
Examination Statement

Matter 6 - Mid Sussex District Council District Plan
2021-2039 – Examination in Public

Matter 6: Housing

Prepared by: Savills

Prepared For: Fairfax Acquisitions Ltd

Examination Statement

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Contents

1. Introduction	1
2. Response to the Inspectors Questions	2
3. Conclusion	10
Appendices	11
Appendix 1.0 Document HDC 02 – Topic Paper 1: The Spatial Strategy	12

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Glossary

Mid Sussex District Council	MSDC
Emerging Mid Sussex District Plan 2021-2039	The Plan
Fairfax Acquisitions Ltd	Fairfax
Regulation 18	R18
Regulation 19	R19
Sustainability Appraisal	SA
Strategic Housing and Economic Land Availability Assessment	SHELAA
Housing Need and Requirement Topic Paper	HNRTTP
Housing Supply and Trajectory Paper	HSTP
Housing Market Area	HMA
Affordable Housing Needs Update	AHNU
Sussex North Offsetting Water Scheme	SNOWS

1. Introduction

- 1.1. This Examination Statement has been prepared on behalf of Fairfax. Fairfax are the sole promoter of Land to the East of Ansty (SHELAA Site Reference 736).
- 1.2. Prior to the submission of The Plan by MSDC to the Planning Inspectorate for examination, Fairfax and their consultant team have participated in the formal consultations of the Local Plan at R18 and R19 stage. In addition, the site has been submitted to MSDC through the Call for Sites process and assessed through the Strategic Housing and Economic Land Availability Assessment. Fairfax have also met throughout the process with policy Officers from MSDC to discuss the strategic opportunity of Land East of Ansty.
- 1.3. Fairfax made a number of objections to the R19 Plan through the representations submitted, which should be read alongside this Hearing Statement. It is considered that the Plan as submitted is not sound. This view is taken on the basis of failings in positive preparation and effectiveness (as it does not appropriately account for identified housing need of neighbouring Local Authorities), and flaws in the evidence base (notably the Sustainability Appraisal).
- 1.4. Since the submission of the R19 representations, further evidence base documents have been published that are relevant to this matter, notably the Housing Supply and Trajectory Paper (document H4), and the Housing Need and Requirement Topic Paper (document H5). Documents such as these that were not available for comment at the R19 stage will therefore be addressed in this Hearing Statement.
- 1.5. The location of the site, its surroundings and the vision for the Land East of Ansty were set out in detail in the representations made to the R18 and the R19 Plan consultation (Respondent ID: 1191201).
- 1.6. This Examination Statement addresses the following questions
 - Q58
 - Q59
 - Q61
 - Q67
 - Q68
 - Q69
 - Q72

2. Response to the Inspectors Questions

Matter 6: Housing

Issue 1: Whether the Council’s approach to calculating its full, objectively assessed needs and housing requirement is justified, based on up-to-date and reliable evidence, effective, positively prepared, and consistent with national policy?

Q58: To determine the minimum number of homes required, housing policies should be informed by the Government’s local housing need methodology. As such, are the inputs used to determine the level of housing needed within the Plan appropriate?

- 2.1. MSDC has correctly applied the Standard Method as a starting point for determining the minimum number of homes required. However, it has failed to then make an appropriate allowance for unmet need from neighbouring authorities. Therefore the inputs utilised to determine the level of housing need are inappropriate.
- 2.2. It is acknowledged that the *minimum* number of homes provided for in the plan through the Standard Method is 1,090 dwellings per annum (19,620 over the plan period), and that since the submission of the Plan for examination, new affordability data has been released (March 2024) that results in a revised housing need calculation that identifies the *minimum* number of homes required to be 1,039 dwellings per annum. MSDC are therefore proposing that, in conjunction with an extension of the plan period of one year, that a housing requirement of 19,741 for the plan period should be considered appropriate.
- 2.3. Paragraph 25 of the HNRTP (H5) identifies that MSDC consider this approach - applying the latest information and calculation - to be the most “*robust and justifiable assessment of housing need for the district*”.
- 2.4. In setting out that the latest information is the most robust and justifiable for the standard method, the same principle should apply when assessing the housing requirement. This would then allow the overall level of housing delivered through the plan period to be robust, justifiable and appropriate.
- 2.5. As set out in the R19 and R18 representations, it was readily identified that there is a significant shortfall in housing provision in a number of neighbouring authorities, most notably Crawley BC and Brighton & Hove CC.
- 2.6. The HNRTP has identified that the council has given consideration to unmet need, and has recognised that the District primarily lies within the Northern West Sussex Housing Market Area (NWSHMA), and also in the Greater Brighton and Coastal West Sussex HMA. The paper identifies that within the NWSHMA there is a shortfall of 9,882 dwellings (paragraph 38), and an estimated need of 30,000 dwellings in the Greater Brighton and Coastal West Sussex HMA (Paragraph 40).

- 2.7. Given the significant identified housing delivery shortfalls of neighbouring authorities against identified housing need, it is imperative that The Plan does more and seeks to deliver a greater quantum of housing to accommodate some of this unmet need from two overlapping HMA's.
- 2.8. The strategy that is being pursued is fundamentally inadequate in its approach to housing delivery. There is a fundamental need to revise the inputs to allow a higher quantum of dwellings to be delivered and be in accordance with the requirements of the NPPF.
- 2.9. Accordingly, the inputs used in the process of determining housing need are not considered to be appropriate.

Q59. Are there exceptional circumstances to suggest that an alternative approach be taken? If so, what are they, and how would they impact on housing need? Is the Strategic Housing Market Assessment 2021 (H1) up to date and justified?

- 2.10. The SHMA (2021) is not appropriately up-to-date and justified.
- 2.11. As set out in R19 representations, the SHMA concludes that *“There are no circumstances in Mid Sussex District relating to growth funding, strategic infrastructure improvements or affordable housing need which indicate that ‘actual’ housing need is higher than the standard method indicates.”* As set out above, given the details contained within documents H4 & H5, there is a need to take an alternative approach to that which has been set out in The Plan. Further to MSDC's evidence base documents, the Tetlow King Affordable Housing report (submitted as Appendix 3 of the R19 representations) also identifies a clear and consistent under delivery of affordable housing across Mid Sussex District.
- 2.12. There is a clear, identified, unmet housing need in the local HMA's (and the corresponding neighbouring local authority areas) which requires greater housing delivery through The Plan. As set out in the R19 representations (paragraphs 3.23-3.29), this includes a chronic shortage of affordable housing

Q60. What are the implications, if any, of the Gatwick Airport's proposed extension and DCO on the demand for housing? Does the OAN set out within the submission Plan of 19,620 remain appropriate?

- 2.13. The implications of Gatwick Airport's proposed extension and DCO are addressed in paragraphs 2.16-2.18 of the R19 representations. The key component is that Gatwick Airport estimate the proposed scheme will create around 14,000 new jobs¹. On the basis of continuing to assume 8.2% Gatwick's workforce live in Mid Sussex, this would result in a need to accommodate additional housing requirements which derived from these 1,148 additional jobs. This is higher than the estimates of between 482 and 765 new jobs, upon which the SHMA bases its conclusions [5.42]. These figures within the SHMA are themselves based upon dated job creation forecasts made via a 2013 Initial Technical Report prepared by RPS and Optimal Economics on behalf of Gatwick Airport Limited which cannot be considered up-to-date evidence for the purposes of paragraph 31 of NPPF.

The delivery of only 1,042 dwellings through the plan above the OAN – which makes no allowance for the significant shortfall in supply in neighbouring authorities – is insufficient. Given this as a starting point, the OAN has no buffer built-in that can appropriately account for Gatwick Airport's proposed extension.



Affordable Housing

Q61: Is the figure of 470 affordable homes per annum set out in the SHMA (H1), split between rented and owned homes, subject to S106 control, based on appropriate evidence?

- 2.14. The R19 representations include (in Appendix 3) an Affordable Housing Statement (prepared by Tetlow King). The statement addressed that the adopted Mid Sussex District Plan is based upon the 2014 AHNU. The AHNU presented 4 scenarios (paragraph 3.13), with Scenario D presenting the highest estimate of affordable housing need. Under Scenario 'D', 474 affordable homes per annum was identified as the affordable housing need. Using this figure, it could be seen that there had been a shortfall in the supply of affordable housing of, on average, 266 dwellings per annum, over the period 2014-2023.
- 2.15. The emerging District Plan is proposing a figure of 470 affordable homes per annum (a near identical figure to that identified in Scenario D of the report). The evidence set out in the report identifies that delivery of affordable housing at or above that level has only been achieved once over the assessment period. This includes the period of 2018 – 2023 where the adopted District Plan has sought to deliver a total of 876 dwellings per annum (with 30% affordable delivered on qualifying sites), increasing to 1,090 per annum (with 30 % affordable) from 2024/25 onwards (as per Policy DP4).
- 2.16. Decreasing the rate of planned housing delivery through the new Plan to 1,039 dpa - when there is already an identified shortfall of housing in the identified HMA's and a history of under-delivery of affordable housing, does not boost the provision of affordable housing. This is particularly evident when past rates of affordable housing delivery provides little evidence to suggest that affordable housing can be delivered at a rate that matches or exceeds need in the future.

Housing Requirement

Q67: Is a minimum housing requirement of 19,620 justified and consistent with national policy? What is the status of the 996 dwellings referenced within the table in Policy DPH1 as total under/over supply for resilience and unmet need? Should this figure be included within the annual housing requirement for the district?

- 2.17. As set out in paragraph 2.2 of this statement, it is acknowledged that the revised Standard Method calculation identifies a *minimum* of 1,039 homes per annum (19,741 for the plan period). Given completions and commitments, this requires MSDC to provide a minimum of 7,558 dwellings through the plan. MSDC are proposing to deliver, through the plan, a total of 8,600 dwellings (including 1,768 as a windfall allowance) – giving, as set out in paragraph 95 of document H5 (the HNRTP), “an oversupply of 1,042 dwellings for resilience and unmet need”.

- 2.18. Fairfax disagrees that the oversupply can be regarded as being for both resilience and for unmet need. The oversupply should be considered as part of the housing requirement to ensure that the identified needs are planned for appropriately. The Hart Local Plan provides a real-world example of where unmet needs expected to arise were included in the housing requirement, and such an approach should therefore be taken here.
- 2.19. In terms of the housing provision currently shown in The Plan, and notwithstanding the underlying issues, Fairfax is concerned that MSDC has not adjusted the delivery sufficiently to provide a reliable housing source across the plan period. The proposed buffer only represents c.5% (c.50 dpa) of the total need calculated through utilising the standard methodology. It does not account for any unmet need from neighbouring authorities, and does not address the fact that the figure from which the buffer is calculated is the lowest possible starting point that the NPPF allows Local Authorities to plan for. For a sound Local Plan it is generally accepted that a 10% buffer should be applied. Accordingly it is considered that The Plan simply does not propose an appropriate level of housing delivery for the plan period, the proposed supply is manifestly insufficient.
- 2.20. Given the amendments to the Standard Method figures since the plan was submitted for examination, if the inclusion of a 10% buffer were to be made to allow for under delivery or non-implementation of other sites, this would now equate to 1,974 homes over the plan period. MSDC would therefore still need to find an additional 932 dwellings (representing the increase from a 5% to a 10% buffer) for allocation in the Draft Plan. Not only must this buffer be amended to 10%, this is before any under-delivery from the strategic housing allocations is factored in, and unmet housing need from neighbouring local planning authorities is addressed.

Q68: Are there other considerations that are likely to drive an increase in the homes needed locally, such as any needs that cannot be met within neighbouring areas namely the 30,000 dwellings of unmet need identified up to 2050 in the Coastal West Sussex and Greater Brighton authorities, Housing Need and Requirement Topic Paper (HNRTP) (H5), and the more immediate housing needs of Crawley, Brighton and Horsham?

- 2.21. As identified in the HNRTP (H5), it has been identified that for the period until 2050, there is an estimated unmet need of 30,000 dwellings due to physical constraints (i.e. the sea) and designations such as AONB/NL and the South Downs National Park.
- 2.22. Constraints are also placed on delivery through matters such as the administrative boundary of Crawley, which, being tightly drawn to the developed area, is greatly restricted in areas in which it can bring forward development. Consequently, a shortfall in delivery of 7,505 has been identified in the plan and accepted by the Inspector.

- 2.23. Further to the above, the issue of water neutrality in the upper Arun Valley catchment is a significant local factor in the North West Sussex HMA that needs to be appropriately considered. As identified in the HNRTP (paragraph 37), Natural England issued a Water Neutrality Position Statement to Horsham District Council on 14 September 2021, requiring all development in the catchment to be water neutral. As identified in the submission documents for HDC's emerging Local Plan, (HDC 02: Topic Paper 1 – The Spatial Strategy) Chapter 6 (paragraphs 6.1-6.12) set out how a great deal of work has occurred to develop the LPA's Sussex North Offsetting Water Scheme (SNOWS). However the SNOWS scheme is still not operational and, though expected to be operational by the end of 2024, will only initially be able to deliver a limited amount of capacity. A particular issue is that the main mechanism for eliminating the need for water neutrality – a water recycling facility and pipeline being taken forward by Southern Water – won't be operational until at least 2031. As a result of this and other limitations in Horsham District, the submitted plan seeks to deliver on average 777 dwellings per annum (13,212 total), against a standard method figure of 917 (15,487 total). (Document HDC02 is included in Appendix 1)
- 2.24. Notwithstanding this identified shortfall, HDC are further compounding this situation by proposing that delivery is staggered, so that for the first five years of the plan the housing target is 480 dwellings per annum, increasing to 901 for the rest of the plan period.
- 2.25. This approach by HDC will therefore see an exacerbation of housing need in the HMA in the short-to-medium term.
- 2.26. It is therefore imperative that MSDC seek to actively deliver a greater quantum of housing in The Plan. Notably such cross boundary cooperation is evident within the current MSDC District Plan, where 1,500 homes are specifically identified as being delivered to assist Crawley in meeting their identified housing need.

Q69: If so, are there any policies within the Framework that protect areas or assets of particular importance that provide a strong reason for restricting the overall scale, type or distribution of housing, within the plan area; or would any adverse impacts of meeting the Council's OAN and the unmet needs of others significantly and demonstrably outweigh the benefits when assessed against the policies of the Framework as a whole?

- 2.27. The NPPF at paragraph 11(b) in relation to plan making requires:

“b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas[...], unless:

i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area[...]; or

ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole”

- 2.28. The requirement under this paragraph to plan to provide for the unmet needs of neighbouring areas is not an optional one, it is something that needs to be done unless either of the exceptions in 11(b)(i) or (ii) apply. In order to meet this requirement MSDC were required to identify the unmet housing needs of their neighbouring authorities, assess whether MSDC could meet those needs and could only conclude they could not if either of the exceptions in 11(b)(i) or (ii) applied. As set out in this Examination Statement there is no dispute that there are extensive unmet housing needs arising from neighbouring authorities. It was incumbent on MSDC to assess, through the plan making process, whether they could assist in meeting those needs. They did not do so and have not provided any reasoning in the evidence base as to whether, and if so why, they concluded that either of the exceptions in 11(b)(i) or (ii) were satisfied.
- 2.29. In order to assess the impacts of the Spatial Options for the development strategy of The Plan, five spatial options were considered in the SA (dated November 2023) (document DP7). On page A8 of the SA, Spatial Option 2 is identified as delivering both Mid Sussex's Housing Need and a surplus of approximately 1,000 dwellings. It should be noted that at the bottom of page A8 it is identified that Spatial Option 2 is the preferable option, but it will also incorporate elements of Spatial Option 1 to allow growth at existing sustainable settlements. As identified in paragraph 76 of the HNRTP (H5) (dated July 2024), of the proposed options, only Spatial Option 2 would lead to Mid Sussex's housing need being met in full. The SA therefore only considered one option that was capable of meeting MSDC's own minimum objectively assessed housing needs and did not consider other options that would meet MSDC's own need and contribute to that of neighbouring authorities.
- 2.30. Having pursued Spatial Option 2, The Plan proposes to deliver a quantum of housing that would be 'approximately 1,000 dwellings' above that required in order to meet the Identified Housing Need (1,042 dwellings above the OAN). However, this was the only option identified or explored that would deliver the identified housing need. In the assessment tables of the different options against 'Housing' in table A-4 (DP7, page A6), it is the strategy that delivers the highest quantum of housing (albeit it is not clear if it is the 8,600 dwellings set out in The Plan or some other housing figure that has been assessed). It does not appear that any standalone spatial strategy has been proposed (or subsequent assessment made) that explores delivering housing to the extent that it would actively seek to deliver any of the recognised unmet need from neighbouring authorities. This is clearly a fundamental flaw.



Table A-4: Summary of assessments of potential impacts of the spatial Options.

Spatial Option	SA Objective													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Housing	Health and wellbeing	Education	Community and Crime	Flooding & surface water	Natural resources	Biodiversity & geodiversity	Landscape	Cultural heritage	Climate change & transport	Energy and waste	Water resources	Economic regeneration	Economic growth
1	+/-	+	++	++	0	-	-	-	-	+	+/-	+/-	++	++
2	++	+/-	+/-	+/-	0	-	-	-	0	-	+/-	+/-	+	+
3	+	+/-	+/-	+/-	0	-	-	-	0	-	+/-	+/-	-	+
4	+/-	++	++	++	0	+/-	-	+	+/-	+	+	+/-	++	++
5	+/-	+	++	++	+	++	+/-	+/-	+/-	+	+	+/-	++	++

2.31. The HNRTP (H5) identifies in paragraph 76 that only Spatial Option 2 of the options proposed for the spatial strategy would lead to Mid Sussex’s housing need being delivered in full. However, the assessment of Housing Policy DPH1 (which sets the housing requirement) in the SA (*Table B-1: Overview of Policy updates and reasonable alternatives*) (DP7 – page B9) identifies that there are two alternatives to the Policy –

1. Housing requirement approach: meet the housing requirement calculated for Mid Sussex by allocating the most suitable sites in line with the site selection methodology
2. Higher growth approach: identify sites above and beyond housing requirement

2.32. These alternative growth options are then assessed in table B-50 (page B-80), which identifies no difference in terms of impacts, save for the added **positive** derived from additional housing delivery. The SA does not identify what housing figure is used when assessing the second option.



Table B-50: Sustainability performance of reasonable alternatives for Policy DPH1.

Policy Option DPH1	SA Objective													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Housing	Health and Wellbeing	Education	Community and Crime	Flooding & Surface Water	Natural Resources	Biodiversity & Geodiversity	Landscape	Cultural Heritage	Climate change & transport	Energy and Waste	Water Resources	Economic regeneration	Economic growth
1	+	+/-	0	+/-	-	--	+/-	--	-	-	-	0	0	0
2	++	+/-	0	+/-	-	--	+/-	--	-	-	-	0	0	0

2.33. The explanatory text to this table (p B-80) states: “Both Options will have a similar impact on the SA Objectives; however, by surpassing the required housing need, **Option 2 would be likely to ensure that there will be sufficient houses to meet the needs of current and future residents, and therefore a major positive impact on housing provision would be expected whereas by meeting the housing supply a minor positive impact is expected for Option 1** (SA Objective 1). Option 1 was brought forward as this was the more realistic Option for the delivery of housing in the district.” (emphasis added). However, no explanation is provided to support the conclusion that Option 1² was more realistic and no assessment is carried out in line with paragraph 11(b) of the NPPF to determine whether or to what extent the needs of neighbouring authorities could be met.

2.34. There is therefore no evidence presented in the SA or evidence base that the requirements of paragraph 11(b) regarding MSDC’s ability to meet the needs of neighbouring authorities has been assessed and there is nothing that provides a strong reason for restricting scale, type or distribution of housing, and no assessment of whether additional adverse impacts could significantly and demonstrably outweigh the benefits that would be delivered. This is a fundamental flaw.

2.35. The SA is dated November 2023 - prior to the publishing of the revised Standard Method figures which MSDC now seek to use. Furthermore as the HNRTP (H5) and HSTP (H4) (both dated July 2024) postdate the SA it is not considered that the SA appropriately supports The Plan.

Q72. Are any main modifications necessary for soundness, if so, why

2.36. The plan as written is not effective or positively prepared. To make the plan sound, a greater number of dwellings are required to be delivered within the plan period. The proposed level of delivery does not provide an appropriate buffer for MSDC’s own needs, and comprehensively fails to adequately address identified need from neighbouring authorities in what is, in comparison, a local authority area that is less constrained.

3. Conclusion

- 3.1. This Examination Statement has been prepared on behalf of Fairfax Acquisitions Ltd with regards to site 736. It provides answers to the questions raised by the Planning Inspector under *Matter 6: Housing* of the MIQ's
- 3.2. There is strong concern regarding the appropriateness of the housing requirement identified and the approach towards meeting neighbouring and identified unmet housing need. The National Planning Policy Framework clearly identifies that outstanding need from neighbouring authorities should be addressed. The provision of 1,042 dwellings over the requirement and no acknowledged attempt to address the significant, identified, neighbouring need is contrary to the requirements of the NPPF and has not been appropriately tested in the SA.
- 3.3. In order to deliver a sound and effective plan, a greater level of housing delivery is required. Crawley alone has an identified shortfall of 7,505 homes. The HNRTP in the evidence base identifies a potential shortfall of up to 30,000 homes. Furthermore the Tetlow King affordable housing paper has identified that historical delivery of affordable housing has been below the required levels and an increase to 470 dwellings per annum is unlikely to be achieved. Accordingly the planned level of housing delivery set out is insufficient for the evidenced need across both tenures. As such the level of housing growth across the plan period needs to be significantly increased in order to appropriately address identified needs and be found sound.

² N.B. This is not Spatial Option 1 and is instead Option 1 of the two potential growth options considered in relation to DPH1

Examination Statement

Matter 6 - Mid Sussex District Council District Plan 2021-2039 – Examination in Public



Appendices



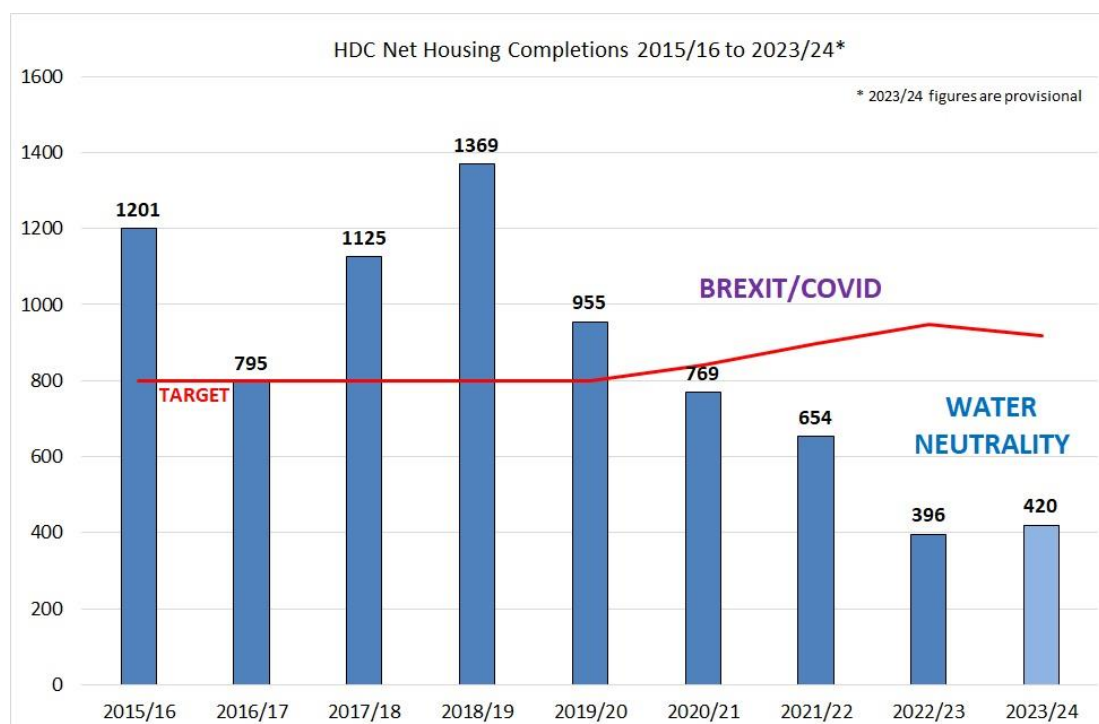
Appendix 1.0 Document HDC 02 – Topic Paper 1: The Spatial Strategy Chapter 6

- 5.28 Furthermore, and for the same reason, for the two large villages hosting a strategic allocation (Billingshurst and Southwater), it was not considered reasonable for additional edge-of-settlement sites to come forward over and above those which already have permission and are included in the Council's local plan housing trajectory, reflecting community concerns about the need for growth to be embedded with new infrastructure and help maintain community cohesion. It should be noted that even so, windfall development will be able to continue to come forward in these villages within the built-up area boundary.

6.0 Impact of Water Neutrality Requirements

- 6.1 A draft Regulation 19 Local Plan was considered and endorsed at a Cabinet Meeting on 15th July 2021 (SS02). This did not progress to a full Council meeting due to an amendment to the NPPF just after the Cabinet meeting and then Natural England issuing the Water Neutrality Position Statement on 14 September 2021,(CC08) requiring all development (including that proposed in the Local Plan) to be water neutral. The impact of water neutrality has had a very significant impact on both development and plan making in the District.
- 6.2 The need to develop a strategic scale solution to water neutrality was recognised by all affected local planning authorities who commissioned the Water Neutrality Study (part B – CC09 and part C – CC10), the detail of which is summarised in separate topic papers (CC14 and CC15).
- 6.3 Initially the focus of the LPAs was on fully understanding the issue and the Part B work tested the combined growth figures in the WRZ as identified in emerging Local Plans at that time. For Horsham, this included the trajectory from the draft Regulation 19 Local Plan considered by Cabinet in July 2021.
- 6.4 As the Part C work was being prepared, it was becoming apparent that the levels of growth, promoted by the draft Regulation 19 Local Plan considered by Cabinet in July 2021, were unlikely to be achieved. Initially, the impact of the Covid-19 pandemic, together with supply chain impacts as a result of Brexit slowed delivery. Since the Natural England position statement in September 2021, the only development that could take place were schemes that were either fully consented prior to receipt of the position statement, or those that could be demonstrated to be water neutral. This has led to a very significant fall in completions. Completions for 2022/ 2023 and 2023/24 are in the region of 400 homes as illustrated in Figure 1 overleaf.

Figure 1 Housing Completions 2016-2024

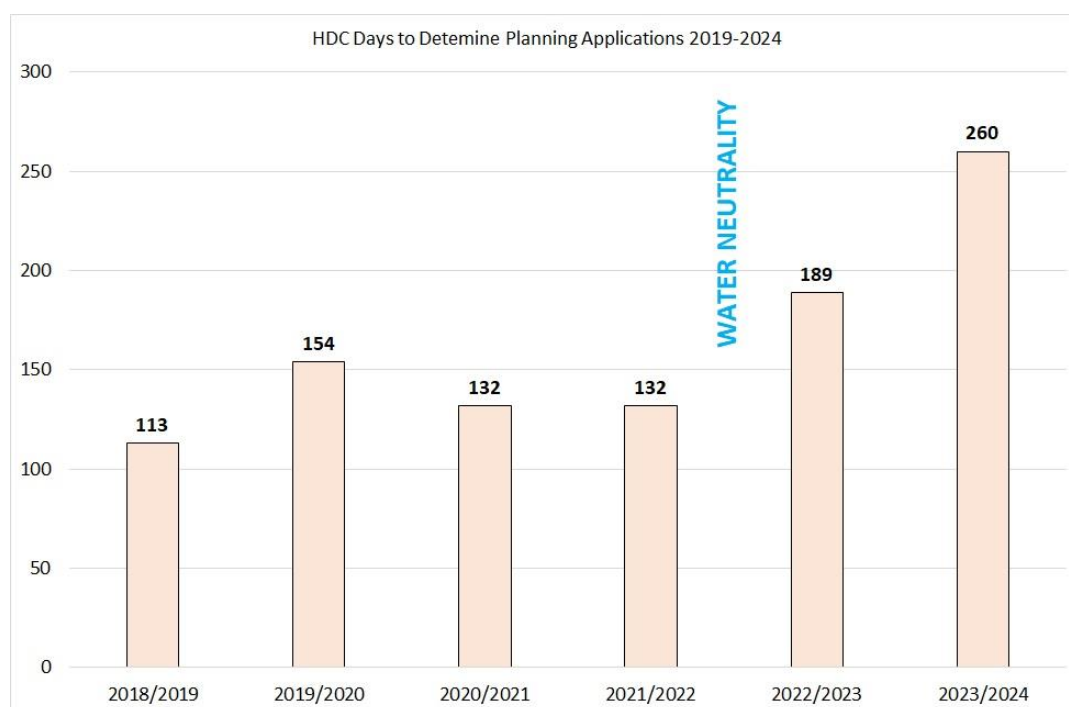


6.5 A key outcome of the Part C work were recommendations in how to deliver a water neutral local plan. This relies on both water saving measures from Southern Water, together with additional demand for water arising from development being met through either the Council’s offsetting scheme (Sussex North Offsetting Water Scheme – SNOWs) or private measures. This work is ongoing, but prior to these measures becoming operational, site promoters have had to rely on bespoke, private solutions to delivering water neutral schemes. Solutions have varied in approach, including boreholes to provide water supply and off-site offsetting on existing water users (farms, or existing homes). This has proven to be challenging to deliver such solutions in practice, due to legal and technical barriers, as well as costs. The HDC website provides advice to site promoters on the level and nature of detail which is required to ensure any new development can demonstrate compliance with the habitat regulations (see the [water neutrality application advice](#) webpage). This is regularly updated, but clearly demonstrates the significant level of detail and complexity of information that is currently required.

6.6 This has led to significant delays into the determination of planning applications. Many smaller scale housing sites submitted in late 2021 have yet to be determined as water neutrality matters have not been satisfactorily resolved (for example, application DC/21/2233 – Land at Glebe Farm, Steyning, and application DC/21/2466 – Greendene, Pulborough). Figure 3 shows an increase in the days to determine applications has increased since receipt of the position statement.

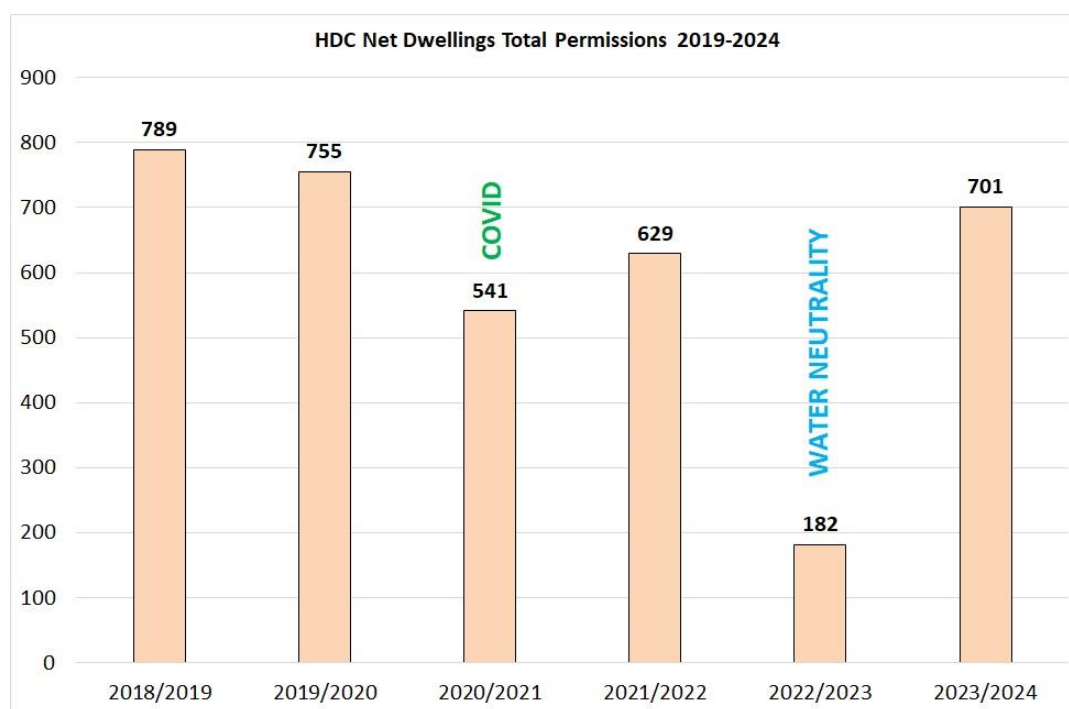
HDC 02: Topic Paper 1 – The Spatial Strategy

Figure 3 Days to determine Planning Permissions 2019 to 2024



6.7 Figure 4 shows the number of planning permissions granted each year. Whilst there has been a recovery in permissions granted in 2023/4, this figure hides the length of time taken to determination as outlined above. Full and outline planning applications on existing allocations (HDPF and Neighbourhood Plans) were unable to be granted (with water neutrality sometimes the sole reason for refusal). This was also the case for reserved matters applications on sites already benefitting from outline permissions and thus would not be delivering in the short-term.

Figure 4 Net Dwelling Permissions 2019 to 2024



- 6.8 With efforts concentrated on understanding the issues brought up by the Natural England Position Statement, little work had been progressed on offsetting measures by either the development industry or the LPAs to enable planned development to come forward, with LPAs focussed on acquiring resource to fund such work. Given this evolving context, it was not felt realistic to assume that development levels would not be severely constrained in the short-medium term of the plan-period. Accordingly, assumptions were altered for the Part C work, based on emerging evidence and planning judgment. This assumed that less development could be achieved over the plan period (averaging 800 homes per year), significantly lower than previous versions of the Local Plan had identified.
- 6.9 As can be seen in the tables and figures above, the assumptions used to form the Part C work (CC11) have been broadly reflected in reality. Permissions and delivery are at historically low rates. Whilst a great deal of work has occurred to develop the LPA's Sussex North Offsetting Water Scheme (SNOWS) based on Part C's recommendations, the scheme is still not operational and, though expected to be operational by the end of 2024, will only initially be able to deliver a limited amount of capacity. A particular issue is that the main mechanism for eliminating the need for water neutrality – a water recycling facility and pipeline being taken forward by Southern Water – won't be operational until at least 2031. Thus, SNOWS will not have an immediate transformational impact on approval rates and predictions of low growth in the short-medium term are therefore likely to come to pass.
- 6.10 There have been many challenges in bringing SNOWs into operation, in part as a result of the requirement for water neutrality being the first of its kind in England. which have therefore been factored into the Council's consideration of how many homes it can realistically deliver in the plan period.
- 6.11 Firstly, around 12% of the water needed for offsetting will either need to be provided by SNOWS or by private solutions. As already outlined, our experience to date is that whilst some site promoters have sought to rely upon bespoke, private solutions (e.g. boreholes to provide water supply and off-site offsetting on existing water users) to enable specific developments to come forward – with some achieving permission – this continues to be challenging to deliver such solutions in practice, due to legal and technical barriers, as well as costs. Similarly, it has been more difficult for SNOWS to acquire sources of credits from registered providers, given that some registered providers have made commercial deals and partnered with particular developers rather than make available water credits for SNOWS.
- 6.12 The remaining 88% of water supply for the Local Plan will be accommodated through the emerging Water Resource Management Plan being developed by Southern Water. This programme has been significantly delayed, (with consultation now having eventually started on 11th September 2024 and concluding on 4th December 2024). The water use assumptions supplied to the Part C may have changed through the WRMP preparation process. Because of the uncertainty, Part C incorporated a 10% safety margin when using Southern Water's figures to allow for some non-delivery of water saving measures. Should Southern Water not achieve savings within this range, SNOWS will have to increase in scope to show that the levels of development could be achieved, and/or there would have to be reliance on private solutions undertaken by the development industry in order to prevent a reduction in the level of

development coming forward than predicted. In the absence of data from Southern Water during plan preparation, this uncertainty has again led to caution in setting deliverable housing targets through the plan period.

7.0 Local Plan Preparation 2021 -2024

Housing Delivery Considerations

- 7.1 Paragraph 35 of the NPPF requires that local plans are deliverable in order for them to be found sound. Given the impacts of water neutrality outlined in section 6 of this paper, it was concluded that the level of housing growth set out in the 2021 Local Plan would no longer be deliverable. As outlined in section 6, a broad assumption of around 800 dpa was considered in the Part C study. This was then subsequently refined in developing the final preferred strategy. This took account of the following:

Reduction in Housing Supply at the Start of the Plan Period.

- 7.2 The delays to the publication of an updated Regulation 19 Plan resulting from the need to develop a solution to water neutrality resulted in the loss from the housing supply of all completions from 1 April 2021- 31 March 2022 and from 1 April 2022 – 31 March 2023, that had initially been factored into the housing trajectory. There were 654 net completions in 2021/2022 and 396 net completions in 2022/2023. This makes a total loss of supply of 1,050 dwellings, across all types of housing development (strategic and small scale). This detail is set out in Appendix 2.

The Delay in Plan Making has reduced the immediate ‘pipeline’ of sites

- 7.3 A key purpose of the Local Plan is to ensure a ‘pipeline’ of sites over the plan period. A consequence of the delay to the local plan the start date of any allocated sites would be delayed (with a ‘lag’ in both receipt of outline / full permissions) and subsequent ground preparation works before development can commence. This is particularly applicable to the smallest of the Strategic Sites (Land East of Billingshurst) but also a large number of the additional Smaller Sites and Neighbourhood Plan allocations. Furthermore, whilst the delay to the Local Plan has been just over 3 years, evidence has also shown that due to the difficulties involved in finding water neutrality solutions (whether certain sites are waiting on the SNOWS strategic scheme, or finding their own offsetting/borehole solution), it may well be the case that certain sites will actually be delayed by 4 or 5 years – and this uncertainty has therefore also been taken into account.
- 7.4 A careful review has been undertaken of the nature and type of existing permissions, to consider the likely timeframe in which they are progressing or are anticipated to come forward. This has been based on information received from the site promoters, on-site monitoring and experience of historic delivery rates in the District. The review considered:
- No. Of Dwellings Expired before 1 Apr 24/ or about to expire
 - No. Of dwellings completed before 1 April 2024
 - No. Of Dwellings included in 5 years 2024-2029
 - No. Of Dwellings included in Years 2029-2040

