

## Inspector's Discussion Topics

### Matter 2 – Housing Supply and Headroom

- 1.1 This Matter Statement has been prepared on behalf of Wates Developments Limited (Wates) in response to Matter 2. Wates have been involved in the Council's emerging Local Plan process for a number of years, having made representations at every stage of the process.
- 1.2 Since the initial hearing sessions were held in December 2024, Wates have secured planning permission (or a resolution to grant) for new residential development on three sites<sup>1</sup> within the District for 186 new homes, two of which are proposed for allocation within the emerging Local Plan<sup>2</sup>. Wates continue to have other land interests in the District.

#### ***a) The housing supply trajectory as proposed***

- 1.3 Following the recommencement of the examination process, the Council have published two housing trajectories (HDCJB01a – Appendix A in February 2026 and HDCJB04a – Appendix 1 in March 2026 (but also dated February)), which include different supply figures.
- 1.4 In light of the fact that both were published within weeks of each other we assume that they are based on the same data sources. The February 2026 trajectory identifies a total supply of 14,722 new homes over the plan period whereas the March 2026 trajectory refers to a total supply of 15,430 new homes. As a result of this difference, delivery in individual years varies (e.g. in the February 2026 trajectory there is expected to be 747 completions in 2027/28 which has increased to 1,047 completions in the March 2026 trajectory).
- 1.5 We assume that the Council intends to rely on the most recent trajectory and so in order to test the robustness of the March 2026 trajectory, we consider that it is necessary to explain the rationale behind the proposed differences given potential implications around the Council's ability to demonstrate a rolling 5 year supply and approach to the stepped trajectory.

#### ***b) The reliability of housing delivery assumptions / allowance for non delivery***

- 1.6 We note that the Council has gone through a process of engagement with site promoters in respect to the likely timescales for the delivery of individual sites however other than for very small sites (of between 1-4 new homes) there has been no allowance for non-delivery.
- 1.7 This absence of any allowance for non-delivery for sites of 5+ homes raises issues around the reliability of the delivery assumptions and irrespective of how good the engagement is with developers there are inherent uncertainties given the length of the Plan period means that there may be currently unknown factors that could affect timescales for the delivery of new homes and/or whether some sites are delivered at all.

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<sup>1</sup> Land east of Marringdean Road, Billingshurst (79 homes), Land west of Shoreham Road, Small Dole (45 homes) & Land north of Melton Drive, Storrington (62 homes).

<sup>2</sup> Land west of Shoreham Road, Small Dole (Strategic Policy: HA16 (SMD1)) & Land north of Melton Drive, Storrington (Strategic Policy: HA18 (STO1))

1.8 On this basis and in the absence of any evidence that points to a specific non-implementation figure then we consider that it is prudent to assume a 5% non-implementation rate for category B sites to provide reassurance on the reliability of the housing delivery assumptions.

**c) *The reliability of assumptions about windfalls***

1.9 The Council has provided evidence that windfall deliveries have contributed towards supply, on average 158 homes pa since 2012/13. Based on table 2 of HO9, of the total windfall deliveries between 2012/13 – 2022/23, 38% were from large sites (10+ homes). Whilst there will always be some exceptions, it would be expected that in moving forward these sites would be identified as site allocations in the emerging Local Plan. We consider that it is also worth noting that for a large part of this period, the Council did not have an up-to-date Local Plan which coincides with the period in which supply from this source was greatest when factoring in the lag from permission to delivery (i.e. between 2015/16 – 2018/19).

1.10 On this basis, whilst we accept that there is evidence for the Council to rely on windfalls, we do not consider that there is compelling evidence that windfall provision from large sites will continue at the same rate that it has done in the past. As such, we consider a more conservative approach to windfall deliveries should be taken (with average annual completions from small sites being an appropriate level which would result in an windfall allowance of 98 homes pa from 2028/29).

**d) *The robustness of the trajectory***

1.11 The Housing Supply and Headroom Topic Paper (HDCJB05) summarises the sources of housing supply which are detailed within the housing trajectory (HDCJB05a). One of the differences between the two trajectories is delivery from Strategic Site Allocations as the Topic Paper refers to a total of 3,260 homes being delivered on within the Plan period (paragraph 6) whereas the February 2026 trajectory refers to 3,045 homes, the difference seemingly the amount to be delivered on land west of Southwater. This results in a difference of 215 homes from this source, the rationale of which needs to be understood.

1.12 Both housing trajectories include provision of 21 allocated sites within 'made' Neighbourhood Plans that are expected to deliver a total of 841 / 916 new homes. A number of these sites have been allocated for some considerable time and by virtue of being included in this category, presumably do not benefit from any form of planning permission. On this basis, with a few exceptions, the majority are expected to deliver after 2028/29 however in our view there is a good likelihood that a proportion of these sites will not come forward at all.

1.13 In light of the above together with other uncertainties as a result of differences between the two iterations of the housing trajectory means that in our view it is necessary for a 5% non-implementation rate for category B sites to be applied to provide sufficient flexibility (which would amount to 272 homes<sup>3</sup>).

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<sup>3</sup>  $4,526+916=5,442/100*5 = 272$  (based on figures referred to at paragraph 5 of HDCJB05)

***e) Maintaining adequate housing land supply including a rolling 5 year supply***

1.14 We acknowledge that there are a number of large consented sites that will deliver new homes and that whilst the examination process has been paused, proposed allocated sites have come forward for development (including two sites by Wates). Notwithstanding this and the process of engagement undertaken by the Council, it is clear that further work and additional sites are necessary to ensure a rolling 5 year supply throughout the Plan period given that there is a current housing shortfall of 2,452 homes<sup>4</sup> in the Plan period even based on the Council's current figures. This is especially so given the need to maintain a buffer as on adoption and in accordance with paragraph 78c of the NPPF the Council will be required to have a 20% buffer. In order therefore to maintain an adequate housing supply it will be necessary for the Council to rely on a broader basket of sites than just those currently identified within the housing trajectory

***f) Headroom, resilience and the mitigation of risk***

1.15 In order to ensure that the development needs of the District are met in full during the Plan period then it is necessary to ensure that there is some contingency in land supply given that development rarely comes forward as expected, especially for larger scale and more complex sites.

1.16 As a result of this the Council has set out the intention to explore the extent to which low, medium or high growth scenarios could be delivered to effectively provide some headroom and provide the necessary resilience (albeit only the medium and high growth scenarios would actually provide any headroom).

1.17 Within the Council's response to the Inspector in February (HBCJB01), it is acknowledged on p4 of the letter that whilst a proportion of the extra growth can be delivered through additional smaller scale allocations, delivering the higher housing numbers will largely be dependent on the allocation of additional strategic sites. Whilst it is evident that in order to deliver sufficient housing across the Plan period as a whole there will be a need to identify additional strategic sites the risk for this local plan is that supply is insufficient in the early years of the plan and that any delays in larger sites coming forward will leave the Council without a five year land supply.

1.18 At present, based on the available information it is not possible to determine the proportional split between housing delivery from small/medium and strategic sites in respect to the medium and high growth options and as a consequence the number of additional sites required. Irrespective of this, it is clear that in order for the plan to be considered effective and positively prepared it must look to allocate more small and medium sized sites that provide flexibility and contingency early in the plan period.

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<sup>4</sup> 17,882 (14,125 + 3,757) – 15,430 = 2,452 based on figures contained within the trajectory at HDCJB04a

***g) Whether the housing requirement should be stepped***

- 1.19 It is clear that water neutrality constraints has affected housing delivery in the District and that irrespective of how the new housing requirement is determined, there will need to be a step change in annual housing completions when compared to recent years. On this basis, to ensure that housing targets are met means that, in principle, we consider a stepped trajectory in this case is appropriate.
- 1.20 In respect to what a stepped trajectory looks like, we note that the indicative stepped trajectory set out within Table 2 of the Topic Paper is subject to further work however notwithstanding this, we consider that the Council should be seeking to boost housing delivery in the early part of the Plan period. In order to achieve this, there should be a focus on identifying and allocating additional smaller sites that would have the ability to deliver early in the Plan period. Only once this further work has been completed will it be possible to determine the exact nature of the stepped trajectory.

***h) Whether additional housing allocations are required, and if so, what kind / size / timing***

- 1.21 At present and as the Council acknowledge, work is ongoing in respect of testing further growth options and assessment of potential additional sites. Notwithstanding this, as set out above we consider that it is also necessary to apply a 5% non-implementation rate for category B sites (totalling 272 homes) to provide robustness on supply and reduce delivery from windfalls (from 140 homes pa to 98 homes pa). This will increase the number of additional sites to be allocated (over and above that currently being considered by the Council). In light of this and given the trajectory and the shortfalls in the early years of the plan, we consider that the Council should look to allocate additional small and medium sized sites in the first instance in order to boost supply in the short term before considering additional strategic sites that will deliver towards the end of the plan period.