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Reconvened Stage 1 Hearings

Mid Sussex Local Plan Examination

Matter 1 – The Housing Requirement

Prepared for:
Fairfax Acquisitions Ltd

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WBP Ref: 9161



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The
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Group

Contents

Executive Summary	2
Context and Background	3
The Housing Requirement	4

Executive Summary

Fairfax Strategic Acquisitions Ltd ("Fairfax") has a controlling interest in land east of Ansty (SHELAA Ref: 736) that should be allocated as a new garden community for up to 1,450 dwellings (and associated infrastructure) in helping to address the identified housing need during the plan period.

The Plan fails to plan for sufficient housing growth and places undue reliance upon the delivery of housing from a small number of strategic sites which will fail to deliver at the rates suggested by the Council and additional site allocations should therefore be identified.

Fairfax's representations may be summarised as follows:

- *The Plan is **not positively prepared** as it fails to deliver the identified housing need. It should plan for **at least 23,370 dwellings in the period 2023 to 2041** (comprising 19,620 in meeting needs within MSDC @1,090dpa PLUS the provision of 3,750 dwellings in helping to address unmet needs from Crawley). Thereafter, there remains a need to provide an additional quantum of homes to meet the unmet need arising from Brighton & Hove;*
- *The Plan is **not consistent with national policy** having regard to the obligation to provide a strategy for at least 15 years post adoption.*
- *The Plan is **not justified** having regard to the approach envisaged to maintain a rolling five year supply of housing land and/or in relation to the approach to the allocation of sites for housing, such that it cannot be said to provide the most appropriate strategy when considered against the reasonable alternatives.*
- *The Plan is **not effective** and will fail to provide a five year supply of deliverable housing land on adoption and address the objectively assessed housing need.*

The failure to provide sufficient deliverable site allocations will serve to frustrate attempts to address key factors affecting worsening affordability and denying people the opportunity to own their own home, contrary to Government policy under paragraph 60 of the NPPF which is seeking to significantly boost the supply of housing to address the current housing crisis.

The above changes are necessary to ensure the Local Plan satisfies the tests of soundness at paragraph 35 of the NPPF (September 2023)¹.

¹ Paragraph 234 of the 'current' NPPF (Dec 2024) states that Local Plans that reach the Regulation 22 stage on or before 12 March 2025 will be examined under the relevant previous version of the NPPF. As such, the Mid Sussex Local Plan is to be examined against the requirements contained in the September 2023 NPPF.

Context and Background

- 1.1. This Statement has been prepared by Woolf Bond Planning Ltd on behalf of Fairfax Acquisitions Ltd ("Fairfax"), and addresses several questions posed for Matter 1 of the Reconvened Stage 1 Hearing Sessions as set out in the Inspector's Schedule of Matters and Issues for Examination (IDJB-05).
- 1.2. As set out at footnote 1 on page 2 above, the Local Plan is being examined for consistency against the September 2023 version of the NPPF. Accordingly, all references to the NPPF in this Statement relate to that version (unless otherwise stated).
- 1.3. Our answers to the questions should be read in the context of our position that (i) the housing requirement is insufficient to meet identified needs, (ii) insufficient deliverable and developable land is identified in the submitted Local Plan to ensure a deliverable and developable supply of land; and (iii) the Local Plan should cover a 15-year period from the anticipated date of adoption (NPPF, paragraph 22).
- 1.4. The Plan would not be sound without modifications to include:
 - Revising the Plan period to cover a 15 year period post adoption (2023 to 2041)²;
 - Increasing the housing requirement to **at least 23,370 dwellings in the period 2023 to 2041** (*comprising 19,620 in meeting needs within MSDC @1,090dpa PLUS the provision of 3,750 dwellings in helping to address unmet needs from Crawley*). *Thereafter, there remains a need to provide an additional quantum of homes to meet the unmet need arising from Brighton & Hove.*
 - Identifying additional site allocations (within revised settlement boundaries)

² To extend 15 years post adoption in late 2026. The effective period for the Plan would therefore be April 2027 to March 2041.

The Housing Requirement

Whether the plan's housing requirement makes sufficient provision for new homes.

- a) **Local housing need**
- b) **Unmet need from neighbouring authorities and its effect on the plan's housing requirement**
- c) **Whether the housing requirement needs to be uplifted to meet any other need such as that for affordable housing**
- d) **Whether a stepped requirement is appropriate**

District's Local Housing Need (LHN)

- 2.1. Fairfax's position with respect to the District's Local Housing Need ("LHN") is that the minimum annual requirement is for at least 1,090 dwellings annually. A further increase in this figure is required in seeking to meet needs from neighbouring authorities (Crawley and Brighton & Hove).
- 2.2. The 1,090dpa LHN is derived from the approach in the guidance contained in the PPG³. As the Regulation 19 (pre-submission) version of the Local Plan was published in 2023, this represents the "current year" for the purposes of Step 1 – setting the base line.
- 2.3. The 10 year average household growth in the 2014 based projections from 2023 through to 2033 for Mid Sussex District was 698.9⁴.
- 2.4. Under Step 2, the most recently published median workplace-based affordability ratio had been issued on 3rd April 2023. For Mid Sussex District, the ratio issued was 12.95. Applying the formula results in an adjustment factor of 1.559375.
- 2.5. The uncapped LHN is therefore 1,090dpa⁵.
- 2.6. Within Step 3, a cap is applied to the uplift over household projections.

³ The "Housing and Economic Development Needs Assessments" chapter, specifically the "How is the minimum annual local housing need figure calculated using the standard method?" section (ID ref 2a-004-20201216).

⁴ Forecasted increase in households from 66,199 (2023) to 73,188 (2033).

⁵ $698.9 \times 1.559375 = 1,089.847$ (rounded to 1,090).

- 2.7. As the existing Mid Sussex District Local Plan 2014-31 was adopted on 28th March 2018, the fifth anniversary of this event occurred on 28th March 2023. The 40% cap is therefore applied to whichever is the higher of household projections or the existing Local Plan.
- 2.8. The existing Local Plan (Policy DP4) requires the delivery of 16,390 dwellings from 2011 to 2031. This equates to 819.5, which once the 40% cap is applied increases to 1,147dpa. As the uncapped LHN of 1,090dpa is below this, no cap applies.
- 2.9. Step 4 does not apply to Mid Sussex⁶.
- 2.10. Although the Council's Topic Paper MS-TP2 refers to a section of the PPG concerning the need to keep inputs into the derivation of the Standard Method under review⁷, the reference relates to an update to the PPG issued on 12th December 2024. That is not applicable for the purpose of this Examination.
- 2.11. Furthermore, although the Council suggests flexibility of inputs into the derivation of LHN, the relevant section of the PPG confirms that a calculated LHN figure can be relied upon for 2 years from the submission date of the Plan⁸. As the Plan being examined was submitted on 8th July 2024, this two year period ends on 8th July 2026 i.e. in around 6 months.
- 2.12. Until this two year anniversary is reached, revisions to the LHN figure are inconsistent with national policy.
- 2.13. Since updated median workplace-based affordability ratios are due in May 2026, it is not appropriate to determine what the future LHN after this two year window would be. Notwithstanding this, any recalculation of LHN to an alternative base date must align with the wider availability of data for the sources of supply for all the various uses, not just housing.
- 2.14. Paragraph 1.6 of the Council's Topic Paper MS-TP2 calculates the LHN as 999dpa, for a 2025 base-date. This can be compared to the 1,358dpa derived from the approach to calculating the LHN

⁶ It does apply to the City of Brighton & Hove, as detailed later.

⁷ Paragraph 1.4 of their Response (MS-TP2 "Housing") which references PPG ref ID: 2a-008-20241212.

⁸ "When should strategic policy-making authorities assess their housing need figure for policy making purposes?" section of the "Housing and Economic Development Needs Assessment" Chapter (ID ref 2a-008-20190220).

as set out in the December 2024 NPPF.

2.15. As explained at paragraphs 2.1 and 2.5 above, **we consider the LHN for Mid Sussex as at the 2023 base date is 1,090dpa.**

2.16. The use of the 2023 base date accords with the data on the components of housing land supply as summarised in Policy DPH1. Completions before the base date for determining LHN must be omitted as this is encapsulated in the affordability adjustment⁹. In addition, and as explained at paragraph 2.11 above, the relevant section of the PPG confirms that a calculated LHN figure can be relied upon for 2 years from the submission date of the Plan¹⁰. As the Plan being examined was submitted on 8th July 2024, this two year period ends on 8th July 2026 i.e. in around 6 months.

Plan Period

2.17. We note the Inspector's reference in IDJB-01 to the plan period ending in 2040. However, we consider there is merit in the Hearing Session exploring extending the plan period to 2041, covering a 15 year period post-anticipated date of adoption.

2.18. For this reason, we have considered two scenarios. The first covers the period 2023 to 2040. The second covers the period 2023 to 2041. In either scenario, and for the reasons explained, the components of supply relied upon by the Council should omit completions achieved in the pre-2023 period.

Unmet Housing Need

Identifying the Unmet Need from Neighbouring Authorities

2.19. Paragraph 61 of the NPPF is clear 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 requirement is included within the

⁹ Past delivery of housing will inform price signals as indicated in "Why is an affordability adjustment applied?" (ID ref 2a-006-20190220) is the "Housing and Economic Development Needs Assessment" chapter.

¹⁰ "When should strategic policy-making authorities assess their housing need figure for policy making purposes?" section of the "Housing and Economic Development Needs Assessment" Chapter (ID ref 2a-008-20190220).

“**positively prepared**” test for demonstrating the soundness of the Plan (NPPF paragraph 35).

2.20. The known unmet needs from Crawley Borough and Brighton & Hove City Council are as follows:

- a) Crawley Borough (369dpa from 2023-2033, increasing to 545dpa from 2033-2040). The total unmet need is for 7,505 dwellings.¹¹
- b) City of Brighton & Hove (unmet need of circa 18,000 dwellings¹²).

The Approach to Addressing Unmet Needs in the Adopted Local Plan

2.21. Policy DP4 of the adopted Mid Sussex Local Plan (March 2018) plans for 876dpa in the period 2014 to 2024, increasing to 1,090dpa in the period 2024 to 2031, which includes a contribution towards the unmet needs of Crawley Borough.

2.22. This commitment towards Crawley’s unmet has not been retained in the Submitted Local Plan, which planned for 1,090dpa; reflecting the LHN as at the 2023 base date.

The Council’s Approach Now

2.23. Paragraph 3.28 of the Council’s Topic Paper MS-TP2 states that the unmet needs from Crawley Borough is 7,505 dwellings.

2.24. Paragraph 3.30 of MS-TP2 indicates that the Council will include a contribution of 1,693 dwellings towards Crawley’s unmet need. However, that is not the case when the LHN figure of 1,090dpa is applied.

2.25. The Council only proposes to plan for 999dpa in meeting needs arising in Mid Sussex. This is 91dpa less than the 1,090dpa LHN figure (as at the 2023 base date). Applying the 91dpa reduction over the Council’s 19-year plan period (2021 to 2040) results in a shortfall of 1,729 dwellings against the true LHN. This is the ‘headroom’ the Council relies upon in suggesting they are

¹¹ As per paragraph 3.28 of the Council’s Topic Paper MS-TP2 and paragraph 110 of the Crawley Local Plan Inspector’s Report (Examination Document reference O8)

¹² As per paragraph 7.12 of the Representations submitted to the Regulation 18 Local Plan (included as appendix 2 of the Representations on the Submitted Plan).

meeting some of Crawley's unmet needs (the Council's figure is 1,693). In reality, and for the reasons explained, this is not meeting Crawley's need.

- 2.26. The ability of Horsham District to accommodate any unmet need from Crawley is unknown. However, it is expected to be discussed at a procedural meeting to be held on 26 February 2026, as part of exploring the feasibility and practical arrangements for restarting the Horsham Local Plan Hearings (MS-TP2, paragraph 1.14 refers).
- 2.27. Based upon the approach at paragraphs 40 and 43 of the Horsham Local Plan Inspector's Report (Oct 2015) (**Appendix 1**), Crawley's unmet need of 7,505 dwellings should be apportioned 50/50 between Mid Sussex (3,750 dwellings) and Horsham (3,750 dwellings).
- 2.28. Topic Paper MS-TP2 is silent on unmet needs in Brighton & Hove.
- 2.29. The Statement of Common Ground with Brighton & Hove (DC-5) indicates¹³ that there is a known under provision of nearly 17,000 dwellings¹⁴. It also notes that under the then-current Standard Method, the City's annual need is 2,333dpa, which is significantly above the 660dpa currently required in their Plan. Whilst it is recognised that Brighton, as one of the 20 largest urban areas, is subject to the 35% uplift in determining LHN¹⁵, even without this their annual need would be 1,728 dwellings¹⁶ which is 2.6 times the current Plan target of the City.
- 2.30. Whilst the PPG does not expect the uplift from large urban areas to be addressed by neighbouring authorities¹⁷, this does not apply to the 1,728 dwelling figure. Accordingly, this examination of the Mid Sussex Local Plan should explore whether some of Brighton & Hove's unmet need could be addressed in Mid Sussex.

¹³ First paragraph on page 5

¹⁴ OAN of 30,120 less target of 13,200 equals 16,920.

¹⁵ The "Housing and Economic Development Needs Assessments" chapter, specifically Step 4 of the "How is the minimum annual local housing need figure calculated using the standard method?" section (ID ref 2a-004-20201216).

¹⁶ 2,333 / 1.35

¹⁷ "Where should the cities and urban areas uplift be met?" section of the "Housing and Economic Needs Assessment" chapter (ID ref 2a-035-20201216).

2.31. The Brighton & Hove Statement of Common Ground (DC-5) indicates that the southern parts of Mid Sussex District are within the housing market for the City¹⁸. Therefore, since a Brighton focused housing market includes the district¹⁹, it is appropriate for a further uplift in the housing targets to provide a contribution to their unmet needs.

Is a stepped requirement appropriate?

2.32. No. Consistent with the submitted Plan, a level housing target for the District should be specified in the Plan.

2.33. Whilst the Council advances a stepped trajectory in MS-TP2, primarily as the unmet need of Crawley is expected to arise from 2032 onwards, this is assuming that their delivery assumptions are robust.

2.34. The Council's trajectory²⁰ shows that delivery will be within a range of 1,100-1,300 dwellings annually from 2025 through to 2037. This is a further indication that no stepped trajectory is necessary.

Conclusion

2.35. For the reasons explained above, we consider that the two requirement scenarios to be explored at the Hearing Session comprise as follows:

Scenario 1: Plan period to 2040

Plan Period: 2023 to 2040

MSDC LHN of 18,530 during this period (@ 1,090dpa)

MSDC share of Crawley's Unmet Need @ 3,750 during this period

Total Requirement: **22,280 dwellings (1,311dpa)**

¹⁸ Page 3, first paragraph and plan on this page.

¹⁹ Use of Housing Market Areas for determining where unmet need to be addressed reflects guidance on "Which geographical area does a statement of common ground need to cover?" in the "Plan Making Chapter" (ID ref 61-017-20190315)

²⁰ Appendix 2 of MS-TP2

Scenario 2: Plan period to 2041

Plan Period: 2023 to 2041

MSDC LHN of 19,620 during this period (@ 1,090dpa)

MSDC share of Crawley's Unmet Need @ 3,750 during this period

Total Requirement: **23,370 dwellings (1,298dpa)**

- 2.36. Applying our approach to the derivation of the housing requirement, results in a need to plan for **at least 22,280 dwellings if the plan period ends in 2040, or at least 23,370 dwellings if the plan period ends in 2041**. Neither scenario reflects any additional unmet needs arising from Brighton and Hove.
- 2.37. To satisfy the tests of soundness, Policy DH1 should be amended in accordance with our representation(s), establishing a requirement for at least 23,370 dwellings in the period 2023 to 2041 (scenario 2).

Report to Horsham District Council

by **Geoff Salter BA MRTPI**

an Inspector appointed by the Secretary of State for Communities and Local Government

Date: 8th October 2015

PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED)

SECTION 20

**REPORT ON THE EXAMINATION INTO
HORSHAM DISTRICT PLANNING FRAMEWORK**

Document submitted for examination on 8 August 2014

Examination hearings held between 4 November 2014 and 3 July 2015

File Ref: PINS/Z3825/429/4

Abbreviations Used in this Report

AA	Appropriate Assessment
AHVA	Affordable Housing Viability Assessment
AoNB	Area of Outstanding Natural Beauty
B&HBC	Brighton and Hove Borough Council
CBC	Crawley Borough Council
CCG	Clinical Commissioning Group
CS	Core Strategy
dpa	dwellings per year
DtC	Duty to Co-operate
HDPF	Horsham District Planning Framework
HMA	Housing Market Area
IDP	Infrastructure Delivery Plan
LGW	London Gatwick Airport
LDS	Local Development Scheme
LP	Local Plan
MM	Main Modification
NP	Neighbourhood Plan
OAN	Objectively assessed need
NPPG	National Planning Policy Guidance
SA	Sustainability Appraisal
SCI	Statement of Community Involvement
SCS	Sustainable Community Strategy
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
SCC	Surrey County Council
SuDS	Sustainable urban Drainage Scheme

Non-Technical Summary

This report concludes that the Horsham District Planning Framework (HDPF - the Plan) provides an appropriate basis for the planning of the District providing a number of modifications are made to the plan. Horsham District Council has specifically requested me to recommend any modifications necessary to enable the plan to be adopted.

All of the modifications to address this were proposed by the Council but where necessary I have amended detailed wording and added consequential modifications where necessary. I have recommended their inclusion after considering the representations from other parties on these issues.

The Main Modifications can be summarised as follows:

- The housing requirement for the Plan period should be 16,000 dwellings at a rate of 800 dwellings per year;
- The Plan should be subject to an early review, to commence within three years;
- Three strategic development areas should be brought forward for at least 2,500 dwellings at North Horsham, around 600 dwellings west of Southwater and around 150 dwellings south of Billingshurst;
- Revised criteria for the assessment of new retail development outside Horsham town centre;
- A new policy for a mixed use development for employment, education and specialist housing at the former Novartis site;
- Modifications to the detailed planning of development at North Horsham;
- Modifications to the climate change policy to accord with government policy;
- Modifications to the policy for the protection of community and leisure facilities to accord with government policy; and
- Clarifications to the Glossary, Plans and the Council's intended changes to the Policies maps to ensure effectiveness.

Introduction

1. This report contains my assessment of the Horsham District Planning Framework (HDPF - the Plan) in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). It considers first whether the Plan's preparation has complied with the duty to co-operate, in recognition that there is no scope to remedy any failure in this regard. It then considers whether the Plan is sound and whether it is compliant with the legal requirements. Paragraph (#) 182 of the National Planning Policy Framework (NPPF) makes clear that to be sound, a Local Plan should be positively prepared; justified; effective and consistent with national policy.
2. The starting point for the examination is the assumption that the local authority has submitted what it considers to be a sound plan. The basis for my examination is the submitted draft plan (August 2014) which is the same as the document published for consultation in May 2014.
3. My report deals with the main modifications that are needed to make the Plan sound and legally compliant and they are identified in bold in the report (**MM**). In accordance with section 20(7C) of the 2004 Act the Council requested that I should make any modifications needed to rectify matters that make the Plan unsound/not legally compliant and thus incapable of being adopted. These main modifications are set out in the Appendix.
4. The Main Modifications that are necessary for soundness all relate to matters that were discussed at the Examination hearings. Following these discussions, the Council prepared a schedule of proposed main modifications and carried out an updated sustainability appraisal. The schedule was subject to public consultation for six weeks. I have taken account of the consultation responses in coming to my conclusions in this report and in this light I have made some amendments to the detailed wording of the main modifications and added consequential modifications where these are necessary for consistency or clarity. None of these amendments significantly alters the content of the modifications as published for consultation or undermines the participatory processes and sustainability appraisal that has been undertaken. Where necessary I have highlighted these amendments in the report.

Assessment of Duty to Co-operate

5. Section s20(5)(c) of the 2004 Act requires that I consider whether the Council complied with any duty imposed on them by section 33A of the 2004 Act in relation to the Plan's preparation.
6. The Council has a good record of constructive engagement with neighbouring Councils and relevant statutory authorities, dating back to well before the preparation of the HDPF (CD/LP/12,13). The previous Core Strategy identified the area west of Bewbush, now known as Kilnwood Vale, as an urban extension to Crawley which is now being developed in accordance with a joint area action plan. The Council is part of the Gatwick Diamond initiative, a group of authorities planning for and supporting economic development in the sub region. Horsham DC, Crawley BC and Mid Sussex DC have prepared a joint Strategic Housing Market Assessment (SHMA) May 2009 and updated

examination, the Council put forward **MM5**, **MM7** and **MM9**, which proposed a university and higher education quarter on the site, with some 200 specialist housing units. At the time the modification was advertised, discussions were taking place with the University of Brighton regarding an expansion through a satellite campus at the site. However, this proposal has now been dropped, apparently through lack of funding. At the resumed hearing the Council confirmed its intention that the policy should remain as modified by **MM9**, which has some flexibility in its wording if no other higher education provider comes forward to re-use the site. I consider the new policy would provide suitable guidance for this key site and support local employment.

Issue 4: Retail Development/Town centres

28. The main concern with the retail strategy of the HDPF related to the potential amount of new floorspace at out of centre locations at N Horsham and Broadbridge Heath. The shopping facilities at North Horsham would be intended as a local centre primarily to serve the proposed new housing, educational and business developments. In order to prevent any undue draw of trade from the primary town centre of Horsham itself, Policy SD3 needs to be modified to include an impact test in accordance with **MM17**. As originally drafted, Policy 6 could well have allowed an unacceptable amount of new retail development at Broadbridge Heath. The Council has agreed to insert a clause imposing a requirement for a full retail impact assessment for town centre uses with a cumulative total of 2,500sq m [**MM6**]. I consider the revised policies contain adequate safeguards to prevent any undue impact on the vitality and viability of Horsham town centre and should ensure the continued planned investment at the main centre in the retail hierarchy in accordance with policy in the NPPF.

Issue 5 – Housing

Objectively assessed need (OAN)

29. The submitted HDPF contained a housing requirements figure of 650 dwellings per year (dpa). At the time the Plan was formulated the Council did not rely on a district-wide SHMA in conventional form. As I noted in my Initial Findings, the North West Sussex SHMA (CD/H/04), updated in October 2014, primarily addressed affordable housing need. The overall assessment of need was found in the Locally Generated Housing Needs Study (LGHNS), updated in September 2012, which did not use the 2011-based CLG household projections. I expressed serious concerns that the Council's estimate of need did not properly reflect the most recent data available, contrary to the advice in National Planning Policy Guidance (NPPG).
30. The Council reviewed its position in the light of my findings and commissioned further work to revise the OAN figure - Housing Need in Horsham District, March 2015 (CD/H/O3), which did use as a starting point the latest CLG household projections, published in February 2015. These indicated a projected formation of 597 households pa, equivalent to 615 dpa, allowing for vacancies. At the resumed hearing and in written evidence a number of

representors argued that this figure underestimated the OAN, taking account of necessary adjustments to reflect guidance in the NPPG.

Population and household projections

31. Looking at household formation predicted by the CLG projections, headship rates are assumed to show a significant rise compared with the previous set (2011 based). The 8% growth for Horsham in the period 2012-2021 compares with a 10% rise nationally, reflecting an expectation of a return to headship rates more aligned with those preceding the downturn in the economy in 2008, more in line with longer term trends. There is no strong evidence to suggest that the CLG projections of headship rates and household formation based on the latest population figures should be significantly adjusted. However, document HO/3 does note that the projected headship rates in the 25-34 age cohort are not expected to return to the trend from 2001 to 2008, possibly reflecting affordability pressures. I do not think it reasonable to assume that headship rates across a larger cohort (25-44) will return to 2001-2011 levels, certainly not at the fast recovery rate predicted by some objectors. Over time, the decrease in household size, much of which is already factored in by CLG population projections with regard to older age cohorts, could be expected to level off. However, the Council's analysis in CD/HO/3 does test higher headship rates for the 25-34 age group which would lead to a higher OAN figure; I discuss this in relation to market signals below.

Employment forecasts

32. If necessary, the OAN should be adjusted to reflect likely employment forecasts, to provide adequate housing for an increased number of jobs. It is important to note that the CLG household projections already incorporate significant growth, reflecting past migration trends and employment growth of about 275 jobs pa. The 2012 LGHNS update (CD/H/02) indicated that 767 dwellings would be needed to align with roughly the same level of employment growth as that in the baseline projection (440 pa).
33. As discussed in relation to employment policy above, the EGA study indicates that a key element of future demand is for a new modern business park. Important changes are taking place in the local economy: an employment allocation at Warnham and Wealden Brickworks has not been taken up; Novartis, a major employer in the District, has gone; town centre offices, evidenced by vacant premises in North Street, have significantly reduced in size; the Council has consolidated premises and determined that prior approval is not required for the change of use of its site to housing; and retail employment patterns are changing as a result of online growth.
34. Projections of very large increases in the growth of jobs compared with the last two and a half decades are not necessarily consistent with current local economic evidence therefore. Some of the sectors identified, such as retailing related to housing growth or professional services could well be affected by structural changes such as on line retail growth or the loss or decline of major local employers such as Novartis. The projected reduction in the population of working age could indicate some pressure to increase housing numbers, possibly offset by increased numbers of older part-time workers.

35. In summary, I agree with the Council's analysis that there is no evidence to support the contention that a lack of housing has suppressed or held back employment growth. On balance I consider that there is no need for any significant uplift in the OAN figure to account for employment growth at a much higher rate than that seen over the last 15-20 years. Even if very high numbers of projected jobs materialise, they could be filled through a reduction of commuting levels. This would meet the policy objective of the NPPF to prevent unsustainable travel patterns resulting from a constrained housing supply (and thus an inadequate number of resident workers) to support employment growth.

Market signals

36. The relative position of house prices in Horsham compared with the HMA and regional and national trends is unchanged; over the period from 1998 to 2007 they have increased by similar percentages in all areas. Since 2007, Horsham house prices have again followed regional and national trends, showing notable price falls to 2009 and relatively flat indicators since. Sales volumes show a similar picture in recent years, with dramatic falls in 2008, from which they have just recovered, somewhat faster than the national average. Price/income ratios in Horsham remain just below the peak levels found in 2007 and until the last 18 months have been little changed. Absolute rises are similar to those in Mid Sussex, although affordability issues in Crawley are not so severe.
37. Since 2006/07 completions data in Horsham and across the HMA fell well short of the former South East Plan target, although there has been a marked pick up over the last two years, again reflecting improved market conditions. The initial slow pace of development on major development sites west of Crawley during the recession clearly had a significant impact on these figures. The Council have included a modest upwards adjustment in their OAN figure of 22 dpa to account for affordability pressure in the 25-34 age group, evidenced by substantial growth in private rented sector accommodation and the number of persons in HMOs, even though these indicators are again in line with HMA and national trends. I consider there is no strong case for a significant uplift to account for market signals in Horsham district, which are very similar to those elsewhere across virtually all of the south east. The Council's modest increase appears appropriate therefore.

Affordable housing

38. With regard to affordable housing needs, the most recent assessment in October 2014 (CD/H/O4) indicates a need for between 225 and 404 affordable homes each year. This is part of the overall OAN figure, not in addition to it. Almost all of the minimum core level of need (those on housing register within the 'reasonable preference' category) can be met from the 650 OAN figure if 35% of new housing on larger sites is for affordable housing, in accordance with Policy 15. Privately rented housing to those on benefits cannot be considered affordable housing (see *Higginbottom v Oadby and Wigston* EW HC 1879) but a very reasonable proportion of the highest identified affordable housing need can be provided. Other issues, such as the availability of

financial support, are likely to be more of a constraint on the supply of affordable housing in the district. The policy response of a higher OAN requirement may not deliver higher numbers of affordable housing therefore and in any event there are no strong grounds for an uplift in Horsham on this account.

OAN conclusions

39. On balance therefore, I remain unconvinced that a significant uplift in the OAN figure for Horsham District alone would be justified. A modest increase in the baseline figure of 615 from CLG projections, including a 3% allowance for vacancies and second homes, to a figure of around 650 dpa would support growth in the population of working age employment to meet some additional employment needs and some reduction in affordability pressures.
40. However, there are other needs in the HMA, which includes Crawley and Mid Sussex. In March 2015 the three Councils agreed a new position statement setting out the OAN for the whole HMA area and the proposed housing provision at that time (HDC/38). At the time of my Initial Findings the residual unmet need in Crawley was about 220 dpa. Following the hearings at the Crawley examination, it has been agreed that Crawley can meet only about 334 dpa of the OAN figure of 675 dpa, leaving a shortfall of 340 dpa. As already indicated, Horsham should meet some of this need if possible; on a very rough basis it seems reasonable for Horsham to try to accommodate roughly half this number.
41. I remain unconvinced of any considerable degree of overlap between the NW Sussex HMA and that of the coastal authorities to the south. The needs of Brighton and other nearby coast towns arise from the strong migratory pull of those wishing to live in a town by the sea; these pressures are not the same as those generated by smaller inland towns or rural communities. Although HDC have continued constructive dialogue with Brighton and Hove Borough Council (B&HBC), there has been no objection to the HDPF or firm indication of how many dwellings might be required to fulfil unmet needs there.
42. Similarly, the Mayor of London has indicated that he expects the capital to be able to meet the revised FALP housing requirements of 49,000 dpa without recourse to requests to Councils outside the GLA area to provide housing to meet any shortfall in London. No such request has been made thus far.
43. Taking all these factors into account, I recommend that the housing requirement contained in the HDPF should be 800 dpa (**MM10, MM11**). This reflects my conclusions on the need within the district itself of about 650 dpa, plus an allowance for almost half of the unmet need in Crawley Borough.

Housing supply

44. Since the hearings in November 2014 the Council has revised the housing delivery trajectory (HDC/40), which provides for 14,974 dwellings over the whole Plan period (MM12). The increase in numbers from the previous trajectory appears to result from the extra dwellings allocated at land south of Billingshurst, others on new sites permitted since the Plan submission, for example: 165 at Guildford Road, Broadbridge Heath; 193 at Mill Straight, Southwater; and 160 on the smaller part of the Novartis site (MM4). This

does not account for all the uplift but there have also been a significant number of new permissions on smaller sites in the intervening period. In the absence of any firm evidence to the contrary I have no reason to believe that the delivery of housing will not be broadly in accordance with this programme.

45. What is clear from the trajectory is that a large number of committed dwellings are due to be constructed over the next 8 years up to 2023, primarily at Kilnwood Vale (previously known as West of Bewbush) and west Horsham, together with the North Horsham and Southwater allocations. On the Council's latest figures there has been a shortfall over the first four years of the plan period of 739 dpa against a requirement of 800 dpa. Looking back over the last decade or so delivery of housing in Horsham district has been consistent with national economic trends; although there was under delivery against former SEP targets during the recession after 2008 there has been a noticeable increase in housing completions over the last two years. I consider there has been no persistent under delivery of housing and the normal 5% buffer for the five year supply should apply.
46. The Council did not take account of another 250 potential homes at North Horsham or 200 dwellings that may come forward at the main part of the Novartis site. It may be possible to increase the number of dwellings at North Horsham but it seems likely that any extra completions would come forward at the end of the build programme, beyond 2031. Concerns have been expressed about the development trajectory for the allocation and I note there has already been some minor slippage so far. However, given the length of the remaining plan period (at least 15 years) there is enough flexibility for any delays to be recovered. The potential 200 units for students at the main Novartis site are for a specific new need that has not been taken into account in preparing the OAN figure. I agree with a number of representors that they should not be included as part of the delivery to meet the Plan's housing requirement but would be in addition to that number. The current uncertainty about the site reinforces my precautionary approach on this issue.
47. Inevitably, the numbers of homes being proposed in NPs is uncertain at this relatively early stage in the process of their production. However, from the evidence produced by the Council on the position so far (C/HDC/40) the number of 1500 over the whole district seems realistic. Since the hearings in November 2014 a number of 'front runners' have started or are carrying out public consultation and some 688 dwellings (44% of the expected dwelling target) have been identified across 29% of the designated NP areas. From this evidence about expected delivery from NPs I consider the 100 pa assumed from this source in the housing trajectory is a reasonable estimate of the minimum number of dwellings likely to come forward in the smaller settlements of the district. Further flexibility is provided by the Council's intention to consider the need for additional site allocations in the Site Allocations DPD, programmed to begin in 2016, as set out in the Local Development Scheme (LDS).
48. As I indicated in my Initial Findings, the total windfall allowance of 750 units is soundly based on evidence of past completions over several years encompassing different market conditions (CD/H/08). The annual projections of 100 dpa through NPs and 50 dpa from windfalls from 2016 onwards are realistic therefore.

49. Taking all these factors into account my calculation of the five year supply requirement is 4976 dwellings : (739 shortfall + 4,000 target) x 5% buffer. This compares with expected delivery in the trajectory from April 2015 up to March 2020 of well over 800 dpa. The total projected supply over this period is 5803 dwellings. The Council provided compelling evidence that a windfall allowance of 50 dpa was justified by analysis of permissions granted over recent years, further supported by the increase in expected supply since 2014 already mentioned. With these elements, the projected supply represents about 116% of the requirement (including the 5% buffer), ensuring the Council has a 5 years supply with a considerable degree of flexibility to take account of any slippage on major sites. Even without the NP sites, the five year supply requirement is just met.

Housing conclusions

50. The Plan does not identify enough housing for the whole Plan period, on a basis of 800 dpa. Although the background evidence did not include a capacity study for the District, the SA updates (CD/LP/25a,b) produced to support the MMs indicate that the district can accommodate up to 800 dpa with some environmental impacts. However, I consider these impacts would not be so severe as to outweigh the pressing need to meet the OAN for housing in Horsham and the SHMA as a whole.
51. There is no contingency in the delivery trajectory, other than the allowance for non-development of existing permissions on small sites. There would be a shortfall in the later years of the period, which the Council needs to address in the early review, together with a review of the requirement itself, whether or not LGW expansion goes ahead. The review work should include an assessment of potential sustainable sites falling between the likely maximum limit of any NP sites, probably about 150, and the strategic allocations of 500 plus. Although desirable, it is not an essential requirement of policy in the NPPF that specific site allocations to meet requirements in years 11-15 of a plan period should be identified. I have taken what I consider to be a pragmatic approach to ensure that new housing can be delivered in the early part of the plan period, in accordance with the Ministerial Statement of July 2015.
52. As I discuss in brief below, there are other large sites with the potential to meet requirements towards the end of the plan period. These options include land west of Ifield, near the area of need at Crawley, west of Southwater and east of Billingshurst. If the review identifies significantly increased requirements, it is possible that the option of developing a new settlement may need to be considered in more depth. I consider that in the first instance it is for the Council to look again in more detail at the merits or otherwise of these options, together with other smaller sites and the monitoring of housing provision through NPs. I make some comments in relation to the evidence produced in writing and at the hearings but it would not be appropriate at this stage for me to make any firm recommendations about any of these sites in this report.
53. A joint approach involving all the relevant Councils is required on a co-operative basis to fully address the OANs of at the very least the three Council areas in one overall SHMA and possibly to include consideration of other

updated needs outside the SHMA, including those of the coastal area authorities and possibly London. It is appropriate for this Plan to proceed on that basis, provided that there is a firm commitment from the Council to play its part in addressing the needs of the wider area as part of an early review of the HDPF, as required by **MM2**.

Affordable housing – Policy 15

54. Policy 15 of the submitted HDPF requires 35% of dwellings to be affordable on sites providing 15 or more dwellings, or on sites over 0.5ha. On sites providing between 5 and 14 dwellings, 20% of dwellings should be affordable or an equivalent financial contribution should be made. The policy of differential rates at these thresholds is justified by detailed analysis in the Affordable Housing Viability Study – 2012 (CD/H/01) and the update in October 2014 (CD/H/04). These concluded that a target rate of 40% would be viable with the inclusion of grant funding. I agree with the Council that it is prudent to reduce the target to 35% to take into account the vagaries of grant funding. The policy also includes an appropriate reference to the viability of individual schemes to ensure adequate flexibility in its implementation.
55. Since the original hearings the government revised the policy set out in the PPG to remove the requirement to provide affordable housing on sites with 10 or fewer dwellings **MM13** was an amendment to the policy to change the 20% threshold in accordance with the NPPG, which was advertised in March 2015 for comment. However, a successful High Court challenge by two councils has resulted in the deletion of the revised guidance in the NPPG and the Council has requested that the original Policy 15 should stand and that MM13 be withdrawn. Bearing in mind the sound economic justification for the policy as originally drafted and the clear need for affordable homes in Horsham, a substantial proportion of which could come from smaller sites, I consider that it would be appropriate to disregard MM13 and leave Policy 15 as submitted.

Gypsies, Travellers and Travelling Showpeople

56. There was no substantive objection to Policy 20 concerning the provision of 39 net permanent residential pitches for gypsies and travellers between 2011 and 2017, together with a commitment to make additional provision over the rest of the plan period. These commitments, including the provision on new sites already with permission, would meet the needs identified in the December 2012 Gypsy and Traveller Accommodation Needs Assessment (CD/H/12) and did provide a five year supply up to 2017. However, the Council cannot demonstrate a five year supply at present.
57. Further work is continuing to assess needs beyond 2017 and in accordance with Policy 21 additional sites will be identified through the preparation of the Site Allocations DPD, to commence in 2016. In addition, the overall level of need should be reconsidered as part of the early review process for the HDPF, which is to commence within three years. Given its scope, the HDPF cannot remedy the deficiency regarding the five year supply, which clearly has implications for the treatment of planning application in the context of government policy in #25 of 'Planning policy for traveller sites'. Despite the very short time frame for additional pitch provision, the HDPF provides a short term interim framework to meet the needs of gypsies, travellers and travelling



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