



APPROACH TO LOCAL HOUSING NEED FOR LEWES DISTRICT OUTSIDE THE SOUTH DOWNS NATIONAL PARK FOR THE PURPOSES OF THE FIVE YEAR HOUSING LAND SUPPLY

May 2021

1.0 Introduction

- 1.1 This paper identifies a locally derived approach to the calculation of local housing need for Lewes District outside of the South Downs National Park, for the purposes of calculating the five year housing land supply from May 2021 until a new local plan is adopted.
- 1.1 As a result of the Lewes Local Plan Part 1 reaching its fifth anniversary of adoption, the local planning authority's five year housing land supply is required to be calculated against the local housing need figure, as calculated by the standard method, from May 2021.
- 1.2 However, the standard method provides a local housing need figure for the whole of Lewes District including that part of the South Downs National Park that lies within Lewes District, for which Lewes District Council is not the local planning authority.
- 1.3 In accordance with Planning Practice Guidance, a locally determined method may be used where strategic policy-making authorities do not align with local authority boundaries, such as in National Parks, to identify a housing need figure for the Lewes local planning authority area only.
- 1.4 This document identifies the approach to be used to calculate the local housing need for the purposes of the five year housing land supply calculation from 11th May 2021. For the avoidance of doubt, the proposed approach is for the purposes of the five year housing supply only and does not prejudice plan-making or emerging Local Plan housing requirement.
- 1.5 Planning Practice Guidance was amended on 16th December 2020, following the Government announcement that the standard method for calculating local housing need had been updated. These changes, including the updated standard method, are taken into account within this proposed approach.

2.0 Background

- 2.1 Approximately half of the area of Lewes District is within the South Downs National Park (SDNP). The South Downs National Park Authority is the local planning authority for the area of the District within the SDNP, whilst Lewes District Council is the local planning authority for the remaining part of the District. A map showing Lewes District and the South Downs National Park is provided as Appendix 1.
- 2.2 The Lewes Local Plan Part 1: Joint Core Strategy with SDNP (LPP1) was adopted on 11th May 2016 after being found sound at Examination in Public. LPP1 contains the vision and strategic policies for the whole District including the SDNP, and sets a district-wide housing requirement of 345 homes per year in Spatial Policies 1 and 2. However, as a result of a legal challenge, the housing requirement in LPP1 was disaggregated to provide a net housing requirement of 275 homes per year for Lewes District outside of the National Park over the period to 2030.

Five Year Housing Land Supply

- 2.3 Local planning authorities are required to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against the housing requirement set out in adopted strategic policies (NPPF para 73).
- 2.4 However, when strategic policies are more than five years old, the NPPF requires that the five year housing land supply is calculated against local housing need, which is determined by the standard method set out in national planning guidance (NPPF para 73). The fifth anniversary of the adoption of the plan falls on 11th May 2021. Therefore, from this date until the adoption of the new local plan, the five year housing land supply will be calculated against the local housing need.
- 2.5 Where a local planning authority is unable to demonstrate a five year supply of deliverable housing sites, the policies which are most important for determining applications for housing development are considered to be out-of-date, and the presumption in favour of sustainable development applies (NPPF para 11(d)).

3.0 Local Housing Need

- 3.1 Since its introduction through the NPPF in 2018, local housing need is calculated using a standard method contained within Planning Practice Guidance¹. The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.
- 3.2 The standard method was updated and re-published in Planning Practice Guidance on 16th December 2020. In calculating the local housing need, the standard method firstly requires establishing a baseline growth rate using national household growth projections² to calculate the projected average annual household growth over a 10 year period. Secondly, an adjustment is made to that baseline to take into account the affordability of the area using median workplace-based affordability ratios. Thirdly, under specific circumstances, a cap can be applied to limit the increase an individual local authority can face, particularly when strategic policies are less than five years old. Fourthly, the 20 largest urban local authorities in the country increase their local housing need by 35%.
- 3.3 Under the standard method the local housing need for the whole of Lewes District including the SDNP, calculated at May 2021, is 782 homes per year. The calculations are provided in Appendix 2.
- 3.4 Changes to the standard method were proposed in the Government's 'Changes to the Planning System' consultation³ that was published in August 2020. This proposed changing the way that the baseline is counted through the introduction of updated household projections and data on current levels of housing stock; changes to how the affordability adjustment is calculated, and the removal of any caps being applied to limit the increase an individual local authority can face. However, none of these proposed changes were implemented when the standard method was updated in December 2020.

¹ [PPG: Housing and economic development needs assessment, Paragraph: 002 Reference ID: 2a-002-20190220](#)

² 2014-based household projections are required to be used to calculate the baseline

³ <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>

4.0 Calculation of local housing need for Lewes District outside the South Downs National Park

- 4.1 Due to household projection and affordability ratio data only being available on a local authority level, the standard method produces a local housing need figure for the whole of the District. However, approximately half of the area of Lewes District is in the South Downs National Park, which is not under the planning jurisdiction of Lewes District Council.
- 4.2 Planning Practice Guidance⁴ states that where strategic policy-making authorities do not align with local authority boundaries, an alternative approach to identifying local housing need will have to be used, and such authorities may identify a housing need figure using a method determined locally. In these situations, Planning Practice Guidance⁵ also confirms that a locally derived housing requirement figure may be used for the purposes of the five year housing land supply calculation where the local plan is more than 5 years old.

South Downs National Park

- 4.3 The South Downs National Park boundary was defined on landscape considerations and therefore does not align with statistical or administrative geographies.
- 4.4 The South Downs National Park Housing & Economic Development Needs Assessment (HEDNA) was prepared in September 2017 as evidence for the South Downs Local Plan. This identified a need for 447 homes per year across the whole of the South Downs National Park, of which 114 homes per year is calculated as being the need from the part of the South Downs National Park located within Lewes District.
- 4.5 This evidence was prepared prior to the standard method being established, and does not take into account market signals (affordability adjustment) as the South Downs National Park Authority has statutory purposes set out in the National Parks and Access to the Countryside Act 1949, as amended by the Environment Act 1995. Therefore, a simple approach of subtracting the need identified in the SDNP HEDNA from the standard method assessment of

⁴ [PPG: Housing and economic development needs assessment, Paragraph: 014 Reference 1D: 2a-014-20190220](#)

⁵ [PPG: Housing supply and delivery, Paragraph: 023 Reference ID: 68-023-20190722](#)

Local Housing Need is not considered to be an appropriate approach to calculating local housing need for Lewes District outside the SDNP.

- 4.6 ***The proposed method in this paper does not establish the housing need for the part of the District in the South Downs National Park.*** This is for the South Downs National Park Authority to determine, taking into account the different functions and considerations for a national park authority.

5.0 Proposed approach to calculating local housing need

- 5.1 The proposed changes to the standard method for calculating local housing need published in the Government's Changes to the Current Planning System consultation in August 2020 introduced the concept of using the existing dwelling stock levels into the baseline calculation.
- 5.2 Although this concept was not incorporated into the updates to the standard method in December 2020, it is considered that the use of existing dwelling stock provides a route for calculating a local housing need figure, based on how the total number of dwellings in the District is split between inside and outside the National Park.
- 5.3 The Local Land and Property Gazetteer (LLPG) is a central database that provides the definitive identification of all land and property within Lewes District. It contains grid coordinates for each property so they can be shown spatially using a Geographical Information System (GIS). This means that it is possible to identify the number of dwellings in the District that are inside and outside of the National Park.
- 5.4 Taking the standard method as the starting point, it is proposed to apply the proportion of dwellings within the District outside the SDNP to calculate the housing need for Lewes District Council's local planning authority area using LLPG data.
- 5.5 The LLPG data will be used to review the proportional split on an annual basis as a result of housing delivery, although it is not expected that this would result in significant changes to the proportional split.

Local Housing Need Calculation

- 5.5 The LLPG identifies a total of 45,180 dwellings in Lewes District. Of these, 10,487 dwellings are located within the National Park, and 34,693 dwellings are located outside of the National Park. This shows 77% of the District's total housing stock is located outside of the National Park.
- 5.6 The proposed approach is to identify a proportion of District Local Housing Need using this percentage to identify a local housing need for the plan area (Lewes District outside the SDNP):

$$\textit{Local Housing Need for plan area} = \textit{Local Housing Need for District}^6 \times 0.77$$

- 5.6 Under the current standard method, the local housing need for the whole District in May 2021 is 782 homes per year. Therefore, using this locally-derived method, the local housing need for the plan area is **602 homes per year**.

⁶ As calculated by the standard method.

Appendix 1 – Map of Lewes District



0 1 2 3 4 km

Scale: 1:110,000 @ A4

(C) Crown copyright. All rights reserved.
Lewes District Council.
Ordnance Survey 100019275



Appendix 2 – Calculating Local Housing Need using Standard Method

Calculated on 11th May 2021 using Standard Method as set out in:

Planning Practice Guidance – Housing and economic needs assessment⁷

Paragraph: 004 Reference ID: 2a-004-20201216

Revision date: 16 12 2020

Step 1 – Household Projections Baseline

The baseline is the projected average annual household growth over a ten year period calculated using 2014-based household growth projections from the Office for National Statistics⁸.

- 2021 Household Projection = 47,114
- 2031 Household Projection = 52,702

This is a total of 5,588 new households over the 10 year period, equivalent to an average household growth of 558.8 per year.

Step 2: Adjustment to take account of affordability

The affordability adjustment is applied in order to ensure that the standard method responds to price signals and is consistent with the national policy objective of significantly boosting the supply of homes.

The affordability adjustment is calculated using the most recent median workplace-based affordability ratios⁹ at local authority level, published by the Office for National Statistics. For each 1% the ratio is above 4, the average household growth should be increased by a quarter of a percent.

The median workplace-based affordability ratio (2020) for Lewes District is 11.50. The adjustment is calculated as:

$$\begin{aligned} \text{Adjustment factor} &= \left(\frac{11.50 - 4}{4} \right) \times 0.25 + 1 = \left(\frac{7.50}{4} \right) \times 0.25 + 1 \\ &= 1.875 \times 0.25 + 1 = 1.46875 \end{aligned}$$

⁷ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁸ <https://www.gov.uk/government/collections/household-projections>

⁹ <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

The adjustment factor is therefore 1.46875 and is used to adjust the average annual household growth figure:

$$\begin{aligned} \text{Minimum annual local housing need figure} &= \text{adjustment factor} \times \text{projected household growth} \\ &= 1.46875 \times 558.8 = 820.7375 \end{aligned}$$

The resulting figure is 821 (rounded to a whole housing unit).

Step 3: Capping level of increase

Depending on the current status of the Local Plan, a cap can then be applied to limit the increases an individual local authority can face:

- (1) Where the Local Plan was adopted within the last 5 years, the local housing need figure is capped at 40% above the average annual housing requirement figure (i.e. the annual Local Plan target).
- (2) Where the Local Plan was adopted more than 5 years ago, the local housing need figure is capped at 40% above whichever is the higher of:
 - a) the projected household growth for the area over the 10 year period identified in step 1; or
 - b) the average annual housing requirement figure set out in the most recently adopted local plan (if a figure exists).

The Lewes Local Plan Part 1 was adopted in May 2016, so will be more than five years old from May 2021. Therefore capping under (1) above is not applicable.

The Lewes Local Plan Part 1 set an average annual housing requirement for the District of 345 homes per year. However, as a result of a legal challenge to the plan, the housing requirement was disaggregated between the parts of the District inside and outside of the National Park, which resulted a housing requirement for the District outside the National Park of 275 homes per year.

- The average annual housing requirement in LPP1 (outside of the National Park) is 275 per year.
- The average annual household growth over 10 years is 558.8 (as per step 1)
- The minimum annual local housing need figure is 811 (as per step 2)

The annual household growth (558.8) is higher than annual housing requirement figure (275). Therefore, the cap is set at 40% above the annual household growth figure:

$$Cap = 558.8 + (40\% \times 558.8) = 558.8 + 223.52 = 782.32$$

The capped figure is lower than the minimum annual local housing need figure and therefore limits the increase to the local authority's minimum annual housing need figure. Therefore the annual local housing need is capped at 782 per year.

Step 4: Cities and urban centres uplift

An urban local authority in the top 20 cities and urban centres list would uplift their figure generated by step 1-3 by 35%.

Lewes District is not on this list, so Step 4 does not apply.

Result

As calculated by the standard method at May 2021, the minimum figure for whole of the Lewes District (including the SDNP) is **782 homes per year**.