

Sent by email to: [strategic.planning@horsham.gov.uk](mailto:strategic.planning@horsham.gov.uk)

28/03/2020

Dear Sir/ Madam

## **Response by the Home Builders Federation to the consultation on the review of the Horsham Local Plan**

Thank you for consulting the Home Builders Federation (HBF) on the review of the Council's Local Plan. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year. We trust you will find our comments helpful and if you require any clarification on our concerns please contact me.

### **Strategic Policy 14 - Options for housing growth**

#### *Housing requirement*

We would agree that the Council's assessment that the minimum number of homes to be delivered is 965 dwellings per annum (dpa). However, as is stated in paragraph 11 and 60 of national policy, it will be necessary for the Council to take account unmet needs in neighbouring areas when establishing the amount of housing to be planned for. Crawley alone have identified a shortfall of 5,925 homes in their draft local plan but there are also significant shortfalls across the Coastal Sussex area, Surrey and London.

The Council have recognised this situation to some extent in paragraphs 6.8 and 6.9 of the Local Plan and consider there to be unmet needs of around 3,000 homes per annum in neighbouring areas, 2000 of which arise in wider Coastal area. Whilst this is substantial level of unmet needs the Council will need to establish with the authorities in each of the areas neighbouring the North West Sussex HMA – namely the Coastal Sussex and Surrey authorities whether they will be able to meet their housing needs as established using the standard method. As can be seen in Table 1 below many of these Councils face significant uplifts compared to current plans and for many of these authorities reviews of their plans will find that needs cannot be met.



Table 1: Local Housing Needs Assessment and current local plan housing requirements in neighbouring areas

LPA	Local Housing Needs Assessment <sup>1</sup>	Local Plan Housing Requirement <sup>2</sup>
Adur	447	178
Arun	1,350	1,006
Brighton & Hove	1,713	660
Chichester	776	554
Lewes	765	362
Worthing	885	246
Crawley	752	340
Mid-Sussex	1,088	964
Mole Valley	452	449
Reigate & Banstead	1,148	460
Tandridge	645	303
<b>Total</b>	<b>10,021</b>	<b>5,522</b>

We are concerned that the constraints faced by these authorities will mean that many will not be able to deliver the significant uplifts in housing delivery that will be shortly required of them. Indeed, this is a situation that we have already witnessed in Reigate and Banstead when they reviewed their local plan last year, five years after its adoption. This internal review concluded that there was no need to update their plan to meet the higher level of housing that results from the higher level of housing as it considered that the reasons that resulted in needs not being met when the plan was first adopted to still be present. Whilst we disagree with their conclusions it means that areas such as Horsham, which are relatively less constrained, must support its more constrained neighbours to meet needs in full.

Whilst Reigate and Banstead show an unwillingness to plan positively there are also neighbouring areas which face constraints that, unlike Green Belt, cannot be removed through the preparation or review of a local plan. The coastal authorities are constrained by their physical geography as well as being limited by the South Downs National Park that is located in many of these authorities. This issue was a key debate

<sup>1</sup> Using standard method with base period starting from the year in which current plan is out of date and 2018 work place based median affordability ratio.

<sup>2</sup> From adopted plan or most recent consultation draft of the Local Plan where a requirement has been included.

at the examination of the Brighton and Hove Local Plan with those authorities covered by the Coastal West Sussex and Greater Brighton Local Strategic Statement agreeing that a more robust approach was needed to address the scale of unmet housing needs across both these strategic areas. However, since the preparation of this LSS there does not appear to have been any clear co-ordination of reviews or decisions made as to how this strategic cross boundary matter will be addressed. Without this co-ordination the only remedy will be for the needs of coastal authorities, such as Brighton and Hove City Council, to be addressed in areas such as Horsham which, as we mention above, face far fewer constraints.

In addition, the HBF has real concerns as to the continuing inability of London to meet its own needs for housing. The Capital's shortfall in housing delivery is now expected to be circa 140,000 units between 2018 and 2028 following the Panel's conclusions that the supply of small sites in outer London Borough's had been significantly overestimated leading to the recognition at paragraph 175 of their report<sup>3</sup> that London will fail to meet its housing needs "*by some margin*". Given that the Mayor has accepted this position it is now the responsibility of authorities across the South East to consider what they can do to address this shortfall. We recognise that a collective approach across the south east in meeting these needs would be the most effective way forward but given that no progress has been made collectively to address this matter it is necessary for individual councils to take responsibility as they review and prepare their local plans.

As such we would suggest that the minimum the Council should be seeking to deliver is option 3 of 1,400 new homes every year. However, given the scale of the potential unmet needs in neighbouring areas the Council should be testing the options to deliver higher number of homes alongside the necessary employment growth and infrastructure improvements these would require.

#### *Duty to co-operate*

The Council is clearly aware of its responsibilities to co-operate on the cross boundary and strategic matters affecting the Borough. It will be necessary for the Council to ensure that it can demonstrate that any joint working has been an on-going part of plan preparation and that its approach has been effective in seeking to address the strategic matters faced by Horsham and its neighbouring areas. Given that the many of those areas with which the Council will need to engage face significant constraints and potential difficulties in meeting needs it will be vital that the Council establishes the degree to which neighbouring areas can meet their housing needs. It is essential that this evidence is then fed into plan preparation and that decision makers are aware of the Council's responsibility to meet the development needs of neighbouring areas. Whilst we recognise that it is not a duty to agree a number of plans have recently failed in their duty to co-operate as their efforts have been deemed to be ineffective and failing to give proper consideration to the unmet needs of other authorities. One of

---

<sup>3</sup> <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/inspectors-report>

these authorities was Wealden Borough Council in East Sussex. In addition to the issues of co-operation regarding the Ashdown Forest, the inspector considered their engagement with regard to Eastbourne's unmet needs as being the other central concern. In her considerations following the stage 1 hearings the Inspector states in paragraph 28 that there was "*no constructive engagement to address the substantive issue of Eastbourne's unmet housing needs, which remain for now unmet*". The inspector's decision at Wealden provides a clear indication that Councils cannot pay lip service to unmet needs but must engage properly with the issue and consider all reasonable options that would support neighbouring areas in meeting their needs.

Whilst we note and welcome the Council's joint working with Crawley and Mid-Sussex in seeking to meet the needs of North Sussex HMA, we are concerned that the Council is seeking to distance itself from meeting needs from other areas. We note that the Council states with regard to the needs of the Coastal Sussex authorities:

*"It should be noted that nearly all of this need arises from the seaside towns, which are some distance from the southern boundary of Horsham District and separated from most of Horsham District by the South Downs National Park."*

And with regard to unmet needs in general the Council states:

*"In seeking to determine the amount of additional housing that this District may be able to deliver, it will be necessary to prioritise meeting the needs of authority areas with the closest links to this District in the first instance."*

This would appear at odds with the more robust approach joint working that was outlined in the Local Strategic Statement and considered to be necessary in order to meet the needs across the Sussex Coastal and Greater Brighton area. We would suggest that far more consideration must be given by Horsham and its neighbours across West Sussex and Brighton and Hove as to how they, in partnership with their neighbours, ensure housing needs are met in full. In addition, the Council will need to undertake similar considerations regarding housing needs in Surrey and the impact of London's unmet housing needs.

#### *Delivery and land supply*

It is proposed in each of the options to include a 5% buffer in the overall supply to provide the necessary flexibility and ensure needs are met in full. Whilst we welcome recognition that a buffer is necessary, we would suggest that this buffer is increased to 20%. Only with a substantial buffer can the Council guarantee that its housing needs for the whole plan period will be met given that delays in delivering large scale development are commonplace. Whilst we recognise that some schemes will deliver as expected some will not, with delays in relation to securing permission, signing off conditions and the delivery of infrastructure prior to development all leading to delays in the delivery of new homes. These concerns are also evident in research recently

published by Lichfields<sup>4</sup> which shows that from the date at which an outline application for such developments are validated it can take between 5 to 8 years for the first homes to be delivered.

We note that Strategic Policy 14 also states that it will seek to meet its housing requirement through existing permissions, completions prior to adoption of the plan, the allocation of further strategic sites of 800 homes or more, smaller allocations and windfall sites. Firstly, the Council should not expect any schemes of more than 500 homes to deliver within the first five years of the plan being adopted. Therefore, in order to ensure a five-year housing land supply in the first five years of the plan the Council will need to identify sufficient small to medium sized sites, either as extant planning permissions or new allocations, that that will come forward in the first five years of the plan. As such we welcome the decision by the Council to allocate smaller sites. However, we would suggest that the proposal set out in paragraph 6.33 to only allocate sites of 50 homes or more is too high and that the Council should be seeking to allocate sites smaller than 50 homes in order to not only bolster delivery in the first five years but to support smaller developers in line with Government policy.

Secondly, Paragraph 68 of the NPPF requires the Council to ensure at least 10% of its housing supply is on sites no larger than one hectare. These can be identified either in the Council's Brownfield Register or in the local plan itself, but they should not be part of an assumed level of supply within windfall estimates. However, we note that these are expected to come through as part of windfall expectations. This is not consistent with national policy as it fails to identify those sites and provide the necessary certainty to those developers delivering homes on smaller sites. The introduction of the 10% target for delivery on small sites was to reduce the risk of developing such sites that comes from an allocation in the local plan which would in turn encourage the growth in the number of smaller housebuilders operating across the Country, an objective that would not be supported by the Council's approach. The Council must therefore identify those sites that are less than one hectare that will deliver at least 10% of its housing requirement and not set a lower limit for allocation of 50 homes.

Finally, the Council will, as required by paragraph 73 of the NPPF, need to include in the plan a trajectory illustrating the rate of housing delivery over the plan period. We would recommend that the trajectory provided indicates not only overall delivery but the rate of delivery from each source of supply (strategic allocations, extant permissions, windfall etc) to enable the effective scrutiny of the delivery expectations being made by the Council across the plan period.

#### *Whole plan viability assessment*

The Council state in the consultation document that they are still to undertake a viability assessment of the local plan but that they will test whether the policy requirements will impact on the deliverability of the local plan. Without this relevant evidence is not

---

<sup>4</sup> <https://lichfields.uk/content/insights/start-to-finish>

possible to comment on whether the Council's ambition to increase some of its current policy requirements, such as those for affordable housing, is possible. However, we would like to make some broad comments on viability in relation to the approach establishing the 2019 NPPF and its supporting guidance.

The 2019 National Planning Policy Framework (NPPF) requires development viability to be resolved through the local plan and not at the planning application stage. The aim of this approach is to ensure that, as outlined in paragraph 57 of the NPPF, that decision makers can assume that development which is in conformity with the local plan is viable and ultimately reduce the amount of site by site negotiation. As such it will be important that the Council's approach to its viability assessment and the costs it places on development are cautious to take account of the variability in delivering the range of sites that will come forward through the local plan. To support local planning authorities in preparing their viability evidence the HBF has prepared a briefing note, attached to this response, which sets out our general concerns with viability testing of local plans under the latest guidance and how these should be addressed. Whilst this note focuses on all aspects of the viability testing of the residential development, we would like to highlight four of our concerns.

The first is the approach taken to abnormal costs. In the past viability assessments have taken the approach that these cannot be quantified and were addressed through the site by site negotiation. However, this option is now significantly restricted by paragraph 57 of the 2019 NPPF and as such abnormal costs must be factored into whole plan viability assessments. We recognise that the very nature of an abnormal costs is difficult to quantify, but it is a fact that they are often substantial and have a significant impact on viability. Where and how these costs arise is also variable. They can occur in site preparation, but in addition it is the increasing costs of delivering infrastructure that can sometimes have a more significant impact on viability. It is also the case that abnormal costs are higher on brownfield sites where there can be a higher degree of uncertainty as to the nature of the site and the work required to make it developable.

The HBF undertook some work with its members in the North East and whilst this is a different context to that found in Horsham it provides an indication as to the abnormal costs that occur on all sites. This study, which was prepared to support our comments on the Durham Local Plan, indicated that abnormal costs on the four PDL sites was £711,000 per net developable hectare and an average of £459,000 per hectare on the 10 greenfield sites. Whilst we recognise that abnormal costs are expected to come off the land value, we are concerned that if abnormal costs are high then it will result in sites just not being developed as the land value will be insufficient to incentivise the landowner to sell. It is therefore important that a significant buffer is included within the viability assessment to take account of these costs if the Council are to provide the necessary certainty that the plans policies will not impact on the deliverability of the plan.

Secondly, we would encourage the Council to use the upper end of any of the ranges suggested with regards to fees and profit margins. Again, these will vary from

developer to developer but given that the Government want to minimise negotiation on planning obligations it would make sense to use the highest point of any range. The changing landscape with regard to viability assessment could lead to development slowing significantly if the correct variables are not taken into account and policies are aspirational rather than realistic.

Thirdly, the council must ensure that all the policy costs associated with the local plan are included within the viability assessment. Whilst affordable housing and infrastructure contributions for the majority of the additional costs that are placed on developers by the Council it is important that the cumulative impact of all policies are tested. With regard to the local plan review the Council will need to consider the impact of its proposed policies on open space, electric vehicle charging, sustainable design and construction and renewable energy on the viability of development and the deliverability of the local plan.

Finally, the approach to land values needs to be a balanced approach and one that recognises that there will be a point at which land will just not come forward if values are too low to take account of policy and infrastructure costs. There are a variety of reasons why a landowner is looking to sell their land and it cannot be assumed that they will absorb significant reductions in land values to meet policy costs. Land is a long-term investment and the returns being offered must take account of this.

### **Strategic policy 16 - Affordable housing**

The Council have stated that they are seeking to test the viability of a higher affordable housing requirement than the 35% currently set out in the 2015 Local Plan. The proposal is to consider the potential of sites to deliver up to a 50% of homes as affordable units. The Council state that the reason for this decision is that the high value of new housing in the district has led the Council to consider increasing the proportion of affordable housing that development is required to provide. However, higher house prices do not necessarily mean that there is increased return to the developer or the landowner but can reflect higher costs of delivering development in the Borough. As stated above the Council must take a cautious approach if it wants to ensure that development comes forward without the need for a negotiation on the affordable housing requirement.

### **Policy 18 - Improving housing standards**

The Council state that they are preparing evidence to support their proposed policy to require all new dwellings to meet optional standard M4(2) and the Nationally Described Space Standards (NDSS). Without the evidence it is difficult to comment on whether the Council's suggested policy is justified. However, we would like to draw the Council's attention to footnote 46 in paragraph 147 in the NPPF. This states that policies on adaptable and accessible housing should be used "... *where this would address an identified need* ...". This would suggest that any policy should seek to address an identified need that is required rather than considering these standards as being 'nice to have' on all new homes.

In determining the proportion of homes to be built to M4(2) and/or M4(3) homes, the Council should focus not only on the total number of older people but on the numbers with mobility concerns and the proportion living in newly built homes. Many of those who will need their homes adapting over the plan period are likely to already be resident in the Borough and will prefer to stay in their own home and not move. It will also be necessary to assess how many will move to specialist accommodation.

Similarly, the decision to adopt the NDSS must be based on the need for such homes. The Council will have to ensure that they provide the necessary evidence, as set out in PPG. We have concerns that the strict adherence to space standards could limit well designed and more affordable smaller homes that better meets the needs and budgets of some households. The Council in its decision to introduce the NDSS must consider whether it will limit the ability of some households to live in a house that meets their needs for rooms at a price they can afford but may be under some of the requirements of the NDSS. As such there must be clear evidence that a significant proportion of new homes are coming forward well below standards. If such evidence is provided, we would also recommend that the policy include some flexibility to allow for the delivery of homes that are smaller than space standards where they are well designed and meet the identified accommodation needs of local households.

### **Policy 20 – Retirement housing and specialist care**

We note and welcome the Council's commitment in this policy to expanding the provision of housing to meet the specific needs of older people. However, the plan does not state in policy how many specialist homes for older people the Council will deliver. On the basis that Paragraph 63-006 states that the Council should: "*... set clear policies to address the housing needs of groups with particular needs such as older people...*" we consider it to be essential that the Council states within policy the amount of such specialist accommodation the Council will seek to provide in order to provide an effective approach to meeting the needs of older people. Without the clarity of a stated requirement for such homes it will not be clear to decision makers of the need for such schemes and whether there is an under provision this of specialist accommodation for older people. Given that paragraph 63-016 also states that where there is an identified unmet need for specialist houses that "*local authorities should take a positive approach to schemes that address this need*" we would suggest that a stated requirement for such accommodation is a key part of the decision making process.

### **Strategic Policy 29 - Settlement Coalescence**

Whilst we do not object to policies that seek to protect the Countryside or prevent coalescence of settlements these must be applied against the overarching requirement to ensure that development needs are met. Such policies should only be applied once it is established that the Council can meet its own needs and any unmet needs of neighbouring areas. However, we are concerned that the Council is even considering



the possibility of establishing Green Belt around or adjoining new developments. The NPPF establishes at paragraph 135 that new Green Belt should only be created in exceptional circumstances. We would also draw the Council's attention to part a of paragraph 135 which states that in order to establish new Green Belt the council will need to demonstrate why normal planning and development management policies would not be adequate. Given that the Council is proposing development management policies that will prevent coalescence and safeguard the countryside we cannot see any justification for creating new Green Belt. We would also suggest that it goes well beyond the original purposes of Green Belt which was to prevent major cities from sprawling not constrain new developments from expanding sustainably in future.

### **Strategic Policies 27, 38 and 39**

#### *Renewable and low carbon energy*

Strategic policies 37, 38 and 39 all require new development to incorporate renewable and low carbon energy in new development. Whilst we recognise that development is required to meet local policies in relation to decentralised energy supply the NPPF states that this should only be required where viable or feasibly. We would suggest that this position is reflected in local plan.

#### *Water usage*

Part d of policy 39 requires residential development to limit water usage to 100 litres per person per day. This is not consistent with national policy which allows for the optional standard of 110 litres per person per day to be applied where justified. Whilst Southern Water may have a lower aspirational target than the optional standard the Government have been clear that only the optional standard set out in PPG should be applied through local plans. The Council should amend their policy accordingly.

### **Policy 43 - Parking**

In relation to part 3 of this policy we appreciate that the Council is seeking to anticipate increases in the use of electric vehicles, but we would caution against making policy in this area. The HBF prefers a national and standardised approach to the provision of electrical charging points in new residential developments. This enables a consistent approach to be adopted by all house builders regardless of location and ensures more effective and appropriate design solutions and supply chains can be developed. We would like this to be implemented through the Building Regulations, a position the Government seemingly shares when examining the Future Homes Standard<sup>5</sup>, rather than through local planning policy.

However, if the Council does choose to make policy in this area there are several issues that it will need to consider carefully. Any policy should be justified by evidence

---

<sup>5</sup> <https://www.gov.uk/government/consultations/the-future-homes-standard-changes-to-part-l-and-part-f-of-the-building-regulations-for-new-dwellings>

demonstrating the technical feasibility and financial viability of its requirements This justification should also include confirmation of engagement with the main energy suppliers to determine network capacity to accommodate any adverse impacts if all, or a proportion of dwellings, have charging points. This is necessary as if re-charging demand became excessive there may be constraints to increasing the electric loading in an area because of the limited size and capacity of existing cables. This might mean that new sub-station infrastructure is necessary, and this would need to be reflected in any costs within the viability study.

Paragraph 16 of the NPPF also stipulates that any policy should be clearly written and unambiguous. The policy will therefore need to specify the quantum and type of provision sought either AC Level 1 (a slow or trickle plug connected to a standard outlet) or AC Level 2 (delivering more power to charge the vehicle faster in only a few hours) or other alternatives. Such specificity will also enable this policy to more effectively considered in the whole plan viability assessment.

### **Policy 46 - Community facilities and uses**

At present this policy does not provide the necessary clarity as to how an applicant should respond to the minimum standards. The Council must provide more detail as to how different sized development should respond to this policy without having to resort to a negotiated solution with the Council. For many smaller developments we would expect that their impact on open space and community facilities would be limited to the financial contribution made through the Community Infrastructure Levy. Similar stipulations for facilities such as tennis courts and playing pitches should also be included in the policy. We consider that the policy should only set out specific standards for onsite delivery for the scale of open space provision to be delivered on different sized developments and not the provision of facilities. Whilst we recognise that such facilities may be required, they are for the Council to propose either through specific site allocations or through improvements to their existing facilities.

The Council has not published its review of its open space and indoor facilities standards, mentioned in paragraph 10.35 of the consultation local plan, so we cannot comment on whether the standards in policy 46 are justified. However, the Council must ensure that the required standards are not seeking to address existing shortfalls in the provision of community facilities and open space. Whilst we appreciate that current development should not have a negative impact on the current infrastructure any contributions must be in line with paragraph 56 of the NPPF.

### **Conclusion**

The Council have identified that there is a high level of unmet needs arising in areas surrounding Horsham. Whilst we recognise that the Council will not be able to address all of these needs it does need to give robust consideration as to amount of needs from other areas it can address. The Council have identified its upper level of housing delivery at 1,400 homes per annum. However, we would consider this to be the

minimum number of homes that HDC should be providing through this local plan. It will be important that the Council considers and test higher options for housing delivery.

We hope these representations are of assistance in taking the plan forward. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt', with a stylized flourish at the end.

Mark Behrendt MRTPI  
Planning Manager – Local Plans  
Home Builders Federation  
Email: [mark.behrendt@hbf.co.uk](mailto:mark.behrendt@hbf.co.uk)  
Tel: 020 7960 1616