CITY OF YORK LOCAL PLAN EXAMINATION

PHASE 2 HEARINGS

MATTER 2: HOUSING NEED AND REQUIREMENTS

REPRESENTATIONS BY FULFORD PARISH COUNCIL

MARCH 2022

THE OBJECTIVELY ASSESSED HOUSING NEED (OAHN)

Q 2.1: The Inspector's Understanding of the Council's Position.

1   This is a question initially for the Council to answer.

Q 2.2: The Methodology Used by the Council.

2   The GL Hearn (GLH) report (EX/CYC/43) does follow the general methodology set out in the Planning Practice Guidance (PPG) which is to make a household projection-based estimate of housing need and then to examine whether adjustments should be made to it taking into account employment trends and market signals. However GLH has departed significantly from the detail of the Guidance in order to continue justifying an OAHN of approximately 790dpa.

Q2.2a: The Household-Based Estimate of Need

3   EX/CYC/43a says (2.19) that the household based estimate of need for the City is 669dpa over the plan period 2017 to 2033. This is more than double (120%) the demographic need of 302dpa for the same period as evidenced from the 2018-based SNHP for York. The primary reasons for the difference are:-

   a) GLH disagrees with ONS about future levels of net migration to York and is assuming a much higher rate of in-migration over the plan period.

   b) GLH disagrees with ONS about future rates of household formation and is assuming much greater numbers of households from the same population.

4   GLH's position must be considered against the PPG. It (2a-015-130729) makes clear that the latest household projections published by the government (and now ONS) should be the "*starting point*" for estimating the household-projection based estimate of housing need. Plan-makers (2a-015-130729) may consider sensitivity testing "*specific to their local circumstances*" but "*any local changes*" would need to be clearly explained and justified on the basis of "*robust evidence*". Such local issues might include "*changes in employment growth*" or "*the expansion in education or facilities for older people*".

5   GLH says that it disagrees with the official 2018-based SNPP for York on the basis that using longer-term migration trends would produce a "*more robust*" projection [EX/CYC/43a para 2.7]. It refers to two variant projections prepared by ONS, in particular the one that draws on 10 year migration data (2008-2018) which it uses as the basis for its household-based estimate of housing need (para 2.20). Only by utilising this single variant population projection is GLH able to conclude that the ONS 2018-based SNHP "*does not equate to a meaningful difference*" to the household-based estimate of housing need set out in EX/CYC/9. FPC considers that GLH's use of this variant population projection is not justified for the following reasons:-

1.   EX/CYC/43a produces no evidence why a 10-year migration trend should be preferred over the trends which ONS has used to produce its official or principal projection for York. It merely says that using longer term trends are likely to be more robust. In reality, this represents an objection in-principle to the ONS methodology. The PPG does allow adjustments to be made but emphasises that "*any local changes would have to be clearly explained and justified on the basis of established sources of robust evidence*" EX/CYC/43a provides no such evidence and as such its use of a preferred population projection of 221,819 in 2037 (cf 215,944 in the official ONS projection) cannot be said to be consistent with the PPG.

2.   The decision by ONS to use 2 year data nationally for the internal migration assumption was because it considered that the data was more robust. The ONS methodology paper (page 9) says:

> "***The decision to use two-year averages for internal migration was*** *because analysis conducted by the ONS showed the new methods used for the years ending mid-2017 and mid-2018 were **more accurate and robust** at picking up moves.*" (our emphasis)

GLH has not provided any evidence why this conclusion does not apply to York as well as the rest of England.

3. GLH's argument that a 10-year migration trend should be used as the basis for the household-based estimate of housing need represents a fundamental departure from the position which it has previously taken for York. In its past assessments of housing need for York, GLH has accepted the ONS principal population projection (based on a five year migration trend) and has not previously suggested that a 10 year migration trend should be used.

4. The use of a 10-year international migration trend is not consistent with any reasonable estimate of future migration. The bulk of net migration into York in the past has been driven by international migration rather than internal migration within the UK (SD050 Table 13). Pre-2016 levels of net international migration are unlikely to re-occur in the post-BREXIT era of tighter migration controls and lower economic growth. Reduced rates of international migration is the prime reason why the 2018-based SNPP for York is significantly less (by 7659 people) than the 2016-based projection. The recently issued Interim 2020-based ONS population projection for the UK shows a fall in net international migration into the UK from 232,000pa up to 2026 to 205,000pa from 2026 onwards. Given ONS is predicting that international migration into the UK will fall over the plan period compared to the past decade, it is very unclear why GLH is now expecting rates of international migration into York will increase up to 2033 and 2038.

6   GLH similarly disagrees with the household formation rates (HRRs) set out in the 2018-based SNHP for York. The ONS rates produce an increase of 293 households pa for the period 2017-2033, or 471 households pa using the 10-year migration trend. In contrast, GLH's preferred household formation rates produce an annual household increase of 486pa for the period 2017-2033 using the SNPP for York, and 690pa using

the 10-year migration trend projection. The effect of using the different HRRs is very large, amounting to over 60% more households for any given population.

7   GLH's much higher levels of household formation are based upon what it calls a "*part return to trend*" HRR which uses the ONS 2014-based formation rates but elevated for certain key age groups. GLH justifies the use of this rate on the basis that the 2016-based and 2018-based SNHPs are derived from the household formation trend since 2001 rather than the one dating back to 1971 (as was the case for the 2014-based SNHP). In effect, GLH disagrees with the ONS methodology which the PPG says should be followed except if the LPA can demonstrate local factors why it should not. GLH provides no evidence of any such local factors. GLH also provides no evidence that its preferred household formation rates are realistic or achievable in the economic circumstances applying over the plan period. On this basis, FPC considers that GLH's approach to household formation rates is not in accordance with the relevant PPG.

8   In conclusion, the 2018-based SNHP (as derived from 2018-based SNPP) should be used to provide the household projection-based estimate of housing need. This projection is significantly lower than the 2016-based SNHP and represents a meaningful difference. The justification given by EX/CYC/43a for not using the 2018-based SNHP as the starting-point for assessing the OAHN is not in accordance with the PPG.

Q2b: The Standard Methodology

9   The Local Plan is being prepared under the transitional arrangements set out in NPPF2 paragraph 220 which states that the policies in NPPF1 will apply for the purpose of examining plans submitted before 24 January 2019, as will planning practice guidance issued before July 2018. The standard methodology therefore has no relevance to this Examination.

Q2c: Market Signals.

10   The Inspector's question is one initially for the Council to answer. However there are two significant points we would wish to emphasise in relation to market signals.

11   Firstly, most housing needs studies normally only require a market signals adjustment to the household-projection-based estimate of housing need of between 10% and 30%, depending on the severity of the problem. The degree of uplift should be assessed against national rather than local and regional factors.

12   Secondly there is significant danger of double-counting. The purpose of the market signals adjustment is to allow higher household formation rates than would be allowed for if past rates were to continue. Such an increase is already provided for by the Council's preferred household rates which produce a household increase which is some 60% more from the same population than the SNHP rates.

Q2d: Employment Trends.

13   EX/CYC/43 (5.7) makes clear that the only justification for its OAHN of 790dpa is the economic-led housing need. In comparison, this level of need is some 160% more than an OAHN based upon the 2018-based SNHP (302dpa). An uplift of this scale should need the most careful justification and be based upon up-to-date evidence.

14   The 790 dpa estimate of the economic-led housing need is based upon the scale of the expected employment growth over the plan period (2017-2033) as set out in SLP Policy SS1. This figure in turn was derived from the Employment Land Review of July 2016 [SD064]. The 650 jobs figure is therefore some 7 years old and was arrived at in a very different economic climate than now.   EX/CYC/43a (3.20) says that the figure has been corroborated by the more recent economic forecasting in EX/CYC/29. However this is not the case.

15   Much of the confusion is caused by the various start and end dates for the employment projections which are set out in EX/CYC/29. However the key information is contained in page 21 of the document which says:

> "The total number of jobs (under the preferred higher scenario) is expected to reach 130,300 in 2038, up by 10,780 from 2017...**This is equivalent to an increase of 510 jobs per year between 2017 and 2038**…" (our emphasis)

An increase of only 510 jobs per annum is very different from the 650 jobs per annum on which GLH has calculated the 790 dpa economic-led need. If it is the right figure, it

implies that the economic-led housing need should be some 22% less, equivalent possibly to some 620dpa.

16   EX/CYC/2019 was produced in December 2019, now well over two years ago. The economic outlook for the UK and York has worsened significantly since then as a result of the final BREXIT settlement and COVID. Not surprisingly, EX/CYC/2019 did not foresee the pandemic and it projected a future of steady economic growth for York. However, after its production in December 2019, national output fell by nearly 10%, there were major job losses especially in the retail and hospitality sectors, and many European migrants left the UK. In recent months, the economy has begun to recover. However this recovery is from a much lower base than in December 2019, and the economic outlook for the UK is very uncertain as it struggles to cope with high inflation, labour and supply shortages and pressures on consumer incomes. There is also potential for further economic disruption from future COVID variants and geopolitical events.

17   Although national economic activity forecasts vary significantly, all have in common that UK economic activity over the next decade, including employment, will be significantly lower than was expected in December 2019. The most definitive is that produced by the Office of Budget Responsibility (OBR). The latest OBR report (October 2021) shows that GDP and employment will only recover this year to pre-pandemic levels, meaning 2 years of lost growth. The OBR also makes clear that beyond 2022 there will be significant economic headwinds which will slow growth. It (2.26) predicts that the long-term impact of COVID will be to reduce potential output by about 2% because of factors such as lower investment by companies, corporate insolvencies and a lower national population. Its March 2021 report also warned that the final BREXIT settlement will entail "*a long-run loss of productivity of around 4% compared with remaining in the EU*" (1.21).

18   The pandemic has led to new attitudes developing about the relationship between jobs and homes. Much greater working-from-home is anticipated either on a full-time or hybrid basis. The need to attend offices only occasionally or not at all will increase the ability of people to live much further away from their formal workplace and at the same time reduce the environmental impact of commuting. It challenges one of the central assumptions of EX/CYC/43a about the relationship between workplaces and homes, including that 2011 Census commuting patterns should be projected forward over the plan period.

19   For these reasons, EX/CYC/29 cannot be considered to be up-to-date within the meaning of NPPF1(158) and is a not a reliable basis for the 790dpa economic-led housing need.

Q2.2f: the Justification and Robustness of the Methodology

20   For the above reasons, the Council's figure of 790dpa for the OAHN has not been arrived at using a robust methodology, is not up-to-date, and is not properly justified.

Q2.3: Meaningful Change Since Submission?

21   The Submitted OAHN was based on population and employment work carried out in 2017 which is now some 5 years ago. Since then:-

- The ONS has published the 2016-based and 2018-based SNPPs and SNHPs for York. These show much lower forecast numbers of population and households for York than the 2014-based projections on which the SLP OAHN was based.

- The economic outlook has completely changed with much more lower rates of growth being forecast. There has been 2 years of lost employment growth due to COVID and slower growth is forecast over the remaining part of the plan period. EX/CYC/29 demonstrates that the employment projections underlying the OAHN are out-of-date.

THE HOUSING REQUIREMENT

Q2.4 Unmet Needs

22   CYC has sought to incorporate an additional 32dpa into the housing requirement for housing needs not met between 2012 and 2017.

23   The starting-point to consider is national policy and guidance. This contains no reference to local plans having to meet "*unmet*" needs from before the start of the plan period. The only requirement is to meet the change in household numbers between the start and the end of the plan period plus any adjustments for market signals and employment growth. Any housing needed for 'concealed' households that could not form before the start of the plan period would be incorporated into the household formation rates and the market

signals adjustment. There is no justification for an additional provision for unmet needs before the start of the plan period. The Council's proposal shows a lack of understanding of the national guidance methodology.

24   There are further flaws in the Council's case. The Council has used the OAHN of 790dpa to calculate the unmet need from 2012 to 2017. However this figure for the OAHN is based on the economic-led need which is derived from the SLP requirement for 650 jobs pa for the plan period 2017 to 2033. This jobs target was never intended to apply to the 2012-2017 period. Even the forecasts on which it is based [SD064] only have a base date of 2014. The evidence base for applying the OAHN to the period 2012-2017 is therefore lacking. In any event, any persons moving to York to take up employment here before 2017 would already have found accommodation. EX/CYC/43a (3.3) supports our position::-

   "*We have not examined the economic need associated with historic growth (pre- 2019) as the accommodation has already been provided to support that growth.*"

25   For the avoidance of doubt, past completions have met the demographic needs of York's population pre-2017.

Q2.5: Backlog and Under-delivery

26   See response to Question 2.4.

Q2.6: The Housing Requirement.

27   The Council seems to have assumed throughout the local plan preparation that it must meet the OAHN in full, whatever that figure is. This can be a legitimate policy objective. However, before deciding if it is appropriate to do so, national policy requires that the Council should take account of the environmental consequences of meeting needs in full and in particular the extent of harm it may cause.

28   NPPF1 paragraph 14 requires a two-stage exercise in setting a local plan housing requirement. The first stage is to determine the OAHN. Once this has been determined, the Council needs to assess whether the adverse impacts of fully meeting the OAHN "*would significantly and demonstrably outweigh the benefits, when assessed against the*

policies in (the) Framework taken as a whole or would conflict with specific policies in (the) Framework". The Government has reiterated again recently that housing needs should not be met in full if it would have an unduly adverse impacts, including on the Green Belt.

29   The Council has produced no evidence that it has carried out the exercise required by national policy. In particular, the Council has no up-to-date documentation which assesses the cumulative impacts of the proposed provision on the York Green Belt (including its primary purpose) or the wider environment of the City. This failure to carry out the NPPF1 paragraph 14 exercise is a serious shortcoming in the Local Plan evidence base, especially for a City of international heritage importance where previous housing requirements have been set at the levels specifically intended not to harm its special qualities.

30   FPC considers that the amount of greenfield development required to meet the Council's housing target would significantly harm Green Belt purposes and particularly that to protect the setting and special character of the historic city. It would also lead to unacceptable traffic congestion and damage to air quality.