

Examination of the City of York Local Plan 2017 – 2033 Phase 3 Hearing Statement.

Matter 1: Affordable Housing.

On behalf of Lovel Developments (Yorkshire) Ltd. (Reference
ID:260 (CD014A))

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1. Introduction

- 1.1. This Hearing Statement has been produced by Pegasus Group on behalf of our client, Lovel Developments (Yorkshire) Limited.
- 1.2. In accordance with the transitional arrangements set out in Annex 1 of the revised National Planning Policy Framework (2021), it is understood that the plan is being examined against the previous 2012 version of the Framework. All references within this hearing statement to the National Planning Policy Framework (NPPF) therefore relate to the 2012 version, unless otherwise stated.
- 1.3. Our client wishes to ensure that the City of York Local Plan (CYLP) is prepared in a robust manner that passes the tests of soundness contained in paragraph 182 of the NPPF, namely that the plan is:
 - Positively Prepared;
 - Justified;
 - Effective; and
 - Consistent with national policy.
- 1.4. The CYLP also needs to be legally compliant and adhere to the Duty to Cooperate.
- 1.5. Our client submitted representations to the various stages of plan production including the Publication Draft, Proposed Modifications, Phase 1 and Phase 2 Hearing Sessions and the Local Plan Modifications and Evidence Base Consultation. Despite the Council's attempts to overcome fundamental issues with the CYLP our representations continue to identify several elements where we believe the CYLP is unsound.

2. Response to the Inspector's Matter 1 Issues and Questions

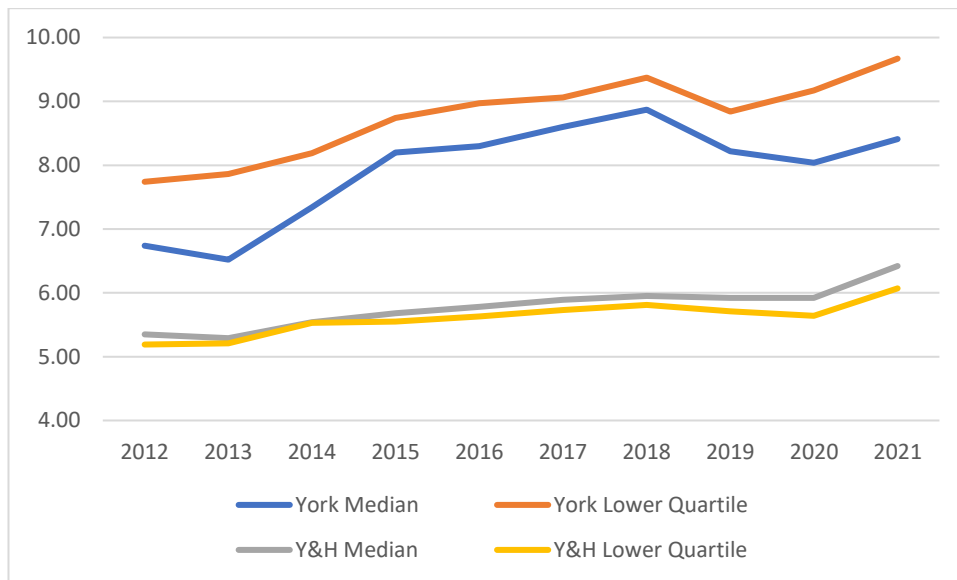
- 2.1. We welcome the opportunity to comment on the Inspector's Matters, Issues and Questions and provide the following responses to selected questions. Our client reserves the right to respond to specific issues raised by the council and other parties within the hearing session in so far as they relate to our previous representations.

Question 1.1: What is the need for affordable housing?

- 2.2. Paragraph 47 of the NPPF requires Local Plans to meet the full, objectively assessed needs for market and affordable housing. To our knowledge the last full assessment of affordable housing and other needs, such as concealed households or needs of specific groups, was within the June 2016 Strategic Housing Market Assessment (SHMA) (examination ref: SD051). This 2016 SHMA identifies an affordable housing need of 573 affordable homes per annum at that time.
- 2.3. It is accepted that some of this need will relate to existing households who may require a different size or tenure of accommodation rather than new accommodation and that some households will secure suitable housing within the private rented sector supported by housing benefit. However, this figure is not quantified in the council's evidence and as such the only reliable figure is the net need for 573 affordable homes per annum.
- 2.4. The 2016 SHMA is an aged document being published 6-years ago and based upon older data (e.g. 2011 census data). The analysis of affordable housing needs therefore, pre-dates the plan period. It cannot be simply assumed that the need for affordable housing and needs of specific groups has not changed over this period. As stated within our Phase 2, Matter 2 hearing statement on housing need the 2020 Housing Needs Update (examination ref: EX/CYC/43a) does not revisit this issue. This is considered a soundness issue as the housing need is not based upon an up-to-date assessment of the full objectively assessed needs for market and affordable housing as required by the NPPF.
- 2.5. The median and lower quartile affordability ratios provide one indicator of how the need for affordable housing may have changed. Over the last decade, despite a dip in 2018 to 2020 both have shown a marked increase (see figure 1 below). Over the last decade the median affordability ratio in York has risen from 6.74 to 8.41 and the lower quartile from 7.74 to 9.67. Both are considerably greater and have seen more growth than their regional counterparts.
- 2.6. The 2016 SHMA identifies the lower quartile price as reflective of an entry-level point into the market (paragraph 6.20) and that in 2015 the lower quartile figure indicates that affordability pressures are the most acute at the lower end of the market (paragraph 8.28). This is the point where affordable housing need is greatest. Given this ratio has increased from 8.74 in 2015 to 9.67 in 2021 there is evidence to suggest that actual affordable housing need has increased in York.
- 2.7. Furthermore, changing economic conditions including the impact of the Covid-19 Pandemic and current cost of living crisis are likely to have led to additional households being pushed into a need for affordable housing.

2.8. Without an updated assessment it is impossible to identify what the true extent of affordable housing need is within the city. To ensure that the plan is sound and comply with the requirements of NPPF paragraph 47 further evidence should be provided by the council on this issue. If a greater affordable housing need is identified this may require further modifications to the submitted plan.

Figure 1: Workplace-based affordability ratios



Source: ONS (published 23rd March 2022)

Question 1.2: Does the provision for affordable housing in the Plan properly and pragmatically reflect that need?

2.9. No, the council's own evidence (Affordable Housing Note, examination reference: EX/CYC/36) identifies that on average just 221 affordable dwellings per year are anticipated to be delivered throughout the plan period (paragraph 39). This represents just 38.6% of the need identified in the 2016 SHMA. Given our discussion in respect of question 1.1 this percentage is likely to be an over-estimate of delivery against need.

2.10. The quantum of affordable housing delivery identified in the Affordable Housing Note is reliant upon all sites within Annex 1 (table 1) of the note delivering the identified affordable housing requirements. Many of these sites did not yet have permission and as such the note assumes fully policy compliant requirements will be delivered. However, as identified by those that already have permission this is by no means guaranteed. Similarly, the council applies a policy compliant affordable housing contribution from anticipated windfalls over 10 dwellings.

2.11. On-site conditions and the current economic issues being experienced are likely to 'squeeze' the viability of many of these sites leading to a lower quantum of affordable housing being delivered. The identified average rate of affordable housing delivery (221 per annum) should, therefore, be viewed very much as a maximum.

Question 1.3: Should the housing requirement be uplifted to reflect the need for affordable housing?

- 2.12. Yes. The council argue that due to the extent of the uplifts from the demographic starting point no further uplift is required to the housing requirement. However, as previously explained this conclusion is based upon an incomplete evidence base (due to the lack of an up-to-date assessment of affordable housing need) and pays no regard to the scale of affordable housing need and likely delivery. As noted in response to question 1.2 at best this will deliver only 38.6% of the identified affordable housing need.
- 2.13. There are several high-profile high court judgements which have grappled with the issue of uplifts to the housing requirement based upon affordable housing need. The Satnam Millenium Ltd judgement¹ highlights the importance of considering affordable housing need as part of – rather than separate too the identified of the OAHN. In summary this judgement establishes that the calculation of OAHN had to include a full assessment of affordable housing need and this is not a 'policy-on' judgement in determining the housing requirement.
- 2.14. The Kings Lynn judgement² assisted in establishing how affordable housing needs should be addressed as part of the housing calculation. The judgement is clear that a SHMA must address the needs for all types of housing, including affordable but not necessarily meet these needs in full. The judgement establishes that whilst it may not be reasonable to expect the housing requirement to meet affordable housing needs in full, an uplift or similar consideration of how affordable needs can be addressed is necessary as part of the calculation.
- 2.15. Given the scale of affordable housing need within the city, the fact that affordability is worsening, and the limited impact identified levels of delivery will make it is recommended that a further uplift should be provided. Whilst there is no definitive guidance upon the scale of such uplift this should be based upon the gravity of the situation. Based upon the available evidence it is recommended that an uplift of circa 10 to 15% above the proposed housing requirement would be appropriate.

Question 1.4: What would be the effect of such an uplift?

- 2.16. The impact of a 10 to 15% uplift would be that the housing requirement would increase to between 869 and 909dpa. The under-delivery over the plan period to date, currently 32dpa, would then need to be included.
- 2.17. If these additional dwellings were provided via allocations which would trigger an affordable housing contribution a commensurate increase of 10 to 15% affordable housing delivery over the plan period should be experienced. This would on average relate to an additional 22 to 33 affordable housing completions per annum.

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

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



Question 1.5: Is Policy H10 soundly based and in accord with national policy?

2.18. Our client has no further comments upon this issue at this stage.

Question 1.6: Is the approach to OSFC a reasonable one?

2.19. Our client has no comment on this issue at this stage.

Question 1.7: Will the alternative source of supply (in Policy GB4) make any material difference in terms of supply?

2.20. Whilst this policy is likely to deliver some affordable dwellings the scale of contribution is unclear. If the council were to rely upon this source of supply to deliver a significant quantum of affordable homes further evidence would be required. Based upon current information it is not considered this source would provide a significant quantum of additional affordable housing.

Town & Country Planning Act 1990 (as amended)
Planning and Compulsory Purchase Act 2004

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