, would mean that the policy does not apply to C2 development where the accommodation to be provided is *not* self-contained i.e. *care homes*, as distinct from *housing with care* such as *extra care housing*. This must be clarified in order to provide certainty.

In ongoing discussions in respect of the package of affordable housing for a proposed Continuing Care Retirement Community at Lyons Farm, Broadbridge Heath (an application for which has been refused and is subject to an ongoing appeal) West Sussex County Council (WSSC) has made it clear in its role as adult social care authority, and Horsham District Council (HDC) has accepted, that it has no need for or interest in affordable care beds in residential care homes or nursing care homes. This is understood to be the case irrespective of the location of the proposals and not to be particular to the Lyons Farm proposals. This would suggest that criterion 1 of Policy 39 should be clarified or amended to remove any suggestion of a requirement for affordable housing in respect of care homes (care housing providing *non-self contained* accommodation).

Criterion 1 d of Policy 39 requires 30% affordable housing in respect of retirement and care housing and criterion 2 sets out a tenure mix including no more than 30% low-cost home ownership. These points are related as they combine to impact on viability – in putting forward this combination of requirements the council asserts that it would not make development unviable.

In the aforementioned discussions in respect of Lyons Farm, WSSC and HDC have advised that low-cost home ownership is not an effective tenure for retirement and care housing development since there is no revenue budget to subsidise service charges for nominated occupiers of affordable units provided within privately-led developments. Discussion is therefore around the potential for all of the affordable housing to be in rental tenures. This calls into question whether Policy 39 should be revisited since it does not reflect WSSC and HDC's current expectations. Furthermore, the viability implications of a 30% affordable housing requirement where 100% of these affordable units would be in rental tenures have not been explored in the evidence base for the local plan. Experience of viability assessments of private sector proposals for retirement and care housing in support of planning applications is that the level of affordable housing provision they can viably support is generally far below 30%.

Similarly, whilst criterion 4 of Policy 39 requires that affordable housing *must be integrated throughout the development* in the discussions in respect of Lyons Farm WSSC has said, and HDC has accepted, that it is not willing to accept affordable housing 'pepper potted' within an *integrated retirement community (IRC) or Continuing Care Retirement Community (CCRC)*.

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Turning to the affordable housing components of Policy 42, criterion 1 b states that for all development providing self-contained dwellings *regardless of use class* the development must, in the case of retirement homes and extra care housing under sub-criteria i, provide C3 affordable homes. This is clearly a mistake as it cannot be the intention that where extra care housing development falling within Use Class C2 is proposed (and to be clear extra care housing is generally deemed to fall within C2) the affordable housing must be some other form of housing for older people, falling within C3. If nothing else that contradicts the requirement in Policy 39 that the affordable housing be pepper-potted within the overall development.

Taken both individually and together a whole, the requirements of Policies 39 and 42 are clearly muddled and confused, are not justified and would not be effective and therefore cannot be found sound. Whilst some issues could be rectified by clarifying that the policies only apply to self-contained accommodation, disapplying requirements in respect of tenure mix and the requirement for pepper-potting, fundamental issues remain given that the underlying viability evidence would have to be re-visited to arrive at a position on the quantum of provision and it is not at all clear – as put by the inspector in Q2 d – whether the affordable housing needs identified would be met. It is not enough to say exceptions can be made where justified in respect of individual proposals, where the policy so clearly fails to reflect reality.

1.2 Other Issues in Respect of the Soundness of Policy 42

At a national level PPG guidance cites meeting the housing requirements of older people as a *critical* issue. This reflects the fact that existing provision of specialist housing is inadequate for existing populations and the low level of delivery of new specialist housing means that provision per capita is decreasing as the growth in the population of older people outpaces delivery of new housing.

These trends are all present locally. Over the course of the plan period a very significant number of people living within Horsham District will enter older age. There is an urgent unmet need now, and by the end of the plan period the number of people in the population living in older age, and in particular in the oldest cohorts, will have increased very significantly. Whilst the local population of older people may be relatively affluent and healthy by national averages this does not mean any less specialist housing is required. Being relatively affluent is of no utility a lack of available options constrains one's choices, and in fact relatively affluence means the *need* for retirement and care housing is more likely to translate into *demand*. Older people who are relatively healthy may experience a longer period of old age in which they are able to live independently with care and support. This reinforces the preference for housing with care over nursing homes but does not reduce the overall need for retirement and care housing.

Delivery and operation of specialist housing for older people is, as the name suggests, not a generalist endeavour. General market house builders do not operate specialist housing for older people.

Policy 42 is the main mechanism in the plan to address these needs. Whilst it implicitly provides conditional support for various forms of retirement and specialist housing, it does not set any targets nor state that there is a specific need for provision in this sector, or that such development secures a number of benefits. As a result it does not ensure that proposals which meet that need and deliver those benefits attract positive weight in the planning balance. It does not allocate any sites for this specific use. There is no trajectory for the provision of specialist housing for older people.

Policy HA1: Strategic Site Development Principles sets out the expectations for proposals for development of strategic scale sites and includes criterion 5:

*Development will be expected to deliver high-quality mixed-use communities that provide a range of housing types and tenures, including provision for young families, **older people**, Gypsies and Travellers and enable the provision of lower cost housing models such as CLTs*

No further guidance is provided as to the typology, form, tenure, quantum or timing of provision expected to be delivered across the strategic sites.



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It should be noted that specialist housing for older people is rarely delivered as a component of strategic scale planned development. Some types of provision are more likely come forward in this way whilst others are very unlikely to be met in this way. A number of factors are at play and simply requiring provision as a matter of policy does not guarantee delivery. In most cases older people exercise a degree of choice in moving to specialist housing and despite having specific needs which can only or best be met in a specialist setting people are reluctant to move and may choose to stay-put in inappropriate housing. This can be due to a lack of awareness of options, exacerbated by their relative scarcity. Whether in affordable, charitable or private sectors, proposals must be matched to the needs and preferences of potential end-users.

There is a lack of evidence of a specific interest or commitment to the delivery of specific forms of retirement or care housing in respect of the strategic development sites. It should be noted that specialist retirement and care housing typically provides lower returns and a slower speed of sale as well as being more expensive to build so yields a lower land value and therefore there is limited incentive to general market house builders to sell plots of land or development to specialist operators.

A further issue with relying on strategic development sites is one of timing, given the urgent shortfall in provision now, which is only growing. Potential delivery at some unknown point in the future is not a suitable response to a critical need which exists and is increasing now.

Policies HA2, HA3 and HA4 set out the specific policy requirements for the strategic sites, which are expected to include homes for older people. However, there is no indication as to the typology, form, tenure, quantum or timing of provision for older people expected to be delivered within the plan period. The sites are expected to meet a wide range of needs including high proportions of affordable housing, provision specifically for younger families, land for Community Land Trust development, Gypsy and Traveller accommodation. Land North West of Southwater is expected to deliver only 735 homes within the plan period and Land East of Billingshurst only 650 and it is therefore unclear what scope they have to deliver large number of specialist homes for older people as well as all the other forms of development they are expected to deliver.

Policies HA5 to HA21 set out policies for the non-strategic site allocations. None of these appears to be allocated specifically for specialist housing for older people. There is no evidence that the owners/promoters of any of these sites envisage them being developed wholly or partly for specialist housing for older people. The sites vary in size and capacity and whilst some of the larger sites are of a scale sufficient to be developed for or include a component of specialist provision many are not. Forms of housing with care (extra care, Integrated Retirement Communities and Continuing Care Retirement Communities) in particular require a significant scale (number of homes) in order to be viable. They also yield lower land values so that there is no commercial incentive for the owner of a site allocated for general market housing to make it available for retirement or care housing, hence it is virtually unheard of for specialist operators to acquire whole or part of an allocated housing site for development of retirement or care housing, with the occasional exception of affordable provision, unless specifically required by planning policy.

Overall, Policy 42 and the other policies of the plan are an insufficient response to the *critical* issue of specialist housing for the increasing numbers of older people over the plan period. They do not set out any targets or vision as to what will be provided, when, where or how, or by whom the need for specialist housing for older people will be met. It is not possible to say from the policies of the plan whether these needs will be met, leaving older people to continue to live in large homes that in so many ways no longer fit their needs when such housing could be released to meet the needs of families.

Given that there are no specific allocations and no clear expectations as to what will be delivered or when in terms of the strategic sites, if the needs of older people are to be met it is likely to be through windfall development. In light of this and the *critical* nature of the need it is appropriate and necessary for the local plan to contain specific policies and in particular policy support for development which contributes to meeting this need.

It is unclear how criterion 2 or Policy 42 is intended to interplay with criterion 1, a. Logically criterion 2 provides a potential exception (for all forms of retirement and care housing) to the normal requirement (restated in 1, a) for development to be within or adjoining a defined built-up area. This should be clearer in the structure and wording of the policy.



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Criterion 3 of the policy relates specifically to Continuing Care Retirement Communities (CCRCs). As reflected in criterion 3, a, CCRCs provide on-site care accommodation alongside self-contained supported living accommodation. They can be particularly beneficial in that they enable a range of needs to be met in one location. This can enable a person's developing needs to be met as they change, so that for example someone might initially live in supported independence in a self-contained apartment or bungalow but would be able to move into non-self-contained nursing accommodation when their needs change. In a CCRC this move can be made on-site in a familiar environment with minimal disruption whilst maintaining social networks. In a similar way, CCRCs can avoid the 'enforced divorce' experienced by couples where one is capable of living independently with support whilst the other has nursing care needs. Rather than being forced to live apart, often at some distance, they can live in different forms of accommodation within a single development. These are significant social, healthcare and community benefits.

It is this CCRC model of provision our client proposes at Lyons Farm, incorporating extra care housing for supported independent living, nursing care home and dementia care home within one comprehensive development – this would be the first and only such scheme in Horsham.

The nature of CCRCs is set out at the first half of paragraph 10.60 of the draft plan (the remainder of the paragraph being unrelated). Paragraph 10.60 correctly identifies that CCRCs are typically quite self-contained – they provide social, health and wellbeing, community and practical facilities for their residents, which may also be made available to residents of the surrounding area. These typically include restaurants, lounges, hobby and community spaces, gyms and/or exercise studios, offices and facilities for on-site and visiting care agencies, treatment and therapy rooms etc together with significant outdoor recreational open space. Their scale also allows them to support community transport such as pool cars, minibuses or staffed MPVs for practical, community and recreational journeys.

By their very nature as developments which combine two or more different forms of accommodation and a wide range of amenities and facilities on-site, CCRCs are significant developments in terms of scale. This is reinforced by the need for each component and the overall development to be operationally viable and furthermore by the effect of scale on the affordability of service charges or management fees – the fewer households/individuals the greater the cost per head.

In light of the significant benefits of CCRCs, their ability to contribute significantly to meeting a wide range of needs and a high volume of provision and their high degree of self-containment there is justification for flexibility of location. Such flexibility would also reflect the scale of site required to support a CCRC (delivering both extra care housing and nursing and dementia care homes) and the difficulty finding such sites within urban areas. The supporting text and Policy 42 recognise many of these factors yet part 2 of the policy falls short of providing any locational flexibility, whilst part 2 allows for development (again of *any kind* of retirement and specialist care housing) in a *rural location which is poorly related any larger settlement* subject to showing that more suitably located sites are not available. It is questionable whether the policy should envisage such a high degree of locational flexibility, particularly for *any form* of retirement and care housing given that other forms do not provide the self-containment offered by a CCRC.



2 Summary, Conclusions and Recommendations

The draft plan fails to identify or plan for the *critical* needs of older people. It contains no target level of provision overall or for different types of provision. It contains no strategy for provision other than unspecified reference in the strategic site policies and a highly confused and confusing general policy. Its requirements in respect of affordable housing are muddled and directly contradict experience negotiating provision in the context of an ongoing appeal.

The draft plan not only leaves to chance whether or not the needs of the growing population of older people might be met over the plan period, it makes that *less likely*.

A proposed amended Policy 39 (track changed) and proposed replacement Policy 42 are contained at appendix 1. These would not make the plan sound and certainly would not ensure the need for specialist retirement and care housing is met but would address some specific issues.

It is additionally recommended that the site at Lyons Farm Broadbridge Heath is allocated for development as a Continuing Care Retirement Community. At the time of refusal, the differences between the appellant and the council in respect of the proposals were limited to whether the landscape, visual and character issues (including any impact on settlement coalescence) were outweighed by the need for and benefits of the proposed development (which themselves were largely agreed). The issue of water neutrality arose after the refusal of our client's planning application but has largely been agreed, as the site benefits from the ability to abstract water on-site using boreholes drawing on a supply other than the Arun Valley, without any effect on the Arun Valley Sites. Given the passage of time, a number of technical reports are being updated prior to the appeal proceeding, following a prolonged period in which it had been lost in the system within the Planning Inspectorate.

Our client's site is therefore unusual in being deliverable without the benefit of the SNOWs scheme or any site-specific off-setting scheme. Given the failings of the plan in respect of specialist housing for older people and the limited options available to address this issue, allocating our client's site is an important opportunity to address a significant weakness of the draft local plan.



Appendix A Proposed Replacement/Amended Policies 39 and 42

Strategic Policy 39: Affordable Housing

Residential development will only be supported provided that:

1. On developments of self-contained residential dwellings developments (C2 and C3, including retirement and other specialist care housing excluding care homes providing non-self-contained accommodation) that are proposed for, or have a capacity for, 10 or more homes (gross*) or exceed 0.5 hectares, a proportion of the homes or units shall be provided as affordable homes (as defined in the Glossary). The proportions will be as follows:
 - a) On greenfield sites** providing self-contained dwellings (houses and/or flats), a minimum 45% of the total (gross*);
 - b) On previously developed (brownfield) sites self-contained dwellings (houses and/or flats), a minimum 10% of the total (gross*);
 - c) On strategic sites***, a minimum 35% of the total (gross*) except for Land West of Ifield where a minimum 40% of the total (gross*) will apply;
 - d) On sites providing continuing care retirement housing, retirement housing and other specialist care housing, a minimum 30% of the total (gross*), which may be adjusted to maintain viability where the tenure varies from that set out in part 2 of this policy~~as applies in accordance with Policy 42;~~
 - e) On sites providing Build to Rent accommodation, a minimum 40% of the total (gross*) where the site is greenfield**, or a minimum 20% (gross*) where the site is previously developed (brownfield).
2. At least 70% of the affordable homes are provided, preferably as social rented homes or otherwise as affordable rented homes, and the remaining up to 30% provided as low-cost home ownership which may include shared ownership and First Homes. For First Homes a 40% discount compared with the open market value will apply. Social rented provision will therefore be prioritised over affordable rented in appropriate locations. Alternative tenure mixes (including any reduction in the overall proportion of homes delivered on-site) will only be considered in the case of sites providing continuing care retirement housing, retirement housing and other specialist care housing and in other cases if evidence is provided to justify this based on proven local need or, in exceptional circumstances, risk of non-delivery (which may include where abnormal site constraints significantly impact on viability).
3. Future occupants of all rented affordable and First Homes are required to demonstrate a local connection, as defined in the Glossary. Eligibility for First Homes will be subject to a combined annual household income cap based on local evidence, to be set through a Section 106 legal agreement.
4. With the exception of sites providing continuing care retirement housing, retirement housing and other specialist care housing, affordable~~Affordable~~ homes must be integrated throughout the development and be of visually indistinguishable design. They should be located throughout the site in a manner that supports integration but can also be managed efficiently by the relevant housing associations.
5. It is expected that affordable housing will be delivered on-site. In exceptional circumstances where it can be demonstrated that this is not viable or practicable, which may include sites providing continuing care retirement housing, retirement housing and other specialist care housing, the Council will seek equivalent off-site provision, or financial contributions in lieu to provide for the full cost of the same number of units.

Gross: *The proportion of affordable housing will apply to all new residential units, and any demolished properties will not be 'netted off'. A vacant building credit may however apply, as required by national policy. Any residential units left materially unaltered and in-situ can be discounted from the calculation.



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Greenfield: **Any site or part of a site that does not meet the nationally set definition of 'previously developed land' ('brownfield land') will be deemed 'greenfield land'. A greenfield site includes any smallholdings, nurseries and farms.

Strategic site: ***The sites defined in Strategic Policies HA2 to HA4. Strategic Policy HA2: Land West of Ifield sets higher target of 40%.

Policy 42: Retirement Housing and Specialist Care

1. *The council recognises the need for and benefits of retirement housing and specialist care housing and will take these into account in determining proposals which would contribute towards meeting these needs. Planning consent will be granted for development to meet identified needs over the course of the plan period.*
2. *Proposals for development retirement housing and specialist care housing will be supported within or adjoining defined built-up areas, as part of strategic housing allocations and on land allocated for housing in locations accessible by foot or on public transport to local shops, services, community facilities and the wider public transport network.*
3. *Continuing care retirement communities will additionally be permitted in locations outside settlements where they:*
 - a. *Provide accommodation for a full range of care needs, including on-site care provision alongside self-contained and supported living accommodation; and*
 - b. *Include provision of services and facilities, including transport, to meet the needs of residents/staff and which contribute to the wider economy.*

