

Matter 2 – Housing Need and Requirement

Introduction

At the previous examination hearings, the Council's position was that, taking account of the 2016 based projections published by the Office for National Statistics (ONS), the need for housing in York over the Plan period was 790 dwellings per annum (dpa) and that, to meet this need and to address a shortfall in delivery of 32 dpa between 2012 and 2016, the housing requirement should be 822 dpa. Since then, the ONS has published its 2018 based projections. In response, the Council has considered whether or not those projections lead to a meaningful change in these figures. The 'Housing Need Update' (2020) concludes that economic-led housing need is in the range of 777 to 778 dpa. The Council considers that this does not amount to a meaningful change in the housing situation, such that the need for housing should be regarded as 790 dpa and the Plan's housing requirement should remain set at 822 dpa (i.e. 13,152 dwellings overall).

The objectively assessed housing need (the 'OAHN')

- 2.1 The introduction above sets out our understanding of the Council's position. Is it correct?**
1. The HBF considers that this is a question for the Council.
- 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. The Housing Needs Update 2020 appears to utilise the 2018-based household projections as the starting point for its calculations. The Update highlights concerns about the 2018-household projections and therefore recommends a greater focus on other scenarios that are tested as part of the update. The Update does however, then move on to the fact that the economic-led housing need is greater still and therefore, the 777 dwellings per annum (dpa) over the Plan period is based on the delivery of 650 jobs per annum and utilises the demographic profile of the 2018-based population projections.
 - 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?**
 3. Paragraph 4.20 of the Housing Needs Update 2020 states that the Standard Method has no bearing on the housing need for York at the Local Plan Examination.

Home Builders Federation (HBF) response to the
Examination of the City of York Local Plan 2017 – 2033
Matters, Issues and Questions for the Examination

4. The HBF considers that as the Plan is being prepared under the transitional arrangements that the standard method is not set out as a consideration in the 2012 NPPF or the PPG in place at the time. However, the Council may want to consider the potential implications of the standard method going forward, particularly in light of how long it has taken the Council to prepare the current emerging Local Plan, and in relation to the capability of the Green Belt to endure beyond the Plan period.

- c) Have market signals been taken into account and, if so, what effect have they had on calculating the OAHN?**
5. Within the Housing Needs Update 2020 the market signals do not appear to have been considered in relation to the OAHN, the Update states in paragraph 5.7 that they have not updated the market signals for the City. The housing market signals were considered as part of the SHMA and its updates in 2016 and 2017, the HBF consider that this information should be updated to ensure that they are considered appropriately in the housing requirement. The Update suggests that consideration of the market signals has not been necessary due to the uplift already included for the economic-led need.

6. The PPG¹ in place at the time of the NPPF 2012 transitional arrangement states that the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between demand for and supply of dwellings. The PPG suggests that market signals could include land prices, house prices, rents, affordability, rate of development and overcrowding. The PPG² goes on to state that a worsening of trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.

7. The Land Value Estimates provided by MHCLG for Policy Appraisal (2019)³ identifies York as one of the local authorities with the highest land values in the Yorkshire and Humber region, at £2,750,000/ha, with only Harrogate having higher land values.

8. The UK House Price Index England: November 2021 (Published 19 January 2022)⁴ identifies an average property price in England of £288,130, with an annual price change of 9.8%. It also identifies an average property price of £302,617 in York, with an annual price change of 13.2%. This shows that house prices are higher in York than nationally and that the prices are currently increasing faster in York than nationally.

¹ ID: 2a-019-20140306 (Guidance in place at time of NPPF 2012 transitional arrangements in relation to the OAHN now superseded)

² ID: 2a-020-20140306 (Guidance in place at time of NPPF 2012 transitional arrangements in relation to the OAHN now superseded)

³ <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2019>

⁴ <https://www.gov.uk/government/statistics/uk-house-price-index-for-november-2021/uk-house-price-index-england-november-2021>

Home Builders Federation (HBF) response to the
Examination of the City of York Local Plan 2017 – 2033
Matters, Issues and Questions for the Examination

9. Private rental market statistics⁵ from ONS for the period October 2020 to September 2021, suggest that whilst the average monthly rent in York (£853) is below that of England (£898) it is significantly above the average rents for the Yorkshire and Humber Region (£646) and for the lower quartile rents in York (£695) are significantly above both England (£585) and the Yorkshire Region (£475).
 10. Government data⁶ on housing affordability shows that in England in 2020, full-time employees could typically expect to spend around 7.8 times their workplace-based annual earnings on purchasing a home. In York those employees could expect to spend 8.04 times their earnings on purchasing a home. These figures are repeated for the lower quality affordability for 2020 with the affordability ratio for England being 7.15 and for York 9.09. This shows that affordability in York is worse than the national average.
 11. Data on overcrowding is generally taken from the Census, therefore the latest data is that identified in the SHMA (June 2016) which identifies York's level of overcrowded properties as 7.1%, which does not compare well to the Yorkshire and Humber average of 6.6%.
 12. The numbers of households on housing waiting lists in York have seen an increase over the last 5 years from 1,216 in 2016 to 1,738 in 2021⁷. The SHMA had identified a net affordable housing need of 573 dwellings per annum. It is evident that the housing requirement will not ensure that the need for affordable housing will be met. It is recommended that a further uplift in the housing requirement would be appropriate to support the provision of further affordable homes.
 13. The HBF considers that further consideration should have been given to the market signals, and where possible this data should have been updated to show the latest position in York. The HBF is concerned that many of the market signals are showing that the housing requirement in York should be adjusted to ensure that there is an appropriate balance between supply and demand in the area.
- 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?**
14. The Housing Needs Update 2020 does not appear to have considered updated employment trends in determining the OAHN, it utilises the figure of 650 jobs from the Local Plan. Paragraph 3.2 states that the Update has not sought to update the economic growth assessment.

⁵

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>

⁶

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2020#local-authority-analysis>

⁷ Table 600: Numbers of households on local authorities housing waiting lists

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-rents-lettings-and-tenancies>

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?

15. The HBF consider that this is a question for the Council.

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

16. The HBF does not consider that the OAHN has been arrived at on the basis of a robust methodology, and do not consider that it is justified. The HBF has significant concerns relating to the consideration of the evidence on both market signals in the area and the employment trends.

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?

17. The Update suggests that the housing need has not changed materially since the last assessment in January 2019. The HBF considers that without further consideration of the market signals and economic trends, it is not possible to determine if this is correct.

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?

18. The HBF does not wish to comment on this question, at this time.

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

19. The HBF does not wish to comment on this question, at this time.

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

20. The HBF continues to be concerned that the proposed housing requirement is not underpinned by robust evidence and that it is not adequately justified. The HBF is concerned that the Council have not followed the methodology for assessing housing need as set out in the PPG in place at the time of the NPPF 2012 transitional arrangements, particularly in relation to the updating of evidence to support the assessment as set out above.

21. The current PPG⁸ requires the continued use of the 2014-based household projections, as it states that this will provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected and will be consistent with the Government's objective of significantly boosting the supply of homes. Whilst we recognise that the principles set out in the PPG have been made in relation to the standard method, they provide a clear

⁸ PPG ID: 2a-004-20201216

Home Builders Federation (HBF) response to the
Examination of the City of York Local Plan 2017 – 2033
Matters, Issues and Questions for the Examination

statement from Government that the 2016 and 2018 based projections should not be used for assessing housing needs. The impact of these lower household projections if applied using the approach to assessing housing need required by the 2012 NPPF and its associated guidance is no different to their application under the standard methodology. Indeed, the impact could be considered to be even more significant given that Councils have generally under-estimated the degree of uplift required to improve affordability in relation to market signals. What is clear from the PPG is that significant caution should be given to the use of the 2016 and 2018-based household projections.

22. The HBF does not consider that the revised OAHN figure has taken account of all of the housing need. The Housing Need Update has not reassessed the need for affordable housing and relies on the evidence in the previous SHMA. The SHMA had identified a net affordable housing need of 573 dwellings per annum. It is evident that the housing requirement will not ensure that the need for affordable housing will be met. It is recommended that a further uplift in the housing requirement would be appropriate to support the provision of further affordable homes. The PPG⁹ states 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.

⁹ ID: 2a-029-20140306 (Guidance in place at time of NPPF 2012 transitional arrangements in relation to the OAHN now superseded) and ID: 2a-024-20190220 (Current PPG)