

Local Plan Working Group

17th December 2014

Report of the Director for City and Environmental Services

City of York Local Plan - Housing Options

Purpose of the Report

1. The purpose of this report is to update Members on the progress of the Local Plan following the Council Resolution on 9th October 2014 and to outline what actions are being taken to respond.
2. The Council resolution of Council on 9th October 2014 states that the draft local plan approved by Cabinet on the 25th September 2014 *'does not accurately reflect the evidence base and is therefore not based on objectively assessed requirements, is not the most appropriate strategy and has ignored reasonable alternatives rather than to test the approach against them and is not deliverable over the plan period and is contrary to the combined methodological approach of the Leeds City Region'*.
3. The motion also states that *'Council believes that the current proposals fail to adequately reflect the results of the citywide consultations undertaken in July 2013 and July 2014' and that 'the current proposals will result in the plan being found unsound by the planning inspector leaving the city vulnerable'*.
4. The motion requests that *'in order to accurately reflect objectively assessed requirements officers should produce a report on the housing trajectory to be brought back to the next meeting of the Local Plan Working Group (LPWG) along with the relevant background reports. The LPWG will then agree an accurate analysis of the housing trajectory that is objective, evidence based and deliverable. This analysis will then be used to inform housing allocations and a new proposed Local Plan to be brought back to the next LPWG for discussion and recommendation to Cabinet in November'*.

5. This report seeks to outline the requirements placed on the Council through national guidance and to present to Members an assessment of housing requirement options for the Local Plan drawing on existing published evidence. It follows on from the Local Plan Housing Seminar held for all Members on the 1st December 2014 chaired by the Planning Advisory Service.
6. Members are aware that delay in bringing forward a Local Plan for York risks a series of planning applications which are not supported by the majority of members but will be NPPF compliant and therefore may be upheld in inspection or enquiry. This risk grows the longer the City is without evidence of an emerging plan. Members should be aware that the evidence base is a key part of inspectors' considerations of any planning application. The evidence base enables some policy choices for members. Failure to make decisions on the evidence base increases the risk that the Council does not have an emerging plan and is unable to resist applications.

Background – Policy Context

7. The National Planning Policy Framework (NPPF published in 2012) requires that Local Planning Authorities identify the objectively assessed need for housing in their areas, and that Local Plans translate those needs into land provision targets. Like all parts of a development plan such housing targets should be informed by robust and proportionate evidence.
8. Paragraph 17 of NPPF sets out a set of core land-use planning principles which should underpin both plan-making and decision-taking. This includes the following principle:

“Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities”.

9. Paragraph 47 of NPPF states that local planning authorities should:

“ use their 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, including identifying key sites which are critical to the delivery of the housing strategy over the plan period”.

10. Paragraph 159 of NPPF states that “Local Planning Authorities should have a clear understanding of housing needs in their area” and they should:

- *prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
 - *meets household and population projections, taking account of migration and demographic change;*
 - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
 - *caters for housing demand and the scale of housing supply necessary to meet this demand; and*
 - *prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.*

11. National Planning Practice Guidance (NPPG) was published in March 2014. It includes guidance for local planning authorities in objectively assessing and evidencing development needs for housing. It states that:

“The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing

evidence bases together to identify specific policies within development plans¹.

12. NPPG's section on housing and economic development needs assessments deals with housing in three sub-sections: the approach to assessing need; the scope of assessments and the methodology for assessing housing need. The first two sections provide general guidance, covering both housing and economic development. The third is specific to housing and puts forward a standard methodology for assessing housing needs. It advises that other methodologies are possible, but that the standard one is recommended and that any authority that chooses to depart from it should explain why. In summary, the steps in the method are as follows:

- Define the housing market area – where the housing market area covers more than one authority, the assessment should relate to this larger area ;
- Refer to the Department for Communities and Local Government (CLG) household projections – the CLG projections (which in turn are derived from the Office for National Statistics (ONS) population projections) provide the '*starting point*' estimate of housing need;
- Adjust for factors that are not captured in the CLG projections – this stage may include the following:
 - Update the projections to take into account the latest available information;
 - If using the latest CLG projections which is the 2011-based interim projection and only extends to 2021, '*assess likely trends after 2021 to align with development plan periods*';
 - Adjust for other local circumstances, including exceptional or one off events either past or expected, such as the building of an urban extension or a new university;
 - If market signals show that planning in the past has undersupplied need, adjust the CLG projection upwards; and
 - If the demographic projection does not provide a sufficient labour supply to match the expected growth in jobs, adjust them upwards.

¹ Paragraph: 004 Reference ID: 2a-004-20140306

13. NPPG also notes that the CLG projections are trend-based, that is they carry forward past trends in population and household formation. Accordingly they cannot predict the impact of changes which are not captured in past trends, such as changing economic circumstances or government policy. NPPG also states that assessing housing needs is not an exact science and that many of the questions needed to be addressed have no definitive answer.
14. The Planning Advisory Service (PAS) also provides guidance to local authorities on plan-making. The Planning Advisory Service is a national organisation funded by central government which essentially promotes best practice in Planning. The role of PAS is to help local authorities to get an up to date local plan in place so that they have a framework for making local decisions. PAS have produced guidance on undertaking their assessment of housing need in their technical advice note 'Objectively Assessed Need and Housing Targets', Technical Advice Note, June 2014. Their definition of total housing need is as follows - *'The housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state'*. They consider that total need, or demand, equals the total housing that would be provided across both the market and affordable housing sectors, if land was not constrained by planning. This is why the assessed total need is often described as a policy-off estimate.
15. PAS state that in practice this unconstrained demand is difficult to measure, because planning generally does constrain housing development and has done so for many decades. When assessing future demand by projecting forward past trends, as in the national CLG household projections, they are also projecting forwards the effect of those past trends and therefore will generally underestimate the unconstrained total need. It is clear therefore that any policy considerations should be separate from the objective assessment of housing need.

Background – Local Plan Preferred Options and Publication Draft

Preferred Options

16. The Preferred Options Local Plan (June 2013) set out four options for how the Plan should seek to address the housing requirement:
 - A baseline demographic position of 850 homes/yr;

- A housing to support economic growth scenario of 1090 homes/yr that responded to the council's stated economic ambition ;
- A scenario to address the forecast need for affordable homes through cross subsidy from market housing of 1500 homes/yr; and
- A scenario to address both forecast need and current backlog of affordable homes of 2,060 homes/yr.

17. Consultants Arup in their report published to support the Local Plan Preferred Options (Housing Requirements in York, Arup 2013) analysed the merits of each of the four options and their conclusion was that the housing to support economic growth scenario of 1090 homes per annum provided the scale of housing growth required to support the employment growth forecast in the 'City of York Economic and Retail Growth and Visioning Study (Deloitte, 2013)' and would provide choice for those who may take up new jobs in York rather than commuting into the authority area. This represents an integrated approach to housing and employment growth to ensure there is a consistent and holistic policy stance in the Plan. This fits with advice in NPPF and NPPG which advises that housing needs assessments should have regard to future employment.
18. Arup also considered that the options to deliver 1,500 homes per annum and 2060 homes per annum but concluded that both these figures would mean such a significant step up in delivery rates that they would be considered aspirational rather than realistic. Thus not meeting the requirements of NPPF².

Publication Draft

19. The 2014 update of housing requirements for York (Housing Requirements in York, Arup 2014) has sought to understand implications of new guidance (NPPG, PAS etc) and the most up to date datasets on population and housing growth.
20. The Publication Draft Local Plan as approved by Cabinet on 25th September 2014 put forward the following position in terms of the Local Plan housing requirement:
- A trend based assessment of household growth to support the Plan's economic ambition of 870 (based on the demographic

² NPPF Paragraph 154.

baseline of 838 plus the economic impact of a further 32 homes per annum);

- Further provision to address the backlog from previous under delivery of 126 (calculated based on historic completion rates using base date of 2004, RSS start date);
- This equated to an annual housing requirement of 996 dwellings per annum (total plan requirement of 15,936 dwellings³ (1 April 2014 to 31st March 2030)).

21. Officers recommended in the Publication Draft Plan that the trend based assessment of household growth to support the Plan's economic position of 870 homes per annum (rounded from 869 in the Arup report) should be used as the objectively assessed need figure for the Plan. This aligns the approach to both economic and housing growth.
22. Officers recommended in the Publication Draft Plan that the 'backlog' from the period 2004 (RSS base date) to the start date of the Plan (2014) should be added to the whole plan requirement (referred to as the Liverpool method) rather than over the first five years of the plan (referred to as the Sedgefield Method). This was considered to be the most robust approach given this is the base date of the only adopted plan for York, coupled with the fact it would be unrealistic to meet this backlog over the first five years of the plan.

Analysis

Baseline

23. The 2011 based interim household projections (covering the period 2011 to 2021) in England were published by Department of Communities and Local Government (DCLG) on 9th April 2013. These projections represent the most up to date data on household numbers and formation rates and draw on the 2011 Census results.
24. The interim 2011 based household projections for York forecast a growth of 7,000 dwellings between 2011 and 2021, equating to an annual average growth rate of 636 dwellings. This is substantially lower than the previous 2008 based household projections which showed that

³ The buffer as required by NPPF of either 5% or 20% dependent on past delivery rates is not considered as part of the objective assessment of housing need as it is a supply related issue – i.e. moving forward supply from later in the plan period rather than an addition to the demand figure.

between 2011 and 2033 the number of households in York was forecast to grow by 24,800 dwellings. This equated to an annual average growth rate of approximately 1,180 dwellings.

25. A major difference between the 2011 based interim projections and the previous projections are the updated assumptions surrounding household structure and a break in the long term trend in declining household size. There has been criticism in recent examinations that the household size assumptions contained in the interim 2011 based projections are drawn from a five year period when the housing market was in severe recession and that using these rates for a projection of need 'locks in' the recessionary trend. Conversely the previous 2008 projections are drawn from a five year period which includes the peak of the housing market and arguably therefore represent an over optimistic picture in respect of falling household size.
26. Arup in their 2014 report (Housing Requirements in York) advise that looking ahead as the housing market emerges from recession it is likely that the longer term picture of household size over the plan period to 2030 is likely to fall somewhere between the assumptions used in the 2008 and interim 2011 based projections. This formed the basis of the work undertaken by Arup which is highlighted in paragraph 31 of this report.
27. In January 2014, the Royal Town Planning Institute (RTPI) released a guidance note entitled '*Understanding recent changes in household formation rates and their implications for planning for housing in England*'. In it they concluded that:
 - Whilst the 2011 census results suggest a slowdown in the fall in average household size, this was influenced by increased international migration, the economic downturn and the effects of a long period of poor housing affordability. If conditions in the housing market and the economy more generally improve there may be a return towards previous trends.
 - Authorities need to consider their own specific situation carefully in the light of what the latest projections suggest for their area.
 - Plan makers should consider whether the average household size trends in the latest projections are a prudent basis for planning. (Arup considered the local drivers of average household size in York in Section 3.4.3 of the 2014 report, and conclude that the

slowdown in the fall in average household size is related to the economic downturn, rather than a longer-term trend.)

- The projections should be extended beyond the end date of 2021 to the end of the plan period. However, **a simple extrapolation of numbers should not be used**, as this will only tell you what would happen if the trends assumed were to continue, which may not be the most likely outcome.

28. This approach is also adopted in the support and guidance provided by the Planning Advisory Service, including their '*Objectively assessed need and housing targets: Technical advice note*' guidance. It states that plan makers should **use the interim 2011-based assumptions to 2021, and then should then assume the rates of change in earlier projections**. This method is known as 'indexation'.

29. This approach has been borne out by recent Examination outcomes, for example Lichfield:

[...] although the household representation rates in the 2011 CLG household projections are lower than those in the 2008 projections, this is a result of poor economic conditions that the latter projection took account of. However, over the longer term household representation rates have been rising and the fall in these rates identified in the 2011 projection is likely to have been driven by short term factors such as the impact of the recession, constraints on housing supply and constraints on mortgage lending. It is reasonable, therefore, to assume that beyond 2021 (the end of the period covered by the 2011 projection) household representation rates will resume their long term rise.

30. It was also supported in principle by the Inspector for the South Worcestershire Development Plan who supported the 'index' approach to applying household formation rates post 2021.

31. In their 2014 report Arup took household growth directly from the interim 2011 household projections for the period 2011 to 2021. This is the most up to date source of data available. For the period 2021 to 2030 the rate of change from the 2008 based projections (the most recent data source for this period of time) has been applied to the numbers from the interim 2011 based projections. This reflects the likelihood that an improving economy will begin to increase the housing requirement in the plan period. Table 1 shows what the indexation approach means for York's objectively assessed housing need, compared with simply carrying forward the interim 2011 based assumptions.

Table 1

Source	2011 households	2031 households	Absolute change	% change	Annual average change (21 years)
2008 based household projections	88,200	113,000	24,800	28.1%	1,181
Interim 2011-based household projections (indexed)	83,500	101,100	17,600	21.1%	838
Interim 2011-based household projections (extrapolated)	83,500	96,900	13,400	16.0%	638

NB. Shaded rows are considered unlikely to be sound.

32. Using the 2011 based household formation rate data from 2011 to 2021 (the end date of the 2011 interim household projections) and then indexing the household formation rates from 2021 to 2031 using the 2008 based household formation rates this indicates **a demographic derived objectively assessed need for 838 dwellings per annum.**
33. Further work on household formation rates has been requested by officers from Arup and is detailed in paragraph 59 of this report.

Economic Forecasts

34. As part of identifying objectively assessed need, 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. Any plan that doesn't take account of economic growth is likely to be considered 'unsound' by the inspector. This has been seen at recent examinations at Cheshire East, East Staffordshire and Chiltern.
35. The economic forecasts for York have been updated by Oxford Economics (OE). These updates include the production of a base forecast and two additional scenarios:
 - **The base scenario:** which reflects how global and national trends are expected to apply to York;
 - **Base Scenario Sensitivity test:** where higher levels of migration are assumed and where it is assumed that there is a faster recovery from the current economic downturn; and
 - **Scenario 2:** which assumes a faster rate of growth in the following sectors of the York economy: advanced manufacturing; science

and research; financial and professional services; and tourism and leisure.

36. The main conclusion of the updates is that forecast employment growth is expected to grow at greater than the regional and national averages. It will impact on the requisite housing requirements, as there is a relationship between the provision of the appropriate quantum and range of housing, in the right locations and economically successful areas.
37. The OE model uses the latest release of ONS population data (2012 mid year estimates). The model uses the ONS assumptions about natural change (birth and death rates) but recognises that net migration is economically driven and so is inherently shaped by economic prospects of an area *'the rational being that migrants are attracted to areas where there are perceived to be employment opportunities.'*⁴
38. The OE projections consider that that the growth of the work age population will slow down in the future from an average of 0.9% per year from 2003 to 2013 to only 0.1% per year between 2013 to 2030, which is in line with national trends. This means that, to deliver the anticipated jobs growth, particularly in the policy on scenarios, increased economic activity rates of existing residents and continued net in-migration are required.
39. It was considered that the base scenario represents the most realistic forecast because it is most evidenced approach and fits with NPPG guidance regarding the use of baseline rather than 'policy-on' scenarios when considering objectively assessed need.
40. **Applying average household size to the OE base forecasts suggests a figure of 870 homes per year to support economic growth.** This is comparable to the demographic-derived objectively assessed needs figure of 838 dwellings per annum plus a further 32 dwellings per annum.

Backlog

41. NPPG states that in assessing housing requirements, Local Planning Authorities (LPAs) should reflect the consequences of past under delivery, as household projections are trend based and do not reflect unmet needs. The NPPG suggests that LPAs **'take a view'** on the extent of past under delivery. It does not set out an approach to determining how under delivery should be calculated.

⁴ York Economic Forecasts Briefing Note, OEF, March 2014

42. The PAS technical advice notes advises that backlog is defined as under-provision that has accrued against any previous development plan target. They state that the dates of the plan period are fundamental to the calculation of whether there has been a backlog against the requirement that was in place over that period.

Base Year

43. Prior to the abolition of the Regional Spatial Strategies (RSS) in 2013, it was the accepted practice that either the RSS or a Local Plan adopted post RSS (as it needed to be in conformity with the RSS) provided the 'base year' for considering completions against the established housing requirement.
44. Since the introduction of NPPF and the subsequent abolition of RSS the practice has been less straightforward, especially when, as is the case in York, authorities didn't have an adopted plan in place at the point of the abolition of the RSS. In addition, case law from recent appeals and Examinations of Local Plans/Core Strategies do not present a consistent picture of the base year and how any backlog calculation should be approached.
45. Arup suggest in their report that a base year of 2004 could be appropriate for the calculation of backlog given this is the base date of the only adopted plan for York and also given experience at other plan inspections which have taken a similar approach. Arup suggest that whilst a case could be made that the RSS requirement was not 'objectively assessed' and now has no status in planning law terms since it was abolished in 2013, in the absence of a subsequent Local Plan, it is the only Plan in the past 10+ years which has set a target housing requirement for York. Furthermore the requirement in RSS for York is broadly consistent with the household projections available at that time.
46. The PAS technical advice note also advises that calculations of persistent under delivery should be based on an analysis of completions against previous requirements using data representative of the whole economic cycle, which may be from the last ten years.
47. Arup looked at the approach taken by several of York's neighbouring authorities who are seeking to establish a more recent 'base year' for the Plan (2011 or 2012) as a basis for determining the extent of under-delivery. The benefit of setting a more recent base year would be that 'backlog' would only be calculated for between 1 and 3 years rather than from 2004 (RSS base date). The justification for using a more recent base year would be that the 2011 Census is an actual count of the

population so presents an accurate start point for future housing requirements and that the RSS was abolished and no longer carries any weight and that the housing requirement in RSS was not 'objectively assessed' as the NPPF now requires.

48. Since the publication of NPPG and the technical work by Arup a further court case (Zurich Assurance Limited V Winchester City Council and South Downs National Park Authority) makes important points about addressing housing backlog. The Inspector concluded 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 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.
49. Table 2 shows the calculations of backlog against the two alternative base dates 2004 and 2012.

Table 2: Housing Completions and Targets

Year	Net Housing Completions	Target Publication Draft	Target - Economic	Target - Demographic	Backlog Publication Draft	Backlog Economic	Backlog Demographic
2004/05	1160	640	640	640	520	520	520
2005/06	906	640	640	640	266	266	266
2006/07	798	640	640	640	158	158	158
2007/08	523	640	640	640	-117	-117	-117
2008/09	451	850	850	850	-399	-399	-399
2009/10	507	850	850	850	-343	-343	-343
2010/11	514	850	850	850	-336	-336	-336
2011/12	321	850	850	850	-529	-529	-529
2012/13	482	970	860	844	-488	-378	-362
2013/14	345	1090	870	838	-745	-525	-493
Totals 2004 base	6007	8020	7690	7642	-2013	-1683	-1635
Annual backlog requirement					126 p.a.	105 p.a.	102 p.a.
Totals 2012 base	827	2060	1730	1682	-1233	-903	-855
Annual requirement					77 p.a	56 p.a.	53 p.a.

Table Notes:

The calculation of backlog against the target from 1st October 2012 (the base date of the Preferred Options Local Plan) onwards is subject to change depending on the final

decision on the Local Plan housing requirement.

The column titled 'Target Publication draft' is based on the Preferred Options Local Plan requirement from 1st October 2012 to 31st March 2014 of 1090 homes per annum. For the first half of monitoring year 1st April 2012 to 30 September 2012 the backlog is measured against 6 months of the RSS target (425) and for the second half of the monitoring year 1st October 2012 to 31st March 2013 it is measured against 6 months of the Preferred Options Local Plan target (545).

The column titled 'Target Economic' is based on the Arup economic based option from 1st October 2012 to 31st March 2014 of 870 homes per annum. For the first half of the monitoring year 1st April 2012 to 30 September 2012 the backlog is measured against 6 months of the RSS target (425) and the for the second half of the monitoring year 1st October 2012 to 31st March 2013 it is measured against 6 months of the Arup economic based option (435).

The column titled 'Target Demographic' is based on the Arup demographic based option from 1st October 2012 to 31st March 2014 of 838 homes per annum. For the first half of the monitoring year 1st April 2012 to 30 September 2012 the backlog is measured against 6 months of the RSS target (425) and the for the second half of the monitoring year 1st October 2012 to 31st March 2013 it is measured against 6 months of the Arup economic based option (419).

The Sedgefield or Liverpool Method – How to deal with the backlog over the plan period

50. There are two different approaches to how the 'backlog' of housing delivery can be approached in setting the future housing requirement; as follows:
- The 'Sedgefield approach' seeks to meet the backlog 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 backlog over the whole plan period.
51. The PAS technical note states that there is no guidance or advice which sets out the preferred approach. However the 'Sedgefield approach' is more closely aligned with the requirements of the NPPF and the need to boost significantly the supply of housing and remedy the unsatisfactory consequences of persistent under delivery. Inspectors' decisions in relation to S78 appeals⁵ confirms their preference for this approach.

⁵ Appeal against planning refusals

52. In terms of recent local plan examinations not all local authorities have been required to add the preceding years undersupply to the future requirement. When required, in most cases, the Inspector has accepted the Liverpool approach (to make up the past under-delivery over the whole plan period). The reasons given for this are to ensure that there is a **realistic prospect** of achieving the planned land supply (NPPF, para 47) and to ensure that the plan is ‘aspirational but also **realistic**’ (NPPF para 154).

Summary of Options

Table 3 – Options

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
	Publication Draft	Publication Draft with 2012 base	Economic impact with 2004 base	Demographic baseline with no economic impact - 2004 base	Economic impact with 2012 base	Demographic baseline with no economic impact - 2012 base
Demographic baseline	838	838	838	838	838	838
Economic Impact	32	32	32	0	32	0
Backlog (2004 base date)	126	N/A	105	102	N/A	N/A
Backlog (2012 base date)	N/A	77	N/A	N/A	56	53
Average Annual Requirement	996	947	975	940	926	891
Total Plan Requirement	15,936	15,152	15,600	15,040	14,816	14,256

53. Option 4 and 6 above are demographic led and do not align economic and population growth. This is not considered to represent a strategic coherent approach, is contrary to national guidance and is considered likely to be rejected as unsound by the inspector as detailed in paragraph 34 of this report.

54. The Publication Draft projection (option 1 above) is considered the most robust by officers. However, **with increasing degrees of risk that the Plan would be judged unsound at inspection**, the options 2, 3 and 5 above would provide a technical base for a potentially sound plan.

Alternative Approaches

Leeds City Region Methodology – Objectively Assessed Need

55. The Leeds City Region (LCR) partnership of which York is a member, commissioned in Autumn 2013, work from Edge Analytics to derive a common methodology for establishing the Objectively Assessed Need for housing. This work was commissioned to help promote a shared approach that would enable a better understanding of the evidence and assumptions that underpin the assessment of need. It is a component of a wider piece of work that is hoped will reduce the risk of Plans failing at examination because the evidence of housing need and impacts on neighbouring authorities are not fully documented and understood. Consequently a key requirement of the work is to provide a robust methodology that will survive the level of scrutiny experienced at an examination in public. (The same is true of the Arup methodology set out above.)
56. The methodology sets out a 4 stage process:
- Inputs and assumptions which includes previous housing delivery and the assumptions that underpin the economic forecast for job growth which will have implications for the scale of housing growth
 - Population forecasts using official forecasts from ONS and any alternatives including housing led or job led forecasts of population growth
 - Household forecasts; bringing together the analysis of population growth scenarios and testing this against different assumptions about household formation
 - Outcomes; presented as a series of scenarios for Objectively Assessed Need which show the possible range of housing growth that can then be tested against other policy considerations to derive the Plan requirement.
57. The analysis then explores the impact that different assumptions may have on the various components of the methodology. Examples include the effect of economic activity rates on job led population growth, how

migration shapes population change, how household formation rates vary through the cycle of the housing market.

58. The City Region Partnership considered the methodology report from Edge early in 2014 and both the Heads of Planning and Planning Portfolio Holders groups agreed the recommendations in the report and the adoption of a common methodology. Although the methodology as outlined above has been signed off by LCR the interim results of the work have not been finalised. There are implications for every authority in the LCR and therefore the city region and member authorities do not consider it appropriate to publish. The final report is due to be brought back to LCR meetings in February 2015.

Further work – Sensitivity Testing

59. Following the member seminar on housing numbers held on the 1st December 2014 officers have asked consultants Arup to do further work on sensitivity testing the housing options in the 2014 Arup report. This will include looking in more detail at the issue of household formation and headship rates and the linkages between the latest population and household projections. In summary the work will include:

- A detailed analysis of the 2012 Sub National population projections to include sensitivity testing of any potential variants of this projection as these figures will underpin the latest CLG 2012 based household projections when they are issued (current expected date for release is February 2015).
- Further sensitivity testing of how population growth is converted into household growth; and
- Sensitivity testing of the propensity to form households to include any local evidence.

Options

Option 1: Members consider whether they can agree any of the four options considered sound against the evidence base as set out in table 3, resulting in annual average requirements of 996, 975, 947 or 926 houses respectively, enabling a review of the proposals map and associated assessments based on this agreement;

Option 2: Request officers to undertake further technical work to provide a full risk assessment of the options included in table 3. In undertaking this work incorporate the further work being undertaken by Arup as outlined in paragraph 59 of this report and report the outcomes of the work to LPWG in January 2015.

Option 3: Instruct officers to undertake an alternative approach.

Impact of delay and Analysis of Options

60. As the financial, risk and legal implications make clear, there are significant risks to delay in progressing the Local Plan. In particular members are reminded that:
- the city is vulnerable to uncontrolled and unsupported development which does not deliver the infrastructure required
 - the council is at risk of spending considerable sums seeking to resist unwelcome applications through the appeals process
 - It is extremely difficult to set a Community Infrastructure Levy without a Local Plan, risking the council's ability to fund infrastructure investments over the next fifteen years, including transport, education and affordable housing
61. The next stage depends on which option LPWG recommends. If Option 1 is chosen and the LPWG agrees an annual average housing requirement then officers will review relevant elements of the Publication Draft including the Proposals Map for consideration by LPWG and Cabinet early in 2015. If LPWG recommends Options 2 or 3, further additional reports will be required first.
62. Given the issues set out in paragraphs 6 and 59, officers' recommendation is option 1 and LPWG are asked to consider which average annual housing requirement they can agree.

Council Plan

63. The information in this report accords with the following priorities from the Council Plan
- Create jobs and grow the economy
 - Get York moving
 - Build strong communities
 - Protect the environment

Implications

64. The following implications have been assessed.

- **Financial (1)** – Work on the Local Plan is funded through the Local Plan Reserve. A review of the Local Plan reserve is being undertaken to see whether all commitments can be funded. There are financial implications arising from both the holding the local plan housing seminar and in addition from the need to further update the local plan evidence base and supporting documents. Over the last four years, significant sums have been expended on achieving a robust evidence base, carrying out consultations, sustainability and other appraisals, policy development and financial analyses. Whilst this work remains of great value, the longer it takes to agree the housing trajectory, the more will have to be redone at additional cost.
- **Financial (2)** - managing the planning process in the absence of a Plan will lead to significant costs to the council in managing appeals and examinations
- **Human Resources (HR)** – The production of a Local Plan and associated evidence base requires the continued implementation of a comprehensive work programme that will predominantly, although not exclusively, need to be resourced within City and Environmental Services (CES).
- **Community Impact Assessment** A Community Impact Assessment (CIA) has been carried out for the local plan to date and highlights the positive impact on the following groups: age, disability and race.
- **Legal (1)** – The procedures which the Council is required to follow when producing a Local Plan derive from the Planning and Compulsory Purchase Act 2004 (as amended) and the Town and Country Planning (Local Development) (England) Regulations 2012. The legislation states that a local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework as being:

- **Positively Prepared:** based on a strategy which seeks to meet objectively assessed development and infrastructure requirements;
 - **Justified:** the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
 - **Effective:** deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
 - **Consistent with national policy:** enable the deliver of sustainable development in accordance with the policies in the Framework.
-
- **Legal (2)** The Council also has a legal duty to comply with the Statement of Community Involvement in preparing the Plan. (S19(3) 2004 Act). Planning Inspectorate guidance states that “general accordance” amounts to compliance.
 - **Legal (3)** The Council also has a legal “Duty to Co-operate” in preparing the Plan. (S33A 2004 Act).
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- **Crime and Disorder** – The Plan addresses where applicable.
 - **Information Technology (IT)** – The Plan promotes where applicable.
 - **Property** – The Plan includes land within Council ownership.
 - **Other** – None

Risk Management

65. In addition to the points made at paragraphs 6 and 60, and compliance with the Council’s risk management strategy, the main risks in producing a Local Plan for the City of York are as follows.

- The risk that the Council is unable to steer, promote or restrict development across its administrative area
- The potential damage to the Council’s image and reputation if a development plan is not adopted in an appropriate timeframe.
- Risks arising from failure to comply with the laws and regulations relating to Planning and the SA and Strategic Environmental Assessment processes and not exercising local control of developments.
- Risk associated with hindering the delivery of key projects for the Council and key stakeholders.

- Financial risk associated with the Council's ability to utilize planning gain and deliver strategic infrastructure.

66. Measured in terms of impact and likelihood, the risks associated with this report have been assessed as requiring frequent monitoring.

Recommendations

67. It is recommended that Members:

Consider whether they can agree any of the three options considered sound against the evidence base as set out in table 3, resulting in annual average requirements of 996, 975, 947 or 926 houses respectively, enabling a review of the proposals map and associated assessments based on this agreement;

Reason: So that an NPPF compliant Local Plan can be progressed

Contact Details

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**Report
Approved**



Date 09.12.14

Specialist Implications Officer(s) N/A

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report.

Background Papers:

Housing Requirements in York: Assessment of the Evidence on Housing Requirements in York (Arup, May 2013)

Housing Requirements in York: Evidence on Housing Requirements in York: 2014 Update (Arup, September 2014)