

Mid Sussex District Plan EIP

Matter 1: The Housing Requirement

Whether the plan's housing requirement makes sufficient provision for new homes.

a) Local housing need

b) Unmet need from neighbouring authorities and its effect on the plan's housing requirement

c) Whether the housing requirement needs to be uplifted to meet any other need such as that for affordable housing

d) Whether a stepped requirement is appropriate

Local housing need

The Council are proposing to update the assessment of housing needs to take account of the most up to date data with regard to affordability ratios and the baseline level of household growth given the passage of time since the submission of the district plan the LHN. This reduces local housing needs from 1,090 dpa on submission to 999 dpa. The Council notes in paragraph 1.7 that LHN can be relied on for two years from the point at which the plan is submitted but that this is not a requirement and as such the Council is proposing to use the most up to date figure.

Firstly, HBF disagrees with the Council's position with regard to relying on the assessment housing need for two years from submission. Being able to rely on the standard method for 2 years from the point of submission is fundamental to ensuring that the assessment of needs is fixed for the duration of the EIP to avoid updates and provide certainty for both the Council and other interested parties. In addition, PPG states that changes should only be revised where appropriate. The Council have not stated why it is appropriate for them to revise the figure in this situation other than it represents the most up to date starting point. The Council must take into account other factors. For example, consideration must be given to current planning policy which suggests a far higher level of need at 1,358 dpa and that in order to promote plan making the transitional arrangements allow for plans that deliver 80% of local needs not to require an immediate review. For Mid Sussex this is 1,087 dpa – only 3 homes fewer than the annual requirement proposed in the submitted local plan. Given this situation it would not be appropriate at this point to reduce the housing requirement to 999 dpa.

Secondly, the Council is proposing to use this lower figure not just from the point at which it was

assessed but to use it across the proposed plan period of 2021 to 2040. However, in rebasing the calculation but not the plan period the Council are ignoring a fundamental principle of the standard method – that it is designed to reflect past levels of delivery and that it looks ahead from the point at which it applied. As such it is a forward-looking assessment of housing needs. This can be seen in the base period over which household growth is estimated, which commences on the year in which local housing needs are calculated, as well as the affordability adjustment which uses the most up to date affordability ratio.

This means that the standard method is designed to take account of what has happened in previous years that will have impacted on the affordability ratio used within the formula. This is specifically recognised in PPG with paragraph 2a-011-20190220 stating that “*The affordability adjustment is applied to take account of past under-delivery*”. Logic would therefore suggest that if the affordability adjustment is being used as proxy to take account of under supply it must also be there to take account of any oversupply in that market and that using the adjusted figure would also require any amended plan period starting from 2025, the year in which the assessment of needs was undertaken.

The same principle also applies if the assessment of needs on submission is maintained. The plan period should have commenced in 2023/24, the year in which the housing needs was assessed and not from 2021/22. This was not of particular concern on submission as the housing requirement and supply in the first two years was broadly in line with supply – 2,180 and 2240 homes respectively. However, reducing the requirement to 999 leads to the creation of a surplus of 328 homes based on a forward-looking assessment of housing needs undertaken in 2025/26. This would therefore appear to be an attempt to reduce the number of homes they need to plan for in future.

This issue was considered most recently by the inspector examining the Winchester Local Plan. In the post hearing note the inspector noted:

“However, I am not convinced by the way in which the Council has derived the Plan’s housing requirement from LHN. The Plan’s most recent calculation of LHN was in 2024. The Plan’s housing requirement as set out in policy H1 runs from 2020-2040. The Plan’s housing requirement therefore includes completions since the start of the Plan period. It therefore includes completions that took place before the latest calculation of LHN.

The calculation of LHN is a forward-looking assessment of housing needs. From the point at which LHN is calculated it takes account of what has happened in previous years. The National Planning Practice Guidance (PPG) confirms that in calculating LHN using the standard method, the affordability adjustment is applied to take account of past under delivery. Whilst the PPG refers to past under delivery in this light, and is silent on over-

delivery, I take a common-sense approach on this matter. For this reason, past supply prior to the latest calculation of LHN (2024) should not be taken into account in deriving the Plan’s housing requirement due to the effect of the affordability ratio in the standard method.”

As a result, the main modifications for the Winchester Local Plan amended the period over which housing needs are considered from 2020 to point at which the housing needs was assessed in 2024. It is HBF’s position that the same approach should be taken with regard to this local plan. The impact of amending the starting point of the plan period on overall housing needs will depend on when the assessment is undertaken and is set out in the table below.

Table 1: Total housing needs if plan period starts in year LHNA assessed.

	Submission	Proposed mod - M67	Update January 2026
Base date of Local Housing Needs Assessment	2023/24	2024/25	2025/26
Length of period to 2039/40 (years)	17	16	15
Minimum local housing need (dpa)	1,090	1,039	999
Total Housing needs	18,530	16,624	14,985

Unmet needs from neighbouring areas

The Council have identified a significant level of unmet needs within the housing market area. However, it should also be noted that there is an increasing level of unmet needs in other neighbouring areas, and the question remain whether Mid Sussex is doing enough to address these needs given the significant levels of unmet needs that are that will result from the plans being proposed in Brighton and Hove, Lewes and Wealden. Clearly Mid Sussex cannot meet all these needs but the scale of unmet needs in Crawley and the fact that no other areas will be able to meet these suggests a greater response is required by Mid Sussex and Horsham.

Effect of unmet needs on the plan’s housing requirement

On the basis of table 14 it would appear that the Council are proposing to include the 1,693 homes they have agreed to deliver in response to identified unmet needs in neighbouring areas within their housing requirement. HBF agree that this is the correct approach and is necessary to provide certainty

that these homes will be delivered. When added to the updated housing requirement of 999 dpa, and using a plan period starting in 2021 it results in a housing requirement is 1,087 dpa.

However, as set out above HBF consider the proposed amendment to the minimum local housing need to be inconsistent with national policy. The Councils approach to unmet needs is to use the surplus as a means of addressing the unmet needs elsewhere while maintaining a degree of headroom to ensure flexibility in supply. However, the amount of headroom available depends on the local housing needs assessment and the plan period. This is set out in the table below.

Table 2: Headroom available for unmet needs.

	LHNA as in submitted plan period starting 2023/24	Proposed mod M67, with plan period starting 2024/25	Update Jan 2026 – plan period starting 2026/27	Council’s proposed mod in MS-TP2
LHNA (dpa)	1,090	1,039	999	999
Total plan period (years)	17	16	15	19
Total Supply	19,001	17,754	16,917	21,241
Total local housing needs	18,530	16,624	14,985	18,981
Headroom	471	1,130	1,932	2,260
Headroom if 1,693 homes to support unmet needs included in requirement.	-1,222	-563	239	567

What this table shows is that if the LHNA in the submitted plan is adopted and taken forward from the point at which needs are assessed, in line with PPG, the Council will not be able to meet any unmet needs in neighbouring areas. If the housing requirement of 1,039 dpa is used, with the plan period starting from the base period of 2024/25 would mean an increased headroom but that the Council would makes a significantly reduced contribution towards unmet needs in neighbouring areas.

If the 999 dpa is applied and again the base year of the plan period is amended to be consistent with the approach to assessing housing needs in PPG (in this case 2025/26) the level of supply is 16,917 homes (21,241 less the 4,324 homes delivered between 2021/22 and 2024/25). This would enable the Council to include 1,693 homes towards unmet needs in their housing requirement but with a reduced headroom of 239 homes.

Therefore, if the level of housing needs in the submitted plan is applied to a plan period that is consistent with the approach to housing needs set out in national policy, then there is insufficient surplus any of the unmet needs of its neighbours whilst maintaining a reasonable headroom to ensure the plan is deliverable over the plan period. The only reason why the Council are able to contribute to the unmet needs is by amending the overall housing requirement to reflect the updated assessment of housing needs. HBF do not consider the approach taken by the council to be consistent with national policy and the Council have not planned positively to meet the unmet needs of neighbouring areas.

As such HBF do not consider it to be justified for the annual LHNA to be updated to reflect the most up to date position but do consider it necessary for soundness to amend to starting point for the plan with regard to housing needs to 2023/24. As set out above amending the start date of the plan while maintaining the LHNA at 1,090 dpa results in a small surplus in supply against the Council's own needs but with insufficient headroom to meet some of the unmet needs of neighbouring areas. This is inconsistent with paragraph 11 and 61 of NPPF which require strategic policies to as a minimum provide for objectively assessed needs as well as any needs that cannot be met within neighbouring areas.

HBF's position is that this can be addressed through main modifications and the allocation of additional sites in this local plan. In particular the focus should be on small and medium sized sites that could bolster the Council's land supply in the first five years following adoption.

Finally, the Council state in paragraph 1.10 of MS-TP02 that this satisfies the transitional arrangement in paragraph 236 of NPPF24 that where a plan meets less than 80% of local housing need, they will be expected to start work on a new plan as soon as the revised plan making system is enabled by the relevant legislation. HBF consider this to be an incorrect assessment of paragraph 236 which refers to the 80% in relation to local housing need alone. The Council's housing requirement in relation to local housing needs is 999 dpa as the remaining 89 dpa is to meet the needs of other areas. This means that the adopted plan would meet 74% of local housing needs using the latest standard method. The Council will therefore be required to start work on a new plan immediately. It will also mean that from July 2026 the Council will need to apply a buffer of 20% on their five-year housing land supply in lien with paragraph 78c of NPPF24.

Does the housing requirement need to be uplifted to meet any other need such as that for affordable housing?

Paragraph 2a-024-20190220 of PPG states that "... an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes". MS-TP02 sets out the affordable housing need in paragraph 4.22 and 4.23 as 470 dpa for affordable rent and 434 dpa for affordable home ownership. This is 90% of local housing needs and

83% of the proposed housing requirement. While HBF recognise that it is not a requirement to meet affordable housing needs in full the shortfall in meeting these needs is certainly justification for increasing the number of homes that should be delivered through this local plan.

Is the proposed stepped requirement appropriate?

The justification in MS-TP02 would appear from paragraph 4.5 and 4.6 to be threefold. Firstly, more homes have been delivered than expected and that without additional supply from allocated sites there is less supply in the first five years of the plan. Secondly, there is a reliance on strategic allocations, which deliver later in the plan period, to meet housing needs and thirdly housing supply in Crawley is stronger in the early years of that plan. However, ultimately the reason for the step is that the Council have insufficient supply to show a five-year housing land supply on adoption without including a step.

PPG outlines in paragraph 68-021-20190722 that a stepped requirement may be appropriate where there is a significant change in the level of housing requirement and/or where strategic sites will have phased delivery or will delivery later in the plan period. In addition, any step should not unnecessarily delay meeting identified development needs.

What is evident from the Council's evidence is that the increase in the housing requirement is not significant, 1,087 dpa to 964 dpa in the current local plan. While HBF acknowledge there are strategic sites that will deliver later in the plan period it is HBFs contention that before considering the adoption of a stepped requirement the Council should have looked to identify additional sites that could have ensured the delivery of more new homes in the first five years post adoption. In particular HBF would have expected the Council to revisit those smaller/ medium sized sites that reached stage 3 of the housing land availability assessment. For example, in Appendix 4 of the HELAA there are sites that reached stage 3 in Albourne that were considered sustainable but seemingly only rejected because of their proximity to the significant allocation at Sayers Common, and in Haywards Heath where the only reason was connection to services despite these sites being closing related to a range of local services. HBF is not promoting specific sites and is simply using these examples to highlight that there are sites in sustainable locations with the potential to deliver homes in first five years to bolster land supply and avoid the use of a stepped trajectory. HBF consider that a stepped requirement can only be justified following such an exercise and it can be fully evidenced that there are no sustainable sites that it would be reasonable to allocate and that would ensure needs are meet in the first five years. In such a scenario the inspector could then be confident that the use of the step is, as stated in PPG, not unnecessarily delaying meeting housing needs in those first five years.

If a stepped requirement is considered by the inspector to be justified, it must be challenging to ensure that decision making remains positive and as many homes are delivered in the early years of this plan

as possible. However, as the Council have not provided a trajectory stating the number of homes that will be delivered each year across the plan period and when each site within the trajectory will deliver and at what rate it is not possible to say what the step should be if it is justified. A more detailed trajectory was published on the 12th of February (H8) which we became aware of on the 13th of February. This was too late to provide an effective comment in these statements. It may be helpful to provide further written statement prior to the hearings on H8, and we hope the inspector will be amenable to accepting these given the trajectory was published so close to the deadline for statements.

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