

To Pauline Butcher
Programme Officer
MSDC District Plan

1 Old School Court
Lewes Road
Lindfield
West Sussex
RH16 2LD
5 January 2017

Dear Pauline Butcher,

MID SUSSEX DISTRICT PLAN EXAMINATION

Would you please pass onto Mr Bore this note and the attached 5 papers for the forthcoming continuation of the Examination on 12/13 January 2017. These papers are being submitted to meet Mr Bore's request made at the 9 Decemeber 2016 Hearing to receive any submissions 'a good week before' 12 January 2017.

In preparing these papers I have not been able to see what either MSDC or the Forum have provided by way of papers because they have yet to be submitted to you. That said, I have made enquiries about their probable submissions and have learned, as I expected, that they are likely to continue to disagree on the methodolgy for calculating affordable housing, as well as in respect of the uplift to the OAN for market signals/affordability issues, and on the possible methods of assessing such an uplift. On the issue of some unmet need being embedded within household projection figures, I do not know whether MSDC are submitting a paper on this suggestion, but I have assumed that, if so, it will not affect, materially, the unmet need figures declared by Crawley and Brighton at their Examinations.

The 5 attached papers are analyses of the methodology for calculating affordable housing need; OAN uplift and possible methods for assessing the level of uplift; unmet need; total housing need for Mid Sussex; and other housing issues yet to be discussed at Examination. These papers reflect my own views and differ, in many ways, to the views of MSDC and of the Forum but I hope they will help to find a way through the current impasse between MSDC and the Forum on these key matters.

Yours sincerely



(NEIL KERSLAKE)

ps I have asked a friend, David Hill, to e mail all of this to you because I do not have a computer or e mail facility of my own

PAPER 1

AFFORDABLE HOUSING

INTRODUCTION

1. This paper has been written because of the lack of agreement between MSDC and the Forum on the calculation of affordable housing as set out in the NPPG. In it, I provide my view on the appropriate methodology for calculating affordable housing need based on the NPPG and, importantly, a view on a fair and balanced approach to reaching a conclusion about the level of uplift in total housing numbers consequent upon the affordable housing calculation.

2. The methodology I have used for the affordable housing calculations and the explicit numbers are set out in Annexes A and B to this paper.

THE NPPG

3. The key question in the NPPG is that once the calculation of affordable housing has been computed what should then be done about changing the total housing figure?. The final sentence of the NPPG on affordable housing (ID2a-029-20140306) states that "An increase in the total housing figures included in the local plan should be considered where it could help to deliver the required number of affordable homes". The NPPG neither asserts that the calculation provides an absolute affordable housing need number nor requires the calculated affordable housing number to be provided in full.

4. The NPPG talks in terms of 'considering an increase in the total housing requirement where it could help to deliver the required housing number of affordable homes'. In essence, the wording of the NPPG recognises that whilst the methodology for calculating affordable housing provides a basic basis for reaching an affordable housing need number, some elements of the calculation of affordable housing need will involve a degree of assumption/estimate/projection on the data inputs to the calculation - examples include the projections of household formation, assessing the numbers of households unable to buy or rent without assistance, etc.

5. The NPPG recognises that the calculation can only provide an indicative affordable housing need number and not an absolute and incontrovertibly correct number. That is why the NPPG does not require the meeting in full of the calculated affordable housing need number but requires a lesser requirement, namely 'to consider' what adjustment to the total housing figure should be made to deliver the affordable housing need.

METHODOLOGY FOR CALCULATING AFFORDABLE HOUSING

6. Following my views in paragraphs 3 to 5 above, I do not support the Forum's arguments about the way in which gross household formation should be calculated in order to try to capture younger age groups later in the plan period. The Forum's suggested adjustment to gross household formation adds yet further estimating/projections on top of what is a baseline overall

figure which itself utilises an estimate /projection. In simple terms the Forum are attempting, somewhat unnecessarily and perhaps spuriously, to seek to claim a more accurate and correct figure, with a proposed refinement of a best estimate/projection (based on a not unreasonable overall household figure) by yet more subdivision and more use of estimating/projection.

7. My methodology in Annexe A and B keeps things simple and as understandable as possible and follows the NPPG calculation method which requires the final output figure to be a net affordable housing need number. I then compare this net affordable housing need figure with the net planned total housing number proposed by MSDC (i.e net of the committed housing supply number contained within MSDC's planned 800dpa housing provision)

HOW SHOULD THE RESULTING NET AFFORDABLE HOUSING NEED FIGURE BE USED TO ADJUST THE TOTAL HOUSING REQUIREMENT FIGURE?

8. Firstly, the affordable housing need figure is effectively a snapshot in time and assumes that this snapshot continues in a steady state over the 10 year period of that calculation. In the real world demand for affordable housing need will be affected by changes in any of, or a mix of, the economy, real wage growth, rates of growth of privately rented accommodation, rates of growth in house prices, the criteria for eligibility for inclusion/removal from the waiting list etc. To take a hard example, in 2014 and 2015 many local authorities used their powers to alter the criteria for inclusion on the waiting list for affordable homes resulting in significant downward adjustments to the number of people on the waiting list and it is not beyond the realms of possibility/probability that local authorities could further tighten eligibility criteria to reduce waiting lists during the next few years - especially if there was to be a build up in the numbers on the waiting list or even simply as a policy response to helping to adjust to further cuts to local authority funding. All of these uncertainties and unpredictabilities can affect, significantly, the demand for affordable homes/waiting list numbers. And these variables reinforce the indicative nature of the NPPG calculated number for affordable housing need in the real world given that the NPPG covers a 10 year forward period.

9 In the light of paragraph 8 above, my view is that it would be pragmatic, proportionate and balanced to apply the NPPG test for affordable housing by considering increasing the total housing on the following basis:-

(i) An adjustment to the total housing figures should be considered where the total housing number supply is less than about 85% to 90% of the NPPG calculated affordable housing need for 'reasonable preference groups'.

(ii) An adjustment to the total housing figures should be considered where the total housing number supply is less than 65% to 70% of the NPPG calculated affordable housing figure for the 'total waiting list'.

In setting these percentages in (i) and (ii) immediately above, I

have made the judgement not only that the NPPG calculation produces an indicative affordable housing number but that in the real world the variables in paragraph 8 above are more likely to result in a downside effect on affordable housing needs than an upside effect on affordable housing needs.

10. On the basis of paragraphs 8 and 9 above and using the NPPG calculations in Annexes A and B, then I suggest that the following figures would be the trigger for consideration of an uplift in total housing numbers:-

(a) For 'reasonable preference groups', total planned housing numbers should be considered for upward adjustment to about 920 to 970 dpa. i.e. about 85% to 90% of the 1083 dpa calculated in paragraph 5 of Annex A to meet the full reasonable preference needs.

(b) For the 'total waiting list', total planned housing numbers should be considered for uplift to about 940 to 1000 dpa. i.e. about 65% to 70% of the 1447 dpa calculated in paragraph 4 of Annex B to meet the full waiting list needs.

NEIL KERSLAKE

5 January 2017

ANNEX A

AN ANALYSIS OF THE AFFORDABLE HOUSING NEEDS CALCULATION FOR REASONABLE PREFERENCE GROUPS

1. Taking MSDC's calculations which give a net annual affordable housing need figure for 'reasonable preference groups' of 185dpa, it is a fact that in making that calculation the total committed supply of 1405 affordable homes (in Step 3.5) has been used to reduce the gross affordable housing need to the final net affordable need figure of 185dpa. This reduction of the gross affordable housing by the total committed affordable housing supply results as follows:-

(i) Using the committed supply to clear the total gross affordable housing need of 330 households (i.e. 330 is the total number of those in the reasonable preference groups on the MSDC waiting list) as set out in Step 1.4 and Step A.

(ii) Using the balance of the committed supply in (i) above, amounting to 1075 homes (i.e. 1405 minus 330 = 1075) to immediately offset the newly arising annual affordable housing need (Step 2.4) by utilising 10% of 1075 for each of the next 10 years. Thus the newly arising annual affordable need of 571 homes at Step 2.4 is reduced in the calculation by 108 homes per annum (i.e. 10% of 1075).

2. It follows that 330 of those on the reasonable preference group on the waiting list have been provided with affordable homes in the calculation, as have 108 households per annum in the newly arising annual affordable housing category. The actual gross affordable housing need has been depressed by using the total committed supply in full to the tune of 108 homes plus 10% of 330 homes over the 10 year calculation period. This means that if the whole of the committed affordable housing supply had not been used in the calculation, then the gross affordable need would have been 108+33+185 (the net affordable need coming out of MSDC's calculation) = 326 dpa.

3. The MSDC calculation has thus used the whole of the committed supply of 1405 homes to reduce the gross affordable need from 326 dpa to 185dpa which is a perfectly appropriate approach and in line with the NPPG calculation methodology of the net affordable housing need. But, having followed this approach and fully used the committed supply, MSDC must then accept that it cannot compare the resulting net need figure of 185dpa with its gross planned housing supply of 800dpa, because the 800dpa figure will contain a mix of committed housing supply and new and yet to receive planning consent housing supply.

4. Given that MSDC have used a figure of 1405 committed affordable homes in their calculation of net affordable housing need, then based on a policy of providing 30% affordable homes this implies that a total of 4683 homes have already been committed to date in Mid Sussex. (i.e. 1405 x 100 divided by 30 = 4683 homes) Thus over a 10 year period (the period of the NPPG calculation for affordable homes) 4683 divided by 10 = 468 homes per annum is the committed provision included within MSDC's

planned gross annual provision of 800dpa. This leaves only 800 minus 468 = 332 dpa (homes yet to receive planning consent) to provide for the 185dpa net affordable housing need. And 332 dpa new homes supply will only provide 100 affordable homes per annum based on a 30% affordable homes policy. This is 85 homes less than the net affordable homes needed (i.e. 185 minus 100 = 85) or a 46% shortfall on the net affordable housing need of 185dpa.

5. In order to assess the increase in housing supply required to meet in full the net affordable housing need, MSDC would have to increase their planned housing supply of 800dpa in its District Plan by 85×100 divided by 30 = 283 dpa giving a new total plan housing supply figure of 1083 dpa (i.e. 800 plus 283 homes per annum).

ANNEX B

ANALYSIS OF THE TOTAL WAITING LIST AFFORDABLE HOUSING CALCULATION

1. Applying the same acceptance, as in Annex A paragraph 1, of MSDC's calculation in reaching the net affordable housing need of 294 dpa, this means that MSDC has used all of its committed supply (Step 3.5) of 1405 affordable to almost clear the total waiting list of 1418 homes (Step 1.4) leaving only 13 homes of affordable new (and yet to receive planning approval) supply or 1 affordable home per annum (over 10 years) to clear the remaining total waiting list.

2. Thus the net affordable housing need of 294 dpa (at Step C) has already used 141 homes per annum (1405 divided by 10 years as required by the NPPG calculation) from its committed supply. This means that the gross affordable housing need is $294 + 141 = 435$ dpa.

3. MSDC cannot then compare the net annual affordable housing need of 294 dpa with its total (gross) housing plan provision of 800 dpa because there are 468 dpa committed homes per annum (see methodology in paragraph 4 of Annex A) contained within the 800 dpa gross plan housing figure leaving only 332 dpa of new (yet to receive planning approval homes) to meet the net affordable housing need of 294 dpa. And, 332 homes per annum will only produce 100 dpa of affordable homes, based on a 30% affordable housing policy, leaving a shortfall against the net affordable housing need of 294 dpa of $294 - 100 = 194$ homes per annum or a 66% shortfall of the net affordable housing need.

4. In order to assess the increase in housing supply to meet in full the net affordable housing need of 294 dpa, MSDC would have to increase its 800 dpa in its District Plan by 194×100 divided by 30 = 647 dpa giving a new total housing plan provision figure of 1447 dpa.

PAPER 2

AN ANALYSIS OF HOW THE OAN SHOULD BE ADJUSTED TO REFLECT THE MARKET SIGNAL/AFFORDABILITY ISSUES IN MID SUSSEX

INTRODUCTION

1. Given that MSDC and the Forum have not reached agreement on an uplift in the OAN to reflect a house price affordability issue in Mid Sussex, I have written this paper to set out my views and as a way of resolving the impasse.

2. In what follows, I have taken it as read that there is a house price affordability issue in Mid Sussex in absolute terms (one of the tests set out in the NPPG) and that some level of upward adjustment must be made to the OAN. This paper concentrates on the basis for the appropriate uplift to be made to MSDC's OAN.

THE NPPG

3. The NPPG states that "where an upward adjustment is required plan makers should set this at a level that is reasonable". It then goes on to say that "the more significant the affordability constraints the larger the improvement in affordability needed and therefore the larger the additional supply response should be."

4. It is clear from the wording of the NPPG that the upward adjustment to the OAN is a matter of judgement. In my view it is reasonable to expect that such a judgement should be linked to some numerical evidence (but not necessarily to a precise number resulting from an uplift argument/methodology) and for the judgement to be 'reasonable' it should be pragmatic, balanced, proportionate and contain a degree of caution.

THE ARGUMENTS FOR THE LEVEL OF UPLIFT IN THE OAN FOR THE HOUSE PRICE AFFORDABILITY ISSUE IN MID SUSSEX.

(A) MSDC's ARGUMENTS

4. MSDC has continued throughout making arguments as to why there is no case for a market signal uplift for house price affordability, sighting, inter alia, that Horsham and Crawley were not found to require a market signal uplift; Planning Inspectors should adopt a common joined up approach to their decisions including market signal issues; etc. MSDC's only significant reference to the application of an uplift to market signals has been the Reading University Study, commissioned by the DCLG, which in MSDC's view demonstrates that there would need to be huge uplift in an OAN to produce a relatively small downward adjustment to affordability ratios and by implication such uplifts were of dubious practical effect in relation to reducing affordability ratios.

5. Setting aside MSDC's arguments against an uplift, which have been unsuccessful and not upheld during the Examination, I have already made my views known on the Reading Study but will repeat them. The Reading Study was based on assumptions over the long term about the economy, real wages, credit availability for house purchase and the price elasticity of the housing market etc. These

assumptions are necessarily based, in broad terms, on a steady state throughout the study period and the output must be viewed in that light. In the real world the economic growth assumptions will be different (maybe very different in a financial downturn or a crisis); ditto for real wage growth; credit availability could easily be tightened during the long term period of the study; and the price elasticity will not be the same throughout the study period but will change every time house prices change.

6. Following the Reading Study, Government did not change a single word of the NPPG to reflect its findings. It follows that Government take the view, (that I share), which is that economic principles tell us that if supply is increased then prices will fall or won't rise as fast as they would without that increase in supply. It matters not what the degree of the change in prices are to increased supply, the fact is that increased supply helps prices compared with doing nothing to supply.

(B) THE FORUM'S METHODOLOGY FOR PROVIDING AN UPLIFT TO THE OAN

7. The Forum's arguments/methods for an uplift are set out in the 'Mid Sussex Market Signals Uplift' section of their submission to the Examination dated 7 December 2016 in which they set out 7 possible methods for an evidence based market signal uplift (paragraphs 4.1 to 5.5 and Appendix 1 of the Forum's submission refers).

8. I now offer the following comments on the 7 arguments / approaches in paragraph 7 above.

(1.) I have dealt with the MSDC position in paragraphs 4 to 6 above.

(2.) 'The OBR house price forecast and the Reading University Study'

Paragraph 4.6 to 4.10 of the Forum's submission refers.

Paragraph 4.6 shows, in particular the range and extent of the long term assumptions and the steady state of those assumptions (much like the Reading Study) and paragraph 4.9 makes my point about the real world and those assumptions, with the OBR having to change tack significantly in its forecast in just 5 months (i.e. between July 2016 and November 2016). And, I have already commented on assuming a steady state price elasticity in my comments on the Reading Study above.

My view is that one cannot put any firm weight on the OBR/Reading Study outputs in terms of assessing the uplift to the OAN for house price affordability.

(3.) 'The Barker Review Exercise'

Paragraphs 4.11 to 4.12 of the Forum's submission refers.

The Barker Review was published 12 years ago and it was a nationwide study and not a District by District study. It too had to make a number of assumptions about economic growth, real wages.

price elasticities, credit availability etc and thus its conclusions were heavily reliant on those forecasts being right. Barker did her best at that time but things have moved on in 12 years including the 2007/8 financial crash and downturn in the each of the economy, house prices and real wages for a number of years thereafter (this makes my point about long term steady state applications and assumptions and the relative uncertainty of the resulting outputs/conclusions of such studies). In addition, the Barker Study was undertaken at a national level and to overlay national conclusions onto Mid Sussex in isolation is simply building assumption on assumption and unreliability on yet more unreliability.

My view is the the Barker Study is out of date as are its assumptions and for the Forum to overlay its output onto MSDC is a stretch too far in terms of either reasonableness and in terms of adding to the unreliability of their conclusions about the level of uplift to the OAN. Again I would not put any real weight on this methodology.

(4.) 'Mid Sussex weighted apportionment of national needs'

Paragraphs 4.13 to 4.15 of the Forum's submission refers

This analysis also includes reference to the NHPAU Study and the House of Lords Study and in Appendix 1 to the Bramley & Watkins and the Redfern Studies. All of these studies have two common components: they are based on national studies (save for Bramley & Watkins which is at a broad SE regional level) and they all have as stated aim of increasing housing supply to a level which will maintain the national affordability ratio at its present level and in one case to reduce the rate of house price increase down to the very low EU house price growth rates.

The problem with the Forum's approach is that they use these studies, performed at a national level (or in one case a SE regionally wide level), to reach a conclusion on the required uplift in housing supply in Mid Sussex to ensure that Mid Sussex makes its contribution to stabilising the national affordability ratio. They do this by attempting a segmentation and imposition of a national problem onto Mid Sussex. This methodology is not only unreliable/unsound but it is also discriminatory in that if such segmentation and burden sharing amongst local authorities was required then all of the 320 local authority areas would also have to take their share of the increase in housing supply to stabilise the national affordability ratio. This would require a Government decision to be imposed on every local authority. But the NPPG doesn't even mention a requirement in respect of uplift for market signals to increase housing supply to support the maintenance of the affordability ratio at the national level at its current rate let alone maintain the affordability ratio in a District at its current level. And, all of this presupposes that it is practically possible to increase housing supply to such levels to maintain affordability ratios (i.e. practically possible to build at such supply rates, sell profitably at such supply rates and provide sustainable sites to meet such supply rates).

My view is that this methodology proposed by the Forum is not

only unreliable in terms of assumptions/apportionment to District Level but is also discriminatory in relation to its proposed imposition on Mid Sussex alone and not to the other 319 local authorities by some form of Governmental dictat. For these reasons I would again put little weight on this methodology for deciding a market uplift figure.

(5.) 'Benchmarking Stock(sic-housing stock) Increases'

Paragraphs 4.16 to 4.18 of the Forum's submission refers.

In my view, the analysis by the Forum based on the detail of the Savills Study is partial in its conclusions. This partiality arises in part because the Savills Study starts out by taking it as a given that MSDC's housing need should be circa 1000dpa (see the Introduction to the Savills Study at Paragraph 1). This immediately sets a housing stock increase target for MSDC of 1.6% per annum and compares this to MSDC's housing stock average increase of 1% per annum over the period 2002 to 2015. Figure 1 compares MSDC's housing stock performance with Horsham but Savills fail to mention that Figure 1 also shows that MSDC outperforms the South East and National average housing stock increase over the period 2002 to 2015. Figure 4 then selects a number of local authorities with higher housing stock performance than MSDC but again Savills avoids mentioning that Mid Sussex housing stock performance is also clearly above both the South East and National averages. In Figure 8 it is noteworthy that the Mid Sussex performance is about equal to the South East house price growth above the pre crunch peak. Figure 9 suddenly drops any reference to the South East average for median house prices to the median earnings ratio possibly because the MSDC figure will not be dissimilar to the SE average and perhaps even lower than the SE average.

My conclusion is that few reliable conclusions can be drawn from the Savills Study in terms of the housing supply uplift for the OAN for Mid Sussex.

(6.) 'Benchmarking market signal uplifts elsewhere'

This method/argument seems to me to provide two main benefits in terms of uplift to the OAN (i) it is simple to apply and can reasonably be linked/tied to affordability ratios where an uplift has been actually made in other local authority plans/examinations; and, (ii) it provides a reasonable basis for ensuring a more common approach to OAN uplift decisions across local authorities.

My problem is that I disagree with the Forum's view that this benchmarking leads to their conclusion that an uplift of 20 to 25% is required to the OAN.

Appendix 3, Table 2 and the distribution graph attached to Table 2, show that at a 20% uplift the distribution of affordability ratios ranges from 8.97 to 16.73 and the distributions of other affordability ratios between these two figures are relatively widely spread and spaced as well. This is not, mathematically speaking, a good or desirable distribution feature on which to

base a conclusion. The average affordability ratio of these 9 relatively widely spaced ratios is 12.55 (interestingly it seems to be the case that in plotting these distributions there are only 8 ratios rather than the 9 local authorities shown against a 20% uplift in Table 2 - one of 3 affordability ratios of 10.92, 10.9 and 10.8 seems not to be showing on the orange coloured plot points).

On the other hand, the distribution of affordability ratios around where a 10% uplift in the OAN has been applied is more compact and ranges from an affordability ratio of 8.74 to 12.55 with an average of 10.46.

We know that MSDC's evidence is that the affordability ratio in Mid Sussex is 10.2 but the Forum has stated that it is now 12.6. Neither side has yet agreed what the affordability ratio is for Mid Sussex.

A further point is that the Forum, in paragraph 5.2 and 5.3 of their submission, assert that modelling based on OBR assumptions suggests that with a housing deliver of 800dpa there will be a further deterioration in the affordability ratio to between about 13.6 to 14 over the plan period. And, the Forum assert that an uplift in the OAN by 25% would be the minimum commensurate with stabilising the affordability ratio at its current level of 12.6 rather than allow it to gather pace up to 14.

My view on this immediately preceding paragraph is that (as I have said earlier) I would not put too much weight on OBR forecasts over 2 years let alone the 17 year plan period and thus an affordability ratio of 14 at the end of the plan period is less than a reliable figure on which to base decisions today. And, as I have already argued, there is not requirement in the NPPG to make an uplift to the OAN to maintain an affordability ratio at current levels.

In short, my view is that taking a pragmatic, balanced, and proportionate view and erring on the cautious side, that the evidence in this methodology points towards an uplift in the Mid Sussex OAN of about 10%.

(7.) 'Rate of development (backlog) comparator'

Paragraph to 4.25 of the Forum's submission refers

The argument in this methodology is that over the period 2006 to 2014 MSDC's housing delivery has shown a shortfall of 47% against planned supply and this percentage shortfall must be applied to MSDC's starting point of 730 dpa set out in its District Plan.

This approach in my view has no substance in terms of cause and effect. MSDC and the Forum simply won't agree the shortfall against plan and it does not follow that the effect of such a shortfall means an uplift in the proposed OAN to recover an 8 year shortfall. This method would penalise Mid Sussex by adding that shortfall each year for the 17 Plan period. In effect this would mean Mid Sussex providing twice as many homes as they have allegedly fallen short of over 8 years.

I disagree that this is as sound basis for considering the uplift percentage to be applied but, to be fair, the Forum dont seem to be majoring on this approach and may just have put it in as a last final idea.

CONCLUSION

9. My conclusion is that the benchmarking in paragraph 8(6.) above is the appropriate method to adopt when considering what is a 'reasonable level of adjustment' to the OAN based on the fact that there is an affordability issue in Mid Sussex. I reach this conclusion on the basis of my arguments spelt out in Paragraph 8(6.) above and conclude that MSDC's uplift to its OAN should be about 10%. The other 6 methodologies for an OAN uplift which have helpfully been thought up and articulated by the Forum in their submission are in my view unreliable and based on assumptions and forecast over a long run period, or are flawed in other ways which I have set out above in paragraph 8.

NEIL KERSLAKE
January 2017

PAPER 3

AN ANALYSIS OF THE LEVEL OF UNMET NEED WHICH MIGHT APPROPRIATELY BE PROVIDED BY MID SUSSEX

INTRODUCTION

1. The issue of the provision of unmet need within the Mid Sussex total housing need figure must be addressed under the provisions of the NPPF and the NPPG.

THE NPPF AND THE NPPG

2. There are a number of references in the NPPF concerning the duty to co-operate in plan making with adjacent local planning authorities and that such co-operation must take place in a positive and pro active manner.

3. The NPPG, which deals with housing need calculations/assessments also sets out in paragraph 1., under the heading 'With whom do planning authorities need to work' (ID2a-007-20140306) that "Local Planning authorities should assess their development needs working with other local authorities in the relevant housing market area or functional economic area in line with the duty to co-operate".

4. The gist of this paragraph in the NPPG is that there must be co-operation, in preparing housing plans and thus actual housing numbers, with linked local planning authorities in the same housing market area. By implication, such a duty to co-operate would extend to, and include, discussion of the housing needs of each of the local authorities, including any unmet need declared by a local authority and all of this should be discussed openly, with detailed housing numbers on the table and in a spirit of co-operation and in a positive and pro active manner. These discussions must involve the consideration of how any unmet need in one local authority may be met by the other local authorities in the housing market area.

MSDC'S RECORD ON PROVIDING UNMET NEED

5. MSDC has produced 4 separate and different sets of housing need figures over the last 17 months or so:-

(i) In the published February 2015 draft District Plan, MSDC set its total housing need figure at 650dpa within which it provided a 10% uplift for market signals and 23dpa for unmet need.

(ii) 4 months later, in June 2015, MSDC published its pre submission District Plan in which it was faced with needing to meet the recent DCLG requirement to provide 656dpa. MSDC maintained its total housing need at 650dpa but dropped any provision for an uplift for market signals any unmet need as it had no headroom within its total housing need for such provisions.

(iii) 5 months later, in November 2015, MSDC published its submission District Plan in which it had increased its total housing need to 800dpa consequent of the critical responses on housing numbers provision following the statutory 6 week public

consultation on the pre submission District Plan in sub paragraph (ii) immediately above. MSDC then put back provision for an uplift for market signals of 24 dpa specifically for a reduced house buying/ increased renting problem with the 20 to 34 year old age cohort, and MSDC provided 105 dpa towards meeting Crawley's unmet need.

(iv) In August 2016, MSDC issued its 'Focussed amendments changes to the November 2015 District Plan' in sub paragraph (iii) immediately above. MSDC had just received DCLG's new housing requirement estimate of 714 dpa and whilst maintaining the 24 dpa market signal uplift for the 20 to 34 age cohort, MSDC reduced its unmet need provision to 46 dpa to keep within its 800 dpa total housing need.

6. Paragraph 5 above illustrates that in all four District Plan housing figures, MSDC have been viewing, and treating, unmet need as being an adjustment figure to be made at the end of its housing need process to arrive within their overall housing need figure.

7. The NPPF and The NPPG do not talk in terms of unmet need being an adjustment figure within a 'capped' total housing need figure but rather that the actual unmet need of any local authority within a housing market area should be discussed by all of the local authorities in that housing market area in a co-operative manner involving the consideration of how that total unmet need maybe provided (subject to any real sustainability constraints). In other words, the parties should, having identified any actual unmet need in a local authority, discuss openly and co-operatively, how it might be met by the other local authorities in that housing market area and identifying what those local authorities with no unmet need might consider looking to meet in their housing numbers (always subject to a detailed assessment of any constraints resulting from their sustainability assessment, and their SHLAA's)

8. As far as I am aware, MSDC has not discussed (with Horsham and Crawley) what number, if any, of Crawley's unmet need that it should at least give consideration to meeting. Crawley's unmet need has been declared to be 340 dpa and the Horsham Planning Inspector required Horsham to meet 150 dpa of Crawley's unmet need. Knowing this would still leave 190 dpa unmet need in Crawley, MSDC has not so far as I know even hinted, let alone discussed with Crawley and Horsham whether MSDC might consider meeting 50 dpa, 100 dpa or 150 dpa of Crawley's unmet need. This situation seems to me not one which accords, in full, with the wording, spirit and implied requirements of the NPPF/NPPG in terms of plan making, housing need and unmet needs.

WHAT LEVEL OF UNMET NEED SHOULD MSDC CONSIDER PROVIDING WITHIN ITS TOTAL HOUSING NEEDS ?.

9. In my view, it would be reasonable for MSDC to concentrate on Crawley's unmet needs (Crawley is in the same housing market area) before considering Brighton's unmet needs (Brighton is in a separate housing market area, albeit one which overlaps to a degree with the North West Sussex Housing Market Area). In terms

of prioritising Crawley's unmet need, it seems to me not unreasonable for MSDC to at least consider meeting say between 80dpa and 150 dpa of Crawley's unmet need, before applying any reasonable and justified constraints to MSDC's total housing figure(i.e OAN plus uplift plus unmet need).

10 So far as Brighton's unmet need is concerned, MSDC could, in my view, not unreasonably regard this unmet need as being a lower priority than the unmet needs of Crawley.

11. I would also argue that:-

(i) Those living in Brighton tend to want to live there for certain benefits: namely, a city life, living by the sea, its multicultural features, the large range of shops and eating experiences, the range of places to visit including cinemas, theatres etc, the night life; the very good direct rail and bus links etc.

(ii) It follows from (i) immediately above that, in the main, those choosing, or wanting, to live in Brighton would be more reluctant to be prepared to move over the Downs into the Mid Sussex Weald where there are very few of Brighton's attractions/benefits and is, in a nutshell, a more 'sleepy and slower paced area to live'. Thus providing some of Brighton's unmet need in Mid Sussex may not be what those who want to live in Brighton would be prepared to take up as their homes.

12. Moreover, the sheer amount of unmet need in Brighton simply cannot be met by MSDC and the South Coast Housing Market Area and its neither realistic nor particularly helpful to indicate that MSDC might consider providing say 80 to 150 dpa of Brighton's unmet need in addition to meeting some of the unmet needs of Crawley.

13. On the other hand, I would argue that Crawley new town has expanded outwards hugely since its inception in the mid 1960's and those living in Crawley and wanting to live there would show less resistance to moving into unmet need provided for them in Mid Sussex. They would not resist crossing the M23 into additional homes in Mid Sussex and would still feel more at home and be able to use the facilities of the 3 main towns in Mid Sussex as well as move to and fro to work in Crawley and use the facilities of Crawley.

14 Some may not agree with the above analysis of Brighton and Crawley but at least its a starting point for providing an assessment of why Crawley's unmet need should be more of a priority to MSDC than Brighton's unmet need.

CONCLUSION

15. I suggest that MSDC should consider adding to its OAN plus market signal uplift, a figure of between 80 dpa to 150 dpa to meet Crawley's unmet need before considering constraints which may restrict MSDC's overall housing figure.

16. If some feel that Brighton has been sidelined in paragraph 15

above, it would be possible to split the 80 to 150 dap unmet need provision on the basis of say 25% of the unmet need for Brighton and 75% of the unmet need for Crawley.i.e. between 20dpa for Brighton and 60 dpa for Crawley and 35dpa for Brighton and 115 dpa for Crawley.

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§ January 2017

PAPER 4

AN ANALYSIS OF MSDC'S TOTAL HOUSING NEED PRE AND POST THE APPLICATION OF CONSTRAINTS

INTRODUCTION

1. This paper represents my view on Mid Sussex's total housing need pre and post applying sustainability constraints.

BASIC TOTAL HOUSING NEED PRE CONSTRAINTS

2. There are 4 unconstrained total need figures, set out below, based on my papers on the uplift to the OAN for market signal/affordability issues and my suggested provision for unmet need. All of the figures below are dpa's.

	OAN	Uplift	Unmet Need	Total Housing
(i)	730	73	80	883
(ii)	730	73	100	903
(iii)	730	73	150	953

3. The 4 total housing need figures in paragraph 2 above should then be tested for sustainability constraints and for the NPPG affordable housing calculation.

(A) CONSTRAINTS

4. I suggest that when applying sustainability constraints (as set out in paragraph 5 below) that the following total housing needs, in round numbers, are possibilities which MSDC should be able to accommodate without the District Plan having to be completely reworked from scratch.:-

Total Housing Need(dpa)

(i)	880
(ii)	900
(iii)	920

5. MSDC changed its own sustainability assessment (marked on +, -, 0 and ? ratings) from their sustainability assessment associated with a total housing need of 650 dpa in its July 2015 pre submission District Plan to the sustainability assessment associated with a total housing need of 800 dpa in its November 2015/August 2016 Plan. Given this large change in their sustainability assessment to support a change in housing need from 650 dpa to 800 dpa, it should be able to revisit and re mark its sustainability assessment to provide for an increased total housing need of 880 dpa to 920 dpa.

6. In MSDC's own words, in July 2015 the sustainability assessment showed 'a tipping point' of around 700 dpa but in November 2015/August 2016 a newly reworked sustainability assessment showed 'a tipping point' of 800 dpa. In my view MSDC should relook at its sustainability assessment and rework the markings to see whether that new assessment would be able to cope with 'a tipping point' of about 900 dpa. After all, the sustainability assessment is more a judgemental, rather than objective,

assessment. In my view there is still a bit of scope to make changes to those judgemental marks to produce a sustainability assessment that is a dependable/solid assessment which would support a total housing need of around 900dpa.

7. The review of MSDC's sustainability assessment to cope with about 900dpa will need to be completed in conjunction with a broad based overview of its SHLAA to make a broad (as opposed to a very detailed reworked exercise) assessment of whether MSDC can find sufficient sustainable additional sites to meet about 100dpa of new additional total housing need.

(B) THE NPPG TEST OF TOTAL HOUSING BEING SUFFICIENT TO MEET MSDC'S CALCULATED AFFORDABLE HOUSING NEED

	Total Housing Need (dpa)	Affordable Housing Need * (dpa)
(i)	880	920 to 940
(ii)	900	920 to 940
(iii)	920	920 to 940

(* The two figures of 920 to 940 dpa relate to my paper on the calculation of affordable need by applying a trigger point for the test of meeting that affordable need at 65% of the Total Waiting List and 80% of the Reasonable Preference Group)

8. I suggest that the total housing need figures in (i) to (iii) above are close enough to the trigger points to be regarded as meeting the affordable housing test and meeting the affordable housing need in Mid Sussex.

POSSIBLE PROBLEMS IN MEETING A 5 YEAR HOUSING SUPPLY WITH A TOTAL HOUSING NEED OF ABOUT 900dpa

9. The provision of sites to meet an additional 100dpa to 120 dpa to MSDC's total housing need will mean that much of this additional housing will tend to fall to be developed in the last 10 years of the plan period. MSDC will need to judge whether it can still meet the 5 year housing supply requirement (presumably based on the Sedgfield method?) with the addition of 100dpa to 120 dpa to its total housing need or whether it will require a phased/stepped approach of its annual housing target provision in order to achieve a 5 year housing supply throughout the plan period. For example, to meet a total housing need of 900dpa and maintain a 5 year supply may require MSDC to be permitted to develop at the rate of say 800dpa for the first 6 years of the plan period; at a rate of 930dpa for the following 3 years; at a rate of 950 dpa for the succeeding 4 years; and at rate of 990dpa for the final 4 years of the plan period giving a weighted average annual delivery of about 900dpa over the plan period.

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PAPER 5

ISSUES STILL TO BE DISCUSSED/RESOLVED

INTRODUCTION

1. There are two further issues yet to be discussed/resolved which are (a) the desirability or otherwise of having a 'spacial strategy' in the District Plan; and (b) the proposed increases in the housing density in the District Plan.

SPACIAL STRATEGY

2. In allocating sites needed to meet a possible increase in total housing it could be argued that consideration should be given to allocating additional new sites (and those making up the 800dpa planned housing provision) to Category 1 to 4 settlements. Such a spacial strategy might be on the basis of attempting to allocate a broad housing number to each settlement category on a fair and proportionate basis whilst at the same time looking at whether there are sufficient sustainably developable sites in each settlement to meet the broad based housing number for that settlement. (if there are insufficient or no sustainable sites in the bailiwick of a particular settlement then a lower additional housing number or no additional housing would result in the spacial strategy for that settlement). The allocation of a broad number to each settlement category doesn't need to be based on a population segmentation as per the HEDNA.

3. In respect of the Burgess Hill Northern Arc, if only about 2700 to 2800 homes are deliverable within the plan period, then that shortfall of say 750 homes would also need to be allocated in any spacial strategy.

4. Those Towns/villages with 'made' Neighbourhood Plans will have determined the housing in their bailiwicks without having regard to the total housing need in a final District Plan. And, it might therefore be necessary for any spacial strategy to allocate to such 'made' Neighbourhood Plans some additional target housing above their Neighbourhood Plan figure which could be accommodated when each Neighbourhood Plan goes through a formal monitoring after 5 years. If any 'made' Neighbourhood Plan settlements resist taking any higher housing set out in a spacial strategy, then MSDC might need to impose sites and housing on their bailiwicks in the final site allocation document. And it must be remembered that all towns/villages in Mid Sussex have been told by MSDC that even when their Neighbourhood Plan has been 'made' it might be necessary for MSDC to impose extra housing and sites on some of them in order to meet the total Mid Sussex housing need requirement; thus the concept of imposing housing onto 'made' Neighbourhood Plan settlements is not a new thing or an unexpected possibility.

HOUSING DENSITY POLICY

5. New and significantly higher housing density policy proposals are contained in the District Plan but have yet to be discussed at Examination. My own view is that such high housing densities, and particularly 40 dwellings per hectare on strategic sites and sites in excess of 5 hectares, are out of keeping with the

charater and appearance of Mid Sussex and such high density development will detract from the general current look of our District and that such sites would jarr to the eye and damage the character of Mid Sussex to our detriment(cramped housing at such a high density will also have potentially adverse social consequences for those living on such developments).That is my view but others may not share it.But,the point is that until housing densities have been discussed at Examination then, if Mid Sussex does have to increase its total housing need above 800dpa,when assessing the provision of any additional housing sites to meet a higher total housing need, MSDC should only apply its existing housing density policy of 30 dwellings per hectare(I think I am right that 30 is the current MSDC housing density policy)

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5 January 2017

