LICHFIELDS

York Local Plan [YLP] - Examination Statement

Date	4th March 2022
To	Programme Officer
From	Lichfields

Subject   Matter 2: Housing Need and Requirement

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' MIQ Schedule for the reconvened EiP Phase 2 hearing sessions concerning Matter 2: Housing Need and Requirement.

1.2   The representations should be read in conjunction with the Companies' YLP previous submissions on the Housing Strategy and other matters. A more detailed Technical Appendix setting out our response to the Council's Housing Need Update (2020) that we submitted to the Examination in July 2021 is attached to this Statement, and we update it below where appropriate.

2.0   Planning Issues

The objectively assessed housing need [the 'OAHN'].

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

2.1   Council to answer.

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?

2.2   GL Hearn accepts in paragraph 2.18 of its 2019 HNU that the 2016-based projections cannot meet the Government's housing target of 300,000 homes per annum. It is not mentioned in the 2020 Update but given that the 2018-based household projections are even lower for York, this 2019 comment is even more relevant today.

2.3   The 2018-based SNHP for York indicate an increase of just 293 households per annum [hpa] 2017-33. This is a very significant fall from the 2016-based SNHP of 449 hpa, and particularly the 2014-based SNHP, from 813 hpa – a 64% reduction.

Figure 1 Comparison of 2014-, 2016- and 2018-based Household Projections for York
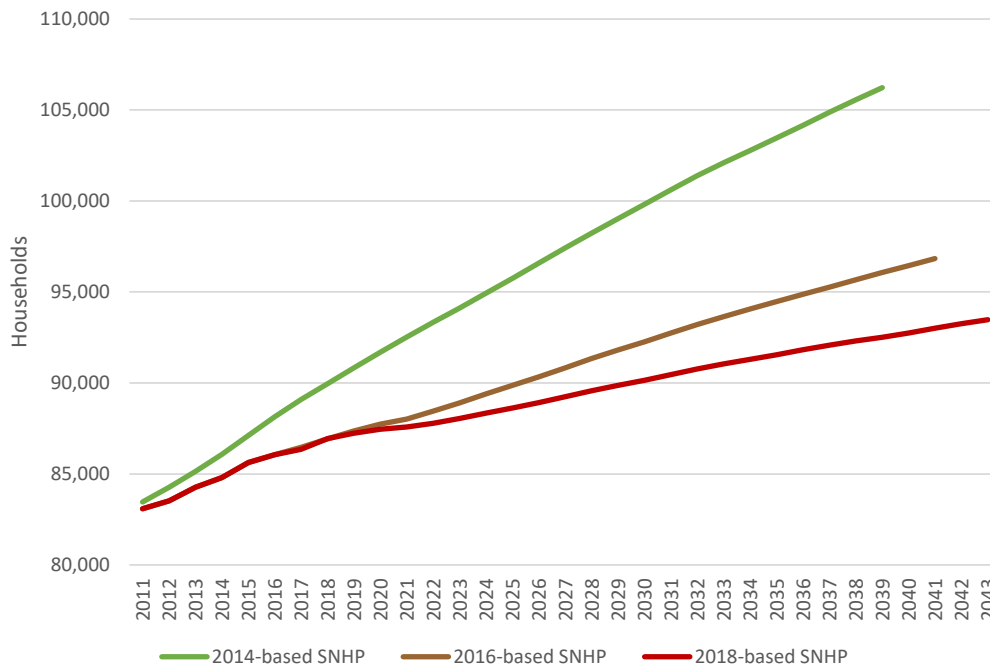
Source: ONS / MHCLG

2.4   Overall, the 2018-based SNPP should carry less weight than the 2014-based projections underpinning SM2 in this instance:

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 2018-based projections do).

2   ONS published a blog[1] about the later projections casting doubt over whether lower projections mean less housing is needed.

3   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 supply of homes[2]. The PPG considers that the 2018-based SNHP "*does not provide an appropriate basis for use in the standard method*"[3].

2.5   As set out in the PPG, it is necessary for assessments of housing need to reflect the consequences of past under-delivery of housing. Table 1 shows that York has under-delivered housing in 12 of the past 17 years, resulting in an under-delivery of around 1,950 homes. This constrained the number of people who could live in York, particularly given that where completions recently exceeded 'need', this was largely due to the very high levels of privately managed, off-campus student accommodation being provided which totalled 1,368 units between 2015/16 and

---

[1] https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/
"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"
[2] PPG: ID: 2a-005-20190220
[3] PPG: ID: 2a-015-20190220

2017/18, 40% of the total completions. Whilst no doubt important for the sustainability of York's HE/FE establishments, it is questionable whether providing high levels of 1 bed student apartments is really meeting the need for C3 accommodation accessible to all. Furthermore, past under delivery suppresses future household growth projections as lower levels of inward migration are effectively 'baked in' to these forecasts (which are essentially trend-based).

Table 1 Rate of net housing delivery in York against possible policy benchmarks, 2004/05-2020/21

| Year	Net Housing Completions *(of which privately managed off campus student accommodation if specified)*	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	321	850	-529
2012/13	482	790	-308
2013/14	345	790	-445
2014/15	507	790	-283
2015/16	1,121 (*579*)	790	331
2016/17	977 (*152*)	790	187
2017/18	1,296 (*637*)	790	506
2018/19	449 (*40*)	790	-341
2019/20	560 (*39*)	790	-230
2020/21	622 (*19*)	790	-168
Total	**11,123**	**13,070**	**-1,947**

Source: MHCLG LT122 /
*RSS assumed average 640 dpa 2005/05-2007/08; 850 dpa 2008/09 -2011/12

International Migration

2.6   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 2 shows historic levels of net international migration to the City of York.

2.7   Net migration has fluctuated between c.750 and 2,045 annually. A record high of 3,246 immigrants moved into York in 2019/20, compared to just 1,200 residents moving abroad. To show just how far out the 2018-based SNPP misjudged this trend, it forecast a net increase of just 878 international residents for 2019/20: 57% (1,167) below the actual figure.

2.8   The 2018-based SNPP net international migration figures therefore look anomalous compared to past trends. From 2022/23 onwards, the principal projection is adjusted down to just 649 annually, a figure that is far lower than any net international migration figure for the past 19 years (with the exception of 2005/06). In contrast, the 10-year trend equates to 1,228 annually (almost double the 2018-based SNPP), whilst the 5-year trend is even higher, at 1,297. As can be seen in the Figure, the 2014-based SNPP net international migration figure is much more comparable and sits just below these trends, at 1,125.

Figure 2 Historic Net International migration to the City of York, 2008/09 to 2019/20 and Future Projections
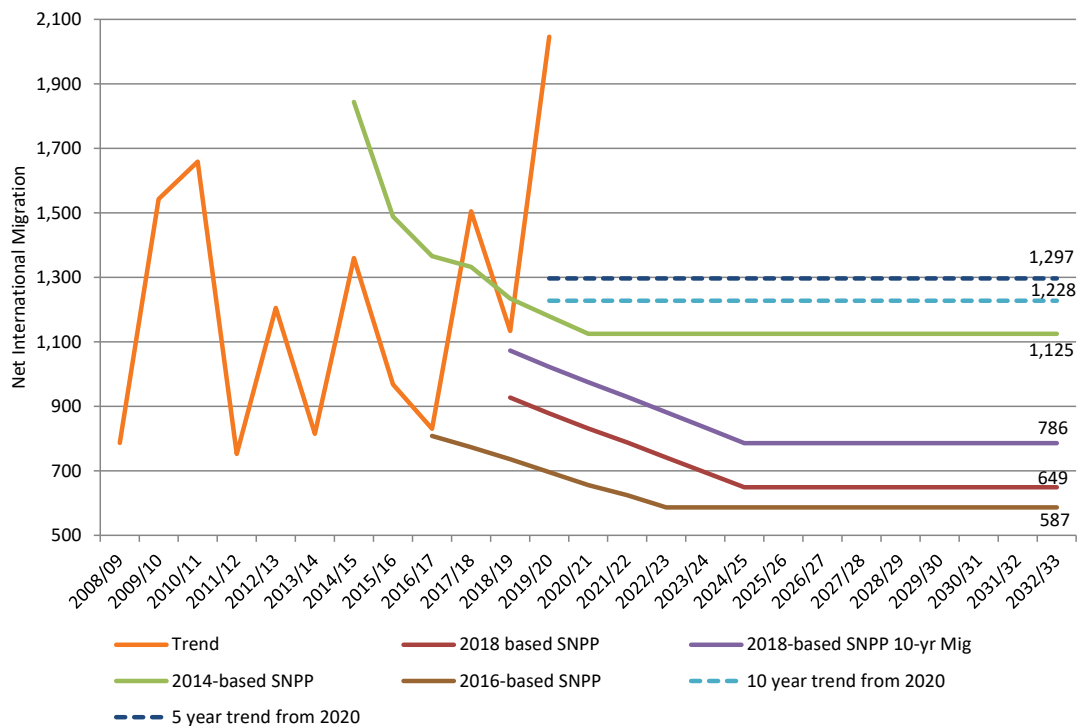
Source: ONS

2.9 GL Hearn argues that greater weight should be attached to the 10-year Migrant Variant as these "*are arguably more robust from a methodological point of view than the principal projection as they use longer term trends*", and indeed they have used this to inform their preferred OAHN scenario. However, we can see from the Figure that the scenario is clearly well below the more recent 10-year international migration trends, as with a net rate of just 786 this sits well below the actual 10-year trend of 1,228 dpa.

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?

2.10 It is totally unacceptable that the City of York has dragged out its Local Plan process for such an extended period of time that it is still able to rely on the OAHN approach despite the standard method having been enshrined in planning policy nearly 4 years ago (in July 2018).

2.11 Whilst accepting that the 2012 NPPF and 2014 PPG are relevant for the CoY LP, the 2018-based SNHP are not appropriate for the purposes of identifying housing need in this instance. 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 for York.

2.12 Chapter 4 of the HNU (September 2020) examines the standard method for assessing housing need. Referring to the MHCLG's August 2020 Consultation on updates to the standard methodology, they conclude that as this results in an overall need for 763 dpa, "*it should provide some comfort that the latest version of the standard method arrives at a very similar number*" [paragraph 4.20].

2.13 This 'mutant algorithm' has since been abandoned by Government. The current LHN for York generated by the standard methodology is calculated using the 2014-based household

projections for 2021-2031, which equates to household growth of 809 per annum, plus a market signals uplift of 25.25% equating to **1,013 dpa**. It is hard to see how this still offers any 'comfort' that the 790 dpa figure is still robust, but conversely it does suggest that our own OAHN evidence, which suggests a housing need figure in the region of 1,114 dpa (see below), is more likely to be correct.

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

2.14   The 2019 HNU recommends a 15% uplift to the demographic starting point; GL Hearn has rather unusually, decided not to update market signals for the City; "*however given the extent of the economic need and the uplift this entails from the demographic starting point a further uplift would not be merited*".

2.15   This is not the case. GL Hearn has concluded that the demographic starting point should be adjusted due to issues with the principal 2018-based SNPP, and that they see "*the variant migrations scenarios as being the more suitable to use for York*" [paragraph 2.22]. The adjustment, from 465 dpa to 669 dpa (2017-2033) is not to address affordability issues; it is to address "*issues with the projections using internal migration trends over just 2 years and household formation rates which lock in recessionary trends*" [paragraph 5.2].

2.16   The PPG states that the purpose of the market signals adjustment is to "*increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability[4]*".

2.17   It is illogical only to apply this to the principal SNPP projection, given that GL Hearn accepts that this is not a robust trajectory of future population growth. Only by applying the market signals uplift to the realistic demographic starting point (at the very least, the 10-year migration figure of 669 dpa) can we hope to boost supply to the extent that it starts to improve affordability in the City.

2.18   We have undertaken a detailed analysis of market signals in the Technical Appendix to this Matters Paper. As we noted in our 2019 Stage 1 Matters Paper 2, the 2019 York HNU made numerous errors in its key calculations in Table 12 (for example, North Yorkshire's LQ was 8.10 in 2017, not 5.73). Hence whilst the 2019 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. They have not updated these errors in the 2020 HNU, although they were acknowledged by GLH at the most recent Hearing Sessions.

2.19   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).

2.20   New market signals data (Table 2) indicates that the situation is worsening in York, particularly for residents seeking a house at the lower end of the price scale.

---

[4] Paragraph: 020 Reference ID: 2a-020-20140306

LICHFIELDS

	Median workplace Affordability Ratio		Lower Quartile workplace AR		Median House Prices		Lower Quartile House Prices	
	2020	**10-Year Change**	**2020**	**10-Year Change**	**2020**	**10-Year Change**	**2020**	**10-Year Change**
The City of York	**8.04**	**+13.1%**	**9.09**	**+17.3%**	**£247,000**	**+42.8%**	**£196,000**	**+40.0%**
Selby District	7.17	+25.8%	7.86	+18.9%	£210,000	+31.3%	£160,498	+31.0%
County of North Yorkshire	8.11	+7.4%	7.94	+3.1%	£225,000	+27.5%	£165,000	+22.2%
Yorkshire and The Humber	5.84	+3.2%	5.65	+1.1%	£168,000	+24.4%	£120,000	+23.1%
England	7.84	+14.5%	7.15	4.2%	£249,000	+38.3%	£164,000	+28.6%

Table 2   Market Signals Comparison

Source: MHCLG 2021

2.21   The SM2 identifies that York would have an **affordability uplift equal to 25.25%** to the 2014-based SNHP, as the Ratio of median house price to median gross annual workplace-based earnings in York was 8.04 in March 2020 - significantly higher than the national average.

2.22   At the very least, the market signals uplift for the City of York should be a **minimum of 25%.**

   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?

   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?

2.23   There are some clear omissions with GL Hearn's approach:

   i   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, 2019-33/37 (Table 8 of the HNU).

   ii   It is **unclear how GL Hearn has modelled job growth in the years 2017-2019**. Reference to NOMIS's Job Density information suggests that the City's workforce grew by 2,000 over that 2-year period at a rate of 1,000 annually. GL Hearn's modelling does not appear to have factored this strong growth into its assessment.

   iii   GL Hearn states that they "have not examined the economic need associated with historic employment growth **as the accommodation has already been provided to support that growth**. We have therefore focussed on the economic-led need required to support 650 jobs per annum for the period 2019-33 and 2019-37 with the interim period to 2019 taken from published in MYE" [sic, paragraph 3.5]. GL Hearn's justification for not examining the economic need associated with historic employment growth is therefore because "the accommodation has already been provided to support that growth". However, that is not the case, hence the fact that the Council is factoring in a backlog of 32 dpa into its housing requirement to reflect historic under-supply.

   iv   The HNU has **not analysed past economic growth trends**. York has been very successful in boosting economic growth, with job growth of 18,000 between 2000 and 2020[5], equivalent to a Compound Average Growth Rate [CAGR] of 0.78%. This is significantly higher than the 0.53% equivalent to 650 jobs per annum 2017-37. In our

---

[5] NOMIS Jobs Density data (2021)

previous representations, Lichfields modelled the past trend job growth figure of 0.83% (for 2000-2017) in our Technical Appendix and generated a need for up to **1,062 dpa** – close to the standard method LHN figure of 1,013 dpa and again giving us comfort that the OAHN we suggest is the right figure for York

2.24   The Council's housing and employment land evidence is therefore inconsistent and misaligned due in part to confusion over the timescales.

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

2.25   No. Lichfields' approach, on behalf of Taylor Wimpey, Persimmon and Bellway Homes suggests a much higher figure is required:

1   **Demographic Baseline:** GL Hearn rightly models 2018-based SNPP migration variants, including the 10-year trend, which it takes forward as its preferred scenario. Whilst this is generally appropriate, GL Hearn should also have modelled ONS's High International variant, which produces a level of net international migration more in keeping with longer term trends. This may have increased the demographic baseline figure. We agree that it is appropriate in this instance to apply accelerated headship rates to the younger age cohorts, which takes the demographic starting point to **669 dpa**.

2   **Market Signals Adjustment:** An uplift of <u>at least</u> 25% would be appropriate. This should be applied to the revised demographic starting point of 669 dpa and not the 302 dpa 2018-based SNPP. This would indicate a need for **836 dpa**.

3   **Employment growth alignment:** The demographic-based projections would support a reasonable level of employment growth at levels above 650 jobs per annum. Notwithstanding our concerns regarding how GL Hearn has modelled the employment growth needs for the City, on the face of it no upward adjustment is required to the demographic-based housing need figure of 790 dpa to ensure that the local economy's needs can be met;

4   **Affordable Housing Need:** The 2020 HNU does not review affordable housing need, but CoYC's *Affordable Housing Note* (February 2020) identifies a need for 573 affordable dpa. As a best-case scenario, only 43% of the 573 dpa affordable housing need could be delivered in the Plan period with a target of 822 dpa (@30% of total delivery), and no upward adjustment has been considered despite this requirement in the PPG. Given the significant affordable housing need identified, a further **10%** uplift would be appropriate, resulting in a figure of **920 dpa**. GL Hearn has accepted that a 5-10% uplift could be appropriate elsewhere (see its 2019 SHMA Update for Selby for example) and it is unclear why it has not followed this approach for York.

5   **Student Housing Needs:** household projections explicitly exclude the housing needs of students who might reside in Halls of Residence. Based on the detailed analysis in Appendix 1, 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. Meeting these growth needs would equate to around 1,466 dwellings over the 16-year Plan period, at an average of **92 dpa** on top of the 920 dpa set out above (i.e. **1,012 dpa**). This goes some way towards addressing the current high levels of net international inward migration.

6   **Shortfall of housing delivery 2012-2017**: Setting to one side the very unusual and substantial discrepancies between the Council's housing completions figures and MHCLG's,

if Lichfields' higher OAHN of 1,012 dpa is applied, this would result in a figure of **1,628, or 102 dpa** over the 16-year plan period, to be factored on top.

7   **This would result in a Local Plan requirement of 1,114 dpa, which is not dissimilar to the 1,013 dpa figure generated by SM2**.

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?

2.26   The York Local Plan EiP has entered its fourth year and is the Council's first new plan <u>ever</u>. There is clearly a balance to be struck between further delays to the adoption of the plan on the basis of debates around OAHN and getting the plan in place. In this context, there are numerous examples where the publication of new projections has <u>not</u> led to a revision in the OAHN, including Wycombe[6], Broxbourne[7], Braintree[8].

2.27   From these examples there are two commonalities when it has been concluded that the impact of new projections published during the examination process on OAHN play out in particular ways:

1   Even where there are apparently substantial reductions in the household projections (to 40% in two of these examples) there is a recognition that such projections are just the starting point and only one of many elements which influence the OAHN, such as affordable housing need, and thus a reduction in the starting point does not automatically justify a reduction on the overall OAHN; and

2   A balancing of the need for up-to-date evidence with the need for the planning system to be genuinely 'plan-led' by enabling timely adoption of the plan by minimising delay.

2.28   Using the 2018-based SNPP as a justification to reduce the housing target would not be in accordance with the NPPF or PPG, and there has been clear precedents for rejecting this approach.

2.29   The wider context clearly <u>has</u> changed however, with successive revisions to the NPPF placing an unequivocal emphasis on boosting housing supply. Although the Government's stated ambition is to deliver 300,000 dpa across England by the mid-2020s, as of February 2022 the figure only equates to 289,174 and relies on the near-impossible delivery of 85,542 homes in Greater London alone. This means that for the nationwide target to be met, other districts across England such as York will need to go above and beyond their SM2 target, not plan for a level of delivery well below it.

2.30   Furthermore, soaring property prices throughout the pandemic, which continue at the time of writing, have exceeded all expectations. They show no sign of slowing down, with Nationwide reporting that UK house prices rose at the fastest annual pace for a January in 17 years, amid robust demand and low supply [9]. There has never been a more crucial need to deliver housing to meet unmet demand; restricting housing supply will have a disastrous effect in York.

---

[6] See Wycombe Local Plan Inspector's Report July 2019 here
[7] See Broxbourne Local Plan Inspector's Report April 2020 here
[8] See the North Essex Authorities' Shared Strategic Section 1 Plan Inspector's Report December 2020 here
[9] House prices see fastest growth rate in January for 17 years - BBC News

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?

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

2.31   The Council considers that its OAHN is 790 dpa, with an additional 32 dpa added on for a shortfall in housing provision against this need from the period 2012 to 2017. As we set out in detail in the Technical Appendix, there are very unusual inconsistencies between CoYC's monitoring data and 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.

2.32   If the MHCLG figures had been used, then instead of 518 under supply to be made up over the remainder of the plan period from 2017 (32 dpa), the shortfall would be 2,440 dwellings, or 153 dpa over 16 years – a very significant uplift to the OAHN (to 943 dpa).

2.33   Setting to one side the discrepancies, if Lichfields' higher OAHN of 1,012 dpa is applied, this would result in a figure of 1,628, or an additional **102 dpa over the 16-year plan period**.

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

2.34   No. There are a number of significant deficiencies in the Council's approach to identifying an assessed need of 790 dpa in the HNU which means that it is not soundly based. The latest HNU evidence is limited in its scope and is inconsistent with how GL Hearn has undertaken such analysis elsewhere, such as in nearby Selby. Whilst CoYC continues to use the NPPF 2012 OAHN approach to identify its housing needs, Selby will be using SM2 to identify its housing requirement. Conveniently, this results in a 'drive to the bottom' for both parties, with York pursuing an OAHN figure of 790 dpa rather than an SM2 figure of 1,013 dpa, whilst Selby uses the SM2 figure of 342 dpa rather than its previous OAHN of 410 dpa. 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.

2.35   Having reviewed York's OAHN in detail, we consider that an appropriate figure is in the order of 1,012 dpa, plus the unmet need 2012-2017 (which would equate to 102 dpa based on the higher OAHN figure). 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.

2.36   This process is summarised in Table 2.3.

Table 2.3 Approach to OAHN for the City of York 2017-2033

	Dwellings per annum (2017-2033)
Adjusted Demographic Starting Point (2018-based SNHP using 10-yr migration sensitivity)	669 dpa
Uplift for Market Signals	**836 dpa (+25%)**
Employment Led Needs	766 dpa–779 dpa
Affordable Housing Needs	1,910 dpa*
10% Uplift to demographic led needs for Affordable Housing? (rounded)	**920 dpa**
Uplift to address Student Housing Needs	**92 dpa**
Adjusted OAHN (Rounded)	**1,012 dpa**
Inherited Shortfall (2012-2017) annualised over the Plan period	**102 dpa**
Annual Target (inclusive of shortfall)	**1,114 dpa**

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

2.37   CoYC's approach to identifying an OAHN is not compliant with the Framework and the Council is not planning to deliver a sufficient supply of housing to meet the City's OAHN.

2.38   It 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 1,012 dpa plus the housing backlog from 2012-2017.

2   Identify additional housing sites to meet the significant shortfall in housing need.

2.39   In our view, this process can be easily accommodated through additional evidence base production addressing the true scale of housing need in the City, and through the publication of main modifications to address any resultant soundness issues. These main modifications should include the identification of a higher housing need figure more in line with our 1,114 dpa recommendation, and the allocation of additional sites in order to ensure that sufficient land is available over the plan period to meet the higher housing requirement.

Appendix 1 Lichfields Housing Technical Representation on Housing Matters (July 2021)

City of York Local Plan

Proposed Modifications Version

Representations on Housing Matters

Taylor Wimpey; Persimmon Homes; Bellway Homes

July 2021

LICHFIELDS

LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

We've been helping create great places for over 50 years.

lichfields.uk

Contents

1.0 Introduction

1.1 This statement is prepared on behalf of three different and separate participants who have jointly instructed Lichfields to represent them on matters of housing need and supply. The participants are Taylor Wimpey, Persimmon Homes 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 City of York Council's [CYC] latest consultation on the Key Evidence and Supporting Documentation that was published since the York Local Plan Hearing Sessions.

1.3 In particular, this representation analyses CYC's updated evidence on housing needs that establishes the scale of need and demand for market/affordable housing in the City. In this regard, we comment on the following recently-published consultation documents:

- EX/CYC/32: CYC Annual Housing Monitoring and MHCLG Housing Flow Reconciliation Return 2019
- EX/CYC/36: Affordable Housing Note Final February 2020
- EX/CYC/38: Joint Position Statement between CYC and Selby District Council Housing Market Area April 2020
- EX/CYC/43a: Housing Needs Update September 2020
- EX/CYC/56: SHLAA Update April 2021
- EX/CYC/58: Composite Modifications Schedule April 2021

City of York Council's Local Plan Proposed Modifications (April 2021)

1.4 A review of the Objectively Assessed Housing Need [OAHN] was undertaken on behalf of CYC by GL Hearn in September 2020 (*The Housing Needs Update report*), which supersedes the previous SHMA Update (2017) and a further Housing Needs Update in January 2019. This new report advised that in light of the latest set of 2018-based Sub-National Household Projections [SNHP] in March 2020, York's housing need would fall to just 302 dwellings per annum [dpa] between 2012 and 2032. However, due to concerns over the methodology employed in both the population and household projections, GL Hearn recommended that greater weight be given to the use of longer-term trends and economic-led housing needs, resulting in a requirement for 779 dpa. The consultants concluded that as there was no material change since the last assessment in January 2019, there was no need for the Council to move away from its OAN of 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 OAN. It included an annualised shortfall of 32 dpa (unmet need between 2012/13 and 2016/17), bringing the housing requirement to 822 dpa.

1.6 These modifications include an update to Policy SS1, to clarify that the Council's housing requirement, inclusive of shortfall should be amended to a '*minimum average annual net provision of 822 dwellings over the plan period to 2032/33*'.

1.7 Furthermore, paragraph 3.3 of the accompanying explanation to Policy SS1 is now (again) 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 **address an objectively assessed housing need of 790 homes per annum. This produces a housing requirement amounting to** ~~meet an objectively assessed housing need of 867~~ **790** ~~new dwellings per annum for the plan period to 2032/33~~ **a minimum average annual net provision of 822 dwellings over the plan period to 2032/33**, including **an allowance for** ~~any~~ **a** 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 (September 2020) ("the 2020 HNU"), 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 structed 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 meeting its OAHN;
- **Section 4.0** – reviews market signals;
- **Section 5.0** – analyses affordable housing needs;
- **Section 6.0** – considers the integration of student housing needs;
- **Section 7.0** – reviews the Council's approach to factoring in backlog;
- **Section 8.0** - critiques the assumptions which underpin the Council's currently claimed housing land supply and reviews the 5YHLS; and,
- **Section 9.0** - provides a summary and conclusion on the City of York's housing need and supply.

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 and again in December 2020), 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 2020 HNU 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.

2.12   Furthermore, the *Planning White Paper: Planning for the Future*, published on 6th August 2020, proposes some very significant changes to the planning system and has a clear focus on accelerating housing delivery. It acknowledges that "*Assessments of housing need, viability and environmental impacts are too complex and opaque: Land supply decisions are based on projections of household and business 'need' typically over 15- or 20-year periods. These figures are highly contested and do not provide a clear basis for the scale of development to be planned for.*" [page 11]

2.13   As a result, the White Paper acknowledges that the current system simply does not lead to enough homes being built, especially in those places where the need for new homes is the highest. "*Adopted Local Plans, where they are in place, provide for 187,000 homes per year across England – not just significantly below our ambition for 300,000 new homes annually, but also lower than the number of homes delivered last year (over 241,000).7 The result of long-term and persisting undersupply is that housing is becoming increasingly expensive*". [page 12]

2.14   The White Paper therefore aims to address housing affordability pressures, support economic growth and the renewal of our towns and cities, and foster a more competitive housing market. To ensure more land is available for the homes and development people and communities need, and to support renewal of town and city centres, the White Paper proposes the following:

- "*A new nationally-determined, binding housing requirement that local planning authorities would have to deliver through their Local Plans. This would be focused*

on areas where affordability pressure is highest to stop land supply being a barrier to enough homes being built. We propose that this would factor in land constraints, including the Green Belt, and would be consistent with our aspirations of creating a housing market that is capable of delivering 300,000 homes annually, and one million homes over this Parliament." [page 19]

Planning Practice Guidance

2.15   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).

2019/2020 Planning Practice Guidance

2.16   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. This was again updated in December 2020 that scrapped earlier proposals and reverted back to the method it introduced in 2018, but with a modification to top up the number in the 20 largest cities and urban areas by 35%, reflecting Government objectives to, inter alia, drive housing into existing urban areas and encourage brownfield development.

2.17   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.[1]"

2.18   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."

---

[1] 2a-002-20190220

"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."[2]

2.19   Although the Government's stated ambition remains to deliver 300,000 new homes per annum across England by the mid-2020s, as of April 2021 the figure only equates to 288,716 and relies on the delivery of 85,542 homes in Greater London alone, which will not happen given that the current London Plan requirement is 52,287 dpa, whilst average delivery rates over the past 3 years have totalled just 36,686. This means that for the nationwide target to be met, other districts across England will need to go above and beyond their SM2 target.

2.20   Applying this revised approach to the standard methodology would result in a LHN figure of **1,013 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).

2.21   This is calculated using the 2014-based household projections for 2019-2029, which equates to household growth of 809 per annum (8,089 over the 10-year period), plus a market signals uplift of 25.25%. This latter figure has been generated as follows, based on the most recent (April 2021) affordability ratio data for the City of York:

- Median local workplace-based affordability ratio (2019) = 8.04
- deduct 4 = 4.04
- divide by 4 = 1.01
- multiply by 0.25 = 0.2525 (25.25%).

2.22   No cap is applied as York has no existing Local Plan figure to apply it to.

Relevant Caselaw

2.23   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".

2.24   Our previous 2019 representations explored the implications of these 4 judgements on York's housing need in depth and we do not repeat them again here.

---

[2] 2a-015-20190220[CD/021]

Housing Need Local Policy Context

2.25 Before setting out a critique of CYC's housing OAHN evidence base, it is important to recognise once more that the Council has <u>never</u> 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. This is demonstrated by the fact that the Council is still relying on the outdated OAHN approach to calculate its housing requirement, rather than the Government's standard methodology for calculating Local Housing Need for planning purposes, which was first consulted on in 2017, then adopted in 2018, three years ago.

2.26 This Standard Method is intended to shift time, resources and debate at examination away from the 'numbers' question and towards the 'how' and 'where' of building new homes. The fact that we are seemingly endlessly debating technical housing need issues at York's EiP many years after the Plan's original submission to PINS is a clear vindication of the Government's move towards a standardized approach.

2.27 The development plan for York comprises two policies[3] 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 and a fluctuating housing need figure. The Council published the following 'further work' on the Local Plan relating to housing needs after a 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 Arup[4]. 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 **926 dpa**[5];

2 In September 2015 the LPWG considered an update on the '*Objective Assessment of Housing Need*' [OAHN] report produced by Arup[6] and a report on '*Economic Growth*'[7]. The Arup report concluded that the housing 'requirement' should be in the **range of 817 dwellings per annum [dpa] to 854 dpa** 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][8]. 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 **841 dpa**.

---

[3] 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

[4] 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)

[5] Local Plan Working Group 17 December 2014 - Minutes

[6] Evidence on Housing Requirements in York: 2015 Update – Arup (August 2015)

[7] York Economic Forecasts – Oxford Economics (May 2015)

[8] GL Hearn (June 2016): City of York Council Strategic Housing Market Assessment

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 Addendum[9] 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 898 dpa 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 706 dpa – 898 dpa, and therefore the Council considered that it did not need to move away from the previous **841 dpa** 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 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."*

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."*

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].

6   The Council then revised the OAHN down even further in light of GL Hearn's January 2019 HNA, which modelled the (then) latest 2016-based SNHP. The HNU concluded 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]

7   The Council is now inviting comments on the 2020 HNU, again produced by GL Hearn, and which models the implications of the latest 2018-based SNPP and equivalent SNHP. The HNU concludes that the housing need in the City has not

---

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

changed materially since the last assessment in January 2019. *"The previous report identified a need for 790 dpa and the economic-led need within this report is as high as **788 dpa**. There is, therefore, no need for the Council to move away from their current position based on this new data."* [para 5.8]

2.28   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 5 years. Our most recent representation, made on behalf of a consortium of housebuilders in 2019, concluded that the OAHN should be increased to a figure in the region of 1,300 dpa plus the housing backlog from 2012-2017.

2.29   The remainder of this section provides an overview of the findings of the latest 2020 HNU.

Overview of the City of York's HNU

2.30   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 2018-based SNPP, equivalent 2018-based SNHP, and the 2019 Mid-Year Estimates. The analysis models housing need over the period from 2017-33 to be consistent with the Local Plan period. To align with previous studies carried out for the City, GL Hearn has also have provided figures for the 2012 to 2037 period.

2.31   The HNU does not review the latest evidence on market signals within the City. Nor does it revisit the affordable housing need for the City, the mix of housing required, or the needs for specific groups. It is therefore limited in its scope.

2.32   The report [Table 1] finds that over the 2017-33 period, the 2018-based SNPP projects an increase in York's population of around 7,432 people (+3.6%). This is very significantly lower than the 2014-based SNPP (24,229), which represents a difference of nearly 16,800 residents. The latest projections are also 6,120 lower than the equivalent 2016-based SNPP figures.

2.33   GL Hearn consider that this is consistent with what is projected nationally as a result of lower fertility rates, reduced international migration and a more negative approach to life expectancy improvements.

2.34   GL Hearn rightly reviews the implications of a number of variants produced by ONS to the 2018-based SNPP on the grounds that the principal projection only draws on internal migration trends over 2 years from 2016 to 2018 *"which can distort the outputs of a projection if those years are particularly high or low."* [paragraph 2.4]

2.35   The analysis therefore reports a range of demographic scenarios, including the 10-year Migrant Variant (which draws trends over the 2008 to 2018 period) and an Alternative Migration Variant (which draws on migration trends over 5 years not 2). Over the Local Plan period, the principal variant would see a 3.6% growth in the population, whereas the 10-year migration variant and alternative internal migration variant see growth of 5.9% and 4.6% respectively.

2.36   GL Hearn then examines the household formation rates that underpin the latest round of 2018-based household projections. They highlight the fact that concerns have been raised regarding their robustness:

"There are significant concerns around the HRRs, which it is argued lock-in recessionary trends during the 2001 to 2011 period from which they were drawn." [paragraph 2.14]

2.37   By focussing on shorter term trends ONS has effectively 'locked in' deteriorations in affordability and subsequently household formation rates particularly within younger age groups during that time.

2.38   The analysis finds that by applying part return-to-trend headship rates, the level of housing need increases to between 501 dpa to 669 dpa (incorporating a 3% allowance for vacancy/second homes) depending on the variant modelled – significantly higher than the 302-471 dpa derived in the HNU for the main demographic-based projections.

Table 2.1 Projected Household Growth 2017-33 - Range of demographic based scenarios

	2018-based SNHP HRR		Part Return to Trend HRR	
	Change in households	dpa	Change in households	dpa
Principal	4,687	302	7,784	501
10-Year Migration	7,314	471	10,399	**669**
Alternative Internal	5,955	383	9,285	598

Source: GL Hearn (September 2020): *City of York Housing Need Update*, Tables 4 and 5

2.39   GL Hearn notes that the 669 dpa does not equate to a meaningful difference from the 679 dpa based on the PRT HRRs in the previous 2019 HNU, and therefore the variant migration scenario is seen as the more suitable to use for York.

2.40   However, moving on, the report goes on to suggest that this is largely academic as demographic housing need is lower than the economic-led housing need.

2.41   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 and the Oxford Economics model published in December 2019. Using the OBR economic activity rates and keeping unemployment rates, double jobbing and commuting ratios constant, this equates to a need for 766 dpa based on the part return to trend HRRs (2017-33), rising to **788 dpa** if York were to take a greater share of its workforce's accommodation (a 1:1 commuting ratio).

2.42   The HNU concludes that "*there is a clear need to increase housing delivery in York to support the City's economic potential. The scenarios we have run show this need to be in a fairly narrow range of 766 to 788 dpa. This is broadly comparable to the 790 dpa identified in the Housing Needs Update of January 2019.*" [paragraph 3.11]

2.43   The HNU then provides an overview of the standard method for assessing housing need. GL Hearn notes that at the time of writing it equates to 1,206 dpa, falling to just 763 dpa if the Government's August 2020 Consultation changes were implemented. They conclude that whilst these should have no bearing on the housing need for York at the Local Plan examination, "*it should provide some comfort that the latest version of the standard method arrives at a very similar number*". [paragraph 4.20]

2.44   This last point re: 763 dpa is now irrelevant given that the Government has abandoned the August 2020 Consultation changes. The SM2 remains at 1,013 dpa.

2.45   The HNU concludes that whilst the 2018-based SNHP demonstrates clear downward pressure on demographic trends for York, there are significant concerns about the methodology (particularly concerning the use of just 2 years of internal migration trends and household formation rates which lock in recessionary trends). As such GL Hearn

advocates the use of the variant population projection and bespoke household formation rates. The resultant 670 dpa is still lower than the economic growth projection of 779 dpa over the Plan period:

*"We have not updated market signals for the City however given the extent of the economic need and the uplift this entails from the demographic starting point a further uplift would not be merited. For example, for the Plan period, the economic-led need of 779 dpa is 157% higher than the demographic starting point of 302 dpa. To conclude, the housing need in the City has not changed materially since the last assessment in January 2019. The previous report identified a need for 790 dpa and the economic-led need within this report is as high as 788 dpa. **There is, therefore, no need for the Council to move away from their current position based on this new data**."* [paragraphs 5.7-5.8]

3.0 Critique of the SHMA Update

Introduction

3.1 The Companies represented by Lichfields have serious concerns and wish to raise 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 (plus 32 dpa backlog) as the housing requirement in the Policy SS1 of the Modified LPP.

3.2 This section provides a critique of GL Hearn's 2020 City of York Housing Needs Update [HNU].

Starting Point and Demographic-led Needs

Population Change

3.3 The Practice Guidance[10] 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][11].

3.4 This previous guidance has of course been amended in the revised Practice Guidance, published in December 2020, 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 2018-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*"[12].

3.5 GL Hearn accepted in paragraph 2.18 of its 2019 HNU that the 2016-based projections do not have the ability to meet the Government's housing target of 300,000 homes per annum. It is not mentioned in the 2020 Update, but given that the 2018-based household projections are even lower for York, then this 2019 comment is even more relevant today.

3.6 On 6 August 2020, the Government published its proposed '*Changes to the current planning system*'. The consultation paper set out four policy proposals to improve the effectiveness of the current system, which included changing the standard method for assessing local housing need, to plan for the delivery of 300,000 new homes a year and plan for more homes in the right places. The Government provided a detailed response to this consultation on 1st April 2021[13]:

"In Changes to the current planning system, the government set out the importance of building the homes our communities need and putting in place measures to support our housing market to deliver 300,000 homes a year by mid-2020s. We set out that our proposed changes to the standard method were based on overarching principles as

---

[10] Practice Guidance - ID 2a-015-20140306
[11] Practice Guidance - ID 2a-017-20140306
[12] Practice Guidance - ID: 2a-005-20190220
[13] https://www.gov.uk/government/consultations/changes-to-the-current-planning-system/outcome/government-response-to-the-local-housing-need-proposals-in-changes-to-the-current-planning-system

stated in paragraph 17 of the consultation. These were ensuring that the new standard method delivers a number nationally that is consistent with the commitment to plan for the delivery of 300,000 new homes a year, a focus on achieving a more appropriate distribution of homes, and on targeting more homes into areas where there are affordability challenges. We remain committed to these principles."

3.7 In the Government's response, it clarified that the 2018-based projections are not a justification for lower housing need:

"We will continue to use the 2014-based household projections. The government has carefully considered whether to use the 2018-based household projections and has concluded that, due to the substantial change in the distribution of housing need that would arise as a result, in the interests of stability for local planning and for local communities, it will continue to expect only the use of the 2014-based projections."

3.8 It goes on to state that "*We will continue to specify that the most recent affordability ratios should be used ensuring relevant market signals continue to play a role*."

3.9 **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. We do stress however that it is totally unacceptable that the City of York has dragged out its Local Plan process for such an extended period of time that it is still able to rely on the OAHN approach despite the standard method having been enshrined in planning policy 3 years ago (in July 2018).**

3.10 Furthermore, we accept that in accordance with the 2014 version of the Practice Guidance, GL Hearn is correct to at least model the 2018-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."[14]

3.11 We therefore agree with GL Hearn that the 2018-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

---

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

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. Issues will vary across areas but 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."*[15]

3.12   This is explored in more detail below.

The use of longer-term trends

3.13   The PPG is clear that household projections are the starting point for overall housing need and that these are nationally consistent and statistically robust[16]. 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 evidence[17]. 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.

3.14   The use of short-term trends means recent changes in growth 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.

3.15   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 2018-based SNPP and that a longer-term trend is more appropriate.

3.16   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).

Housing completions

3.17   Figure 1 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 809 per annum. Since then completions have been rapidly falling, with the average declining to just 652 dpa for the 10 years to 2017/18.

---

[15] Practice Guidance - ID: 2a-017-20140306
[16] Practice Guidance - ID: 2a-015-20190220
[17] Practice Guidance - ID: 2a-017-20190220

3.18   In the base period for the 2016-based projections, completions were lower, at 555 dpa. The 2014-based projections are even lower, at 434 dpa. However, the most recent 2018-based projections draw upon a 2-year period where average completions were higher than any of the comparator time periods, of 1,137 dpa, picking up the steady increase in housebuilding in York that rose to 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, the drop in the past two years notwithstanding.

3.19   Whilst the link between housing completions and population growth is complex, it is surprising that the 2018-based SNPP is based on a time period when the level of housebuilding is at a very high level, when strong levels of net inward migration might have reasonably been expected. We note that for 2016/17, the LT122 MHCLG figure for dwelling completions was just 378, not 977 as reported by CoY and there are very significant discrepancies between the Council's figures and those that were reported to MHCLG (and which originally informed the Housing Delivery Test's figures). The Council now suggests that it has delivered 5,177 dwellings over the plan period to date (2012/13-2019/20), whereas their returns to MHCLG suggested that this was only 3,255, a huge discrepancy of 1,922 dwellings.

Figure 1 Historic completions in the City of York - 2001/02 to 2019/20
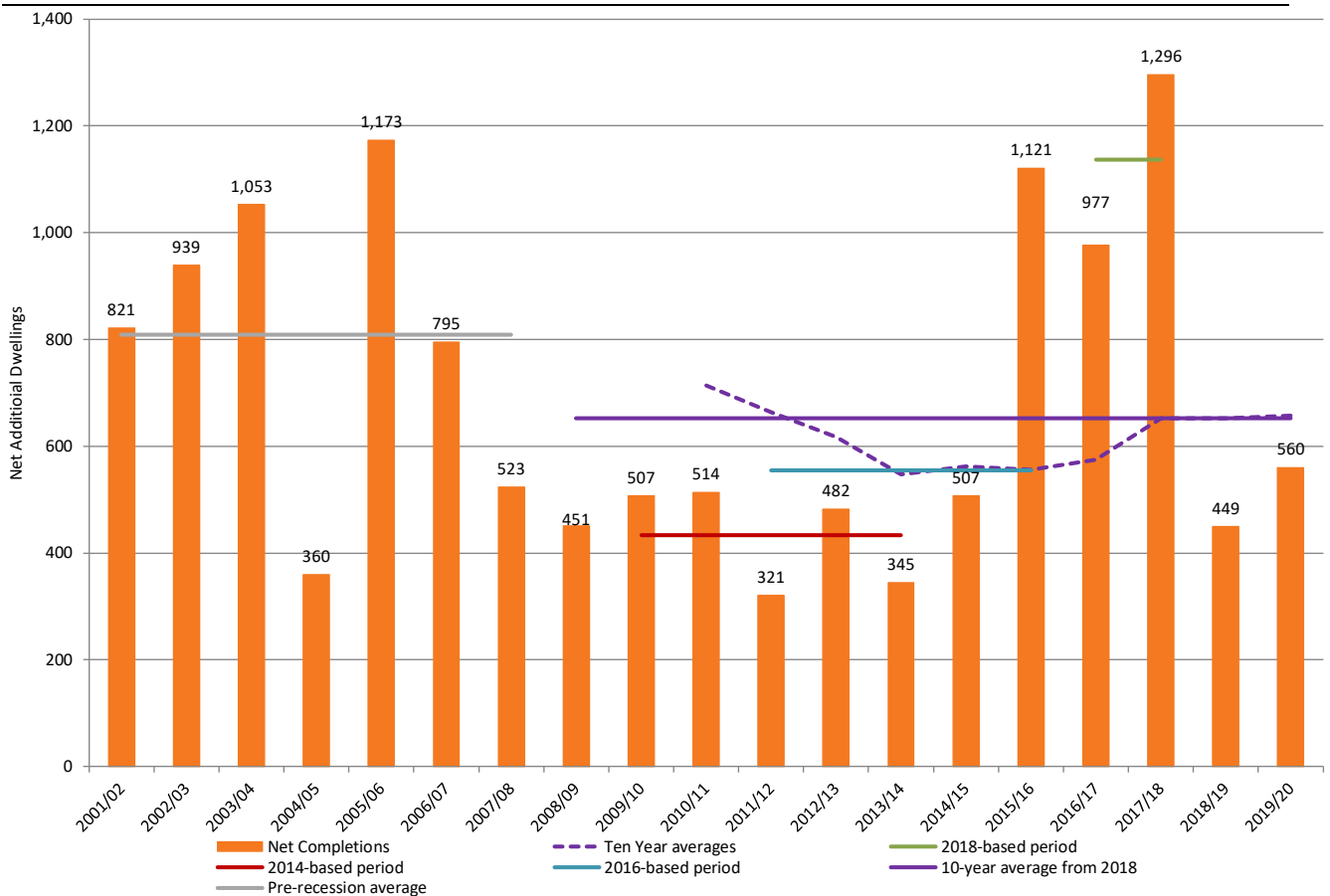
Source: EX_CYC_ HFR vs. AMR 2021 / MHCLG Table 122: Net Additional Dwellings by Local Authority District

3.20   It would be helpful for the Council to outline why these figures are so out of line (for example in 2016/17 it informed MHCLG that it had delivered 378 net additional dwellings, whereas it is now suggesting that 977 were actually delivered – a difference of

599 units), particularly as this has informed the 32 dpa under supply uplift (which would rise to 153 da if the LT122 MHCLG figures were used).

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 2 shows historic levels of net international migration to the City of York. It is similar to GL Hearn's Figure 4 in the 2019 HNU (they chose not to replicate this in their 2020 Update), but it includes more up-to-date data relating to the 2019 Mid-Year Population Estimates and the latest 2018-based SNPP.

3.22   Overall the international migration figures suggest net migration rose after the recession, at a time when housebuilding was falling. However, since that time, net migration has fluctuated between c.750 and 1,660 annually.

Figure 2 Historic Net International migration to the City of York, 2008/09 to 2018/19 and Future Projections
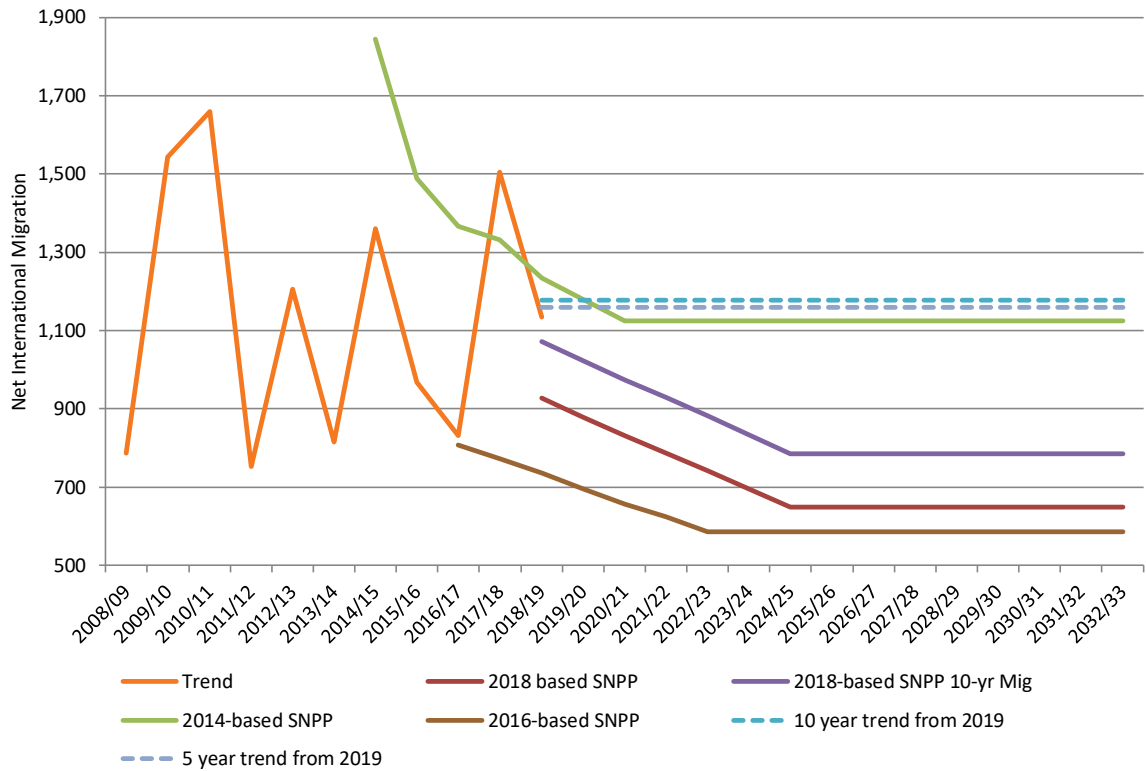
Source: ONS

3.23   The 2018-based SNPP net international migration figures look anomalous compared to past trends. From 2022/23 onwards, the principal projection is adjusted down to just 649 annually, a figure that is far lower than any net international migration figure for the past 18 years with the exception of 2005/06. In contrast, the 10-year trend equates to 1,177 annually (almost double the 2018-based SNPP), whilst the 5-year trend is almost as high, at 1,160. As can be seen in the Figure, the 2014-based SNPP net international migration figure sits just below these trends, at 1,125.

3.24   Importantly, GL Hearn argues that greater weight should be attached to the 10-year Migrant Variant as these "*are arguably more robust from a methodological point of view than the principal projection as they use longer term trends*", and indeed they have used this to inform their preferred OAHN scenario. However, we can see from the Figure that

the scenario is clearly not based on 10 year <u>international</u> migration trends, as with a net rate of just 786 this sits well below the actual 10 year trends (*note: the 10 year trend for net international migration to 2018, rather than 2019 is also much higher, at 1,143 per annum*).

3.25   The 2019 HNU argued (in paragraph 2.11) that there is a close alignment between the 2016-based SNPP and the recorded MYE for 2016/17, which is correct; however, for 2018/19 the 2016-based SNPP recorded a net international migration figure of just 736, when 1,134 were actually recorded in the 2019 MYE. It is worth noting that GL Hearn stays silent on this point in the 2020 HNU – presumably because it is quite clear that the 2019 net international migration figure for the principal 2018-based SNPP, at 878, is considerably lower than the 1,134 actually observed for that year.

3.26   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 continue 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]

3.27   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 once the economy recovers from the Pandemic/Brexit fallout.

Economic Growth

3.28   The 2020 HNU modelled only one economic growth scenario, the REM projections for December 2019, which relates to net job growth of 650 per annum 2019-2033. The modelling undertaken by GL Hearn translates this job growth into a housing need of 766 dpa, rising to 779 dpa when a 1:1 Commuting Ratio is applied. This is considered by GL Hearn to be the Council's new OAHN, although as this is broadly comparable to the 790 dpa identified in the 2019 HNU it was considered that there was no need for the Council to move away from their current position based on this new data.

3.29   There are some clear omissions with GL Hearn's approach:

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, 2019-33/37 (Table 8 of the HNU).

2   It is **unclear how GL Hearn has modelled job growth in the years 2017-2019**. Reference to NOMIS's Job Density information suggests that the City's workforce grew by 2,000 over that 1-year period at a rate of 1,000 annually. GL Hearn's modelling does not appear to have factored this strong growth into its assessment.

3   GL Hearn states that they "*have not examined the economic need associated with historic employment growth **as the accommodation has already been provided to support that growth**. We have therefore focussed on the economic-led need required to support 650 jobs per annum for the period 2019-33 and 2019-*

37 with the interim period to 2019 taken from published in MYE" [sic, paragraph 3.5]. GL Hearn's justification for not examining the economic need associated with historic employment growth is therefore because "*the accommodation has already been provided to support that growth*". However, that is not the case, hence the fact that the Council is factoring in a backlog of 32 dpa into its housing requirement to reflect historic under-supply.

4   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[18], 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. In our previous representations, 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 1,1,013 dpa.

3.30   The Council's housing and employment land evidence is therefore inconsistent and misaligned due in part to confusion over the timescales.

Housing Market Areas

3.31   The Council's Housing Market Area [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]

3.32   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 prepared[19].

3.33   The *Joint Position Statement between the City of York and Selby District Council in relation to the Housing Market Area, April 2020* [EX_CYC_38] seeks to head this criticism off by stating that "*any links between York and Selby only extend to part of the Selby area and that this is considered to support the approach taken by the Councils through the Duty to Co-operate to meet their own objectively assessed housing needs within their own administrative areas*", and that "*it is not practical to seek to align the preparation of the two Plans and to consider housing needs jointly across the HMA.*" [page 1]

3.34   However, for all intents and purposes, Selby and York share the same Housing Market Area. This is why the two Councils have prepared joint SHMAs in the past. They are also part of the same Travel to Work Area [TTWA], as set out in the ONS's 2015 TTWA analysis (incorporating 2011 Census data). Whilst we do not object to the Councils meeting their own needs in full within their own areas, despite both Councils appointing GL Hearn to undertake SHMAs in recent years then at the very least, we would at least expect that GL Hearn would have used consistent data sources and methodologies. This has not happened.

3.35   As a result, we now have a situation whereby GL Hearn produced the City of York – Housing Needs Update in 2020. They also produced a SHMA Update on behalf of Selby District Council in February 2019. Presumably the company had virtually identical datasets available to them, yet chose to apply completely different approaches (*please*

---

[18] NOMIS Jobs Density data
[19]MHCLG (March 2012): National Planning Policy Framework, §159

refer to our previous representations for an assessment of the differences between the 2019 York HNA and the 2019 Selby SHMA Update).

3.36   The Joint Position Statement now clarifies that whilst the City of York continues to use the NPPF 2012 OAHN approach to identify its housing needs, Selby will be using the standard method to identify its housing requirement. **Conveniently, this results in a 'drive to the bottom' for both parties, with York pursuing an OAHN figure of 790 dpa rather than an SM2 figure of 1,013 dpa, whilst Selby uses the SM2 figure of 342 dpa rather than its previous OAHN of 410 dpa!**

3.37   There are therefore numerous disparities in the approaches 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.

Implications of revising the Plan Requirement

3.38   We also raise the issue which could arise should the Council choose to revise down its requirement as a result of the new projections, namely that in light of the Standard Method producing a figure of around 1,013 dpa, this would reduce the longevity of the plan and trigger an early review (as per the PPG, ID 61-043). Therefore, reducing the plan requirement now in light of the 2018-based household projections would create an even greater gap between the current plan requirement and the requirement under the Standard Method, **further undermining the longevity of the plan** and credibility of the plan-led system which is a Core Principle of the NPPF (2012).

Changes to housing evidence during Local Plan examination processes – examples from elsewhere

3.39   On 9th July 2020 the Inspectors of the York Local Plan Examination wrote to the Council stating that the ONS recently published their 2018-based household projections (2018-2028) on 29th June 2020. *"On the face of it, from our understanding of these latest ONS projections, there is a reduction in the household projections for York, particularly between the 2014-based and 2018-based projections. As such, it appears that the latest available information leads to a different starting point for the calculation of the OAHN for York. In order for us to determine whether or not the Plan's housing requirements are soundly based, we will need to consider whether or not the publication of the 2018-based household projections represents a meaningful change in the housing situation from that which existed when the OAHN was assessed and determined for the submitted Plan, subsequently updated through the Housing Needs Update and at the time of the relevant hearing sessions in December 2019."*

3.40   The Council was therefore invited to address this question, with evidence-based reasons, on whether or not they consider that the publication of the 2018-based household projections represents a 'meaningful change' in the housing situation from that which existed at the time of the Plan's submission, the subsequent re-assessment of the OAHN in the Housing Needs Update (January 2019) and the relevant hearings in December 2019. *"Furthermore, if it is considered that there has been a 'meaningful change', could the Council set out what the implications are for the housing requirement figures in the*

submitted City of York Local Plan and those subsequently submitted as a result of the Housing Needs Update (January 2019)."

3.41   The ongoing publication of new data (with population and household projections being published on a two-yearly cycle, until recently on alternate years) has often led to delay where publication has caught up with plan preparation or plan examinations. This has been the case despite the PPG highlighting that a balance needs to be struck between ensuring plans are based on up-to-date evidence whilst, at the same time, ensuring assessments are not rendered out-of-date every time new projections are published. In this context, the PPG discusses how "*a meaningful change in the housing situation should be considered...*" (PPG 2014 ID 2a-016) but this needs to be balanced with the NPPF's core planning principle that planning should be "*genuinely plan-led*" (NPPF 17) which can, by definition, only be achieved by having a plan in place.

3.42   The York Local Plan examination will soon enter its fourth year having been submitted in 2017 and this is the Council's first new plan ever (i.e. it has yet to adopt a plan which post-dates the introduction of an NPPF). There is clearly a balance to be struck between further delays to the adoption of the plan on the basis of debates around OAHN and getting the plan in place. Arguably, continued delays to the adoption of the plan would seek to undermine the NPPF's core planning principle that the system should be genuinely plan-led.

3.43   In this context, there are numerous examples where the publication of new projections (i.e. where more recent projections indicate a lower starting point/lower demographic change than previous assessments) through the examination process has <u>not</u> led to a revision in the OAN, including Wycombe[20], Broxbourne[21], Braintree[22].

3.44   From these examples there are two commonalities when Inspectors have considered the impact of new, lower projections published during the examination process on OAHN:

1   Even where there are apparently substantial reductions in the household projections (to a degree of 40% in two of these examples) there is a recognition that such projections are just the starting point and only one of many elements which influence the OAN, and thus a reduction in the starting point does not automatically justify a reduction on the overall OAHN (for example, a market signals uplift cannot simply be reapplied to this new starting point to derive an updated OAHN, as is being suggested in Welwyn Hatfield). There are other factors, such as affordable housing need, which should be part of the assessment leading to a concluded OAHN; and

2   In all three examples the Inspectors seek to balance the need for up-to-date evidence with the need for the planning system to be genuinely 'plan-led' by enabling timely adoption of the plan by minimising delay. In the case of Wycombe and Broxbourne the updated evidence represented just one set of projections (from 2014-based in each of their submitted plans to 2016-based projections being published during the examination) and in both cases the Inspectors discussed the need to minimise delays and ensure timely adoption of the respective plans. In the case of the North Essex Plan (which saw three sets of projections put in front the examination; 2014-based, 2016-based and 2018-based, as is the case in Welwyn Hatfield) the Inspector placed an even greater emphasis on the need for timely plan adoption, noting that the examination had already been ongoing for over three years.

---

[20] See Wycombe Local Plan Inspector's Report July 2019 here
[21] See Broxbourne Local Plan Inspector's Report April 2020 here
[22] See the North Essex Authorities' Shared Strategic Section 1 Plan Inspector's Report December 2020 here

3.45   The above examples further demonstrate that using the 2018-based SNPP as a justification to reduce the housing target would not be in accordance with the NPPF or PPG, and there has been clear precedent for rejecting this approach by other Inspectors.

Summary

3.46   We welcome GL Hearn's use of the 10-year migration trend and the modelling of the alternative internal migration scenario. The ONS's 2018-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 (with past trends migration confined to just 2 years of data), and York is no exception. The latter input does, however, appear excessive given past trends.

3.47   However, given the issues raised above regarding the extremely low levels of international migration underpinning even this variant scenario compared to past trends we do question why GL Hearn chose not to model the High International variant produced by ONS alongside the other variants. This suggests that over the 2018-2033 period, net international migration could contribute 16,645 new residents to the local area (net), compared to 12,794 based on the 10-year migration trend and just 10,705 based on the principal 2018-based SNPP. The longer-term net international migration figure of 1,144 residents under this scenario is also much more readily comparable with the 10-year trend (to 2019) of 1,177.

3.48   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.

3.49   We are also concerned that there are flaws with the approach followed by GL Hearn regarding the alignment with economic growth, not least the discrepancies over the time period and the missing data for 2017-2019 (a period of very strong economic growth).

3.50   Furthermore, as we have repeatedly raised in our previous representations, the Council accepts that both York and Selby share a Housing Market Area. It therefore makes no sense for the two districts to follow completely different approaches to identifying their housing needs, choosing to follow conflicting methods that result in the lowest possible housing target for each area.

4.0   Market Signals

4.1   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]

4.2   The Practice Guidance[23] 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 Guidance[24] highlights the need to look at longer term trends and the potentially volatility in some indicators.

4.3   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..."*[25].

4.4   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.

4.5   As set out in detail above, GL Hearn has rather unusually, decided not to update market signals for the City; *"however given the extent of the economic need and the uplift this entails from the demographic starting point a further uplift would not be merited"*.

4.6   This is not necessarily the case – GL Hearn has concluded that the demographic starting point should be adjusted due to issues with the principal 2018-based SNPP, and that they see *"the variant migrations scenarios as being the more suitable to use for York"*. [paragraph 2.22] The adjustment, from 465 dpa to 669 dpa (2017-2033) is not to address affordability issues; it is to address *"issues with the projections using internal migration trends over just 2 years and household formation rates which lock in recessionary trends"* [paragraph 5.2].

4.7   As is clearly stated in the original PPG on the subject, the purpose of the market signals adjustment is to *"increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability.*[26]*"*

4.8   **It would therefore be illogical to apply this to the principal SNPP projection, given that GL Hearn accepts that this is not a robust trajectory of future population growth. Only by applying the market signals uplift to the realistic**

---

[23] Practice Guidance - ID 2a-019-20140306
[24] Practice Guidance - ID 2a-020-20140306
[25] ibid
[26] Paragraph: 020 Reference ID: 2a-020-20140306

demographic starting point (at the very least, the 10-year migration figure of 669 dpa) can we hope to boost supply to the extent that it starts to improve affordability in the City.

4.9 The most recent market signals analysis undertaken by GL Hearn was in its 2019 Housing Needs Update (Section 4.0). In that report, the HNU noted 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];

4.10 As a consequence of these poor (and worsening) housing market signals, GL Hearn concluded 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].

4.11 **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]

4.12 In our previous representations[27], 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, and indeed they have failed to provide any updated response despite the fact that house prices nationwide are increasing at record levels.

Past Under Delivery of Housing

4.13 To take a clear example, which is not even examined in GL Hearn's 2019 assessment of market signals, the PPG is clear that historic rates of development should be benchmarked against the planned level of supply over a meaningful period. Table 4.1 sets the Council's various housing targets/presumed OAHN against the actual net housing completions. With the exception of 3 years between 2015/16 and 2017/18, housing delivery in York has missed the target each year since 2006/07. Overall delivery targets for these 16 years was missed by c.15% which equals to 1,899 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

---

[27]Lichfields (March 2018): *Housing Issues Technical Report* / Lichfields (2019): *Housing Need Evidence Review*

report which uses a demographic projection-based analysis to establish the level of housing need moving forward.

Table 4.1 Rate of net housing delivery in York against possible policy benchmarks, 2004/05-2019/20

Year	Net Housing Completions	Council's OAHN	
		'Need'*	+/-
2004/05	360	640	**-280**
2005/06	1,173	640	**533**
2006/07	795	640	**155**
2007/08	523	640	**-117**
2008/09	451	850	**-399**
2009/10	507	850	**-343**
2010/11	514	850	**-336**
2011/12	321	850	**-529**
2012/13	482	790	**-308**
2013/14	345	790	**-445**
2014/15	507	790	**-283**
2015/16	1,121	790	**331**
2016/17	977	790	**187**
2017/18	1,296	790	**506**
2018/19	449	790	**-341**
2019/20	560	790	**-230**
Total	**10,381**	**12,280**	**-1,899**

Source: EX_CYC_ HFR vs. AMR 2021
*RSS assumed average 640 dpa 2005/05-2007/08; 850 dpa 2008/09 -2011/12

4.14   The 2017 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 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'.

4.15   **It is clear from the Council's own evidence that the City has consistently under-delivered housing for 11 of the past 16 years. Furthermore, the Council's already low housing delivery figures have been artificially boosted by the inclusion of student accommodation in the completions figures.**

House Prices

The PPG[28] identifies that longer-term changes in house prices may indicate an imbalance between the demand for and supply of housing. We have reviewed the ONS's latest House Price Statistics for Small Areas (HPSSAs) release (2021), which reports the count and median price of all dwellings sold and registered in a given year. They are calculated using open data from the Land Registry, a source of comprehensive record level administrative data on property transactions. The latest median house prices in York, alongside North Yorkshire, Yorkshire and the Humber and England & Wales as of 2020 are presented in Table 4.2.

---

[28] 2a-019-20140306

Table 4.2 Median Dwelling price, York and comparator areas (2020)

	Median Dwelling Price 2020	Long Term House Price Growth 1997-2020	Short Term House Price Growth 2017-2020
York	**£247,000**	**+£189,500 (+330%)**	**+£19,275 (+8.5%)**
North Yorkshire	£225,000	+£165,000 (+275%)	+£17,500 (+8.4%)
Yorkshire and The Humber	£168,000	+£119,500 (+246%)	+£13,000 (+8.4%)
England & Wales	£243,000	+£183,050 (+305%)	+£18,000 (+8.0%)

Source: ONS (2021): Median house price by country and region, England and Wales, year ending September 1997 to year ending September 2020 (£)

4.16   These median prices illustrate higher prices in York compared to national rates, with average house prices around £4,000 than England and Wales as a whole; £22,000 higher than in the surrounding sub-region, but a massive £79,000 higher than the Yorkshire region as a whole. Over the long term, the rate of growth has been considerably higher than all the comparator areas, at almost £190,000 since 1997 or 330%. Even over the past 3 years, the rate of growth has continued to accelerate, with an increase of £19,275, or 8.5%, since 2017 – higher in proportionate and absolute terms than the comparator areas.

4.17   The longitudinal analysis illustrated in Figure 4.1 is particularly revealing. This indicates that the City of York's median house prices generally mirrored the rate of growth of North Yorkshire up until 2012, at which point the economic recovery following the 2008/09 recession saw York's house prices accelerate at a much faster rate. It has in recent years almost exactly followed the England and Wales average rate and in fact has started to exceed it, which is very concerning given that is (to an extent) skewed by the extremely high house prices in London and the Greater South East.

Figure 4.1 Median House Prices
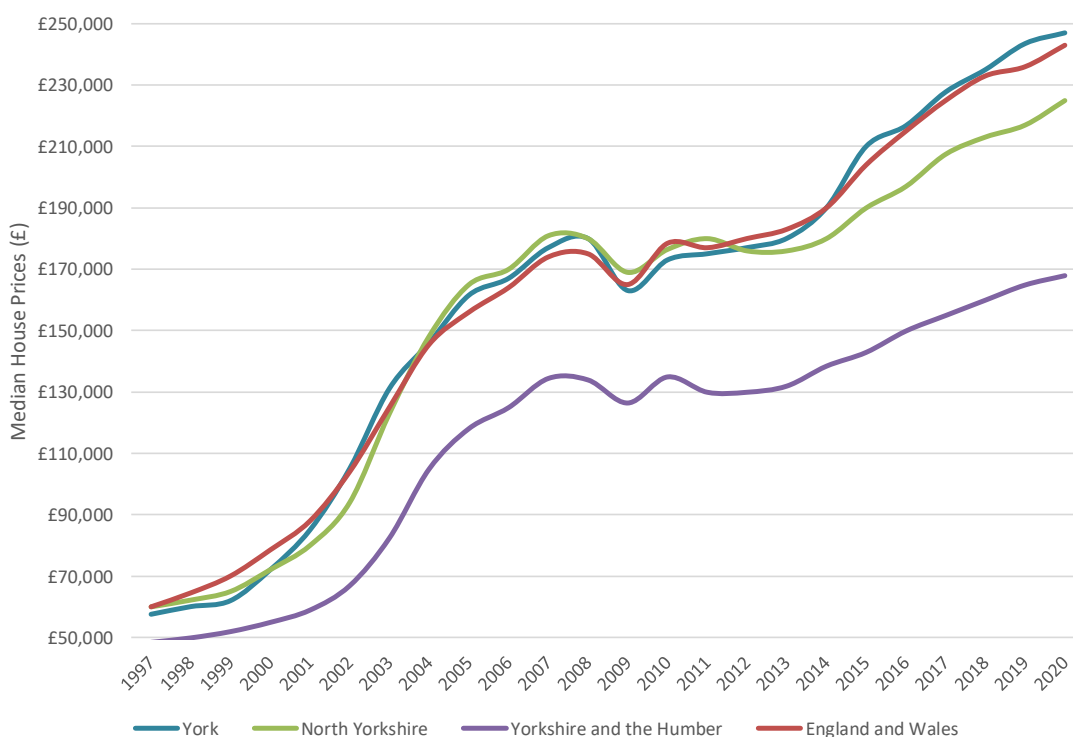
Source: ONS (2021): Median house price by country and region, England and Wales, year ending September 1997 to year ending September 2020 (£)

4.18   As set out in the Practice Guidance, higher house prices and long term, sustained increases can indicate an imbalance between the demand for housing and its supply. The fact that York's median house prices have effectively more than tripled in 23 years, from £57,500 in 1999 to £247,000 in 2020, and have risen at a much faster rate than comparable national and sub-regional figures, which suggests that the local market is experiencing considerable levels of stress.

Lower Quartile House Prices

Arguably of even greater concern is the data regarding Lower Quartile house prices in the City of York. These are presented in Table 4.2 for the same comparator areas and indicate that LQ prices have increased from just £46,500 in 1997 to a concerning £196,000 by 2020 – an increase of almost £150,000, far in excess of the comparator areas and a level of growth 75% higher than the regional growth.

Table 4.3 Lower Quartile Dwelling price, York and comparator areas (2020)

	LQ Dwelling Price 2020	Long Term House Price Growth 1997-2020	Short Term House Price Growth 2017-2020
York	**£196,000**	**+£149,500 (+322%)**	**+£18,000 (+10.1%)**
North Yorkshire	£165,000	+£119,000 (+259%)	+£11,500 (+7.5%)
Yorkshire and The Humber	£120,000	+£85,000 (+243%)	+£10,000 (+9.1%)
England & Wales	£160,000	+£117,500 (+276%)	+£13,000 (+8.8%)

Source: ONS (2021): Lower Quartile house price by country and region, England and Wales, year ending September 1997 to year ending September 2020 (£)

4.19   To put this into context, the current LQ price in York of £196,000 was equal to the City's median house price only five years ago (in 2015). By way of comparison, North Yorkshire's current LQ house price of £165,000 last equated to the median house price ten years before in 2005.

Figure 4.2 Lower Quartile House Prices
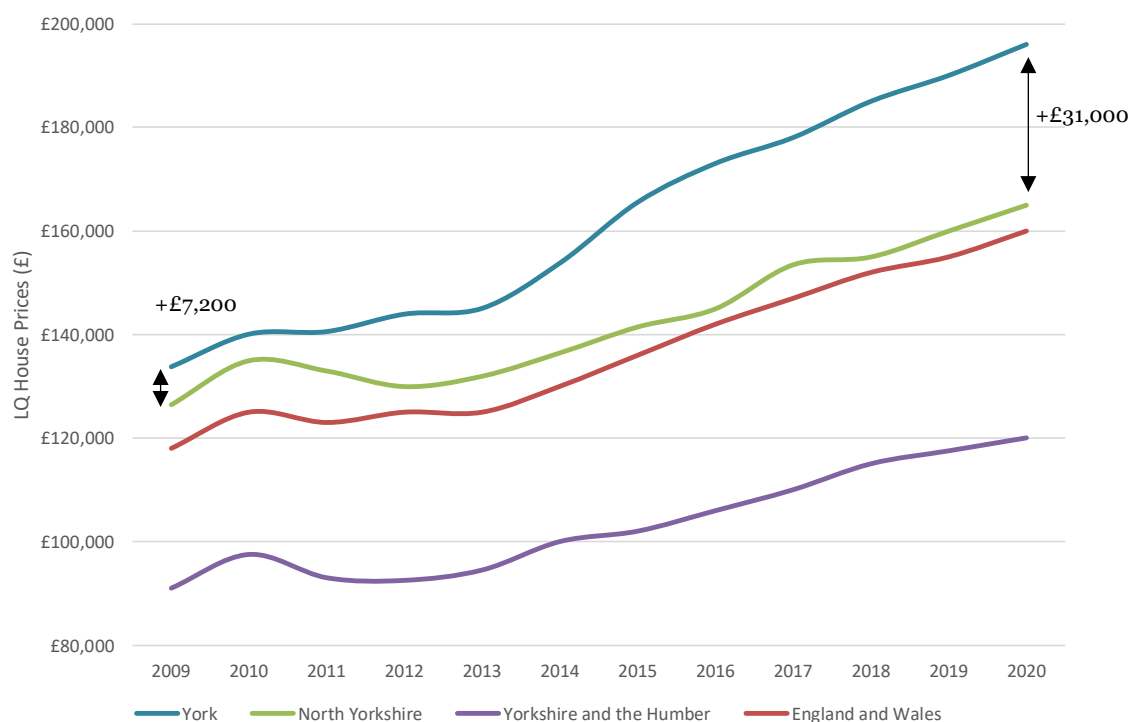
Source: ONS (2021): Median house price, year ending September 1997 to year ending September 2020 (£)

4.20   This suggests that the gap between LQ and median house prices is narrowing in York at a very fast rate, making housing increasingly unaffordable for those on low incomes, a trend vividly illustrated in Figure 4.2.

Affordability

4.21   The CLG's former SHMA Practice Guidance defines affordability as a '*measure of whether housing may be afforded by certain groups of households*'[29]. A household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households. Where possible, allowance should be made for access to capital that could be used towards the cost of home ownership [page 42].

4.22   The Practice Guidance concludes that assessing affordability involves comparing costs against a household's ability to pay, with the relevant indicator being the ratio between lower quartile house prices and lower quartile [LQ] earnings[30]. Given that the median Affordability Ratio [AR] is used to inform the Government's standard methodology for calculating Local Housing Need, we have also included this indicator in Table 4.4 below.

4.23   It indicates that the City of York has a very high Median AR of 8.04, which is significantly above the regional and national averages, although just below the comparable figure for North Yorkshire. The rate of change has also been worryingly high, at 4.33 points, or 117%, since 1997 – a rate of change equal to the national level. More recently, the rate of change has actually fallen slightly, although this is a trend that has been observed across the country. Furthermore, this is not due to house prices declining – as we have demonstrated above, they have continued to accelerate in York –rather that workplace wages have actually increased at a faster rate (the City's median wages increased by 16.2% between 2017 and 2020 to £30,725, well above the rate of change observed both nationally and regionally at 9.2%).

Table 4.4 Workplace-based Affordability Ratios, York and comparator areas (2020)

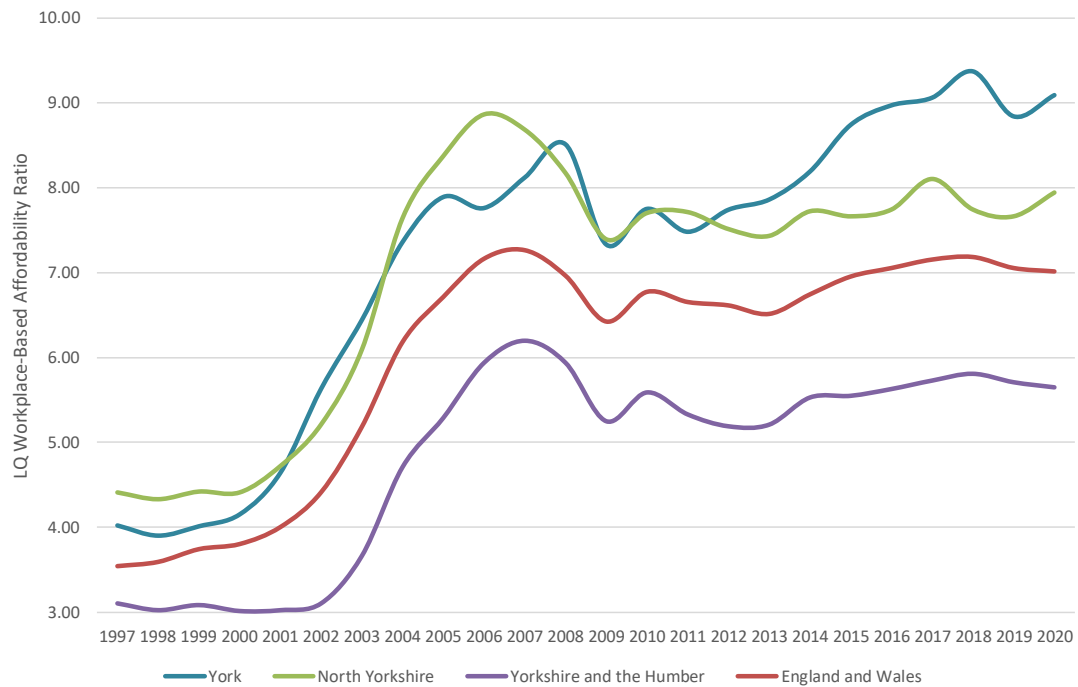|	Median Affordability Ratio			Lower Quartile Affordability Ratio		
	2020	Rate of Change 1997-2020	Rate of Change 2017-2020	2020	Rate of Change 1997-2020	Rate of Change 2017-2020
York	**8.04**	**+4.33 (+117%)**	**-0.57 (-6.6%)**	**9.09**	**+5.07 (+126%)**	**+0.03 (+0.3%)**
North Yorkshire	8.11	+3.91 (+93%)	-0.10 (-1.2%)	7.94	+3.53 (+80%)	-0.16 (-2.0%)
Yorkshire and The Humber	5.84	+2.72 (+87%)	-0.05 (-0.8%)	5.65	+2.55 (+82%)	-0.08 (-1.4%)
England & Wales	7.69	+4.14 (+117%)	-0.08 (-1.0%)	7.01	+3.47 (+98%)	-0.14 (-2.0%)

Source: ONS (2021): Ratio of median / Lower Quartile house price to median /Lower Quartile gross annual (where available) workplace-based earnings by country and region, England and Wales, 1997 to 2020

4.24   The situation is even worse when we analyse the City of York's Lower Quartile Affordability Ratio. Figure 4.3 illustrates that although the ratio fell substantially from a peak of 8.51 in 2008 following the financial crash and subsequent economic downturn, it has steadily increased since 2009 at a much faster rate than any of the comparator areas and is now 9.09 – significantly above the national level of 7.01 and particularly the regional rate of 5.65.

---

[29] Annex G
[30] 019 Reference ID: 2a-019-20140306

Figure 4.3 Ratio of Lower Quartile house price to Lower Quartile earnings

Source: ONS (20210: Ratio of Lower Quartile house price to Lower Quartile gross annual (where available) workplace-based earnings by country and region, England and Wales, 1997 to 2020

4.25   The affordability ratio highlights a constraint on people being able to access housing in York, with house price increases and rental costs outstripping increases in earnings at a rate well above the national level.

Rents

4.26   On a similar basis, high and increasing private sector rents in an area can be a further signal of stress in the housing market. As can be seen in Figure 4.4, Median rents in York are as high as £775 per month, well above the national level (£730) and over a third higher than the regional rate. The rate of growth of median rents over the past 7 years or so has also been very high in York, at 23% compared to 19% for North Yorkshire; 20% for Yorkshire and the Humber; and 21.5% nationally. As for LQ rents, these are even more concerning, with York's at £675 per calendar month compared to £565 nationally.

Figure 4.4 Monthly Rents
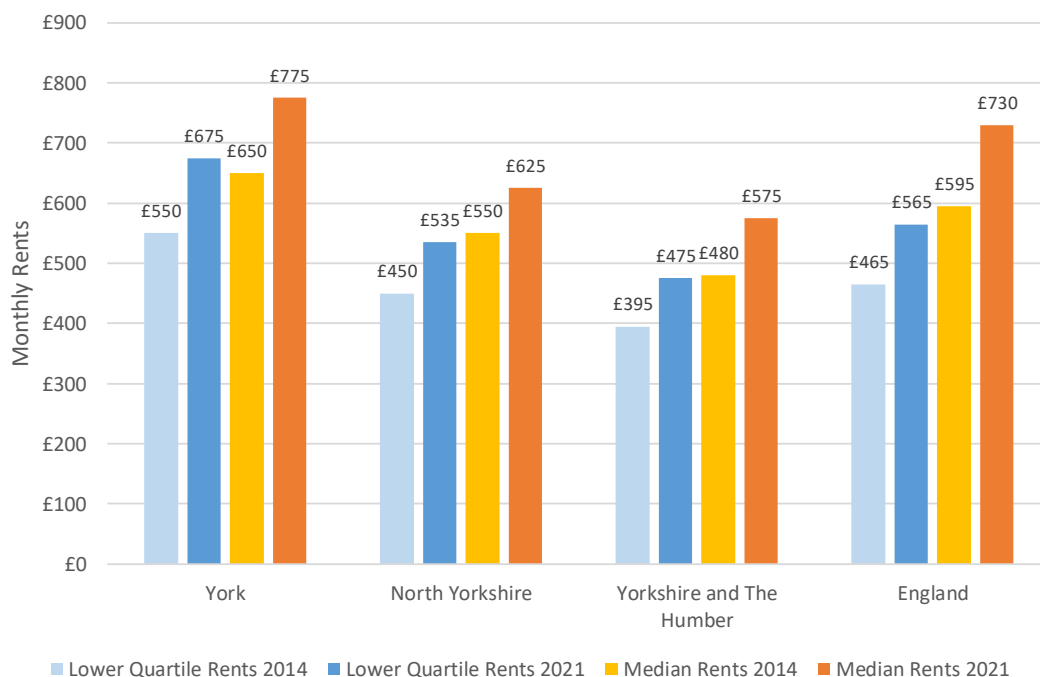
Source: VOA Private Rental Market Statistics 2021

What scale of uplift should be applied?

4.27   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."

4.28   The principle of a market signals uplift in York (i.e. Stage 1) has not been disputed by the Council's housing consultants in the past (even though they have chosen not to re-enter the debate in their latest 2020 HNU). However, the scale of the uplift <u>is</u> 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 2019 HNU applied its market signals uplift to a flawed demographic-led assessment of need, any figure flowing from this is in itself also flawed.

4.29   The market indicators show 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.

4.30   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. The 2020 HNU has not revisited the debate.

4.31   It is noted that although the Local Plan is being examined under the transitional arrangements for the NPPF, the standard method identifies that York would have an **affordability uplift equal to 25% to the 2014-based SNHP.** This is because the Ratio of median house price to median gross annual workplace-based earnings in York was 8.04 in 2020. This is significantly higher than the equivalent affordability ratio for England and Wales, at 7.69 for 2020.

Apportionment of national needs

4.32   The City of York is relatively worse in respect of affordability than the national equivalent. As set out above, as of 2020 the City of York has an LQ Affordability Ratio of 9.09, compared to the national rate of 7.15. 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 has a frequently stated aim to bring housebuilding to a level of 300,000 per year by the mid-2020s. This national total equates to an uplift of 79,000 on the 2014-based household projections (which suggest a need for c. 221,000 homes per annum 2017-33, including a 3% vacancy allowance); an uplift of 131,000 dpa on the 2016-based SNHP and an uplift of 135,000 dpa on the 2018-based SNHP.

4.33   It is possible to consider how this required uplift should be shared between 320+ LPAs across the country in order to seek to hold the affordability ratio (at least at a national level) constant. Two 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   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 2.4 (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 4.5. The uplift has been based on a demographic baseline of 462 dpa, based on the 2016 projections plus a 3% vacancy rate, falling to just 302 dpa using the 2018-based SNHP. To meet a national figure of 300,000 per annum the scale of uplift would need to be 33% at least, although taking into account the City of York's relative size this could be as high as 48%.

Table 4.5 Outcomes for the City of York- Apportionment of National Needs

	National total of 300,000 2016-based SNHP			National total of 300,000 2018-based SNHP		
	Share of 131,000 uplift	Dwellings	Uplift (from 669 dpa)	Share of 135,500 uplift	Dwellings	Uplift (from 669 dpa)
Method 1	0.22%	293	44%	0.22%	303	45%
Method 2	0.24%	321	48%	0.16%	222	33%

Source: Lichfields based on ONS/MHCLG

4.35   The analysis clearly shows that an uplift well in excess of the 15% put forward in the 2019 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 25% - falls below the very lower end of the range (33%-48%) 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 25%. Even taking GL Hearn's adjusted baseline of 670 dpa based on the latest projections, this would equate to 838 dpa. Our modelling suggests that an uplift even greater than this may be needed to improve affordability and achieve the Government's long held aspiration for 300,000 dpa; however in light of stock growth elsewhere and the outcomes of the Standard Methodology, a minimum of **25%** 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 the Council's adjusted demographic starting point of 669 dpa, this results in a need for 836 dpa.**

5.0   Affordable Housing Needs

5.1   In line with the 2012 Framework[31], 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."*

5.2   The Practice Guidance[32] 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."*

5.3   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.

5.4   The 2020 HNU does not review affordable housing need (indeed it is not even mentioned anywhere in the document). It is, however, discussed in the City of York Council's *Affordable Housing Note* [EX_CYC_36] (February 2020). This report acknowledges that the most recent assessment of affordable housing need for the City remains the 2016 SHMA, which 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.

5.5   Lichfields has not analysed in detail the figures forming the assessment of affordable 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. CoY Council summarises the approach as follows:

> *"The Housing Needs Update (2019) [EX/CYC/14a] considers this affordable housing need as part of the updated assessment of Objectively Assessed Housing need (OAN). GL Hearn conclude that an uplift to the demographic need figure to improve delivery of affordable housing may be justified. Key judgements including Kings Lynn v Elm Park Holdings (2015) were examined. In paragraph 35 of the judgement Justice Dove says 'the Framework makes clear that these needs (affordable housing needs) should be addressed in determining the full OAN, but neither the Framework or the PPG suggest that they have to be met in full when determining the full OAN'. The judgement is clear that an assessment of affordable housing need should be carried out but that the level of affordable housing need does not have to meet in full in the assessment of OAN. This is a*

---

[31] Framework - Paragraphs 47 and 159
[32] Practice Guidance - ID: 2a-022-20140306 to 2a-029-20140306

similar conclusion to the Inspector at the Cornwall Local Plan EIP who concluded that 'National guidance requires consideration of an uplift; it does not automatically require a mechanistic increase to the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites'.

It was concluded that it may be necessary, based on affordable need evidence, to consider an adjustment to enhance delivery of affordable homes but that this does not need to be done in a mechanical way whereby the affordable need on its own drives the OAN." [paragraphs 41 to 42]

5.6   The Affordable Housing Note then goes on to state that "*the updated market signals show that affordability is a worsening issue in York and therefore in accordance with the PPG an uplift to the demographic projections is appropriate and considering the evidence, GL Hearn proposes a 15% uplift. When applied to the demographic starting point (484 dpa) this 15% uplift would result in an OAN of 557 dpa which is some way short of both the adjusted demographic growth (679) the economic led need (790). GL Hearn conclude that the OAN should remain at 790 to achieve both improvements to household formation and economic growth which represents a 63% uplift on the demographic starting point.*" [paragraph 43]

5.7   **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.**

5.8   In contrast, the 2019 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].

5.9   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]

5.10   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*".

5.11   A similar error is (silently) perpetuated in the 2020 HNU, where it is assumed that an economically-driven figure of 790 addresses the demographic need, worsening market signals and affordable housing requirements. That is clearly not the case.

5.12   The Affordable Housing Note suggests that as many as 3,539 affordable units could be delivered from all sources to 2032/33, at a rate of 221 dpa (Table 10). The Paper states that "*the Plan seeks to provide around 38.6% of the affordable housing need requirement. Whilst the Plan will not deliver the full affordable housing need it does seek to provide a significant uplift to the provision of affordable homes secured through the application of policy H10 and the provision of rural exceptions sites through the application of policy GB4.*" [paragraph 44]

5.13   The provision of the net affordable housing need identified is likely to be unrealistic given past dwelling completions in City of York. As set out in Table 12 of the Affordable

Housing Note, less than 10% (461 homes) of all completions (4,695 homes) during this period were affordable.

5.14 So the Council is clear that as a best case scenario, only 39% of the affordable housing need will be delivered in the Plan period, and no upward adjustment has been considered as required by the PPG. Even at a delivery rate of 30% of overall housing, the City of York would need to deliver **1,910 dpa** to address its affordable housing needs in full.

5.15 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 Guidance[33] 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."*

5.16 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.

5.17 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[34].

5.18 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.

5.19 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.

5.20 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).

---

[33] Practice Guidance - ID:2a-003-20140306
[34] Planning Inspectorate (23rd September 2016): Inspector's Report on the Examination into the Cornwall Local Plan Strategic Policies, paragraph 52

5.21   **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.**

6.0 Integration of Student Housing Needs

6.1   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').

6.2   As summarised by CLG in its *Methodology used to produce the 2018-based household projections for England: 2018-based Report* (June 2020), 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 [CE], 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 CE population is then subtracted from the total usual resident population in the MYEs and SNPPs, by quinary age group and sex, to leave the private household population, split by age and sex in the years required for the household projections."* [page 5]

6.3   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.

6.4   In this regard, it is worth noting that in March 2017 GL Hearn published an addendum to the West Surrey SHMA for Guildford Borough Council[35]. 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.

6.5   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.

6.6   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*

---

[35] GL Hearn (2017): West Surrey Strategic Housing market assessment: Guildford Addendum Report 2017

that 45% would be accommodated in the wider housing market, and on the basis of 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."

6.7 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.

6.8 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.

6.9 Table 6.1 presents the past six years of student headcount data for the University of York and York St John University. Over this period the total student headcount grew by 15% overall. However, whilst the University of York [UoY] grew its student population by 18%, York St John's University [YSJ] grew at a much slower rate of 7%.

6.10 Both universities experienced an expansion in full-time students, although YSJ lost half of its part time students. The University of York gained 2,861 full-time students (+19%) but gained just 93 part-time students (+5%), whilst York St John's University gained 974 full-time students (+18%) but lost half of its part-time students (-529).

Table 6.1 Recent trends in University student headcounts in York 2014/15-2019/20

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	% Change
The University of York	**16,835**	**17,150**	**17,899**	**18,824**	**19,469**	**19,789**	**+17.5%**
Full-time	14,920	15,210	16,283	17,221	17,604	17,781	**+19.2%**
Part-time	1,915	1,940	1,616	1,603	1,865	2,008	**+4.9%**
York St John University	**6,555**	**5,975**	**5,941**	**6,249**	**6,618**	**7,000**	**+6.8%**
Full-time	5,495	5,180	5,355	5,728	6,165	6,469	**+17.7%**
Part-time	1,060	795	586	521	453	531	**-49.9%**
Total Students	**23,390**	**23,125**	**23,840**	**25,073**	**26,087**	**26,789**	**+14.5%**
Total Full Time	**20,415**	**20,390**	**21,638**	**22,949**	**23,769**	**24,250**	**+18.8%**
Total Part Time	**2,975**	**2,735**	**2,202**	**2,124**	**2,318**	**2,539**	**-14.7%**

Source: HESA HE student enrolments by HE provider 2014/15 to 2019/20

6.11 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.

6.12   The City of York Council's 2015 *Housing Requirements Study* assumed (in Appendix B)[36] that, following consultation with both Universities, 5% of all UoY students live at home or commute into York, whilst 20% of all YSJ students do the same. The 20% figure for YSJ has 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"[37]. This would be an increase of **3,000** students on the current figure of 7,000. A Refresh to the Strategy in 2021 following the Pandemic retains this target of "*diverse growth to at least 10,000 students*" by 2026[38].

6.13   By way of an alternative, a review of HESA data suggests that in 2019/20 (and prior to the Covid-19 Pandemic), 4.5% of UoY students lived at home with their parents/guardians, compared to 15% for YSJ, which is broadly in line with the figures mentioned above.

6.14   Applying these 5%/20% assumptions to the 2019/20 total full-time student figure of 24,250 generates a student baseline figure of **22,067** students requiring accommodation within the City (i.e. 95% of UoY's 17,781 FT students, plus 80% of YSJU's 6,649 FT students).

Expected Growth in Student Numbers

6.15   In a representation submitted to the draft York Local Plan examination in December 2019[39], the University of York's planning agents (O'Neill Associates) set out potential growth scenarios for the university up to 2038. They are an update on those submitted in Appendix 4 of the Regulation 19 Representations April 2018:

"The statistics cover a range of growth scenarios for student numbers, and growth in academic and non-academic staff follows this increase in students. The range of growth considered is from 0.5% to 4%. Because of the lengthy local plan period to 2033 and on to 2038, Government policy on Higher Education, students' preferences and changing patterns of oversea recruitment will have an impact on this growth rate that cannot be accurately predicted. Suffice to say that the average growth rate in student numbers over the last 10 years has been around 4% per annum, to the higher end of the range considered." [paragraph 1.2]

6.16   The Paper concludes that it is unlikely that the Council's employment forecasts for growth, and hence employment and financial impact on the local economy, reflect the recent growth rates in student numbers at the University of York.

6.17   The Paper revisits the assumptions made in the University's 2018 Representations. It states that since March 2018 the University has grown steadily. Student numbers were at 17,200 [FTE] when writing the 2018 report and have grown to 18,100 [FTE] for the academic year 2018/19. This means that average growth in student numbers over the last ten years has been at about **4% per annum** [paragraph 14].

6.18   The University of York's built estate is continuing to expand as further space is required. A further £250m of investment is being made in the Campus over the next three years. This includes in Science & Medical facilities, and a new Management School facility on Campus West; and two more Residential Colleges (1,480 beds in all), an Energy Centre, a new Nursery and the RPIF funded Robotics building on Campus East [paragraph 15].

---

[36] Arup (2015): Evidence on Housing Requirements in York: 2015 update, Appendix B
[37] York St John University (2019): *2026 Strategy: Make the Possible Happen*, page 26
[38] York St John University Strategy 2026 Refresh (2021)
[39] O'Neill's Associates Submission to York Local Plan (December 2019): *University of York Growth Rates, Phase 1 Hearings*

6.19   The Paper revisits the 6 growth scenarios in the previous 2018 representations and updates it to reflect the fact that 2018 student numbers were at 18,112 an increase of about 900 students from the 2017 figure used in the 2018 modelling:

Table 2 - Summary of 2019 Update to Modelling.

Scenario	Sc 1	Sc 2	Sc 3	Sc 4	Sc 5	Sc 6
Growth Rate to 2038	0.50%	1.00%	1.25%	1.50%	2.00%	4.00%
Student Nos (FTE) at 2038	20,012	22,100	23,220	24,394	26,913	39,686
Extra Students (FTE) vs 2017	2,799	4,887	6,007	7,181	9,700	22,473
% of 26ha of ST27 needed*	40%	85%	100%+	115%+	150%+	420%+

Source: O'Neill's Associates Submission to York Local Plan (December 2019): *University of York Growth Rates, Phase 1 Hearings,* page 4

6.20   Of the six growth scenarios, the University confirms that "*Scenario 1 and 2's low level of growth is highly unlikely*" [paragraph 18]. The University's 2018 representations concluded that Scenario 3 or 4 was the minimum likely scenario for prudent long-term growth planning at this stage of the Local Plan; and that Scenario 5 and 6 were foreseeable given the University's reputation and the fact that these are less than (Scenario 5) or equal (Scenario 6) to the actual growth over the last decade. The update notes that average growth in student numbers over the last ten years has been at about 4% per annum.

6.21   It therefore does not seem unreasonable to assume that the University's growth rate is likely to range from between 1.25% and 4% per annum over the period to 2038.

6.22   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."*

6.23   The growth scenarios modelled by O'Neill Associates were based on full-time-equivalent [FTE] students and was modelled forward from 2018/19 data. Given that growth in FTE students in recent years has been 4%, **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**. With a 2018/19 figure of 17,604 FT students in 2018/19, we have therefore applied a growth rate of 2% per annum to 2033. This equates to a growth of **6,719 students** on the 2016/17 FT student figure of 16,283.

6.24   As set out above, the YSJU 2026 Strategy document (2019) sets out that the University's ambition is to grow to 10,000 students by 2026, a growth of 3,000 students from 7,000 in 2018/19 over a six-year period. Using the average proportion of full-time students at the University from the past six years of HESA data (totalling 90% of all students), this suggests it would be reasonable to work on the basis that 9,000 full-time students will be attending YSJ by 2026, an increase of **3,000 full-time students over the next 6 years**, or 500 students per year until 2025/26.

6.25   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 9,000 for the remainder of the plan period to 2033 (i.e. zero growth post 2026).

6.26   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 **6,719** for the UoY and **3,645** for

York St John (these figures include three years' growth already documented in Table 6.1 above, of 2,612 students between 2016/17 and 2019/20). This totals **10,364** additional FT students based at the two Universities over the 16-year plan period 2016/17 – 2032/33.

6.27 Applying the previous assumptions relating to students living at home or commuting to this generates an additional **9,299** full-time students living in York (i.e. 95% of UoY's 6,719 FT students and 80% of YSJ's 3,645 FT students).

Student Growth within the Demographic Projections

6.28 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 5 illustrates that using either the 2014-based SNPP, 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. There is stronger long-term growth projected in the 2018-based SNPP, but only after 2024 with growth flatlining before then.

6.29 Over the 16-year plan period 2016/17 to 2032/33, the projected growth of this age cohort is 5,507 residents (+20%) according to the 2018-based SNPP; by 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 10,364 over the same time period, of whom 9,299 are expected to live in the City, an increase of **52.1% on the 2016/17 figure of 21,638 FT students** attending the two York Universities. This represents a rate of growth significantly higher than that of the age cohort in any of the projections.

Figure 5 Past and Projected Population Growth in York for residents aged 18-23
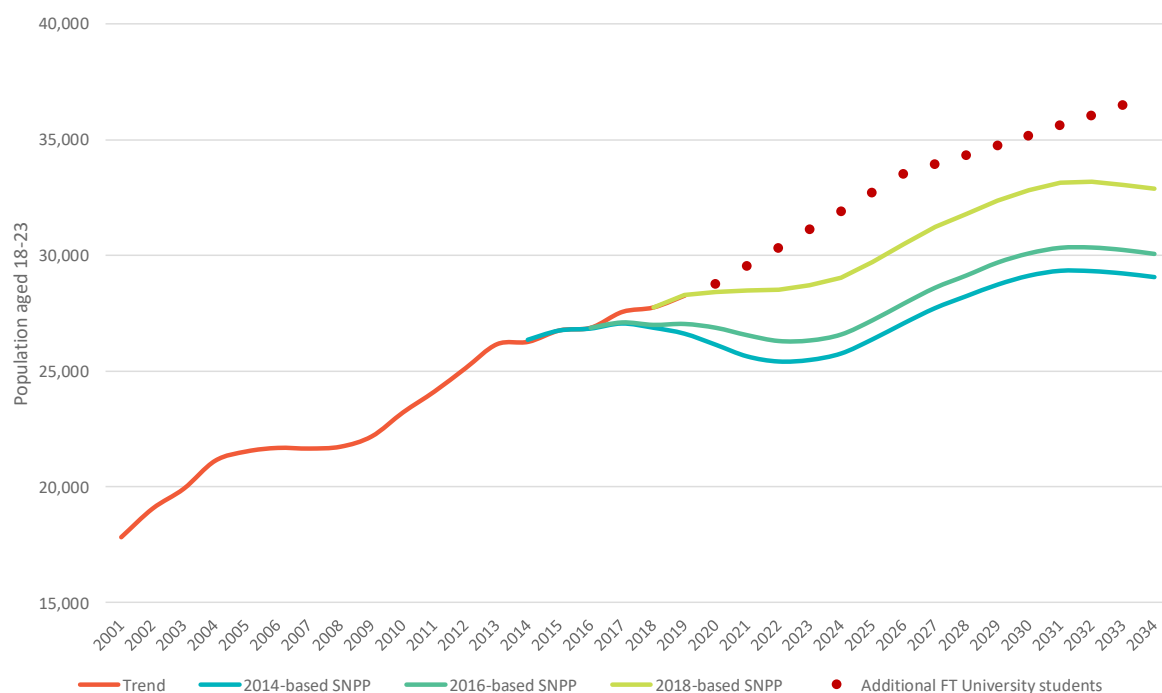
Source: ONS Mid-Year Population Estimates 2019/2014-based SNPP/2016-based SNPP

6.30 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 6 presents the growth of residents aged 20-24[40] 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.

6.31   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 SNHP, 1,874 in the 2016-based SNHP and around 1,925 in the 2018-based SNHP. 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 5.

6.32   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 6 Communal establishment population in York, aged 18-23, 2001-2035
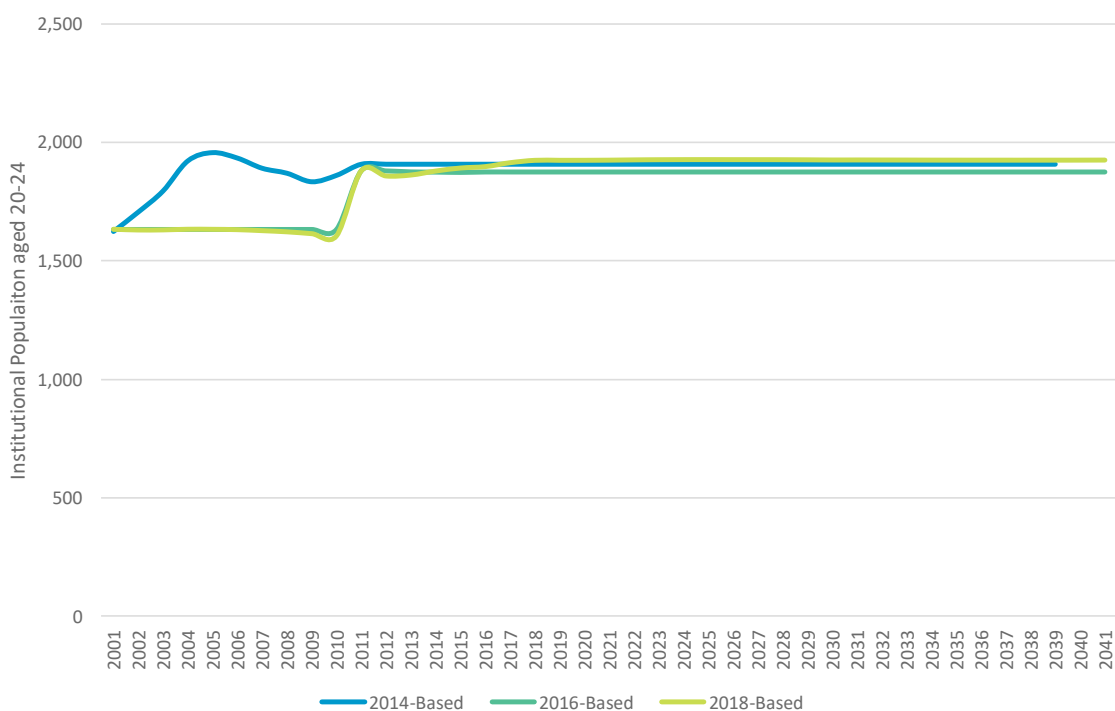
Source: CLG 2014-based SNHP/ ONS 2016-based SNHP / ONS 2018-based SNHP

6.33   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 2018-based SNPP in isolation.

---

[40] 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

Additional Student Accommodation Needs

6.34   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.

6.35   Appendix B in The City of York Council's 2015 *Housing Requirements Study* [41] 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 <u>includes</u> 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.

6.36   Applying this assumption to the combined university full-time student growth figure of 10,364 generates an estimated **5,866** additional full-time students likely to be living in the wider housing stock in York over the 16-year plan period, or **367** additional students per year.

6.37   On the basis of an average of 4 students per household (an assumption that was also used by GL Hearn in 2017[42]), this equates to around **1,466** dwellings over the 16-year plan period; an average of **92 dpa** over the plan period 2016/17 - 2032/33.

Table 6.2 Additional student population requiring PRS dwellings in York 2016/17-2032/33

Measure	Total
Additional FT students	10,364
Additional FT students living in York	9,299
Additional FT students living in PRS in York	5,866
Additional dwellings needed	**1,466**
Additional dwellings needed p.a.	**92**

Source: Lichfields analysis

Conclusion

6.38   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 92 dpa be factored into the City of York's OAHN.**

---

[41] Arup (2015): Evidence on Housing Requirements in York: 2015 update, Appendix B
[42] GL Hearn (2017): West Surrey Strategic Housing market assessment: Guildford Addendum Report 2017

7.0   **Factoring in the Backlog**

7.1   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]

7.2   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.

7.3   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.

7.4   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.

7.5   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*".[43]

7.6   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.

7.7   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.

---

[43] ID-3-042-20180913

Table 7.1 Rate of net housing delivery in York, 2012/13-2019/20

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
2017/18	1,296	1,331	1,296	0
2018/19	449	451	449	0
2019/20	560	627	560	0
Total	3,815	-	5,737	-1,922

Sources: MHCLG LT122 (2021), Housing Delivery Test Results 2020 / EX_CYC_32_CYC_HFR v AMR Table 1
*Difference from HDT figure

7.8   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.

7.9   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.*"[44]

7.10   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.

7.11   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.*"[45]

7.12   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. The only explanation given by the Council[46] is that "*Gaps were evident in the data as not all site completions were recorded due to time lags in receiving information from sites covered by private inspection or no receipt of any details at all*."

---

[44] Design and Access Statement for Walmgate Student Castle Development, ref: 13/01916/FULM, paragraph 8.02
[45] Design and Access Statement for St Lawrence WMC, ref: 15/02440/FULM, paragraph 6.2.2
[46] EX_CYC_32_CYC_HFR v AMR

7.13   Essentially, if the MHCLG figures had been used, then instead of a 518 under supply to be made up over the remainder of the plan period from 2017 (32 dpa added onto the 790 dpa OAHN), the shortfall would be 2,440 dwellings, or 153 dpa over 16 years – a very significant uplift to the OHAN (to 943 dpa).

8.0 Analysis of the Forward Supply of Housing

Introduction

8.1 Since the Local Plan Proposed Modifications consultation in June 2019 the Council has released a Strategic Housing Land Availability Assessment [SHLAA] Housing Supply and Trajectory Update (April 2021). The 2021 SHLAA Update contains a housing trajectory which sets out the anticipated delivery rates of draft allocations. It also reviews the evidence provided in the 2018 SHLAA supporting the assumptions for strategic allocations in relation to build out rates and implementation taking into consideration the current timescale of the Local Plan examination.

8.2 This section critiques the assumptions which underpin the currently claimed housing land supply. It also reiterates points made on behalf of our clients 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 The timescales for a site coming forward are dependent on a number of factors such as a developer's commitment to the site and the cost, complexity and timing of infrastructure. 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 matters and discharge of planning conditions) as well as the time taken to implement development (e.g. complete land purchase, prepare detailed designs for infrastructure, mobilise statutory utilities and commence development).

8.4 The standard lead-in times should only be applied to sites where developers are actively pursuing development on a 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 a trajectory.

8.5 In addition, another fundamental element in calculating appropriate lead-in times relates to the size and scale of a site. As a generality, smaller sites 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 be greater given the time required for decommissioning services, demolition, dealing with ground contamination etc.

8.6 The 2018 SHLAA 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 2018 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 The 2021 SHLAA Update states that draft allocations without consent have been given estimated delivery assumptions based on the latest consultation responses and/or estimated lead-in times and build-out rates based on the Housing Implementation Study.

8.9 Lichfields has undertaken extensive research on lead-in times on a national level with the publication of 'Start to Finish' and its subsequent 2020 Update[47], which contains robust evidence on typical lead-in times and build-rates. These findings are quoted elsewhere within Lichfields' research such as Stock and Flow[48] which the Council itself refers to in Annex 5 of the 2018 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.

8.10 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 8.1 Average Lead in Times
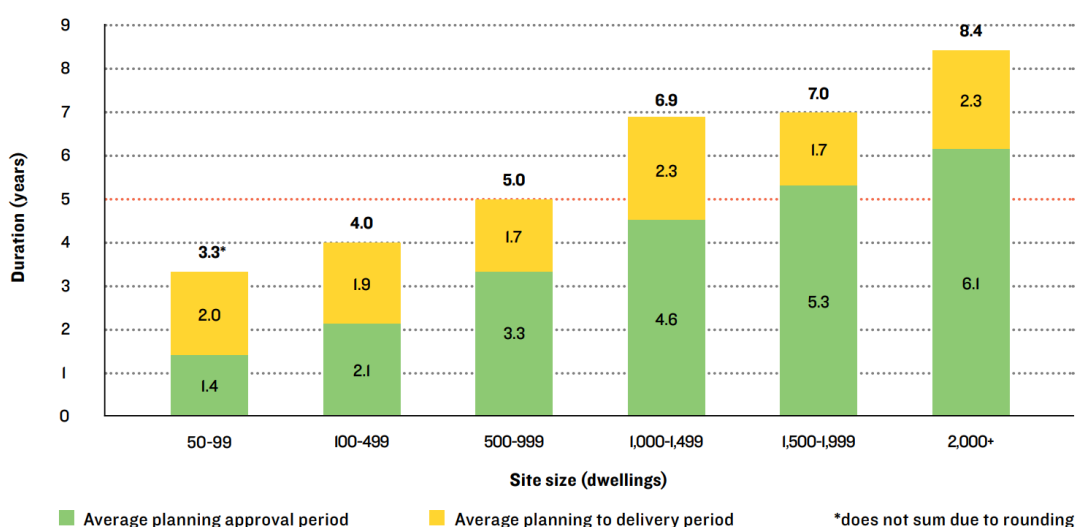
Source: Lichfields Analysis, Figure 4 of 'Start to Finish' (February 2020)

8.11 Lichfields has also provided commentary on lead-in times previously within previous Housing Issues Technical Papers (March 2018 and July 2019). 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 8.1 provides a summary of these findings.

---

[47] Nathaniel Lichfield & Partners (February 2020): *Start to Finish: What factors affect the build-out rates of large scale housing sites? Second Edition*
[48] Nathaniel Lichfield & Partners (January 2017): *Stock and Flow: Planning Permissions and Housing Outputs*

Table 8.1 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

8.12 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.

8.13 For example, ST14 (Land west of Wigginton Road) has a proposed capacity of 1,348 dwellings and currently there is no application being determined by the Council. The 2021 SHLAA Update (Figure 3) suggests first completions on the site in 2022/23. Assuming an outline application is submitted in 2021 and following *Start to Finish*, it would be expected that first completions would be in 2027 (6.9 years).

8.14 Similarly, ST15 (land west of Evington Lane) is a proposed new settlement with a capacity of 3,330 dwellings within the emerging plan. The 2021 SHLAA Update suggests first completions on the site in 2023/24 but indicates that no application has been submitted to date. There would be significant upfront infrastructure requirements before any housing completions took place. If an outline application is submitted in 2021, and following *Start to Finish*, it would be expected that first completions would be in 2029 (8.4 years).

8.15 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

8.16 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.

8.17 Within the 2018 SHLAA 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. This standard build-out rate has been carried forward in the 2021 SHLAA Update Trajectory (Figure 3) on sites where alternative build-out rates from site promoters have not been used.

8.18 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.

8.19   Lichfields has provided commentary on delivery rates previously with the Housing Issues Technical Papers (March 2018 and July 2019). 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.

8.20   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 proportionately to the number of housebuilders or delivery outlets. In our experience in the current market, sites with 2 outlets deliver approximately 65 dpa.

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

Table 8.2 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

8.22   Furthermore, *Start to Finish* analyses build rates based on national research. Whilst the findings shown in Figure 8.2 are average figures, it demonstrates that large sites do not necessarily deliver more homes on an exponential basis.

Figure 8.2 Housing Delivery Rates
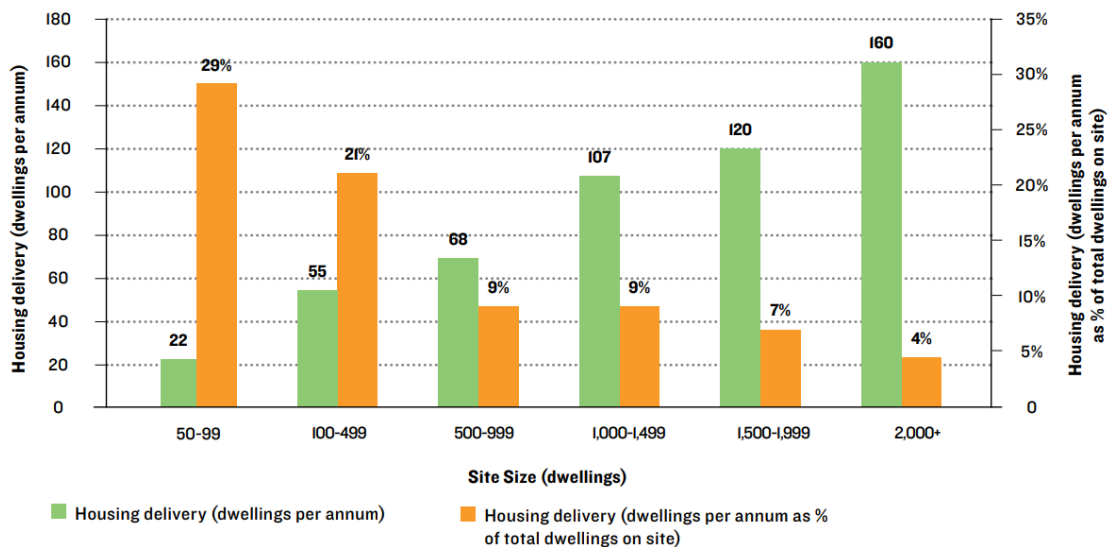
Source: Lichfields analysis, Start to Finish

8.23   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

8.24   The 2021 SHLAA Update does not confirm what density assumptions have been used to calculate the capacity of allocated sites. However, we would reiterate our previous concerns with the assumptions identified in the 2018 SHLAA (page 22) which sets out the density assumptions for each residential archetype.

8.25   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.

8.26   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.

8.27   Assumptions on development densities in the absence of specific developer information should err 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 Supply

Allocations

8.28   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).

8.29   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 notbe viable, there is no longer a demand for the type of units or sites have long term phasing plans. "* [Footnote 11]

8.30   The Planning Practice Guidance (PPG) sets out further guidance in respect of what constitutes a deliverable site.

8.31   It states:

> *"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 (e.g. 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".*

8.32   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.

8.33   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

8.34   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.

Non-Implementation Rate

8.35   In the 2021 SHLAA Update, 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 2018 SHLAA. The addition of the non-implementation is welcomed and is in line with approaches taken elsewhere when reviewing housing delivery.

8.36   Figure 3 of the 2021 SHLAA Update provides a detailed housing trajectory table which applies this 10% non-implementation rate. We consider that this table should also be included in the Local Plan as it sets out in detail how the Council's housing supply has been derived.

Windfalls

8.37   The Council's position on windfall allowance is based upon the Windfall Update Technical Paper (2020) which can be found at Annex 4 of the 2021 SHLAA Update. The Council clams that 182dpa will be delivered on windfall sites from Year 3 of the trajectory (2023/24) and provides justification for their windfall allowance within the Windfall Update Technical Paper.

8.38   The Framework[49] 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.

8.39   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. It does not account for any potential delays to the build-out of sites with extant consent. As such, the windfall allowance should be amended to only make an allowance from Year 6 (2025/26) onwards.

8.40   The Council considers that an annual windfall of 182 dpa is appropriate to take account of potential delivery on sites of <0.2ha and completions on change of use and conversion sites. This is based on completion data from the last 10 years (2010/11 to 2019/20) and comprises the sum of the mean average figures for these two categories of windfall development (43 dpa and 139 dpa).

8.41   However, the figure of 182 dwellings has only been achieved four times over the past 10 years. In addition, there has been a steady decline of windfall completions for these two categories since a peak in 2016/17. 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.

8.42   In relation to the delivery on sites of <0.2ha, Lichfields considers 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 over recent years by the change in definition of previously developed land (June 2010) to remove garden sites. The average of 43 dwellings has only been achieved four times over the past 10 years and is skewed by an unusually high figure in 2018/19 of 103 dwellings. If thus anomaly is excluded the average figure is 36 dpa.

8.43   In relation to the delivery from conversions, the average completion figure since 2014 is largely dependent on the changes to permitted development rights introduced in 2013. 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

---

[49] NPPF (2012) §48

York will not be converted. This trend can already be seen in the figures in Table 2 of the Windfall Update Technical Paper where conversions have dropped significantly since a peak in 2016/17. As such the average conversion rate from 2010/11 to 2014/15 of 68 dpa should be used.

8.44   Based on the above assessment it is considered that the proposed windfall allowance should be **reduced from 182 dpa to 104 dpa** 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 6 (2025/26) to ensure no double counting.

8.45   It is considered that the Council's information does not adequately justify a windfall allowance of 182dpa and does not provide sufficient certainty that this figure will be achieved over the plan period.

8.46   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.

Under Supply

8.47   The PPG[50] 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.

8.48   The 2021 SHLAA Update states 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 warrants the Liverpool method being adopted. 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.

8.49   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).

8.50   Table 8 of the 2021 SHLAA Update provides historic housing completions for the period 2012/13 to 2019/20). The 2021 SHLAA Update states that the inherited shortfall from the period between 2012/13 – 2019/20 is 479 dwellings (37 dpa). However, in relation to this shortfall it states[51]:

> *"In considering shortfall, there is a negligible difference between the previous and latest outcomes of an additional 5 dwellings per annum. Over the remaining 13 years of the Plan, this constitutes an additional 65 dwellings.*
>
> *As a result the Council consider that the proposed housing requirement of 822 dpa (790 dpa +32) should continue to be the housing requirement for York over the plan period (2017-2033). As the updated trajectory takes into consideration the completions 2017-2020, the 65 dwelling undersupply forms part of the remaining housing need to be delivered against which the supply is seeking to deliver. It is therefore considered that this will be addressed over the plan period".*

---

[50] Paragraph: 035 Reference 3-035-20140306
[51] Strategic Housing Land Availability Assessment: Housing Supply and Trajectory Update April 2021 §§ 6.15-6.16

8.51   The Council has therefore applied an undersupply of 416 dwellings (32 dpa x 13 years).

8.52   Table 4.1 of this report shows past delivery against the Council's possible policy benchmarks for the period 2004/05 – 2019/20. It demonstrates that the inherited shortfall could be 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

8.53   As shown elsewhere in this report, the Council has a record of persistent under-delivery in recent years. The Council also confirms that there is a history of under-delivery within the 2021 SHLAA Update. 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. This is supported by the 2020 Housing Delivery Test results, which also indicate that a 20% buffer should be applied for the City of York.

8.54   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 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

8.55   The 2018 SHLAA included a five-year housing land supply calculation (in Table 6 of the document). An updated calculation to reflect the latest requirement and supply position has not been provided in the 2021 SHLAA Update. However, we set out below our understanding of the Council's housing land supply calculation for the five-year period using data available in the 2021 SHLAA Update, including Figure 3 of that document.

8.56   The calculation in Table 8.3 is for illustrative purposes only and is based on the Council's own completion figures without any amendments. We have utilised the Council's OAHN assumption of 790 dpa and assumptions on inherited shortfall (479 dwellings over 13 years) and applied the Liverpool method from the 2021 SHLAA Update as well as the Council's projected completions.

Table 8.3 Five year housing land supply calculation - based on figures within 2021 SHLAA Update

Five year housing land supply calculation		Dwelling Number
A	Annual housing target across the Plan period	790
B	Cumulative target (2020/21-2024/25)	3,950
C	Inherited shortfall (2020/21 - 2024/25) (Liverpool method)	184
D	20% buffer	827
E	Five- year requirement (B+C+D)	4,961
F	Total estimated completions (2020/21 -2024/25) (with windfalls and 10% non-implementation)	5,671
G	**Supply of deliverable housing capacity**	**5.72 years**

8.57   Table 8.4 sets out the Council's 5YHLS for the period 2020/21 – 2024/25 utilising the Council's OAHN assumption of 790 dpa but utilises the 'Sedgefield' approach of addressing the full backlog of 479 dwellings in the first 5 years. The windfall allowance has also been excluded for the reasons set out within this report. Again, a 20% buffer has been applied (which the 2021 SHLAA Update accepts is appropriate) and again the calculation uses the Council's projected completions from the 2021 SHLAA Update. As a comparison, we have included a secondary column based on Lichfields' estimated OAHN from the analysis elsewhere in this report, plus the additional backlog that would arise.

Table 8.4 Five-year housing land supply calculation - Lichfields OAHN

5-year housing land supply calculation		Council's OAHN	Lichfields' OAHN
A	Annual housing target across the Plan period	790 dpa	1,010 dpa
B	Cumulative target (2020/21-2024/25)	3,950	5,050
C	Inherited shortfall (2020/21 - 2024/25) (Sedgefield method)	479	2,239
D	20% buffer	886	1,458
E	Five- year requirement (B+C+D)	5,315	8,747
F	Total estimated completions (2020/21 - 2024/25) (with 10% non-implementation included and windfalls excluded)	5,307	5,307
G	**Supply of deliverable housing capacity**	**5.00 years**	**3.03 years**

Source: Lichfields analysis

8.58   Table 8.4 clearly shows that the Council can only demonstrate a very marginal 5YHLS when the 'Sedgefield' approach is applied and windfalls are excluded from the calculation. In addition, we note that this calculation does not factor in our comments on other matters in this document which would significantly reduce the Council's supply.

8.59   For the reasons identified, we consider that the Council's OAHN is too low and should be increased. When the OAHN is increased to a reasonable level of 1,010 dpa (virtually identical to the Government's standard methodology figure for the Borough, which is 1,013 dpa), the Council's 5YHLS position falls to an abject 3.0 years.

8.60   We also have concerns with the Councils approach to calculating historic completions, which may be depressing the backlog figure. The calculations above also use the Council's evidence base in terms of projected completions from the 2021 SHLAA Update. If our comments on lead-in times and delivery rates were applied to the delivery from these sites, the supply from them would be significantly lower.

8.61   Taking these factors into consideration, we consider that the Council's housing supply is likely to be insufficient to demonstrate a 5YHLS. An uplift in supply is required in order to meet the housing requirement.

8.62   The only way to address this shortfall is the identification of further land which is capable of delivering dwellings over the next five years of the plan period. However, the Council could easily rectify this situation by proposing main modifications to identify additional allocated sites in the Local Plan.

8.63   Lichfields reserves the right to interrogate the Council's supply in more detail prior to the Examination should this information be provided.

Conclusion

8.64   Lichfields has undertaken an analysis of the 2021 SHLAA Update and Proposed Modifications to the Local Plan which sets out the assumptions used to calculate the Council's housing land supply.

8.65   The Council states that the inherited shortfall from the period between 2012 – 2020 is 479 dwellings, based on an OAHN of 790 dwellings. Lichfields has concerns that the way in which the Council has calculated historic housing completions, shown within Table 8 of the 2021 SHLAA Update is flawed and is inflated through the inclusion of privately managed off-campus student accommodation that do not meet the varied housing needs of the City's residents. We consider that some of the suggested delivery rates on proposed allocations are unrealistic and not based on robust assumptions.

8.66   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.

8.67   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 5YHLS, the Council should demonstrate that there is a realistic prospect that housing will be delivered on site within five years.

8.68   Lichfields reserves the right to update the above evidence as and when further information becomes available.

9.0 Conclusions on the City of York's Housing Need / Supply

Introduction

9.1 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].

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

Revised Housing Requirement

9.3 There are a number of significant deficiencies in the Councils approach to identifying an assessed need of 790 dpa 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 2018-based household projections indicate a net household growth of just 302 dpa between 2017 and 2033 (including a suitable allowance for vacant/second homes). Quite rightly, GL Hearn then models alternative migration variants, including the 10-year trend scenario, which it then takes forward as its preferred scenario. Whilst this is generally appropriate, we consider that GL Hearn should also have concerned modelling the High International variant produced by ONS, which produces a level of net international migration more

in keeping with longer term trends. It is likely that this would have increased the demographic baseline figure. We do agree with GL Hearn, however, that it is appropriate in this instance to apply accelerated headship rates to the younger age cohorts, which takes the demographic starting point to 669 dpa.

2   **Market Signals Adjustment:** GL Hearn's uplift is assumed to be 15% based on their earlier reports for CoYC, although this has not been revisited in their 2020 HNU. However, for the reasons set out in Section 4.0, Lichfields considers that a greater uplift of <u>at least</u> 25%, and probably higher, would be more appropriate in this instance given that the current SM2 uplift is 25%. This should be applied to the revised demographic starting point of 669 dpa and not the 302 dpa 2018-based SNPP, which would be entirely illogical given that GL Hearn themselves admit that the principle 2018-based projection is less robust for York. Even setting to one side the issue of whether the High International Variant projection should be used, this would indicate a need for **836 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, and notwithstanding our concerns regarding how GL Hearn has modelled the employment growth needs for the City, on the face of it no upward adjustment is required to the demographic-based housing need figure of 803 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 836 dpa. It is considered that to meet affordable housing needs in full (573 dpa), the OAHN range would need to be adjusted to 1,910 dpa @30% of overall delivery. It is, however, recognised that this level of delivery is unlikely 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 **920 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 1,466 dwellings over the 16-year Plan period, at an average of 92 dpa on top of the 920 dpa set out above (i.e. 1,012 dpa).

6   Rounded, this equates to an **OAHN of 1,010 dpa** between 2017 and 2033 for the City of York.

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. Setting to one side the very unusual and substantial discrepancies between the Council's housing completions figures and MHCLGs, if Lichfields' higher OAHN of 1,010 dpa is applied, this would result in a figure of **1,618, or 101 dpa** over the 16 year plan period, to be factored on top. **This would result in a Local Plan requirement of 1,111 dpa, which is not dissimilar to the 1,013 dpa figure that they would have been using with the current standard methodology**.

9.4   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 1,010 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.

9.5   This process is summarised in Table 9.1.

Table 9.1 Approach to OAHN for the City of York 2017-2033

	Dwellings per annum (2017-2033)
Demographic Starting Point (2018-based SNHP)	302 dpa
Adjustments to Demographic-led Needs	669 dpa
Uplift for Market Signals	**836 dpa (+25%)**
Employment Led Needs	766 dpa – 779 dpa
Affordable Housing Needs	1,910 dpa*
10% Uplift to demographic led needs for Affordable Housing? (rounded)	**920 dpa**
Uplift to address Student Housing Needs	**92 dpa**
Adjusted OAHN (Rounded)	**1,010 dpa**
Inherited Shortfall (2012-2017) annualised over the Plan period	**32 dpa – 101 dpa**
Annual Target (inclusive of shortfall)	**1,042 dpa – 1,111 dpa**

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

Revised Housing Land Supply

9.6   Lichfields has undertaken an analysis of the City of York's updated SHLAA (2021) which sets out the assumptions used to calculate the Council's housing land supply. We consider that some of the suggested delivery rates on proposed allocations are unrealistic and not based on robust assumptions. The Council states that the inherited shortfall from the period between 2012 – 2020 is 479 dwellings, based on an OAHN of 790 dwellings. We also consider that some of the suggested delivery rates on proposed allocations are unrealistic and not based on robust assumptions.

9.7   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. When a more realistic OAHN of 1,010 dpa is factored into the calculation, as well as reasonable adjustments relating to windfalls and the Sedgefield approach to backlog, it is clear that the Council cannot demonstrate a 5YHLS. This could fall to as low as 3 years even before a detailed interrogation of the deliverability of sites is undertaken.

9.8   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 5YHLS, the Council should demonstrate that there is a realistic prospect that housing will be delivered on site within five years.

9.9   Lichfields reserves the right to update the above evidence as and when further information becomes available