



Horsham  
District  
Council

# Horsham District Local Plan Examination

## Matters, Issues and Questions

Matter 8: Housing

Issue 1

November 2024

---

# Contents

Matter 8, Issue 1 – Whether the housing requirement is justified, effective, consistent with national policy and positively prepared? .....	3
Question 1: Is Strategic Policy 37: Housing Provision sound? .....	3
a) Is the requirement for 13,212 homes between 2023 and 2040, below the local housing need for the areas 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? .....	3
Local Plan 2018-2021 .....	3
Local Plan 2021-2024 .....	4
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? .....	5
c) With reference to evidence, are the stepped annual requirements justified (in principle and scale of step)? .....	5
d) Is the approach to the shortfall (the Liverpool method) justified? .....	6
Question 2: Are main modifications needed to the Plan to clarify the latest position with regard to the Crawley Local Plan and unmet housing need in the housing market area? .....	7
Question 3: 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? .....	7
Question 4: Should Strategic Policy 37: Housing Provision also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development in line with paragraph 66 of the NPPF? .....	10

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

## Question 1: 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 areas 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?

1. **Paragraph 35 (a) of the NPPF** sets out that the Local Plan strategy should, as a minimum, seek to meet the area's objectively assessed needs, informed by agreements with other authorities. **Paragraph 61 of the NPPF** indicates that the standard methodology should be informed by the local housing need assessment based on the standard housing methodology. The Council has used the standard methodology as its starting point for consideration of housing needs in plan making. The standard methodology number (at the time the Regulation 19 document was published in January 2024) is set out at paragraph 10.4 of the Plan (911 dwellings). The paragraph also makes clear this equates to 15,487 homes over the Plan period.
2. **Topic Paper 1: The Spatial Strategy (HDC02)** sets out in detail the background to the preparation of the Local Plan and the justification for setting the housing target. This is summarised below.

### Local Plan 2018-2021

3. To provide a positively prepared strategy that meets objectively assessed needs as far as possible, the **Sustainability Appraisal (SD03a-d) process** considered a range of spatial growth options and alternatives including the quantum of development that was sustainable. This is set out in more detail in **the Council's statement for Matter 1; Issue 2, Question 4. Section 5 (para 5.5) of HDC02** summarises the options as follows:
  - Option 1: Low growth -1,000 dwellings per year plus 35.3 hectares of employment
  - Option 2: Medium growth : 1,200 dwellings per year plus provide for some need of nearby districts plus 43.4 hectares of employment land;
  - Option 3: 3: Higher Growth 1,400 dwellings per year and provide for some of the need of nearby districts plus 50.7 hectares of employment land
  - Option 4: 4: near Maximum Growth 1,600 dwellings per year and to help unmet needs of neighbours
  - Option 5: Maximum Growth 1,800 dwellings per year plus a greater contribution to meeting needs of neighbours.
4. The **Sustainability Appraisal (SD03a-d)** concludes that higher levels of growth performed better socially and economically, for example in addressing housing need, and supporting sustained economic growth and job creation. Higher growth could increase pressure on existing services such as schools and healthcare but could also lead to new services being provided. Higher growth, however, was identified to have more negative impacts on biodiversity, landscape, heritage, water, flooding, soils/minerals, air quality and climate.
5. **HDC02** also summarises the outcomes of the spatial options for growth, and the consideration of Settlement sustainability (which is discussed in detail in the response to **Matter 2, Issue 2** and **Matter 2 Issue 3**). The **Sustainability Appraisal** process considered some 15 strategy options for delivering housing growth in the District via a combination of different sites. In broad terms, the assessment of different scenarios through the Sustainability Appraisal process concluded that higher growth scenario options, whilst performing well against housing and economic objectives, had more negative outcomes on the environmental objectives (and these impacts were most severe for the very highest growth options). Conversely, the lower growth scenarios were found to reduce the likelihood of significant adverse environmental effects but would only make only a modest contribution to providing homes and jobs for the unmet needs of neighbouring authorities. Ultimately, the medium growth scenarios (2a to 2g), together with the then-proposed Preferred Strategy option (described in the **draft Horsham District**

**Local Plan 2021-2038, SS02**) were found to represent a balance between the two. This led to overall conclusion that a that a housing target of 1,100 houses per year was identified as the preferred alternative. This figure represented a significant uplift on the current HDPF target of 800 dwellings per year and would continue to meet housing needs from other districts and boroughs- and in particular Crawley, with a small element of provision for coastal authorities. This was set out in the then-draft Plan (**SS02**) which was considered at a Cabinet meeting on 15 July 2021 and was expected to deliver 18,700 homes over the plan period (Strategic Policy 14: Housing Provision). This plan did not progress to a full Council meeting due to an amendment to the NPPF just after the Cabinet meeting and then Natural England issuing the **Natural England Position Statement** on 14 September 2021 (**CC08**), requiring all development (including that proposed in the Local Plan) to be water neutral.

#### [Local Plan 2021-2024](#)

6. Water neutrality has had a very significant impact on both development and plan making in the District. The impacts are summarised in **HDC02: Topic Paper 1 – The Spatial Strategy**. This paper explains that as the Council was preparing the **Water Neutrality Study**, (**CC09, CC10**) and in particular **Part C (CC11)** it became apparent that the levels of growth promoted by the draft Regulation 19 Local Plan considered by Cabinet in July 2021 were unlikely to be achieved, due initially due to the slow down in growth following the Covid pandemic, together with supply chain impacts of Brexit, and subsequently the requirements of development to be water neutral.
7. Section 6 of **Topic Paper 1: The Spatial Strategy (HDC02)** sets out details of the impact of water neutrality on HDC Net Housing Completions in **Figure 1**. This demonstrates the significant drop in net completions from 21/22 onwards- from an average up to 2021 of approximately 800 completions to approximately 400-450 net completions from 22/23 onwards. **Figure 3** shows the number of days taken to determine planning permissions between 2019 and 2024. There has been a significant rise in the number of days required to determine applications from 22/23 onwards – up from approximately 130 days between 2018/19-2021/22 to over 180 days post 2022. **Figure 4** shows the net dwellings permissions between 2018/19 and 2023/24. Whilst there has been a recovery in permissions in 2023/24, this hides the length of time taken to determine applications.
8. These outcomes are reflective of the assumptions used to inform the **Part C work (CC11)**. Permissions and delivery are at historically low rates. Whilst the Sussex North Offsetting Water Scheme (SNOWS) is expected to become operational shortly, it will only be able to deliver a limited amount of overall capacity in the short term. A particular issue is that the main mechanism for eliminating the need for water neutrality – a water recycling facility and pipeline being taken forward by Southern Water – won't be operational until at least 2031. There also remains uncertainty as to the precise level of offsetting which can be delivered by Southern Water given that the draft Water Resource Management Plan has yet to be agreed by central government. In addition, the impact of water neutrality has reduced the immediate 'pipeline' of sites, particularly in the early years of the plan. This situation is summarised in paragraph 10.12 of the supporting text of the Local Plan.
9. To be **effective**, local plans must be deliverable over the plan period. Given the evidence from the Part C study and data in relation to housing completions, combined with the uncertainty as to precise timescales and availability of water offsetting, it was concluded that the level of housing growth set out in the 2021 Local Plan would no longer be deliverable. This combined evidence, together with detailed **Site Assessment Report (H11)** and information shown in the **Windfall Delivery Study (H09)** was used to **justify** the Council's **Horsham Housing Trajectory (H08)** and as updated in **Topic Paper 2: Housing Supply (HDC03)**.
10. This data has also drawn on the outcomes of the **Housing Delivery Study (H02)** and its **Update (H03)**. The outcome of this study concludes that whilst there is the potential for strong growth, particularly in the north of the District, constraints to delivery do exist both in infrastructure and market terms. Whilst this study concluded an annualised delivery of 870 homes per year, this figure assumed the submission of outline and hybrid applications on a number of strategic allocations which have yet to come forward.
11. The Justification to Strategic Policy 37 sets out at paragraphs 10.21-10.27 the identified total supply of 13,212 dwellings over the plan period, and the main sources of delivery for these homes. Given the

reference in paragraph 10.4, it is clear that this number is below the standard methodology, and at this point in time it is recognised that it is not possible to meet unmet housing requirements from other areas. However paragraph 10.13 identifies that in the longer term, water offsetting schemes and technologies may come forward that enable unmet needs to be revisited as part of a future local plan review, and that continued dialogue with other authorities in terms of meeting unmet housing requirements will need to continue into the future. It is considered that the Council has taken a positively prepared approach that meets housing needs that is consistent with national policy as far as is possible. The paragraphs 10.1 to 10.27 should be read as a whole as this provides a clear explanation of how the total has been arrived at and that the justification text does not need amending.

**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?**

12. Yes, the overall housing requirement is justified. **Paragraph 11 b of the NPPF** makes clear that strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses unless the application of policies in the framework provide a strong reason to restrict the overall scale, type or distribution of development in the plan area or where any adverse impacts would significantly and demonstrably outweigh the benefits. However **footnote 7 to paragraph 11 b** makes clear that the need to protect habitats sites is amongst the reasons why it may be necessary to restrict growth.
13. In order to accord with the advice in the **Natural England Position Statement (CC08)** a key requirement of the plan is that it is water neutral in order to ensure that it does not cause additional harm to the habitats in the Arun Valley.
14. The Council's **Spatial Strategy (HDC02)** and the **Water Neutrality Joint Topic Paper (CC14)** address the issue of not providing for objectively assessed housing needs over the Plan period. They set out in detail how the Council has arrived at an appropriate spatial strategy, which is founded on sustainable development principles. This is discussed in more detail in response to Question 1(a) above.
15. The **Water Neutrality Joint Topic Paper (CC14)** acknowledges that significant progress has been made on understanding the scope and nature of the issue and identification of the solutions needed to resolve and address the impacts. However, there is still work required to secure the certainty needed through the Offsetting Scheme to unlock new developments through Development Management decisions on a wider scale.
16. The **Water Neutrality Joint Topic Paper (CC14)** also acknowledges that this continued joint work will be a long-term requirement until Southern Water (as the infrastructure provider) can address the matter through strategic scale solutions which remove the need to secure water supplies.
17. The Council accepts that this proposed approach is both precautionary and pragmatic, enabling a Local Plan to be progressed now in a way that releases land for development and enables effects on water neutrality to be appropriately controlled.

**c) With reference to evidence, are the stepped annual requirements justified (in principle and scale of step)?**

18. The **Spatial Strategy (HDC02)** sets out at **paragraph 5.2** that traditionally, plan-led development in Horsham has come forward in a combination of two forms. The first is smaller scale developments within or adjoining villages and towns across the District, primarily to accommodate more local development needs. The other form of development has been strategic growth through the form of larger, strategic allocations, which have provided housing-led mixed developments. Recent examples of such allocations include expansion south of Broadbridge Heath (now complete); Highwood, West of Horsham; Kilnwood Vale (west of Crawley); and Land North of Horsham (Mowbray). There are still significant numbers of houses on many these strategic sites that have not yet been built and are expected to come forward over the Plan period. Added to this, the Plan is seeking to allocate 3 new

strategic sites (Land North West of Southwater; Land West of Ifield; and Land East of Billingshurst), together with intensification at Land North of Horsham by 500 dwellings.

19. The **Spatial Strategy (HDC02)** summarises the impacts of water neutrality on development in Horsham District in terms of:

- Reduction in housing supply at the start of the Plan period;
- The delay in plan making reducing the immediate “pipelines” of sites

20. Given the delays to the production of the Local Plan and the impact of water neutrality, it was considered appropriate to undertake a **Horsham Housing Delivery Study Update (H03)** to review the impacts of the market’s capacity taking account of the impact of water neutrality. The Housing Delivery Study concluded that a headline annualised figure of around 870 dwellings per annum could be delivered over the plan period. However, **paragraph 6.7** of this study assesses that there is great variation in the delivery across each year of the plan, with delivery coming forward in three key stages:

- *An “initial period to 2029 when the effects of water neutrality are most keenly felt and larger strategic sites are not substantively contributing to delivery. Our modelling shows delivery of around 500 dwellings per year”.*
- *Highest growth in the “the middle part of the Plan period from 2029 to 2035 when housing delivery is expected to peak, supported by the concurrent delivery of a range of sites and accommodating pent up demand from weaker delivery over the previous period. Our modelling shows delivery of around 1240 homes per annum”.*
- *The final phase of delivery is in “the latter part of the Plan period, when delivery beings to tail off. Based on the current trajectory, housing provision over this period averages 870 dpa.”*

21. The Council agrees with the general analysis of the **Horsham Housing Delivery Study Update (H03)** about the principle of requiring a step-change in delivery and has also taken account of delivery information provided to the Council by site promoters in the preparation of its housing trajectory and up to date completions data. This is set out in **Topic Paper 2: Housing Supply (HDC03)**. In summary this step has been identified as necessary as delivery in the early part of the Plan period will be low because of 1) water neutrality constraints and 2) the ‘lag’ in the preparation of strategic sites in years 3-7 of the Plan period (2025/26 to 2029/30). It will then rise from approximately 2030 through to 2035 before reducing in the last five years of the Plan period.

22. **HDC03** shows a target of approximately 550 for the years 25/26 to 2029/30 (Years 1-5 following adoption), followed by a target of 970 for years 2031-2040 (Years 6-17 following adoption). In terms of delivery, the Trajectory indicates an average completion rate of approximately 640 dwellings per year for years 2025/26- 2029/30 (Years 1-5 following adoption), followed by 1,150 for years 2030/31 to 2034/35 (Years 6-10 following adoption) and an average annual dwelling completion rate of 765 for years 2035/36 to 2039/40 (Years 11-17 following adoption). It is also considered that the scale of the step (from 550 to 970) is realistic and manageable over a 10-year period.

#### **d) Is the approach to the shortfall (the Liverpool method) justified?**

23. Yes, the Council thinks that the approach to the housing shortfall (identified in the **Horsham Housing Delivery Supply Update (HDC03)** (the Liverpool method) is justified. The Council, in assessing how to apportion the undersupply, has considered whether it is appropriate to spread the shortfall of 300 homes over the entire Plan period (known as the ‘Liverpool Method’) or whether to add this to the next five years of the plan period (the ‘Sedgefield’ Method). In doing so, it has taken into account the nature and expected timescales for proposed delivery and the ongoing impact of the requirements for water neutrality.

24. Much of the proposed development within the Plan comprises development on strategic-scale sites. Whilst some of these are existing commitments, others are new allocations. Given the number of

strategic scale sites which have come forward in Horsham District over recent years, the Council now has significant experience and understanding of the challenges in bringing forward larger sites which include the complexities involved in securing planning permission, infrastructure delivery and other necessary consents on larger sites which means first completions are more likely to come forward later in the Plan period. This has therefore been a significant factor in developing the housing trajectory, together with the later than projected submission of planning applications for these sites (as set out in **paragraph 7.8 in Topic Paper 1: The Spatial Strategy (HDC02)**).

25. While Land East of Billingshurst (Strategic Policy HA4) is expected to see completions from 2026/27, Land West of Ifield (Strategic Policy HA2) and Land North West of Southwater (Strategic Policy HA3) will not deliver their first homes until later in the Plan period. The later completions on the North West of Southwater site also reflect the fact that build out under the same site promoter on an adjacent site (Land West of Southwater, known as Broadacres) and another site approximately 2 miles away (Highwood, Horsham) are still ongoing, with completions on these sites expected in the six years between 2025/26 and 2030/31.
26. **Section 6 of Topic Paper 1: The Spatial Strategy (HDC02)** provides detail on the impact water neutrality requirements have had on the number of applications permitted and the subsequent supply of homes, including the commitments in the early years of the Plan period. While the number of permissions for 2023/24 has increased against earlier years, this was reflective of the almost doubling in time taken to determine applications in 2023/24 compared with the period before the Water Neutrality Position Statement was issued by Natural England. In addition, while significant progress has been made to establish SNOWS, the scheme is not expected to have an immediate impact on the approval rate, and low completions are expected in the short- to medium term. Therefore, the allocation of the entire undersupply in the short to medium term risks this housing need not being delivered and an inability to demonstrate a five year housing land supply.
27. This, coupled with the fact that the Council has already proposed a stepped trajectory, means that the Liverpool method is judged to be most reflective of likely supply. It results in an additional 20 units per year to be added across the 15 year period from 2025/26 to 2039/40.

### **Question 2: Are main modifications needed to the Plan to clarify the latest position with regard to the Crawley Local Plan and unmet housing need in the housing market area?**

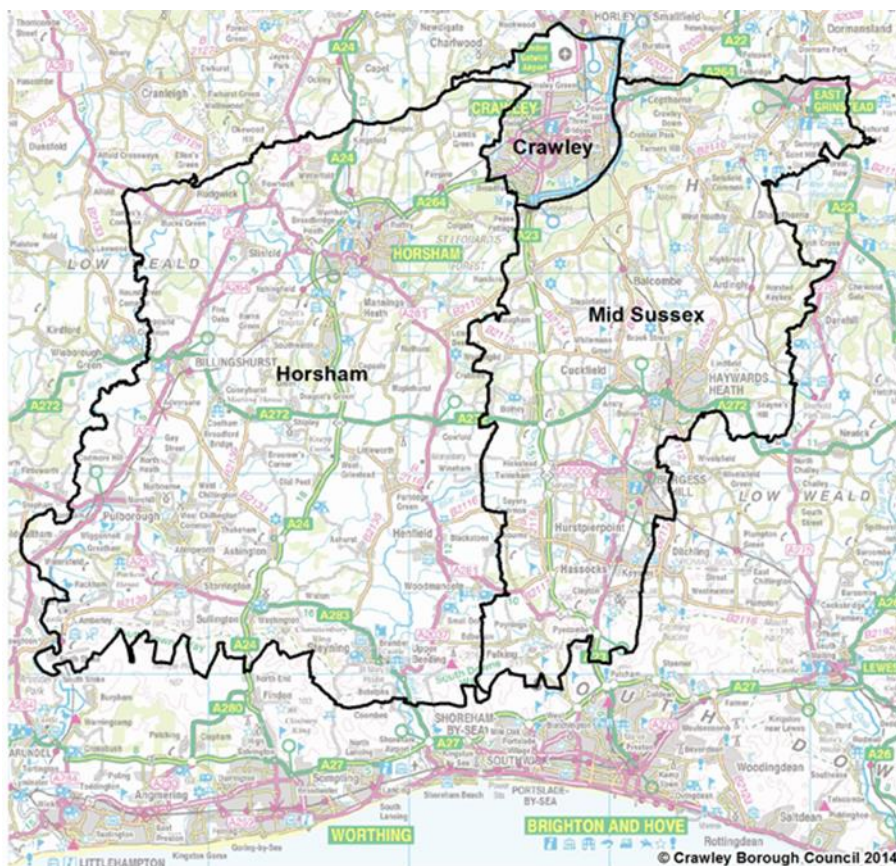
28. The **Crawley Borough Local Plan 2023-2040** was adopted in October 2024. This document now confirms the number of homes that Crawley Borough is planning for. This figure is slightly different to the figure set out in paragraph 10.8 of the Horsham District Local Plan and reflects the outcome of the Crawley Local Plan examination period. To reflect this update **HM045 in the HDC Schedule of Suggested Modifications to the Regulation 19 Local Plan (SD14)** suggests a wording amendment to ensure that the quoted Crawley housing requirement is up to date. Further factual amendments are suggested to this modification (**SM35 in Suggested Modifications to the Regulation 19 Local Plan: Response to MIQs November 2024**).

### **Question 3: 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?**

29. Yes, there is evidence of substantial unmet housing need from neighbouring local authorities (see Table 1 below), however there is no evidence to suggest that it should be accommodated within Horsham District, for the following reasons.
30. **Paragraph 61 of the NPPF** states that “*In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for*”. This section sets out the unmet needs in neighbouring authorities and how they have been considered.
31. Horsham District is located within the Northern West Sussex Housing Market area. Figure 1 below shows a map of this Housing Market area, which comprises Horsham District, together with Crawley

Borough and Mid Sussex District (See **North West Sussex Statement of Common Ground (DC01)**). A small southern portion of the District also falls within the Coastal West Sussex and Greater Brighton Housing Market Area.

Figure 1 Map of Northern West Sussex Authorities



32. Horsham has 7 other neighbouring local authorities: Waverley Borough Council, Mole Valley District Council, Brighton and Hove City Council, Adur and Worthing Councils, Arun District Council, Chichester District Council and the South Downs National Park Authority
33. Horsham Council has signed Statements of Common Ground with all nine of these local authorities: **Mole Valley District Council Statement of Common Ground (DC03); Crawley Borough Council Statement of Common Ground (DC04); Chichester District Council Statement of Common Ground (DC05); Adur and Worthing Statement of Common Ground (DC06); Brighton & Hove Statement of Common Ground (DC07); Waverley Borough Statement of Common Ground (DC09); South Downs National Park Authority Statement of Common Ground (DC10); Arun District Statement of Common Ground (DC16); and Mid Sussex District Council Statement of Common Ground (DC17)** which collectively identify the level of unmet need.



34. Table 1 below sets out the latest levels of unmet need arising from each of these authorities.

*Table 1: Unmet Need arising from neighbouring authorities*

Local Authority	Local Plan Progress	Latest Unmet Need Figure for Plan period
<b>Mole Valley District Council</b>	Local Plan adopted 15 October 2024	-1,700
<b>Crawley Borough Council</b>	Adopted October 2024	-7,505
<b>Chichester District Council</b>	Adopted 14 July 2015	+403
<b>Adur Council</b>	Adur Local Plan adopted 14 December 2017.	-3,108
<b>Worthing Council</b>	Local Plan adopted 28 March 2023	-6,540
<b>Brighton &amp; Hove City Council</b>	City Plan Part 1 – adopted 24 March 2016; Part 2 adopted 20 October 2022.	-16,290
<b>Waverley Borough Council</b>	Preferred Options Summer 2025	Unknown
<b>Arun District Council</b>	Local Plan adopted 2018	+1,620
<b>Mid Sussex District Council</b>	Local Plan 2014-2031 adopted 28 March 2018.	+1,496
<b>TOTAL</b>		<b>-31,624</b>

35. The Plan contains a section “Wider Housing Need and the Duty to Co-operate” and paragraphs 10.5 to 10.17 set out the consideration of the relationship of the District and the wider sub-region that has been undertaken as part of the plan preparation process. Paragraph 10.5 is clear that there is a very significant unmet need sub-regionally. However, as has been set out in the earlier questions to this statement, the impact of water neutrality has had a significant impact on the ability of the Council in meeting its own needs, and it would therefore not be sound to meet unmet needs of other authorities at this point in time.

36. Notwithstanding this point, paragraph 10.13 in the Plan in particular recognises that with any resolution to water neutrality the issue will need to be revisited as part of any local plan review. By this time, it is expected that any unmet need figures will have changed (particularly given the potential changes to the standard methodology that have been consulted on by Central government). This paragraph also recognises that development to the West of Ifield has the potential to meet education needs arising in Crawley Borough. Taking account of these factors, it is not considered that any updates to specify unmet needs are necessary.

**Question 4: Should Strategic Policy 37: Housing Provision also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development in line with paragraph 66 of the NPPF?**

37. **Paragraph 66 of the NPPF** states that within any overall housing requirement strategic policies should also set out a housing requirement for designated neighbourhood areas, which reflects the overall strategy for the pattern and scale of development and any relevant allocations. However, **paragraph 67** recognises that this may not always be possible and sets out that in these circumstances local authorities can provide an indicative figure.
38. **The Council's response to Matter 2, Issue 1, Question 4** sets out the relationship between the local and neighbourhood plans in more detail, and the status of each parish and neighbourhood plan area is shown in **Table 1** of that document. As outlined in the Council's responses, many plans have already made provision for development in the period up to 2031 and allocations within these plans which have yet to commence are included within the Council's housing trajectory.
39. In addition, Horsham District Council cannot require parishes to prepare or review plans, or make allocations, as this will depend on the aspirations, aims and circumstances of each parish. Many parishes who have chosen to prepare neighbourhood plans have also required considerable time to prepare plans to collate the necessary evidence and feedback from the community to develop their plans. This is not within the gift of HDC to control. Given this variance in approach, and the need to have certainty of delivery over the Plan period, together with the uncertainties in relation to water neutrality, it is not considered that it is appropriate to set out specific housing requirements for neighbourhood plans. Should parishes seek to review or update their plans, provision for housing numbers for each area could be provided in accordance with NPPF paragraph 67.