

Matter 2 - Housing Need and Requirement

Made on behalf of Mulgrave Developments Ltd

The Objectively Assessed Housing Need (the 'OAHN')

Question 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')?"

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?"

- 1.1 Paragraph 61 of the NPPF 2021 requires strategic policies to be informed by a local housing needs assessment in the form of the standard method. The only exception to this is for the purpose of examining plans. Paragraph 220 indicates that plans submitted for examination on or before the 24th January 2019 will continue to be assessed against the NPPF 2012. The Plan was submitted on 25th May 2018, before the 24th January 2019 deadline. Therefore, we agree that, at face value, it would be appropriate to use the OAHN method as the basis for calculating the housing requirement.
- 1.2 However, Paragraph 33 of NPPF 2021 requires policies in local plans and spatial development strategies to be reviewed and updated as necessary and at least once every five years. It also indicates that relevant strategic policies will need updating if their applicable local housing need figure has changed significantly. Our reading of Paragraph 33 this is that there are two tests; the first is that the Plan should be updated at least once every five years and the second relates to a situation where local housing need figure has changed significantly or is expected to change significantly.
- 1.3 The standard method for York, using the latest data, indicates that the minimum housing requirement is 1,013 dwellings per annum. The Plan's current annual housing requirement, based on OAHN, is only 790 with an uplift of 32 units in respect of historic under delivery taking the total figure to 822. There is no doubt that the housing requirement calculated using OAHN, when compared to the standard method, produces a significantly different figure. Indeed, the difference is a 23% increase in the annual housing requirement above the 822 figure. This is significantly different and could conceivably trigger an immediate review of the housing requirement. In any event the Plan will have to be reviewed within the 5 years and this review will need to be undertaken using the standard method.
- 1.4 Based on our calculation, using the standard method, the Council would have to increase the housing requirement in the Plan by a minimum of 191 dwellings per annum. The Council will therefore have to find a significant amount of additional housing land in order to meet the new

and increased housing requirement for the district and this will mean additional land will almost certainly have to be found within the recently adopted Green Belt.

- 1.5 Paragraph 137 of the NPPF 2021 indicates that one of the essential characteristics of Green Belts is their permanence. Paragraph 140 goes on to indicate that once established, Green Belt boundaries should only be altered where there are exceptional circumstances and notes that strategic policies should establish the need for any changes to Green Belt boundaries, having regard to their intended permanence in the long term, so they can endure beyond the plan period. Paragraph 143 also indicates that plans should be able to demonstrate that Green Belt boundaries will not need to be altered at the end of the plan period.
- 1.6 The Plan seeks to define, for the first time, an adopted Green Belt. It is our view that the uplift in the housing requirement, resulting from the review process, would require the amendment of the recently defined Green Belt and this would happen only a few short years after its adoption. This would mean that the Green Belt was anything but permanent. This is the same situation that the Council were in when they produced the DCLP but there the Council position was more overt as they referred to the Green Belt being only temporary.

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

- 1.7 The NPPG 2012 notes that although demographic projections are trend-based, they need to be adjusted to take account of factors that are not captured by those trends, including past undersupply, market signals and future job growth.
- 1.8 The Housing Need Update (2020) ([EX-CYC-43A](#)) uses household projections to inform the OAHN figure of 790 dwellings per annum, with an uplift of 32 dwellings per annum added on to account for the past under supply calculated between 2012-2017. The housing requirement in the Plan equates to 822 dwellings per annum. This incorporates past undersupply (up to a point) but does not take into account market signals.
- 1.9 We note that the Council's own consultants recommended a 10% uplift to reflect market signals in the SHMA 2016 ([SD051](#)) and the subsequent Addendum 2016 ([SD052](#)) and again in the May 2017 Addendum Update ([SD050](#)). However, when the reports were presented to the Local Plan Working Group ('LPWG') in July 2017, the LPWG ([10/07/2017](#)) resolved to reject the increased OAHN stating that:

"The recommendation prepared by GL Hearn in the draft Strategic Housing Market Assessment, to apply a further 10% to the above figure for market signals (to 953 dwellings per annum), is not accepted on the basis that GL Hearn's conclusions 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."

- 1.10 Housing affordability in York is a worsening issue and is one that the City of York are clearly aware of. The SHMA 2016 ([SD051](#)) indicates that for the period by 2012/2013, the median affordability ratio in York was 6.74 but in 2019/2020 the median affordability ratio was 8.22 as demonstrated in Table 1 below. The median affordability ratio has worsened by 22% in the City of York over this 8-year period from 2012/2013. This means it now costs the average worker in the City of York 8.22 times their earnings to afford a house, which represents a significant barrier to homeownership.
- 1.11 When comparing the City of York’s affordability ratio to the national and regional ratios, **Table 1** shows that York has a much higher affordability ratio than the regional average, and also just above the national average which takes into account such areas as London and the southeast. The table also highlights the change in the affordability ratio between 2012/2013 and 2019/2020. The national ratio worsened by a total of 16.4% and the regional ratio by 10.7% over this same period. This shows that York has experienced worsening affordability over the 8-year period, at which time the Plan was being prepared compared to the regional position and the position in England.

	Median Affordability Ratio 2012/2013	Median Affordability Ratio 2019/2020	Difference	Increase (%)
York	6.74	8.22	+1.48	22.0%
Yorkshire and the Humber	5.35	5.92	+0.57	10.7%
England	6.77	7.88	+1.11	16.4%

Table 1 – Comparison of Affordability Ratios between City of York, Yorkshire and the Humber and the National Average.

Data Source: Table 2c and 5c of Ratio of House Price to Workplace Based Earnings published March 2021

- 1.12 Further, in 2019/20, the average house price in the City of York was £245,000, some £78,050 or 47% higher than the regional average house price in Yorkshire and the Humber of £166,950.
- 1.13 In terms of affordable housing, the delivery of such housing in the City has fluctuated considerably between 2012/2013 and 2019/2020 and the delivery is falling substantially short of the identified needs set out in the SHMA 2016 ([SD051](#)). Table 2 demonstrates that the Council has delivered just 356 net additional affordable dwellings over the eight years from 2012/13 to 2019/2020. The Council’s identified affordable housing need is 573 dwellings per annum, or 4,584 dwellings over the eight years from 2012/13. A significant shortfall of 4,228 affordable dwellings has amassed over this time frame as demonstrated in **Table 2**.

Year	Total Housing Completions	Additions to Affordable Housing Stock (Gross)	Additions to Affordable Housing Stock (Net of Right to Buy)	2016 SHMA Affordable Housing Need	Shortfall
2012/2013	482	129	105	573	-468
2013/2014	345	75	22	573	-551
2014/2015	507	128	76	573	-497
2015/2016	1,121	100	32	573	-541
2016/2017	977	136	57	573	-516
2017/2018	1,296	69	-3	573	-576
2018/2019	449	56	-4	573	-577
2019/2020	560	129	71	573	-502
Total	5,737	822	356	4,585	-4,228
Average	717	103	45	573	-529

Table 2 – Total Affordable Housing Completions over the Period 2012/2013 to 2019/2020

- 1.14 Whilst it is improbable that the Council will deliver the level of affordable housing needed, it is important not lose sight of the fact that Table 2 reflects the significant undersupply of affordable homes against the recognised need. It is clear from Table 2 that the proposed housing requirement in the Plan should take into account the shortfall of 4,228 affordable dwellings that have amassed over the past 8-year period to date and also deliver more housing and therefore more affordable dwellings over the new Plan period.
- 1.15 The [Affordable Housing Update \(2020\) \(EX-CYC-36\)](#) provides background on York’s affordable housing delivery and explains that a projected total of 3,539 affordable homes will be provided over the plan period to 2032/2033 through the allocation of land in the Plan. This equates to an average of 221 affordable homes per annum – substantially below the 573dpa need highlighted in the 2016 SHMA ([SD051](#)). This can only worsen the ability of those most in need of housing to find a home.
- 1.16 It is our view that the Plan fails to allocate enough housing sites and land to even start to meet the affordable homes needed in York. The Plan therefore appears to ignore the needs of these members of society most in need of housing.

- 1.17 Further, emerging policy H10 sets out the affordable housing targets for new sites which typically falls between 20% and 30% depending on the number of units proposed and the site's location. However, the policy also allows developments to deliver a lesser amount of affordable housing where it is demonstrated through a viability assessment that to do so would result in the scheme becoming unviable.
- 1.18 The Plan sets out that a total of 2,534 affordable homes are to be brought forward on strategic sites ('ST sites') (equating to 71.6% of the total affordable dwellings over the Plan period). Whilst these sites are large and provide the opportunity to deliver a large percentage of the affordable dwellings needed, it is somewhat uncertain as to whether these can deliver the amount specified, given that a viability assessment can be submitted to vary the amount of affordable housing, and when these homes will be provided.
- 1.19 In particular, we note that some of the allocations will be difficult to deliver and will require significant infrastructure works to bring them forward. For example, the British Sugar site, known as ST1, is a prime example where a smaller percentage of affordable housing has been agreed than the required at 20%. It was agreed as part of the application, which was allowed on appeal following non-determination by the Council, that ST1 will only bring forward a total of 3% of affordable housing within the initial phase of development due to viability reasons and the increased costs for remediation given the past history of the site. This shows that a policy compliant level of affordable housing cannot be guaranteed on each site, and this will further add to the shortfall in affordable housing.
- 1.20 Similarly, York Central (ST5), which is also a large brownfield site located in the City Centre, requires significant remediation and infrastructure works before works can begin. These costs are likely to be much higher than on any greenfield site and are likely to result in the significant reduction of the affordable housing provision.
- 1.21 In addition to the above, the [Affordable Housing Update \(2020\) \(EX-CYC-36\)](#) identifies a number of strategic sites which, even if they did propose the full amount of affordable housing, would not deliver the full quantum of affordable housing within the Plan period. The report includes the following:
- York Central (estimated delivery of 2,500 dwellings, of which 500 affordable, but of which only 300 are estimated to come forward within the Plan period);
 - Land West of Wigginton Road (estimated delivery of 1,348 dwellings, of which 404 affordable, but of which only 378 are estimated to come forward within the Plan period);
 - Land West of Elvington Lane Road (estimated delivery of 3,339 dwellings, of which 858 affordable, but of which only 595 are estimated to come forward within the Plan period);
 - Imphal Barracks (estimated delivery of 769 dwellings, of which 154 affordable, but of which only 20 are estimated to come forward within the Plan period with the Ministry of Defence not due to dispose of the site until 2031)
- 1.22 All of the above means, in our view, that the affordable provision will fall below the 221dpa indicated in the Plan, and even further below the 573dpa identified as being needed.

- 1.23 The Plan is an opportunity to provide the ‘step change’ in affordable housing delivery, which is desperately needed in York. However, it is our view that the current housing requirement does not get close to meaningfully addressing the issue. We consider that, at the very least, an additional uplift needs to be made to reflect the Council’s failure to deliver sufficient affordable homes in the past and going forward
- 1.24 In situations where market signals show a worsening of affordability or where there is a chronic shortage of affordable housing, such as in York, then an uplift is often applied to the annual housing need figure..
- 1.25 It is our view that housing market signals have not been taken into account and clearly should have been and no real attempt has been made in the Plan to address the chronic and on-going under provision of affordable homes.
- 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?***
- 1.26 The OAHN is based on household projections which were tested against the economic-led housing need figure. As both assessments were similar, we understand that no uplift was applied for future job growth.
- 1.27 We understand that the housing requirement of 790 dwellings is based solely on demographic projections.
- 1.28 We accept that the household projections would also have included an element of growth derived from economic expansion in the past, as this would be built into the trend, but it is not clear whether the additional 650 jobs per annum is more than historically created. If 650 jobs per annum are created these will not all be filled by existing residents and therefore it is likely to generate a need for additional housing over and above that allowed for in the household projections. At face value, we cannot see how an uplift is not justified.
- e) *Overall, has the OAHN figure been arrived at on the basis of a robust methodology and is it justified?***
- 1.29 It is considered that the OAHN does not reflect the Council employment growth ambitions, nor does it take into account the clear market signals which were recognised by the Council’s own advisors but ignored. The housing requirement does not seek to address the affordable housing crisis in York. The OAHN is therefore not justified.
- 1.30 Further, it is our view that the Council have sought to reduce the housing requirement through the various stages of the Plan process, as demonstrated in the table below.

Stage of Plan	Housing Requirement (PA)
Local Plan Preferred Options (2013)	1,090
Publication Draft Local Plan (2014)	996
Preferred Sites Local Plan (2016)	841
Publication Draft Local Plan (2017)	867
Publication Draft Regulation 19 (2018)	867
Proposed Modifications Consultation (2019)	822

Table 3 - Housing Requirement over the Various Stages of the Plan

- 1.31 As evidenced in the **Table 3**, the housing requirement in the 2013 version of the Plan Preferred Options document was 1,090. When compared with the latest housing requirement of 822pda, this represents a reduction of 268 per annum. We consider that the standard method which indicates a minimum housing requirement of 1,013 dwellings per annum is a better reflection of the true housing need and indeed we note produces a figure which is closer to the original housing requirement set out in the 2013 version of the Plan.
- 1.32 It is considered that the methodology used is not robust or justified.
- 1.33 It is clearly evident that that the housing requirement should be over 1,000 dwellings per annum – a similar level to that which would be generated by the use of the standard methodology and as set out in the 2013 version of the Plan.

The Housing Requirement

Question 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?

- 1.34 As part of the preparation of the Plan an uplift for the shortfall in housing delivery between 2012-2017 was added to the annual housing requirement, and thus taking the requirement from 790dpa to 822dpa.

Year	Gross Completion	Net Dwelling Gain	Shortfall against targeted 790dpa
2016-2017	996	977	+187
2015-2016	1,171	1,121	+331
2014-2015	523	507	-283
2013-2014	374	345	-445
2012-2013	540	482	-308
Total			-518

Table 4 - Housing Completions 2012 – 2017

- 1.35 Since then, it is clear that there has been a further shortfall in housing completions between 2017-2021. The table below sets out the housing completions. Over the proceeding 4 years there has been a further shortfall of 233 units.

Year	Gross Completion	Net Dwelling Gain	Shortfall against targeted 790dpa
2020-2021	643	622	-168
2019-2020	596	560	-230
2018-2019	481	449	-341
2017-2018	1,336	1,296	+506
Total			-233

Table 5 - Housing Completions 2017 - 2021

- 1.36 The additional shortfall figure therefore needs to be increased to reflect the additional period of under delivery within the City.

Question 2.5

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

- 1.37 Covered in our response to question 2.2(e).

Conclusion

- 1.38 To conclude, we consider that the housing requirement in the Plan does not take into account the clear market signals, make any real attempt to address the chronic shortfall in historic affordable housing under provision or even meet the affordable housing needs of the city going forward and does not appear to properly take into account economic growth. Whilst calculating the housing requirement using the OAHN is technically correct it will almost certainly prove problematic by the time that the first review of the Plan is required. The transition from using the OAN to the standard method will leave the Council with a significant shortfall of housing land and the Council will not be able to meet the increased requirement without reviewing the Green Belt

– which undermines the permanence of the boundaries proposed by the Council. On this basis, we maintain that the Plan is not justified, it will not be effective and has not been positively prepared and is not consistent with national policy and is ultimately not sound.

Modification

- 1.39 To make the Plan sound the Council need to find additional land for development to ensure that the Green Belt, once defined, remains permanent. It is our view that additional small and medium sized sites should be identified as well as potentially increasing the size of some of the most sustainable allocations such as ST9.

- 1.40 To make the Plan sound an uplift to the housing requirement should therefore be applied in the order of 25% to 30%.