

HEARING STATEMENT

CITY OF YORK LOCAL PLAN EXAMINATION

MATTER 2: HOUSING NEED REQUIREMENT

March 2022

Carter Jonas

Date: March 2022

Client: L&Q Estates (formerly Gallagher Estates)

Job Number: J0015918

Project Ref:	J0015918		
Status:	Draft	Draft	Final
Issue/Rev:	01	01a	01b
Date:	02/03/22	14/03/22	Insert date
Prepared by:	EW	EW	Insert name
Checked by:	SC	SC	Insert name

First Floor
9 Bond Court
Leeds
LS1 2JZ
T: 0113 242 5155

CONTENTS

1.0 INTRODUCTION	4
2.0 MATTER 2: HOUSING NEED REQUIREMENT	5

1.0 INTRODUCTION

- 1.1 Carter Jonas LLP (CJ) welcomes the opportunity to participate in the City of York Local Plan Examination in Public (the EiP) on behalf of L&Q Estates (formerly Gallagher Estates) (L&QE). This Statement responds to selected questions set out within Matter 2: Housing Need Requirement of the Inspector's Matters, Issues and Questions.
- 1.2 The Inspector's Issues and Questions are included in bold for ease of reference. Where a specific Question is not covered L&Q Estates has no comment as part of this Hearing Statement. Turley has covered Matters 2.2-2.3 and a copy is attached in Appendix 1.
- 1.3 This Hearing Statement is pursuant to, and cross-references with previous representations by Carter Jonas in respect of the Pre-Publication Draft (Regulation 18); Main Modifications (Regulation 19) consultations in July 2019; Phase 1 Hearing Statements (December 2019); and, City of York Local Plan Proposed Modifications and Evidence Base Consultation (Regulation 19) in July 2021.

2.0 MATTER 2: HOUSING NEED REQUIREMENT

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

2.1 We consider that this is a question for the Council.

MIQ 2.2 In the Housing Need Update (2020) what methodological approach has been used to establish the OAHN and does it follow the advice set out in the Planning Policy Guidance (under the heading ‘Methodology: assessing housing need’)? In particular:

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

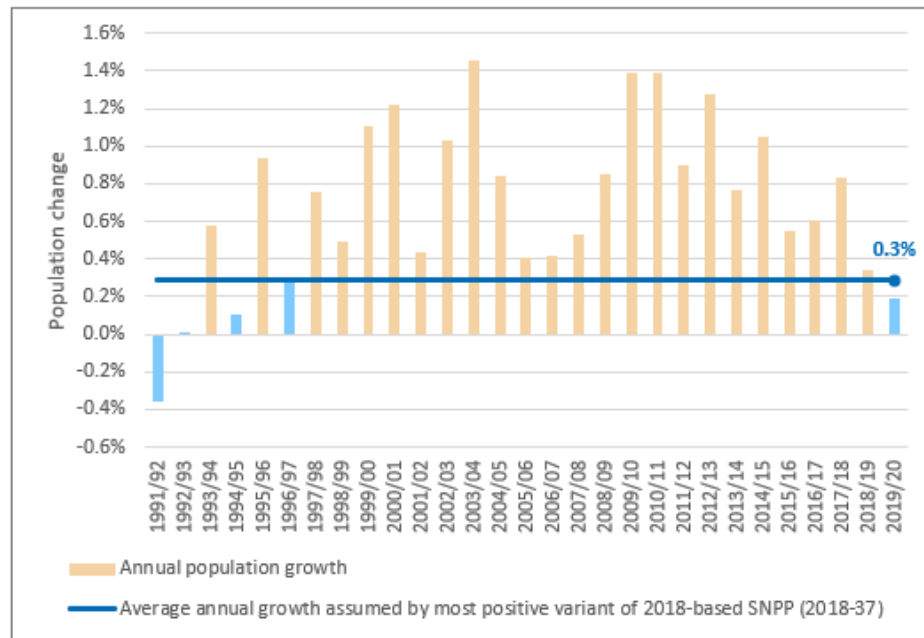
2.2 Yes, but insufficient consideration has been given to whether these projections are making reasonable assumptions or otherwise require demographic adjustments of the kind permitted by the relevant Planning Practice Guidance¹ (PPG).

2.3 As noted in our response to the Proposed Modifications and Evidence Base consultation, and indeed by other respondents², even the most positive variant of the 2018-based projections – which suggests a need for 670 dwellings per annum before any adjustment for market signals – suggests substantially less growth than earlier projections, and assumes that the population of York will grow more slowly each year than it has in all but five of the last 29 years (see Figure 1 overleaf). It also allows for a smaller net annual inflow of migrants, on average, than has been experienced in any year since at least 2001.

¹ PPG Reference ID 2a-015-20140306

² Lichfields on behalf of Taylor Wimpey, Persimmon and Bellway (585/948/253) and RPS on behalf of the Defence Infrastructure Organisation (345)

Figure 1: Benchmarking Population Growth Assumed by 2018-based SNPP



Source: ONS; Turley analysis

2.4 As such, even this most positive variant is at risk of underestimating the population growth that could occur in York if past trends continue, and underestimating the housing needed to respond simply to prevailing demographic trends.

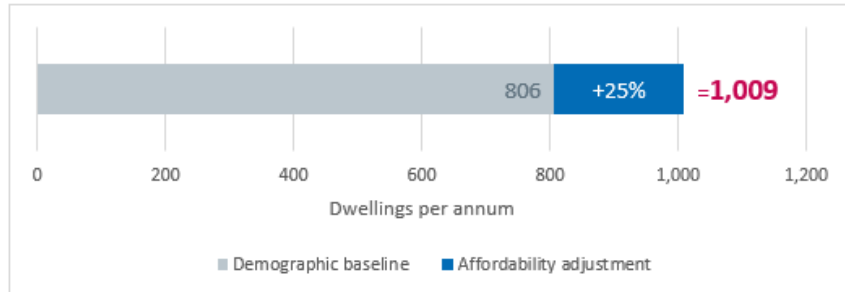
b) What bearing, if any, does the ‘standard method’ have on this Plan’s OAHN or on any other aspect of the Plan’s approach to housing?

2.5 The standard method – originally introduced to ensure that local authorities could not ‘duck potentially difficult decisions’³ – appears to have had no direct bearing on the draft Local Plan, which was submitted prior to its implementation in early 2019. L&Q Estates have, however, long noted the Council’s initial rush to submit and thus avoid having to plan for the markedly higher need that this method has consistently suggested⁴. The method currently, as of February 2022, indicates a need for at least 1,009 dwellings per annum in York, some 28% higher than suggested by the Council.

³ DCLG (2017) Fixing our Broken Housing Market – the housing white paper, paragraph 14. This was also noted at paragraph 3.10 of our “Updated Review of the Objectively Assessed Need for Housing in York”, submitted on behalf of Gallagher Estates during the Regulation 18 consultation in October 2017

⁴ See paragraph 1.15 of the “Updated Review of the Objectively Assessed Need for Housing in York”, submitted on behalf of Gallagher Estates during the Regulation 18 consultation in October 2017

Figure 2: Components of Standard Method for York



Source: MHCLG; ONS; Turley analysis

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

2.6 The Housing Needs Update openly admits that it has not reconsidered market signals in York, arguing that even if an uplift were applied to the ‘demographic starting point’ – surprisingly taken as 302 dwellings per annum, to align with the principal variant of the 2018-based household projections, despite having suggested that other variants are more suitable – then the resultant level of need would still be lower than a jobs-led OAHN that requires no such adjustment⁵. We note that several parties have challenged this logic through last year’s consultation⁶.

2.7 The choice of demographic projection is, however, a key factor in this regard. While even the most positive variant of the 2018-based projections is considered to have limitations – discussed in our response to **Q2.2b** – the application of a reasonable market signals uplift to this demographic projection of a need for circa 670 dwellings per annum would very likely result in a higher need than currently claimed by the Council. This is very nearly the case even when applying the 15% uplift previously recommended in its evidence base more than three years ago⁷, and would be still more so if a higher uplift was now considered reasonable considering current market signals.

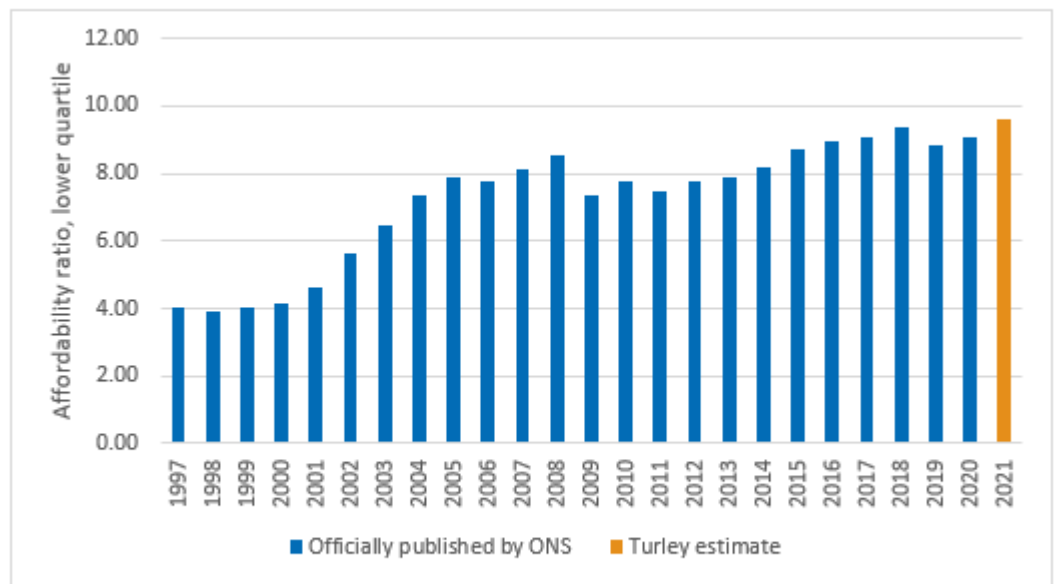
⁵ EX/CYC/43a, paragraph 5.7

⁶ Lichfields on behalf of Taylor Wimpey, Persimmon and Bellway (585/948/253); Pegasus on behalf of Lovell (260) and Understanding Data on behalf of the Langwith Development Partnership (378)

⁷ EX/CYC/9

2.8 Such an uplift was recommended, for instance, in the belief that entry level house prices in York equated to circa 7.3 years’ earnings as of 2017⁸. This was incorrect at the time⁹ – the official figure being circa 9.1 years¹⁰ – but still markedly differs from the current situation, with the Office for National Statistics (ONS) expected to shortly report a ratio of circa 9.6 years¹¹, which would set a new record for York as shown by Figure 3. This has notably coincided with a fall in housing completions, discussed in response to the later Q2.3.

Figure 3: Lower Quartile Affordability Ratios for York



Source: ONS; Land Registry; Turley analysis

2.9 In this context, it would arguably be reasonable to apply a larger uplift, potentially in the order of 20-25%, with the upper end of this range having notably been advocated by a number of other parties¹². Such an uplift, if applied for illustration to the ten-year variant of the 2018-based projections, would imply a need for as many as 863 dwellings per annum which approaches the midpoint between the OAHN claimed by the Council (790dpa) and the minimum need currently suggested by the standard method

⁸ *Ibid*, Table 12

⁹ As noted at paragraph 3.30 of our “OAN Critique”, submitted during the consultation on proposed modifications which ran until July 2019

¹⁰ ONS (2018) Housing affordability in England and Wales: 2017

¹¹ Provisionally estimated by Turley, in advance of 2021 ratios being published on 23 March 2022, using Land Registry data on the lower quartile price paid for housing in York over the year to September 2021 (£215,000) and data on the lower quartile earnings of full-time workers in York as of 2021, from the Annual Survey of Hours and Earnings (ASHE)

¹² Lichfields on behalf of Taylor Wimpey, Persimmon and Bellway (585/948/253) and Pegasus on behalf of Lovell (260)

(1,009dpa; see 2.2b). This would only rise further if reasonable adjustments were to be made to the demographic projection, which risks underestimating future population growth in York as discussed in our response to **Q2.2a**.

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

- 2.10 Economic considerations have clearly been paramount in establishing the OAHN, which captures the housing needed to grow the labour force and support the creation of 650 jobs each year. L&Q Estates agree that this is a crucial step in determining the OAHN but have repeatedly expressed their concern about the legitimacy of this job growth target, which originated from a baseline forecast produced almost seven years ago – in May 2015¹³ – and was last adjusted in July 2016¹⁴. Others have expressed similar concerns¹⁵.
- 2.11 It is acknowledged that the Council has since commissioned Oxford Economics (OE) to produce new evidence, finalised in December 2019, which it believes to have ‘corroborated’ the job growth target¹⁶. The OE report does not actually endorse the target, however, with the Council appearing to have instead simply taken comfort from the fact that it presents a more up-to-date baseline forecast which was lower than the 2015 forecast, on which the target was originally based¹⁷.
- 2.12 Such a simplistic view fails, however, to recognise the constraints that have been built into the updated forecast, which assumes that there will be ‘lower population growth’ – lower even than assumed by any of the latest official projections – without appreciating the inherent ability of the Local Plan to accommodate whatever population growth is necessary to realise the city’s economic potential and ambitions. This is believed to have largely flowed from OE’s assumption that there will be ‘a sharper

¹³ SD063

¹⁴ SD064

¹⁵ Pegasus on behalf of Lovell (260); RPS on behalf of the Defence Infrastructure Organisation (345) and Understanding Data on behalf of the Langwith Development Partnership (378)

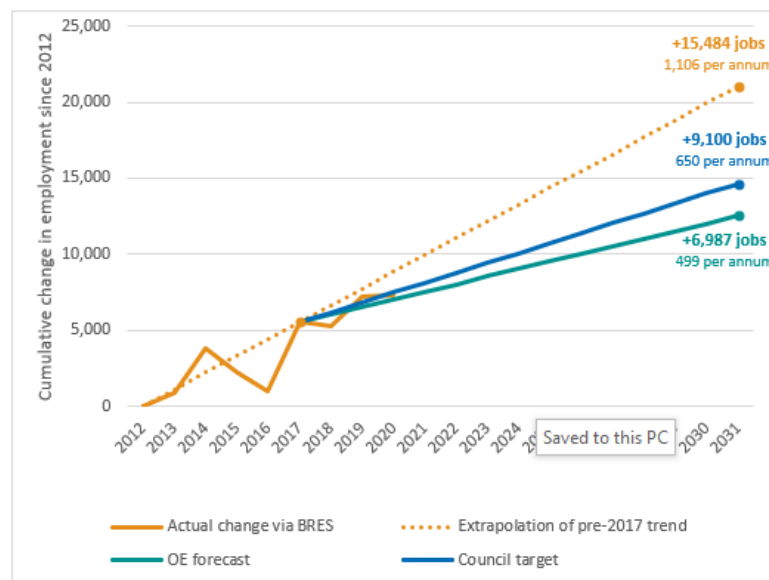
¹⁶ EX/CYC/43

¹⁷ OE indicate that the original forecast envisaged the creation of circa 576 new jobs every year in York between 2017 and 2031, but confirm that a more recent version of its forecasts – dated November 2019 – foresaw only 499 new jobs per annum over the same period, some 13% fewer

slowdown in migration at a UK level', more so even than the c.40% reduction already allowed for in the official ONS projections, which is not considered to be an appropriate assumption for York alone¹⁸.

2.13 This crucial shortcoming – discussed in more detail in our response to the Proposed Modifications and Evidence Base consultation – leads the updated forecast to suggest a level of job growth from 2017 onwards that is less than half that achieved over the preceding five years (499/1,106 jobs per annum respectively). It also obscures the need to review the Council’s target, which inexplicably assumes that the pre-existing trend of job growth will slow by some 41%. This is entirely contrary to the Government’s ambitions for continued economic growth, and its commitment to “level up” which has already led to investment in York¹⁹.

Figure 4: Benchmarking OE Forecast and Council Target against Historic Trend



Source: ONS; OE; Turley analysis

2.14 L&Q Estates maintain, therefore, that the OAHN risks underestimating the job growth that could occur in York over the plan period, and underestimating the housing needed to support such growth as a result.

¹⁸ The ONS reported a net inflow of 313,000 people into the UK over the year to March 2020, whereas the principal 2018-based national projection assumes a net inflow of circa 190,000 people from 2024 onwards. OE are understood to assume a net inflow of only 90,000 people per annum, equivalent to less than a third of the recent rate

¹⁹ Investment at York Central by Homes England and Network Rail, worth some £77 million, was ‘welcomed as a clear signal of the government’s commitment to levelling up’ in August 2020 (<https://www.gov.uk/government/news/york-central-infrastructure-funding-confirmed>)

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?

2.15 No, because – as discussed in response to the previous question – it is underpinned by an inappropriate job growth target that threatens to undermine the continuation of the city’s recent economic success. The target must be raised, and the OAHN reassessed, to avert the risk of continued economic growth being actively constrained by a lack of available labour.

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

2.16 Whilst the OAHN has been ostensibly framed within the methodology set by the relevant Planning Practice Guidance (PPG), L&Q Estates maintain that the methodology has been applied incorrectly. It fails to properly allow for the continued growth of York’s economy nor recognise the urgency of addressing ever-worsening affordability pressures. As a result, the concluded OAHN is neither robustly justified nor fully compliant with the requirements of the PPG and the National Planning Policy Framework (NPPF).

MIQ 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?

2.17 The housing situation in York has only deteriorated since the Plan was submitted in May 2018:

- The average rate of housing delivery has more than halved, from some 1,131 dwellings per annum in the three years to 2018 to only 544 dwellings per annum in the three years reported since²⁰. This has only increased the size of the shortfall against even the level of need estimated by the Council;
- The average cost of housing to purchase in York has risen by a sixth (17%), when comparing 2021 to 2018, with a rise of 7% in the last year alone²¹;

²⁰ City of York Council Housing Monitoring Update October 2021, Table 7

²¹ Land Registry (2022) Price paid data

- Entry level house prices – discussed in response to the earlier Q2.2c – now equate to an estimated 9.6 years’ earnings, compared to the reported figure of 9.1 years at the time of submission; and
- The waiting list for affordable housing has grown by some 50%, with 1,738 having registered their need with the Council as of March 2021²².

2.18 This worsening reinforces why the Council should be taking a more positive approach towards meeting the City’s current and future housing needs, which it is currently considered to be severely underestimating and thus underproviding for.

MIQ 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?

2.19 We, along with other representors²³ continue to have concerns regarding how this shortfall figure (for 2012-2017) has been factored into the housing requirements. We consider that this figure is not robust or justified and that the Council should provide further clarification in relation to this.

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

2.20 The Council’s letter to the Inspectors dated 6 October 2021 [EX/CYC/43a] States “*the 822 dpa housing requirement was based upon a revised OAHN of 790 dpa, plus a further 32 dpa to account for a shortfall in completions between 2012-2017. This was consulted on as part of the Proposed Modifications Consultation (2019) and subsequently discussed at Phase 1 hearing sessions in December 2019*”.

2.21 According to PM21a of the Proposed Modifications 2019 [EX/CYC/20], the Update to Table 52: Housing Trajectory to 2033 to reflect the revised OAHN 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.

²² MHCLG (2021) Live Table 600: numbers of households on local authorities’ housing waiting lists, by district, England, from 1987

²³ Litchfields on behalf of Taylor Wimpey UK Limited (reference SID 607), Persimmon Homes (reference SID 125) and Bellway Homes (reference SID 253) [the Companies].

- 2.22 As mentioned above we, along with other representors²⁴ continue to have concerns regarding how this shortfall of completions from previous years has been factored into the housing requirements.
- 2.23 We also continue to object to the housing requirements being set at 822 dwellings over the plan period. As per representations previously submitted, we consider that the OAHN should be higher and in the region of 1,069 dpa. We consider that the points raised in the Turley OAHN Critique report previously submitted as part of representations to the Proposed Modifications (June 2019) are still relevant and are therefore reattached in Appendix 2. The conclusions of this report concur with the Planning for the Right Homes Publication Data spreadsheet which identifies a figure of 1,070 dpa for York, a significant increase from the 822dpa.

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

- 2.24 As mentioned within our previous representations and Statement to Matter 2 of Phase 1 of the Hearings, which still stand, we continue to have concerns that the evidence base provided by the Council.
- 2.25 The housing requirement and its evidence base must be viewed in the context set out within the attached Summary provided by Turley which was submitted alongside our Statement to Matter 2 of Phase 1 of the Hearings. It is strongly considered that the approach taken by the Council sits at direct odds with the Government's explicit objective to boost the supply of housing and build.

²⁴ Litchfields on behalf of Taylor Wimpey UK Limited (reference SID 607), Persimmon Homes (reference SID 125) and Bellway Homes (reference SID 253) [the Companies].

