

MATTER 2



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Planning & Development Consultants

Examination of the City of York Local Plan

Matters, Issues and Questions for the Examination

Phase 2 Hearings

Matter 2 – Housing Need and Requirement

March 2022

CLIENT: KCS Development Ltd



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1.0 INTRODUCTION

- 1.1 This response has been prepared on behalf of KCS Development Limited in relation to their land interests immediately west of Chapelfields on the western edge of York City.
- 1.2 Previous submissions have been made to the various draft Local Plan iterations Phase 1 Examination Hearing Statements, and most recently a detailed response to the June 2021 Modifications and Evidence Base Consultation, the content of which remains relevant.
- 1.3 It is maintained that the site at Chapelfields is available for development of circa 90 dwellings and would create a small sustainable urban extension to the existing settlement of Chapelfields.
- 1.4 In addition to this statement relating to Examination Matter 2, it should be noted that statements have been prepared for Matter 4 and 7 on behalf of KCS Development Ltd and Johnson Mowat will be representing KCS Development Ltd at the Phase 2 Examination Hearing sessions relating to Matters 2, 4 and 7.



2.0 TEST OF SOUNDNESS

2.1 The City of York Local Plan is being tested against the 2012 National Planning Policy Framework (NPPF 2012) which at Paragraph 182 states that:

“The Local Plan will be examined by an independent inspector whose role is to assess whether the plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements, and whether it is sound. A local planning authority should submit a plan for examination which it considers is “sound” – namely that it is:

- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
- Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.”



3.0 RESPONSE TO INSPECTOR'S QUESTIONS

Matter 2 Housing Need and Requirement

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')

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

This is for the Council to answer, but it appears to summarise the Council's position from the Phase 1 Hearings and subsequent proposed modifications following the Housing Need Update, apart from the conclusion of the economic-led housing need, which is a range of 766 – 788 dpa (not 777 to 778 dpa as stated in the above introduction).

2.2 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?

The Housing Need Update (HNU) 2020 seeks to interrogate the 2018-based SNPP and 2018 based Household Projections (paragraph 1.5). The HNU uses the 2018 based household projections as a starting point however raises concerns with the methodology employed in the population and household projections and therefore recommends a greater focus on the variant population projections.



Concerns remain with the 2018 based projections for the purposes of calculating Local Housing Need via the Standard Method. Government guidance requires the continued use of the 2014-based projections when using the Standard Method. Whilst the York Local Plan is using an OAHN method it would be logical that the Government's concern with the 2016 and 2018 projections would also apply. It is not considered the use of the 2018-based projections as a starting point is justified.

We refer to the Lichfields detailed critique of the HNU (and March 2022 update) and align ourselves with their conclusions.

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?

The housing requirement in the Local Plan has been prepared using the Objectively Assessed Housing Needs identified through a SHMA. Whilst the Standard Method is not relevant it is useful as a direction of travel. The Lichfields critique of the HNU results in a revised housing requirement of 1,114 dwellings per annum, which is not dissimilar to the 1,013 dwellings per annum Standard Method figure.

It is maintained that the Standard Method local housing need calculation of 1,013 should be the minimum housing requirement in Policy SS1.

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

This question is primarily for the Council to answer. We look forward to reviewing their response and commenting at the Hearing.

The 2019 HNU applied a 15% market signals uplift and the 2020 HNU did not update market signals.

Lichfields recommended a 20% uplift was suitable and in light of the most recent analysis of the 2020 Housing Need Update, a minimum of 25% market signals uplift is considered appropriate.

Based on the PPG guidance at the time of the NPPF 2012 transitional arrangements, the market signals were suggested to include land prices, house prices, rents, affordability, rate of development and overcrowding. A worsening position of these indicators is required to include an upward adjustment to the housing numbers. HBF highlight a number of worsening indicators, which justify an upward adjustment. These are:



- MHCLG Land Value Estimates identifies York as one of the local authorities with the highest land values in the Yorkshire region.
- Based on the UK House Price Index England: November 2021 the average property price is higher in York than the national average, and the annual house price change in York is higher than the national average (9.8% change nationally compared with 13.8% change in York)
- ONS Private rental market statistics show York average monthly rents are significantly above the average rents for the Yorkshire Region (October 2020 – September 2021)
- ONS Government data on housing affordability reveals that York is worse than the national average (Employees in England can expect to spend 7.8 times their workplace-based annual earnings on purchasing a home. In York this is 8.04 times their earnings. For lower quartile house price to lower quartile gross annual workplace-based earnings the ratio is 9.09 in York compared to 7.15 in England (2020).
- Overcrowding from the latest Census Data (included in the SHMA 2016) reveals York has a higher proportion of overcrowded properties compared with the region (7.1% compared with a regional average of 6.6%)
- There has been a significant increase in the number of households on housing waiting lists in York over the last 5 years (increase from 1,216 in 2016 to 1,738 in 2021)

It is considered that the evidence paints a worsening picture on the above indicators, therefore justifying the need to reconsider the market signals uplift.

We support the Lichfields conclusion that a minimum 25% is appropriate.

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?

The 2020 HNU does not update the economic growth assessment and the scale of economic growth of 650 additional jobs per annum remains unchanged from the Publication Draft Local Plan. The 650 additional jobs per annum derives from Oxford Economics job growth forecasts and the Regional Econometric Model (produced by Experian), whereby scenario 2 – re-profiled sector growth was endorsed as the most appropriate scenario. The Employment Land Review Update in September 2017 uses the December 2016 REM outputs and this formed the basis for the 650 jobs growth figure contained in the pre-publication Plan (September 2017) that was carried forward into the 2018 Publication Draft. The jobs growth data is now 6 years old.



We align our response to Lichfields in terms of the robustness of the continued use of these trends and the impact they have had on the final OAHN.

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?

This is a question for the Council to answer and we align ourselves with the expert response of Lichfields.

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

Our concerns remain with the Council's HNU update, overall approach, and concluding housing need for York. We maintain that the housing requirement in Policy SS1 is increased to a minimum of 1,013 in line with the Standard Method Local Housing Need calculation.

2.3 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?

The indicators in response to question 2.2 c) suggest there that there has been since the Plan was submitted in 2018. This relates to market signals alone. Nearly 4 years have passed since the Local Plan was submitted, and the Plan is still under examination. The Framework has been revised twice since the Submission, the transitional arrangements applied for plans submitted before 26th January 2019, some 3 years ago, meaning that the OAHN approach forms the basis for the local Plan, when all other plans under preparation since 26th January 2019 are based on the Standard Method approach. The meaningful policy change of the introduction of the Standard Method means that as soon as the Local Plan is adopted it is out of date. We maintain that it would be wholly appropriate to upon adoption of the Local Plan trigger an immediate review of the Local Plan to update the housing requirement and bring it into line with the Standard Method and the Framework.

A meaningful change in the housing situation in York that has not been explored in the Local Plan is the impact of COVID on the housing needs and demand in York. It is well documented that the COVID-19 pandemic has led to many people re-evaluating their housing choices with priorities for city centre living shifting towards the desire for more space. A Place Alliance Report published in October 2020 "Home Comforts" looks at what can be learnt from the COVID-19 lockdown in terms of the design of our homes and neighbourhoods. The findings, based on a national survey of 2,500 households recommended the need for new homes to have access to private open space, and all new homes



“should be built with provision for occupiers to comfortably work from home.”

<https://placealliance.org.uk/research/research-home-comforts/>

There is increased demand for more space, with additional rooms to accommodate working from home, larger gardens, and access to open space. In addition to the priority for more space, it is expected that working from home will continue as a choice, as we move out of the pandemic, with people looking to move out of city centres and further way from their work places, as the need to travel to work is reduced.

[How COVID-19 must change the way we design new-build homes - Building Products](#). These factors and trends amount to more people than ever wanting houses with gardens, more rooms to accommodate working from home, and access to local green space

The housing requirement

2.4 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?

It is understood that the shortfall is based on the inherited shortfall between 2012 and 2017 annualised over the plan period 2017/18 – 2032/33 SHMA 2017 Update

In the Publication Draft the annualised shortfall was 56 dwellings (896 dwellings over the 16 year plan period). This reduced to 32 dpa over the 16 year plan period in the June 2019 Proposed modifications (totalling 512 dwellings).

The Updated Detailed Housing Trajectory (EX/CYC/69) with a base date of April 2021, includes an annual 32 dwelling shortfall for the remaining 12 years of Plan Period (from 2021/22 – 2032/33).

There does not appear to any further information regarding the 32 dpa shortfall figure in the HNU 2020.

An updated position from the Council would be welcomed and we look forward to reviewing the Council's response and contributing to the Hearing in relation to this question.

We maintain that the shortfall should be annualised over the first 5 years of the plan period.

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



The 32 annualised shortfall from 2012 – 2017 is added to the 2017/18 – 2032/33 790 dpa figure.

The updated housing trajectory (EX/CYC/69) includes the actual completions between 2017/2018 and 2020/21, which identifies a shortfall against the 822 requirement of 175 dwellings. This 175 dwelling under delivery does not appear to have been taken into account in the requirement from 2021/2022 onwards.

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

Our position in relation to the housing requirement has not changed since the latest June 2021 Proposed modifications and Evidence Base Consultation. In alignment with HBF comments and detailed work by Lichfields on the Council's updated evidence on housing needs we maintain that there is justification for the housing requirement in Policy SS1 to be increased to a minimum of 1,013 in line with the Standard Method.

The SHMA is out of date with respect to Covid need and demands and increased property prices and affordability ratio.

The Housing Delivery Test in 2020 in York was 84%. This dropped significantly in the 2021 Housing Delivery Test to 65%, the consequences being the requirement of a 20% buffer on the 5 year land supply, a presumption in favour of sustainable development and the requirement to publish an action plan. Housing delivery in York is worsening, along with changing market signals which point to the need to increase the housing requirement above that proposed in the 2020 HNU.

There are significant implications for fixing a housing requirement that is lower than justified. A lower housing requirement will lead to the worsening of an already severe affordability situation.