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Examination of the City of York Local Plan  
2017-2033: Matter 2 Hearing Statement

25 November 2019

# Barwood Strategic Land II LLP

## Examination of the City of York Local Plan 2017-2033: Matter 2 Hearing Statement

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# 1. Introduction

- 1.1 This document provides Barwood Strategic Land II LLP's response to Matter 2: The Housing Strategy in the Examination in Public of the York Local Plan. The hearing statement has been prepared by Hatch Regeneris who will represent Barwood in the Matter 2 hearing sessions.

## 2. Matter 2: The Housing Strategy

- 2.1 The hearing statement responds to the Matter 2 questions set out by the Inspectors. The key points identified in our hearing statement are:
- The lack of any substantive consideration in the housing need evidence for York of the implications for Selby (and vice versa) of planned housing growth and the assumptions that underpin it including population and labour force change, employment and commuting.
  - An approach to determining the OAN for York which does not appropriately apply the requirements specified in the relevant Planning Practice Guidance (2014 version) and which therefore understates York's housing need. There are flaws in the approach to establishing housing need related to population growth and employment growth, to the scale of the market signals uplift accepted and to how it is applied.
  - Housing need and planned housing requirement figures for York which fail to recognise the scale of affordable housing need in York, and the impact that the delivery of a higher level of housing growth than that targeted in the Local Plan could have in contributing to meeting this need.
- 2.2 The City of York Council's housing need evidence and the housing requirement specified in the Local Plan are flawed in several key respects and do not provide a sound basis for the planning of York's future housing growth. Our conclusion is that on the basis of the Council's own evidence the OAN should be at least 1,026 dpa.

### **Housing Market Area**

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**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?**

- 2.3 Question for City of York Council.

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

- 2.4 The 2016 SHMA (SD051) assesses a range of relevant evidence in determining that York and Selby form a housing market area, and that there are also housing market connections between York and other local authorities including Hambleton and Ryedale, and with the wider Leeds City Region.
- 2.5 The issue is that, having identified a York-Selby HMA, the OAN is determined for York only and there is very little consideration either of need across the HMA or the implications for the HMA as a whole of the individual housing need and requirement figures set by York and Selby Councils.

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

- 2.6 There is insufficient commentary in York City Council's evidence to assess whether the justification for treating York's housing needs separately in the HMA is sound. Despite the 2016 SHMA (CD51) clearly finding that York is part of a HMA with Selby district, the study

simply concludes that, since Selby had produced its own SHMA, housing need would not be considered for the HMA as a whole.

- 2.7 The NPPF (2012, para. 47) specifies that Local Plans should meet the full objectively assessed housing need for the housing market area as far as is consistent with Framework policies.
- 2.8 The relevant Planning Practice Guidance (2014, para. 08 Reference ID: 2a-008-20140306) stipulates that housing need should be assessed for the relevant functional area (ie. housing market area). It says also planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time (007 Reference ID: 2a-007-20150320).
- 2.9 In addition, the PPG specifies that local planning authorities should work with all the other constituent authorities under the duty to cooperate (010 Reference ID: 2a-010-20140306).
- 2.10 There is nothing in the SHMA, its 2017 Update (SD050) and the Council's latest OAN evidence (EX/CYC/9) that suggests that York's OAN's has been assessed in the context of need across the York-Selby HMA in terms of population growth, securing sufficient future labour to support economic growth and the setting of housing need to tackle affordability.
- 2.11 The Council's Duty to Cooperate submissions (EX/CYC/7a) offer little insight into either how York and Selby have assessed their respective evidence on housing need, or how this might have been carried through into the York Local Plan. The Local Plan (CD001) itself contains only a very brief reference to the housing market area, referring (para. 5.16) to joint work with neighbouring local planning authorities on housing land supply where parts of York form part of the HMA for neighbouring areas, and to the Council's conclusion that there are no unmet needs from elsewhere in the HMA (without specifying which HMA) that requires additional land to be made available in York.

## **Objectively Assessed Housing Need**

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**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?**

- 2.12 No, the Council's OAN evidence is not robust. Our representations (SID 581) explain in detail why EX/CYC/9 should not be relied upon to represent the full OAN for York but critical points for the EIP are:
- The 790 dpa figure is primarily driven by 2016-based sub-national population and household projections. This is despite cautionary advice from the UK government that the 2016-based projections should not be used as the basis for determining OAN in the revised 2018 PPG, and that the 2014-based projections should be preferred for the time being. Use of the 2014-based projections for York gives an OAN of 867 dpa.

- The Council's justification for using the 2016-based projections in preference to the 2014-based projections refers to very short term recent trends. There is no reference to the consistency of the 2016 SNPP with longer term past trends.
- The lack of any analysis in EX/CYC/9 of projected change in York's student population, despite this being recognised as a key issue in determining the OAN in the SHMA
- The 790 dpa figure is also based in part on the Council's preferred jobs growth figure of 650 and the amount of housing additional to demographic need that would provide the resident labour force necessary to support this level of growth. Notwithstanding flaws in the evidence on the alignment of housing and jobs, the Council's own evidence (SD063) points to York having the potential to achieve a much higher jobs growth figure of 806 per annum. There is no testing of the housing need associated with this higher figure, and no explanation in EX/CYC/9 as to why this figure is not used.
- An inadequate market signals uplift of 15% is accepted as the appropriate figure for York in EX/CYC/9 which does not reflect the magnitude of the city's housing affordability problem. Furthermore, the 790 dpa figure includes no specific market signals adjustment, and there is nothing in the Council's evidence that demonstrates why its preferred OAN and housing requirement figures could reasonably be expected to improve affordability.

**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]?**

2.13 Question for the local planning authorities.

**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?**

2.14 Question for the local planning authorities.

**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?**

2.15 This is an important issue. The 2016-based projections assume substantially lower population growth and therefore housing need compared with the earlier 2014-based projections which had been the starting point for York's proposed OAN.

2.16 There are several flaws in the Council's justification for preferring the 2016-based projections in that:

- EX/CYC/9 fails to consider in any detail how the 2014 and 2016-based projections compare with earlier trends and past long-term averages. Long-term past averages appear to show that net internal and international migration to York has been significantly higher than the government projections suggest will be the case in future.
- It shows the implications for housing need of a 10 year migration scenario without any explanation of how the scenario has been constructed. It is therefore impossible to assess the robustness of this alternative projection.
- There is no attempt to link past housing completions in York to the impact this is likely to have had on population growth in the city. Over the period from 2007-15, which includes several of the reference years which inform the 2016-based projections, the Council's own monitoring data suggests annual completions at 456 per annum. Low levels of housing delivery and its constraining effect on population growth will be carried forward in the projections.
- EX/CYC/9 (para. 2.11) attempts to further justify the choice to use the 2016-based projections with reference to only one recent year (2016-17) of international migration data. A single year of data has no value in assessing past trends compared with future projections.

2.17 The approach used in EX/CYC/9 lacks adequate justification and falls short of the requirement set out in the PPG (017 Reference ID: 2a-017-20140306) to provide a clear explanation that is justified on the basis of established sources of robust evidence.

#### **b) Have market signals been taken into account?**

2.18 EX/CYC/9 concludes that the appropriate market signals uplift for York should be 15%. However, market signals evidence and the approach to determining the appropriate adjustment set out in the Planning Practice Guidance imply that this uplift is too. The approach to the market signals adjustment and the outcome it produces are flawed in several respects:

- 1) Analysis of affordability evidence shows that, on several key indicators (median and lower quartile affordability ratios, median house prices, median rental prices), the rate at which affordability in York has worsened over the past 5 years is higher than any of the neighbouring local authority areas, the Yorkshire and Humber region and England. This alone should indicate that there is a significant mismatch between housing demand and supply in York such that the scale of the market signals uplift should be substantial.
- 2) On the lower quartile affordability ratio measure, the rate of worsening is on par with that of Canterbury, Mid Sussex and Waverley, areas which EX/CYC/9 cites as comparators in which Inspectors had applied market signals uplifts of 20-25% to justify its argument that the market signals uplift should not be higher than 15%.
- 3) EX/CYC/9 applies the 15% market signals uplift only to the base need figure of 484 dpa, producing an adjusted need figure of 557 dpa. The study simply concludes that, since this figure is lower than the economic-led housing need figure of 790 dpa, and so the latter should be preferred. The economic-led figure of 790 dpa contains some adjustments reflecting the need to improve household formation rates in young people, but no explicit overall adjustment for market signals. It cannot be assumed that the level of housing growth necessary to meet future employment growth needs will also improve affordability. The two adjustments are for a different purpose. One captures the additional housing necessary to accommodate a growing, working population. The affordability adjustment is intended to increase



planned supply relative to demand with a view to improving affordability. The 790 dpa figure is a measure of the demand linked to future economic growth. Delivering housing at this level would simply meet this demand and provide no change in the demand-supply balance.

- 2.19 The Planning Practice Guidance (Paragraph: 020 Reference ID: 2a-020-20140306) The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.
- 2.20 Our conclusion is that the evidence clearly leads to the conclusion that a market signals uplift should be at the very least 20%, and that this should be applied to the housing need figure necessary to support future employment growth (ie 790 dpa). This minimum figure should also be seen in the context of the new Standard Methodology set out in revised Planning Practice Guidance. Application of the Standard Methodology implies that the affordability uplift for York would be 30%, a figure which reflects the Government's conclusions about the level of upward adjustment to demographic housing need necessary to improve affordability.

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

- 2.21 Past employment trends are not appropriately taken into account in the Council's preferred OAN, and it opts for an employment growth figure which its own evidence suggests should be higher. This leads it to understate the housing needed to support future employment.
- 2.22 Future employment is factored into the 790 dpa figure drawing on employment forecasts produced in the 2017 ELR Update (SD063) and the earlier 2016 ELR (SD064). Essentially, the assumption is that York's should provide for the housing to support net jobs growth of 650 jobs a year to 2031. This jobs growth figure is carried through into the Local Plan and is connected to employment land policies in the Plan.
- 2.23 SD063 contains a higher future jobs growth figure of 806 per annum drawn from an Experian model that is more up-to-date than the Oxford Economics forecasts from which the 650 pa figure is derived. It is also clear that the employment land provision recommended in the ELR and carried forward into the Local Plan is expected to enable York to support 806 jobs per annum. The 2016 SHMA had considered also higher annual growth figures of 868 and 789 per annum.
- 2.24 We are unable to find any discussion in the SHMAs and in EX/CYC/9 as to why 650 jobs a year should be the preferred jobs growth figure for assessing OAN compared with the higher figures. Nor does the Local Plan explain this.
- 2.25 This is an issue which should be considered at the Examination. The Council's own evidence (SD063) is clear that both the Oxford Economics and Experian figures should be considered robust and that neither is more accurate than the other. The implication is that the Council has not tested the implications for OAN of jobs growth which its own evidence suggests could be considered to be a reasonable view of future employment in York.
- 2.26 There is no analysis of long-term or recent employment trends in EX/CYC/9 or in the SHMA Addendum (SD050). Insofar as past trends are considered in the 2016 SHMA (SD051) the commentary is limited to two paragraphs and focuses on what the forecasts suggest about past growth. We note that the 2016 SHMA (SD051, Figure 26) shows that York saw jobs growth averaging 855 pa from 1991-2012, a rate of growth that is much more consistent with the higher forecast figures than the preferred 650 per annum adopted by the Council.

2.27 In summary, the Council's approach to future employment growth for OAN purposes falls short of sufficient consideration of past trends and how they relate to the forecast growth it should plan for. The risk is therefore that, in accepting 650 per annum, the Plan is providing insufficient housing to support economic growth in the city.

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

2.28 No. Assuming that York achieves the 806 jobs a year growth that its ELR evidence suggests may occur, and which its employment land provision is expected to be capable of meeting, then the implied number of homes should be higher. We conclude that 806 jobs a year would require at least 891 dpa. This is based on our review of Council's main assumptions and our allowance in the Council's approach for a proportion of the workforce to be unemployed and assuming a more reasonable ratio of resident workers per additional dwelling of 1.5 compared with the implied 1.75-1.83 assumed in the Council's modelling.

2.29 Furthermore, EX/CYC/9's explanation for how it determines the housing need linked to jobs growth of 650 per annum lacks transparency and it is not clear that 790 dpa would provide sufficient housing to meet this lower level of employment growth. The shortcomings include:

- The lack of any discussion about the extent to which the future population growth on which the Council's modelling is based (SNPP 2016) projects a net increase of only 1,750 in the population aged 16-64 between 2017 and 2037. This compares with implied jobs growth of 11,050 additional jobs 2014-31. The 16-64 cohort will remain the core of York's future resident workforce, and the implication is either a substantial mismatch between future labour and jobs or growing reliance on working people over the age of 65. If the latter is the case, then the Council's evidence should consider how well matched this age cohort is to future growth sectors.
- The lack of commentary about the assumption that York's commuting ratio will remain at 0.959, implying that in-commuting will continue to be a significant contributor to meeting York's labour force needs as employment increases. There is no indication as to whether this assumption has been tested with neighbouring local authorities who will provide this in-commuting workforce as part of the duty to cooperate.
- The apparent lack of an allowance for a proportion of the future labour force to be unemployed at any given point in time. This would reduce the additional working residents in the Council's modelling. Government data suggest this figure is around 3% currently.

2.30 The implication is that, even on the basis of the Council's preferred employment growth figure, and OAN of 790 dpa would not provide the resident labour necessary to support future jobs.

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

2.31 No. We have highlighted in our hearing statement that EX/CYC/9 on which the Council relies for its preferred OAN is not robust and does not represent the full OAN for York for the following main reasons:

- Use of 2016-based projections which is not justified and which are not a robust basis for determining future population and labour force growth in York.
- An approach to planning the housing provision for future employment growth which uses the lowest of the two main employment growth figures provided in the Council's

ELR evidence and which therefore understates both the jobs growth which York might achieve and the housing need to support this growth.

- An approach to market signals and the related adjustment to the OAN to address affordability which is not consistent with the magnitude of the affordability problem facing York.
- The lack of any consideration in arriving at the recommended OAN of 790 dpa of York's substantial affordable housing need, identified in EX/CYC/9 as 573 units per annum.

**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?**

2.32 It is not possible to conclude that affordable housing need has been taken into account in setting the OAN. Whilst EX/CYC/9 refers to affordable need of 573 units pa, there is no indication as to how this need has been taken into account in determining the OAN. EX/CYC/9 refers (para. 4.21) to a modest uplift to the demographic need figure to improve the delivery of affordable housing being justified. However, there is nothing to show whether and how any adjustment is made. Furthermore, we would question whether an affordable need of 573 per annum justifies only a 'modest' uplift. The response should reflect the magnitude of the need, and a significantly higher OAN figure than that adopted by the Council would be appropriate.

2.33 The PPG (029 Reference ID: 2a-029-20140306) specifies that affordable need should be considered in the context of its likely delivery as part of mixed housing developments, and that an increase in the housing requirements set in a local plan should be considered where it would help to deliver the affordable housing need. There is nothing in either EX/CYC/9 or the Local Plan itself to suggest that this step has been taken.

**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?**

2.34 See our response to question c) on the methodological approach.

**What is the relationship between the number of new jobs anticipated and the OAHN and/or the housing requirement?**

2.35 See our response to question c) on the methodological approach

**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?**

2.36 Question for City of York Council.

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

2.37 Question for City of York Council.

**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?**

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

2.38 Question for City of York Council.

**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?**

**2.6 Will the housing requirement ensure that the need for affordable housing will be met?**

2.39 No. At 790 per annum and a maximum of 30% affordable housing on (Policy H10, Table 5.4, CD001), the implication is that the Local Plan would deliver less than 50% of York’s annual affordable need of 573 per annum. This assumes that all new housing development delivers a 30% contribution. However, Policy H10 is clear that many sites would deliver at substantially lower rates, implying that the affordable delivery would be significantly lower.

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

2.40 No, for the reasons set out in our response.



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