

Sent by email to: policyconsultation@midsussex.gov.uk

16/12/2022

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the Mid Sussex Local Plan Review.

1. Thank you for consulting the Home Builders Federation (HBF) on the Mid Sussex Local Plan Review. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

DPS2: Sustainable Design and Construction

2. This policy requires new development to meet either a 3 or 3.5 star rating using the Homes Quality Mark as a means of moving towards zero carbon development. In particular the Council will require development to achieve a minimum score of 50 within this rating with regard to energy efficiency. Given that the Government has already set out a clear road map to achieving zero carbon ready homes as part of the Future Homes Standard from 2025, not long after the proposed adoption of this plan, the HBF does not consider it necessary for an alternative standard and compliance framework to be included in the local plan.
3. Firstly, the Council must consider section 5 of Planning and Energy Act 2008 which states that energy policies in local plans “... *must not be inconsistent with relevant national policy*”. Secondly consideration must be given to current Government policy which was first established in the Written Ministerial Statement and then reiterated in paragraph 6-012 of PPG. These two statements set out that Council’s should not go beyond a 20% improvement on the 2013 building regulations (an improvement equivalent to the long abolished level 4 of the Code for Sustainable Homes. Given that this has now been exceeded by Building Regulations it is evident that the Government’s intention is to use building regulations as the main focus for change on this matter and this is further reinforced by paragraph 154b of the NPPF states in relation to greenhouse gas emissions that “... any local



requirements for the sustainability of buildings should reflect the Government's policy for national technical standards".

4. This would suggest that whilst the Government have accepted some uplifts to technical standard can be made through local plans, they are seeking to deliver major changes to energy efficiency standards through building regulations and not through local plans. Certainly, it cannot be argued that they are expecting Council's to set standards in excess of the Future Homes Standard which will deliver homes that are zero carbon ready from 2025. As such the Council must follow the Government's position which is that improvements to technical standards moving forward will be addressed through building regulations and not through planning policy and alternative standards such as the Homes Quality Mark.
5. It is important to recognise that the development of the Future Homes Standard has included and been supported by the house building industry, energy and water providers, bodies such as RSPB and three Government departments. The framework developed will ensure that the transition to zero carbon homes is feasible whilst maintaining house building levels that can address the current housing crisis facing the country. To then place additional requirements with regard to such matters is unnecessary and unjustified. It is also unclear as to how the HQM standard will relate to the Future Homes Standard and whether there are sufficient resources in the Council or independent assessors to monitor the delivery of these standards. Without an adequate means of assessing and monitoring the delivery this policy it cannot be considered to be effective. The HBF therefore recommends the requirement to meet specific HQM ratings are removed from this policy.
6. The HBF would also suggest that it is unnecessary for a separate sustainability statement to be provided with regard to how the development is designed to address other aspects of this policy. These matters can be adequately addressed within a planning statement which will avoid unnecessary additional reporting and paperwork.

DPN2: Biodiversity

7. Whilst the HBF does not make comments on site specific matters we note that a minimum of 20% will be required on the three significant sites identified in the local plan. It will be important that these are agreed with the site promoters and that this level of net gain is deliverable. The costs of delivering BNG varies significantly depending on the level of biodiversity on a site and as such reasonable margins will need to be included in viability assessments to ensure 20% is deliverable.

DPH1: Housing

8. This policy updates the Council's housing requirement setting out a local housing needs for the area of 20,142 homes to be delivered over the plan period 2021 to

2039. This is an annual average delivery of 1,119 new homes and is consistent with the outcomes of the standard method. The policy also sets out the level of supply to meet these needs which would deliver 302 more homes than the minimum requirement. Our concerns regarding this policy are set out below.

Unmet housing needs from neighbouring areas

9. The Council have not looked to increase the minimum requirement to take account of the unmet needs of neighbouring areas or considered the wider impact of this decision. This was recognised in the adopted local plan which included the provision of an additional 1,498 homes to address unmet needs arising in the Northern West Sussex Housing Market Area. However, the Council will be aware from its involvement in the West Sussex and Greater Brighton Strategic Planning Board and Sussex Coast area that a number of local plans in West Sussex have been adopted that cannot meet their own housing needs due to a variety of constraints.
10. Within West Sussex we note that there are three authorities that have currently identified a shortfall in either adopted or emerging local plans – Brighton and Hove, Crawley, and Worthing. Brighton and Hove adopted their City Plan Part 1 in March of 2016, and this set out a capacity constrained housing requirement of 660 dpa against an objectively assessed housing need (OAN) of 1,500 dpa. This is a shortfall of 840 dwellings per annum and over the plan period of 2011/12 to 2029/30 there is an unmet need 16,800 homes to be delivered elsewhere. It should also be noted that the standard method for Brighton and Hove is higher than the OAN and requires, even without the 35% cities uplift, a minimum of 1,724 new homes to be delivered each year in Brighton to meet housing needs.
11. Worthing to the south west of Mid Sussex have recently had their local plan found sound and will be adopted by the Council in December. This local plan includes a capacity constrained housing requirement of 3,672 homes over the plan period of 2020 to 2036 against its local housing needs assessment of 14,160 homes. This is a shortfall of 10,488 homes over the plan period and no additional supply has been identified elsewhere by the Worthing Borough Council to meet these needs.
12. Finally in West Sussex, the Council will be aware that Crawley have undertaken a regulation 19 consultation on its draft local plan for submission which includes a requirement of 357 dpa against a local housing needs assessment of 749 dpa – leaving an unmet housing need over the plan period of 5,925 homes.
13. Outside of West Sussex there are also identified needs in adopted or emerging plans in Mole Valley to the north west and Reigate and Banstead to the north. Whilst neither of these areas share a boundary with Mid Sussex, they do border the North West Sussex housing market area and are part of the Gatwick Diamond Local Economic Partnership. Mole Valley's local plan, which is currently being examined, has a capacity constrained housing requirement of 460 dpa. This is a

shortfall of 180 dpa against its assessed housing needs and over the whole of the plan period results in an unmet housing need of 1,751 homes.

14. Reigate and Banstead adopted their local plan in 2014. They subsequently reviewed it in 2019 and found that it did not need to be updated. This meant that the capacity constrained housing requirement was maintained and the shortfall of 180 dpa shortfall against assessed needs of 640 dpa. Over plan period 2012 to 2027 this was a shortfall of 2,700 homes against assessed needs. Stronger delivery however means that delivery over the plan period is estimated to be around 8,000 new homes reducing the shortfall.
15. It is clear that those areas surrounding Mid Sussex are struggling to meet their housing needs in the face of the constraints they face. As such it is surprising that the Council have not included an uplift in its own requirement to meet some of these needs. At the very least we would have expected uplift to address the shortfall identified by Crawley given past agreements to take on board some of their unmet housing needs. There is a need for wider sub regional working on these matters to ensure that these unmet needs are addressed but given that in the past these have not been effective it is for individual Council's such as Mid Sussex to take responsibility and identify additional suitable sites in their local plans that could go towards addressing some of the identified unmet needs in West Sussex and some of the areas it adjoins.
16. A failure to plan for additional growth that meets these needs will also reduce the impact of the housing it does deliver on the high cost of housing in the area. Median house prices in Mid Sussex are 13 times higher than median incomes. Even lower quartile house prices are unaffordable to many at £315,000, 10 times median incomes. This is a clear indicator that the Council must start delivering more homes that address the wider shortfall in housing across neighbouring areas. We would also encourage the Council to challenge those areas that are not meeting needs due to Green Belt. These authorities could do more but tacit agreement by other Councils with regard to their approach, and refusal to meet needs in full, means that more has to be done by authorities such as Mid Sussex.
17. Therefore, as part of this local plan review the Council must consider spatial strategies that will deliver additional sites that could contribute to meeting some of the unmet needs that has been identified in neighbouring areas. To date the Council has seemingly tested just two spatial strategies in its Sustainability Appraisal (SA). Neither of these strategies, as set out in section 3.1 of the SA set out how many homes, they will deliver nor reference the unmet needs of neighbouring areas. This is unacceptable given the level of unmet needs faced by neighbouring areas to Mid Sussex and we would question whether such an SA was compliant with the requirement to test reasonable alternatives. The SA must therefore consider alternative strategies and allocations that would meet some of the unmet needs we have identified.

18. As part of this assessment of alternative spatial strategies and higher housing requirements to meet the unmet needs of neighbouring areas the Council will also need to consider, as required by paragraph 11b of the NPPF, whether the adverse impacts of meeting some of the needs from neighbouring areas would significantly and demonstrably outweigh the benefits of such an approach. Without such an assessment the Council's strategy could not be considered sound as it would not be able to show why it has failed to meet the requirements relating to unmet needs set out in both paragraph 11 and 61 of the NPPF.

Affordable housing needs

19. An uplift to the housing requirement is also supported by the evidence on affordable housing needs. The Strategic Housing Market Assessment states that affordable need over the plan period is for 470 dpa for rented units and 455 dpa for affordable homeownership units – a total 925 dpa. This is a substantial level of need and increasing supply to meet the needs of other areas would also provide additional affordable housing to better meet the needs of Mid Sussex. This is a significant benefit and should be part of the considerations outlined above when considering the benefits and disadvantages of delivering more homes in Mid Sussex.

Housing Supply

20. DPH1 sets out the expected level of supply from all sources over the plan period. In total the Council expect 20,444 homes to be delivered between 2021 and 2039 – around 300 homes more than the minimum requirement. We note that no detailed trajectory is included in the evidence indicating the expected number of homes to be delivered in each year of the plan period. A chart is provided but this contains no clear indication as to the exact number of homes expected to be delivered. This needs to be addressed in the next iteration of the plan with a detailed trajectory included in the plan itself as required by paragraph 74 of the NPPF. We would also recommend that that detailed site by site delivery trajectories are also provided by the Council as part of its evidence base. This will not only improve transparency for interested parties commenting on the plan but will also assist the inspector in their considerations of housing supply. Where such evidence is not provided it is our experience that these are asked for by the inspector at the hearings.
21. However, even without a detailed trajectory we do have some concerns following consideration of the evidence that is available. Firstly, the consistent level of undersupply in new homes against the current housing requirement indicates that considerable front loading is necessary to ensure the Council has a five year land supply on adoption and throughout the early years of the plan. There will need to be a focus on allocating small and medium sized sites that will come forward early in the plan period and ensure the requisite flexibility should larger sites not deliver as expected. The allocation of such sites will also ensure that the Council can

meet the expectations of paragraph 69 of the NPPF that at least 10% of the housing requirement comes forward on identified sites of less than one hectare.

22. Secondly, the buffer of just 302 homes over the plan period appears to be insufficient given that nearly 8,000 homes are expected to come forward on just four strategic development locations, the three allocated on the LPR and the Northern Arc at Burgess Hill. It is also notable from the list of existing commitments provided by the Council that of the 10,786 extant permissions 2,782 are allocations in the Local Plan or Neighbourhood Plans. Furthermore, of the sites with planning permission over 3,000 of these are expected to come from one strategic site - the Northern Arc at Burgess Hill mentioned above – an application that will expire this year.
23. At this stage supply across the plan period appears to be relatively uncertain and as such we would suggest there is a need to provide a larger buffer than is currently the case. The HBF recommends that there is a buffer of at least 10% in overall supply to ensure that any slow or late delivery on strategic sites can be accommodated without the plan becoming out of date. These should be provided on small sites that will come forward early in the plan period ensuring that any delays do not push back the delivery of much needed housing.
24. Our final concern relates to windfall, which provide a little over 1,714 dwellings over the plan period. This is a significant proportion of the remaining supply and as required by paragraph 71 of the NPPF the Council will need to provide compelling evidence that they will form a reliable source of supply over the plan period based on both historic rates of development and future trends. The Council have set out their past levels of windfall in the urban capacity study which indicates that since 2014 924 homes have been delivered on small windfall sites – an average of 134 per annum. However, between 2007 and 2014 the average was much lower at around 67 dpa coming forward on small windfall sites. To reflect these fluctuations the Council have removed the outliers leaving an average of 99dpa from small windfall sites. A further discount of 20% has then been applied to ensure that their importance is not overstated in housing land supply. However, we note that there is still a degree of caution suggested in the urban capacity study with regard to this figure.
25. The Urban Capacity Study (UCS) also concludes that there is evidence to justify an allowance of 466 on identifiable larger sites and a further 25 units per annum from non-identifiable sites from other sources such as office to residential conversions. Having considered the evidence presented by the Council, we are concerned the allowance for identifiable large sites is not justified to be included as windfall. Whilst it may be the case that BT exchanges are being repurposed over time, that there is a national decline in petrol stations and car parks could be rationalised there is no indication that this will happen in Mid Sussex. If this were the case, then the Council should be allocating these sites for development. As such there is no compelling evidence to support the council's position.

26. Similarly suggesting that the area will deliver 25dpa (300 from year 6 onwards) from other non-identified sites is somewhat open to challenge when the UCS itself suggests in section 5.19 that of the potential sources of supply, homes over shops, reuse of empty properties and back garden developments were unlikely to yield anything such that the only source is office to residential prior approvals. Whilst this may have delivered circa 410 new homes over the past 8 years the UCS acknowledges that *'the number of schemes coming forward through this route has been declining, with no schemes of 5 (+) units approved via prior approvals over the past year'*. It is also notable that the Economic Growth Assessment indicates that there is currently only 1.31 years' worth of available office supply in the District, with forecast growth in office based employment requiring additional office floorspace. This suggests that much of the low hanging fruit with regard to office to residential conversions have been delivered and as such we do not consider there to be compelling evidence that 300 homes will be delivered from this source.

DPH4: General Principles for Housing Allocations

27. As set out in our response to DPS2 the HBF does not consider the requirement to achieve a 4* rating using the Homes Quality Mark (HQM), with a further target relating to the energy category, to be justified or consistent with national policy. The Government has already set out a clear road map to achieving zero carbon ready homes as part of the Future Homes Standard from 2025, not long after the proposed adoption of this plan, and there is no justification presented by the Council as to why an additional assessment framework is required and how this relates to current Building Regulations or the Future Homes Standard. As such we would suggest the reference to meeting fixed standards from the HQM is deleted.
28. This policy also requires residential development to achieve a maximum water capacity use of 85 litres per person per day (lppd). The technical standards that can be introduced within local plans are set out in PPG and include higher standards with regard to water use. Where there is evidence to support their introduction, the Government allow local planning authorities to require a higher standard of 110 lppd in their local plans. Therefore, the proposed policy is inconsistent with national policy with no justification as to why such a low standard is necessary in Mid Sussex.
29. The Council have also failed to properly consider the cost of this measure within the viability study. Paragraph 8.24 of the study notes the cost in relation the lower standard 110 lppd but not the cost of achieving 85 lppd. No consideration is also given as to the effectiveness of this policy. Developers would for example need to install smaller baths into homes but cannot prevent homeowners from changing such fixtures in future.
30. As such the requirement for homes to meet an 85 lppd water consumption standard should be deleted as it is inconsistent with national policy and the departure is unjustified.

DPH30: Self build

31. Policy DPH30 requires 5% of homes on sites of 100 or more to be provided as serviced plots for self-build or custom house building. Whilst it would appear from the SHMA and self-build register that there is demand for self-build plots in Mid Sussex, however, this does not appear to be substantial with just 54 individuals on the custom and self-build register. Even the broader evidence provided does not suggest significant demand with the estimate that 98 people in every 100,000 may be looking to build their own home in Mid Sussex. However, it must be recognised that this is an estimate based on national trends and data. The HBF estimate that this policy has the potential to deliver 237 plots, well in excess of likely demand for such homes over the plan period. The Council will therefore need to show that the proposed policy is based on the evidence of demand for such plots. It would seem at present that the policy could deliver well in excess of demand leaving vacant plots that will delay delivery of much needed homes.
32. The Council will also need to show how it has considered other approaches to increasing the supply of self-build plots. The approaches to meet these needs is elaborated on in paragraph 57-025 and 57-014 of PPG which set out ways in which the Councils should consider supporting self & custom build. Whilst this recognises that local authorities should take account of such needs when preparing local plans these paragraphs also identify a wide range of other sources of supply. These sources need to be explored by the Councils as a means of addressing their duty rather than placing the burden on developers to meet the demand for self-build plots which rather than creating additional supply merely changes the way a unit is delivered and, in some cases, delays the delivery of new homes.
33. Until evidence is provided as to expected supply of sites and how other sources could support the delivery of self-build plots the HBF consider the policy to be unjustified. The HBF would also recommend that the paragraph in the supporting text on page 163 of local plan stating when plots will revert to the developer is included in the policy itself. The weight that is given to supporting text is not the same as that set out in policy. Given that this is a vital element of the approach to self-build plots it is essential it is included in the policy to ensure it is effective.

DPH31: Housing Mix

34. The policy sets out the starting point for the consideration of mix on all residential development. Whilst the HBF welcomes the flexibility set out in this policy we would suggest that a minimum threshold is included with regard to when mix should be considered. On smaller sites where it is difficult to achieve a mix of development, we would suggest that the policy should only apply to major development.
35. We would also suggest that the policy states that consideration will be given to updated evidence on needs and supply. Decision makers can therefore have

regard to the most up to date evidence such as the housing needs assessment, monitoring data on the homes delivered, and any specific needs in the local housing market (as referenced in part 2ii) within which a site is located without having to slavishly follow the table in part 1 which is a snap shot in time and cannot reflect future needs and delivery.

36. The Council will also need to take account of First Homes within the housing mix and the potential impact this will have on the number of flats within a development or the impact on viability of having to discount larger homes to values on the basis of the £250,000 cap that are well below 30% of the market values set out in table 4.8 of the Viability Study.

DPH32: Affordable housing

37. Part i. of This policy requires 30% all homes on relevant sites to be affordable housing and has been based on the ability of new development to deliver such homes in Mid Sussex. However, the viability evidence indicates in tables 10.2a to 10.2d that that brownfield sites across the Borough will not be able to deliver this level of affordable housing. This is recognised in the viability study and whilst it concludes that due to the limited number of brownfield sites allocated this is unlikely to affect delivery in the medium term this does not mean that the Council should ignore this key part of the evidence. We would suggest that the policy is amended to reduce the requirement for affordable housing in relation to previously developed land. This would be consistent with national policy which outlines at paragraph 58 that decision makers should be able to assume that developments which meets all the policy requirements are viable. This is not the case in relation to development on brownfield land and as such the policy is not sound.
38. Some flexibility should be provided for within part ii of the policy which requires each and every phase of a phased development to include 30% affordable housing. However, there will be phased development that prioritise the delivery of affordable homes into the initial phases of a development for a range of reasons and the Council should not seek to restrict how these homes are delivered. Indeed, the Council's approach could seek much needed affordable housing delivered later in a phased development as a result of this policy. We would therefore suggest that this policy caveated by including "*unless the applicant can justify an alternative approach*", or similar wording.
39. As set out above the HBF are concerned regarding the impact of First Homes on viability of development in Mid Sussex on the basis of the housing mix being proposed. The value of housing in the area will mean that only flatted housing will fall within the cap with the 30% discount. The delivery of First Homes for larger units will potentially have a significant impact on viability given the cap will require discounts well in excess of the 30% being proposed. The Council will need to give careful consideration as to the potential impact of the mix and its relation to First Homes to ensure that it does not render development unviable.

Conclusion

40. We hope these representations are of assistance in taking the plan forward. Should you require any further clarification on the issues raised in our comments please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt', with a stylized flourish at the end.

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