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Sent by Email only

08/09/2016

Dear Sir/ Madam,

## **City of York Local Plan: Preferred Sites & Evidence Base Consultation**

1. Thank you for consulting with the Home Builders Federation (HBF) on the York Local Plan: Preferred Sites and Evidence Base consultation.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. The HBF is keen to work with the City of York to ensure that a sound Local Plan can be provided in a timely manner. This would be to the benefit of all concerned with the development and future economic success of the city. In this context we provide the following comments, which are based upon our extensive knowledge and experience of local plan examinations across England and Wales. The HBF would be happy to engage with the Council upon matters of mutual interest to ensure that swift progress upon the Local Plan can be made.

### **Duty to Co-operate**

4. The HBF is principally concerned with cross-boundary housing issues. In this regard it is noted that the Council's June 2016 Strategic Housing Market Assessment (2016 SHMA) identifies that York can be considered self-contained in terms of its housing market area. Whilst the HBF does not dispute this point it is clear that this self-containment is not as strong as many other areas and indeed falls below the 'typical' 70% self-containment factor identified within the Planning Practice Guidance (PPG) (ID 2a-011). It is also clear that York has very strong cross-boundary housing relationships with neighbouring authorities particularly Selby and Hambleton but also Ryedale and the East Riding of Yorkshire.

5. Given these strong relationships the HBF would be keen for the Council to identify what, if any, actions it has taken to deal with cross-boundary housing issues. This should ideally be addressed in the next stage of consultation upon the plan, and definitely prior to submission.
6. It is also unclear how the City of York Local Plan and its associated housing and employment requirements fit with the ambitions of the York, North Yorkshire and East Riding Local Enterprise Partnership. These ambitions seek to double the rate of house building and create 20,000 new jobs. This should be clearly set out within any evidence upon cross-boundary housing issues.

### **Housing Requirements**

7. The consultation document identifies an overall net housing need figure of 841 dwellings per annum (dpa) over the period 2012 to 2032. This is based upon the evidence provided within the 2016 SHMA and subsequent 2016 SHMA addendum. This figure is significantly below the 1,090dpa identified within the previous consultation upon the plan. The HBF has a number of concerns with the proposed housing requirement identified within the 2016 SHMA and subsequent addendum.
8. The HBF has not undertaken its own modelling of housing need our comments are, therefore, solely based upon the Council's published reports as well as other national sources of information. We are supportive of much of the methodology employed in the identification of an objectively assessed housing need (OAN) for the City of York area. Our key concerns relate to the assumptions made and / or the interpretation of data, these are discussed below.

### **Demographic-led projections**

9. The 2016 SHMA, correctly, utilised the 2012-based sub-national population and household projections as its starting point (2012 SNPP and 2012 SNHP respectively), as these were the most up to date at the point of publication. These projections were superseded by the 2014 SNPP and SNHP. The 2016 SHMA addendum, published June 2016, considered the 2014 SNPP but not the 2014 SNHP which were released after the publication of the addendum in July 2016. The difference between the 2012 SNHP and 2014 SNHP over the plan period is set out below.

Projection	Dwellings at 2012	Dwellings at 2032	Difference	Annual average dwellings
<b>2012 SNHP</b>	84,247	99,340	15,093	755
<b>2014 SNHP</b>	84,271	101,389	17,118	856

Source: CLG

10. The 2014 SNHP identify a higher demographic starting point compared to their 2012 counterparts, nearly an additional 100dpa. This is a significant difference. It is also notable that it stands above the 841dpa suggested by the Council to represent its OAN. The PPG requires plan makers to utilise the most up to date official household projections as the starting point for calculating OAN for an area (PPG ID 2a-015). The PPG does provide an opportunity for local authorities to demur from the official projections but this should only be done based upon “...*established sources of robust evidence...*” (PPG ID 2a-017). The HBF is unconvinced that the evidence provided is sufficiently robust to justify a different demographic starting point to the 2014 SNHP.

11. Whilst neither the 2016 SHMA, nor its addendum consider the 2014 based SNHP the addendum does consider the 2014 SNPP. This document concludes that despite the increase in population identified within the 2014 SNPP compared to their 2012 counterparts no change to the OAN is required (paragraph 1.34). The reasoning for this is due to concerns over the growth of the student population and the use of longer-term migration trends. The HBF is concerned that the reasoning for this conclusion lacks the veracity of evidence required by the PPG.

12. In terms of students paragraph 1.12 of the 2016 SHMA addendum notes strong growth in the 20-24 and 25-29 age group between the 2012 and 2014 SNPP projections, as indicated below.

Age group	20-24 year olds	25-29 year olds
2012 SNPP	22,164	14,288
2014 SNPP	24,425	15,620
<b>Difference</b>	<b>2,261</b>	<b>1,332</b>

Source: GL Hearn 2016

13. The paragraph further notes that between 2008 and 2014 the University of York expanded from 13,500 students to 16,700 students due to the opening of a new campus. This is an increase of 3,200, as opposed to the 3,500 identified in the study. The study also suggests doubt over the potential for future growth at the

university. Paragraph 1.13 goes on to identify methodological issues identified by the ONS in the 25 to 44 age group.

14. Whilst these issues are noted the report fails to consider the actual impact that these changes may have. It should be noted that the period of strong growth at the University of York (2008 to 2014) would also be picked up, at least in part, within the earlier 2012 projections, which the study considered sound. Furthermore whilst it is stated that the University of York has more muted growth ambitions, this is not quantified and is based upon the wording within a couple of University reports and statements (paragraphs 10.69 and 10.70; 2016 SHMA). Neither of the quotes identified actually indicate reduced growth ambitions, rather they suggest previous levels of growth cannot be guaranteed. The 2016 SHMA addendum also appears to overlook the growth potential identified by York St. John University which intends to increase its student population by 900 by 2020. This could counteract any reduction in the growth of the University of York.
15. In terms of the ten year migration trend it must be remembered that York has a long history of under-delivery against its housing targets, not meeting its targets for 9 of the last 10 years. Added to this the lack of an adopted local plan has meant that delivery has been significantly restricted. This will inevitably have tempered the long-term projections.
16. Given these significant uncertainties the HBF does not consider it robust to alter the projections based upon these factors and consider the 2014 SNHP to provide a more robust starting point. The HBF agree with the report that the 856dpa figure should be supplemented by appropriate changes to household representation rates (HRRs). This is considered necessary to take account of the fact that the methodology applied by DCLG means there is a greater reliance upon trends experienced over the last 5 years than to those experienced over the longer term. The implication of this bias is that the 2012 and 2014 household projections continue to be affected by the recently observed suppression of HRRs. This suppression is associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability. Younger households were particularly affected by these past trends and evidence shows that household formation rates for these groups are likely to recover as the economy improves (Town & Country Planning Tomorrow Series Paper 16, "New estimates of housing demand and need in England, 2001 to 2031" by Alan Holman). Furthermore the PPG is clear that the household projections do

not take account of policy interventions by Government (PPG ID 2a-015). Given that the Government is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as 'Help to Buy' and 'Starter Homes' it is likely that household formation rates will increase in the future.

### Economic Signals

17. As noted within our comments upon the Duty to Co-operate above neither the 2016 SHMA, nor its addendum have considered to implications of the LEP ambitions for growth. This should be factored into the assessment.

### Affordable and Housing Market Signals

18. The 2016 SHMA identifies a small increase of just 8dpa to take account of market signals, this is less than 1% of the identified OAN. Paragraph 11.34 identifies that this adjustment is made to reflect the level of suppression in household formation. The HBF consider this uplift to be too low.

19. The PPG, paragraph 2a-019, identifies a series of market signals which should be considered. These include land prices, house prices, rents, affordability, rates of development and overcrowding. According to the PPG a worsening trend in **any** indicator requires an upward adjustment to planned housing numbers compared to ones based solely on household projections (paragraph 2a-020). The SHMA correctly considers the majority of these signals. It is notable from the analysis that York performs poorly against rates of development and affordability.

20. In terms of under-delivery this amounted to almost 23% of the target between 2004/5 and 2013/14 (paragraph 8.38; 2016 SHMA). If this were further updated this under-delivery would further increase. In terms of affordability this continues to deteriorate and stands significantly above the national average. These two indicators alone suggest a need for a market signals uplift.

21. It is recognised that the 2016 SHMA applies an uplift to HRRs which may account for some of the suppression of household formation. It is, however, notable that the PPG provides a distinction between adjustments for household formation rates from any market signals uplift. The PPG question '*What is the starting point to establish the need for housing?*' (ID 2a-015) is clear that the household projections plus such adjustments for issues such as household formation and the effects of under-delivery on migration represent the demographic starting point. A market

signals uplift is clearly made after this starting point. The PPG clearly separates the two issues and states;

“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals,...” (PPG ID 2a-019)

22. This stance is also agreed by the Local Plan Expert Group (LPEG). In its recommendations to Government, for a standard methodology for OAN, it notes that adjustments to household formation rates in younger age groups and for worsening market signals are separate and both are required (Flowchart Steps A & B in Appendix 6).

23. Given the signals described above it is considered that a market signals uplift of at least 10% is warranted. The need for such an uplift is also supported by the significant affordable housing need within York. The 2016 SHMA identifies a need of 573 net additional households per annum. It is clear that the housing requirement suggested within the plan will not meet this need in full. In such cases the PPG suggests;

*“...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. (ID2a-029)”*

### Conclusions

24. The HBF does not consider the housing requirement of 841dpa to be fully justified and is likely to be found unsound at examination. The HBF recommends further evidence is provided if the Council intends to retain this figure. Our assessment of the data provided taking account of the 2014 SNHP, which indicate a starting point of 856dpa, and the need to provide a market signals uplift indicates a figure closer to 1,000dpa<sup>1</sup> is likely to be required. This may need to be further increased to take account of the economic ambitions of the LEP.

### **Housing Mix**

25. The HBF supports the need for a range and mix of housing requirements and the recognition within the consultation document that;

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<sup>1</sup> It should be noted that the HBF has not undertaken any specific modelling at this stage and as such a higher figure may be necessary.

*“...there will be a range of factors that will influence demand for different sizes of homes over time, including demographic changes, affordability and wider economic performance.”*

26. In addition to these factors other issues such as the characteristics and location of individual sites as well as owner aspiration will have a bearing upon the range and mix of housing which should be delivered. To ensure that developers can respond to these various issues it is recommended that any policy approach provides flexibility and does not place rigid housing mix requirements upon individual sites.

### **Green Belt**

27. The HBF supports the Council in its acknowledgement that the Green Belt boundary will need to be altered to meet the development needs of the area. This is clear from the evidence provided by the Council.

28. The consultation document identifies that the plan will provide a Green Belt boundary which will endure for 20 years. It is unclear whether this represents the plan period (2012 to 2032) or from the date of adoption. Whichever dates apply it appears highly likely that Green Belt boundaries will need to be altered at the end of the plan period. Despite the interim conclusions of the York Local Plan Inspector in January 2000 this would be contrary to the provisions of the NPPF. The NPPF, paragraph 85, identifies that where necessary Local Plans should provide safeguarded land to meet longer term development needs stretching *“...well beyond the plan period”* and that local authorities should satisfy themselves that Green Belt boundaries *“...will not need to be altered at the end of the development plan period..”*

29. The HBF therefore recommend that further consideration is given to the longevity of the Green Belt. The inclusion of safeguarded land would assist in ensuring that further amendments will not be required at the end of the plan period. This would provide greater certainty for residents and clarity to the long-term development of the city.

### **Sites / Site Selection**

30. The HBF does not, at this stage, wish to comment upon the acceptability or otherwise of individual sites. It is, however, important that the levels of development

across the areas be better informed by further analysis of potential deliverability and viability.

31. We are keen that the Council produces a plan which can deliver against its housing requirement. To do this it is important that a strategy is put in place which provides a sufficient range of sites to provide enough sales outlets to enable delivery to be maintained at the required levels throughout the plan period. The HBF and our members can provide valuable advice on issues of housing delivery and would be keen to work proactively with the Council on this issue.
32. The HBF also strongly recommend that the plan allocates more sites than required to meet the housing requirement. This buffer should be sufficient to deal with any under-delivery which is likely to occur from some sites. Such an approach would be consistent with the NPPF requirements for the plan to be positively prepared and flexible. It is also notable that the recent recommendations from the Local Plan Expert Group suggest such a buffer is required<sup>2</sup>.
33. The plan must also be viable. This is a particularly important consideration in relation to the policies proposed to be included within the plan as well as the location of sites. The HBF is willing to assist the Council in producing a whole plan viability assessment to ensure that any assumptions made are founded upon credible local evidence.
34. The HBF also wish to make the following comments upon selected aspects of the methodology.

#### Estimated Yield for potential sites

35. The use of gross to net ratios for sites is considered appropriate. However the use of 70% for large strategic sites may be an over-estimate given the significant infrastructure contributions that are likely to be required. In this regard it is recommended that strategic sites are considered on their own merits with a knowledge of the likely infrastructure requirements for the site. Wherever possible this should be discussed with the site owner or relevant developer.

#### Density

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<sup>2</sup> Local Plans Expert Group (March 2016): Report to the Communities Secretary and to the Minister of Housing and Planning, Chapter 11.



36. In representations made against the withdrawn Core Strategy and Local Plan Preferred Options the HBF pointed out that developments of 100 dwellings per hectare within the city centre and city centre extension zone, combined with 50 dwellings per hectare or greater in the urban area are considered high. Such development may be difficult to market as it would be likely to result in very small garden areas and no garages. To ensure a market can be found developments at lower densities than this will have to be considered.

### **Housing Supply**

37. The Council does not provide a single specific evidence paper on supply, rather it is provided in the consultation document, the *Windfall Allowance Technical Paper* (discussed below) and the *List of Unimplemented Permissions*. At this stage the Council has not sought to update its *Strategic Housing Land Availability Assessment* (SHLAA). This should be done prior to the next stage of consultation upon the plan. The HBF and our members would be happy to provide advice in its production.

38. The evidence provided does not indicate a delivery trajectory for the various sites over the plan period. A simple total assumed delivery figure is identified. This should be rectified and consideration given to the production of a housing delivery trajectory prior to the next stage of consultation. This should include both lead-in times and build rates. Again the HBF and our members may be able to assist in this regard.

39. It is noted that the Council includes student accommodation within its completion figures. The inclusion of such accommodation is not justified within the evidence base presented by the Council. The Council will be aware of the recent High Court decision regarding Exeter City Council and the Secretary of State. This decision is clear that robust evidence should be provided to demonstrate that the provision of student accommodation will release housing for the general market and the quantum of such releases. Given the likely increases in student numbers, discussed in our comments upon the housing requirement (above), the HBF remains unconvinced that the delivery of student accommodation will release general market housing and as such should not be included in the supply.

### **Windfalls**

40. In addition to the Preferred Sites document the Council has also published a Windfall Allowance Technical Paper (July 2016). The HBF would like to make the following comments upon this paper.

#### Historic windfall completions

41. It is noted that windfall delivery has been strong over the last decade providing just over 50% of the net housing completions. In common with paragraph 3.5 of the technical paper this is considered unsurprising given that there was no adopted plan for the city. As such it is highly unlikely that previous rates of windfall completions will provide an accurate reflection of delivery once an adopted plan is in place.

42. It is also the case that a more detailed evidence base is likely to limit the amount of windfalls coming forward. In the case of York the application of a 0.2ha threshold for site identification will be a significant limiting factor.

#### Future windfall approach

43. The HBF agrees with paragraph 4.8 of the technical paper which suggests sites above 0.2ha should not be included in any future windfall allowance. This site size threshold corresponds to the threshold within the SHLAA and therefore appropriate sites above this size should be picked up within the evidence. The HBF also concur with paragraph 4.20 of the technical paper that a windfall allowance should not be included within the first three years of the plan period. This should reduce the potential for double counting.

44. In terms of the proposed allowance the Council intends to include the previous 10 year average rate from sites of less than 0.2ha as well as conversions and changes of use, creating a proposed allowance of 152dpa.

45. The inclusion of the average rate for small sites below 0.2ha is understandable. These have provided a reasonably consistent level of supply over the past 10 years. The conversions and change of use are, however, much less predictable and need to be dealt with carefully for a number of reasons. Firstly the adoption of a plan with viable allocations is likely to divert a degree of speculative development away from the conversions and changes of use, particularly with regards larger sites. It is also clear that the 10 year average is heavily influenced by a sharp increase in the last two monitoring years, as shown in graphs 8 and 9. This provides a false picture which inflates average completion rates from this source. Given these two factors it

is recommended that greater caution be applied to the levels of future delivery anticipated from changes of use and conversions.

46. It is also notable that the average of 152dpa from these sources has only been achieved once since 2009. The only time a figure above 152dpa was achieved was related to the spike in conversions, described above. This appears closely related to the recent changes to permitted development rights. This initial surge is likely to be a short-lived phenomenon with the more attractive conversions taking place initially. It is likely that the levels of conversions will reduce closer to the longer-term averages in the near future.

47. The technical paper does not provide any certainty on the capacity of the sources of windfall supply, going forward. Rather it is based solely upon previous rates of delivery. The NPPF, paragraph 48, is clear that local authorities should provide;

“...compelling evidence that such sites have consistently become available in the local area and **will continue to provide a reliable source of supply.**” (our emphasis).

The Council may wish to consider whether it can bolster its evidence in this regard.

### Conclusion

48. The technical paper concludes an annual level of 152dpa be included from windfall sources. This represents over 18% of the overall plan requirement, from year 4 onwards. This is a significant risk to plan delivery. Given this risk and the issues identified in relation to conversions and change of use, above, a lower figure is recommended. This figure should be based upon a reconsideration of future delivery, particularly from conversions and change of use.

### **Future Engagement**

49. I trust that the Council will find the foregoing comments useful as it continues to progress its Local Plan. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry.

50. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. Please use the contact details provided in the footer to this response for future correspondence.

Yours sincerely,

MJ Good

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