Home Builders Federation (HBF) response to the
City of York Local Plan
Matters, Issues and Questions for the Examination

Matter 2 – The housing strategy: the objectively assessed need for housing, the housing requirement and the spatial distribution of housing

The Housing Market Area (HMA)

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:*

It is noted that paragraph 2.103 of the York SHMA (June 2016) states that the sources strongly support place each commissioning authority within a separate Housing Market Area (HMA). It then states that that the HMA which covers the City of York extends to include Selby. However, paragraph 2.106 states that whilst GL Hearn propose a HMA which links Selby to York they are not considering housing need across the HMA as Selby has recently produced its own SHMA and this assessment does not seek to replicate it.

b)   *Is the identification of the HMA formed on a robust evidential basis?*

The HBF do not wish to comment on this question at this time.

c)   *What is the justification for assessing housing needs separately?*

The HBF consider this is for the Council to answer.

The objectively assessed housing need

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.

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?*

The SHMA Update (2017) appears to have been based on the 2014-based Sub-National Household Projections (published 2016) and the 2015 Mid-Year Estimates. The Housing Needs Update (Jan 2019) appears to have been based on the 2016-based Sub-National Household Projections and the 2017 Mid-Year Estimates.

The guidance supporting the NPPF 2012 requires wherever possible for local needs assessments to be informed by the latest available information but also clarifies that a change in the data does not automatically mean a housing assessment is rendered out of date. With regard to the York Local Plan we do not consider it appropriate to use the 2016-based projections. The first concern is in relation to the wider objectives of

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the Government with regard to boosting housing supply. The Government clearly consider the 2016-projections to be at odds with their stated aspiration to deliver 300,000 homes by the md 2020s and for this reason have chosen, in the short term, to require the use of the 2014-based projections when using the standard method.

The 2016-based household projections see a reduction in the level of household growth across the Country. This is a result of changes in the subnational population projections upon which the household projections are based, and adjustments in the approach taken in the household projections to considering household formation rates. The population projections reflect the anticipation that life expectancy will not increase at the same rate as before. This will mean that the numbers of older people are not set to grow at the rate expected in the 2014-based projections. Secondly, the level of international in-migration is not expected to continue at the same rate as previously. These adjustments have meant a reduction in population growth and will have an impact on household growth. Alongside the reduction in population growth changes have also been made to household formation rates. These rates determine the number of households that are likely to form based on the sub national population projections. In previous iterations of the household projections these rates have been derived from household formation data going back to 1971. However, the latest household projections use a much more limited data series between 2001 and 2011. This has led to a lower household formation rates amongst younger people than would have been expected in the past as it reflects the fact that, due to higher house prices and reduced wage inflation, younger people have not been able to form households at the same rate as previous generations.

It is noted that ONS have stated that 'household projections are not a prediction or forecast of how many houses should be built in the future. Instead, they show how many additional households would form if the population of England keeps growing as it did between 2011 and 2016 and keeps forming households as it did between 2001 and 2011'.

The major concern with regard to the latest household projections is that they will continue the trend of younger people forming households much later in life than in previous years. This posed a serious question for the Government as to whether it wants to see these trends continue or whether housing delivery needs to be at a level that will improve affordability and deliver homes that will improve the trend in household formation amongst younger people. It is clear from the initiatives that the Government has introduced such as Help to Buy that this issue is to be addressed. The Government also continues to state that its aspiration is to increase housing delivery to 300,00 dwellings per annum by the mid-2020s, and it has recognised that this will not be achieved if the Government uses the 2016 projections.

PPG sets out guidance on how to undertake a housing needs assessment, in relation to the Standard Method it states that 'using the 2016-based household projections will not be considered to be following the standard method . . . it is not considered that these projections provide an appropriate basis for use in the standard method'. The PPG requires the continued use of the 2014-based household projections, as it states

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that this will provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected and will be consistent with the Government's objective of significantly boosting the supply of homes. Whilst we recognise that the principles set out in the PPG have been made in relation to the standard method, they provide a clear statement from Government that the 2016 based projections should not be used for assessing housing needs. The impact of these lower household projections if applied using the approach to assessing housing need required by the 2012 NPPF and its associated guidance is no different to their application under the standard methodology. Indeed, the impact could be considered to be even more significant given that Councils have generally under-estimated the degree of uplift required to improve affordability in relation to market signals. What is clear from the PPG is that significant caution should be given to the use of the 2016-based household projections.

Whilst it is noted that the York Local Plan was submitted during the transition period and is therefore being examined under the NPPF 2012, it is noted that if the local housing need was to be calculated under the Standard Method at this time it would give a figure of 1,069dpa.

Standard Method
Step 1
2014-based household projections: 2019 – 90,829, 2029 – 99,027
Average annual household growth = 819.8

Step 2
Median Workplace based affordability ratio - 8.86

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ - 4}{4}\right) x\ 0.25 + 1$$

Adjustment Factor = (((8.86-4)/4)x0.25)+1 = 1.30375

Minimum annual local housing need figure = adjustment factor x projected household growth = 1.30375 x 819.8 = 1,068.81 = 1,069dpa

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]?***
It is not apparent that the 13,152 total housing figure set out within the SHLAA detailed housing trajectory includes meeting any housing need arising in other parts of the adjoining districts.

It is noted that paragraph 2.103 of the York SHMA (June 2016) states that the sources strongly support place each commissioning authority within a separate Housing Market Area (HMA). It then states that that the HMA which covers the City of York extends to include Selby. However, paragraph 2.106 states that whilst GL Hearn propose a HMA

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which links Selby to York they are not considering housing need across the HMA as Selby has recently produced its own SHMA and this assessment does not seek to replicate it.

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?***
The HBF consider this is for the Council and adjoining local planning authorities to respond to.

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) ***Have market signals been taken into account?***
Advice from GL Hearn within the SHMA Addendum is that the York Local Plan should include a 10% market signals adjustment to the 867 baseline figure. This would increase the figure to 953 dwellings per annum. GL Hearn state that the market signals adjustment is based on an assessment of both market signals and affordable housing need. Without this adjustment neither of these elements have been taken into consideration within the housing requirement. It is therefore considered that the Local Plan is not compliant with the NPPF as it has not taken into account market signals and housing affordability.

The City of York Housing Needs Update (Jan 2019) states that the updated market signals show that housing affordability is a worsening issue in York. House prices have increased in the past year and the affordability ratio between house prices and earnings has worsened. The housing market signals suggest that, in accordance with PPG, an uplift to the demographic projections is appropriate. GL Hearn suggest an uplift in the region of 15% would seem reasonable for York. However, they suggest that the uplift be applied to the demographic baseline, and as such it is below the uplifts applied by the adjusted demographic growth and the economic growth. Therefore, the Housing Needs Update does not add an additional increase to allow for market signals.

b) ***Have employment trends been taken into account? If so, how, and what conclusions are drawn in this regard?***
The City of York Housing Needs Update (Jan 2019) utilises the ELR Update which concluded that Scenario 2 was the most appropriate to take forward within the Local Plan. Total forecast jobs within Scenario 2 equals 11,050 over the remaining plan period (2014-31) which equates to 650 jobs per annum.

c) ***Does the OAHN provide enough new homes to cater for those taking up the new jobs expected over the plan period?***
The HBF consider it is important to ensure there is an appropriate balance between employment and homes.

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Modelling within the Housing Need Update (Jan 2019) assumes that there will be no improvements to unemployment post 2017, that 3.3% of those working in York will hold down more than one job (double jobbing) and that commuting ratios stay constant. The report also considers the Economic Activity Rates, it has used the OBR rates from summer 2018, these see an increase in economic activity for men from 55 onwards and for women from 25 onwards, with notably increases for those 60 and over.

d) **Overall, has the OAHN figure been arrived at on the basis of a robust methodology?**

The HBF do not consider that the original OAHN figure or the revised OAHN have been arrived at on the basis of a robust methodology, as set out in our comments and concerns above.

e) **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?**

The HBF do not consider that the revised OAHN figure has taken account of all of the housing need. The Housing Need Update (Jan 2019) has not reassessed the need for affordable housing and relies on the evidence in the previous SHMA. The SHMA had identified a net affordable housing need of 573 dwellings per annum. It is evident that the housing requirement will not ensure that the need for affordable housing will be met. It is recommended that a further uplift in the housing requirement would be appropriate to support the provision of further affordable homes.

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?

The York Local Plan states that York is a key economic driver and looks to provide sufficient land to accommodate an annual provision of around 650 new jobs. It is important to ensure there is an appropriate balance between employment and homes.

The housing strategy: the housing requirement

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?**

The HBF consider that further clarity should be added to the policy to ensure that it is clear what is expected in terms of the housing requirement.

The HBF consider that the housing requirement should be a net figure, and that this should be made clear within the policy.

b) **For the avoidance of any doubt, what period of time is the plan period?**

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The Local Plan document states that the plan covers the period from 2017 to 2032/33 with the exception of the Green Belt boundaries which will endure up to 2037/38. However, it is evident that other policies within the plan also include information to the period to 2037/38. This appears to provide opportunity for confusion, and it is considered that it may be more appropriate to move to a consistent plan period to 2037/38.

It is also noted that the 2032/33 plan period will not ensure a 15 year time horizon post adoption as preferred by the NPPF, paragraph 157[1]. Whilst it is recognised this may have implications for the evidence base, site allocations and plan policies, the HBF recommends that the Council considers extending the end date of the Plan.

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 requirement plan to include policies which purport to dictate or direct development beyond the "plan period", as Policy SS1 appears to?*
The HBF would expect the plan period to be consistent for all policies and to ensure that the requirements of the NPPF and PPG are met, including the 15-year time horizon.

d)   *At 867 dpa, the housing requirement is higher than the OAHN of 790 dpa. Why?*
The HBF does not agree with the Council that the OAHN is 790dpa or that the 867dpa is higher than the OAHN. It is not considered that the 790dpa figure is robust or appropriate.

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?*
As set out above the HBF do not consider that the OAHN is 790dpa. Whilst the HBF consider it is for the Council to demonstrate the 'exceptional circumstances', it is not considered that the Council's inappropriately calculated OAHN should be taken as a reason to reduce the degree to which 'exceptional circumstances' exist.

2.6 Will the housing requirement ensure that the need for affordable housing will be met?
The SHMA identified a net affordable housing need of 573 dwellings. This was not updated by the Housing Needs Update. It is evident that the housing requirement will not ensure that the need for affordable housing will be met. It is recommended that a further uplift in the housing requirement would be appropriate to support the provision of further affordable homes.

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

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[1] And continued forward into paragraph 22 of the NPPF 2019.

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The HBF do not consider that the housing requirement is sound or that it underpinned by robust evidence.