

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

## Local Housing Need Assessment

### **Standard Method**

Mid Sussex District Council responded to the “Planning for the Right Homes” consultation, which included the introduction of the Standard Method, in September 2017. The Council expressed broad support for a standard method to be employed in order to reduce time spent at examination on the issue (given the Council’s own experience), and to reduce uncertainty and ambiguity. However concerns were raised regarding:

- The frequency by which the new data is released and the level of uncertainty this generates – for instance, the Standard Method has the potential to change the baseline housing need up to 3 times during plan preparation due to the release cycle of its components.
- The validity of the ‘300,000’ home national annual target, and on which basis this was derived
- The simplicity of the analysis of affordability, reducing seven wide-ranging measures of affordability (previously referred to in Planning Practice Guidance as ‘market signals’) to only one, which is concerned with house prices and earnings.

Unfortunately, issues regarding the first two points have already arisen to the extent the Standard Method is proposed to be revised only two months after its adoption within the new NPPF and accompanying practice guidance. In effect, the proposed formula has fallen at the first hurdle.

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

It is a long-established principle in Government guidance that the most up-to-date data should be considered when calculating housing need. In fact, recent updates to planning practice guidance referred to the Standard Method relying on the most up-to-date household projections. Between the first public consultation on the Mid Sussex District Plan and the examination, the District Plan was amended to reflect changes to the OAN based on publication of new datasets and consulted upon accordingly. Other authorities have delayed plan-making in the past in order to account for new projections.

Since the Standard Method was introduced, a new household projections dataset has been released. Based on previous policy/guidance this should be used as the basis for calculating housing need.

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) . The Government recognise that this is no longer broadly in line with the 300,000 target.

The consultation proposes ‘rolling back’ to old projections, as the new projections do not suit. The 300,000 Government target is not based on evidence. It is most definitely not an ‘objective assessment’ of housing need following all previous guidance that local authorities were bound to follow during plan preparation and examination. Therefore, to revert back to the 2014-based projections in order to fit a target that is not based on evidence is not transparent and increases uncertainty and ambiguity in the process – issues the Standard Method was meant to remove.

Whilst the reasons for using these are set out within the consultation paper, there are questions as to the principle of using out-of-date data when it has been strongly warned against in guidance in the past. It is very unclear how this approach 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, simply because they don’t fit a predetermined outcome (300,000 homes).

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 may be justifiable reasons (backed by evidence) for using the 2016-based projections – to forbid their use by amending the Planning Practice Guidance is not justified.

### **Implications – New Figures (2016-based) .v. Old Figures (2014-based)**

The most up-to-date household projections are significantly lower than the 2014-based projections which the Government are proposing to use for the purposes for establishing housing need.

	<b>New Figures (2016-based)</b>	<b>Old Figures (2014-based)</b>	<b>Difference</b>
<b>Mid Sussex</b>	967	1,111	<b>+144</b>

The difference solely based on using the Government’s preferred approach (i.e. older projections) is an additional 144 dwellings per annum by using the 2014-based figures compared to 2016-based.

### **Mid Sussex – current District Plan position**

Following a total of nine days of discussion at examination hearings held between November 2016 – February 2018, the Objectively Assessed Need and housing requirement (accounting for unmet needs of neighbouring authorities) for Mid Sussex was established and found sound by an independent inspector.

- **Objectively Assessed Need: 876** dwellings per annum (dpa)
- **Housing Requirement:** Stepped trajectory of **876**dpa 2014/15 - 2023/24, **1,090**dpa 2024/25 – 2030/31 (plan period average **964**dpa)

The housing requirement for Mid Sussex accommodates the remaining unmet need within the Northern West Sussex Housing Market Area (HMA), namely arising from within Crawley. Both Crawley and Horsham have adopted, up-to-date, Local Plans; upon adoption of the Mid Sussex District Plan the HMA is able to demonstrate that it is meeting its overall housing need in full.

### Implications – Plan Making: Current Adopted Plans .v. Standard Method (2014-based)

The table below shows the impact of the standard method subject to the consultation (i.e. 2014-based household projections) compared to currently adopted plan need (OAN) and requirements.

#### Mid Sussex

	Adopted Plan OAN	Adopted Plan Requirement	Standard Method (2014-based)	Difference: OAN	Difference: Requirement
<b>Mid Sussex</b>	876	964	1,111	<b>+235</b>	<b>+147</b>

The District Plan requirement is an average of **964dpa**, which incorporates some of the unmet need arising from adjoining Crawley so that the Housing Market Area meets its need in full.

The Standard Method increases Mid Sussex housing need to **1,111dpa**, which is an increase of 147dpa before unmet need from neighbours has been accounted for. This would equate to 2,205 over a 15-year plan period. This significant increase has been established within only 9 months of Mid Sussex adopting a District Plan which was based on 9 days of examination hearings into housing need and subsequent requirement.

#### Northern West Sussex HMA

	Adopted Plan OAN	Adopted Plan Requirement	Standard Method (2014-based)	Difference: OAN	Difference: Requirement
<b>Crawley</b>	675	340	476 (inc. cap)	<b>-199</b>	<b>+136</b>
<b>Horsham</b>	650	800	973	<b>+323</b>	<b>+173</b>
<b>Mid Sussex</b>	876	964	1,111	<b>+235</b>	<b>+147</b>
<b>TOTAL</b>	<b>2,201</b>	<b>2,104</b>	<b>2,560</b>	<b>+359</b>	<b>+456</b>

At present, the Northern West Sussex HMA is able to meet its housing need in full. However, should the Standard Method be employed (inclusive of a 40% cap applied for Crawley), there will be a difference of approximately **456dpa** compared to current plan provision (i.e. assuming all three authorities continue to plan for the same amount of housing as their respective currently adopted plans, an additional 456dpa would be needed to meet the new Standard Method figures).

### Implications – Conclusions

The effect of rolling back the household projections to the 2014-base, and applying the standard method are as follows:

- Mid Sussex housing need would increase from 876dpa to 1,111dpa. Therefore 1,111dpa would need to be delivered annually to meet Mid Sussex need. This may need to increase further to account for unmet needs of neighbouring authorities.
- For the Northern West Sussex HMA, combined housing need is currently being met (with Horsham and Mid Sussex accommodating, in full, Crawley's unmet need). Introduction of the Standard Method would require an increase of housing supply of 456dpa within the HMA to continue meeting its own need in full.

### **Use of the 40% Cap**

The application of a 40% cap places a burden on those authorities with an existing high requirement (especially those that have accommodated unmet need from neighbours) and artificially limits any incentive for those with lower need to increase housebuilding significantly. This is exemplified within the West Sussex and Greater Brighton area (the nine authorities preparing a Local Strategic Statement) whereby the only authorities not subject to a cap (Arun, Horsham and Mid Sussex) are those that have accommodated unmet need from neighbouring authorities in their current plans.

### **Overall Conclusions**

Mid Sussex District Council still believe that a Standard Method for assessing housing need is beneficial. However, the Council raised a number of concerns during the “Planning for the Right Homes” consultation in 2017, specifically regarding frequency of data releases and the impact these would have on housing numbers. Unfortunately these concerns remain; the fact that the first data release since adoption has led to a consultation on revising the method shows that the concerns were, and still are, valid.

In summary:

- The 300,000 Government annual target is still un-evidenced, and the approach to retrofitting the Standard Method in order to meet an un-evidenced/pre-determined figure is not an acceptable one.
- Previous 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. Reverting back to old figures, despite the intention to let the new figures/methodology ‘settle down’, goes against previous advice and does not make logical sense. Either the new household projections are accurate, or they are not and should not 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.
- The approach to using older data, and consulting on a new methodology only two months after the previous methodology was implemented, confirms the fact that the method is not fit for purpose and is likely to lead to greater uncertainty in plan-making every time new data is released (will the formula change once again following the release of new projections in two years’ time?)
- The application of a 40% provides no incentive for authorities with lower currently adopted housing requirements to increase their need significantly, and places a burden on those with existing high housing requirements.

### **Housing Land Supply**

The Council do not have any specific comments to make on the proposed wording changes to the NPPF, or the use of the Standard Method to determine housing need in the housing land supply calculation.

However, the Council would like to highlight that (at present) the 5-year supply calculation is based on housing completions. This is something that the Council have little to no control over, and delivery ‘on the ground’ is predominantly in the hands of the development industry. Local authorities do have control over the number of sites that are allocated, or permissions granted (commitments) – Mid Sussex District Council are proactive in allocating land and permitting applications where the proposal represents sustainable development, and has a

healthy stock of commitments. This, however, does not feature in the 5-year supply equation.

## **The Definition of Deliverable**

The Government is to be welcomed in recognising this issue which has quickly arisen since the publication of the Framework in July.

Clarity over the definition of deliverable is to be welcomed. In terms of the specific elements a) and b) proposed by Government, the Council has the following comments:

- a) It is agreed that all of these categories of sites should be considered as deliverable;
- b) It is difficult to comment without a greater understanding of what the 'clear evidence' of housing completions within five years should be.

In a situation nationally where much housing land supply is tied up in sites with outline permission or a plan allocation, there is a need for clarity over what that 'clear evidence' should constitute. There are many factors which impact upon the timescale for delivery of housing from major sites and this needs to be recognised by Government in producing the further planning guidance.

Whilst Mid Sussex District Council has tended to approach this issue in a cautionary way the Government is urged to bring forward the additional national planning guidance so as to provide clarity and certainty as quickly as possible.

## **Development Requiring Habitats Regulations Assessment**

The District Council notes the proposed change of wording to the NPPF, to reflect the People over Wind decision, which is helpful. However, it is considered that the Habitats Directive and Habitats Regulations 2017 will continue to provide the primary basis for the Habitats Regulations Assessment of plans and projects and its application, along with any relevant case law.