

York Local Plan (YLP) - Examination Statement

Date November 2019
To Programme Officer
From Lichfields

Subject **Matter 2: The Housing Strategy**

1.0 Introduction

- 1.1 This Statement is submitted on behalf of Taylor Wimpey UK Limited (reference SID 607), Persimmon Homes (reference SID 125) and Bellway Homes (reference SID 253) [the Companies]. It sets out the submissions to be made in respect of the Inspectors' Matters, Issues and Questions on behalf of the Companies at the forthcoming EiP Phase 1 hearing sessions concerning Matter 2: The Housing Strategy on:
- a The housing market area;
 - b The objectively assessed need for housing; and,
 - c The housing requirement.
- 1.2 The representations should be read in conjunction with the Companies' previous submissions on the YLP on the Housing Strategy and other matters.

2.0 Planning Issues

The Housing Market Area (HMA)

Q 2.1 We understand that the Council considers York to be within an HMA which includes the City of York and the area of Selby District Council, but that the two Councils are identifying housing need within their administrative areas separately.

- a) Is that correct? If so**
- b) Is the identification of the HMA formed on a robust evidential basis?**
- c) What is the justification for assessing housing needs separately?**

- 2.1 The Council's HMA evidence is founded on the June 2016 City of York SHMA produced by GL Hearn. The report concludes that:
- "While we propose a HMA which links to Selby and York we are not considering housing need across the HMA". [§2.106]*
- 2.2 We support the principle of the City of York meeting its own housing needs (in full) within its own boundaries. However, if the Council is suggesting that it forms part of a joint HMA with Selby, then a joint SHMA should have been prepared¹.

¹MHCLG (March 2012): National Planning Policy Framework, §159

- 2.3 This has not been done, despite both Councils appointing GL Hearn to undertake SHMAs in recent years. At the very least, we would expect that GL Hearn would have used consistent data sources and methodologies. This has not happened.
- 2.4 For example, GL Hearn produced the *City of York – Housing Needs Update* in January 2019. They also produced a *SHMA Update* on behalf of Selby District Council in February 2019.
- 2.5 Presumably the company was working on both studies almost simultaneously, with virtually identical datasets available to them, yet chose to apply different approaches. These are summarised in Table 1.

Table 1 Comparison of City of York’s HNU with Selby District Council’s SHMA Update

	City of York HNA (January 2019)	Selby District SHMA Update (February 2019)
Time period modelled:	2012-2037	2017-2037
Alternative demographic projections modelled	2012-2037: <ul style="list-style-type: none"> • 2014-based SNPP • 2016-based SNPP • 2016-based SNPP + 2017 MYE • 10-year migration (Source: Table 5 of HNA)	2014-2037 <ul style="list-style-type: none"> • 2014-based SNPP • 2016-based SNPP • 2016-based SNPP + 2017 MYE • 10-year migration (Source: Table 7 of SHMA)
Household Growth	Applied to 2016-based SNPP ONLY: <ul style="list-style-type: none"> • 2016-SNHP HRRs • 2014-SNHP HRRs • Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT 	Applied to 2016-based SNPP AND 10-year migration trend scenarios: <ul style="list-style-type: none"> • 2016-SNHP HRRs • 2014-SNHP HRRs • Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT • Linking to the 2014-based SNHP and returning the HRRs of the 25-34 age group back to 2001 levels – 25-34-uplift
Standard Method figure	Not referred to.	351 dpa (311 hpa 2014-based SNHP x 17% AR uplift)
Economic Led Housing Need – Scenarios	Oxford Econometrics forecasts from the 2016 ELR (+11,050 jobs 2014-31)	<ul style="list-style-type: none"> • Baseline Regional Econometric Model (Experian) from the 2018 ELR (+3,196 jobs 2017-37) • Supply-led position based on allocations and outline supply (+5,179 jobs 2017-37)
Unemployment rates	Assumed no change post 2017	Assumed no change post 2017
Economic Activity Rates	OBR EA Rates from Summer 2018	<ul style="list-style-type: none"> • OBR EA Rates from Summer 2018 • SHMA rates - This reflects the approach set out in the SHMA 2015 and is “used to ensure consistency” • Experian (February 2016)
Preferred Economic-led housing need scenario	HRR Part Return to trend = 790 dpa 2012/37	25-34-uplift PRT / Supply-Led job growth position / OBR EA Rates / 2014-27 timeframe = 410 dpa (or 398 dpa to 2037)
Market Signals	15% uplift to the demographic starting point (484 dpa)	17% uplift (based on standard method)

	City of York HNA (January 2019)	Selby District SHMA Update (February 2019)
Affordable Housing Need	<ul style="list-style-type: none"> • 573 affordable dpa • “a modest uplift to the demographic based need figure to improve delivery of affordable housing in the City may be justified” [§4.21] • No mechanistic uplift applied; 790 dpa economic-led OAN assumed to make “a significant contribution to affordable housing needs” [§5.11] 	<ul style="list-style-type: none"> • 112 affordable dpa • “the Council could be justified in increasing overall housing delivery to ensure the affordable housing need is met as best as possible should it choose to do so.” [§8.24] • “The Council could alternatively consider further uplifts to the housing requirement to address affordable housing need more quickly but in this case the uplift for economic growth will already accommodate this. <i>There is not set methodology for how this could be achieved but other areas have used a nominal 5% or 10% uplift to the OAN when developing their housing requirement. Given the modest extent of affordable housing need in Selby the lower end if any would be appropriate if at all. Ultimately any uplift above the standard methodology is a choice for the Council.</i>”
Conclusion on Housing Need	<p>790 dpa based on:</p> <ul style="list-style-type: none"> • Housing need uplift required to meet economic growth of 650 jobs per annum, incorporating Part-return to trend HRR and no other uplifts. 	<p>410 dpa based on:</p> <ul style="list-style-type: none"> • Supply-Led jobs growth, OBR EA rates, 25-34 HRRs returning to 2001 levels, no other uplifts.

Source: GL Hearn (January 2019): City of York Housing Need Assessment / GL Hearn (February 2019): Selby SHMA Update.
 Red = different approaches taken

2.6 There are therefore numerous disparities in the approach taken to determine the scale of housing need for York and Selby. It is Lichfields’ view that CoYC should seek to meet its housing needs in full within its own boundaries. Nevertheless, if CoYC does consider that Selby forms part of a wider HMA with York then it should have a consistent evidence base, which it does not. The fact that Selby’s Core Strategy is out of date and the Standard Method is in play highlights the inconsistency even more.

The Objectively Assessed Housing Need

Q 2.2 Policy SS1 and Paragraph 3.3 of the Plan say that the objectively assessed housing need (‘the OAHN’) is 867 dwellings per annum (dpa) in the Plan Area for the plan period to (2017 to 2033) (16 years). However, since the submission of the Plan for examination, the Council has put forward further evidence to indicate that the OAHN is now considered to be 790 dpa in the Plan Area for 2017 to 2033.

2.7 In July 2019, Lichfields submitted Representations on Housing Matters to the York Local Plan on behalf of the Companies. Those representations are reproduced in a Technical Note included as Appendix 1 to this Statement.

a) We understand that this calculation initially was derived from the conclusions of Technical Work carried out by GL Hearn in the Strategic Housing Market Assessment Update (2017) [SD050] which updated the demographic baseline for York based on the July 2016 household projections. However, the revised OAHN is now based on further work undertaken by GL Hearn presented within the City of York – Housing Needs Update (January 2019) [EX/CYC/9]. Is this correct? Is this a robust evidential basis?

2.8 The 2016-based SNHP indicate lower estimates of household growth in most local authorities across England. We consider that overall, they should carry less weight than the 2014-based projections:

- 1 The 2014 PPG was based on a CLG methodology for projections that applied long-term trends in household formation going back to 1971, rather than confining itself to trends from 2001 (as the 2016-based projections do).
- 2 The ONS has published a blog² about the new projections dated 19th October 2018 casting doubt over whether lower projections mean less housing is needed. It states that:

“Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form.”
- 3 The Minister of State for Housing and Planning has been widely quoted questioning the validity of the new projections for housing need purposes. An article in Planning Magazine³ reported the following:

“The ONS has based its projections on past trends from a “period of particularly low household growth”, he says, which might put “an artificial constraint” on future expansion. He adds: “Household growth can only happen if accommodation is available, and during that period we are not convinced it was.”
- 4 The revised PPG uses the 2014-based SNHP as the baseline for the standard method to provide stability, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the

² <https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>

³ <https://www.planningresource.co.uk/article/1495046/interview-kit-malthouse-housing-planning-minister>

supply of homes⁴. The PPG considers that the 2016-based SNHP does not provide an appropriate basis for use in the standard method⁵.

- 2.9 Whilst accepting that the 2012 NPPF and 2014 PPG are relevant for the CoY LP, the unadjusted 2016-based SNHP are not appropriate for the purposes of identifying housing need. They do not align with the Government's long stated aspiration to significantly boost the supply of housing and they should carry reduced weight as a consequence. At the very least, if they are to be used, careful attention must be paid to the exercise of sensitivity testing to reflect the consequences of housing under-delivery.

An updated assessment of demographic-led needs

- 2.10 The 2016-based household projections for the City of York indicate an increase of 450 households per annum, or 458 dpa). This is a very significant fall from the equivalent 2014-based SNPP, from 827 dpa (Table 3 of the Technical Appendix).
- 2.11 As set out in the PPG, it is necessary for assessments of housing need to reflect the consequences of past under-delivery of housing. As shown in Table 2, the City of York has under-delivered housing in 12 of the past 15 years, resulting in an under-delivery of at least 3,500 homes. This undoubtedly constrained the number of people who could live in York in that period.

Table 2 Rate of net housing delivery in York against possible policy benchmarks, 2004/05-2018/19

Year	Net Housing Completions	Council's OAHN (790 dpa)	
		'Need'*	+/-
2004/05	360	640	-280
2005/06	1,173	640	+533
2006/07	795	640	+155
2007/08	602	640	-38
2008/09	385	850	-465
2009/10	642	850	-208
2010/11	486	850	-364
2011/12	289	850	-561
2012/13	88	790	-702
2013/14	69	790	-721
2014/15	284	790	-506
2015/16	691	790	-99
2016/17	378	790	-412
2017/18	1,296	790	+506
2018/19	449	790	-341
Total	7,987	11,490	-3,503

Source: MHCLG LT122

*RSS assumed average 640 dpa 2005/05-2007/08; 850 dpa 2008/09 -2011/12

- 2.12 The 2014-based projections were based on a period when there was housing under-delivery, but the 2016-based projections featured even more years of significant under-delivery. This means migration trends will have been lower than was otherwise expected had delivery met the requirement. In line with the PPG, the assessment of future need must take account of this.

⁴ PPG: ID: 2a-005-20190220

⁵ PPG: ID: 2a-015-20190220

- 2.13 As summarised in the Technical Appendix, the 2016-based SNPP now assumes lower fertility rates, higher death rates and lower net international migration across the country, and York is no exception. The latter input does, however, appear particularly excessive given past trends.
- 2.14 At the very least there should be a sensitivity test for long-term migration trends in the HNU for York 'specific to their local circumstances'⁶. The HNU does not fulfil this requirement.
- 2.15 Lichfields modelled a range of scenarios using PopGroup. The analysis used headship rates from the 2014-based SNHP, 2016 SNHP and also (in a similar vein to GL Hearn in its HNU) an accelerated household formation rate to reflect a partial return to past trends. We firstly derived the baseline demographic need. Thereafter, various assumptions, adjustments and sensitivities were applied to take account of local factors and economic aspirations.

Table 3 Key Outputs – Demographic Scenarios for the City of York, 2017-2033

Scenario	Change in Population	Change in Households	Dwellings 2017-2033	
			Total Change	DPA
Scenario A: 2014-based SNPP	21,900	13,008	13,231	827
Scenario Ai: 2014-based SNPP / 2018 MYE / PCU	24,027	14,318	14,564	910
Scenario Aii: Standard Methodology	33,979	16,815	17,104	1,069
Scenario B: 2016-based SNPP	13,492	7,192	7,315	458
Scenario Bi: 2016-based SNPP PCU	13,492	10,685	10,868	679
Scenario Bii: 2016-based SNPP / 2018 MYE / PCU	16,038	11,107	11,297	706
Scenario C: Long Term Migration Trends MYE	23,926	10,851	11,037	690
Scenario Ci: Long Term Migration Trends MYE PCU	23,926	14,481	14,730	921

Source: Lichfields using PopGroup, Technical Appendix 1

- 2.16 Lichfields has serious concerns regarding the accuracy of the long-term international migration rates that underpin the 2016-based SNPP and therefore consider that a case can be made to examine the long-term international migration trends. By doing so, Scenario Ci generates a figure of **921 dpa**. Lichfields considers that this should form the demographic-led OAHN before other uplifts are applied.

b) Does the 13,152 total housing figure identified at the year '2032/33' in the SHLAA Figure 6: Detailed Housing Trajectory Updated (790dpa OAHN) [EX/CYC/16] include meeting housing need arising in parts of adjoining districts (e.g. Hambleton, Harrogate, East Riding, Ryedale and Selby) which fall within the York Housing Market Area, as set out in the City of York Strategic Housing Market Assessment 2016 [SD051]?

- 2.17 Council to respond.

⁶ PPG ID 2a-017-20140306

c) Do the adjoining local planning authorities accept the initial OAHN of 867 dwellings per annum, as Policy SS1 indicates in the submission Local Plan? Do the adjoining local planning authorities accept the revised OAHN of 790 dpa, and if so, are they basing their housing need in the context of that OAHN figure?

2.18 The DtC meetings were undertaken on the basis that the CoYC was targeting a housing figure of 867 dpa, and not 790 dpa. We note the response submitted by the York, North Yorkshire and East Riding LEP (SID 392) which emphasised the importance of York achieving at least 867 dpa plus additional homes to address under delivery.

Q 2.3 What methodological approach has been used to establish the OAHN, and does it follow the advice set out in the Planning Practice Guidance (under the heading 'Methodology: assessing housing need')? In particular:

a) The OAHN identified is founded on the 2016-based population projections as its starting point. What is the justification for using these projections? What is the justification for the household formation rates used to 'convert' the population projections into household projections? Overall, is the general approach taken here justified and consistent with the Planning Practice Guidance?

2.19 As set out in our response to Q2.2 a), whilst we understand why GL Hearn has used the most recent 2016-based SNPP, we consider there are a variety of reasons why they should carry less weight than the 2014-based equivalents. If they are to be used then it is appropriate to exercise sensitivity testing and consider adjustments to them in line with the PPG. We remain of the view that the GL Hearn has not done this in an appropriate manner.

2.20 Regarding the conversion of the SNPP to household projections, the principle of accelerating household formation rates amongst younger age groups so that they align more closely with longer term trends is a sound one, as otherwise current market failures and unaffordability will persist. We do query why GL Hearn has modelled only the '*part return to previous trends for the 25-34 and 35-44 age groups*' and not the '*HRRs of the 25-34 age group only*', as they modelled both sensitivities for the Selby SHMA Update in February 2019. The justification for this is set out in paragraphs 2a-015-20140306 and 017 of the PPG.

b) Have market signals been taken into account?

2.21 The 2019 HNU recommends a 15% uplift to the demographic starting point of 484 dpa, which results in an OAHN of 557 dpa. However, GL Hearn notes that this is some way short of the economic-led need of 790 dpa.

2.22 The market indicators assessed in Section 4.0 of the HNU shows that there are significant imbalances between the demand for and supply of housing in the City of York, and GL Hearn's 15% uplift is insufficient (particularly given that the same company recommended an uplift of 17% for Selby District, which has less pressing affordability issues).

2.23 The HNU makes an error when it refers to the Lower Quartile Affordability Ratio [LQAR]. It accidentally switches round the figures for England and York and suggests that the City's LQ AR was 7.26 in 2017, when it was actually 9.11, with the reverse being true for England. Almost all of the data in GL Hearn's Table 12 appears to be incorrect (for example, North Yorkshire's LQ

was 8.10 in 2017, not 5.73). Hence whilst the HNU acknowledges that “York is becoming increasingly more unaffordable and that a market signals adjustment in the City is necessitated”, the errors mean that the situation is even worse than GL Hearn recognises at the time.

2.24 New data (Table 4) indicates that the situation is worsening in York.

Table 4 Median and Lower Quartile Affordability Ratios 2018

	Median 2018	5-Year Change	LQ 2018	5-Year Change
The City of York	8.86	1.36	9.41	1.20
Selby District	6.57	1.02	7.44	1.11
County of North Yorkshire	8.11	1.11	7.74	1.04
Yorkshire and The Humber	5.95	1.12	5.80	1.11
England	8.00	1.18	7.29	1.11

Source: MHCLG 2019

2.25 Paragraphs 4.15 – 4.37 in our Technical Note provide a detailed review of the scale of market signals uplift that would be appropriate. This suggests that an uplift of **at least 20%** is required, although even this may be insufficient given that the proposed standard methodology uplift is 30%.

c) Have employment trends been taken into account? If so, how, and what conclusions are drawn in this regard?

d) Does the OAHN provide enough new homes to cater for those taking up the new jobs expected over the plan period?

2.26 The HNU modelled only one economic growth scenario, the REM projections for December 2016, which relates to net job growth of 650 per annum 2014-2031. The modelling undertaken by GL Hearn translates this job growth into a housing need of 590 dpa, rising to 790 dpa when a part return to trend HRR is applied. This is the Council’s new OAHN.

2.27 There are some clear omissions that we have sought to correct in our own modelling (Appendix 1).

- 1 There is a clear discrepancy regarding the modelling period. The job growth figure used in the ELR relates to 2014-2031 (+11,050 jobs, §3.4 of the HNU), whereas GL Hearn has projected this forward over a completely different time period, 2017-37 (Table 8 of the HNU).
- 2 Table 2 of the ELR indicates that by stretching the modelling period an additional 2 years, to 2012-31, this would increase the net jobs growth from 11,050 to 13,000 under the OE Scenario 2 – an annual net jobs growth rate of 684, not 650.
- 3 It is unclear how GL Hearn has modelled job growth in the years 2012-2017. Reference to NOMIS’s Job Density information suggests that the City’s workforce grew by 5,000 over that 5-year period at a rate of 1,000 annually. It is unclear whether GL Hearn’s modelling factors this strong growth into its assessment.
- 4 GL Hearn has ignored the Experian REM projection for December 2016 in the ELR (2017) which projected a total jobs growth of 12,900 over the 16-year period 2015-31 (806 annually).

- 5 The HNU has not analysed past economic growth trends. York has been very successful in boosting economic growth, with job growth of 16,000 between 2000 and 2017, equivalent to a Compound Average Growth Rate [CAGR] of 0.83%. This is significantly higher than the 0.53% equivalent to 650 jobs per annum 2017-37. Lichfields modelled this past trend job growth figure in our Technical Appendix and generated a need for up to **1,062 dpa** – close to the standard method LHN figure of 1,069 dpa.
- 2.28 The Council's housing and employment land evidence is therefore inconsistent and misaligned due in part to confusion over the timescales.
- e) Overall, has the OAHN figure been arrived at on the basis of a robust methodology?**
- 2.29 No. Lichfields' approach suggests a much higher figure is required:
- 1 **Demographic Baseline:** Reduced weight should be attached to the 2016-based SNHP. Even if it is used to underpin the modelling, reasonable adjustments to international migration levels into York would increase the demographic starting point to **921 dpa**.
 - 2 **Market Signals Adjustment:** An uplift of at least 20% would be appropriate, increasing the re-based demographic starting point to **1,105 dpa** – a similar figure to the LHN Standard method.
 - 3 **Employment growth alignment:** Lichfields' demographic-based projections would support a reasonable level of employment growth above that forecast by ELR Scenario 2 and past trends based on Lichfields' modelling (@1,062dpa, although the Council's OAHN of 790dpa would need to be adjusted upwards);
 - 4 **Affordable Housing Need:** Given the significant affordable housing need identified (573dpa), a further 10% uplift would be appropriate, resulting in a figure of **1,215 dpa**.
 - 5 **Student Housing Needs:** Lichfields' critique of the projections indicates that they do not reflect the Universities' student growth targets. It is estimated that meeting these growth needs would equate to around 1,346 dwellings over the 16-year Plan period, or **84 dpa** on top of the 1,215 dpa set out above (i.e. **1,299 dpa**).
 - 6 **Shortfall of housing delivery 2012-2017:** Lichfields has serious concerns about how the CoYC has calculated past housing delivery between 2012 and 2017. If Lichfields' higher OAHN of 1,300 dpa is applied, this would result in a figure of **285 dpa** to be factored on top of the OAHN.
- 2.30 A figure in the region of **1,300 dpa** (plus the unmet need 2012-2017) would ensure compliance with the Framework by significantly boosting the supply of housing. We consider that the current standard methodology figure of 1,069 also has its merits and aligns closely to the employment growth scenario.
- f) Does the revised OAHN figure (790 dpa) take account of all housing needs, including the need for affordable housing and any need that may be the consequence of any shortfall in housing delivery before the plan period?**
- 2.31 No. Affordable Housing Needs are set out in detail in paragraphs 3.44 to 3.64 of our Technical Note, but to summarise, the HNU refers to the need for 573 affordable dpa identified in the

⁷ NOMIS Jobs Density data

SHMA, and accepts that “a modest uplift to the demographic based need figure to improve delivery of affordable housing in the City may be justified.” [§4.20].

- 2.32 The HNU does not test the scale of uplift that might be appropriate to help meet this very high level of affordable housing need, merely stating that the employment-led 790 dpa “would be sufficient to respond to market signals, including affordability adjustments, as well as making a significant contribution to affordable housing needs”.
- 2.33 Policy H10 of the emerging Local Plan sets out a wide-range of affordable housing requirements on residential schemes for 2 or more dwellings, with 30% at the upper end for greenfield sites containing 15 or more dwellings. Applying this optimistic upper target to the 790 dpa would potentially deliver (at best) 237 affordable units annually. This represents just 41% of the 573 dpa target.
- 2.34 At a delivery rate of 30% of overall housing, the City of York would need to deliver **1,910 dpa** to address affordable housing needs in full.
- 2.35 Given the significant affordable housing need identified in City of York, Lichfields considers that this **10% uplift would be appropriate** in this instance and should be applied to the OAHN.
- 2.36 In this regard, it is interesting to note that in its SHMA Update for Selby, completed a month after the York HNU in February 2019, GL Hearn notes that other areas have used a nominal 5% or 10% uplift [§8.26].:
- 2.37 GL Hearn has clearly accepted that a 5-10% uplift could be appropriate elsewhere, and it is unclear why it has not followed a similar approach for York.

Q 2.4 Policy SS1 aims to ensure that around 650 new jobs are provided annually. Does either the OAHN identified or the housing requirement set out in Policy SS1 cater for the homes needed to meet this level of economic growth? What is the relationship between the number of new jobs anticipated and the OAHN and/or the housing requirement?

- 2.38 See response above.

The Housing Strategy: The Housing Requirement

Q 2.5 Policy SS1 aims to ensure that “a minimum annual provision of 867 new dwellings [are delivered] over the plan period to 2032/33 and post plan period to 2037/38”.

- a) **Is this 867 figure an annual average, or is it a commitment to providing at least that number during every year of the plan period and post plan period? Is it intended to be a net figure?**
- 2.39 Council to answer.
- b) **For the avoidance of any doubt, what period of time is the plan period?**
- 2.40 Council to answer.

c) Is the “plan period” the period of time for which the Plan and its policies will be in force as part of the development plan? Related to this, is it legitimate, or possible, for a development plan to include policies which purport to dictate or direct development beyond the “plan period”, as Policy SS1 appears to?

2.41 Council to answer.

d) At 867 dpa, the housing requirement is higher than the OAHN of 790 dpa. Why?

2.42 The 867 dpa was erroneously arrived at by the Council as a ‘policy on’ requirement figure (from GL Hearn’s 953 dpa OAHN), albeit one that was never robustly justified either by themselves or their housing consultants. The 790 dpa OAHN figure is based on a separate set of household and population projections. For the reasons we set out above, we consider that neither figure is an appropriate housing target for the Council to be pursuing.

e) Does setting a housing requirement that is higher than the OAHN undermine the Council’s arguments in relation to the justification for releasing land from the Green Belt for housing purposes – that is to say, does it reduce the degree to which “exceptional circumstances” exist, in principle, for amending the Green Belt boundaries for housing delivery purposes?

2.43 The 2012 NPPF [§83] means that there should be a degree of flexibility built in to the assessment to ensure that there is no need for piecemeal Green Belt releases in the event that insufficient land for housing was provided over the course of the Plan period and for the foreseeable future beyond. Therefore, it is sensible for CoYC to identify safeguarded Green Belt land for release to ensure that there is sufficient flexibility in the system so that the finalised Green Belt boundaries can endure into the long term. This is particularly important when there is considerable uncertainty as to the reliability of that Council’s housing need figure, with the ‘direction of change’ indicated by the standard methodology indicating that the City’s true’ housing need is significantly above the figure the Council is currently pursuing.

Q2.6 Will the housing requirement ensure that the need for affordable housing will be met?

2.44 No. As set out above in our response to Q2 e), the 2016 CoY SHMA identified a net affordable housing need of 573 dpa. This comprises two-thirds of the entire 867 dpa requirement. At a delivery rate of 30% of overall housing, CoY would need to deliver **1,910 dpa** to address affordable housing needs in full. The Council has failed to consider whether an uplift to the OAHN would be appropriate to meet the need for affordable housing, even in part, and is unsound as a result.

Q2.7 Overall, is the housing requirement set out in the plan underpinned by robust evidence and is the Plan sound in this regard?

2.45 No. The CoY approach to identifying an OAHN is not compliant with the Framework. The Council is not planning to deliver a sufficient supply of housing to meet the City’s OAHN and should:

- 1 Revisit the evidence base which underpins the minimum housing requirement figure of 790 dwellings, taking on board Lichfields’ analysis which sets out that the Council’s OAHN is in the region of 1,300 dpa plus the housing backlog from 2012-2017.

- 2 Identify additional housing sites to meet the significant shortfall in housing need (between 2012–2017) and the higher annual requirement identified as part of the Lichfields’ analysis of the Council’s housing evidence base.



**Appendix 1 Lichfields Housing Technical
Note**

City of York Local Plan

Proposed Modifications Version

Representations on Housing Matters

Taylor Wimpey; Wakeford Properties; Persimmon Homes; Bellway Homes

July 2019

LICHFIELDS



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1.0 Introduction

1.1 This statement is prepared on behalf of four different and separate participants who have jointly instructed Lichfields to represent them on matters of housing need. The participants are Taylor Wimpey, Persimmon Homes, Wakeford Properties and Bellway Homes. Each has their own distinct interests in the City and have submitted separate responses on other matters, but present the following shared position on housing need.

1.2 The assessment of York’s housing need in this statement forms part of the above participant’s response to the York Local Plan [YLP] Proposed Modifications Version (June 2019) covering Local Housing Need, housing land supply and affordable housing. They are submitted to City of York Council [CYC] for consideration in the formulation of its new Local Plan for the City.

1.3 In particular, two main issues are analysed:

- 1 A review of CYC’s existing evidence on housing needs and establishing the scale of need and demand for market/affordable housing in the City; and,
- 2 An appraisal of the housing trajectory and five-year land supply position which underpins CYC’s Plan.

City of York Council’s Local Plan Proposed Modifications (June 2019)

1.4 A review of the Objectively Assessed Housing Need [OAHN] was undertaken on behalf of CYC by GL Hearn in January 2019 (*The Housing Needs Update report*), which supersedes the previous SHMA Update (2017). This report advised that in light of the latest set of 2016-based Sub-National Household Projections [SNHP] in September 2018, York’s OAN has fallen from 867 dwellings per annum [dpa] to 790 dpa.

1.5 On the basis of this evidence, the Council considered that under the transitional arrangements of the 2012 NPPF and the requirements of the National Planning Practice Guidance [the Practice Guidance] in relation to the assessment of housing need, it was justified in making minor modifications to its submitted Plan as a result of the updated OAHN.

1.6 These modifications include an update to Figures 5.1 and 5.2 of the Plan – the housing trajectory and figure 6 of the Strategic Housing Land Availability Assessment (SHLAA) which provides the detailed housing trajectory. Policy SS1: *Delivering Sustainable Growth for York*, has been modified to state that the Council will “*deliver a minimum annual provision of 790 new dwellings over the plan period to 2032/33 and post plan period to 2037/38*”.

1.7 Furthermore, paragraph 3.3 of the accompanying explanation to Policy SS1 is now revised to state that:

“Technical work has been carried out by GL Hearn in the Strategic Housing Market Assessment Update (2017). This work has updated the demographic baseline for York based on the July 2016 household projections to ~~867~~ 790 per annum. Following consideration of the outcomes of this work, the Council aims to meet an objectively assessed housing need of ~~867~~ 790 new dwellings per annum for the plan period to 2032/33, including any shortfall in housing provision against this need from the period 2012 to 2017, and for the post plan period to 2037/38.”

1.8 Our review concludes that on the basis of the approach taken to reaching the 790 dpa housing requirement identified within the City of York Housing Needs Update (January 2019) (“the 2019 HNU”), and prior iterations of that study, that this housing requirement fails to meet the full OAHN, which is significantly higher than the Council has estimated.

1.9 Furthermore, we consider that the Plan would fail to make appropriate provision for sufficient housing to sustainably deliver, in a timely manner, housing in line with the City’s full OAHN, with further site allocations required within this Plan in order to ensure an overall strategy that is deliverable and sufficiently flexible to respond to change.

Report Structure

1.10 The report is structured into the following sections:

- **Section 2.0** –sets out the housing policy context at a national and local level;
- **Section 3.0** – reviews the robustness of the Council’s evidence on housing need within the City, and whether the Council is seeking to meet its OAHN;
- **Section 4.0** – identifies a new OAHN;
- **Section 5.0** – considers the integration of student housing needs;
- **Section 6.0** – reviews the Council’s approach to factoring in backlog;
- **Section 7.0** - provides a summary and conclusion on the City of York’s housing need;
- **Section 8.0** –reviews the Council’s housing trajectory and five-year housing land supply position [5YHLS] which underpin the Plan’s Proposed Modifications, in respect of realistic and reasonable lead-in times and build-out rates, including presenting a revised trajectory; and
- **Section 9.0** –provides a summary and overall conclusion on the whether the evidence underpinning the Plan is sound, in respect of the need for both market and affordable homes and the housing trajectory, and provides recommendations in respect of these matters.

2.0 **Housing Need**

Introduction

- 2.1 This section sets out the requirements of the Framework and the Practice Guidance in objectively assessing housing needs. This is in the context that the Council's Local Plan was submitted during the transitional arrangements for the 2019 National Planning Policy Framework [NPPF]. That said, the standard method for calculating housing need set out in the NPPF (and set out in more detail in the revised 2019 Practice Guidance), provides relevant context for the direction of change the Government has moved towards, and the unwavering emphasis of seeking to substantially boost the supply of housing to attain an overall national target of 300,000 dwellings per year.
- 2.2 This will provide the benchmark against which the 2019 HNA will be reviewed, to ensure the necessary requirements are met. In addition, relevant High Court judgments have been referenced to set out the requirements of an OAHN calculation in a legal context.

National Planning Policy Framework

- 2.3 The 2012 NPPF outlines that local planning authorities [LPAs] should positively seek opportunities to meet the development needs of their area (paragraph 14). It adds that, in order to “*boost significantly*” the supply of housing, they should “*use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the framework...*” (paragraph 47)
- 2.4 The NPPF (paragraph 159) specifies the evidence required to objectively define housing needs within an area, setting out that LPAs should:
- "Prepare a Strategic Housing Market Assessment to assess their full housing needs... identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
- *Meets household and population projections, taking account of migration and demographic change;*
 - *Addresses the needs for all types of housing, including affordable housing...; and*
- Caters for housing demand and the scale of housing supply necessary to meet this demand."*

2019 NPPF

- 2.5 The Revised Framework was published in February 2018. It has an unequivocal emphasis on housing, with the introduction to the 2018 consultation proposals clarifying that the country needs radical, lasting reform that will allow more homes to be built, with the intention of reaching 300,000 net additional homes a year.
- 2.6 The 2019 NPPF states that to support the Government's objective of “*significantly boosting the supply of homes*”, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay [§59].

2.7 In particular:

“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”. [§60]

2.8 The revision also makes clear that when identifying the housing need, policies should also break the need down by size, type and tenure of homes required for different groups in the community (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes) [§61].

2.9 Paragraphs 67 - 76 also set out how Councils should identify and maintain a five-year supply of housing against their housing requirement.

2.10 In terms of the weight that can be attached to this key policy document, it is accepted that paragraph 214 to Annex 1 of the NPPF states that the policies in the previous Framework will apply for the purposes of examining plans, where those plans were submitted on or before the 24th January 2019.

2.11 However, the 2019 NPPF remains a useful indicator of the direction of travel, not least with the approach to be taken to defining housing need, which has already been the subject of an earlier consultation (*‘Planning for the right homes in the right places’*, September 2017), to which MHCLG published a summary of consultation responses and its view on the way forward in March 2018.

Planning Practice Guidance

2.12 The Planning Practice Guidance [PPG] contains a section providing guidance on housing and economic development needs assessments. It identifies that whilst there is no one methodological approach, an OAHN should fulfil the following criteria:

- be proportionate and not consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur (ID: 2a-003);
- be based on facts and unbiased evidence. Constraints should not be applied to the overall assessment of need (ID: 2a-004);
- utilise household projections published by the Department for Communities and Local Government as the starting point estimate of overall housing need (ID: 2a-015);
- consider sensitivity testing, specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates (ID: 2a-017); and
- take account of employment trends (ID: 2a-018), appropriate market signals including market indicators of the balance between the demand for and supply of dwellings (ID: 2a-019) and affordable housing needs (ID: 2a-029).

2019 Planning Practice Guidance

2.13 Following on from the revisions to the Framework, on 13th September 2018 MHCLG

published its revised PPG on Housing and economic land availability assessment covering changes to the 5YHLS approach, whilst on 20th March 2019 MHCLG updated its Housing and economic needs assessment to factor in the calculation of Local Housing Need via the standard methodology.

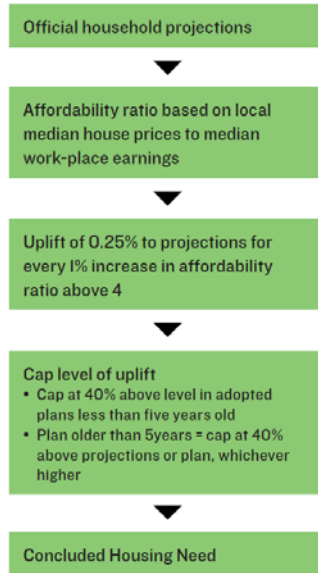
- 2.14 Regarding housing delivery, the PPG sets out how local authorities should identify and maintain a 5-year supply of specific deliverable sites, bringing the Guidance into line with recent Ministerial statements and High Court Judgements. In particular, it clarifies that along with older peoples' housing, all student accommodation can be included towards the housing requirement, based on the amount of accommodation it releases in the housing market.
- 2.15 Furthermore, LPAs should deal with deficits or shortfalls against planned requirements within the first 5 years of the plan period (i.e. the 'Sedgefield' approach to backlog).
- 2.16 In terms of the Local Housing Need [LHN] assessment, this takes forward the approach set out in CLG's September 2017 consultation on "*Planning for the right homes in the Right Places*". The new approach to a standard method for calculating local housing need, including transitional arrangements, is set out and as before, consists of three components.
- 2.17 This 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-supply¹. This takes an average of the household projections over a 10-year period and adjusts them based on the affordability of the area. A cap may be applied which limits the increase, depending on the current status of relevant policies for housing.
- 2.18 The PPG states that:
"The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes."
- 2.19 If an authority uses a different method for calculating housing need the PPG sets out how this should be tested at examination:
"Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point."
"Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination."³
- 2.20 The various stages are set out in Figure 1.

¹ 2a-002-20190220 [CD/021]

² 2a-002-20190220

³ 2a-015-20190220[CD/021]

Figure 1 Methodology for determination of LHN



Source: Lichfields

2.21 Applying this revised approach to the standard methodology would result in a LHN figure of **1,069 dpa** for the City of York. This represents the minimum number of homes needed per year as set out in paragraph 60 of the revised Framework (February 2019).

2.22 This is calculated using the 2014-based household projections for 2019-2029, which equates to household growth of 820 per annum (8,198 over the 10-year period), plus a market signals uplift of 30.4%. This latter figure has been generated as follows, based on the most recent (April 2019) affordability ratio data for the City of York:

- Median local workplace-based affordability ratio (2019) = 8.86
- deduct 4 = 4.86
- divide by 4 = 1.215
- multiply by 0.25 = 0.304 (30.4%).

2.23 No cap is applied as the capped figure is greater than the minimum LHN figure.

Relevant Caselaw

2.24 There have been several key legal judgments which provide clarity on interpreting the NPPF and PPG in terms of how to address the issue of affordable housing need in the context of arriving at a concluded figure for OAHN:

- 1 ‘Satnam Millennium Limited and Warrington Borough Council [2015] EWHC 370’ referred to as “Satnam”;
 - 2 ‘Kings Lynn and West Norfolk Borough Council v Secretary of State for Communities and Local Government [2015] EWHC 2464’ referred to as “Kings Lynn”;
 - 3 ‘Barker Mill Estates Trustees v Test Valley BC & Secretary of State for Communities and Local Government [2016] EWHC 3028 (Admin)’ referred to as “Barker Mill”;
- and

- 4 ‘Jelson Ltd. v Secretary of State for Communities and Local Government, Hinckley and Bosworth Borough Council [2018] EWCA Civ 24’ referred to as “Hinckley and Bosworth”.

Satnam

- 2.25 Satnam highlights the importance of considering affordable housing needs as part of – and not separate to – concluding on OAHN. The decision found that the adopted OAHN figure within the Warrington Local Plan was not in compliance with policy in respect of affordable housing because (as set out in paragraph 43) the assessed need for affordable housing was never expressed or included as part of OAHN. The judgment found that the “proper exercise” had not been undertaken, namely:

“(a) having identified the OAHN for affordable housing, that should then be considered in the context of its likely delivery as a proportion of mixed market/affordable housing development; an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes;

(b) the Local Plan should then meet the OAHN for affordable housing, subject only to the constraints referred to in NPPF, paragraphs 14 and 47.”

- 2.26 In summary, this judgment establishes that OAHN has to include an assessment of full affordable housing needs and is not a ‘policy-on’ judgement in determining the housing requirement.

Kings Lynn

- 2.27 Kings Lynn helps establish how full affordable housing needs should be addressed as part of an OAHN calculation. The judgment identifies that it is the function of a SHMA to address the needs for all types of housing including affordable, but not specifically to meet all these needs in full.

- 2.28 The relevant passage on this is to be found in paragraphs 35 to 36 of the judgment:

“At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing as well as different forms of housing required to meet the needs of all parts of the community. Again, the PPG provides guidance as to how this stage of the assessment should be conducted, including in some detail how the gross unmet need for affordable housing should be calculated. The Framework makes clear these needs should be addressed in determining the FOAHN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAHN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed. It is no doubt for this reason that the PPG observes at paragraph ID 2a-208-20140306 as follows:

“The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered

by market housing led developments. An increase in total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.'

This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA "addresses" these needs in determining the FOAHN. They should have an important influence increasing the derived FOAHN since they are significant factors in providing for housing needs within an area." (Lichfields' emphasis)

- 2.29 The judgment is clear that the correct method for considering the amount of housing required to meet full affordable housing needs is to consider the quantum of market housing needed to deliver full affordable housing needs (at a given percentage). However, as the judgment sets out, this can lead to an OAHN figure which is so large that an LPA would have "little or no prospect of delivering [it] in practice". Therefore, it is clear from Kings Lynn that although it may not be reasonable and therefore should not be expected that the OAHN will include affordable housing needs in full, an uplift or similar consideration of how affordable needs can be 'addressed' is necessary as part of the OAHN calculation. This reflects paragraph 159 of the NPPF.

Barker Mill

- 2.30 The Barker Mill High Court judgment considered uplifts to OAHN to address affordable housing need in the context of a challenge to a Local Plan. The judgment, in the context of a Local Plan process, placed consideration of an uplift for affordable housing into the second of a two-stage process, the first being calculation of OAHN and the second being a 'policy-on' adjustment (i.e. one that is made through the Local Plan process and thus not part of the OAHN). There is a tension between the findings in this judgment and Kings Lynn.

Hinckley and Bosworth

- 2.31 This judgment is relevant in the context of the findings of the above Barker Mill judgment. In short, in considering the refusal of planning permission for housing, the Inspector in this case, as a matter of planning judgment, accepted the need for affordable housing to make up a necessary component of OAHN for housing in the council's area, or in the context of the Barker Mill judgment, as part of the first stage calculation of OAHN.

"This case is not analogous to Hunston Properties Ltd. and Gallagher Estates Ltd., where the decision-maker had adopted a level of housing need constrained by policy considerations – so called "policy-on" factors, as they were referred to in Gallagher Estates Ltd.. As Mr Phillipot and Ms Osmund-Smith submitted, the figure of 450 dwellings per annum identified by the inspector as the upper end of her range was not, in fact, a "constrained" figure. In her view, as a matter of planning judgment, it sufficiently embraced the need for affordable housing as a necessary component of the "full, objectively assessed needs" for housing in the council's area. It was the result not of a policy-driven subtraction from the figure of 375 dwellings per annum at the lower end of her range – the figure based on "demographic-led household projections" – but of an appropriate addition to that figure to ensure that the need for affordable housing was not omitted or understated. As the inspector clearly appreciated, a simple addition of the figures of 375 dwellings per annum in the

column headed "Demographic-Led Household Projections to 2031" in Table 84 of the SHMA and 248 dwellings per annum in the column headed "Affordable Housing Need per Annum" would have been inappropriate. That would have been, to some degree, double-counting. Planning judgment was required in gauging a suitable uplift to take account of the need for affordable housing, without either understating or overstating that need. The inspector grasped that. She exercised her planning judgment accordingly, doing the best she could on the evidence before her." (para 36).

- 2.32 It is also worth noting in this regard that this judgment makes the following comment regarding the Planning Advisory Service (PAS) Technical Advice Note which is sometimes cited at Local Plan Examinations as a reason for excluding affordable housing as a policy-off in terms of OAHN:

"This is not an official document and the relevant paragraphs cited do appear not to be consistent with case law... It would, of course, have been better had the Inspector either not referred to the Advice at all or recognised that it was (at least arguably) inconsistent with case law."

Housing Need Local Policy Context

- 2.33 Before setting out a critique of CYC's housing OAHN evidence base, it is important to recognise that the Council has never had an adopted Local Plan for the City (under the 1971 Act, the 1990 Act or the 2004 Act) and progress on the current Local Plan has been, it is not unfair to say, glacial.
- 2.34 The development plan for York comprises two policies⁴ and the Key Diagram of the partially revoked Yorkshire and Humber Regional Strategy (2008) [YHRS]. There is no adopted Local Plan for York that forms part of the development plan. Instead, there is a long history of failed attempts to produce an adopted Local Plan.
- 2.35 The Council published the 'York Local Plan - Preferred Options' document for consultation in summer 2013, followed by a 'Further Sites' consultation for six weeks in summer 2014, which included potential new sites and changes to the boundaries of some of the sites originally identified. Following these consultations, a 'Publication Draft Local Plan and Proposals Map' was considered by the Local Plan Working Group [LPWG] and by Cabinet in September 2014⁵. With the intention of progressing a Framework compliant Local Plan, the Cabinet resolved to carry through the LPWG's recommendations and approve the Local Plan Publication Draft for public consultation, subject to amendments circulated at the Cabinet meeting and to instruct officers to report back following the consultation with a recommendation on whether it would be appropriate to submit the Publication Draft for public examination.
- 2.36 However, at the Full Council on 9th October 2014⁶ a resolution was made to halt the public consultation on the Local Plan Publication Draft in order to reassess objectively assessed housing requirements. The resolution also instructed officers to produce a report on the housing trajectory to be brought back to the next meeting of the LPWG in November 2014 along with the relevant background reports. The intention was for the

⁴ Both relating to Green Belt, requiring its inner boundaries to be defined in a plan and confirming that the general extent is about 6 miles out from the City centre

⁵ Cabinet Meeting Thursday 25 September 2014 - Minutes

⁶ Resolutions and proceedings of the Meeting of the City of York Council held in Guildhall, York on Thursday, 9th October 2014

report to allow the LPWG to agree an accurate analysis of the housing trajectory that is objective, evidence based and deliverable. The analysis was to be used to “*inform housing allocations and a new proposed Local Plan to be brought back to the next LPWG for discussion and recommendation to Cabinet in November.*”

2.37 The Council published the following ‘further work’ on the Local Plan relating to housing needs after the Full Council resolution to halt the Publication Draft Local Plan in 2014:

- 1 In December 2014, the LPWG considered a report on ‘*Housing Requirements in York*’ which was based on two background documents produced by Arup⁷. The report set out four different housing requirement figures that were considered sound against the evidence base and three options for progressing the work on housing requirements. The LPWG members agreed a housing requirement figure of 926dpa⁸;
- 2 In September 2015 the LPWG considered an update on the ‘*Objective Assessment of Housing Need*’ [OAHN] report produced by Arup⁹ and a report on ‘*Economic Growth*’¹⁰. The Arup report concluded that the housing ‘requirement’ should be in the range of 817 dwellings per annum [dpa] to 854dpa between 2012 and 2031. The LPWG’s recommendations were that the Executive Committee note the Arup OAHN report and endorse further work, including an evaluation of any spatial and delivery implications, on two scenarios for economic growth that would be reported back to the LPWG in due course;
- 3 In Autumn 2015 the Council commissioned GL Hearn jointly with Ryedale, Hambleton and the North York Moors National Park Authority to undertake a Strategic Housing Market assessment [SHMA]¹¹. This study aimed to provide a clear understanding of housing needs in the City of York area. The SHMA was published as part of a suite of documents for the LPWG meeting on 27th June 2016. It concluded that the OAHN for the City of York was in the order of 841dpa.
- 4 On the 25th May 2016 ONS published a new set of (2014-based) sub national population projections [SNPP]. These projections were published too late in the SHMA process to be incorporated into the main document. However, in June 2016 GL Hearn produced an Addendum¹² to the main SHMA report which briefly reviewed key aspects of the projections and concluded that the latest (higher) SNPP suggested a need for some 898dpa between 2012 and 2032. However due to concerns over the historic growth within the student population, the Addendum settled on a wider OAHN range of 706dpa - 898dpa, and therefore the Council considered that it did not need to move away from the previous 841dpa figure.
- 5 DCLG published updated 2014-based sub-national household projections [SNHP] in July 2016. GL Hearn was asked by City of York Council to update the SHMA to take account of these new figures and to assess the representations received through the Preferred Sites Consultation [PSC] relating to OAN. The GL Hearn SHMA Addendum Update (May 2017) subsequently updated the demographic starting point for York based on these latest household projections. The 2014-based SNHP increases the demographic starting point from 783 dpa (in the 2016 SHMA) to 867 dpa. In their Update, GL Hearn then applied a 10% uplift to the 867 dpa starting point to account for market signals and affordable housing need and identifies a

⁷ Assessment of the Evidence on Housing Requirements in York (Arup, May 2013) & Housing Requirements in York: Evidence on Housing Requirements in York: 2014 Update (Arup, September 2014)

⁸ Local Plan Working Group 17 December 2014 - Minutes

⁹ Evidence on Housing Requirements in York: 2015 Update – Arup (August 2015)

¹⁰ York Economic Forecasts – Oxford Economics (May 2015)

¹¹ GL Hearn (June 2016): City of York Council Strategic Housing Market Assessment

¹² GL Hearn (June 2016): City of York Council Strategic Housing Market Assessment - Addendum

resultant housing need of 953 dpa. However, a cover sheet to GL Hearn’s Update, entitled ‘Introduction and Context to objective Assessment of Housing Need’ was inserted at the front of this document by the Council. This states that 867 dpa is the relevant baseline demographic figure for the 15-year period of the plan (2032/33). The Council rejected the 953 dpa figure on the basis that GL Hearn’s conclusions stating:

“...Hearn’s conclusions were speculative and arbitrary, rely too heavily on recent short-term unrepresentative trends and attach little or no weight to the special character and setting of York and other environmental considerations.”

2.38 As a result of this approach, the February 2018 City of York Publication Draft stated in Policy SS1: Delivering Sustainable Growth for York, the intention to:

“Deliver a minimum annual provision of 867 new dwellings over the plan period to 2032/33 and post plan period to 2037/38.”

2.39 The supporting text to this policy makes no mention of the 953 dpa OAHN figure, but instead claims that 867 dpa is “an objectively assessed housing need” [§3.3].

2.40 To bring this up to date, and as set out above, the Council has now revised the OAHN down even further in light of GL Hearn’s January 2019 HNA, which (based on the latest 2016-based SNHP) recommends a housing need figure of **790 dpa**.

2.41 Lichfields has submitted representations on behalf of housebuilders to the various stages of the York Local Plan formulation as and when the OAHN has been updated over the past 3 years. Our most recent representation, made on behalf of a consortium of housebuilders in March 2018, concluded that the OAHN should be increased to 1,150 dpa based on the 2014-based SNHP, with accelerated headship rates, a market signals uplift of 20% and a further 10% uplift to address a critical shortfall of affordable housing.

2.42 The remainder of this section provides an overview of the findings of the latest 2019 HNU.

Overview of the City of York HNU

2.43 The stated purpose of GL Hearn’s Housing Needs Update [HNU] is to review the housing need in York taking into account of the latest demographic information. In particular, it reviews the impact of the 2016-based SNPP, equivalent 2016-based SNHP, and the 2017 Mid-Year Estimates. The analysis models housing need from 2012-37 to be consistent with the Local Plan, although because there is a known population for 2017 the data up to this point is fixed.

2.44 The HNU also reviews the latest evidence on market signals within the City. The report states that this is not a full trend-based analysis but rather a snapshot of the latest evidence to be read in conjunction with the full SHMA document. As such, the report does not revisit the affordable housing need for the City, nor does it update analysis on the mix of housing required or the needs for specific groups.

2.45 The report [Table 2] finds that over the 2016-39 period, the 2016-based SNPP projects an increase in population of around 17,622 people (8.5%) in York. This is significantly lower than the 2014-based SNPP (29,622), which represents a huge difference of 12,000 residents.

2.46 The reason for this is considered by GL Hearn to be a combination of 3 factors that are reflected in the 2016 National Population Projections – a substantial fall in (net)

international migration; a fall in fertility rates; and a reduction in the life expectancy of the so-called ‘golden cohort’ born between 1923 and 1938.

2.47 GL Hearn concludes that “*given the more recent trend of falling rates the 2016 based projections loos to reflect this to a greater extent than the 2014-based projections which show an immediate and significant improvement which is not founded on the most recent trends*” [paragraph 2.7].

2.48 The analysis models a range of demographic scenarios, including 2017 MYE population data and 10-year migration trends. The growth in population ranges from just 24,036 under the latest 2016-based SNPP between 2012 and 2037, to 36,348 using the 2014-based SNPP. The 10-year migration scenario sits within this range, at +26,078.

2.49 GL Hearn examines the household formation rates that underpin the latest round of 2016-based household projections. They highlight the fact that concerns have been raised regarding their robustness:

“The criticism mostly stems from the fact that the new projections do not have the ability to meet the Government’s housing target of 300,000 homes per annum once the standard methodology is applied to them.” [paragraph 2.18]

2.50 GL Hearn notes that by focussing on shorter term trends ONS have effectively ‘locked in’ deteriorations in affordability and subsequently household formation rates particularly within younger age groups in that time.

2.51 The analysis [§2.28] finds that by applying the headship rates within the 2014-based SNHP the level of housing need would be 629 dpa, incorporating a 3% allowance for vacancy/second homes – this is c.30% higher than the figure (484 dpa) derived in the HNU for the main demographic-based projection. The part return to previous household formation trends for younger age cohorts (linking to the 2014-based SNHP) increases this still further, to 679 dpa.

Table 1 Projected Household Growth 2012-32 - Range of demographic based scenarios

	Change in households	Dwellings (per annum)
2016-based SNHP HRRs	11,744	484
2014-based SNHP HRRs	15,256	629
Part Return to trend	16,492	679

Source: GL Hearn (January 2019): City of York Housing Need Update, Table 6

2.52 Moving on, GL Hearn models a series of economic growth forecasts, settling on 650 jobs per annum as this is considered to align with the ELR Update. In this regard, they conclude that the level of housing associated with the economic growth projections in the ELR Update (September 2017) which project growth of 650 jobs annually between 2014-31. Using the OBR economic activity rates and keeping unemployment rates, double jobbing and commuting ratios constant, this equates to a need for 590 dpa based on the 2016-based HRRs, rising to 735 dpa using the 2014-based HRRs and up to **790 dpa** using part-return to trend HRRs.

Market Signals

2.53 With regard to market signals, the HNU notes that

- Lower quartile house prices in York exceed that of England by £30,000 despite having a similar overall median house price. “*Relatively higher values within a*

lower quartile housing range suggests that those with lower incomes (such as first-time buyers) feel greater housing pressure and are less likely to be able to afford a property” [paragraph 4.2].

- The gap of median house price growth between York and North Yorkshire has widened from 10 years ago. Since 2008 the rate of change for York has been 1.25, similar to the national growth of 1.3 [4.10].
- Median rental values in York are £745, £70 higher than the rest of England and £220 higher than Yorkshire and the Humber region [4.13]. LQ rental price growth has increased by 14% over the past 5 years, compared to 11% nationally [4.14];
- *“The data demonstrated that rental housing has overall become more unaffordable in the past 5 years, but increasingly so amongst lower-value properties. This could be linked to a lack of affordability in the purchase market forcing a greater level of competition for rental properties” [4.15];*
- York has a median affordability ratio of 8.62 and a 5-year rate of change equal to 1.88, compared to 5.90 for Yorkshire and the Humber (0.55 change) and 7.91 (1.14 change) for England [Table 12]. Affordability at a lower quartile [LQ] level is lower (at 7.26) and is below the national rate of 9.11, although it is still much higher than the regional rate of just 5.73;
- *“The affordability statistics and the market signals reveal that as a whole, York is becoming increasingly more unaffordable and that a market signals adjustment in the City is necessitated” [4.19].*
- An uplift of 15% is considered reasonable by GL Hearn. This is higher than the 10% previously recommended in the September 2017 SHMA Update. *“Such an uplift applied to the demographic starting point (484 dpa) would arrive at an OAN of 557 dpa...This is some way short of both the adjusted demographic growth and the economic growth. Therefore the OAN should remain as 790 dpa in order to achieve both improvements to household formation and meet economic growth. This equates to an increase of 63% from the start point.” [4.34-4.35]*

2.54 Regarding **affordable housing need**, this has not been reassessed in the HNU. It notes that the previous SHMA identified a net affordable housing need of 573 dpa:

“The affordable housing evidence suggests that a modest uplift to the demographic-based need figure to improve delivery of affordable housing in the City may be justified.” [4.21]

2.55 However, GL Hearn then reviews a number of High Court judgements and Local Plan Inspectors reports (including the Cornwall Local Plan Inspector’s preliminary findings) and concludes that *“the expectation is that it may be necessary, based on the affordable needs evidence to consider an adjustment to enhance the delivery of affordable housing, but that does not need to be done in a mechanical way’ whereby the affordable need on its own drives the OAN” [4.28].* No further uplift is made.

2.56 The HNU concludes that the 2016-based SNPP provide a more robust assessment of population growth for York than their predecessor, which is “ratified by more recent population estimates” [5.2]. Uplifting the 2016-based SNPP to meet an economic growth of 650 jobs per annum and adjusting household formation rates equates to a need for 790 dpa, which GL Hearn considers to be the OAHN on the grounds that this *“would be sufficient to respond to market signals, including affordability adjustments, as well as making a significant contribution to affordable housing needs” . [5.11]*

3.0

Critique of the SHMA Update

Introduction

3.1

The Companies represented by Lichfields have serious concerns and wish to raise strong objections to the way in which the Council has chosen to identify an OAHN of 790 dpa (reducing this down from the already unsatisfactory 867 dpa) and the subsequent identification of this need as the housing requirement in the Policy SS1 of the Modified LPP.

3.2

This section provides a critique of GL Hearn’s City of York Housing Needs Update [HNU].

Starting Point and Demographic-led Needs

Population Change

3.3

The Practice Guidance¹³ sets out that in assessing demographic-led housing needs, the latest CLG Household Projections form the overall starting point for the estimate of housing need, but these may require adjustments to reflect future changes and local demographic factors which are not captured within the projections, given projections are trend based. In addition, it states that account should also be taken of ONS’ latest Mid-Year Estimates [MYEs]¹⁴.

3.4

This previous guidance has of course been amended in the revised Practice Guidance, published in March 2019, which now formalises the standard methodology to calculate Local Housing Need. This is founded on the previous 2014-based SNHP rather than the more recent 2016-based equivalents as they “*provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes*”¹⁵.

3.5

GL Hearn accepts in paragraph 2.18 of its HNU that the 2016-based projections do not have the ability to meet the Government’s housing target of 300,000 homes per annum. In the Government’s Technical Consultation on updates to national planning policy and guidance (October 2018), the Government clarified that the 2016-based projections are not a justification for lower housing need, because:

“1 Basing the assessment of local housing need on 2016-based household projections, would either not support the Government’s objective of significantly boosting the supply of homes (if other variables were unchanged) or produce major distributional changes that would produce instability for local planning authorities in general (if other variables were changed to produce an aggregate consistent with other estimates)...

2 Although the Government generally recommends the use of the latest data in producing assessments of housing need, in this case there have been substantial changes in the method for producing the projections that have resulted in major changes in the distribution of households nationally, and the Government would like to see the new method settling down before making a decision on whether this data provides the best basis for planning” [paragraph 27]

¹³ Practice Guidance - ID 2a-015-20140306

¹⁴ Practice Guidance - ID 2a-017-20140306

¹⁵ Practice Guidance - ID: 2a-005-20190220

- 3.6 These recommendations were subsequently taken forward into the revised NPPF and Practice Guidance following the consultation:

“Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.

Any method which relies on using the 2016-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the NPPF. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method”¹⁶.

- 3.7 We acknowledge that the City of York Local Plan was submitted to the Secretary of State for Examination before 26th January 2019 and therefore should be examined under the transitional arrangements (i.e. the 2012 NPPF and 2014 Practice Guidance). For this reason, the LHN calculated by the standard method would not apply.

- 3.8 Furthermore, we accept that in accordance with the 2014 version of the Practice Guidance, GL Hearn is correct to at least model the 2016-based SNPP/SNHP; that does not necessarily mean it is right to use the much lower projections to directly inform the OAHN without making reasonable adjustments, particularly in light of the Government’s clearly stated objective to build more homes consistent with the 300,000 target by the mid-2020s, not to use potentially flawed projections to provide even fewer homes:

“Population changes are only one aspect of the driver for housing supply. Rising incomes, changing social preferences and factors such as real interest rates and credit availability contribute to demand for housing. In summary, the Government’s judgment is that these factors combine to indicate that there is no need to change its aspirations for increasing housing supply. This is consistent with the argument in the housing White Paper that the ambition of delivering more homes should be about both keeping pace with population growth and looking to address worsening affordability through tackling the previous undersupply of homes.”¹⁷

- 3.9 The 2016-based SNHP/SNPP should be sensitivity tested, based on alternative assumptions around underlying demographic projections, based on established sources of robust evidence:

“The household projections produced by the Department for Communities and Local Government are statistically robust and are based on nationally consistent assumptions. However, plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office for National Statistics population estimates.

Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

¹⁶ Practice Guidance - ID: 2a-015-20190220

¹⁷ MHCLG (October 2018): *Technical consultation on updates to national planning policy and guidance*, paragraph 12

Issues will vary across areas but might include:

- *migration levels that may be affected by changes in employment growth or a one off event such as a large employer moving in or out of an area or a large housing development such as an urban extension in the last 5 years*
- *demographic structure that may be affected by local circumstances or policies e.g. expansion in education or facilities for older people.*¹⁸

3.10 This is explored in more detail below.

The use of longer-term trends

3.11 The PPG is clear that household projections are the starting point for overall housing need and that these are nationally consistent and statistically robust¹⁹. It goes on to state that plan-makers may consider sensitivity testing based on local circumstances, but that this must be based on established sources of robust evidence²⁰. Some of circumstances it cites includes migration levels which are affected by changes in employment, such as a large employer moving to the area or urban extension, or where demographic structures are affected by policies related to specific groups, e.g. expansion in education facilities or facilities for older people.

3.12 The use of short-term trends means recent changes in trends are picked up more quickly, although if recent trends are not representative of the longer term ‘norm’ they may over or under estimate future need (hence ID 2a-017). Whilst longer term periods can allow unusual trends to be ironed out, they may fail to pick up recent changes and therefore may also over or under-estimate future need. Despite these advantages and disadvantages, it is set out within Government guidance that the official projections – i.e. short-term trends – should provide the starting point for housing needs assessment.

3.13 The question therefore is whether, in York, there are any “*specific local circumstances*” (e.g. movement of major employers, higher education expansion, etc, as cited in ID 2a-017) in recent years which mean that it is not appropriate to use the official 2016-based SNPP and that a longer-term trend is more appropriate. The HNU does not even attempt to speculate about any such events occurring in York, instead concluding that the projections “*provide a more robust assessment of population growth for York than their predecessor*” [paragraph 5.2], and that this has been ratified by more recent population estimates.

3.14 GL Hearn has referred to the Cornwall Local Plan Inquiry (paragraph 4.27) when discussing affordable housing needs. It is therefore relevant to note that the use of long-term trends was accepted at the Cornwall Local Plan by the Inspector in 2015. That Inspector preferred long term trends specifically over the 2008-12 period (i.e. the 2012-based projection base period) and noted that this was to “*even out the likely effect of the recent recession on migration*” (see SHMA para 3.41).

3.15 We can ascertain whether there have been any unusual or one-off circumstances in the City of York specifically which warrant the use of long-term trends over short term trends by looking at historic completions and migration data (an exercise only partially undertaken in the HNU).

¹⁸ Practice Guidance - ID: 2a-017-20140306

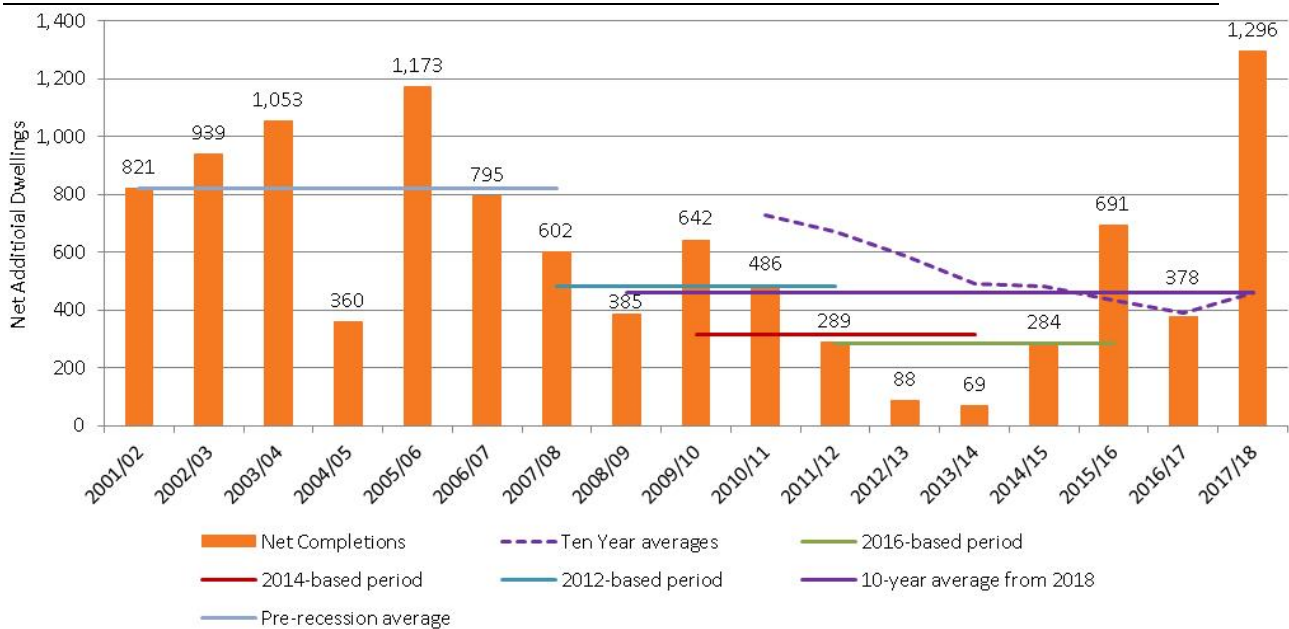
¹⁹ Practice Guidance - ID: 2a-015-20190220

²⁰ Practice Guidance - ID: 2a-017-20190220

Housing completions

- 3.16 Figure 2 show completions in the City of York back to 2001/02, along with the 10-year averages. It shows that in the 7 years up to the recession (2007/08), average completions were 820 per annum. Since then completions have been rapidly falling, with the average declining to just 461 dpa for the 10 years to 2017/18.
- 3.17 In the base period for the 2012-based projections, completions were slightly higher, at 481 dpa. The 2014-based projections are even lower, at 315 dpa. However, the most recent 2016-based projections draw upon a period where average completions were lower than any of the comparator time periods, of just 284 dpa, picking up the steady decline of housebuilding in York that fell to a pitiful 69 dwellings in 2013/14. The 2016-based SNPP does not draw upon data for the past two years, which have averaged 837 dpa, including an impressive 1,296 dwellings in 2017/18. This suggests that housebuilding is recovering to levels that were consistently seen in the boom years prior to the recession.
- 3.18 Based on housebuilding levels, in light of the very large differences seen in each period, it is clear that the 2016-based SNPP is based on a time period when the level of housebuilding might reasonably be said to be at an unusually low level, which could suggest that there is justification to make suitable adjustments.
- 3.19 Overall the trends suggest that since the recession, there has been a gradual, steady decrease in levels of housebuilding in York, although this has started to be corrected from 2015/16 onwards. The figures suggest that over the time period that the 2016-based SNPP relies upon, there have been years in which housebuilding has been unusually low (2012/13 and 2013/14 in particular), which suggests that at the very least an adjustment should be considered to the official projections inappropriate. It is notable that no similar analysis is presented in the HNU.

Figure 2 Historic completions in the City of York - 2001/02 to 2017/18



Source: MHCLG Table 122: Net Additional Dwellings by Local Authority District

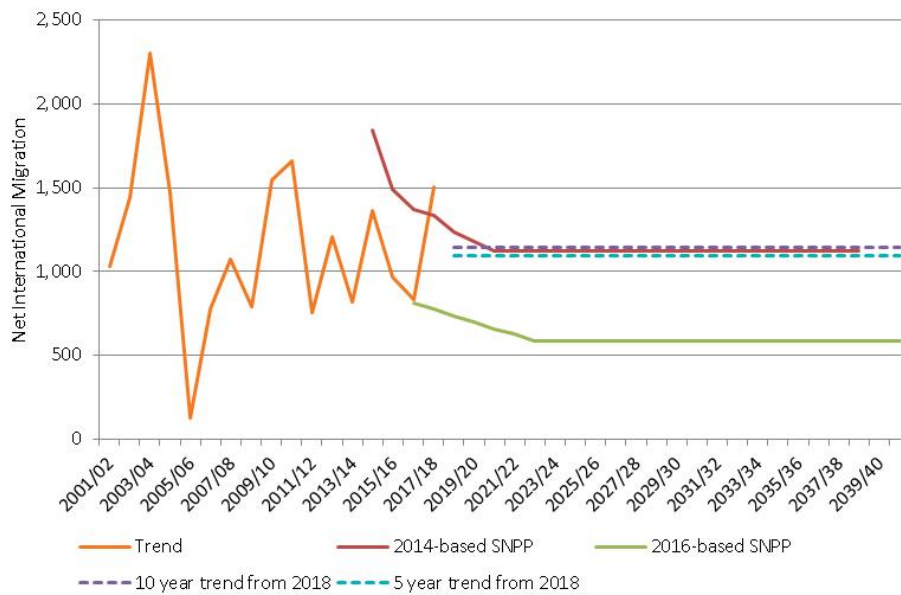
3.20 Whilst the link between housing completions and population growth is complex, it is worth noting that the latest 2018 Mid-Year population estimates suggest that the City of York’s grew by 1,730 residents, in the year in which 1,296 new dwellings were completed.

International Migration

3.21 Another way to consider whether the City of York has seen any ‘unusual’ or one-off events which mean longer term trends are more appropriate is to look at migration. Figure 3 shows historic levels of net international migration to the City of York. It is similar to GL Hearn’s Figure 4 in the HNU, but it includes more up-to-date data relating to the 2018 Mid-Year Population Estimates.

3.22 Overall the international migration figures suggest net migration rose after the recession, at a time when housebuilding was falling. Net migration peaked in 2003/04 and fell to just 127 in 2005/06. However, since that time, net migration has fluctuated between c.750 and 1,660 annually.

Figure 3 Historic Net International migration to the City of York, 2001/02 to 2017/18 and Future Projections



Source: ONS

3.23 In particular, it is clear that the 2016-based SNPP net international migration figures look anomalous compared to past trends. From 2022/23 onwards, this is adjusted down to 587 annually, a figure that is far lower than any net international migration figure for the past 17 years with the exception of 2005/06. In contrast, the 10-year trend equates to 1,143 annually (almost double the 2016-based SNPP), whilst the 5-year trend is almost as high, at 1,096. As can be seen in the Figure, the 2014-based SNPP net international migration figure sits neatly between these trends, at 1,125.

3.24 The HNU argues (in paragraph 2.11) that there is a close alignment between the 2016-based SNPP and the recorded MYE for 2016/17, which there is; however, for 2017/18 the 2016-based SNPP recorded a net international migration figure of just 774, when 1,505 were actually recorded in the 2018 MYE – almost double.

3.25 In terms of what may be causing this discrepancy, it is worth noting that the emerging Local Plan recognises that York has a large proportion of higher education students which

is set to following the expansion of the University of York and as other establishments continue to provide modern education facilities to accommodate growing student numbers [paragraph 1.48]. In particular, York St John University has experienced rapid student growth in recent years:

“The University currently has 6,500 students (FTEs) and employs 750 staff. The increase in student numbers of the last 10 years is circa 93% and it is anticipated that the total will increase to 8,000 by 2018.” [1.60]

- 3.26 It is possible that a significant proportion of these students have come from abroad, helping to boost the projections, and that this is forecast to continue for the foreseeable future.

Summary

- 3.27 ONS’s 2016-based SNPP now assumes lower fertility rates, lesser improvements in life expectancy (i.e. higher death rates) and lower net international migration across the country, and York is no exception. The latter input does, however, appear excessive given past trends. Whilst we cannot place too much reliance on one years’ worth of data, it is also salient to note that the 2018 MYE (and indeed the housing completions for 2018) suggest a marked upturn in growth.

- 3.28 It is considered that at the very least there should be a sensitivity testing for long term migration trends in the HNU for York based on ‘*specific local circumstances*’ (as per PPG ID 2a-017). In this respect, the HNU does not fulfil the requirements set out in ID 2a-017 regarding sensitivity testing of the official projections.

Market Signals

- 3.29 The Framework sets out the central land-use planning principles that should underpin both plan-making and decision-taking. It outlines twelve core principles of planning that should be taken account of, including the role of market signals in effectively informing planning decisions:

“Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.” [§17]

- 3.30 The Practice Guidance²¹ requires that the housing need figure as derived by the household projections be adjusted to take into account market signals. It indicates that comparisons should be made against the national average, the housing market area and other similar areas, in terms of both absolute levels and rates of change. Worsening trends in any market signal would justify an uplift on the demographic-led needs. In addition, the Practice Guidance²² highlights the need to look at longer term trends and the potentially volatility in some indicators.

- 3.31 The Practice Guidance also sets out that:

“...plan-makers should not attempt to estimate the precise impact of an increase...rather they should increase planning supply by an amount that, on reasonable assumptions...could be expected to improve affordability...”²³.

²¹ Practice Guidance - ID 2a-019-20140306

²² Practice Guidance - ID 2a-020-20140306

²³ *ibid*

- 3.32 This clearly distinguishes between the demographic-led need for housing (generated by population and household growth) and the market signals uplift which is primarily a supply response over and above the level of demographic need to help address negatively performing market signals, such as worsening affordability.
- 3.33 As set out in detail above, GL Hearn has undertaken an analysis of market signals in its Housing Needs Update (Section 4.0). In that report, the HNU notes that
- Lower quartile house prices in York exceed that of England by £30,000 despite having a similar overall median house price;
 - The gap of median house price growth between York and North Yorkshire has widened from 10 years ago. Since 2008 the rate of change for York has been 1.25, similar to the national growth of 1.3;
 - Median rental values in York are £745, £70 higher than the rest of England and £220 higher than Yorkshire and the Humber region [4.13]. LQ rental price growth has increased by 14% over the past 5 years, compared to 11% nationally;
 - York has a median affordability ratio of 8.62 and a 5-year rate of change equal to 1.88, compared to 5.90 for Yorkshire and the Humber (0.55 change) and 7.91 (1.14 change) for England [Table 12];
- 3.34 As a consequence of these poor (and worsening) housing market signals, GL Hearn concludes that:
- “The affordability statistics and the market signals reveal that as a whole, York is becoming increasingly more unaffordable and that a market signals adjustment in the City is necessitated”* [4.19].
- 3.35 On the basis of these signals, GL Hearn applied an uplift of 15%. This is higher than the 10% previously recommended in the September 2017 SHMA Update. *“Such an uplift applied to the demographic starting point (484 dpa) would arrive at an OAN of 557 dpa...This is some way short of both the adjusted demographic growth and the economic growth. Therefore, the OAN should remain as 790 dpa in order to achieve both improvements to household formation and meet economic growth. This equates to an increase of 63% from the start point.”* [4.34-4.35]
- 3.36 In our previous representations²⁴, Lichfields concluded that based on a detailed review of similar market signals, an uplift of 20% was suitable. Nothing that GL Hearn has presented causes us to change our opinion; quite the reverse in fact, given that on many of the indicators, the housing market appears to be even more constrained and under pressure than was the case even one year ago.
- 3.37 To take a clear example, which is not examined in GL Hearn’s assessment of market signals, the Practice Guidance is clear that historic rates of development should be benchmarked against the planned level of supply over a meaningful period. Table 2 sets the Council’s various housing targets/presumed OAHN against the actual net housing completions. With the exception of the last year, housing delivery in York has missed the target each year since 2006/07. Overall delivery targets for these years was missed by c.30% which equals 3,127 units below the target level. Over the plan period from 2012/13, GL Hearn noted in its previous May 2017 SHMA Addendum [§3.14] that under-delivery may have led to household formation (particularly of younger households) being constrained and states that this point is picked up in the report which uses a demographic projection-based analysis to establish the level of housing need moving forward.

²⁴Lichfields (March 2018): *Housing Issues Technical Report*

Table 2 Rate of net housing delivery in York against possible policy benchmarks, 2004/05-2017/18

Year	Net Housing Completions	Council's OAHN (790 dpa)	
		'Need'*	+/-
2004/05	360	640	-280
2005/06	1,173	640	+533
2006/07	795	640	+155
2007/08	602	640	-38
2008/09	385	850	-465
2009/10	642	850	-208
2010/11	486	850	-364
2011/12	289	850	-561
2012/13	88	790	-702
2013/14	69	790	-721
2014/15	284	790	-506
2015/16	691	790	-99
2016/17	378	790	-412
2017/18	1,331	790	+541
Total	7,573	10,700	-3,127

Source: MHCLG LT122

*RSS assumed average 640 dpa 2005/05-2007/08; 850 dpa 2008/09 -2011/12

*MHCLG: Housing Delivery Test Results 2018

3-38 The SHMA Update [§3.15] considers that this past under-delivery is not a discrete part of the analysis but is one of the various market signals which indicate a need to increase provision from that determined in a baseline demographic projection. It notes that that this market signal will require upward adjustment through consideration of migration and household formation rates rather than just a blanket increase based on the level of 'shortfall'.

3-39 It is clear from the Council's own evidence that the City has consistently under-delivered housing, with a failure to deliver anything more than 642 dwellings in any single year between 2007 and 2015. The policy benchmarks suggest that the level of past under-delivery is 3,127 dwellings over the past 12 years.

3-40 **Furthermore, the Council's already low housing delivery figures have been artificially boosted by the inclusion of student accommodation in the completions figures (see discussion below).**

What scale of uplift should be applied?

3-41 The PPG sets out a clear two-stepped process to addressing market signals within the calculation of OAHN:

- 1 Firstly, it is necessary to determine **whether** a market signals uplift is necessary. This is set out in PPG ID2a-019 within the first sub-paragraph as follows:

“Appropriate comparisons of indicators should be made... A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.”

- 2 Secondly, when a market signals uplift is required, it is necessary to identify at **what scale** that should be set, with guidance given that it should be set at a level that could be expected to improve affordability. This is set out in PPG ID2a-019 within the second and third sub-paragraphs as follows:

“In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable... they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.”

3.42 The principle of a market signals uplift in York (i.e. Stage 1) is not disputed by the Council’s housing consultants. However, the scale of the uplift is disputed, principally because there is no sound basis to conclude that the uplift can be reasonably expected to improve affordability, and the HNU provides no evidence that it will do so. In addition, as previously noted, because the HNU has applied its market signals uplift to a flawed demographic-led assessment of need, any figure flowing from this is in itself also flawed.

3.43 We examine the scale of a suitable uplift in Section 4.0.

Affordable Housing Needs

3.44 In line with the 2012 Framework²⁵, LPAs should:

“...use their evidence based to ensure their Local Plan meets the full, objectively assessed needs for market and affordable housing...”

“...prepare a SHMA which...addresses the need for all types of housing, including affordable.”

3.45 The Practice Guidance²⁶ sets out a staged approach to identifying affordable housing needs, and states that affordable housing need should be:

“...considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments...an increase in the total housing figures included in the plan should be considered where it could help deliver the required number of affordable homes.”

3.46 As set out in Section 2.0, two High Court Judgements go to the heart of addressing affordable housing within the identification of OAHN. ‘Satnam’ establishes that affordable housing needs are a component part of OAHN, indicating that the ‘proper exercise’ is to identify the full affordable housing needs and then ensure that this is considered in the context of its likely delivery as a proportion of mixed market/affordable housing development. ‘Kings Lynn’ builds on ‘Satnam’, identifying that affordable housing needs *“should have an important influence increasing the derived OAHN since they are significant factors in providing for housing needs within an area.”* [§36]. This is clear that affordable housing needs are a substantive and highly material driver of any conclusion on full OAHN.

3.47 Neither the HNU nor its predecessor, the September 2017 SHMA Assessment Update, states that it does not review affordable housing need, although the latter states that the situation is unlikely to have changed significantly from the 2016 SHMA. The 2016 SHMA identified a net affordable housing need of 573 homes per annum or 12,033 dwellings over the 2012-2033 period. This suggests a worsening situation when compared with the previous figure of 486 affordable homes per annum needed in the previous 2011 SHMA, produced by GVA.

3.48 Lichfields has not analysed in detail the figures forming the assessment of affordable

²⁵ Framework - Paragraphs 47 and 159

²⁶ Practice Guidance - ID: 2a-022-20140306 to 2a-029-20140306

- housing needs, due in part to limitations on access to the underlying data; instead, Lichfields has focused on how this need has informed the OAHN conclusion.
- 3.49 The SHMA Assessment Update [§3.3] suggests that large parts of this need are either existing households (who do not generate need for additional dwellings overall) or newly forming households (who are already included within the demographic modelling).
- 3.50 It further states [§§3.17-3.18] that:
- “The City of York Council currently have an affordable housing policy of up to 30%. The SHMA identified a net affordable housing need of 573 dwellings. Based on this level of need and the current policy the City would require to deliver 1,910 dwellings per annum. To put this in context the City has only delivered more than 1000 homes once since 2004-5. Using a lower policy target would result in an even higher need.”*
- “While there is clearly an affordable housing issue in the City many of the households in need are already in housing (just housing that is not suitable for some reason such as overcrowding) and therefore do not generate a need for additional dwellings”.*
- 3.51 The provision of the net affordable housing need identified is likely to be unrealistic given past dwelling completions in City of York. With regard to this matter the SHMA Assessment Update states [§3.28]:
- “Given the balance of judgement it would appear that a 10% adjustment could be justified in York on the basis of the previously established affordable housing need the updated market signals evidence.”*
- 3.52 In taking this approach, GL Hearn is effectively conflating the uplift resulting from affordable housing need with uplift resulting from market signals analysis. These are two separate steps in the Practice Guidance and should not be combined in this manner.
- 3.53 In contrast, the HNU reiterates the 573 dpa need, and accepts that *“a modest uplift to the demographic based need figure to improve delivery of affordable housing in the City may be justified.”* [paragraph 4.20].
- 3.54 However, the HNU then reviews a number of High Court judgements and other Inspector’s reports, notably that for the Cornwall Local Plan, and concludes that *“the expectation is that it may be necessary, based on the affordable needs evidence to consider an adjustment to enhance the delivery of affordable housing, but that this does not need to be done in a ‘mechanical way’ hereby the affordable need on its own drives the OAN”.* [paragraph 4.28]
- 3.55 The HNU does not proceed to test the scale of uplift that might be appropriate to help meet this very high level of affordable housing need, merely stating in the conclusions that the employment-led 790 dpa *“would be sufficient to respond to market signals, including affordability adjustments, as well as making a significant contribution to affordable housing needs”.*
- 3.56 Policy H10 of the emerging Local Plan sets out a wide range of affordable housing requirements on residential schemes for 2 or more dwellings, with 30% at the upper end for greenfield sites containing 15 or more dwellings. Applying this optimistic upper target to the 790 dpa CoYC OAHN would potentially deliver (at best) 237 affordable units annually. This represents just 41% of the 573 dpa target.
- 3.57 At a delivery rate of 30% of overall housing, the City of York would need to deliver **1,910**

dpa to address affordable housing needs in full.

3.58 Taking into account affordable need within the calculation of OAHN does not necessarily involve a mechanistic uplift, or an indication that such identified needs must be met in full. It has to be a scenario which, on a reasonable basis, could be expected to occur. This is set out in the Kings Lynn judgment which concluded:

“...This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed.” [§35]

This is also consistent with the Practice Guidance²⁷ which sets out the assessment of need *“does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.”*

3.59 However, in line with the High Court Judgments, this still needs to be an uplift of consequence, insofar as it can reasonably be expected to occur. This will inevitably need to involve judgement, based on relevant evidence, as to the extent to which any scale of uplift could be reasonably expected to occur.

3.60 For example, it is interesting to note that in the Cornwall Local Plan example that GL Hearn quotes from, the Inspector ultimately **concluded that an uplift to the OAHN was justified, and this should be equal to an additional 1,500 dwellings over the course of the Plan period**²⁸.

3.61 The HNU ultimately does not use the identified acute affordable housing needs in a way in which it has *“an important influence in increasing the derived F[ull] OAN”* as per the Kings Lynn judgment.

3.62 The Local Plan Expert Group [LPEG], in its Report to the Secretary of State for Communities and Local Government in March 2016, recommended various changes to the Practice Guidance with the remit of considering how local plan-making could be made more efficient and effective. Although very limited, if any, weight can be given to the LPEG approach given that it is not policy or endorsed by Government, it is at least helpful in seeking to understand what an appropriate response might be to define the influence of market signals and affordable housing needs. LPEG recommended changes to the preparation of SHMAs and determination of OAHN.

3.63 With regard to affordable housing need in the preparation of SHMAs and determination of OAHN it proposed that where the total number of homes that would be necessary to meet affordable housing need is greater than the adjusted demographic-led OAHN, then this figure should be uplifted by a further 10%. The 10% uplift was intended to provide a streamline approach that removes judgement and debate from the process of setting OAHN (as opposed to what might be the most accurate under current Practice Guidance).

3.64 Given the significant affordable housing need identified in City of York, Lichfields considers that this **10% uplift would be appropriate** in this instance and should be applied to the OAHN.

²⁷ Practice Guidance - ID:2a-003-20140306

²⁸ Planning Inspectorate (23rd September 2016): Inspector’s Report on the Examination into the Cornwall Local Plan Strategic Policies, paragraph 52

4.0 **OAHN – Demographic and Affordable Needs**

Introduction

4.1 In practice, applying the 2012 NPPF requires a number of key steps to be followed in order to arrive at a robustly evidenced housing target:

- The starting point for Local Plans is to meet the full objectively assessed development needs of an area, as far as consistent with the policies set out in the Framework as a whole [§6, §47 & §156].
- An objective assessment of housing need must be a level of housing delivery which meets the needs associated with population and household growth, addresses the need for all types of housing including affordable and caters for housing demand [§159].
- Every effort should be made to meet objectively assessed needs for housing and other development, and there should be positive response to wider opportunities for growth. Market signals, including affordability should be taken into account when setting a clear strategy for allocating suitable and sufficient land for development [§17].
- In choosing a housing requirement which would not meet objectively assessed development needs, it must be evidenced that the adverse impacts of meeting needs would significantly and demonstrably outweigh the benefits, when assessed against the policies within the Framework as a whole; unless specific policies indicate development should be restricted [§14].
- Where an authority is unable to meet its objectively assessed development needs or it is not the most appropriate strategy to do so, e.g. due lack of physical capacity or harm arising through other policies, it must be demonstrated under the statutory duty-to-cooperate that the unmet need is to be met in another local authority area in order to fully meet development requirements across housing market areas [§179 & §182 bullet point 1].

4.2 It is against these requirements of the Framework which the City of York’s housing need must be identified.

Demographic Modelling

4.3 The Government’s 2014 Practice Guidance states that “*household projections published by CLG should provide the starting point estimate of overall housing need.*” It also states that the household projection may require adjustment to reflect factors affecting local demography and household formation rates which are not necessarily captured in past trends²⁹.

4.4 To comply with the Practice Guidance, Lichfields has modelled a range of new scenarios using the PopGroup demographic modelling tool. This analysis has used headship rates from the 2014-based SNHP, 2016 SNHP and also (in a similar vein to GL Hearn in its HNU) an accelerated household formation rate to reflect a partial return to past trends. We have firstly derived the baseline demographic need, which acts as the ‘starting point’ when determining the housing OAN. Thereafter, various assumptions, adjustments and

²⁹ ID 2a-015-20140306

sensitivities have been applied to take account of new demographic data, local factors and economic aspirations.

- 4.5 Using the data inputs and assumptions above, the following demographic scenarios have been assessed. The scenarios are modelled over the period 2017-2033 to align with the Local Plan period (hence there is a moderate discrepancy with GL Hearn’s HNU, which models over the period 2012-2037). The scenarios modelled are as follows:
- a **Scenario A: 2014-based SNPP** – using on the 2014-based SNPP, incorporating headship rates from the 2014-based SNHP, plus an allowance for vacant/second homes (1.7%);
 - Scenario Ai: 2014-based SNPP / 2018 MYE / PCU** - Applying the same assumptions as for Scenario Ai; however, it adjusts the 2015, 2016, 2017 and 2018 population figures to reflect the latest ONS Mid-Year Population Estimates. This has the effect of increasing the 2018 population figure from 212,068 to 209,893;
 - Scenario Aii: Standard Methodology** figure of 1,069 dpa is modelled.
 - b **Scenario B: 2016-based SNPP** – using the 2016-based SNPP, incorporating headship rates from the 2016-based SNHP, plus an allowance for vacant/second homes (1.7%);
 - Scenario Bi: 2016-based SNPP PCU** - Applying the same assumptions as for Scenario B; however, starting post-2017, headship rates amongst 15-34 year olds are projected to make up 50% of the difference of long term trends (as per Scenario Ai) by 2033;
 - Scenario Bii: 2016-based SNPP / 2018 MYE / PCU** - Applying the same assumptions as for Scenario Ai; it adjusts the 2015, 2016, 2017 and 2018 population figures to reflect the latest ONS Mid-Year Population Estimates. This has the effect of increasing the 2018 population figure from 209,432 to 209,893;
 - c **Scenario C: Long Term Migration Trends MYE** – based on past migration trends as observed over the last 10 years (to 2017) in the City of York, re-based to 2018 MYE population;
 - Scenario Ci: Long Term Migration Trends MYE PCU** – as above, but applying accelerated headship rates to the 15-34 age cohorts as per Scenario Ai.

Economic Scenarios

- d **Scenario D: ELR Scenario 2 Jobs Growth** – based on forecasts of annual job growth (397 jobs 2017-2018, 650 jobs p.a. between 2018 and 2033,) for the City of York to align with the ELR, applied to the 2016-based SNPP (including 2018 MYE);
 - Scenario Di: ELR Scenario 2 Jobs Growth PCU** – as above, but applying accelerated headship rates to the 15-34 age cohorts as per Scenario Ai;
 - e **Scenario E: Past Trend Job Growth** – Taking into account the Compound Average Growth Rate [CAGR] of 0.83% that was achieved between 2000-2017 in the City of York (as recorded by NOMIS Job density figures), this scenario assumes this will continue over the plan period (including 2018 MYE);
 - Scenario Ei: Past Trend Job Growth PCU** – as above, but applying accelerated headship rates to the 15-34 age cohorts as per Scenario Ai.
- 4.6 The findings of the demographic scenarios are set out in Table 3.

Table 3 Key Outputs – Demographic Scenarios for the City of York, 2017-2033

Scenario	Change in Population	Change in Households	Dwellings 2017-2033	
			Total Change	DPA
Scenario A: 2014-based SNPP	21,900	13,008	13,231	827
Scenario Ai: 2014-based SNPP / 2018 MYE / PCU	24,027	14,318	14,564	910
Scenario Aii: Standard Methodology	33,979	16,815	17,104	1,069
Scenario B: 2016-based SNPP	13,492	7,192	7,315	458
Scenario Bi: 2016-based SNPP PCU	13,492	10,685	10,868	679
Scenario Bii: 2016-based SNPP / 2018 MYE / PCU	16,038	11,107	11,297	706
Scenario C: Long Term Migration Trends MYE	23,926	10,851	11,037	690
Scenario Ci: Long Term Migration Trends MYE PCU	23,926	14,481	14,730	921

Source: Lichfields using PopGroup

- 4.7 The findings of the demographic scenarios are broadly in line with those reported in the HNU, with differences generally attributable to the different timeframes used (2017-2033 vs. 2012-2037) and our incorporation of the latest 2018 MYE in some of the Scenarios. The projections clearly demonstrate the extent to which the 2014-based SNPP are significantly higher than the more up to date 2016-based SNPP. Allowing for these differences, the equivalent scenarios in the HNU’s Table 6 include Lichfield’s Scenario B, whereby our figure of 458 dpa equates to GL Hearn’s figure of 484 dpa; and our Scenario Bi, whereby our figure of 679 dpa is identical to GL Hearn’s 679 dpa.
- 4.8 Lichfields’ view is that the demographic starting point should comprise Scenario Bii, which updates the 2016-based SNPP with the most up-to-date demographic data (the 2018 MYE) and also makes a suitable provision for accelerating household formation rates in line with long term trends. **This equates to 706 dpa.**
- 4.9 However, as set out in detail in Section 3.0, Lichfields has serious concerns regarding the accuracy of the long-term international migration rates that underpin the 2016-based SNPP and therefore consider that a case can be made to examine the long-term international migration trends. By so doing, Scenario Ci (incorporating the 2018 MYE and PCU) generates a figure of **921 dpa**. Lichfields considers that this should form the demographic-led OAHN before other uplifts are applied.
- 4.10 Table 4 presents the employment-led scenarios. Scenario Di (**842 dpa**) represents the closest match to GL Hearn’s 790 dpa OAHN figure, which aligns with the Local Plan’s job target of 650 annually. The 52 dpa difference is likely to be due to subtle differences in our underlying assumptions concerning vacancy rates, timeframes, assumptions concerning economic activity rates, commuting ratios, unemployment levels and the incorporation of a higher MYE population starting point in 2018.
- 4.11 Lichfields’ view is that Scenario Ei is also valid, as the PPG states that when assessing housing need, “*Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate*”³⁰.
- 4.12 Given the very high levels of past job growth in the City, this would generate a need for 829 dpa, rising to **1,062 dpa** when accelerated household formation rates are applied.

³⁰ PPG 2a-019-20140306

Table 4 Key Outputs – Employment-led Scenarios for the City of York, 2017-2033

Scenario	Change in Population	Change in Jobs	Change in Households	Dwellings 2017-2033	
				Total Change	DPA
Scenario D: ELR Scenario 2 Jobs Growth	21,727	10,147	9,801	9,969	623
Scenario Di: ELR Scenario 2 Jobs Growth PCU	21,727	10,147	13,242	13,470	842
Scenario E: Past Trend Job Growth	30,831	16,032	13,041	13,266	829
Scenario Ei: Past Trend Job Growth PCU	30,831	16,032	16,711	16,998	1,062

Source: Lichfields using PopGroup

4.13 To summarise, our view is that the demographic-led OAHN (before further uplifts are applied) for the City of York would equate to the long-term migration Scenario Ci, at **921 dpa**, notwithstanding the considerable uncertainty surrounding Brexit. The 2016-based SNPP appears increasingly out of step with the latest 2018 MYE (which were unavailable to us in our previous representations), and it is considered that in this particular instance it is a reasonable sensitivity to apply.

4.14 As for the employment led scenarios, the level of job growth projected by the ELR Scenario 2 scenarios can be accommodated within the 921 dpa demographic need, although we consider that a case could be made to increase the figure still further, to **1,062 dpa**, to match job growth based on past trends. Furthermore, this latter figure is very similar to the NPPF 2019 standard method LHN figure of 1,069 dpa.

Do Market Signals indicate a need for an upward adjustment to purely demographic-led needs?

4.15 The market indicators assessed in Section 5.0 shows that there are significant imbalances between the demand for and supply of housing in the City of York. This analysis indicates pressure on the housing market, which will not be addressed by providing only for the level of growth produced by the continuation of demographic trends. A response is clearly required through an adjustment to the demographic-based scenarios, in line with the recommendations set out in the Practice Guidance.

Determining a scale of uplift

4.16 By way of setting the initial context, the 2019 HNU recommends a 15% uplift to the demographic starting point of 484 dpa, which results in an OAHN of 557 dpa. However, GL Hearn notes that this is some way short of the economic led need of 790 dpa, which is the housing requirement now identified in the Proposed Modifications to the City of York Local Plan.

4.17 It is noted that although the Local Plan will be examined under the transitional arrangements for the NPPF, the standard method identifies that York would have an **affordability uplift equal to 30% to the 2014-based SNHP**. This is because the Ratio of median house price to median gross annual workplace-based earnings in York was 8.86 in 2018. This is significantly higher than the equivalent affordability ratio for England and Wales, at 7.83 for 2018.

1. Review of National position

4.18 Under the current planning system, addressing affordability across the country will be a key function of implementing a large number of Local Plans either adopted or currently

being prepared. Each area will have a role in contributing to Government’s aims as expressed in national planning policy. At the national level, a number of studies have analysed the scale of housing delivery and dwelling stock growth that would be necessary to address affordability problems:

- 1 The Barker Review of Housing Supply (2004)³¹ concluded that to reduce the long-term house price trend to 1.1% per annum (the average across the EU) would require national delivery totalling 245,000 private dwellings per annum to 2026, alongside an increased provision of social sector housing (23,000 p.a.). The Barker Review concluded that such a level would be necessary for *“improving the housing market”* and ensure that *“affordability is increasingly improved over time”* (paras 1.39 and 1.40). Nationally, that scale of growth would represent dwelling stock growth of **c.1.13%** per annum³².
- 2 The National Housing and Planning Advice Unit’s (NHPAU) *‘Developing a target range for the supply of new homes across England’* (October 2007)³³ concluded that (para 4.68) the *“NHPAU believes that there is a realistic possibility of stabilising the affordability of market housing over the long-term if a supply target for 270,000 net additions to stock, in the right place and of the right type can be adopted through the planning system for delivery before or by 2016.”* This would represent a **1.14%** per annum scale of stock growth.
- 3 In July 2016, the House of Lords Select Committee on Economic Affairs published their report *‘Building More Homes’*³⁴ which was the output of the House of Lords’ inquiry into the housing market. It drew upon evidence provided to the inquiry by HM Treasury (HMT) indicating that *“modelling suggests that in order to keep the house prices to earnings ratio constant, somewhere between 250,000 and 300,000 homes per year need to be built”* in arriving at its ultimate conclusion that, *“to address the housing crisis at least 300,000 new homes are needed annually for the foreseeable future.”* (our emphasis). This would represent a **1.26%** per annum scale of stock growth.
- 4 The Redfern Review,³⁵ a 2016 independent review of the causes of falling home ownership and associated housing market challenges, was informed by a housing market model built by Oxford Economics³⁶ which looked at the impacts of different supply assumptions on prices and home ownership. It identified that *“To put downward pressure on prices new supply would need to outstrip underlying household formation”* modelling a boost in housing supply of 100,000 above their baseline forecast of 210,000 dwellings per annum, concluding that 310,000 dpa *“helps to keep prices in check”* up to 2026. This would represent a **1.31%** per annum growth in dwelling stock.

4.19 What each of the above studies have demonstrated is that increasing dwelling stock growth would be necessary to address and improve affordability at the national level. Across the analysis it suggests that, at the national level, stock growth of between 1.1%

³¹ ‘Review of Housing Supply, Delivering Stability: Securing our Future Housing Needs’ (March 2004), Kate Barker - http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/17_03_04_barker_review.pdf

³² 23,733,000 dwelling stock in England in 2016 (CLG Live Table 100)

³³ ‘Developing a target range for the supply of new homes across England’ (October 2007), NHPAU - <http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/housing/pdf/523984.pdf>

³⁴ ‘Building more homes’ 1st Report of Session 2016–17 (15 July 2016) House of Lords Select Committee on Economic Affairs (HL Paper 20) - <http://www.publications.parliament.uk/pa/ld201617/ldselect/ldeconaf/20/20.pdf>

³⁵ ‘The Redfern Review into the decline of home ownership’ (16 November 2016) - http://www.redfernreview.org/wp-content/uploads/2016/01/TW082_RR_online_PDF.pdf

³⁶ ‘Forecasting UK house prices and home ownership’ (November 2016) Oxford Economics - <http://www.redfernreview.org/wp-content/uploads/2016/11/20161114-Redfern-Review-modelling-paper.pdf>

and 1.3% per annum could achieve the beneficial impacts on affordability needed (recognising that in local areas this will clearly vary, depending on the local household growth rates). The figures would all represent significant increases above background projected household growth (c.210,000 households p.a. in the CLG 2014-based projections over the period to 2039 is the equivalent to c.215,000 dwellings p.a.) of between 21% and 44%. This gives an indication of the scale of dwelling delivery potentially required to address market signals at the national level.

- 4.20 The above reports show a clear consensus that around 250,000-300,000 homes per year are needed nationally. The Government’s standardised methodology equates to a national total of 266,0000 homes per year (the figure is 300,000 without the 40% ‘cap’), although the methodology includes a caveat allowing authorities to plan for more than the methodology shows, for example if there are economic reasons³⁷.
- 4.21 In the Autumn 2017 Budget, the Chancellor Phillip Hammond MP set out Government aspirations for housebuilding to reach 300,000 per year³⁸. It is clear that at a national level the consensus is that at least 250,000-300,000 homes per year are needed, and this would represent annual growth in the range of 1.1% to 1.3%.
- 4.22 Given that some areas (i.e. with weaker affordability pressures/footnote 6 environmental constraints) would be expected to do less than their ‘share’ of the nationally needed 1.1% to 1.3%, equally areas which are less affordable would be expected to do more than their ‘share’, i.e. more than 1.3%.
- 4.23 York is an area where affordability is worse than nationally (for example, the median quartile resident-based affordability ratio is 8.9, compared to 7.8 for England & Wales, whilst the figure is even more stark for Lower Quartile affordability, with York’s figure, at 9.4, dwarfing the national rate of 7.2). The City of York needs to do more than the national average to address affordability. Table 5 shows the equivalent dwellings per annum under various annual growth rates for York.

Table 5 Growth rate and equivalent dwellings per annum from 2017 to 2033

Growth rate	Dwellings per annum	Growth rate	Dwellings per annum
1.0%	952	1.6%	1,595
1.1%	1,055	1.7%	1,708
1.2%	1,160	1.8%	1,823
1.3%	1,267	1.9%	1,939
1.4%	1,375	2.0%	2,057
1.5%	1,484	2.1%	2,177

Source: Lichfields based on MHCLG Table 125 Dwelling Stock data – 88,280 dwellings in York as at 2017

- 4.24 For additional context, and to consider what scale of growth might “*reasonably be expected to occur*”, the Table below reviews stock growth rates in adopted post-NPPF plans. Even the area with the highest growth rate (Cherwell, at 1.82%) will see this increase further soon, when it reviews its Local Plan to include unmet need from Oxford.

³⁷ See ‘Planning for the Right Homes in the Right Places’ consultation

³⁸ See Autumn Budget at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661583/autumn_budget_2017_print.pdf

Table 6 Adopted Housing Targets in post-NPPF Plans

	Adopted Annual Housing Target	Stock 2016	Annual Growth Rate
Cherwell*	1,140(+)	62,402	1.82%
Taunton Deane	850	52,840	1.61%
Milton Keynes	1,750	108,981	1.61%
Swindon	1,625**	94,374	1.72%
East Cambridgeshire	575	36,971	1.56%

Source: Housing targets - respective Local Plans. Stock - DCLG Council Tax Base data. *Figure for Cherwell will increase following Local Plan Review to take account of additional need from Oxford. **Total housing target 2011-2026 22,000 dwellings (1,467 dpa), however Policy SD2 of Local Plan states average annual housing delivery from 2016-2026 will be higher at 1,625 dpa.

2. Affordability Modelling based on University of Reading/OBR assumptions

4.25 The Office for Budget Responsibility [OBR] produced Working Paper No.6 Forecasting House Prices in July 2014. The report identifies the following with regards to future average earnings growth and median house price growth (the components of an affordability ratio) in paragraph 3.12:

“Using some long-run assumptions for real income growth (2.2 per cent a year, including growth in the number of households of 1 per cent a year) and housing supply (keeping pace with the number of households), and assuming the housing discount rate and wage share variable are stationary, the model predicts around 3.3 per cent real house price growth a year in steady state. In addition, assuming consumer price inflation in line with the Bank of England’s 2% target implies 5.3 per cent a year nominal house price growth in steady state.”

4.26 The University of Reading's affordability model found a high price elasticity (-2.0) in relation to increases in stock at regional level in England, implying in-effect that for every 1% increase in supply (with housing supply keeping pace with the household projections), relative prices would be expected to fall by 2%. These assumptions have been combined with the wage/house price growth forecasts in the March 2017 OBR Outlook to model affordability outcomes.

4.27 There are a number of examples elsewhere of where this affordability modelling has informed the scale of market signals uplift applied. In Mid Sussex, the Inspector’s interim conclusions on the housing requirement (published February 2017) concluded that:

- The Council’s 24 dpa uplift for market signals was not sufficient, and although it was similar to approaches elsewhere however there have been changes in circumstances and a new approach is needed (p.2/3);
- House prices and affordability have worsened markedly in recent years, and there is a ‘serious and growing affordability problem’ for those on lower incomes (p.3);
- The approach of comparing a District to its neighbours in terms of market signals is flawed, because if each authority replicated this approach the cycle of worsening affordability would be perpetuated (p.3)
- A significant uplift is needed to improve affordability, and the approach based on OBR/University of Reading has the ‘greatest value’ (p.5);
- An uplift of 20% is well-founded and realistic (p.6).

4.28

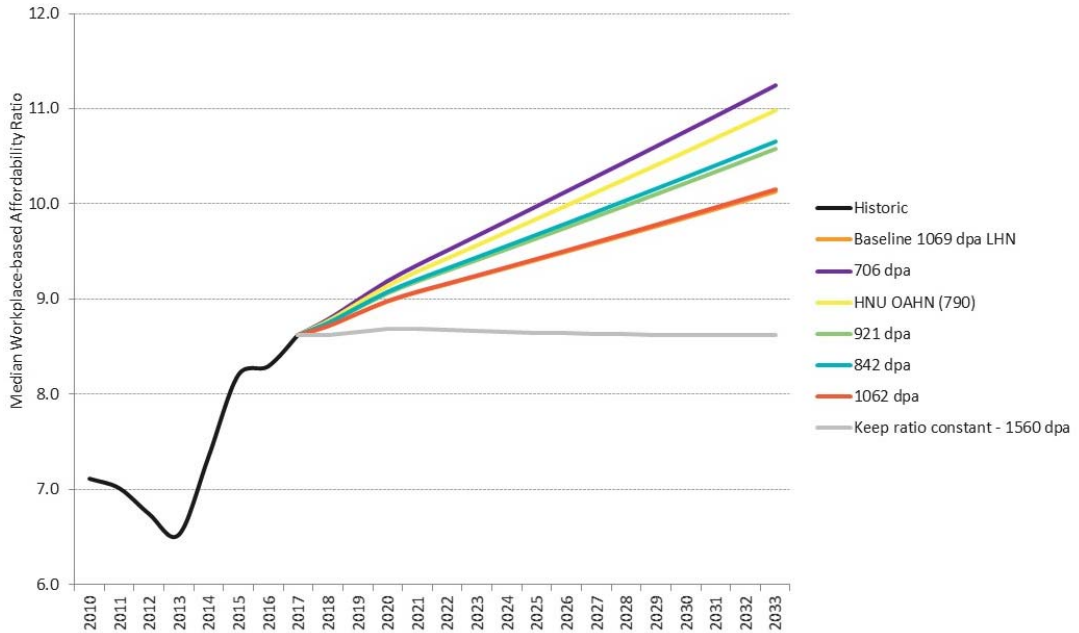
On 1st February 2018, the Inspector’s Report on the Waverley Local Plan (part 1) Examination was published. In respect of market signals, the Inspector noted that:

- Affordability is particularly poor in Waverley, it is amongst the least affordable area outside London and affordability is worsening (IR 20);
- The plans requirement, which incorporate a 5% upward adjustment to household formation rates to account for market signals is ‘not capable of addressing the Borough’s serious and worsening problem of housing affordability (IR 21);
- The OBR/University of Reading approach put forward by representors (which yielded a 28.8% uplift) represents a ‘credible approach’ to modelling supply and affordability. Overall an uplift on the starting point of 25% should be applied (IR 22).

4.29

Applying this approach to York (for illustrative purposes, median workplace-based earnings are shown) suggests that 1,560 dpa would be needed to keep affordability at its 2018 level, as shown in Figure 4. This is set in the context that affordability has evidently worsened very significantly in the last 4 years alone. At the current HNU OAHN of 790 dpa, affordability would continue to worsen to around 11.0 by the end of the plan period.

Figure 4 Historic and forecast change in Median workplace-based affordability ratio



Source: ONS, Lichfields based on OBR/University of Reading/ONS

4.30

Table 7 shows the impacts on median workplace-based affordability in the short and long term. It demonstrates a significant worsening at the HNU’s current OAHN, and a clear improvement which directly relates to the scale of housing growth. A level of around 1,560 dpa would be sufficient to maintain affordability in the longer term.

Table 7 Impact of scales of housing growth on affordability

Dwellings per annum	Median, workplace-based		
	2017 ratio	Ratio in 2025	Ratio in 2033
(HNU OAHN) 790 dpa	8.62	9.8	11.0
Scenario Bii: 2016-based SNPP PCU/MYE (706 dpa)		10.0	11.2
Scenario Ci: Long Term Migration PCU (921 dpa)		9.6	10.6
Scenario Di: ELR Scenario 2 (842 dpa)		9.7	10.7
Scenario Ei: Past Trends Job growth (1,062 dpa)		9.4	10.1
Level required to keep current (2017) affordability ratio constant (1,560 dpa)		8.6	8.6

Source: Lichfields based on OBR/University of Reading/ONS

4.31 This exercise provides two useful conclusions in assessing what scale of uplift might be needed in York:

- 1 The HNU’s OAHN would clearly be insufficient to bring about any improvement whatsoever in affordability, and affordability would likely worsen significantly in the short and long term; and
- 2 Up to 1,560 dpa would be needed just to maintain affordability at its 2017 (which is the highest level seen in York), and arguably this should be treated as a minimum given affordability has worsened significantly in the last few years alone.

3. Apportionment of national needs

4.32 The City of York is relatively worse in respect of affordability than the national equivalent. All other things being equal, to improve affordability across the country, the City of York and its HMA peers would need to make a proportionately greater uplift than those where affordability issues are less acute. This exercise has been undertaken on the basis that Government now has a clear aim to bring housebuilding to a level of 300,000 per year by the mid-2020s, as set out in the Autumn 2017 budget³⁸ (a level which is consistent with much of the literature review considered earlier in this section). This national total equates to an uplift of 85,000 on the 2016-based household projections (which suggest a need for c. 215,000 homes per annum).

4.33 It is possible to consider how this required uplift should be shared between 320+ Local Planning Authorities across the country in order to seek to hold the affordability ratio (at least at a national level) constant. Three alternative scenarios for market signals uplifts across the country have been modelled, as follows:

- 1 Each district with an affordability ratio above the national ratio makes a market signals uplift in proportion to its difference with the national figure;
- 2 Each district with an affordability ratio above the national ratio makes a market signals uplift in proportion to its difference with the national figure (weighted 50%) and its projected household growth (weighted 50%); and
- 3 Every district (whether above or below the national ratio) makes a market signals uplift in proportion to its difference with the lowest affordability ratio, in Copeland at 2.6, (weighted 50%) and its projected household growth (weighted 50%).

4.34 The results for the City of York under these methods is shown in Table 8. The uplift has been based on a demographic baseline of 18,000 dpa, based on the projections plus a

vacancy rate. To meet a national figure of 300,000 per annum the scale of uplift would need to be 20% at least, although taking into account the City of York’s relative size this could be as high as 30%.

Table 8 Outcomes for the City of York- Apportionment of National Needs

	National total of 300,000		
	Share of 85,000 uplift	Dwellings	Uplift (to 921 dpa)
Method 1	0.22%	189	20%
Method 2	0.21%	182	20%
Method 3	0.33%	278	30%

Source: Lichfields based on ONS/DCLG

4.35 The analysis clearly shows that an uplift well in excess of the 15% put forward in the HNU would be needed to reasonable expect an improvement in affordability in the City of York, and for the City to be contributing to the need nationally for new homes, taking into account affordability and its size. It is notable that using a 300,000 per annum total, the uplift for York identified in the Government’s standardised methodology – at 30.4% - falls at the very upper end of the range (20%-30%) identified through this exercise.

Summary

4.36 In light of the above analysis, there is a case to be made that at the very least, the market signals uplift for the City of York should be a minimum of 20%. Taking a demographic-led baseline of 921 dpa based on the latest projections, this would equate to 1,105 dpa. OBR modelling suggests that an uplift even greater than this may be needed to improve affordability, however in light of stock growth elsewhere and the outcomes of method (3), a minimum of **20%** is considered appropriate.

4.37 This clearly underlines the failure of the HNU to adequately meet the PPG requirement to set its uplift at a level that is related to the problems of affordability or that could be expected to improve affordability; indeed, the HNU fails to approach this question at all.

4.38 **When applied to Scenario Ci (921 dpa), this results in a need for 1,105 dpa.**

Are Economic Growth Needs Being Addressed?

4.39 The Practice Guidance requires plan-makers to assess likely employment growth based on past trends and/or economic forecasts. Where the labour force supply is projected to be less than the forecast job growth, the Practice Guidance states that this could result in unsustainable commuting patterns which could potentially reduce the resilience of local businesses.

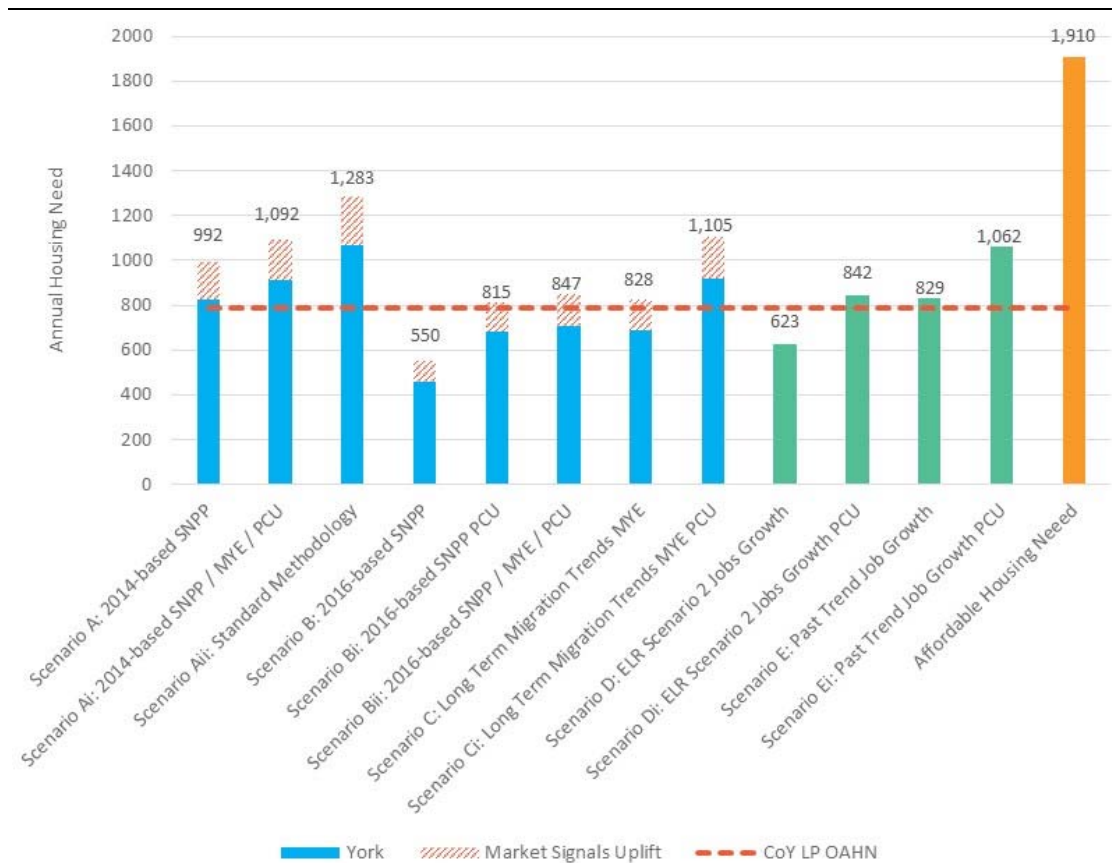
4.40 A number of scenarios have been modelled to demonstrate the impact of a range of likely growth scenarios based on existing trends, forecasts and economic strategies. These scenarios also show the scale of change that would be required if demographic trends were to be reversed.

4.41 The economic forecasts for York indicate that, factoring in accelerated household formation rates, the employment-led figures range from 861 dpa based on the ELR Scenario 2’s 650 annual job growth (842 dpa) to 1,062 dpa based on past trends. These are all lower than the level of housing need associated with the uplifted demographic scenario as set out above.

4.42 The implication of this analysis is to demonstrate that the demographic-based projections would support a reasonable level of employment growth, and that no upward adjustment is required to the demographic-based housing need figures to ensure that the needs of the local economy can be met. Conversely, it is important to recognise that the past trends job growth scenario (Ei) generates a level of housing need that is only marginally lower than the demographically-led starting point (Scenario Ci after an adjustment is made for market signals) of 1,105 dpa. Therefore, the OAHN cannot be any less than this as it would not meet the most appropriate employment-led scenario.

4.43 Figure 5 sets out the annual dwelling need under each scenario as identified by Lichfields’ modelling work.

Figure 5 Model Outputs for the City of York: Dwellings per Annum 2017-2033



Source: Lichfields Analysis
 Note: The orange boxes on the blue bars relate to the recommended uplift to address worsening market signals

Is there a need to increase housing supply to aid the delivery of affordable housing?

4.44 The Practice Guidance makes clear that the consideration of an uplift in response to market signals and any adjustment to take account of affordable housing need should be undertaken as two discrete stages. The Practice Guidance³⁹ identifies six relevant market signals that are to be considered. Not one of these relates to affordable housing need, i.e. the specific need of those households who lack access to suitable housing (both now and

³⁹ ID 2a-019-20140306

in the future). The assessment of market signals therefore does not include a consideration of affordable housing need. However, affordable housing needs must still be taken into account when determining OAHN.

4.45 Following the discussion on market signals, the Practice Guidance provides an overview of how affordable housing needs are to be assessed. The section closes by stating that:

“An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes”⁴⁰.

4.46 In this regard, and as noted above, the SHMA Update (September 2017) has identified an affordable housing need of 573 dpa. Assuming an optimistic 30% delivery requirement, this would result in need for 1,910 dpa.

4.47 GL Hearn has not allowed for any adjustment to the identified housing need to reflect this level of affordable housing need. We consider that this is a serious misjudgement.

4.48 Lichfields does not consider that it is adequate just to suggest that an uplift for market signals would be sufficient to address affordable housing need. Such an approach is contrary to the Satnam Millennium, Oadby and Wigston and Kings Lynn judgments, all of which require an additional uplift (i.e. as distinct to the market signal adjustment). It also fails to reflect the requirements of the Framework [§47] and the Practice Guidance which clearly show the uplift for market signals to be separate to the adjustment for affordable housing.

4.49 In order to meet the identified level of affordable housing need in full, the bottom end of the range would need to be higher (although it is recognised that at 1,105 dpa, over half of the City’s affordable housing need would be met). The approach of Dove J at Kings Lynn informed the recommendation of LPEG to apply a specific level of uplift in response to identified housing need. Whilst the implication of the Kings Lynn HCJ is that Local Plans are not required to meet their affordable housing needs in full, in this instance, **an uplift of the OAHN by a further 10%, from 1,105 dpa to 1,215 dpa would, in theory, go a meaningful way to ensuring that this can be achieved (based on a 30% delivery rate).**

⁴⁰ ID 2a-029-20140306

5.0 Integration of Student Housing Needs

5.1 It is important to note that the household projections upon which York’s OAHN is based relate to C3 uses only, and not C2. Specifically, and of particular relevance to the City of York, CLG’s household projections do not include an allowance for students who might be expected to reside in Halls of Residence (termed, along with people living in nursing homes, military barracks and prisons, as the ‘Communal establishment population’).

5.2 As summarised by CLG in its *2014-based household projections Methodological Report* (July 2016), the household projections are based on the projected household population rather than the total population. The difference between the two is the population in communal establishments, also termed the ‘institutional’ population. This population comprises all people not living in private households and specifically excludes students living in halls of residence:

“The institutional population is subtracted from the total resident population projections by age, sex and marital status to leave the private household population, split by sex, age and marital status in the years required for household projections.” [page 12]

5.3 This is important for the City of York, because it means that if the household projections are used as the basis for calculating the OAHN (which GL Hearn’s methodology does), it specifically excludes a substantial proportion of specialised student accommodation needs.

5.4 In this regard, it is worth noting that in March 2017 GL Hearn published an addendum to the West Surrey SHMA for Guildford Borough Council⁴¹. In that document, GL Hearn recommended an adjustment of an extra 23 dpa be added to the OAHN of 539 dpa based on an analysis of future student numbers and accommodation need in the Borough.

5.5 According to the GL Hearn’s Guildford analysis, there are three things necessary to consider when determining whether there is a need to adjust the objectively assessed housing need to take account of student growth:

- How the student population at University of Surrey is expected to change over the plan period;
- What growth in typical student age groups is expected within the population projections, on the basis that the CLG Household Projections model is not assuming growth in numbers in institutions;
- The number/ proportion of students which can be expected to require housing within Guildford, and of these what proportion might be expected to be accommodated in halls of residence rather than the wider housing stock.

5.6 This was accepted in the Inspector’s Report dated 27th March 2019, resulting in a new OAHN of 562 dpa. The Inspector concluded that:

“From the figure of 539 dpa resulting from the assessment of jobs-led economic growth, the Council have made a further adjustment of 23 dpa for the growth of the student population based on analysis carried out in the SHMA addendum. Taking the University of Surrey’s known aspirations for growth, it is estimated that the number of full-time Guildford-based students at the University will increase by 3,800 between 2015-34, resulting in additional migration to Guildford. Assuming that 45% would be accommodated in the wider housing market, and on the basis of

⁴¹ GL Hearn (2017): West Surrey Strategic Housing market assessment: Guildford Addendum Report 2017

an average 4 students per household, the SHMA Addendum calculates that this would equate to growth of 23 additional dwellings per annum. It has been argued that the 18 to 23 age group in the most recent population projections and mid-year estimates includes students; but this cannot be assumed to be the case, and by its nature Guildford is likely to be attractive to young people whether or not they are students. It is a sound step to add this allowance for students when considering the overall housing requirement, to ensure that there is not a significant incursion of students into the housing market which would diminish the supply available to others needing housing in the area.”

- 5.7 Given that York has a disproportionately high student population following the ongoing success of the University of York, York St John University, Askham Bryan College of Agriculture and Horticulture and the landmark campus development of York College, it is surprising that GL Hearn did not follow a similar exercise to the one they undertook for Guildford Borough Council.
- 5.8 Using data and assumptions gathered from the University of York, York St John’s University and the City of York Council’s own analysis (*Housing Requirements in York*, produced on its behalf by Arup in 2015) we can make a broad assessment of the housing needs of students in the City of York.
- 5.9 Table 9 presents the past four years of student headcount data for the University of York and York St John University. Over this period the total student headcount grew by 7.2% overall. However, whilst the University of York [UoY] grew its student population by 15.4%, York St John’s University [YSJ] lost 4.7% of its students.
- 5.10 Both universities experienced an expansion in full-time students but a contraction of part-time students. The University of York gained 2,300 full-time students (15.4%) but lost 315 part-time students (-16.4%), whilst York St John’s University gained 235 full-time students (4.3%) but lost more than half of its part-time students.

Table 9 Recent trends in University student headcounts in York 2014/15-2017/18

	2014/15	2015/16	2016/17	2017/18	% Change
The University of York	16,835	17,150	17,895	18,820	11.8%
Full-time	14,920	15,210	16,280	17,220	15.4%
Part-time	1,915	1,940	1,615	1,600	-16.4%
York St John University	6,555	5,975	5,940	6,250	-4.7%
Full-time	5,495	5,180	5,355	5,730	4.3%
Part-time	1,060	795	585	520	-50.9%
Total Full Time	20,415	20,390	21,635	22,950	12.42%
Total Part Time	2,975	2,735	2,200	2,120	-28.74%
Total Students	23,390	23,125	23,835	25,070	7.18%

Source: HESA HE student enrolments by HE provider 2014/15 to 2017/18

- 5.11 For the purposes of this analysis, only full-time students are considered to be part of the additional student population in York living in C2 housing, as part-time students are more likely to be residents already living in York or commuting into the City.
- 5.12 The City of York Council’s 2015 *Housing Requirements Study* assumed (in Appendix B)⁴² that, following consultation with both Universities, 5% of all UoY students live at home or

⁴² Arup (2015): Evidence on Housing Requirements in York: 2015 update, Appendix B

commute into York, whilst 20% of all YSJ students do the same. The 20% figure for YSJ has recently been reiterated in the University’s 2026 strategy, where it is stated that the University aspires to grow to 10,000 students by 2026, with 8,000 of those being “on campus”⁴³. This would be an increase of **3,750** students on the current figure of 6,250.

- 5.13 Applying these assumptions to the 2017/18 total full-time student figure of 22,950 generates a student baseline figure of **20,943** students requiring accommodation within the City (i.e. 95% of UoY’s 17,220 FT students, plus 80% of YSJU’s 5,730 FT students).

Expected Growth in Student Numbers

- 5.14 In a representation submitted to the draft York Local Plan examination in March 2018⁴⁴, the University of York’s planning agents (O’Neill Associates) set out potential growth scenarios for the university up to 2038. Of the six growth scenarios, Scenario 3, which assumed 1.25% student growth p.a. to 2038, and Scenario 4, which assumed 1.5% growth p.a. to 2038 were considered by O’Neill Associates to be “*the minimum prudent scenarios for planning purposes at this stage of the Local Plan*”. Scenario 5, which assumed 2% growth p.a., was also considered to be “*a realistic possibility given it is at a rate equal to half the growth the University has achieved over the last 10 years.*”
- 5.15 The growth scenarios modelled by O’Neill Associates were based on full-time-equivalent [FTE] students and was modelled forward from 2016/17 data. The University of York has since released FTE student data for 2017/18 and 2018/19. Given that growth in FTE students in the past two years has been 4.1% and 3.2% respectively, we have assumed the higher Scenario 5 growth rate of **2% p.a.** over the full Plan period to 2033 is justified for use in this analysis. This equates to a growth of **6,069** on the 2016/17 FT student figure of 16,280.
- 5.16 As set out above, the YSJU 2026 Strategy document (2019) sets out that University’s ambition to grow to 10,000 students by 2026, a growth of 3,750 students from 6,250 in 2017/18 over an eight-year period. Using the average proportion of full-time students at the University from the past four years of HESA data (totalling 88% of all students), this suggests it would be reasonable to work on the basis that 8,800 full-time students will be attending YSJU by 2026, an increase of **3,070 full-time students over eight years**, or 384 students per year until 2025/26.
- 5.17 After 2025/26 we have no data regarding YSJU’s growth plans, so for the purposes of this analysis we have fixed the full-time student number at 8,800 for the remainder of the plan period to 2033 (i.e. zero growth post 2026).
- 5.18 Based on the above assumptions, the expected growth in full-time students over the 16-year Local Plan period 2016/17 – 2032/33 equates to **6,069** for the UoY and **3,445** for York St John (this latter figure includes one years’ growth already documented in Table 9 above, of 375 students between 2016/17 and 2017/18). This totals **9,514** additional FT students based at the two Universities over the 16-year plan period 2016/17 – 2032/33.
- 5.19 Applying the previous assumptions relating to students living at home or commuting to this generates an additional **8,522** full-time students living in York (i.e. 95% of UoY’s 6,069 FT students and 80% of YSJ’s 3,445 FT students).

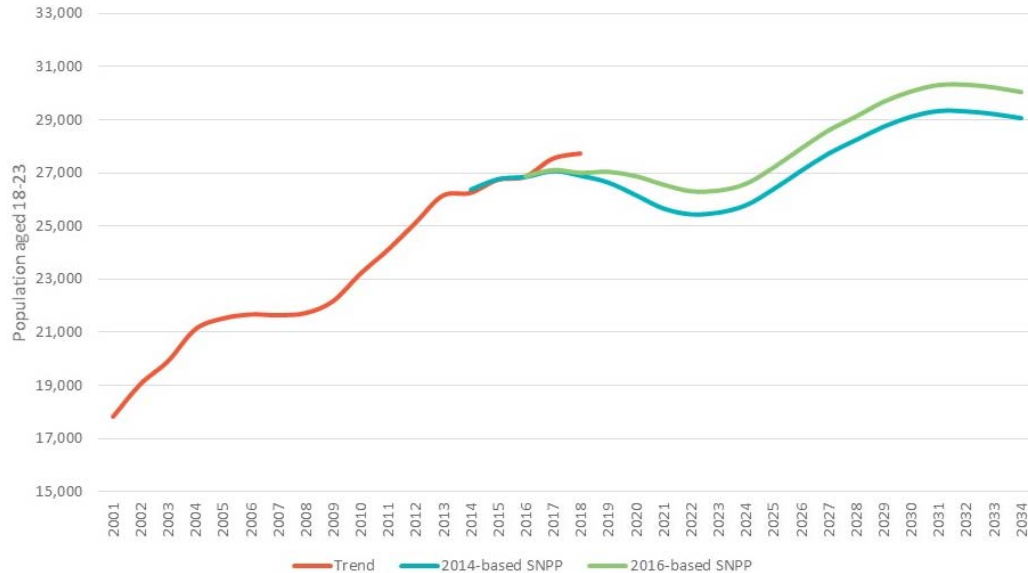
⁴³ York St John University (2019): *2026 Strategy: Make the Possible Happen*, page 26

⁴⁴ O’Neill’s Associates Submission to York Local Plan (2018): *University of York – Growth Rationale for Campus east Extension to the South of the Lake*, page 5

Student Growth within the Demographic Projections

- 5.20 It is reasonable to assume that the 18-23 age cohort will represent the core student age group, particularly for under graduates. This was also the approach GL Hearn followed in its Guildford SHMA Update. Figure 6 illustrates that using either the 2014-based SNPP or the 2016-based SNPP, there is limited growth within this age cohort, particularly over the short to medium term, with growth principally occurring from 2025 onwards. Indeed, from 2017 to 2022, the number of residents in this age group is expected to fall by 1,631 in the 2014-based SNPP, and by 798 residents in the 2016-based SNPP.
- 5.21 Over the 16-year plan period 2016/17 to 2032/33, the projected growth of this age cohort is 3,118 residents (+12%) according to the 2016-based SNPP, or 2,149 (8%) using the 2014-based equivalents. In contrast, the number of full-time students attending the two Universities in York is expected to rise by 9,514 over the same time period, of whom 8,522 are expected to live in the City, an increase of **36% on the 2016/17 figure of 32,357** attending the two York Universities. This represents a rate of growth significantly higher than that of the age cohort in the projections.

Figure 6 Past and Projected Population Growth in York for residents aged 18-23



Source: ONS Mid-Year Population Estimates 2019/2014-based SNPP/2016-based SNPP

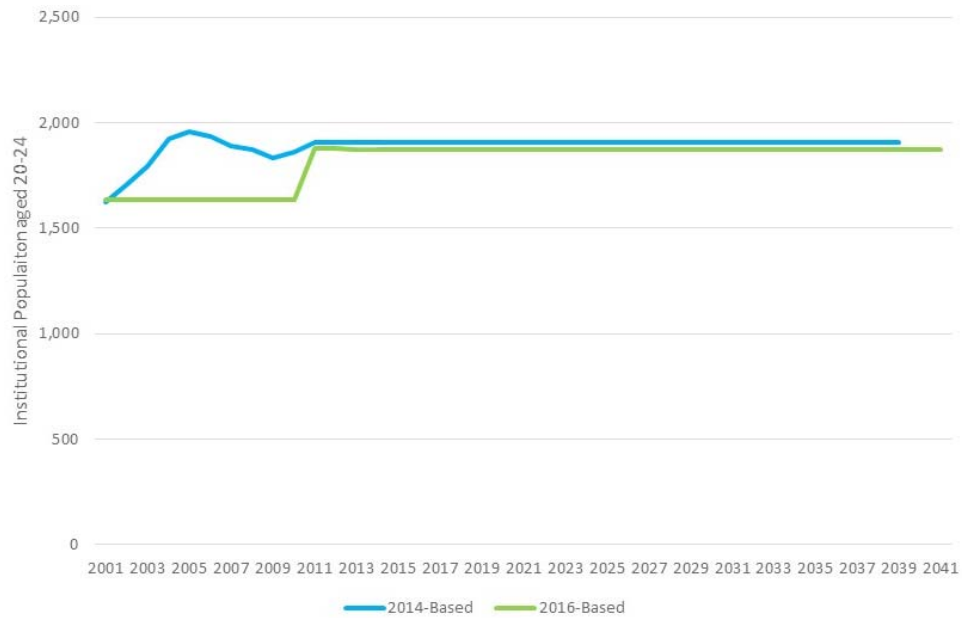
- 5.22 The Figure above includes growth in new student residents and also existing residents who are not in Higher Education. In an attempt to separate out the anticipated growth in students alone in the projections, Figure 7 presents the growth of residents aged 20-24⁴⁵ living in communal establishments in the City of York up to 2039/41. Communal establishments include institutional accommodation such as residential care homes, army barracks, correctional facilities and (of particular relevancy for younger age groups) purpose-built student accommodation (i.e. halls of residence). It is therefore highly likely that most of the population aged 20-24 living in communal establishments can be considered to be students living in purpose-built C2 student accommodation. The data indicates that post 2017, the number of residents aged 20-24 living in communal establishments is anticipated to stay constant, at 1,909 residents in the 2014-based SNPP,

⁴⁵ The ONS / CLG data is grouped together in 5-year age cohorts including 20-24 and not 18-23 year olds; however, it is reasonable to assume that the trends exhibited for this slightly older age group represents a reasonable proxy for student growth

and 1,879 in the 2016-based SNPP. There is therefore no change in the size of this cohort built into either set of projections over the plan period, and so growth in the numbers of students living in purpose-built accommodation clearly play no part in the ONS’s anticipated population growth for York residents shown in Figure 6.

5.23 From this, it could also be reasonably inferred that the ONS projections have not factored in the strong growth in student numbers at the 2 Universities into their projections, whether they are likely to be living in C2 student accommodation or renting in the private market. Furthermore, the projections suggest a lack of growth in the short-term, whilst growth effects later in the plan period are likely to be largely accounted for by a cohort effect rather than an increase in student migration.

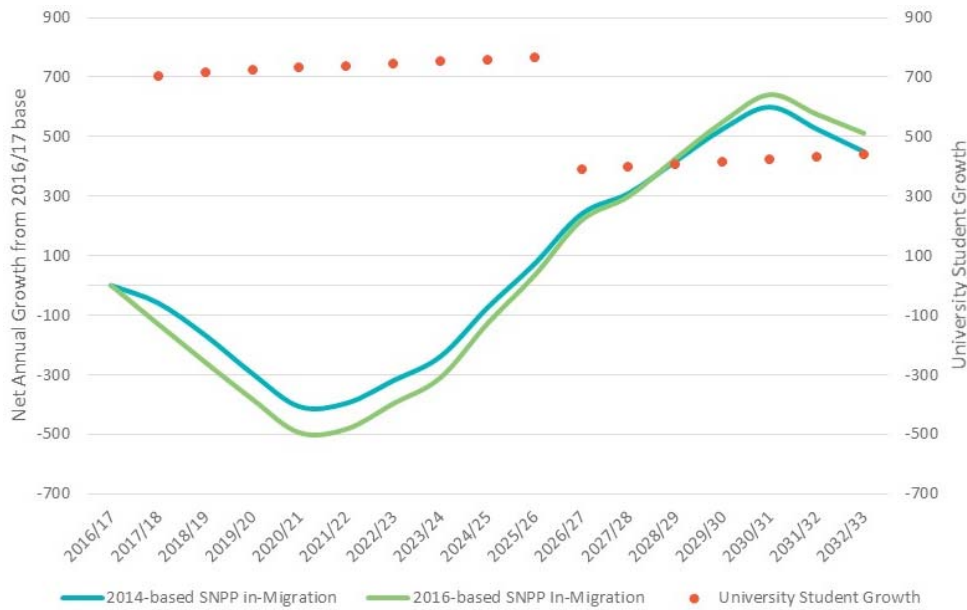
Figure 7 Communal establishment population in York, aged 18-23, 2001-2035



Source: CLG 2014-based SNHP/ ONS 2016-based SNHP

5.24 The levels of in-migration of 18-23 year olds into York shown in Figure 8 further support this conclusion. Both projections show a clear decline up to 2025/16 compared to 2017 levels, followed by gradual growth to 2031, whereupon the numbers of domestic in-migrants to the City of York start to decline once more. This is in stark contrast to the expected net increase in Full Time student numbers in the two main Universities, where the main growth is in the first few years of the Plan period, suggesting that they are not adequately reflected in the projections.

Figure 8 Internal and cross-border migration for ages 18-23 migration into York 2017-2041 vs. Anticipated Growth in University Students



Source: ONS 2014-based SNPP/2016-based SNPP / Lichfields Analysis

5.25 Based on this analysis it is reasonable to assume that the rise in the student population would result in additional housing need over and above the need as determined by the 2016-based SNPP in isolation.

Additional Student Accommodation Needs

5.26 In GL Hearn’s 2017 Guildford analysis, 45% of new students were expected to be living in the private rental sector [PRS], based upon the University of West Surrey’s aspiration to house 50%-60% of its students within student accommodation.

5.27 Appendix B in The City of York Council’s 2015 *Housing Requirements Study*⁴⁶ includes an analysis of the proportion of both universities’ students that are living in the PRS between 2010/11 and 2017/18. Over this period the average proportion of students living in the PRS was 56.6% of the total. This figure includes the assumptions relating to students living at home or commuting, and so must be applied to the total additional number of FT students, not just those living in York.

5.28 Applying this assumption to the combined university full-time student growth figure of 9,514 generates an estimated **5,385** additional full-time students likely to be living in the wider housing stock in York over the 16-year plan period, or **337** additional students per year.

5.29 On the basis of an average of 4 students per household (an assumption that was also used by GL Hearn in 2017⁴⁷), this equates to around **1,346** dwellings over the 15-year plan period; an average of **84 dpa** over the plan period 2016/17 - 2032/33.

⁴⁶ Arup (2015): Evidence on Housing Requirements in York: 2015 update, Appendix B

⁴⁷ GL Hearn (2017): West Surrey Strategic Housing market assessment: Guildford Addendum Report 2017

Table 10 Additional student population requiring PRS dwellings in York 2016/17-2032/33

Measure	Total
Additional FT students	9,514
Additional FT students living in York	8,522
Additional FT students living in PRS in York	5,385
Additional dwellings needed	1,346
Additional dwellings needed p.a.	84

Source: Lichfields analysis

Conclusion

5.30

Based on this analysis, it cannot be assumed that the growth in the 18-23 age cohort in the latest population projections includes growth in student numbers, and therefore that there is adequate provision for new student housing within the OAHN. Following this, **it is our recommendation that an additional 84 dpa be factored into the City of York’s OAHN.**

6.0 Factoring in the Backlog

- 6.1 The Explanation to Policy SS1 of the Proposed Modifications to the City of York Local Plan states that “*Following consideration of the outcomes of this work, the Council aims to meet an objectively assessed housing need of 790 new dwellings per annum for the plan period to 2032/33, including any shortfall in housing provision against this need from the period 2012 to 2017, and for the post plan period to 2037/38.*” [paragraph 3.3]
- 6.2 According to PM21a of that document, *the Update to Table 52: Housing Trajectory to 2033 to reflect the revised OAN of 790 dpa*, this shortfall to housing provision equates to 32 dwellings annually between 2017/18 to 2032/33, or 512 dwellings in total over the 16-year Plan period.
- 6.3 Based on the Council’s *Full Year Housing Monitoring Update for Monitoring Year 2018/19* Table 6, this appears to be based on a net dwelling gain of 3,432 dwellings between 2012/13 and 2016/17, against a requirement of 3,950 (790 x 5); therefore a 518 shortfall, or 32 annually.
- 6.4 The Companies have serious concerns regarding the accuracy of this calculation. It appears that the CoYC have included a very substantial amount of C2 student accommodation in these figures, thus reducing the amount of shortfall they include in the annual housing target.
- 6.5 The Housing Monitoring reports produced by the Council seek to legitimise this approach by referring to the PPG, which states that:
- “All student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can be included towards the housing requirement, based on the amount of accommodation it releases in the housing market...*
- To establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of students living in student only households, using the published census data. This should be applied to both communal establishments and to multi bedroom self-contained student flats. Studio flats in mixed developments designed for students, graduates or young professionals should be counted as individual completions. A studio flat is a one-room apartment with kitchen facilities and a separate bathroom that full functions as an independent dwelling”.*⁴⁸
- 6.6 Setting to one side the fact that the household projections which GL Hearn has used to underpin its demographic modelling do not take full account of the needs of students, we are concerned that the Council’s approach is over-emphasising the contribution this source of accommodation is making to housing delivery.
- 6.7 For example, MHCLG publishes Table LT122 annually for every district in the country, which provides a robust and consistent indication of net additional dwellings. This is based on Housing Flows Reconciliation data that have been submitted by CoYC to MHCLG annually.

⁴⁸ ID-3-042-20180913

Table 11 Rate of net housing delivery in York, 2012/13-2016/17

Year	MHCLG Net Housing Completions (LT122)	Housing Delivery Test	Council's Local Plan Estimate	
			Net Dwelling Gain	+/-
2012/13	88	n/a	482	+394
2013/14	69	n/a	345	+276
2014/15	284	n/a	507	+223
2015/16	691	691	1,121	+430
2016/17	378	378	977	+599
Total	1,510	-	3,432	+1,922

Sources: MHCLG LT122, Housing Delivery Test Results 2019, CoYC Full Year Housing Monitoring Update for Monitoring Year 2018/19 Table 6

*Difference from HDT figure

- 6.8 To take an example for the year 2015/16, the Council has included an additional 579 units relating to two ‘Off campus privately managed student accommodation sites’. The CoYC’s Housing Monitoring Update for that year indicates that this includes 579 units on 2 developments, the Yorkshire Evening Press 76-86 Walmgate, for 361 units; and the Former Citroen Garage, 32 Lawrence Street.
- 6.9 Reference to the latter development (planning application reference 13/01916/FULM) indicates that not all of these units are self-contained under the MHCLG’s definition:
- “The new managed student accommodation will create 58 student flats (5 and 6 person flats with communal kitchen/living/dining facilities) and 303 self-contained ‘studio’ flats along with a management suite (office, common rooms etc.), laundry and other ancillary facilities.”⁴⁹*
- 6.10 Therefore, as a best case, this site should be contributing a maximum of 315 units (58/5 + 303), not 361 units – a difference of 46 units.
- 6.11 Similarly, the other student development included for 2015/16 on the former Citroen Garage (15/012440/FULM), also includes shared and self-contained flats:
- “The rooms therefore take a variety of forms self-contained or with shared facilities according to circumstances, to respect the heritage constraints and make the most of the accommodation.”⁵⁰*
- 6.12 There are also other inconsistencies with the MHCLG’s data; so, for example in the CoYC’s 2016/17 Housing Land Monitoring Report Update, Table 3 indicates that 977 housing completions were delivered net, compared to just 378 recorded by MHCLG – a **difference of 599 units**. Yet only a proportion of this difference can be explained by the C2 student accommodation, as only 152 units are attributed to this source in Table 3, compared to 571 units from residential use class C3 approvals, plus 252 from relaxed Permitted Development Rights. It is unclear why the MHCLG’s figures are so different to the Council’s, given that they are both supposed to have been provided by CoYC Officers.
- 6.13 To be robust, it is considered that the MHCLG’s figures should be used. As summarised in Table 12, if the Council’s OAHN of 790 dpa is applied, the City of York has under-delivered a total of 2,440 dwellings over the past 5 years. Annualised over the 16 years of the Local Plan, this would require an additional 153 dpa. If Lichfields’ higher OAHN of 1,215 dpa is applied, this would generate a huge shortfall of 4,565 dwellings, or 285 dpa over the remaining 16 years of the Local Plan.

⁴⁹ Design and Access Statement for Walmgate Student Castle Development, ref: 13/01916/FULM, paragraph 8.02

⁵⁰ Design and Access Statement for St Lawrence WMC, ref: 15/02440/FULM, paragraph 6.2.2

Table 12 Rate of net housing delivery in York against possible policy benchmarks, 2012/13-2016/17

Year	Net Housing Completions	Council's OAHN (790 dpa)		Lichfields' OAHN	
		'Need'	+/-	'Need'	+/-
2012/13	88	790	-702	1,215	-1,127
2013/14	69	790	-721	1,215	-1,146
2014/15	284	790	-506	1,215	-931
2015/16	691	790	-99	1,215	-524
2016/17	378	790	-412	1,215	-837
Total	1,510	3,950	-2,440	6,075	-4,565
Annualised over 16 years	94 dpa	247 dpa	-153 dpa	380 dpa	-285 dpa

Source: MHCLG LT122

7.0

Conclusions on the City of York's Housing Need

7.1

The Council's approach to identifying an assessed need of 790 dpa in the HNU is fundamentally flawed. There are a number of significant deficiencies in the HNU which means that it is not soundly based. The scale of objectively assessed need is a judgement and the different scenarios and outcomes set out within this report provide alternative levels of housing growth for the City of York. Lichfields considers these to be as follows:

- 1 **Demographic Baseline:** The 2016-based household projections indicate a net household growth of 458 dpa between 2017 and 2033 (including a suitable allowance for vacant/second homes. Once a suitable adjustment has been made to rebase the projections to the (slightly higher) 2017 and 2018 MYEs, and through the application of accelerated headship rates amongst younger age cohorts, takes the demographic starting point to 706 dpa. However, an analysis of the MYE estimates has raised significant concerns regarding the robustness of the international migration statistics underpinning the 2016-based SNPP. Applying long term trends to international migration levels into York, which are more in line with net migration into the City, this would increase the demographic starting point to **921 dpa**.
- 2 **Market Signals Adjustment:** GL Hearn's uplift is 15%. However, for the reasons set out above, Lichfields considers that a greater uplift of at least 20% would be more appropriate in this instance. When applied to the 921 dpa re-based demographic starting point, this would indicate a need for **1,105 dpa**.
- 3 **Employment growth alignment:** The demographic-based projections would support a reasonable level of employment growth at levels above that forecast by the ELR Scenario 2 (which has informed the Local Plan) and past trends. As such, no upward adjustment is required to the demographic-based housing need figure of 1,105 dpa to ensure that the needs of the local economy can be met;
- 4 **Affordable Housing Need:** The scale of affordable housing needs, when considered as a proportion of market housing delivery, implies higher levels of need well above 1,105 dpa. It is considered that to meet affordable housing needs in full (573 dpa), the OAHN range should be adjusted to 1,910 dpa @30% of overall delivery. It is, however, recognised that this level of delivery is likely to be unachievable for York. Given the significant affordable housing need identified in City of York Lichfields considers that a further 10% uplift would be appropriate in this instance and should be applied to the OAHN, resulting in a figure of **1,215 dpa**.
- 5 **Student Housing Needs:** household projections explicitly exclude the housing needs of students living in communal establishments. Furthermore, Lichfields' critique of the projections clearly indicates that they do not adequately reflect the Universities' student growth targets. It is calculated that meeting these growth needs would equate to around 1,346 dwellings over the 16-year Plan period, at an average of 84 dpa on top of the 1,215 dpa set out above (i.e. 1,299 dpa).
- 6 **Rounded, this equates to an OAHN of 1,300 dpa between 2017 and 2033 for the City of York.** This is **22% higher** than the MHCLG standard methodology figure of 1,069 dpa
- 7 **Shortfall of housing delivery 2012-2017:** The Council is also making provision for past under-delivery between 2012 and 2017. Lichfields has serious concerns about how the CoYC have calculated past housing delivery. Based on GL Hearn's OAHN of 790 dpa, and applying the MHCLG delivery figures, this suggests that an

additional 153 dpa should be added on to the OAHN over the course of the 2017-2033 Plan period to address the backlog in full. If Lichfield’s higher OAHN of 1,300 dpa is applied, this would result in a figure of **285 dpa** to be factored on top.

7.2 This allows for the improvement of negatively performing market signals through the provision of additional supply, as well as helping to meet affordable housing needs and supporting economic growth. Using this figure (of 1,300 dpa plus the unmet need 2012-2017) would ensure compliance with the Framework by significantly boosting the supply of housing. It would also reflect the Framework, which seeks to ensure the planning system does everything it can to support sustainable development.

7.3 This process is summarised in Table 13.

Table 13 Approach to OAN for the City of York 2017-2033

	Dwellings per annum (2017-2033)
Demographic Starting Point (2016-based SNHP)	458 dpa
Adjustments to Demographic-led Needs	921 dpa
Uplift for Market Signals?	1,105 dpa (+20%)
Employment Led Needs	842 dpa – 1,062 dpa
Affordable Housing Needs	1,910 dpa*
Uplift to demographic led needs for Affordable Housing? (rounded)	1,215 dpa
Uplift to address Student Housing Needs	84 dpa
Adjusted OAHN (Rounded)	1,300 dpa
Inherited Shortfall (2012-2017) annualised over the Plan period	153 dpa – 285 dpa
Annual Target (inclusive of shortfall)	1,453 dpa – 1,585 dpa

*Based on an affordable housing net annual need of 573 dpa at a delivery rate of 30%

8.0 **Analysis of the Forward Supply of Housing**

Introduction

- 8.1 Since the submission of the Local Plan in May 2018 the Council has released an updated Strategic Housing Land Availability Assessment (SHLAA) (May 2018). Unlike the previous version of the SHLAA (September 2017), it contains a detailed housing trajectory which sets out the anticipated delivery rates of draft allocations. The SHLAA also sets out the assumptions used in projecting the housing trajectory including lead-in times and build-out rates not previously available for review.
- 8.2 This section critiques the assumptions which underpin the housing land supply, also reiterating points made on other components of the Council's housing land supply which have been carried forward since the previous version of the SHLAA. It is important to be cautious in relation to the likelihood of sites delivering and the scale of that delivery. This is because the purpose of the assessment is to provide a realistic view of whether there is sufficient land available to meet the community's need for housing. If those needs are to be met a cautious approach must be taken.

Delivery Assumptions

Lead-in Times

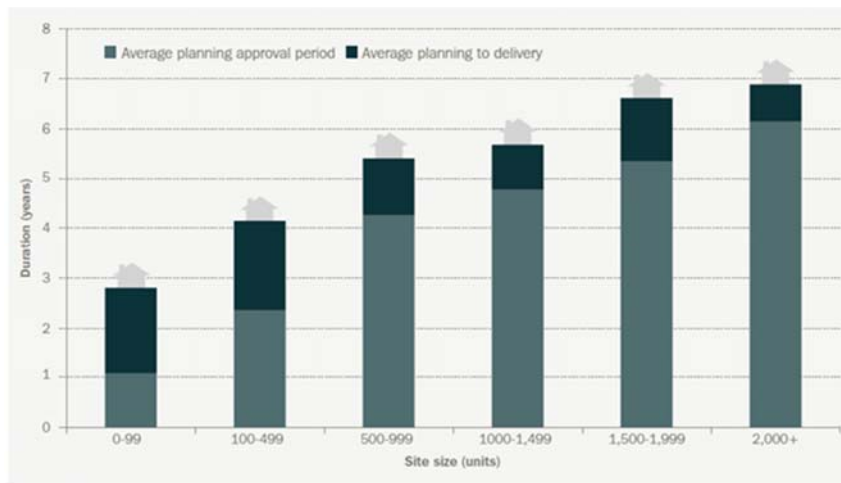
- 8.3 Whilst housebuilders aim to proceed with development on sites as quickly as possible, lead-in times should not underestimate inherent delays in the planning process (e.g. the approval of reserved matter and discharge of planning conditions) as well as the time taken to implement development (e.g. complete land purchase, prepare detailed design for infrastructure, mobilise the statutory utilities and commence development).
- 8.4 The timescales for a site coming forward are very dependent on a number of factors such as a developer's commitment to the site and the cost, complexity and timing of infrastructure as an example. The standard lead-in times should only be applied to sites where developers are actively pursuing development on the site and preparing the necessary planning application. The standard lead in time should not be applied universally and a degree of pragmatism and realism should be applied. Sites where developers have shown limited commitment, for example, should be identified as being delivered later in the trajectory.
- 8.5 Another fundamental element in calculating appropriate lead-in times relates to the size and scale of a site. As a generality, smaller sites can commence delivery before larger sites. Larger sites often have more complex issues that need to be addressed and require significantly greater infrastructure which must be delivered in advance of the completion of housing units. In some cases, the lead-in time on brownfield sites can also be greater given the time required for decommissioning services, demolition, dealing with ground contamination etc.
- 8.6 The SHLAA (2018) sets out the lead-in times which have been applied by the Council in respect of their housing trajectory. The lead-in times are based upon evidence contained within Annex 5 of the SHLAA ('SHLAA Assumptions for Evidence Bases'). The Council states that smaller – medium sites are more likely to come forward within 12 months, larger and 'exceptionally' large sites are more likely to be 12-18 months at a minimum.

8.7 The Council undertook a Housing Implementation Survey in 2015 to help draw together information regarding lead-in times. Our review of these lead-in times suggest that the overall conclusions do not reflect the full extent of the process from submitting a planning application to first completions on site. The lead-in times appear to be ambitious and do not provide a robust set of assumption to base the housing trajectory on.

8.8 Lichfields has undertaken extensive research on lead-in times on a national level with the publication of ‘Start to Finish’⁵¹, which contains robust evidence on typical lead-in times and build-rates. These findings are quoted elsewhere within Lichfield research such as Stock and Flow⁵² which the Council refers to within Annex 5 of the SHLAA. Whilst the Council has referenced this research it is unclear if the findings have been considered when formulating lead-in times. Whilst it is acknowledged by the Council that larger sites can have longer lead-in times it is unclear if any allowances have been made for large sites included within the housing trajectory.

8.9 It is considered that as a starting point the Council should consider the average lead-in times set out within ‘Start to Finish’ which are provided below:

Figure 9 Average Lead in Times



Source: Lichfields analysis, Figure 4 of ‘Start to Finish’

8.10 Lichfields has also provided commentary on lead-in times previously with the Housing Issues Technical Paper (March 2018), which can be found at Appendix 1. This builds upon the findings of Start to Finish to provide more localised commentary. Like Start to Finish an approach was taken to consider lead in times from the submission of the first planning application to the first completion on site. Table 14 provides a summary of these findings.

Table 14 Lead-in Times

Stage of Planning	0-250 units	250-500 units	500+ units
Full Planning Permission	1 year	1.5 years	2 years
Outline Planning Permission	1.5 years	2 years	2.5 years
Application Pending Determination	2.5 years	3 years	3.5 years
No Planning Application	3 years	3.5 years	4 years

Source: Lichfields

⁵¹ Nathaniel Lichfield & Partners (November 2016): *Start to Finish: How Quickly do Large-Scale Housing Sites Deliver?*

⁵² Nathaniel Lichfield & Partners (January 2017): *Stock and Flow: Planning Permissions and Housing Outputs*

- 8.11 Both *Start to Finish* and the assumptions set out within the *Housing Issues Technical Paper* demonstrate that the Council’s approach to lead-in times is not robust. There are examples within the trajectory which we consider demonstrate that the Council’s current assumptions are ambitious. This includes the proposed lead-in times for proposed allocations ST14 and ST15.
- 8.12 ST14 (Land west of Wigginton Road) has a proposed capacity of 1,348 dwellings, currently there is no application being determined by the Council. Assuming an outline application is submitted in 2019 and following Start to Finish, it would be expected that first completions would be in 2024 (5.5 years).
- 8.13 Similarly, ST15 (land west of Evington Lane) is a proposed new settlement with a capacity of 3,330 dwellings within the emerging plan. There would be significant upfront infrastructure requirements before any housing completions took place. Again, if an outline application is submitted in 2019, and following Start to Finish, it would be expected that first completions would be in 2026 (6.9 years).
- 8.14 It is considered that the position set out above should be adopted when considering lead in times. The Council’s current approach does not provide a realistic or robust position when considering likely lead in times. The Council should provide clear justification if there is a departure to these timescales.

Delivery Rates

- 8.15 Whilst housebuilders aim to deliver development on site as quickly as possible, in a similar fashion to the lead-in times outlined above, the annual delivery rate on sites will depend on a number of factors including overall site capacity.
- 8.16 Within the SHLAA (2018) the Council has taken the approach to apply a build out rate to site allocations of 35 dwellings per outlet, per annum. This is applied in multiples as the number of outlets are likely to increase. For larger schemes the Council envisage that there could be up to four outlets after the initial infrastructure phase has been completed.
- 8.17 It is considered that the Council’s approach is a reasonable starting point, however, research undertaken by Lichfields demonstrates that build rate assumptions are more complex. Whilst it is acknowledged that larger sites can support more outlets this isn’t always the case and will be influenced by the size, form and housing mix of the development. Overall market absorption rates mean the number of outlets is unlikely to be a fixed multiplier in terms of number of homes delivered.
- 8.18 Lichfields has provide commentary on delivery rates previously with the Housing Issues Technical Paper (March 2018). In our experience, sites with a capacity of less than 250 units are built out by one housebuilder using one outlet. As such, a reasonable average annual delivery rate in York is 40 dpa for sites with a capacity of less than 250 units. However, on sites of less than 100 units we have assumed a lower delivery rate of 25 dpa as these sites will generally be delivered by smaller housebuilders.
- 8.19 Generally, in York on sites with a capacity of between 250 units and 500 units there is often a second developer (or national housebuilders use a second outlet) delivering units simultaneously. As such, annual delivery rates increase but not exponentially to the number of housebuilders or delivery outlets. In our experience in the current market, sites with 2 outlets deliver approximately 65 dpa.
- 8.20 Finally, on large-scale sites with a capacity of more than 500 units, there are often up to three housebuilders or outlets operating simultaneously. As before, this does not increase

delivery exponentially, but it can be expected that three outlets operating simultaneously on a large scale would deliver approximately 90 dpa.

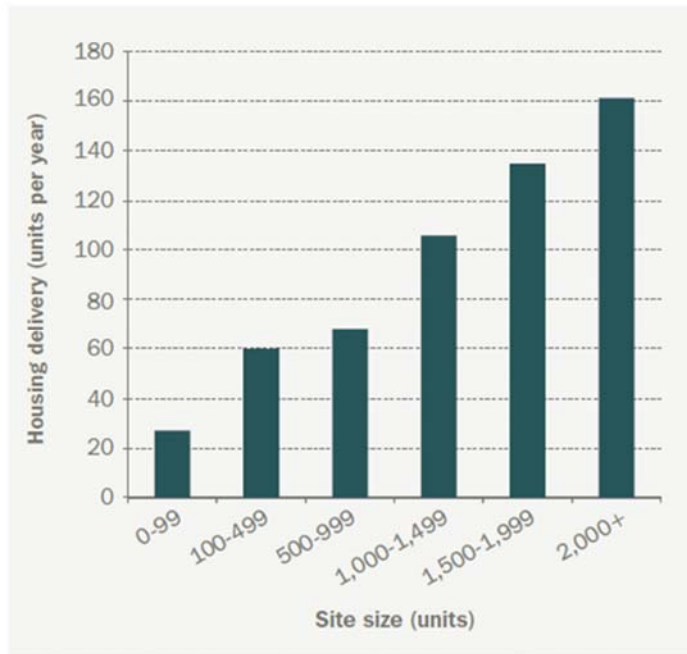
Table 15 Annual Delivery Rates

	0-100 units	100-250 units	250-500 units	500+ units
Annual Delivery	25 dpa	40 dpa	65 dpa	90 dpa

Source: Lichfields

8.21 Furthermore, *Start to Finish* analyses build rates based on national research. Whilst the findings shown in Figure 10 are average figures, it demonstrates that large sites do not necessarily deliver more homes on an exponential basis.

Figure 10 Housing Delivery Rates



Source: Lichfields analysis, Start to Finish

8.22 Lichfields considers that it would be appropriate to apply the delivery rates identified above. The quantum of delivery of units on a site can be affected by a significant number of factors including local market conditions, general economic conditions, proximity to competing site, housing market area, type and quality of unit and the size of the development. There will be a number of sites in York that will experience higher annual delivery rather than the averages outlined above but there will also be a number of who deliver below the average also. It is therefore important not to adopt an average delivery rate which may only be achieved by a small minority of the strategic sites.

Density Assumptions

8.23 The SHLAA (2018) (page 22) sets out the density assumptions for each residential archetype. The assumptions are the same as those contained within the previous SHLAA and based upon the findings of the 2014 Housing Viability Study. Lichfields has commented on the density assumptions for each residential archetypes previously and reiterates these comments below.

- 8.24 It is considered that the proposed densities are overly ambitious and will not be achieved on average on sites throughout York. For example, from our experience, it is not anticipated an average density of 50dph on sites of 1ha+ with a gross to net ratio of 95% can be achieved. Meeting open space requirements alone will preclude this ratio. There will be a very limited number of examples where this density has been achieved but a more appropriate and conservative figure should be pursued in the absence of firm details from a developer. The gross to net ratio at most should be 85%, although this can reduce to less than 60% for larger developments with significant infrastructure requirements.
- 8.25 Secondly, it is considered that a density of 40dph on suburban sites is highly aspirational and is unlikely to be achieved across a significant number of sites. This density is characterised by housing for the smaller households and thus not suitable for family accommodation. Our housebuilder clients and local intelligence has reaffirmed our concerns with the proposed average densities. Unless there is specific evidence to the contrary the default density on suburban sites should be 35 dph.
- 8.26 The Council has not provided sufficient information to back up their assumptions and we consider that these development densities should be revised downwards to ensure that the capacity of sites is not artificially inflated. Assumptions on development densities in the absence of specific developer information should air on the side of caution and we consider that the details in the 2018 SHLAA are at variance with this principle.

Components of the Housing Land Supply

Allocations

- 8.27 The Framework (2012) stresses the intention of the Government to significantly boost the supply of housing. As a consequence, the focus of national policy is to ensure the delivery of housing and in that context. The Framework advises that Local Planning Authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land (paragraph 47).
- 8.28 The definition of deliverability as set out within the NPPF states that to be considered deliverable:
- “sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.”* [Footnote 11]
- 8.29 The Planning Practice Guidance (PPG) sets out further guidance⁵³ in respect of what constitutes a deliverable site. It states:

⁵³ PPG Paragraph: 032 Reference ID: 3-032-20140306

“Deliverable sites for housing could include those that are allocated for housing in the development plan and sites with planning permission (outline or full that have not been implemented) unless there is clear evidence that schemes will not be implemented within 5 years.

However, planning permission or allocation in a development plan is not a prerequisite for a site being deliverable in terms of the 5-year supply. Local planning authorities will need to provide robust, up to date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out. If there are no significant constraints (eg infrastructure) to overcome such as infrastructure sites not allocated within a development plan or without planning permission can be considered capable of being delivered within a 5-year timeframe.

The size of sites will also be an important factor in identifying whether a housing site is deliverable within the first 5 years. Plan makers will need to consider the time it will take to commence development on site and build out rates to ensure a robust 5-year housing supply”.

- 8.30 When assessing a 5-year supply position, it is important to be cautious in relation to the likelihood of sites delivering and the scale of that delivery. This is because the purpose of the assessment is to provide a realistic view of whether there is sufficient land available to meet the community’s need for housing.
- 8.31 The Council should adopt a more cautious approach when seeking to include strategic allocations within the five year supply. It is considered that a number of the proposed allocations do not have a realistic prospect of delivering housing within the next five years when applying more robust assumptions in terms of lead-in and build rates.

Sites with Planning Permission

- 8.32 It is now a standard approach that sites with planning permission should be included in the supply (unless there is a good reason to exclude them) whereas sites without planning permission should be excluded (unless there is a good reason to include them). This interpretation is entirely logical as the absence of a planning permission is a clear impediment to development, which is contrary to the test that land should be available now.
- 8.33 As set out within the SHLAA (2018) the Council apply a 10% non-implementation rate to extant planning permissions and site allocations identified for housing development. The evidence which underpins the Council’s justification is set out within Annex 5 to the SHLAA. This has been carried forward into Table PM21d of the Proposed Modifications to the York Local Plan, albeit the Council has also included a separate table (PM21c) which does not include the discount). The addition of the non-implementation is welcomed and is in line with approaches taken elsewhere when reviewing housing delivery.

Windfalls

- 8.34 The Council’s position on windfall allowance is based upon the Windfall Allowance Technical Paper (2017) and remains the same as the previous version of the SHLAA. The Council claims that 169dpa will be delivered on windfall sites from Year 3 of the trajectory (2020/21) and provides justification for their windfall allowance within the Technical Paper.

- 8.35 The Framework⁵⁴ sets out the local planning authorities may make allowance for windfall sites in the 5-year supply if they have compelling evidence that they will provide a reliable source of supply. Furthermore, any allowance should be realistic having regard to the SHLAA, historic windfall delivery rates and expected future trends.
- 8.36 Lichfields accept that windfalls should be included in the overall housing delivery trajectory but only consider that they are appropriate **outwith the first 5-year period**. The inclusion of a significant windfall figure in earlier years increases the likelihood of artificially inflating the housing delivery figures in year 3 and double counting sites with permission. It does not account for any potential delays to the build out sites with extant consent. As such, the windfall allowance should be amended to only make an allowance from Year 5 (2022/23) onwards.
- 8.37 The Council consider that an annual windfall of 169dpa is appropriate to take account of potential delivery on sites of <0.2ha and completions on change of use and conversion sites.
- 8.38 However, the figure of 169 dwellings has only been achieved four times over the past 10 years and only twice since 2012. This is during a period when the application of a very tight inner Green Belt boundary has precluded urban edge development at a time of ever increasing housing demand. In such circumstances it would have been an ideal period for windfall development to increase; but it did not. There is therefore no justification for such a high allowance.
- 8.39 In relation to the delivery on sites of <0.2ha, Lichfields consider that the proposed windfall allowance is too high because tightly defined settlement boundaries in York and surrounding settlements means there is a finite supply of sites which can come forward. This supply has been curtailed by the change in definition of previously developed land (June 2010) to remove garden sites. In addition, the Council started to request small sites to make contributions towards affordable housing provision and required rural sites with a capacity of more than 15 units to provide on-site affordable housing. This has made the provision of units on small sites less attractive to the market. Since the policy change and the introduction of affordable housing contributions the quantum of completions on windfall sites in York has plummeted. As a consequence, the future supply from this source should only consider the average completion rate since 2009/10 of 33dpa.
- 8.40 In relation to the delivery from conversions, the average completion figure in the past three years is largely dependent on recent changes to permitted development rights. As a consequence, it is considered that after an initial surge the conversion rate will revert back to the long term average. It is likely that the optimum conversion sites will be completed in the short term and the less sustainable and attractive office developments in York will not be converted. As such the average conversion rate from 2007/08 to 2013/14 of 64dpa should be used.
- 8.41 Based on the above assessment it is considered that the proposed windfall allowance should be reduced from 169dpa to 100dpa (rounded up from 97) which represents a far more realistic windfall allowance over the plan period. The incorporation of this figure would ensure that the Council's trajectory is not artificially inflated, can be realistically achieved and would only be incorporated into the delivery trajectory at Year 5 (2022/23) to ensure no double counting.

⁵⁴ NPPF (2019), §70

- 8.42 It is considered that the Council’s information does not adequately justify a windfall allowance of 169dpa and does not provide sufficient certainty that this figure will be achieved over the plan period.
- 8.43 Therefore, in this instance we consider that it is not appropriate that the City of York includes a windfall allowance within the first 5 years of the plan period. We reserve the right to revise our position on windfalls if the Council prepares and releases further justification.

Under Supply

- 8.44 The PPG⁵⁵ states that the level of deficit or shortfall should be added to the plan requirements for the next five- year period where possible (Sedgefield approach). If LPAs are minded to deal with the shortfall over a longer period (Liverpool method) the Practice Guidance advises that Local Authorities work with neighbouring authorities under the duty to cooperate.
- 8.45 It is stated within the SHLAA (2018) that the Council has adopted the ‘Liverpool’ method when dealing with past under delivery. Whilst the Council state there are ‘local circumstances’ which warrant a longer-term approach, it is not clear where the justification is which wants the Liverpool method. It is considered that further information should be provided by the Council which justifies a departure from addressing the shortfall within the next five- year period.
- 8.46 PM21d of the Proposed Modifications sets out the Council’s latest housing trajectory which utilises the Liverpool method. The Council states that the inherited shortfall from the period between 2012 – 2017 (prior to plan period of Local Plan) is 518 dwellings. Lichfields has concerns that the way in which the Council has calculated historic housing completions, shown within table 5 of the SHLAA (2018), is flawed and is inflated through the inclusion of privately managed off-campus student accommodation. Furthermore, in line with both the 2014 and latest 2019 iterations of the PPG, Lichfields considers that the Council should deal with backlog in full against planned requirements within the first 5 years of the plan period (i.e. the ‘Sedgefield’ approach to backlog).
- 8.47 Table 2 of this report shows past delivery against the Council’s possible policy benchmarks for the period 2004/05 – 2015/16. It demonstrates that the inherited shortfall is significantly higher than current accounted for by the Council. This will have an impact on the Council’s five- year supply calculation, with the potential requirement for more sites to be identified to meet the undersupply and the housing requirement moving forward.

Application of the Buffer

- 8.48 As shown on Figure 2 of this report, the Council has a record of persistent under-delivery over the past 10 years. Only once (in 2017/18) since 2006/07 has the Council actually delivered more than 691 dwellings in a single year. The Council also confirms that there is a history of under-delivery within the SHLAA (2018). In line with paragraph 47 of the NPPF (2012) the Council should apply a 20% buffer to provide a realistic prospect of achieving the planned supply.
- 8.49 In respect of applying the buffer, it should be applied to both the forward requirement and the under-supply. This approach accords with the Framework, which suggests that the buffer should be added to the total requirement which would, inevitably, include any

⁵⁵ Paragraph: 035 Reference 3-035-20140306

under delivery from earlier years. In this regard, the purpose of the buffer is to increase the supply of land; it does not change the number of houses required to be built within that period. Put simply, the buffer is not, and it does not become, part of the requirement; it is purely a given excess of land over the land supply necessary to permit the identified need for housing to be delivered.

Calculating Housing Land Supply

- 8.50 Lichfields has concerns in respect of the way in which the Council has calculated its five-year housing land supply. Table 6 of the SHLAA (2018) and Table PM21c/d of the Proposed Modifications sets out the Council’s assessment of its position and has projected forward a five- year supply for the years 2018/19 to 2022/23. However, the calculation sets out a supply figure over a six- year period (2017/18 – 2022/23) as opposed to a five-year period (2018/19 – 2022/23).
- 8.51 It is also unclear how the Council has arrived at its proposed 6.38 years supply, including the additional 0.38 years as a result of a remaining oversupply. It is considered that the Council’s approach of calculating its 5YHLS does not accord with the 2014 PPG / 2012 NPPF approach to calculating housing supply. The Council must provide more detail on how the it has arrived at the stated five- year supply figure.
- 8.52 For comparison, we set out below our understanding of the Council’s housing land supply calculation for the five- year period 2017/18 – 2021/22 using data from Table PM21c and PM21d of the Proposed Modifications to the York Local Plan. This calculation is for illustrative purposes only and based on the Council’s completion figures without any amendments. We have utilised the Council’s OAHN assumption of 790 dwellings and applied the Sedgfield method to calculate inherited shortfall.

Table 16 Five year housing land supply calculation - based on figures within SHLAA (2018)

Five year housing land supply calculation		Dwelling Number
A	Annual housing target across the Plan period	790
B	Cumulative target (2017/18 – 2021/22)	3,950
C	Inherited shortfall (2017/18 – 2021/22)	518
D	20% buffer	894
E	Five- year requirement (B+C+D)	5,362
F	Total estimated completions (2017/18 – 2021/22) (Figure 6)	5,346
G	Supply of deliverable housing capacity	4.99 years

Source: Lichfields analysis

- 8.53 Table 17 sets out the Council’s 5YHLS for the period 2017/18 – 2021/22, based on Lichfields’ conclusions on the Council’s housing need and inherited shortfall (2012 – 2017). The calculation utilises the Sedgfield method of addressing the full backlog, whilst a 20% buffer has been applied and the windfall allowance has been excluded as set out within this report. The calculation below uses the Council’s evidence base in terms of projected completions from the SHLAA (2018) / York Local Plan Proposed Modification updated Figure 6. Lichfields reserves the right to interrogate the Council’s supply in more detail prior to the EiP.

Table 17 Five year housing land supply calculation - Lichfields OAHN

Five year housing land supply calculation		Dwelling Number
A	Annual housing target across the Plan period	1,300
B	Cumulative target (2017/18 – 2021/22)	6,500

Five year housing land supply calculation		Dwelling Number
C	Inherited shortfall (using Lichfields OAHN)	3,068
D	20% buffer	1,914
E	Five- year requirement (B+C+D)	11,482
F	Total estimated completions (2017/18 – 2021/22) (Figure 6)	5,008
G	Supply of deliverable housing capacity	2.18 years

Source: Lichfields analysis

- 8.54 Table 17 clearly demonstrates that the Council cannot demonstrate a 5YHLS based upon Lichfields OAHN. Furthermore, based on the Council's own housing trajectory (updated figure 6) they do not have an adequate cumulative housing supply across the plan period up to 2032/33 (16,685 dwellings) to meet the Lichfields OAHN figure of 1,300 dpa (20,800 dwellings + backlog). There would be a very significant shortfall of 4,115 dwellings even before any inherited backlog is added. This demonstrates that the Council must identify additional deliverable sites in its emerging Local Plan.

Conclusion

- 8.55 Lichfields has undertaken an analysis of the SHLAA (2018) and Proposed Modifications to the Local Plan which sets out the assumptions used to calculate the Council's housing land supply.
- 8.56 The Council states that the inherited shortfall from the period between 2012 – 2017 is 518 dwellings, based on a lower OAHN of 790 dwellings. Lichfields has concerns that the way in which the Council has calculated historic housing completions, shown within table 5 of the SHLAA (2018) and Tables PM21c/d of the Proposed Modifications to the Local Plan, is flawed and is inflated through the inclusion of privately managed off-campus student accommodation.
- 8.57 We consider that some of the suggested delivery rates on proposed allocations are unrealistic and not based on robust assumptions. The evidence provided by the Council is not sufficient to demonstrate that the housing requirement over the first 5 years of the Plan will be achieved.
- 8.58 It is understood that there are a number of sites which are proposed to be allocated but have yet to have an application submitted. In order help ensure a 5 YHLS, the Council should demonstrate that there is a realistic prospect that housing will be delivered on site within five years. Lichfields has concerns regarding the Council's approach to calculating its five- year housing land supply, including the way in which the Council has calculated historic housing completions.
- 8.59 Lichfields reserves the right to update the above evidence as and when further information becomes available.

9.0 Overall Conclusions and Recommendations

Conclusions on the City of York’s Housing Need

- 9.1 The Council’s approach to identifying an assessed housing need of 790 dpa in the HNU is fundamentally flawed. There are a number of significant deficiencies in the HNU which means that it is not soundly based. The scale of objectively assessed need is a judgement and the different scenarios and outcomes set out within this report provide alternative levels of housing growth for the City of York. Lichfields considers these to be as follows:
- 1 **Demographic Baseline:** The 2016-based household projections indicate a net household growth of 458 dpa between 2017 and 2033 (including a suitable allowance for vacant/second homes. Once a suitable adjustment has been made to rebase the projections to the (slightly higher) 2017 and 2018 MYEs, and through the application of accelerated headship rates amongst younger age cohorts, this takes the demographic starting point to 706 dpa. However, an analysis of the MYE estimates has raised significant concerns regarding the robustness of the international migration statistics underpinning the 2016-based SNPP. Applying long-term trends to international migration levels into York, which are more in line with net migration into the City, this would increase the demographic starting point to **921 dpa**.
 - 2 **Market Signals Adjustment:** GL Hearn’s uplift is 15%. However, for the reasons set out above, Lichfields considers that a greater uplift of at least 20% would be more appropriate in this instance. When applied to the 921 dpa re-based demographic starting point, this would indicate a need for **1,105 dpa**.
 - 3 **Employment growth alignment:** The demographic-based projections would support a reasonable level of employment growth at levels above that forecast by the ELR Scenario 2 (which has informed the Local Plan) and past trends. As such, no upward adjustment is required to the demographic-based housing need figure of 1,105 dpa to ensure that the needs of the local economy can be met;
 - 4 **Affordable Housing Need:** The scale of affordable housing needs, when considered as a proportion of market housing delivery, implies higher levels of need well above 1,105 dpa. It is considered that to meet affordable housing needs in full (573 dpa), the OAHN range should be adjusted to 1,910 dpa @30% of overall delivery. It is, however, recognised that this level of delivery is likely to be unachievable for York. Given the significant affordable housing need identified in City of York Lichfields considers that a further 10% uplift would be appropriate in this instance and should be applied to the OAHN, resulting in a figure of **1,215 dpa**.
 - 5 **Student Housing Needs:** household projections explicitly exclude the housing needs of students living in communal establishments. Furthermore, Lichfields’ critique of the projections clearly indicates that they do not adequately reflect the Universities’ student growth targets. It is estimated that meeting these growth needs would equate to around 1,346 dwellings over the 16-year Plan period, at an average of **84 dpa** on top of the 1,215 dpa set out above (i.e. **1,299 dpa**).
 - 6 **Rounded, this equates to an OAHN of 1,300 dpa between 2017 and 2033 for the City of York.** This is **22% higher** than the MHCLG standard methodology figure of 1,069 dpa.
 - 7 **Shortfall of housing delivery 2012-2017:** The Council is also making provision

for past under-delivery between 2012 and 2017. Lichfields has serious concerns about how the CoYC have calculated past housing delivery. Based on GL Hearn’s OAHN of 790 dpa, and applying the MHCLG delivery figures, this suggests that an additional 153 dpa could be added on to the OAHN over the course of the 2017-2033 Plan period to address the backlog in full. If Lichfields’ higher OAHN of 1,300 dpa is applied, this would result in a figure of **285 dpa** to be factored on top of the OAHN.

- 9.2 This allows for the improvement of negatively performing market signals through the provision of additional supply, as well as helping to meet affordable housing needs and supporting economic growth. Using this figure (of 1,300 dpa plus the unmet need 2012-2017) would ensure compliance with the Framework by significantly boosting the supply of housing. It would also reflect the Framework, which seeks to ensure the planning system does everything it can to support sustainable development.

Conclusions on the 5YHLS and Forward Supply of Housing

- 9.3 Lichfields has undertaken an analysis of the SHLAA (2018) and Proposed Modifications to the Local Plan which set out the assumptions used to calculate the Council’s housing land supply.
- 9.4 The Council state that the inherited shortfall from the period between 2012 – 2017 (prior to plan period of Local Plan) is 518 dwellings. Lichfields has concerns that the way in which the Council has calculated historic housing completions, shown within table 5 of the SHLAA (2018) and Tables PM21c/d of the Proposed Modifications to the Local Plan, is flawed and is inflated through the inclusion of privately managed off-campus student accommodation.
- 9.5 We consider that some of the suggested delivery rates on proposed allocations are unrealistic and not based on robust assumptions. The evidence provided by the Council is not sufficient to demonstrate that the housing requirement over the first 5 years of the Local Plan will be achieved.
- 9.6 In line with the NPPF (2012) the Council should provide clear evidence that housing completions on sites will begin within five years. It is understood that there are a number of sites which are proposed to be allocated but have yet to have an application submitted. It is therefore up to the Council to demonstrate that there is a realistic prospect that housing will be delivered on site within five years.
- 9.7 Lichfields has concerns regarding the Council’s approach to calculating its five- year housing land supply, including the way in which the Council has calculated historic housing completions.
- 9.8 Lichfields reserves the right to update the above evidence as and when further information becomes available.
- 9.9 Based on the OAHN of 1,300 dpa identified by Lichfields, the assessment in this report clearly demonstrates that the Council cannot demonstrate a 5 YHLS.

Recommendations

- 9.10 Taking into account the above matter it is considered that City of York Council should:
- 1 Revisit the evidence base which underpins the minimum housing requirement figure of 790 dwellings, taking on board Lichfields’ analysis which sets out that the

Council's OAHN is in the region of 1,300 dpa plus the housing backlog from 2012-2017.

- 2 Identify additional housing sites to meet the significant shortfall in housing need (between 2012 – 2017) and the higher annual requirement identified as part of the Lichfields' analysis of the Council's housing evidence base.
- 3 Revisit the 5YHLS assumptions which the housing trajectory is based upon to ensure they are robust and sufficient housing is identified to provide five years' worth of housing against requirement, plus delivering sufficient homes to meet the housing requirement across the plan period.

9.11 It is clear from analysis of the Council's evidence base that the approach to identifying an OAHN is not compliant with the Framework. The Council are not planning to deliver a sufficient supply of housing to meet the districts OAHN as identified by Lichfields. Furthermore, there are doubts that the housing trajectory is based on robust assumptions and therefore the Council's ability to deliver a five-year housing land supply or meet the housing requirement across the plan period.

9.12 The Council should therefore revisit their housing requirement and also seek to identify additional land to meet the housing needs of the district. In order to ensure an overall strategy that is deliverable and sufficiently flexible to respond to change. This will ensure compliance with the Framework by significantly boosting the supply of housing.

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