

Mid Sussex District Council

Planning for the right homes in the right places: Response to the Consultation Proposals

Overall Summary

Mid Sussex welcomes any approach which delivers greater certainty in the starting point need for plan making. This is based on the Council's dispiriting experience of spending almost 10 days at Examination debating the question of the correct starting point housing need. The Council also welcomes the recognition that, having identified need that, there may be acknowledged constraints to meeting that need, such as statutory designations, or Habitats considerations.

The Standardised Formula

The Council's detailed comments on the formula are set out in the attached response, which is in the Department's requested format. Our main comments are that:

The Council supports a straightforward, standardised methodology for calculating objectively assessed housing needs. There are currently too many areas of possible disagreement when establishing housing need, and more clarity is needed. However, any standard methodology must provide a realistic measure of the number of homes required to meet the housing needs of the area.

It appears that the measure of income is based on a survey of local workplaces, rather than residents. We would propose that a true measure of affordability should be based on residence-based earnings – as it is residents that pay local housing costs and this approach would take account of commuter's incomes.

We are not convinced that the inclusion of market signals adjustments can really be equated with an objective measure of need. Further, the proposed methodology reflects in large part a policy judgement to increase supply in less affordable areas in the south of England. The use of a cap is also a policy judgement. We suggest that the formula should specify demographic need and the Government's market signal uplift separately for the sake of clarity.

We are not convinced measuring affordability in a single year is a sufficiently robust measure, given the scope for peaks and troughs within a cyclical property market. We suggest the use of 5 year rolling averages and potentially a broader basket of affordability indicators.

It is helpful that the calculation avoids any "cliff edge" effects and we note that Mid Sussex is not affected by a cap, but it risks credibility that almost 100 local planning authority areas yield an uplift that is greater than 40% (the level of the proposed cap). It would be reasonable to expect that any cap should only apply as an exception, and not a norm that affects almost a third of all areas. Furthermore, as a result, areas with far more limited housing pressures are still subject to a substantial

increase based on the proposed calculation, which lacks also credibility as objective approach.

The meaning of the cap also could usefully be clarified in terms of the relationship to unmet needs. For example will the existence of cap restrict authorities' ability to meet unmet needs? How should authorities, such as Mid Sussex, which are close to considerable clusters of capped authorities respond to the resulting unmet needs and market pressures on affordability? How should the scope for meeting unmet needs be addressed in context of higher unmet needs arising from the new housing targets?

The Council is slightly disappointed that the proposals do not address a simplified approach to unmet needs, beyond the elaboration of the duty to cooperate approach. This disappointment reflects the strong overlaps in the existence of unmet need in neighbouring authorities and pressures on affordability. It also highlights the considerable challenges in making robust and objective agreements with neighbouring authorities, particularly where plan making timescales are not aligned. While noting the suggestion of a reduced reliance on SHMAs, we note that locally prepared SHMAs have other, important roles to play in justifying policies on the mix of dwellings, arriving at estimates of affordable housing need, and supporting discussions under the duty to cooperate, notably in terms of how patterns and timing of demand might influence distribution of and provision for unmet need.

Transitional Arrangements

The Council seeks further clarity in the transitional arrangements and the suggested timescales for implementation.

Mid Sussex has now completed the Examination stage of its District Plan and expects to receive an Inspector's report by the end of 2017 with Plan adoption anticipated at the end of January 2018. In terms of the transitional arrangements set out in Table 1 of the consultation paper this places Mid Sussex in the final category of '*using the standardised methodology when the plan is next reviewed*'. While this is cautiously welcomed, particularly given the considerable resources that the authority has invested in the District Plan, these arrangements do not give the Council complete clarity or certainty in the life of the agreed plan provision. The Council therefore seeks clarification of whether this means that the adopted plan figure remains the relevant need for the calculation of a rolling 5 year land supply until the plan is next reviewed.

In the Council's view the most logical position would be that the adopted plan's housing requirement would prevail for at least 5 years from adoption and that the calculation of the 5 year supply position would remain based on this requirement until this time. In the Council's view there should be no sense that the standard requirement gets factored into the 5 year supply calculation, as part of the 5 year rolling average from year 2.

Underlying these concerns is the past experience of the issue of the PPG guidance on calculating housing need in 2014, which changed the baseline for housing need. The Council is also aware that in setting its housing requirement, the recent

Examination has had to strike a careful balance with constraints, most notably the effect on sites protected under the EU Habitats Directive (notably the Ashdown Forest SAC in the light of the *Wealden* case¹). This is because the consequences would most likely be a further period of uncertainty, legal challenges and an ultimate failure to deliver much needed housing. As such the Council would also formally request its own special transitional arrangements until such time as the Habitats issue is resolved.

Such arrangements are also necessary to ensure public confidence in the plan making system and Government competence, particularly given the scale of resources and involvement which has been required in this authority to secure a sound plan

Timescales for Implementation

The Council notes the suggestion in the Consultation Paper of a revised National Planning Framework to be published alongside the implementation of the standardised methodology in 2018. However, it is confused as the workability of this programme, particularly the need to consult on a revised NPPF in line with established practice and suggested that this is unlikely to occur before March 2018. In particular, the Council suggests that the implementation of the standardised methodology should coincide with the final revised NPPF; otherwise it is not clear how the standardised methodology can work alongside adopted policy. The Council also suggests the need to withdraw or update the NPPG Guidance on housing need, before this standardised methodology can be implemented. We suggest that an update would be appropriate so that authorities may understand how the new methodology will work with unmet need adjustments.

In making these comments we are also acutely aware of how uncertainty in the policy context can create considerable delays in plan making and uncertainties for the development community and which will delay delivery.

The Council would be happy to discuss any of these points further with your officials.

¹ WEALDEN DISTRICT COUNCIL Claimant - and – (1) SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT (2) LEWES DISTRICT COUNCIL
(3) SOUTH DOWNS NATIONAL PARK AUTHORITY Defendants - and – NATURAL ENGLAND Neutral Citation Number: [2017] EWHC 351 (Admin)