

York Local Plan [YLP] - Examination Statement

Date 4th March 2022
To Programme Officer
From Lichfields

Subject Matter 2: Housing Need and Requirement

1.0 Introduction

- 1.1 This Statement is submitted on behalf of Taylor Wimpey UK Limited (reference SID 607), Persimmon Homes (reference SID 125) and Bellway Homes (reference SID 253) [the Companies]. It sets out the submissions to be made in respect of the Inspectors' MIQ Schedule for the reconvened EiP Phase 2 hearing sessions concerning Matter 2: Housing Need and Requirement.
- 1.2 The representations should be read in conjunction with the Companies' YLP previous submissions on the Housing Strategy and other matters. A more detailed Technical Appendix setting out our response to the Council's Housing Need Update (2020) that we submitted to the Examination in July 2021 is attached to this Statement, and we update it below where appropriate.

2.0 Planning Issues

The objectively assessed housing need [the 'OAHN'].

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

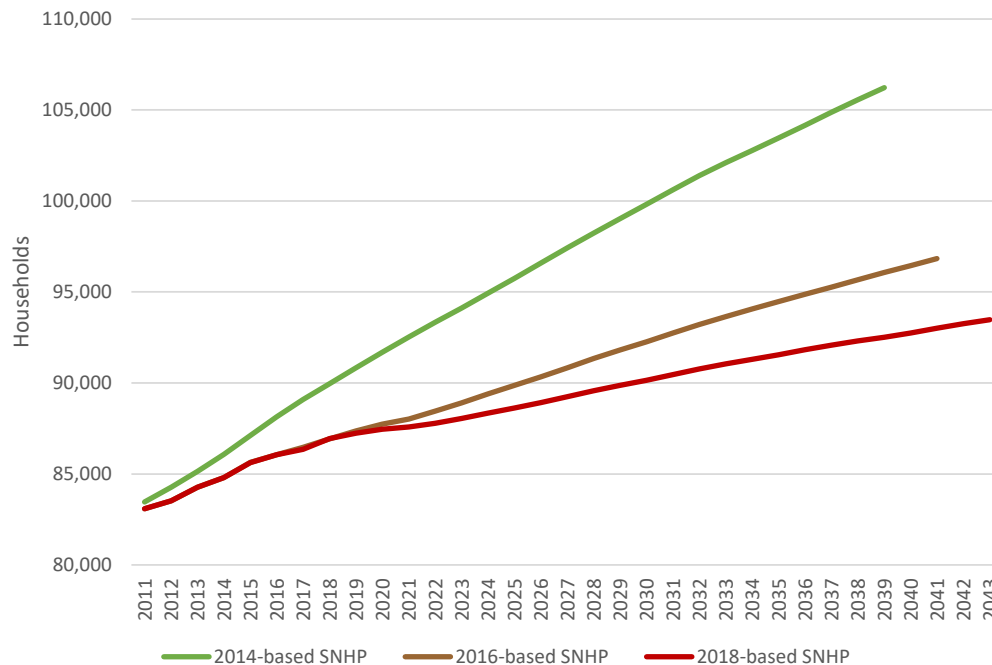
- 2.1 Council to answer.

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?

- 2.2 GL Hearn accepts in paragraph 2.18 of its 2019 HNU that the 2016-based projections cannot meet the Government's housing target of 300,000 homes per annum. It is not mentioned in the 2020 Update but given that the 2018-based household projections are even lower for York, this 2019 comment is even more relevant today.
- 2.3 The 2018-based SNHP for York indicate an increase of just 293 households per annum [hpa] 2017-33. This is a very significant fall from the 2016-based SNHP of 449 hpa, and particularly the 2014-based SNHP, from 813 hpa – a 64% reduction.

Figure 1 Comparison of 2014-, 2016- and 2018-based Household Projections for York



Source: ONS / MHCLG

2.4 Overall, the 2018-based SNPP should carry less weight than the 2014-based projections underpinning SM2 in this instance:

- 1 The 2014 PPG was based on a CLG methodology for projections that applied long-term trends in household formation going back to 1971, rather than confining itself to trends from 2001 (as the 2018-based projections do).
- 2 ONS published a blog¹ about the later projections casting doubt over whether lower projections mean less housing is needed.
- 3 The revised PPG uses the 2014-based SNHP as the baseline for the standard method to provide stability, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes². The PPG considers that the 2018-based SNHP "does not provide an appropriate basis for use in the standard method"³.

2.5 As set out in the PPG, it is necessary for assessments of housing need to reflect the consequences of past under-delivery of housing. Table 1 shows that York has under-delivered housing in 12 of the past 17 years, resulting in an under-delivery of around 1,950 homes. This constrained the number of people who could live in York, particularly given that where completions recently exceeded 'need', this was largely due to the very high levels of privately managed, off-campus student accommodation being provided which totalled 1,368 units between 2015/16 and

¹ <https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>

"Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form"

² PPG: ID: 2a-005-20190220

³ PPG: ID: 2a-015-20190220

2017/18, 40% of the total completions. Whilst no doubt important for the sustainability of York's HE/FE establishments, it is questionable whether providing high levels of 1 bed student apartments is really meeting the need for C3 accommodation accessible to all. Furthermore, past under delivery suppresses future household growth projections as lower levels of inward migration are effectively 'baked in' to these forecasts (which are essentially trend-based).

Table 1 Rate of net housing delivery in York against possible policy benchmarks, 2004/05-2020/21

Year	Net Housing Completions (of which privately managed off campus student accommodation if specified)	Council's OAHN (790 dpa)	
		'Need'*	+/-
2004/05	360	640	-280
2005/06	1,173	640	533
2006/07	795	640	155
2007/08	602	640	-38
2008/09	385	850	-465
2009/10	642	850	-208
2010/11	486	850	-364
2011/12	321	850	-529
2012/13	482	790	-308
2013/14	345	790	-445
2014/15	507	790	-283
2015/16	1,121 (579)	790	331
2016/17	977 (152)	790	187
2017/18	1,296 (637)	790	506
2018/19	449 (40)	790	-341
2019/20	560 (39)	790	-230
2020/21	622 (19)	790	-168
Total	11,123	13,070	-1,947

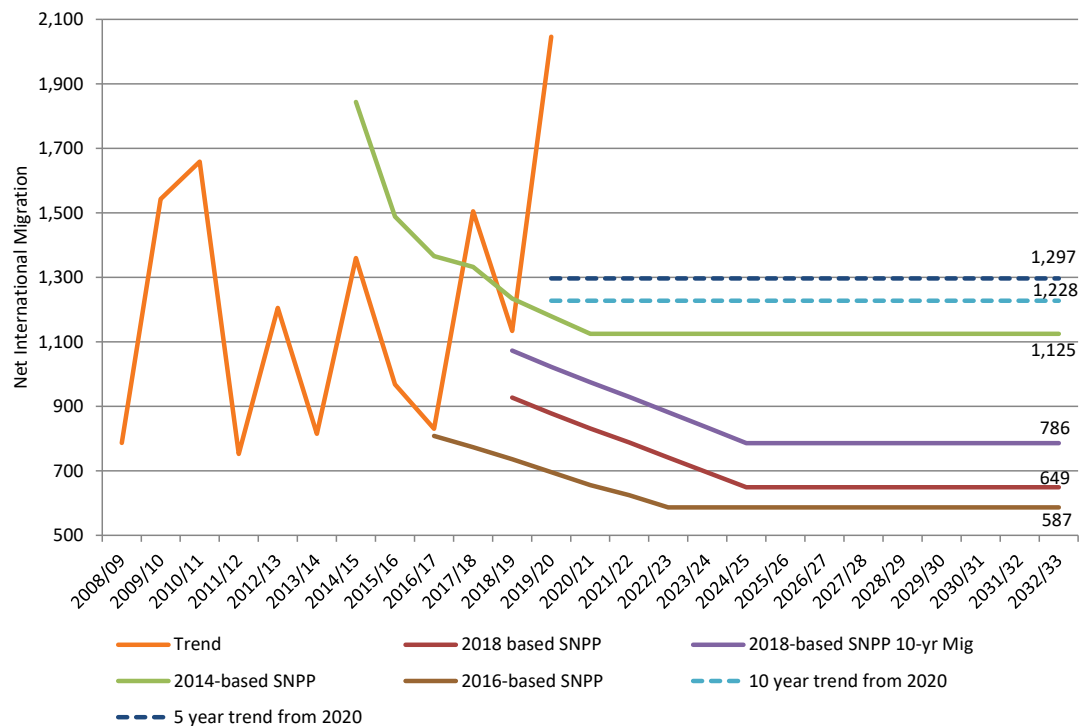
Source: MHCLG LT122 /

*RSS assumed average 640 dpa 2005/05-2007/08; 850 dpa 2008/09 -2011/12

International Migration

- 2.6 Another way to consider whether the City of York has seen any 'unusual' or one-off events which mean longer term trends are more appropriate is to look at migration. Figure 2 shows historic levels of net international migration to the City of York.
- 2.7 Net migration has fluctuated between c.750 and 2,045 annually. A record high of 3,246 immigrants moved into York in 2019/20, compared to just 1,200 residents moving abroad. To show just how far out the 2018-based SNPP misjudged this trend, it forecast a net increase of just 878 international residents for 2019/20: 57% (1,167) below the actual figure.
- 2.8 The 2018-based SNPP net international migration figures therefore look anomalous compared to past trends. From 2022/23 onwards, the principal projection is adjusted down to just 649 annually, a figure that is far lower than any net international migration figure for the past 19 years (with the exception of 2005/06). In contrast, the 10-year trend equates to 1,228 annually (almost double the 2018-based SNPP), whilst the 5-year trend is even higher, at 1,297. As can be seen in the Figure, the 2014-based SNPP net international migration figure is much more comparable and sits just below these trends, at 1,125.

Figure 2 Historic Net International migration to the City of York, 2008/09 to 2019/20 and Future Projections



Source: ONS

2.9 GL Hearn argues that greater weight should be attached to the 10-year Migrant Variant as these “are arguably more robust from a methodological point of view than the principal projection as they use longer term trends”, and indeed they have used this to inform their preferred OAHN scenario. However, we can see from the Figure that the scenario is clearly well below the more recent 10-year international migration trends, as with a net rate of just 786 this sits well below the actual 10-year trend of 1,228 dpa.

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?

2.10 It is totally unacceptable that the City of York has dragged out its Local Plan process for such an extended period of time that it is still able to rely on the OAHN approach despite the standard method having been enshrined in planning policy nearly 4 years ago (in July 2018).

2.11 Whilst accepting that the 2012 NPPF and 2014 PPG are relevant for the CoY LP, the 2018-based SNHP are not appropriate for the purposes of identifying housing need in this instance. They do not align with the Government’s long stated aspiration to significantly boost the supply of housing and they should carry reduced weight as a consequence for York.

2.12 Chapter 4 of the HNU (September 2020) examines the standard method for assessing housing need. Referring to the MHCLG’s August 2020 Consultation on updates to the standard methodology, they conclude that as this results in an overall need for 763 dpa, “it should provide some comfort that the latest version of the standard method arrives at a very similar number” [paragraph 4.20].

2.13 This ‘mutant algorithm’ has since been abandoned by Government. The current LHN for York generated by the standard methodology is calculated using the 2014-based household

projections for 2021-2031, which equates to household growth of 809 per annum, plus a market signals uplift of 25.25% equating to **1,013 dpa**. It is hard to see how this still offers any ‘comfort’ that the 790 dpa figure is still robust, but conversely it does suggest that our own OAHN evidence, which suggests a housing need figure in the region of 1,114 dpa (see below), is more likely to be correct.

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

- 2.14 The 2019 HNU recommends a 15% uplift to the demographic starting point; GL Hearn has rather unusually, decided not to update market signals for the City; *“however given the extent of the economic need and the uplift this entails from the demographic starting point a further uplift would not be merited”*.
- 2.15 This is not the case. GL Hearn has concluded that the demographic starting point should be adjusted due to issues with the principal 2018-based SNPP, and that they see *“the variant migrations scenarios as being the more suitable to use for York”* [paragraph 2.22]. The adjustment, from 465 dpa to 669 dpa (2017-2033) is not to address affordability issues; it is to address *“issues with the projections using internal migration trends over just 2 years and household formation rates which lock in recessionary trends”* [paragraph 5.2].
- 2.16 The PPG states that the purpose of the market signals adjustment is to *“increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability”*⁴.
- 2.17 It is illogical only to apply this to the principal SNPP projection, given that GL Hearn accepts that this is not a robust trajectory of future population growth. Only by applying the market signals uplift to the realistic demographic starting point (at the very least, the 10-year migration figure of 669 dpa) can we hope to boost supply to the extent that it starts to improve affordability in the City.
- 2.18 We have undertaken a detailed analysis of market signals in the Technical Appendix to this Matters Paper. As we noted in our 2019 Stage 1 Matters Paper 2, the 2019 York HNU made numerous errors in its key calculations in Table 12 (for example, North Yorkshire’s LQ was 8.10 in 2017, not 5.73). Hence whilst the 2019 HNU acknowledges that *“York is becoming increasingly more unaffordable and that a market signals adjustment in the City is necessitated”*, the errors mean that the situation is even worse than GL Hearn recognises at the time. They have not updated these errors in the 2020 HNU, although they were acknowledged by GLH at the most recent Hearing Sessions.
- 2.19 The market indicators assessed in Section 4.0 of the HNU shows that there are significant imbalances between the demand for and supply of housing in the City of York, and GL Hearn’s 15% uplift is insufficient (particularly given that the same company recommended an uplift of 17% for Selby District, which has less pressing affordability issues).
- 2.20 New market signals data (Table 2) indicates that the situation is worsening in York, particularly for residents seeking a house at the lower end of the price scale.

⁴ Paragraph: 020 Reference ID: 2a-020-20140306

Table 2 Market Signals Comparison

	Median workplace Affordability Ratio		Lower Quartile workplace AR		Median House Prices		Lower Quartile House Prices	
	2020	10-Year Change	2020	10-Year Change	2020	10-Year Change	2020	10-Year Change
The City of York	8.04	+13.1%	9.09	+17.3%	£247,000	+42.8%	£196,000	+40.0%
Selby District	7.17	+25.8%	7.86	+18.9%	£210,000	+31.3%	£160,498	+31.0%
County of North Yorkshire	8.11	+7.4%	7.94	+3.1%	£225,000	+27.5%	£165,000	+22.2%
Yorkshire and The Humber	5.84	+3.2%	5.65	+1.1%	£168,000	+24.4%	£120,000	+23.1%
England	7.84	+14.5%	7.15	4.2%	£249,000	+38.3%	£164,000	+28.6%

Source: MHCLG 2021

2.21 The SM2 identifies that York would have an **affordability uplift equal to 25.25%** to the 2014-based SNHP, as the Ratio of median house price to median gross annual workplace-based earnings in York was 8.04 in March 2020 - significantly higher than the national average.

2.22 At the very least, the market signals uplift for the City of York should be a **minimum of 25%**.

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?

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?

2.23 There are some clear omissions with GL Hearn’s approach:

- i There is a **clear discrepancy regarding the modelling period**. The job growth figure used in the ELR relates to 2014-2031 (+11,050 jobs, \$3.4 of the HNU), whereas GL Hearn has projected this forward over a completely different time period, 2019-33/37 (Table 8 of the HNU).
- ii It is **unclear how GL Hearn has modelled job growth in the years 2017-2019**. Reference to NOMIS’s Job Density information suggests that the City’s workforce grew by 2,000 over that 2-year period at a rate of 1,000 annually. GL Hearn’s modelling does not appear to have factored this strong growth into its assessment.
- iii GL Hearn states that they “have not examined the economic need associated with historic employment growth **as the accommodation has already been provided to support that growth**. We have therefore focussed on the economic-led need required to support 650 jobs per annum for the period 2019-33 and 2019-37 with the interim period to 2019 taken from published in MYE” [sic, paragraph 3.5]. GL Hearn’s justification for not examining the economic need associated with historic employment growth is therefore because “the accommodation has already been provided to support that growth”. However, that is not the case, hence the fact that the Council is factoring in a backlog of 32 dpa into its housing requirement to reflect historic under-supply.
- iv The HNU has **not analysed past economic growth trends**. York has been very successful in boosting economic growth, with job growth of 18,000 between 2000 and 2020⁵, equivalent to a Compound Average Growth Rate [CAGR] of 0.78%. This is significantly higher than the 0.53% equivalent to 650 jobs per annum 2017-37. In our

⁵ NOMIS Jobs Density data (2021)

previous representations, Lichfields modelled the past trend job growth figure of 0.83% (for 2000-2017) in our Technical Appendix and generated a need for up to **1,062 dpa** – close to the standard method LHN figure of 1,013 dpa and again giving us comfort that the OAHN we suggest is the right figure for York

2.24 The Council’s housing and employment land evidence is therefore inconsistent and misaligned due in part to confusion over the timescales.

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

2.25 No. Lichfields’ approach, on behalf of Taylor Wimpey, Persimmon and Bellway Homes suggests a much higher figure is required:

- 1 **Demographic Baseline:** GL Hearn rightly models 2018-based SNPP migration variants, including the 10-year trend, which it takes forward as its preferred scenario. Whilst this is generally appropriate, GL Hearn should also have modelled ONS’s High International variant, which produces a level of net international migration more in keeping with longer term trends. This may have increased the demographic baseline figure. We agree that it is appropriate in this instance to apply accelerated headship rates to the younger age cohorts, which takes the demographic starting point to **669 dpa**.
- 2 **Market Signals Adjustment:** An uplift of at least 25% would be appropriate. This should be applied to the revised demographic starting point of 669 dpa and not the 302 dpa 2018-based SNPP. This would indicate a need for **836 dpa**.
- 3 **Employment growth alignment:** The demographic-based projections would support a reasonable level of employment growth at levels above 650 jobs per annum. Notwithstanding our concerns regarding how GL Hearn has modelled the employment growth needs for the City, on the face of it no upward adjustment is required to the demographic-based housing need figure of 790 dpa to ensure that the local economy’s needs can be met;
- 4 **Affordable Housing Need:** The 2020 HNU does not review affordable housing need, but CoYC’s *Affordable Housing Note* (February 2020) identifies a need for 573 affordable dpa. As a best-case scenario, only 43% of the 573 dpa affordable housing need could be delivered in the Plan period with a target of 822 dpa (@30% of total delivery), and no upward adjustment has been considered despite this requirement in the PPG. Given the significant affordable housing need identified, a further **10%** uplift would be appropriate, resulting in a figure of **920 dpa**. GL Hearn has accepted that a 5-10% uplift could be appropriate elsewhere (see its 2019 SHMA Update for Selby for example) and it is unclear why it has not followed this approach for York.
- 5 **Student Housing Needs:** household projections explicitly exclude the housing needs of students who might reside in Halls of Residence. Based on the detailed analysis in Appendix 1, it cannot be assumed that the growth in the 18-23 age cohort in the latest population projections includes growth in student numbers and therefore that there is adequate provision for new student housing within the OAHN. Meeting these growth needs would equate to around 1,466 dwellings over the 16-year Plan period, at an average of **92 dpa** on top of the 920 dpa set out above (i.e. **1,012 dpa**). This goes some way towards addressing the current high levels of net international inward migration.
- 6 **Shortfall of housing delivery 2012-2017:** Setting to one side the very unusual and substantial discrepancies between the Council’s housing completions figures and MHCLG’s,

if Lichfields' higher OAHN of 1,012 dpa is applied, this would result in a figure of **1,628, or 102 dpa** over the 16-year plan period, to be factored on top.

- 7 **This would result in a Local Plan requirement of 1,114 dpa, which is not dissimilar to the 1,013 dpa figure generated by SM2.**

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?

- 2.26 The York Local Plan EiP has entered its fourth year and is the Council's first new plan ever. There is clearly a balance to be struck between further delays to the adoption of the plan on the basis of debates around OAHN and getting the plan in place. In this context, there are numerous examples where the publication of new projections has not led to a revision in the OAHN, including Wycombe⁶, Broxbourne⁷, Braintree⁸.
- 2.27 From these examples there are two commonalities when it has been concluded that the impact of new projections published during the examination process on OAHN play out in particular ways:
- 1 Even where there are apparently substantial reductions in the household projections (to 40% in two of these examples) there is a recognition that such projections are just the starting point and only one of many elements which influence the OAHN, such as affordable housing need, and thus a reduction in the starting point does not automatically justify a reduction on the overall OAHN; and
 - 2 A balancing of the need for up-to-date evidence with the need for the planning system to be genuinely 'plan-led' by enabling timely adoption of the plan by minimising delay.
- 2.28 Using the 2018-based SNPP as a justification to reduce the housing target would not be in accordance with the NPPF or PPG, and there has been clear precedents for rejecting this approach.
- 2.29 The wider context clearly has changed however, with successive revisions to the NPPF placing an unequivocal emphasis on boosting housing supply. Although the Government's stated ambition is to deliver 300,000 dpa across England by the mid-2020s, as of February 2022 the figure only equates to 289,174 and relies on the near-impossible delivery of 85,542 homes in Greater London alone. This means that for the nationwide target to be met, other districts across England such as York will need to go above and beyond their SM2 target, not plan for a level of delivery well below it.
- 2.30 Furthermore, soaring property prices throughout the pandemic, which continue at the time of writing, have exceeded all expectations. They show no sign of slowing down, with Nationwide reporting that UK house prices rose at the fastest annual pace for a January in 17 years, amid robust demand and low supply⁹. There has never been a more crucial need to deliver housing to meet unmet demand; restricting housing supply will have a disastrous effect in York.

⁶ See Wycombe Local Plan Inspector's Report July 2019 [here](#)

⁷ See Broxbourne Local Plan Inspector's Report April 2020 [here](#)

⁸ See the North Essex Authorities' Shared Strategic Section 1 Plan Inspector's Report December 2020 [here](#)

⁹ [House prices see fastest growth rate in January for 17 years - BBC News](#)

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?

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

- 2.31 The Council considers that its OAHN is 790 dpa, with an additional 32 dpa added on for a shortfall in housing provision against this need from the period 2012 to 2017. As we set out in detail in the Technical Appendix, there are very unusual inconsistencies between CoYC's monitoring data and the MHCLG's data; so, for example in the CoYC's 2016/17 Housing Land Monitoring Report Update, Table 3 indicates that 977 housing completions were delivered net, compared to just 378 recorded by MHCLG – a difference of 599 units.
- 2.32 If the MHCLG figures had been used, then instead of 518 under supply to be made up over the remainder of the plan period from 2017 (32 dpa), the shortfall would be 2,440 dwellings, or 153 dpa over 16 years – a very significant uplift to the OAHN (to 943 dpa).
- 2.33 Setting to one side the discrepancies, if Lichfields' higher OAHN of 1,012 dpa is applied, this would result in a figure of 1,628, or an additional **102 dpa over the 16-year plan period.**

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

- 2.34 No. There are a number of significant deficiencies in the Council's approach to identifying an assessed need of 790 dpa in the HNU which means that it is not soundly based. The latest HNU evidence is limited in its scope and is inconsistent with how GL Hearn has undertaken such analysis elsewhere, such as in nearby Selby. Whilst CoYC continues to use the NPPF 2012 OAHN approach to identify its housing needs, Selby will be using SM2 to identify its housing requirement. Conveniently, this results in a 'drive to the bottom' for both parties, with York pursuing an OAHN figure of 790 dpa rather than an SM2 figure of 1,013 dpa, whilst Selby uses the SM2 figure of 342 dpa rather than its previous OAHN of 410 dpa. If CoYC does consider that Selby forms part of a wider HMA with York then it should have a consistent evidence base, which it does not.
- 2.35 Having reviewed York's OAHN in detail, we consider that an appropriate figure is in the order of 1,012 dpa, plus the unmet need 2012-2017 (which would equate to 102 dpa based on the higher OAHN figure). This allows for the improvement of negatively performing market signals through the provision of additional supply, as well as helping to meet affordable housing needs and supporting economic growth.
- 2.36 This process is summarised in Table 2.3.

Table 2.3 Approach to OAHN for the City of York 2017-2033

	Dwellings per annum (2017-2033)
Adjusted Demographic Starting Point (2018-based SNHP using 10-yr migration sensitivity)	669 dpa
Uplift for Market Signals	836 dpa (+25%)
Employment Led Needs	766 dpa–779 dpa
Affordable Housing Needs	1,910 dpa*
10% Uplift to demographic led needs for Affordable Housing? (rounded)	920 dpa
Uplift to address Student Housing Needs	92 dpa
Adjusted OAHN (Rounded)	1,012 dpa
Inherited Shortfall (2012-2017) annualised over the Plan period	102 dpa
Annual Target (inclusive of shortfall)	1,114 dpa

*Based on an affordable housing net annual need of 573 dpa at a delivery rate of 30%

2.37 CoYC’s approach to identifying an OAHN is not compliant with the Framework and the Council is not planning to deliver a sufficient supply of housing to meet the City’s OAHN.

2.38 It should:

- 1 Revisit the evidence base which underpins the minimum housing requirement figure of 790 dwellings, taking on board Lichfields’ analysis which sets out that the Council’s OAHN is in the region of 1,012 dpa plus the housing backlog from 2012-2017.
- 2 Identify additional housing sites to meet the significant shortfall in housing need.

2.39 In our view, this process can be easily accommodated through additional evidence base production addressing the true scale of housing need in the City, and through the publication of main modifications to address any resultant soundness issues. These main modifications should include the identification of a higher housing need figure more in line with our 1,114 dpa recommendation, and the allocation of additional sites in order to ensure that sufficient land is available over the plan period to meet the higher housing requirement.

**Appendix 1 Lichfields Housing Technical
Representation on Housing
Matters (July 2021)**