

# Technical Consultation on Updates to National Planning Policy and Guidance (Ministry of Housing, Communities and Local Government)

## Local Housing Need Assessment

### **Background**

The West Sussex and Greater Brighton Strategic Planning Board is the strategic planning group comprising the local planning authorities of Adur, Arun, Brighton & Hove, Chichester, Crawley, Horsham, Lewes, Mid Sussex, the South Downs National Park Authority, Worthing, together with West Sussex County Council.

The constituent authorities agreed to establish the West Sussex and Greater Brighton Strategic Planning Board (the Board) in 2013 in order to identify and manage spatial planning issues that impact on more than one local planning area and in order to support better integration and alignment of strategic spatial and investment priorities.

The Board have prepared a Local Strategic Statement (LSS) in 2012, subsequently updated 2016 which sets out long term strategic objectives and spatial priorities to help guide development and plan-making in our area. Although LSSs are non-statutory strategic planning frameworks they are a successful mechanism to ensure that the constituent authorities work collaboratively on strategic issues across administrative boundaries.

The Board is currently in the early stages of preparing the third revision to the LSS which will explore strategic options for meeting the area's unmet needs for housing, employment and key infrastructure required to support the growth being planned. In view of the fact that most of the local planning authorities represented by the Board have adopted plans which take them to 2030 (or thereabouts) the Board agreed that LSS3 should develop a long-term strategy for the sub-region over the period 2030-2050 to guide the preparation of future development plans<sup>1</sup>.

The Board has agreed the principle of preparing LSS3, the programme of work required to be undertaken and the necessary commissioning briefs to ensure a consistent evidence base. The Board is also recruiting a Senior Technical Advisor to drive the work forward. In line with the requirements of the NPPF, the work being undertaken by the Board demonstrates the level of commitment on behalf of the constituent local planning authorities to work closely and collaboratively.

This response to the Government's Technical Consultation is on behalf of all the LSS authorities and offers a collective view to supplement the responses to the Consultation made by individual authorities.

### **Proposed change to the Standard Method - Consultation**

According to the October 2018 consultation paper, the 2014-based projections (released 2016) would lead to an annual housing need of 266,000 homes in England. This is broadly in line with the Government's 300,000 target allowing for the fact that housing need/requirements are always expressed as minima. However, the newly released 2016-based projections (released September 2018) would reduce this number to 213,000 homes per year – lower than the number of homes delivered last year (217,000) .

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<sup>1</sup> Each of the constituent authorities have produced their own assessment of Objectively Assessed Need for their respective plan areas and plan periods (predominantly for plan periods up to 2030/2031), all of which have now been subject to examination and subsequently adopted. All authority areas within the LSS area have adopted their Local Plans within the last 3 years with the exception of Worthing Borough Council who are currently consulting on their Regulation 18 draft Local Plan.

The Technical Consultation proposes 'going back' to old projections. The West Sussex and Greater Brighton Authorities are extremely concerned about this proposal on a number of grounds.

Firstly, it is a long-established principle in Government guidance that the most up-to-date data should be considered when calculating housing need. Indeed, the recent 2016-based projections are more closely aligned to the currently established need figures within adopted Local Plans, as the projections are based on recent trends. These figures have been rigorously tested through Local Plan examination processes and are therefore clearly robust. This is felt a better reflection of the actual level of need currently arising from the area.

Secondly, it is unclear how an approach of 'going back' to historic projections will be sustainable in the future – i.e. when will it be appropriate to use 2016-based projections, and how much 'lead-in' time will there need to be before future projections are allowed to be used? The approach of using old data calls into question the validity and methodology of the new projections.

There may be non-methodological reasons for the 2016-based figures to have fallen. The biggest influence on population change in Mid Sussex is migration - this accounts for 80+% of population change; reduced levels of migration will lead to lower population and therefore lower housing need. There are always likely to be clear and justifiable reasons, backed by evidence, for using the most up to date projections available.

The authorities note an alternative option of using the 2016-based projections with an affordability adjustment factor of 0.55 (footnote 11) as opposed to 0.25, with the aim of ensuring housing need is "consistent with previous levels" (paragraph 27).

This raises concern – firstly, amending the formula in this way would significantly increase the housing need for the area beyond even the 2014-based projections; secondly the adjustment factor of 0.55 is not justified or evidenced. The Planning for the Right Homes in the Right Places consultation (2017) explains that each 1% increase in the ratio of house prices to earnings above four results in a quarter of a per cent increase (i.e. 0.25) in need above projected household growth. Amending this figure to 0.55 would assume each 1% increase in the ratio of house prices to earnings above four would result in over half a per cent increase in housing need which is a considerable step-change compared to the modelling which justified the formula.

### **Implications for West Sussex and Greater Brighton Authorities**

There is a marked difference between the use of the 2016-based projections and 2014-based projections for the West Sussex and Greater Brighton authorities.

**Annex 1** shows a comparison between current agreed housing need<sup>2</sup>, adopted housing provision, and the figures generated by the Standard Methodology using both the 2014-based and 2016-based projections.

In totalling the 'Objectively Assessed Need' established in currently adopted plans, there is a total need for 6,682 dwellings per annum (dpa) across the area. At present, there is only an adopted supply of 5,005dpa. This equates to a **shortfall of 1,677 dwellings per annum across the LSS authorities** which over a 15 year period equates to a **total shortfall of 25,155**. LSS3 is being prepared in order to assess options for addressing this shortfall.

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<sup>2</sup> Noting that the figures include those set out in the SDNP Plan which is currently at Examination

In comparison to currently adopted housing provision, the unmet need within the area would increase from 1,677dpa to 2,014dpa if the 2014-based projections are used. If the more up-to-date 2016-based projections are used, unmet need would reduce slightly to 1,556dpa (albeit this is still a significant unmet need in itself) and assuming all authorities continue to plan for the level of housing in their currently adopted plans (noting that all figures above also incorporate the use of the 40% cap set out in the Standard Method methodology).

Reverting back to the 2014 based projections therefore means that the shortfall increases by over 5,000 dwellings over an average 15 year plan period to **30,210 dwellings** across the LSS authorities by using the Standard Method. However, using the 2016-based projections reduces the shortfall **23,340**. It is clear to the Board authorities that the 2016-based projections much more closely aligns to the actual housing need position evidenced and agreed by Planning Inspectors in numerous recent Local Plan examinations within the LSS area. This is significant given the current high levels of unmet need within the area and limited options for addressing it.

All of the local plans in the sub-region have been adopted in the last three years with the exception of the South Downs which is currently at examination and Worthing which is out for at Regulation 18 consultation. They have therefore been subject to extensive examination, and the majority will have already been based on the 2014-based projections. Such a discrepancy between the currently adopted 'objectively assessed need' and the need arising from the formula suggests that the formula is not an accurate assessment of housing need.

In summary:

- The proposed change to the standard methodology would mean that the new OAN numbers for each authority have not been tested through the authorities' respective Local Plan Examinations.
- Collectively, it is already acutely challenging for the West Sussex and Greater Brighton authorities to currently meet their unmet housing need, given the significant areas of nationally protected landscapes including the South Downs National Park. The proposed methodology change would further substantially increase the authorities' collective unmet housing need, without any clear alignment to actual housing needs in the area.
- The proposed change would increase the authorities collective unmet housing need.
- The 300,000 Government annual target is not evidenced based and the West Sussex and Greater Brighton authorities consider that there needs to be a robust evidential base to justify this target.
- Planning guidance has always reiterated the important of using the most up-to-date projections at all times, and that plans should reflect this during their preparation. West Sussex and Greater Brighton authorities consider that the use of up-to-date projections should continue to be used as a basis for plan-making.
- There may be many non-methodological reasons for the new projections to be lower – reduced migration for example, so they should be taken into account.

### **Overall Conclusions**

The West Sussex and Greater Brighton authorities believe that a Standard Method for assessing housing need is beneficial. However, there remain concerns with the method proposed, particularly the use of out-of-date statistics and the wide ranging impact this will have on preparation of LSS3.

## Annex 1 – Standard Method Implications

Authority	Current Housing Need (dpa)	Standard Method (dpa)		Adopted Housing Provision (dpa)	Shortfall/Surplus (dpa)			Shortfall/Surplus (15 year plan period)			Change to Shortfall
		2014-based	2016-based		Current	2014-based	2016-based	Current	2014-based	2016-based	2014-based
Adur	325	248	248	177	-148	-71	-71	-2220	-1,065	-1,065	1,155
Arun	919	1,322	1,208	1,000	81	-322	-208	1215	-4,830	-3,120	-6,045
Brighton & Hove	1,506	924	924	660	-846	-264	-264	-12,690	-3,960	-3,960	8,730
Chichester (inc SDNP)	575	609	609	519	-56	-90	-90	-840	-1,350	-1,350	-510
Crawley	675	476	415	340	-335	-136	-75	-5,025	-2,040	-1,125	2,985
Horsham	650	973	954	800	150	-173	-154	2,250	-2,595	-2,310	-4,845
Lewes (inc SDNP)	520	483	483	345	-175	-138	-138	-2,625	-2,070	-2,070	555
Mid Sussex	876	1,111	967	964	88	-147	-3	1,320	-2,205	-45	-3,525
Worthing	636	873	753	200	-436	-673	-553	-6,540	-10,095	-8,295	-3,555
<b>TOTAL</b>	<b>6,682</b>	<b>7,019</b>	<b>6,561</b>	<b>5,005</b>	<b>-1,677</b>	<b>-2,014</b>	<b>-1,556</b>	<b>-25,155</b>	<b>-30,210</b>	<b>-23,340</b>	<b>-5,055</b>

Note: Includes the application of the 40% cap where relevant

Note: The South Downs National Park Authority (SDNPA) is the local planning authority for the South Downs National Park which covers about one-third of the WS&GB area. The SDNPA is preparing a Local Plan which includes a housing provision figure of 250 homes per year for the National Park as a whole, with a shortfall of 197 homes per year compared with the objectively assessed need.