

YORK LOCAL PLAN**EXAMINATION IN PUBLIC****Response to Inspector's Matters, Issues and Questions****Made on Behalf of Barratt and David Wilson Homes*****Matter 2 – The Housing Strategy: The Objectively Assessed Need for Housing, The Housing Requirement and The Spatial Distribution Of Housing*****Introduction**

- 2.1 Barton Willmore's response to this matter is supported by a technical review of the evidence base prepared by the City of York Council (CoYC). This is appended to our responses and should be read in conjunction with them.

Question 2.1 - We understand that the Council considers York to be within an HMA which includes the City of York and the area of Selby District Council, but that the two Councils are identifying housing need within their administrative areas separately.

a) Is that correct? If so:

b) Is the identification of the HMA formed on a robust evidential basis?

c) What is the justification for assessing housing needs separately?

- 2.2 No Comment.

The Objectively Assessed Housing Need

Question 2.2 - Policy SS1 and Paragraph 3.3 of the Plan say that the objectively assessed housing need ('the OAHN') is 867 dwellings per annum (dpa) in the Plan Area for the plan period to (2017 to 2033) (16 years). However, since the submission of the Plan for examination, the Council has put forward further evidence to indicate that the OAHN is now considered to be 790 dpa in the Plan Area for 2017 to 2033.

a) We understand that this calculation initially was derived from the conclusions of Technical Work carried out by GL Hearn in the Strategic Housing Market Assessment Update (2017) [SD050] which updated the demographic baseline for York based on the July 2016 household projections. However, the revised OAHN is now based on further work undertaken by GL Hearn presented within the City of York – Housing Needs Update (January 2019) [EX/CYC/9]. Is this correct? Is this a robust evidential basis?

SD050

- 2.3 At the outset it is important to note that the **full** OAHN determined by SD050 was 953 dpa, and **not** 867 dpa.

- 2.4 The 867 dpa figure was the demographic baseline, underpinned by the 2014-based MHCLG household projection (released in July 2016) for CoYC. However, the Council's OAHN consultant (GL Hearn) recommended a **10% uplift** to account for the worsening market signals in the City. This increased the demographic baseline from 867 dpa to 953 dpa.
- 2.3 Notwithstanding this conclusion, the Council's Executive (13 July 2017) resolved that GL Hearn's conclusions in respect of the 10% uplift 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.*"¹
- 2.4 The decision of the Council's members was unsound as it does not comply with the PPG which states "*Plan makers **should not apply constraints** to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or **environmental constraints.***" The unconstrained OAHN was determined as 953 dpa by SD050 and this should have been the figure used before other considerations were taken into account.

EX/CYC/9

- 2.5 Notwithstanding the above, it is correct that the position of CoYC has been updated by EX/CYC/9. The role of this document is essentially to take account of the 2016-based Office for National Statistics (ONS) household projections (20 September 2018).
- 2.6 The decision of the Council's members was unsound as it does not comply with the PPG which states "*Plan makers **should not apply constraints** to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or **environmental constraints.***"² The unconstrained OAHN was determined as 953 dpa by SD050 and this should have been the figure used before other considerations were taken into account.
- 2.7 Barton Willmore consider that the 2014-based MHCLG household projection **should remain the starting point estimate** of OAHN for the CoYC, and not the more recent 2016-based household projections.
- 2.8 The justification for our position on this important point is set out in detail in section 4 of Appendix 1 to this statement. However in summary, we consider that the 2014-based MHCLG household projections (and the 2014-based ONS Sub National Population Projections – SNPP – which underpin them) should continue to represent demographic-led housing need in the City of York for a number of reasons, as summarised below:

¹ Introduction and Context to Objective Assessment of Housing Need, page 4, SD050

² Paragraph: 005 Reference ID: 2a-005-2014030, PPG 2014

- As part of the Government's '*Technical consultation on updates to national planning policy and guidance*' (October 2018), the robustness of the 2016-based ONS household projections were analysed. Although we acknowledge that this was in the context of the emerging Standard Method for calculation minimum housing need (the City of York Plan is being assessed against the previous NPPF's OAN), Government concluded that the 2016-based projections should not be used to underpin baseline housing need due to concerns over their **methodology** and their **failure** to support Government's aspiration to build 300,000 dpa nationally by the mid-2020s. These methodological concerns are just as applicable to OAN as Standard Method; and
- Government's subsequent decision to **replace** the 2016-based ONS household projections with the 2014-based MHCLG household projections for the purposes of calculating minimum housing need as part of the Standard Method, because of the concerns raised in the aforementioned calculation.

2.9 Notwithstanding our position that the 2014-based ONS SNPP and the 2014-based MHCLG household projections should be used for the demographic starting point of OAHN, we consider they may too represent a conservative estimate of future population and household growth for the following reasons:

- The 2014-based household projections are based on a **conservative** assumption of net in-migration to York (1,000 people per annum) in the context of actual recorded levels of net-migration in the City of York over the last 18 years;
- The 10-year net in-migration average for the City has been 1,700 people per annum, and **only one** of the last 10 years has experienced net in-migration less than 1,000 people. There have been three years where net in-migration has exceeded 2,250 people;
- The most recent official ONS Mid-Year Population Estimates recording net in-migration of **1,700 people** in the most recent year (2017-2018), dispelling the notion that the Brexit referendum may have affected migration into York;
- The 2016-based ONS SNPP are underpinned by even lower net in-migration of 600 people per annum. Not a single year since 2001/02 has recorded net in-migration of 600 people or less; and
- In addition, the trend period underpinning the 2014-based projections (2009-2014) saw average housing delivery of **only 494 dpa**. This is below any of the

WAN figures determined in the Council's evidence base (SD050/SD051/SD052, or EX/CYC/9) and would have inhibited migration into the city, thereby affecting the trends underpinning housing need projections and constraining them.

2.10 The importance of using a robust demographic starting point should not be underestimated. Given the difference between the projections of the 2014-based MHCLG and 2016-based ONS household projections, use of the 2016-based series has the potential to significantly underestimate housing need in the City.

2.11 We provide further justification for an WAN which exceeds EX/CYC/9's conclusion (790 dpa) in our responses in respect of job growth, market signals, and affordable housing need below.

b) Does the 13,152 total housing figure identified at the year '2032/33' in the SHLAA Figure 6: Detailed Housing Trajectory Updated (790dpa WAN) [EX/CYC/16] include meeting housing need arising in parts of adjoining districts (e.g. Hambleton, Harrogate, East Riding, Ryedale and Selby) which fall within the York Housing Market Area, as set out in the City of York Strategic Housing Market Assessment 2016 [SD051]?

2.12 No comment.

c) Do the adjoining local planning authorities accept the initial WAN of 867 dwellings per annum, as Policy SS1 indicates in the submission Local Plan? Do the adjoining local planning authorities accept the revised WAN of 790 dpa, and if so, are they basing their housing need in the context of that WAN figure?

2.13 No comment.

Question 2.3: What methodological approach has been used to establish the WAN, and does it follow the advice set out in the Planning Practice Guidance (under the heading 'Methodology: assessing housing need')? In particular:

a) The WAN identified is founded on the 2016-based population projections as its starting point. What is the justification for using these projections? What is the justification for the household formation rates used to 'convert' the population projections into household projections? Overall, is the general approach taken here justified and consistent with the Planning Practice Guidance?

2.14 Barton Willmore do not consider that the 2016-based population projections should be used to underpin the starting point estimate of WAN in the City of York. We consider there is clear justification for preferring the 2014-based ONS population projections. Our justification for this position is provided in paragraphs 2.7 to 2.10 of this statement. Detailed analysis in respect of this point is presented in section 4 of Appendix 1 to this statement.

2.15 In respect of the Household Formation Rates (HFRs) used to reach 790 dpa, Barton Willmore agree with EX/CYC/9's approach, i.e. the 2014-based HFRs with a part-return to the trend of

the 2008-based HFRs as recommended by the Local Plans Expert Group (LPEG) in March 2016.

2.16 In general, the steps taken are in conformity with the PPG. However as we have identified above the evidence used to fulfil these steps is not considered robust.

b) Have market signals been taken into account?

2.17 Yes, although the uplift for market signals has increased from 7% in SD51, to 10% in SD050, and 15% in the most recent EX/CYC/9. As we identified above, the 10% uplift applied in SD050 was **ignored** by the CoYC Executive Members, conflicting with PPG which states how the OAN should be an unconstrained assessment.

2.18 Notwithstanding the 15% increase recommended in EX/CYC/9, our Appendix 1 (section 6) provides a detailed analysis of market signals and suggests the market signals led OAN should be significantly higher than 790 dpa to improve affordability in the City.

2.19 In summary the key points of note are as follows:

- York's lower quartile and median affordability ratios have **increased by 134% and 139% respectively** since 1997. This is higher than any neighbouring authority, the regional averages (87% and 91%), and the national averages (104% and 124%). It illustrates the affordability pressure in York, for which an appropriate response is required;
- The University of Reading/Office for Budget Responsibility (UoR/OBR) affordability calculator was endorsed by the Mid Sussex Local Plan Inspector in 2017 ahead of a range of alternative approaches. The calculator determines how many homes would be required to ensure the median affordability ratio remains stable at 2018 levels. It shows that **1,219 dpa** would need to be delivered **between 2018 and 2037 to achieve this**; and
- Alternative approaches to delivering enough homes to improve affordability include the Barker Review (86% increase to past delivery); the Redfern Review (44.2% increase to the 2014-based MHCLG household projection); National Housing & Planning Unit (24% increase to the 2014-based MHCLG household projection) and the Standard Method. These approaches would require housing delivery of between 1,053 and 1,224 dpa.

2.20 It is notable how three of the approaches referred to above are based on uplifts to the 2014-based MHCLG household projection, and not the 2016-based projection. Table 1 summarises all the approaches to market signals and how they would affect the overall OAN for York.

2.21 2.3.5 It is important to note how the 2019 NPPF's Standard Method would **require 1,069 dpa** in York. This suggests that our conclusion of demographic-led OAN being the 2014-based MHCLG projection is reasonable, particularly in the context of market signals led OAN being 976 dpa based on the 2014-based MHCLG projection plus a 15% uplift.

Table 1: Market Signals led OAN in York

| | Method | DPA |
|--|-------------------------------------------------------------------------------------------|------------|
| | EX/CYC/9 <i>(15% uplift to 2016-based ONS household projection)</i> | 557 |
| | Barton Willmore <i>(15% uplift to 2014-based household projection)</i> | 976 |
| | National Housing & Planning Unit <i>(24% increase to 2014-based household projection)</i> | 1,053 |
| | Standard Method 'minimum' housing need calculation | 1,069 |
| | Standard Method uplift <i>(30% uplift to 2014-based MHCLG household projection)</i> | 1,104 |
| | Barker Review <i>(86% increase to past delivery)</i> | 1,213 |
| | UoR/OBR calculator <i>(endorsed by Mid Sussex Inspector)</i> | 1,219 |
| | Redfern Review <i>(44.2% increase to 2014-based household projection)</i> | 1,224 |

c) Have employment trends been taken into account? If so, how, and what conclusions are drawn in this regard?

2.22 Yes, although the evidence is considered to be lacking for a number of reasons. The importance of this factor is made more pertinent due to the latest OAN report (EX/CYC/9) concluding that full OAN is 790 dpa and based on employment growth (650 jobs per annum – jpa).

2.23 Previously the full OAN concluded on in documents SD050/051/052 was based on a market signals uplift to the demographic OAN. Due to EX/CYC/9 using the 2016-based ONS household projection for its demographic-led OAN, the subsequent market signals uplift (15%) results in a market signals led OAN (557 dpa) which is lower than economic-led OAN (790 dpa).

2.24 Notwithstanding our conclusion that full OAN should be based on the 2014-based household projection plus a market signals uplift, our conclusions in respect of EX/CYC/9's approach to economic-led OAN are set out in detail in Appendix 1 (section 5) and summarised as follows:

- The Oxford Economics (OE) job growth forecast (650 jobs per annum – jpa) used in EX/CYC/9 is **over four years old** – an update is required;
- The forecast of 650 jpa was **fourth lowest out of five** in a range of job growth forecasts included in the Council's Employment Land Reviews (SD063, 2017) and (SD064, 2016);

- EX/CYC/9 **ignores** the Yorkshire & Humber Regional Econometrics Model (REM) which forecast **698 jpa** (SD063, March 2015), and **806 jpa** (SD064, December 2016);
- The **most recent** REM has not been consulted in the evidence base;
- Barton Willmore have acquired August 2019 OE forecasts. This shows growth of **690 jpa**;
- Notwithstanding this, the Planning Inspectorate³ endorsed the approach of considering an **average of three job growth forecasts**. Given the fluctuation in forecasts, this approach should be applied in York; and
- The PPG is clear in ID2a-018 that job growth **forecasts and/or past trends** should be considered when determining the economic-led OAN. Historic job growth data from OE dating back to 1991 suggests a reasonable **mid-point** assumption of future job growth in York would be **850 jpa** (paragraphs 5.17-5.25) based on how York's economy has grown over the past 28 years (1991-2019).

d) Does the OAHN provide enough new homes to cater for those taking up the new jobs expected over the plan period?

2.25 Based on the number of jobs (650 jpa) used by EX/CYC/9 in determining OAHN, enough homes would be provided. However, as we have identified in our response to question 2.3 (b), it is questionable whether 650 jpa is a robust figure to use. Past trends and more recent forecasts suggest it is not. An OAHN beyond 790 dpa would allow for flexibility in the number of jobs, particularly growth based on the past 28 years.

e) Overall, has the OAHN figure been arrived at on the basis of a robust methodology?

2.26 The methodological steps taken by EX/CYC/9 align with the requirements of the Housing and Economic Development Needs Assessment (HEDNA) section of the 2014 PPG in that the starting point estimate of need has been considered alongside alternative approaches to demographic-led need, housing to support jobs growth, and market signals. However, for the reasons detailed in Appendix 1 to this statement and summarised in this statement, it is not considered that the most robust assumptions have been used.

f) Does the revised OAHN figure (790 dpa) take account of all housing needs, including the need for affordable housing and any need that may be the consequence of any shortfall in housing delivery before the plan period?

³ Paragraph 11, page 3, Stage 1 of the Examination of the South Worcestershire Development Plan Inspector's Further Interim Conclusions on the Outstanding Stage 1 Matters, 31 March 2014

Affordable Housing

- 2.27 Affordable housing need in the City of York is acute and has been compounded by a lack of affordable housing delivery over the recent past. Barton Willmore note how the High Court⁴ confirmed that affordable housing need has to be **addressed** but does not have to be met **in full** by the OAHN, however the PPG (ID2a-029) is clear that "*An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.*"
- 2.28 The most recent assessment of affordable housing need in York is made in document SD051, which was published in June 2016. At the outset it is considered an updated assessment is required, as documents SD050, SD052, or EX/CYC/9 do not provide an updated position.
- 2.29 Notwithstanding this initial conclusion, we note that SD051 concluded on there being a net need of **573 affordable dpa in York, 2012-2032**.⁵ To achieve 30% affordable provision on all sites, this would require OAN of 1,910 dpa over the same period; a 142% increase from the OAN being put forward by EX/CYC/9.
- 2.30 Based on the need set out in SD051 and if we assume that York's calculation is correct, need between 2012/13 and 2018/19 totalled **4,011 affordable dwellings**.
- 2.31 Reference to York City Council's web site⁶ shows that *gross* affordable housing completions have totalled **649 affordable dwellings** over the same period. This means that **only 16%** of the affordable need has been delivered over the last seven years. However *net* affordable completions will total even less than this figure. Net figures are unavailable.
- 2.32 It therefore follows that *overall* housing need would need to be **approximately 3,600 dpa** in York if 573 affordable dpa were to be delivered at the historic rate of average delivery (16%) over the past 8 years. Again it is important to emphasise how this calculation of 16% is based on gross delivery. Net delivery figures are unavailable and would show a lower level of delivery.
- 2.33 Based on 16% historic delivery, the proposed OAN (790 dpa) would only deliver **126 affordable dpa**. This is 447 affordable dpa short of the affordable need determined by SD051 (573 affordable dpa).
- 2.34 Even on the basis of Barton Willmore's conclusion of OAN being a **minimum 976 dpa** only 156 affordable dpa would be provided, a shortfall of 73% from the Council's calculation of net need (573 affordable dpa).

⁴ Paragraph 32, page 10, Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, 09 July 2015

⁵ Table 34, page 104, SD051

⁶ <https://www.york.gov.uk/AffordableHousingCompletions>

2.35 Based on what the PPG states in ID2a-029, Barton Willmore consider that the CoYC should give greater consideration as to whether the Local Plan's housing requirement can be increased to attempt to deliver as much of the backlog and future affordable housing need as possible.

Summary

2.36 The key conclusions of this Statement are:

- a. The 2014-based MHCLG household projection (849 dpa) should be the starting point demographic-led OAN for the City of York;
- b. Market signals led adjustments to the starting point estimate increase the OAN to a minimum 976 dpa;
- c. However, to maintain affordability at 2018 levels, circa 1,200 dpa would be required.
- d. The Council's economic-led OAN (790 dpa) is underpinned by outdated job growth forecasts from March 2015. This part of the Council's assessment should consider up-to-date forecasts; more than one forecast; the most recent Regional Econometric Model for the Yorkshire and Humber region; and historic job growth.
- e. Affordable housing need is acute, and delivery since 2012 has been a maximum 16% of the need determined in SD051 (573 affordable dpa). This need figure should be reviewed as it is now at least 3 years old. Based on 573 affordable dpa, the Council's OAN will only deliver 126 affordable dpa if past delivery rates continue. To place this in perspective, overall need would have to be 3,600 dpa to deliver 573 affordable dpa at the historic rate of 16% delivery.

2.37 For these reasons it is considered that EX/CYC/9's OAN for York (790 dpa) underestimates housing need. Barton Willmore's conclusions show a minimum OAN of 976 dpa, which could also be as high as 1,200 dpa. The OAN should be set within this range. This would also contribute between 156 and 192 affordable dpa based on delivery rates since 2012 (16%), helping to address affordable need in the City whilst not meeting it in full.

Question 2.5: Policy SS1 aims to ensure that "a minimum annual provision of 867 new dwellings [are delivered] over the plan period to 2032/33 and post plan period to 2037/38".

- a) **Is this 867 figure an annual average, or is it a commitment to providing at least that number during every year of the plan period and post plan period? Is it intended to be a net figure?**

- 2.38 The 867 homes is the level of homes needed to be provided each year in order to meet need. Developing as an average over the plan period, does not necessarily mean that need will be met when it is needed. Given the lack of consents in the city, the historical undersupply and under delivery, the key areas are the beginning of the plan period, where delivery is questionable.
- 2.39 The trajectory in figure 5.1 is outdated now given delays to the plan but shows that in the first three years of the plan insufficient homes will be delivered. The Local plan provides a strategy to enable housing to be delivered when it is needed and there is no reason if the correct amount of homes are provided and the sites released this figure should not be met. If it is in question in the early years of the plan then more sites require allocation to meet the shortfall.
- 2.40 Looking beyond the plan period, the trajectory provides no evidence beyond the plan period, however it does show that the last three years only just meet the requirement, with no evidence that 867 homes can be delivered in the five years afterwards.
- 2.41 The 867 figure is also the level of new homes needed, therefore this should be a net figure following any demolitions or change of use.

b) For the avoidance of any doubt, what period of time is the plan period?

- 2.42 The plan period is unclear as the plan does not provide a start date. Policy SS1 is clear that the plan period is up to 2032/33 and refers to the five years to 2037/38 as post plan period. The trajectory implies that the plan period begins in 2017/18, which would provide a fifteen year period, however this date has now slipped by at least three years.
- 2.43 The trajectory also shows an undersupply of homes in that three years, based on the plan having already being adopted. The trajectory is therefore out of date and these delivery rates already out of date and not delivered. The plan therefore needs to extend the plan period to start from 2017 but extend to fifteen years from the date of adoption, therefore 2017-2035/6 and subsequently increase the level of homes required and bring forward more allocations to meet the shortfall.

c) Is the "plan period" the period of time for which the Plan and its policies will be in force as part of the development plan? Related to this, is it legitimate, or possible, for a development plan to include policies which purport to dictate or direct development beyond the "plan period", as Policy SS1 appears to?

- 2.44 The plan period is the period that the policies are in force. The Council have (against legal advice) removed safeguarded land from the plan, based on sites delivering post plan period, which may in part explain this policy, seeking to show that the plan can continue to deliver based on its policies.

2.45 The plan can have policies that are relevant beyond the plan period, in terms of development management policies and designations of land, however it cannot provide strategic policies beyond the plan period. If it plans to do this and continue to deliver the plan period should be extended and allocations used to prove that those homes can be met.

2.46 Given the comments above, the trajectory and the undersupply in the first three years of the plan, the plan period should be extended and safeguarded land included to provide the homes needed beyond the end of the plan period.

d) At 867 dpa, the housing requirement is higher than the OAHN of 790 dpa. Why?

2.47 We do not believe that the OAN is sound at 790 and based on our earlier responses consider in turn the housing requirement should be higher.

e) Does setting a housing requirement that is higher than the OAHN undermine the Council's arguments in relation to the justification for releasing land from the Green Belt for housing purposes – that is to say, does it reduce the degree to which "exceptional circumstances" exist, in principle, for amending the Green Belt boundaries for housing delivery purposes?

2.48 Given we disagree with the revised OAN we do not consider that the number should be reduced, likewise we question whether exceptional circumstances are needed at all as the boundaries are being defined for the first time. Should it be considered that the requirement should be lowered and that exceptional circumstances are needed, this would not be to a figure that resulted in land being available to meet the needs without the need for Green Belt.

Question 2.6: Will the housing requirement ensure that the need for affordable housing will be met?

2.49 As per our response to earlier questions the level of affordable housing required will not be met in the plan.

2.50 No, as per earlier questions the evidence significantly underestimates the level of homes required to meet need.

2.51 The Council's plan provides spatial principles based on constraints and land use designations, seeking to locate homes in the most appropriate locations. The plan doesn't however provide a spatial strategy as such with an approach to where homes should be located.

2.52 Having considered the evidence base, this was carried out at earlier stages of the plan, where options for the location of new homes were consulted upon and chosen, ultimately resulting in the approach being taken. The outcome however isn't included in the plan, which is unclear, however not unsound.

Question 2.9: Policy SS1 says that the location of development will be guided by the five spatial principles. However, the Plan strategy does not quantify the spatial distribution of new housing across the Plan area.

a) What is the overall distribution of new housing proposed through the Plan? Should it be clearer in this regard? Does the Key Diagram provide sufficient illustration of the broad distribution of new housing across the Plan Area?

2.53 It is considered that the plan should provide supporting text to the key diagram to show the distribution of new homes in the plan.

b) What level of new housing is directed towards the city centre and other parts of the Plan Area?

c) How has this distribution been arrived at and what is the justification for it?

d) Is the distribution consistent with the overall approach set out in Policy SS1?

e) Is the distribution of housing supported by the SA and will it lead to the most sustainable pattern of housing growth?

f) Has the Green Belt and/or any other constraints influenced the distribution of housing and, if so, how?

2.54 We reserve the right to comment following the Councils response.

Question 2.10: Overall, is the spatial distribution of housing justified and is the Plan sound in this regard?

2.55 It is considered that whilst further information should be shown in the plan to clarify the approach, the evidence shows a sound approach has been taken.