GL Hearn
Part of Capita plc

City of York Council

Strategic Housing Market Assessment

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Prepared by

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DATE	ORIGINATORS	APPROVED
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EXECUTIVE SUMMARY

1. This section summarises the key findings of the SHMA Report. It is structured to set out GL Hearn's conclusions in turn: regarding the geography of the housing market area; the overall objectively assessed need for housing; and then findings relating to the need for different types of homes and the housing needs of specific segments of the population.

2. It should be reiterated that **the OAN figure is not the housing target** it is just a first step towards it. The housing target itself will be informed by the OAN but will also take into account wider factors such as sustainability, infrastructure constraints and land capacity. It may also be necessary to take into account the unmet needs of neighbouring housing market areas.

Housing Market Area

3. There are clearly a complex set of relationships across North Yorkshire; however, the balance of evidence across all three commissioning authorities suggests they operate in slight different but overlapping housing market areas.

4. In market-terms (as reflected in the house price analysis) the relationship between York and Hambleton is relatively strong. In addition both Migration and Travel to Work patterns identify a degree of self-containment which approaches or exceeds expected thresholds for housing market areas. York is very self-contained but is strongly linked to Selby.

5. In travel to work terms York has a strong influence in the immediately surrounding districts particularly Selby, the southern parts of Hambleton and the eastern parts of Ryedale and East Riding.

6. In GL Hearn's view, the triangulation of the sources strongly supports defining a Coty of York HMA recognising overlaps between authorities and markets in this area. In particular Selby and the east of Ryedale and South of Hambleton have quite a strong relationship. Similarly, Leeds' influence is likely to extend into the western periphery of the York area.

Overall Housing Need

7. The PPG sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence. Demographics provide the starting point for assessing housing need. The PPG then sets out that consideration should be given as to whether the housing need should be increased in order to:

- Support economic growth, based on interrogation of trends and forecast for future growth in employment;
- Improve affordability, taking account the need for affordable housing need and evidence from market signals.

8. In effect, the PPG approach recognises that demographic projections are influenced by what has happened in the past; and these further factors consider whether wider evidence suggests that there has been an imbalance between housing supply and demand, or whether in the future the evidence would suggest that housing provision needs to be increased.

9. The PPG is very clear that housing need refers to the need for both market and affordable housing, including taking account of the movement of people into the area. It is also clear that a SHMA should "leave aside" issues related to land supply, infrastructure, green belt and other constraints in identifying housing need – but clearly sets out that these factors are relevant in bringing evidence together through the plan-making process to identify policies for future housing provision.

The Demographic "Starting Point"

10. The PPG emphasises the use of official population and household projections as a starting point for assessing housing need, as these are based on nationally-consistent assumptions and methodology.

11. We have interrogated the latest official population projections and also ran a number of alternative scenarios relating to:

- Implications of 2013 and 2014 mid-year population data
- Implications of Unattributable Population Change (UPC)
- Implications of long-term (10-year) migration trends
- Updating the 2012-based SNPP for mid-year population estimate data

12. GL Hearn considers that SNPP is a sound projection based on the data available at the time. However, it results in a level of population growth (2012-14) that is lower than the latest available evidence (2013 and 2014 MYE) would suggest. Although the MYEs are not perfect, they will be used by ONS in the next round of projections and it is therefore reasonable to include this data within the assessment of OAN.

13. While this results in an increased need, the PPG suggests that the use of the latest data should be used where appropriate. This adjusted projection (based on applying 2013 and 2014 population data and then rolling forward the SNPP assumptions) results in a housing need of 833 dpa compared to 783 from the official projections.

14. GL Hearn concludes that this approach provides an appropriate demographic estimate of housing need and is some 6% above the 'start point' (using the terminology in the PPG) which is based on the most recent CLG household projections.

Examining the Needs of the Local Economy

15. Following the approach in the PPG, the demographic-based assessment set out above provides a baseline for housing need. The PPG recommends that consideration is given to whether economic growth could result in a need for additional housing.

16. The NPPF clearly sets out that the assessment of, and strategies in local plans for, housing and employment need to be integrated with one another[1] The SHMA has considered the likely levels of economic growth resulting from forecasts from both Oxford Economics (OE) and Experian (via Regional Economic Model). These result in a jobs growth of between 609 and 869 per annum.

17. None of the three employment forecasts result in a higher housing need than that set out in the core demographic scenario (833 dwellings). There is therefore no requirement to uplift above the demographic need on the basis of the local economy.

Affordable Housing and Market Signals

18. The SHMA includes an assessment of the number of households each year who require some form of subsidy in meeting their housing needs. This is assessed using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.

19. The SHMA analysis indicates that 573 net additional households per year will require support in meeting their housing needs (using a 30% income threshold). However, it is not appropriate to directly compare the need identified in the analysis with the demographic projections – they are calculated in different ways.

20. It should be noted however that the level of affordable housing need calculated is heavily predicated on the assumptions relating to the level of income which is spent on housing costs.

21. The affordable housing need represents 69% of the need identified in the demographic-led projections, based on the 2012-based Household Projections and updated to take account of recent mid-year estimates.

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[1] CLG (2012) *National Planning Policy Framework, Paragraph 158*

22. The identified need for affordable housing also includes existing households who need alternative size or tenure of accommodation but would release their current home for another household by moving. The analysis does not suggest that there is any strong evidence of a need to consider housing delivery higher than that suggested by demographic projections to help deliver more affordable homes to meet the affordable housing need.

23. There are also other ways of delivering new affordable housing besides through new-build development on market-led housing development schemes. Net additional needs only arise from concealed and homeless households and those in temporary accommodation. The other groups in need by moving homes would release the affordable home they currently reside in.

24. In line with the emerging Housing and Planning Act within the calculations for Affordable Homes we have also identified a need for Starter Homes. Our analysis of the 'need' for Starter Homes from both current and newly forming households identifies a potential need for 78 homes to be provided each year to 2032; based on the core assumptions about the level of discount provided, deposits and mortgage income multiples.

25. The report has then gone on to consider market signals. The NPPF[2] sets out that plans should take account of market signals, such as land prices and housing affordability. The Planning Practice Guidance clarifies this and outlines that:

    "*the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance of the demand for and supply of dwellings. Prices or rents rising faster than the national/ local average may well indicate particular market undersupply relative to demand."*

26. The SHMA evidence indicates that there has been some increase in affordability pressures over the long term in York which when benchmarked against the Regional and National picture the affordability pressures are more severe. There was a significant growth in house prices since 2001 both in absolute terms and relative to earnings. There has been a shift towards the private rental market as well as a small increase in the number of over-crowded, concealed and shared households.

27. The PPG sets out that the identified housing need should be adjusted upwards to support an improvement in affordability where any of the market signals suggest a worsening situation. The PPG does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

28. To assess an appropriate adjustment to the assessed housing need, GL Hearn has used the demographic analysis to assess the degree to which household formation levels have been

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[2] CLG (2012) *National Planning Policy Framework, Paragraph 17*

constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve. The SHMA has considered the implication of returning the household formation rates of the 25-34 age group back to 2001 levels by 2025 (from 2015). In other words, this assumes that headship rates will improve between 2015 and 2025 and then track the 'trends' suggested in the 2012-based CLG household projections thereafter.

29. Against the demographic/economic baseline scenario this results in an increase in annual housing provision of 8 homes per annum across the City. The level of uplift in the local authority reflects the age profile and level of suppression as well as what the CLG had anticipated the change in household formation rates to be in the City within their stage 1 analysis.

Conclusions on Overall Housing Need

30. Taking account of more recent migration and improvements to household formation rates for younger households, **the SHMA draws the conclusions on the overall full objectively assessed need for housing over the 2012-32 period to be 841 dwellings per annum**. The assessed need of 841 dwellings per annum is some 7.4% higher than the "starting point" as set out in the 2012-based household projections (783 dwellings per annum).

31. This assessment of housing need is a "policy-off" assessment and does not take into account constraints to delivery, nor does it take into account any aspirations of the local council to provide more housing than this assessment level of need should they wish to do so.

32. As part of plan-making, planning judgements will be necessary to assess whether meeting the full objectively assessed needs identified in this SHMA can be met, whilst avoiding adverse impacts which would significantly and demonstrably outweigh the benefits or conflicting with the policies of the National Planning Policy Framework (NPPF).

Housing Mix

33. In addition to considering the overall need for housing, the SHMA considers what types and sizes of homes – both market and affordable – will be needed.

34. The SHMA identifies that there is a need for a mix of house sizes across the City. The conclusions drawn take account of how the structure of the population and households are expected to change over the period to 2032 and how people occupy homes.

35. In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate indicative mix of affordable and market homes at a City-wide level.

Need for Different Sizes of Homes across York

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	35-40%	15-20%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15%	35%	35%	15%

Source: Derived from Housing Market Model

36. The assessment of affordable housing needs indicates that, in delivering affordable units, a City-wide mix target of 20% intermediate and 80% social or affordable rented homes would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of local level variations which we have identified, as well as any site specific issues.

1. INTRODUCTION

1.1   GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been commissioned by York City Council, Ryedale District Council and Hambleton District Council to develop a Strategic Housing Market Assessment (SHMA). The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing needs of different groups within the population.

1.2   **The SHMA does not set housing targets. It provides an assessment of the need for housing, making no judgements regarding future policy decisions which the Councils may take.** Housing targets will be set in local plans. The SHMA provides an important input into setting targets for housing provision, but the housing targets as set out in local plans will also take into account factors such as the supply of land for new development, Green Belt and other nationally and internationally significant landscapes and environmental designations, local infrastructure capacity and environmental constraints. These factors may limit the amount of development which can be sustainably accommodated.

1.3   The SHMA responds to and is compliant with the requirements of the National Planning Policy Framework (the NPPF). [3] It is informed by Planning Practice Guidance (PPG) [4] . It provides assessment of the future need for housing, with the intention that this will inform future development of planning policies. According to the PPG, housing need:

> *"refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand."*

1.4   This report, in discussing housing need, is thus referring to both the need for market and affordable housing, taking account of both local need and that associated with net migration. This is required by national policy.

1.5   The SHMA provides specific evidence and analysis of the need for different sizes of homes, to inform policies on the mix of homes (both market and affordable). The SHMA also analyses the needs of specific groups within the population, such as older people and students.

1.6   The SHMA was commissioned by the local authorities of York, Hambleton and Ryedale and the North York Moors National Park Authority area. As such much of the report refers to all of these areas. However, the SHMA itself only covers need within the City of York. It updates these as appropriate to take account of more recent information, most notably the 2012 Sub-National

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[3] CLG (March 2012) *National Planning Policy Framework*

[4] CLG *Planning Practice Guidance – Assessment of Housing and Economic Development Needs -*
http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

Population Projections published by the Office for National Statistics (ONS) in May 2014 and the 2012-based Household Projections published by CLG in February 2015. It also provides a sub-area analysis for each of the above areas.

1.7   Although the 2014-Based Sub National Population Projections were published during the preparation process of this SHMA these came too late to be fully implemented within this document. However, we have produced a short addendum looking at the impact of these forecasts which should be read alongside this report..

1.8   GL Hearn recognises that there are influences between the York, Ryedale, Hambleton and North York Moors National Park Housing Market and other adjoining areas.

National Planning Policy Framework and Guidance

1.9   The Coalition Government reformed the policy framework for planning for housing. Regional strategies were revoked and responsibility for planning on cross-boundary issues were returned to local authorities.

1.10   The primary legislation to support this is the 2011 Localism Act which now imposes a 'duty to cooperate' on local authorities, requiring them to **"engage constructively, actively and on an on-going basis" with the other authorities and relevant bodies. The Duty to Cooperate is applied as both a legal and soundness test to which development plans must comply. Housing provision is an issue of cross-boundary relevance which local authorities both within and beyond the HMA will need to engage with each other on.**

1.11   National policies for plan-making are set out within the National Planning Policy Framework. This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

1.12   The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework (including policies relating to Green Belt and other nationally and internationally significant landscapes and environmental designations) indicate that development should be restricted.

1.13   The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which 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; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.14   This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. A number of local plan examinations have demonstrated the importance of properly identifying and addressing the housing market area as a whole[5].

1.15   Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining. This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

1.16   Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability.

1.17   In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site.

1.18   The NPPF states that to ensure a Local Plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies

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[5] For example, Hart, Bath and NE Somerset or Coventry

would need to be considered alongside other factors including infrastructure contributions – a 'whole plan' approach to viability. Where possible the NPPF encourages local authorities to work up Community Infrastructure Levy (CIL) charges alongside their local plan.

Planning Practice Guidance

1.19   Planning Practice Guidance (PPG) was issued by Government in March 2014 on 'Assessment of Housing and Economic Development Needs' and is maintained online and updated periodically. The PPG is relevant to this SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report takes account of this Guidance.

1.20   The Guidance defines "need" as referring to 'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need." It sets out that the assessment of need should be realistic in taking account of the particular nature of that area (for example the nature of the market area), and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically, the Guidance sets out that:

> *"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

1.21   The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report the latest projections are the 2012-based Household Projections[6]. It also outlines that the latest population projections and mid-year population estimates should be considered. The latest projections are the 2012 Sub-National Population Projections[7] published by ONS in May 2014. The 2014 based Sub-National Population Projections are expected to be published by Mid-2016.

1.22   It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. This is

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[6] CLG (February 2015) 2012-based Household Projections and Stage 2 2012-based Household Projections (Dec 2015)
[7] ONS, 2012-based Subnational Population Projections for Local Authorities in England, 2014

considered in the subsequent chapters. Guidance indicates that proportional adjustments should be made (increasing the assessed housing need relative to demographic led projections) where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.23   Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. It indicates that this may provide a case for increasing the level of overall housing provision – in order to increase the delivery of affordable housing.

1.24   In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that 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 (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems. Increasing housing provision could be one such approach.

1.25   The Guidance indicates that the assessment should consider the need for different types of housing and the needs of different groups, including family housing, housing for older people, and households with specific needs and those looking to build their own home. It sets out that the need for older persons housing should be broken down by tenure and type, and should include an assessment of need for residential institutions.

Overview of the Approach to Deriving OAN

1.26   Based on the above, the diagram below summarises the approach we have used to deriving conclusions regarding the Objectively-Assessed Need (OAN) for Housing. This is driven by the approach in the Planning Practice Guidance (PPG).

Figure 1:   Overview of Approach to Generating a Housing Target

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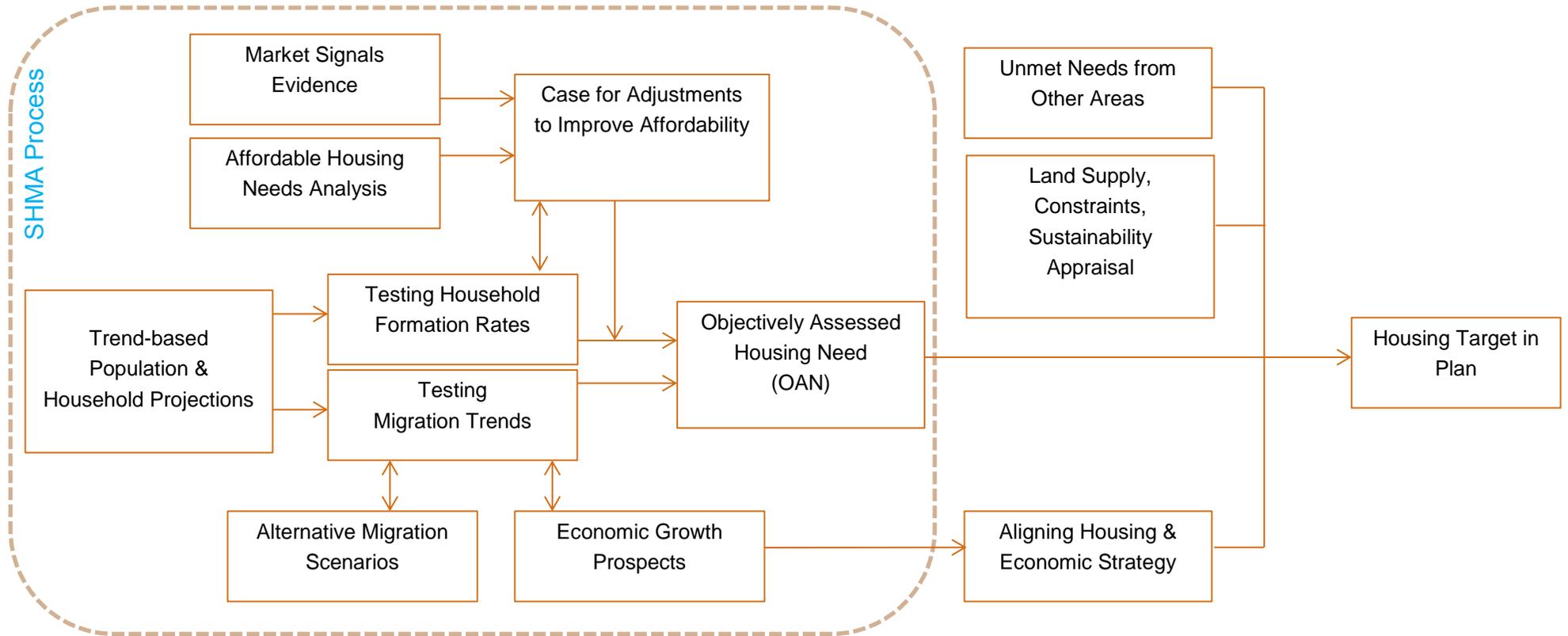
KEY MESSAGES

- National planning policies require the SHMA to define the 'full objectively assessed need for market and affordable housing.' This provides a starting point for considering policies for housing provision. The assessment must 'leave aside' constraint factors (including land availability and Green Belt and other nationally and internationally significant landscapes and environmental designations) however these are relevant in drawing together evidence and testing options in the development of local plans. The SHMA does not set targets for housing provision.

- Government's Planning Practice Guidance sets out how the objectively assessed need for housing should be defined. It sets out that the starting point should be demographic projections, with appropriate assumptions regarding household formation rates. The need may then need to be adjusted to support economic growth or improve affordability. The SHMA follows this approach to identifying housing need.

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Report Structure

1.27   The report models the implications of the 2012-based Population and Household Projections. It also takes into account the 2013 and 2014 mid-year population estimates. The new household projections have not been considered to automatically be the starting point for the OAN – it is necessary to interrogate the assumptions within the projections. The remainder of the report is structured in the following way:

- Chapter 2:   Defining the Housing Market Area;
- Chapter 3:   Characteristics of the housing market;
- Chapter 4:   Demographic projections;
- Chapter 5:   Economic-driven projections
- Chapter 6:   Affordable housing need;
- Chapter 7:   Demand for Starter Homes;
- Chapter 8:   Market signals
- Chapter 9:   Requirements for different types and sizes of homes;
- Chapter 10:   Specific groups of the population; and
- Chapter 11:   Conclusions and recommendations.

2   DEFINING THE HOUSING MARKET AREA

2.1   Paragraph 47 of the *National Planning Policy Framework* (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 (HMA), as far as is consistent with the policies set out in this Framework"

2.2   The NPPF emphasises that housing need is expected to be assessed for the Housing Market Area, and that development constraints should not be applied to the assessment of need, although these are relevant considerations in bringing together evidence to set policy targets in plans.

2.3   Paragraph 10 of the *Planning Practice Guidance* (PPG) relating to Housing and Economic Development Needs Assessments (ID: 2a-010-20140306) outlines what a housing market area is, setting out:

> *"A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.*
>
> *The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate[8]."*

2.4   Paragraph 159 of the NPPF makes clear that local planning authorities should "prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries".

Approach to Defining Housing Market Areas

2.5   Planning Practice Guidance (PPG) on *Housing and Economic Development Needs Assessments* was issued by Government in March 2014 (and subsequently revised, with the latest version - dated March 2015 - used to inform analysis herein). The PPG provides a definition of a Housing Market Area (HMA)[9] and guidance on how this should be defined.

2.6   Paragraph 9 of the PPG (ID: 2a-009-20140306) indicates that local planning authorities can use a combination of approaches to identify relevant housing market areas, recognising that there is no single comprehensive source of information. Paragraph 11 of the PPG (ID: 2a-011-20140306) indicates three primary information sources:

- Patterns of house prices and rates of change in house prices, which provides a 'market based' reflection of housing market boundaries;

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[8] Reference ID: 2a-011-20140306

[9] This is not to be confused with SHMA which refers to the Strategic Housing Market Assessment (SHMA) i.e. reports such as this.

- Population and household migration flows, which reflect the preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the spatial structure of the labour market and the functional relationships between places where people work and live.

2.7   There is no right or wrong answer regarding what weight should be applied to these different factors. Paragraph 009 of the PPG (ID: 2a-009-20140306) says is that:

"No single source of information on needs will be comprehensive in identifying the appropriate assessment area; careful consideration should be given to the appropriateness of each source of information and how they relate to one another. For example, for housing, where there are issues of affordability or low demand, house price or rental level analyses will be particularly important in identifying the assessment area. Where there are relatively high or volatile rates of household movement, migration data will be particularly important. Plan makers will need to consider the usefulness of each source of information and approach for their purposes."

2.8   There are some further practical issues which are dealt with in the recent Planning Advisory Service (PAS) Technical Advice Note on Objectively Assessed Need and Housing Targets[10]. This report, written by Peter Brett Associates (PBA), outlines that in practice, the main indicators used to define HMAs are migration and commuting flows. In Paragraphs 5.5 and 5.6, the report goes on to point out that:

"One problem in drawing boundaries is that any individual authority is usually most tightly linked to adjacent authorities and other physically close neighbours. But each of these close neighbours in turn is most tightly linked to its own closest neighbours, and the chain continues indefinitely.

Therefore, if individual authorities worked independently to define HMAs, almost each authority would likely draw a different map, centred on its own area."

2.9   Paragraph 5.6 of the PAS Note argues that to address this issue, it is useful to start with a "top down analysis" which looks at the whole country. This is provided by a research study led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University to define HMAs across England, which was published by Government in November 2010[11]. This has defined a consistent set of HMAs across England based on migration and commuting data from the 2001 Census.

2.10   In Paragraph 5.10 PBA emphasise that this should be considered only a 'starting point' and should be 'sense-checked' against local knowledge and more recent data, especially on migration and commuting. PBA conclude that more recent data 'should always trump' the national research. GL Hearn agrees with PBA conclusions in this respect.

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[10] Objectively Assessed Need and Housing Targets: Technical Advice Note, Prepared for the Planning Advisory Service by Peter Brett Associates (July 2015)

[11] Jones, C. Coombes, M. and Wong, C. (2010) *Geography of Housing Market Areas in England: Summary Report*

2.11   Our approach is structured to firstly consider the CURDS geographies then other recent work which has considered housing market geographies in Hambleton and the surrounding areas and finally to establish the most appropriate HMA boundaries through analysis of key indicators set out in the PPG.

2.12   We have not reviewed retail and school catchment data when defining Housing Market Areas as in our experience these tend to be relatively localised, and whilst they may inform the definition of sub-markets, are less likely to be of use in considering sub-regional housing market geographies. We recognise that retail and school catchments may cut across local authority boundaries.

Practical Issues

2.13   The PPG largely reiterates previous guidance on defining HMAs set out within the CLG's 2007 Advice Note[12] on *Identifying Sub-Regional Housing Market Areas*. There has been effectively no change in guidance, which continues to emphasise that there is no right or wrong answer as to how an HMA should be defined; and confirms that the approach should, in effect, reflect local market characteristics and circumstances.

2.14   There is a range of previous work which has been undertaken to define HMAs over the last decade, at national, regional and local levels. It is now however appropriate to review this, not least given that a significant proportion of the past work is informed by 2001 Census data regarding commuting and migration patterns. 2011 Census flow data was issued between July 2014 and December 2014.

2.15   A further practical issue regards the geographical building blocks that housing market areas are built up from. A key purpose of a SHMA is to define the Objectively Assessed Need (OAN) for housing. Paragraphs 15 - 17 of the PPG relating to *Housing and Economic Development Needs Assessments* are clear that the starting point for doing so are the latest official population and household projections. These are published at a national level and for local authorities, and provide the most up to date official estimates of household growth. They are based on statistically robust and nationally consistent assumptions, as the PPG sets out.

2.16   Official population and household projections are not published below local authority level, nor is the data available (regarding migration and trends in household formation which are key drivers within the projections) to allow projections to be robustly developed for areas below local authority level.

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[12] DCLG (March 2007) *Identifying Sub-Regional Housing Market Area: Advice Note*

2.17   On this basis we consider that HMAs should be defined based on the 'best fit' to local authority boundaries; albeit that SHMAs can (and should) recognise cross-boundary influences and interactions. Paragraph 5.21 of the PAS Technical Advice Note[13] supports this, concluding that:

> *"it is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities, data availability is poor and analysis becomes impossibly complex."*

2.18   This approach is widely accepted and is a practical and pragmatic response to data availability and one we would wish to adopt. In practical terms, we are of the view that towards the edges of most housing markets there are likely to be influences in two directions with some overlap between HMAs.

Existing Definitions

2.19   This section of this report reviews existing research which has sought to consider the definition of the HMAs.

2.20   National research undertaken for Government by a consortium of academics led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University has sought to define housing markets across England.[14]

2.21   The CURDS Study for CLG considers commuting and migration dynamics (based on 2001 Census data) and house prices (standardised to account for differences in housing mix and neighbourhood characteristics). This information was brought together by CURDS to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets– based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

2.22   The Framework and Local HMAs are mapped across England, with the Local HMAs embedded within the wider Strategic HMAs. Both are defined based on wards at a "gold standard" and based on local authorities for the "silver standard" geography.

2.23   York is defined by the CURDS Study as falling within a York Framework HMA which also extends into parts of Harrogate, Selby and East Riding as well as the southern part of Hambleton (around Easingwold) and the south western parts of Ryedale (south of Barton Hill).

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[13] Objectively Assessed Need and Housing Targets: Technical Advice Note, Prepared for the Planning Advisory Service by Peter Brett Associates (July 2015)
[14] http://www.ncl.ac.uk/curds/research/defining/NHPAU.htm

2.24   The remainder of Ryedale falls within the Whitby and Malton HMA which extends to the coast in the northern part of Scarborough District (see Figure 2).

2.25   The parts of Hambleton outside the York HMA fall into either the Middlesbrough HMA (north East of District including Stokesley) or the Northallerton HMA. The latter covers the majority of the District in land mass and population. This includes the two largest towns of Thirsk and Northallerton.

Figure 2:   Framework Housing Market Areas covering Yorkshire and the Humber area
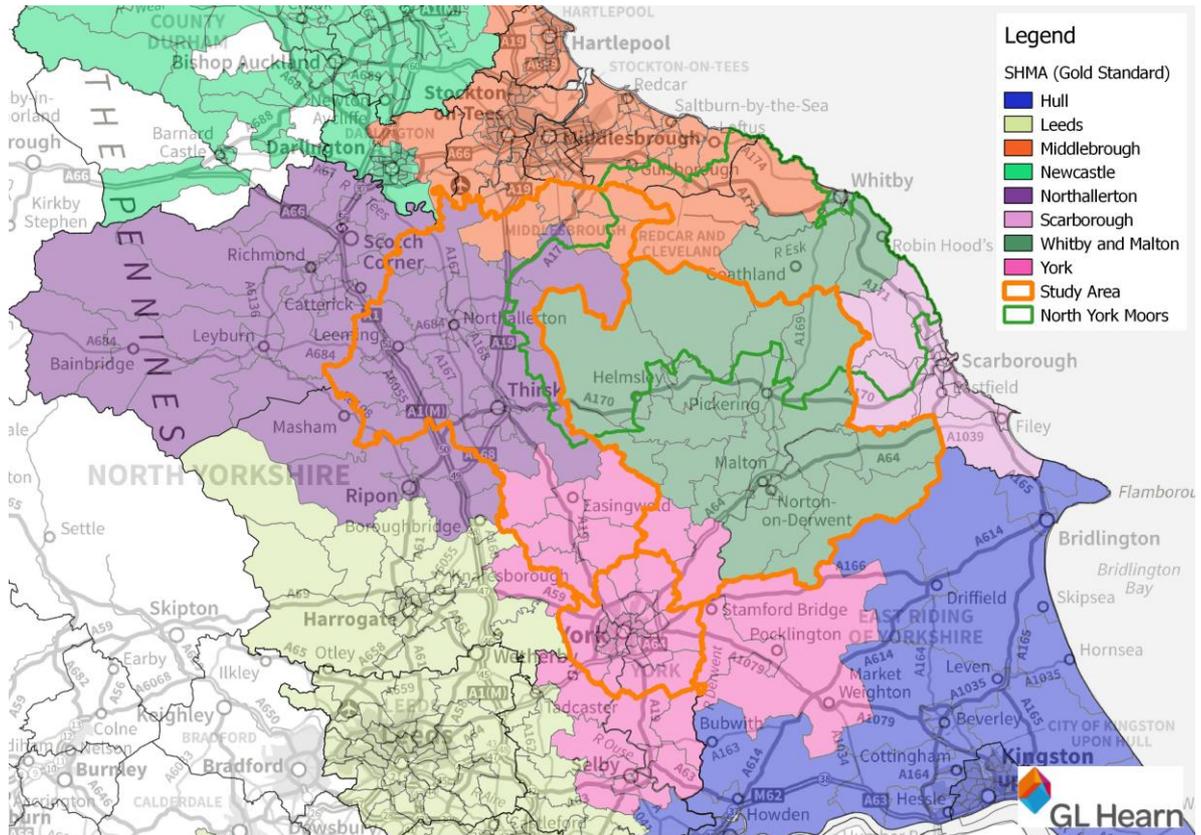
Source: CURDS 2009/10 and © Crown copyright and database rights 2015 Ordnance Survey 100019153

2.26   The CURDS Study also defined Local Housing Market Areas (LHMAs) which are embedded within the Framework HMAs, based on areas with 50% self-containment of migration flows (using 2001 Census data). Relevant Local HMAs defined comprise (see Figure 3):

- Middlesbrough;
- Whitby and Malton;
- York; and
- Northallerton.

2.27   Hambleton is divided similarly at Local HMA level as it is within the Framework HMA. There are a couple of minor differences is that the eastern part of the Middlesbrough strategic HMA falls within the Guisborough LHMA. The vast majority of the District falls within the Northallerton Local HMA.

2.28   Similarly, Ryedale is divided along the same lines at strategic HMA and Local HMA levels. Again the Whitby and Malton LHMA covers the majority of the District including Pickering, Malton and Helmsley. The York local HMA covers the same area as the Strategic HMA.

Figure 3:   CURDS – Defined Local Housing Market Area
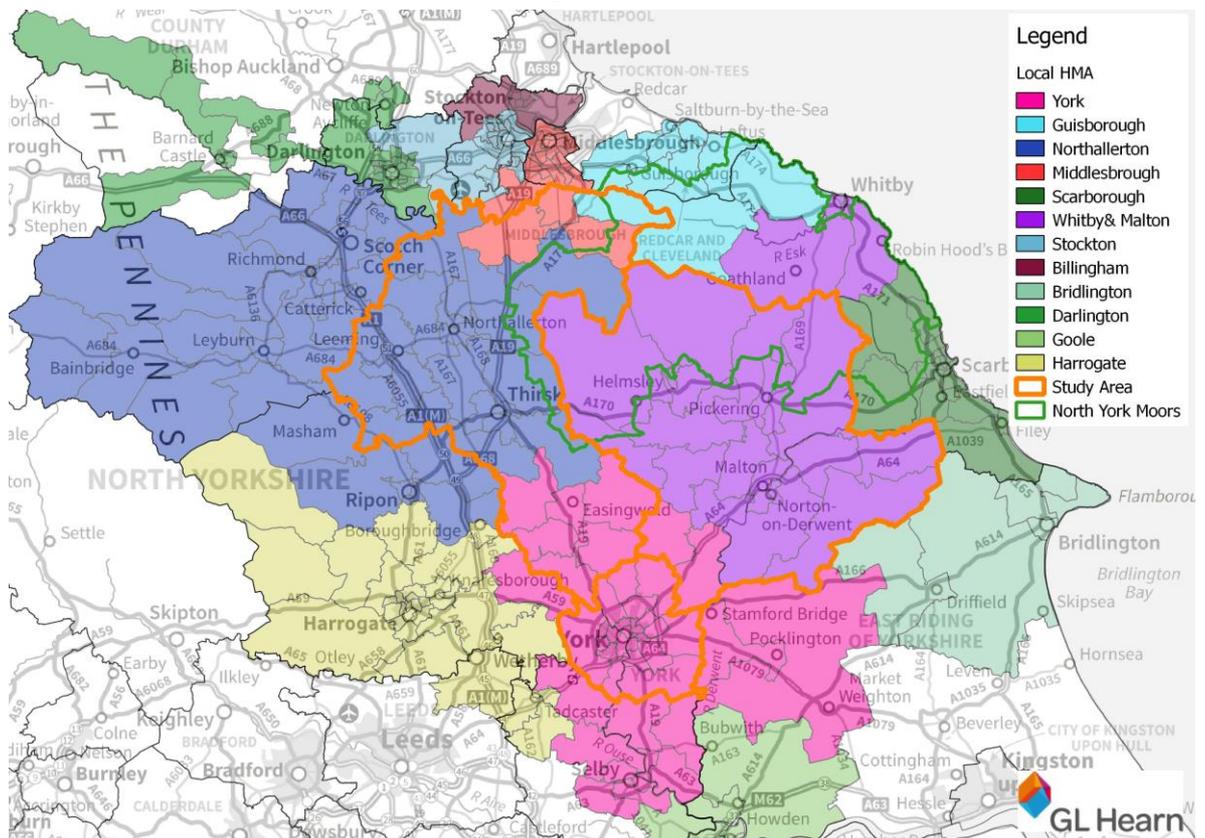
Source: CURDS, 2009/10 © Crown copyright and database rights 2015 Ordnance Survey 100019153

2.29   The CURDS work defined HMAs by grouping wards together. However, as population and household projections are only published at a local authority basis, it is accepted standard practice to group local authorities as the "best fit" to an HMA.

2.30   Figure 4 shows the Single Tier Silver Standard geography. This shows that the commissioning authorities located in separate HMAs. In Paragraph 5.9 of the PAS Technical Advice Note, Peter Brett Associates comment on this geography stating:

> *"We prefer the single-tier level because strategic HMAs are often too large to be manageable; we prefer the 'silver standard' because HMAs boundaries that straddle local authority areas are usually impractical, given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas. But for some areas, including many close to London, the single-tier silver standard geography looks unconvincing; in that plan-makers should look for guidance to other levels in the NHPAU analysis."*

Figure 4:   CURDS – Defined Single-Tier Housing Market Areas
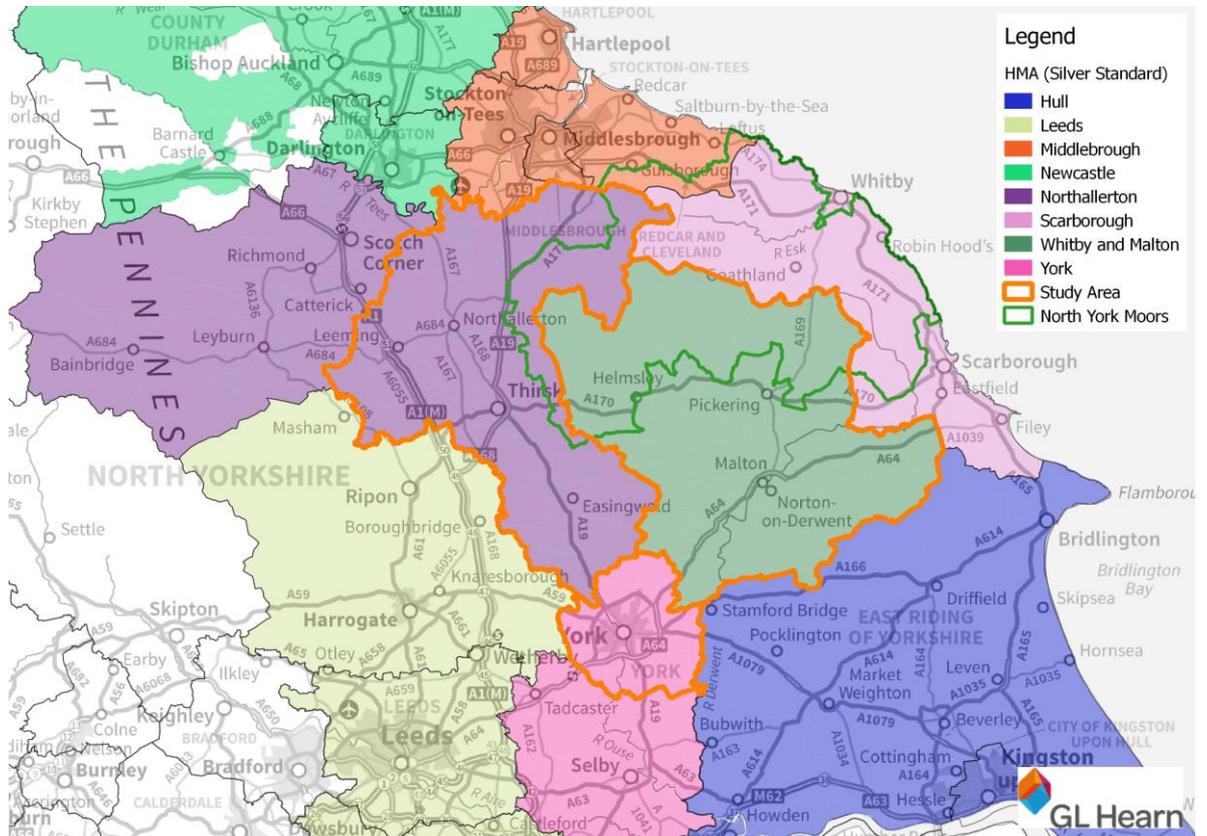
*Source: CURDS, 2009/10, © Crown copyright and database rights 2015 Ordnance Survey
100019153*

2.31   It must however be borne in mind that the CURDS work is based on 2001 data, which is now 14
years old. 2011 Census commuting and migration flow data was released in 2014 which provides a
basis for reconsidering housing market geographies using more recent information. This is
considered later in this section.

North Yorkshire SHMA (2010)

2.32   The previous Strategic Housing Market Assessment carried out by GVA on behalf of the North
Yorkshire Strategic Housing Partnership (NYSHP) in September 2010 utilised four sub areas
across North Yorkshire which had previously been identified by the adopted RSS and were based
on broader considerations that just housing market geographies.

2.33   The York Sub area covers the city of York, the Northern part of Selby, the south eastern part of
Harrogate and the southern part of Hambleton and Ryedale including Malton. The Vale and Tees
Links sub areas covers the northern part of Hambleton including Thirsk and Northallerton. It also
extends into the north of Harrogate (including Ripon) and the east of Richmondshire.

Figure 5: North Yorkshire Sub- Regional Market Area
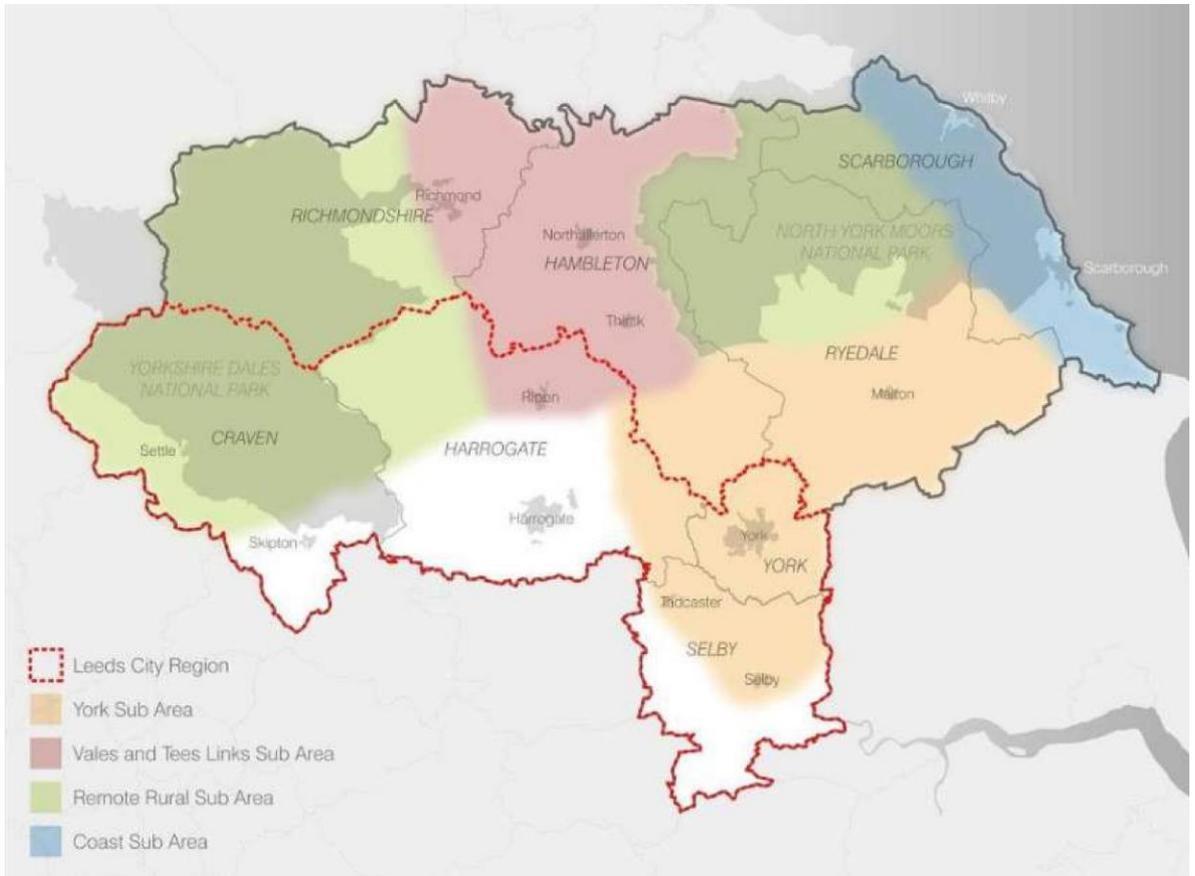
Source: GVA, 2010

2.34   The remainder of the Ryedale as well as north eastern parts of Hambleton fall into the remote rural
        sub area. The majority of the North York Moors National Park also falls within the Remote Rural
        Sub Area.

2.35   The GVA work also identified many local housing market areas within each of the local authorities
        in North Yorkshire. These are set out in Figure 6 below. As illustrated there are three sub areas in
        York, ten in Hambleton and eight in Ryedale.

Figure 6:   Housing Market Sub Areas within North Yorkshire
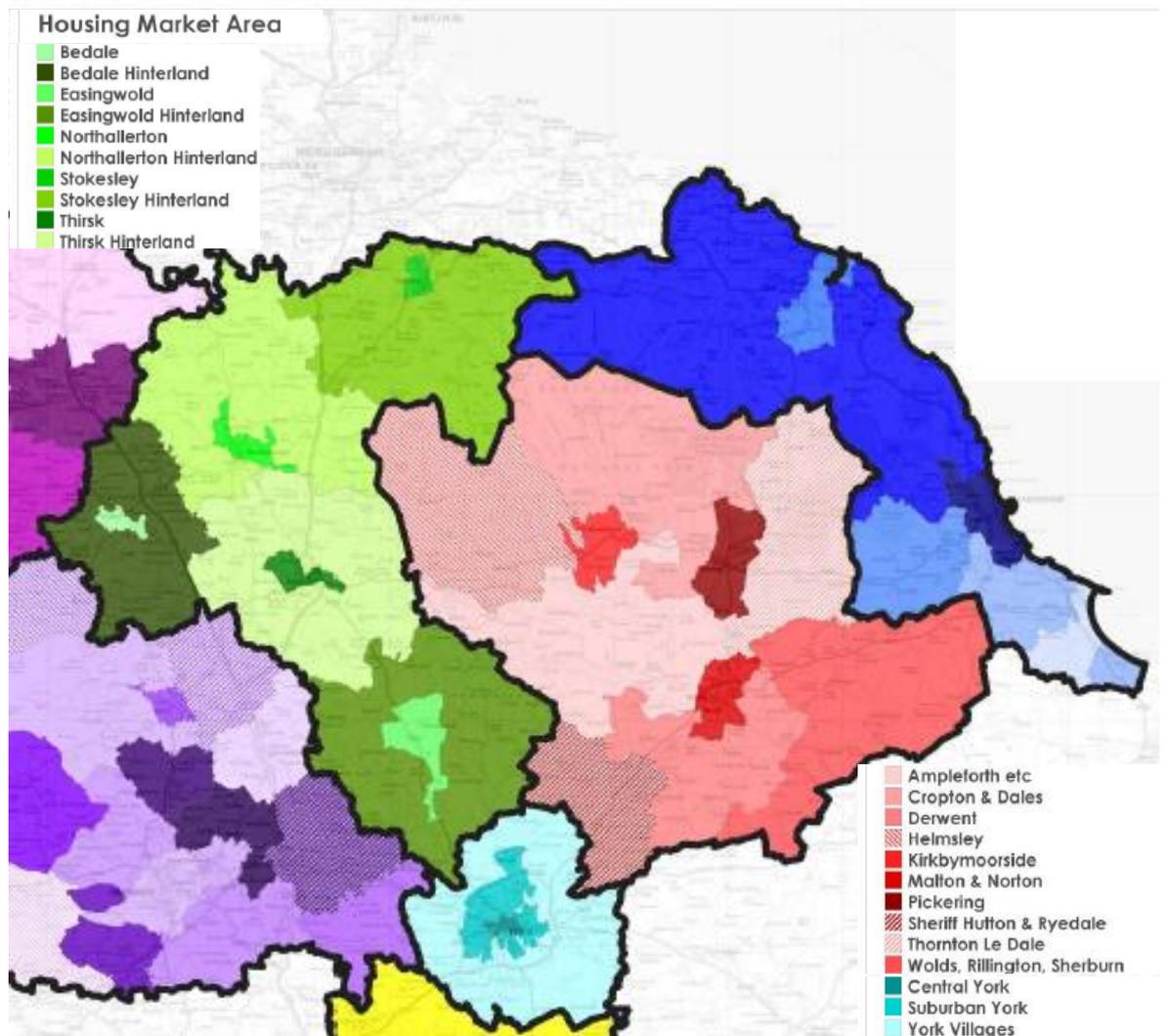
Source: GVA, 2010

Reviewing Housing Market Area Geographies

2.36   This section of the report moves on to review HMA geographies taking account of the latest available data on house prices, migration and commuting flows. These are the key indicators identified in paragraph 2a-011 of the PPG.

2.37   Paragraph 011 of the PPG (ID: 2a-011-20140306) relating to housing and economic development needs assessments states that house prices can be used to provide a 'market based' definition of HMA boundaries, based on considering areas which (as the PPG describes) have clearly different price levels compared to surrounding areas.

Conceptual Framework

2.38   It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

Figure 7:   Understanding Housing Demand Drivers

Source: GL Hearn

2.39   At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level).

2.40   The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).

2.41   Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.

2.42   There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. Local factors include:

- quality of place and neighbourhood character;
- school performance and the catchments of good schools;
- the accessibility of areas including to employment centres (with transport links being an important component of this); and
- the existing housing market and local market conditions.

2.43   These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced by and to some degree reinforces the existing stock profile.

2.44   Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

2.45   The important thing to recognise here is that we are likely to see localised variations in housing costs which reflect differences in the housing offer, quality of place and accessibility of different areas. We would also expect urban areas to have lower house prices than neighbouring suburban or rural areas. This reflects differences in the size/m^2 of properties being sold and the influence of quality of place on housing costs. Some settlements, or parts of an area, are likely to command higher prices than others reflecting these factors; and indeed we would expect areas with varying house prices within any HMA reflecting these issues. These factors are most relevant in considering housing sub-markets (the third tier of market using the CURDS definition).

2.46   What this section is focused upon is considering market geographies at a higher spatial level. Consideration of price differentials at a sub-region level is therefore of most relevance.

House Price Dynamics

2.47   We have used the 2014 Price Paid Data from Land Registry to identify areas of higher or lower value homes in Yorkshire and the Humber. As Figure 8 shows, within the study area there are a number of higher value dwellings in Easingwold, parts of York, Malton. Within the wider area the most expensive are York, Harrogate, Wetherby or Knaresborough. Figure 8 uses inverse distance weighting calculations to attribute values to areas based on distance from and value of those sales.

2.48   There also tend to be higher values in those locations with good access to employment centres such as York and Leeds such as those along the A1M and A19 and A64. Figure 8 reflects the average sales value in the area based on the nearest sales. It does not include any homes purchased through companies and not subject to stamp duty.

Figure 8:   All Sales (2014)
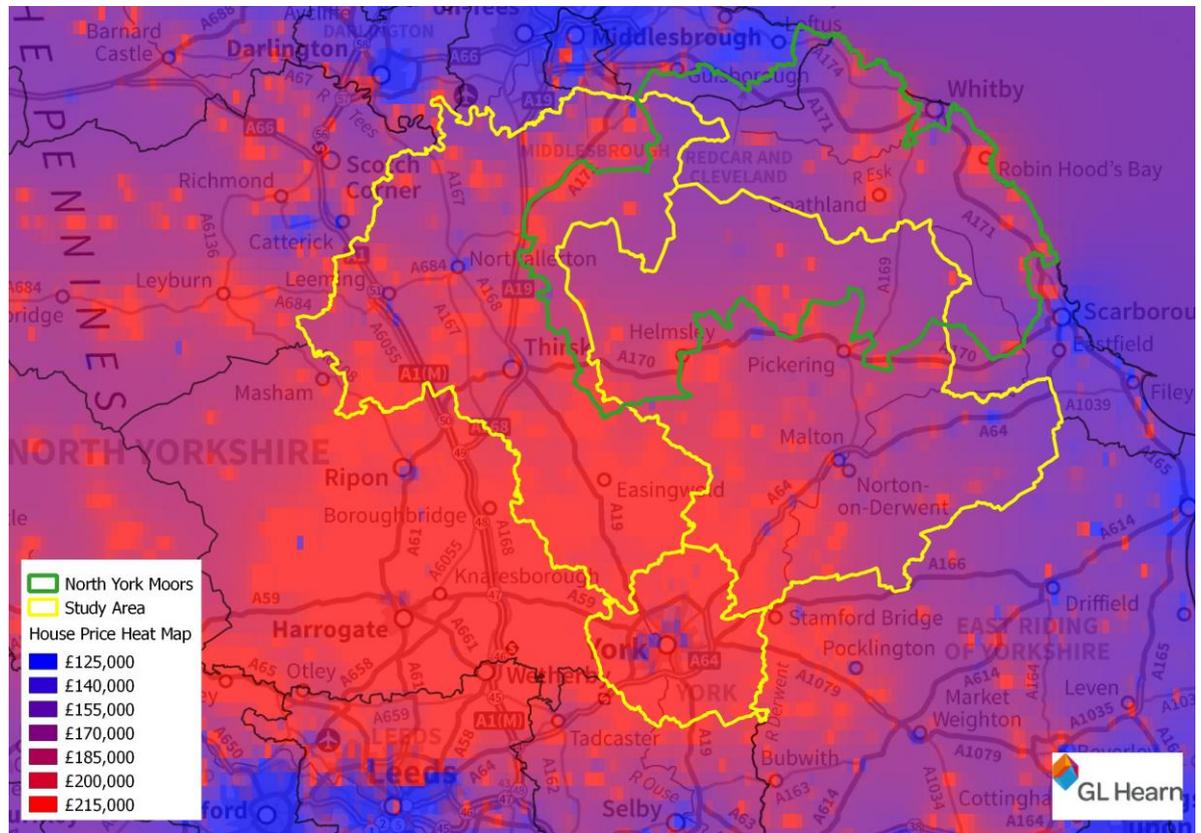
Source: HM Land Registry, 2015

2.49   By comparison the areas located outside the study area within more urban areas such as Scarborough, Middlesbrough, Darlington, Selby and central or southern Leeds tend to be of much lower value than anywhere in the study area.

House Prices by Type

2.50   Typically, we would also see higher house prices in those areas which have a high percentage of detached properties (rural areas) and lower values in areas where there are high percentages of smaller flatted stock (Urban areas).

2.51   In order to counteract this, we have looked at the house prices across the range of typologies. In order to draw firmer conclusions on HMA areas we have also shifted away from more localised data to data based on Local Authorities. Table 1 sets out median house price by type for each local authority in North Yorkshire and selected surrounding local authorities. Each type is coloured to indicate relative house prices with dark red being the most expensive and dark blue the least expensive. The table is sorted by the overall median house price with those in the study area highlighted in bold.

Table 1:   Median House Prices by Type and Local Authority (2014)

	Detached	Semi-Detached	Terrace	Flat	Median	Mean
Harrogate	£360,000	£213,500	£179,800	£154,750	£222,500	£274,829
Hambleton	**£284,000**	**£175,000**	**£161,000**	**£120,000**	**£210,000**	**£241,452**
York	**£276,500**	**£193,000**	**£175,000**	**£144,725**	**£192,000**	**£221,770**
Richmondshire	£239,950	£161,000	£173,000	£110,000	£185,000	£215,315
Ryedale	**£249,950**	**£158,250**	**£144,998**	**£133,750**	**£182,000**	**£215,393**
Craven	£322,500	£190,250	£140,000	£124,950	£175,000	£209,615
Selby	£227,000	£142,500	£130,000	£83,975	£162,000	£187,892
Leeds	£270,000	£153,000	£120,000	£114,000	£148,501	£176,625
Scarborough	£220,000	£149,950	£124,000	£96,500	£145,000	£159,419
Stockton-on-Tees	£199,950	£122,750	£93,000	£83,250	£130,000	£151,922
Kirklees	£234,975	£129,725	£100,000	£88,125	£125,000	£152,562
Wakefield	£200,000	£124,950	£96,000	£81,975	£124,999	£142,449
Calderdale	£249,995	£143,000	£97,500	£99,950	£124,000	£145,541
Redcar & Cleveland	£189,950	£120,000	£80,000	£78,995	£122,000	£133,317
Bradford	£245,000	£125,000	£101,000	£68,735	£120,000	£145,944
Middlesbrough	£219,000	£124,950	£67,750	£69,000	£117,000	£130,086

Source: HM Land Registry, 2015

2.52   Within the wider sub region Harrogate is the most expensive local authority while Middlesbrough occupies the bottom of the table. Hambleton is the second most expensive while York is third and Ryedale is fifth. There are however significant differences between Ryedale and Hambleton particularly detached prices are some £35,000 higher in Hambleton for detached prices but Ryedale has higher prices for flatted properties.

House price changes

2.53   There was a broad correlation in house price growth between York, North Yorkshire and England (See Figure 9). In case of Hambleton and Ryedale, since 2002-3 price grows at a faster rate than the other areas under consideration. Nonetheless, Ryedale notes strong decrease in house prices and from 2009 aligns with the price levels for England and North Yorkshire. Hambleton median house prices remain above the rest of the areas. Data for Yorkshire and the Humber shows a substantial difference from the other areas under consideration. Both price levels and rate of growth are significantly below the local and national averages.

Figure 9:   Median House Price (1998 -2013)
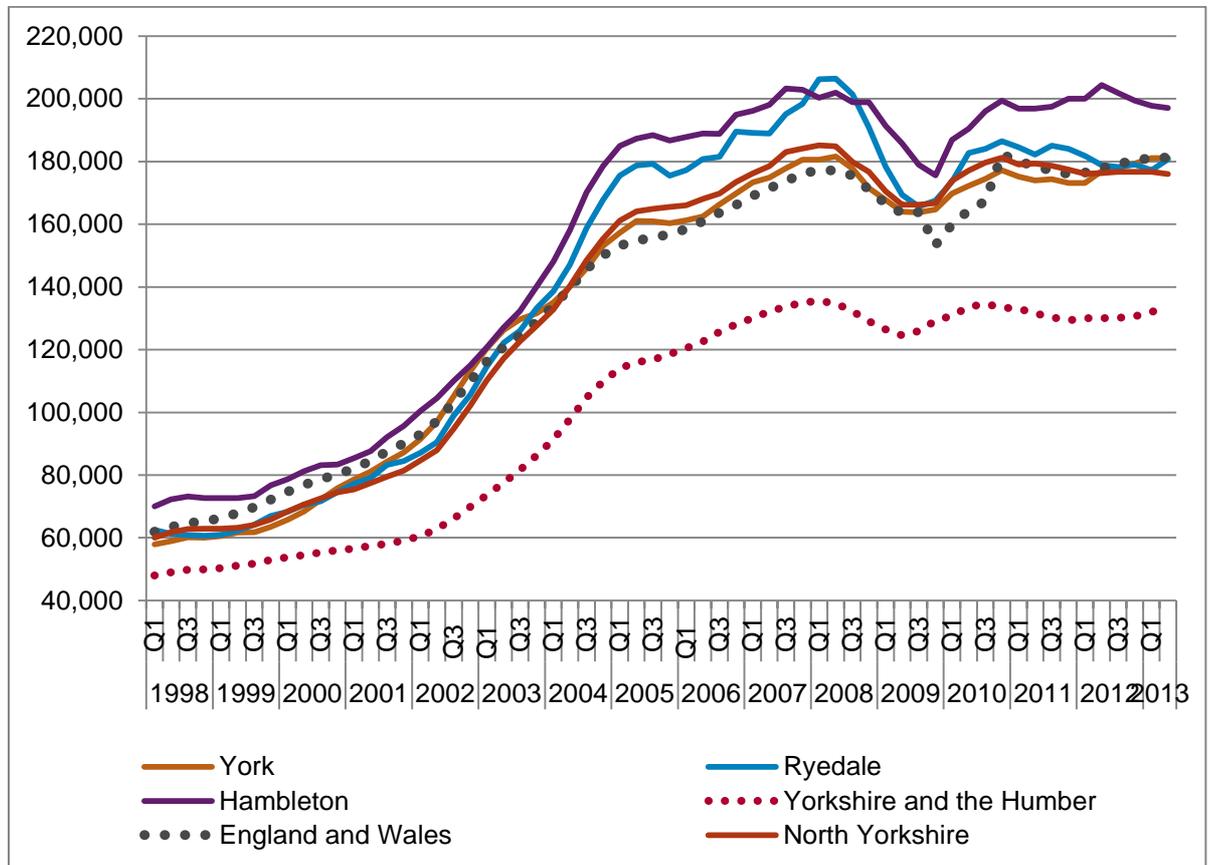
Source: CLG, 2014

2.54   We have also looked at the overall growth over different time periods. Again this shows that there
was some correlation between York and Hambleton over all time periods but particularly over the
most recent two periods. However, Ryedale has a slightly different pattern of change compared to
York & Hambleton (see Table 2).

Table 2: **Median House Price Change over different Periods**

	15 Year Growth	10 Year Growth	5 Year Growth	1 Year Growth
York	**200.0%**	**25.5%**	**16.4%**	**5.5%**
Redcar & Cleveland	178.3%	25.7%	14.0%	2.1%
Hambleton	**174.5%**	**17.4%**	**16.7%**	**5.0%**
Wakefield	171.1%	35.6%	1.7%	1.7%
Selby	170.1%	7.1%	7.1%	-0.5%
Craven	170.0%	13.3%	1.3%	1.3%
Richmondshire	169.6%	30.5%	5.4%	3.3%
Harrogate	169.2%	19.0%	4.2%	3.9%
Calderdale	166.1%	11.6%	3.1%	3.6%
Ryedale	**155.2%**	**16.4%**	**5.7%**	**-1.3%**
Darlington	154.3%	80.0%	6.4%	6.4%
Scarborough	152.6%	33.4%	0.8%	0.0%
Bradford	151.7%	17.9%	9.2%	2.4%
Middlesbrough	149.0%	25.0%	0.0%	0.0%
Kirklees	146.7%	25.0%	1.6%	4.2%
Leeds	145.1%	21.4%	2.5%	3.3%
Stockton-on-Tees	141.0%	23.2%	0.0%	0.0%

Source: CLG, 2014 and HMLR 2015

2.55 Over the last year house prices in York and Hambleton have increased by around 5%, which is significant growth. By contrast house prices in Ryedale have reduced by more than 1.5%. This indicates that the District is operating in a slightly different housing market. This would also indicate improving affordability in Ryedale, although official datasets showing this have not yet been released.

Migration

2.56 Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed Census data on internal migration flows between relevant local authority areas.

2.57 The data typically shows larger flows between authorities which are close to or border one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

Gross Flows

2.58   Taking this into account, we have sought to standardise the analysis of gross flows to take account of the combined population of different authorities. The map below shows gross migration flows in numeric terms and expressed per combined 1,000 population.

2.59   As illustrated in Figure 10, strongest relationship within the study area are between York and Selby and between Ryedale and Scarborough and Hambleton and Harrogate and Hambleton and Richmondshire. There are also lesser but notable links between York and Hambleton and York and Ryedale. Comparatively there is fairly weak links between Hambleton and Ryedale.

2.60   Outside the Study Area, the biggest migration flows occur between Kingston upon Hull and East Riding of Yorkshire as well as around Stockton- on- Tees and Middlesbrough. Neither Harrogate nor Scarborough has stronger relationships than with Hambleton and Ryedale respectively.

Figure 10: Gross Migration Flows (2011)
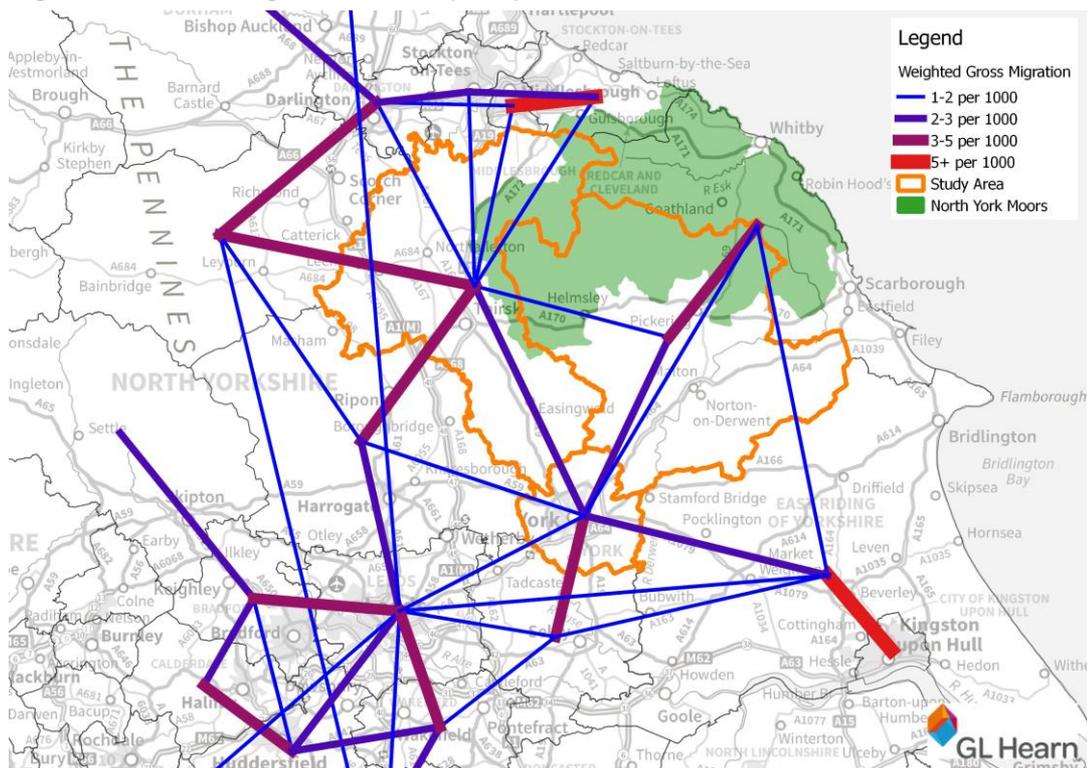
So*urce: ONS Census, 2011*

2.61   Looking at this data in Tabular form (see Table 3) shows that York and Selby is one of the larger gross flows in the study area and surrounding local authorities. The table also highlights that the strongest relationship within the commissioning authorities (in Bold) is between Ryedale and York. However, by comparison York's relationship with Selby is almost 30% stronger.

Table 3:   Gross Migration Flows (2011)

Location	Location	Gross per 1,000 Population
East Riding of Yorkshire	Kingston upon Hull, City of	12.29
Redcar & Cleveland	Middlesbrough	6.49
Leeds	Bradford	4.23
York	**Selby**	**3.81**
Sheffield	Rotherham	3.76
Kirklees	Calderdale	3.56
Scarborough	Ryedale	3.37
Harrogate	Hambleton	3.36
Darlington	Richmondshire	3.31
Leeds	Wakefield	3.20
Richmondshire	Hambleton	3.20
Leeds	Kirklees	2.85
Redcar & Cleveland	Stockton-on-Tees	2.74
East Riding of Yorkshire	York	2.70
Sheffield	North East Derbyshire	2.61
Bradford	Calderdale	2.55
Ryedale	**York**	**2.51**
Darlington	Stockton-on-Tees	2.33
York	**Hambleton**	**2.29**
Wakefield	Barnsley	2.23
Wakefield	Kirklees	2.22
Leeds	Harrogate	2.11
Darlington	County Durham	2.09
Bradford	Craven	2.07
Sheffield	Barnsley	2.01
Kirklees	Bradford	1.97
York	Harrogate	1.90
East Riding of Yorkshire	Selby	1.81
Wakefield	Selby	1.79
Hambleton	**Ryedale**	**1.78**

Source: ONS Census, 2011

Net Flows

2.62   We have also examined net flows, i.e. the difference between flows in each direction. While not as useful as the gross analysis it does provide some context as to the direction of flow. Figure 11 illustrates these flows in the wider sub area.

2.63   There are only three significant net flows of over 100 people per annum involving the commissioning authorities. These are from Harrogate to Hambleton (142 persons per annum),

From Scarborough to York (108 persons per annum) and from Doncaster to York (102 persons per annum).

Figure 11: Net Flow (2011)
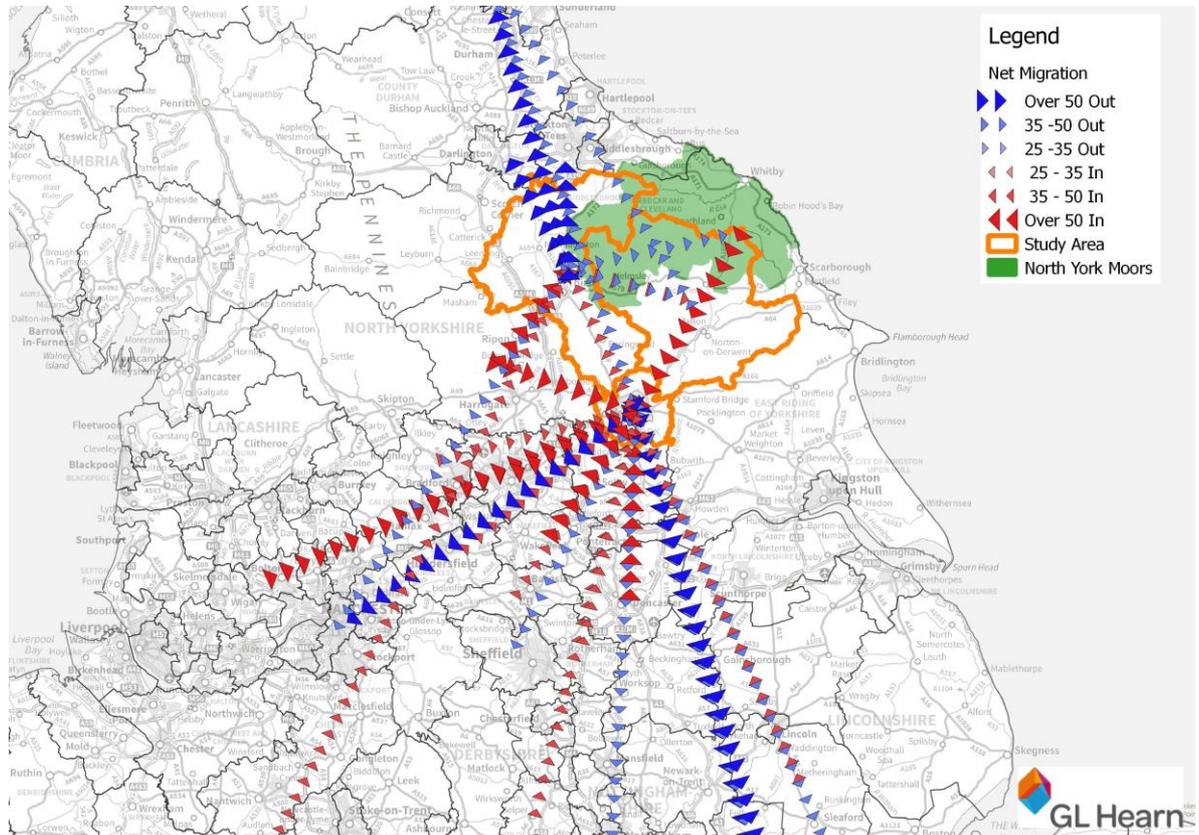
Source: ONS Census, 2011

2.64   Ryedale's largest net flows is from Hambleton (48 persons per annum) and to York (34 persons per annum).

Self-Containment

2.65   The final analysis relating to migration is self-containment rates. Paragraph 11 of the PPG sets out that when defining HMAs:

> *"Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools."*

2.66   Analysis of York shows that of the 31,400 people that moved to the City in the year leading up to the 2011 census 19,200 of them moved from elsewhere in the City. This was the equivalent of

61.2% self-containment rate. Similarly, of the 28,900 people moved from the City in the same period. The same number of internal moves reflects a self- containment of 66.4%.

2.67   The same analysis for Hambleton shows that of the 8,700 people that moved to the District in the year leading up to the 2011 census 4,400 of them moved from elsewhere in the District. This was the equivalent of 50.6% self-containment rate. Similarly, of the 8,800 people moved from the District in the same period. The same number of internal moves reflects a self- containment of 50.2%.

2.68   Finally, for Ryedale the same analysis shows that of the 4,800 people that moved to the District in the year leading up to the 2011 census 2,750 of them moved from elsewhere in the District. This was the equivalent of 57.1% self-containment rate. Similarly, around 4,800 people moved from the District in the same period. The same number of internal moves reflects a self- containment of 57.5%.

2.69   While these are below the "Typical 70%" threshold for identifying a HMA it also includes long distance moves. Once long distance (defined here as from outside the Yorkshire, Teesside & County Durham) the self-containment rates for York increases to 81% and 78% as a percentage of those leaving and arriving in the city respectively.

2.70   York also has notable links with Selby which itself has fairly low levels of self-containment (51.5% and 52.8%). It is therefore worth examining what the self-containment rates of these two local authorities is when taken together. Our analysis indicates that the self-containment for the combined area (62.4% and 66.4%) is lower than that for York in its own right. When long distance moves are excluded the self-containment rates increase to 78.1% and 80.1%, although again this is still below the York only rates.

2.71   While York has a self-containment rate which meets the threshold in its own right, Selby has a relatively low self-containment rate. We have to also consider that Selby is also strongly influenced by Leeds and thus the self-containment rates are always likely to be lower when large urban areas are involved.

2.72   Because both Selby and York's strongest links are with each other it is reasonable to assess them together. Although this reduces the self-containment rate for York, it Is still above the 70% threshold and allows Selby to be included in a HMA which exceeds the expected self-containment threshold. We therefore consider the York HMA which includes Selby is a reasonable area.

2.73   When long distance moves are excluded from Ryedale the self-containment rate increases to 69% and 68% which given that this is only a typical threshold it could be argued that the District is fairly well self-contained. There would also be some lifestyle moves to the District which do not

necessarily reflect the Housing Market i.e. those retiring from Leeds to the District. This may increase the self-containment rate further.

2.74   In a practical sense we also need to consider that Ryedale's closest links are with York and Scarborough (79% and 78% when long distance moves are excluded) both of which demonstrate self-containment rates well in excess of the typical threshold. Scarborough are also preparing their own SHMA and given the borderline self-containment rates of Ryedale it could be considered a housing market in its own right on this measure.

2.75   Hambleton has a self-containment rates of 50.2% and 50.6% as percentages of moving from the District and those moving to the District respectively. When long distance moves are excluded this increases to 63.9% and 64.5% respectively.

2.76   Hambleton's strongest migration links are with Richmondshire and Harrogate. Harrogate's own work identifies Harrogate as being a fairly self-contained District albeit it has strong links with Leeds. Richmondshire has not updated its SHMA since the GVA work in 2010.

2.77   In their own right Harrogate has a self-containment rate of 62.5% and 63.4% and Richmondshire is 42.4% and 39.2%. When long distance moves are excluded then these rates increase to 77.1% and 76.5% in Harrogate and 65.2% and 67.1% in Richmondshire. It is therefore more appropriate to firstly link with Hambleton and Richmondshire.

2.78   The combined Richmondshire and Hambleton area has a self-containment rate of 49.8% of those moving from the area and 48.3% of those moving to the area. When long distance moves are excluded these rates increase to 68.4% and 69.6%. There is therefore some justification that these local authorities could be combined to a HMA on this measure.

2.79   We have to be mindful however that the peripheries of Hambleton are located close to other major urban areas and those and the self-containment rate will be influenced strongly by this. It may therefore not be reasonable to expect a local authority area which is pulled in a number of directions to reach the typical 70% threshold.

2.80   To conclude on the basis of migration flows alone Ryedale is most likely to be a HMA in its own right, York is linked to Selby and Hambleton is linked to Richmondshire but perhaps not to the level required to be considered a HMA.

Commuting Patterns

2.81   Commuting flows provide important evidence of the functional relationships between different areas. The Planning Practice Guidance directs planning authorities to consider commuting flows as a

source of contextual information about the spatial dynamics of the local labour market as these will somewhat influence search patterns and location choices within the housing market.

TTWA

2.82   In considering commuting patterns, we have drawn from the 2011 Travel to Work Areas (TTWA) work which was produced by the ONS earlier this year. These are the only official and nationally consistent definition of Travel to Work Areas.

2.83   The TTWAs were an attempt to identify self-contained labour market areas in which all commuting occurs within the boundary of the area. It should however be recognised that in practice, it is not possible to divide the UK into entirely separate labour market areas as commuting patterns are too diffuse.

2.84   The TTWAs were developed as approximations to self-contained labour markets, i.e. areas where most people both live and work. As such they are based on a statistical analysis rather than administrative boundaries. The areas were produced by analysing commuting flows from the 2011 Census.

2.85   The criteria for defining TTWAs were that at least 75% of the area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area in most instances. The area must also have had a working population of at least 3,500. However, for areas where the working population in excess of 25,000, self-containment rates as low as 66.66% were accepted.

2.86   The York TTWA includes all of the City of York as well as the eastern parts of Selby (including Selby town), the eastern parts of East Riding (including Pocklington and Bubwith), the Southern parts of Hambleton (including Easingwold) and the western parts of Ryedale (including Malton and Helmsley).

2.87   The remaining parts of Ryedale (including Pickering) fall within the Scarborough TTWA. This also includes the coastal parts of North Yorkshire including Scarborough and Whitby. The northern part of Hambleton (including Thirsk and Northallerton) falls within the Northallerton TTWA. This also extends into large parts of Richmondshire. The north east of Hambleton falls within the Middlesbrough TTWA but this is a largely rural area (see Figure 12).

Figure 12: 2011 TTWA
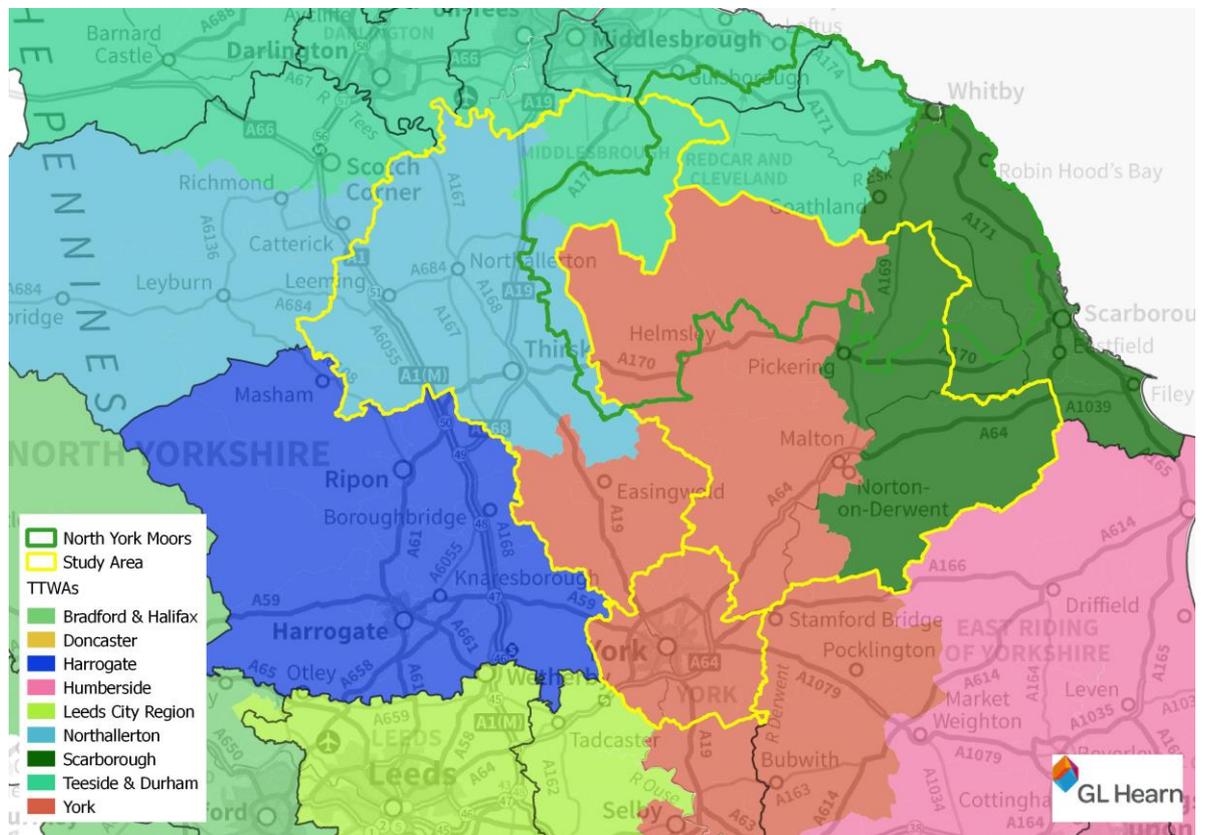
Source: ONS, 2011

2.88   While the TTWA area clearly identifies the core commuting patterns they are comprised of areas which are smaller than Local authority areas. This makes it difficult to draw firm conclusions on suitable HMAs. We have therefore looked at Local Authority flows in addition to aid the Identification of HMAs.

Local Authority Flows

2.89   We have also examined the location of workplace for residents Hambleton, Ryedale and York and the location of residency of those that work in the three local authorities. This data also draws from the 2011 Census.

2.90   Around 75% of York residents also work in the city (self-containment rate) with a further 5.6% working in Hambleton or Ryedale. Around 60% of Hambleton's residents also work in the District with a further 7.5% working within either York or Ryedale. Finally, around 65% of residents in Ryedale also work in the District with a 14.3% working in York or Hambleton (see Table 4).

Table 4:   Major Commuting Flows from York, Hambleton and Ryedale (> 1%) (2011)

Residence	Workplace	Flow	% of LA Residents
York	**York**	**62,209**	**74.6%**
Hambleton	**Hambleton**	**20,799**	**59.8%**
Ryedale	**Ryedale**	**12,012**	**65.0%**
York	Leeds	5,023	6.0%
York	**Hambleton**	**2,915**	**3.5%**
Hambleton	Harrogate	2,377	6.8%
York	Harrogate	2,194	2.6%
Hambleton	**York**	**2,158**	**6.2%**
Ryedale	**York**	**2,125**	**11.5%**
York	East Riding of Yorkshire	1,957	2.3%
Hambleton	Middlesbrough	1,817	5.2%
York	Selby	1,805	2.2%
York	**Ryedale**	**1,730**	**2.1%**
Hambleton	Stockton-on-Tees	1,494	4.3%
Ryedale	Scarborough	1,314	7.1%
Hambleton	Redcar & Cleveland	932	2.7%
Hambleton	Richmondshire	848	2.4%
Hambleton	Leeds	774	2.2%
Hambleton	Darlington	642	1.8%
Ryedale	**Hambleton**	**523**	**2.8%**
Hambleton	**Ryedale**	**458**	**1.3%**
Ryedale	East Riding of Yorkshire	454	2.5%
Ryedale	County Durham	388	2.1%
Ryedale	Leeds	333	1.8%
Ryedale	Harrogate	193	1.0%

Source: ONS, 2011

2.91   We have also examined the percentage of the local workforce who also lives locally. Around 70% of York jobs are taken up by residents of the city (self-containment rate) with a further 4.9% living in Hambleton or Ryedale.

2.92   Around 54% of Hambleton's workforce also resides in the District with a further 8.9% living within either York or Ryedale. Finally, around 63% of those working in Ryedale also live in the District with an 11.5% living in York or Hambleton (see Table 5).

Table 5:   Major Commuting Flows to York, Hambleton and Ryedale (>1%) (2011)

Workplace	Residence	Flow	% of LA Workforce
York	**York**	**62,209**	**70.7%**
Hambleton	**Hambleton**	**20,799**	**54.0%**
Ryedale	**Ryedale**	**12,012**	**63.0%**
York	East Riding of Yorkshire	5,464	6.2%
York	Selby	5,093	5.8%
Hambleton	**York**	**2,915**	**7.6%**
York	Leeds	2,582	2.9%
York	**Hambleton**	**2,158**	**2.5%**
York	**Ryedale**	**2,125**	**2.4%**
Hambleton	Richmondshire	2,057	5.3%
Ryedale	Scarborough	2,036	10.7%
Hambleton	Harrogate	1,920	5.0%
York	Harrogate	1,837	2.1%
Ryedale	**York**	**1,730**	**9.1%**
Hambleton	Stockton-on-Tees	1,659	4.3%
Hambleton	Middlesbrough	1,450	3.8%
Hambleton	Darlington	1,328	3.4%
Hambleton	Redcar & Cleveland	1,322	3.4%
Ryedale	East Riding of Yorkshire	1,016	5.3%
Hambleton	County Durham	605	1.6%
Hambleton	**Ryedale**	**523**	**1.4%**
Ryedale	**Hambleton**	**458**	**2.4%**
Hambleton	Leeds	429	1.1%
Hambleton	Selby	372	1.0%
Hambleton	East Riding of Yorkshire	368	1.0%
Ryedale	Kingston upon Hull, City of	276	1.4%
Ryedale	Selby	264	1.4%

Source: ONS, 2011

2.93   These datasets would again indicate that York is fairly well self-contained whereas Ryedale and Hambleton are less so. In commuting terms Hambleton residents are reliant on a number of the surrounding major employment centres (including York, Harrogate and Middleborough) for employment). Conversely it draws heavily from Richmondshire and York to service its economy.

2.94   Ryedale has a two-way relationship with York and Scarborough with both local authority areas providing significant employment to Ryedale residents and taking up a notable percentage of the local jobs. Historically Ryedale has tended to export more labour to York than they do import from the City with a converse flow with Scarborough. The data shows this trend continuing.

Drawing the Analysis Together

2.95   The PPG sets out that:

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate[15].

2.96   It outlines that the HMA can be defined using three sources of information – house prices and rates of change; migration patterns; and contextual information including travel to work areas. In practice, migration and commuting data are the key inputs to defining HMAs (in both this and other areas). This is recognised in the Planning Advisory Service (PAS) Technical Note.

2.97   The PAS Report outlines that whilst recognising local relationships, it is appropriate for strategic planning purposes to define the HMA based on a 'best fit' to local authority boundaries. GL Hearn supports this approach – particularly given that a key purpose of an SHMA is to identify housing need; and that demographic projections which form an important input to this are not published below local authority level.

2.98   In drawing the analysis together there are clearly links between the commissioning authorities however they do not converge on a single Housing Market Area. The historic identification of HMA boundaries firstly suggested that the three districts operate as largely self-contained HMAs, albeit that the extent of those vary. The most recent evidence does not seem to contradict this position.

2.99   The analysis Census data from 2011 highlights the fact that the most significant migratory flows involving each district are with areas outside of the commissioning authorities. York is most closely linked to Selby, Ryedale with Scarborough and Hambleton with Harrogate and Richmondshire.

2.100   Self-containment rates suggest that Selby and York should be considered a distinct HMA. Ryedale is a HMA in its own right (although links with both York and Scarborough are notable) and Hambleton although it can be linked to Richmondshire this still does not reach the typical 70% threshold. However, this Is just one of the sources of Information used to define HMAs

2.101   The house price analysis identifies a separation between Ryedale with Hambleton and York. This might reflect the lack of access to major employment locations as the lower prices were seen in the most remote locations. We also see distinct house price change patterns in Ryedale in comparison to York and Hambleton particularly those most recent trends.

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[15] Reference ID: 2a-011-20140306

2.102   The Travel to Work analysis indicates very high levels of self-containment in York with lower rates in Hambleton and Ryedale. The TTWA definitions also show that the western parts Ryedale are linked to York with the eastern parts of District linked to Scarborough. Hambleton in particular is quite complex with parts of the District showing flows to Northallerton which also draws from a much wider area as well as links to York and Middlesbrough.

2.103   **The triangulation of the sources strongly supports placing each commissioning authority within a separate Housing Market Areas. Within this we would consider that the HMA which covers the City of York extends to include Selby. While there are links with Scarborough, the balance of evidence suggests Ryedale is a HMA in its own right.**

2.104   **A slightly more complex picture in Hambleton appears. The data suggests that it operates across HMAs. The southern part is linked to York and the north eastern part linked to Middlesbrough. The north west of the District also has a close interrelationship with Richmondshire. However, the remainder of the District, including the main towns of Northallerton and Thirsk, is quite distinct. We therefore consider it appropriate to look at Hambleton as a single HMA while recognising these links strong with adjoining areas**.

2.105   We recognise that there are also other localised interactions across borough boundaries. These cross-boundary influences are two-way and occur at the edges of any housing market area. While not sufficient to redraw the boundaries of the HMA these influences along with those with major employment centres such as Leeds should be recognised in terms of the focus of duty to cooperate discussions.

2.106   While we propose a HMA which links to Selby and York we are not considering housing need across the HMA. Selby has recently produced its own SHMA and this assessment does not seek to replicate it.

3   CHARACTERISTICS OF THE HOUSING MARKET

Housing Stock and Supply

Tenure Profile

3.1   The tenure profile available from 2011 Census, shown in the graph below, is dominated by owner occupation and owned with a mortgage. The highest proportion of owned outright can be found in Ryedale (41.4%) and Hambleton (39.7%) while the lowest level in York (33.9%).

3.2   The proportion of properties owned outright is higher at the authority level than regional (30.5%) and national (30.8%) averages.

3.3   The tenure profile available from 2011 Census, shown in the graph below, is dominated by owner occupation and owned with a mortgage. The highest proportion of owned outright can be found in Ryedale (41.4%) and Hambleton (39.7%) while the lowest level in York (33.9%).

3.4   The proportion of properties owned outright is higher at the authority level than regional (30.5%) and national (30.8%) averages.

3.5   The second largest tenure group across all of the areas is the private rented sector. The highest proportion is in York (17.9% across PRS and PRS other) and lowest is in Hambleton (15.1%). To put into context, the national average 16.7%.

3.6   Each authority has seen a decrease in 'ownership with a mortgage or loan' category in 2011 when compared to the 2001 Census data. The highest change can be observed in case of York (-8.1%) which is 2.1% above the national average (6.0%).

3.7   The data indicates a tenure shift from owner occupation (particularly those with a mortgage) to the private rental sector. Public sector provision sees a 2.6% decrease at the regional level and a 1.6% fall at the national level. The 2001-2011 period has seen a growth in private rented sector tenure in all areas. The highest change in this category can be seen in York, with a 7.7% increase in 2011 compared to 2001. This is 1.2% higher growth than the regional and national average (6.5%). The smallest change can be seen in Ryedale, which saw a 2.6% growth over the 2001-2011 period.

3.8   It should be noted that both Hambleton and Ryedale no longer has any Council housing due to a stock transfer. While the census data shows that they do this is likely due to a mis-recording or (unknowingly) false information provided to the Census recorders.

Figure 13: Tenure profile (2011)

	York	Ryedale	Hambleton	Yorkshire and The Humber	England and Wales
■ PRS: Other	1.5%	2.0%	3.0%	1.5%	1.4%
■ Rented from PRS	16.4%	14.7%	12.1%	14.4%	15.3%
■ Rented from RP	5.1%	11.9%	11.9%	5.8%	8.2%
■ Rented from Council	8.8%	0.9%	1.0%	12.3%	9.4%
■ Shared ownership	0.8%	0.4%	0.4%	0.4%	0.8%
■ Owns with a mortgage or loan	32.2%	25.7%	29.8%	33.5%	32.7%
■ Owned outright	33.9%	41.4%	39.7%	30.6%	30.8%
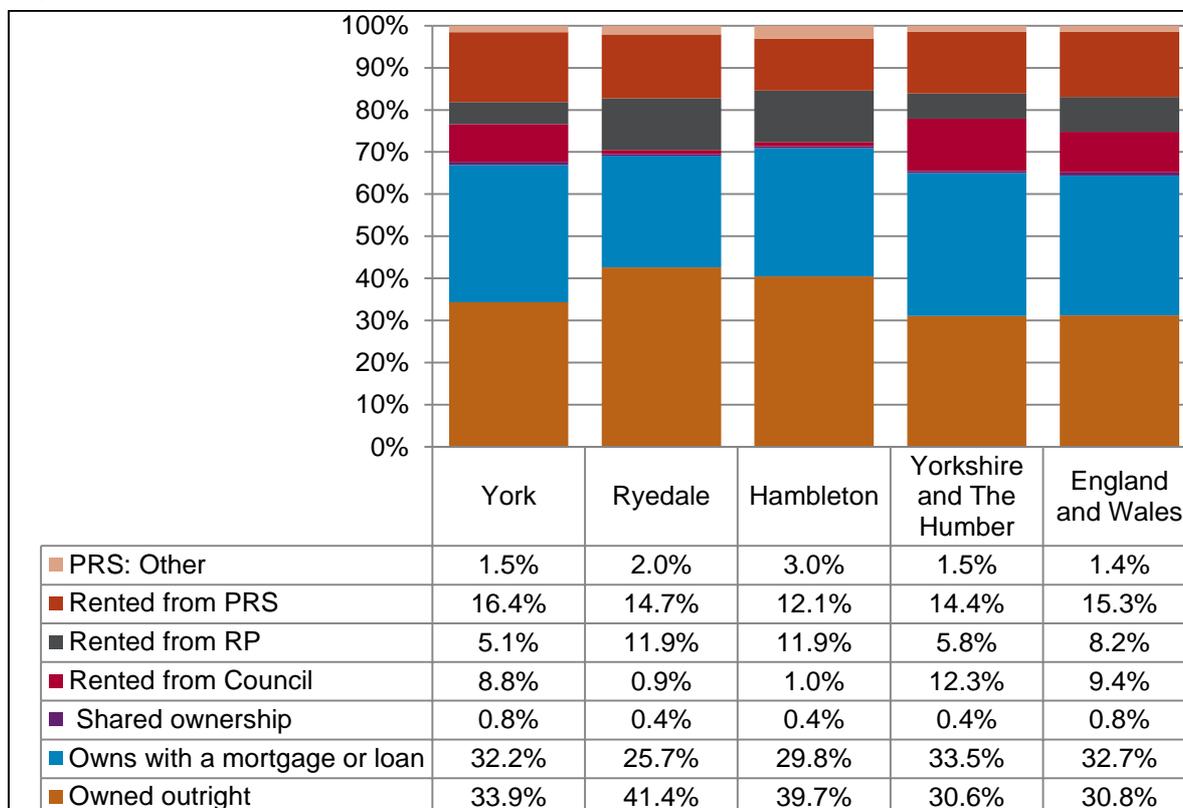
Source: Census 2011

3.9 Looking at the York sub-areas in greater detail we see that overall the substantial majority of the local populations across the York sub-areas own a property. The table below provides a tenure breakdown for the York sub-areas. In the Village Rural sub-area, the largest tenure group is people who own their own property outright (46.2%) with a further 38.2% owning through a mortgage or loan. The lowest levels of home ownership can be found in the City Centre/Urban areas, where only 50.6% is classified as property owners (24.3% owned outright and 25.9% owns a property with a mortgage or loan). Conversely, there is a higher number in private (28.3%) or council (12.5%) rented properties in this area.

3.10 The data shows that the Village Rural sub-area has a substantially larger proportion of owned outright (46.2%) and owned with mortgage or loan (38.2%) than the results at the authority level (33.9% and 32.2% respectively). At the same time, home ownership in the city centre (24.3%) falls almost 9.6% below the York authority average.

Figure 14: Tenure profile: York sub- area breakdown (2011)

	Village Rural	Suburban	City centre/urban	York
Other	2.9%	2.0%	3.5%	2.8%
Rented from PRS	7.1%	7.6%	28.3%	16.4%
Rented from RP	2.7%	6.7%	4.6%	5.1%
Rented from Council	2.5%	7.5%	12.5%	8.8%
Shared ownership	0.4%	0.9%	0.8%	0.8%
Owns with a mortgage or loan	38.2%	36.3%	25.9%	32.2%
Owned outright	46.2%	39.1%	24.3%	33.9%
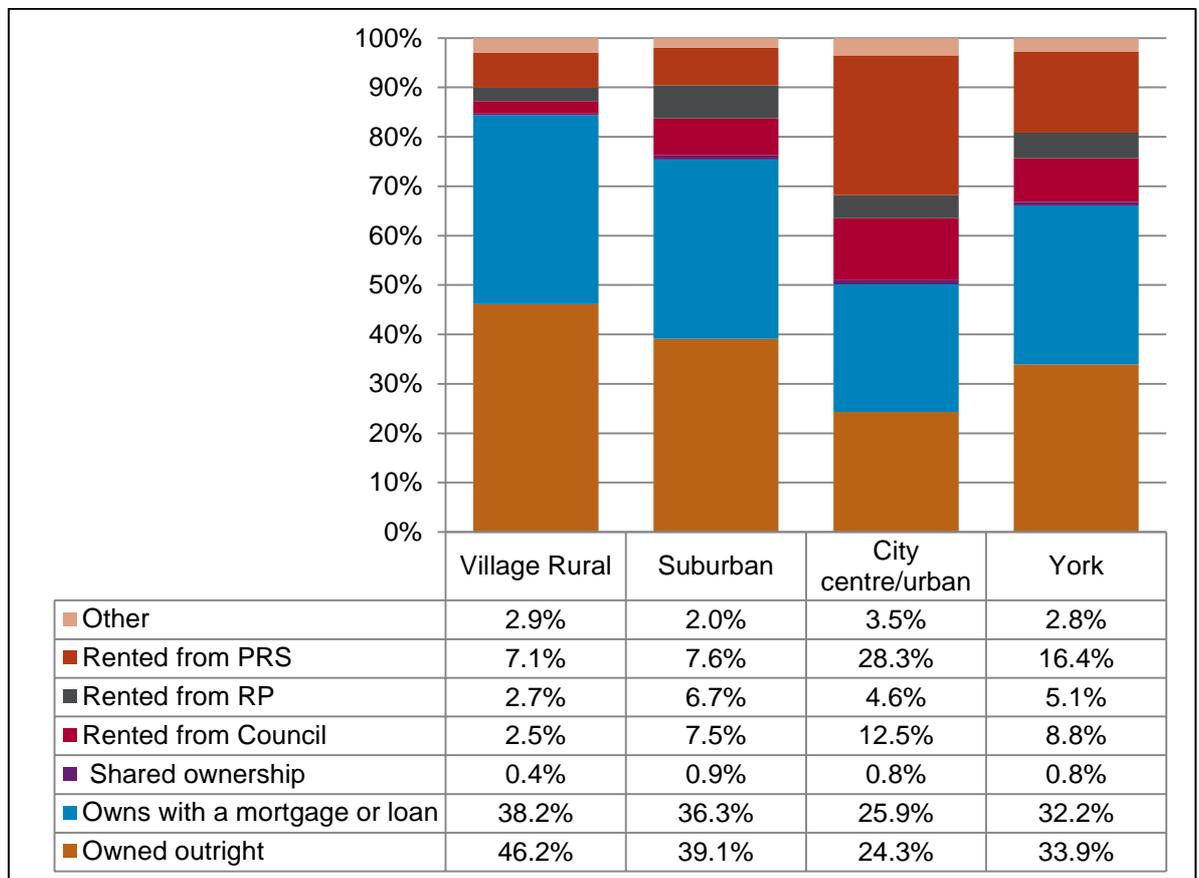
Source: Census 2011

House Types

3.11   In general, housing stock across all three authorities is dominated by detached, semi- detached and terraced houses. York has the highest proportion of semi-detached (35.6%) and terraced (25.4%) dwellings. This is in line with trends at the regional level.

3.12   In Hambleton and Ryedale more than a third of housing is detached units – 41.6% and 40.7% respectively. The second largest dwelling type in these authorities is semi- detached houses.

Figure 15: Profile of Stock by Type (2011)

	York	Ryedale	Hambleton	Yorkshire and The Humber	England and Wales
■ Caravan or Other	0.2%	0.5%	0.6%	0.2%	0.4%
■ Flat	18.0%	7.3%	7.4%	15.0%	21.7%
■ Terraced	24.5%	19.8%	20.7%	27.8%	24.7%
■ Semi-Detached	35.6%	31.7%	29.8%	36.6%	30.8%
■ Detached	21.9%	40.7%	41.6%	20.6%	22.6%
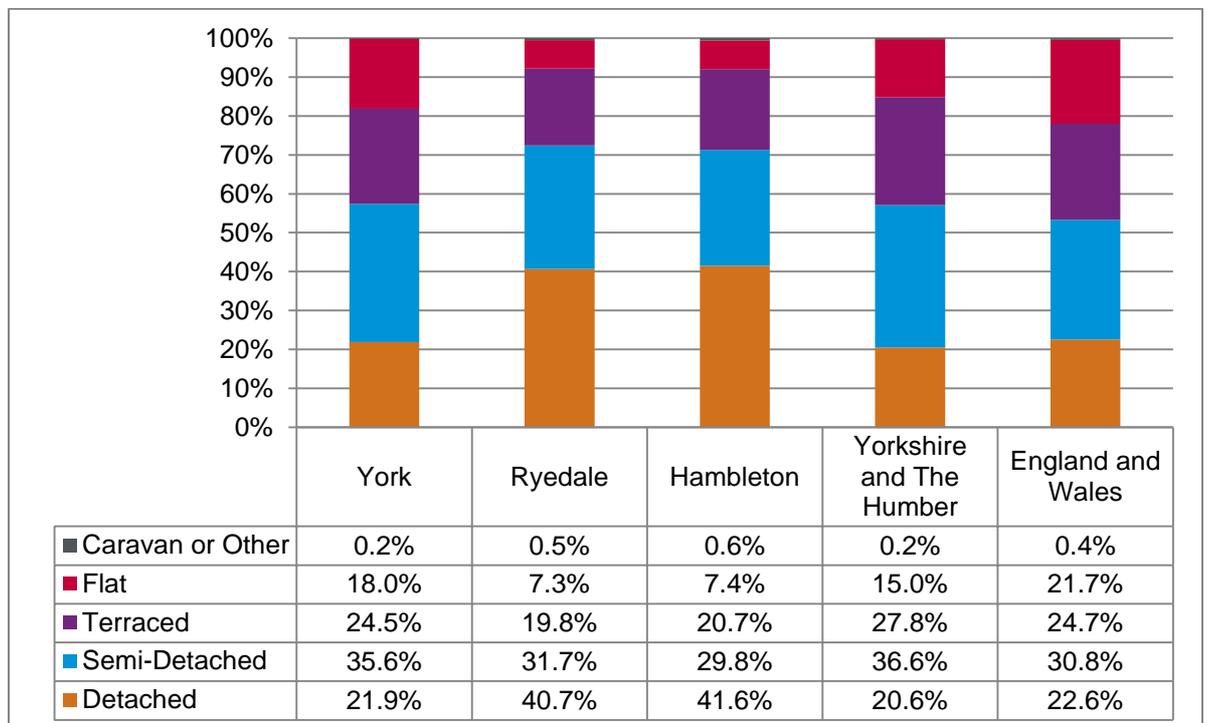
Source: Census 2011

3.13   The sub-area breakdown of stock for York shows major differences across the areas. The biggest difference can be seen in numbers of terraced and detached properties. The Village Rural sub-area has 54.6% of detached dwellings across the entire housing stock. Conversely, it has a small proportion of terraced (9.3%) properties relative to other sub-areas.

3.14   At the same time city centre has only 5.4% of detached dwellings. Terraced properties constitute the biggest proportion of the existing housing stock at 39.2%. There is also a large number of purpose built flats / maisonettes / apartments, accounting for almost a fourth of the overall sub- area stock (24%).

Figure 16: Profile stock by type: York sub- area breakdown (2011)

	Village Rural	Suburban	City centre/urban	York
■ Caravan or Other	0.8%	0.1%	0.1%	0.2%
■ Flat	2.8%	9.9%	31.2%	18.0%
■ Terraced	9.3%	14.9%	39.2%	24.5%
■ Semi-Detached	32.6%	48.6%	24.7%	35.6%
■ Detached	54.6%	26.6%	5.4%	21.9%
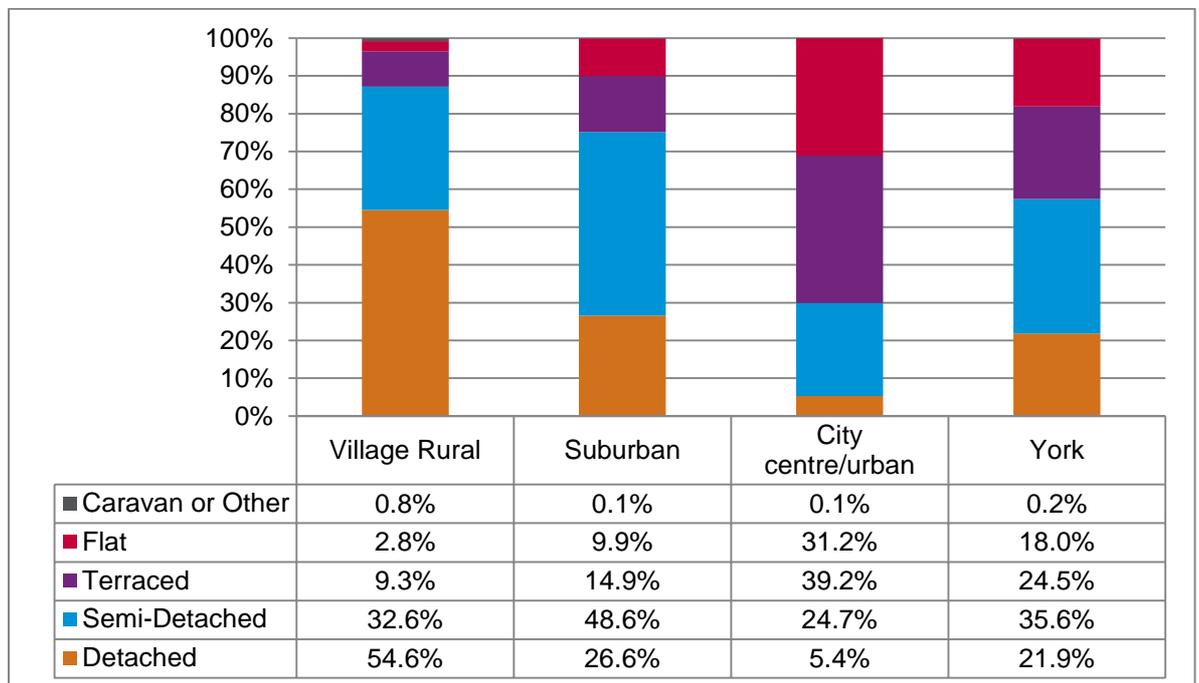
Source: Census 2011

Housing Size

3.15   The size mix of housing in Yorkshire and the Humber region is dominated by medium sized homes with around two-thirds of the stock comprising two- and three-bedroom dwellings. Three-bed homes are the most prevalent dwelling size across all of the areas and accommodate 37% to 44% of all households.

3.16   Of the three authorities, Hambleton has the highest proportion of "5 or more bedroom" dwellings (7%). York has the highest number of one-bedroom dwellings, constituting 10% of the authority's total housing stock. This figure falls below national trend, yet is broadly aligned with numbers at the regional level.

3.17   The overall composition indicates that York tends to be dominated by smaller size dwellings, while Ryedale and Hambleton are characterized by larger homes; the housing stock in in Ryedale consists of 59% of 3-4 bedroom dwellings.

Table 6:   House Size – Number of Bedrooms (2011)

	No Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ bedrooms
York	0%	10%	31%	37%	16%	5%
Ryedale	0%	6%	28%	41%	18%	7%
Hambleton	0%	7%	24%	39%	22%	8%
Yorkshire and the Humber	0%	10%	28%	44%	14%	4%
England and Wales	0%	12%	28%	42%	14%	5%

Source: Census 2011

3.18   The table below provides a sub-area breakdown of York's housing stock by size. At the authority level, the most common dwellings are 2-bed (31%) and 3-bed (37%). This is broadly consistent across of most of sub-areas. However, there is a higher proportion of 4-bedroom properties in the Village Rural sub-area (28% in comparison to 16% in York), and a lower level of 1-bedroom properties (6% lower than the proportion at the authority level).

3.19   Compared to the figures at the authority level, we can also see that there is a larger proportion of 1-bedroom properties in City Centre/ Urban sub-area (17% compared to 10% at the authority level).

3.20   In the Suburban sub-area, the most common properties are 3-bedroom dwellings (43%). This figure is 6% above the York average.

Table 7:   House Size- Number of Bedrooms: York sub- area breakdown (2011)

	No Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms
Village Rural	0%	4%	23%	37%	28%	8%
Suburban	0%	7%	29%	43%	17%	4%
City centre/urban	0%	17%	37%	31%	11%	5%
York	0%	10%	31%	37%	16%	5%

Source: Census 2011

Overcrowding and Under-Occupation

3.21   Studying levels of overcrowding/under occupation in the housing stock is an important part of the SHMA. The Guidance also identifies overcrowding as an important indicator of the supply/demand balance. Analysis of housing occupancy is also useful as an indicator of the potential mismatch between households and house sizes. Overcrowding is defined by the number of households who have one or more "rooms" less than their household need. The need is based on an assessment of the relationship between household members, their ages and gender. Although the most recent census provides an assessment of overcrowding/under-occupancy to the more accurate bedroom standard it is not a like for like comparison for the 2001 data.

3.22   In terms of under- occupancy, 75% of the properties in York are considered to be under- occupied. Figures for all three authorities are above the national averages (73.1%).

3.23   At local authority level, York has the highest levels of over-crowded properties (7.1%). Although this figure is above regional levels (6.6%), it still falls below the national average (8.5%).

Table 8:   Overcrowding and Under-Occupation (2011)

	Under-occupied	Over-crowded
York	75.3%	7.1%
Ryedale	86.0%	3.0%
Hambleton	86.1%	2.6%
Yorkshire and The Humber	75.7%	6.6%
England and Wales	73.1%	8.5%

Source: Census 2011

3.24   The York sub-area breakdown indicates a significant proportion of under-occupied properties in the Village Rural sub-area with 90.3% of the properties in the sub-area under-occupied. This figure is almost 15% above the authority proportion.

3.25   Conversely, data for City Centre/ Urban sub-area shows the opposite trend. This sub-area has 63.3% of under-occupied properties, and a figure of 12.3% over-crowding, which is almost 5% above the proportion at the authority level.

Table 9:   Overcrowding and Under-occupation: York sub- area breakdown (2011)

	Under-occupied	Over-crowded
Village Rural	90.3%	1.7%
Suburban	81.8%	3.8%
City centre/urban	63.3%	12.3%
York	75.3%	7.1%

Source: Census 2011

3.26   All of the authorities have high levels of under-occupancy, with each one exceeding trends at the national level. There is a particularly high level of under-occupation in Hambleton (86.1%) and Ryedale (86%). By comparison, 75.7% of households in the Yorkshire and the Humber region have an excess of space for the number of residents, which is 2.6% higher than the national average (73.1%).

3.27   Only 7.1% of dwellings in York, 3% in Ryedale and 2.6% in Hambleton are over-crowded. This is below the national average of 8.5%. However, the level of over-crowding in York is above the regional rate of 6.6%.

3.28   Comparing the data to the 2001 Census, the biggest growth in the number of over-crowded dwellings can be seen in York (+2%). This increase is in line with trends at the national level. Over this period there has been no change for Ryedale and Hambleton, and a 1% rise across the region.

Vacant and Second Homes

3.29   Using the most recent data the highest vacancy rates are in Hambleton (2.95%) which is just above the national average (2.58%). By comparison, the City of York has less than 1% of its stock as vacant.

3.30   The City of York also has the lowest highest rate of second homes (0.51%). This however is well behind Ryedale (3.24%). Approximately 1% of all the homes nationally are second homes. In terms of long term vacant dwellings, York falls below the wider comparators and the national average.

Table 10:   Vacant and Second Homes (2014)

	All Dwellings	All Vacant Dwellings	Second Homes	Long Term Vacant Dwellings	Long Term Vacant and Second Home Dwellings
York	87,281	0.97%	0.51%	0.22%	0.73%
Hambleton	40,486	2.95%	1.01%	1.04%	2.06%
Ryedale	25,099	2.87%	3.24%	0.99%	4.23%
England	23,653,120	2.58%	1.04%	0.87%	1.91%

Source: CLG 2015

Population Characteristics

Ethnic Profile

3.31   Table 11 profiles the population by ethnic group. In York, 94% of residents are white. Ryedale and Hambleton are less diverse with 99% and 98% of the residents classified as white. The region of Yorkshire and the Humber is more diverse, with 11% of residents being in ethnic minority groups. This is more in line with the ethnic proportions at the national level, where 14% of the population constitutes ethnic minority groups.

3.32   In York, Ryedale, Hambleton, and across the Yorkshire and the Humber, the Asian ethnic group constitutes the largest ethnic minority group. The second largest ethnic group across the three authorities and Yorkshire and The Humber is 'Mixed' ethnicity. This is contrasting to national trends, where Black ethnic group is second largest minority group. York has a larger Black population (0.6%) than Ryedale (0.2%) and Hambleton (0.1%), yet it is much smaller than the proportion across the region (1.6%).

Table 11:   Population by Ethnic Group

	White	Asian	Black	Mixed	Other
York	94.28%	3.40%	0.60%	1.22%	0.49%
Ryedale	98.67%	0.53%	0.15%	0.58%	0.06%
Hambleton	98.31%	0.67%	0.21%	0.67%	0.14%
Yorkshire and The Humber	88.80%	7.30%	1.52%	1.60%	0.77%
England and Wales	85.97%	7.51%	3.33%	2.18%	1.01%

Source: Census 2011

Labour Market

Qualifications and Skills

3.33   The population of York is generally highly qualified, with over 32% of residents having qualifications of level 4 (degree level) or above. This figure is 9% above the regional level. Hambleton has a similar qualification level to York. Ryedale has the lowest proportion of Level 4+ qualifications of the three authorities (with 27%); this proportion is in line with the national rate and above the regional rate (23%).

3.34   Ryedale has the highest level of no qualifications across the authorities with 24%; yet, it is only 1% larger than the national value and is 2% below the regional proportion. The proportion of the population with no qualifications is considerably lower in York (18%) and Hambleton (20%).

Table 12:   Qualifications (2011)

	No Qualifi-cations	Level 1	Level 2	Appre-ntice-ship	Level 3	Level 4+	Other
York	18%	11%	14%	4%	17%	32%	4%
Ryedale	24%	13%	16%	4%	11%	27%	4%
Hambleton	20%	12%	16%	4%	12%	32%	4%
Yorkshire and The Humber	26%	14%	15%	4%	13%	23%	5%
England and Wales	23%	13%	15%	4%	12%	27%	6%

Source: Census 2011

Occupations

3.35   In Hambleton and York, the largest occupational group is professional occupations – 44% in Hambleton and 43% in York. That is roles in managerial, professional or associate professional occupations. Both areas are above the regional (37%) and national (41%) averages. The figure for Ryedale is lower at 36%.

Figure 17: Occupations (2011)
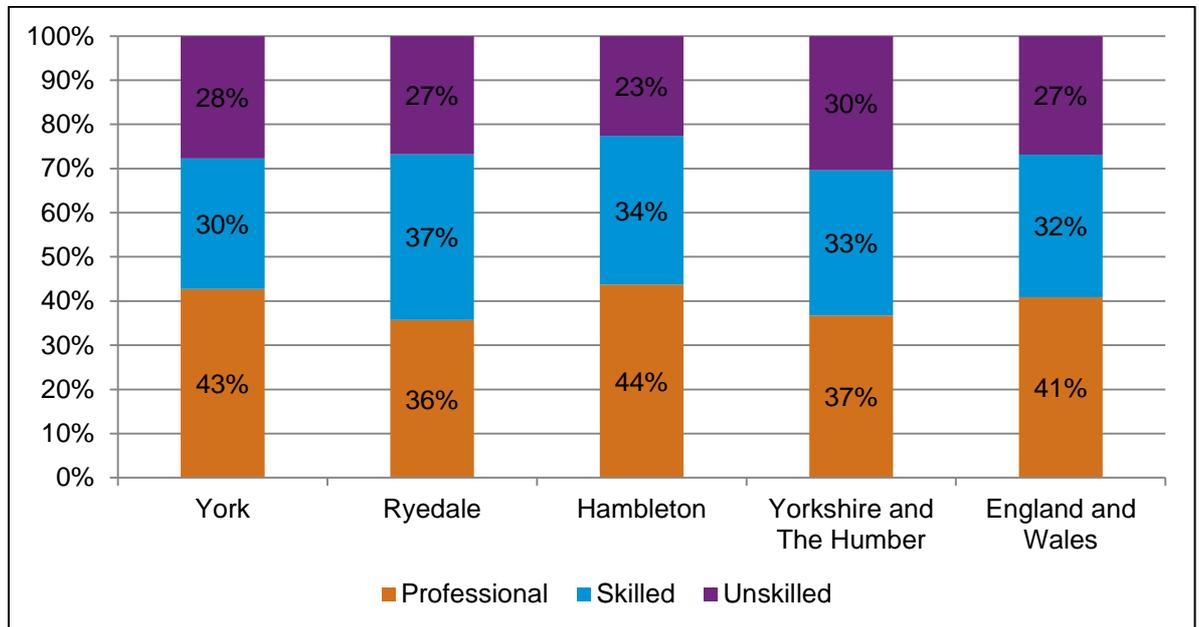
Source: Census 2011

KEY MESSAGES

- The population across York, Ryedale and Hambleton is generally highly qualified and exceeds the regional and national profiles. More than a quarter of the occupations within the above areas are professional or skilled positions. This also exceeds regional and national averages.

- In terms of tenure, the majority of the population owns their property (owns outright or through a mortgage). Although there has been a shift away from owner occupation towards privately renting.

- The most common dwelling types across all of the authorities are detached and semi-detached houses. Three bedroom units are the dominant dwellings in all of the authorities, which broadly reflect trends at the national level.

- The majority of the dwellings across all of the areas are under-occupied.

4   DEMOGRAPHIC LED PROJECTIONS

4.1   The analysis in this section considers housing need based on projecting forward past demographic trends. Subsequent sections of this report then consider whether there is evidence to suggest that a higher level of housing provision might be needed than past trends suggest. Following the PPG approach, this section thus sets out trend-based demographic projections which provide a "starting point" for considering overall housing need.

4.2   This section considers the ONS 2012-based Sub-National Population Projections (SNPP) published in May 2014, and the associated CLG 2012-based Household Projections, published in February 2015. In accordance with Planning Practice Guidance, it takes account of the Mid-Year Population Estimates (MYE) which are available for 2013 and 2014.

4.3   Although the MYE are just estimates of population they are the best and closest available data to an actual updated count of population. In the past these have been known to be somewhat inaccurate once know data taken from census counts is interrogated. These inaccuracies have largely been attributed to historic under/over estimates of the migration components to the estimates. However, they must be considered as part of the OAN as set out in the guidance. The MYE will also feed into the ONS sub-national population projections.

4.4   Although data is now available up to 2014 (from mid-year population estimates (and latterly the 2014-based SNPP)) the analysis looks at a projection period from 2012 to 2032 – this is to be consistent with the emerging Local Plan. However, because data is available up to 2014, all of the projections developed have a fixed level of population growth in the 2012-14 period with much of the baseline analysis looking at the most recent (2014) information.

Previous analysis of housing need

4.5   York has recently reviewed housing needs in the City through a report by ARUP (Evidence on Housing Requirements in York: 2015 Update – August 2015). The ARUP report was primarily aimed at assessing the implications of the 2012-based CLG household projections for objectively assessed need in the City, and was an update to work carried out in 2014.

4.6   The core outputs of the analysis were based on considering needs set against the household projections and also economic forecasts from Oxford Economics (OE). The conclusions were an annual need for between 809 and 854 dwellings per annum to be provided in the 2012-32 period; this range was based on outputs linked to the OE forecast with a demographic based projection (from the 2012-based household projections) sitting towards the bottom end of this range – a need

for 817 dwellings per annum. The ARUP figures included an annual allowance of between 58 and 65 dwellings per annum to take account of a 'backlog'.

4.7   A range of sensitivities were undertaken based on different assumptions about future migration, and these showed a wider range of need (from 755 to 927 dwellings per annum). ARUP also considered a number of other matters and this included for example a view that the growth in student households would already be picked up as part of the trend-based projections (and hence no uplift would be required as a result of this group). ARUP also suggest that no uplift is required as a result of market signals (although it is noted that York is a relatively high cost location).

4.8   In conclusion, the report therefore returned back to the core scenarios developed and suggested an objectively assessed need in the range of 817 dwellings per annum (based on demographic trends) and 854 dwellings per annum (linked to the higher of the economic forecasts). The projections in this report build on the work by ARUP and essentially sensitivity check the figures as well as drawing on new data (such as from mid-year population estimates).

Demographic profile of York

4.9   In accordance with the PPG, the demographic projections herein seek to take account of the latest official data from the Office for National Statistics (ONS). The population of York in 2014 is estimated to be 204,400. This is an increase of 23,100 people since 2001 – a 12.7% increase over the 13-year period. This level of population growth is some way above that seen across the Yorkshire/Humber region (7.7%) as well as being above the average for England as a whole (9.8%).

4.10   We can also consider longer-term trends in population growth with data being available back to 1981. Figure 18 shows that population growth in York was quite modest in the period to about 2000, but since then has grown steadily – a similar trend can be seen in other areas. Overall, in the period back to 1981, population growth in York has been quite strong in comparison with other areas. Overall, the population of York has grown by 24% since 1981, above the growth level seen in the Yorkshire/Humber region (9%) and also England (16%).

4.11   Higher long-term population growth would potentially point to stronger comparative housing demand in York relative to other parts of the region. However, this needs to be understood alongside analysis of some of the reasons for population growth. In York, there is a significant student population and analysis later in this report identifies a 7,400 increase in full-time students from 2001 to 2011 (from Census data). Analysis of Higher Education Statistics (HESA) data (again provided later in the report) suggests an increase in full-time students between 2002 and 2014 of about 7,500 (this figure is for both the University of York and St. Johns).

4.12   Without the student growth the population of the City from 2011-14 might have been expected to increase by about 15,500 (rather than 23,100). This would be a population increase of about 8.5% - still slightly above the regional figure but slightly below that observed nationally.

Figure 18: Indexed Population Growth (1981-2014)
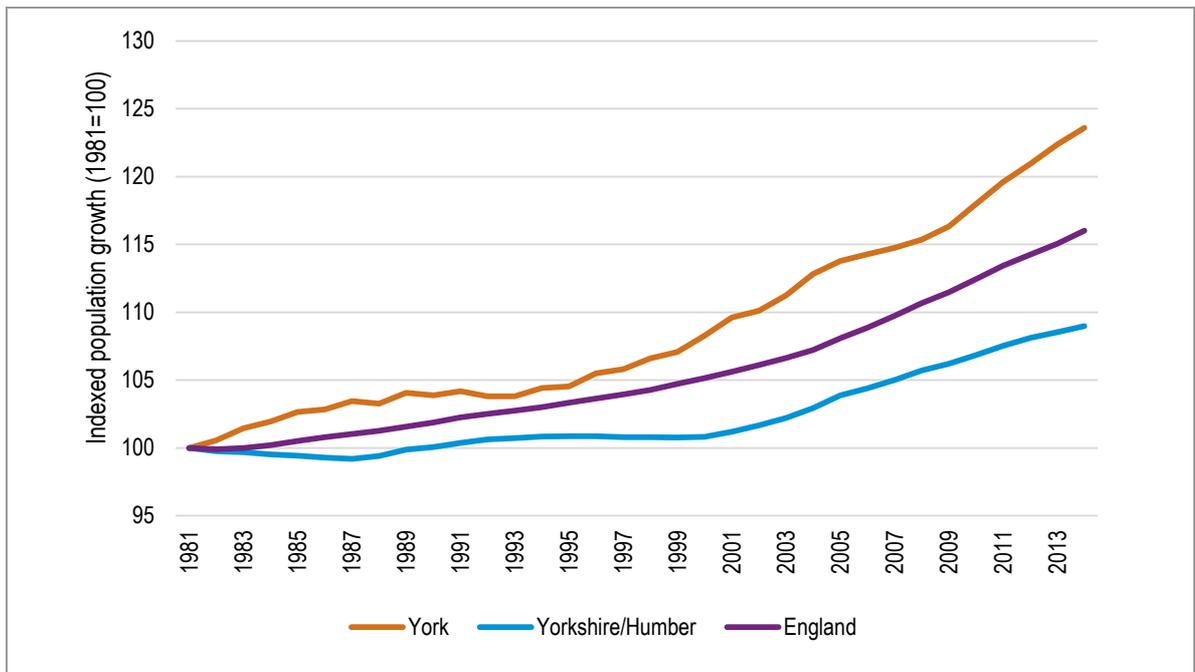
Source: ONS

4.13   Figure 19 and Table 13 below consider the drivers of population change in the City. Population change is largely driven by natural change (births minus deaths) and migration. The historical ONS data includes a small other changes category (mainly related to armed forces and prison populations). It also includes figures identified as Unattributable Population Change (UPC). This is an adjustment made by ONS where Census data suggests differences from ONS figures for the other components of change. UPC could relate to the accuracy of either the 2001 or 2011 Census figures, or components of change between these dates.

4.14   Figure 19 shows that migration has been the key driver of population change with a relatively low level of natural change (births minus deaths).

4.15   The number of births has typically exceeded the number of deaths by around 250 per annum over the period from 2001. The level of natural change has generally been increasing over time although the more recent evidence suggests that this may now be levelling off or starting to decline slightly.

4.16   The data also shows that both international and internal migration (i.e. moves from one part of the Country to another) is significant. Over the period from 2001, international migration has averaged 1,210 people per annum; and internal migration 510 persons per annum. Migration has been

variable over time, as is the case in many local authorities. Migration is significantly positive throughout the past trend period studied, varying from 721 in 2005/6 up to 2,907 in 2003/4. Migration is the key driver of population growth.

Figure 19: Components of Population Change, mid-2001 to mid-2014 – York
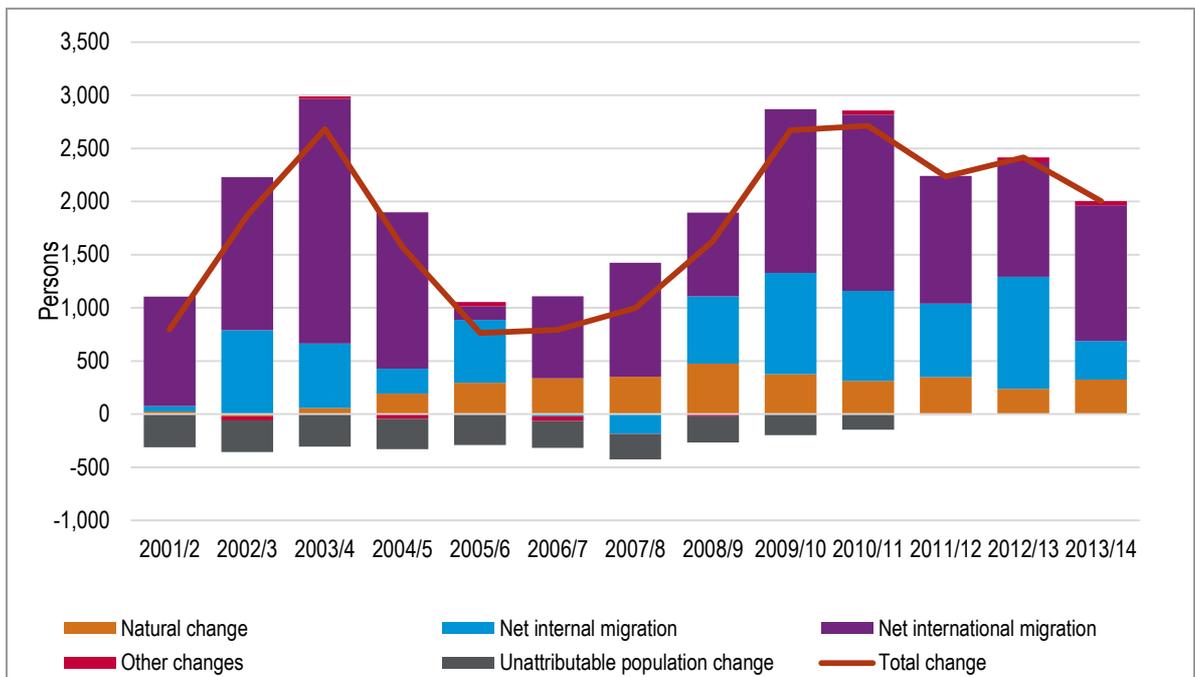
Source: ONS

4.17   Other changes and UPC are quite small although the negative level of UPC might suggest that past population growth in the City has been slightly over-estimated by ONS in their components of change data series or point to modest inaccuracies in Census data.

Table 13: Components of Population Change (2001-14) – York

Year	Natural change	Net internal migration	Net inter-national migration	Other changes	Other (un-attributable)	Total change
2001/2	26	50	1,031	0	-310	797
2002/3	-21	791	1,438	-39	-297	1,872
2003/4	59	606	2,301	22	-305	2,683
2004/5	192	236	1,471	-45	-283	1,571
2005/6	294	594	127	39	-291	763
2006/7	337	-19	773	-45	-253	793
2007/8	351	-186	1,073	-2	-238	998
2008/9	474	636	787	-19	-248	1,630
2009/10	376	951	1,543	0	-198	2,672
2010/11	314	845	1,659	40	-145	2,713
2011/12	349	690	1,202	-6	0	2,235
2012/13	237	1,056	1,078	44	0	2,415
2013/14	325	363	1,277	39	0	2,004

Source: ONS

4.18   The age profile of the population of the City is slightly different to that seen across the region and nationally; the main differences are the high proportion of people aged 15-29 (which to some extent will be linked to the student population) and the low proportion of children. When looking at the older person population (aged 6-74 and 75+) the data shows relatively little difference between York and other areas.

Figure 20: Population Age Profile (2014)
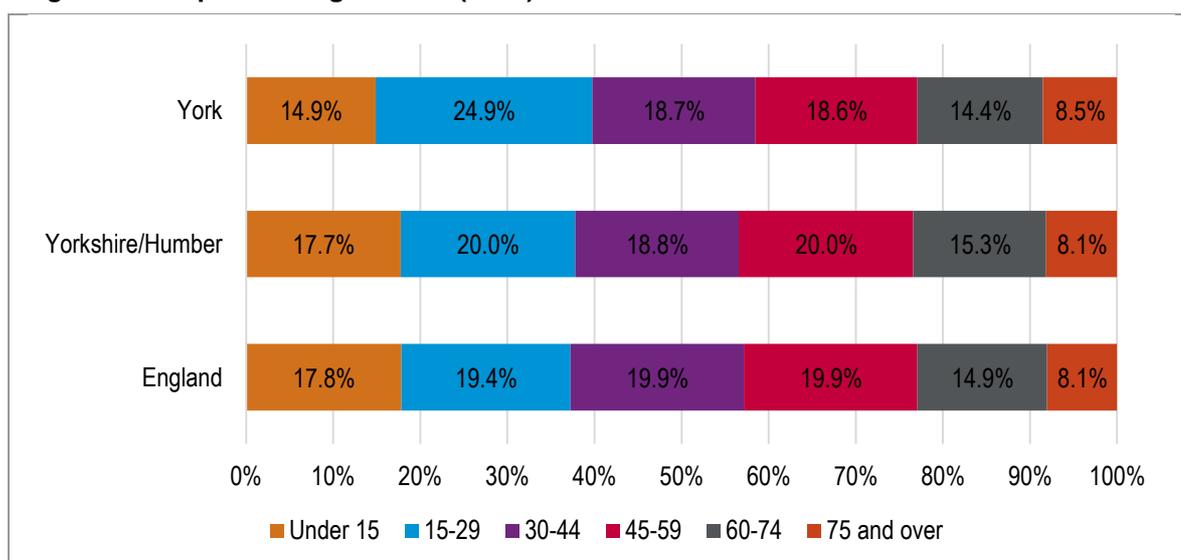
Source: ONS 2014 mid-year population estimates

4.19   The table below shows how the age structure of the population has changed over the 2001 to 2014
period. The data shows the most significant growth to have been in the 15-29 age group; this group
has increased in size by 33% and makes up over half of the total population growth seen in the City.
There have also been notable increases in age groups from 45 upwards (all increasing at a faster
rate than the overall level of population growth). The analysis also indicates a small decline in the
population aged 30-44 and a modest increase in the number of children (population aged under 15).

Table 14:   Change in Age Structure 2001 to 2014 – York

Age group	2001	2014	Change	% change
Under 15	29,600	30,400	800	2.7%
15-29	38,300	50,900	12,600	32.9%
30-44	40,000	38,200	-1,800	-4.5%
45-59	33,700	38,100	4,400	13.1%
60-74	24,700	29,500	4,800	19.4%
75 and over	14,700	17,400	2,700	18.4%
Total	181,300	204,400	23,100	12.7%

Source: ONS mid-year population estimates (2001 and 2014)

4.20   The same analysis has been carried out for a range of comparator areas (in Table 15 below). The
data identifies that population change in York has broadly followed the change seen across other
areas. The key difference is in the 15-29 age group, where York has seen much stronger population
increases. The significantly larger increase in the population aged 15-29 in York is heavily
influenced by the increase in the number of students (as discussed above).

Table 15:   Change in age structure 2001 to 2014

Age group	York	Yorkshire & Humber	England
Under 15	2.7%	0.2%	4.2%
15-29	32.9%	14.7%	12.9%
30-44	-4.5%	-8.3%	-4.0%
45-59	13.1%	13.8%	16.0%
60-74	19.4%	21.8%	24.1%
75 and over	18.4%	15.8%	17.5%
Total	12.7%	7.7%	9.8%

Source: ONS mid-year population estimates (2001 and 2014)

2012-based Sub-National Population & Household Projections

4.21   The latest set of subnational population projections (SNPP) were published by ONS on the 29th May
2014. They replace the 2010- and 2011-based projections. Subnational population projections
provide estimates of the future population of local authorities, assuming a continuation of recent
local trends in fertility, mortality and migration which are constrained to the assumptions made for

the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends). The SNPP are only population projections and do not contain headship rates (which are needed to convert into household estimates).

4.22   The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

Overall Population Growth

4.23   The table below shows projected population growth from 2012 to 2032 in each of York and a range of comparator areas. The data shows that the population of the City is expected to grow by around 24,500 people. This is a 12.2% increase – above that expected across the region but slightly lower than projected nationally – this is a noteworthy finding given that past population growth has typically been stronger in the City than other locations. However, given that much of the past growth is linked to changes in the student population it is not unreasonable for York to see below trend future projections (this is at least in part due to overall population growth in 'student' age bands being projected to be quite modest at a national level).

Table 16: Projected Population Growth (2012-2032)

	Population 2012	Population 2032	Change in population	% change
York	200,018	224,498	24,480	12.2%
Yorkshire/Humber	5,316,700	5,816,100	499,400	9.4%
England	53,493,700	60,723,900	7,230,200	13.5%

Source: ONS

4.24   Figure 21 shows past and projected population growth in the period 2001 to 2032. The data also plots a linear trend lines, the first based on the last five years for which data is available (2009-14) and the second on the longer-term period from 2001 to 2014 – this being the longest period for which reasonable data about the components of population change (e.g. migration) is available. The data shows that the population is expected to grow at a rate which is somewhat below both short- and long-term past trends. The figure also shows some discrepancy between actual population growth recorded by ONS since 2012 and the projected level within the SNPP – this means that population growth has been stronger in the 2012-14 period than had been projected by ONS.

Figure 21: Past and projected population growth – York
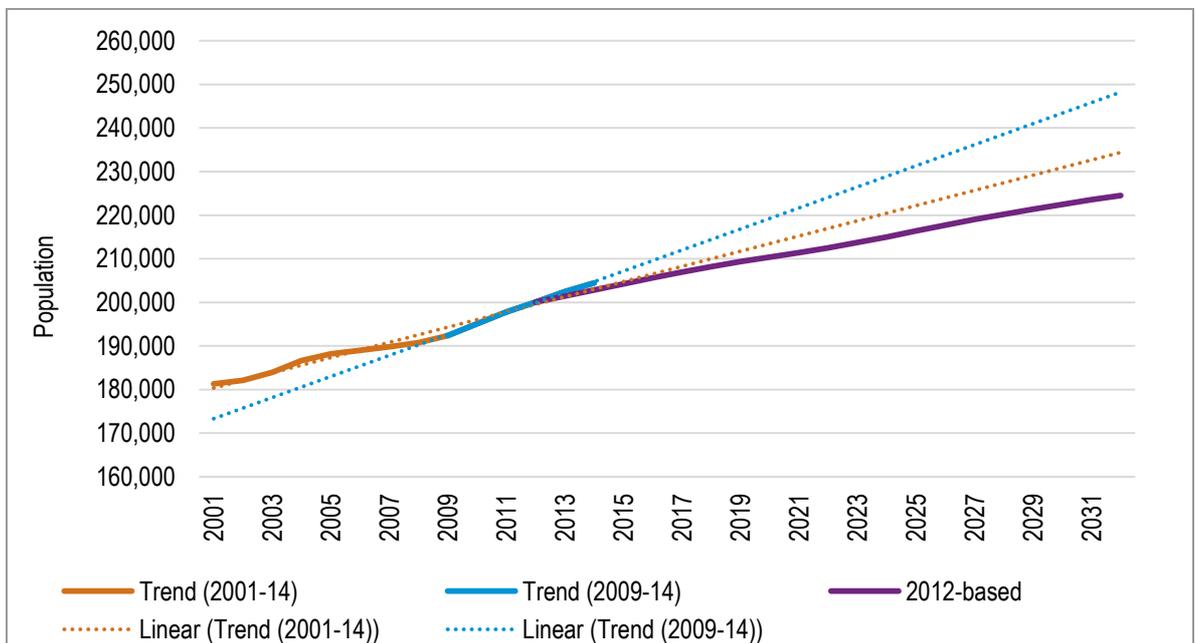
Source: ONS

Components of Population Change

4.25   Figure 22 brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that natural change is expected to be somewhat higher in the future than has been seen in the past, although this is expected to decrease over time – up until about 2024 the average level of natural change is expected to be around 500 per annum (more births than deaths); a higher figure than seen in all bar one of the individual years back to 2001.

4.26   Expected levels of migration show some variation over time – decreasing to 2021 before increasing and then levelling off. When compared with the past trends, the migration the figures look to be relatively low. For the whole of the projection period (2012-32) the average level of migration is expected to be around 811 people (net) per annum. This figure compares with 1,691 per annum on average from 2001 to 2012 and 1,840 per annum for the five years to 2012 (the start point of the projections). However, again these figures need to be understood in the context of past changes to the student population; growth in the number of students has typically averaged around 700 people per annum since 2001.

Figure 22: Components of Population Change, mid-2001 to mid-2032 – York
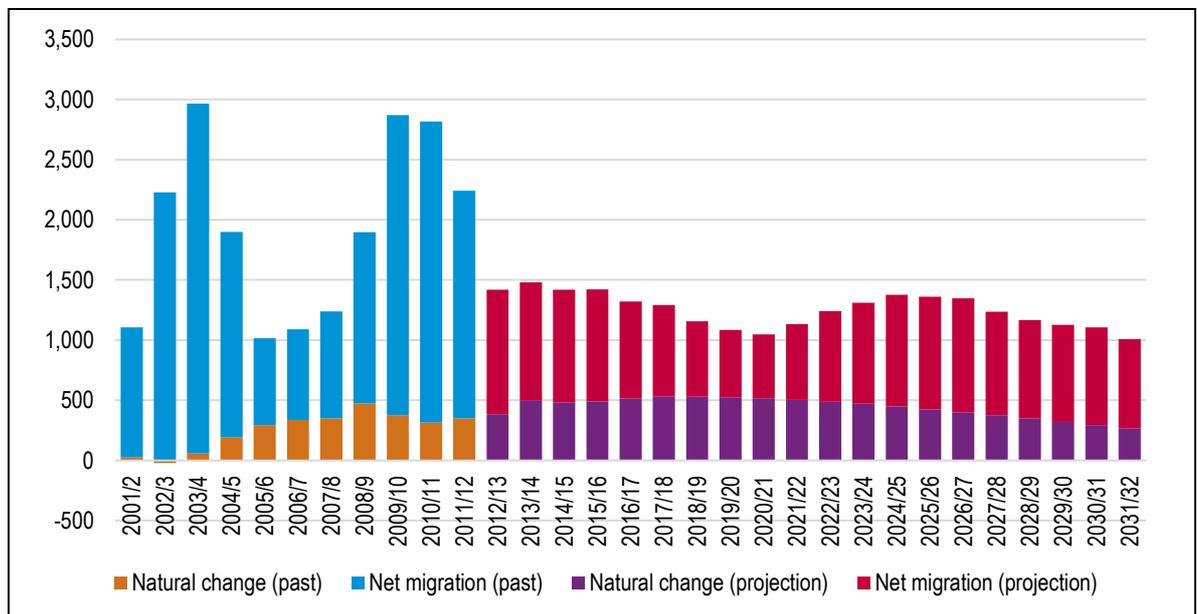
Source: ONS

4.27   Data from 2013 and 2014 mid-year population estimates shows that migration has indeed been stronger than was expected in the SNPP, although it is notable that natural change has been lower. In the 2012-14 period, net migration was expected to average 1,007 people per annum, whereas the ONS MYE data shows a figure of 1,887. Conversely, the SNPP expected an average level of 443 people per annum natural change compared with just 281 in the MYE.

4.28   The lower level of net migration within the SNPP compared with past trends should not be seen as suggesting that the SNPP are in any way deficient. The SNPP are developed to a complex methodology by ONS which takes account of age specific prevalence rates for migration and does not look directly at the actual levels of migration seen in the past (although there will be a strong link between the two). Additionally, the SNPP is constrained to national population projections which can have a notable impact on estimated levels of international migration in the future when compared with past trends.

Age Structure Changes

4.29   With growth in the population will also come age structure changes. The table below summarises the findings for key (15-year) age groups in the 2012-based SNPP. The data shows that largest growth will be in people aged 60 and over: it is estimated that there will be 63,100 people aged 60 and over in 2032 – this is an increase of 17,300 from 2012, representing growth of 38%. The population aged 75 and over is projected to increase by an even greater proportion, 59%, driven by improving life expectancy.

4.30   Looking at the other end of the age spectrum the data shows that there are projected to be around 9% more people aged under 15, along with increases in the 15-29 and 30-44 age groups (and a modest decline in the population aged between 45 and 59).

4.31   Arguably the most noteworthy finding from this analysis is the relatively small increase in the population aged 15-29 (this age group will include the vast majority of students). Whilst over the 2001-14 period, this age group increased by 12,600, there is only projected to be a 2,500 increase over the 20-years to 2032. Such a finding is consistent with this age group not being expected to see any notable changes at a national level in the future.

Table 17: Population change 2012 to 2032 by fifteen-year age bands (2012-based SNPP) – York

Age group	Population 2012	Population 2032	Change in population	% change from 2012
Under 15	29,947	32,690	2,743	9.2%
15-29	48,715	51,171	2,456	5.0%
30-44	38,631	41,402	2,771	7.2%
45-59	36,984	36,184	-800	-2.2%
60-74	28,933	36,313	7,380	25.5%
75+	16,808	26,738	9,930	59.1%
Total	200,018	224,498	24,480	12.2%

Source: ONS (2012-based SNPP)

4.32   Table 18 helps to show why the SNPP is projecting a lower level of population growth in the future than has been seen in the past (regardless of whether short- or long-term trends are considered). In particular, (as noted above) there is only expected to be modest growth in the population aged 15-29; this was the key growth age group over the 2001-14 period. Clearly if this age group is not expected to increase at the same sort of rate as previously seen, then there will be a decrease in growth rates when compared with past trends. A relative lack of growth in the student population in the future is evidenced later in the report. At the time of writing York University was not expecting significant increases in the student population whilst St. Johns was only expecting a modest increase. With this knowledge, and the age specific outputs from the SNPP we can have reasonable confidence that the SNPP is a realistic projection.

4.33   Investigation of this particular cohort of the population (those aged 15-29) can be investigate further by looking at expected age structure changes in other areas and the same analysis has been carried out for a range of comparator areas (in Table 18 below). The data identifies that projected population change in York is expected to broadly follow the changes expected across other areas – with a particular focus on the population ageing over time. When looking at the 15-29 age group it is clear both regionally and nationally that population growth is expected to be modest – this will in effect minimise the population base from which people who might be expected to move to York will

do so and so the lower than trend future growth is not unreasonable. This conclusion is sound although some care needs to be taken in interpretation as in reality population movements are fluid and will be impacted by age cohorts as they move through time (i.e. those age 15-29 in 2032 will have all been in a younger age group in 2012).

Table 18: Population change 2012 to 2032 by fifteen-year age bands (2012-based SNPP)

Age group	York	Yorkshire/Humber	England
Under 15	9.2%	5.2%	9.7%
15-29	5.0%	2.0%	3.6%
30-44	7.2%	2.7%	5.0%
45-59	-2.2%	-7.4%	0.1%
60-74	25.5%	25.9%	30.9%
75+	59.1%	64.6%	69.8%
Total	**12.2%**	**9.4%**	**13.5%**

Source: ONS (2012-based SNPP)

4.34   Overall, when taking account of the key growth age groups in York in the past and expected changes in the future, it is concluded that the SNPP is a reasonable demographic projection. However, it is also noted that the data underpinning the SNPP has to some extent been superseded (through new releases of mid-year population estimates) and this is considered in the following section.

Alternative demographic scenarios

4.35   As noted above, the SNPP looks to be a sound projection with regard to population growth in the City. However, earlier analysis did highlight some concerns in relation to the 'unattributable' component of population change within ONS population data for the 2001-11 period. Additionally, it should be noted that the SNPP are 2012-based and there have been subsequent releases of population data for 2013 and 2014. Finally, there is merit in considering longer-term trends (in migration).

4.36   Given the new population data and differences in short- and long-term migration and population growth it is reasonable to consider alternative (sensitivity) scenarios – such an approach is set out in para 2a-017 of the PPG which states *'plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections…'.*

4.37   There are a number of issues and alternatives which can be investigated. Firstly, it should be noted that the SNPP are 2012-based; with publication of new population data for 2013 and 2014 it is now possible to see if there have been any notable shifts in short-term migration patterns and hence use

the more recent data to establish if the next SNPP (a 2014-based version expected to be published in Spring 2016) will differ substantially from that in the 2012-based version. Secondly, account can be taken of longer-term migration trends (noting that earlier analysis has suggested a lower level of migration in the recent past than over the longer-term (the past 10-years for example). Finally, earlier analysis did highlight the 'unattributable' component of population change within ONS population data for the 2001-11 period and it is possible to test alternative scenarios taking account of this component of change.

4.38   The analysis below therefore considers two potential sensitivities to the figures. These can be described as:

- Implications of 2013 and 2014 mid-year population data
- Implications of Unattributable Population Change
- Implications of long-term migration trends – migration over the past 10-years

Implications of 2013 and 2014 mid-year population data

4.39   In seeking to understand how population projections might change as a result of more recent ONS data, it is important to understand how the projections work. The SNPP is not a simple roll forward of past migration numbers but also takes account of the age structure and how this will change over time – this has an impact on estimated future migration (which can go up as well as down). Additionally, international migration is linked back to the ONS national projections which use a longer-term time series for analysis (believed to date back to 1994). It also needs to be noted that when looking at past trends at a local level, ONS conventionally uses data from the past five years for internal/domestic migration and a period of six years when considering international migration trends.

4.40   Table 19 below therefore shows average levels of migration in the periods which fed into the 2012-based SNPP and also that are expected to feed into the 2014-based SNPP. The analysis considers the difference between these periods to determine if the next set of SNPP is likely to show a higher or lower level of population growth. The analysis looks at internal and international migration separately.

4.41   The data shows that there has been an increase in net in-migration to the City (an increase in both internal and international net migration) when comparing the trend periods feeding into the 2012-based SNPP with the period that will feed into the next (2014-based) SNPP.

Table 19:   Past trends in internal and international migration – data feeding into subnational population projections –York

	Internal net migration	International net migration
2006/7	-	773
2007/8	-186	1,073
2008/9	636	787
2009/10	951	1,543
2010/11	845	1,659
2011/12	690	1,202
2012/13	1,056	1,078
2013/14	363	1,277
2012-SNPP	587	1,173
2014-SNPP	781	1,258
Difference	194	85

Source: ONS

4.42   To model an alternative scenario, the levels of migration underpinning the 2012-based SNPP have been adjusted to reflect the difference between figures for the different periods shown in the table above. For example, the modelling assumes a level of internal migration that is 194 people higher for each year of the projection post-2014 (data to 2014 being fixed by reference to the ONS mid-year population estimates).

Implications of Unattributable Population Change

4.43   As noted earlier there is a modest level of Unattributable Population Change (UPC) in the ONS data for 2001-11 in York. In this instance UPC is negative; this suggests that the components of change feeding into the SNPP may over-estimate migration and population growth. Whilst this is a useful scenario to consider we do not consider it, on its own, to be a robust alternative to the SNPP. The main reasons for this are that it is unclear if UPC is related to migration and more importantly, due to changes in the methods used by ONS to measure migration it is most probable that any errors are focussed on earlier periods (notably 2001-6) and therefore a UPC adjustment for more recent data would not be appropriate. It is also noteworthy that the 2012-based SNPP, when taken as a whole shows a level of population growth which is below past trends, suggesting that UPC is not having a significant impact on the projections moving forward.

4.44   There is however a case for looking at the impact of UPC as a sensitivity. In terms of the modelling, an adjustment is made to the overall migration assumptions for each year from 2014. This means assuming a level of net migration which is 257 people per annum lower than suggested in the SNPP (this being the average level of UPC calculated by ONS in the 2001-11 period).

Implications of long-term (10-year) migration levels

4.45   Previous analysis has identified that levels of population growth have been variable over time and this is at least in part due to a variable level of recorded migration. Analysis has therefore given consideration to migration trends over the longer-term. A consideration of longer-term trends is suggested as an alternative scenario in the PAS technical advice note where trends over a 10-15-year period are suggested as a possible alternative way to look at demographic change.

4.46   In this report data over the 10-year period from 2004 to 2014 has been used – looking at a 10-year period has become a conventional period for studying longer-term trends. The analysis is similar to that for the 2014-based scenario above in that it looks at the differences in the levels of net migration in the relevant reference period (i.e. 2007-12 for internal migration) and the levels seen over the past 10-years (2004-14). As with other projections, migration levels are treated as variable within the modelling and change depending on the age structure (both in the local area and areas from which people might be expected to migrate).

Outputs from different demographic projections

4.47   Table 20 shows the estimated level of population growth in the SNPP and the alternative projections developed. With more recent migration trends the level of population growth increases (to 17% from 12%) whilst with the UPC adjustment the growth reduces to around 9%. With a longer-term migration level the projected population growth is slightly below that in the SNPP.

Table 20:   Projected population growth (2012-2032) – alternative scenarios

	Population 2012	Population 2032	Change in population	% change
2012-based SNPP	200,018	224,498	24,480	12.2%
2014 updated	200,018	233,405	33,387	16.7%
UPC adjustment	200,018	218,139	18,121	9.1%
10-year migration	200,018	220,992	20,974	10.5%

Source: Demographic projections

4.48   The SNPP and alternatives developed show quite a wide range of outputs and it is worth considering which should be considered as the most realistic to take forward into the modelling of housing need.

4.49   Looking first at the SNPP, it has been observed that the projected level of population growth under this scenario is expected to be lower than seen in past trends (regardless of whether or not a short- or long-term period is used). That finding in itself does not mean that there is necessarily any issue with the SNPP, the ONS projection method is complex with levels of migration in particular being sensitive to the age structure and how this is likely to change. However, it is notable in the two

years since the base date of the SNPP (i.e. mid-2012) that population growth has been stronger than previously projected.

4.50   With regard to updated migration information, whilst the data shows how figures have changed it is not possible to say with full confidence how this will be translated into the next SNPP (2014-based). As noted, the SNPP is not just based on overall migration levels but also takes account of the age structure of migration and how this changes over time. Additionally, the SNPP is constrained to national population projections and therefore assumptions about international migration at a national level can influence the assumptions at a local area level. On this latter point it is noteworthy that a new set of national population projections published at the end of October 2015 are now projecting a higher long-term level of net international migration. However, it is not known how this will translate into future projections for York. Given the uncertainties about how more recent migration data will manifest itself in the next round of ONS projections it is not considered that this alternative can robustly be taken forward as a projection against which the need for housing can be assessed.

4.51   With the UPC adjustment, whilst the level of UPC is clearly notable, it does not appear to be strongly impacting on the future projections, with levels of population growth being below past trends (a UPC adjustment takes future population growth even lower below past trends). Additionally, it is not considered that a UPC adjusted projection is reasonable because a) it is unclear if the UPC is due to errors in the components of change data and b) the extent to which there is any error, it is likely that this will be concentrated earlier in the relevant period (e.g. in the 2001-6 period). It is not recommended that this projection should be taken forward into the assessment of objectively assessed housing need.

4.52   Finally, with 10-year migration trends it is noteworthy that the level of population growth is slightly below the SNPP. Whilst this would arguably be a reasonable alternative it is considered in the case of York that the slightly higher migration figures underpinning the SNPP may be more approapriate (particularly given the higher migration observed in the 2012-14 period). The fact that 10-year migration trends show a slightly lower level of population growth does however lend some support to the SNPP being reasonable and not underestimating future population growth.

A final alternative projection

4.53   Overall, we would conclude that the 2012-based SNPP is a sound demographic projection in terms of the way in which ONS model the available data; however, there are now more up-to-date population estimates for 2013 and 2014. It seems reasonable in the modelling to include the new population data and then roll-forward the SNPP from 2014. Essentially, this projection uses birth and death rates from the SNPP and also levels of migration (including the age structure). Such an

approach is consistent with the PPG in terms of using the most up-to-date information (this projection combines the most up-to-date population estimates with the most up-to-date projections).

4.54   The table below shows the level of population growth associated with this final projection (termed 2012-based SNPP (as updated)) along with the other scenarios. Population growth from this projection is shown to be at 13.7%, compared with 12.2% from the SNPP (as published).

Table 21:   Projected population growth (2012-2032) – alternative scenarios

	Population 2012	Population 2032	Change in population	% change
2012-based SNPP	200,018	224,498	24,480	12.2%
2014 updated	200,018	233,405	33,387	16.7%
UPC adjustment	200,018	218,139	18,121	9.1%
10-year migration	200,018	220,992	20,974	10.5%
2012-based SNPP (as updated)	200,018	227,340	27,322	13.7%

Source: Demographic projections

4.55   The figure below shows the population growth associated with each of the alternative projections (and the SNPP). As can be seen, the projection updating for more recent information (called 2014-based) shows a level of population growth that is in-line with long-term population growth trends but at a level some way below short-term trends. The UPC adjusted projection shows much lower population growth, and at a level which is notably below either of short- or long-term trends. The 2012-based SNPP (as updated) sits somewhere between the SNPP (as published) and the analysis linked to an adjustment for recent migration patterns.

Figure 23: Past and projected population growth – York
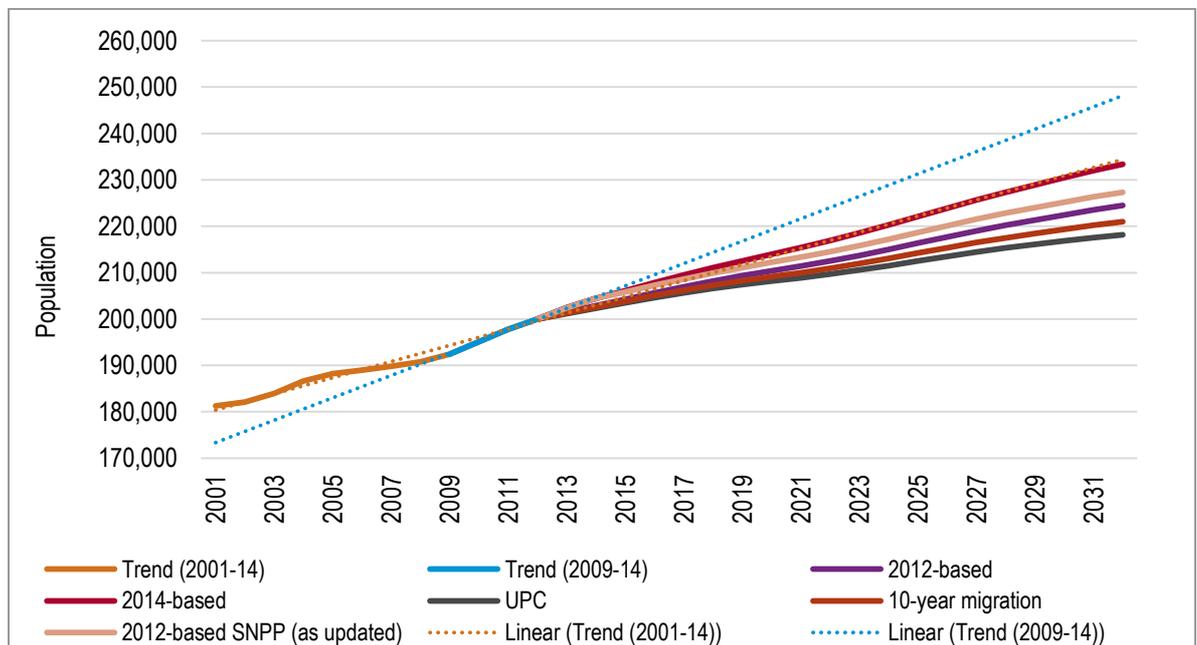
Source: ONS

4.56   To be clear, the conclusions of this analysis are that a UPC adjusted projection is not a robust scenario for York (although outputs are provided below for completeness) – this is due to uncertainty about the extent to which UPC is influencing future projections. It is also concluded that a full re-modelling for recent migration data is not appropriate – this is due to uncertainties about how more recent data will be translated into the next round of ONS projections (and noting that the ONS method is, appropriately, not simply based on a roll forward of past trend levels). The 2012-based projection should be considered, at least in part as it is the most recent official projection, and in terms of the PPG, this should form the start point for analysis. The updated demographic projection (2012-based (as updated)) should also be given weight given that it is based on the most up-to-date information available (latest population estimates and projections).

Household Growth

4.57   Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

4.58   The headship rates in the 2012-based CLG Household Projections are more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. At a national level (in the 2012-21 period considered by CLG) the new projections show

10% higher growth in households, for York the figure is significantly higher (at 26%). The difference between the 2011- and 2012-based projections reflects fuller analysis of 2011 Census data and consideration of the weight attached to short vs. longer-term trends, with greater weight given in the methodology for the 2012-based Household Projections to longer-term trends using data looking back to 1971.

4.59   The CLG (2012-based) Household Projections were published in two stages; Stage 1 in February 2015 and Stage 2 in December 2015. The Stage 1 Household Projections projected household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses. For younger age groups greater weight was given in the CLG Projections methodology to the dampened logistical trend than the simple logistics trend; the effect of which is to give greater weight to the shorter-term trends.

4.60   Stage 2 Household Projections were published by CLG in December 2015 and consider household types. The Methodology Report accompanying the projections is clear that these projections are based on just two points – the 2001 and 2011 Censuses. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure) or where adjustments are made to particular age groups.

4.61   Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth; this is for two key reasons: a) the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011) and b) the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG Household Projections themselves. Stage 1 household projection figures have therefore been used in the modelling which follows.

4.62   It is useful to interrogate how different CLG projection releases impact on assumptions for different age groups (i.e. to compare the 2012-based projections with those released as 2008- and 2011-based versions).

4.63   The figure below shows the headship rates used in each of the projections. Overall the 2012-based projections look fairly sound with most age group seeing fairly constant headship levels in the past and moving forward. There are however some exceptions which are discussed below.

4.64   It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell over the 2001-11 decade. However, the projections expect a notable increase in household formation amongst this age group over the projection period with formation rates by 2032 being at roughly the level seen historically (e.g. in 2011, when the rate started to drop). None of the other age groups show patterns which indicate any substantial change in household formation rates. There is some difference between figures from 2012-based and 2008-based in the 35-44 age group, although it can be observed that this age group has not seen any reduction in levels of household formation, and in the future there are expected to be increases.

4.65   The 2012-based Household Projections expect household formation rates amongst older age groups particularly those in the 85+ age group to fall over time. Given improving life expectancy this 'trend' looks to be reasonable (as it would be expected that more people would remain living as couples).

4.66   There are also potential age cohort effects for younger age groups, for instance the possibility that a lower headship rate amongst those 25-34 could feed through into the 35-44 age group in time. This is not reflected in the 2012-based Projections modelling where the 35-44 age groups sees an increase in rates moving through to 2032. This is specifically highlighted in CLG's 2012-based Household Projections: Methodological Report which outlines on Page 25 that:

> *"There could also be cohort effects that are ignored by the current methodology. Recent falls in household representative rates for younger age groups may carry forward through a cohort process into older age groups in future years. It is unlikely that analysis of the commissioned tables from the 2011 Census will identify whether such cohort effects are occurring at the present time. However, it may be important to fully consider and explore the impact on future household numbers if falling household representative rates for the younger age groups continue as these younger age groups move into older age groups through time. If there is evidence in the future from the Census 2011 and the LFS of cohort effects, then it would be necessary to consider whether introducing cohort effects into the model would improve the household projections – especially given the additional complexity and data requirements that this approach would entail."*

Figure 24: Projected Household Formation Rates by Age of Head of Household – York
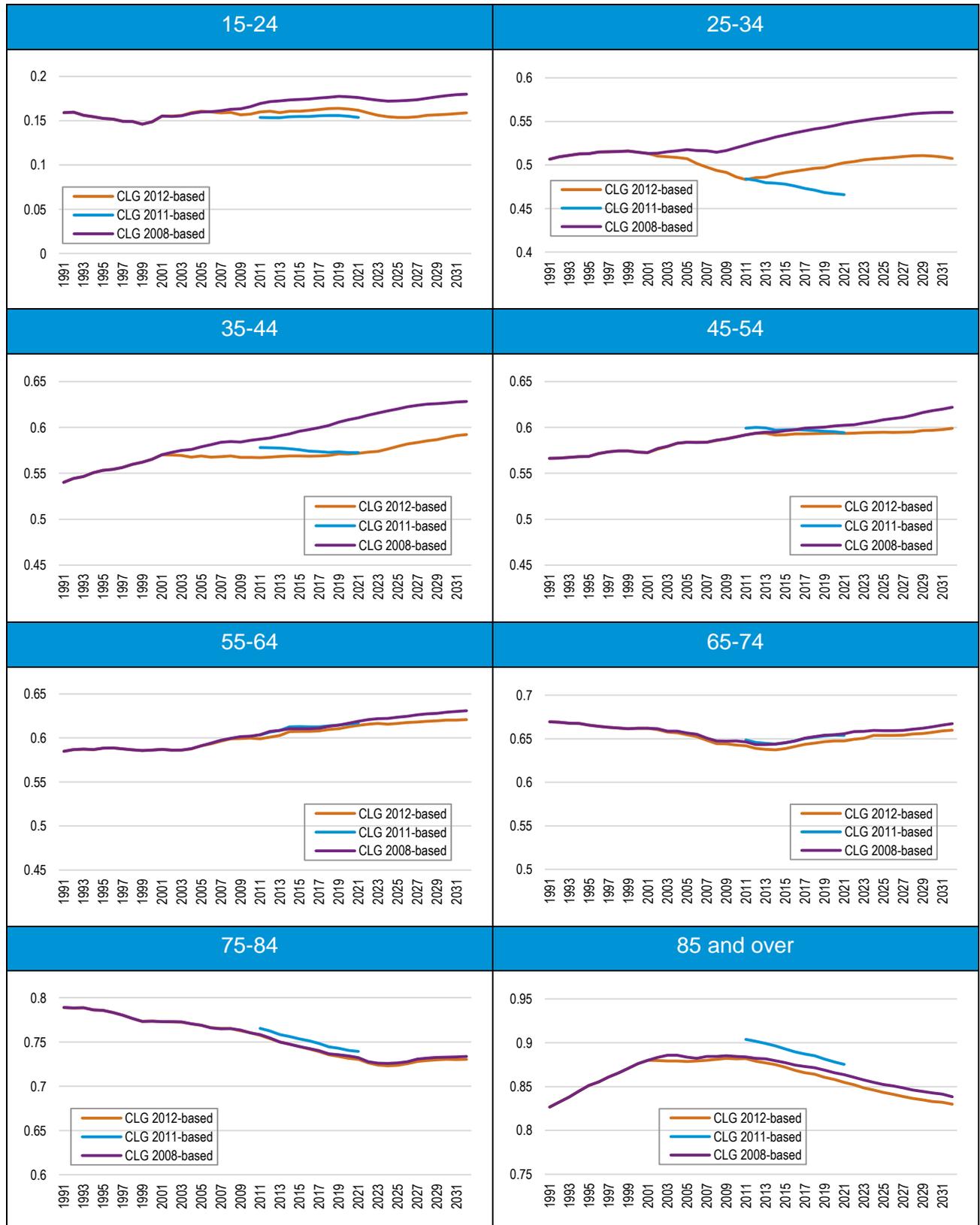
Source: CLG

4.67   As noted previously, CLG published household projections in two stages. The first stage (February 2015) provided information about household growth and household formation rates based on 5-year age bands for each sex along with marital status. The Stage 2 projections (December 2015) provided additional information about a range of household types and generally in 10-year age bands. The figure above has been based on Stage 1 outputs.

4.68   The total household growth in each of Stage 1 and Stage 2 is identical, however because CLG only consolidate the total number of households (and not age specific data) it is the case that the two projections can show notably different assumptions. The two releases are also different because the Stage 2 figures only use two data points (2001 and 2011) rather than a longer-term time series. Whilst it is considered that the Stage 1 figures are the most robust to use in analysis it is worthwhile to briefly compare the releases – this is shown in the figure below (which compares age specific data).

4.69   There are a number of age groups where notable differences can be seen – the key one is arguably for people aged 25-34. In this case the Stage 1 projections show an increasing level of household formation, whereas the Stage 2 show formation rates continuing to drop. This difference is however offset in other age groups – most notably the 45-54 group showing a notable increase in headship rates through the Stage 2 figures.

4.70   The remainder of the analysis in this section (and through the report) is based on Stage 1 CLG household projection household formation/headship rates.

Figure 25: **Projected Household Formation Rates by Age of Head of Household –York (comparing figures from Stage 1 and Stage 2 of the CLG 2012-based household projections)**
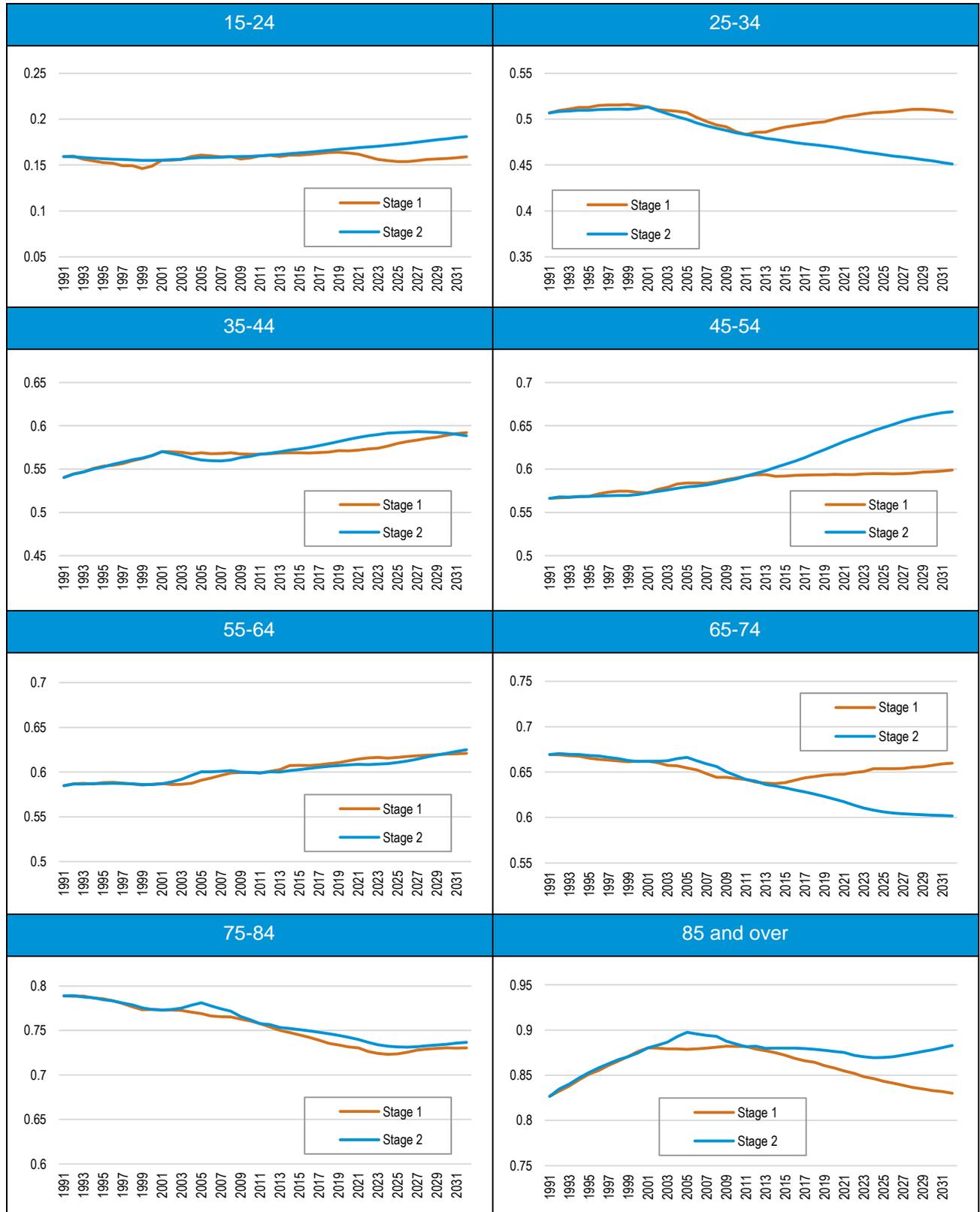
Source: Derived from CLG data

4.71   Table 22 brings together outputs in terms of household growth and housing need using the 2012-based headship rates and the 2012-based SNPP (as amended with 2013/14 mid-year population data).

4.72   To relate households to dwellings, the data includes an uplift to take account of vacant and second homes. Analysis of 2011 Census data about unoccupied household spaces suggests a figure of 3.8% would be appropriate to use in analysis (data from Census Table QS417EW).

4.73   The analysis shows that using the latest 'official' household projections would indicate a need for 783 dwellings per annum to be provided; this increases to 958 when a full reanalysis is carried out based on more recent information, whereas a lower figure can be seen with an adjustment for UPC. With the projections using the most up-to-date population estimates and the SNPP assumptions (post-2014) the housing need is estimated to be 833 dwellings per annum. For clarity, all of the figures below are based on CLG Stage 1 headship rates.

Table 22:   Projected Household Growth 2012-32 – range of demographic based scenarios

	Households 2012	Households 2032	Change in households	Per annum	Dwellings (per annum)
2012-based SNPP	84,244	99,338	15,093	755	783
2014-based	84,244	102,702	18,458	923	958
UPC adjusted	84,244	96,920	12,676	634	658
10-year migration	84,244	97,904	13,660	683	709
2012-based SNPP (as updated)	84,244	100,300	16,056	803	833

Trend based Demographic Projections: Implications

- The 2012-based subnational population projections (SNPP) look to be a sound demographic projection from a technical perspective. Although future population growth sits below both short- and long-term trends it does seem as if this is closely linked to the student population which has grown strongly in the period since 2001 but is not expected to continue to do so in the future. Additional data from ONS mid-year population estimates for the 2012-14 period does however show that the 2012-based SNPP underestimated actual population growth in the City in this period.

- An alternative projection based on updating the SNPP to take account of more recent data about migration and population growth was developed. Whilst population growth under this alternative scenario is more in-line with long-term trends it is not considered as a wholly reasonable alternative given that it is unclear how the more recent migration data will feed into the next round of ONS projections.

- Another alternative which makes an adjustment for unattributable population change (UPC) showed lower population growth (than the SNPP). However, again it is not considered that this is a robust alternative given that it is unclear whether UPC is linked to issues of the recording of population growth or with the recording of Census data (most probably the 2001 Census). A projection linked to migration trends over the past 10-years (2004-14) also showed population growth slightly below the level in the SNPP.

- It is noteworthy that the alternatives developed show both an upside and downside to the SNPP, further enhancing a conclusion that the SNPP is reasonably sound. However, it is recognised that since the base date of the SNPP (of 2012) there have been further releases of population estimates. If the population figures in the SNPP for 2013 and 2014 are overwritten by the latest population data, and the assumptions in the SNPP are rolled forward thereafter, a reasonable projection can be developed which takes account of the most recent information (on both population growth and projections) – as required by the PPG.

- The household formation rates in the 2012-based Household Projections appear reasonable. There is no substantive evidence that these project forward suppressed household formation based on interrogation of the data; although differences between the Stage 1 and Stage 2 projections from CLG for specific age groups (particularly people aged 25-34) are notable. It is considered in methodological terms that the Stage 1 figures should be considered as most robust to use within the data modelling.

- The 2012-based population and household projections suggest a need for about 783 dwellings per annum to be provided across the City when linked to the SNPP and a higher figure (of 833 dwellings per annum) based on a projection which takes account of 2013 and 2014 midyear population data and rolls forward the SNPP.

- The demographic objectively assessed need for housing therefore sit somewhere in the range from 783 to 833 dwellings per annum and is arguably at the top end of this range given that the higher figures are based on the most up-to-date information available.

5 ECONOMIC-LED HOUSING NEEDS

5.1 Planning Practice Guidance sets out that consideration should be given to future economic performance in drawing conclusions on the overall need for housing. Where the evidence suggests that higher migration might be needed than seen in past trends in order to support economic growth, consideration should be given to adjusting the assessed housing need. Specifically, the Guidance outlines that:

> *'Plan makers should make an assessment of the likely growth 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'*

And that:

> *'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 (depending on public transport accessibility or other sustainable options such as walking or cycling) and could 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'*

Economic Forecasts

5.2 To consider likely levels of economic growth, the analysis has accessed forecasts from both Oxford Economics (OE) and Experian (via the Yorkshire and Humber Regional Economic Model (YHREM)) – this is the December 2014 release. Table 23 shows the estimated job growth in each of these forecasts for the 2012-31 period and it should be noted that three forecasts are provided by OE – the first is a baseline forecast, the second is entitled 'higher migration and faster recovery' and the third is 'reprofiling sectoral growth'.

5.3 The four different forecasts show a range of different levels of job growth from 609 jobs per annum (OE – baseline) up to 868 (OE – higher migration). The Experian figures sit somewhere in the middle of this range, at 789 jobs per annum.

Table 23: Employment increase (2012-31) – range of forecasts

	Jobs (2012)	Jobs (2032)	Change (2012-31)	% change from 2012	Per Annum Change
OE – baseline	114,358	125,937	11,580	10.1%	609
OE – higher migration	114,358	130,842	16,484	14.4%	868
OE – reprofiling	114,358	126,428	12,070	10.6%	635
YHREM	114,678	129,675	14,998	13.1%	789

Source: Oxford Economics and Experian

5.4   Figure 26 shows the forecast change in jobs along with a time-series estimate going back to 1991 (for OE) and 1997 (for the YHREM). The data shows a significant variation in estimates of past job growth with OE suggesting an annual average increase of 855 jobs (1991-2012) and Experian suggesting an average loss of 432 jobs per annum (1997-2012).

Figure 26: Past and projected number of jobs (1991-2037) – by local authority
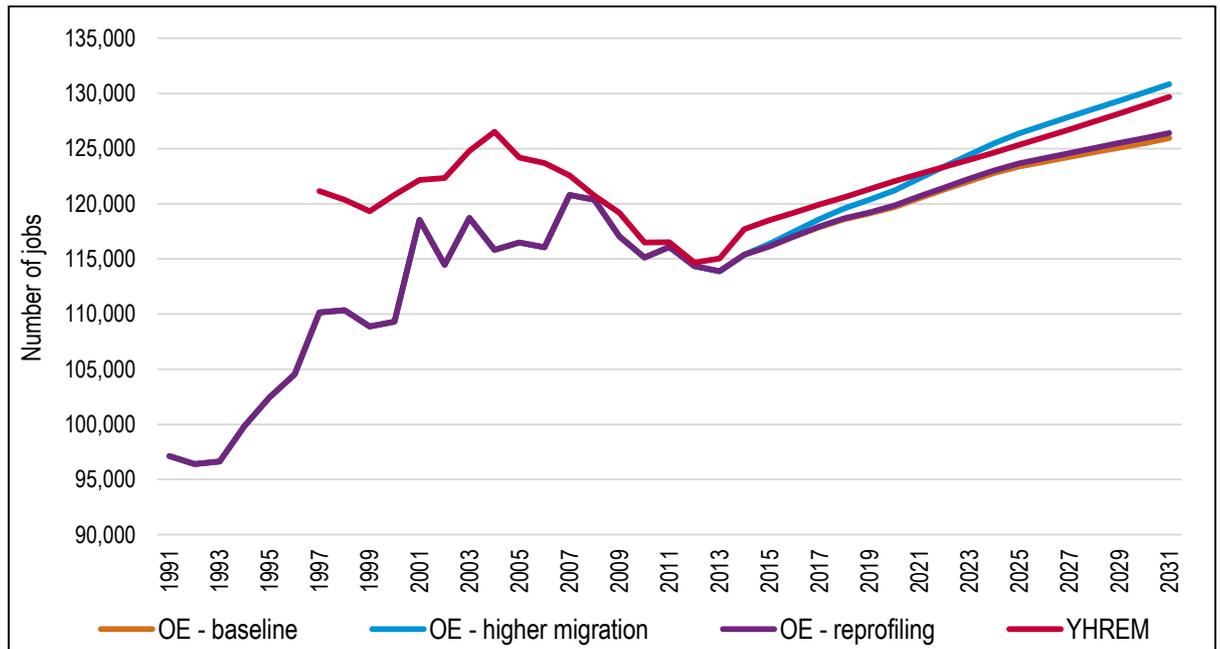
Source: CLG and demographic projections

5.5   The difference in the past trend data between the different forecasters is of some concern given that it would be expected that past trend data would be reasonably well established. Looking at another source (the ONS jobs density database) would indicate that there has generally been a growth in jobs in the City (at least in the period back to 2000 when the ONS data starts) and therefore it is considered that the YHREM data may be less reliable than the data from OE.

5.6   Within each of the economic forecasts there are a range of other pieces of information, this includes data about overall population change and the number of residents in employment (available from both forecasts) along with data about unemployment and commuting (from OE only). It is therefore useful to consider some of these additional variables, particularly as the economic forecasts are likely to be integrated to some extent (i.e. population levels will have some bearing on job growth and vice versa).

5.7   Figure 27 therefore shows estimated population growth from each of the economic forecasts and also the demographic projections previously set out (demographic projections shown as dotted lines). The analysis shows that all of the economic forecasts are expecting population growth to be broadly the same and at a level which is slightly higher than is shown in the 2012-based SNPP

(but below that suggested by the updating of this projection to take account of more recent information). The OE baseline and re-profiling projections have the same estimates of population growth and are therefore not shown separately.

Figure 27: Projected population growth – York (range of scenarios)
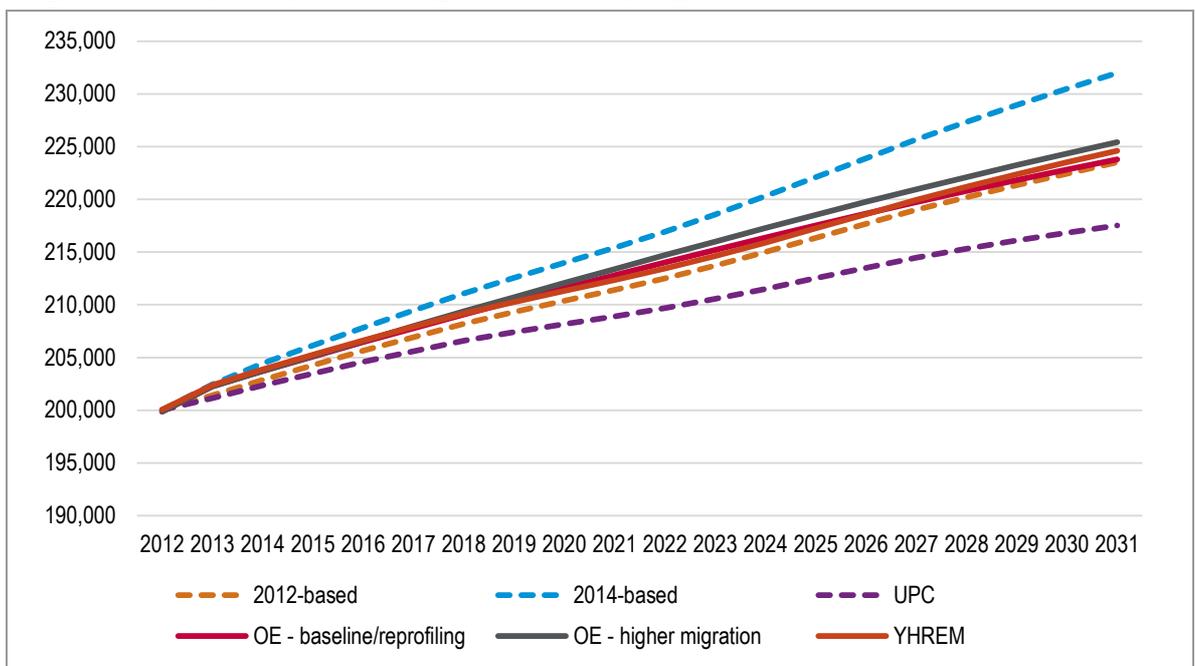
Source: OE, YHREM, ONS and demographic modelling

5.8   The finding of a similar level of population growth regardless of the economic forecast used is interesting given that, for example, the OE forecasts suggest notably different levels of job growth. The reason for a similar level of population growth in these forecasts looks to stem from additional assumptions within the modelling, where a higher level of job growth is forecast to be achieved by seeing greater improvements to the employment rates of local residents.

5.9   Overall, whilst it would be possible to do additional modelling to estimate what level of housing might be needed when set against the forecasts it is not considered that this would be an appropriate approach in the case of York. The population estimates from each of the scenarios are very similar and in all cases support a level of population growth which is only marginally above the level shown in the most recent 'official' population projections.

5.10   Hence the analysis below shows levels of housing need when set against the levels of population growth in each of the economic forecasts (these again link to 2012-based household formation (Stage 1) rates and included an allowance for vacant and second homes). This shows a range of need from the economic forecasts of between 780 and 814 dwellings per annum (compared with 783 from the SNPP and a higher figure of 833 when updated for more recent mid-year population data).

5.11   It should be noted that the economic forecasts accessed only ran to 2031, whereas the analysis of housing need goes to 2032; figures have therefore been rolled forward from 2031 to 2032 using the same assumptions as for the preceeding years (in terms of adjustments to population and migration) – the additional assumptions for one year do not make any notable difference to the outputs.

Table 24:   Projected Household Growth 2012-32 – range of economic based scenarios

	Households 2011	Households 2032	Change in households	Per annum	Dwellings (per annum)
OE – baseline/reprofiling	84,244	99,263	15,019	751	780
OE – higher migration	84,244	99,929	15,685	784	814
YHREM	84,244	99,601	15,356	768	797

5.12   There is therefore no requirement to uplift the objectively assessed need to meet the needs of local authority.

Job-led Projections: Implications

- Four different forecasts for job growth have been accessed to consider the link between housing and economic growth (three forecasts from Oxford Economics and one from Experian). These forecasts suggest an annual job growth of between 609 and 868 per annum; a level of growth which looks to be in-line with past trends (although the past trend data is rather patchy).

- In interrogating the forecasts in more detail, it is notable that all three are expecting the level of job growth to be supported by a similar level of population growth (and a level which sits slightly above that shown in the 2012-based SNPP). Hence, higher job forecasts (as available from OE) are not having a significant impact on migration and population change, but are more associated with other relevant changes – particularly an expectation that a higher level of job growth will see an associated higher increase in employment rates.

- In modelling the housing need associated with the expected levels of population growth in each of the economic forecasts it is concluded that to provide sufficient homes for a growing workforce there would need to be between 780 and 814 dwellings per annum provided in the 2012-32 period. These figures are typically above the level shown by analysis of the SNPP (783 dwellings per annum) but some way below the level of need associated with the update demographic projection which takes account of more recent MYE data (a need for 833 dwellings per annum).

- On balance, there is no justification for an uplift to housing numbers in the City to support expected growth in employment.

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6 AFFORDABLE HOUSING NEED

6.1 In this section we discuss levels of affordable housing need in York. Affordable housing need is defined in the NPPF as *'social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'*.

6.2 Government Guidance on Strategic Housing Market Assessments (2007) set out a model for assessing affordable housing need (known as the Basic Needs Assessment Model). This model has been retained in the Planning Practice Guidance and is used herein.

6.3 The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

6.4 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. The need shown is thus influenced by housing market conditions; but also past investment and delivery of affordable housing (influenced in part by funding mechanisms available to do so).

6.5 The base date for analysis is 2014 (e.g. data about housing costs and incomes is for 2014). However, it is recognised that the analysis should align with other research and hence estimates of affordable housing need are provided in this section on an annual basis for the 20-year period between 2012 and 2032 (to be consistent with the demographic modelling undertaken within this report). Key definitions used in this section are set out in Appendix 3.

Key Definitions

6.6 We begin by setting out key definitions relating to affordable housing need, affordability and affordable housing.

Current Affordable Housing Need

6.7 Current affordable housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

6.8 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data

from The Continuous Recording of Lettings and Sales in Social Housing in England (CoRe) along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

6.9   An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

6.10   As outlined later in this section due to changes in government policy the exact amount of relets in the future is likely to change from past trends. However, it is not considered robust at this stage to determine the extent of this change. City of York Council are of the opinion that that the supply from relets is likely to be reduced. Is this is the case then there would be a need to increase the overall supply of affordable homes in the City to counter this.

Affordability

6.11   Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, the Annual Survey of Hours and Earning (ASHE), the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:

a. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that affordable housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;

b. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40% (although this can vary by area). Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40% (depending on household characteristics); this figure has been estimated by running income and housing cost figures through a range of online benefit calculators. Given the range of assumptions that could be used the assessment therefore looks at a number of outputs based on this range (consideration is given to thresholds of 25%, 30%, 35% and 40%).

6.12   It should be recognised that a key challenge in assessing affordable housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The 'help to buy' scheme is likely to be making some improvements in access to the owner-occupied sector although at present this is likely to be limited (although the impact of recent extensions to this scheme to include the second-hand market should be monitored moving forward).

6.13   In many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of affordable housing need is limited. The analysis does not take account of access to a deposit when testing for rental affordability because the sums of money are small relative to requirements for owner-occupied housing (additionally, such data is not readily available). However, it does need to be recognised, in some cases, that the need for a deposit may act as a barrier for some households seeking to access the private rented sector.

Affordable Housing

6.14   The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

"Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."

6.15 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

"Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant."

6.16 Affordable rented housing is defined as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent."

6.17 The definition of intermediate housing is shown below:

"Intermediate affordable housing is 'Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing."

6.18 As part of our analysis in this report we have therefore studied the extent to which social rented, intermediate and affordable rented housing can meet affordable housing need in York.

Local Prices & Rents

6.19 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need.'

6.20 In this section we establish the entry-level costs of housing to both buy and rent across the study area. Our approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

6.21   Table 25 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £125,000 for a flat and rising to £230,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £160,000. It should be noted that few of the properties sold at or below these price points would be new-build properties.

Table 25:   Lower Quartile Sales Prices by Type (year to March 2015)

Dwelling type	Lower quartile price
Flat	£125,000
Terraced	£153,000
Semi-detached	£170,000
Detached	£230,000
All dwellings	£160,000

Source: Land Registry (2014)

6.22   A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2015. For the rental data information about dwelling sizes is provided (rather than types). The analysis shows an average lower quartile cost (across all dwelling sizes) of £575 per month.

Table 26:   Lower Quartile Monthly Private Rents (year to March 2015)

Dwelling size	Monthly rent
Room only	£298
Studio	£395
1 bedroom	£515
2 bedrooms	£600
3 bedrooms	£725
4+ bedrooms	£1,144
All dwellings	£575

Source: Valuation Office Agency

6.23   The analysis in the report works on the basis of a single housing cost for affordability testing, which in turn is taken to be the lower quartile price and rent shown above (i.e. £160,000 for purchase or £575 per month to rent). For analysis, the cheaper of these (in terms of income requirements) is taken to be the entry-level point to the market. In York (as in most areas) the incomes required to access the private rented sector are typically lower and hence it is rented housing which is used for affordability testing.

6.24   As an example, with a lower quartile price of £160,000 and a 10% deposit, a household would need an income of £41,100 per annum (based on 3.5 times income). For renting (based on a rent of

£575) the income would need to be in the range of £17,250 to £27,600 depending on the threshold for affordability used (i.e. between 25% and 40%).

What is an appropriate threshold for affordability?

6.25   To assess housing affordability, it is necessary to give some thought to how much households might reasonably be expected to spend on housing (without financial support). This is needed to consider the question *'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?'* There is no official guidance on this topic within the PPG, and our own analysis shows that analysis based upon 25% to 40% could be considered a reasonable starting point.

6.26   The choice of an appropriate threshold in the absence of specific guidance will inevitably be somewhat judgement-based, but needs to be linked to the cost of housing rather than just income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold.

6.27   It is therefore useful to look at housing costs in York and contrast this with other areas. The analysis in this section has shown a lower quartile rent (across all dwelling sizes) of £575. This rent level can be compared with other areas nationally; the highest rents (outside London) being in Elmbridge (£975 per month) and the lowest in Liverpool (at £325 per month). More locally within the Yorkshire/Humber region the lower quartile rents range from £336 in Hull to £575 (in York and Harrogate).

6.28   It is clear from this that rent levels in York are within the national range and at the very top end of the range seen regionally. Although arbitrary, if the upper rent areas were considered to be '40%' areas and lower rent areas '25%' locations then arguably York would sit on average somewhere between the middle and upper end of this range.

6.29   However, the key point when looking at thresholds and housing costs is one of 'residual income' – i.e. the amount of money a household has after housing costs are paid for. Using the Yorkshire/Humber examples, if a household in Hull spent 25% of income on housing then their residual income would be £1,008 per month, the same threshold in York would show a residual income of £1,725 – if the threshold in York were increased to 40% then the residual income would be around £863. Hence if would probably be concluded that a 40% threshold in York is too high; to achieve the same level of residual income as Hull the threshold would need to be set at 36%. This analysis still doesn't tell us what a reasonable income threshold is given that such an analysis would need to be predicated on a) an assumption that 25% in Hull is appropriate and b) that living

6.30   Returning to the question for York, we can as an indicative analysis look at this residual income method by considering housing costs both nationally and within the Yorkshire/Humber region. If Liverpool is taken as a 25% benchmark, then the income multiple to achieve the same residual income would be 37%; if Hull is taken as the 25% benchmark then this percentage drops to 36% (as noted above).

6.31   Overall, this analysis is somewhat convoluted and does not definitively show what income multiple is most suitable in York – indeed it confirms that no such 'single' figure exists. However, for the purpose of analysis we would suggest on the basis of the range set out above that something in the region of 30%-35% of income to be spent on housing costs would be a reasonable benchmark.

6.32   For the purposes of the core analysis in this report the outputs are based on a figure at the bottom end of this range (i.e. 30%) – this is to ensure a consistency of approach with other studies recently carried out in nearby areas by GL Hearn (including Harrogate, Hambleton, Ryedale and Selby). Summary outputs are however also provided for a full range of potential thresholds (25%, 30%, 35% and 40%).

Income levels and affordability

6.33   Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2014 (a 3% increase per annum was identified from this source for the Yorkshire/Humber region)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for the individual local authority)

6.34   Drawing all of this data together we have therefore been able to construct an income distribution for the whole of the City for 2014. The data shows that around a third (31%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. The overall average

(median) income of all households in the City was estimated to be around £30,300 with a mean income of £39,900.

Figure 28: Distribution of Household Income in York
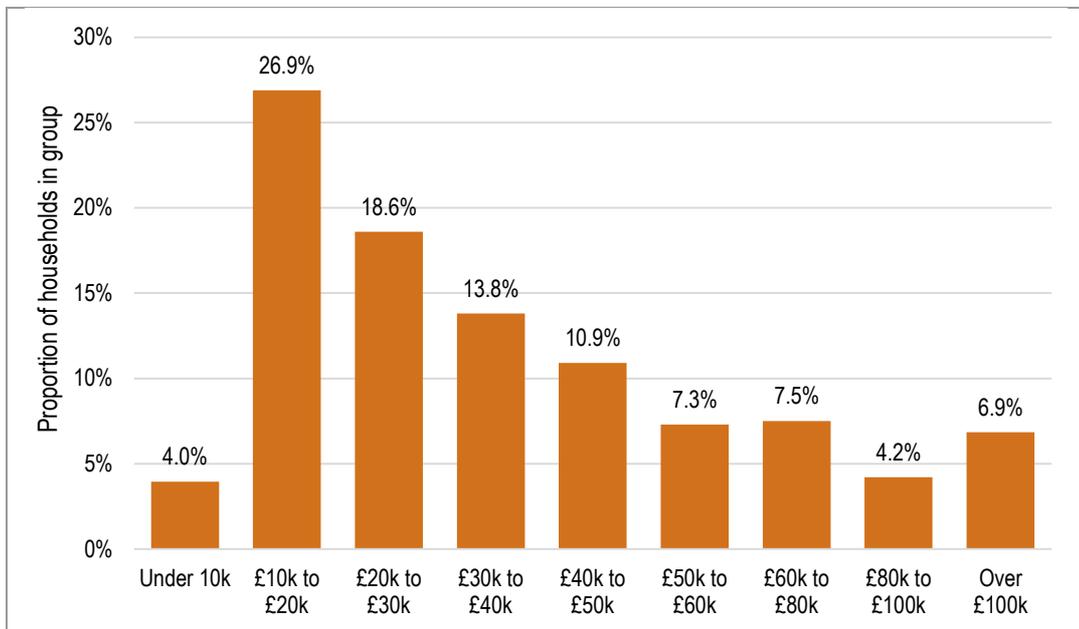
Source: Derived from ASHE, EHS, CACI and ONS data

6.35   To assess affordability, we have looked at households' ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

6.36   Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed where relevant in the analysis that follows.

Affordable Housing Needs Assessment

6.37   Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 29: Overview of Basic Needs Assessment Model
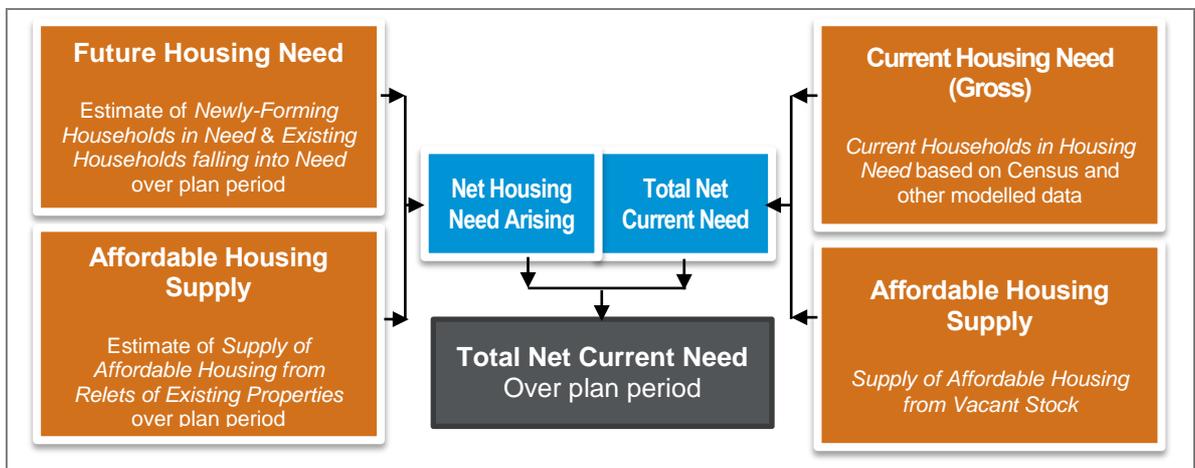
6.38   The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The modelling undertaken provides an assessment of affordable housing need for a 20-year period (which is then annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.

Methodological Issues

6.39   As the analysis being based on secondary data sources only, there are a number of assumptions that need to be made to ensure that the analysis is as robust as possible. Key assumptions include considering the number of households who have a need due to issues such as insecure tenancies or housing costs – such households form part of the affordable need as set out in guidance (see paragraph 023 of the PPG for example) but are not readily captured from secondary data sources. Assumptions also need to be made about the likely income levels of different groups of the population (such as newly forming households); recognising that such households' incomes may differ from those in the general population.

6.40   To overcome the limitations of a secondary-data-only assessment, additional data has been taken from a range of survey-based affordable needs assessments carried out by GL Hearn over the past five years or so. These surveys (which cover a range of areas and time periods) allow the assessment to consider issues such as needs which are not picked up in published sources and different income levels for different household groups. This data is then applied to actual data for York (e.g. from the Census) as appropriate. It is the case that outputs from surveys in other areas show remarkably similar outputs to each other for a range of core variables (for example the income levels of newly forming households when compared with existing households) and are therefore likely to be fairly reflective of the situation locally in York. Where possible, data has also been drawn from national surveys (notably the English Housing Survey).

6.41   It should also be stressed that the secondary data approach is consistent with the PPG. Specifically, guidance states that:

> '*Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'.*

6.42   The analysis that follows is therefore consistent with the requirements of the Planning Practice Guidance.

6.43   The PPG also suggests that the housing register can be used to estimate levels of affordable housing need. Experience working across the country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to a range of secondary data sources is preferred.

Current Affordable Housing Need

6.44   In line with PPG, the current need for affordable housing need has been based on considering the likely number of households with one or more housing problem. A list is initially set out in paragraph 023 of the PPG and provides the following.

What types of households are considered in affordable housing need?

The types of households to be considered in housing need are:
- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

Source: PPG [ID 2a-023-20140306]

6.45   Table 27 sets out the data used in each part of the assessment. All efforts have been made to avoid double counting; this includes excluding households living in non-hostel and B&B properties from the number of 'other' households in need (such households will be included in the homeless in temporary accommodation). However, there may be some issues with looking at both concealed households and overcrowding – it is likely that providing housing for some concealed households would remove an overcrowding issue – no account has been taken of this and therefore arguably the figures presented could be slightly too high. On the other hand, the analysis of concealed households only includes those with children and it is possible that some 'childless' concealed households also have a need (which would make the figures too low). On balance it is considered that the analysis and outputs (whilst noting some potential deficiencies of using a secondary data approach) will be as accurate and plausible as is reasonably possible.

6.46   Additionally, it should be noted that there will be other people living in households seeking to form an independent household (typically grown-up children living with parents). This cohort of the population is not considered in the current affordable need but are picked up as newly forming households as part of the projection of future need.

Table 27: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured
Those in priority need who are currently housed in temporary accommodation	CLG Live Table 784	Total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children). ONS define a concealed household as one that does not include the Household Reference Person (HRP) or one living in a multi-family household in addition to the primary family, such as a young couple living with parents
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Will include households with many of the issues in the first box above (e.g. insecure tenure). Figures exclude those living in LA/HA or private sector/Other temporary accommodation)
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [ID 2a-024-20140306]

6.47   Table 28 therefore shows the initial estimate of the number of households who potentially have a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall, the analysis suggests that there are currently some 5,453 households living in unsuitable housing (or without housing) – this is 6.5% of the estimated total number of households living in the City (in 2012).

Table 28:   Estimated number of households living in unsuitable housing

Category of 'need'	Households
Homeless households	0
Those in priority need who are currently housed in temporary accommodation	65
Households in overcrowded housing	2,967
Concealed households	288
Exiting affordable housing tenants in need	206
Households from other tenures in need	1,927
Total	**5,453**

Source: CLG Live Tables, Census (2011) and data modelling

6.48   In taking this estimate (5,453) forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). This discounting is based on overall need across all types and sizes of homes and it needs to be recognised that provision of the right housing is needed to enable households to move. Consideration of the types and tenures of affordable housing that might be needed in the future can be found in Section 8 of this report.

6.49   The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. Additionally, the 'temporary accommodation' group are split depending on whether or not they are currently housed (with those temporarily housed in LA/HA accommodation then being excluded as per the analysis for affordable housing (i.e. they would be a transfer)).

6.50   A final adjustment is to slightly reduce the unsuitability figures in the Private Rented Sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

6.51   Table 29 shows that as of mid-2012 it is estimated that there were 2,893 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers) – this represents 3.4% of all households in the area in 2012.

Table 29:   Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	1,326	133
Social rented	1,005	0
Private rented	2,769	2,452
No housing (homeless/concealed)	308	308
Temporary accommodation	45*	0*
Total	**5,453**	**2,893**

Source: CLG Live Tales, Census (2011) and data modelling (* it should be noted that all of the households in temporary accommodation were shown to be living in affordable housing stock and the number to take forward is therefore '0' – this is due to the release of the dwelling for use by another household)

6.52   Having established the figure of 2,893, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy, because they could afford a suitable market housing solution.

6.53   For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 69% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing other than in temporary accommodation). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing and those in temporary accommodation.

6.54   These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (and excluding social tenants and the majority of owners) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem. These adjustments to the income profiles would show an average (median) income of £20,900 for households currently living in unsuitable housing and a figure of around £12,700 for those without housing (mainly comprised of concealed households).

6.55   Overall, around three-fifths of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 1,658 households in York. Table 30 also shows the current need split by broad category of current housing. The analysis shows that 241 of the households do not have housing – this is an

important number within this analysis as it is this group who will need additional accommodation to be provided. The remaining households (1,418) have a need but if they were to move to alternative accommodation would free-up a home for use by another household (and hence no need for additional accommodation overall is required).

Table 30:   Estimated Current Need

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
Households in housing	2,585	54.9%	1,418
No housing (homeless/concealed)	308	78.2%	241
Total	**2,893**	**57.3%**	**1,658**

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Newly-Arising Need

6.56   To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

6.57   The number of newly-forming households has been estimated through the demographic modelling. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for *net* household growth. The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG 2007 SHMA Guidance which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

6.58   The estimates of gross new household formation have been based on outputs from the 2012-based SNPP/household projections (use of a different projection would not significantly change estimates of the number of new households). In looking at the likely affordability of newly-forming households the analysis draws on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a

national level). This analysis suggests that the average (median) income of newly forming households will be about £25,500.

6.59   We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing and that a total of 732 new households will have a need on average in each year to 2032 in York.

Table 31: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
York	1,633	44.9%	732

Source: Projection Modelling/Income analysis

Existing Households falling into Affordable Housing Need

6.60   The second element of newly arising need is existing households falling into need. To assess this, we have used information from CoRe. We have looked at households who have been housed over the past two years – this group will represent the flow of households onto the Housing Register over this period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

6.61   This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*. Households who have not been housed will be counted as having a current affordable housing need.

6.62   The method used to estimate the number of existing households falling into need is imperfect as it will exclude a number of households with a need who do not present themselves to the local authority. The estimates are therefore likely to under-estimate the need (although it is not possible to quantify by how much). That said, the analysis used in this report has become an 'industry

standard' methodology, adopted by most consultants and local authorities when undertaking such assessments.

6.63   Following the analysis through suggests a need arising from 279 existing households each year – this is about 0.3% of all households living in the City (in 2012).

Supply of Affordable Housing

6.64   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

6.65   The Planning Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Data from CoRe has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally, an estimate of the number of 'temporary' supported lettings has been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes).

6.66   On the basis of past trend data is has been estimated that 502 units of social/affordable rented housing are likely to become available each year moving forward.

Table 32:   Analysis of past social/affordable rented housing supply (per annum – past 3 years – 2012-15)

	Number/%
Total lettings	850
% as non-new build	94.9%
Lettings in existing stock	806
% non-transfers	63.6%
Sub-total	513
% non-temporary housing	97.8%
Total lettings to new tenants	**502**

Source: CoRe

6.67   The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in York is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have again utilised CoRe data about the number of sales of homes that were not newbuild. From this it is estimated that around 20 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 522 per annum.

Table 33:   Supply of Affordable Housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
York	502	20	522

Source: CoRe

Net Affordable Housing Need

6.68   Table 34 shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows an estimated need for 573 affordable homes per annum to be provided – this is 11,462 dwellings over the 2012-32 period. The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 34:   Estimated annual level of Affordable Housing Need

	Per annum	Total (2012-32)
Current need	83	1,658
Newly forming households	732	14,647
Existing households falling into need	279	5,588
Total Gross Need	1,095	21,893
Supply	522	10,431
Net Need	**573**	**11,462**

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Sensitivity to Income Thresholds

6.69   A 30% threshold has been used in the main modelling although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. Table 35 summarises the findings. In particular, we can see that with an assumption of households spending 40% gross income on housing costs then need falls to 295 households per annum (down from 573 using a 30% threshold). The need would increase to 758 per annum if a 25% threshold is used (25% being the start point suggested in the 2007 CLG SHMA guidance).

Table 35:   Estimated level of Affordable housing need (per annum) at Variant Income Thresholds

	@ 25%	@ 30%	@ 35%	@ 40%
Current Need	95	83	72	62
Newly forming households	884	732	618	523
Existing households falling into need	301	279	254	231
Total Need	1,280	1,095	944	817
Supply	522	522	522	522
Net Need	758	573	422	295

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Considering Alternative Periods for Clearing the Current Need

6.70   The table above showed the overall estimated level of affordable need from 2012 to 2032 and an annualised figure for the 20-year period. It is possible to take this data and consider what the annual level of need would be if a different period were taken to clear the current need. This is relevant given that previous SHMA guidance (of 2007) suggested the use of a 5-year period, although also noting that other periods can be used. Page 52 of the 2007 guide stated that:

> *'The quota should be based upon meeting need over a period of five years, although longer timescales can be used. In particular, there may be merit in linking quotas to the remaining time period of adopted housing policies in plans.'*

6.71   No such advice is provided in the PPG and we consider that the period studied should be the same as being used for other elements of the study (particularly demographic projections). Whilst the use of a 20-year period is substantially longer than the 5-year suggested in old guidance it should be stressed that this does not imply that it is modelling for some households to have to wait 20-years to be housed. Every year there is a 'flow' of households into and out of need, and clearing the current need essentially means increasing the outflow relative to the in-flow until the 'stock' of need is reduced to zero (in this case by 2032). If the current need is cleared over a shorter period then the total gross need will be higher (its divided across fewer years) while the supply remains the same.

6.72   In the table below we have analysed clearing the current need over a 5- and 10-year period (as well as showing the core data for the full 20-year period). The data shows with the current need being met over 20-years that some 573 dwellings per annum are required; with a 10-year period for the current need this rises to 656 and clearing the current need over just 5-years shows a higher figure again (of 822).

Table 36: **Estimated annual level of Affordable Housing Need with different current need 'clearance' periods (all figures per annum)**

Current need cleared over…	5-years	10-years	20-years
Current need	332	166	83
Newly forming households	732	732	732
Existing households falling into need	279	279	279
Total Gross Need	1,343	1,178	1,095
Supply	522	522	522
Net Need	822	656	573

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Comparison of Affordable Need with Previous Assessments

6.73   The analysis in this report can be compared with the last SHMA carried out by GVA (and completed in 2011). The table below shows that GVA estimated a net need for some 486 affordable homes per annum – this figure is different to that presented in the 2011 SHMA due to some adjustments having been made to ensure consistency between this SHMA and the older version (notably the 'pipeline' supply has been excluded and the current need has been looked at over a 20-year period). Because the GVA assessment considered meeting the current need over five years the published report actually puts the need at 790 per annum. This serves to show how different assumptions can make a substantial difference to the outputs.

6.74   The overall net affordable need suggested by GVA is slightly lower than that estimated in this but the difference is not considered to be particularly substantial. Although there are some differences in figures for specific parts of the analysis it is the case that estimates of the gross affordable need are not much different (1,095 in this assessment and 1,099 from GVA). The difference in the bottom-line net need is therefore due to different estimates of future supply with this assessment estimating an annual future figure of 522, compared with the GVA estimate of 613.

6.75   The GVA analysis identified a higher level of current need and existing households falling into need but a lower number of newly forming households – this may be due to the analysis being based on a household survey rather than secondary sources. It should additionally be noted that the GVA analysis used a 25% threshold for affordability; however, because a household survey had been carried out, they were also able to take account of households' savings and equity.

Figure 30: Estimated level of Affordable Housing Need (comparing this SHMA with the 2011 SHMA)

	GLH (2015)	GVA (2011)
Current need	83	109
Newly forming households	732	441
Existing households falling into need	279	549
Total Gross Need	1,095	1,099
Supply	522	613
Net Need	573	**486**

Source: North Yorkshire SHMA (2011) and this assessment

6.76   Overall, whilst there are differences between the methodology employed in this SHMA and the previous on (in 2011), the analysis does support a broadly similar level of affordable housing need.

Relating Affordable Need and OAN – legal judgements and guidance

6.77   The analysis above clearly indicates a need for affordable housing across the City. However, the link between affordable need and the OAN is complex and has been subject to a number of recent High Court decisions. The Planning Advisory Service's Technical Advice Note on *Objectively-Assessed Need and Housing Targets* (2nd Edition, July 2015) also deals with this issue. Below we have summarised some of the key judgements and guidance in Chronological Order.

Satnam Millennium Limited v Warrington Borough Council (February 2015)

6.78   In this case, a challenge to the adoption of the Warrington Local Plan Core Strategy succeeded, resulting in the quashing of the Plan's housing provision policies. With regard to affordable housing the judge found that the assessment of full, objectively assessed needs for housing had not taken account of the (substantial) need for affordable housing.

6.79   In paragraph 43 of the judgement it is concluded that *'the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in the NPPF, paragraphs 14 and 47'*. This quote has been taken by some parties to imply that the need for affordable housing (as shown in modelling such as within the section) needs to be met in full – for example, if the affordable need is 200 per annum and delivery is likely to be 20% then an OAN for 1,000 homes would be appropriate.

6.80   It is not clear if this is exactly what the judge in this case had in mind. What is clear that such an approach in many areas would be impractical as it would require huge increases to have any significant impact.

Oadby and Wigston v Bloor Homes (July 2015)

6.81   In this case, a challenge by Oadby & Wigston Borough Council to the granting of planning permission through a Section 78 inquiry was dismissed.

6.82   The key issue in front of the Judge was whether or not the original inspector's adoption of a figure of 147 dwellings per annum as the full objectively assessed need for housing (FOAN) was sound. In essence the Council's position was that the need was in the range of 80-100 dwellings per annum and that this was a policy-off figure based on the most up-to-date population and household projections. The appellant suggested a need in the range of 147-161 based on long-term migration trends and the needs of the local economy (in terms of matching job growth and housing need).

6.83   The Judge's initial conclusion was that he considered the SHMA position (of 80-100 dwellings per annum) to be policy-on. He based this on a recognition that other analysis in the SHMA had indicated a need for 173 dpa to meet economic growth and a slightly lower figure (of 160 per annum) as the affordable housing need.

6.84   The uncertainty in this decision is whether or not the FOAN must include all of the affordable housing need. Some of the wording of the judgment would suggest that this was the case with Judge Hickinbottom stating that the assessment of need *'becomes policy on as soon as the Council takes a course of not providing sufficient affordable housing to satisfy the FOAN'*. This however is inconsistent with the more recent judgement in Kings Lynn (below) and also contrasts with the approach recommended in the PAS Technical Advice Note.

Planning Advisory Service – Technical Advice note (July 2015)

6.85   At about the same time as the Oadby & Wigston judgement, the Planning Advisory Service (PAS) published the second edition of their technical advice note on Objectively Assessed Need and Housing Targets – this replaced/updated a version from June 2014.

6.86   The consideration of affordable housing need and its relationship to overall housing need is covered in some detail within Section 9 of the document. PAS set out a suggested approach for looking at the relationship between OAN and affordable housing (which is broadly in line with the approach in this report) before going on to consider their own view about the relationship.

6.87   They initially suggest that affordable housing is "a policy consideration" that bears on housing targets rather than OAN and note that they are not comparable because they relate to different meanings of the term "need." They also highlight that the OAN relates to new dwellings whereas much of the affordable need relates to existing households, who, when moving, would free up dwellings to be occupied by other households.

6.88   PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need before concluding that the affordable need cannot be a component part of the OAN. PAS do however note that their views 'may be' contradicted by the Satnam judgement referred to above.

Kings Lynn v Elm Park Holdings (July 2015)

6.89   The final case of reference is Kings Lynn and West Norfolk Council vs. SSCLG and Elm Park Holdings. The case involved the Council's challenge to an inspector's granting of permission for 40 dwellings in a village. Although much of the case was about the approach to take with regards to vacant and second homes, the issue of affordable housing was also a key part of the final judgment.

6.90   Focussing on affordable housing, Justice Dove considered the "ingredients" involved in making a FOAN and noted that the FOAN is the product of the Strategic Housing Market Assessment (SHMA) required by paragraph 159 of the NPPF. It is noted that the SHMA must identify the scale and mix of housing to meet household and population projections, taking account of migration and demographic change, and then address the need for all housing types, including affordable homes.

6.91   He continued by noting that the scale and mix of housing is *'a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgement'*. Crucially, in paragraph 35 of the judgment he says that the *'Framework makes clear that these needs [affordable housing needs] should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice'*. This is an important point, given the previous judgements in Satnam and Oadby & Wigston. Indeed, in relation to Oadby and Wigston he notes that *'Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG'*.

6.92   Therefore, this most recent judgement is clear that an assessment of affordable housing need should be carried out, but that the level of affordable need shown by analysis does not have to be met in full within the assessment of the FOAN.

6.93   The approach in Kings Lynn is also similar to that taken by the inspector (Simon Emerson) to the Cornwall Local Plan. His preliminary findings in June 2015 noted in paragraph 3.20 that *'National guidance requires consideration of an uplift; it does not automatically require a mechanistic*

increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites.'

Relating Affordable Housing Need and OAN

6.94   The analysis above indicates a clear need for affordable housing in the City. Using a baseline demographic need (for all tenures) linked to the 2012-based SNPP and household projections (a need for 783 dwellings per annum) the analysis is suggesting that some 73% of the need is for affordable housing (based on a 30% affordability threshold). This percentage drops to 69% if the projections is updated (based on more recent mid-year population data; a need for 833 dwellings per annum). These figures are however calculated in different ways and are not strictly comparable.

6.95   The Planning Practice Guidance sets out how it expects the affordable housing need to be considered as part of the plan-making process. It outlines in Paragraph 029 that:

> *"The total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."*

6.96   The likely delivery of affordable housing on mixed market housing-led developments will be influenced both by affordable housing policies (themselves influenced by development viability evidence), the mix of homes which are delivered and the viability of individual development schemes. Some schemes will not be able to viably deliver policy-compliant levels of affordable housing.

6.97   GL Hearn has not considered residential development viability in detail, but existing studies which do so conclude that between 25-40% affordable housing would potentially be achievable. Not all sites however are able to viably deliver policy compliant levels of affordable housing, and more typically delivery of affordable housing will range from between 20-30%. This is a working assumption but takes account of the fact that some sites will not be able to provide the full amount of affordable housing sought (e.g. due to size or viability issues), but at the same time, it is possible that some affordable housing is provided through non-106 sites (discussed further below).

6.98   It should be borne in mind that besides delivery of affordable housing on mixed-tenure development schemes, there are a number of other mechanisms which deliver affordable housing. These include:

- National Affordable Housing Programme – this (adminsted by the HCA) provides fuding to support Registered Providers in delivering new housing including on sites owned by RPs;
- Building Council Homes – following reform of the HRA funding system, Councils can bring forward affordable housing themselves.

- Empty Homes Programmes – where local authorities can bring properties back into use as affordable housing. These are existing properties, and thus represent a change in tenure within the current housing stock;
- Rural Exception Site Development – where the empasis is on delivering affordable housing to meet local needs.

6.99   Funding for specialist forms of affordable housing, such as extra care provision, may also be available from other sources; whilst other niche agents, such as Community Land Trusts, may deliver new affordable housing. Net changes in affordable housing stock may also be influenced by estate regeneration schemes, as well as potentially by factors such as the planned extension of the Right to Buy to housing association properties. Affordable housing can be met by changes in the ownership of existing housing stock, not just by new-build development.

6.100   In interpreting the relationship between affordable need and total housing provision, it is important to understand the basis of the affordable housing needs model. As the Planning Practice Guidance sets out, the calculation of affordable need involves *"adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable stock."* The affordable housing need does therefore not represent an assessment of what proportion of additional households might require affordable housing. Instead the model considers:

- What need can be expected to arise from both existing and newly-forming household who require financial support to access suitable housing;
- This is then compared with the projected supply of affordable housing expected to arise from the turnover of existing stock.

6.101   The affordable housing model thus includes supply-side factors. The net need figures derived are influenced by the current stock of affordable housing and turnover of this. This has been influenced by past policies and investment decisions (at both the national and local levels). Funding mechanisms for affordable housing have influenced past delivery, which in turn influence the need today.

6.102   Given that there has been little change in affordable housing stock over the last 15 years, the Private Rented Sector has in effect taken on an increasing role in providing housing for households who require financial support in meeting their housing needs, supported by Local Housing Allowance.

6.103   Whilst the Private Rented Sector (PRS) does not fall within the definition of "affordable housing," it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

6.104   It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). This does not mean that such households do not have a 'need' but it reflects the solutions potentially available. As such the role played by the private rented sector should be recognised – it is evidently part of the functioning of housing markets.

6.105   Data from the Department of Work and Pensions (DWP) has been used to look at the number of LHA supported private rented homes. As of August 2015 it is estimated that there were around 2,200 benefit claimants in the Private Rented Sector.

6.106   From English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the Private Rented Sector gives an estimate of around 286 private sector lettings per annum to new LHA claimants in the City. This serves to illustrate that there is some flexibility within the wider housing market.

6.107   However, national planning policy does not specifically seek to meet the needs identified through the Basic Needs Assessment Model through the Private Rented Sector. Government's benefit caps may reduce the contribution which this sector plays in providing a housing supply which meets the needs of households identified in the affordable housing needs model herein. In particular future growth in households living within the PRS and claiming LHA cannot be guaranteed.

6.108   Secondly, and perhaps more critically, it is important to recognise that the model includes needs arising from both new households and existing households. Part of the needs included are from households who might require an additional home, such as:

- Newly-forming households;
- Those in temporary accommodation;
- Concealed households; and
- Homeless households.

6.109   But the figures also include needs arising from households who will require a different form of home, but who – by moving to another property – would release an existing property for another household. These households do not necessarily generate a need for more dwellings overall (subject to there being housing within the existing dwelling stock that is sufficient to meet their housing requirements). They include households who need to move as they are:

- Overcrowded;
- Coming to the end of a tenancy;
- Living in unsuitable housing; and
- Cannot afford to remain in their current home.

6.110   Such households do not necessarily generate a net need for additional homes, as by moving they would release a home for other households. On this basis, these elements of the affordable housing need are not directly relevant to considering overall housing need and housing targets (which are typically measured in terms of net dwellings).

6.111   In considering the overall need for housing, only those who are concealed or homeless would be likely to result in an additional need for housing. Numbers of newly-forming households in the modelling are established specifically from the demographic projections.

6.112   The analysis undertaken arguably provides some evidence to justify considering an adjustment to the assessed housing need to address the needs of concealed households, and support improvements household formation for younger households; although any adjustment will also need to take account of any future changes already within the household projections (e.g. in terms of improving household formation). The issue of a need for any uplift is considered alongside the analysis of market signals which follows.

Housing & Planning Bill

6.113   During the preparation of this report the Department for Communities and Local Government (DCLG) government published Housing and Planning Bill 2015-16 (October 2015) and achieved royal assent in May 2016 (making it the Housing and Planning Act 2016).

6.114   The Act set out a number of government initiatives which are likely to directly influence the supply and demand for housing and affordable housing. This included a statutory requirement for local authorities to promote the supply of starter homes in England.   Starter homes will also fall under the definition of an affordable home.   The impact of starter homes is considered in more detail in the following chapter.

6.115   Other proposed changes to the NPPF[16] include widening the definition of affordable homes to include a "a fuller range of products that can support people to access home ownership…This would include products that are analogous to low cost market housing or intermediate rent, such as discount market sales or innovative rent to buy housing." It was also suggested that some of these housing Typologies will be no longer subject to "in perpetuity" restrictions to remain "affordable".

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[16] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488276/151207_Consultation_document.pdf

6.116   There has also been a number of other initiatives which may impact on the supply and demand for general and affordable homes, although the full impact is yet to be understood. These include:

- **A requirement for social rents to be reduced by 1% for four years from April 2016.** The likely impact of this will be to reduce income for both the local authorities (which have housing stock) and housing associations. This in turn may reduce the LA or RP reinvestment funding and may subsequently reduce the development of new affordable homes. The government have exempted supported housing schemes from the rent decrease for one year to allow more time for an impact analysis to be undertaken.

- **The extension of the Right to Buy to RP tenants**. Although voluntary this could reduce affordable housing stock and reduce thus the number of re-lets. Research by Joseph Rowntree Foundation[17] predicts that nationally 8.3% of housing association tenants will be eligible for and could afford the RTB, and that 71% of those will purchase their home over the first five years.

- **Local authorities to sell high value social housing stock as it becomes vacant**. Whilst the detail of this is to be confirmed, it is likely that councils will be required to either sell off high value stock or pay an equivalent tariff to government for funding the discount on housing association right to buy properties. York estimates having to sell (or raise an equivalent tariff payment from other budgets) 40 homes each year. The JRF report estimates that social rented re-lets could reduce by 22% through a combined impact of the extension of the right to buy to housing associations and the sale of high value local authority housing stock.

- **Increasing rent to market rates for social housing tenants earning over £31,000**. This "pay to stay" initiative will ensure those who can afford to pay market rates will do so. However, it may mean that people are more likely to exercise their right to buy thus reducing the stock level of affordable housing.

- **Capping social housing rents at Local Housing Allowance.** For some Registered Providers this will limit their income to a multiple of the Local Housing Allowance. In the long term likely to influence the type of homes they build with more smaller homes being likely. The proposal will see any single claimants under 35 only being eligible for the LHA Shared Accommodation Rate which at present is much lower than the LHA for one bedroom flats. This could result in reduced demand for RP properties with a shift toward the PRS.

- **The introduction of 3% higher stamp duty on buy to let properties and second homes.** This may result in in the number of Buy-to-let landlords being through sales of their existing properties and new landlords seeing it as unviable. The Bank of England expressed their concerns that the proliferation of Buy-to-let landlords could result in a housing crash if they flood the market with their unwanted property. While the introduction of the new rules may not result in a flood of sales it may well reduce the supply of PRS properties.

6.117   It is too early to fully quantify the impact these changes will have on the supply and demand for affordable homes. However, the local authorities should monitor the situation. We would however add that any reduction in the supply would need to be offset with increasing the need within the affordable housing calculations.

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[17] Understanding the likely poverty impacts of the extension of Right to Buy on housing association tenants. JRF 21st November 2015.

Affordable Housing Need: Implications

- An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in York.

- Overall, in the period from 2012 to 2032 a net deficit of 573 affordable homes per annum is identified (based on a 30% affordability threshold). There is thus a requirement for new affordable housing in the City and the Council is justified in seeking to secure additional affordable housing.

- The identified affordable housing need represents 69%-73% of the need arising through the demographic projections. However, in considering this relationship, it is important to bear in mind that the affordable housing needs model includes existing households who require a different size or tenure of accommodation rather than new accommodation per se. Furthermore, many households secure suitable housing within the Private Rented Sector, supported by housing benefit.

- Once account is taken of the range of outputs with the modelling (for different affordability thresholds) and the fact that many of the households in need are already living in accommodation (existing households) and the role played by the private rented sector, the analysis does not suggest that there is any strong evidence of a need to consider housing delivery higher than that suggested by demographic projections to help deliver more affordable homes to meet the affordable housing need.

- However, in combination with the market signals evidence some additional housing might be considered appropriate to help improve access to housing for younger people. A modest uplift would not be expected to generate any significant population growth (over and above that shown by demographic projections) but would contribute to reducing concealed households and increasing new household formation. The additional uplift would also provide some additional affordable housing. Such an uplift will however also need to consider the extent to which improved access to housing is already built into the CLG projections.

7 THE ROLE OF STARTER HOMES

Introduction

7.1 The Government finalised the Housing and Planning Bill Act 2016 on the 12th May 2016. The Act sets out a number of government initiatives that are likely to influence the supply and demand for housing and affordable housing. Of particular note is the introduction of a statutory requirement for local authorities to promote the supply of Starter Homes in England. Starter Homes are defined as:

- a new dwelling;
- available for purchase by qualifying first-time buyers only;
  - o First Time Buyer, Under 40,
- is to be sold at a discount of at least 20% of the market value;
- is to be sold for less than the price cap;
  - o £250,000 outside London, and
- is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State.

7.2 Starter Homes are to be included within the definition of affordable housing, although it is difficult to see how such accommodation will be 'affordable' in the traditional meaning of the word – this is simply because the sort of income levels likely to be required to access a Starter Home will be above the levels needed to access market housing generally (e.g. in the private rented sector). The issue of income levels is discussed later in this section.

7.3 Whilst Starter Homes will not meet affordable need in a traditional sense (and the inclusion of Starter Homes within the definition of affordable housing looks to be quite a radical change) there is some consistency with the current NPPF which seeks in para 50 to *'widen opportunities for home ownership'*. Starter Homes can therefore be seen to be meeting an aspiration rather than a need and the analysis in this section is therefore primarily aimed at establishing the scope for households (within a defined target group) to access Starter Homes.

7.4 The analysis to follow seeks to establish the potential market for Starter Homes in York (defined for simplicity at the potential 'need'). Whilst there is no published methodology for assessing this (unlike for affordable housing need as currently defined in the PPG) it does seem logical that the 'need' can be considered in a similar way (i.e. that there is a "current need" and will be a "future need" as the population age structure changes and cohorts move through time). Hence the analysis seeks to consider likely need (on an annual basis) taking account of both current and projected need.

7.5 The analysis undertaken looks at a gross need with no reduction for estimated supply; this makes sense given that at present Starter Homes are not available as a product. It also makes the analysis slightly more straight forward. It should also be recognised that in reality there is a degree of

overlap between the potential market for shared ownership homes, homes sold under the Government's Help-to-Buy Scheme and Starter Homes (discussed briefly later in this section).

Starter Homes – Target Group

7.6   As a precursor it is perhaps of interest to understand why the Starter Home initiative has been introduced. Whilst it is not stated, it is considered that one of the key reasons is the fall in the number of younger owner-occupiers across the Country over the past 15-year or so (and certainly since 2001). Using Census data, it is possible to look at this in some detail with the table below showing that the number of households living in private rented accommodation has increased by around 7,300, whilst the number of owners with a mortgage has dropped by around 4,100. The trend over the decade has been of a falling number of young households able to move into home ownership, and increases in those renting.

Table 37: Change in Tenure 2001-11 (all households) – York

Tenure	2001	2011	Change	% change
Outright owner	24,709	28,351	3,642	14.7%
Owned with mortgage	31,611	27,507	-4,104	-13.0%
Social rented	11,631	11,679	48	0.4%
Private rented	7,696	14,980	7,284	94.6%
Other	1,273	1,035	-238	-18.7%
Total	76,920	83,552	6,632	8.6%

Source: Census (2001 and 2011)

7.7   If the proportion of households in each tenure group had stayed the same in 2011 as it was in 2001 then it would have been expected that there would be 8,400 households living in the private rented sector. The actual number is about 6,600 higher than this and therefore it is arguable that this is the number of households who might be considered as 'would be owner-occupiers' and therefore a potential target group for Starter Homes. For some young households, renting may have however been a lifestyle choice or desired because of its flexibility.

7.8   The data above shows information for all households and it needs to be recognised that the Starter Home Initiative is to be targeted at non-owners aged under 40. Interrogating changes for this age group is difficult as the two Census (2001 and 2011) use different age bandings and do not typically include an 'up to 40' band in the data. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below. It should be noted that to provide consistent analysis, both groups of owners have been merged, whilst the private rented category also includes the 'other' category as shown in the table above.

7.9   For the Under 35 age group the analysis again shows a sharp increase in the number of households living in private rented accommodation. Surprisingly the growth in this age group is slightly below that for all households although it does need to be borne in mind that overall this age group also saw a more modest increase. The analysis also highlights a very significant decrease in the number of owner occupiers (decreasing by approaching 40% in just 10-years). This analysis does provide some support for widening access to owner-occupation for younger people.

Table 38:   Change in tenure 2001-11 (all households aged under 35) – York

Tenure	2001	2011	Change	% change
Owned	8,695	5,433	-3,262	-37.5%
Social rented	2,580	2,541	-39	-1.5%
Private rented	5,045	9,194	4,149	82.2%
Total	16,320	17,168	848	5.2%

Source: Census (2001 and 2011)

Estimates of the number of households in the target group

7.10   To look at the current need for Starter Homes an analysis has been undertaken to estimate the size of the target group for such housing. This has been assumed to be the difference between the number of households living in the private rented sector in 2011 with the number that might have been expected if there were no changes in the proportion of households in this sector from 2001 (the analysis then being limited to households who are aged Under 40 (where the household reference person is aged under 40).

7.11   Arguably there will be other households who might be in this target group, particularly those currently living with parents; however, these are not included in the current need as it is assumed that they will be picked up as part of the projection of need (i.e. at the time at which they might be expected to form an independent household). Additionally, there could be some households living in social rented housing who might be part of this target group; however, in this case it is not considered that many (if any) would have sufficient levels of income to afford a Starter Home (and even if they did, they might well wish to remain in their current subsidised housing).

7.12   The first part of the analysis looks at the proportion of people (by age) who live in private rented accommodation. As noted above this analysis is slightly imperfect as the Census source used does not allow for a split to be made at age 40. Additionally, data from each of the 2001 and 2011 Census use slightly different age bandings within published analysis. We have therefore plotted the data available and drawn a trend line between the available data points to establish what proportion of different age bands live in the private rented sector – this analysis includes the 'other' tenure category due to this not being able to be separated out within the 2001 Census data.

7.13   The figure below shows this analysis, which clearly identifies high levels of private renting amongst younger age groups, the analysis also shows an increase in the proportion of households privately renting in 2011 compared with 2001 – the biggest increase looks to be for households aged about 30 with the proportion privately renting in 2011 estimated to be 46%, compared with about 23% in 2001.

Figure 31: Change in proportion of households living in private rented housing (2001-11) by age – York
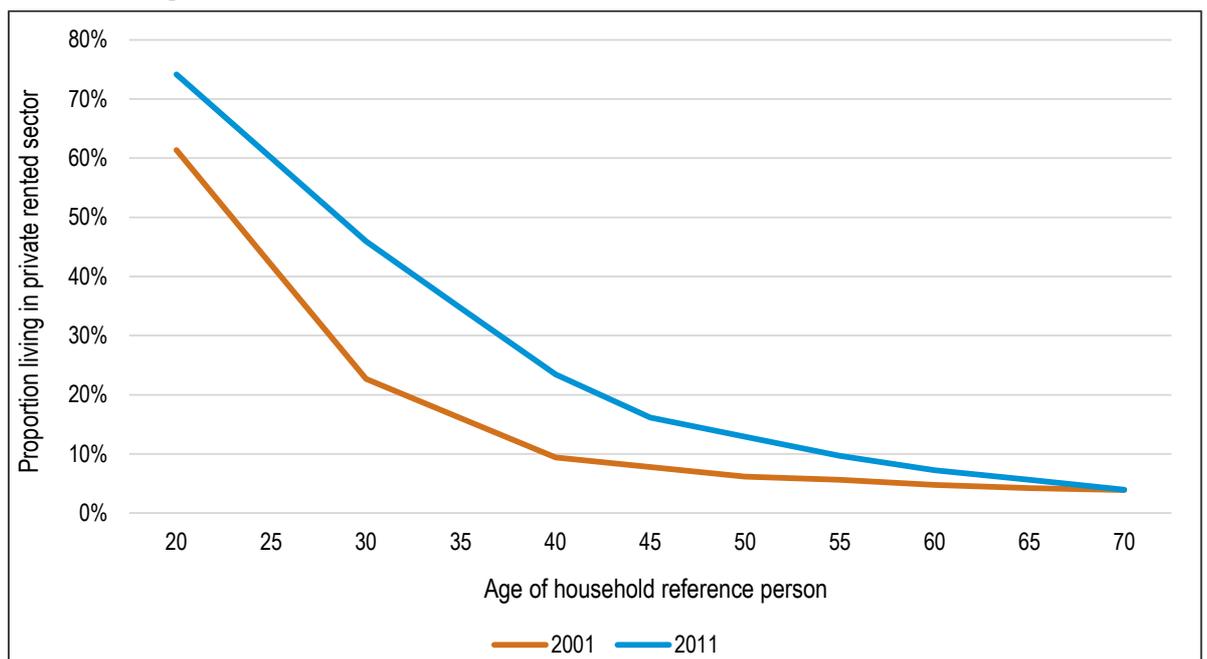
Source: Census (2001 and 2011)

7.14   The table below summarises the information from the figures above to make an estimate of the changes in the proportions living in the private rented sector for various age bands up to age 40. For the analysis the percentages are taken as the midpoint between age groups; the exception being for those Under 20, where the estimated proportion aged 20 is taken to reflect the value; this will not have any significant impact on the analysis as the proportion of households in this age group is quite small. The analysis clearly identifies an increase in the proportion in the private rented sector for all age groups.

Table 39: Change in proportion of households living in private rented housing (2001-11) by age – York

	2001	2011	Change
Under 20	61.3%	74.2%	12.8%
20-24	51.7%	67.1%	15.4%
25-29	32.3%	53.0%	20.6%
30-34	19.4%	40.3%	20.9%
35-39	12.7%	29.0%	16.3%

Source: Census (2001 and 2011)

7.15   To work out the current size of the target group of households for Starter Homes, the change in the proportion of households in the private rented sector is multiplied by the number of households in each age band. This analysis is shown in the table below and identifies around 4,500 households as currently being a potential target for Starter Homes.

Table 40: Estimated Current Target Group for Starter Homes – York

	Number of households (2012)	% in target group	Number in target group (2012)
Under 20	302	12.8%	39
20-24	4,408	15.4%	680
25-29	6,038	20.6%	1,246
30-34	6,950	20.9%	1,455
35-39	6,611	16.3%	1,078
Total	24,309		4,498

Source: Census (2001 and 2011) and demographic projections

7.16   The analysis above has considered the current target group for Starter Homes. It is also necessary to understand how many new households will be expected to join this group moving forward. To study this, a similar analysis is carried out to that in the main affordable needs modelling; this seeks to estimate the number of new households in each of the age bands up to age 40. The new households are calculated as the number of household reference persons (HRP) in an age band who were not an HRP five years previously. The analysis is based on annual figures over the full projection period to 2031) and shows that each year an additional 293 households are expected to fall into the target group for Starter Homes.

Table 41:   Estimated Projected Target Group for Starter Homes (per annum) – York

	Number of newly forming households	% in target group	Number in target group
Under 20	61	12.8%	8
20-24	821	15.4%	127
25-29	405	20.6%	83
30-34	367	20.9%	77
35-39	-13	16.3%	-2
Total	1,641		293

Source: Census (2001 and 2011) and demographic projections

Affordability of Starter Homes

7.17   To understand the likely affordability of Starter Homes in the City a similar analysis to that in the main affordability modelling has been undertaken. This essentially seeks to estimate the income levels likely to be required to access housing and the income profile of the target group (i.e. non-owners aged under 40). Income estimates are then compared with the estimated level of income required to access such housing.

Access Level for Starter Homes

7.18   In looking at the cost of housing it needs to be recognised that Starter Homes will be a new build product (and therefore may have a small premium) and that discounts on open market value (OMV) of at least 20% will be available. To establish the likely OMV we have looked at Rightmove data for new build properties and taken a lower quartile value to equate to a typical cost; the use of a lower quartile is trying to recognise that Starter Homes are likely to be towards the bottom end (in price terms) of the new build market. The analysis has excluded any newbuild student-only accommodation with shared facilities.

7.19   Overall, it is estimated that a lower quartile new build price in York is around £215,000. To convert this into an income level it has been assumed that there will be a 20% discount and it has also been assumed that a household will have a 5% deposit (sensitivity testing is also provided later to consider a 10% deposit level). Whilst a deposit may potentially be an issue for a number of households, it is the case that Starter Homes will be able to be bought in conjunction with other incentives (such as Help-to-Buy ISAs). Finally, it is assumed that a mortgage could be secured for three times the household income; this multiple is chosen to reflect typical mortgage lending and also takes account of the fact that at present there is uncertainty about the approach lenders will take to this housing product. A sensitivity analysis has also been carried out to assess the need if this multiple is increase to 4 times income and it is noted for example that for the Help-to-Buy Scheme, the maximum income multiple is for instance 4.5.

7.20   The table below therefore works through the calculations to determine what level of income might be required to be able to buy a Starter Home – in total there are 8 different scenarios tested and for clarity the bulk of the analysis to follow looks at Scenario A (a 20% discount, 5% deposit and a 3× income multiple). The analysis shows that an income of about £54,500 would be needed under the main scenario but that this could potentially drop to about £33,900 with different assumptions being applied.

Table 42:   Estimated income levels required to access Starter Homes under a range of different scenarios – York

Scenario	Discount	Deposit	Income multiple	Open Market Value	With discount	Minus deposit (amount of mortgage)	Income required
A	20%	5%	3×	£215,000	£172,000	£163,400	£54,467
B	30%	5%	3×	£215,000	£150,500	£142,975	£47,658
C	20%	10%	3×	£215,000	£172,000	£154,800	£51,600
D	30%	10%	3×	£215,000	£150,500	£135,450	£45,150
E	20%	5%	4×	£215,000	£172,000	£163,400	£40,850
F	30%	5%	4×	£215,000	£150,500	£142,975	£35,744
G	20%	10%	4×	£215,000	£172,000	£154,800	£38,700
H	30%	10%	4×	£215,000	£150,500	£135,450	£33,863

Source: Derived from Rightmove data

7.21   It is worth briefly reflecting on the estimated level of income required to afford a Starter Home. The figures are typically in the range of £33,900 to £55,500 and this compares with thresholds in the main analysis of affordable housing need of about £23,000 (based on a 30% affordability threshold). This confirms that Starter Homes are not 'affordable' in the traditional sense of the definition as those households able to afford a Starter Home will in most cases also be able to afford private rented housing. There may however be non-owners who can afford a Starter Home with the analysis below now seeking to look at the likely numbers.

7.22   As noted previously, there will be an overlap between other 'affordable' products (such as shared ownership or home bought with the Help to Buy (HtB) scheme). It is difficult to exactly say what this overlap is although it is expected that the income levels required for Starter homes and HtB will be similar (the only difference being that Starter Homes will have an age restriction of 40 which does not apply to HtB).

7.23   With shared ownership, income levels would potentially be lower with a typical scheme (targeted towards lower income households) potentially having a 25% share and rent of 2.75% of the unsold equity. On the basis of a newbuild price of £215,000 (and assuming a 5% deposit and 3× income multiple along with 30% of income for the rental element) the income required would be around £36,700. This is somewhat lower than the range identified above and suggests that whilst some

households able to afford a Starter Home could also afford shared ownership there is a potentially bigger market for shared ownership; that said there is likely to be an income cap on households accessing shared ownership (likely to be a figure of the order of £80,000 per annum).

Income levels

7.24   The next step in the process is to consider income levels. The difficulty here is that we are wanting to focus on a very particular group of households (non-owners aged under 40) about which specific data does not readily exist. However, it is considered that the majority of the target group will be households living in private rented accommodation and so some consideration of income levels in this sector will help to get an idea of our target group. Additionally, it is possible to look at HMRC data about the incomes of people in different age bands. The analysis of the incomes of the target group of households therefore essentially has two stages:

- How do income levels of each age group compare with the overall average?
- How do income levels of those living in the private rented sector vary from other households?

7.25   The table below shows average (median) income before tax for people aged both under and over 40 (the data is from the Survey of Personal Incomes 2013-14) for the whole of the Country but only includes taxpayers. This indicates that the income levels of people aged under 30 are lower than those of people aged over 40 but that people aged 30-39 typically have slightly higher incomes.

7.26   It should however be remembered that this is an imperfect analysis and in reality it is probable that income levels amongst older people are relatively higher (if for example there are other non-tax incomes such as from dividends). Additionally, the figures are for individual taxpayers rather than households (which is the category used for the affordability analysis); hence the figures in the last column should be given some weight although the actual income levels shown are of limited use.

Table 43:   Estimated income levels by age (United Kingdom)

Age group	Median income (before tax)	% of all taxpayers
Under 20	£12,100	55.3%
20-24	£15,200	69.4%
25-29	£20,200	92.2%
30-34	£24,000	109.6%
35-39	£26,100	119.2%
All ages (including 40 and over)	£21,900	-

Source: National Statistics -Distribution of median and mean income and tax by age range and gender

7.27   When looking specifically at households in the private rented sector we have looked at data from the English Housing Survey. In 2013-14 (the latest year for which data is available) this source

shows an average (mean) income of £580 per week in the private rented sector, compared with £672 for all households – the private rented sector is therefore at about 86% of the overall average.

7.28   On the basis of this analysis, it is concluded for the purposes of modelling the incomes of the target group by age can be calculated by multiplying age specific differences in incomes by the typical proportion of all household income seen in the private rented sector. The table below shows estimated median incomes in York for the target group for Starter Homes by age; the figure shown are calculated as a proportion of the overall median income in the City which as of 2014 has been estimated to be £30,300 per annum.

7.29   The analysis suggests that younger households in the target group will have relatively low incomes, however by the time a household reaches about age 30, income levels are similar to those seen across the whole City.

Table 44:   Estimated income levels by age for Starter homes target group – York

Age group	Multiplier from all household income	Estimated median income
Under 20	0.48	£14,472
20-24	0.60	£18,179
25-29	0.80	£24,159
30-34	0.95	£28,704
35-39	1.03	£31,216

Source: Derived from a range of analysis (as described)

Affordability

7.30   In taking this information forward an income distribution has been constructed for each age group based on the distribution for all households. This is then applied to the income thresholds already derived to estimate the likely proportion of households in each age group who might be able to afford a starter home. This is shown in the table below and shows that only about 4% of households aged Under 20 would be expected to be able to afford a Starter Home under Scenario A; this figure rises to 46% when considering the 35-39 age group and Scenario H. This would suggest that only the best off minority of households age Under 40 will be able to afford Starter Homes in York.

7.31   These figures essentially include anyone with an income above the thresholds derived and analysis based on these figures should be considered as indicative; for example, some of the higher earners in this category would have the choice between Starter Homes and other owner-occupied products and may not choose the discounted new build option.

Table 45:   Affordability of Starter Homes by age band and level of discount

Scenario	Age group				
	Under 20	20-24	25-29	30-34	35-39
Scenario A (20%/5%/3×)	4.4%	8.7%	14.7%	20.0%	23.3%
Scenario B (30%/5%/3×)	6.9%	11.2%	18.7%	25.5%	29.6%
Scenario C (20%/10%/3×)	5.4%	9.7%	16.3%	22.1%	25.7%
Scenario D (30%/10%/3×)	7.9%	12.4%	20.6%	28.1%	32.3%
Scenario E (20%/5%/4×)	9.8%	14.8%	24.7%	33.1%	37.1%
Scenario F (30%/5%/4×)	12.5%	18.8%	31.1%	39.4%	43.2%
Scenario G (20%/10%/4×)	10.8%	16.4%	27.2%	35.7%	39.6%
Scenario H (30%/10%/4×)	13.8%	20.7%	33.8%	41.8%	45.8%

Source: Derived from a range of analysis (as described)

Bringing the analysis together – the potential market for Starter Homes

7.32   The analysis below brings together the analysis of the number of households in a target group for Starter Homes along with the affordability estimates. Analysis is provided separately for the current and future need and then brought together into a single annual estimate of the potential market for Starter Homes. To be consistent with the analysis of affordable housing need, the figures are presented as an annual figure for the whole of the projection period (i.e. the 20-years to 2032).

7.33   The table below shows the estimated current need for Starter Homes; with Scenario A this is 784 households. Annualised, this represents 39 homes per annum over the period to 2032.

Table 46:   Estimated Current Market for Starter Homes – Scenario A

	Size of target group	% able to afford	Number able to afford
Under 20	39	4.4%	2
20-24	680	8.7%	59
25-29	1,246	14.7%	183
30-34	1,455	20.0%	290
35-39	1,078	23.3%	251
Total	4,498		784
Annualised			39

Source: Derived from a range of analysis (as described)

7.34   The table below shows a similar analysis for future newly forming households; this analysis indicates a potential need for around 38 Starter Homes each year (again based on Scenario A).

Table 47:   Estimated Future Market for Starter Homes (per annum) – Scenario A

	Size of target group	% able to afford	Number able to afford
Under 20	8	4.4%	0
20-24	127	8.7%	11
25-29	83	14.7%	12
30-34	77	20.0%	15
35-39	-2	23.3%	0
Total	293		38

Source: Derived from a range of analysis (as described)

7.35   The analysis can also be brought together (i.e. adding the current and future need) to provide an annual estimate of the likely need for Starter Homes. The table below provides outputs for all of the scenarios discussed. Across the whole of the City the analysis suggests a need (or more accurately 'market' for between 78 and 170 Starter Homes per annum depending on the assumptions made about discounts, deposits and income multiples.

Table 48:   Estimated annual need for Starter Homes (to 2032)

Scenario	Current need (pa)	Future need (pa)	Total need (pa)
Scenario A (20%/5%/3×)	39	38	78
Scenario B (30%/5%/3×)	50	49	99
Scenario C (20%/10%/3×)	43	43	86
Scenario D (30%/10%/3×)	55	54	109
Scenario E (20%/5%/4×)	65	65	129
Scenario F (30%/5%/4×)	78	80	158
Scenario G (20%/10%/4×)	70	71	141
Scenario H (30%/10%/4×)	83	87	170

Source: Derived from a range of analysis (as described)

7.36   The annual estimated need for Starter Homes can be compared with the overall need for housing as assessed through demographic projections. This is shown in the table below and shows across the City that the need for Starter Homes between 9% and 20% of the total need for housing.

Table 49:   Proportion of overall housing need potentially met by Starter Homes

Scenario	Annual housing need (OAN)	'Need' for Starter Homes	% of need as Starter Homes
Scenario A (20%/5%/3×)	841	78	9.2%
Scenario B (30%/5%/3×)	841	99	11.8%
Scenario C (20%/10%/3×)	841	86	10.2%
Scenario D (30%/10%/3×)	841	109	13.0%
Scenario E (20%/5%/4×)	841	129	15.4%
Scenario F (30%/5%/4×)	841	158	18.8%
Scenario G (20%/10%/4×)	841	141	16.7%
Scenario H (30%/10%/4×)	841	170	20.2%

Source: Derived from a range of analysis (as described) and demographic projections

7.37   This analysis suggests that a target for 20% of all housing to be Starter Homes may only just have a sufficient need/demand and this is only with the most 'generous' assumptions about discounts, deposits and mortgage multiples. However, it should be noted that this analysis is based on looking at the potential scope for Starter Homes over a 20-year period. If the period to provide housing for the current 'need' were reduced (to say 5- or 10-years) then all of the percentages in the table above would increase.

7.38   On balance, this analysis would suggest that there may well be sufficient demand for 20% of housing to be provided as Starter Homes although issues about the affordability of such a product remain. As currently worded, the Housing and Planning Act seems likely to require local authorities to provide at least 20% of housing as Starter Homes. Were there to be a degree of flexibility in the proportion of homes to be provided within this tenure then the Council will need to consider this by balancing the needs for more traditional forms of affordable housing. This could well be through seeking a lower proportion of Starter Homes (or possibly none); recognising that these households with the potential to afford such a product will already be able to meet their own needs in the housing market (through renting privately).

The Need for Starter Homes: Key Messages

- Analysis of the 'need' for Starter Homes from both current and newly forming households identifies a potential need for 78 homes to be provided each year to 2032; based on the core assumptions about the level of discount provided, deposits and mortgage income multiples. This figure represents about 9% of the total need for housing identified by the analysis (a need for 841 dwellings each year). This proportion could increase (to 20%) with different assumptions around affordability and separately could increase if the current 'need' is assessed over a shorter time frame.

- Evidently not all households who could potentially afford a Starter Home will choose to buy one – some may choose to continue renting; whilst others may choose to purchase properties within the second hand market. It seems likely that in a number of instances there will be properties available at a comparable price in the second hand market to levels at a 20% discount to new-build values. Including a cap on income levels in modelling would reduce the potential need for Starter Homes.

- The difference between the estimated need based on either a 20% or 30% discount is not particularly significant (21 dwellings per annum based on core assumptions) and would suggest on the basis of this analysis, that there is little merit in seeking discounts on Open Market Value (OMV) which are higher than the minimum position (of 20%) suggested by the Housing and Planning Act. With a 20% discount (rather than higher discounts) it is possible that additional affordable housing (e.g. social/affordable rent) will be able to be viably provided to help meet the needs of lower income households in the City.

- Additionally, it should be noted that the need for Starter Homes derived in this assessment should not be seen as a need for additional homes over and above the numbers suggested in the main analysis of objectively assessed need. As can clearly be seen from the analysis, it is considered that the provision of Starter Homes will enable some households in the private rented sector to move into owner-occupation. In doing so a dwelling would be released for use by another household and hence there is no net additional need for housing as a result of including Starter Homes within the mix of housing to be delivered.

- Overall, it is concluded that a 'target' for up to 20% of new homes to be Starter Homes is realistic and that these should be provided at a 20% discount to OMV. Further discounts do not look like they would bring significantly more households into the affordability bracket and providing higher discount is likely to impact on the ability to viably provide other forms of affordable housing. Questions do remain about the extent to which such housing is genuinely affordable as the income levels required to access such housing are above those typically required to access market housing as currently available (in the private rented sector). If there is flexibility of the proportion of homes to be provided as Starter Homes, then the Council will need to consider the balance between Starter Homes and other forms of affordable housing carefully (particularly noting that those able to afford a Starter Home will already be able to afford market housing within the private rented sector).

8   MARKET SIGNALS

Local Demand Indicators and Market Signals

House Prices

8.1   Figure 32 shows the growth in median house prices over the pre-recession decade 1998-2007. All three authorities saw strong and steady growth over this period. Over this period the median house price in York more than tripled, from £57,950 in Q1 1998 to £185,000 in Q4 2007, a £127,050 increase (309%). Ryedale saw an even greater level of growth over this period: £147,500 (336%). In Hambleton the median price increased by £129,995 (286%)

8.2   By way of comparison the regional housing market has seen an increase of £90,000 over this same period. For England and Wales, the change has been almost threefold, with the increase in median house price by £118,000 (290%).

Figure 32: Median House Price (1998-2007)
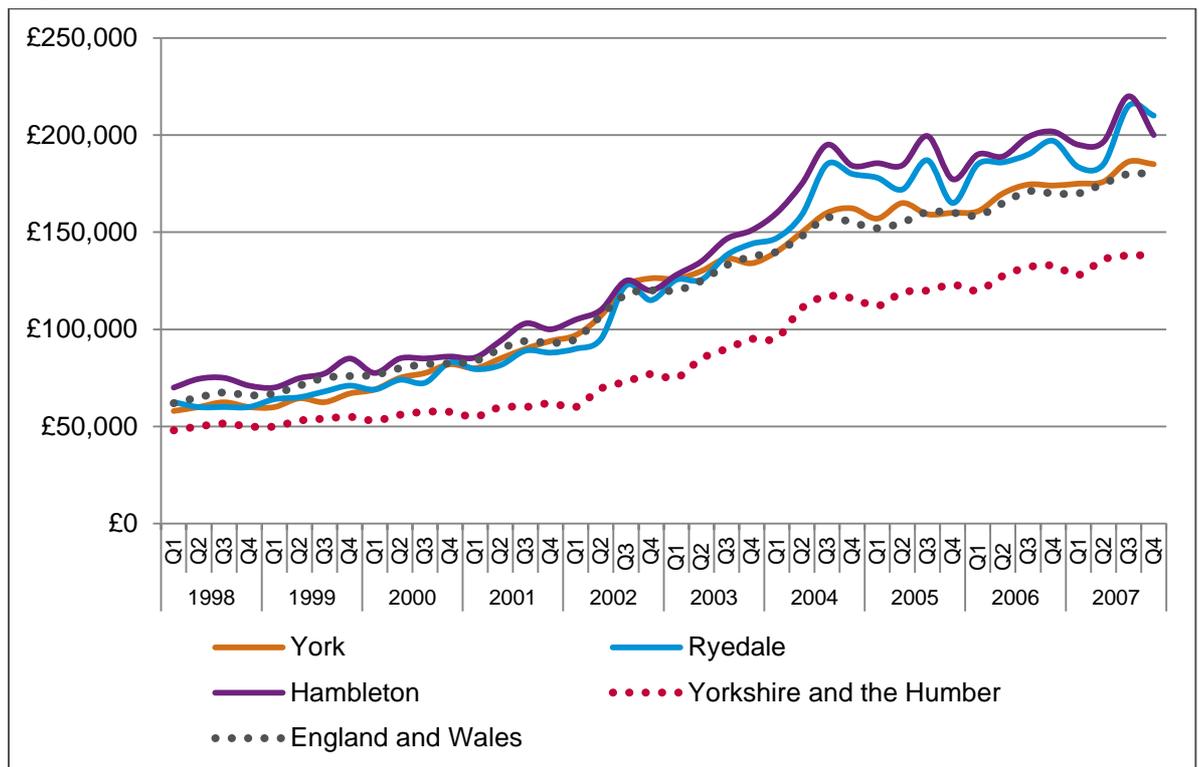
Source: DCLG Live Tables: Land Registry Data

8.3   Since 2007, house prices nationally and locally have been very different due to the economic backdrop. All of the authorities experienced notable price falls in late 2008/ early 2009 at the onset of recession. The greatest decrease in the post-recession (2008-2009) period was seen in Hambleton, where house prices dropped by £50,000 (130%).

8.4   For England and Wales, house prices were more stable during this period, although there was slow decrease to £156,000 in Q1 2009 and short term growth until Q3 2009, followed by significant backdrop in the next quarter. At a regional level median house prices have seen a £4,000 (106%) increase in the early post-recessionary period.

Figure 33: Median House Price (2008-2013)
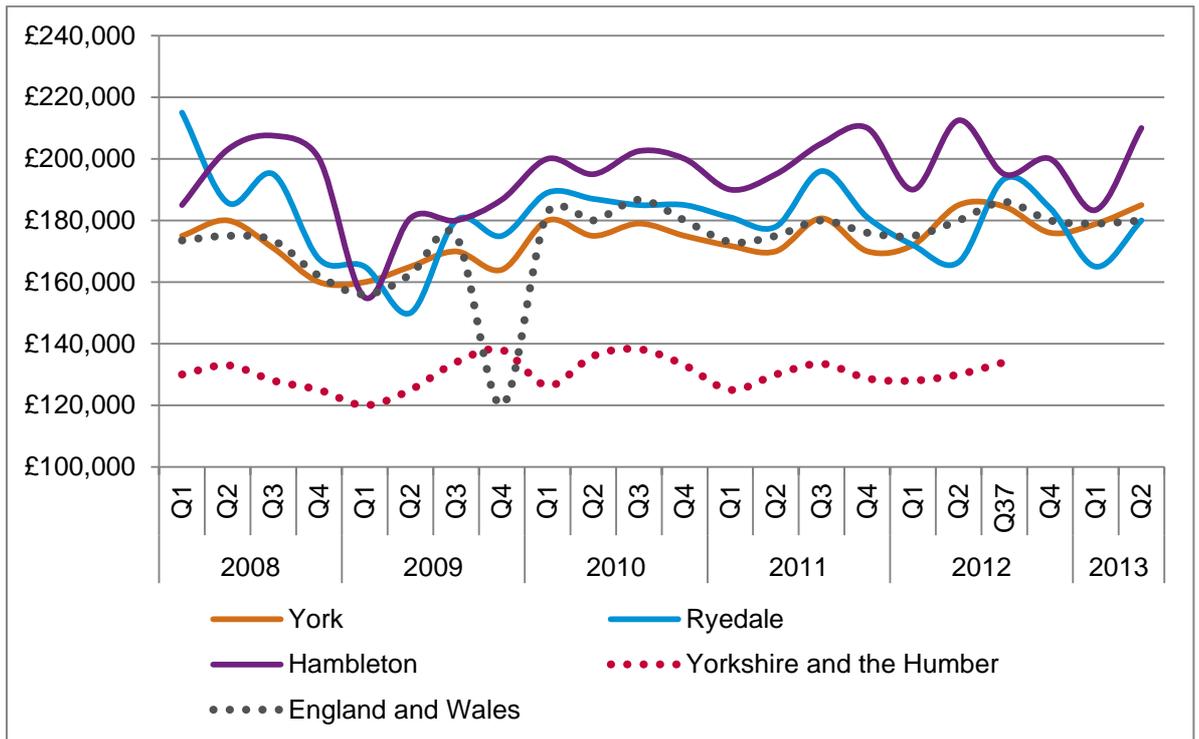
Source: DCLG Live Tables: Land Registry Data

8.5   Although taken from a different source, Figure 34 shows median house prices for the 2013-2014 period. The overall trend shows an increase in median house prices over the two-year period. Particular growth can be seen in case of Ryedale and Hambleton, with growths of £23,498 (14%) and £22,353 (12%) respectively. This also reflects trend line at the regional level, yet, the difference between Q1 2013 and Q4 2014 is £16,500 (9%).

Figure 34: Median House Price (2013-2014)
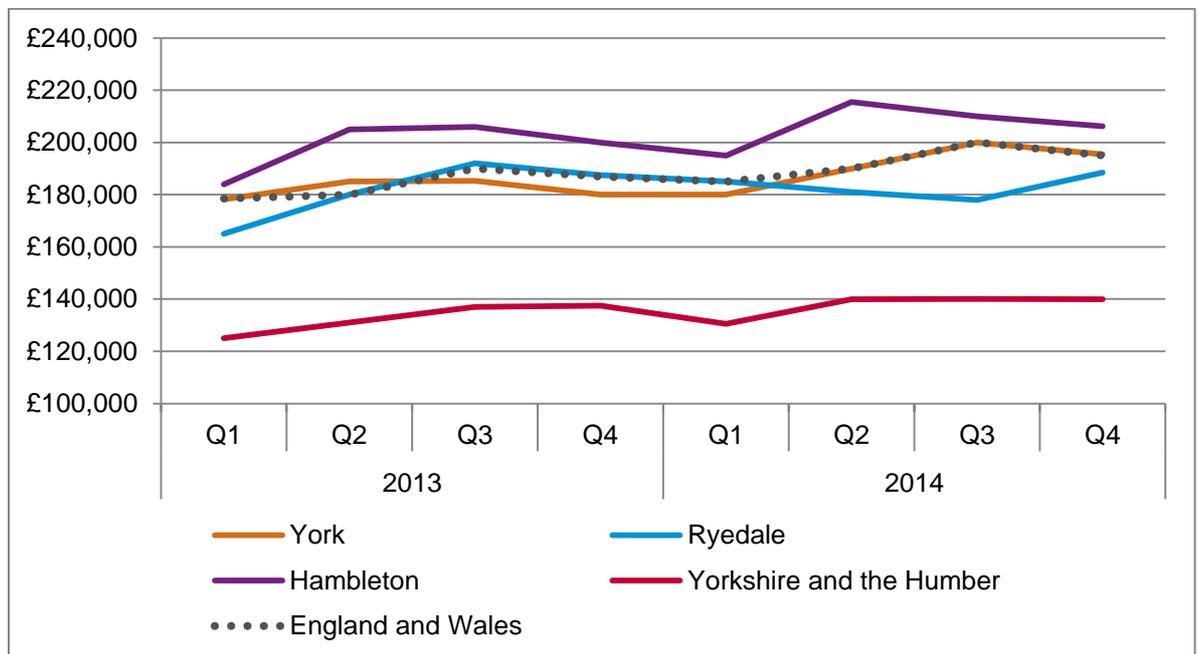
Source: GLH Analysis: Land Registry Price Paid Data

Sales Volumes and Effective Demand

8.6   Sales are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. Figure 35 benchmarks annual sales across authority, region and national levels and compares areas over the period of 1998 to 2014. It uses an index where 1.00 is the average annual sales over the 1998-2007 pre-recession decade.

8.7   As seen in the figure below, the impact of the recession was experienced across all geographical areas with sales volumes experiencing a significant drop between 2007 and 2008. Following the recessionary slump, sales volumes have remained well below pre-recession levels, yet, based on the figures from 2012 and earlier, the rate of recovery is accelerating.

8.8   As of 2014, sales volumes in York remain at 90% of the pre-recession levels. In Ryedale, volumes have recovered to 93% of the pre-recession level. This also indicates good responsiveness and dynamics of the local property markets. The slowest recovery was observed in Hambleton, where sales volume in 2014 is at 86% of the pre-recession peak.

8.9   The local authority figures are still substantially above the regional and national averages. Data for 2014 indicated that the Yorkshire and the Humber region recovered only to 66% of the pre-recession peak. The data indicated that at the national level sales volumes have recovered to 72% of the pre-recession level.

Figure 35: Indexed Analysis of Sales Trends (1998 – 2014)
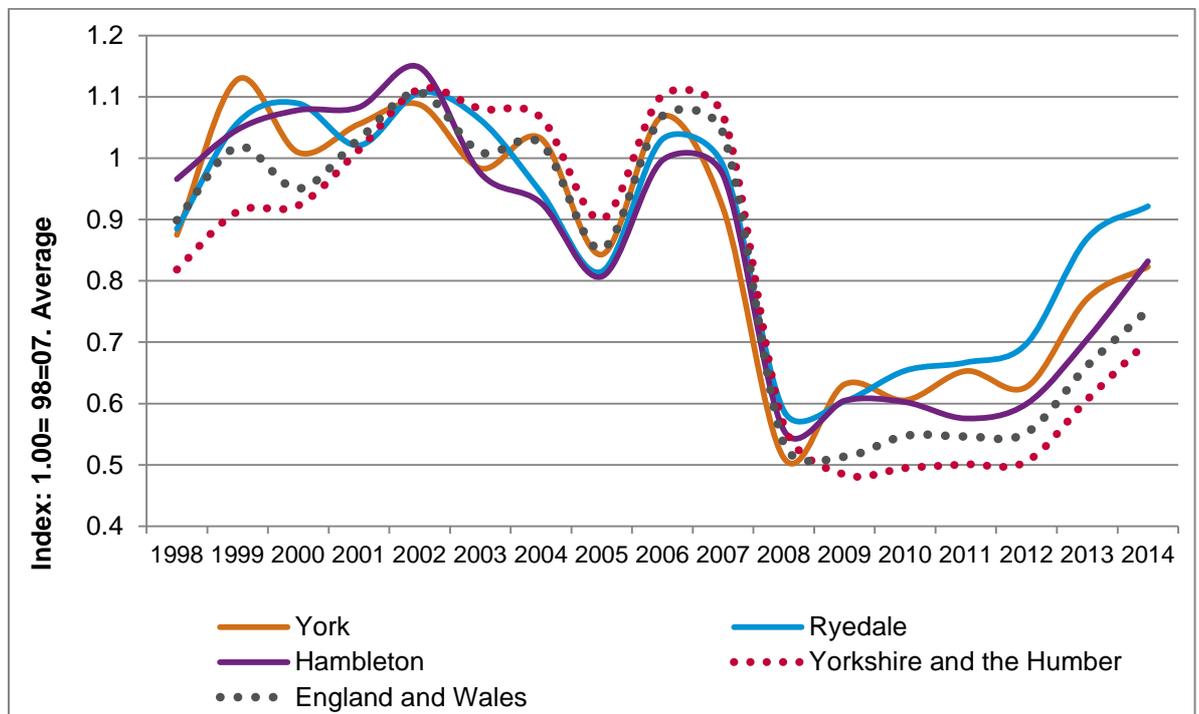
Source: DCLG and Land registry price Data

8.10   We have also analysed house prices achieved over the last full year (2014) in more detail to gain a better understanding of the latest dynamics for different property types within the local authorities. Figure 36 shows median house prices by different dwelling type.

8.11   York's median detached house price is £276,500 and Ryedale's £249,950. The figure for Hambleton is £284,000. By comparison the median detached house price in Yorkshire and the Humber is considerably lower at £229,950.

8.12   For semi-detached properties, prices are lowest in Ryedale where the median house price is £158,250. By comparison the equivalent figures for York (£193,000) and Hambleton (£175,000), yet, are at least £35,000 higher than the regional figure (£134,500).

8.13   There is a similar situation for terraced houses. The highest median house prices can be found in York (£175,000), while in Hambleton and Ryedale the median prices are £161,000 and £144,998 respectively. Again, prices in all three authorities are above the regional level, where the median figure is £110,000 for a terraced property.

8.14   The highest median flat prices can be found in York (£144,725), with Ryedale at £133,750 and Hambleton £120,000. Once again, all three authorities outstrip the regional level (£105,000).

Figure 36: Median House Prices (2014)

	Detached	Semi-Detached	Terrace	Flat	Overall
York	£276,500	£193,000	£175,000	£144,725	£192,000
Ryedale	£249,950	£158,250	£144,998	£133,750	£182,000
Hambleton	£284,000	£175,000	£161,000	£120,000	£210,000
Yorkshire and the Humber	£229,950	£134,500	£110,000	£105,000	£138,000
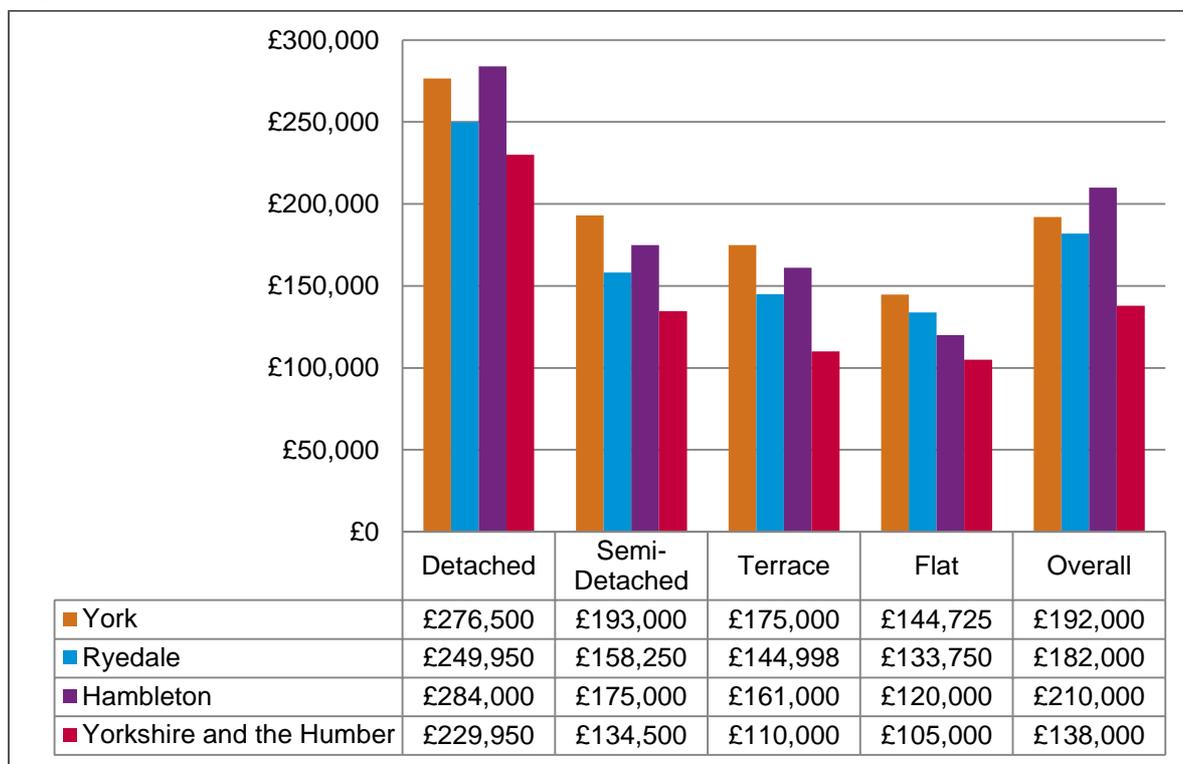
Source: GLH Analysis: Land Registry Price Paid Data

8.15   Below we set out this analysis at a sub-area level in order to observe more localised house price trends. Figure 37 provides the median house prices for the York sub-areas. Overall median house prices in York are estimated at £192,000. The highest prices can be found in the Village Rural sub-area (£246,500), while lowest median price is in the City Centre (£177,500).

8.16   As identified above, the most expensive type of property in York is detached houses. The highest median price for detached properties is in the Village Rural sub-area (£303,750), which is substantially above the overall authority level (£276,500).

8.17   For semi-detached houses, the highest house prices can be seen in the City Centre sub-area (£215,000), while lowest prices are in the Suburban sub-area (£182,500). The most expensive terraced properties are in the Village Rural sub-area (£184,995) while the cheapest are in the Suburban sub-area (£165,000).

8.18   In case of flats, the City Centre sub-area offers highest median prices, at £150,750. The other sub-areas have the same median price of £137,750.

Figure 37: Median House Prices: York sub- area breakdown (2014)

	Detached	Semi-Detached	Terrace	Flat	Overall
■ Suburban	£249,950	£182,500	£165,000	£137,750	£186,000
■ Village Rural	£303,750	£205,000	£184,995	£137,750	£246,500
■ City centre/Urban	£280,075	£215,000	£176,000	£150,750	£177,500
■ York	£276,500	£193,000	£175,000	£144,725	£192,000
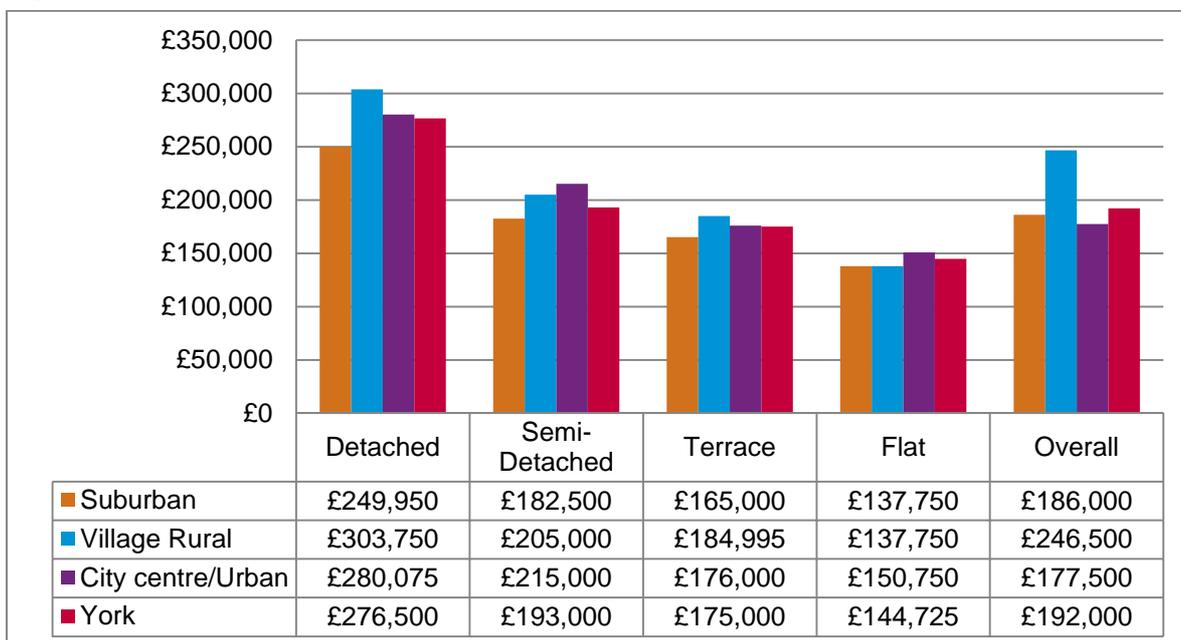
Source: GLH Analysis: Land Registry Price Paid Data

Rental trends

8.19   The most recent VOA private rental data (to March 2015) shows the median rental price in Yorkshire and the Humber was £495 per calendar month (pcm). All three authorities have considerably higher median rents with an average of £675 pcm in York, £535 pcm in Ryedale, and £550 pcm in Hambleton. For comparison the England average is £600 pcm.

8.20   Figure 38 shows the median rental values benchmarked to September 2011 values. This shows growth in private rental values across the authorities. Ryedale has seen a 7% growth over this period. In Hambleton, median private rental values have remained flat since September 2011. Values for York dropped over the period of September 2011- March 2015 yet noted a growth since September 2014 and have recovered to 2011 levels. Across the region, there has been 5.3% growth over the last four years.

8.21   Also shown in Figure 38 is the Consumer Price Index (CPI) to allow comparison between growth in rental prices and inflation. This shows that only Ryedale has seen a rental price increase above inflation while Hambleton and York have seen a decrease in real terms.

Figure 38: Benchmarked trend in median private rental values (Sep 2011 – March 2015)
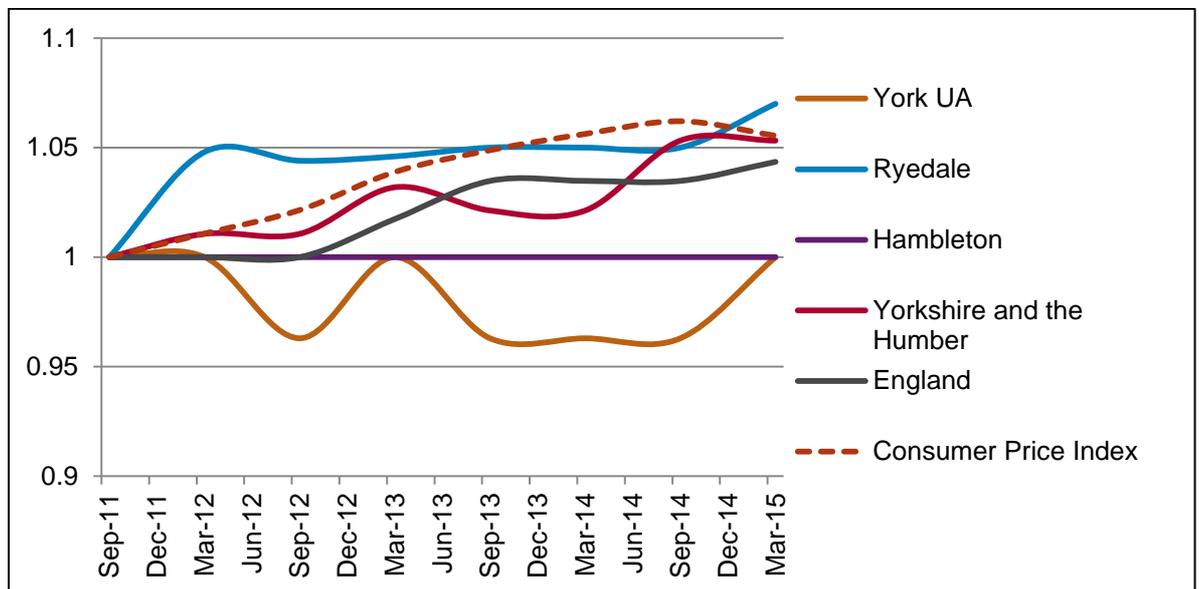
Source: VOA Private Rental Data

8.22   Figure 39 shows trends in the number of private rental transactions recorded by the VOA benchmarked against September 2011 figures. This shows a strong upward trend in the number of rental transactions across all three authorities. This can be seen in particular in Ryedale, where the number of transactions increased by 116% since 2011.

8.23   In York rental transactions are currently 55% higher than in September 2011. In Hambleton this figure is 67%. After steady growth in number of transactions since 2011, Hambleton noted a drop after September 2014.

8.24   By comparison, in Yorkshire and the Humber rental volume are still slightly above (6%) past figures. Nationally, over this period there has been a slight downward trend which is an indication of households returning to owner occupation as a result of improved mortgage availability and the impact of Government schemes such as Help to Buy.

Figure 39: Trend in private rental transactions (Sep 2011 – Sep 2014)
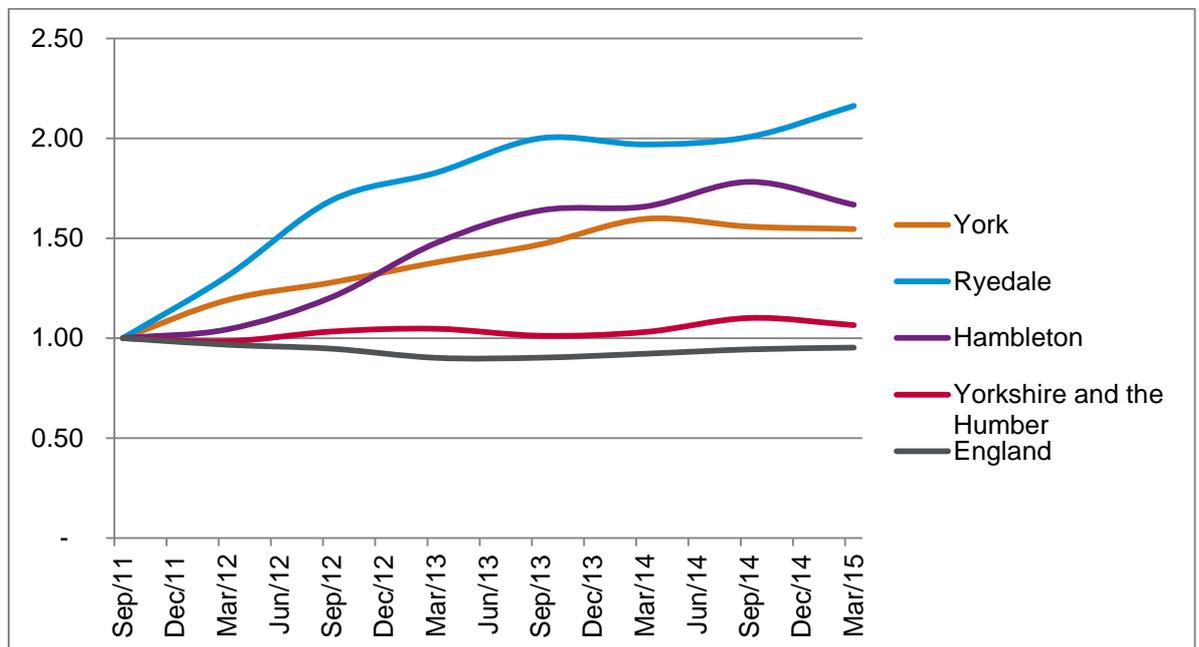
Source: VOA Private Rental Data

Affordability of Market Housing

8.25   We have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and lower quartile earnings. As of 2015 the lower quartile house prices in York are 8.7 times higher than lower quartile earnings. The equivalent figures for Ryedale and Hambleton are 8.5 and 8.9 respectively.

8.26   As shown in Figure 40, across all areas the ratio of affordability rose steadily over the period to 2005, before experiencing a post-recession trough in 2008. At a national level, affordability ratios have plateaued following a modest 'bounce back' in 2010 and are currently lower than the 2007 peak. In Ryedale, York and Hambleton there has been a post 2009-10 growth, from 2010-2012 Ryedale noted a steep decline from 8.65 to 7.36 a year after.

8.27   As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years. However much of this growth was prior to 2005, and there has been limited change in affordability over the last decade, particularly in York.

Figure 40: Lower Quartile Affordability Trend (1997-2015)
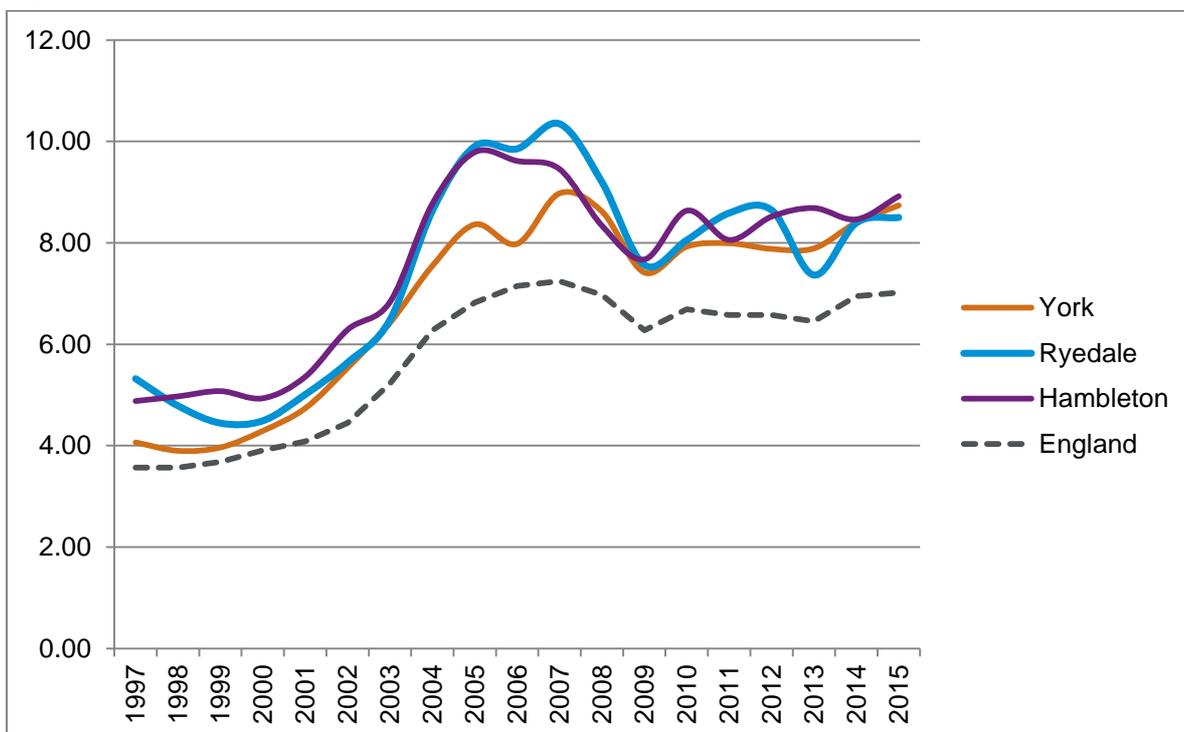
Source: VOA Private Rental Data

8.28   Table 50 compares the lower quartile affordability ratio to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In York the median ratio is below the lower quartile figure indicating that affordability pressures are even more acute at the lower end of the market. In the case of Hambleton, there is no difference. In the case of Ryedale, the median ratio is above the lower quartile, which is in line with the national trend.

Table 50: Comparison of lower quartile and median affordability (2015)

	Median Ratio	Lower Quartile Ratio	Difference
England	7.2	6.9	0.3
Hambleton	8.8	8.7	0.0
Ryedale	8.7	8.4	0.3
York	7.5	8.4	-0.9

Source: DCLG Housing Market Live Tables

8.29   Affordability is influenced by house prices and earnings. Figure 40 compares the median and lower quartile gross annual earnings by place of residence. The median earnings in York is £27,555 per annum, in Hambleton its £25,275 per annum, while the median in Ryedale are £21,556 per annum. York is slightly above the national figure of £27,189, while Hambleton is below and Ryedale considerably below the national average. The lower quartile earnings figure for York is £18,731 per annum. The figure is slightly lower for Hambleton (£17,234) and Ryedale (£17,152). All are below the national figure of £19,215.

8.30   The above data suggests that the lack of affordability in these areas is driven by both level of property prices and low wages across the local population.

Figure 41: Annual earnings (gross) of full time workers by place of residence (2014)
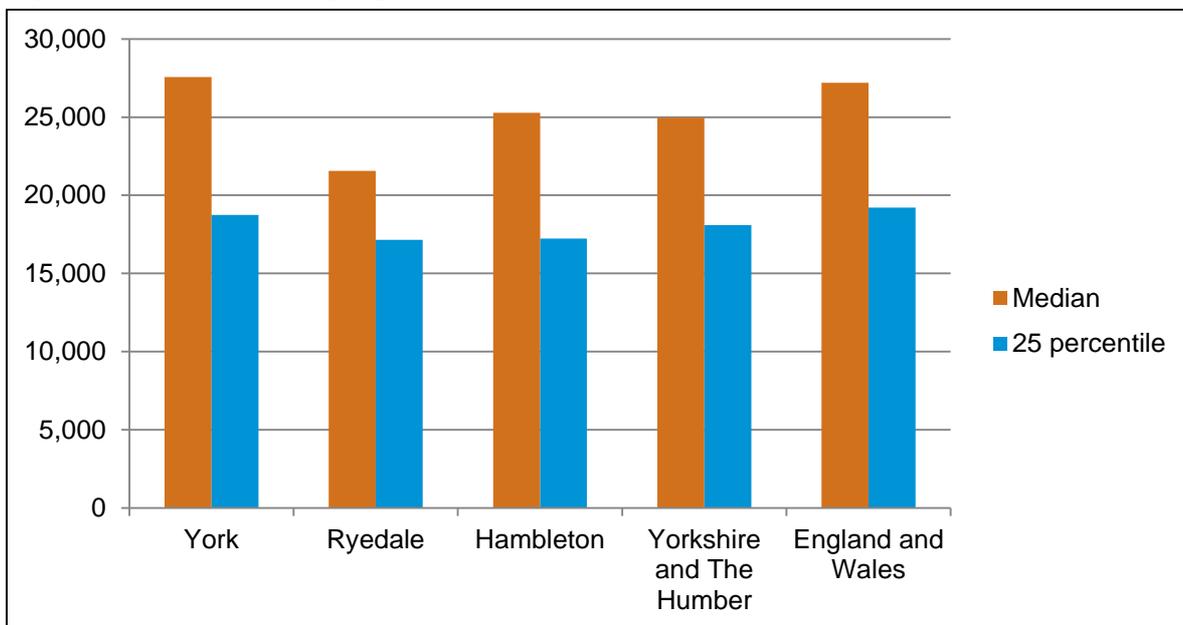
Source: Annual Survey of Hours and Earnings

8.31   Nationally, a combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer households being able to buy and increased pressures on the existing affordable housing stock. This has resulted in strong growth in the private rented sector as households are being forced to rent longer. This is illustrated in Figure 41.

8.32   Figure 41 shows the percentage point change in tenure between 2001 and 2011. Over this period there has been a notable shift in the number of people owning their home to living in the private rented sector. This has been seen across all the comparator areas. This is most notable in York where there has been a 6.3% decrease in the level of homeownership and a 7.7% increase in the number living in PRS.

8.33   Generally, there has been an increase in PRS, increasing by 2.6% in Ryedale and 3.6% in Hambleton. This is below the regional (6.5%) and national averages (6.5%). This might be caused by the recession from 2008 onwards, which undermined ability of the financial institutions to provide attractive mortgage rates and put down the confidence of the people to take mortgages.

Figure 42: Change in Households by Tenure (2001-11)

	Owned outright	Owned with a mortgage	Shared ownership	Rented from Council	Rented from RP	Rented from PRS	Other
York	1.8%	-8.1%	0.0%	-1.7%	0.5%	7.7%	-1.4%
Ryedale	3.6%	-5.2%	0.0%	0.1%	0.2%	2.6%	-4.0%
Hambleton	4.5%	-7.9%	0.2%	0.0%	-0.1%	3.6%	-2.4%
Yorkshire and The Humber	2.1%	-5.2%	0.0%	-5.0%	2.1%	6.5%	-2.0%
England and Wales	1.4%	-6.0%	0.1%	-3.8%	2.2%	6.5%	-1.8%
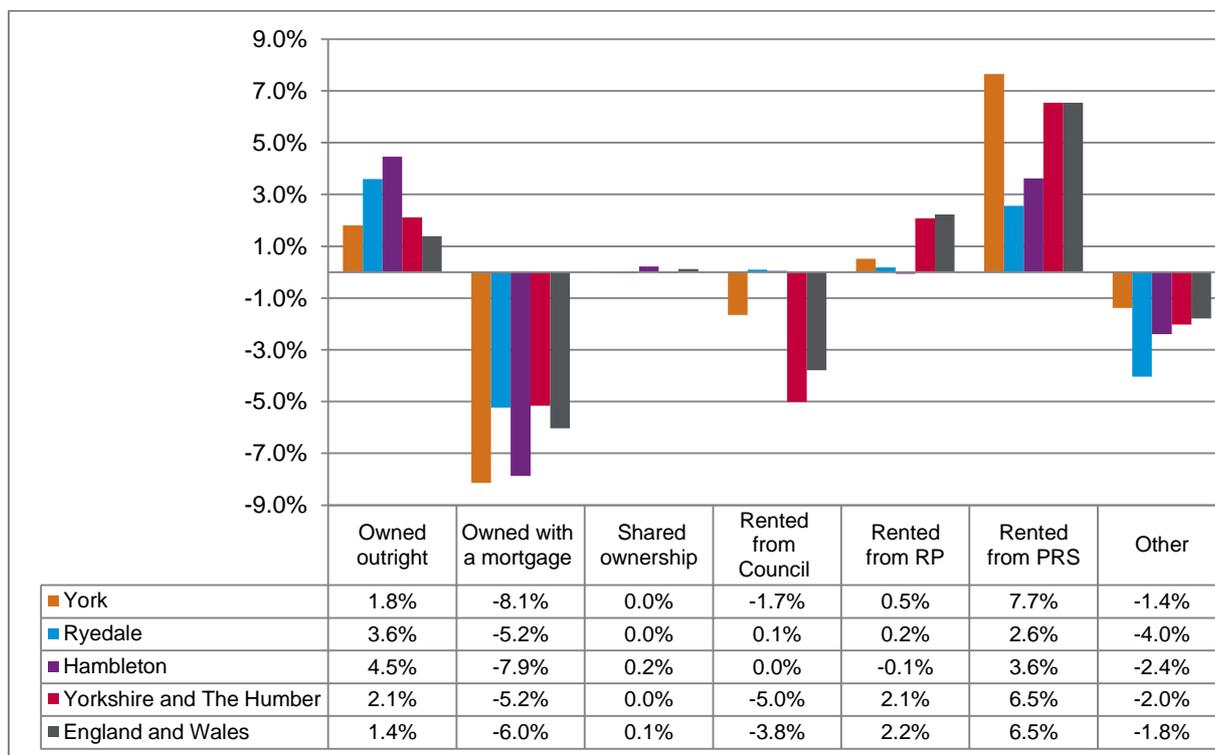
Source: 2001 & 2011 Censuses

Changes in Overcrowding and Concealed Households

8.34 In York there was an 52% increase in households spaces which were classified as over-occupied between 2001 and 2011, based on the Census occupancy rating. This represented an increase of over 2,000 households. The proportional increase and level of over-occupancy is high relative to that seen at a regional or national level, and indeed overcrowding on this measure in Ryedale and Hambleton are the also significantly lower.

Table 51: Change in Overcrowded Households (2001-2011)

	2001		2011		Change	
	#	%	#	%	#	%
Hambleton	827	2.4%	980	2.6%	153	0.2%
Ryedale	597	2.8%	665	3.0%	68	0.2%
York	3,886	5.1%	5,930	7.1%	2,044	2.0%
Yorks & The Humber	114,582	5.5%	147,894	6.6%	33,312	1.1%
England and Wales	1,510,422	7.0%	1,995,860	8.5%	485,438	1.6%

Source: 2001 & 2011 Censuses

8.35 We have also reviewed homelessness in York and the nieghbouring districts. This is shown as the number of homeless households per 1,000 households in total to ensure consistent analysis. York

shows a level of homelessness at 1.2 per 1,000 households which is similar to Hambleton and above Ryedale. In comparison to the national figure however the York figure is relatively low.

8.36   All areas have seen a notable reduction in the number of households accepted as being homeless and in priority need. York has seen a fall from 426 homeless applications in 2004-05 to 103 in 2014/15. This is a reduction of some 75%.

Figure 43: Numbers accepted as being homeless and in priority need per 1,000 (2004-2015)
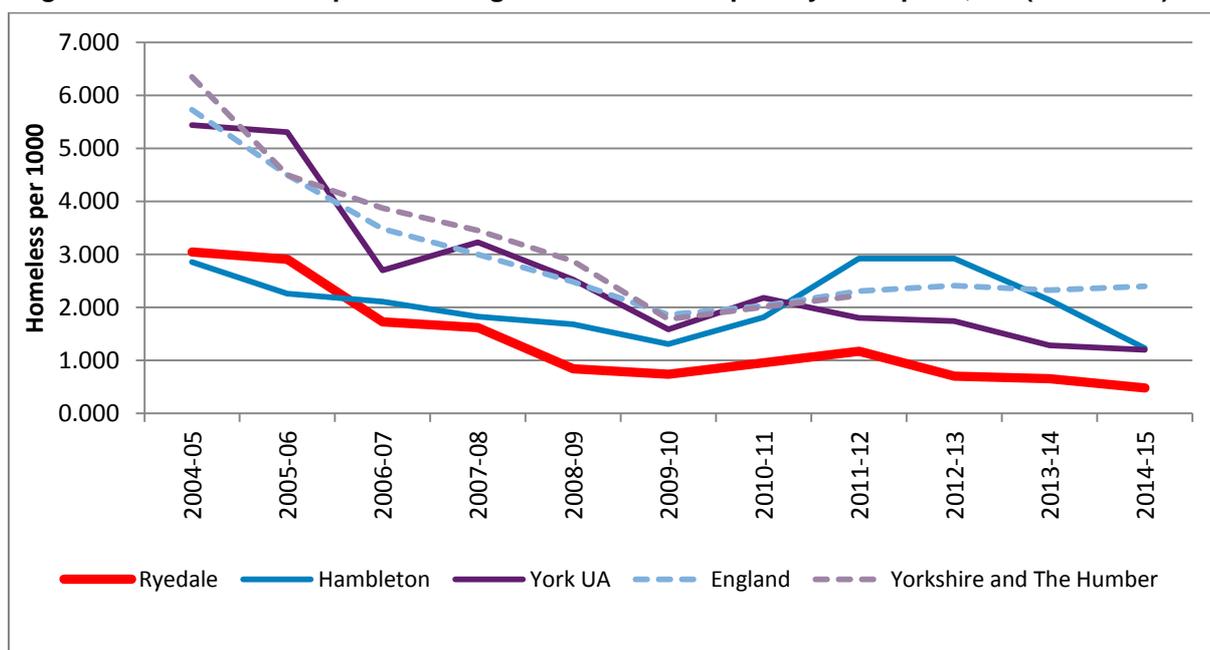
Source: DCLG P1E Homelessness returns

8.37   Between 2001-11, the number of concealed households in York increased by 256 households (with the rate rising from 0.7% to 1.1% of households). However, the level of concealed households remains below the national and regional levels..

Table 52: Change in Concealed Households (2001-2011)

	2001		2011		Change	
	Concealed families	% Concealed	Concealed families	% Concealed	Number	%
Hambleton	183	0.7%	294	1.1%	111	0.4%
Ryedale	98	0.6%	144	0.9%	46	0.3%
York	330	0.7%	586	1.1%	256	0.4%
Yorks & The Humber	15,890	1.1%	25,410	1.7%	9,520	0.6%
England and Wales	169,765	1.2%	289,295	1.8%	119,530	0.7%

Source: 2001 & 2011 Censuses

Past Housing Supply vs. Targets

8.38   We have examined housing completions data for York dating back to 2004/05 and set these against the annual housing target from 2004/05 to 2013/14. Over this period, housing delivery in York has missed the target each year since 2007. Overall target for these years was missed by almost 23% which equals 1,979 units below the target level. The York Target is taken from the Yorkshire and Humber Plan Regional Spatial Strategy (adopted in 2008).

Figure 44: York – Housing Supply vs Target (2006/07 – 2013/14)
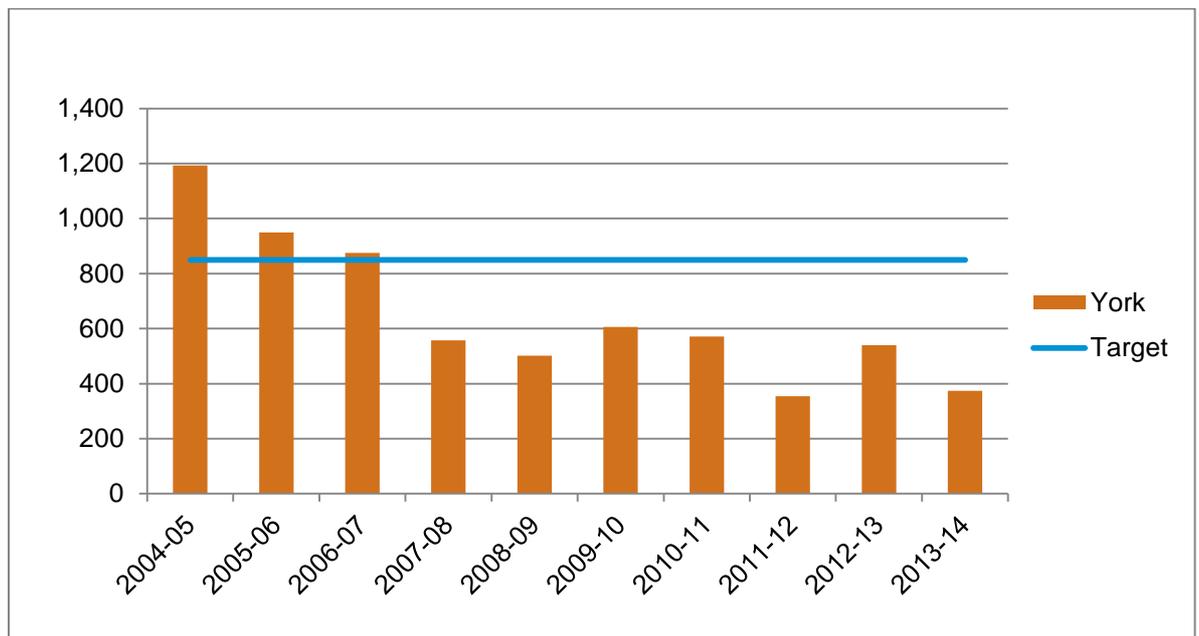
Source: Authority Monitoring Reports

8.39   This analysis highlights a shortfall in provision against previous targets. The PPG states that '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 PPG also urges that the assessment will need to reflect the consequences of past under-delivery of housing'. It is considered that under-delivery may have led to household formation (particularly of younger households) being constrained. This point is picked up in this report which uses a demographic projection based analysis to establish the level of housing need moving forward.

8.40   The finding of a past under-delivery of housing may suggest that there is a 'backlog' of need which requires adding on to an assessment of need moving forward. However, it is considered that this past under-delivery is not a discrete part of the analysis but is one of the various market signals which indicate a need to increase provision from that determined in a baseline demographic projection. As noted in the paragraph above it is recognised that this market signal will require

upward adjustment through consideration of migration and household formation rates rather than just a blanket increase based on the level of 'shortfall'.

8.41   Such an approach can be supported by a recent High Court ruling; Zurich Assurance Ltd vs Winchester City Council and South Downs National Park Authority of 18th March 2014. In this the claimant (Zurich) considered that the Inspector at the Local Plan EiP had made a 'methodological error' in his assessment of the proposed housing requirement. In this regard, the Honourable Mr Justice Sales stated that:

> *"According to Mr Cahill's suggestion, the modellers in 2011 should have begun by saying that there was a shortfall of 854 homes against a previous estimate and then should have added that on to their own modelled estimates for new homes for 2011-2031 to produce the relevant total figure. In fact, none of them proceeded in that way, and rightly so. In my view, they would clearly have been wrong if they had tried to do so. 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. That would have involved mixing apples and oranges in an unjustifiable way." [§95, Case Number: CO/5057/2013].*

Qualitative Evidence

Introduction

8.42   This part of the report presents the key findings of consultation with estate and letting agents and qualitative research with other stakeholders into housing market conditions within the housing market area (HMA). The aim is to add a local perspective to the study and provide a 'how and why' perspective to support SHMA findings. It describes market dynamics and shortages in supply at the time of the assessment in late July 2015.

8.43   We have endeavoured to inform the following research questions:

    a. To what extent do agents' area of operation mirror housing market boundaries?
    b. What are the main gaps in supply for each local housing market area for new build, resale and rented housing?
    c. To what extent does new build housing meet local need?
    d. What contribution does the private rented sector make to meeting local need? and
    e. What impact does the tourist industry have on local housing markets?

Evidence from estate agents, letting agents and new build on site sales staff

8.44   Our findings are based upon 29 face to face interviews with sales and lettings agents based in all of the major towns of the districts of Hambleton and Ryedale, the City of York. Estate and letting agents were asked to provide information about their local market including areas such as Haxby in

the City of York. Representatives from the National Landlord's Association (NLA) and Higher York - the higher education umbrella organisation were interviewed.

8.45   Interviews were designed to broadly understand local housing market conditions, trends and drivers, and which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, those on low income and vulnerable people. The research also explores the interfaces between the sales and letting markets and these markets with sub market and affordable housing.

8.46   Additional homes are mostly supplied from new build housing. It is important to understand the characteristics of new build housing and households that purchase or occupy it to establish whether the characteristics of this group differs from purchasers of re-sale housing. To inform this we interviewed 7 house-builders with on-site sales staff. A further 3 sites have been contacted and we are awaiting a response. We came across numerous infill sites being developed local builders, and registered providers, none of which had on site viewing and or sales facilities.

Rightmove data

8.47   Rightmove provides a nationwide searchable database of property currently for sale or rent by estate and letting agents. We have used Rightmove data where appropriate to supplement the evidence from agents and help define an area's re-sale and rental market in terms of price range, property size/type and target market. These data are a snapshot of vacancies and asking prices at the time our fieldwork was undertaken. Prices quoted here will differ from price analysis elsewhere in this report that is based upon agreed prices. It is noteworthy that the data does not include sales and lettings offered by owners not using lettings agents.

General findings from the qualitative research

8.48   We present the general findings first then the supporting evidence. This is because the area based evidence that follows is detailed and is sometimes repetitious as some factors are common to more than one local authority.

Key features of the local housing market

8.49   Based upon the perceptions of estate and letting agents, local housing markets of the market towns within each of the local authorities housing markets are very self-contained. Around, and in some cases over 80% of all transactions are bought sold or let to local people. Of the other 20% most are from the City of York and West Yorkshire with a small amount of long distance re-location. It is noteworthy that there is no significant re-location from the overheating markets of London and the South East of England.

8.50   The road and rail transport network enables residents to commute to labour markets within the study area, the coastal towns and the Leeds City Region labour market. Hambleton and Ryedale agents told us that the main driver of demand for incomers was because the quality of life, the landscape and better value for money than offered in York and Leeds.

8.51   New build housing also tended to supply local demand and did not attract a higher proportion of incomers as has been noted in most other studies. Most agents concluded that people tend to stay in or return to their home town.   Although this view was not always consistent with some developments 9such as the Chocolate works) attracting investors from outside the City.

8.52   Agents told us that in most locations sales volumes had reached or exceeded 2006 levels. The City in general was seen as a price hotspot where prices had exceeded their 2006 peak levels. This was due to the exceptional character of these locations. The hotspots include the City of York, Helmsley and Stokesley.

8.53   The inner city of the City of York was described as a high pressure housing market and it also accommodates many visitors. It offers a lifestyle that is attractive to some young professionals, some of whom live in York but work in the Leeds city region. There is also a large student population and student numbers have grown due to expansion of the universities.

Gaps in supply

- Most resale agents say that there is very high demand for 2 and 3-bedroom family homes at up to local median prices. They are sought after by households seeking to upsize from their first home and higher income first time buyers.
- Agents cited local shortages of some other house types. Some agents highlighted unmet demand for bungalows due largely to older people staying put and rather than the absolute number of bungalows in the market area. All agents recognised that that retired households seeking to downsize were a significant part of market demand and there is some evidence that developers are responding to this
- Most letting agents say the crucial gap in supply is of good quality family homes although demand continues to be very strong right across the private rented sector. Investors are very active in markets where dwellings can be bought for under £150,000.

New build

- Throughout the study area around 80% of sales of new build housing were achieved by local households. Most incomers to the districts were from York and West Yorkshire with very few long distance movers.
- The majority of sales at the more affordable end of the market have been assisted with the help to buy. However most second time buyers seeking to upsize would take advantage of part exchange schemes offered by volume house builders.
- Most current development is sought after by the gaps identified by resale agents – first time buyers and first time movers seeking to up-size.

Investors and first time buyers

- Agents report that there is competition between investors and first time buyers for homes at entry level prices. Although first time buyers avoid dwellings that require major investment.

The private rented sector

- Many landlords that employ letting agents will generally tenancies to working households that claim top up benefits provided they can provide references, finance a bond and supply a guarantor.
- There is little upward pressure on rents except in the property hot spots we have identified. There is evidence of upward pressure on rents in York's inner City.
- Landlords are continuing to invest to meet demand and agents told these are mostly local landlords. However, supply is not in balance with demand as there is a growing trend for tenants to stay in tenancies long term.

Registered Providers

8.54   We were told that the government's budget measures were having a massive impact on the sector and the development programme for lower value areas was severely reduced. Where development was proceeding the evidence suggests that the development mix is broadly in line with local authority strategic needs and gaps in supply for affordable and low cost housing.

The City of York

8.55   Our aim was to seek interviews in distinctive and contrasting parts of the City. We anticipated that local estate and letting agencies would service these areas however we found that some parts of the city were serviced mainly by agents based in the city centre. Letting agents especially tended to be centralised in this way. We were advised that one agency in particular played a prominent role in the student letting market and this was also city centre based.

8.56   Rightmove data shows that most parts of the City have asking prices that are higher than many parts of the wider study area except the National Park. Asking prices were generally lower in Acomb and Holgate and these compared to lower priced areas of Hambleton and Ryedale

8.57   The agent based in Dringhouses described a contrasting market. Facing the racecourse and toward Micklegate, there are large residences that command high prices – up to £1.5m. There are also hotels and businesses. To the west of the racecourse there is a large estate of local authority and ex-local authority houses. The agent told us that 'it's not selling them it's getting them' with most properties in the £150,000 to £400,000 range selling within two weeks. Ex-local authority prices sell for between £180,000 and £200,000. We were told that at these prices it is too expensive for investors but many landlords are reluctant or accidental landlords choosing not to sell housing that had been inherited. 75% of all re-sales are made to local people. The agent told us that there was a

critical shortage of 3 and 4 bedroom homes affordable to second time movers who needed to move because of growing families. We were told that there is no shortage of flats or apartments.

8.58   According to Rightmove the Haxby and Strensall area has higher median prices than other parts of the City we visited. A local agent told us that most transactions are made by local people who once they become residents remain there and upsize or downsize but few leave. It is a location that many households aspire to. 20%-30% of sales are made to incomers who come here to work in the City or retire. We were told that investors were largely priced out of the market and there were relatively few lettings at any time. The agent told us that there was a shortage of homes affordable to first time buyers ideally 2 bedroom homes at the £170,000 price point.

8.59   Whilst Acomb includes large areas of terraced and semi-detached houses its town centre is distinctive and is reminiscent of a small town. Agents told us that ex-local authority homes would sell for around £165,000 – similar to town centre terraced houses. The agent believed that ex local authority housing prices were increasing in value as they were becoming accepted as 'well built, spacious houses'. Some had changed hands many times since being bought from the local authority. Nevertheless, such vacant houses would attract investors. The agent remarked that some had been purchased by members of the armed forces, especially from the regiment returning from the Rhine. The agent told us a larger supply of housing affordable to first time buyers was needed as well as homes affordable to families needing to trade up to larger homes to suit their growing families. We were directed to the agent's city centre branch for information on the letting market.

8.60   We sought interviews with many city centre agencies to obtain insights into other local housing markets within the city, notably Fulford, Heslington and the city centre.

8.61   Regarding the city-wide residential rental market, one agent based in an agency that covered the entire city advised us that 1,000s of people were registered with them seeking rentals within the city. 30% of these were people seeking to re-locate to the city. Peak demand was in the £600-£700 pcm band but shortages existed from entry level tenancies upward (£500 pcm for a self-contained flat). The agent old us that prices were rising as a consequence. Customers were typically full time employees, young professional singles and couples and postgraduate students. We were told that those seeking city centre living were making a lifestyle choice. They found York city centre an interesting place to live and valued the fact that they could walk or cycle to work. Some chose to live in York but commute to other labour markets by train – especially Leeds. We were told that further apartments were under construction to the north of the city centre and this would boost supply however house prices restricted new investment by landlords in many parts of the city. We noted a number of small scale apartment developments in the Holgate area of the city and we were told that many of these would be let rather than sold. The rental market in some parts of the city was focused on student lettings rather than residential lettings.

8.62   We asked a number of agents about the large residential area to the east of the city bordering the A1079. In summary the area was described as a residential area for average income families and older people. Residents would move short distances to upsize or downsize but most chose to remain in the area. The area housed many employees of the University of York but not students. See below for remarks about student accommodation. The agent said that the key shortage was for housing suitable for first time buyers. It was regrettable that they could not find suitable affordable housing in the area that they grew up in and to enable them to retain close links to their families.

8.63   Agents told us about the Fulford and Heslington village sub markets. These areas are close to the University of York. Fulford provides services to students but is not a student residential area. We were told that policy interventions such as Article 4 Directions had helped to keep student numbers down. According to Rightmove Fulford has a low volume of sales and has above average lower quartile and median house prices. Fulford is popular with university lecturers and academics.

8.64   It is apparent from the last few paragraphs that centrally based sales agents are unable to offer such detailed insights into York's local housing markets. So we asked one agent to provide further insights. Part of the interview concerned student housing which is reported below. In addition, the agent reminded us that like many parts of the study area there is a need to accommodate visitors and tourists and a part of the housing stock is used in this way rather than for residential use. The agent also stressed the point made above, that city centre living is driven by lifestyle aspirations. The agent also pointed out that owners of high value property were constantly testing the market and declining offers. Therefore, asking prices should be treat with caution.

8.65   It is important to understand the market for new build housing and how it differs from re-sale housing. We came across significant new development sites and achieved interviews with on-site sales agents.

8.66   David Wilson Homes had a sales agent working within the distinctive Seebohm Quarter and Lotherington Quarter developments at Derwenthorpe. These developments are visually striking and are built to a high eco specification. The sales agent old us that when completed 500 homes would be produced in the form of 2-5 bedroom homes. The agent estimated that one third of sales were to incomers and people were coming to the scheme for a multitude of reasons, examples being work related including university lecturers, first time buyers for products up to £250,000, up-sizers and down-sizers. Tenures on offer include freehold, shared ownership and affordable. We were told that the affordable housing element will be managed by the Joseph Rowntree Housing Trust.

8.67   At Strensall we interviewed the sales agent at the Tannery development. This is a 53 plot development of 4 and 5 bedroom homes selling between £400,000 and £500,000. The agent told us that sales had 'predominately' been achieved to existing households from the York area who

were upgrading. A small number of sales had the Help to Buy scheme assistance, a greater number used the company's part exchange scheme.

8.68   Barratt Homes is developing the Meadows at Huntingdon to the north of the city. This development currently offers 3 and 4 bedroom homes for sale. The 3-bedroom product is proving very popular and sells quickly. Nearly all sales are to households currently living in York and a high proportion is from the surrounding area. First time buyers account for a small number of sales but most are to first time movers. The sales agent told us that demand exceeded the capacity of the site and that feedback from the public was that these new homes were badly needed.

Social and affordable housing

8.69   Local council housing officers were asked (via email) to respond to questions relating to the demand and supply of affordable housing within their local authorities.

8.70   The council housing stock of approximately 7,800 homes is owned and managed by York city council. In addition, there are the council approximately 4,500 homes owned and managed by Registered Providers in the city.

8.71   The council and all registered providers except the Joseph Rowntree Housing trust manage allocations through North Yorkshire HomeChoice.

8.72   The council officer told us that all types and sizes of affordable housing were in short supply in the city but the most acute shortage was of 2 bedroom homes. We were told that benefit reform has led to a significant increase in demand from households seeking to downsize since the introduction of the 'bedroom tax'. The groups of people most affected by shortages are overcrowded households – both waiting list and homeless applicants. Conversely, bedsits tend to be in low demand.

8.73   To help meet demand from homeless households the council manages 60 homes leased from the private rented sector through the councils letting agency 'YorHome'. Suitable Homeless applicants are encouraged to take up tenancies in the private rented sector and assistance is given by the councils housing options service. The council's deposit and guarantee scheme operates only in respect of homelessness/potential homelessness and not, for example, enabling non urgent households to access the private rented sector. Around 50% of homeless presentations arise from failed private rented sector tenancies however many of these are found to be intentional homelessness when investigated. Around 20% of cases accepted as statutorily homeless are from private rented sector tenancies that have ended.

8.74   We were told that the council has policies to assist low income working households into home ownership. 30% of planning resources from planning gain fund discounted housing for sale. Households with income less than £60,000 p.a. are eligible for this.

The private rented sector

8.75   To provide a balanced view of the private rented sector we asked the local authority private rented sector enforcement team for some further information from the local authority perspective.

8.76   Officers told us that residential landlords are represented by the York Residential Landlords association and the National Landlords Association (NLA). Student landlords are represented by 'Higher York. Officers attend meetings or these associations. In addition, there are joint meetings bi-annually with the NLA and members of the accreditation scheme.

8.77   The Landlord accreditation scheme has been active since December 2013. The aim of the scheme is to achieve improvement of standards and management within sector via pro-active work rather than reactive enforcement. It is also there to promote and support better landlords by improving their knowledge and skills through training and advice. We were told that the scheme has a number of features and benefits such as advertising of properties, a raised profile for accredited landlords, advice and assistance to landlords and access to free training. Approximately 100 landlords and agents out of an estimated total of 2000 in the sector are accredited. Improvement of standards and management within sector via pro-active work rather than reactive enforcement. Promote and support better landlords. In particular, by improving their knowledge and skills through offer training and advice.

8.78   We were told that council/landlord relations vary dependent on the subject matter. For example, there are good relations on topics such as the student code of practice, HMO license conditions and use of Carbon Monoxide detectors. Less positive relations exist due to the introduction of the Article 4 directions put in place in 2012.

8.79   Article 4 directions help the Council to have planning controls on minor development and change of use to ensure that the character of localities is protected. The regulations remove 'permitted development rights' for certain minor alterations, extensions and changes of use, as set out in the direction, where normally an application for planning permission would not be required.

8.80   Officers told us that there are 460 registered houses in multiple occupation scattered across the city within the inner ring road. Concentrations in Hull Road / Lawrence Street area, the "Groves" area, Clifton, Badger Hill, Micklegate and Gillygate areas. There is no selective licensing scheme.

8.81   We were told that the issues most complained about by tenants are damp and mould, condition of student properties and actions of letting agents. Also poor management practices relating to withholding tenancy deposits.

8.82   Officers explained that the characteristics of the broad rental market area (BRMA) of the York region have a particular impact locally. The Valuation Office Agency is responsible for defining the size and shape of the BRMA and the assessment of market rents within it. The 30th percentile of a sample of rents in the area for key property types defines the point beyond which the additional rent will not be eligible for housing benefit. This is known as the local housing allowance (LHA) rate. Tenants seeking to live in private rented sector housing above this limit will have the pay the difference in full. We were told that the characteristics of the rental market in most of the rest of the BRMA are markedly different to that of York. Private rented sector tenants within the City of York are only able to access LHA at a rate in line with a region that includes less expensive mainly rural / market towns well outside the confines of the city boundary. This means that there is greater demand for lower rented dwellings in York compared to much of the rest of the wider area, although as noted there are areas of higher rented homes and house prices especially in Ryedale District. Conversely, private rented sector tenants in these less expensive areas find that the housing benefit cap is higher relative to local average rents thus widening the choice of tenancies.

8.83   Officers explained that in 2010, as part of the Governments benefit reform measures the (LHA) rate reduced from the 50th percentile to the to the 30th percentile of BRMA average rents. Further, in 2013 the annual uprating of rents was limited to the consumer price index (CPI) or 1%. The variation of market rents across the BRMA has meant that local rents and LHA rents are diverging significantly. Officers told us that the freezing of LHA rates for the next four years will not close the gap unless market rents freeze or reduce. Out of 2,276 private sector HB claims in York 1,872 (82%) are subject to LHA rules.

8.84   Access to the private rented sector for vulnerable households/those on a low income (including a growing number of in-work households) is becoming more challenging as the rate of rent rises exceeds LHA rates.

Private Landlords

8.85   The regional representative of the National Landlords Association (NLA) was interviewed. The regional representative covers the whole of Yorkshire, is a resident of the region and was able to offer a wider perspective of the study area. On the question of student housing the NLA representative felt that adjustment in the market might be more apparent in future years and urged us to talk to the York Landlords Association. However, we were told that foreign students continued to 'pile in'. The representative told us that landlords all across the region were very concerned about

changes to the tax credit system and the impact that this would have on tenants that are low income working households. Otherwise landlords continued to face high levels of demand from all household types and sizes. Some landlords were continuing to invest and increase their portfolio but there was a trend of tenants seeking to stay longer in their tenancies which was limiting supply. Some 'accidental' landlords were selling up now that house prices were rising across most of the region especially in York and other price hot spots identified in this study.

Registered Providers

8.86   Many registered providers own and manage stock across the study area and project resources prevent us interviewing them all. We asked the local authorities to nominate a small number to interview and some were common to all local authorities. Therefor our report of these interviews is provided here as an overview of the study area rather than for individual local authorities.

8.87   Toward the end of the project we sought an interviews with four nominated registered providers but response was patchy due to workload pressure. This pressure is significant due to the need to amend business plans as a response to the budget 2015 which seeks rent reductions from registered providers as part of the government's plan to reduce the cost of housing benefit. The following is an amalgamation of responses to the questions we put to registered providers, which reflect the issues that have arisen throughout this study.

8.88   We were told that the budget measures were having a significant effect on the social and affordable rent development programme. One registered provider operating across the study area told us that half of the volume of new build would not be proceeded with as the schemes were not financially viable with the reduced income stream from them. These schemes tended to be in lower property areas. So most of the development proposed in York and parts of Ryedale would proceed but less in the market towns to the east. We were told that rural schemes would also suffer due to the higher cost of construction. Higher costs are due to more expensive materials due to planning requirements and higher transport costs. A local authority outside the study area had intervened and managed to get a scheme reinstated by providing finance from Right to Buy sales. The officer saw no reason why funding from the new homes bonus should not be applied if the local authority wished to restore schemes to the development programme. Registered providers also anticipated tenders from house-builders being as low as possible to help to make up the funding gap.

8.89   The dwelling mix of a large development under construction in York is noteworthy. We interviewed the David Wilson Homes sales office and this was reported earlier. The scale of the affordable housing across the site (40%) will contribute to meeting some of the strategic need, both for affordable housing and older person's strategy. The registered provider told us that the Derwenthorpe development will yield 129 affordable homes by June 2017. The scheme overall will

provide 500 new homes when the market housing development is taken into account. The ERd Lodge, New Earswick site includes 105 extra care apartments 66% rent and 33% shared ownership. There will also be 46 residential care suites.

8.90   In general terms registered providers were seeking to develop two and three bedroom homes with a small proportion of 4 bedroom homes. There would mostly be houses except in the city centre where apartments would be proposed. One registered provider operating only within the city of York confirmed our finding that there was a general shortage of all sizes and types of affordable housing across the city. The registered provider told us that there had been a great deal of apartment development and schemes in the pipeline were seeking to re-balance the supply with an emphasis on family housing. We were told that the bedroom tax had dampened demand for larger homes and that very large homes (4, 5 and 6 bedroom) were proving to be un-affordable to some households even at affordable rents. So the emphasis was on two and three-bedroom family homes which the registered provider considered to be flexible enough to meet the needs of many household types.

8.91   We were told that self-build initiatives were a long way down the list of priorities for many registered providers largely due to the level of support needed to self-builders and their experience of dwellings being slow to complete. However, one registered provider operating only in the City of York told us that there was a long term aim to offer this product and different self and custom build model were being investigated.

8.92   A registered provider also raised concerns about the ability to replace stock lost through right to buy and the potential for right to buy and compulsory sale of higher value social to become part of the private rented sector.

The spare room market

8.93   We also undertook on line investigations into the spare room market in York. As at early August 2015 there were 217 rooms advertised. Based on our experience of other cities we estimate that this is lower than we would expect however this may be due to high levels of demand rather than lack of capacity. Many advertisements had been very recently posted. Whilst a proportion of rooms on offer were aimed at students there was evidence of high quality city centre double rooms available aimed at young professionals for £600 pcm including en-suite with parking. Offers are very varied, some are short term, others up to a year but some are only for weekday use. Whilst many are City Centre located some of the out of town offers are aimed at professionals and are providing an alternative to hotels and guest houses.

Implications of Market Signals

8.94   There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years although sales market activity has recovered well in the last couple of years. House prices have remained fairly constant during this period albeit with an upturn over the last year. Sales volumes have begun to improve over the last 18 months as confidence starts to return to the market.

8.95   Housing costs in York, for both purchasing and renting, are generally above the wider comparators. Sales values reached £195,500 in Q4 2014, which is around £55,550 above the regional (£139,950) and £500 national averages (£195,000). At the same time, median rents in York in Q1 2015 were £676 pcm, while Yorkshire and the Humber region had only £495 pcm median rents. Compared to the national levels, York had £75 pcm higher median rents than England (£600).

8.96   Affordability pressures are also higher than in some other parts of the region, with a LQ house price to income ratio of 7.89 in 2013, compared to 7.36 in Ryedale or 6.45 across the country.

8.97   This is a reflection as much about low incomes and the nature of the City's economy, as house prices. Coupled with constraints on access to mortgage finance, the cost of housing is however likely to preclude some households from accessing home ownership. Figure 38 providing the growth in rents over the period since 2011 shows that median rental values in Q1 2015 are reflecting the levels from Q3 2011. Although values are higher than in the other areas, York's rental changes over the last 5 years do not appear to be substantial, as it is a case in other areas (e.g. 5.3% growth at the regional level).

8.98   As a part-result there has seen a large shift in the tenure profile across the HMA – with a notable reduction in the number of homeowners with a mortgage or loan (8.1% decrease in York) and similarly, significant growth in the Private Rented Sector (7.7% increase) between 2001- 2011. We have also seen increased levels of people living in overcrowded households (2% growth in over-crowding in York between the census).

8.99   Overall the analysis of market signals clearly points towards some affordability pressures, with lower quartile to median income ratio around 7.89 in York; this is much more than the results at the national level (6.45 in England). It would therefore be appropriate to consider a modest upward adjustment to the demographic assessment of housing need to improve affordability over time, in line with the approach outlined in the Practice Guidance.

8.100   The PPG sets out that:

"In areas where an upward adjustment [to the assessment of housing need] is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be."

8.101   The Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.' Indeed, inspectors at various Local Plan Inquiries have taken a range of different views, even when faced with similar evidence.

Inspector's Views on Market Signals Uplifts

8.102   Probably the most cited inspectors reports where market signals have been considered are in Eastleigh and Uttlesford, where different inspectors suggested that the local authorities should consider increasing housing need by 10% as a result of the evidence. Key quotes from these reports are provided below.

Eastleigh (February 2015) – *'It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only 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'*

Uttlesford (December 2014) – *'I conclude that it would be reasonable and proportionate, in Uttlesford's circumstances, to make an upward adjustment to the OAN, thereby increasing provision with a view to relieving some of the pressures. In my view it would be appropriate to examine an overall increase of around 10%...'*

8.103   To be balanced it should however be noted that there are a number of inspectors who have not suggested any need for an uplift due to market signals and these would include:

Mendip (October 2014 – Appendix 7) – *'these findings indicate that trends in Mendip sit fairly comfortably alongside county, regional and national trends and do not, therefore, justify an upward adjustment of the housing numbers that came out of the housing projection'*

Crawley (May 2015 – Appendix 8) – *'I am not convinced that the market signals uplift is justified by the evidence, for the various indicators reveal a situation in Crawley which is not as severe as in other North West Sussex authorities, and one that has not worsened in recent years'* (this is an interesting case given that the Council themselves had suggested an uplift for market signals)

Stratford-on-Avon (March 2015 – Appendix 9) – *'On balance I conclude, despite the SHMA's finding that there is a case for an uplift, that an upward adjustment in housing numbers has not been justified in terms of market signals in the District'*.

Cornwall (June 2015) – *'National guidance is that a worsening trend in any relevant market signal should result in an uplift. But for the reasons given below I do not consider that I should require such an uplift to be made for Cornwall at this time'* (this one is also interesting given that it was the same inspector as Eastleigh).

Market Signals Uplifts for York

8.104   To consider what level of uplift might be appropriate in York the analysis has gone beyond simply looking at the various market signals; understanding how these have changed and how they compare with other areas. The analysis seeks to understand the market signals in terms of the following question:

What has been the impact of market signals on local demography (particularly the formation of households) and how is this expected/projected to change in the future?

8.105   The analysis therefore seeks to use the demographic analysis to assess the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve. This methodology has been used in studies by GL Hearn over the past year or so and has recently been accepted at a Local Plan Inquiry (in Horsham, report dated October 2015).

'The Council have included a modest upwards adjustment in their OAN figure of 22 dpa to account for affordability pressure in the 25-34 age group, evidenced by substantial growth in private rented sector accommodation and the number of persons in HMOs, even though these indicators are again in line with HMA and national trends. I consider there is no strong case for a significant uplift to account for market signals in Horsham district, which are very similar to those elsewhere across virtually all of the south east. The Council's modest increase appears appropriate therefore'.

8.106   The projections so far developed have used data from the 2012-based CLG household projections. It is important to consider how these housing market trends relate through to demographic projections in considering, as the Planning Practice Guidance recommends, whether there is a case for adjusting levels of housing provision in effect to improve affordability over the longer-term.

8.107   National research undertaken for the RTPI by the Neil McDonald and Peter Williams at Cambridge University indicates a particular effect of the decline in affordability between 2001 and 2011 and the economic recession has been young adults living within a parental home for longer or living in shared accommodation rather than separate accommodation. The impact of this, their research shows, has been most significant for the 25-34 age group. This is also the case in York where other age groups typically show flat or increasing formation over the 2001-11 period (the main exception being some older age groups although this will be more strongly influenced by improving life expectancy rather than any suppression).

8.108   A detailed interrogation of demographic dynamics in York therefore indicates that in demographic terms, the deterioration in affordability of market housing and the economic recession over the 2001-11 decade is likely to have influenced – at least in part – a decline in household formation rates in younger people, particularly amongst those aged between 25 and 34. The figure below shows household formation rates for this age group falling between 2001-11.

8.109   An improvement in affordability can be expect to be manifest in a recovery in household formation rates for this age group. Stage 1 of the 2012-based Household Projections already expect household formation rates to increase, from a position where 49% of households in this age group are a head of a household in 2011 to 51% at the end of the projection period – a level of 51% is similar to that seen in 2001; the time from which rates are shown to have started to decrease.

8.110   Although the household formation rates in the 25-34 age group are increasing, it is the case that by 2032 they still remain (very slightly) below historical levels (i.e. in 2001). Therefore, a modest additional improvement in household formation might be expected. We have modelled a scenario where household formation rates of the 25-34 age group return back to 2001 levels, the previous peak, by 2025 (from 2015). In other words, this assumes that headship rates will improve between 2015 and 2025 and then track the 'trends' suggested in the 2012-based CLG household projections thereafter.

8.111   This sensitivity in effect seeks to consider a scenario in which the access to housing for younger households improves, and quantifies what level of housing provision might be associated with this, all other factors being equal. If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents. We term this sensitivity analysis the 'market signals adjustment.' The figure below shows the impact of improving household formation – as can be seen the impact is pretty modest; this is due to the CLG household projections already building in a notable uplift in formation rates for this age group post 2011. The figures are also contrast with data from older projections (2011- and 2008-based).

Figure 45: Projected Household Formation Rates for those aged 25-34 – York – based on CLG Stage 1 projections
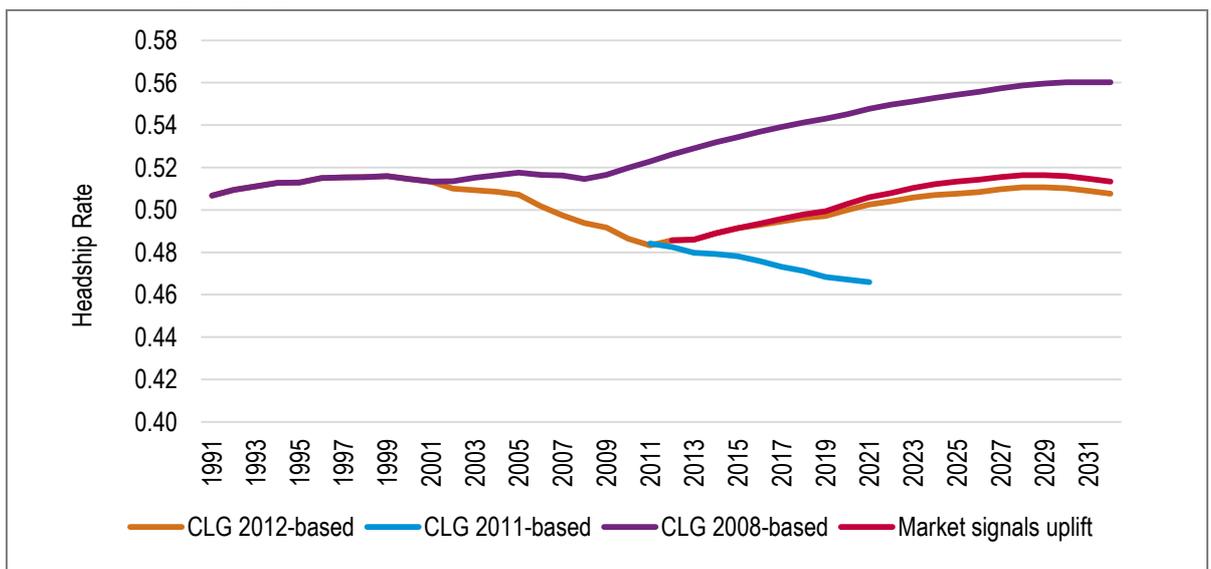
Source: Derived from CLG data

8.112   Arguably, an alternative approach would be to return formation rates back towards the levels expected in the 2008-based CLG projections (also shown on the first chart above). However, it is not considered appropriate to use the 2008-based figures within the analysis – this is partly due to the robustness of 2008-based data which largely uses a very historic time series. This point is noted in a recent academic paper by Simpson and McDonald (making sense of the new English household projections) where it is stated that *'it is no longer sensible to appeal to previous household projections including the 2008- based set as if they were evidence of an underlying trend in household formation'*. This point is also accepted in the PAS technical advice note of July 2015.

8.113   The sensitivity analysis indicates that, all other things being equal, an uplift of around 8 homes per annum across the City would return the formation rates of the population aged 25-34 back to the levels seen in 2001 by 2025.

Table 53:   Projected household growth 2012-32 – 2012-based SNPP and as updated by reference to 2013/14 mid-year population estimates) and 2012-based headship rates – with market signals uplift – Stage 1 headship rates

	2012-based SNPP	2012-based SNPP (as updated)
Households 2012	84,244	84,244
Households 2032	99,494	100,456
Change in households	15,249	16,212
Per annum	762	853
Dwellings (per annum)	792	841
From demographic model	783	833
Potential uplift	8	8
% uplift	1%	1%

8.114   The increase (8 dwellings per annum) is fairly modest (just 1%) although it needs to be remembered that this uplift is from the 2012-based CLG projections, which are already building in improvements to household formation amongst the population aged 25-34 from the position seen in 2012.

8.115   In addition, by taking into account the latest Mid-Year Estimates within our demographic analysis we have already built in an increase above the "starting-point" which is where any market signals uplift should be applied against.

8.116   In reality, other factors such as real growth in disposable income (allowing people to save), the availability of and access to mortgage finance, interest rates and economic confidence will all influence trends in household formation. There is a complex set of factors at play, and it is difficult to predict how these factors might interact in the future and the impact on household formation rates

(in the absence of any supply-side constraints). Furthermore, part of the changes in household formation rates for this age group may have been due to international migration.

8.117   The uplift (given the data underpinning it) would represent a proportionate response, which plans positively for household formation to increase, and levels of younger households who are forced to share or live with parents fall. Levels of concealed households should thus reduce.

## 9   NEED FOR DIFFERENT SIZES AND TYPES (TENURES) OF HOMES

Introduction

9.1   As noted in Section 7, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

9.2   The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For analysis purposes, the analysis assumes population and household growth in line with our demographic projection linked to the 2012-based Household Projections. This projection indicates a need for 15,668 homes across the City between 2012 and 2032.

9.3   It should be noted that this projection will not necessarily be translated into policy, but has been used to indicate the likely need for different sizes of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar.

Methodology

9.4   Figure 46 describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

**Figure 46: Stages in the Housing Market Model**
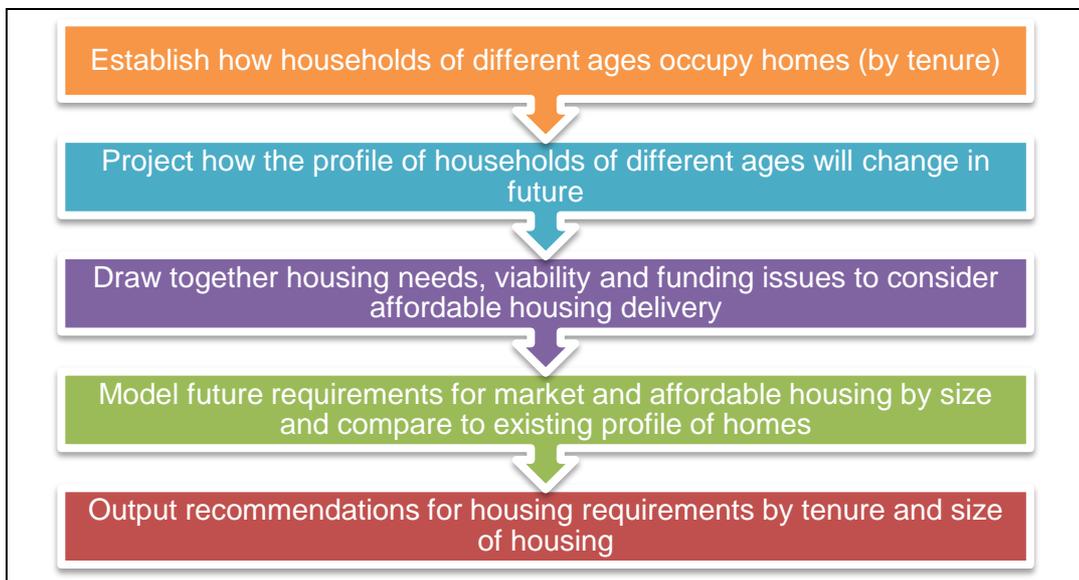
Understanding how Households Occupy Homes

9.5   Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

9.6   The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

9.7   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

9.8   Figure 47 shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the age of 50. In the affordable sector this peak appears earlier. After this peak the average dwelling size decreases – as typically some households downsize as they get older.

9.9   It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with generally the opposite trend being seen in the affordable sector – other than for older age groups).

Figure 47: Average Bedrooms by Age, Sex and Tenure – York
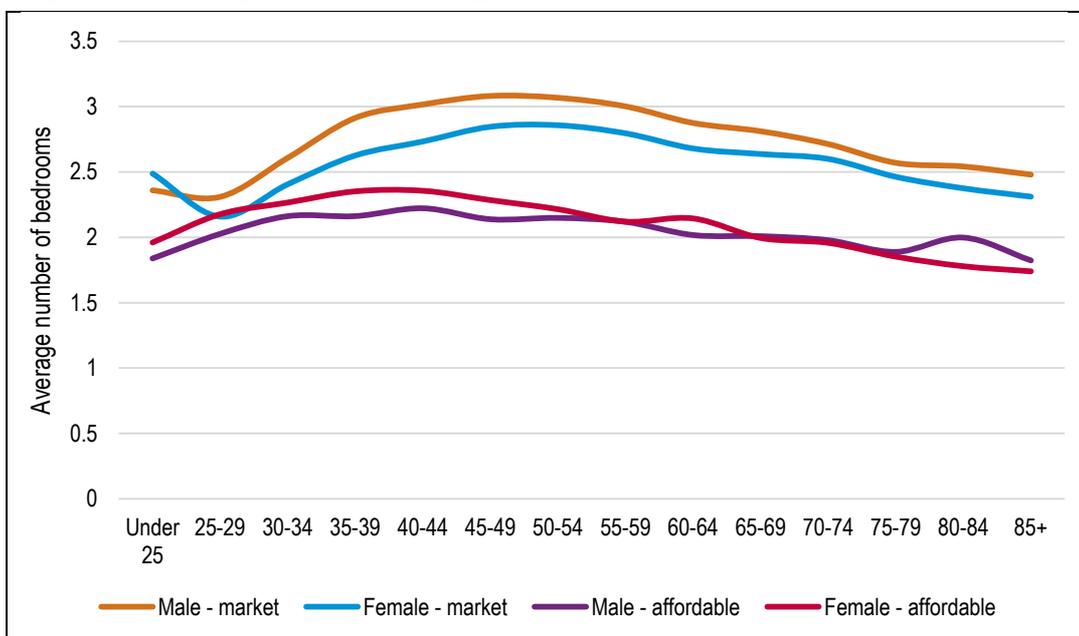
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

9.10   As of 2012 it is estimated that there were 84,244 households living in York. Analysis of Census data linked to the demographic baseline provides an estimate of the profile of the housing stock in 2012, as shown in the table below. This shows that an estimated 15% of households live in affordable housing with 85% being in the market sector. The size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census (data updated to 2012 through reference to CLG live table 100). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 62% having three or more bedrooms compared to 33% for affordable housing.

9.11   These figures are for households rather than dwellings as information about the sizes of vacant homes across the whole stock (i.e. market and affordable) is not readily available. For the purposes of analysis this will not make any notable difference to the outcome. The household projections have however been translated into dwelling figures by including a vacancy allowance when studying the final outputs of the market modelling.

Table 54:   Estimated Profile of Dwellings in 2012 by Size – York

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	4,961	6.9%	4,210	33.9%	9,171	10.9%
2 bedrooms	22,242	31.0%	4,179	33.6%	26,421	31.4%
3 bedrooms	27,432	38.2%	3,533	28.4%	30,965	36.8%
4+ bedrooms	17,177	23.9%	510	4.1%	17,687	21.0%
Total	**71,812**	**100.0%**	**12,432**	**100.0%**	**84,244**	**100.0%**
% in tenure	85.2%		14.8%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

9.12   The housing market model has been used to estimate the future need for different sizes of property over the 20-year period from 2012 to 2032. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

9.13   It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 25% of net completions are of affordable housing. This is not a policy target. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

9.14   There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are

expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2012 to 2032.

9.15   On the basis of the modelling assumptions, an increase in 11,320 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing need can be expected reinforce around the existing profile, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households.

Table 55:   Estimated Size of Dwellings Needed 2012 to 2032 – Market Housing – York

Size	2012	2032	Additional households 2012-2032	% of additional households
1 bedroom	4,961	5,713	753	6.6%
2 bedrooms	22,242	26,504	4,262	37.7%
3 bedrooms	27,432	31,873	4,441	39.2%
4+ bedrooms	17,177	19,042	1,864	16.5%
Total	**71,812**	**83,132**	**11,320**	**100.0%**

Source: Housing Market Model

9.16   The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

9.17   At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

9.18   Table 56 and Figure 48 below show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends. The data suggests in the period between 2012 and 2032 that just under three-quarters of the need is for homes with one- or two-bedrooms across the City with just over a quarter of the need being for larger homes with three or more bedrooms.

9.19   This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single

people. In addition, it should be noted that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 56: Estimated Size of Dwellings Required 2012 to 2032 – Affordable Housing – York

Size	2012	2032	Additional households 2012-2032	% of additional households
1 bedroom	4,210	5,699	1,489	39.5%
2 bedrooms	4,179	5,461	1,282	34.0%
3 bedrooms	3,533	4,411	878	23.3%
4+ bedrooms	510	635	125	3.3%
Total	**12,432**	**16,205**	**3,773**	**100.0%**

Source: Housing Market Model

9.20   As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).
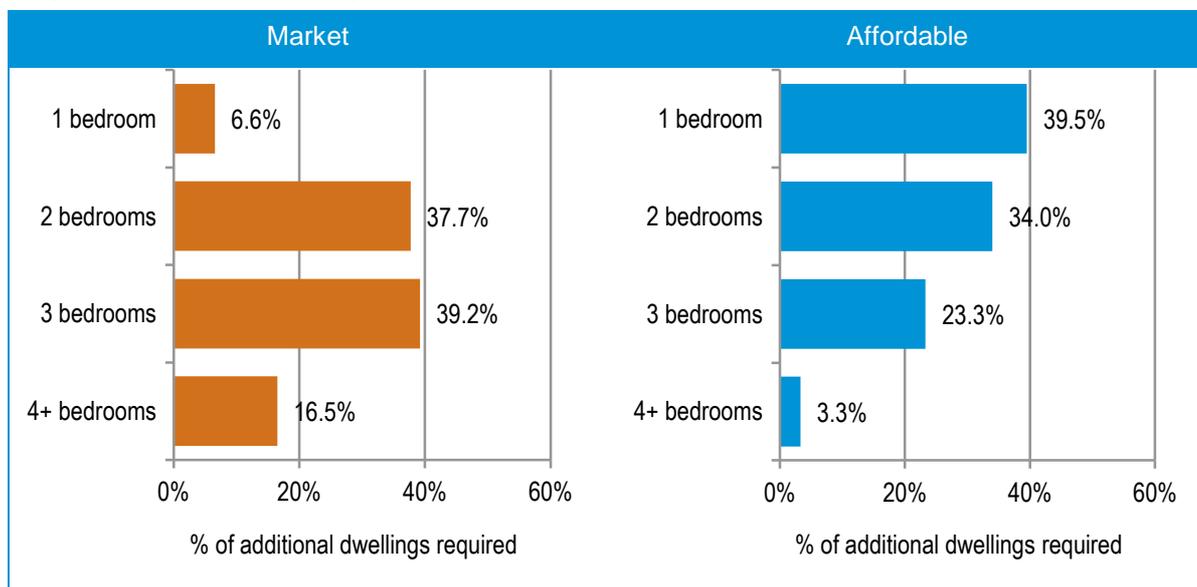
Indicative Targets by Dwelling Size

9.21   Table 57 and figure 48 summarises the above data in both the market and affordable sectors under the modelling exercise. A vacancy allowance has been factored in when moving from household figures to estimates of housing need/demand (the same figures have been used as in the demographic modelling).

Table 57: Estimated dwelling requirement by number of bedrooms (2012 to 2032) – York

Number of bedrooms	Market			Affordable		
	House-holds	Dwellings	% of dwellings	House-holds	Dwellings	% of dwellings
1 bedroom	753	781	6.6%	1,489	1,545	39.5%
2 bedrooms	4,262	4,425	37.7%	1,282	1,331	34.0%
3 bedrooms	4,441	4,610	39.2%	878	911	23.3%
4+ bedrooms	1,864	1,935	16.5%	125	130	3.3%
Total	**11,320**	**11,751**	**100.0%**	**3,773**	**3,917**	**100.0%**

Source: Housing Market Model

Figure 48: Size of housing required 2012 to 2032 – York

Market		Affordable	
1 bedroom	6.6%	1 bedroom	39.5%
2 bedrooms	37.7%	2 bedrooms	34.0%
3 bedrooms	39.2%	3 bedrooms	23.3%
4+ bedrooms	16.5%	4+ bedrooms	3.3%

% of additional dwellings required

Source: Housing Market Model

9.22   Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. Conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

9.23   It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more-bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the social sector size criteria.

9.24   For these reasons it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

9.25   There are thus a range of factors which are relevant in considering policies for the mix of <u>affordable housing</u> sought through development schemes. At a City-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 35-40%
- 2-bed properties: 30-35%
- 3-bed properties: 20-25%
- 4-bed properties: 5-10%

9.26   The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.27   The need for affordable housing of different sizes will vary by area (at a more localised level) area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

9.28   In the market sector a profile of housing that closely matches the outputs of the modelling is suggested. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance is likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).

9.29   On the basis of these factors it is considered that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of <u>market housing</u> is recommended:

- 1-bed properties: 5-10%
- 2-bed properties: 35-40%
- 3-bed properties: 35-40%
- 4-bed properties: 15-20%

9.30   Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market it does not necessarily follow that such prescriptive figures should be included in the plan making process. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. The figures can however be used as a

monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Need for Different Types of Affordable Housing

9.31   As well as considering the sizes of homes required the analysis makes an estimate of the proportion of affordable housing need that should be met through provision of different housing products. The income information used in the affordable needs analysis is used to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:
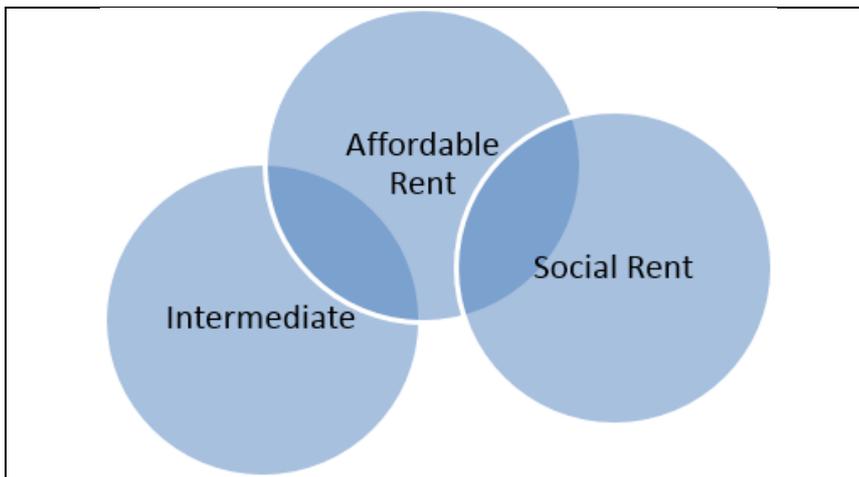
- Intermediate
- Affordable rent
- Social rent

9.32   Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

9.33   For example, a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution.

9.34   The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

9.35   For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as Figure 49 shows.

Figure 49: Overlap between Affordable Housing Tenures

9.36   The intermediate category would include equity-based intermediate products such as shared ownership and shared equity homes. The other two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For these reasons the last two categories are considered together for the purposes of drawing conclusions, for analytical purposes we have defined the following two categories:

- Households who can afford 80% or more of market rent levels (termed intermediate housing) – this will include equity-based intermediate products such as shared ownership and shared equity homes;
- Households who would cannot afford 80% of market rent levels (or would require housing benefit, or an increased level of housing benefit to do so) – this has been termed social/affordable rented although in reality our analysis shows that a rent at 80% of a lower quartile market rent would potentially be lower than for a social rented home.

9.37   We do not have detailed information on households' savings. For the purposes of the analysis of affordability it has been assumed that all households with an income which would allow them to afford 80% or more of market rents would represent the potential market for equity-based intermediate products such as shared ownership and shared equity homes with the remainder needing a rented product.

9.38   When working the above assumptions through the affordability models developed in the affordable needs analysis (taking account of the different elements of need and using a 30% affordability

threshold) it is estimated that around a fifth of households would be able to afford a product priced at 80% of the market cost.

Table 58: Gross need for Intermediate affordable housing

Component of need (all per annum)	Afford 80% of market rents	Cannot afford 80% of market rents	Total
Current need (with housing)	14	56	71
Current need (without housing)	2	11	13
Newly forming households	163	569	732
Existing households falling into need	38	242	279
Total	**217**	**878**	**1,095**
Percentage of total	20%	80%	100%

9.39   However, the figures in the table above should not be directly taken to be the proportion of housing that should be provided as intermediate. There are two factors which need to be considered and these are described below:

- Savings and or access to a deposit – as noted, there is no information about household savings and their ability to afford an equity-based intermediate product. In reality, many households with a modest income may not be able to afford intermediate housing due to this factor. For this reason, the figures presented in the table above are arguably too high
- Supply of intermediate housing – however, the current supply of affordable housing also needs to be considered. As previous analysis has shown, the vast majority of the affordable housing stock and relets is in the social/affordable rented category with only a modest supply of intermediate housing. Therefore, it is arguable that a higher proportion of intermediate housing would be needed due to this imbalance

9.40   As can be seen these two factors suggest that the need is either higher or lower than presented in the table above. Given this, it is suggested that a prudent response would be to consider the figures in the table as being broadly reflective of the need for intermediate products. Given the range of figures the following is suggested as a reasonable tenure mix for affordable housing across the City:

- 20% - intermediate housing
- 80% - social and affordable rented housing

9.41   In determining policies for affordable housing provision on individual sites, the analysis should be brought together with other local evidence such as from the Housing Register.

Implications – Need for Different Sizes of Homes

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	35-40%	15-20%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15%	35%	35%	15%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through by each local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

- Some 20% of the net need identified could be met through intermediate housing, with 80% of the need for social or affordable rented homes. The types of intermediate housing could include products such as shared ownership or shared equity, although the cost of such products should be carefully considered to ensure they are genuinely affordable – this will need to include consideration of any deposit requirements which may be a barrier to access for a number of households as well as the current supply of such housing.

10   SPECIALIST HOUSING NEEDS

Introduction

10.1   We have considered in the previous section the needs for different sizes of property. In this section we move on to consider the need for specialist (supported) housing. To focus is therefore on the needs of older person households and the ageing population although the analysis also considers the number of people with disabilities and how that might change in the future (recognising that there is a strong link between age and disability).

10.2   Planning Policy Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next few years is expected to be the growth in the population of older persons.

10.3   Indeed, as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

10.4   The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing, requiring higher levels of support. However, many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older People

10.5   Table 59 provides baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards. The data shows, when compared with both the region and England, that York has a similar proportion of older persons. In 2014 it is estimated that 18% of the population of York was aged 65 or over.

Table 59:   Older Person Population (2014)

		Under 65	65-74	75-84	85+	Total	Total 65+
York	Popn	167,980	19,127	12,160	5,172	204,439	36,459
	% of popn	82.2%	9.4%	5.9%	2.5%	100.0%	17.8%
Yorkshire/Humber	% of popn	82.2%	9.7%	5.8%	2.3%	100.0%	17.8%
England	% of popn	82.4%	9.5%	5.7%	2.4%	100.0%	17.6%

Source: ONS 2014 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

10.6   As well as providing a baseline position for the proportion of older persons in the City we can use population projections to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2012-based SNPP for consistency across areas.

10.7   The data shows that the City (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 45% over the 20-years from 2012; this compares with overall population growth of 12% and an increase in the Under 65 population of just 5%. The projected growth in the population aged 65 and over is slightly lower than that projected for the region and England although differences are not particularly significant.

Table 60:   Projected Change in Population of Older Persons (2012 to 2032)

	Under 65	65-74	75-84	85+	Total	Total 65+
York	5.4%	31.1%	43.3%	96.3%	12.2%	44.6%
Yorkshire/Humber	1.5%	32.5%	48.0%	107.1%	9.4%	47.3%
England	5.6%	37.4%	52.3%	112.7%	13.5%	52.4%

Source: ONS subnational population projections (2012-based)

Health-related Population Projections

10.8   In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

10.9   For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst

these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

10.10   Table 61 shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 69%) along with a 57% increase in the number with mobility problems.

Table 61:   Estimated Population Change for range of Health Issues (2012 to 2032)

Type of illness/disability	2012	2032	Change	% increase
Dementia	2,527	4,272	1,745	69.0%
Mobility problems	6,541	10,268	3,727	57.0%

Source: Data from POPPI and demographic projections

People with disabilities

10.11   Linked to the number of older persons and the analysis above about dementia and mobility problems will be levels of disability generally. The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the City some 23% of households contain someone with a LTHPD. This figure is lower than seen across the Yorkshire/Humber region or England. The figures for the population with a LTHPD again show a lower proportion than in other areas (an estimated 15% of the population of the City have a LTHPD).

Table 62:   Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
York	19,220	23.0%	30,375	15.3%
Yorkshire/Humber	593,043	26.7%	993,649	18.8%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

10.12   It is likely that the age profile of the area will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, Figure 50 below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 82% of people aged 85 and over have a LTHPD. For all age groups, it is notable that York has a lower prevalence of LTHPD than seen in any of the comparator areas. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

Figure 50: Population with Long-Term Health Problem or Disability in each Age Band
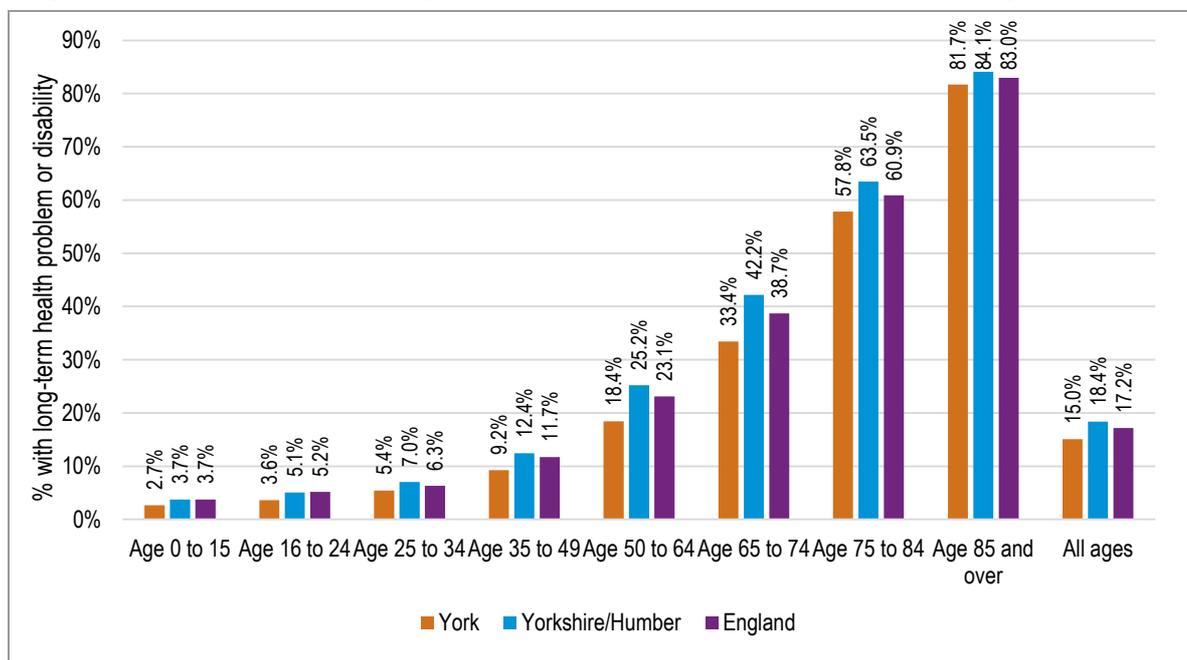
Source: 2011 Census

10.13   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the 2012-based SNPP it is estimated that the number of people with a LTHPD will increase by around 9,400 (a 31% increase).

10.14   Across the City, virtually all of this increase (93%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 38% of the total increase in the population projected by the SNPP.

Table 63:   Estimated change in population with LTHPD (2012-32)

Area	Population with LTHPD		Change (2012-32)	% change from 2012
	2012	2032		
York	30,389	39,800	9,412	31.0%

Source: Derived from demographic modelling and Census (2011)

Indicative Need for Specialist Housing

10.15   Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current Stock of Specialist Housing

10.16   The table below shows the current supply of specialist housing for older people. At present it is estimated that there are just under 1,500 units; this is equivalent to 88 units per 1,000 people aged 75 and over. The analysis shows a slightly higher proportion of the stock is in the affordable than the market sector (56% vs. 44%).

Table 64:   Current Supply of Specialist Housing for Older People

Type of housing	Market	Affordable	Total	Supply per 1,000 aged 75+
Sheltered	647	728	1,375	82
Extra-Care	0	110	110	7
Total	647	838	1,485	88

Source: Housing LIN

Projected Future Need for Specialist Housing

10.17   A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

10.18   The table below shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 1,688 units – 84 per annum. This is around 11% of the total need identified in the demographic modelling (linked to the 2012-based SNPP).

Table 65:   Projected need for Specialist Housing for Older People (2012-32)

	Population aged 75+ (2012)	Population aged 75+ (2032)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)
York	16,808	26,738	9,930	1,688

Source: Derived from demographic projections and Housing LIN

Types and Tenures of Specialist Housing

10.19   Figure 51 shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (74%) and are also slightly more likely than other households to be in the social

rented sector. The proportion of older person households living in the private rented sector is relatively low (3% compared with 18% of all households in the City).

10.20   There are however notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

10.21   Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.

Figure 51: Tenure of Older Person Households – York
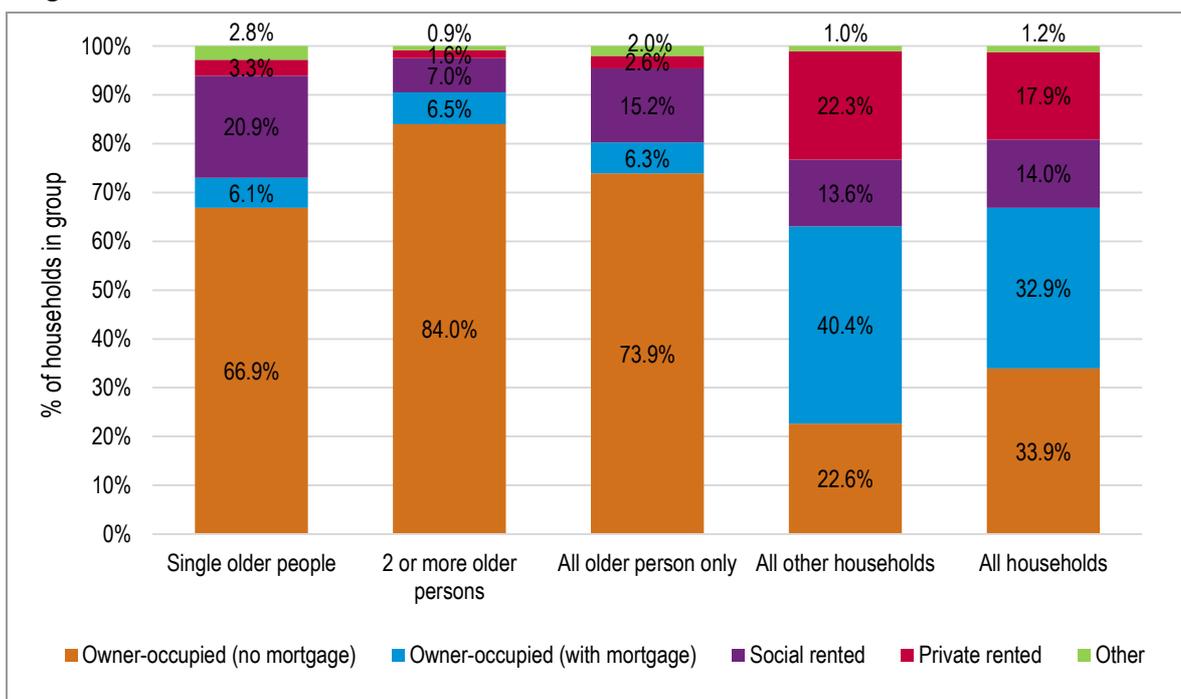
Source: 2011 Census

10.22   The analysis therefore shows that the current profile of older person households is significantly biased towards outright ownership, with the current supply having a slightly higher proportion of affordable homes. Moving forward we would suggest that additional specialist housing should be split roughly 50:50 between the market and affordable sectors. This reflects the likely 'market' for specialist housing products as well as the current tenure profile of older person households (including the likely increase in the number of single person older households where levels of home ownership are slightly lower).

10.23 The analysis is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available (for example noting that at present the dominant type of housing is traditional sheltered accommodation). There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.

10.24 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing[18] designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

10.25 Our experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for single floor living such as bungalows or accessible flats. Where developments include single floor living are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however providing an element of single floor living should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Registered Care Housing

10.26 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 1,235 spaces in nursing and residential care homes. Given new models of provision (including Extra-care housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

10.27 As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of

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[18] a type of housing in which each individual or family has a private bedroom or living quarters but shares with other residents a common dining room, recreational room, or other facilities

institutional housing. This is a direct output of the demographic modelling which indicates an increase of 748 people living in institutions over the 2012-32 period (37 per annum). This figure is important to note if the Council intends to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Table 66:   Potential Need for Residential Care Housing

	Institutional population aged 75+ (2012)	Institutional population aged 75+ (2032)	Change in institutional population aged 75+
York	1,162	1,910	748

Source: Derived from demographic projections

Key Findings: Specialist Housing Needs

- Within the overall need for housing there will potentially be a need to provide some specialist (supported) housing. This is particularly in response to an ageing population and the higher levels of disability experience by older persons.

- At present the population of older people in the City is about average when compared with other areas (Yorkshire/Humber region and England) – some 18% of people were aged 65 and over in 2014. Over the 2012-32 period the number of people aged 65 and over is expected to increase by 45% with a higher (96%) increase in the number of people aged 85 and over.

- This demographic change is expected to see an increase in the number of people with specific disabilities (dementia and mobility problems) as well as a general increase in the numbers with a long-term health problem or disability.

- The analysis identifies that over the 2012-32 period there may be a need for 84 specialist units of accommodation for older people (generally considered to be sheltered or extra-care housing) per annum. This figure represents about 11% of all housing provision suggested in demographic modelling. Such provision would be within a C3 use class and would therefore be part of the objective assessment of need.

- Additionally, the analysis highlights a potential need for an additional 37 bedspaces per annum for older people (aged 75 and over) in the 2012-32 period. As these would be in use class C2, they would be in addition to the estimates of housing need from demographic modelling.

Student Housing

10.28   This section considers trends in the student population of York and considers how this might influence the need for both student accommodation and wider housing need.

10.29   Students living in purpose-built student accommodation are counted in demographic projections as part of the non-household or institutional population. However, students living in the wider housing market are counted as within the household population and form part of the overall assessed housing need.

10.30   The City has two universities; The University of York and the York St John University. The latter has a city centre campus. It has around 6,000 students and offers higher education across a narrower range of topics than the University of York including theology, arts and a business school.

10.31   The University of York has over 16,000 full and part time students and is a major player in the higher education sector in England. The University of York also includes Heslington East – a recent addition to their estate which hosts three colleges and four departments as well as conference spaces, sports village and a business start-up incubator.

Growth of Student Households

10.32   According to Census data there were 22,269 students aged over 16 living in the City of York in 2011. The number of students in York increased by 7,464 (50.4%) persons between 2001 and 2011.

10.33   Excluding part time students and those students aged 16 and 17 (principally sixth form students); there were 19,002 full time students in York in 2011. This represents an increase of 7,435 students (64.3%) on the equivalent number recorded in the 2001 Census. This is likely to be principally associated with growth of full-time university students (but will also include FT students aged over 18 in full-time further education).

**Table 67:   Changes in Full-Time Students aged 18-74 in City of York, 2001-11**

	Persons
2001 total	11,567
2011 total	19,002
Change	7,435
% Change	64.3%

Source: ONS Census 2001 and 2011

University of York

10.34   There is no consistent longitudinal data available for student numbers year-on-year for all establishments. However, we have access to data regarding trends in student numbers for the University of York and York St John University from the Higher Education Statistics Agency. The University of York accounts for the majority- 16,680 (72.2%) of 23,095 students in the city. York St John University accounts for 6,415 (27.8% of) students in the city.

10.35   The chart below shows trends in total student numbers (both full and part-time) at the University of York. Student numbers at the university increased by 48.4% with a net growth in student numbers of 5,440, between 2002/03 to 2013/14. Between 2002/03 to 2013/14 we saw an increase in full-time students at York University of 5,995 persons (a 68.2% increase) with numbers growing from 8,785 persons to 14,780 persons. At the same time the overall number of part-time students has also fallen by 555 (-22.6%).

10.36   The chart also shows trends since 2010/11. It is important to assess trends in student numbers over the period 2007/08-2011/12 as this is the period on which the latest (2012-based) demographic projections are based. Over this period the overall student population at the University of York increased by 4,225 persons (32.1%); this was made up of a growth in full-time students of 4,485 (41.1%), but a decline in part-time students of 260 (-11.5%).

Figure 52: Trends in Student Numbers, University of York, 2002-14
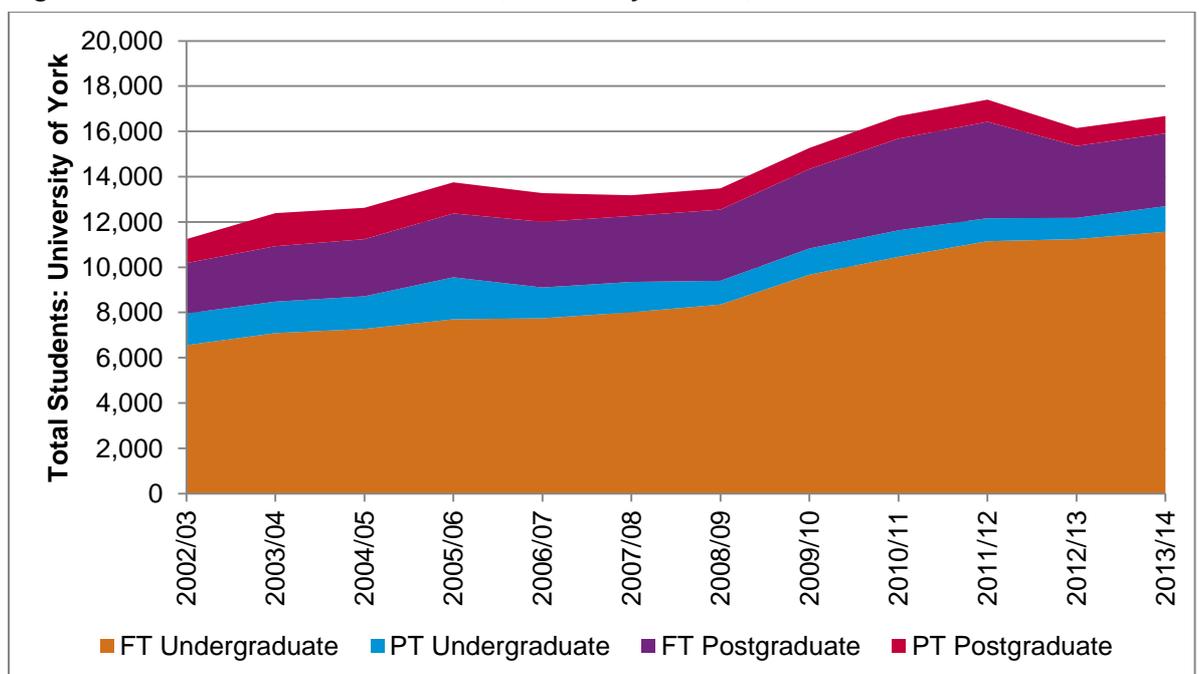
Source: HESA

10.37   The change away from part-time to full-time student numbers may reflect the recessionary impact of fewer organisations funding their staff to study on a part-time basis. It also potentially demonstrates the university's strategy of focusing on the more lucrative full-time student market.

10.38   As the graph below shows, over the period since 2010/11 when the Government introduced changes to tuition fees, full-time undergraduate student numbers have been fairly flat (with some modest annual increases); whilst full-time postgraduate student numbers have fallen. The variance between short- and long-term trends makes future predictions more difficult.

Figure 53: Growth in Full Time Students at University of York, 2002-14
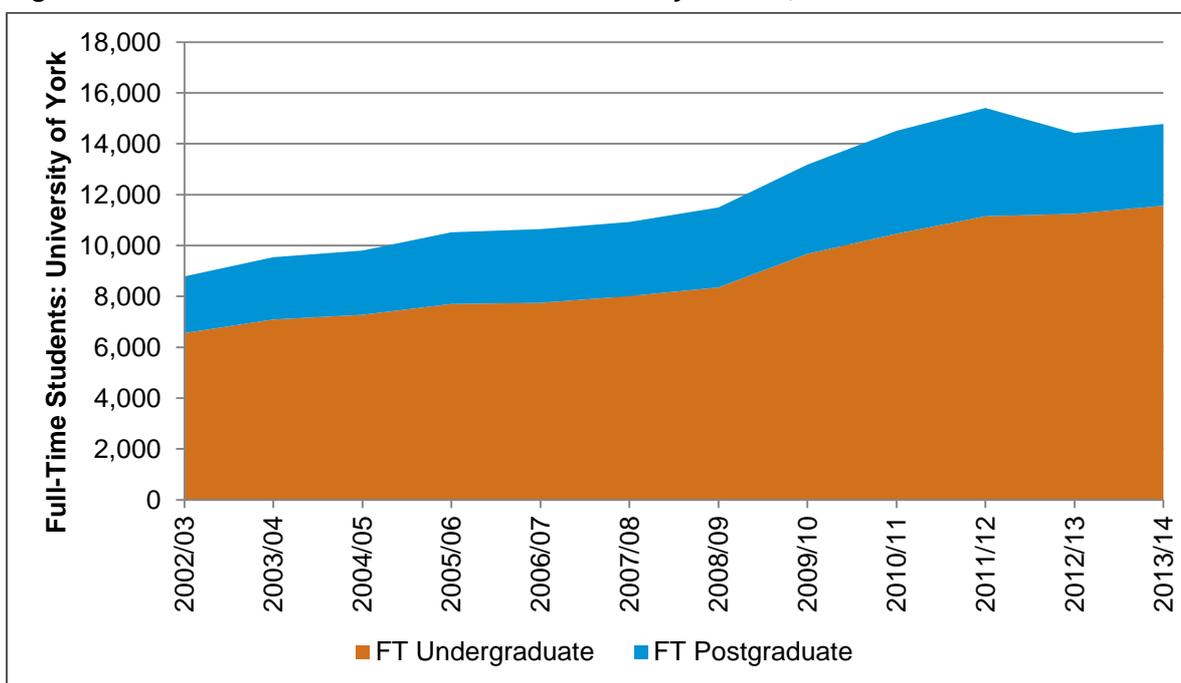
Source: HESA

10.39   The increase of 7,525 FT Students at the University of York between 2001-11 is above the growth in students in university halls and the private sector (student-only households) recorded by the 2001 and 2011 Censuses (5,617, 67.5%). It is reasonable to assume that some students commute from outside of York or live at home; whilst some students living in the private sector in the York are studying at one of the other institutions, for example, York St John University.

10.40   The University has provided data on the current composition of its student population. The latest data indicates total students of 16,680 in the 2013-14 academic year. This is up by 3.3% on the level in 2012/13 shown above and a slightly more significant 4.2% down on levels in 2011/12 (the base date of the 2012 SNPP) with full time student numbers having fallen by 630 persons. Part-time numbers have declined at a similar rate.

10.41   There has been a slight downturn in student numbers at York University over the last 2 years. Since the introduction of changes to tuition fees it is clear that student numbers have generally declined, although this decline has been much smaller for the University of York.

**Table 68:   Changes in Student Numbers at University of York, 2010/11 to 2013/14**

	FT Under-graduate	PT Under-graduate	FT Post-graduate	PT Post-graduate	Total
2013/14	11,565	1,130	3,215	770	16,680
Absolute Change from 2010/11	1,105	-40	-835	-225	5
% Change	10.6%	-3.4%	-20.6%	-22.6%	0.0%

Source: HESA 2015

York St John University

10.42   The chart below shows trends in total student numbers (both full and part-time) at York St John University. Student numbers at the university increased by 8.7% with a net growth in student numbers of 515, between 2002/03 to 2013/14. Between 2002/03 to 2013/14 we saw an increase in full-time students at York St John University of 1,455 persons (a 38.6% increase) with numbers growing from 3,770 persons to 5,225 persons. At the same time, the overall number of part-time students has declined significantly by 940 (-44.1%).

10.43   The chart also shows trends since 2010/11. It is important to assess trends in student numbers over the period 2007/08-2011/12 as this is the period on which the latest (2012-based) demographic projections are based. Over this period the overall student population at York St John University decreased by 235 persons (-3.8%); this was made up of negative growth in full-time students of 225 (-5.1%), and also decline in part-time students of 10 (-0.6%).

Figure 54: Trends in Student Numbers, York St John University, 2002-14
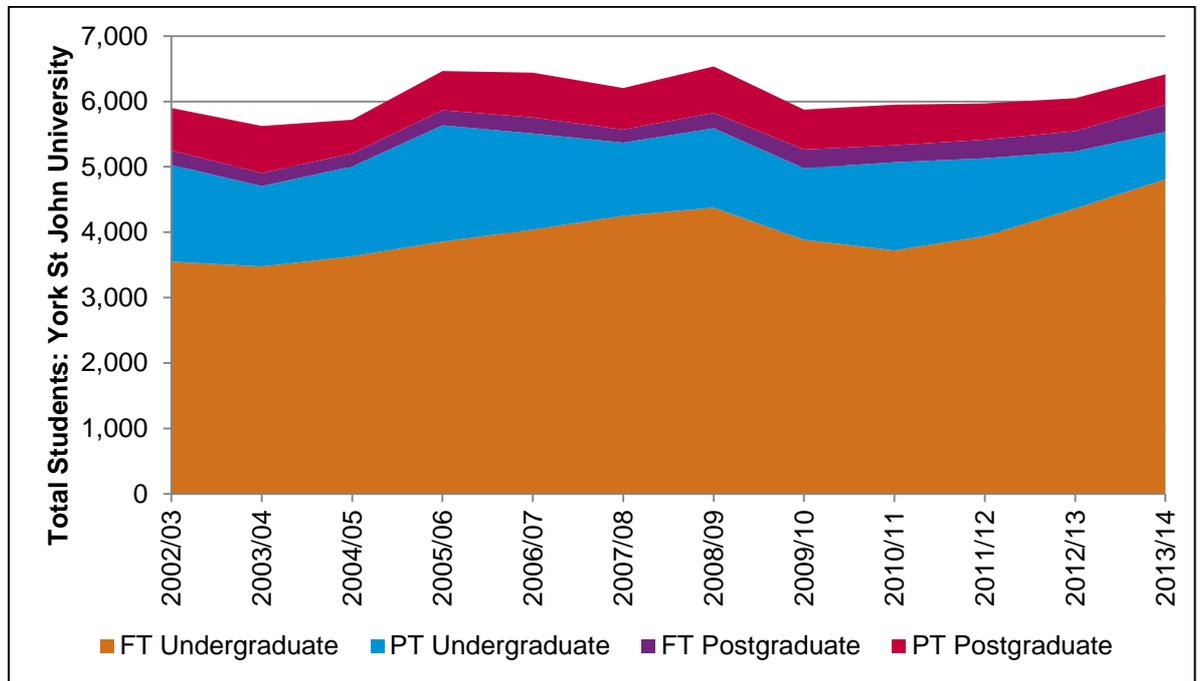
Source: HESA

10.44   As the graph below shows, over the period since 2010/11 when the Government introduced changes to tuition fees, full-time undergraduate student numbers have increased; whilst full-time postgraduate student numbers have remained fairly constant, although they increased latterly during 2013/14.

Figure 55: Growth in Full Time Students at York St John University, 2002-14
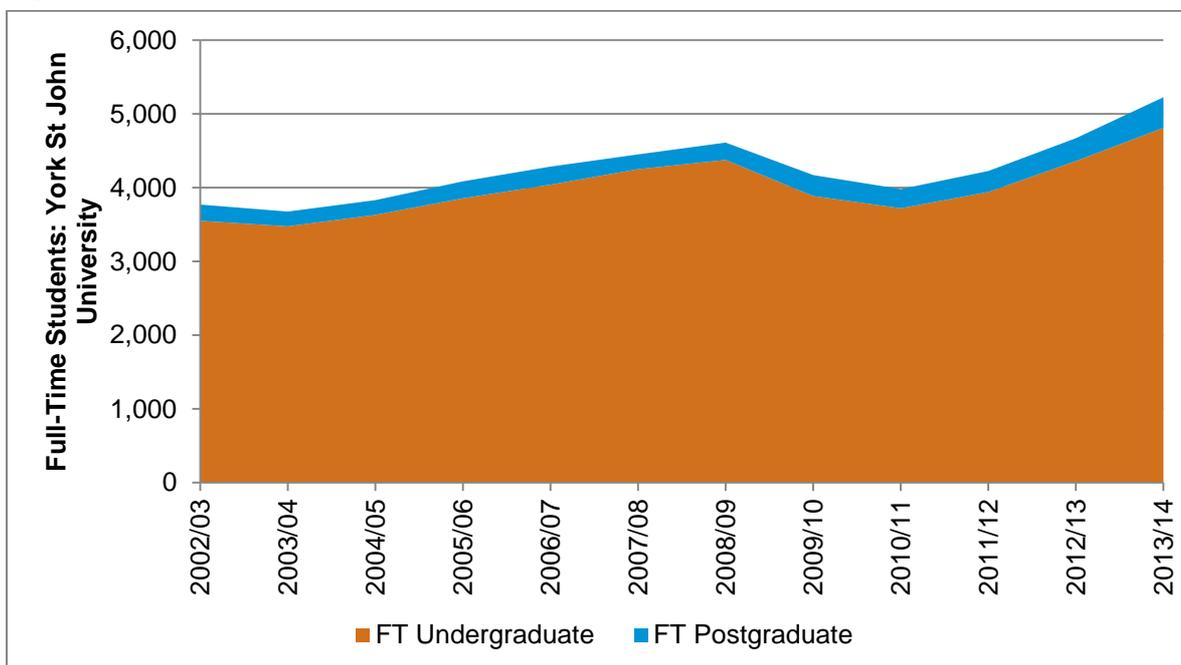
Source: HESA

10.45   York St John University has provided data on the current composition of its student population. The latest data indicates a total of 6,415 students in the 2013-14 academic year. This represents a 6.0% increase from 2012/13 to 2013/14 as shown above and a slightly more significant 7.5% increase on levels in 2011/12 (the base date of the 2012 SNPP) with full time student numbers increasing by 1,000 students. However, the number of part-time numbers has decreased substantially between 2011/12- 2013/14; a fall of 555 (-31.8%).

10.46   There has been an overall increase in student numbers at York St John University over the last couple of years.

Table 69:   Changes in Student Numbers at York St John University, 2010/11 to 2013/14

|	FT Under-graduate	PT Under-graduate	FT Post-graduate	PT Post-graduate	Total
2013/14	4,810	725	415	465	6,415
Absolute Change from 2010/11	1,090	-625	155	-155	465
% Change	29.3%	-46.3%	59.6%	-25.0%	7.8%

Source: HESA

Overseas Students

10.47   We can use the HESA data to track changes in the number of overseas students. Between 2002/03 and 2010/11 the number of overseas students at universities in York (i.e. University of York and

York St Johns) increased from 2,045 to 4,190 – an increase of 2,145 students (104.9%); the most recent data for 2013/14 records a fall to around 4,185[19], from a peak of 4,570 in 2011/12. This category includes all non-UK students (i.e. those from both other EU countries and outside the EU). These students will be accommodated in a variety of accommodation types including halls of residence – but are more likely than other groups to reside in halls.

Figure 56: Overseas Students, York Universities, 2002/03 – 2013/14
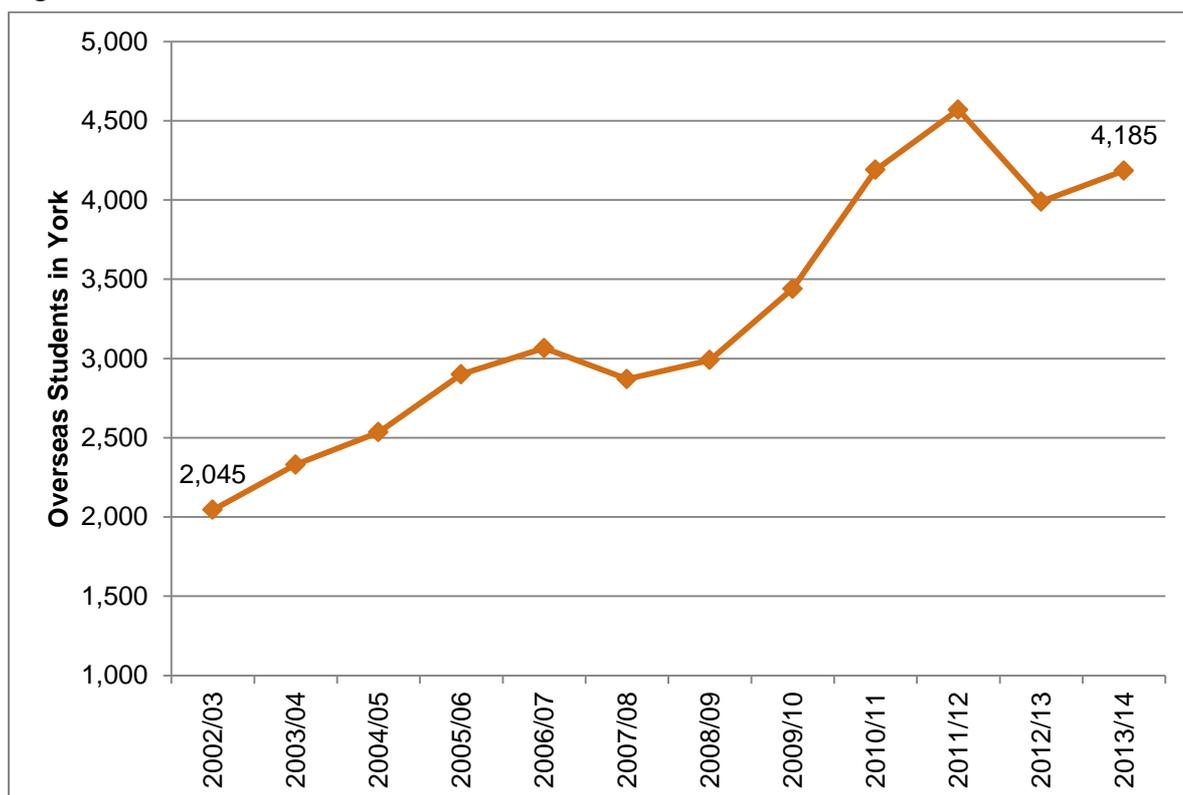

Source: HESA

10.48   ONS components of population change data indicate that between 2001/02 and 2013/14 there was net international migration to York of 15,760 persons; and 13,291 between 2003/04 and 2013/14. This has been driven particularly by an increase in international in-migration into York. There was a significant change in net in-migration in 2004/5 linked with EU expansion. There has been particularly strong level of international migration in net terms since 2009-10, although net international migration year-on-year has declined slightly since 2011-12 period. As the Figure 57 shows, this partly relates to increasing international out-migration from 2011/12.

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[19] In data released on the 2nd April, Higher Education Funding Council for England saw the first drop in Overseas Students in to the Country in 28 years. This was linked to stricter visa regulations. There was a particular drop in Students from Pakistan and India.

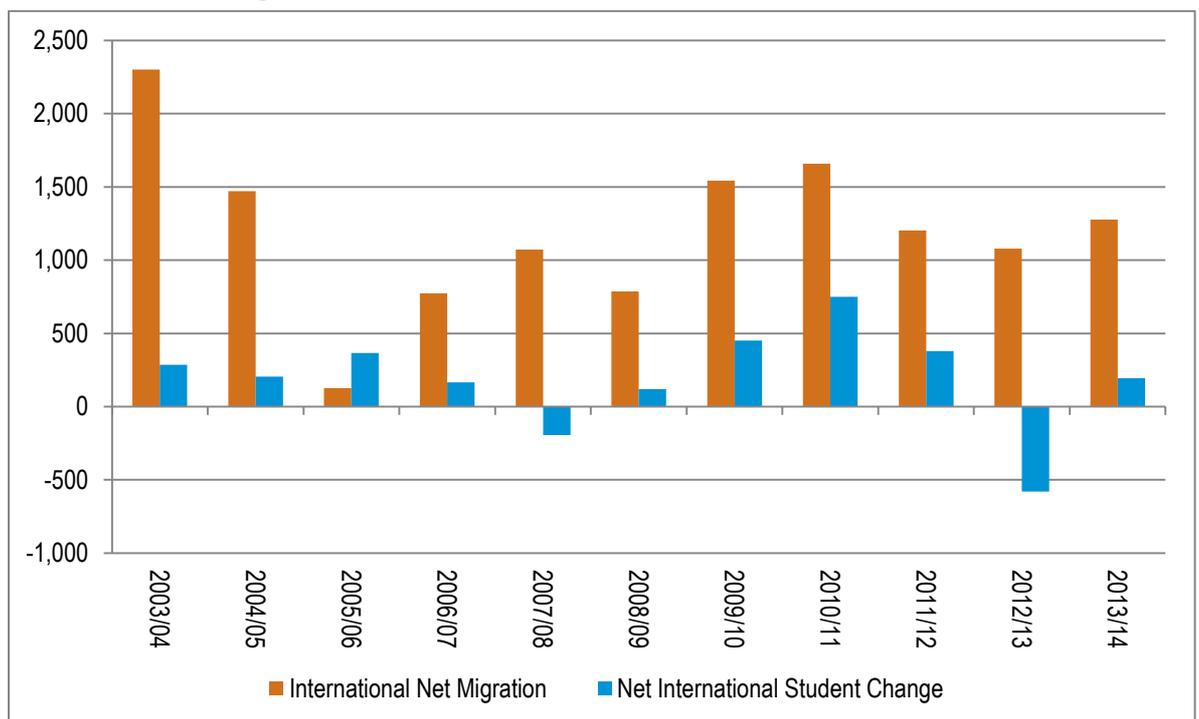**Figure 57: Trends in International Migration to City of York, 2001/02 – 2013/14**
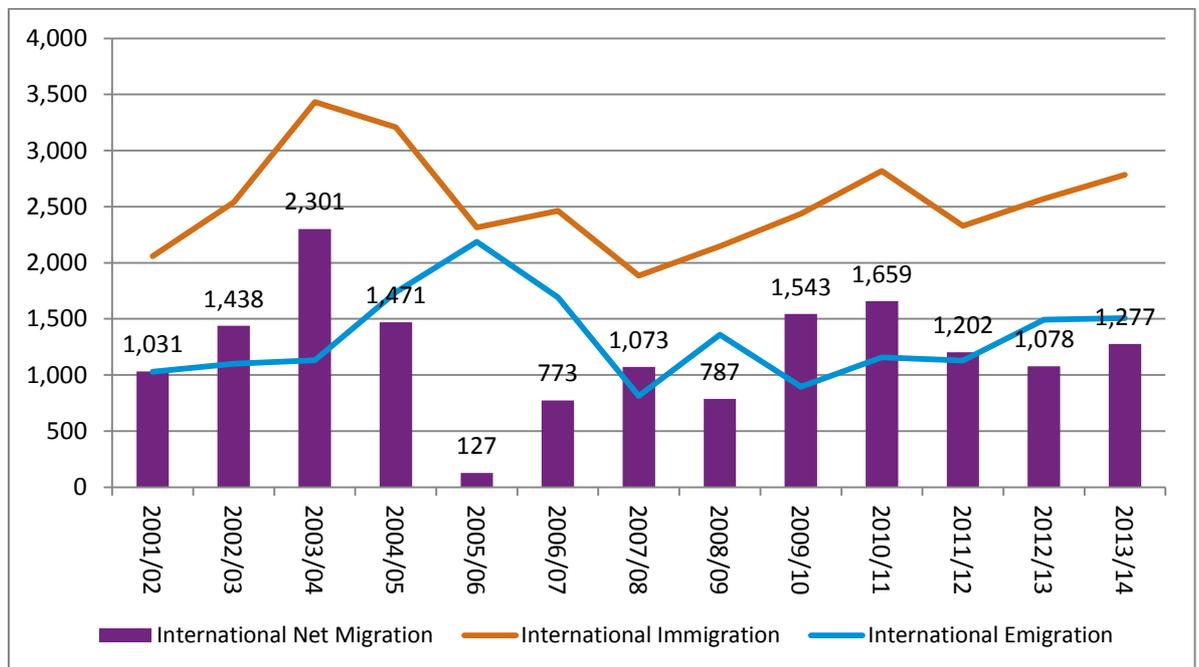
Source: ONS Components of Population Change

10.49   Comparing the growth of international students at universities in York (2,140) with net international migration (13,291) over the 2003/04 to 2013/14 period suggests that at most 16.1% of international migration over the decade might relate to growing volumes of international students at universities in York. Over the period 2003/04 to 2013/14, growth of international students at universities in York (1,855) with net international migration (13,291) suggests that at most only 14.0% of international migration can be linked to growing volumes of international students at the universities in York. It is 'at most' as this would require the net growth of international students to have been made entirely of residents in York.

10.50   Therefore, it appears likely that a large part of international migration is not driven by student growth. The chart below overlays growth in international students at universities in York with the ONS data regarding net international migration.

10.51   The ONS 2012-based SNPP projects international migration based on trends over the previous six years (2006/7 – 2011/12) together with its expectations regarding trends at a national level. Over this period, international migration to York averaged 1,173 persons per annum in net terms. The population of international students at universities in York grew by 278 persons per annum in net terms. This suggests student growth would account for around 23.7% of overall migration. The graph however does show over the recent couple of years that there has been negative growth in the international student population at universities in York, for example during 2012/13 and then very modest growth in 2013/14. However, at the same time international net migration has

remained above 1,000; this indicates that the influence of international students on net international migration may actually be declining.

10.52   While, there is some correlation between the trends shown year-on-year there are still components of international migration which will be unaffected by the universities' growth policies. This is clearly shown in Figure 58.

Figure 58: Relating Growth in International Students at universities in York and overall International Migration to York, 2003/04 to 2013/14


Source: HESA, ONS

10.53   Overall the analysis suggests that:

- Recent student population trends appear to have had a modest impact on international migration trends overall, considering the period from which the 2012-based SNPP are based;
- The projections for international migration moving forwards are of a lower level of international migration in net terms than shown over the 2006/07 – 2011/12 period. They appear to take account of the impact of the recent fall in international student numbers and the impact of this on international migration.

10.54   Analysis of National Insurance Number Registrations for York, demonstrates a mixed trend in registrations of overseas nationals- increasing significantly during 2004 to 2007, declining to 2010 and then increasing sharply to 2014. The number of registrations peaked in 2007 when 1,821 people registered to work in York. Some of these registrations will be non-EU, overseas students who will need to register, although the hours they can work are limited. The recent rising trend in NiNO registrations is not consistent with the steady level of international net migration as shown in

Figure 59; it does not reflect the lower assumed levels of international in-migration relative to the last few years which is projected in the 2012-based SNPP.

**Figure 59: National Insurance Registrations for Overseas Nationals, York 2002-2014**
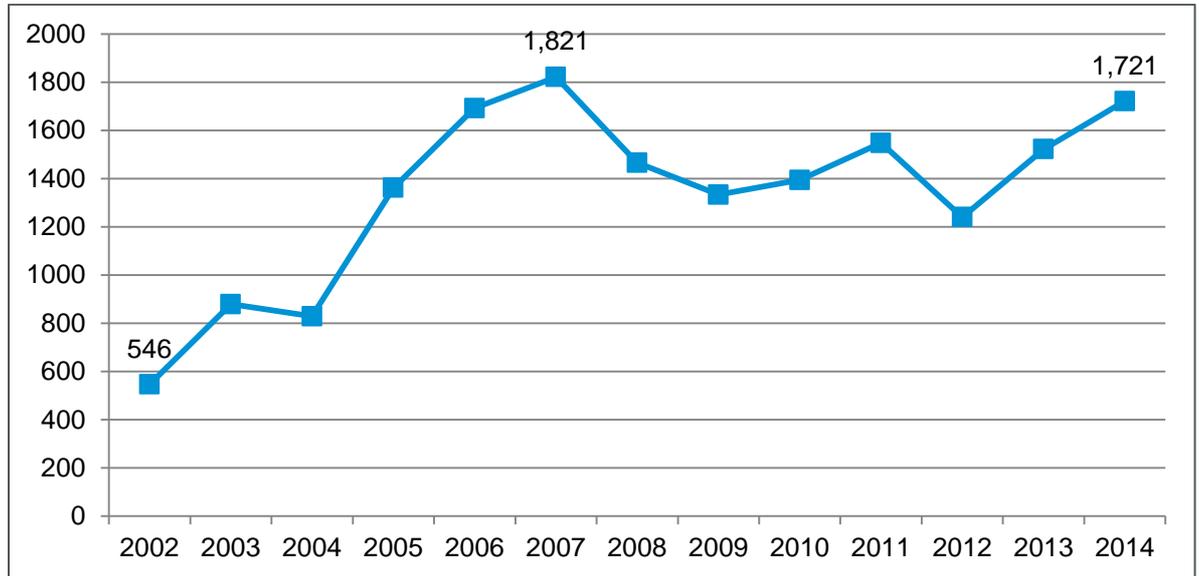
Source: DWP, 2014

Domestic Full-Time Students

10.55   We have also sought to analyse trends in domestic students. As Figure 60 below shows, the number of domestic undergraduate students in York universities has steadily increased from 2002/03 to 2013/14- increasing from 12,185 in 2002/03 to 16,190 in 2013/14- an increase of 4,005 (32.9%). The number of postgraduate students generally increased from 2002/03 to 2011/12, prior to declining from 2012/13 onwards; hence a decrease from 2,925 in 2002/03 to 2,730 in 2013/14, this represents a decrease of 195 (-6.7%).

10.56   The total number of domestic students across the two universities in York has broadly increased during the period 2002/03 to 2013/14. The total number of domestic students increased from 15,110 in 2002/03 to 18,920 in 2013/14; this represents an increase of 3,810 (25.2%).

Figure 60: Changes in Domestic Student Population
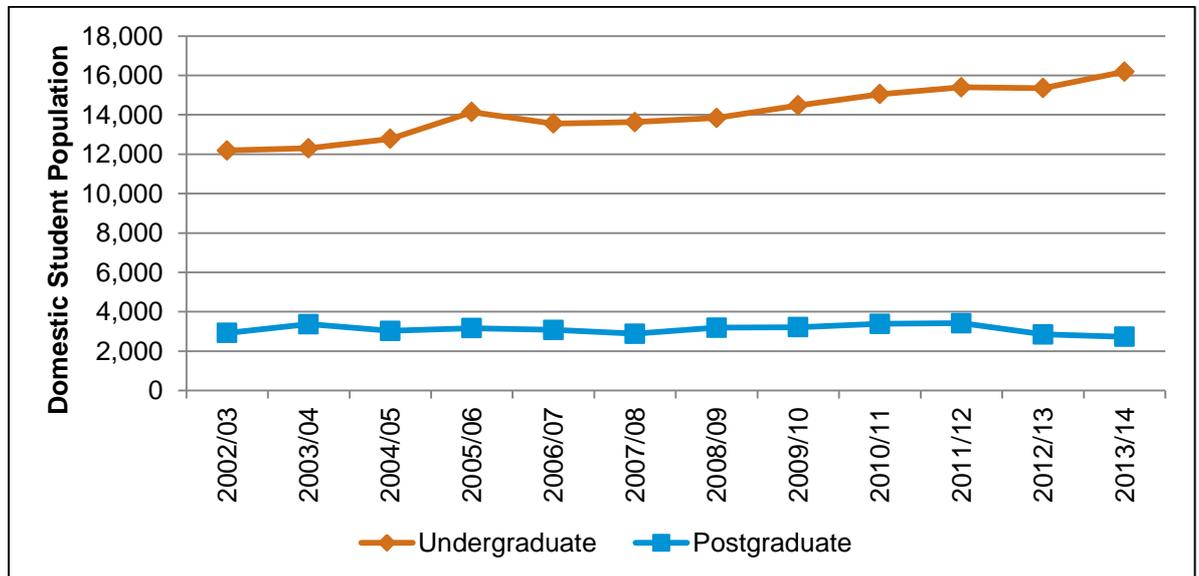
Source: HESA Data

## Accommodation Status

10.57   Figure 61 illustrates the percentage of the 22,269 students aged over 16 living in York by their accommodation status based on 2011 Census data. As shown, 8,153 students (36.0%) live in all student households (likely to be in the private rented sector), 5,561 students (24.5%) live with parents and 5,142 students (22.7%) live in a communal establishment e.g. student halls.

Figure 61: Profile of Students aged 16 and over in York, 2011
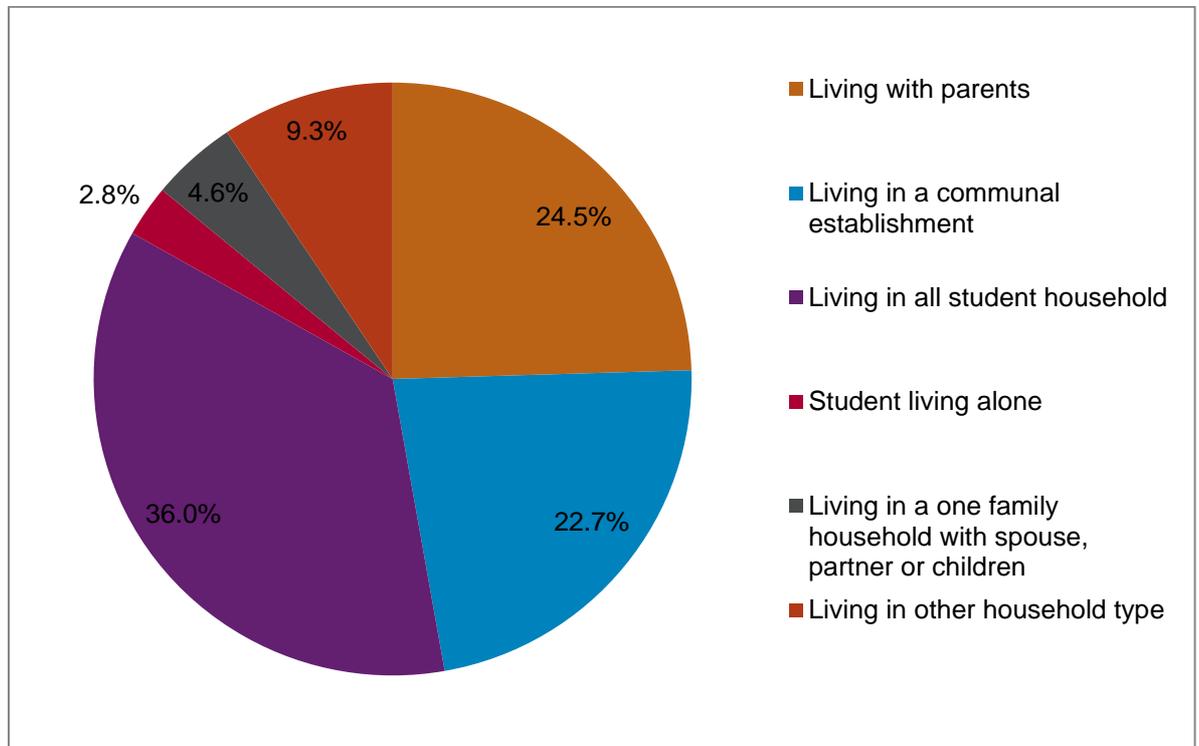
Source: 2011 Census

10.58   The chart below breaks down the student numbers by age and living arrangements. Most students aged under 18 are likely to live with parents; 18-19 year olds most probably comprise 1st year university students living in halls. 2.7% of those aged 16-19 are living in other household types; this includes living in shared accommodation in which not all residents are students. For students aged 20-24, we see higher proportions living in all student households (60.9%). Within the student population, this age group is likely to have the largest impact on the housing market in York. The number of 'mature' students aged 25 or more are lower, and are more likely to be living with a family, or in other households (such as sharing with non-students).

Figure 62: Profile of Students by Age and Household Type in York, 2011
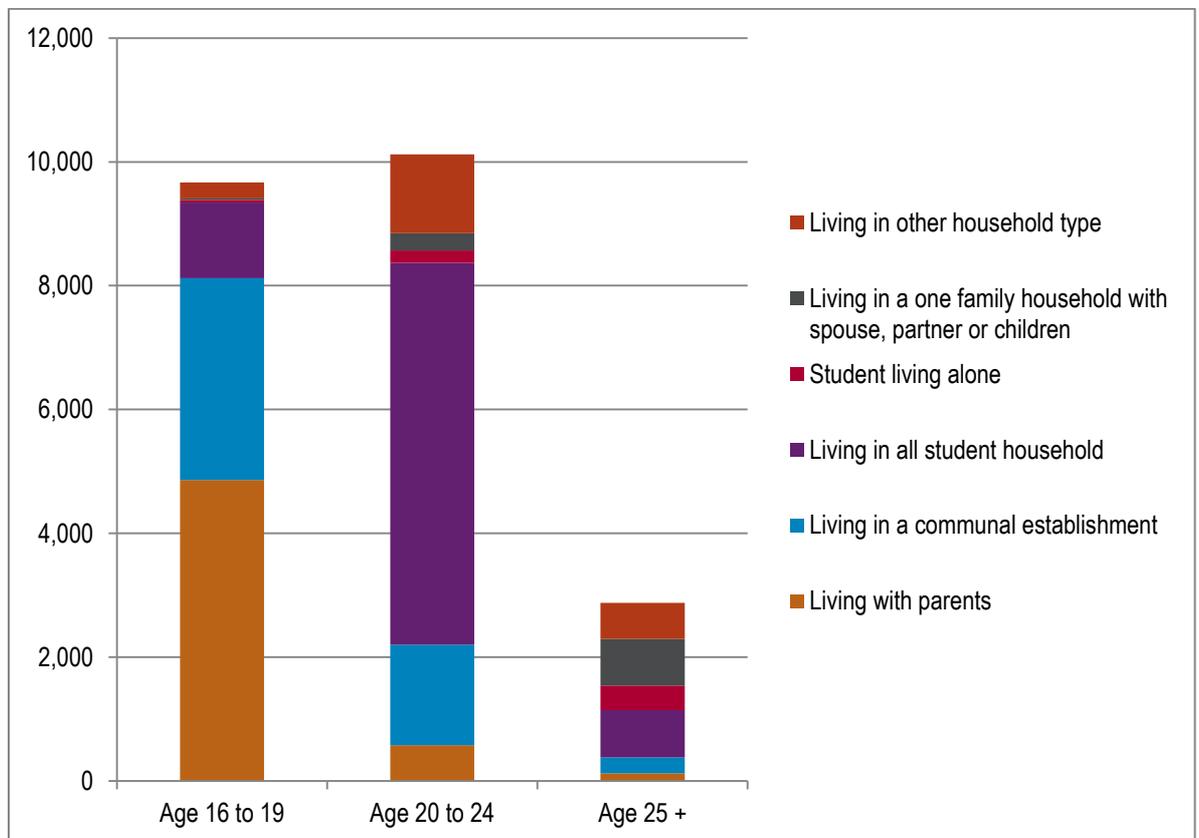
Source: 2011 Census

10.59   The information in the chart is set out in tabular form below.

Table 70:   Profile of Students by Age and Household Type in York, 2011

	Aged 16-19	Aged 20-24	Aged 25+
Living with parents	50.3%	5.7%	4.3%
Living in a communal establishment	33.7%	16.1%	9.0%
Living in all student household	12.7%	60.9%	26.5%
Student living alone	0.4%	2.0%	13.8%
Living in a one family household with spouse, partner or children	0.2%	2.7%	26.1%
Living in other household type	2.7%	12.6%	20.3%

Source: 2011 Census

10.60   We have sought to consider the change in students' accommodation structure between the 2001 and 2011 Census. Table 71 considers total students' resident in York, including students at school, in further education and at University. Unfortunately, due to the nature of the Census data, it is not possible to differentiate these numbers further.

10.61   Of the growth in students between the 2001 and 2011 Census data points (8,065 students -55.2%), 1,628 additional students (46.3%) were living in halls or other communal establishments and 3,637 additional students (82.0%) were living in all student households. The number of students living alone almost doubled (97.3%).

Table 71:   Changes in Students by Different Accommodation Types, 2001-11

Students (16+) by Household Type	2001	2011	Change	
			No.	%
Total Students	14,604	22,669	8,065	55.2%
Living with parents	4,540	5,561	1,021	22.5%
Living in a communal establishment	3,514	5,142	1,628	46.3%
Living in all student household	4,480	8,153	3,673	82.0%
Student living alone	324	640	316	97.5%
All other household types	1,746	3,173	1,427	81.7%

Source: Census 2001; Census 2011

10.62   However, some of the off-campus growth can be attributed to family households and mixed households where only some residents are students.

10.63   Between 2001-11 we have seen the number of household reference persons (HRPs) who are full-time students increase from 1,773 to 3,130; which represents an increase of 1,357 (76.5%). However, of the total 16,052 growth in HRPs over the decade, just 1,357 (8.5%) are headed by someone who is a student. **Therefore, around 8.5% of the growth in households during 2001-2011 was related to households headed by someone who is a student.**

10.64   If all the additional 3,637 students living in the household population lived in a household with a student HRP then this would equate to around 2.68 students per household. Whilst not all students will live in households with a student HRP, this ratio does show how overall growth in the student population and student-headed households relate.

Table 72:   Changes in Household Reference Persons who are Full-Time Students, 2001-11

	2001 #	2001%	2011 #	2001 %	Change #	Change %
All Household Reference Persons	67,488		83,540		16,052	23.8%
HRPs who are FT Students	1,773	17.5%	3,130	3.7%	1,357	76.5%
… of which One Person Households	319	3.2%	640	0.8%	321	100.6%
… of which Family Households	275	2.7%	505	0.6%	230	83.6%
… of which Other Households	1,179	11.6%	1,985	2.4%	806	68.4%

Source: ONS Census 2001 and 2011

10.65   We have worked with the University of York to understand how its current student population is accommodated. In 2013/2014 the University of York had 16,469 students (15,330 FTE).

10.66   There were a total of 6,105 undergraduate and postgraduate students at York St John University in June 2014.

10.67   We have undertaken some qualitative research on the student housing market. This revealed there was an increase in capacity as new purpose built accommodation has been on built on and off campus. However, it was discovered that this did not reduce demand for traditional private sector shared housing. It was explained that new accommodation units were largely taken up by international students due to costs being prohibitive for domestic UK students. This has meant the purpose built new accommodation has not been fully let. The universities suggested that if rental prices were reduced then there would be greater uptake of this new accommodation by domestic UK students; this may subsequently reduce for private sector student housing in the longer term. This may occur in future as the business case for such accommodation is unlikely to sustain a high level of void properties over the longer term.

10.68   Indeed, the Universities own analysis suggests a decline in the number of students seeking accommodation within the Private Rental Sector as provision within purpose built accommodation increases.

Future Growth in Student Numbers

10.69   The University of York appears to suggest that its prospects for future growth are somewhat weaker than that experienced in the previous decade. For example, its Annual Report and Financial Statements of 2014 states: "With potential for growth within the UK restricted by the declining

school leaving age population, recruitment beyond the UK also remains highly competitive" (University of York- Annual Report and Financial Statements, 2014: 3).

10.70 Further, it is explained that much of the University's recent history has been dominated by growth, but the "changes in the environment for Higher Education mean that the University cannot assume that what has worked well thus far will continue to sustain success into the future" (University of York- Annual Report and Financial Statements, 2014: 4). It appears that the university has tacitly tempered future growth prospects; therefore, no prospective growth in student numbers is enunciated.

10.71 Meanwhile, York St John University states that its ambition is: "over the next five years we are aiming to grow our student numbers from 6,400 to 7,300. To do this we need to achieve our annual enrolment targets for UK and international students" (York St John University, Strategic Plan 2015-2020, 2015: 13). This reflects an aim to achieve growth in student numbers of 900 (14.1%) by 2020. This appears to be a bold ambition given the constraints on higher education funding arising from government policy and regulatory reforms.

Qualitative evidence

10.72 We noted an increase in capacity through new and recent purpose built accommodation on and off campus. We found no evidence to suggest that demand for traditional private rented sector shared housing was affected currently. This is due to the high proportion of international students (24% of York's undergraduate students) most of whom opt for this type of accommodation. The NLA told us that some restructuring in the student market may be experienced in future years.

10.73 Student representatives told us that some students had had a bad experience with student letting agencies and many opted to live in homes that were managed directly by the landlord.

10.74 The universities told us that the new purpose built student accommodation was not fully let. If there was a price adjustment attractive to UK students, then parts of the private rented sector student housing (in the wider housing stock i.e. not purpose built) would see a reduction in demand.

10.75 Council officers told us that a large proportion of student housing is shared private rented sector housing and that growth in the number of students attending university in the city had led to growth in this sector. This growth has impacted on some local communities. Many private halls of residence had become available for letting or, as we observed on our visit to the City were under construction. Officers considered that this may impact on future letting of houses in the sector.

10.76 A number of estate agents alluded to the student housing market but we were urged to speak to a large student letting agency for detailed evidence.

10.77   Our question to the letting agent was about the impact on the City's housing market on the growth of student numbers and increased capacity from recent construction of purpose-built accommodation for students both on and off campus. According to the University of York website, over 2,000 units of student accommodation had been made available within the Heslington East campus which doubled the 'on campus' capacity. The agent told us that demand for private rented student sector remained strong and expressed no concerns about demand moving forward. The agent conceded that on campus capacity for students had increased but this was mainly taken up by first year students. We were told that supply from purpose built and shared private lets was keeping up with demand and more supply would come on stream in 2015/16. We were told that no market restructuring was underway as has become evident in other cities that we have studied such as nearby Hull and the City of Lincoln. We came across evidence of private sector investment in purpose built student housing for example the Student Castle Development in central York. The agent told us that the principal student area was in the Tang Hall area of the city, just north of the University of York Campus and that an Article 4 direction was in place. Internet searches revealed some unlet rooms often as a result of property coming on stream after refurbishment or additional capacity from other purpose built new build student housing e.g. offered by 'Fresh Student Living'.

10.78   We asked city centre re-sale estate agents if there was evidence of shared student houses being returned to the market for sale or residential lettings currently or recently. Agents told us that there was no evidence of this. This supports the evidence provided by the specialist agent.

10.79   The agent also drew our attention to the significant demand for shared private rented sector accommodation from nursing and other staff employed in the City's hospitals.

10.80   Higher York is an umbrella organisation for the Higher Education institutions in York. The following information is found on its website and is noted here as it is important context to the information reported below:

   • 24% of undergraduate students are from outside the UK; and
   • 1,739 undergraduate students are from the local area.

10.81   We attended the September meeting of the Student Community Partnership which consists of student union officials, council officers and members, and student landlord representatives. A briefing note about the SHMA was circulated in advance which contained a summary of our findings about student housing to date. We asked people at the meeting to provide further insights about trends in the student housing market, especially the impact of purpose built units and the preferences of students.

10.82   We were told that demand for purpose built units was high from international students. They perceived it as a low risk option for them as the quality of the accommodation and management

was apparent from marketing. International students tend to prefer York to other universities in Yorkshire because of the quality of the university, the character and scale of the city and demand was relatively high from this group. However, it is more expensive than private rented sector student housing and we were told that the housing of choice for 2nd and 3rd year undergraduate students was shared housing in the private rented sector.

10.83   Students representatives told us that many students preferred to let directly from a landlord rather than letting agents. They cited examples of poor service from letting agents. Student representatives had no evidence that landlords were seeking to leave the sector or that demand was weakening. They cited anecdotal evidence that landlords offering poor quality accommodation faced weak demand. We were also told that private rented sector shared student homes were being established further away from the universities. Larger residences were being purchased and converted for multiple occupation by students. These would generally be offered for lower rents than those closer to the university. Officers cautioned that it would be difficult to reverse this process and return these dwellings to residential use due to the high cost of re-instatement.

10.84   Representatives pointed out that the issue of housing refugees was part of the agenda and this may impact on the student market as a supply of shared housing.

10.85   A senior representative of York St John's University told us that the University planned to grow its student numbers from 6,500 to 8,000 over the next 5 years. The university has no plans to re-locate or occupy a second campus so there will be some impact on the student market. However, the official told us that the proportion of local students is rising. The University now provides hotel type accommodation for those wishing to have an occasional overnight stay. We were told that the proportion of overseas students is small. The university offers pre-sessional courses over summer and accommodates these students in its own accommodation. Most international students moved out into managed self-contained accommodation rather than remain in university halls or the private rented sector.

10.86   Undergraduate students mostly live in the private rented sector and the officer believed that supply was adequate although there were some issues about quality and the university would assist students to gain improvements. The officer remarked that the private rented sector had brought forward its marketing to earlier in the first year and most first year students had second year accommodation sorted by Christmas.

10.87   We were told that supply was also adequate for staff although few could afford to live in the city centre. The officer told us that some purpose built managed accommodation was unlet with supply increasing due to further building completions in the pipeline and speculated that there would be

some adjustment in price. We proposed to ask private rented sector landlords to tell us what the implications of this would be for the private rented sector.

10.88   A senior representative of the University of York explained that it was important to distinguish between types of foreign students i.e. the characteristics differed between students normally resident in the EU and those outside the EU. Outside the EU were around 10-15% of the undergraduate student population but there was a higher proportion of graduate students. He told us that most postgraduate students lived on campus and most undergraduate students lived in the private rented sector. Only a small proportion of international students from inside the EU could afford high end purpose built accommodation.

10.89   He explained that the university planned to provide accommodation to meet its future growth however the private sector providers of purpose built accommodation had put 2,500 units into the market over the last few years. This amounted to £100m of investment. This exceeded the planned growth in student numbers.

10.90   Although most new schemes were not fully let in their first year the evidence was that they were fully let in year 3. He concluded that there would always be a market for private rented sector student accommodation as many considered it a 'rite of passage' however there would be an adjustment in the market as there was potentially an oversupply. He cautioned against giving planning permission for further purpose built units.

10.91   There is therefore no requirement to increase the overall housing need on the basis of Student growth.

Self and custom build

10.92   SHMAs need to investigate the contribution that self-build makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

10.93   Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The

fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

10.94   Buildstore who own and manage their own national database relating to the demand and supply for self and custom build properties. They have informed us that within the City of York there are 189 people registered their details on the Custom Build register and 188 active members on the Plotsearch register. Local authorities are now required to manage or out-source a register of people seeking self and custom-build opportunities in the City.

10.95   We have also sought to consult with local developers and agents in order to gauge the level of demand locally. We asked all estate agents and regional builders that we came across about the level of interest in self or custom build. None were aware of the Community Right to Build and only a small number of estate agents had evidence of recent or past demand.

10.96   From a development point of view, key issues with this market are associated with skills and risk: whilst there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

10.97   We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However, it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit those local authorities are required and maintain registers of those with an interest in doing so.

10.98   We found anecdotal evidence of significant demand for custom building. There is evidence of the lack of supply of plots coming to the market although agents believe that many plots are sold privately. There was little awareness amongst sales agents of the government's policy initiative in this area. Only one registered provider told us that this was under consideration but was a long a long term aim.

10.99   Within York we asked all estate agents about demand for self-build and custom build plots. In summary, demand for custom was high in the market towns and surrounding villages but was less apparent in the City of York.

10.100 Agents told us that demand was high from clients seeking to build bespoke dwellings to suit their lifestyle and need for design features not offered by the re-sale market or volume house builders.

10.101 Agents told us that the problem was the supply of suitable plots and were not generally aware of the government's policy proposals to improve supply. Land agents we spoke to pointed out that some

deals were done privately not involving agents. We came across a small number of plots for sale in agent's shop windows and on Rightmove.

10.102 In our experience any attempt to quantify demand and the nature of demand should be focused on the planning system rather than sales and marketing.

11   CONCLUSIONS AND RECOMMENDATIONS

11.1   This final section brings together the findings of the SHMA Report. It is structured to set out GL Hearn's conclusions in turn: regarding the geography of the housing market area; the overall objectively assessed need for housing; and then findings relating to the need for different types of homes and the housing needs of specific segments of the population.

11.2   It should be reiterated that **the OAN figure is not the housing target** it is just a first step towards it. The housing target itself will be informed by the OAN but will also take into account wider factors such as sustainability, infrastructure constraints and land capacity. It may also be necessary to take into account the unmet needs of neighbouring housing market areas.

Housing Market Area

11.3   There are clearly a complex set of relationships across North Yorkshire; however, the balance of evidence across all three commissioning authorities suggests they operate in slight different but overlapping housing market areas.

11.4   In market-terms (as reflected in the house price analysis) the relationship between York and Hambleton is relatively strong correlation although Ryedale seems to have its own distinct trends such as lower prices and lower short term growth.

11.5   Both Migration and Travel to Work patterns identify a degree of self-containment which approaches or exceeds expected thresholds for housing market areas. York is very self-contained but is strongly linked to Selby. Ryedale and Scarborough are also closely linked although the latter has a high level of self-containment and the former is very close to the threshold. Hambleton is influenced in a number of directions but its strongest migratory links are with Richmondshire and Harrogate.

11.6   In travel to work terms York has a strong influence in the immediately surrounding districts particularly Selby, the southern parts of Hambleton and the eastern parts of Ryedale and East Riding. Ryedale also has an economic link with Scarborough. Hambleton is also partially located within the Middlesbrough TTWA and the Northallerton TTWA extends into Richmondshire.

11.7   In GL Hearn's view, the triangulation of the sources strongly supports defining three separate HMAs. It is however important to recognise overlaps between authorities and markets in this area. York and in particular Selby and the east of Ryedale and South of Hambleton has quite a strong relationship. Similarly, Leeds' influence is likely to extend into the western periphery of the York and Hambleton area.

11.8   In the context of the Duty to Cooperate, the authorities should continue to engage on strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies with those neighbouring authorities set out above. Indeed, stakeholders and duty to cooperate partners have been invited to attend the two stakeholder sessions during the SHMA process.

Overall Housing Need

11.9   The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. PPG sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence. Demographics provide the starting point for assessing housing need. The PPG then sets out that consideration should be given as to whether the housing need should be increased in order to:

- Support economic growth, based on interrogation of trends and forecast for future growth in employment;
- Improve affordability, taking account the need for affordable housing need and evidence from market signals.

11.10   In effect, the PPG approach recognises that demographic projections are influenced by what has happened in the past; and these further factors consider whether wider evidence suggests that there has been an imbalance between housing supply and demand, or whether in the future the evidence would suggest that housing provision needs to be increased.

11.11   The PPG is very clear that housing need refers to the need for both market and affordable housing, including taking account of the movement of people into the area. It is also clear that a SHMA should "leave aside" issues related to land supply, infrastructure, green belt and other constraints in identifying housing need – but clearly sets out that these factors are relevant in bringing evidence together through the plan-making process to identify policies for future housing provision.

The Demographic "Starting Point"

11.12   The PPG emphasises the use of official population and household projections as a starting point for assessing housing need, as these are based on nationally-consistent assumptions and methodology.

11.13   We have interrogated the latest official population projections and also ran a number of alternative scenarios relating to:

- Implications of 2013 and 2014 mid-year population data

- Implications of Unattributable Population Change (UPC)
- Implications of long-term (10-year) migration trends
- Updating the 2012-based SNPP for mid-year population estimate data

11.14   GL Hearn considers that SNPP is a sound projection based on the data available at the time. However, it results in a level of population growth (2012-14) that is lower than the latest available evidence (2013 and 2014 MYE) would suggest. Although the MYEs are not perfect, they will be used by ONS in the next round of projections and it is therefore reasonable to include this data within the assessment of OAN.

11.15   While this results in an increased need, the PPG suggests that the use of the latest data should be used where appropriate. This adjusted projection (based on applying 2013 and 2014 population data and then rolling forward the SNPP assumptions) results in a housing need of 833 dpa compared to 783 from the official projections.

11.16   The alternatives of a full reanalysis of future migration to take account of mid-year population data and an adjustment for UPC were not considered as reasonable alternatives. With the full updating there is considerable uncertainty about how the new data will be translated into future projections, whereas with UPC it is not clear what this relates to, and arguably it is therefore not robust to adjust projections for this factor. However, it is notable that the alternatives showed either an increase or a decrease on the SNPP figures (both as published and as updated) – suggesting that the SNPP reasonably fits in the range of scenarios that could be developed. A 10-year migration scenario was also slightly below the SNPP in terms of projected population growth.

11.17   GL Hearn concludes that this approach provides an appropriate demographic estimate of housing need and is some 6% above the 'start point' (using the terminology in the PPG) which is based on the most recent CLG household projections. However, this figure does not take into account affordable housing need, or include adjustments to take account of market signals or the needs for the local economy. In such circumstances there may well be a higher need still in the City.

Examining the Needs of the Local Economy

11.18   Following the approach in the PPG, the demographic-based assessment set out above provides a baseline for housing need. The PPG recommends that consideration is given to whether economic growth could result in a need for additional housing.

11.19   The NPPF clearly sets out that the assessment of, and strategies in local plans for, housing and employment need to be integrated with one another[20] The SHMA has considered the likely levels of

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[20] CLG (2012) *National Planning Policy Framework, Paragraph 158*

economic growth resulting from forecasts from both Oxford Economics (OE) and Experian (via Regional Economic Model). These result in a jobs growth of between 609 and 869 per annum.

11.20   The SHMA seeks to model the relationship between jobs and homes. The SHMA adopts an approach which does not seek to change commuting patterns in proportional terms. It models increasing employment rates, linked to an expectation that people will retire later and more women will work. It also takes account of evidence that people may hold down more than one job.

11.21   The modelling of the forecasts indicates that to support the forecast growth in employment, the following levels of housing provision would be needed:

	Households 2012	Households 2032	Change in households	Per annum	Dwellings (per annum)
OE – baseline/reprofiling	84,244	99,263	15,019	751	780
OE – higher migration	84,244	99,929	15,685	784	814
Experian - YHREM	84,244	99,601	15,356	768	797

11.22   None of the three employment forecasts result in a higher housing need than that set out in the core demographic scenario (833 dwellings). There is therefore no requirement to uplift above the demographic need on the basis of the local economy.

Affordable Housing and Market Signals

11.23   The SHMA includes an assessment of the number of households each year who require some form of subsidy in meeting their housing needs. This is assessed using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.

11.24   The SHMA analysis indicates that 573 net additional households per year will require support in meeting their housing needs (using a 30% income threshold). However, it is not appropriate to directly compare the need identified in the analysis with the demographic projections – they are calculated in different ways.

11.25   It should be noted however that the level of affordable housing need calculated is heavily predicated on the assumptions relating to the level of income which is spent on housing costs.

11.26   The affordable housing need represents 69% of the need identified in the demographic-led projections, based on the 2012-based Household Projections and updated to take account of recent mid-year estimates.

11.27   The identified need for affordable housing also includes existing households who need alternative size or tenure of accommodation but would release their current home for another household by moving. The analysis does not suggest that there is any strong evidence of a need to consider housing delivery higher than that suggested by demographic projections to help deliver more affordable homes to meet the affordable housing need.

11.28   There are also other ways of delivering new affordable housing besides through new-build development on market-led housing development schemes. Net additional needs only arise from concealed and homeless households and those in temporary accommodation. The other groups in need by moving homes would release the affordable home they currently reside in.

11.29   In line with the emerging Housing and Planning Act within the calculations for Affordable Homes we have also identified a need for Starter Homes. Our analysis of the 'need' for Starter Homes from both current and newly forming households identifies a potential need for 78 homes to be provided each year to 2032; based on the core assumptions about the level of discount provided, deposits and mortgage income multiples.

11.30   The report has then gone on to consider market signals. The NPPF[21] sets out that plans should take account of market signals, such as land prices and housing affordability. The Planning Practice Guidance clarifies this and outlines that:

> "*the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance of the demand for and supply of dwellings. Prices or rents rising faster than the national/ local average may well indicate particular market undersupply relative to demand.*"

11.31   The SHMA evidence indicates that there has been some increase in affordability pressures over the long term in York which when benchmarked against the Regional and National picture the affordability pressures are more severe. There was a significant growth in house prices since 2001 both in absolute terms and relative to earnings. There has been a shift towards the private rental market as well as a small increase in the number of over-crowded, concealed and shared households.

11.32   The PPG sets out that the identified housing need should be adjusted upwards to support an improvement in affordability where any of the market signals suggest a worsening situation. The PPG does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

11.33   To assess an appropriate adjustment to the assessed housing need, GL Hearn has used the demographic analysis to assess the degree to which household formation levels have been

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[21] CLG (2012) *National Planning Policy Framework, Paragraph 17*

constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve. The SHMA has considered the implication of returning the household formation rates of the 25-34 age group back to 2001 levels by 2025 (from 2015). In other words, this assumes that headship rates will improve between 2015 and 2025 and then track the 'trends' suggested in the 2012-based CLG household projections thereafter.

11.34 Against the demographic/economic baseline scenario this results in an increase in annual housing provision of 8 homes per annum across the City. The level of uplift in the local authority reflects the age profile and level of suppression as well as what the CLG had anticipated the change in household formation rates to be in the City within their stage 1 analysis.

Conclusions on Overall Housing Need

11.35 The NPPF sets out that local authorities should seek to meet housing need within their areas where it is sustainable to do so and consistent with policies within the Framework. The Framework however affords significant protection to Green Belt and other nationally and internationally significant landscapes and environmental designations.

11.36 Taking account of more recent migration and improvements to household formation rates for younger households, the SHMA draws the conclusions on the overall full objectively assessed need for housing over the 2012-32 period to be 841 dwellings per annum. The derivation of the conclusions on housing need is shown in the figure below. These figures would include the provision of affordable homes as part of the overall housing delivery.

Figure 63: Composition of Per Annum Housing Need in the City of York (2012-2032)
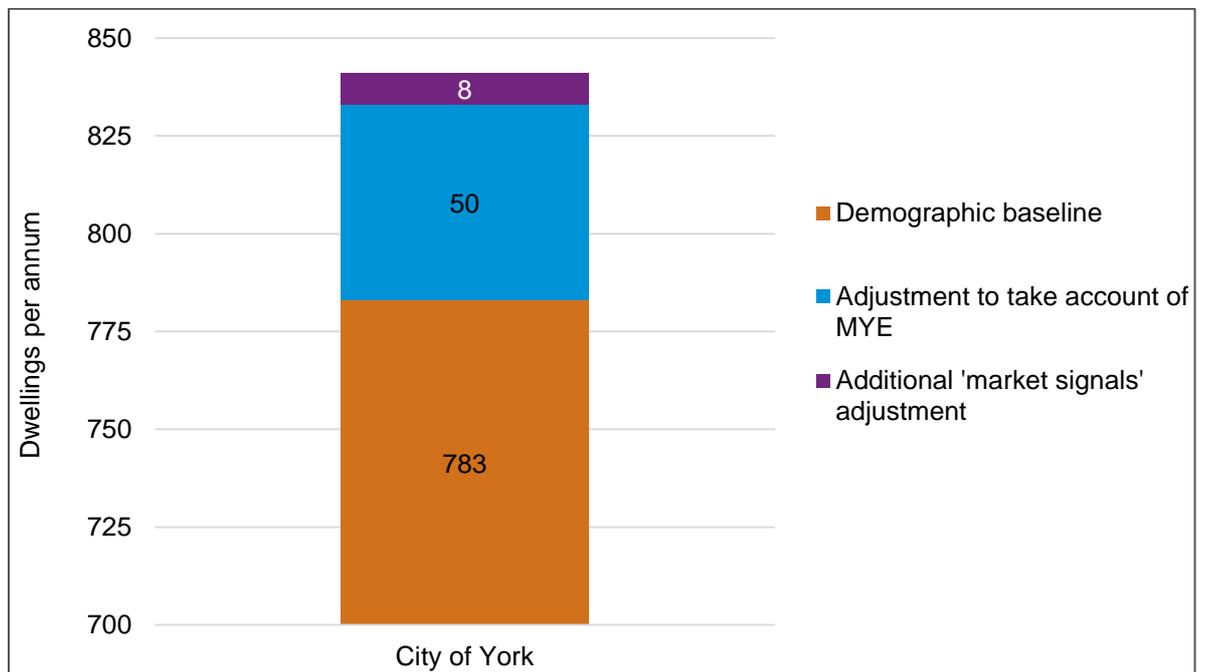
Source: Derived from demographic projections

11.37 The assessed need of 841 dwellings per annum is some 7.4% higher than the "starting point" as set out in the 2012-based household projections (783 dwellings per annum). This assessment of housing need is a "policy-off" assessment and does not take into account constraints to delivery, nor does it take into account any aspirations of the local council to provide more housing than this assessment level of need should they wish to do so.

11.38 As part of plan-making, planning judgements will be necessary to assess whether meeting the full objectively assessed needs identified in this SHMA can be met, whilst avoiding adverse impacts which would significantly and demonstrably outweigh the benefits or conflicting with the policies of the National Planning Policy Framework (NPPF).

11.39 There is also no requirement for the City to increase their OAN figure to take account of under-supply before the 2012. This is taken account of through the market signals adjustments. This is in line with the recent Winchester V Zurich High Court decision.

Need for Different Types of Homes

Conclusions on Housing Mix

11.40 In addition to considering the overall need for housing, the SHMA considers what types and sizes of homes – both market and affordable – will be needed.

11.41   The SHMA identifies that there is a need for a mix of house sizes across the City. The conclusions drawn take account of how the structure of the population and households are expected to change over the period to 2032 and how people occupy homes.

11.42   In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate indicative mix of affordable and market homes at a City-wide level.

Table 73:   Need for Different Sizes of Homes across York

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	35-40%	15-20%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15%	35%	35%	15%

Source: Derived from Housing Market Model

11.43   It should be noted that this analysis is aimed at informing strategic policies over the plan period and there will be a range of factors which will influence demand for different sizes of homes over time, particularly demographic changes, growth in real earning/savings, housing affordability and wider economic performance. There is also a geographical dimension and the specific mix of housing needed at a local level will be influenced in part by gaps in the existing housing offer locally (such as differences between the urban and rural areas).

11.44   Policies for what proportion of homes in new development schemes should be affordable need to take account of evidence both of housing need and of the viability of residential development. The NPPF sets out that percentage targets for affordable housing need to take account of viability evidence.

11.45   The assessment of affordable housing needs indicates that, in delivering affordable units, a City-wide mix target of 20% intermediate and 80% social or affordable rented homes would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of local level variations which we have identified, as well as any site specific issues.

11.46   In the affordable sector, GL Hearn recommend that the focus of provision is on smaller properties. However, the recommended mix also recognises the potential role which delivery of larger family homes (3 and 4 bedrooms) can play in releasing supply of smaller properties for other households together with the limited flexibility which one-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. These have been balanced against the recent Government reforms to social housing and welfare, including issues associated with the changes introduced by Government to housing benefit eligibility for working-age households in the social housing sector.

11.47   For market housing, GL Hearn recommends that the focus of new provision is on two and three-bed properties. This would serve to meet the needs of newly forming households and younger families in the City as well as demand from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay. There is however likely to be a notable level of continued need for larger family properties arising from existing growing households and those migrating into the City.

11.48   The mix identified above should inform strategic city-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

Monitoring and Review

11.49   Through a proactive monitoring process, it will be possible to maintain and develop understanding of the housing market, building on the outcomes of the SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy development.

11.50   Long-term monitoring which addresses indicators of housing need, market signals relating to supply-demand balance, and the housing supply trajectory can inform future development and implementation of planning policies for housing provision.