



City of York Council
Local Plan Examination

**Matter 2 Housing Need and Requirement
Hearing Statements**

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MATTER 2: HOUSING NEED AND REQUIREMENT

The objectively assessed housing need (the 'OAHN')

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

- 2.1.1 Gladman understand that at the previous examination hearings (late 2019) the Council were proposing to modify the Local Plan to reflect the findings of the 2019 Housing Needs Update (EX/CYC/09). This reduced the proposed housing requirement from 867 dwellings per annum as identified through the Strategic Housing Market Assessment Update 2017 (SD050).
- 2.1.2 EX/CYC/09 stated that the projected household growth between 2012-2037 using the 2016-based household projections indicated a demographic baseline housing need of 484 dwellings per annum (dpa). This was significantly less than the number established through using the 2014 household projections (629 dpa), primarily due to migration rates and constrained household formation rates in the younger population.
- 2.1.3 Accounting for past trend household representative rates (HRR) and to meet economic growth resulted in a housing need of 790 dpa.
- 2.1.4 Applying an uplift to the baseline figure (484 dpa) to account for market signals including affordability resulted in an annual need of 557 dwellings. The Council considered that as this was significantly below the proposed Objectively Assessed Housing Need (OAHN) of 790 dpa a further uplift for affordability was not required.
- 2.1.5 The June 2019 Proposed Modifications (EX/CYC/20) set the housing requirement to 790 dwellings per annum to align with the above evidence.
- 2.1.6 The 2020 Housing Needs Update (EX/CYC/43a) considers the implications of the 2018-based household projections which show a further downward pressure on demographic trends in York. The projected household growth using this dataset proposed a baseline housing need of 302 dpa between 2017-2033 or 352 dpa between 2012-2037.
- 2.1.7 An economic-led uplift to these baseline figures for the 2017-2033 period results in a housing need in the range of 777 to 788 dwellings per annum.

- 2.1.8 Gladman agree with the Council that this does not amount to a significant or meaningful change to the identified housing need that was proposed through EX/CYC/20.
- 2.1.9 The Council have then opted to include an uplift of 32 dpa to the housing requirement between 2017/18 and 2032/33 (a 16-year period) to address the shortfall of -518 dwellings which arose between 2012/13 and 2016/17.
- 2.1.10 As highlighted in the Matter 2 introduction, the additional 32 dpa is added to the 790 dpa OAHN to set a identify a housing requirement of **822 dwellings per annum.**

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?
- 2.1.11 It is considered that the Council's approach to identifying the OAHN is consistent with national guidance.
- 2.1.12 The Housing Needs Update (2020) seeks to understand the implications of the 2018-based household projections on housing needs in York for the period between 2017 and 2033. Figures have also been produced for the period 2012-2037 to align with previous studies carried out within the evidence base.
- 2.1.13 Table 3 of the document sets out the demographic baseline housing need figure for York for the above two periods using the 2018-based household projections. Here the Council have assessed the change in the number of households before dividing this by the number of plan period years before applying a vacancy rate.
- 2.1.14 The Council have then considered the Household Formation Rates (HFR) and the concerns relating to Household Representative Rates (HRR) before applying alternative migration trend information. Gladman support the adjustment to the demographic starting point to account for constrained HFRs.
- 2.1.15 This approach aligns with the PPG which states:

"Household projections published by the Department for Communities and Local Government should provide the starting point estimate for overall housing need"¹

2.1.16 Before it is highlighted that:

"The government's official population and household projections are generally updated every 2 years to take account of the latest demographic trends...

...Wherever possible, local needs assessments should be informed by the latest available information."²

2.1.17 Finally, the PPG states:

"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 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"³

2.1.18 National guidance is clear that the household projections are trend-based data and do not account for changing Government policies, economic circumstances or other factors which may impact demographic behaviour. Following the use of the household projections to understand the demographic start point estimate to housing need, the Council has considered factors which may require an adjustment to the housing need.

2.1.19 Gladman consider that the Council's approach to identifying an appropriate OAHN is consistent with national guidance and is a justified approach which considers the latest available data.

¹ (Archived) PPG Paragraph: 015 Reference ID: 2a-015-20140306

²(Archived) PPG Paragraph: 016 Reference ID: 2a-016-20150227

³ (Archived) PPG Paragraph: 017 Reference ID: 2a-017-20140306

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?

- 2.1.20 The Government introduced the Standard Method through the 2018 NPPF to provide a standardised and transparent approach to calculating housing need. However, the household projections remained the basis for the calculation.
- 2.1.21 The Government has for some time set a target for the delivery of 300,00 homes a year nationally; however, following the publication of the 2016-based household projections in 2018, the standard method calculation resulted in around 213,000 dwellings a year for the ten-year period 2018-2028. This was primarily due to reduced HFRs which focussed on a period of low household formation.
- 2.1.22 In light of this, the Government revised the standard method calculation to retain the use of the 2014-based projections to support the national aspiration to boost housing delivery. Therefore, the standard method and use of the 2014-based projections is a reflection of the Government's policy aspiration to boost housing delivery.
- 2.1.23 However, the City of York Plan is a transitional plan being examined against the 2012 NPPF and is not required to calculate the authority's housing requirement using the standard method. The council has sought to use and consider the implications of the most up-to-date data and sought to make adjustments to the demographic baseline housing need figure through amendments to factors for HFRs and HRRs, particularly in the younger population profiles. In addition, the Council has considered affordability within the authority area and accounted for future economic growth.
- 2.1.24 A significant adjustment has been made from the household projection baseline need figure to account for constrained HFRs, while a further uplift has been employed to support economic delivery taking the housing need figure to 790 dwellings per annum. This equates to an uplift to the baseline demographic housing need figure of 161%, while the addition of 32 dwellings per annum to account for delivery shortfall since 2012 represents a 172% uplift.
- 2.1.25 The Council's approach is based upon an up-to-date assessment of housing need using current data identifying a need significantly above demographic indicators due to

additional consideration of factors. This approach aligns with the conclusions of the Guildford Local Plan Examination⁴.

2.1.26 While the current Local Housing Need figure calculated using the Standard Method is considerably higher than the proposed housing requirement, there is a pressing need to adopt a Local Plan in place for York. The Council have also ensured a significant supply buffer above the proposed housing requirement, while proposed annual supply figures to 2022/23 are nearly all above the current standard method figure. This will be discussed further in response to Matter 5.

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

2.1.27 The 2019 Housing Needs Assessment report considers numerous market signal indicators including house prices, rental market and affordability. It is acknowledged that affordability is a worsening issue within York and that national guidance recognises that an uplift to housing need should be made to address worsening indicators of housing market signals.

2.1.28 The report considered appropriate measures to adjust the housing need to account for affordability signals, proposing an uplift to the demographic baseline figure of 15%. However, given that this housing need figure (557 dpa) was significantly lower than the housing need figure which considered economic growth and improvements to HFRs (790 dpa) no further uplift to the housing need was applied.

2.1.29 The Council has not sought to update market signal considerations in the 2020 Housing Needs Update due to the significant uplift to the demographic baseline need to meet economic growth. However, the 2020 Housing Needs Update was published in September 2020, while the previous report is dated January 2019 and indicators of affordability have not dramatically changed over this period.

2.1.30 Land Registry data highlights that in December 2018 the average price of all residential properties was £252,010, while in September 2020 the average price was £256,852⁵. The 2019 report considered the 2017 Median Affordability Ratio which was 8.62. In March 2020,

⁴ Report on the Examination of the Guildford Borough Local Plan: strategy and sites (March 2019) https://www.guildford.gov.uk/media/29804/Appendix-1-The-Inspector-s-Report/pdf/Appendix_1_The_Inspectors_Report.pdf?m=637369059509370000

⁵ Land Registry – House Price Statistics: <https://landregistry.data.gov.uk/app/ukhpi/browse?from=2018-12-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2Fyork&to=2020-09-01&lang=en>

an updated figure was published which set the 2018 Median Affordability Ratio as 8.86⁶. It is considered that no significant changes to affordability have arisen since the Council's previous assessment of market signals and the OAHN accounts for up-to-date considerations.

2.1.31 The Inspector of the Guildford Local Plan also considered market implications, including affordability and consideration of the standard method for calculating local housing need. He considered that any changes in trends or worsening issues relating to affordability highlighted through performance monitoring could be addressed through the application of the standard method calculation when the plan is reviewed. Gladman consider that any shortfalls, worsening issues or changes in trends could be addressed through a Local Plan Review which utilised the standard method and the 2014-based household projections as the baseline.

d) How have the employment trends been taking 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 assessment now still reflect an appropriate OAHN to be addressed and delivered through the Plan during the Plan period?

2.1.32 Gladman consider that while the economic led assessment of the OAHN results in a higher housing need figure than that which is established through the assessment of market signals. Although the assessment of market signals may result in housing need which is not necessarily addressed through the uplift for employment needs, any worsening issues or trends can be identified through annual monitoring and addressed through a Local Plan review which utilises the standard method as the starting point for housing needs.

⁶ Office for National Statistics: House price to workplace-based earnings ratio
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian/current>

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

- 2.1.33 Although the standard method calculation proposes a higher local housing need figure than the proposed OAHN, the Council has sought to employ the most recent population data, market signal and economic data in line with national policy guidance and has proactively established a 161% uplift to the baseline demographic figure.
- 2.1.34 A further uplift of 32 dpa to the OAHN has been identified to meet a shortfall in housing delivery between 2012 and 2017 which represents a further proactive approach by the Council to ensure that the past under delivery in housing is addressed.
- 2.1.35 Additionally, the proposed OAHN (790 dpa) represents an achievable and appropriate uplift to the average annual housing completion rate (727 dwellings) since the 2012/13 monitoring year.
- 2.1.36 Gladman consider that the OAHN methodology aligns with national guidance and justified through robust evidence. Additionally, the Council have sought to include a significant supply buffer above the housing requirement across the plan period, this will be discussed further in response to Matter 5.

The housing requirement

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

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

- 2.1.37 Gladman support the Council's positive approach to address an 'inherited' shortfall in housing delivery between 2012 and 2017 through incorporating an allowance of 32 dpa into the housing requirement.
- 2.1.38 The Proposed Modifications Schedule April 2021 (EX/CYC/58) provided clarification of the plan period which was amended to 2017 to 2032/33. In addition, the proposed modifications amended the housing requirement to 822 dpa, including a 32 dpa allowance for a shortfall in delivery between 2012/13 and 2016/17 (prior to the amended plan period).

- 2.1.39 This shortfall amounted to -518 dwellings when housing delivery is measured against the OAHN figure of 790 dpa. A 32 dwelling annual allowance equates to 16.18 years to address the 'inherited' shortfall.
- 2.1.40 The Council confirms that a recalculation of the housing delivery shortfall against the OAHN (790 dpa) results in a continued support for the inclusion of the additional 32 dpa. This was set out in the April 2021 SHLAA Update (EX/CYC/56) which highlights that at March 2020, there was a housing delivery shortfall of -479 dwellings during the period 2012-2020. The remaining plan period at the point was 13 years, and spreading this shortfall over the remaining plan years results in the need for an additional 37 dwellings per annum. Gladman agree with the Council that 5 dwellings per annum represents a negligible difference and will be addressed by through the projected dwelling supply.
- 2.1.41 Gladman consider that this is an appropriate and positive method to ensure historic housing delivery shortfalls are addressed through the Local Plan housing requirement.

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

- 2.1.42 Gladman consider that the housing requirement figure is based upon an up-to-date assessment of housing need using current data identifying a need significantly above demographic indicators due to additional consideration of factors. The housing requirement also incorporates an allowance to address historic housing delivery shortfalls which can be seen as a positive approach to ensuring the housing needs of the City are met.