

City of York Local Plan 2017-2033

Phase 2 Hearing Statement prepared on behalf of Level Developments (Yorkshire) Limited (Reference ID:260 (CD014A))

Matter 2 – Housing Need and Requirement

1. Introduction and Context

- 1.1 This Hearing Statement has been produced by Pegasus Group on behalf of our client, Level Developments (Yorkshire) Limited.
- 1.2 In accordance with the transitional arrangements set out in Annex 1 of the revised National Planning Policy Framework (February 2019), it is understood that the plan is being examined against the previous 2012 version of the Framework. All references within this hearing statement to the National Planning Policy Framework (NPPF) therefore relate to the 2012 version, unless otherwise stated.
- 1.3 Our client wishes to ensure that the City of York Local Plan (CYLP) is prepared in a robust manner that passes the tests of soundness contained in paragraph 182 of the NPPF, namely that the plan is:
- Positively Prepared;
 - Justified;
 - Effective; and
 - Consistent with national policy.
- 1.4 The CYLP also needs to be legally compliant and adhere to the Duty to Cooperate.
- 1.5 Our client submitted representations to the various stages of plan production including the Publication Draft, Proposed Modifications, Phase 1 Hearing Sessions and the Local Plan Modifications and Evidence Base Consultation. Despite the Council's attempts to overcome fundamental issues with the CYLP our representations continue to identify several elements where we believe the CYLP is unsound.

2. Response to the Inspector's Matter 2 Issues and Questions

- 2.1 We welcome the opportunity to comment on the Inspector's Matters, Issues and Questions and provide the following responses to selected questions in so far as they relate to our previous representations.

Inspector's Introduction

At the previous examination hearings, the Council's position was that, taking account of the 2016 based projections published by the Office for National Statistics (ONS), the need for housing in York over the Plan period was 790 dwellings per annum (dpa) and that, to meet this need and to address a shortfall in delivery of 32 dpa between 2012 and 2016, the housing requirement should be 822 dpa. Since then, the ONS has published its 2018 based projections. In response, the Council has considered whether or not those projections lead to a meaningful change in these figures. The 'Housing Need Update' (2020) concludes that economic-led housing need is in the range of 777 to 778 dpa. The Council considers that this does not amount to a meaningful change in the housing situation, such that the need for housing should be regarded as 790 dpa and the Plan's housing requirement should remain set at 822 dpa (i.e. 13,152 dwellings overall).

The objectively assessed housing need (the 'OAHN')

Q2.1: The introduction above sets out our understanding of the Council's position. Is it correct?

- 2.2 This is considered an issue for the Council to address. The Inspector's introduction does, however, align with our understanding of the Council's position.

Q2.2: In the Housing Need Update (2020) what methodological approach has been used to establish the OAHN and does it follow the advice set out in the Planning Policy Guidance (under the heading 'Methodology: assessing housing need')? In particular:

a) Has the 2018-based household projection provided the starting point estimate of overall housing need? In this specific regard, has the Council's approach to identifying the OAHN been consistent with national guidance? If not, what is the justification for that?

- 2.3 It is our understanding that the 2018-based household projection has provided the starting point estimate of housing need. Paragraph 158 of the NPPF is clear that: "...the Local Plan is based on adequate, **up-to-date** and **relevant evidence** about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for

housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals." (our emphasis).

- 2.4 The PPG which supported this version of the NPPF also identified that the most recent projections should be used, wherever possible (ID: 2a-016-20150227). The PPG also went onto note that: *"A meaningful change in the housing situation should be considered in this context, but this does not mean that housing assessments are rendered out of date every time new projections are issued"* (ID: 2a-016-20150227).
- 2.5 In this context it is considered correct that the most recent household projections should be given due consideration. This must, however, be balanced against other relevant evidence (as noted in NPPF paragraph 158). The consideration of alternative migration and household formation rates within the 2020 Housing Need Update are supported and considered appropriate. However, the 2020 Housing Need Update fails to consider wider evidence in relation to housing need.
- 2.6 Firstly, the population and household projections are built, at least in part, upon past trends. Consequently, if an area has under-delivered in the past this will be replicated in the projections. The counter to this is the market signals uplift, discussed against Q2.2d below.
- 2.7 In addition, the Government has consistently retained its ambition to deliver 300,000 homes a year by the mid-2020s. In relation to the 'standard method' (discussed against Q2.2b below) it was recognised that both the 2016 and 2018-based household projections were incompatible with achieving this aim. This was demonstrated in a former PPG (ID: 2a-005-20190220) and within the most recent amendments to the standard method contained in the current PPG which retain the 2014-based household projections for the baseline.
- 2.8 It is notable that the 2014-based household projections suggest a much greater starting point for the assessment of housing need in York compared to their 2018-based counterparts. Table 1 below compares the 2014-based projections with the 2018-based household projections over the periods identified in Table 3 of the 2020 Housing Need Update.
- 2.9 The results suggest a starting point which is more than double the starting point of the 2018-based projections and greater than the proposed requirement (including backlog).

Table 1: Comparison of Principal Household Projections for York (2014-based and 2018-based)

Period	Projection	Start	End	Change	Household / annum	Dwellings / annum
2017-33	2014-based	89,095	102,100	13,005	813	837
	2018-based	86,356	91,043	4,687	293	302
2012-37	2014-based	84,271	104,867	20,596	824	849
	2018-based	83,528	92,074	8,546	342	352

2.10 Whilst it is recognised that the CYLP is being assessed against the 2012 NPPF the Council was aware of the Government's intentions at the point of submission. The Government's intentions are clearly a material consideration and provide relevant evidence.

b) What bearing, if any, does the 'standard method' have on this Plan's OAHN or on any other aspect of the Plan's approach to housing?

2.11 The standard method for determining local housing need was first introduced in July 2018, nearly four years ago and is now well established within plan making. Whilst amendments to the standard method have been made over this period these have not affected the calculation for York. The fact the CYLP OAHN is still being assessed against an out-dated method, no longer considered fit for purpose nearly four years ago undermines the credibility of the planning system.

2.12 The 2020 Housing Need Update identifies that at a base date of 2020 this created a minimum local housing need of 1,026dpa, some 204dpa or nearly 25% greater than the proposed housing requirement (including backlog). This is materially significant.

2.13 Whilst it is recognised that the CYLP is being assessed against the 2012 version of the NPPF, it is our view that this is up to date relevant evidence and should be considered. Furthermore, if adopted the Local Plan will immediately require review to be compliant with paragraph 33 of the 2021 NPPF which states:

"Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly; and they are likely to require earlier review if local housing need is expected to change significantly in the near future."

2.14 Given the significant change in the CYLP proposed housing requirement compared to the local housing need figure early review would appear the only option, if the plan is found sound.

c) Have market signals been taken into account and, if so, what effect have they had on calculating the OAHN?

2.15 No, market signals have not been considered or even assessed within the 2020 Housing Need Update. This is confirmed by paragraph 5.7 of the update. Whilst this paragraph suggests it unnecessary as the propose OAHN is a 157% uplift against the demographic starting point, the lack of consideration of market signals is unsound, as it is unjustified. The scale of uplift is also founded solely upon the 2018-based household projections, without consideration of other material factors, see response to Q2.2a above.

2.16 In addition to market signals the OAHN figure does not appear to take any account of, or provide any uplift for, affordable housing need. This issue is discussed separately below to market signals to aid clarity.

Market Signals

2.17 The last assessment of market signals was in the 2019 Housing Need Update which is 3-years old. There are likely to have been significant changes over this period. The failure to reconsider these issues is flawed.

2.18 The 2020 Housing Needs Update is also internally contradictory. Section 2 of the update provides convincing arguments to use alternatives to the 2018-based principal household projections. The former PPG was clear that alternative demographic scenarios are appropriate considerations (ID: 2a-017-20140306). Given these arguments it is unclear why market signals uplifts have not been considered against these alternative demographic scenarios.

2.19 In addition, the former PPG was clear that the market signals uplift relates to affordability and did not stipulate it should only be applied to the demographic starting point (ID 2a-019-20140306). Within our comments upon the 2021 'Local Plan Modifications and Evidence Base Consultation' we provided detailed comments in this regard (paragraphs 3.14 to 3.17), in aid of brevity they are not repeated here. We do, however, replicate table 3.1 of our comments which indicate the impact of a 15 and 25% uplift across all scenarios. It is notable that by applying a market signals uplift to the economic led scenarios produces a requirement which aligns more closely with the 'standard method' calculation of housing need.

Table 2: Application of 15% and 25% market signals uplift (2017-2033)

Scenario	Projection	15% market signals uplift	25% market signals uplift
Demographic scenarios (Part Return to Trend)			
Principal	501	576	626
10-Year Migration	669	769	836
Alternative Internal	598	688	748
Economic Led Housing Need			
Census Commuting Ratio	766	881	958
1:1 Commuting Ratio	779	896	974

2.20 The lack of consideration of market signals and other needs is a fundamental flaw in the plan.

Affordable Housing Need

2.21 Paragraph 47 of the NPP requires Local Plans to meet the full, objectively assessed needs for market and affordable housing. The update provides no assessment of affordable housing need. It should also be noted that, paragraph 159 of the NPPF requires authorities to prepare a Strategic Housing Market Assessment (SHMA) to assess the full housing needs of the area, addressing all types of need. To our knowledge the last full assessment of affordable housing and other needs, such as concealed households or needs of specific groups, was within the June 2016 SHMA. This SHMA identified 573 net additional households per year would require support in meeting their housing needs. This represents nearly 75% of the OAHN figure as such this should be given consideration.

2.22 There are a number of high-profile high court judgements which grappled with the issue of uplifts to the OAHN based upon affordable housing need. The Satnam Millenium Ltd¹ judgement highlights the importance of considering affordable housing need as part of – rather than separate too the identified of the OAHN. In summary this judgement establishes that the calculation of OAHN had to include a full assessment of affordable housing need and this is not a 'policy-on' judgement in determining the housing requirement.

2.23 The Kings Lynn² judgement assisted in establishing how affordable housing needs should be addressed as part of the OAHN calculation. The judgement is clear that a SHMA must address the needs for all types of housing, including affordable but

¹ Neutral Citation Number: [2015] EWHC 370 (Admin)

² Neutral Citation Number: [2015] EWHC 2464 (Admin)

not necessarily meet these needs in full. The judgement establishes that whilst it may not be reasonable to expect the OAHN to meet 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.

2.24 The 2020 Housing Needs Update does not clearly address affordable housing need or how it may be delivered. Furthermore, the Council's SHMA report is now nearly 6-years old. It cannot be simply assumed that the need for affordable housing and needs of specific groups has not changed over this period. Without such analysis the 2020 Housing Needs Update is unjustified and contrary to the above high court decisions in assuming no uplift is necessary.

d) How have employment trends been taken into account in determining the OAHN? How robust are the assumptions that have been made regarding those trends and what impact have they had on the final OAHN?

2.25 The Housing Needs Update correctly applies an uplift to the demographic scenarios to take account of jobs growth. This is based upon 650 jobs per annum (para. 3.2). This figure builds upon evidence provided by the Oxford Economics 'York Economic Outlook', December 2019 (EX/CYC/29) report.

2.26 It is also notable that due to the protracted nature of the Local Plan examination there have been some fundamental changes to the economy in the wake of the Covid-19 pandemic and the signing of a Brexit deal. The plan should seek to positively address these issues by providing a supportive framework for jobs growth.

2.27 In terms of past rates of jobs growth it is notable, figure 13 (York Economic Outlook) that jobs growth over the period 2014 to 2018 was 1,110 jobs per annum, over 37% greater than anticipated in the equivalent 2015 study and over 70% greater than the 650 jobs anticipated each year in the Local Plan. Indeed the 2019 assessment anticipates greater jobs growth under all scenarios compared to the 2015 report (figure 13).

2.28 Given these increases it is unclear why the 650 jobs per annum has been retained. To ensure that housing and economic strategies are aligned any increase in employment aspirations would require a consequent increase in housing growth.

e) Does the economic-led OAHN assessment now still reflect an appropriate OAHN to be addressed and delivered through the Plan during the Plan period?

2.29 I refer the Inspectors to our response provided above.

f) Overall, has the OAHN figure been arrived at on the basis of a robust methodology and is it justified?

2.30 No, I refer the Inspectors to our responses provided above.

Q2.3 Has there been a meaningful change in the housing situation in York since the Plan was submitted and, if so, how should this be addressed in the Plan?

2.31 Yes, I refer the Inspectors to our responses to previous questions. The CYLP should provide a housing requirement for in excess of 1,000dpa.

The housing requirement

Q2.4 Is the shortfall figure (for 2012-2017) of 32 dpa which is incorporated into the 822 dpa housing requirement still a robust and justified figure?

2.32 Whilst the inclusion of a shortfall figure for the period 2012-2017 is in principle considered appropriate, we consider it to be founded upon an unsound OAHN (see discussion above).

2.33 It is understood that the housing requirement has been derived through a combination of the evidence base document Housing Needs Update (January 2020) which identified a objectively assessed housing need of 790dpa and an uplift of 32dpa to take account of historic under-delivery between 2012 and 2017.

2.34 The addition of 32dpa is based upon net delivery over the period 1st April 2012 to 31st March 2017 (3,432 dwellings) compared to the OAHN figure of 790dpa (3,950 dwellings over the above period). This represents an undersupply of 518 dwellings. This undersupply is then spread over the remaining 16 years of the plan period (2017/18 to 2032/33). However, none of the evidence provided by the Council assesses need over this period. The following table considers the periods assessed in each study of the three most recent studies.

Table 3: Assessed period in each study

Study	Period Assessed	Identified OAHN (dpa)
September 2020 Housing Needs Update (EX/CYC/43a)	2017 to 2033	779
	2012 to 2037	788
July 2019 Housing Needs Update (EX/CYC/9)	2012 to 2037	790
September 2017 Strategic Housing Market Assessment Update (SD050)	2012 to 2032	953

2.35 Given the lack of appropriate data it is unclear whether 32dpa is an appropriate figure.

Q2.5 Does the 822 dpa housing requirement take into account any backlog or under delivery of housing in previous years? If so, how?

2.36 I refer the Inspectors to our responses provided above.

Q2.6 Overall, is the housing requirement figure now proposed underpinned by robust evidence and adequately justified?

2.37 No, I refer the Inspectors to our responses provided above.