

Annex B:

Proposed CYC response to the Spatial Options consultation document as part of the Partial Review of RSS (January 2009)

Question 1: What rate of house building should we be planning for in the region ?

Question 2: If the region were to introduce a step up of housing from 22,260 dwellings per year how soon do you think this could take place?

Proposed response to questions 1 and 2:

1. Very simply we see no justification to increase the housing targets above those set through the recently adopted RSS. Fundamentally we would question whether now is the right time to be carrying out a Partial Review of the RSS whose main aim is to seek to increase rates of house building. There are a number of key reasons for our conclusion:

The need for planning certainty

2. The RSS It has only just been adopted (May 2008) and gives a long term and clear planning framework for planning in the region to 2026. This certainty is essential for developing LDF's. Introducing a Partial Review just brings unnecessary uncertainty into the system. Given the stage we are at in the York LDF it is essential that we know what figures we are working to.

The 2006 based population projections are flawed

3. The 2004 based projections (on which adopted RSS was based) assumed the region would grow by 539,000 people between 2006-2026. The 2006 based population projections assume the region will increase by 959,000 people in the period 2006-2026 (a massive 78% increase compared to the 2004 based projections). A key element of this increase is due to assumptions about international migration into the region.
4. The 2006 based projections were based on past five year trends which saw a period of very high inward migration due to incorporation of the Eastern European countries into the EU coinciding with a period of unprecedented economic growth in the region. With the severe downturn in the economy it is highly questionable whether this level of externally generated population growth will continue. This is particularly pertinent in York where a significant percentage of population growth is due to inward migration rather than natural change due births and deaths.

5. The housing requirements for York set out in the adopted RSS showed a reasonable match with the 2004 based population projections and the economic growth assumptions we are using in the LDF (1000 additional jobs per anum). We therefore see no reason to increase the requirements further.
6. From attendance at a number of regional events about the RSS Review this is one of the biggest issues being raised by local authorities and key stakeholders.

Using housing supply to address affordability is questionable

7. The premise of the NHPAU work is that increasing the supply of new homes will help to address house price/income differentials in the market housing sector. This is not borne out by reality. During the period 2002-2007 York saw an unprecedented rate of house building reflecting the buoyant market conditions at the time. 845 dwellings were completed on average each year (well above the Local Plan requirement of 670 dwellings). This did not lead to a reduction in house price/income differentials. Quite the opposite occurred with the differential markedly increasing during this period.
8. This is not surprising given that increasing the supply of new housing only has a marginal impact on the overall housing market in the area. New homes built represent less than 1% of the total stock in an area in any given year. There are wider factors (such as income and access to finance) that have a far greater impact on affordability than the crude supply based approach advocated by the NHPAU.

The economic projections are questionable

9. The council objected to the economic growth projections included in adopted RSS which assumed York would grow by over 2000 new jobs per year. This is way above what York has achieved in the past. Past trends are closer to the 1000 per anum job projections we are using in the LDF. The RSS Review is seeking to link economic growth to housing growth so we need to ensure that over inflated assumptions are not used.
10. This is even more pertinent given the pace and scale of the recent economic downturn. Although studies have shown that York is relatively resilient to the downturn because of its broader economic base it is certain that the down-turn will have an impact on job growth in the short to medium term. If the down turn is similar to an early 1990's type recession then, rather than a scenario of continuing job growth, the reality may be that job numbers in the York economy may not get back to previous levels until 4-5 years after the recession peaks. When we apply this scenario to the wider region the point is even stronger with some areas likely to be significantly adversely affected by the down-turn.

The ability to deliver higher levels of house-building is not there

11. The Regional Assembly acknowledge that even during the boom years the levels of annual housing completions across the region did not match the requirement set out in adopted RSS. Since then completions have dropped off considerably across the region as the house-building sector has significantly contracted.

12. This is reflected in York where in the boom years the completions averaged 850 per year, peaking at 1200 in one year, but were down to 523 in 2007/08, even before the full impact of the credit crunch was felt. We would therefore fundamentally question the need to plan for even higher levels of house building at this point in time when the market's ability to deliver these is severely compromised and is likely to be so for some time to come.

The system of RSS's is being replaced by a single Regional Strategy

13. The Sub National Review of economic development and regeneration recommended that RSS's be replaced by a single Regional Strategy which will replace the RSS, RES and RHS. The Regional Assemblies are being abolished and the responsibility for preparation will rest jointly with the Local authorities and the Regional Development Agency – in our case Yorkshire Forward. 2009/10 is a transitional year. The process of preparing a Regional Strategy will take about 2 years.
14. Given the fundamental change in the system it is highly questionable why a Partial review of RSS should be taking place. It would make more sense to use the recently adopted RSS as the basis for this round of LDF's in the region and then start work on the Single Strategy at a later date when the impact of the recession is better understood and some more accurate projections can be made of future population, economic and household growth.

Conclusion

15. The reasons given above provide a compelling case for why the RSS should not be reviewed at this point in time. The uncertainties around the key projections which fundamentally influence the levels of houses projected is a key weakness. The ability to deliver higher levels of housing in the current economic climate is another. The moved to a single Regional strategy adds further weight to the case. In the light of the above the Regional Assembly should be recommended to postpone the Partial Review. The North West Regional assembly made a similar decision recently.

Question 3: In looking at where new homes needed in the region could be located, should we continue to use the existing RSS distribution ?

Question 4: If no tell us how much emphasis should be placed on the following factors in shaping where new homes should be located: matching housing growth with forecast economic change; addressing affordability; meeting new household growth trend, reflecting market demand, other (please specify)

Proposed response to questions 3 and 4:

16. In the case of York a key additional factor should be the need to protect the historic character and setting of York. This means a policy of relative restraint should be continued, as it would not be possible to fully meet housing demand without compromising the character and setting of the city. This is particularly the case now that windfalls cannot be counted when planning your short to medium term housing supply.

York sub area

Question 17: To what extent can the current strategy deliver current house building rates in this sub area ?

Question 18: To what extent can the current strategy deliver higher rates of house building in the sub area ?

Question 19: Which spatial options or combination of spatial options provide sufficient guidance for local authorities to determine broad locations for further house building ?

Proposed response to questions 17-19:

17. The Council's response to the previous Call for Evidence consultation (see Annex A) is still pertinent. It is clear from work to date on the York LDF that it is a challenge just to meet current RSS housing targets. Any uplift above current levels would push the strategy away from Option 1 (Maintaining the Core Approach) towards Option 2 (stronger Focus on Towns and Cities). Option 1 refers to urban extensions (which are smaller scale than urban expansions). Option 2 refers to the urban expansion of York. In the previous Call for Evidence document the assembly described urban expansions as "This approach involves significantly growing some existing settlements - well beyond their current boundaries - in a very concentrated way. This would result in a 'sharper urban focus'. Rather than accommodating development through a range of urban extensions, this approach would mean that a smaller number of very large expansions at a more limited number of towns and cities would form the focus of growth." The main example they give is Cambridge East, a 10,000 home expansion to the urban area of Cambridge.
18. Significant urban expansion of York (along the Cambridge scale) would not be a suitable option given known constraints. In this situation it would be better to look at opportunities at key nodes along the rail and public transport corridors within the York sub area (Option 3 above), or at the possibility of a new settlement beyond the York Green Belt, or maybe through a stronger role for Selby and Malton, which are well connected to York in public transport terms.
19. Any approach would need to be backed up by significantly more investment in key transport infrastructure as many parts of the York sub area are already at capacity.