



GL Hearn

Part of Capita Real Estate

Mid Sussex District Plan – Response to Inspector’s Questions on Housing Matters

Anstone Developments Ltd

Land adjoining north of Bolney
Mid Sussex
RH17 5PJ

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DATE
7 November 2016

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Introduction

This document is submitted to the Mid Sussex District Plan 2014-2031 Examination and seeks to address the questions set out by the Inspector in relation to the technical housing sessions to be held between 29 November and 2 December 2016.

This document has been prepared and submitted by GL Hearn, on behalf of Anstone Developments Ltd.

The document should be read in conjunction with previous representations from GL Hearn that were submitted to both the pre-submission stage and the focussed amendments stage of the District Plan.

Our previous representations set out why we consider that the submitted plan does not meet the legal requirements as well as not meeting the soundness tests.

We are extremely concerned about the conduct of Mid Sussex District Council ‘MSDC’ throughout the preparation of the Plan, most notably about the significant changes that have been made to it that have not been subject of any public consultation. It is clear that there are major concerns about the process and content of the Plan, and whilst the Inspector has decided to carry out these technical sessions, it is clear in our mind that there are serious concerns about the procedure that has been undertaken and the late changes that the Council seeks to make to the Plan.

Notwithstanding the above concerns, we have sought to address the questions set out by the Inspector, having regard to our previous representations, recent EiPs and case law, as well as more up-to-date evidence.

Unfortunately, in terms of housing, we consider that the Plan fails on several significant grounds and it is our opinion that the Inspector should recommend to the Council to withdraw the Plan and prepare a sound plan that has community and stakeholder buy-in.

Our main concerns with the Plan that are articulated later in this document are:

- Lack of up-to-date Strategic Housing Market Assessment;
- Objectively Assessed Need non-complaint with policy and guidance;
- Lack of any significant uplift in housing numbers to address the serious affordability issues;
- Failure in the duty-to-cooperate;
- Faulty and inconsistent site selection methodology; and
- Inability to demonstrate a five year housing land supply throughout the Plan period.

1 EVIDENCE BASE

- 1.1 Issues of Objectively Assessed Need ‘OAN’ should be considered at Housing Market Area ‘HMA’ level. The West Sussex SHMA (2009) identified the relevant HMA as the Northern West Sussex Housing Market broadly comprising the local authorities of Mid Sussex, Crawley, and Horsham.
- 1.2 With regard to the calculation of OAN, the Council relies on the more recently published Housing and Economic Development Needs Assessment ‘HEDNA’ (February 2015), the HEDNA Update (November 2015), and HEDNA Addendum (June 2016). However, these documents consider OAN for MSDC only and not for the wider HMA.
- 1.3 While this will have little bearing on the OAN calculation for MSDC itself, it does mean that there is no up-to-date OAN calculation at HMA level, which has potential implications on the scale of unmet need which MSDC will need to consider providing through the duty to cooperate.

2 OBJECTIVELY ASSESSED NEED

- 2.1 The OAN starting point of 714 dwelling per annum ‘dpa’ defined in the HEDNA Addendum (June 2016) is based on the 2014-based SNPP and Household projections which are the most recent projections, and therefore are an appropriate starting point.
- 2.2 The Council has acknowledged that the housing market signals in MSDC indicate that, in accordance with Planning Practice Guidance ‘PPG’, an uplift to OAN should be made. GL Hearn agree with this principle. PPG does not prescribe what a suitable level of uplift should be but states that *“in areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable.”*
- 2.3 The 2015 HEDNA (paras. 4.106 & 4.107) applied a 10% uplift to the housing figures.
- 2.4 However, the calculation of OAN does not adequately reflect projected jobs growth. The HEDNA Addendum includes a brief section where it calculates the number of additional jobs required to meet labour force growth implied by the starting point (714dpa), the OAN (754dpa), and the proposed District Plan target (800dpa). This results in a growth of between 290 and 370 jobs per annum.
- 2.5 This range is considerably below the level of jobs growth forecast in the Council’s own evidence base documents (Northern West Sussex Economic Growth Assessment, April 2014; and reiterated in the Burgess Hill Employment Sites Study Update, March 2015). These set a range of jobs growth forecasts which show a growth of between 491-671 jobs per annum.
- 2.6 This would suggest, using the Council’s own assumptions to relate the growth in housing and jobs, that even the highest figure of 800dpa would be inadequate to support even the lowest of the economic forecasts.
- 2.7 The Council should have, in accordance with PPG, considered an economic-led housing need figure *“based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population¹”*. This would mean using the jobs growth forecasts as the basis for calculating housing need.
- 2.8 GL Hearn has undertaken such a calculation in the Assessment of Housing Need in MSDC document, dated January 2016, which was submitted to support representations to the Mid Sussex District Plan 2014-31 Focussed Amendments to the Pre-Submission Draft. As the Council’s evidence base on economic growth has not been updated since January 2016, this analysis

¹ PPG Paragraph: 018 Reference ID: 2a-018-20140306

remains relevant. This shows that the economic forecasts thus generate a need for between 785-812dpa. The average of this being 800dpa.

- 2.9 The PPG states that *“where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns ... and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems”*.
- 2.10 Accordingly, as the jobs growth scenarios are suggesting a housing need (of around 800dpa) which is higher than the demographic starting point (714dpa) it is appropriate to provide an uplift in the calculation of OAN to adequately reflect projected jobs growth.
- 2.11 The evidence suggests it is appropriate to provide an uplift to support economic growth of 86dpa over and above the Council’s starting point of 714dpa.
- 2.12 This uplift is to ensure a sufficient growth in the District’s labour force and therefore represents an uplift in the District’s projected population. Such an uplift will not in itself improve existing affordability issues in the District. An uplift to improve affordability in the District should be considered additional to this. We therefore add a housing market signals uplift of 10% of the demographic starting point (71dpa).
- 2.13 This results in a figure of 871dpa. GL Hearn considers this then represents the correct OAN in accordance with PPG.

3 DUTY TO COOPERATE

- 3.1 In the case of MSDC, we are dealing with an authority where its previous plan failed the DTC. The previous Inspector noted: *“I have taken into account the fact that there is no duty on local planning authorities to agree to accommodate the needs of a neighbouring authority but if that is the conclusion that has been reached, it must be based on clear and robust evidence and on a proper consideration of all the issues”*.
- 3.2 The Council in its Duty to Co-operate Statement seeks to rely on various MOUs as ‘evidence’ of co-operation. However, this is highly limited in scope and potentially misleading. This is because, there is nothing in these about levels of housing need, what needs to be accommodated and any consideration of overall need. All that MSDC set out to do was to demonstrate that its environmental capacity was limited and that it could not accommodate significant housing to meet unmet need.
- 3.3 The Statement also confirms that 105 homes per annum to meet unmet need was to *“... represent a very positive response to the development needs of neighbouring authorities which would otherwise be unmet through their own local plans”*.
- 3.4 Of course, what has happened here is that MSDC has unilaterally sought to reduce the amount of housing that can meet the unmet need. It has ‘informed’ other authorities, but there is no consideration of the impact of this and whether an amendment to the housing numbers is required.
- 3.5 As such, it is our strong contention that this version of the Plan reflects the continued aspirations of MSDC to go alone and does not reflect ‘real’ co-operation with neighbouring authorities.

4 UNMET NEED

4.1 In setting a housing target, consideration also needs to be given to meeting unmet housing needs from adjoining areas where it is sustainable to do so (as required by paragraph 182 in the NPPF).

4.2 Existing evidence suggests an unmet need from adjoining authorities to MSDC of a minimum of 21,220-22,420 homes which has yet to be addressed. This arises from Brighton and Hove, Crawley and Lewes – all authorities with which there is a strong functional relationship in migration and commuting terms with MSDC. The bare facts are as follows.

Brighton and Hove

4.3 The adopted City Plan Part 1 sets a housing target for 13,200 homes over the plan period (2010-30). The Council’s latest evidence, taking account of 2012-based Household Projections, indicates an OAN for 30,120 homes (2010-30). This leaves a substantial unmet need for 16,920 homes.

4.4 The City’s neighbours to the east (Lewes) and west (Adur and Worthing) are all likely to have an unmet housing need, meaning that it is reasonable to consider that the unmet need has potential implications on areas to the north of the South Downs.

Crawley

4.5 Crawley’s Local Plan 2030 was adopted in December 2015. The Inspector’s Report confirms an OAN for 10,125 homes between 2015-30. The Plan anticipates delivery of 5,100 homes. This leaves a substantial unmet need for 5,000 homes. Horsham District has agreed to meet 3,000 of Crawley’s unmet need leaving an unmet need for 2,000 dwellings in the HMA.

Horsham

4.6 The Horsham District Planning Framework is adopted. The Inspector’s report sets out that the Plan provides for 13,000 homes to meet the District’s own needs; and 3,000 to meet unmet needs from Crawley.

Lewes

4.7 Lewes’ Core Strategy: Local Plan Part 1 was adopted in May 2016. This sets out a target of 6,900 dwellings over the plan period 2010-30. The Inspector’s Report confirmed that there is an OAN of between 9,200 and 10,400 dwellings. There is thus an unmet need for between 2,300 and 3,500 dwellings.

4.8 Accordingly, as Horsham District is only making provision to meet Crawley’s unmet needs there is therefore a shortfall of 2,000 homes to 2,030 across the Northern West Sussex HMA. Following the NPPF, MSDC should meet this shortfall unless it can demonstrate that it would be unsustainable to

do so. This would represent housing provision of 100 homes per annum over and above MSDC's OAN.

- 4.9 In addition, there is a shortfall of 16,920 homes in Brighton and Hove, and, 3,500 homes in Lewes District. There is a strong functional relationship of key towns in MSDC, such as Burgess Hill and Haywards Heath, with these areas. There are also strong transport links between these areas and a range of other parts of the Mid Sussex District.

5 AFFORDABLE HOUSING

- 5.1 The submission version of the Plan sought to ensure that housing developments provided 30% as affordable housing. The latest version seeks to create a complicated hybrid version which includes both starter homes and affordable homes. In practice, this will mean that 20% of new homes (only in developments of over 10 units) will be genuinely affordable with a further 20% as starter homes.
- 5.2 The 2012 SHMA indicated an affordable housing need of between 221 and 467dpa (net).
- 5.3 The 2014 update considered that the need was between 223 and 474dpa (new).
- 5.4 The 2015 HEDNA appears to seek to make a case that the actual need is significantly less at between 116 and 223 dwellings per annum. The justification appears to be utilising a different methodology, using existing supply and a review of the waiting list.
- 5.5 However, the latest data from MSDC is that there are 1,604 households on the waiting list. This is not people, but households. The Plan seeks to deliver up to 20% of new homes as affordable, however, this is only on sites that provide more than 10 units or 1,000sqm of floorspace. The MSDC AMR and SHLA confirm that significant development continues to come forward as windfalls on smaller sites (and this is only included in the trajectory going forward). Therefore, it is clear that the Plan will deliver significantly fewer affordable homes than 200 per annum. Given the current waiting list, it will take well over eight years just to meet the current needs of the population, let alone the emerging needs identified in the various assessments.
- 5.6 Therefore, the Plan should be clear that it is not meeting the full affordable housing need and ensure that this is quantified so that this may be met elsewhere.
- 5.7 Absent this, and given the Government’s stance on starter homes, it may be appropriate to revert back to the 30% affordable target which is likely to provide a greater amount of affordable housing.
- 5.8 In addition to the challenges in delivering affordable housing, we would point out the lack of specific policies and allocation for specialist accommodation for older persons (both C2 and C3 uses) in the plan, including any affordable provision. The Council’s evidence points to significant need and demand for additional C2 and retirement requirements, yet the District Plan relegates this to the Site Allocations DPD. We consider that the general criteria and quantum for such uses is a strategic issue that should have been addressed in the District Plan.

6 MARKET DELIVERY

- 6.1 There is obviously an increased confidence in the housing market in MSDC (although this is not reflected in a reduction in houses prices) with the development industry rising to the challenge of increasing the amount of housing being delivered across the District.
- 6.2 This is seen in the amount of new homes delivered in the past two years increasing from over 600pa to over 800pa in 2015/16.
- 6.3 What the development industry wants is certainty in the planning system as this allows it to allocate resources in the appropriate locations in order to meet need.
- 6.4 MSDC is a highly attractive location for additional housing development and there are both national and regional housebuilders.
- 6.5 The general assumption across the country is that the larger housebuilders will deliver circa 50 units per annum from one sales outlet. Of course, on very large sites there is likely to be more than one sales outlet which means that this can increase, although it is highly unlikely to ever exceed 200 units per annum due to market capacity challenges.
- 6.6 Therefore, whilst the development industry is able to deliver a significant amount of housing, the challenges occur when only one or two sites are allocated and significant reliance is put on these sites to deliver housing (see Horsham challenges). We are extremely concerned about the notion that north of Burgess Hill will be able to deliver well over 300 new homes per annum and that the entire development will be complete in 13 years from start to end (at an average delivery rate of 277 new homes per annum). This is simply not sustainable even with the housebuilder interest in the site. For example, even Great Western Park at Didcot, where there are many national housebuilders present, has not achieved anywhere near this delivery rate.
- 6.7 What the development industry needs is a mixture of both larger and smaller strategic sites across the Plan period in order to ensure that the development pipeline is retained and that build rates and delivery are realistic.
- 6.8 As such, we consider that the delivery of the land to the north of Burgess Hill is likely to continue beyond the Plan period and that additional capacity needs to be found in the planning system. In section 10, we set out our proposed strategy for this.

7 PAST UNDER-DELIVERY

- 7.1 The situation in MSDC in terms of past housing delivery is dire, although this has improved in recent years as a greater number of permissions have been granted (many on appeal) and the housing market has stabilised post the recession.
- 7.2 The South East Plan ‘SEP’ was published in 2009 and formed part of the development plan for MSDC until its revocation in 2013. The District Plan seeks to provide the basis for development in the period post the SEP (i.e. from 2014).
- 7.3 The SEP housing figures were for MSDC to facilitate the delivery of 855 new homes per annum in the period 2006 to 2026. The District Plan seeks to facilitate the delivery of 800 new homes per annum.
- 7.4 There is a significant shortfall against the SEP figures and this has led to the Council accepting that it does not have a five year supply of housing land and that it is a 20% buffer authority.
- 7.5 However, does the adoption of a figure of 800dpa immediately strike out the significant shortfall that has been accumulated since 2006?
- 7.6 The SEP’s housing figures were the statutory requirement for eight years (2006/7 to 2013/14) and would have required the delivery of 6,840 new homes over that period. In fact, MSDC only delivered 3,658 new homes in that period (data from MSDC AMR), which equates to just over half the requirement. Even using the forthcoming figure of 800dpa, there is a significant shortfall against the historic housing figures.
- 7.7 This is one of the reasons why there are the issues of affordability in MSDC and all the other challenges for people to buy homes in the District.
- 7.8 Neither the 2012 or 2014 updates to the SHMA considered the matter of the shortfall at either local authority or HMA area. The Council states in the HEDNA that the shortfall was not taken into account (paras 6.21 to 6.26) however, that was of course at local authority level rather than HMA level. The issue is that the failure to consider the past under delivery across the HMA has led to suppression of household creation which affects the overall household projections. The situation here is different to the Winchester case quoted by the Council.
- 7.9 In any case, this huge under delivery should point to a significant market uplift in housing requirements.

8 SITE SELECTION AND HOUSING DISTRIBUTION

- 8.1 The methodologies described in the Strategic Site Selection Paper and the SHLAA appear sound however the conclusion that Pease Pottage, a site located in the AONB, is inconsistent with the protective nature of planning policies set out in the District Plan (DP14) and Neighbourhood Plans. These policies seek to give the highest status of protection in relation to landscape and scenic beauty, as well as wildlife and cultural heritage, for the AONB.
- 8.2 The concept of ‘environmental capacity’ and ‘tipping point’ is not supported by the NPPF. In respect of Para 8 which considers three dimensions of sustainable development including environmental, social and economic factors.
- 8.3 It is also important to note that this issue was covered at the Horsham Examination. The Inspector’s Report (8 October 2015) states: *“Although the background evidence did not include a capacity study for the District, the SA updates (CD/LP/25a,b) produced to support the MMs indicate that the district can accommodate up to 800 dpa with some environmental impacts. However, I consider these impacts would not be so severe as to outweigh the pressing need to meet the OAN for housing in Horsham and the SHMA as a whole” (para. 50). This demonstrates that other factors e.g. meeting housing needs carry significant weight in light of an ‘environmental capacity’.*
- 8.4 The SHLAA Main Report does not refer to taking account of any mitigation measures in relation to potentially assisting bringing sites forward, to overcome constraints, to help boost housing supply. Given the constrained nature of the District, this failure materially undermines the site assessment.
- 8.5 The overall spatial strategy seeks to focus development at the most sustainable settlements as set out in DP5. However in respect of villages, the District Plan makes no distinction between quantum of development to be expected at larger or smaller villages. This future development is simply left to the neighbourhood planning process. The plan provides no certainty as to where this development might be located, as set out in the Housing Trajectory which refers to these sites as “unknown”.
- 8.6 It would be beneficial if MSDC would provide guidance to Neighbourhood Plans to ensure that the housing target can be achieved. This is especially important due to the number of Neighbourhood Plans in the District and the fact that some have been made prior to the adoption of the District Plan. As a result they have been examined against a draft and lower housing target than the one currently proposed at submission stages.
- 8.7 DP5 requires at least 2,262 dwellings to come forward through neighbourhood plans, site allocations document and identified SHLAA sites (years 1-5). The main concern is that this target will not be achieved as the total housing identified in Neighbourhood Plans (at November 2016) is

below the policy requirement. Most significantly, discounting double counting of sites in the Housing Implementation Plan and discounting the three largest settlements (Burgess Hill, East Grinstead and Haywards Heath) the total quantum of housing from the remaining villages (17 settlements) is approx. 600 units.

- 8.8 The Strategic Site Selection Paper states that Pease Pottage could help meet unmet needs from Crawley. Assuming this is the case, the District Plan should seek to make up for this loss of housing for itself by considering additional development in the District to help meet its own needs.

9 TRAJECTORY

- 9.1 The housing trajectory can be found in Appendix A of the submitted District Plan.
- 9.2 Our review of the figures set out shows that the trajectory does not meet the five year requirement from 2016/17.
- 9.3 The five year requirement is 800dpa x 5 five years which equates to 4,000 new homes. To this, 102 dwellings need to be added as the shortfall against the requirement of 2014/15 and 2015/16 which equates to 4,102. MSDC accepts that a 20% buffer needs to be applied which equates to a further 820 new homes required. Therefore the total five year housing requirement is 4,922 (equating to 984dpa).
- 9.4 However, the trajectory shows 4,863 dwellings to be delivered in the next five years, which is below the requirement. Given that the Council cannot currently demonstrate a five year supply of housing land, this issue is vitally important.
- 9.5 In terms of the trajectory itself, we consider this to be hugely optimistic, for example, that Burgess Hill site will deliver 172 completions in 2018/19. Applications for this development have been promised time and again (in 2014 and 2015) yet nothing has materialised. It is clear that this is a very controversial site with significant constraints and requirements. If an outline application is submitted by the end of 2016, it is highly likely that it will take at least one year to have the application determined and the s106 signed. Following this, there will need to be pre-commencement conditions discharged, reserved matters developed, submitted and approved, legal issues, site set up, infrastructure provision etc. Therefore, to consider that 172 new homes will be completed is simply not credible.
- 9.6 For an LPA without a five year supply, with a trajectory that does not provide sufficient supply to meet even the lowest level of housing need and a trajectory that simply cannot be delivered, a major change in strategy is required.
- 9.7 Whilst neighbourhood plans are effective in demonstrating the local community’s wishes, in such an area of significant housing need, this simply is not enough. Delaying the Site Allocations DPD to 2021 is not credible; and this document should have come forward now in order for the Council to be able to demonstrate a robust and credible supply of housing.

10 FIVE YEAR HOUSING LAND SUPPLY

- 10.1 If MSDC considers that the shortfall should apply from 2014, then this is only 102 dwellings and will make very limited impact in the short term to the housing requirement. We consider that the reason why the Council is so entrenched in its position is because it realises that its trajectory is highly susceptible to under delivery and that this will lead to further shortfall against its requirement. What it is seeking to do is create a position which it can defend at appeal rather than seeking to significantly boost the supply of housing as required by the NPPF. This position cannot be supported as, if the Council is to be believed, the impact would be negligible.
- 10.2 As such, the Sedgefield approach, which is supported by the NPPF and PPG, must be endorsed here.
- 10.3 The Council's data shows that on 1 April 2016 there were 5,290 commitments. The trajectory shows that 3,957 of these are proposed to come forward in the first five years. The total trajectory shows delivery of 5,287 dwellings (i.e. three less than the total commitments). What this means is that the Council, in order to meet its housing numbers, needs to ensure that every one of the homes in the commitments is delivered. However, even the Council itself recognises that not all units will be delivered and that some will lapse without being developed or the final numbers on sites may reduce.
- 10.4 The real challenge to the housing delivery is the lack of flexibility in the system and the reliance on neighbourhood plans that are not delivering the amount of housing required of them. The reliance on two major further allocations, whilst not requiring made neighbourhood plans to review their allocations, will lead to significant shortfall against the housing targets and will inevitably mean that a five year housing land supply will not be able to be maintained throughout the plan period.
- 10.5 The District Plan should have set out clear requirements to neighbourhood planning areas with specific housing numbers required in each area. Of course, the local authority and the neighbourhood planning forums must have been working closely together in the past few years and the housing need across the District must have been a key issue that the Council would have sought to address. However, because many of the neighbourhood plans have jumped the gun and produced plans prior to the strategic housing requirement being known (and of course, this may still increase even further), there is no general conformity with the strategic housing requirement.
- 10.6 The failure of the Plan to have a specific policy requiring the allocation of a minimum number of units and also the failure of the plan to have a contingency in terms of a Site Allocations DPD (set in policy) will mean that it is highly likely that a five year supply of housing land will not be sustained.

- 10.7 Furthermore, the significant reliance on just two sites to deliver the five year housing land supply (666 homes in the first five year) as well as unknown SHLAA sites (240 units in the first five years) demonstrates the lack of flexibility and uncertainty that underpins the entire Plan.
- 10.8 As set out in Para. 8.6, we would recommend a specific policy setting out minimum numbers of sites to be allocated in each neighbourhood planning area (and given that there is full coverage in MSDC, this is not an issue) and a timetable for getting new or amended plans approved. Furthermore, we would recommend that the Policy includes a requirement to commence work on a Site Allocations DPD on adoption of the District Plan and a confirmed timetable for delivery of this. Finally, we recommend that the Policy includes a further contingency that if the above does not occur then new sites will be considered favourably (having regard to the settlement hierarchy and nature of a settlement).