

Inspector's Matters, Issues & Questions (MIQs)

Matter 8 – Housing

- 1.1 This Matter Statement has been prepared on behalf of Wates Developments Limited (Wates) in response to Matter 8.
- 1.2 Wates has interests in the District across 5 no. sites as set out below, and has submitted representations at earlier stages of Plan preparation at the Regulation 18 and 19 consultations:
 - Land west of Worthing Road, Tower Hill, Horsham (Southwater Parish)
 - Land west of Centenary Road, Southwater (Shingley Parish)
 - Land east of Marringdean Road, Billingshurst
 - Land west of Shoreham Road, Small Dole (Henfield Parish)
 - Land north of Melton Drive, Storrington
- 1.3 Two of the above sites are allocated for residential development in the Submission Plan these are:
 - Land west of Shoreham Road, Small Dole (Strategic Policy: HA16 (SMD1))
 - Land north of Melton Drive, Storrington (Strategic Policy: HA18 (STO1))

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 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?

Overview

- 1.4 The proposed housing requirement of 13,212 homes over the Plan period, which is 2,377 homes¹ below the local housing need figure for the area, is **not** justified (nor consistent with national policy). In summary:
 - i) The lower housing requirement is a result solely of water neutrality constraints. Save for this constraint, Horsham would be capable of not only meeting its own housing needs in full, but also making a significant contribution to the unmet housing needs from neighbouring areas (in accordance with NPPF (Sept 2023), para 35(a));
 - ii) Although water neutrality issues in the area are, in principle, capable of suppressing housing supply in the short to medium term, the proposed housing requirement – and the extent of

¹ 17x917dpa = 15,589 (housing need) – 13,212 (housing requirement) = 2,377 homes

shortfall against the local housing need figure – has not been clearly explained, still less justified, by the Council.

- iii) In particular, the proposed housing requirement: (a) does not reflect that *“the main mechanism for eliminating the need for water neutrality”* (HDC 02, para 6.9), is capable of being operational by 2031, mid-way through the plan period; (b) is not based on any identifiable (let alone robust) methodology, which assesses the extent to which mitigation measures (including, but not limited to, SNOWS) would allow housing to come forward in the interim; and (c) appears to ignore the potential for housing delivery from sites which have private, bespoke solutions (such as boreholes or private off-site offsetting arrangements), despite the Council recognising that some site promoters have already *“sought to find alternatives solutions to water neutrality prior to SNOWs becoming operations”*(HDC 03, para 3.7).

Context

- 1.5 As the least unconstrained district within the housing market area, Horsham has historically made a meaningful contribution to the unmet needs from neighbouring authorities. As the Local Plan notes, the existing Local plan (Horsham District Planning Framework) makes a contribution of 150 homes a year to meet unmet needs in Crawley alone (paragraphs 10.9). The housing market area as a whole, and in particular Crawley, continue to have a significant amount of unmet need. The extent of this unmet need is set out within the Northern West Sussex HMA Statement of Common Ground which identifies a total unmet need of 8,947 homes (Table 3, DC02). This is made up of an undersupply of 7,505 homes from Crawley and 2,377 homes from Horsham and an oversupply of 935 homes from Mid-Sussex. In respect to Mid-Sussex, their Local Plan is currently at examination and in responding to matters raised by the examining Inspector this oversupply is expected to reduce to 310 homes² thereby further increasing unmet need across the HMA.
- 1.6 It is acknowledged by the Council that, had it not been due to water neutrality issues, the District had the potential to accommodate around 50% of Crawley’s unmet needs, as it was at point of submission (Local Plan, paragraph 10.11). This was on the basis of the Council’s previous draft Local Plan which proposed to deliver at least 18,700 homes over the plan period (draft Strategic Policy 14, SS02). Indeed, prior to the water neutrality issue, the Council considered reasonable alternative growth scenarios which provided up to 30,600 houses in the plan period (SD03a, SA, p52, Figure 4.1).
- 1.7 The heavily restricted housing requirement now being proposed (5,500 fewer homes than the previous preferred option and 17,000 fewer homes than assessed as a reasonable alternative) is solely attributed to water neutrality constraints. This means not only that Horsham’s own housing needs will not be met, but that there will continue to be a substantial and increasing unmet housing needs in the housing market area as a whole.
- 1.8 In this context, it is therefore critical that any housing requirement which falls below the local housing need figure is fully and robustly justified.

² MSDC response to Action Point AP-003

Unjustified requirement

- 1.9 However, the proposed housing requirement is not justified.
- 1.10 First, in arriving at this figure the Council appears to downplay the fact that there appears to be a realistic prospect of a solution to the issue of water neutrality coming forward in the middle of the plan period. The draft WRMP24 stated that a permanent solution to the water neutrality issue in the form of the Littlehampton water recycling scheme could be in operation from 2030. The Topic Paper 1: The Spatial Strategy (HDC 02) acknowledges that this scheme represents the “*main mechanism for eliminating the need for water neutrality*”, albeit noting that it wouldn’t be operational until at least 2031. Even if correct, the plan period would still have nine years to run at that stage.
- 1.11 Second, the Council’s proposed housing requirement of 13,212 (777dpa) is not the product of a robust assessment based on a clear methodology. Indeed, it is entirely unclear how the Council have arrived at their requirement. The Council accepts that “*there will ultimately be a longer-term solution to this issue*” but asserts that “*there is no evidence to clearly demonstrate that higher levels of growth are practicable deliverable*” (HDC 02, para 7.16). It is, however, the proposed housing requirement which is unsupported by any evidence.
- 1.12 It would have been possible for the Council (making reasonable assumptions) to calculate the number of homes which were capable of coming forwards before 2031 which would achieve water neutrality, having regard to the likely capacity provided by SNOWS, as well as sites with private, bespoke solutions. There is no evidence that they have undertaken such an assessment, let alone one underpinned by a robust methodology.
- 1.13 The only justification provided by the Council for the housing requirement of 777dpa appears to be that the delivery rate assumed for the purposes of the Part C Mitigation Strategy (ref: CC11) – 800 homes per year – has “broadly reflected reality” having regard to the amount homes granted permission over the last six years (HDC02, para 6.9 and Figure 4). However, this purported justification is misconceived. The evidence referred to concerns the historic rate of permissions granted: (a) when the existing Local Plan (HDPF) only seeks to deliver an average of 800 homes per year (Policy 15); (b) SNOWS was not operational; and (c) bespoke private solutions to the water neutrality issue were in their infancy. This analysis is therefore of little, if any, relevance to the question of how many homes with solutions to water neutrality are capable of coming forwards within the plan period (and in particular in the period until 2031).
- 1.14 Furthermore, the proposed housing requirement is significantly below even the assumptions that were made for the purposes of the Part C Mitigation Strategy (ref: CC11) (endorsed by Natural England (ref: CC13). This assumed that within Sussex North WSZ there would be delivery of 20,000 new homes along with additional school places and employment floorspace with the Local Plan period. Within Horsham this translates into an additional 12,800 new homes (which did not already have detailed planning permission) (p15, Table 3.1). The Mitigation Strategy was published in December 2022 at a similar time as the Council’s 2021/22 AMR which identified a total of 1,689 homes with detailed planning consent³.

³ Para 6.37 / Appendix 1, AMR 2021/22

- 1.15 Third, the Council appears to discount the possibility of sites with alternative solutions to water neutrality other than SNOWS making a meaningful contribution to housing supply in the period until 2031. This position is not consistent with the experience of Wates, which has a number of sites in the area⁴ (both allocated and unallocated) which have, or are capable of having, bespoke, private solutions which are not dependent on SNOWS. Furthermore, Southern Waters draft 2024 WRMP at Annex 22 refers to alternative schemes stating that *“we are also supporting the trial of a pilot water savings market for trading water credits between buyers and sellers, which may represent a future opportunity for offsetting within our region. We are working with our industry peers and the LAs on this pilot, but this pilot is separate from SNOWS”* (section 3).
- 1.16 It is also not consistent with the analysis in the Mitigation Strategy, which identified a range of potential off-setting measures acknowledging the scope for developer led off-setting schemes which could be implemented alongside an LPA scheme (paras 202/204). There have been a number of permissions/resolutions to grant that have a developer led off-setting solution that will deliver new homes outside of the Council’s off-setting scheme⁵.
- 1.17 The ability of on-site solutions to achieve water neutrality is also touched upon within the Council’s Housing Delivery Study Update (paragraph 2.7, ref: HOU3). It is though wrongly stated that such solutions would only be available for larger, more strategic sites which is not the case as boreholes could represent solutions for a range of site sizes⁶. Overall, there is no analysis of the potential capacity of housing that could be delivered outside any of LPA led off-setting scheme which should have been undertaken in order to determine what is the appropriate housing requirement.

Main Modifications

- 1.18 In order to make the Plan sound in respect of this issue, main modifications should be made which:
- i) Increase the housing requirement, so as to properly reflect the number of houses that are capable of being delivered prior to a permanent solution with appropriate mitigation (either SNOWS or their own bespoke solutions) based on a robust assessment;
 - ii) Allocate additional sites to meet that housing requirement, including sites which are capable of bringing forward their own bespoke mitigation solutions.
 - iii) Adopt a less restrictive approach to Settlement Expansion (SP3) [See Matter 2] so as to avoid ‘baking in’ the heavily restricted housing requirement by preventing unallocated sites coming forwards. Instead, allow suitable edge of settlement sites to come forwards through the development management process where they can demonstrate water neutrality.

⁴ Land west of Shoreham Road, Small Dole (HA16), Land north of Melton Drive, Storrington (HA18), Land east of Marringdean Road, Billingshurst

⁵ As set out in our Matter 3 statement

⁶ DC/22/1815 35 homes – Brook Hill, Cowfold, Land west of Shoreham Road, Small Dole (HA16) 40 homes will or are capable of being served by boreholes to achieve water neutrality.

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?

1.19 We recognise that, until a permanent solution is operational, any housing development coming forward in Horsham would need to achieve water neutrality. It is therefore, in principle at least, appropriate⁷ to establish the housing requirement at a level which is realistic, having regard to the likely time-frame for a permanent solution to become operational and the likely extent of 'water neutral' housing which can be delivered in the interim. However, in circumstances where there is a substantial amount of unmet housing need in the area to which, but for the water neutrality issue, this Local Plan would have made a meaningful contribution, it would not be justifiable to set the housing requirement any lower than is necessary to avoid adverse impacts on Arun Valley.

1.20 There has been no proper or robust analysis by the Council as to level of housing which is achievable (in particular until 2031), but which would not give rise to adverse impacts on Arun Valley. It follows that the proposed housing requirement is not justified.

c) With reference to evidence, are the stepped annual requirements justified (in principle and scale of the step)? d) Is the approach to the shortfall (the Liverpool method) justified?

1.21 We recognise that given the issues around water neutrality means that the principle of a stepped trajectory is sound.

1.22 This trajectory identifies that the majority of delivery in the first five years is from large sites that benefit from detailed planning permission. In our view the trajectory overlooks the ability of smaller sites (including those with bespoke solutions to the water neutrality and those being promoted by Southern Water) to contribute to housing supply earlier in the Plan period⁸. On this basis, we consider that through a greater contribution from smaller sites the housing target for the first 5 years can be increased further which will boost supply.

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?

1.23 Yes. As a matter of fact the Crawley Local Plan has now been adopted with the level of unmet housing need having increased from 7,050 homes (as referred to in paragraph 10.8) to 7,505 homes which is reflected in Table 3, DC02 although we note that the surplus in Mid-Sussex has reduced to 310 homes⁹. In light of this and given the level of unmet need that will exist within the HMA we consider that a modification to provide clarity on this matter is justified.

⁷ Applying NPPF (September 2023), para 11(b)

⁸ For example, sites HA16 & HA18 or sites that already benefit from a resolution to grant (e.g. HA17)

⁹ MSDC response to Action Point AP-003

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?

1.24 It is evident therefore that in the context of the significant unmet need the Council should be doing all that it can however in light of our previous comments, without a robust analysis of how many sites could come forward before 2031 which achieve water neutrality, it is not possible to reach a view as to whether it would be sound to accommodate some of the unmet needs of neighbouring authorities.

Matter 8, Issue 2 – Whether the overall housing land supply and site selection process is justified, effective, consistent with national policy and positively prepared?

Question 1 - Were the proposed housing allocations selected on the basis of an understanding of what land is suitable, available and achievable for housing in the plan area using an appropriate and proportionate methodology, and are there clear reasons why other land which has not been allocated has been discounted?

1.25 In general terms, we consider that the Council's proposed approach represents an appropriate basis in which to select proposed housing allocations. We note that for each site an estimated housing figure is provided. This should only be treated as illustrative with the exact development quantum being determined through the design development process, and this should be made clear in the supporting text.

1.26 Notwithstanding the above, we consider that other factors have also informed the site selection process which has led to sites being discounted which has not been justified. For example, in the case of Billingshurst, sites have been discounted seemingly on the basis that the Council view the proposed allocation of a single strategic allocation is appropriate given the need to deliver the necessary associated infrastructure. Given the settlement's position in the Council's settlement hierarchy, and the absence of any rationale on why infrastructure couldn't be enhanced to accommodate a greater quantum of residential development, the effect is that the Council are in effect applying an arbitrary cap on development. As a result of the approach of the Council means that sites that could form appropriate locations have been discounted.

Question 2 - The NPPF at paragraph 74 states strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan period? Is this achieved by Figure 6 of the Plan?

1.27 No, we do not consider that Figure 6 on its own is a housing trajectory that provides sufficient information to determine whether planning policies identify a supply of specific, deliverable sites for five years following the intended date of adoption as required by Paragraph 69(a) of the NPPF. To do so and for the trajectory to also be consistent with paragraphs 74(d) and 75 of the NPPF it is necessary for Figure 6 to be supported by a detailed housing trajectory that provides delivery information on a site-by-site basis, provided as an appendix to the Local Plan. In doing so, this would allow the Council's proposed housing supply to be properly examined as well as ensuring that there is a clear basis for the Council to monitor progress following adoption.

Question 4 - Criterion 5 of the Strategic Policy 37: Housing Provision states 1,680 dwellings are anticipated to be delivered over the plan period from windfall sites? What is the compelling evidence this will be a reliable source of supply? Is this windfall allowance realistic and justified?

1.28 The Council's Windfall Study (ref: H09) sets out the evidence for seeking a windfall allowance which we note has been reduced to 1,440 new homes over the Plan period to reflect the latest housing trajectory (HDC03 – Appendix 1). This study reviews past supply and whilst it is not doubted that windfalls will continue to contribute towards housing supply, this level of supply has clearly fluctuated in recent years. Furthermore, as noted in the Council's Study (at paragraph 6.3) windfall development will be required to demonstrate water neutrality. This is most likely to adversely impact upon Windfall supply in the short term. In light of this, we do not consider that in the current context the proposed windfall allowance in years 4-5 is realistic.

Question 5 - What is the housing requirement for the first five years following the adoption of the Plan and what buffer should be applied? Would the Plan realistically provide for a five year supply of deliverable sites on adoption? Is a five year supply likely to be maintained thereafter?

1.29 The Council's position has been revised following submission with the Council's updated Housing Supply Topic Paper (HDC03) stating that the housing target for the first five years following adoption being 2,716 new homes (paragraph 5.11), an increase from 2,400 homes. The Council's housing supply largely relies on larger strategic sites with only limited supply from smaller sites. Whilst we do not doubt that the larger sites will continue to deliver new homes, the reliance on a relatively small number of sites risks delays to one or more having a significant impact on supply.

1.30 In light of the above, we consider that the Council should revisit the contribution that smaller sites can make towards housing supply in the short term to ensure a rolling supply. This could mean simply updating the trajectory to more accurately reflect the current situation (e.g. the existing resolution to grant at Glebe Farm, Steyning), seeking to optimise delivery from currently proposed allocations, bringing forward such sites earlier where appropriate and providing opportunities for additional sites to come forward.

Matter 8, Issue 3 – Whether the other housing policies are justified, effective, consistent with national policy and positively prepared?

Question 1 - Is Strategic Policy 38: Meeting Local Housing Needs sound? Is it consistent with the relevant evidence, particularly the Strategic Housing Market Assessment?

1.31 We consider that the SHMA (H01) to be an appropriate starting point although we note that this is now 5 years old and so we agree that other factors may be relevant when determining mix.

1.32 Criterion 1 states that evidence of local needs will normally be in the form of a local ward/parish housing needs assessment or a Neighbourhood Plan (if applicable). Whilst this is a reasonable approach it doesn't cover situations for settlements that are not the subject of a Neighbourhood Plan. Whilst we acknowledge that the examples provided are not exhaustive we consider that reference should also be made to evidence of housing needs produced by local estate agents and experienced developers as they are more likely to have up to date/'real time' evidence. By doing this builds in appropriate flexibility recognising that this Policy will apply to a range of different housing schemes ensuring the effectiveness of the Plan.