MID SUSSEX DRAFT DISTRICT PLAN 2021-2039

CPRE Sussex pre-examination submission re affordable and other special housing needs (Matter 3).

Introduction

1. CPRE Sussex, as a countryside charity, campaigns to ensure the economic and social vibrancy of Sussex's villages and rural communities. Of particular concern is the provision of adequate, suitable, affordable housing for local people providing local services, and their families. This is an issue because rural incomes tend to be lower, and affordable accommodation more limited and less affordable.

2. This note should be read in conjunction with CPRESx's 21 February 2024 Regulation 19 submission, which made a detailed argument that policy DPH8 was neither justified nor positively planned. This submission expands on the reasons why we believe that, to be sound, this policy requires, inter alia, new developments to include well over 30% affordable homes of appropriate tenures and types. There is a significant local unmet need that it will be viable to serve.

Affordable and social housing need and supply

3. The NPPG directs the methodology to calculate affordable housing need and supply.[1]

4. MSDC evidence of need and supply is contained in Iceni's Strategic Housing Market Assessment (October 2021) and its October 2024 update. Viability evidence relies on a 2022 Viability study ("Via 22"), whose conclusions were confirmed, without detailed re-analysis, in a 2024 "refresh" ("Via 24"). We also take account of applicable MSDC comments in its recent housing topic paper (MS-TP2). We have concerns Iceni's about the robustness of Iceni's evidence supporting policy DPH8. Some of the core underlying evidence relied on by Iceni is up to a decade old; and it is impossible to tell from the SHMAs whether Iceni has appropriately applied the NPPG methodology.

5. Iceni do not explain why their conclusion that Mid Sussex's need for affordable rental and ownership properties has reduced between 2021 and 2024 bucks the national trend evidenced in the Government's Local Authority Housing Statistics of significantly reducing delivery of affordable homes, especially in rural areas. They make no mention of the admittedly narrow evidence that MSDC's Housing Register has grown consistently year by year over many years, including from 1,881 in 2021 to 2,333 in 2025[2].

6. Rental affordability lumps together data for urban and rural areas of the District. Thie two should be analysed separately. Their dynamics differ significantly. A recent comprehensive report by English Rural Housing Association Report concludes : "***With rural house prices reaching 8.8 times local earnings–compared to 7.6 times in urban areas–and only 9% of rural homes classified as affordable versus 19% in urban areas, rural England confronts an affordability gap that has created waiting lists requiring 89 years to clear at current construction rates"***[3] The SHMAs do not address the implications in Mid Sussex.

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[1] https://www.gov.uk/guidance/housing-needs-of-different-groups

[2] Source: HM Government table 600: https://www.google.com/search?sca_esv=3a7e80e076c3dc2e&sxsrf=ANbL-n7ErSR9tNkEdyzf5wTRCgxOLCRNuw:1769707827737&q=Social+housing+waiting+list+by+local+authority&sa=X&ved=2ahUKEwiUvrazo7GSAxXSWUEAHQinOZIQ1QJ6BAhdEAE&biw=1117&bih=606&dpr=2&aic=0

[3] English Rural Housing Association Report: "England's Rural Housing Crisis: A Comprehensive Analysis" July 2025. https://englishrural.org.uk/englands-rural-housing-crisis-a-comprehensive-analysis/

7. The SHMA Update identifies an annual net need at October 2024 of 383 new affordable/social homes for rental (Table 3.4), 74% of which is at the social rent level (Table 3.6); and of 311 intermediate/low cost home ownership dwellings (Table 3.7)[4]. A total annual net need of 694 social and affordable new dwellings.

8. It is particularly disturbing that Iceni itself disclaims responsibility for the reliability of its own evidence – see 2021 SHMA para 7.63 - without providing any better alternative. Either they have followed the PPG methodology, or they have not. It is impossible to tell from their reports. But, absent more up to date and better numbers, we use them here to illustrate our points and to assess the viability of meeting that need.

9. One cannot identify the current built-up backlog need for social or affordable rented housing from the SHMA Update, or reconcile it to MSDC's current 2,333 Housing Register waiting list. The existence of a backlog is itself evidence that the 30% affordables policy in the current Local Plan is failing and should not be perpetuated if a higher percentage can viably be delivered - which it can.

10. Nor is it justifiable to amortise that backlog of current need by annualising it over the Plan's 19 year life. That condemns some people already waiting for new homes of their own or paying unaffordable rents to private landlords (maybe for some years already) to a further decade or two of unacceptable living. That is not just a failure of positive planning; it is cruel. MSDC should be aiming to resolve the current need over a much shorter period, which is in itself a strong argument for setting a more ambitious target for affordable and social housing delivery.

11. By far the greatest need is for social rented homes (SHMA update paras 3.13/3.17). Table 3.6 says that 74% of those in need can only afford to pay a social rent, even with Housing Benefit /Local Housing Allowance support. These people fall into the income gap identified in table 3.3 as unable to buy or rent privately with incomes well below the local median of £42,400p.a. Co-ownership is an unlikely option for anyone in this group.

12. Social housing is a distinct need from the wider affordable housing category. To make it an effective policy, Policy DPH8 needs to set a specific target to meet this social housing need sector. NPPF para 64 requires it.

13. Referring to MSDC's recent Housing Topic Paper (MS-TP2), we show why a step change in the thinking on the levels of affordable housing is needed. We consider an absolute minimum need, ignoring the current built-up backlog need for social or affordable rented housing and ignoring intermediate/low cost home ownership dwellings. We are left with the 383 per annum need of affordable rental, which is a requirement of 7,277 affordable dwellings out of a total of 20,672 for the 19 years of the plan. Straight off we note that this is a 35% affordable housing (AH) requirement. Setting 35% target for the plan is insufficient as, referring to Table 8 in MS-TP2, there are already some 12,315 dwellings in commitments + completions which are at a 30% affordable level. This means that the strategic sites, allocations and windfalls in the plan will have to deliver at much higher affordable level than 30%. Table 1 below shows that a policy of 44% AH for the greenfield allocations, greenfield strategic sites and windfalls will result in meeting the need of 7,277 affordable rental housing over the plan period. A greater step-change of the policy on affordable housing levels is required for greenfield sites to deliver against all the categories of affordable housing.

[4] Para 4.26 of MSDC's Housing Topic Paper MS-TP2 quotes the need for affordable home ownership housing at 353dpa (taken from SHMA Update Table 3.4). This is a gross number. We have used the net number of 311dpa in that Table to match the net annual number of affordable rental homes required.

Table 1 – Affordable housing supply percentages to meet the requirement for affordable rental housing

Dwellings		AH	Affordable Supply	AH	Affordalbe Supply
Commitments[1]	7991	30%	2397	30%	2397
Completions[1]	4324	30%	1297	30%	1297
Brownfield allocations[2]	475	30%	143	30%	143
Greenfield allocations[3]	1487	30%	446	44%	649
Greenfield Sig Sites[1]	5300	30%	1590	44%	2313
Proportion of windfall[4]	1097	30%	329	44%	479
Totals	20674		6202		7277

[1] MS-TP2 Table 8
[2] MS-TP2 Table 6 sites DPA3 & DPA8
[3] MS-TP2 Table 6 sites DPWC4-7 + sites DPA1-17 - sites DPA3&8
[4] Proportaion of allowance in Table 8 such that Supply = Requirement = 20674 dwellings

Viability

14. We now turn to viability in order to demonstrate that policy DPH8 can and should require the delivery of a greater proportion of social and other affordable homes than 30%, and that its failure to do so is out of step with its Sussex peers.

15. With the Plan proposing to deliver an average of 1,088dpa, and a claimed net need of 694dpa, a 30% affordables target would only deliver approx. 326 affordable homes p.a., i.e. 47% of what the evidence, such as it is, requires, leaving an increased backlog of 6,200 households above the existing unmet need over the Plan's life. Positive planning based on a justified policy cannot permit that if viability allows better. It does.

16. There is a vital gap in MSDC's viability evidence: they have not tested for viability above 30%.

17. We demonstrate below, with analysis of Via22, that delivering the housing proposed in the Plan would remain viable with a significantly increased requirement for much needed affordable and social housing of appropriate tenures ("AH").

18. MSDC's policy is badly out of step with its Sussex peers, all of whom require (or plan for) 40% or more of new homes to be affordable based on quality viability evidence (Horsham being an admirable example). MSDC's evidence does not justify its discrepant approach in the face of patent need.

19. Across the Plan as a whole, MSDC has based its benchmark viability threshold on a 16.2% profit margin for developers[5], allowing them an aggregate baseline profit of £418m. We do not challenge that. We call developer profit margins above that threshold "excess profits" which are equivalent to the viability surplus for the plan.

[5] Derived from Via 22 Appendix 12 spreadsheets.

20. We calculate that MSDC's evidence base demonstrates that, based on the Plan's proposed 1,088 dpa housing requirement, affordable and social housing is deliverable at a potential viability level of up to 60%. To illustrate this, we have focussed on greenfield sites (i.e. all sites proposed for allocation other than DPH3 and DPH8), comprising 94% of the 6,678 total of strategic locations + housing allocations in the Plan. The two brownfield sites, comprising 400 dwellings (120 of which are affordable), appear to have limited viability scope for increased levels of AH above what the Plan proposes and so are not included in the following analysis.

21. We have assessed the Crabbet Park site (DPSC2) being the most marginal greenfield site. This is because Via22, Table 12.4, shows this site (described there as Site 1 North) as having the lowest (RLV – BLV) per acre for all greenfield sites /typologies (RLV is the Residual Land Value and BLV is the Benchmark Land Value). Appendix 13 of Via22 shows RLV per acre at different contributions of AH up to 30% and shows a linear decline in RLV with increasing %AH. This relationship has a correlation coefficient of 1, so we are confident in extrapolating to higher AH levels. Figure 1 below extends this line for higher AH contributions and where RLV = BLV the viability threshold for the marginal site and, by definition, all of the greenfield sites in the plan.

Figure 1

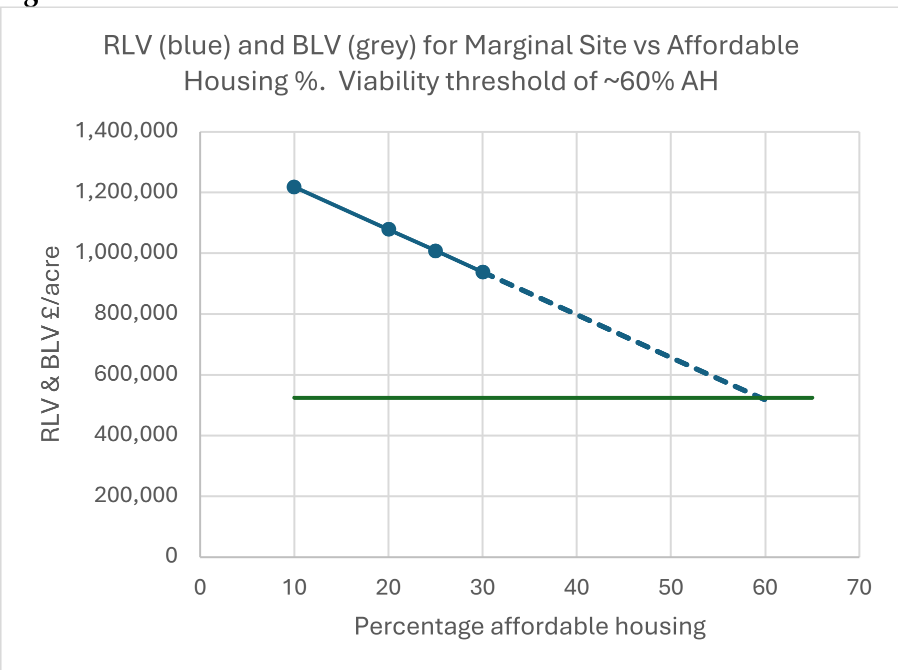

Figure 1 demonstrates that the Crabbet Park site, and hence the overall greenfield sites in the plan, has a viability threshold at AH ~ 60% using information from Via22. (Via 24 does not update the data).

22. Using information from Via 22, based on 30% AH, we have shown the monetary value of the viability surplus (= RLV-BLV) for each site and calculate the viability buffer in % terms, being (RLV–BLV)/GDV, where GDV is the Gross Development value. The results are as set out Table 2 below, which demonstrates that for the greenfield sites the aggregate GDV is £2.6 bn, the excess profit or viability surplus is £242m, and the viability buffer is 9.4%. An up to date reassessment of the viability surplus would be an easy exercise for MSDC and would be likely to show marked uplift in the £242m overall surplus given improved market conditions reported in Via 24 (para 6.19). If Mid Sussex participates in the £39 billion Affordable Homes Programme announced by the Chancellor in November 2025, the opportunity to deliver more social housing will be made more financially attractive and would further support reconsideration of MSDC's currently implied buffer.

Table 2 Summary by Site of GDV, RLV, BLV and Developer Profit for greenfield sites at an AH policy of 30%

Policy [1]	Dwellings [1]	Viability Site Ref [2]	Assumed Site / Typology [2]	GDV [3] £ mill	RLV [4] £ mill	BLV [4] £ mill	Dev Profit [3] £ mill
DPSC 2	1500	1	Crabbet Park	814	124	67	132
DPSC 1	1350	3	West of B Hill	495	88	35	80
DPSC 3	1850	4	Sayers Common	708	114	46	115
DPA 9	350	5	Green 350	124	26	8	20
DPA 14	200	6	Green 200	71	12	5	11
DPSC 5	210	6	Green 200	71	12	5	11
DPSC 7	200	6	Green 200	71	12	5	11
DPA 12	90	7	Green 100	36	6	3	6
DPSC 6	100	7	Green 100	36	6	3	6
DPA 4	45	8	Green 50	18	3	1	3
DPA 7	60	8	Green 50	18	3	1	3
DPA 17	45	8	Green 50	18	3	1	3
DPA 1	33	9	Green 30	11	2	1	2
DPA 2	25	9	Green 30	11	2	1	2
DPA 5	36	9	Green 30	11	2	1	2
DPA 6	30	9	Green 30	11	2	1	2
DPA 10	37	9	Green 30	11	2	1	2
DPA 15	30	9	Green 30	11	2	1	2
DPA 16	30	9	Green 30	11	2	1	2
DPSC 4	33	9	Green 30	11	2	1	2
DPA 11	25	10	Green 20	7	1	0	1
DPA 12	8	11	Green 12	4	1	0	1
Total	6287		Greenfield	2578	428	186	418
1. Ch 16 DP							
2. Table 9.1 Viability 2022			Viability surplus (=RLV-BLV)			242	£ mil
3. Appendix 12, Viability 2022 spreadsheets			Viability buffer (=RLV-BLV)/GDV			9.4%	
4. Appendix 12, Viability 2022 summary							

23. MSDC has made the policy choice of maximising housing delivery potential by allowing all the £242m excess profit as an incentive to developers rather than using it in whole or part to improve DPH8 by requiring a greater proportion of affordable housing. It will be simple for MSDC to replicate Table 2 using the most up to date information, for increasing amounts of AH levels above 30%. As this is not done nor the relevant information presented in Via24, we illustrate summary results for all greenfield sites combined based on analysis of Via22 information in Table 3. This shows how the excess profits or viability surplus could be shared at different levels between policy objectives (increasing affordable housing) and plan robustness ("viability buffer[6]).

[6] We calculate the viability buffer assuming a constant GDV In reality the GDV will reduce somewhat with increasing levels of affordable housing and so the resulting viability buffers shown will be conservative (lower)

Table 3 Effect of different AH policy levels on the viability and number of affordable dwellings for the combination of all greenfield sites in the plan.

Overall affordable housing	%	30	35	40	45	50	55	60
Viability surplus	£ mill	242	201.7	161.3	121.0	80.7	40.3	0.0
Viability buffer	% GDV	9.4	7.8	6.3	4.7	3.1	1.6	0
Total greenfield dwellings	Number	6,287	6,287	6,287	6,287	6,287	6,287	6,287
Affordable greenfield dwell supply	Number	1886	2200	2515	2829	3144	3458	3772

24. It is instructive to look at the viability assessment and policy decisions at nearby Horsham DC[7]. Here they assess various policy options including setting the overall proportion of AH at 45% for non-strategic greenfield typologies and 35% for strategic sites. They state: "*the assessment has considered 'buffers' to judge the margin of viability*". In their viability study the policy objectives are set such that they provide a viability buffer to enable the plan to be delivered and such that the social benefits of the plan are maximized. The resulting viability buffers were 4-12% GDV for non-strategic greenfield typologies (at 45% AH) and a contingency viability buffer of 5% GDV for strategic greenfield sites (at 35% AH). The plan-makers at Horsham were comfortable with (the minimum) of 4% viability buffer for non-strategic greenfield typologies and 5% contingency viability buffer for strategic greenfield typologies.

25. Taking the Horsham viability buffer of 4-5% as a benchmark and comparing to Table 3, shows the closest match is at a viability buffer of 4.7% for the greenfield sites in the MSDC plan. This corresponds to an affordable housing policy of 45% for Mid Sussex delivering 2829 much needed affordable dwellings from the greenfield sites. Add back in the 120 affordable dwellings from the two Brownfield Sites yields a total of 2,929 much needed affordable dwellings from the plan.

26. It is not clear what, if any, status MSDC's current Affordable Housing and Viability SPDs are intended to have in supporting their policies DPH8 and DPH 9.

First Homes

27. We note (SHMA Update para 3.22) that "*the evidence does not support providing First Homes in a local context*" (the £250k cost cap being below even 1 bed median local house prices). Based on the data in Table 3.8 of the SHMA Update, we agree that, at a 30% discount, MSDC's acceptance in para 4.34 of their Housing Topic Paper TP2 of this conclusion is sensible. It would also appear from Table 3.8 that First Home ownership would be likely to be out of reach of most aspirants even if the discount were increased to 40% (the discount level proposed in Horsham DC's draft Plan), though, at a 40% discount, they may be a viable option in some parts of the District. It would be helpful if MSDC could explain more fully at the hearing what proposals are "*that the wording for policies DPH8 and DPH9 is amended to allow flexibility for how the 25% affordable home ownership element of the affordable housing requirement is delivered*."

Rural Housing

28. The provision of social and affordable housing in rural areas needs to be a greater priority than the provision of market homes to ensure vibrant, well serviced, local communities. We have addressed our view of the need to assess specific levels of rural affordable and social housing need in para 6 above.

[7] Horsham Local Plan Viability Study, Aspinal Verdi, 2023.

DPH8/9 Policy changes required

29. Based on MSDC's own expert evidence, over the Plan's life policies DPH8/9 would leave 6,200 local households – up to 15,000 men, women and children – in unsuitable accommodation, and developers with conservatively calculated excess profits of at least £242m as a matter of policy choice. It's the wrong choice, producing unsound policies.

30. Sound, positively prepared affordable/first homes housing policies require:

- A significant increase in the percentage of social and affordable homes to be delivered on all but the two brownfield sites DPH3 and DPH8 within the overall proposed 1,088 dpa housing requirement to the maximum that viability prudently allows;
- Separate consideration of the social and affordable needs of Mid Sussex's more rural areas with separate affordable housing delivery targets if necessary;
- Separate targets for delivery of social rented accommodation from other housing classified as affordable;
- Accelerated clearance of the current backlog in the delivery of affordable homes;
- Clarity as to the future status of MSDC's Affordable Housing and Viability SPDs.
- Clarity as to MSDC's intentions to replace their previous DPH9 policy of providing 25% First Homes at a 30% discount.

11th February 2026