Generally, Albourne Parish Council welcomes the changes proposed in the Bill and has separately responded to the questions posed. However, the Council believes that there are two fundamental issues which should also be addressed that relate to the Standard Method, which overstates requirements and distributes them unfairly across the UK; and Ministerial direction to the Planning Inspectorate (“PINS”) to ensure that current plans take the proposed changes into active consideration when deciding how to assess the impact of constraints.

The Consultation is clear in Chapter 4, point 3 that the Standard Method is not part of this

consultation and will still form the “starting point for the plan-making process”, but point 5 states that the objective is “to support local authorities to set local housing requirements that respond to demographic and affordability pressures while being realistic given local constraints.” Albourne is affected by both Mid Sussex and Horsham District Plans, which are both current, but the real challenge to an effective planning system that engages the support of local Communities can only be achieved if the latter point about constraints is properly considered by the NPPF and PINS. This is in the context of the position (implicitly acknowledged by the fact it will be reviewed in 2025) that the Standard Method is not necessarily a good “starting point”. The standard method comprises two fundamentally flawed elements; an estimate of demand based on 2014 forecasts; and an “over-allocation” method based on affordability which increases housing targets in areas where house costs are high. The 2014 housing forecasts are based on data, some of which pre-dates the 2011 census, and forecast that the number of households in 2021 in England &amp; Wales would be 25.765m. This was a forecast based on the 2011 Census count of 23,366m. The 2021 census showed that the actual number of households was 24,782; indicating a 2014 forecasting error of 70%. Utilising this 2014 basis fundamentally overstates the housing requirement across the whole of the UK and whilst the Consultation proposes that the Government will utilize a 2024/5 forecast based on 2021 Census data at a future point in time, it is immediately evident that any plans that are Inspected in the next 2 years will be based on inflated data for the “baseline” housing estimate.

The “over-allocation” method of increasing the baseline target by a ratio driven by “affordability” is also flawed. Multiple reports have highlighted that housing is an asset class, not a commodity where pricing is dominated by the laws of supply and demand. Additionally, a core of house building costs are land, which is a restricted asset. As a result, increasing demand for land by over-allocating development in areas already short of supply will increase new house prices, not reduce them; and there is no basis to suggest that increasing the supply of new housing in an area will lead to falling (and so more affordable) housing.

The application of these two elements mean that the Standard Method will establish a very

significant overstatement of housing requirement in Districts where affordability is a concern such as Mid Sussex and Horsham. Concealed households and lack of social housing are real issues which mean that development in excess of current household formation will be required; but this should be properly targeted based on local analysis and not calculated in a “top down” method which PINS enforce based on the Standard Method. The critical point in the period until the Standard Method is reviewed, or the basis of housing forecasts adjusted, is to ensure that PINS properly engage with and respect the intent around the

issue of local constraints.

We would propose that to reduce the disproportionate effect of the Standard Method and so ensure that PINS do make their decisions consistent with the intent of the Bill during the period of its finalisation and implementation; the Department should ensure that there is a Ministerial direction to PINS in relation to how they should interpret constraints and how they should treat the standard method as a “starting point”. This Direction should state that PINS should positively consider the impact of any constraint which leads an LPA to propose any housing target which exceeds its properly assessed OAN, but falls short of the Standard Method until transition to the new Planning regime is complete; or alternatively there is amendment to the Standard Method.