



**EXAMINATION OF THE CITY OF YORK LOCAL PLAN
2017-2033**

PHASE 3 HEARINGS

**MATTER 10: HOUSING MIX AND DENSITY (POLICIES H2, H3, H4
AND H9)**

**APPENDIX 1: CYC Local Plan Viability Technical Note on Changes
in Policy HO3**

CITY OF YORK COUNCIL STATEMENT

Technical Note

CYC Local Plan Viability Technical Note on Changes in Policy HO3

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Quality Statement:	In preparing this Technical Note, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of the proposed CYC Local Plan.
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Introduction

1. This Technical Note assesses the viability implications of the Local Plan under changes that have occurred since document CD018 - City of York Local Plan Viability Assessment Update Study (April 2018) and Local Plan Examination Matter 6 Document HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022) have been produced. It relates specifically to potential modifying Policy H3 Balancing the Housing Market, with a revised City wide housing mix based on the new ICENI Local Housing Need draft report¹ (herewith referred to as the draft LNA).
2. Two scenarios for alternative housing mixes draft LNA are also tested.

Viability Testing Revisions

3. The testing in this note follows the same approach and methodology as followed in CD018. It also uses the same assumptions tested in CD018 and Matter 6 Document HS/P2/M6/IR/1b App 2, except where it is noted in this report.

Draft LHN 2022 Proposed Housing Mix

4. We have revised the Local Plan viability testing based on amending Policy H3 Balancing the Housing Market, to account for the draft LNA housing mix, which is shown in the draft LNA as Table 5.14, and also replicated in **Table 1** below. This shows the same proportions of open market units as those in the LNA 2016 report, which was tested in CD018 and Matter 6 Document HS/P2/M6/IR/1b App 2, but it includes different mixes for the affordable units.
5. As explained in the draft LNA para 5.27, the draft mixes are indicative estimates based on the current housing market and taking account of a range of factors, including the modelled outputs, survey data and the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register Data as well as

¹ Saved as file in Housing Mix folder: 'LHNA Draft Report'.

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taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g., the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Table 1 Mix of units proposed in the draft LNA (2022)

Housing type	1 bed	2 beds	3 beds	4+ beds
Market	5-10%	35-40%	35-40%	15-20%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing rented	30-35%	35-40%	20-25%	5-10%

Source: City of York Draft LNA 2022, Table 5.14

Draft LHN 2022 Alternative Housing Mix Scenarios

6. Also, the draft LNA para 32 states that these estimates should not be prescriptive and should only be included in the plan making process to reflect the broad mix to be sought across the City. As noted in the draft LNA para 5.50, the majority of units should be houses rather than flats, AND consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). As such, for testing their impact on the Local Plan viability, we make some further assumptions for specific proportions to best fit the different site typologies being tested. So, the site specific mixes that have been tested apply:

- The mid points of the specific ranges in Table 1 are tested;
- City centre sites with more than 100 dwellings per hectare, which are flatted schemes, so it is assumed there to be an equal number of 1 bed and 2 beds flats and no houses, as previously tested; and
- Other site typologies with fewer than 100 dwellings per hectare reflect a mix of housing and no flats, with the identified shares of 1 bed units being treated as additional 2 bed houses.

7. The draft LNA identifies other housing mixes based on different types of modelling. As such, we look at two sensitivity tests which propose alternative mixes. These are noted below.

8. **Scenario 1:** this tests the Housing Market Model modelled outputs of need by dwelling size based on linking and combining the local and regional occupancy patterns, as shown in the draft LNA as Table 5.7, and also replicated in **Table 3** below.

Table 3 Scenario 1 - Combining methodologies linking local and regional occupancy patterns

Housing type	1 bed	2 beds	3 beds	4+ beds
Market	4%	31%	48%*	17%
Affordable home ownership	19%	40%**	28%	13%
Affordable housing rented	34%	35%	27%	4%***

* This row in the draft LNA totals 101%, so we've changed this from 49% to 48%.

** This row in the draft LNA totals 101%, so we've changed this from 41% to 40%.

*** This row in the draft LNA totals 99%, so we've changed this from 3% to 4%.

Source: City of York Draft LNA 2022, Table 5.7

9. **Scenario 2:** this tests the modelled outputs of need by dwelling size based on the Housing Market Model with adjustments for under-occupation and overcrowding. This

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leads to the suggested mix as set out in the draft LNA as Table 5.11, and also replicated in **Table 4** below.

Table 4 Scenario 2 - Adjusted Modelled Mix for under-occupation and overcrowding

Housing type	1 bed	2 beds	3 beds	4+ beds
Market	9%	40%	40%	11%
Affordable home ownership	20%	41%	27%	12%
Affordable housing rented	34%	39%	23%	4%

Source: City of York Draft LNA 2022, Table 5.11

Viability Testing Results

10. Based on the noted changes to the viability testing assumptions, this section reviews the viability results to identify and assess the risk to the future delivery of housing within the City. The site typologies and Strategic sites have been retested at full Local Plan policy with everything else being kept the same as previously tested in HS/P2/M6/IR/1b App 2 City of York Council.
11. However, it should be noted that the strategic sites are tested with lower quartile build costs applied to the tested strategic sites, and the housing mix reflects the requirements that have been identified in the latest draft LNA (2022).
12. The results are summarised by using a RAG 'traffic light' system, as follows:
 - Green means that the development is viable with financial headroom that could be used for further planning gain;
 - Amber is marginal in that they fall within a 20% range (i.e., 10% above or below) around the benchmark land value; and
 - Red means that a viable position may not be reached if required to be policy compliant and all other assumptions such as land value remain unchanged.

Viability Results

13. The viability results at full policy requirements for the changes to the housing mix are shown in **Table 2**.
14. The testing of the draft LNA recommended changes in the housing mix show all the tested sites to be able to comply with the existing CYC Local Plan policies, which would include Policy H3 Housing Mix based on the draft LNA 2022 recommended mix. Only ST15 is considered to be marginal in terms of viability, but would still be considered to be deliverable. Overall, the residual viability headrooms would be almost identical to the existing Policy H3 housing mix, so the impact on the viability of introducing the new mix is considered negligible.
15. The scenario 1 mix based on the draft LNA alternative modelling based on linking and combining the local and regional occupancy patterns, the results slightly improve, with ST15 being viable rather than marginally viable. Also, the tested site residual headrooms increase on some sites, but only marginally so.
16. The scenario 2 mix based on the draft LNA alternative modelling based on the Housing Market Model with adjustments for under-occupation and overcrowding, the results

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remain the same as the base case, but the residual headrooms increase, but only marginally so.

Table 2 CYC Local Plan viability tested with revised assumptions at full policy, along with headroom per dwelling

ID	Typology	Draft LHNA Proposed Mix	Scenario 1	Scenario 2
1	Centre/ City Centre Extension - Large - 95 dwellings - Greenfield	£16,268	£16,268	£16,268
2	Centre/ City Centre Extension - Medium - 50 dwellings -	£17,699	£17,699	£17,699
3	Centre/ City Centre Extension - Small - 20 dwellings -	£25,153	£25,153	£25,153
4	Urban - Large - 45 dwellings - Greenfield	£31,737	£33,044	£30,244
5	Urban - Medium - 25 dwellings - Greenfield	£31,781	£33,086	£30,291
6	Urban - Small - 10 dwellings - Greenfield	£33,619	£34,922	£31,894
7	Suburban - Large - 140 dwellings - Greenfield	£18,807	£20,114	£17,311
8	Suburban - Medium - 38 dwellings - Greenfield	£26,588	£27,893	£25,098
9	Suburban - Small - 8 dwellings - Greenfield	£28,855	£30,158	£27,129
10	Village - Village - 122 dwellings - Greenfield	£20,187	£21,494	£18,691
11	Village - Large - 33 dwellings - Greenfield	£28,272	£29,579	£26,780
12	Village - Medium - 7 dwellings - Greenfield	£29,636	£30,940	£27,910
13	Village - Small - 1 dwellings - Greenfield	£14,501	£15,444	£13,256
14	Centre/ City Centre Extension - Large - 95 dwellings -	£26,314	£26,314	£26,314
15	Centre/ City Centre Extension - Medium - 50 dwellings -	£27,826	£27,826	£27,826
16	Centre/ City Centre Extension - Small - 20 dwellings -	£29,445	£29,445	£29,445
17	Urban - Large - 45 dwellings - Brownfield	£32,466	£33,906	£30,717
18	Urban - Medium - 25 dwellings - Brownfield	£34,150	£35,587	£32,403
19	Urban - Small - 10 dwellings - Brownfield	£28,225	£29,527	£26,499
20	Suburban - Large - 140 dwellings - Brownfield	£25,295	£26,734	£23,542
21	Suburban - Medium - 38 dwellings - Brownfield	£27,162	£28,600	£25,416
22	Suburban - Small - 8 dwellings - Brownfield	£22,159	£23,462	£20,433
23	Village - Village - 122 dwellings - Brownfield	£25,366	£26,806	£23,614
24	Village - Large - 33 dwellings - Brownfield	£27,512	£28,951	£25,763
25	Village - Medium - 7 dwellings - Brownfield	£22,161	£23,464	£20,435
26	Village - Small - 1 dwellings - Brownfield	£4,741	£5,685	£3,497
32	SS4 York Central (ST5)	£1,627	£1,627	£1,627
33	SS6 British Sugar (ST1)	£44,471	£44,471	£44,471
34	SS7 Former Civil Sports Ground (ST2)	£21,827	£23,303	£20,051
35	SS8 Land Adj Hull Road (ST4)	£22,104	£23,591	£20,321
36	SS9 Land East of Metcalf Lane (ST7)	£22,400	£23,847	£20,651
37	SS10 Land Nth of Monks Cross (ST8)	£19,253	£20,715	£17,491
38	SS11 Land Nth of Haxby (ST9)	£17,549	£19,005	£15,792

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ID	Typology	Draft LHNA Proposed Mix	Scenario 1	Scenario 2
39	SS12 Land West of Wigginton Rd (ST14)	£13,068	£14,515	£11,320
40	SS13 Land West of Elvington Lane (ST15)	£513	£1,947	-£1,222
41	SS14 Terry's Extension Sites	£50,251	£51,899	£48,190
42	SS15 Nestle South (ST17)	£1,168	£1,168	£1,168
43	SS16 Land at Tadcaster Rd (ST21)	£32,148	£33,639	£30,361
44	SS17 Hungate (ST32)	£39,471	£39,471	£39,471
45	SS18 Station Yard, Wheldrake (ST33)	£26,330	£27,821	£24,543
46	SS20 Imphal Barracks (ST36)	£38,203	£39,683	£36,423

Conclusions

- Based on the findings in this technical note, we would conclude that updating the housing mix in the emerging Local Plan Policy H3 to any of the recommended mixes in the draft LNA (2022), will have a negligible impact on the viability of sites coming forward. As such, introducing the new mix is considered to not undermine the deliverability of the emerging Local Plan.

