

City of York Council
Housing Requirements in York
Evidence on Housing Requirements
in York: 2015 Update

ISSUE | August 2015

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Executive Summary

In September 2014, Arup prepared the report ‘Evidence on Housing Requirements in York: 2014 Update’ which reconsidered the objectively assessed need for housing in York, based on updates to available sources of evidence and representations received during consultation of the York Local Plan Preferred Options document.

The purpose of this 2015 Update Report is to assess the implications of the 2012-based sub-national household projections on York’s objectively assessed housing requirement. Alongside a portfolio of other evidence base documents, including an updated Strategic Housing Market Assessment and Economic Strategy, the outputs from this report will help identify an overall housing target to be taken forward within the emerging York Local Plan.

Housing numbers are informed from two main sources:

- up-to-date household projections produced by DCLG; and
- economic and employment forecasts commissioned by City of York Council (CYC) and produced by Oxford Economic Forecasting (OEF), which have a population element.

The implications of these sources for housing numbers across the plan period 2012 – 2031 are summarised in the table below.

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Newly arising requirement	14,404	14,276	14,993
Newly arising annual requirement	758	751	789
Annual backlog requirement (Section 4.4)	59	58	65
Total annual requirement	817	809	854
<i>Five year requirement + 20%</i> (Section 5.1)	4,902	4,854	5,124

The main conclusions and recommendations from this Report can be summarised as follows:

Household Projections: Demographic and Economic

The National Planning Practice Guidance advises that the DCLG household projections should provide the starting point for the estimate of overall housing need. Subsequently, plan-makers should make an assessment of employment trends and implications for objectively assessed need. [Section 4](#) concludes:

- Across the period from 2012 to 2031, the 2012-based projections suggest that the number of households in York is expected to grow by 14,404 dwellings (or 17%) to 98,651 in total. This equates to an **annual average growth rate of approximately 758 dwellings**, based on 19 financial/monitoring years (1

April to 31 March reflecting a plan start date of 1 April 2012). The Stage One release of the 2012 based household projections do not include household representative data from the Census 2011. This is due in a Stage Two release. This information would aid in confirming if the 2012 sub-national population projections extrapolate recessionary characteristics. There is currently no official release date for this data.

[\(See Section 4.2.\)](#)

- Analysis undertaken suggests that economic-led housing need (based on OEF's baseline forecast) broadly aligns with (although is slightly lower than) the demographic-led housing need, and that no adjustment is required. This is a result of a reduction in forecast employment and population growth across the plan period compared with earlier forecasts. This is also true of a scenario of faster growth in professional services, financial and insurance, and information and communication, accompanied with lower growth within wholesale and retail trade and accommodation and food services (Scenario 2).
- A scenario of higher migration and a faster recovery of the UK economy (Scenario 1) would lead to more houses than the demographic-led housing need, **equating to an annual average growth rate of approximately 789 dwellings**.
- The second edition of PAS' 'Objectively assessed need and housing targets: Technical advice note' (2015) states that demographic projections should be tested against expected future jobs to see if housing supply in line with the projections would be enough to support the jobs. If that is not the case, the demographic-led need should be adjusted upwards (but never downwards). In effect this means that, where a demographic-led and economic-led projection have been prepared, the higher of the two should be taken forward.

[\(See Section 4.3.\)](#)

Past Delivery Rates: Backlog and Shortfall

The National Planning Practice Guidance recommends that 'local planning authorities should reflect the consequences of past under-delivery, as household projections are trend-based and do not reflect unmet needs'. Section 4.4 concludes:

- It is considered that the 2012 base date remains sensible in the calculation of under-delivery and should continue to be used.
[\(See Section 3.4 and Section 4.4.\)](#)
- Recent under delivery against annual averages is likely to be associated with property cycles and recovery is expected over the remaining 16 years of the plan.
[\(See Section 3.4 and Section 4.4.\)](#)
- This means that the housing requirement (including both newly arising and backlog), should be **817 homes per year** (using the demographic-led requirement) or **854 homes per year** (using the Scenario 1 economic-led requirement). (For comparison, the baseline or Scenario 2 economic-led requirement would be 809 homes per year.)
[\(See Section 3.4 and Section 4.5.\)](#)

Sensitivity testing

The Planning Practice Guidance suggests that plan-makers may consider sensitivity testing specific to local circumstances. Sensitivity testing refers to the assessment of how uncertainty in demographic projections or economic forecasts might be apportioned to different sources of uncertainty, in order to understand the impacts of such uncertainty on the outcomes. This allows plan makers to consider whether there should be a policy response to deal with uncertainty. The table below sets out the sensitivity testing that has been considered and/or undertaken, and the implications for housing requirements (not including backlog), if applicable.

	Potential implications for objectively assessed need
<i>2012 based subnational population projections</i>	758
Population and household projections components of change: Migration (See Section 6.1.1.)	755-794
Population and household projections components of change: Updated Mid Year Estimate (See Section 6.1.2.)	N/A
Population and household projections components of change: Unattributable Population Change (See Section 6.1.3.)	732
Population and household projections components of change: Households (See Section 6.1.4.)	927
Student housing requirements (See Section 6.2.)	N/A
Market signals (See Section 6.3.)	N/A

Justification for adjusting the official projections on the basis of this sensitivity testing has been considered, and it has been concluded:

Population and household projections components of change

- Given that migration is a key component of the difference between the 2008, 2010 and 2012 statistical releases, it was considered appropriate to test the sensitivity of this component. The application of the 2008 and 2010-based migration components of the population projections to the 2012 sub-national population projection made a limited difference to the overall indicative housing requirement. There does not appear to be a rationale for variant population projections as part of the objective assessment of need. (See Section 6.1.1.)
- It is considered that the population indicated by the recently-released 2014 Mid Year Estimate could most reasonably be regarded as normal variance around the 2012 population projection, and does not justify an adjustment to the housing requirements. (See Section 6.1.2.)
- Unattributable Population Change (UPC) affects some local authorities more than others, and in the case of York, the difference between the two 2010 mid-year estimates was 3.6%. On balance, it is considered that no correction for UPC should be made because: the reasons for the difference between the estimates are not clear; there is no evidence of when the error in the estimates occurred; and there is significant risk in using an approach which does not accord with recent Inspector's decisions. (See Section 6.1.2.)

- Sensitivity testing shows that households are very sensitive to average household size; a return to 2008-based household formation levels after 2021 would result in an additional 169 homes per year. However, there is no evidence as to what a more appropriate household formation rate might be. In our judgement, there does not appear to be compelling evidence to suggest that a variant of the 2012-based household projections should be used to inform the objective assessment of need.
(See Section 6.1.4.)

Student housing requirements

- It is considered that the projected increase of 350 students per year for University of York and 250 students per year for York St John University represents an on-trend increase, and so is accounted for in the 2012 based population projections. It is understood that student housing is viewed as an important local political issue. However, based on the analysis undertaken, there is no justification for making any correction in the objectively assessed need based on student populations or student housing requirements. This is because there is no compelling evidence that these requirements will change over the Plan period. CYC should continue to engage with University of York, York St John University and Askham Bryan College to monitor whether there is any change in the situation. CYC should also consider how student housing requirements could be explored through the further work to update the SHMA.
(See Section 6.2.)

Market signals

- Notwithstanding the work currently being undertaken on a new SHMA, the brief analysis of house prices and affordability might suggest that York is a higher cost location relative to some other areas in the wider region. However, there is no evidence to suggest that affordability has worsened over time. Moreover, if provision is made to meet the 2012 projections, the economic needs and backlog, it is likely that potentially supply will already be considerably higher than recent completions, which would improve affordability in York. It is therefore considered that an upward adjustment to reflect market signals is not necessary.
(See Section 6.3.)

For these reasons, it is considered that there is no reason or justification for adjusting the objectively assessed need figure on the basis of sensitivity analysis.

Supply Side: Buffers and flexibility

Paragraph 47 of the NPPF sets out the aim to boost significantly the supply of housing. As part of this, it states that Local Planning Authorities should provide five years' worth of deliverable land with an additional buffer of 5%. Where there is evidence of 'persistent under-delivery' within a Local Planning Authority, this buffer should be increased to 20%. Section 5 concludes:

- The recommendation remains that a 20% buffer is added to the total supply requirement in the first five years to allow for under delivery across the full housing market cycle.
(See Section 2.4 and Section 5.1.)
- CYC may wish to ensure that their trajectory is demonstrably flexible enough to be able to withstand changes across the plan period, particularly in terms of

phasing of delivery, as this has been raised in recent Examinations.
(See Section 5.2.)

Supply Side: Greenbelt boundary

The Safeguarded Land Technical Paper (CYC, June 2013) extrapolated the housing requirement from Arup's Housing Requirements in York Report (2013), to forecast the longer term development needs of the district to inform decisions on the Green Belt boundary. The table below updates this calculation, based on the most up-to-date projections.

Estimated 2031-2041 housing requirement

	Household projections (Section 3.2)
Annual Requirement 2031 – 2036 (5 year requirement)	660 (3300)
Annual Requirement 2036 – 2041 (5 year requirement)	735 (3675)
Total Requirement 10 years	6975

However, it should be noted that not all of this requirement will need to be reflected in safeguarded land. Development may come forward:

- on the recycling of brownfield sites;
- on long-terms strategic allocations which are expected to still be delivering after the plan period; or
- through small scale windfall development.

It is understood that CYC are progressing work on their site portfolio and a standalone paper on windfalls. (See Section 6.)

1 Introduction

In September 2014, Arup prepared the report ‘Evidence on Housing Requirements in York: 2014 Update’ which reconsidered the objectively assessed need for housing in York, based on updates to available sources of evidence and representations received during consultation of the York Local Plan Preferred Options document.

The purpose of this 2015 Update Report is to assess the implications of the 2012-based sub-national household projections on York’s objectively assessed housing requirement. The process for defining objectively assessed need followed in this assessment is summarised within Figure 1.

Leeds City Region has set a common start point and methodology for objectively assessing housing need for the authorities within its geographical area. It set out its methodology in ‘*The objective assessment of housing requirements: establishing a common methodological approach*’ (2013), and recommends that authorities give due consideration to the approach it provides. This was endorsed for use by all Leeds City Region local planning authorities in March 2014. The approach followed in this Report aligns with the agreed methodology.

This Update Report is structured as follows:

- Chapter 2 reviews the national policy context and guidance documents for defining objectively assessed need.
- Chapter 3 reviews recent Local Plan Inspector’s Reports to assess the approach to addressing requirement, backlog, start date buffer and historic undersupply.
- Chapter 4 assesses the implications of the 2012-based household projections.
- Chapter 5 analyses supply issues including buffer and trajectory flexibility.
- Chapter 6 considers the potential for sensitivity testing, including:
 - components of change in the population and household projections;
 - the role of students within the forecasts; and
 - market signals.
- Chapter 7 identifies a potential safeguarded land requirement.
- Chapter 8 summarises the main findings.

This report has been prepared to inform the emerging Local Plan. The analysis of Objectively Assessed Need should sit alongside other documents prepared to support the emerging Local Plan, including an updated Strategic Housing Market Assessment and Economic Strategy, to identify an overall housing target to be taken forward.

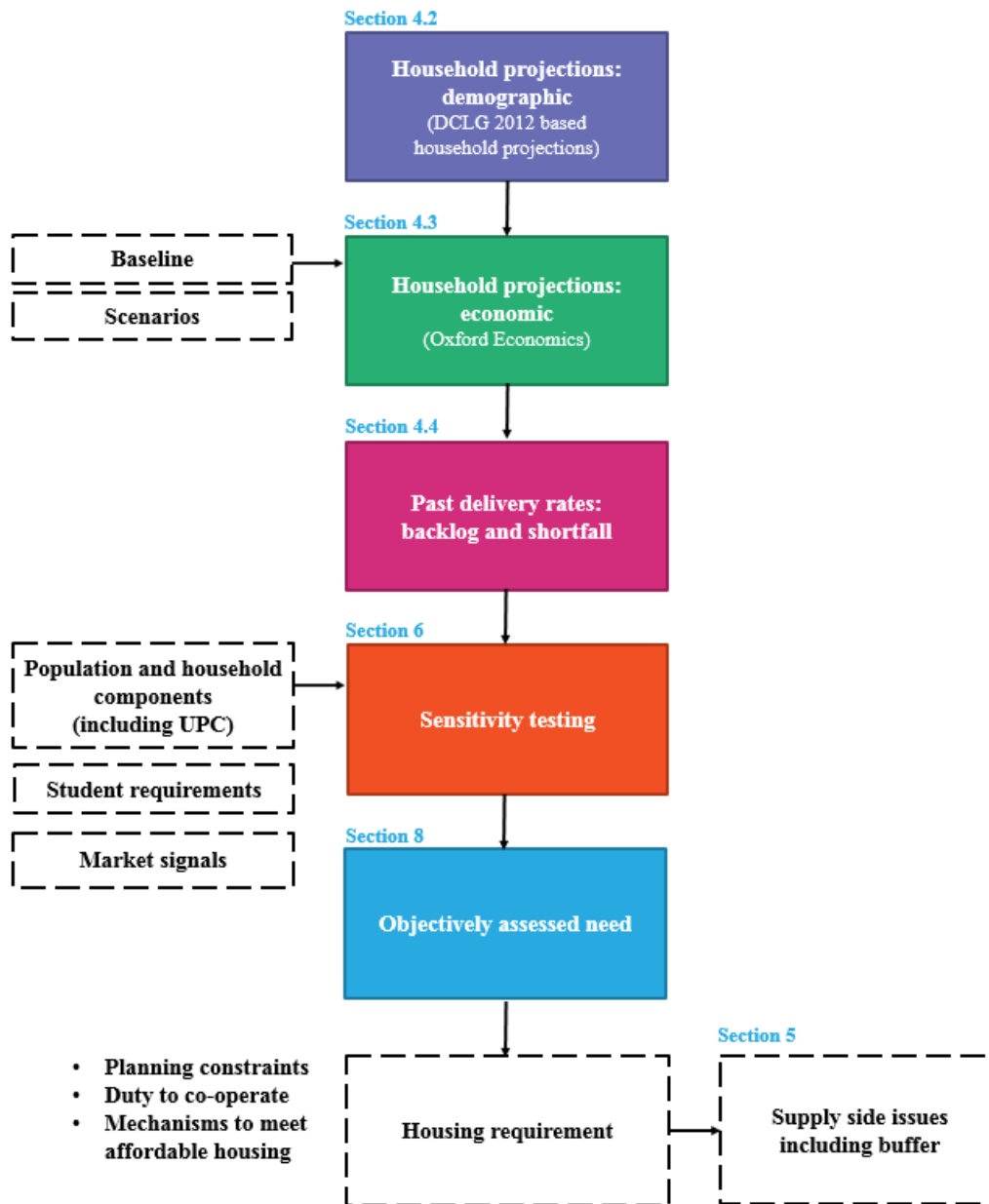


Figure 1 Process for identifying Objectively Assessed Need

2 Policy Context and Guidance Review

2.1 Overview

The requirement to increase the supply of housing and identify objectively assessed need is set out within national planning policy and supporting guidance. This section summarises the policy context and guidance which has implications for determining York's housing need.

2.2 National Planning Policy Framework

The National Planning Policy Framework (NPPF) states that to boost significantly the supply of housing, local planning authorities should *'use an evidence base to ensure that their Local Plan 'meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework'* (Paragraph 47). In addition, Paragraph 158 of the NPPF requires that planning authorities ensure that the Local Plan is based on adequate, up-to-date and relevant evidence.

2.3 National Planning Practice Guidance

The National Planning Practice Guidance provides an additional level of guidance for Local Planning Authorities progressing evidence to support an objective assessment of housing need.

The Guidance recognises that 'establishing future need is not an exact science' and that no single approach will provide a definitive answer. The following four sections summarise the guidance for the 'starting point' for defining objectively assessed need, the implications of employment needs, the methods for 'responding to market signals' and how the needs of different groups is identified.

Starting Point for Objectively Assessed Need

The guidance provides a summary of the key start point for the objective assessment of need:

- DCLG Household Projections should provide the starting point for the estimate of overall housing need. The 2012 – 2037 Household Projections were published on 27 February 2015 and are the most up-to-date estimate of future growth (Paragraph 2a-016-20150227).
- As household projections are trend-based, the 'household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends'. Local Planning Authorities should therefore 'take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply (Paragraph 2a-015-20140306).
- The Guidance states that whilst the DCLG household projections are statistically correct, that plan-makers may consider sensitivity testing specific to their local circumstances based on alternative assumptions. Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence (Paragraph 2a-017-20140306).

The guidance requires that need should be assessed in relation to the relevant functional area such as the housing market area – a geographical extent defined by household demand and preferences, reflecting the key functional linkages between places where people live and work. Housing market areas are likely in practice to cut across various administrative boundaries, and so there is a requirement for local planning authorities to work with other constituent authorities under the duty to co-operate.

Employment Trends and Implications for Objectively Assessed Need

The Guidance calls for employment trends to be accounted for when defining objectively assessed need. Specifically, it states that:

- Plan makers should make an assessment of the likely change in job numbers, based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.
- Where the supply of economically-active working age population (labour force supply) is less than the projected job growth, this may result in unsustainable commuting patterns and/or reduce the resilience of local businesses. In such circumstances, ‘plan makers will need to consider how the location of new housing or infrastructure development could help address these problems’ (Paragraph 2a-018-20140306).

Responding to Market Signals

As projections are based on projecting past trends, current market signals should be accounted for to allow adjustment of the overall requirement. The Guidance¹ suggests that assessing the following market signals against longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally, may justify a ‘reasonable’ adjustment:

- **Land Prices:** Land values are determined by the demand for land in particular uses, relative to the supply of land in those uses. The allocation of land supply designated for each different use, independent of price, can result in substantial price discontinuities for adjoining parcels of land (or land with otherwise similar characteristics). Price premiums provide direct information on the shortage of land in any locality for any particular use.
- **House Prices:** Mix adjusted house prices measure inflation in house prices and longer term changes indicate imbalance between the demand for and the supply of housing. The Guidance suggests that ONS and Land Registry Index should be used in the assessment.
- **Affordability:** Assessing affordability involves comparing housing costs against the ability to pay. The ratio between the lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Guidance suggests that the DCLG quarterly releases of lower quartile house prices to lower quartile earnings ratios should be used in the assessment.

¹ Paragraph 2a-018-20140306 and Paragraph 2a-019-20140306

- **Rents:** Rents provide an indication of the cost of consuming housing in a market area. Mixed adjusted rent information shows changes in housing costs over time. The Guidance suggests that ONS Private Rental Index should be used in the assessment.
- **Rate of Development:** Supply indicators may include the flow of new permissions expressed as a number of units per year relative to the planned number and the flow of actual completions per year relative to the planned number. If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan. The Guidance suggests the use of the DCLG quarterly planning application statistics.
- **Overcrowding:** Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increases in the number of such households may be a signal to consider increasing planned housing numbers. The number of households accepted as homeless and in temporary accommodation is published in the quarterly Statutory Homelessness release

Identifying the Needs of Different Groups

The Guidance recommends that plan-makers assess the current and future trends of the proportion of the population of different age profiles, the types of households, the current housing stock size and tenure composition of housing². This will support the identification of need for certain types of housing and needs for different groups, such as those people wanting to build their own home, family housing and housing for people with specific needs. Analysis should also identify increases in the private rented sector and the implications of student housing on existing housing stock.

2.4 Other Guidance

The Planning Advisory Service published the ‘Objectively assessed need and housing targets: Technical advice note’ in June 2014. The guidance was updated in July 2015.

- Objective assessed need is defined as ‘housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state’.
- Objectively assessed need should be derived from objective analysis of the evidence on need and demand, and not policy objectives or supply-side factors (e.g. physical constraints or adverse impacts of development). The excluded factors are ‘below the line’. However, plan makers can take these into account at a later stage when translating need into a provision target.
- It is suggested that demand for housing as a result of future jobs *should* form part of objectively assessed need, but that affordable housing and cross-boundary unmet need should not.
- The starting point for housing needs assessments should be the most up-to-date DCLG household projections.

² 2a-019-20140306

- If both a job-led projection and a demographic-led projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need – future jobs cannot be used to cap demographic projections. However, analysis should avoid unrealistic assumptions about future employment growth, associated increases in economic activity rates, or the ability to ‘recall’ commuters.
- Local planning authorities should analyse market signals to understand if planning in the past has constrained housing development. To identify past under-provision, changing house prices and housing delivery should be analysed, however supply-constrained scenarios should never be used as the basis for needs assessments.

3 Review of Recent Inspector's Reports

3.1 Introduction

The 2014 Update Report recommended that the City of York continued to track the approach and outcomes of Plans currently being examined. It was expected that, as more Plans were examined over the duration of 2014, the use of a more recent 'base year' would emerge alongside more prominent trends in the definition of 'persistent under delivery'.

This section:

- updates the findings from recently found sound Local Plans (which are detailed further at Appendix A2);
- takes a closer look at recent cases where local authorities have postponed progression of their Local Plans following interim findings at Examination (detailed further at Appendix A1); and
- considers the key findings and conclusions which should be applied to the assessment of housing requirements in York.

The purpose of this analysis is to ensure the approach taken in the rest of the Report reflects the recent experience of other authorities and the decisions being made at Examination.

3.2 Recently found sound Local Plans

Appendix A2 builds on the research undertaken for the 2014 Update Report and represents a further review of relevant sound Local Plan documents between 31st March 2014 and 6th March 2015. The main findings of this review are summarised as follows, with wider conclusions for York drawn within Section 3.4 (Key Findings and Conclusions):

- **Approach to Projections or Alternative Scenarios (including Economic Growth):** The National Planning Practice Guidance (NPPG) states that 'household projections published by DCLG should provide the starting point estimate of overall need'³; the 2012-based household projections and the 2012-based sub-national population projections represent the most up-to-date estimates of future growth. As the 2012-based household projections were released in February 2015, no Local Plans have yet been tested at Examination using these updated projections.
- **Market Signals:** Analysis of recently found-sound inspectors reports indicated that the approach to addressing market signals was often undertaken as part of the Strategic Housing Market Assessment. North Warwickshire increase their overall OAN by 900 dwellings (or 2.1% of the overall housing requirement) to account for current market conditions, such as market prices and to help redress historically lower proportions of social rented units.
- **Historic Housing Completions and Impact on Future Requirements:**
 - As part of 'boosting significantly' the supply of homes, local authorities must address under-delivery. However, the approaches taken to addressing

³ Planning Practice Guidance (Paragraph: 015 Reference ID: 2a-015-20140306)

under-delivery are case-specific with references made to trends in delivery across the preceding five and ten year periods. Based on a significant recalibration in mid-year population estimates, Leeds successfully argued that it would be difficult to estimate a level of undersupply prior to 2012. However, on the contrary, North Warwickshire was only permitted to change the base date of their Local Plan from 2006 to 2011 where it would not result in backlog being disregarded. Local Plan base years ranged from 2011 to 2013.

- Whilst there appeared to be an increasing trend towards the ‘Sedgefield approach’, a number of local authorities with very large strategic sites or Sustainable Urban Extensions have argued that under-delivery could be postponed to until the middle years of their plan period. The Sedgefield approach is explained in more detail in Section 4.4.

In conclusion, a review of the recent Inspector’s reports identified that many components of OAN are locally-specific and often uniquely based on particular circumstances within a local authority area. As highlighted within Appendix A2, definitions of features of objectively assessed need lack consistency between local authorities but are consistent with local circumstances.

3.3 Inspector’s Interim Views on Local Plans

A number of local authorities have postponed progression of their Local Plans following interim findings at Examination relating to objectively assessed needs. The findings from Cheshire East, Stratford-upon-Avon, Durham and Eastleigh are outlined below and detailed further within Appendix A1:

- **Cheshire East Council Inspector’s Interim Report (November 2014):** The Inspector argued that the overall proposed requirement was too low and failed to realise trends in economic and housing markets. The Inspector queried the assumption that household formation rates will remain constant after 2021, the apparent disconnect between the assessment of market signals and OAN estimates, and use of overly pessimistic employment projections within a job-led scenario.
- **Durham City Council Inspector’s Interim Report (February 2015):** The Inspector considered that the overall OAN was too high, with an unrealistic over-reliance on high employment growth and high levels of in-migration. The OAN did not recognise that other neighbouring authorities were similarly seeking growth.
- **Stratford-on-Avon District Council Inspector’s Interim Report (February 2015):** The Inspector stipulated that ‘housing supply trajectory is tight and in view of the likely need to increase the OAN, it needs to provide more headroom’. The jobs-led scenario assumed an over-reliance on the economic activity of an ageing population, high levels of in-commuting from outside the District and reducing the level of out-commuting.
- **Eastleigh Borough Council Inspector’s Interim Report (February 2015):** The Inspector identified that the Council failed to recognise the true scale of the affordable housing need within their assessment of market signals. The Inspector concluded that market signals justified an uplift of 10% to the overall OAN.

3.4 Key findings and conclusions

With reference to the specific components which impact the housing requirement identified within found sound Local Plans and interim comments from Inspectors, the following conclusions can be drawn.

Approach to Projections

Following the release of the DCLG 2012 Household Projections, there are currently no Local Plans which have been examined or found sound which reference the use of these updated projections.

Accommodating economic growth

The Interim Comments on the Stratford-on-Avon Local Plan confirmed that the Planning Advisory Service ‘Objectively Assessed Need and Housing Targets’ formed a material consideration. This guidance states that **‘where a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need’**⁴.

The accommodation of economic growth within the objective assessment of need will need to account for the following components within aspirations:

- **Linking economic growth to the housing requirement:** Both the Cheshire East and Stratford-on-Avon Inspector’s Reports were required to link employment growth to the housing requirement to reflect labour force supply.
- **‘Aspirational but realistic’ economic growth:** In accordance with the NPPF’s general guidance on Local Plans, growth scenarios should be ‘aspirational but realistic’. In terms of employment growth, the Inspector for the Durham Local Plan identified that ‘reliance on high employment growth and associated high levels of in-migration that are built into the preferred economic scenario represents an unacceptable risk’. It was suggested that a more ‘cautious job growth target’ which reduced the reliance on in-migration would be more realistic and would reduce the risk that the planned level of housing may be forthcoming, but the anticipated jobs may not.
- **Ensuring an adequate labour force supply:** The Stratford-on-Avon Local Plan was criticised as the desired level of economic growth relied on the economic activity of an ageing population, high levels of in-commuting and a significant reduction in the levels of out-commuting. The planned level of job growth within the district is likely to exceed the labour supply, and therefore in these circumstances, the housing figure is not aligned to the employment forecast.

Conclusions

Since the 2014 Update Report, the expectation that Local Plans should link expected employment growth to the housing requirement appears to have

⁴ Planning Advisory Service ‘Objectively Assessed Need and Housing Targets’(June 2014) Paragraph 6.2

strengthened. It is therefore recommended that CYC reflects and resolves the findings of the economic forecasts prepared by Oxford Economic Forecasting (OEF) in their housing figure.

A calculation of the housing requirement which allows for the economic growth forecast by OEF is set out in Section 4.3 of this Report.

Reflecting market signals in OAN

The NPPG states that housing need should be adjusted to reflect appropriate market signals, as well as other market signals, such as land prices, house prices, rents, affordability, overcrowding and rate of development⁵.

The outcomes of the Cheshire East and Durham City Council interim comments highlight the importance of being clear how the results of market signals assessment have been factored into the objective assessment of need. However, this cannot have the effect of an upward adjustment that would result in a housing number not grounded in realism in respect of associated population levels.

- **Market pressures and assessing affordability:** Again, the Eastleigh Inspector considered that rents in Eastleigh were rising above the national level and in Hampshire. This, the Inspector concluded, justified an upward adjustment above the housing need derived from demographic projections, for which he suggested a ‘10% uplift would be compatible with the modest pressures of market signals’.
- **Delivering affordable housing:** The Eastleigh Inspector identified that there was a significant shortcoming in the identification of Affordable Housing, as the Council had discounted future Private Rented Sector lettings to households in receipt of the Local Housing Allowance and provided less than half of the prescribed affordable housing requirement identified within the SHMA.

Conclusions

Recent cases have highlighted the importance of reflecting market signals in the assessment of housing need, which has been accounted for through a judgement to uplift on the overall requirement and recognition of shortcomings in the provision of affordable housing. CYC, along with Hambleton District Council, Ryedale District Council and North Yorkshire Moors National Parks Authority, have jointly commissioned a new SHMA to replace the 2011 assessment; this will consider market signals in York in comparison with the wider SHMA area. The impact of market signals are therefore considered at high level only in Section 6.3 of this Report.

Historic housing completions and impact on future requirement

Defining Base Year for the Calculation of Under-delivery or ‘backlog’

The National Planning Guidance states that the ‘housing requirement is set at the starting point of the plan, which can be earlier than the date the plan is adopted’

⁵ ‘How should market signals be taken into account? Planning Practice Guidance Paragraph: 019 Reference ID: 2a-019-20140306

(Paragraph: 036 Reference ID: 3-036-20140306). The extent to which it is earlier than the adoption date depends upon the ongoing relevance of past issues to the new Plan. Under-delivery of requirements, so called ‘backlog’ and how this is to be addressed, is the most obvious area of relevance.

The law in this area appears to have been clarified by the March 2014 High Court case of **Zurich Assurance Limited Claimant vs Winchester City Council and South Downs National Park Authority**. One of the grounds of the case was that the Inspector made a methodological error in his assessment of the proposed housing requirement, by failing to have regard to an existing shortfall against the housing requirements in the South East Plan. In developing their Plan, the local authority proposed a housing figure based on up-to-date evidence and modelling of population growth for the period 2011-2031 (and not the evidence base from the earlier period). The Inspector took account of that evidence at Examination.

However, the Judge in this High Court case concluded that there was no methodological error in the way the housing estimates were drawn up and that criticism of the Inspector was unwarranted. In particular, the Judge concluded:

‘...there was no reason whatever for a person in 2011 seeking to draw up a current estimate of population growth and housing requirements looking into the future from that date to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the first phase of the previously modelled period included in the South East Plan. [...]

In my view, they would clearly have been wrong if they had tried to do so [add pre-Plan period under-delivery to anticipated future requirements] . Their own modelling for 2011-2031 is self-contained, with its own evidence base, and would have been badly distorted by trying to add in a figure derived from a different estimate using a different evidence base.’

In line with this High Court judgement it is concluded that the base data for shortfall should be 2012, the start date of the Plan.

Conclusions

In line with the Zurich decision, a base date of 2012 is adopted. The issue of possible under delivery is given further consideration in relation to the need for a 5% or 20% buffer in subsequent sections. The base date is also considered in more detail in the York context in Section 4.4.1.

‘Liverpool’ vs ‘Sedgefield’ Approach to Addressing Backlog

It remains the case that few Inspector’s Reports for found-sound Local Plans prescribe how backlog can be accommodated, accepting the Local Planning Authorities chosen approach.

There is, however, an increasing trend towards the use of the Sedgefield approach (that is, meeting backlog by loading unmet provision from proceeding years within the first five years of the Plan). Interim comments on the Cheshire East Local Plan and the Eastleigh Local Plan suggested that since the Sedgefield approach is recommended in NPPG paragraph 36 and appears to be approach

adopted in recent appeal cases, that the Sedgefield approach should be adopted unless evidence is presented that this cannot be achieved.

It is argued that much depends on the nature of ‘under delivery’. Although plan’s housing allocations are frequently monitored against annual average provision, as the very term ‘annual average’ implies it is not necessarily intended that delivery will exactly match this average and in practice it may be subject to other non – planning considerations notably the influence of the property market and the availability of finance. This point was also recognised in the Zurich decision where it was concluded that:

“the alleged shortfall is an artefact of making the assumption referred to. That assumption was not itself a requirement of the South East Plan. As set out above, the requirement in the South East Plan was for provision of 12,240 new homes in WCC’s area by 2026, and the annual rate of 612 new homes was simply stated as the “annual average.” It was not itself a required target for WCC year by year.....

Accordingly, there would be no breach of the South East Plan requirements in relation to WCC if a period of completions in the early phase of the 2006-2026 period below the 612 p.a. average figure were made up by a later phase of completions in that period above the 612 p.a. figure, provided that on average 612 new homes per year were completed throughout the period. It is inaccurate and inappropriate in the present context to describe the 854 figure relied upon by Mr Cahill as a “shortfall” against the South East Plan requirements”.

Conclusions

If persistent under delivery is judged to be an issue, there does appear to be an increasing move towards the use of the Sedgefield approach, particularly where there is sufficient available land to do so. The emphasis is therefore on the authority to demonstrate that it *cannot* adopt the Sedgefield approach. This is the approach currently being argued in the South Cambridgeshire Local Plan examination, where the council contends that there are particular circumstances to justify use of the Liverpool method. In particular, South Cambridgeshire are arguing that the particular development strategy (utilising new settlements and large strategic sites) and associated longer lead-in times means that sites do not deliver early in the plan period but (once they start delivering) will provide significant levels of housing throughout the rest of the plan period. They argue that use of the Sedgefield method would require additional development beyond the housing requirement in less sustainable locations, contrary to the sustainable development strategy.

There is an obvious risk to arguing for the Liverpool approach in that the Inspector will not accept that the backlog could not be addressed sooner. Nevertheless, the NPPF para 47 suggests that there is a need to ensure that there is a realistic prospect of achieving the planned land supply, para 154 seeks to ensure that the plan is ‘aspirational but also realistic’.

There is an interesting relationship also in this issue between buffers and provision for backlog. In general they must be regarded as separate issues as they serve different purposes. Buffer can be seen as mitigating against future under delivery as a result of a limited land choice, while increasing numbers of reflect backlog is designed to make up past under delivery. There is some direct

overlap insofar as backlog has arisen from a lack of site choice, which may have occurred in York given the absence of an adopted plan with allocations.

Section 4.4 considers the existence of any backlog in York.

4 Implications of New Data on Housing Requirements

4.1 Introduction

The 2012-based sub national household projections, published on 27 February 2015, represent the most up-to-date household projections. A recent Planning Update made by Brandon Lewis, the Minister of State for Housing and Planning, regarding the 2012 sub-national household projections stated that:

“The new household projections cover the period 2012-37 for England and local authorities; they update the previous 2011-based Interim Household Projections, and have taken account of the latest Office for National Statistics 2012-based sub-national population projections. Planning guidance has been updated to make clear that the new projections are the most up-to-date and should now be used to take forward plan making.”

Indeed, the National Planning Practice Guidance (NPPG) reflects this requirement, by suggesting that ‘**wherever possible, local needs assessments should be informed by the latest available information** ... The 2012-2037 Household Projections were published on 27 February 2015 and are the most up-to-date estimate of future growth’.

However, the NPPG maintains that ‘plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates’. These trends are predominately for a period of deep recession and modest recovery and there is a risk of locking in trends such as suppressed household formation.

This section assesses the implications of the 2012-based household projections on the objectively assessed need requirement for York.

4.2 Demographic-based requirements

4.2.1 Implications of 2012-based projections

Across the period from 2012 to 2031, the 2012-based projections suggest that the number of households in York is expected to grow by 14,404 dwellings (or 17%) to 98,651 in total. This equates to an **annual average growth rate of approximately 758 dwellings**, based on 19 financial/monitoring years (1 April to 31 March reflecting a plan start date of 1 April 2012). Financial/monitoring years have been used to align with the housing trajectory which will form part of the Local Plan, and which are ordinarily broken down into monitoring rather than calendar years. Table 1 compares the most recent household projections.

Table 1 Comparison of household projections

	2012 households	2031 households	Absolute Change	% Change	Annual Average Change (19 years)
2008 based	89,600	113,000	23,400	26.1%	1,232
Interim 2011 based (indexed to 2008)	84,293	101,062	16,769	19.9%	882
2012 based	84,247	98,651	14,404	17.1%	758

4.2.2 Reliability of 2012-based projections

The 2012 household projections take their starting point at the 2012 mid-year population estimates released on 26 June 2013 and assume that recent trends (from 2007-2012 years) continue. The CLG Household Projections Methodology Report states that the Stage One release of 2012-based household projections do not include detailed household representative data from the Census 2011. Instead, until the full results from the Census 2011 are accessible, the dataset imposes the change in household representative rates by age from the Labour Force Survey (LFS) onto the aggregate Census points in 2011.

This imposition of the household representative rates by age from the Labour Force Survey assumes that the aggregate trends observed in the LFS by age are correct. It is possible, however, that household representative rates and therefore the household projections are subject to change, particularly if the full results from the Census 2011 reveal trends by age groups different to those that are observed in the LFS.

The CLG Household Projections Methodology Report states that it is too early to quantify the difference between imposing the rate of household representative change from the LFS, as opposed to the Stage 2 detailed Census data. The Planning Practice Guidance also states that ‘further analysis of household formation rates as revealed by the 2011 Census will continue during 2015⁶’.

There is a possibility that the 2012 sub-national population projections could potentially extrapolate recessionary characteristics inherent within the LFS. However, until the Stage 2 release is issued, it is not possible to qualify this. There is no alternative, up to date evidence available on household formation rates against which to investigate the reliability of this element of the 2012 subnational population projections. However, as economic recovery is occurring at a steady and gradual rate, it is not expected that household formation rates will revert back to the levels observed in 2008, which were representative of a period of rapid economic growth.

As part of the plan making process and moving towards examination, it is recommended that once the Stage 2 data is released (date yet to be confirmed), the implications are examined. This report does consider the components of population change as part of the sensitivity testing undertaken in Section 5, in order to understand the implications of the uncertainties on the objective

⁶ Reference ID: 2a-016-20150227

assessment of need. An option for managing this slight uncertainty as the plan moves towards examination and adoption is to deploy a policy response to this technical assessment of OAN.

The NPPG states that plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts in assessing housing requirements. It states that plan makers should:

*'make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate... Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns ... **In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.**'⁷*

As part of the 2014 Update, the economic forecasts for York were updated by Oxford Economic Forecasting (OEF). The main conclusion of the forecasts was that employment growth is expected to grow at greater than the regional and national averages.

The forecasts include a population dimension; that is, the amount of residents needed to service the forecast economic growth, making certain economic activity, commuting and migration assumptions. The growth forecasts also have implications for the requisite housing requirements, as the amount of workers required will need to be housed, or else there will be 'unsustainable commuting patterns'.

Since the 2014 Update, the economic forecasts for York were further updated by OEF. The forecasts consist of a baseline (reflecting how global and national trends are expected to apply to York), plus two scenarios. The use of different scenarios helps quantify and understand the inherent uncertainties in economic forecasting, as well as making informed decisions on what the future is most likely to bring. This in turn assists the development of appropriate policy responses to deal with the uncertainty. The two scenarios are:

- Scenario 1 assumes higher migration and a faster recovery of the UK economy.
- Scenario 2 assumes a faster growth in professional services, financial and insurance, and information and communication, accompanied with lower growth within wholesale and retail trade and accommodation and food services. The scenario assumes that the UK outlook remains unchanged from the baseline, with the assumptions being applied at the local level, aligning future sectoral trends with the Strategic Economic Plans.

Table 2 builds on the analysis of the implications of the economic forecasts undertaken in the previous report. The economic-led requirement is derived from applying the average household sizes provided by the 2012-based household projections⁸, to the population dimension of the updated (2015) economic forecasts.

⁷ Reference ID: 2a-019-20140306

⁸ DCLG Live Table 427

Table 2 Annual Average Change in households, derived from OEF forecasts and average household size from the 2012-based sub-national population projections

Forecast	Population		Ave. Household size		Households			
	a	b	c	d	e	f	g	h
	2012/13	2030/31	2012	2031	2012/13	2030/31	Change 2012-2031	Ann. ave. change
					(a/c)	(b/d)	(f-e)	(g/19years)
Baseline	200,760	223,179	2.28	2.181	88,053	102,329	14,276	751
Scenario 1	200,760	224,742	2.28	2.181	88,053	103,045	14,993	789
Scenario 2	200,760	223,179	2.28	2.181	88,053	102,329	14,276	751

The analysis suggests the economic-led housing need (based on OEF's baseline forecast) and demographic-led housing need (based on DCLG projections) largely align, albeit the baseline forecast is slightly lower (-7 houses than the projections, or -0.9%). This is different from earlier assessments of need, where an adjustment of 31 homes per year was recommended to align with the population expected from economic growth (see Table 3). This change between the earlier assessments and now is due to a reduction in forecast employment and population growth (from 225,496 people in 2030 from OEF's 2014 forecasts, to 222,189 most recent projections, and 223,179 in 2131). Scenario 2 (aligning future sectoral trends with the Strategic Economic Plans) also aligns with this population, and therefore household, forecasts.

Table 3 Comparison of differences between projections-based and economic forecast-based housing requirements

Report	Household projections	OEF Baseline forecast	Difference
2014 Update Report (interim 2011-based projections)	838 ⁹	869	31
2015 Update Report (2012-based projections)	758	751	-7

Scenario 1, assuming faster growth, indicates a higher future population and therefore housing requirement, though the difference is relatively small (789 homes per year compared with 758, or +4.1%).

4.3 Under-delivery

There are two types of under-delivery which should be considered when considering objective need. 'Backlog' refers to the under-provision that has accrued against previous development plan targets, whilst 'shortfall' refers to under-provision accruing within the plan period itself. Neither the NPPF nor NPPG provide precise clarity over how these two types of under-delivery should be approached, though the NPPG recommends that 'local planning authorities should reflect the consequences of

⁹ The figure of 838 differs from that of 882 shown in Table 1 as the earlier 2014 assessment of need was based on calendar rather than financial years.

past under delivery, as household projections are trend based and do not reflect unmet needs', and suggesting that LPAs 'take a view on the extent of past under delivery'.

The second edition of PAS' 'Objectively assessed need and housing targets: Technical advice note' (2015) states that in assessing future need plan makers should not add backlog where past housing development under-delivered against earlier plans¹⁰. This was established by a recent High Court appeal – Zurich Assurance Limited v Winchester City Council and South Downs NPA – which stated that 'there was no reason for someone seeking to draw up a current estimate of population growth and housing requirements looking into the future from 2011 and to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the previously modelled period'.

Table 4 shows the delivery position from 2004/05 to date, against the household requirements set out in Section 4.2 and Section 4.3. It suggests that based on this period

- There was no under delivery against any of the benchmarks prior to April 2008 when recessionary conditions are likely to have resulted in a downturn in completions. Prior to April 2007 delivery exceeded benchmarks.
- Taken over the near complete cycle 2004/5 to 2014/15 delivery fell short of benchmarks by 1720 dwellings.
- Since 2012/13 (the current plan period) delivery has fallen short of benchmark by either 940 (demographic-led requirement) and 1,033 (Scenario 1 economic-led requirement) dwellings in total (see Table 4).

¹⁰ Note, this is different to the first edition of the guidance which stated that backlog should be defined as under-provision against previous development plan targets, and reflected in the housing requirement as such.

Table 4 Delivery against possible policy benchmarks expressed as assumed annual averages 2004/05 – 2014/15

Year	Net housing completions	RSS Assumed Annual Average ¹¹	Household projections (Section 4.2)		Economic Baseline / Scenario 2 (Section 4.3)		Economic Scenario 1 (Section 4.3)	
Previous Plan Period								
2004/05	1160	640	-	520	-	520	-	520
2005/06	906	640	-	266	-	266	-	266
2006/07	798	640	-	158	-	158	-	158
2007/08	523	640	-	-117	-	-117	-	-117
2008/09	451	850	-	-399	-	-399	-	-399
2009/10	507	850	-	-343	-	-343	-	-343
2010/11	514	850	-	-336	-	-336	-	-336
2011/12	321	850	-	-529	-	-529	-	-529
Current Plan Period								
2012/13	482		758	-276	751		789	-307
2013/14	345		758	-413	751		789	-444
2014/15	507		758	-251	751		789	-282
Total 2004/05 - 2014/15	6,514			-1,720		-1,699		-1,813
Total 2012/13 - 2014/15	1,334			-940		-919		-1033

There are two different approaches to how the ‘backlog’ of housing delivery has been approached in setting the future housing requirement; as follows:

- The ‘Sedgefield approach’ seeks to meet the under-delivery by loading the ‘unmet provision from proceeding years’ within the first five years of the plan.
- The ‘Liverpool approach’ or ‘residual approach’ seeks to meet the under-delivery over the whole plan period.

Table 5 below summarises the treatment of under-delivery since 2012 using the Sedgefield approach. Table 6 shows the under-delivery since 2012 treated using the Liverpool approach.

¹¹ The RSS assumed annual average has been used as a policy benchmark as, due to the lack of a local statutory development plan, the RSS was the extant development plan at that time. Whilst it is noted that RSS housing targets took into account supply constraints as well as need, it is considered that this is the only available benchmark against which to measure under-delivery.

Table 5 Under-delivery 2012 -2015, over 5 years (the ‘Sedgefield approach’)

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Total under-delivery or backlog 2012-2015	940	919	1033
Annual backlog requirement (April 2015 March 2020) (5 years)	188	184	207

Table 6 Under-delivery 2012-2015, over the remainder of the plan (16 years) (the ‘Liverpool approach’)

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Total under-delivery or backlog 2012-2015	940	919	1033
Annual additional requirement to the annual average (2012/13 – 2030/31) to meet target (in period April 2015 March 2031) (16 years)	59	58	65

One of the key aims contained within the NPPF is to boost significantly the supply of housing (Paragraph 47). With that aim in mind, the Sedgefield approach would seem most appropriate, as it deals with under-delivery earlier in the plan period and therefore boost supply to a greater extent. However, the decision to apply the Liverpool or Sedgefield approach will depend to a large extent on the character of the land supply and the establishment of a *realistic* trajectory which accords with the pattern of development set out within the Local Plan. Applying the Sedgefield approach would represent a significant step-up in housing completions that would not be necessary, realistic or constitute sustainable development in the context of York. It would not be necessary since the backlog has occurred under recessionary conditions and at a time when the economy has returned to growth and it expected that delivery will achieve and exceed annual averages in the future, in line with the cyclical patterns evident in past periods. This view is also in line with the Zurich decision, which noted that annual average are not in themselves a target. The balance of probabilities is that such a step change in completions implicit in the Sedgefield method would be unrealistic in market terms.

Use of the preferred so-called ‘Liverpool method’, assuming that targets will be met over the rest of the plan period, is recommended as more appropriate and realistic.

4.4 Conclusions

Table 7 sets out the implications for housing numbers of the 2012-based household projections. If the Liverpool approach to dealing with backlog is adopted, the 2012-based household projections suggest a requirement (newly

arising and backlog since 2012) of either 817 (demographic-led requirement) or 854 (Scenario 1 economic-led requirement) dwellings per year.

As concluded in Section 3, the emphasis is on the authority to demonstrate that it cannot adopt the Sedgefield approach; South Cambridgeshire is one such example where the council contends that there are particular circumstances to justify use of the Liverpool method due to the particular development strategy (utilising new settlements and large strategic sites) and associated longer lead-in times.

Whilst there is an obvious risk to arguing for the Liverpool approach in that the Inspector will not accept that the backlog could not be addressed sooner, the NPPF states that Local Plans are ‘aspirational but also realistic’.

Table 7 Implications of 2012-based household projections on housing numbers

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Newly arising requirement	758	751	789
Annual backlog requirement (Section 3.4)	59	58	65
Total requirement	817	809	854

5 Supply Issues

5.1 Buffer

Identification of Buffer

Paragraph 47 of the NPPF states that local planning authorities should:

“identify and update annually a supply of specific deliverable sites sufficient to provide five years’ worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.”

The Cheshire East Council Inspector identified that consistent under-delivery for a period of 6-year represented a substantial accumulated shortfall which demanded a 20% buffer, whilst the Eastleigh example identified that the Council only met the annual average housing requirement in two years between 2001 and 2011 and therefore this also required a 20% buffer.

Conclusions

Since 2004, York has under-delivered by up to 1,720 net dwellings, equivalent to 27% of actual completions, against the stepped RSS target to 2011/12 and a requirement of up to 758 (Section 3.4) from 2012/13 onwards. This is likely to represent ‘persistent under-delivery’ and therefore the recommendation remains that a 20% buffer brought forward from the total requirement is added to the total housing land supply requirement in the first five years (i.e. six years’ worth of supply rather than five years).

The NPPF requires local planning authorities to identify and update a supply of specific deliverable sites sufficient to provide five years’ worth of housing against their housing requirements with:

- an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land; or
- an additional buffer 20% (moved forward from later in the plan period) where there has been ‘persistent under-delivery’, to provide a realistic prospect of achieving the planned supply.

Neither the NPPF or the NPPG define the time period which qualifies as ‘persistent under-delivery’, but in most planning appeals and Local Plan examinations this is considered to be a period of consistent under delivery below the target requirement for five years or more.

It should be noted that the requirement to include a buffer does not increase the overall housing requirements. Rather, it increases the amount of land that should be identified for delivery in the first five years. The buffer is moved forward from later in the plan period.

The 2014 Update report compared net housing completions in York with the annual targets, and identified that it was reasonable to conclude that York had a record of ‘persistent under-delivery’ and therefore should provide a 20% buffer brought forward from the total requirement in the first five years.

A recent review of Local Plan Inspector’s reports has indicated that the definition of ‘persistent under-delivery’ remains an inexact science. As established in Section 2.4, there has been no further precedent to suggest that ‘persistent under delivery’ should not apply to York; it is therefore still recommended that the 20% buffer should be applied (moved forward from later in the Plan period). Whilst this affects the amount of land to be specifically identified for development in the first five years, it does not affect the overall housing requirement.

Table 8 shows the amount of deliverable housing which will need to be identified in order to meet a five year housing land supply with a 20% buffer.

Table 8 Impacts of incorporating a 20% buffer

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Annual Requirement	817	809	854
Five year requirement	4,085	4,045	4,270
Five year requirement + 20%	4,902	4,854	5,124
<i>Annual housing land requirement</i>	980	971	1,025

5.2 Trajectory flexibility

Aside from the requirement to demonstrate a five year housing land supply, authorities are also expected to show that housing delivery is sufficiently flexible across the plan period to deal with and changes or uncertainty. For example, Eastleigh Local Plan was found unsound in February 2015, partly on the basis that it was considered the supply of housing would be too inflexible to buffer for changing market signals and delivery rates. The Inspector concluded that (apart from a time-consuming plan review) the authority had no means of increasing supply if there is a problem, and that the Plan needed to demonstrate that there is some flexibility to respond to changing circumstances.

Similarly, as part of the hearing sessions held as part of the ongoing South Cambridgeshire Local Plan examination, the Inspector asked: *‘Is there sufficient flexibility to deal with changing circumstances and/or uncertainty over when allocations will come forward for development?’* In responding to this question, the local authority referred to:

- The fact that, across the Greater Cambridge area (Cambridge and South Cambridgeshire), the trajectory has identified land for an additional 10% of the combined objectively assessed need;
- the strategic sites which might be brought forward in the trajectory in order to ensure a five year housing land supply, or phased later to provide flexibility;

- the level of windfall sites expected (but not included in the trajectory), which they argued would help to make up any shortfall that were to occur at any point during the plan period; and
- the relatively high proportion of the objectively assessed need figure which will be provided on sites that already have planning permission or a resolution to grant planning permission.

South Cambridgeshire were also asked to justify their reliance on new settlements, with the Inspector questioning whether the position would prejudice the delivery of new housing in the plan period.

Conclusions

By allowing a 20% buffer in provision, York is building a significant element of flexibility. However, in allocating sites, York will need to assess whether the risks to delivery are sufficiently diverse to ensure that factors such as the availability of infrastructure, ownership or viability, site conditions etc. do not operate systematically across strategic allocations. Where delivery risks are shared across sites, it may be necessary to make additional land allocations to ensure that these risks are mitigated through a sufficient buffer. Particular caution should typically be applied to new settlements and larger allocations, which typically take longer to bring forward than often estimated.

However, it should again be emphasised that this should not impact on the overall housing requirement over the plan period; rather, it is a supply-side matter which would be reflected in the trajectory.

Separate work on housing delivery is currently being undertaken by CYC. This work should be used to inform judgements on the flexibility of the plan trajectory.

6 Sensitivity Testing

The NPPG states that plan makers ‘may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates’¹². Sensitivity testing refers to the assessment of how uncertainty in demographic projections or economic forecasts might be apportioned to different sources of uncertainty, in order to understand the impacts of such uncertainty on the outcomes. This allows plan makers to consider whether there should be a policy response to deal with uncertainty. This section considers the following aspects of the housing requirement, to understand sensitivities and uncertainties:

- components of the population and household projections, including Unattributable Population Growth (UPC);
- student housing requirements; and
- market signals.

For each of these, it is considered whether there is sufficient evidence that the objectively assessed need, as set out in earlier sections, should be corrected to take these factors into account. It should be noted that, even where they may not be compelling evidence to change the objectively assessed need figure itself, this sensitivity testing may still help understand the uncertainties within the projections and inform the development of a policy approach in the emerging Local Plan which helps to manage these uncertainties.

6.1 Assessing the components of change within the 2012-based projections

6.1.1 Population projections

The 2012 projections suggest a higher level of population growth than those in 2010-based projections, but slightly lower than the interim 2011-based projections.

Table 9 shows the components of change in the most recent projections, compared with the 2010-based and 2008-based projections. A key difference between the population projections are the differences in population bases used, with the interim 2011 projections and 2012 projections using an improved base from the 2011 Census. This most up-to-date Census provides the first full count of the population since the 2001 Census, and has led to the recalibration of population projections (including revised Mid Year Estimates, as covered in Section 6.1.2). However, differences between projections should be interpreted cautiously, because the effects of the 2011 Census will have updated base year figures and assumptions regarding fertility rate etc.

As shown below, the main changes are a reduction in natural increase and internal migration, and a relatively modest increase in international migration.

¹² Paragraph: 018 Reference ID: 2a-018-20140306

Table 9 Components of Population Growth Change, 2012 - 2031

Component of population growth	2008 based (000s)	2010 based (000s)	2012 based (000s)
Natural Change	12.2	10.3	8.4
Births	44.8	46.4	41.7
Deaths	32.4	36.4	33.0
All Migration Net	25.3	16.1	15.3
Internal Migration In	220.9	240.5	218.7
Internal Migration Out	232.3	237.6	222.6
Net Internal Migration	-11.4	2.9	-3.9
International Migration In	68.4	52.1	38.2
International Migration Out	32.3	39.0	20.9
Net International Migration	36.1	13.1	17.3
Cross-border Migration In	11.4	12.6	11.4
Cross-border Migration Out	11.4	12.4	9.5
Net Cross-border Migration	0	0.2	1.9

Source: ONS (2014 2012 and 2010) 2012, 2010 and 2008 based sub national population projections

Population projections are broadly a factor of three things: the base population (in this case, the 2012 Mid Year Estimate); natural change (births, less deaths); and migration (internal, international and cross-border). Assuming that the base population estimate has been improved due to the 2011 Census, Table 9 shows that it is migration which has driven much of the change – in essence, the later data releases show far fewer net international migrants, though partially offset by a reduction in the balance of internal out-migration.

Given that migration is a key component of the differences between recent projections, the sensitivity of this component has been tested. For each of the past three projections (2008-based, 2010-based and interim 2011-based¹³ sub-national population projections), the yearly total migration component of change has been applied to the base population and natural change from the 2012-based projections. The implications of these corrections on housing requirements are shown in Table 10.

¹³ For interim 2011-based subnational population projections, the 2021 migration component of change was extended for the period 2022-2031.

Table 10 Migration component of change sensitivity testing

	Population (2031)	Difference from 2012 based population (2031)	% change	Indicative housing requirement	Indicative annual housing requirement
2012-based SNPP (original)	223,500	N/A	N/A	14,404	758
2012-based SNPP, with interim 2011-based SNPP migration applied	224,500	1,000	0.4%	14,468	761
2012-based SNPP, with 2010-based SNPP migration applied	222,700	-800	-0.4%	14,352	755
2012-based SNPP, with 2008-based SNPP migration applied	234,000	10,500	4.7%	15,081	794

The application of 2010-based and interim 2011-based migration elements make little difference to indicative housing requirement. The application of 2008-based projections makes more of an impact; however, even this is relatively small (an additional 36 homes per year, or 4.7%). It would of course not be appropriate to take forward the figure which applies the 2008-based migration figure; this is because the economic downturn (both in York and across the country) slowed down migration rates, and so the numbers it projects have not been realised. However, it might be arguable that, once fully recovered from the downturn, York might expect to return to similar levels of migration. Table 11 shows the housing implications of returning to the 2008-based migration trend after 2021.

Table 11 Migration component of change sensitivity testing

	Population (2031)	Difference from 2012 based population (2031)	% change	Indicative housing requirement	Indicative annual housing requirement
2012-based SNPP (original)	223,500	N/A	N/A	14,404	758
2012-based SNPP, with 2008-based SNPP migration applied after 2021	229,000	5,500	2.5%	14,758	777

This return to high migration would result in a requirement of an additional 15 homes per year, or 2.5%.

The NPPG states that plan makers ‘may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections’¹⁴. As outlined at the start of this section, this is in order to assess how uncertainty in the projections might be managed through policy responses. However, in our judgement the sensitivity testing undertaken on population does not appear to be sufficient justification for taking forward a variant population projection (either the ones tested above, or any other) forward as part of the objective assessment of need. This is because there is no *compelling* evidence that the local circumstances specific to York will cause a deviation from the official projections. On the contrary, the 2012-based population projections

¹⁴ Paragraph: 018 Reference ID: 2a-018-20140306

reasserts ONS's view of international migration to 2031 and beyond, confirming its preferred basis. In any case, the housing requirement does not highly sensitive to changes in migration estimates (particularly when compared to average household size, covered in Section 6.1.3).

6.1.2 Recent Mid Year Estimates

The 2014 based Mid Year Estimates were released on 25 June 2015. They estimate a population of 204, 349 for York in 2014, which is higher than the 202,900 population in 2014 in the 2012 based subnational population projections. The differences in the components of change are shown in Table 12.

Table 12 Difference in components of change between 2012 based projections and 2014 Mid Year Estimate

Components of Change	2012 based SNPP	2014 MYE
2013 Population	201,400	202,435
Natural Increase	400	325
Net Internal Migration	0	363
Net International Migration	900	1,277
Net Cross Boundary Migration	100	-
Other	-	39
2014 Population	202,900	204,439
Difference		+1,539 (+0.76%)

Overall, there are three ways in which this higher-than-expected Mid Year Estimate might be treated:

- It could be assumed that represents normal year-on-year variation within the existing projections, therefore no adjustment should be made.
- It could be assumed that the trends contained within the 2012 based projections are correct, but that they should be rebased (**indexed**) to reflect the improved population base from 2014.
- It could suggest a higher trend in population growth, which should be **extrapolated** over the plan period.

Figure 2 and Table 13 show the implications of these three approaches.

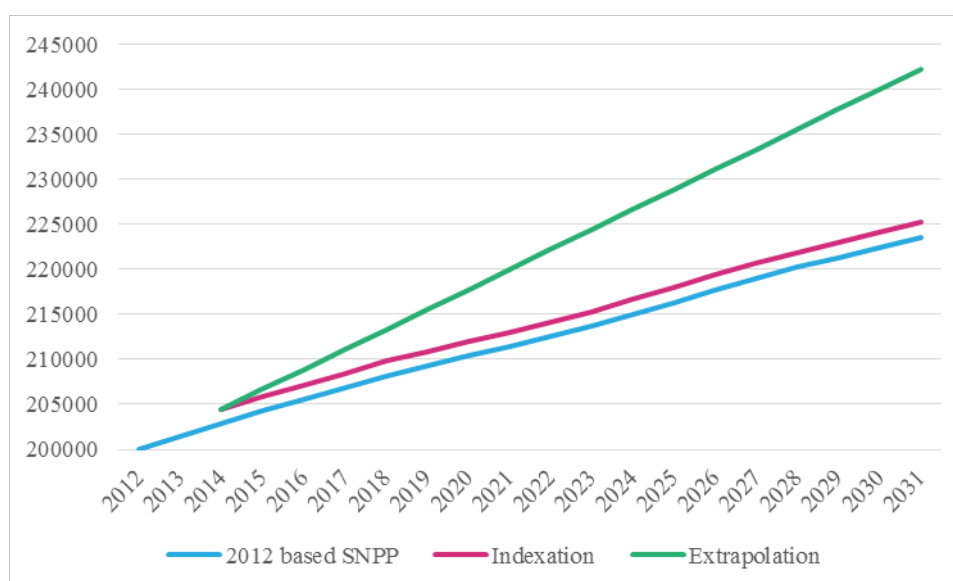


Figure 2 Sensitivity testing 2014 Mid Year Estimate

Table 13 Sensitivity testing 2014 Mid Year Estimate

Approach	2014	2031
2012 based sub national population projections (no change)	202,900	223,500
Indexation	204,439	225,195
Extrapolation	204,439	242,170

It is considered that the +1,539 (+0.76%) additional population indicated by the 2014 Mid Year Estimate could most reasonably be regarded as normal variance around the projection, and does not in itself justify an adjustment to the housing requirements. CYC should continue to monitor Mid Year Estimates as they are released, as a number of higher-than expected estimates could indicate that deviation from the justifications is required.

6.1.3 Unattributable population change

6.1.3.1 Introduction

Unattributable population change (UPC) refers to discrepancy in population statistics that arose between the 2001 Census and the 2011 Census. Between censuses, ONS makes estimates of population components of change ('intercensal population estimates'), i.e. the Mid Year Estimates for each year. When the 2011 Census results were published, the population in many authorities was different from what had previously been estimated in the Mid Year Estimates. After making allowances for methodological changes and estimated errors in the components during the decade, ONS introduced an additional component of change to deal with this difference, in other words the UPC. In order to produce

the revised series of population estimates for the last decade. ONS apportioned the UPC across each of the ten years (using the cohort method), providing revised Mid Year Estimates.

For England, the UPC is positive and is around 103,000 people between 2001 and 2011. Going forward, no adjustment has been made by ONS to the 2012-based sub-national population projections for UPC. The argument for this is that an adjustment for UPC should only be made if it can be demonstrated that it measures a bias in the trend data that will continue into the future; in this case, the UPC for England is within the confidence interval for the international migration estimates.

However, at the *subnational* level, UPC affects some local authorities more than others. Figure 14 sets out the UPC for York, (as well as England and Wales, for comparison), by comparing the original and revised mid year estimates. It shows that York's population estimates have been revised downwards as a result of the 2011 Census by a relatively large percentage – the difference between the two versions of the 2010 mid year estimate was -3.6% (in other words, there were fewer people in York in 2011 than the previous Mid Year Estimates had suggested).

UPC is covered in the Leeds City Region paper 'The objective assessment of housing requirements: Establishing a common methodological approach'. It concludes that, given that births and deaths are robustly recorded through vital statistics registers and that internal migration is adequately measured through the process of GP registration, UPC is likely to be due to the difficulty associated with the estimation of immigration and emigration impacts at a local level. However, it is important to note that this is not the view of ONS, who consider that the UPC should not be attributed to migration because (as its name implies) the reasons for the adjustment is unknown.

Table 14 Unattributable Population Change, York

	2002	2003	2004	2005	2006	2007	2008	2009	2010
York									
Revised ('000s)	182.1	184	186.6	188.2	189	189.8	190.8	192.4	195.1
Original ('000s)	182.4	184.5	187.5	189.2	191	192.5	194.9	198.8	202.4
Difference ('000s)	-0.3	-0.5	-0.9	-1	-2	-2.7	-4.1	-6.4	-7.3
% change	-0.2%	-0.3%	-0.5%	-0.5%	-1.0%	-1.4%	-2.1%	-3.2%	-3.6%
England and Wales									
Revised ('000s)	52,602.1	52,863.2	53,152.0	53,575.3	53,950.9	54,387.4	54,841.7	55,235.3	55,692.4
Original ('000s)	52,567.3	52,792.2	53,053.2	53,416.3	53,725.8	54,082.3	54,454.7	54,809.1	55,240.5
Difference ('000s)	34.8	71	98.8	159	225.1	305.1	387	426.2	451.9
% change	0.1%	0.1%	0.2%	0.3%	0.4%	0.6%	0.7%	0.8%	0.8%

Source: ONS Population Estimates for England and Wales, Mid-2002 to Mid-2010 Revised (Subnational)

There is no clear advice on how, if at all, UPC should be reflected in the assessment of housing requirements. Guidance in PAS' *'Objectively assessed need and housing targets: Technical advice note: Second edition'* (2015) suggests that local authorities with a large UPC should sensitivity test the impacts of including the UPC, in order to take a view on whether it should be incorporated into the projections. There are therefore two options available, outlined below.

6.1.3.2 Option 1: 'Do nothing'

The first option is to make no change to the official ONS and DCLG projections, on the rationale that there is insufficient evidence for the reasons for the difference between populations.

This is the approach that has been supported in recent Inspectors' decisions. For Eastleigh (found unsound in February 2015), the Inspector concludes that, whilst the UPC suggests an under-recording of population in the district:

'ONS consider that the UPC should not be attributed to migration because, as its name implies, the reasons for the adjustment is unknown. Given this advice and ONS' approach to its own projections, **it is reasonable for the JGC study [the district's objectively assessed needs report] to follow the same approach.**'

The Inspector does, however, go on to state that the UPC *may* represent higher than accounted for migration into Eastleigh in the past, which could continue in the future.

Similarly, in the Inspector's interim conclusions for the Stratford-Upon-Avon Core Strategy examination, it was noted that no adjustment for UPC in the 2012-based population projections had been made, on the basis that there is no clear and defensible basis for making such an adjustment.

Another justification for not to apply a correction is that it is possible that at least some of the difference between projections could be explained by under-enumeration in the 2011 Census, rather than inaccuracies in the preceding MYEs. The 'Census day' was 27 March 2011, and the deadline for submission was 06 April 2011; however, the University of York Easter vacation fell between 18 March and 26 April in the 2010/11 academic year dates. This may have resulted in students who would have chosen to have been included at their term-time address being 'missed' from the Census. Similarly, Censuses risk under-counting some international immigrants who were unable to (e.g. language skills, do not understand the process), or choose not to (e.g. 'fear' of official surveys), participate. It is very difficult to quantify how much of the difference (if any) is a result of under-enumeration; however, it also suggests that correcting for the whole of the UPC may overcompensate for the difference.

6.1.3.3 Option 2: Correcting for UPC

As stated above, there is no clear advice on how UPC might be corrected for in the assessment of housing requirements. The most logical approach is to assume that the reduction in population would lead to a proportionate reduction in household requirements, i.e. 3.6% fewer units would be required than the 2012-based household projections suggest.

This correction would be applied to the newly arising and backlog elements of the housing requirements. However, it would not be applied to the requirement which allows for economic growth. This is because that figure is based on the number of population and households needed for the realisation of forecast growth; even if there are currently fewer people in York, the number required in the future will remain the same.

This correction is outlined in Table 15.

Table 15 Correcting for Unattributable Population Change

	Household projections (Section 4.2)
Original	758
Revised to take into account UPC	732
Annual backlog requirement (Liverpool) (Section 4.4)	59
Total requirement	791

6.1.3.4 Recommendations

On balance, it is considered that no correction for UPC should be made, for the following reasons:

- The reasons for the differences between the population estimates are not clear;
- There is no evidence of when the error in the estimates occurred (ONS has simply distributed ‘other unattributable’ evenly across the 10 years period); and
- There is significant risk in using an approach which does not accord with recent Inspector’s decisions, particularly where it could be argued it a downward correction for UPC suppresses housing need (and there is also a small risk that the 2012 projections may include slightly suppressed household formation rates, which can only be confirmed by the awaited Stage 2 Data release).

CYC should continue to monitor Inspectors’ chosen approach to UPC to understand if this approach remains appropriate.

6.1.4 Household projections

Table 16 compares the components of household growth in the interim 2011-based projections (used in the 2014 Update Report) and the 2012-based projections.

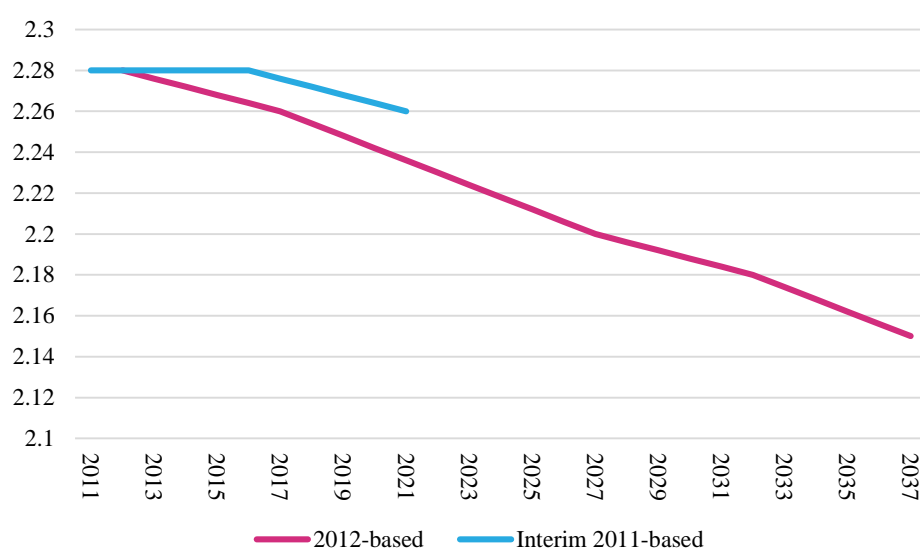
Table 16 Comparison of components of household growth

Component of household growth	Interim 2011-based (2011-2021)	2012-based (2012-2037)
Population level	107%	92%
Household formation	-7%	4%
Interaction terms (the relationship between population and household formation)	0%	4%

Source: DCLG (2013) *Interim 2011-based household projections Table 415: Components of household growth*; DCLG (2015) *2012-based household projections Table 415: Components of household growth*

The projected growth in population is the main driver of the increase in the 2012-based projections, though some is also the result of changes to household formation rate. This can be contrasted with the interim 2011-projections, where growth in households is suppressed as a result of changes to household formation rates, which result in a 7% reduction in total number of households that would otherwise be required.

A comparison of the fall in average household size contained within the two projections is shown in Figure 3.

Figure 3 Comparison of average household sizes using different methods.

Source: DCLG (2013) *Interim 2011-based household projections Table 427: Changes in average household size*; DCLG (2015) *2012-based household projections Table 415: Changes in average household size*

To sensitivity test this, the 2012-based household projections can be ‘indexed’ past 2021 using the rate of change from the 2008-based household projections (the most recent full projection preceding the 2012-based dataset). The logic behind this is that the slower rate of decline in average household size could be a short term effect of the recent economic recession (with less people able to form new separate households), rather than the start of a longer term trend. As such, this pattern would be likely to reverse with recovery of the economy over the longer

plan period¹⁵. Using the rate of change from the 2008-based projections (before the financial crisis) therefore incorporates changes in household size that might be expected in a stronger economic context, but still retains the most recent population base contained within the 2012-based projections.

The implications of this sensitivity testing are set out in Table 17 and Figure 4.

Table 17 Household growth sensitivity testing

Source	2012 households	2031 households	Absolute change	% change	Annual average change (19 years)
2008 based household projections	89,600	113,000	23,400	26.12%	1,232
2012 based household projections	84,247	98,651	14,404	17.10%	758
2012 based household projections, indexed to 2008 based trend past 2021	84,247	101,860	17,613	20.91%	927

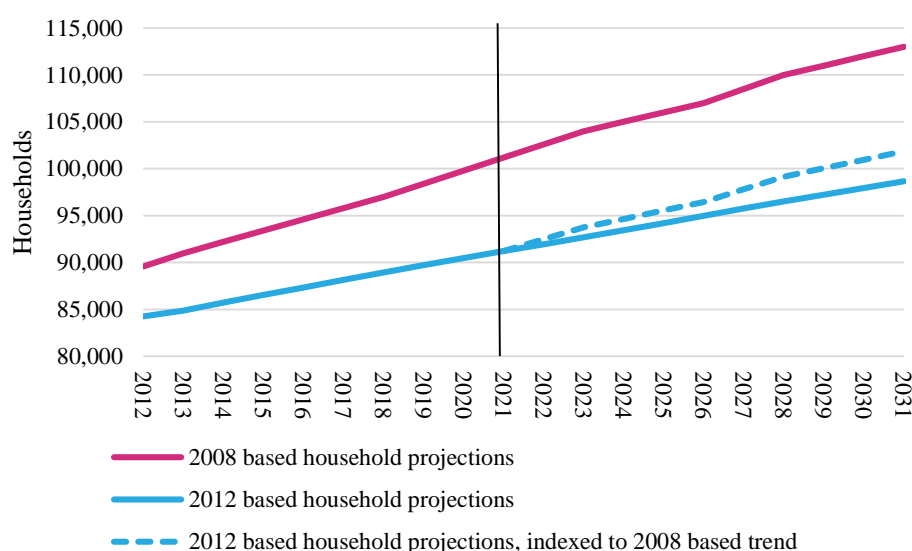


Figure 4 Household growth sensitivity testing

As shown above, households are very sensitive to average household size; this sensitivity analysis suggests that a return to 2008-based household formation levels after 2021 would result in an additional 169 homes, or 22.3%. Indeed, a reduction in the average household size at 2031 by 1% would result in a change in the number of houses needed by around 7%. This relationship therefore links closely with both historic delivery and market signals (particularly affordability), as household sizes might be suppressed through both under-supply and worsening affordability.

Despite this, there is no evidence as to what a more appropriate household formation rate might be, as it is unclear precisely how household formation rates will respond to a recovering economy. In our judgement, there does not appear to be compelling evidence to suggest that a variant of the 2012-based household

¹⁵ Insofar as evidence is available at this stage, analysis undertaken as part of the 2014 Update report suggests that slower rate of decline in average household size experienced in the recent past is likely to reverse with growth in the economy, rather than being the start of a longer term trend.

projections should be used to inform the objective assessment of need. This is because (as set out in 6.1.1), variations must be based on local evidence, otherwise the NPPF indicates that the most up to date evidence that is available should be used. This therefore makes it very difficult to justify at examination that anything other than the official projections should be used. However, it is possible that, in developing policy approaches, CYC could manage this uncertainty through building increased flexibility into the housing trajectory (e.g. including sites which could come forward earlier), or including change in formation rates within the process for Plan monitoring and review.

It may be necessary to undertake further sensitivity analysis and re-assess the evidence once the Stage 2 release has been made, as this is expected to provide further information on household formation. Affordability levels (which are an important part of household formation rates as they might suppress demand) are explored more closely in Section 6.3.

6.2 Assessing the impact of change in student populations

6.2.1 Introduction

The NPPG provides the following guidance on housing for students:

‘Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. **Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.**’¹⁶

CYC have engaged with the universities in York, in order to understand the likely trends in student population levels and housing requirements.

Representations made by the University of York and York St John on the Local Plan Preferred Options (July 2013) and Further Sites Consultation (July 2014) made clear that both universities have plans for significant growth over the plan period. Indeed, the University of York stated that ‘because of the Government’s decision to relax the caps on student number and the need to remain at the forefront of the competitive market, it is envisaged that growth in student numbers will continue over the duration of the Local Plan period until 2030’.

6.2.2 Recent student numbers and trends

The student population of York fall within two groups: institutional population (those living in purpose-built student accommodation such as halls of residence,

¹⁶ Reference ID: 2a-021-20150326

either university- or privately-owned); and non-institutional population (all others, e.g. those living at home or within the private rental sector).

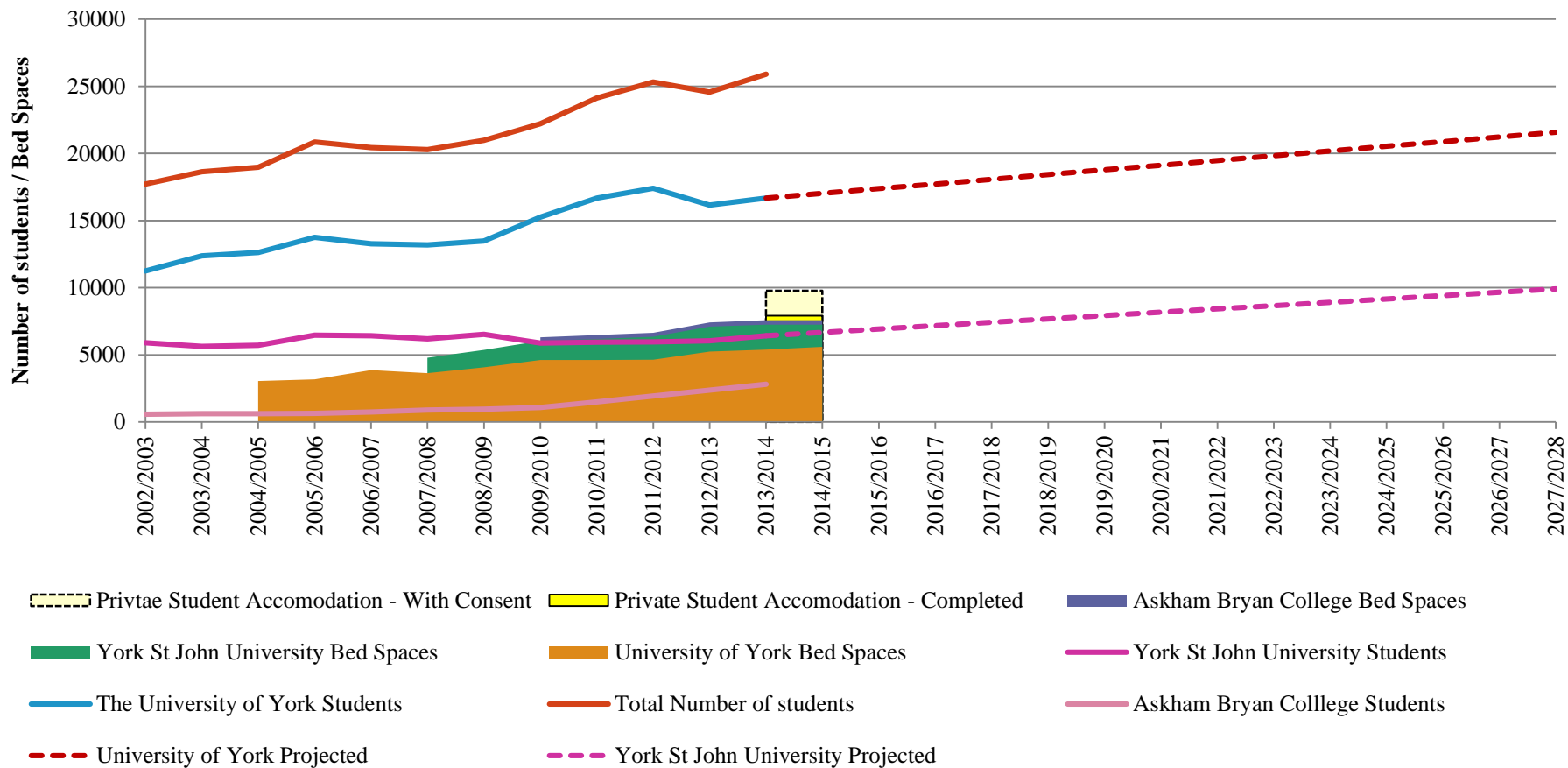
Figure 5 summarises the Higher Education Statistics Agency (HESA) head count data (full time and part time) for University of York and York St John University for each academic year, as well as the known students from Askham Bryan College (which are not provided in the HESA data).

In addition, the figure also includes the latest agreed projection data provided to CYC by the universities' planning agents (O'Neills Associates), which projects as far as 2017/18 and appears to be based upon full-time students only. Discussions with the planning agent with regards to the growth aspirations past 2017/18 have revealed that the universities seek modest growth up until 2030.

- The planning agents have confirmed that the University of York would like to expand to around 21,000 full-time equivalent students by 2030. This data is slightly different to the table they have included for the shorter-term projections, as it refers to 'full-time equivalent' (FTE) students at the university, as opposed to just full-time students. Currently, University of York have 15,383 FTE students in comparison to 13,476 full-time students (taken from their projection data) or 14,780 full-time students (under-grad and post-grad) taken from the HESA data. In terms of FTE, this would point to roughly a 350 additional students per annum growth in a straight line trend. The planning consultant has agreed this is a reasonable assumption to project forward the figures from 2017/18 to 2030.
- Similarly, York St John University data consider that a 'modest growth rate' is reasonable. The projection data submitted reasonably suggests a straight line trend of 250 additional students per annum.

As well as student population, the known student accommodation numbers have also been included – taken from data provided by the universities, as well as planning consents and completion figures.

Figure 5 Student numbers and projections



Source: CYC analysis (data accurate to 01 April 2015)

6.2.3 Implications for population and housing numbers

In considering the implications of the student figures, one of the main issues is the extent to which planned expansion is above or below past trends. The projections already reflect the recent trends in student population increase in York; therefore:

- if the universities' projections suggested a higher-than-trend expansion was expected, this would suggest that the ONS projections are under-estimating population (and therefore housing requirements); or
- conversely, if growth in student numbers is expected to be lower-than-trend, this would suggest that the official population projections are over-estimates.

It is considered that the projected increase of 350 students per year for University of York and 250 students per year for York St John University broadly represents an on-trend increase and, for this reason, sensitivity analysis around student population would not be justified. Whilst no firm evidence exists to make accurate predictions, it is unlikely that future university growth will exceed the component of growth implicit within the projections and the provision. Overall, therefore, it is most likely that the trend over recent years (which form the basis of the projections) is equal to the future expectations. However, as York has a proportionately large university sector, it is recommended that CYC monitor student number trends as part of annual monitoring exercises.

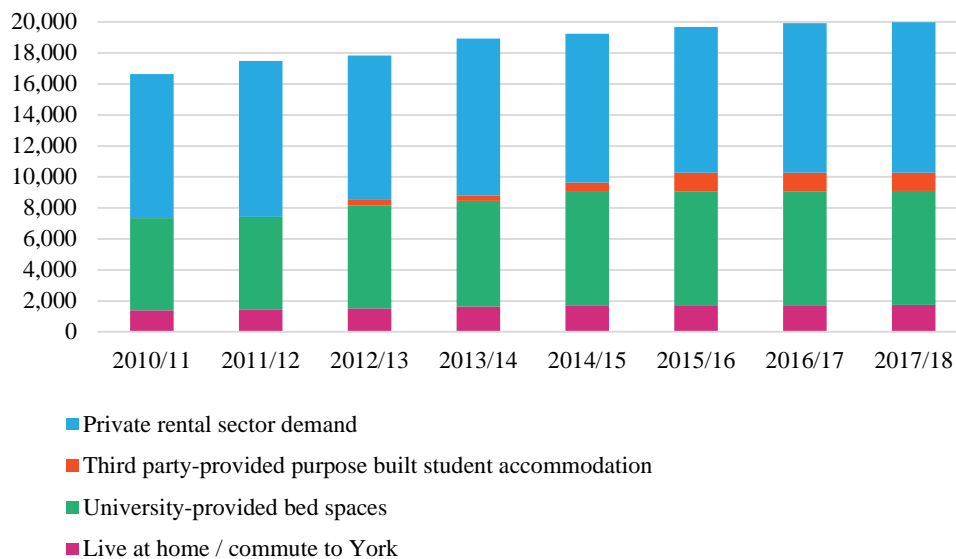
However, notwithstanding student population, it is also important how these students are housing. Due to the split between institutional and non-institutional student populations, it is also important to consider changes in the way the student accommodation in York access housing. The main categories are:

- living at home / commuting to university from outside the authority.
- university-provided accommodation.
- third party-provided accommodation.
- private rental sector.

The household population projections produced by DCLG exclude institutional population, which in the case of York seems to include those students within university halls of residence. A comparison of the ONS total population projections with the DCLG household populations suggests an institutional population of around 7,600 in 2012 (which in part is made up by students in halls of residence, but will also include correctional and penal institutions, care homes, religious institutions etc.). Discussions with the Universities suggest that the split between halls and other provision is likely to remain fairly constant, although student expectations of quality is increasing. As the requirements of students in halls of residence are excluded from household projections, the area of interest is the proportion of students living in the private rental sector, as this has a direct competition factor on non-student population also trying to access accommodation. Analysis has been undertaken by CYC into the likely change in accommodation demand to 2017/18, based on student population projections and recent and expected completions of university-provided and student-provided accommodation. This is set out in full in Appendix A3.

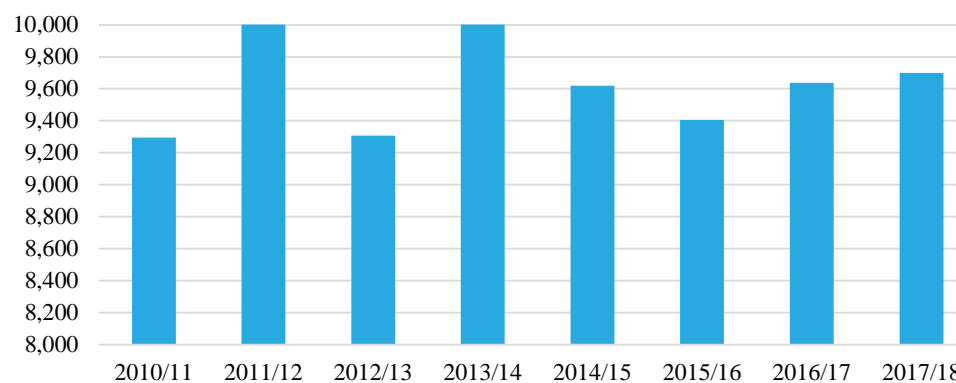
Figure 6 and 7 show the expected change in types of accommodation used to 2017/2018. Whilst they show the student demand on the private rental sector has / is expected to increase and decrease year-by-year (as a result of changes to the availability of purpose-built units), over the course of the period there is a slight increase in students accessing private rental sector bed space (though the proportion of students is expected to decrease). If an average student household size of 4.0 is used, this suggest that between 2010/11 and 2017/18, an additional 101 non-purpose built homes are required for student use. If this trend were to continue over the plan period, it would equate to approximately 14 homes per year, or just 1.85-1.95% of the household requirements depending on the one used (before backlog is applied). This assumes that the current rate of delivery of purpose built accommodation will stay broadly the same over the plan period. If purpose-built accommodation is also included, students reflect less than 15% of requirements.

Figure 6 Student accommodation demand, University of York and York St John University



Source: CYC analysis

Figure 7 Student private rental sector demand, University of York and York St John University



Source: CYC analysis

In practice, the long term translation of student numbers into households is complex given the different options available to students and little data is available on student household size. Without advance knowledge of housing choices it is difficult to make accurate predictions. Assumptions also need to be made about changes in the relative proportion of different housing options. Once again the safest assumption is that provision follows existing trends and is reflected in official projections. Any reduction in household numbers, would be dependent upon the universities making a commitment to provide a higher proportion of accommodation than in the past and a clear sign that this accommodation would be attractive to students. It would also depend on the existing stock of student accommodation being upgraded as student expectations of accommodation increase, otherwise it is likely that students will move into market housing provision. The scope to predict student choices and enforce controls on student residential choice over the life of the plan is typically limited. Any approach to increase students in specialist accommodation would thus need to be carefully and specifically evidenced, possibly as part of a future housing needs assessment/SHMA. Universities' policies on accommodation provision for students may also change over time (e.g. a concerted move towards on-site provision) and this should be monitored for impacts on the availability of private rented housing in York.

6.2.4 Recommendations

As the student demand on private housing going forward is low (as shown in the calculations on the previous page), and that there is no compelling evidence that it will change over the period, there is not considered to be any justification for additional sensitivity testing around student populations or student housing requirements.

CYC might choose to offset the impact of student housing need through the provision of additional purpose-built student accommodation, either on-campus provided by the universities, or by third parties. Encouraging more dedicated student accommodation may provide low cost housing may takes pressure off the private rented sector and allow for development at densities which otherwise would not be appropriate for non-student housing. If this occurs, it is important that it is reflected in the trajectory. One of the reasons that Durham's Local Plan was found unsound related to its treatment of student housing, as no consideration in the trajectory was given for the release of former student accommodation back on to the market. Given the University of Durham's estate strategy of significantly increasing the proportion of students to be housed in purpose-built accommodation. However, whilst there have been some recent completions of purpose-built accommodation in York, there is no indication that either university is moving towards such a strategy. Furthermore, there would have to be strong evidence that this could be enforced, i.e. there were mechanisms in place to ensure students did not choose private rental sector properties over purpose-built accommodation even when available.

However, it is important to recognise that this is a supply-side, delivery consideration; **it does not change the overall housing requirement**. As previously stated, there is no compelling evidence to suggest that the impact of students on housing requirements will be significantly different over the plan period.

For presentation purposes, CYC may choose to state the student and non-student household requirements separately, based on the growth aspirations provided by the universities and the analysis CYC have undertaken on likely changes to student accommodation requirements. However, this approach does not appear to have been used elsewhere and is not possible at present as there is no firm evidence. It is also difficult to establish the role of students in any backlog calculations, especially as market rents may be acting as a deterrent to students accessing the private housing market. Evidence is dependent on obtaining projections of average student household size and preferences, which is being considered as part of the forthcoming SHMA.

6.3 Market signals

Following the analysis of the latest demographic and household projections as the starting point for establishing housing need, the NPPG suggests that household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and the supply of dwellings. The Guidance advises that the assessment of prevailing market conditions should take account both of indicators relating to price and quantity¹⁷, and concludes that where adjustment based on housing need is required, plan makers should set this at a level that is reasonable¹⁸. (Rate of development is also identified as a market signal within the NPPG, although levels of completions and the impact of rate development have been considered elsewhere within this report and so are not considered as part of this section.)

Market signals are typically a key component of a Strategic Housing Market Assessment (SHMA). Indeed, the NPPF and NPPG states that local authorities should prepare a SHMA as a key piece of evidence in determining their full housing needs¹⁹. Presently, the North Yorkshire Strategic Housing Market Assessment (2011) forms the latest evidence base document which details the assessment of market signals and housing market dynamics. CYC, along with Hambleton District Council, Ryedale District Council and North Yorkshire Moors National Parks Authority, have jointly commissioned a new SHMA to replace the 2011 assessment. Therefore the up-to-date analysis of market signals undertaken within this report (as set out in the sub-sections below) is purely to understand whether market factors could impact the overall housing requirement. It does not substitute a detailed assessment of full housing needs within a SHMA.

6.3.1 House Prices, Land Prices, Rents and Affordability

The NPPG states that housing need should be appropriately adjusted to reflect appropriate market signals, such as house prices, land prices, rents and affordability²⁰:

- **House Prices:** Mix adjusted house prices measure inflation in house prices and longer term changes indicate imbalance between the demand for and the supply of housing. The Guidance suggests that ONS and Land Registry Index should be used in the assessment.

¹⁷ Paragraph: 020 Reference ID: 2a-020-20140306

¹⁸ Paragraph: 020 Reference ID: 2a-020-20140306

¹⁹ NPPF Paragraph 159 and NPPG Paragraph:045 Reference ID: 3-045-20141006

²⁰ Paragraph: 019 Reference ID: 2a-019-20140306

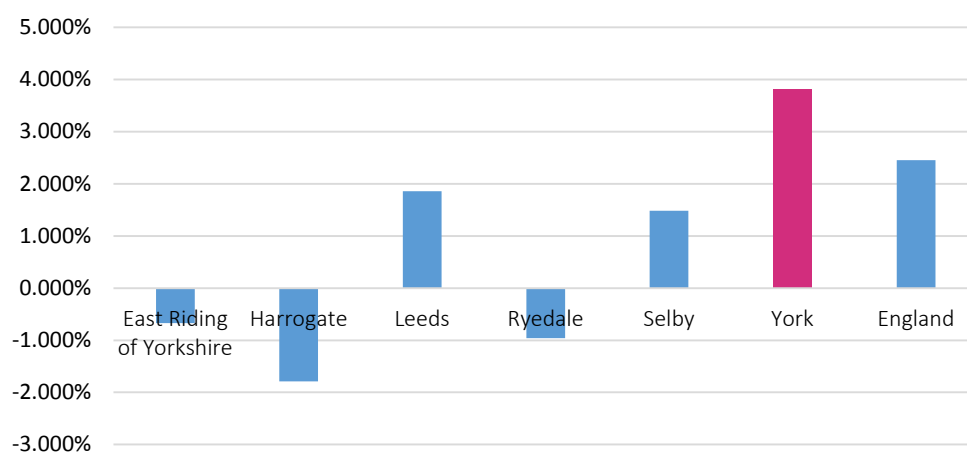
- **Land Prices:** Land values are determined by the demand for land in particular uses, relative to the supply of land in those uses. The allocation of land supply designated for each different use, independently of price, can result in substantial price discontinuities for adjoining parcels of land (or land with otherwise similar characteristics). Price premiums provide direct information on the shortage of land in any locality for any particular use.
- **Affordability:** Assessing affordability involves comparing housing costs against the ability to pay. The ratio between the lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Guidance suggests that the DCLG quarterly releases of lower quartile house prices to lower quartile earnings ratios should be used in the assessment.
- **Rents:** Rents provide an indication of the cost of consuming housing in a market area. Mixed adjusted rent information shows changes in housing costs over time. The Guidance suggests that ONS Private Rental Index should be used in the assessment.

House Prices and Affordability

Between 2011 and 2012 (the latest CLH House Price data available), house prices in York increased from an average of £201,286 to £208,983 (or an increase of 3.8%), which was greater than the average change in house prices for neighbouring Local Authorities and the percentage change between the 2010 and 2011 period for York.

Average house prices within York for 2012 are therefore now 2% less than the 2007 peak, where house prices averaged £210,942. The increased average price in York, as with Leeds, Selby and the national average, is likely to be the result of a more positive housing market following a recessionary period.

Figure 8 Change in mean house prices between 2011 and 2012



Source: CLG Table 585 Housing market: mean house prices based on Land Registry Data

The Inspector's Interim Views on the Eastleigh Local Plan Examination suggested that where 'modest market pressures' existed, this required an uplift adjustment on the overall housing requirement. 'Modest market pressures' were identified as the highest median prices within the 2011 SHMA area. Table 18, which represents

analysis of median house prices undertaken by YCC, suggests that median house prices within York have both been above and below the median prices for neighbouring local authorities. The North Yorkshire Strategic Housing Market Assessment (2011)²¹ identifies that the southern area of Ryedale and Hambleton, the eastern area of Harrogate and the northern area of Selby fall within the York Sub-Area. The median house prices within York are relatively average when assessed against authorities within the 2011 SHMA area, and therefore ‘modest market pressures’ and an upwards adjustment comparable to that identified in Eastleigh does not appear to be justified.

Table 18 House price change 2003-2012 (£000)

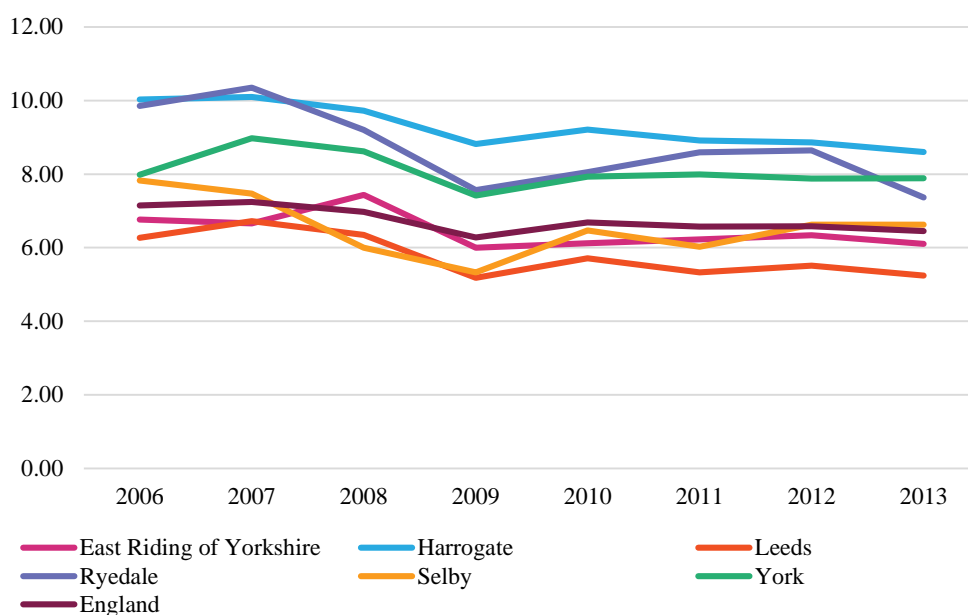
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
York	133	153	160	170	180	172	165	177	173	180
Hambleton	142	179	185	195	200	200	180	200	200	200
Harrogate	158	177	189	198	218	210	195	220	215	210
Ryedale	135	170	175	190	196	187	170	185	184	178
Selby	123	143	158	160	170	156	160	157	157	160
East Riding	100	130	135	143	150	147	140	145	138	141

Source: CLG Live Housing Tables. Table 585 Median house prices based on Land Registry data by District from 1996’

The provisional Housing Affordability Data for 2013 shows the affordability ratio for York as 7.89²², which suggests that affordability has largely remained consistent over the last four years and that York is ‘holding its own’ despite faster market recovery than in surrounding districts. However, the ratio of affordability remains higher than the national average and many of the neighbouring authorities (except Harrogate), although broadly speaking York, Ryedale and Harrogate have been the least affordable districts within the region over the long term and this relative position remains unchanged.

²¹ GVA (2011) North Yorkshire Strategic Housing Market Assessment

²² DCLG Table 576 Ratio of lower quartile house price to lower quartile earnings by district, from 19971-7

Figure 9 Affordability ratios for Local Authorities neighbouring York (2006 - 2013)

Land Prices

The principal source of data for land values is the Valuation Office Agency (VOA) property reports. Whilst the most recent Property Report (2011) does not consider York, land values within Leeds have fallen to £1.36m per hectare. The City of York Plan Viability Draft Report (2014) by Peter Brett Associates uses the latest VOA Property Report Data for York (from 2009) and derives the following assumptions for land values (Table 19).

Table 19 Land Prices for areas within York

City Areas	Price per Net Developable Area
City Centre and City Centre extensions	£1,500,000
All other areas	£1,200,000
Strategic Sites (over 5 hectares)	£1,000,000

Source: Local Plan Area Wide Viability Study (PBA)

Private Rental Market

Similar relationships are evident in the rental market. The Valuation Office Agency publishes statistics on the private rental market by Local Authorities in England. The lower quartile gross monthly rent paid for a 2 bedroom dwelling in York is £595 per month, which is substantially higher than the Yorkshire and Humber lower quartile figure of £425 per month or the national lower quartile figure of £485 per month.

Table 20 below sets out the lowest, highest and average rental levels for Local Authorities within the City Region²³. Whilst York has an upper weekly rental level consistent with the highest rental levels demanded within the City Region,

²³ 'Huw Jones (2013) 'Research on the affordability of housing in the Leeds City Region'

the average rental level within York is below that of Harrogate. These trends are consistent with the Valuation Office Agency private rental trends.

Table 20 Monthly rent levels by local authority within the City Region (2013)

Market Rent		1 Bed	2 Bed	3 Bed	4 Bed	All
York	Highest	£349.62	£312.46	£402.23	£339.00	£307.38
	Average	£154.96	£186.51	£237.79	£289.90	£226.62
	Lowest	£105.00	£153.00	£173.08	£267.00	£153.92
Harrogate	Highest	£136.15	£186.46	£280.62	£494.54	£267.00
	Average	£126.88	£166.52	£224.58	£370.48	£233.40
	Lowest	£102.69	£141.00	£162.46	£258.92	£150.69
Selby	Highest	£138.00	£153.23	£262.15	£267.00	£265.15
	Average	£97.85	£133.12	£168.53	£218.50	£161.47
	Lowest	£78.69	£112.15	£119.77	£167.54	£107.08
Leeds	Highest	£126.69	£190.62	£225.00	£315.00	£268.62
	Average	£103.19	£137.77	£161.93	£263.61	£148.39
	Lowest	£82.85	£95.54	£111.23	£127.62	£101.54
City Region	Highest	£349.62	£312.46	£402.23	£494.54	£307.38
	Average	£101.17	£124.11	£153.81	£235.34	£144.69
	Lowest	£71.54	£89.31	£98.08	£106.85	£80.77

The rental levels achieved within York are, again, consistent with the trends identified in the Private Sector Rent within the SHMA (2011). Although York and Harrogate record higher rental levels than other local authorities, the SHMA also identifies that these two authorities also have more stock advertised with the rental market and this forms a larger part of their housing markets, particularly in the ‘city’ centre market areas²⁴.

6.3.2 Overcrowding and Homelessness

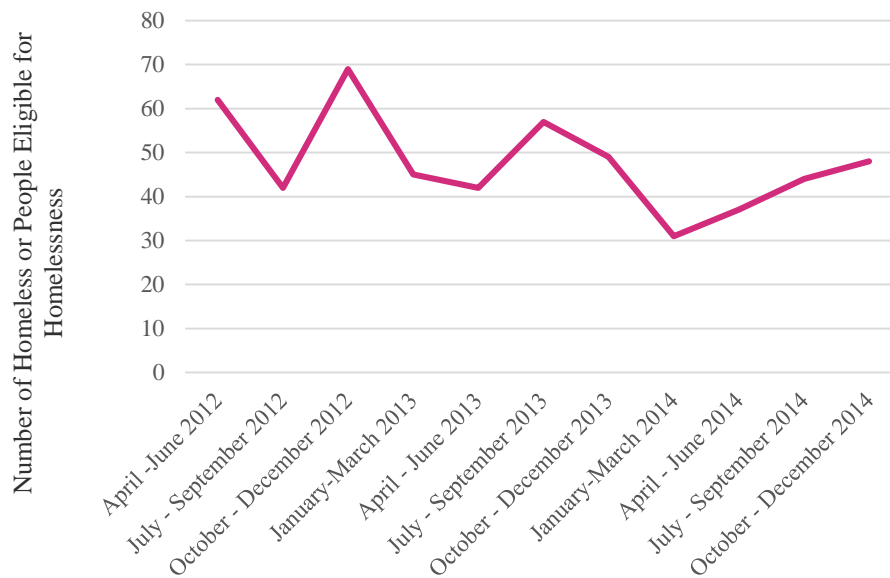
Indicators on overcrowding, concealed and sharing households, homelessness and the numbers of households in temporary accommodation is provided within DCLG’s Homelessness Statistics. Specifically, detailed local authority-level homelessness figures provide data by quarter for the following households:

- Eligible Households which are unintentionally homeless and in priority need
- Eligible Households which are homeless and in priority need, but intentionally so
- Eligible Households which are unintentionally homeless but which are not in priority need
- Eligible Households but which are not homeless
- Ineligible Households.

²⁴ GVA (2011) North Yorkshire Strategic Housing Market Assessment

Analysis of Eligible Households between April 2012 and December 2014 (including those which are intentionally homeless and those which are eligible, but not currently homeless) indicates that total levels have ranged between 62 and 48 per quarter (see Figure 10). In comparison with East Riding and Leeds, York displayed lower absolute levels of homelessness.

Figure 10 Homeless or ‘Eligible Households’ within York



In the period between April 2012 and December 2014, the level of homeless ‘in Priority Need’ within York, fell by 29%. Both Selby and Harrogate experienced growth in their total levels of homeless or ‘eligible households’ within this Period. Although an assessment of full housing needs through the evidence in a SHMA may identify further levels of homelessness or concealed households, it is not considered that levels of homelessness in York represent a ‘worsening trend’.

The 2011 Census analysis provided by CYC indicates that York could be experiencing greater overcrowding when compared with neighbouring authorities based on the number of households with at least one less bedroom that required. Approximately 3.5% of households within York are considered to have at least one less bedroom that required, compared to 1.9% of households in East Riding, 2.2% of households within Harrogate and 1.9% of households in Selby. This may in part be a reflection of housing costs in York when compared with income and the inability of households to purchase the amount of ‘housing space’ they require.

6.3.3 Conclusions

The outcomes of both the Cheshire East and Durham City Council interim comments highlight the importance of clarity in how market signals have influenced the objective assessment of need. Where ‘market pressures’ existed, for example in Eastleigh, the Inspector required a 10% uplift to be added to the OAN.

The NPPG indicates that a worsening trend in market signals within the Housing Market Area may require an upward adjustment to planned housing number

compared to ones based solely on household projections. In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. In the case of Durham City Council, the Inspector commented that any upward adjustment of the objectively assessed need resulting from market signals must be grounded in realism.

Conclusions

The brief analysis of house prices and affordability could suggest that York is a higher cost housing location relative to some other areas in the wider region, but that affordability remains similar and there is no direct evidence to suggest that affordability has worsened. Moreover, if provision is made to meet the 2012 projections, the economic needs and backlog, it is likely that potentially supply will already be considerably higher than recent completions. It is considered that an upward adjustment to reflect worsening market signals is not necessary.

CYC should apply the findings of the upcoming SHMA to this analysis to assess whether York reflects a worsening affordability trend within the wider SHMA area.

7 Land Requirements beyond 2031

The Local Plan for York seeks to determine a permanent and resilient Green Belt boundary. To ensure the boundary can be resilient, it is prudent to identify safeguarded land for potential consideration in the next plan period.

The basis for identifying the quantum of safeguarded land to be released beyond 2031 is the Safeguarded Land Technical Paper, City of York Local Plan – Safeguarded Land 29th January 2014 and advice received from Counsel John Hobson QC. The approach suggested by both is that a further ten years of development land should be safeguarded for after the plan period. It is not part of this commission to provide commentary on the proposed approach to defining safeguarded land; rather, this section simply applies the most recent household projections to this approach, to help inform the requirement for safeguarded land beyond the plan period.

The Safeguarded Land Technical Paper extrapolated the housing requirement from Arup's Housing Requirements in York Report (2013), to forecast the longer term development needs of the district to inform decisions on Green Belt boundaries. Table 21 updates this calculation, based on the most up-to-date projections.

- The actual annual requirement is derived from household projections for the period 2031-2036 (660).
- The requirement for 2036- 2041 (735) is the average 2012 – 2036.

Provision for backlog has not included, as it is assumed that this will have been met over the plan period.

Table 21 Ten year housing requirement

	Household projections (Section 4.2)
Annual Requirement 2031 – 2036 (5 year requirement)	660 (3300)
Annual Requirement 2036 – 2041 (5 year requirement)	735 (3675)
Total Requirement 10 years	6,975

However, it should be noted that not all of this requirement will need to be reflected in safeguarded land. Development may come forward:

- on the recycling of brownfield sites;
- on long-term strategic allocations which are expected to still be delivering after the plan period; or
- through small scale windfall development.

It is understood that CYC are progressing work on their site portfolio and a standalone paper on windfalls.

Conclusions

It is recommended that CYC use the calculated ten year housing requirement for 2031-3041 to inform their continuing work on safeguarded land allocations.

8 Conclusions

The purpose of this 2015 Update Report has been to assess the implications of the 2012-based sub-national household projections on York's objectively assessed housing requirement. This section provides a summary of the conclusions drawn, as well a set of 'next steps' which highlights what should be kept under review as CYC progress their draft Local Plan.

Table 22 provides a summary of the implications for housing numbers of the 2012-based projections across the plan period 2012 – 2031:

Table 22 Implications of the 2012-based projections

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Newly arising requirement	14,404	14,276	14,993
Newly arising annual requirement	758	751	789
Annual backlog requirement (Section 4.4)	59	58	65
Total annual requirement	817	809	854
<i>Five year requirement + 20%</i> (Section 5.1)	4,902	4,854	5,124

The main conclusions and recommendations from this Report can be summarised as follows:

Household Projections: Demographic and Economic

The NPPG advises that the DCLG Household Projections should provide the starting point for the estimate of overall housing need. Subsequently, plan-makers should make an assessment of employment trends and implications for objectively assessed need. [Section 4](#) concludes:

- Across the period from 2012 to 2031, the 2012-based projections suggest that the number of households in York is expected to grow by 14,404 dwellings (or 17%) to 98,651 in total. This equates to an **annual average growth rate of approximately 758 dwellings**, based on 19 financial/monitoring years (1 April to 31 March reflecting a plan start date of 1 April 2012). [\(See Section 4.2.\)](#)
- Analysis undertaken suggests that economic-led housing need (based on OEF's baseline forecast) broadly aligns with (although is slightly lower than) the demographic-led housing need, and that no adjustment is required. This is a result of a reduction in forecast employment and population growth across the plan period compared with earlier forecasts. This is also true of a scenario of faster growth in professional services, financial and insurance, and information and communication, accompanied with lower growth within wholesale and retail trade and accommodation and food services (Scenario 2).
- A scenario of higher migration and a faster recovery of the UK economy (Scenario 1) would lead to more houses than the demographic-led housing

need, equating to an annual average growth rate of approximately 789 dwellings.

- The second edition of PAS' 'Objectively assessed need and housing targets: Technical advice note' (2015) states that demographic projections should be tested against expected future jobs to see if housing supply in line with the projections would be enough to support the jobs. If that is not the case, the demographic-led need should be adjusted upwards (but never downwards). In effect this means that, where a demographic-led and economic-led projection have been prepared, the higher of the two should be taken forward.
(See Section 4.3.)

Past Delivery Rates: Backlog and Shortfall

Local planning authorities must reflect the consequences of past under-delivery, and it is concluded:

- It is considered that the 2012 base date remains sensible in the calculation of under-delivery and should continue to be used.
(See Section 3.4 and Section 4.4.)
- Recent under delivery against annual averages is likely to be associated with property cycles and recovery is expected over the remaining 16 years of the plan.
(See Section 3.4 and Section 4.4.)
- This means that the housing requirement (including both newly arising and backlog), should be **817 homes per year** (using the demographic-led requirement) or **854 homes per year** (using the Scenario 1 economic-led requirement). (For comparison, the baseline or Scenario 2 economic-led requirement would be 809 homes per year.)
(See Section 3.4 and Section 4.5.)
- It is considered that applying the Sedgefield approach would be unrealistic in market terms, and could only be achieved through the development in less sustainable locations. The Liverpool approach, which applies under-delivery over the remaining plan period, is recommended as a more appropriate and realistic way forward.
(See Section 4.4 and Section 4.5.)

Sensitivity testing

The NPPG suggests that plan-makers may consider sensitivity testing specific to local circumstances within a Local Authority based on alternative assumptions. Table 23 sets out the sensitivity testing that has been considered and/or undertaken, and the implications for housing requirements (not including backlog), if applicable.

Table 23 Potential implications of sensitivity testing on objectively assessed need

	Potential implications for OAN
<i>2012 based subnational population projections</i>	758
Population and household projections components of change: Migration (See Section 6.1.1.)	755-794
Population and household projections components of change: Updated Mid Year Estimate (See Section 6.1.2.)	N/A
Population and household projections components of change: Unattributable Population Change (See Section 6.1.3.)	732
Population and household projections components of change: Households (See Section 6.1.4.)	927
Student housing requirements (See Section 6.2.)	N/A
Market signals (See Section 6.3.)	N/A

Justification for adjusting the official projections on the basis of this sensitivity testing has been considered, and it has been concluded:

Population and household projections components of change

- Given that migration is a key component of the difference between the 2008, 2010 and 2012 statistical releases, it was considered appropriate to test the sensitivity of this component. The application of the 2008 and 2010-based migration components of the population projections to the 2012 sub-national population projection made a limited difference to the overall indicative housing requirement. There does not appear to be a rationale for variant population projections as part of the objective assessment of need. (See Section 6.1.1.)
- It is considered that the population indicated by the recently-released 2014 Mid Year Estimate could most reasonably be regarded as normal variance around the 2012 population projection, and does not justify an adjustment to the housing requirements. (See Section 6.1.2.)
- Unattributable Population Change (UPC) affects some local authorities more than others, and in the case of York, the difference between the two 2010 mid-year estimates was 3.6%. On balance, it is considered that no correction for UPC should be made because: the reasons for the difference between the estimates are not clear; there is no evidence of when the error in the estimates occurred; and there is significant risk in using an approach which does not accord with recent Inspector's decisions. (See Section 6.1.2.)
- Sensitivity testing shows that households are very sensitive to average household size; a return to 2008-based household formation levels after 2021 would result in an additional 169 homes per year. However, there is no evidence as to what a more appropriate household formation rate might be. In our judgement, there does not appear to be compelling evidence to suggest that a variant of the 2012-based household projections should be used to inform the objective assessment of need. (See Section 6.1.4.)

Market signals

- Notwithstanding the work currently being undertaken on a new SHMA, the brief analysis of house prices and affordability might suggest that York is a higher cost housing location relative to some other areas in the wider region. However, there is no direct evidence to suggest that affordability has worsened over time. Moreover, if provision is made to meet the 2012 projections, the economic needs and backlog, it is likely that potentially supply will already be considerably higher than recent completions, which would improve affordability in York. It is considered that an upward adjustment to reflect market signals is not necessary.
(See Section 6.3.)

Student housing requirements

- It is considered that the projected increase of 350 students per year for University of York and 250 students per year for York St John University broadly represents an on-trend increase. It is understood that student housing is viewed as an important local political issue. However, based on the analysis undertaken, there is no justification for making any correction in the objectively assessed need based on student populations or student housing requirements. This is because there is no compelling evidence that these requirements will change over the Plan period.
(See Section 6.2.)

For these reasons, it is considered that there is no reason or justification for adjusting the objectively assessed need figure on the basis of sensitivity analysis.

Supply Side: Buffers and flexibility

Paragraph 47 of the NPPF states that Local Planning Authorities should provide five years' worth of deliverable land with an additional buffer of 5%. Where there is evidence of 'persistent under-delivery' within a Local Planning Authority, this buffer should be increased to 20%. Section 5 concludes:

- The recommendation remains that a 20% buffer is added to the total supply requirement in the first five years to allow for under delivery prior to 2012.
(See Section 2.4 and Section 5.1.)
- CYC may wish to ensure that their trajectory is demonstrably flexible enough to be able to withstand changes across the plan period, particularly in terms of phasing of delivery, as this has been raised in recent Examinations.
(See Section 5.2.)

Supply Side: Greenbelt boundaries

The Safeguarded Land Technical Paper extrapolated the housing requirement from Arup's Housing Requirements in York Report (2013), to forecast the longer term development needs of the district to inform decisions on Green Belt boundaries. Table 24 updates this calculation, based on the most up-to-date projections.

Table 24 Estimated 2031-2041 housing requirement

	Household projections (Section 3.2)
Annual Requirement 2031 – 2036 (5 year requirement)	660 (3,300)
Annual Requirement 2036 – 2041 (5 year requirement)	735 (3,675)
Total Requirement 10 years	6,975

Next Steps

- Through the production of a new SHMA, jointly commissioned with Hambleton District Council, Ryedale District Council and North Yorkshire Moors National Parks Authority, CYC should:
 1. Consider whether any evidence in relation to market signals might justify an uplift to the objectively assess need.
 2. If, for presentation purposes only, it is decided to state the student and non-student housing requirements separately, this should be carefully evidenced through the SHMA.
 3. In accordance with the NPPG, identify the needs of different groups, and consider whether there is a need to alter the housing number included in the Local Plan to reflect this.
- CYC should continue to monitor Inspectors' approach to Unattributable Population Change, given that it is likely to feature more in the Plans which will be examined in the near future.
- CYC should continue to engage with University of York, York St John University and Askham Bryan College to monitor whether there is any change in their projected student numbers over the plan period, or way students are likely to be accommodated.
- There may be a need for review following the release of Stage 2 of the DCLG 2012-based household projections.

Appendix A

Review of Inspector's Reports

Detailed Review of Inspector's Reports from Postponed Examinations

Cheshire East Council

Date of Submission	20 th May 2014
Date of Examination	August – October 2014, Hearings postponed in October 2014
Date of Inspector's Interim Report	12 th November 2014

Cheshire East Council (CEC) identified their housing requirement as 27,000 new houses between 2010 and 2030. The basic provision averages to 1,350dpa, with allowances made for phasing over 5 year periods (ranging between 1,200dpa and 1,500dpa). This provision is to be made by taking account of completions and commitments since 2010 (totalling 10,906 houses or 40% of the total housing requirement) along with new strategic site allocations. The Inspector argued that the overall proposed requirement was too low and failed to realise trends in the economic and housing markets. Interim comment's covered the following components of OAN:

- Projections:** The latest DCLG housing projections (the 2011-based interim household projections, extended to 2030) formed the starting point for the objective assessment of need. However the Inspector queries the manipulation of this original demographic projection from 1,180 to 845 dpa based on using revised mid-year estimates and therefore the latest fertility, mortality and migration rates, with a limited justification offered for the rationale taken. In addition, CEC assumed that household formation rates will remain constant after 2021, which the Inspector argues does not account for the suppression of household formation rates based on economic recession, past under-supply or worsening affordability.
- Housing Factors and Market Signals:** Although the SHMA takes into account a range of market signals, including house prices, rents and affordability and provision for older people, the Inspector suggests that it is not clear how the results of these assessments have been taken into account in the OAN estimates.
- Housing Supply and Delivery:** Annual delivery between 2008 and 2014 fell short of the RSS and the Local Plan. A consistent record of under-delivery for a period of 6 consecutive years represents a 'substantial accumulated shortfall'. It would therefore seem that a 20% buffer for the five year supply would be appropriate.
- Backlog:** To address the shortfall in provision, CEC proposed to spread the under-supply over the Plan Period (2014 – 2030), despite being able to accommodate the under-supply within the next five years of the Plan period. The Inspector highlighted that since the latter is recommended in the NPPG and this is generally the approach adopted in recent appeal cases, there are few reasons why this should not be the approach taken. In addition, the Inspector argued that in the context of recent under-provision of housing, there is clearly a case to meet this shortfall as soon as practicable, and increasing housing within the first five years would 'significantly boost the level of housing provision' in line with NPPF Paragraph 47.

- **Allowance for Economic Growth:** The Inspector argued that the economic activity rates, both for economic and job growth, are unduly pessimistic. In addition, the projections make optimistic assumptions about the future economic activity rates of older people. Using these pessimistic projections and optimistic economic activity rates results in an artificially depressed need for new housing to accommodate the needs of future employees.

In summary, the Inspector highlighted the importance of addressing and incorporating market signals as a key factor of objectively assessed need, and offered further context to the definition of ‘persistent under-delivery’. As the local authority had identified sufficient land for 50,000 houses, the Inspector argued that there was a strong justification to deliver backlog within the first five years.

Durham City Council

Date of Submission	25 th April 2014
Date of Examination	September to October 2014, with Hearing Sessions adjourned on 13th November 2014.
Date of Inspector’s Interim Report	18 th February 2015

Durham City Council (DCC) identified a housing requirement of 1,651 dpa across the Plan period from 2011 to 2030, with an application of a 20% buffer using the ‘Sedgefield’ method to assist supply. The Inspector considered the objective assessment of housing needs to be too high as the council’s vision for a successful local economy incorporates unrealistic assumptions about jobs growth and associated in-migration. The Inspector also identifies shortcomings in the assumptions for level of housing supply.

Linking Employment Growth to Objectively Assessed Need

Using POPGROUP modelling software and 2011 Census Data, the authority tested a number of scenarios based on a ‘mid-point’ of DCLG 2008 and 2011 headship rates to define a requirement. The outcome of this work was a ‘trend based forecast’ whereby the population of the county rises from 513,000 to 560,721 during the plan period, which resulted in an average of 1,435dpa needed. In terms of jobs, the ‘Trend’ indicates that there would be 3,266 fewer jobs in the economy by 2030, based on an employment rate of 66.3% reflecting the rate 2011/2013. It was recognised that latter did not align with the economic growth aspirations of DCC, and therefore it was considered appropriate to appraise alternative scenarios that aim for economic growth. However, the Inspector recognised that in accordance with the NPPF’s general guidance on Local Plans, growth scenarios should be aspirational but realistic.

DCC’s preferred economic growth scenario comprised a policy-on ‘Employment Rate 73% plus 30,000 jobs’. This was based on job growth of 30,000 jobs within County Durham and the remainder created in the wider regional area. The job growth linked to this scenario is based on an increase of approximately 23,000 jobs in County Durham with the other 7,000 created within the wider regional area and accessed by County Durham residents out-commuting.

When the 2012 sub-national population projections are applied into the policy-on scenario, this produces an upward population outcome which is opposite to the recent population trend indicated by the ONS 2012. This is because the anticipated population growth totals vary to accommodate the required labour

force target (30,000) with a higher level of net in-migration used to ensure an appropriately sized labour force.

The Inspector identified that *‘reliance on high employment growth and associated high level of in-migration that is built into the preferred economic scenario represents an unacceptable risk ... Although the chosen jobs target may accord with the regional economic aspirations and the results of econometric forecasts, it is imperative to take account of the fact that other authorities in the North East are similarly seeking growth’*. In summary, the Inspector queried the use of the ‘policy-on’ employment-led scenario. The Inspector also queried the presumption that 7,000 of the 30,000 jobs will be created in the wider regional area and accessed by County Durham residents, as a number of neighbouring authorities submitted evidence to suggest ambitions to reduce the proportion of jobs taken up by in-commuters. Whilst there is a cross boundary agreement in terms of levels and locations of jobs, this agreement does not extend to housing provision. Therefore, the Inspector questions whether there is a degree of housing over-provision derived from this element of the jobs target.

The NPPG and NPPF state that Plans should take account of market signals and deliver the required number of affordable homes. The Inspector considered that ‘any further upward adjustment in respect of affordable housing need and market signals would result in a calculation of OAN that is not grounded in realism in respect of associated population levels’.

In conclusion the Inspector disagreed that 1,651 dpa would be a reasonable calculation of OAN: *‘A more cautious jobs growth target, reducing the reliance on in-migration, would be a more realistic and deliverable scenario that would reduce the evident risk that the planned level of housing may well be forthcoming but the anticipated jobs may not. As such OAN is too high and should be lowered. A reduced economic scenario would represent a more realistic forecast upon which to plan for’*.

In summary, the Inspector questioned the realism of ‘policy-on’ employment adjustment and recommended that a reduced economic scenario, or baseline economic adjustment, was utilised.

Housing Supply

The Inspector questioned the proposed ‘residual for allocation’, that is, the overall supply requirement. The assumptions do not account for demolitions, nor allow for small windfall sites or for empty homes to be brought back into use.

The Inspector also highlights that *‘there is also no allowance for large windfall sites or for the release of former family homes back to the market as the existing properties converted to student accommodation become vacant... which will be the consequence of the University of Durham’s estate strategy of significantly increasing the proportion of students to be housed in purpose built accommodation’*.

In conclusion, by making a conservative assumption that large windfalls and demolitions cancel each other out due to their likely irregular nature and even after making an allowance for the non-implementation of some of the commitments, the Inspector considered that the ‘residual for allocation’ figure is over-stated by around 2,000 units.

Durham City Council are seeking a Judicial Review of the Inspector's decision.

Stratford-on-Avon District Council

Date of Submission	30 th September 2014
Date of Examination	January to February 2015
Date of Inspector's Interim Report	20 th March 2015

The Inspector concluded that Stratford-on-Avon District Council need to revisit the objective assessment of housing need because the labour market adjustments that are contained in the supporting evidence are not justified and fail to demonstrate that an adequate labour force supply will be available to meet the projected job growth within the district. The inspector stipulated that *'housing supply trajectory is tight and in view of the likely need to increase the OAN it needs to provide more headroom'*.

Linking Employment Growth to OAN

The demographic component for determining OAN comprised an assessment of nine alternative scenarios with the preferred scenario based on a 'part return to trend', a vacancy rate including second homes of 3% and a 10-year net migration trend which reflects the district's employment levels. The Inspector was content with the demographic component of the assessment of need.

Within the Inspector's Interim Conclusions, attention is drawn to PAS' 'Objectively Assessed Need and Housing Targets' guidance which states that 'if both a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers if the objectively assessed need'. Which the Inspector states that 'no such advice is contained within the Planning Practice Guidance, the PAS guidance is material'.

Job growth in Stratford-on-Avon is derived from Experian Forecasts for the period from 2025 to 2031. The Economic-led projections are significantly higher than the figures derived from the demographic modelling; a range from 764dpa-976dpa economically-led scenario to 508dpa arising from the demographic-led scenario. Acknowledging the PAS guidance here would appear to suggest that there remains a case for considering an uplift to housing numbers in order to support economic growth.

The Inspector identifies a series of concerns with labour force adjustments which ultimately impact the level of housing required:

- **Over-reliance on the economic activity of an ageing population:** The 2012-based SNPP shows a decrease in the resident population aged 16-64 of 4,600 between 2012 and 2031, and 6,000 if the base year is 2011 to match the Plan Period. The Inspector states that 'given this significant contraction in what I shall call the conventional economically active population (aged 16-64) it is difficult to understand the justification for the projection increase in the working population or the labour force supply'. The projection appears to rely on an ageing workforce, which despite an increase in the state pension age, is not credible.
- **Levels of in-commuting from outside the District:** The proposed labour force adjustment for levels of in-commuting contradicted the CS objective to 'reduce the level of net commuting'. A consequence of changing this objective

would logically be to increase the provision of housing, as opposed to planning for more cross-boundary commuting.

- **Reducing the level of out-commuting:** The Inspector identified that this would require ‘some 9% of commuters to be recalled over the lifetime of the CS. This is risky as the PAS guidance says’.

ERM concludes that if housing were provided above the demographic need level there is a ‘strong likelihood’ that these would be taken by retired people or out-commuters, but the Inspector states that the claim appears to be based on a pessimistic view that the new jobs created will be low paid and/or part time.

The Inspector concludes by stating that:

‘For the above reasons I have concerns about all of the labour market adjustments that have been advanced in an attempt to show there would be an adequate labour force supply to meet the projected growth in jobs of 12,100 in the District over the lifetime of the CS.

*For these reasons the demographic-led projection is inadequate to meet future changes in the District’s labour market: in short, it would appear that job growth within the District, even without the JLR allocation, is likely to exceed the labour supply. In the circumstances **the housing figure is not aligned to the employment growth forecast** and there are grounds for concern that **the Council appears to be planning for a situation in which a key part of its labour force cannot live in the District.***

For the identified reasons there is no alternative but to refer the matter back to the Council to enable it to revisit its estimate of OAN, moving on from the ERM Consolidated Review, to ensure it can maintain an adequate labour force supply...The Council needs to plan to meet its own projection of the growth in job numbers within its boundaries’.

Eastleigh Borough Local Plan

Date of Submission	15 th July 2014
Date of Examination	November – December 2014, Hearings in January 2015 postponed.
Date of Inspector’s Interim Report	11 th February 2015

Eastleigh Borough Council identified a need for 549 dpa for the borough, when calculated for the Plan period 2011 to 2029. This equates to a need for 9,882 dwellings for the borough. In conclusion, the Inspector identified that the Council failed to recognise the true scale of the affordable housing need within their assessment of market signals. The Plan also failed to provide inadequate flexibility in the land supply to respond to changing circumstances and deliver sufficient supply in the first five years.

The Inspector raised key concerns as follows:

- **Accounting for Unattributable Population Change:** For Eastleigh, the UPC is a significant positive figure suggesting likely under-recording of in-migration. ONS has not included UPC as a component in the 2012 SNPP, hence the population projections for Eastleigh are lower than before, and ONS consider that the UPC should not be attributed to migration (as by its nature,

the reasons for the adjustments are unknown). Although the Inspector agrees that Eastleigh should not attribute this to migration, he comments that *'nevertheless, UPC may represent higher than accounted for migration into Eastleigh in the past, which may continue in the future. This is not reflected in the 2012- based SNPP and thus not in the JGC Study's outputs'*.

- **Shortfall within the wider Housing Market Area:** Eastleigh identifies that there is a shortfall in housing supply of between 360-750 dwellings between 2011 and 2026 within the SHMA area. The Inspector notes that *'considered in isolation, Eastleigh Borough does not have to accommodate all this shortfall, but it should seek to accommodate some of it so as to reduce the extent to which any PUSH Review has to address a backlog of provision'*.
- **Identifying Affordable Housing:** The Inspector commented that *'it is clear that much of the early preparatory work for this Plan was not informed by an up-to-date understanding of the need for affordable housing in the district. This is a significant shortcoming'*. The SHMA substantially reduces the need for affordable housing by discounting from the *'assessed need an estimate for future lettings in the Private Rented Sector to households in receipt of Local Housing Allowance'*. Eastleigh identified that there is no need to increase housing provision to meet affordable housing needs, which the Inspector queries as *'30% of an estimated income required to access market housing in Eastleigh would be insufficient to rent an entry level two bedroomed property'*. He further *'there is no justification in the Framework or Guidance for reducing the identified need for affordable housing by the assumed continued role of the PRS with LHA'*.

The Council notes that *'323 affordable units had been delivered between 2011-2014; existing planning permissions have secured a further 686 units; and on the basis of the percentages in policy DM28, a further 2,000 could be secured from future permissions, resulting in about 3,000 new affordable housing units over the plan period. This is the maximum likely to be delivered. Actual delivery might be less as it depends on the viability of specific sites to deliver at 35%'*. The Council's estimate equates to an average of 167 pa, which the Inspector argues is *'substantially below the need for affordable housing and below even the SHMA's figure of 310 pa where the role of the PRS with LHA was assumed to be meeting part of the need'*.

- **Market Signals:** Eastleigh conclude that *'market signals are not significant for most of the core authorities, but identifies modest market pressure in Eastleigh and Fareham'*. The identification of *'modest market pressures'* stems from Eastleigh and Fareham having experienced the highest median prices within the SHMA area for the most property types where affordability issues are more acute.

The Inspector argues that *'Time series rental data from the Valuation Office Agency is available only between 2011 and 2013, but indicates rents rising by 7.4% in Eastleigh compared with 4.4% nationally and 6.9% in Hampshire (Open House, paragraph 5.12). Overall, market signals do justify an upward adjustment above the housing need derived from demographic projections only'*. Whilst the Inspector states that it is difficult to judge the appropriate scale for such an uplift, a *'cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be*

compatible with the "modest" pressure of market signals recognised in the SHMA itself.

- **Accommodating Economic Growth:** The Inspector states that ‘Economic forecasts have a high degree of uncertainty and, in isolation, do not provide a robust basis for planning land use requirements. It is also preferable for economic forecasts to be based on the functional economic area rather than an individual district and the LEP/Partnership for Urban South Hampshire (11 LPAs) best reflect this approach’
- **Housing Supply:** In the three years since the base date of the Plan, a shortfall of 790 homes (or 46%) has accumulated. Whilst the council ‘considers that the undersupply should be made-up over more than five years and to do otherwise is unrealistic’ because of the on-going effects of recent recession. However the Inspector argues that *‘in publishing the Guidance last year the Government would have been mindful of national circumstances in the house-building industry. The delay in having an up-to-date local plan is the Council's responsibility and does not justify delay in making good the shortfall. I have seen no evidence that it is not possible to achieve the preferred approach of the Guidance. Accordingly, on the basis of the submitted Plan and current evidence, the shortfall should be made up in the first five years (the "Sedgefield" method)’.*
- **Supply Buffer:** As Eastleigh only met the Local Plan’s annual average housing requirement in two years between 2001 and 2011, overall delivery fell short of the overall required total. The Inspector identified that this was ‘clear evidence of persistent under-delivery’ and considered that a 20% buffer was required.

Despite the inclusion of a supply buffer of 20% and making up the shortfall since 2011, the Council calculates that there is only a 4.37 years supply in relation to the requirement set out in the submitted Local Plan. The Inspector considered that the *‘land supply is therefore inadequate because there is not sufficient flexibility to respond to changing circumstances and because the supply in the first five years needs to be increased. With the identified need for greater housing provision, the land supply will need to be increased even further’.*

Recently found sound Local Plans

Table 1 below builds on the research undertaken for the 2014 Update Report and represents a further review of relevant sound Local Plan documents between 31st March 2014 and 6th March 2015. Those Plans found sound most recently are highlighted in grey.

Table 1 Summary of Inspector's reports from recent Local Plan examinations

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
Allerdale Borough Council (adopted July 2014)	With an average provision of 172 dwellings per annum, it was considered that the LPA 'consistently under-achieved' against the former RSS of 267 dpa. Inspector was content that the Plan target did not rely upon the now revoked RSS, but represents a fresh and objective assessment. This figure contained a proportion of the cumulative backlog.	Projections underpinned by 2008-interim Household Projections. Final housing requirement does not correspond to any of the five projections scenarios. Instead, it corresponds to a mid-point between two scenarios: 5-year Migration Trend and Employment Baseline Growth.	The total OAN figure is influenced by affordability ratios (see Housing Growth Topic Paper 2013), and the overall housing requirement (not OAN) accounts for house prices differentials identified within the SHMA,	20%	No reference in Inspector's Report Local Plan text sets out Sedgefield approach.	2011 (2011 – 2028)
Broxtowe, Gedling and Nottingham City Aligned Core Strategies (adopted September 2014)	There is no reference to backlog in the Inspector's Report. However, in the Housing Background Paper Addendum, it states: 'The aligned Core Strategy authorities have assessed their past housing delivery against the policies of the Nottinghamshire and Nottingham Structure Plan (February 2006) and Regional Plan which were current at the time. They have concluded that their past performance cannot be described as 'a record of persistent under delivery', as it is only in recent years, following the credit crunch and housing market collapse that they have slipped behind what was required. Inspector's report does state: 'The Council suggested that the net in-migration figures in the ONS 2008-based population and DCLG projections were not realistic as they were based on trends of high growth in university students and international migration. Nottingham has substantial student and immigration populations, but it	Projections are underpinned by mid-year estimates and interim 2011-based household projections scaled against the following three scenarios: rescaled 2010 headship rate for 5 years, rescaled (actual) 2010 headship rates for all years to 2031 and rescaled historical trends for years 2001 – 2008.	The OAN referenced past rates of development, however the overall requirement was not influenced by rates.	5%	No reference in Inspector's report	2011 (2011 – 2028)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	seems reasonable to assume changed growth trends in future in view of shifts in Government policy on student fees and control on immigration from overseas.					
Christchurch and East Dorset (adopted April 2014)	Annual Monitoring Reports demonstrate that Councils have delivered more housing than the target in the 1994 – 2011 Structure Plan. On this basis the Councils have planned appropriately with a 5% buffer.	As a result of the extrapolation of economic downturn trends, approach applies the ONS/CLG population and household change rates from the 2008-based projections to updated baseline information for mid-2011.	The final OAN includes a vacancy allowance, which was defined by the SHMA as a result of the level of second homes and overall vacancy, of 2-3%.	5%	No reference in Inspector's report	2013 (2013 – 2028)
West Northamptonshire Joint Planning Unit (Daventry, Northampton, South Northamptonshire and West Northamptonshire (adopted December 2014)	The shortfall from 2011-2013 against the annualised figures based on objectively assessed need have been re-profiled with the bulk of the shortfall being met during the middle of the plan period. Meeting shortfall in the first five years is considered to be undeliverable when considered both against the base position and the time required before the defined Sustainable Urban Extensions are delivering new homes.	Tested five scenarios: <ul style="list-style-type: none"> • 2008 SNHP Projections; • 2001-2011 trend which rolled forward average migration rates by age and sex for 2001-2011; • 2006-2011 trend which rolls forward average migration rates for previous five years; • A 'Partial Return to Trend' which assumes that after 2015 the household formation rates recover toward the 2008 rates, reaching a mid-point by 2025, where they stay to 2031. • 'Tracking 2008 based rates', which assumes that the rates do not continue to diverge, but that by 2025 the CLG rates will have 	The overall OAN was increased by 900 (2.1% of the overall housing requirement) to account for current market conditions, such as market prices and to help redress historically lower proportions of social rented units.	Not identified, which may reflect the long run-in for the Plan Process.	Backlog to be delivered in the middle of the Plan Period, as SUEs progress. This approach reflects a phased version of the Liverpool Method.	2011 (2011-2029)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
		<p>returned to the level which the 2011 Census rates were above.</p> <p>The tracking 2008 based rates was the approach adopted.</p>				
<p>Fenland (adopted May 2014)</p>	<p>Fenland District Council have delivered housing at a rate above the RSS target for the years 2001/2 to 2009/10. Notwithstanding the last few years of under delivery, the rolling average is almost in line with the RSS target.</p> <p>Council entered into a Memorandum of Co-operation which concerns the distribution of dwellings within the Cambridge HMA. This MOU represents a time period that starts in 2011, and therefore five years' worth of these dwellings (from 2006 – 2011) are not relevant. This reduced the number of homes to be provided in Fenland by 1,000 homes.</p> <p>The annual requirement has not been achieved for the first two years of the plan. The Council relies on this shortfall in provision over the first two years of the Plan being re-distributed over the remaining 18 years</p>	<p>Given the time of Local Plan publication and the vastly different Mid-Year Population Estimates for Housing Market Area, analysis compares official population projections against the 2011 Census. Population is forecasted by using a base year of 2010 within the East of England Forecasting Model.</p> <p>This model is common with the 2011-based projections which follow the assumption that occupancy ratios will fall in the future, but that the fall will not be as strong as suggested in the 2008-based projections.</p>	<p>The Inspector commended the inclusion of a 'trigger point' within the Core Strategy to commence a partial review of the OAN based on high sustained rates of development</p>	<p>5%</p>	<p>Liverpool Approach ('the residual method')</p>	<p>2011 (2011 – 2031)</p>
<p>Gravesham Borough Council (adopted September 2014)</p>	<p>Based on the varying state of the local housing market, the need for some existing employment uses to first relocate/reorganise and the absence of any other realistic alternative, strategic level, potential sites that are outside the Green belt, it is not unreasonable to accept that the new housing delivery in the borough will need to be back-loaded instead.</p> <p>This is to be achieved through a varying new housing trajectory incorporating material increases in delivery over three distinct parts of the overall Plan Period that</p>	<p>Initial submission was based on a net nil migration scenario which was considered not to be an Objective Assessment of Need by the Inspector.</p> <p>Following a pause in the examination, the re-run migration projection 'Long Term Average Migration Trend' resulted in an additional 205 people per year, or a</p>	<p>OAN accounts for market signals identified within the SHMA, including increasing number of elderly people.</p>	<p>5%</p>	<p>Phased approach to Liverpool Method.</p>	<p>2011 (2011 – 2026)</p>

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	takes account of the under-provision of new housing since the 2011-based date.	corresponding additional housing requirement of approximately 1,800. Inspector identified that this was not best practice, or consistent with national guidance, but is sufficient given the unique local circumstances.				
Royal Borough of Greenwich	Royal Greenwich's recent record has been one of under achievement but, like other London Boroughs, this can be attributed mainly to the state of the economy and housing market, not due to any under provision of suitable sites by the Council.	Based on The London Plan 2011 Housing Requirement.		20%	No reference in the Inspector's Report	2013 (2013 – 2028)
Leeds City Council (adopted November 2014)	<p>The Housing Background Paper (CD6-48a) considers whether it is appropriate to address 'backlog' as a component of future housing requirement. The paper states that 'given the significant recalibration of the Leeds population in recent years and the errors involved in modelling international migration it would be very difficult to estimate with precision a level of undersupply prior to 2012. Given as well that the Core Strategy target is at the upper end of the likely growth scenarios for Leeds it is considered unnecessary to account for backlog in the Core Strategy housing trajectory'.</p> <p>The Core Strategy states that 'commencement date for the housing requirement is 2012/13 to tie-in with the adoption date of the Plan. Given the depressed state of the housing market over recent years, no calculation has been made of over or under-supply against targets in the Regional Strategy. The start of the housing requirement marks a clean break from the past.'</p>	The adopted Core Strategy states projections are primarily based on the 2008-based population projections within the context of evidence derived from the SHMA and has not reflected the 2012-based population projections which were established at a very late point in the Examination Process.	<p>The Inspector concluded that 2011 SHMA assessed the existing market and housing stock, affordability and modelled different scenarios for growth, it concluded that an employment-led scenario would be most appropriate.</p> <p>In terms of affordability, the SHMA indicates that approximately 1,150 affordable dwellings per year would have to be built over 5 years to</p>	<p>None identified.</p> <p>The Inspector stated that increasing the housing requirement over the first five years is likely to lead to a level of development which cannot be supported by the necessary infrastructure.</p>	No provision for backlog or undersupply, however this is considered to be atypical.	2012 (2012 to 2028)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
			clear the backlog in provision.			
North Warwickshire (adopted October 2014)	Interestingly, the North Warwickshire Plan Period originally extended from 2006 to 2028, however the Strategic Housing Market Assessment uses 2011 as a base date and forecasts housing need up to 2031. Following a number of Consultee Responses which argued that the plan period should be extended to 2031, the council proposed a change of Plan Period from 2011 to 2031. The inspector stated that 'providing that changing the base date does not result in any backlog in the identified need for housing or employment being written off, I see no practical reason why the start date should not be changed from 2006 to 2011'.	Projections use CLG 2011-based projections updated through two methods: extending the projection to 2031 based on demographic trends in revised mid-year estimates, and updating the projections to take full account of the 2011 Census and revised ONS projections. The SHMA uses 4 models (demographic, economic, component, and dwelling led to produce 11 different housing projections. The component (zero net migration, zero employment growth) and dwelling led (past build rates) projections are rightly discounted.	The Inspector states: 'In taking account of market signals, including affordability, the PPG states that increases in supply should be based on reasonable assumptions consistent with the principles of sustainable development. Providing affordable housing is an important objective but, in light of the findings of the further SA work, the evidence before this examination weighs against setting a higher figure at this time'.	5%	No reference in the Inspector's Report	2011 (2011 - 2029)
Richmondshire District Council (adopted December 2014)	Between 2004 and 2013, Richmondshire delivered a total of 1,122 dwellings against a target for the Period of 1,125 (125 per annum). Although the LPA recognises that the definition of 'past under-delivery is arguable', they have identified the sites to deliver a 20% buffer to their housing requirements. The Inspector states that 'where there has been a record of persistent under-delivery of housing, it is necessary for planning authorities to add an additional 20% buffer to the supply of land for housing identified for the first five	Overall, six scenarios of population change and household growth have been considered. The Core Strategy adopts a 'migration-led scenario' which uses the basis of the derivation of its migration assumptions from the components of change evident in the 2011 MYE.	No references to market signals.	20%	Sedgefield Approach (delivery within first five years of the Plan Period)	2012 (2012-2028)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	years moved forward from later in the Plan Period. I consequently concur that in this regard the expectations of the Framework are met'.	Which the Inspector considers to be appropriate.				
Rotherham (adopted September 2014)	<p>Core Strategy Policy CS6 states that sufficient land will be allocated in the Sites and Policies DPD to meet Rotherham's housing requirement of 850 net additional dwellings per annum or 12,750 for the period 2013 to 2028, plus any shortfall in the delivery against that annual target from April 2008 to the adoption of the Core Strategy. The shortfall is the difference between annual completions and the target of 850, which between 2008/9 and 2012/13 result in a shortfall of 1,621 dwellings. The total requirement is therefore 14,371.</p> <p>However, the inspector also highlighted that it was tempting to just assess shortfall according to the degree to which net housing completions have fallen short of the target set out in the development plan which was extant at this time. This included the RS. This therefore implied taking account of the shortfall and latent demand during the 10 year period from 2004/5 to 2012/13, which gives a total backlog of 4,383.</p> <p>This under-delivery should be treated as a 'persistent record', which means that the Council should increase the buffer to 20%.</p>	Housing Requirement is based on a Baseline Economic Growth (determined through REM and 2008-based Household Projections).	The OAN figure takes into account completion rates and rates of development. No further references to market signals.	20%	Sedgefield approach – The Inspector seeks to bring forward a buffer of 20%, indicating that: Year 1 -5: 1,150 dpa (based on annual requirement + backlog + 20%) Year 6- 15: 862 dpa.	2013 (2013 – 2028)
Stafford Borough Council (adopted June 2014)	As regards previous shortfalls in housing provision, SBC recognises that Stafford Borough has under-performed to a degree which justifies a 20% boost to the first 5-year housing land supply period. Past provision exceeded the level of housing provision needed under the last formally approved 2004 WMRSS (280 dw/yr), but there is a	The proposed level of housing provision takes account of the additional households estimated to be formed in Stafford Borough between 2011-2031, (at 461 households/year based on the 2008 DCLG household	The OAN figure takes account of market demand, including past rates of delivery and affordability. The Inspector states: 'It	20%	Sedgefield approach	2011 (2011 – 2031)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	<p>shortfall of 1,150 dwellings when measured against the Phase 2 Revision proposals. Housing provision did not proceed at the expected rate, partly due to the economic recession, but the former WMRSS has now been revoked, and the submitted Plan commences at 2011. Looking forward, housing needs within the overall plan period have been assessed and the PSB makes more provision than needed to meet these objectively assessed housing needs. It is therefore unnecessary to make specific additional provision to accommodate this past shortfall; any shortfalls since 2011 would be taken into account by updating the housing trajectory in the future.</p>	<p>projections); and includes an element of further growth (natural change accounts for only 30% of new households, with in-migration representing nearly 70% of the total).</p>	<p>would not be appropriate to further increase the overall level of housing to fully meet the need for affordable housing as a proportion of market housing, since there are other means of making such provision, and increased levels of housing may not be sustainable or deliverable'.</p>			

Appendix B

University of York and York St
John University monitoring data

University of York and York St John University monitoring data

Overview of HEI accommodation demand in York 2010-2018 UoY and YSJU

Academic Year	Institution	Total FT York In	Live at home / commute to York	University provided bed spaces	Third party provided purpose built student accommodation	Private Rental Sector Demand	Avg houses based on 4 sharing	Change in housing demand per year	% students living in Private Rental Sector
2010/1	UoY	12,493	625	4618	0	7,250	1,813		61.09%
2011/2	UoY	13,153	658	4618	0	7,877	1,969	157	63.04%
2012/3	UoY	13,156	658	5303	350	6,845	1,711	-258	54.77%
2013/4	UoY	13,659	683	5218	350	7,408	1,852	141	57.09%
2014/5	UoY	13,476	674	5746	594	6,462	1,616	-236	50.48%
2015/6	UoY	13,472	674	5746	594	6,458	1,615	-1	50.46%
2016/7	UoY	13,597	680	5746	594	6,577	1,644	30	50.92%
2017/8	UoY	13,661	683	5746	594	6,638	1,659	15	51.15%
								-153	-9.94%
2010/1	YSJU	4,153	769	1340	0	2,044	511		60.40%
2011/2	YSJU	4,329	808	1340	0	2,181	545	34	61.94%
2012/3	YSJU	4,670	859	1350	0	2,461	615	70	64.58%
2013/4	YSJU	5,281	954	1608	0	2,719	680	65	62.84%
2014/5	YSJU	5,768	1004	1608	0	3,156	789	109	66.25%
2015/6	YSJU	6,208	1052	1608	0	3,548	887	98	68.81%
2016/7	YSJU	6,321	1052	1608	0	3,661	915	28	69.48%
2017/8	YSJU	6,321	1052	1608	0	3,661	915	0	69.48%
								404	9.08%
2010/11	Both HEIs	16,646	1,394	5,958	0	9,294	2,324		60.94%
2011/12	Both HEIs	17,482	1,466	5,958	0	10,058	2,515	191	62.80%
2012/13	Both HEIs	17,826	1,517	6,653	350	9,306	2,327	-188	57.06%
2013/14	Both HEIs	18,940	1,637	6,826	350	10,127	2,532	205	58.53%
2014/15	Both HEIs	19,244	1,678	7,354	594	9,618	2,405	-127	54.75%
2015/16	Both HEIs	19,680	1,726	7,354	1,195 ²⁵	9,405	2,351	-53	52.38%
2016/17	Both HEIs	19,918	1,732	7,354	1,195	9,637	2,409	58	52.99%
2017/18	Both HEIs	19,982	1,735	7,354	1,195	9,698	2,424	15	53.15%
								101	-7.79%

²⁵ Includes 601 bed spaces associated with The Press application, which are open to students from both universities.

NB: Based on full-time students.

Assumptions: University of York:

- Excluding students on placements out of York
- Based on MTP figures used for College 9 Modelling in Jan 2013
- Assume 5% of FT students live at home
- College 9 opens in 2014/5 with one older block being removed
- Stock includes allowance for 50 family houses both on-site and in the city (e.g. McHugh Court)
- Includes allowance of 158 for visiting students

Assumptions: York St John University:

- Assume 20% of FT students live at home

Assumptions: Purpose-built accommodation:

- Assumes Boulevard aimed towards UoY students
- Assumes Caddick 244 on stream from 2014/5 - per planning application and aimed towards UoY students
- Assumes Press Offices Site 601 on stream from 2015/6 (58 flats, 303 studios in planning application), and open to all students

Assuming 100% occupancy of purpose-built and university-managed bed spaces

Appendix C

City of York Council analysis on
student numbers

City of York Council analysis on student numbers

	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016
Number of students																
York St John College	4910	5255	5905	5625	5720	6460	6435	6205	6535	5875	5950	5975	6050	6420		
The University of York	9480	10640	11240	12385	12625	13750	13270	13185	13490	15265	16675	17405	16150	16680		
Askham Bryan College***			580	621	632	641	737	892	957	1073	1508	1943	2378	2814		
Total students at Universities	14390	15895	17145	18010	18345	20210	19705	19390	20025	21140	22625	23380	22200	23100		
All students	14390	15895	17725	18631	18977	20851	20442	20282	20982	22213	24133	25323	24578	25914		
UoY Projected*															17030	17380
YSJ projected**															6670	6920
Total Number of Projected students at Universities															23700	24300
Number of bed space																
York St John College								1139	1281	1423	1565	1707	1849	1849		
The University of York					3047	3188	3865	3640	4081	4615	4627	4640	5253	5393	5600	
Askham Bryan College										275	289.5	304	318.5	333	333	
Total at Universities					3047	3188	3865	4779	5362	6038	6192	6347	7102	7242	5600	
Total (All)					3047	3188	3865	4779	5362	6313	6481.5	6651	7420.5	7575	5933	
Student Accomodation Planning Permissions (at 1st April 15)																
Completions****															340	
With Permission/ Under Construction *****															1854	
Total															2194	

	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030
Number of students														
York St John College														
The University of York														
Askham Bryan College***														
Total students at Universities														
All students														
UoY Projected*	17730	18080	18430	18780	19130	19480	19830	20180	20530	20880	21230	21580	21930	22280
YSJ projected**	7170	7420	7670	7920	8170	8420	8670	8920	9170	9420	9670	9920	10170	10420
Total Number of Projected students at Universities	24900	25500	26100	26700	27300	27900	28500	29100	29700	30300	30900	31500	32100	32700
Number of bed space														
York St John College														
The University of York														
Askham Bryan College														
Total at Universities														
Total (All)														
Student Accomodation Planning Permissions (at 1st April 15)														
Completions****														
With Permission/ Under Construction *****														
Total														

Assumptions used:

* Assumption for UoY projection is 350 students per year increase from 2013/14 taken from University of York Projection data

** Assumption for YSJ projection is 250 students per year increase from 2013/14 taken from York St John's University Projeciton Data

*** Assumed that growth between 2010/11-2013/2014 was 435 per year; calculated by $((2814-1074)/4)$.

**** Completion refers to 11/01496/REMM (6-18 Hull Road; now known as The Boulevard, UoY accomodation).

***** Planning permissions include: 13/03522/FULM (Hallfield Road), 13/03349/FUL (Lawrence street), 13/01916/FULM (Yorkshire evening press, Walmgate).