City of York Local Housing Needs Assessment

Final Report

Iceni Projects Limited on behalf of
City of York Council

July 2022

CONTENTS

1.   EXECUTIVE SUMMARY

1.1   The City of York Council has commissioned Iceni Projects to prepare a Local Housing Needs Assessment ("LHNA"). This LHNA aims to provide an additional evidence base on housing need and mix and will cover from 2021 to 2033.

Demographics

1.2   Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

1.3   The City's age structure focussed is on people of 'working-age' (16-64 year olds) which is to a considerable degree influenced by the student population. The proportion of older people (aged 65+) is broadly in-line with regional and national averages and the City sees relatively few children (people aged Under 16). This is likely to be in part-explained by the working age population having a large percentage of younger student age population and older workers (55+) neither of which typically give birth.

1.4   Past population growth in York has been relatively strong in a regional and national context, over the past 9-years (since 2011) the population of the City has grown by 6.7% - compared with a 4.5% increase regionally and 6.5% nationally over the same period. Historic population growth is largely driven by net international migration (some of which will be students) and there have been small negative levels of natural change (births minus deaths) and internal (domestic) migration over the past five years.

1.5   Projecting forward, the latest ONS subnational population projections (SNPP) continue to see population growth, albeit at a level slightly below that projected regionally (and notably below national figures). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change. This is largely due to aging of the existing population rather than in-migration of this age group.

1.6   Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs 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)). Data about HRRs is taken from ONS subnational household projections (SNHP).

1.7   In analysing data about HRRs, it was considered that the latest (2018-based) Household Projections potentially build in some degree of suppression of household formation in younger age groups (i.e. younger people are unable to form a household of their own to the same degree as they did in the past). Analysis was therefore provided linking to an older household projections when suppression was less of an issue.

1.8   Using the information from the published SNPP and SNHP, a bespoke projection was developed that links to the Council's Submission Draft Local Plan housing requirement (822 dwellings per annum) – the modelling considers the level of population growth and household formation that might be expected if this level of delivery is achieved (in the 2021-33 period). This projection is then used for some further analysis (e.g. in looking at older persons' needs (as the projection contains a detailed age structure)).

1.9   This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65. Overall, in the 2021-33 period, delivery of 822 dpa is projected to see an increase in population of 6.3% (13,200 more people) compared with a 2.9% increase (6,200) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children) as this is the typical age of migrants.

1.10   A final analysis sought to consider what level of jobs might be supported by the projections, taking account of changes to economic activity, commuting, the number of people with more than one job and the potential for people to return to work following Covid-19 related job losses. Overall, it was estimated that something in the region of 750-780 jobs per annum could be supported by future demographic change with housing delivery in-line with the Submission Draft Local Plan.

Affordable Housing Need

1.11   Analysis has been undertaken to estimate the need for affordable housing in the 2021-33 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

1.12   The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, the core consideration is given to the potential supply from the resale of low-cost home ownership properties (such as shared ownership) with a sensitivity to examine the potential supply from lower quartile homes.

1.13   When looking at rented needs, the analysis suggests a need for 592 affordable homes per annum across the City; the Council is therefore justified in seeking to secure as much additional affordable housing as viability allows.

1.14   Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to further increase the Local Plan housing requirement. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home as their current home would be released for someone else).

1.15   Additionally, most of the affordable need is already part of the demographic projections (future need) which are used to drive the housing requirement and so any additional provision would arguably be double counting.

1.16   The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, any policy for the split between social and affordable rented housing should be applied flexibly where viability evidence exists to do so, although the analysis is clear that both tenures of homes are likely to be required – the Council should however consider seeking affordable rents at less than 80% of the market as this will improve the affordability and access to accommodation for some households in need. It should also be noted that current affordable rents in the City do look to be quite affordable in comparison to market rents.

1.17   Overall, it is considered that the Council should seek social rents in the first instance and 'cascade' through affordable rents (at say 60%, 70% and then 80% of the market) where viability would prejudice the delivery of social rented homes. Strategic Sites in the Local Plan have already been viability tested to deliver policy compliant levels of social rental housing.

1.18   When looking at the need for AHO products, the analysis also suggests an additional need across the City (for 467 per annum). In interpreting this figure, it should however be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO. If, for example, half of sales of market housing below a lower quartile were to this target group of households then the need would be calculated as 81 units per annum – with a negative need if all lower quartile homes are counted in the supply.

1.19   The analysis does suggest that there are many households in York who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the

size of the private rented sector). This suggests that a key issue in the City is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

1.20   The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

1.21   In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options). The Council's current tenure split of 80% rented homes and 20% affordable home ownership remains reasonable in light of the analysis in this report. The 20% might go to 25% if First Homes are included, although the evidence suggests that providing 25% of affordable housing as First Homes is not the best solution for York, this is in terms of the need, as well as the fact that delivery of First Homes would squeeze opportunities to provide other forms of affordable home ownership.

1.22   Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered should be maximised to address the substantial need but will ultimately be limited to the amount that can viably be provided.

Housing Mix

1.23   The proportion of households with dependent children in York is fairly low with around 25% of all households containing dependent children in 2011 (compared with regional and national averages of 29%). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

1.24   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; growth in real earnings and households' ability to save; economic performance and affordability. The analysis linked to long-term demographic change to 2033 concludes that the following represents an appropriate mix of homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in York are very high in the market sector).

Table 1.1   Suggested Mix of Housing by Size and Tenure – York

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	35-40%	35-40%	15-20%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

Source: Derived from a range of sources including population projections and the Census data on occupancy patterns by age

1.25   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

1.26   The mix identified above could inform strategic policies although a flexible approach should be adopted e.g. in some areas Registered Providers find difficulties selling 1-bedroom AHO homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature 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. The Council should also monitor the mix of housing delivered.

1.27   Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

1.28   Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom 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 retaining flexibility for friends and family to come and stay.

Older Persons and Specialist Housing

1.29   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.

1.30   The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist

accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

1.31   The data shows that York has a similar older person age structure and lower overall levels of disability compared with the national average – age specific rates of disability are also lower than seen nationally. This should in theory slow that rate of entry into specialist accommodation for older people.

1.32   The older person population has some distinct characteristics, including a high representation in the owner-occupied sector. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-33 period include:

- A 21% increase in the population aged 65+ (potentially accounting for 63% of total population growth);

- A 29% increase in the number of people aged 65+ with dementia and a 26% increase in those aged 65+ with mobility problems;

- A need for around 1,540-1,730 housing units with support (sheltered/retirement housing) – mainly in the market sector;

- A need for around 610-670 additional housing units with care (e.g. extra-care) – all in the market sector;

- A need for additional nursing care bedspaces; and

- a need for around 1,200 dwellings to be for wheelchair users (meeting technical standard M4(3)).

1.33   This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

1.34   Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

1.35   The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

1.36   In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

1.37   In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

1.38   The Council receives around 230 homeless representation per quarter with around 13% having mental health problems, 11% have ill health or a disability and 7% that have a history of drug and alcohol dependency.

1.39   The Council projects a future need of approximately 67 adults with learning disabilities that will need alternative accommodation in the next five years.

2.   INTRODUCTION

Purpose

2.1   The City of York Council has commissioned Iceni Projects to prepare a Local Housing Needs Assessment ("LHNA"). This LHNA aims to provide an additional evidence base on housing need and mix and will cover from 2021 to 2033 and beyond to 2038.

2.2   We have not sought to examine overall housing need and everything in this report is based on the submission draft Local Plan housing requirement of 822 dwellings per annum. The main requirements of this study are to:

- Update affordable housing needs calculation including affordable housing to rent and to buy;

- In response to the latest guidance provide evidence on the cost/level of discount of low cost home ownership products including First Homes;

- Assess the appropriate housing unit size mix across different tenures;

- Assess the needs for specialist/supported housing by level of care and tenure; and

- Provide evidence on the need for accessible and adaptable properties.

3.   DEMOGRAPHIC TRENDS AND PROJECTIONS

Introduction

3.1   This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

3.2   The section also considers the implications of delivering housing in-line with the submission draft Local Plan (822 dwellings per annum across the City). This includes understanding potential population growth and changes to population/household structures. Projections have been developed for the 2021-33 period. The projections developed are then used for other analysis in this report (such as to consider changes to the older person population and their potential needs).

Demographic Trends

3.3   The analysis below looks at some key statistics about demographic trends in York; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow.

Population and Age Structure

3.4   As of 2020, the population of York was estimated to be 211,000 and the figure below shows the population profile of York compared with a range of other areas. One key difference is the spike of population from about age 18, and running through to people in their early 30s – this reflects the student population in the City which has a notable impact on the age structure when compared with other locations.

Figure 3.1   Population profile (2020)

Source: ONS mid-year population estimates

3.5   The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the regional and national position, York has a greater proportion of people aged 16-64 – this again reflects the student population of the City. The number of children (people aged Under 16) in the City is relatively low, whereas the older person population (65+) is in line with levels seen in other locations.

Table 3.1   Population profile (2020) – summary age bands

	York		Yorkshire/ Humber	England
	Population	% of population	% of population	% of population
Under 16	32,708	15.5%	19.0%	19.2%
16-64	139,430	66.1%	62.1%	62.3%
65+	38,874	18.4%	18.9%	18.5%
All Ages	211,012	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

Past Population change

3.6   The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). The analysis shows over this period that the population of York has risen at a slightly higher rate to that observed in other areas. In 2020, it is estimated that the population of the City had risen by 16% from 2001 levels (nationally 14%).
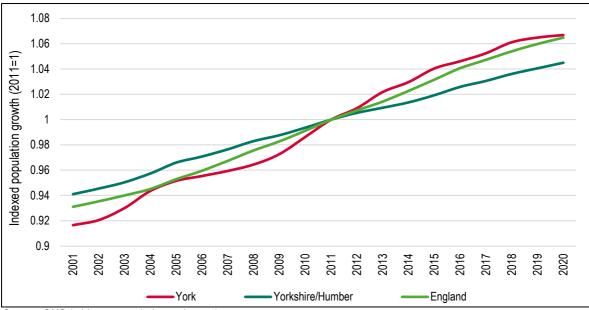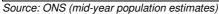
Figure 3.2   Indexed population growth (2001-2020)

Source: ONS (mid-year population estimates)

3.7   The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has data at a smaller area level and is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of York increased by 6.7%, which as noted above is stronger growth than seen in other locations.

Table 3.2   Population change (2011-20)

	2011	2020	Change	% change
York	197,783	211,012	13,229	6.7%
Yorkshire/Humber	5,288,212	5,526,350	238,138	4.5%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS mid-year population estimates

3.8   The table below shows population change by age (again for the 2011-20 period). This shows a small increase in the number of children living in the City (increasing by about 3%) along with an increase in the 'working-age' population (5.4%). A key driver of population growth has therefore been in the 65 and over age group, which between 2011 and 2020 saw a population increase of about 5,200 people: this age group increasing in size by 15% over the 9-year period.

3.9   It is however notable in population terms that the 16-64 age group has seen the highest increase (7,100 more people), and it can also be noted that the percentage increase is higher than seen nationally (an increase of 3% across England). The increase in the population aged 65+ is actually below that seen for England ((20% nationally).

Table 3.3   Change in population by broad age group (2011-20) – York

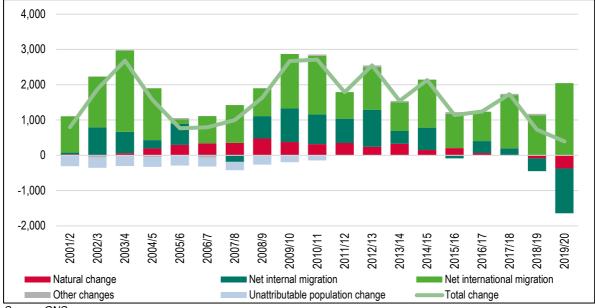|	2011	2020	Change	% change
Under 16	31,750	32,708	958	3.0%
16-64	132,340	139,430	7,090	5.4%
65+	33,693	38,874	5,181	15.4%
TOTAL	197,783	211,012	13,229	6.7%

Source: ONS

Components of Population Change

3.10   The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes,' which are generally small and often related to armed forces personnel or boarding school pupils.

3.11   The data shows a positive level of natural change for most of the periods studied (i.e. more births than deaths) but negative for the last three years for which data is available. Over the last 5-years, natural change has averaged a net loss of around 40 per annum. Internal migration has been quite variable –but positive in most years over the past decade or so (but not the last two years); the last five years for which data is available shows an average of 240 people (net) moving from the City to other parts of the United Kingdom. International migration is also variable, although the data does suggest a significant positive net level for all years; over the past five years international migration has averaged about 1,300 people per annum (net).

3.12   The data also shows a negative level of UPC. This suggests that between 2001 and 2011, ONS may have initially over-estimated population growth within population estimates (and this was corrected once Census data had been published).

Table 3.4   Components of population change, mid-2001 to mid-2020 – York

	Natural change	Net internal migration	Net intern-ational migration	Other changes	Other (unattri-butable)	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	774	-45	-254	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	753	-8	0	1,784
2012/13	237	1,056	1,205	48	0	2,546
2013/14	325	363	815	38	0	1,541
2014/15	147	637	1,360	-14	0	2,130
2015/16	200	-89	968	57	0	1,136
2016/17	62	338	831	12	0	1,243
2017/18	-11	199	1,505	37	0	1,730
2018/19	-90	-360	1,134	41	0	725
2019/20	-376	-1,267	2,046	-9	0	394

Source: ONS

Figure 3.4   Components of population change, mid-2001 to mid-2020 – York

Source: ONS

2018-based Subnational Population Projections (SNPP)

3.13   The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The 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 2018-based national population projections.

3.14   The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;

- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and

- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

3.15   As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection;

- An alternative internal migration variant; and

- A 10-year migration variant

3.16   In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

3.17   The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

3.18   The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

3.19   The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 2.1%, with the alternative internal migration scenario being higher than this (2.9%) – the 10-year trend variant shows slightly lower growth again (at 4.1%). Population growth in the 2014-based projection is notably higher than any of the 2018-based figures.

Table 3.5   Projected population growth (2021-2033) – York – range of SNPP releases

	2021	2033	Change in population	% change
2018 (principal)	211,235	215,595	4,361	2.1%
2018 (alternative internal)	211,607	217,787	6,180	2.9%
2018 (10-year trend)	211,679	220,353	8,673	4.1%
2016-based	211,789	221,715	9,926	4.7%
2014-based	215,876	232,392	16,516	7.7%

Source: ONS

3.20   As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).

3.21   The table below shows projected population growth from 2021 to 2033 (using alternative internal migration assumptions) in York and a range of comparator areas. The data shows that the population of the City is projected to increase at a similar rate as seen across the region, but below the equivalent national projection.

Table 3.6   Projected population growth (2021-2033) – 2018-based SNPP (alternative internal migration assumptions)

	2021	2033	Change in population	% change
York	211,607	217,787	6,181	2.9%
Yorkshire/Humber	5,542,873	5,716,421	173,548	3.1%
England	56,989,570	59,792,005	2,802,435	4.9%

Source: ONS

3.22   With the overall change in the population will also come changes to the age profile. The table below summarises findings for the three broad age groups previously used. The largest growth will be in people aged 65 and over. In 2033 it is projected that there will be 47,700 people aged 65 and over. This is an increase of 8,000 from 2021, representing growth of 20%. Looking at the other end of the age spectrum the data shows that there is projected to be a notable decrease in the number of children (those aged Under 15) and a modest increase in the 16-64 age group.

Table 3.7   Population change 2021 to 2033 by broad age bands – York (2018-based SNPP – alternative internal migration assumptions)

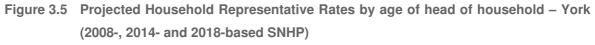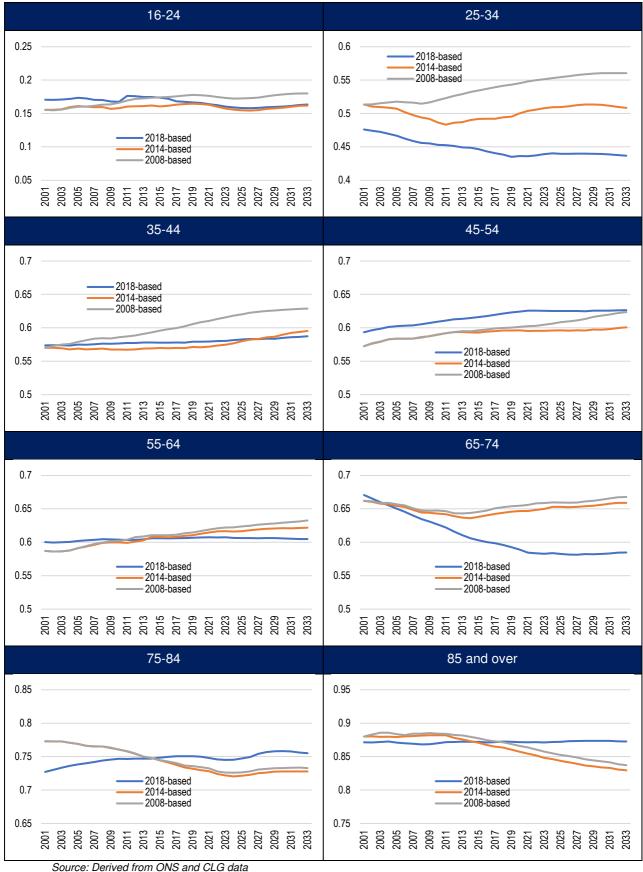|	2021	2033	Change in population	% change
Under 16	32,842	30,293	-2,550	-7.8%
16-64	139,063	139,749	686	0.5%
65 and over	39,702	47,746	8,044	20.3%
Total	211,607	217,787	6,180	2.9%

Source: ONS

Household Representative Rates (Household Formation)

3.23   Having studied the population size and age structure changes, 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 household representative rates (HRR) is used. HRRs 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)).

3.24   The latest HRRs are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.

3.25   This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable). Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figure below and it is notable (again for the 25-34 age group) that this projection also appears to build in a degree of suppression to 2011, but a generally increasing rate thereafter.

3.26   The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971) although it should be noted that the 2014-based figures do take a slightly different approach to establishing the households reference person. In the 2014-SNHP a male is

taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.

3.27   As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This adjustment has been applied to age groups up to 44. A similar approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG).

3.28   Therefore, three HRR scenarios have been used as described below:

- Linking directly to 2018-based SNHP – 2018-SNHP HRRs;

- Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and

- Linking to the 2014-based SNHP but with a part-return to previous trends for younger age groups (up to age 44) – 2014-PRT

3.29   To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some degree of suppression of household formation in younger age groups.

3.30   The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, taking account of an apparent suppression in the formation of households from the population aged under 45 (and particularly those aged 25-34).

Figure 3.5   Projected Household Representative Rates by age of head of household – York (2008-, 2014- and 2018-based SNHP)

Source: Derived from ONS and CLG data

Household Growth

3.31   The table below shows estimates of household growth with the various HRRs and an estimate of the number of additional dwellings this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).

3.32   To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households), and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.

3.33   The analysis shows an overall housing need for 379 dwellings per annum (dpa) across the City when using the 2018-based SNHP as the underlying household projection. With 2014-HRRs the estimated need figure is slightly higher (482 dpa), and this figure increases again (to 582 dpa) with an adjustment to the formation rates of the younger population.

Table 3.8   Projected housing need – range of household representative rate assumptions – York (linked to 2018-based SNPP)

	Households 2021	Households 2033	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	87,898	92,311	4,413	368	379
2014-HRRs	90,539	96,149	5,611	468	482
2014-PRT	90,539	97,323	6,784	565	582

Source: Demographic projections

Developing a projection linking to 822 dwellings per Annum

3.34   Earlier in this report it has been noted that the Council's submission Draft Local Plan sets a housing requirement of 822 dwellings per annum. It can be seen from the analysis above, that even with the fairly positive HRRs modelled above there would not be the level of household growth required to fill this number of homes. Therefore, a scenario has been developed which increases migration to the City such that there is sufficient population for 822 additional homes each year. In summary, an approach has therefore been developed that increases migration to project how population and household structures might change with delivery of 822 homes each year (2021-33).

3.35   Within the modelling, migration assumptions have been changed so that across the City the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP (alternative internal migration variant) with adjustments being consistently applied to both internal (domestic) and

international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:

- Base population in 2020 from the latest mid-year population estimates rolled forward to 2021 using assumptions underpinning the 2018-SNPP;

- Household representative rates from the 2014-based SNHP with an adjustment in younger age groups; and

- The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)

3.36   In developing this projection, a much higher level of population growth is derived (13,200 additional people compared with 6,200 in the SNPP as published). The age structure of the projections is also slightly different, with the higher projection showing stronger growth in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).

3.37   The table below summarises this information into three broad age bands. This confirms that increases in the older person population are still projected to be the most significant, but does also show that the increase in the population aged 16-64 is higher than is projected by the official projections. The 2018-based SNPP suggest an increase of around 700 people aged 16-64 (2021-33), whereas the alternative projection increases this notably – to a figure of around 6,200 people – a difference of around 5,500).

Table 3.9   Population change 2021 to 2033 by broad age bands – York (linked to delivery of 822 dwellings per annum)

	2021	2033	Change in population	% change
Under 16	32,667	31,411	-1,256	-3.8%
16-64	139,316	145,508	6,193	4.4%
65 and over	39,370	47,644	8,274	21.0%
Total	211,352	224,563	13,211	6.3%

Source: Demographic Projections

3.38   In the remainder of this report, some of the analysis makes reference to the projection of 822 dwellings per annum (the submission draft Local Plan projection).

The Link Between Housing and Economic Growth

3.39   The analysis below considers the link between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change). To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);

- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and

- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

Growth in Resident Labour Supply

3.40   The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

3.41   The figure and table below show the assumptions made (for York). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).
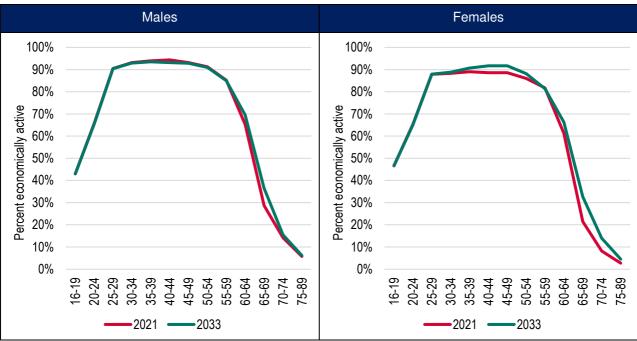
Figure 3.6   Projected changes to economic activity rates (2021 and 2033) – York

Source: Based on OBR and Census (2011) data

Table 3.10   Projected changes to economic activity rates (2021 and 2033) – York

	Males			Females		
	2021	2033	Change	2021	2033	Change
16-19	43.0%	43.0%	0.0%	46.6%	46.6%	0.0%
20-24	65.7%	65.4%	-0.3%	65.3%	65.0%	-0.3%
25-29	90.5%	90.4%	0.0%	87.9%	87.9%	0.1%
30-34	93.2%	92.9%	-0.2%	88.3%	88.8%	0.6%
35-39	94.0%	93.5%	-0.4%	89.1%	90.7%	1.6%
40-44	94.4%	93.1%	-1.3%	88.6%	91.7%	3.1%
45-49	93.2%	92.9%	-0.3%	88.6%	91.7%	3.0%
50-54	91.2%	91.0%	-0.2%	86.0%	88.2%	2.1%
55-59	85.2%	85.0%	-0.2%	81.7%	81.4%	-0.4%
60-64	65.2%	69.5%	4.3%	61.2%	66.3%	5.1%
65-69	28.7%	36.5%	7.8%	21.5%	32.7%	11.2%
70-74	14.1%	15.5%	1.3%	8.2%	13.9%	5.7%
75-89	5.8%	6.2%	0.4%	2.7%	4.5%	1.8%

Source: Based on OBR and Census (2011) data

3.42   Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the City – this is set out in the table below. The analysis shows that with the SNPP there would be an estimated increase in the economically active population of around 2,900 people (a 2.5% increase over 12-years). With the Draft Submission Local Plan requirement, a much higher change in the economically active population is estimated (some 7,600 additional people – 7% increase).

Table 3.11   Estimated change to the economically active population (2021-33) – York

	Economically active (2021)	Economically active (2033)	Total change in economically active	% change
2018-SNPP (AIM)	114,636	117,540	2,904	2.5%
Draft Local Plan	114,768	122,319	7,551	6.6%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

3.43   The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

3.44   The table below shows summary data about commuting to and from York from the 2011 Census. Overall, the data shows that the City sees a small level of net in-commuting for work with the number of people resident in the area who are working being about 4% lower than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 3.12   Commuting patterns in York

	Number of people
Live and work in Local Authority (LA)	62,209
Home workers	9,422
No fixed workplace	6,101
In-commute	25,734
Out-commute	21,451
Total working in LA	103,466
Total living in LA (and working)	99,183
Commuting ratio	0.959

Source: 2011 Census

3.45   In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the City is equal to the number of people living in the City who are working). This sensitivity is useful to understand the implications for housing as to continue to assume net out-commuting would arguably mean that York would be providing housing for people taking up additional jobs in other local authorities. The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

3.46   The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the City that typically between about 4.1% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).
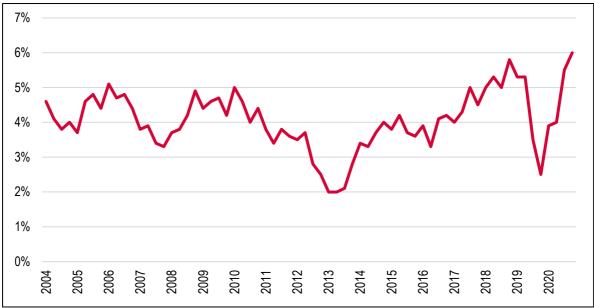
Figure 3.7   Percentage of all people in employment who have a second job (2004-2020) – York

3.47   For the purposes of this assessment it has been assumed that around 4.1% of people will have more than one job moving forward. A double jobbing figure of 4.1% gives rise to a ratio of 0.959 (i.e. the number of jobs supported by the workforce will be around 4.1% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

3.48   The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of the ending of the furlough scheme are unknown.

3.49   The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to February 2022 with the data below showing a trend for the previous decade.

3.50   The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) – rising from around 1,800 to in excess of 5,000, dropping in the latest period for which data is provided to just below 3,000).

3.51   The latest data (for February 2022) points to 2.900 claimants in the City, this is some 1,100 higher than for the same data in 2020 (1,800 claimants). On this basis there are potentially 1,100 people

not working in 2022 who might be expected to return to employment in the future (taken to be over the period to 2033 for consistency with other analysis in this report).
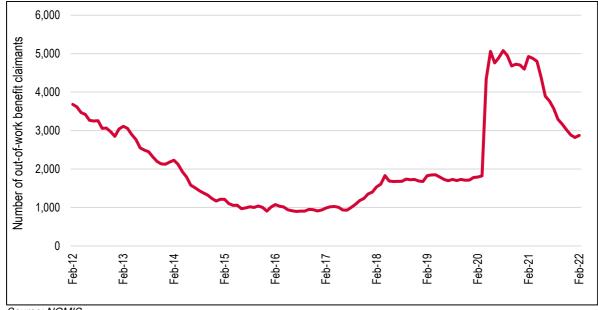
Figure 3.8   Number of out-of-work benefit claimants (2012-2022) – York

Source: NOMIS

Jobs Supported by Growth in the Resident Labour Force

3.52   The table below shows how many additional jobs might be supported by population growth under the 2018-SNPP and the Submission Draft Local Plan. Given current commuting patterns and estimates about double jobbing, it is estimated that around 4,400 additional jobs could be supported by the changes to the resident labour supply in the SNPP; a lower number of jobs could be supported if the analysis assumes a 1:1 commuting ratio (about 4,200). Using the Submission Draft Local Plan requirement labour supply growth the number of jobs potentially supported is substantially higher – in the range of 9,000-9,400 depending on the commuting assumptions used – this is around 750 to 780 per annum.

3.53   If the allowance for people moving back into employment following the pandemic is ignored, then the Submission Draft Local Plan would be expected to support in the region of 660-680 jobs each year.

Table 3.13   Jobs supported by demographic projections (2021-33) – York

		Total change in economically active	Plus 1,100 returning to employment	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	Census commuting	2,904	4,004	4,177	4,354
	1:1 commuting	2,904	4,004	4,004	4,173
Draft Local Plan	Census commuting	7,551	8,651	9,025	9,407
	1:1 commuting	7,551	8,651	8,651	9,017

Source: Derived from a range of sources as described

Summary

3.54   Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

3.55   The City has an age structure focussed on people of 'working-age' which is to a considerable degree influenced by the student population. The proportion of older people (aged 65+) is broadly in-line with regional and national averages and the City sees relatively few children (people aged Under 16).

3.56   Past population growth in York has been relatively strong in a regional and national context, over the past 9-years (since 2011) the population of the City has grown by 6.7% - compared with a 4.5% increase regionally and 6.5% nationally over the same period. Population growth is largely driven by net international migration (likely to include some students) and there have been small negative levels of natural change (births minus deaths) and internal (domestic) migration over the past five years.

3.57   Projecting forward, the latest ONS subnational population projections (SNPP) continue to see population growth, albeit at a level slightly below that projected regionally (and notably below national figures). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change.

3.58   Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs 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)). Data about HRRs is taken from ONS subnational household projections (SNHP).

3.59   In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.

3.60   Using the information from the published SNPP and SNHP, a bespoke projection was developed that links to the Council's Submission Draft Local Plan housing requirement (822 dwellings per annum) – the modelling considers the level of population growth and household formation that might be expected if this level of delivery is achieved (in the 2021-33 period). This projection is then used for some further analysis (e.g. in looking at older persons' needs (as the projection contains a detailed age structure)).

3.61   This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65. Overall, in the 2021-33 period, delivery of 822 dpa is projected to see an increase in population of 6.3% (13,200 more people) compared with a 2.9% increase (6,200) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children).

3.62   A final analysis sought to consider what level of jobs might be supported by the projections, taking account of changes to economic activity, commuting, the number of people with more than one job and the potential for people to return to work following Covid-19 related job losses. Overall, it was estimated that something in the region of 750-780 jobs per annum could be supported by future demographic change with housing delivery in-line with the Submission Draft Local Plan.

4.   AFFORDABLE HOUSING NEED

Introduction

4.1   This section provides an assessment of the need for affordable housing in York. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.

4.2   The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products.

4.3   The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

4.4   The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for *'affordable housing for rent'* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:

- **Current affordable housing need**: an estimate of the number of households who have a need now, at the point of the assessment, based on data from the Council's Housing Register – this figure is then annualised so as to meet the current need over a period of time;

- **Projected newly forming households in need**: using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;

- **Existing households falling into need**: based on studying past trends in the types of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing**: an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

4.5   The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

4.6   This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

4.7   The NPPF[1] and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG[2] includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need.

4.8   This widened definition has been introduced by the Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

4.9   For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).

4.10   Additionally, information drawn from local surveys previously undertaken by JGC across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.

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[1] https://www.gov.uk/government/publications/national-planning-policy-framework--2

[2] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#affordable-housing

4.11   This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

4.12   Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Price and Rents

4.13   An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. 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.' For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

4.14   The analysis below considers the entry-level costs of housing to both buy and rent across the City. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

4.15   Data from the Land Registry for the year to September 2021 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £145,000 for a second-hand flat and rising to £320,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £215,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 4.1   Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to September 2021 – York

	Lower quartile price
Flat/maisonette	£145,000
Terraced	£205,100
Semi-detached	£230,000
Detached	£320,000
All dwellings	£215,000

Source: ONS Small Area House Price Statistics

4.16   It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £140,000 for a 1-bedroom home, rising to £360,000 for homes with 4-bedrooms.

Table 4.2   Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to September 2021 – York

	Lower quartile price
1-bedroom	£140,000
2-bedrooms	£200,000
3-bedrooms	£260,000
4-bedrooms	£360,000
All Dwellings	£215,000

Source: Land Registry and Internet Price Search

4.17   A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to September 2021. 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 £695 per month.

Table 4.3   Lower Quartile Market Rents, year to September 2021 – York

	Lower Quartile rent, pcm
Room only	£390
Studio	£495
1-bedroom	£625
2-bedrooms	£700
3-bedrooms	£825
4-bedrooms	£1,100
All properties	£695

Source: ONS

Household Incomes

4.18   Following on from the 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 (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes – data has also been updated to a 2021 base with reference to data in the Annual Survey of Hours and Earnings (ASHE).

4.19   Drawing all of this data together an income distribution for the whole City has been constructed for 2021. The figure below shows that around a quarter of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £48,200, with a median income of £36,700; the lower quartile income of all households is estimated to be £21,200.
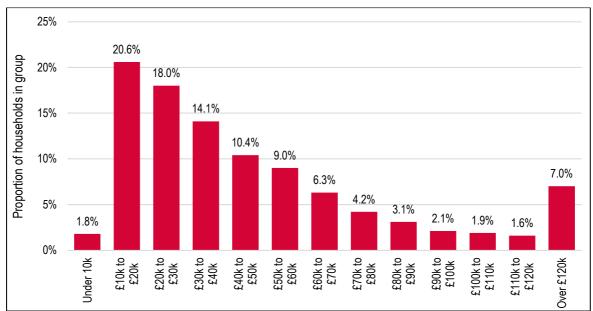
Figure 4.1   Distribution of household income (2021) – York

Source: Derived from a range of data as discussed

Affordability Thresholds

4.20   To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, 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).

4.21   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 – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.

4.22   At £695 per calendar month, lower quartile rent levels in York are typically above average in comparison to those seen nationally (a lower quartile rent of £585 for England in the year to September 2021). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £695 pcm rent this would imply a gross household income of about £27,800 (and in net terms the rent would likely be around 37% of income).

4.23   In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.

4.24   Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

4.25   For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.

4.26   The table below shows the estimated incomes required to both buy and rent (privately). This shows a notable 'gap' from an income of £27,800 to rent a home, up to £43,000 to buy.

Table 4.4   Estimated Household Income Required to Buy and Privately Rent

	To buy	To rent (privately)	Income gap
York	£43,000	£27,800	£15,200

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

4.27   The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the City. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

4.28   In line with the PPG the current need for affordable housing is assessed through analysis of Housing Register information. As part of this project a download of the register was provided (as of January 2022) which has been interrogated to estimate the number of households with an affordable housing need.

4.29   As of January 2022 there were 2,552 households on the Register, however, not all of these cases were marked as 'Active'[3] and when removing non active cases a total of 1,597 have been used in analysis. Additionally, not all of the households registered for housing will have significant housing needs and the analysis below shows the banding of need as assessed on the Register. For the purposes of this report, it has been assumed that those households in bands Emergency, Gold and Silver can be considered as in housing need. Across York some 1,218 households fall into these bands and would be considered as having an assessed housing need (and not just an expressed need) – this is 76% of all active cases on the register).

Table 4.5   **Number of households on York Housing Register by housing need banding (January 2022) – Active cases**

Band	Number of households	% of households
Emergency	8	0.5%
Gold	304	19.0%
Silver	906	56.7%
Bronze	375	23.5%
No banding information	4	0.3%
Total	1,597	100.0%

Source: York Housing Register

4.30   As well as looking at the level of need of households on the register, it is important to understand the living circumstances of those households. In particular, this focusses on current tenure, recognising that households already living in affordable housing would release a home for use by another

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[3] The non-active cases include around 1,000 applications waiting to be processed which the Council estimate around 76% will progress to being an active case in housing need on the register.

household if they were to move and hence there is no additional need for housing to be provided (although there may be a mismatch between the homes needed and those released, both in terms of size and location). The table below shows that around 247 households are currently living in affordable housing leaving 1,350 within private sector housing or without accommodation (e.g. concealed households) – a total of 1,032 are within the three housing need bands (Emergency, Gold, Silver).

Table 4.6   Current tenure of households on Housing Register and in need

	Currently in affordable housing	Not in affordable housing	Total
Emergency	1	7	8
Gold	42	262	304
Silver	143	763	906
Bronze	61	314	375
No banding information	0	4	4
Total	247	1,350	1,597

Source: York Housing Register

4.31   The estimated figures shown above represent the number of households with a need currently (i.e. 1,032 households). For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2021 to 2033, the need is annualised by dividing by 12 (to give an annual need for 86 dwellings across all areas). This does not mean that some households would be expected to wait 12-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

4.32   The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. 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.

4.33   The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) 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.

4.34   The number of newly forming households has been estimated through demographic modelling (linked to the 2018-based SNPP and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in York.

4.35   In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. 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).

4.36   The analysis has 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 it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.

4.37   The assessment suggests overall that approaching half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 680 newly forming households will have a need per annum on average across the City.

Table 4.7   Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	York
Number of new households	1,516
% unable to afford	44.9%
Annual newly forming households unable to afford to rent	680

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

4.38   The second element of newly arising need is existing households falling into need. This can be due to illness or job loss meaning an existing household can no longer afford their accommodation or due to a birth or disability their home is no longer suitable.

4.39   To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.

4.40   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).' Following the analysis through suggests a need arising from 190 existing households each year across the City.

Supply of Social/Affordable Rented Housing Through Relets

4.41   The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

4.42   The 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. Information from CoRe and Local Authority Housing Statistics (LAHS) has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude 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.

4.43   On the basis of past trend data is has been estimated that 363 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in affordable housing need.

Table 4.8   Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (average per annum) – York

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	631	95.2%	601	56.4%	339
2018/19	670	97.2%	652	57.2%	373
2019/20	686	92.6%	635	59.6%	378
Average	662	95.0%	629	57.8%	363

Source: CoRe/LAHS

4.44   The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable rented Housing

4.45   The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 592 dwellings per annum across the City. The net need is calculated as follows:

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

Table 4.9   Estimated Need for Social/Affordable Rented Housing (per annum)

	York
Current need	86
Newly forming households	680
Existing households falling into need	190
Total Gross Need	955
Relet Supply	363
Net Need	592

Source: Range of sources as discussed

The Relationship Between Affordable Need and Overall Housing Need

4.46   The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

> *'The total affordable housing need can then 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 strategic plan may need to be considered where it could help deliver the required number of affordable homes'*

4.47   However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

4.48   Firstly, the modelling contains a category in the projection of *'existing households falling into need;'* these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains *'newly forming households;'* these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

4.49   This just leaves the *'current need;'* much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts from a demographic start point would be expected to deal with such households.

4.50   The analysis estimates an annual need for 592 rented affordable homes, which is notionally 72% of the Submission Draft Local Plan housing requirement 822 dwellings per annum. However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).

4.51   It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 338 homes per annum across the City – notionally 41% of the Submission Draft housing requirement. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

4.52   The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 22 per annum (current need) is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic start point to an estimate of housing need.

Table 4.10 **Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – York**

	Including existing households	Excluding existing households
Current need	86	22
Newly forming households	680	680
Existing households falling into need	190	0
Total Gross Need	955	702
Re-let Supply	363	363
Net Need	592	338

*Source: Range of sources as discussed *numbers may not add up due to rounding*

4.53   Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of

households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing; as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

4.54   The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

4.55   Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), 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.

4.56   It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose <u>needs are not met by the market</u>'* [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). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

4.57   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of November 2021, it is estimated that there were around 3,100 benefit claimants in the private rented sector in York. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

4.58   The figure below shows the trend in the number of claimants in the City. This shows there has been a notable increase since March 2020, which will be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 2,000 households at any point in time).
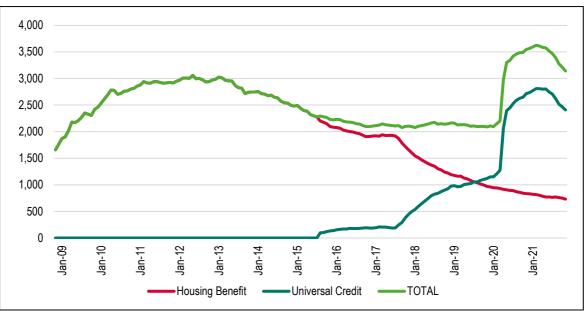
Figure 4.2   Number of Housing Benefit claimants in the private rented sector – York

Source: Department of Work and Pensions

4.59   Whilst it is clear that some households do claim housing benefit it should be noted that someone receiving housing benefit (Local Housing Allowance) in the PRS may not be getting their full rent paid so a proportion of these claimants will be spending more than the 30% of household income to remain in their PRS home. LHA will be helping households to keep a roof above their head, but the accommodation might not be meaningfully affordable for many of those households and this again points to the need for the Council to seek to provide rented affordable housing where opportunities arise.

4.60   Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

4.61   Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the City. It does however need to be stressed that this report does not provide an affordable housing

target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise. The main opportunity is likely to be through planning obligations, however the Council should also continue to work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

Split Between Social and Affordable Rented Housing

4.62   The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

4.63   An analysis has been undertaken to compare the income distribution of households with the cost of different products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data).

4.64   To some extent it is easier to consider the data in terms of the percentage one housing cost is of another and this is also shown in the table below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focusses on 2-bedroom homes (this is the main stock size held by Affordable Housing Providers, 45% of social rented housing and 54% of affordable rents).

4.65   The analysis shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 66% of a current lower quartile rent (60% if comparing with a median rent). Compared with many areas where this type of analysis has been carried out, affordable rents in York look to be relatively affordable, for 2-bedroom homes, current affordable rents are only 17% above typical social rents.

Table 4.11   Comparison of rent levels for different products – York (2020/21)

	Social rent pcm	Affordable rent (AR) pcm	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£341	£426	£625	£675	68%	63%
2-bedrooms	£396	£464	£700	£775	66%	60%
3-bedrooms	£435	£546	£825	£900	66%	61%
4-bedrooms	£506	£579	£1,100	£1,325	53%	44%
All	£409	£471	£695	£780	68%	60%

Source: RSH and ONS

4.66   An analysis has been undertaken to compare the income distribution of households with the cost of different products – initially based on actual affordable and social rents as published by the Regulator of Social Housing. For comparative purposes a lower quartile market rent is used to determine the group of households who cannot afford a market rent and would therefore benefit from a subsidised rent.

4.67   For the affordability test, a standardised average rent for each product has been used[4]. The table below suggests that around 48% of households who cannot afford to rent privately could afford an affordable rent, with a further 21% being able to afford a social rent (but not an affordable one). A total of 31% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 4.12   Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	48%
Afford social rent	21%
Need benefit support	31%
All unable to afford market	100%

Source: Affordability analysis

4.68   The finding that 48% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. Conversely, providing more social rents might enable households to return to work more easily. Affordable rents which are only accessible to households in receipt of benefits

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[4] Overall rents have been standardised on the basis of 30% 1-bed, 40% 2-bed, 25% 3-bed and 5% 4-bed

can be a disincentive to work because tenants may need to move before they can 'afford' to return to work.

4.69   It should also be remembered that the analysis above is based on current affordable rent levels in the City (which look to be quite affordable). The Council will need to monitor affordable rents to ensure they remain at affordable levels, and potentially seek higher discounts from market rents on any schemes where rent levels look to be too high.

4.70   There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided. For example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

4.71   On this basis, any policy for the split between social and affordable rented housing should be applied flexibly where viability evidence exists to do so, although the analysis is clear that both tenures of homes are likely to be required– the Council should however consider seeking affordable rents at less than 80% of the market as this will improve the affordability and access to accommodation for some households in need. It should also be noted that current affordable rents in the City do look to be quite affordable in comparison to market rents.

4.72   Overall, it is considered that the Council should seek social rents in the first instance and 'cascade' through affordable rents (at say 60%, 70% and then 80% of the market) where viability would prejudice the delivery of social rented homes

Establishing a Need for Affordable Home Ownership

4.73   The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *"those that cannot afford their own homes, either to rent, or to own, where that is their aspiration"*[5]. However, at the time of writing, there is no guidance about how the number of such households should be measured.

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[5] Paragraph: 020 Reference ID: 2a-020-20190220

4.74   The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

4.75   The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

4.76   The first part of the analysis seeks to understand what the gap between renting and buying actually means in the City – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent has already been provided earlier in this section (Table 4.4) and so the discussion below is a broad example.

4.77   Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 36% already have sufficient income to buy a lower quartile home, with 21% falling in the rent/buy 'gap'. The final 43% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

4.78   The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

4.79   To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 13,300 households living in the sector across the City

(excluding student only households). Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to York then the number of households in the sector would now be around 15,800.

4.80   Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (9,500 households if applied to York) and of these some 40% (3,800 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

4.81   As noted above, on the basis of income it is estimated that around a fifth of the private rented sector sit in the gap between renting and buying. Applying this proportion to the above figures would suggest a current need for around 800 affordable home ownership units (67 per annum if annualised over a 12-year period).

4.82   In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 421 dwellings (321 from newly forming households and 100 from existing households in the private rented sector).

4.83   Bringing together the above analysis suggests that there is a need for around 488 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the City. This is before any assessment of the potential supply of housing is considered.

Table 4.13   Estimated Gross Need for Affordable Home Ownership (per annum)

	York
Current need	67
Newly forming households	321
Existing households falling into need	100
Total Gross Need	488

Source: Range of sources as discussed

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

4.84   One source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 21 resales per annum across the City (based on data for the 2016-19 period). These properties would be available for these households and can be included as the potential supply.

4.85   In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in York there were a total of 3,084 resales (i.e. excluding newly-built homes) in the last year (year to September 2021) and therefore around 771 would be priced below the lower quartile. This is 771 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.

4.86   It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyer with a mortgage buy at or below the lower quartile[6]. Other recent data suggests that first time buyers account for around half of home purchase loans[7] with a total of around 65% of all homes being bought with a loan (35% as cash buyers[8]).

4.87   Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% * 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

4.88   We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (21 per annum);

- Include the supply from affordable home ownership and half of resales of lower quartile homes (407 per annum (386+21)); and

- Include the supply from affordable home ownership and all resales of lower quartile homes (792 per annum (771+21)).

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[6] https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

[7] https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009

[8] https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb

4.89   The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 467 dwellings per annum and this reduces to just 81 if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a substantial surplus of affordable home ownership shown.

Table 4.14   Estimated Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	488	488	488
LCHO supply	21	407	792
Net need	467	81	-304

Source: Range of sources as discussed

4.90   Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

Implications of the Analysis

4.91   Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is largely based on only considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.

4.92   Regardless, it does seem that there are many households in York who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 95% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 13%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

4.93   On this basis, and as previously noted, it seems likely in York that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

4.94   The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as

a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

4.95   Firstly regarding the 10%, it is not clear that this is the best solution in the City. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. In York, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

4.96   Regarding the 25% of affordable housing as First Homes[9], it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.

4.97   Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.

4.98   The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

4.99   There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

4.100   In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private

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[9] As York's Local Plan was submitted under the transitional arrangements they are not obligated to adopt a First Homes policy.

renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

4.101   The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).

4.102   The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

4.103   The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

4.104   In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

> *First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:*
>
> *a) must be discounted by a minimum of 30% against the market value;*
> *b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
> *c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*
> *d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).*
>
> *First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.*

4.105   In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

4.106   As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in York is £700 per month;

- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,330 per month to afford (£700/0.3) or £28,000 per annum; and

- With an income of £28,000, it is estimated that a household could afford to buy a home for around £140,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple – calculated as £28,000*4.5/0.9.

4.107   Therefore, £140,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in York. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

4.108   On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £200,000 giving a midpoint of £170,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and

therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

4.109   To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

4.110   The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis identifies that newbuild homes are typically more expensive than existing homes in the stock although the overall average 'premium' (which is zero) is heavily influenced by the profile of homes – a higher proportion of newbuild sales are flats compared with the existing stock.

4.111   To estimate a typical newbuild premium, the prices shown in the table below have been standardised on the basis of the profile of newbuild sales over the past 5-years[10] - this points to a typical premium of around 10% and this figure has been used in calculations of OMV and against which a discount can be judged.

Table 4.15   Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to September 2021 – York

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£141,300	£141,800	0%
Terraced	£184,100	£240,000	30%
Semi-detached	£206,900	£244,500	18%
Detached	£282,800	£335,500	19%
All dwellings	£190,000	£190,000	0%

Source: Land Registry

4.112   The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 10%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £300,000 (rather than the modelled £220,000) then the discount would be in the range of 43% and 53%.

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[10] 56% flats, 16% terraced, 11% semi-detached and 17% detached

4.113   On the basis of the specific assumptions used, the analysis points to a discount of around 30% for 2-bedroom homes and a figure potentially in excess of 40% for larger (3+-bedroom) properties. Given there is a cap of £250,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 4+-bedroom homes to be provided as First Homes. Given that a single discount figure is likely to needed for plan making purposes it is suggested that a 30% discount is reasonable, with the expectation that most First Homes will be 2-bedroom - this is however based on the estimated OMV which could well be different on specific schemes (and which would therefore point to a different level of discount as being affordable).

4.114   The Council could however investigate higher discounts as this would improve affordability (this may also be appropriate if a higher proportion of First Homes are likely to be larger (3+-bedroom) properties). It will however be important for the local authority to ensure that any discount above 30% does not prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need). It is understood that discounts of 50% have been provided in some cases in the past without affecting viability (for discounted sale housing).

Table 4.16   Affordable home ownership prices – data for year to September 2021 – York

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£125,000-£132,500	£154,000	14%-19%
2-bedrooms	£140,000-£170,000	£220,000	23%-36%
3-bedrooms	£165,000-£212,500	£286,000	26%-42%
4+-bedrooms	£220,000-£290,000	£396,000	27%-44%

Source: Derived from a range of sources as described

Shared Ownership

4.115   Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.

4.116   For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

4.117   Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share

that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- OMV at LQ price plus 10% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;

- 10% deposit on the equity share;

- Rent at 2.75% pa on unsold equity;

- Repayment mortgage over 25-years at 4%;

- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and

- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property;

4.118 The table below shows that to make shared ownership affordable, equity shares in the region of no more than about 45% could work for 1-bedroom homes with a lower share likely to be need for 2+-bedroom homes (around 20%).

4.119 As with conclusions on discounted market housing/First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 4.17   Estimated Affordable Equity Share by Size – York

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£154,000	£220,000	£286,000	£396,000
Share	45%	18%	24%	20%
Equity Bought	£69,916	£38,940	£68,926	£78,408
Mortgage Needed	£62,924	£35,046	£62,033	£70,567
Monthly Cost of Mortgage	£332	£185	£328	£373
Retained Equity	£84,084	£181,060	£217,074	£317,592
Monthly Rent on Retained Equity	£193	£415	£497	£728
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£625	£700	£825	£1,100

Source: Data based on Housing Market Cost Analysis

4.120   In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests an 18% equity share for 2-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with an 18% share, but a total cost in excess of £700 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Essential Local Workers

4.121   Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is* <u>*for essential local workers'*</u> [emphasis added]. Essential local workers are defined as *'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.'*

4.122   To give an indication of the number of essential workers in York analysis has been undertaken looking at Standard Industrial Classification 2007 (SIC) categories – this shows employment sectors based on industry, and for the purposes of this analysis the public administration, education and health industries have been used to represent 'essential workers'. The analysis shows that around 32% of resident workers are considered 'essential workers' in the City – this figure is above that seen regionally and nationally.

Table 4.18   Number and proportion of workers by sector

	York		Yorkshire/ Humber	England
	Resident workers	% of workers	% of workers	% of workers
Agriculture, energy and water	1,358	1.4%	2.5%	2.3%
Manufacturing	6,622	6.7%	11.2%	8.9%
Construction	6,780	6.8%	8.0%	7.7%
Distribution, hotels and restaurants	23,944	24.1%	22.6%	21.5%
Transport and communication	7,817	7.9%	7.5%	9.1%
Financial, Real Estate, Professional & Administration	16,163	16.3%	14.5%	17.5%
Public administration, education and health	**31,354**	**31.6%**	**29.3%**	**28.2%**
Other	5,145	5.2%	4.4%	5.0%
All industries	99,183	100.0%	100.0%	100.0%

Source: 2011 Census

4.123   The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that essential workers see a fairly average profile, with similar levels of owner-occupation, social renting and private renting as is seen across the whole City.

Table 4.19   Housing tenure by industry of employment (2011) – York

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	73%	11%	16%
Manufacturing	76%	8%	15%
Construction	78%	9%	13%
Distribution, hotels and restaurants	53%	15%	32%
Transport and communication	72%	9%	19%
Financial, Real Estate, Professional and Administration	68%	8%	24%
Public administration, education and health	**68%**	**8%**	**23%**
Other	59%	9%	32%
All industries	67%	10%	23%

Source: 2011 Census

4.124   It is also possible to consider the affordability of housing for essential workers by considering local salaries. An online assessment of local jobs (across York and North Yorkshire) for nurses, firefighters, teachers, police officers and childcare was undertaken in March 2022. This showed a range of salaries, but typically in the range of about £20,000 to £30,000 per annum. The average salary was around £25,000 although it does need to be noted that there are a variety of roles with a range of salaries in these professions depending on level of expertise and experience.

4.125   With a salary of £25,000, an individual might be able to buy a home for around £125,000 (based on a 10% deposit and 4.5 times mortgage multiple) and with two salaries at this level would be able to afford around £250,000. This latter figure would allow the household to afford to buy a home in the City, but the single income would make home ownership difficult (particularly in higher value locations), and this population could be a potential target for affordable home ownership products.

4.126   Although such workers make up a slightly higher proportion of the workforce than is the case in many areas they are about as likely to be owner-occupiers as other industry groups. However, on the basis of local incomes (notably for single income essential workers), access to the owner-occupied sector may be restricted by income.

4.127   Many lower income workers in essential services, including care staff and cleaners, work shifts and are reliant on public transport, it is therefore often impractical for them to travel from outside the authority boundaries for work. High demand for these staff means that they are able to find work close to where they live.

4.128   Given the higher than average house prices in York, in order to retain these workers in employment in the city, it may be appropriate to consider how affordable properties could be priorities for essential local workers

4.129   These can be priorities for essential local workers at least initially and then released in to the wider need if no take up is apparent. It may also be the case the percentage set aside for essential workers varies on each site depending on its proximity to major employment locations such as Hospitals.

Key Points in Relation to First Homes

4.130   The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be, and should the discount be variable depending upon property size?*

4.131   Arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may well have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market).

4.132   The Council could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30%, unless this can be proven to not impact on overall affordable delivery. It is understood that discounts of 50% have been provided in some cases in the past without affecting viability (for discounted sale housing).

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

4.133   Looking at the data on suggested affordable prices, it can be seen that these generally sit well below the £250,000 cap (other than for 4-bedroom homes) and therefore it is arguable that a lower cap would be appropriate. Given that First Homes will be likely to focus on 2- and 3-bedroom homes) there are good reasons for looking at a lower cap.

4.134   A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, and the analysis of newbuild

premium it is considered that a cap of something in the region of £200,000 might be appropriate. This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

- *Is the national threshold of £80,000 for household income appropriate?*

4.135   To study the income threshold, analysis has been provided below to consider the likely incomes required to afford both the lower end and midpoint Affordable Price. This is shown in the table below and shows even the most expensive price for a 3-bedroom home would only require an income of about £42,500. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and 4.5 times mortgage multiple) and in reality individual households will have their own specific circumstances.

4.136   That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that an income cap of around £45,000-£50,000 might be appropriate in the case of York.

Table 4.20   Incomes Required to Afford First Homes – York

	Affordable Price (lower end)	Affordable Price (midpoint)
1-bedroom	£25,000	£26,500
2-bedrooms	£28,000	£34,000
3-bedrooms	£33,000	£42,500
4+-bedrooms	£44,000	£58,000

Source: Derived from a range of sources

- *What is the level of need for such products?*

4.137   In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a significant number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity).

4.138   That said, it is not recommended that the Council seeks more than 25% of affordable housing as First Homes. This is because delivery of more First Homes would reduce the number of other types of affordable housing (such as social/affordable rented and shared ownership). Other forms of affordable housing are likely to be available to more households (due to lower income requirements) and are also likely to be needed by households with greater needs (i.e. those who have fewer choices in the housing market).

Rent to Buy

4.139   A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

4.140   At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

4.141   In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Summary

4.142   Analysis has been undertaken to estimate the need for affordable housing in the 2021-33 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

4.143   The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership).

4.144   When looking at rented needs, the analysis suggests a need for 592 affordable homes per annum across the City; the Council is therefore justified in seeking to secure as much additional affordable housing as viability allows.

4.145   Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to further increase the Local Plan housing requirement. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be

remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home as their current home would be released for someone else).

4.146   Additionally, most of the affordable need is already part of the demographic projections (future need) which are used to drive the housing requirement and so any additional provision would arguably be double counting.

4.147   The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, any policy for the split between social and affordable rented housing should be applied flexibly where viability evidence exists to do so, although the analysis is clear that both tenures of homes are likely to be required– the Council should however consider seeking affordable rents at less than 80% of the market as this will improve the affordability and access to accommodation for some households in need. It should also be noted that current affordable rents in the City do look to be quite affordable in comparison to market rents.

4.148   Overall, it is considered that the Council should seek social rents in the first instance and 'cascade' through affordable rents (at say 60%, 70% and then 80% of the market) where viability would prejudice the delivery of social rented homes.

4.149   When looking at the need for AHO products, the analysis also suggests an additional need across the City (for 467 per annum). In interpreting this figure, it should however be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO. If, for example, half of sales of market housing below a lower quartile were to this target group of households then the need would be calculated as 81 units per annum – with a negative need if all lower quartile homes are counted in the supply.

4.150   The analysis does suggest that there are many households in York who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the City is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

4.151   The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

4.152   In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options). The Council's current tenure split of 80% rented homes and 20% affordable home ownership remains reasonable in light of the analysis in this report. The 20% might go to 25% if First Homes are included, although the evidence suggests that providing 25% of affordable housing as First Homes is not the best solution for York, this is in terms of the need, as well as the fact that delivery of First Homes would squeeze opportunities to provide other forms of affordable home ownership.

4.153   Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered should be maximised to address the substantial need but will ultimately be limited to the amount that can viably be provided.

5. HOUSING MIX

Introduction

5.1   This section considers the appropriate mix of housing across York, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

5.2   The number of families in York (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 21,300 as of the 2011 Census, accounting for 25% of households; this proportion is slightly lower than the regional and national average (both at 29%). Demographic analysis previously in this report continues to show a relatively low proportion of children in the population compared with other locations

Table 5.1   Households with dependent children (DC) – 2011

	York		Yorkshire/ Humber	England
	No.	%	%	%
Married couple	11,855	14.2%	14.6%	15.3%
Cohabiting couple	3,104	3.7%	4.6%	4.0%
Lone parent	4,897	5.9%	7.1%	7.1%
Other households (with DC)	1,444	1.7%	2.4%	2.6%
All other households	62,252	74.5%	71.3%	70.9%
Total	83,552	100.0%	100.0%	100.0%
Total with dependent children	21,300	25.5%	28.7%	29.1%

Source: Census (2011)

5.3   The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having an extremely high proportion living in the social rented sector and also in private rented accommodation. In York, only 36% of lone parent households are owner-occupiers compared with 81% of married couples with children.
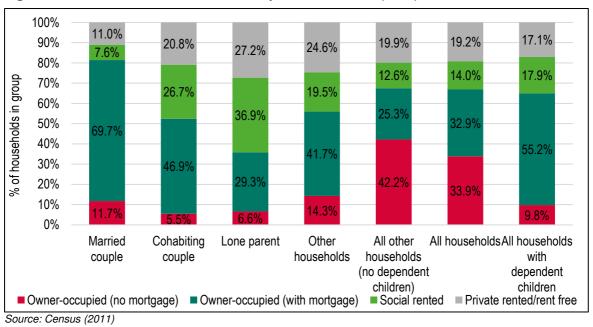
Figure 5.1   Tenure of households with dependent children (2011) – York

Source: Census (2011)

5.4   The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the City, the tendency is for family households to occupy 3+-bedroom housing with variation depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.
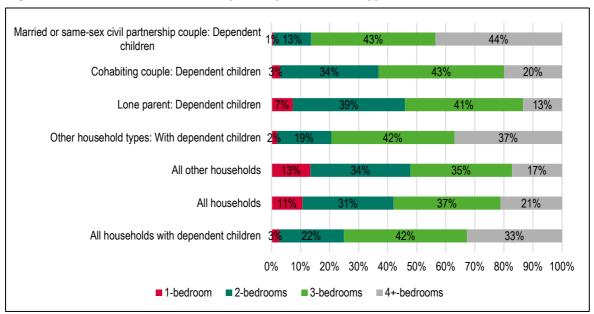
Figure 5.2   Number of Bedrooms by Family Household Type, 2011 – York

Source: Census (2011)

The Mix of Housing

5.5   A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated though the standard method, it is possible to see which age groups are expected to change in number, and by how much.

5.6   On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period to 2033 (from 2021).

5.7   An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 69% of the total in this tenure group, although a slightly lower proportion than seen in other locations). The profile of the social rented sector is broadly similar across areas as is the private rented sector – although York has a slightly higher proportion of 4+-bedroom homes compared to other location (likely to be linked to student households). Observations about the current mix feed into conclusions about future mix later in this section.

Table 5.2   **Number of Bedrooms by Tenure, 2011**

		York	Yorkshire/Humber	England
Owner-occupied	1-bedroom	3%	2%	4%
	2-bedrooms	27%	23%	23%
	3-bedrooms	43%	51%	48%
	4+-bedrooms	26%	23%	25%
	Total	100%	100%	100%
Social rented	1-bedroom	34%	30%	31%
	2-bedrooms	34%	35%	34%
	3-bedrooms	28%	31%	31%
	4+-bedrooms	4%	4%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	20%	18%	23%
	2-bedrooms	43%	40%	39%
	3-bedrooms	21%	31%	28%
	4+-bedrooms	16%	11%	10%
	Total	100%	100%	100%

Source: Census (2011)

Overview of Methodology

5.8   The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

5.9   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 into 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.

5.10   The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

5.11   That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

5.12   The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, 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 under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

5.13   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age 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 CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

5.14   The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for York and the Yorkshire/Humber region. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as

typically some households downsize as they get older. The analysis identifies some differences between York and the region, although the pattern of average dwelling sizes by age of HRP are similar in both areas.
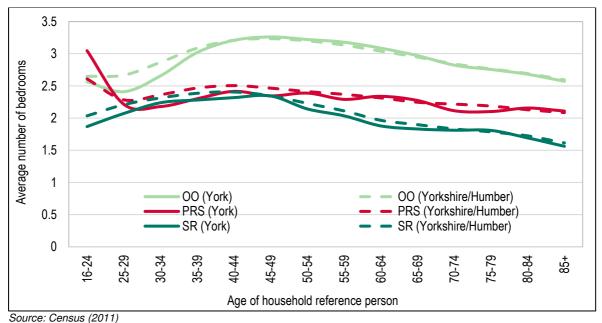
Figure 5.3   Average Bedrooms by Age and Tenure in York and the Yorkshire/Humber region

Source: Census (2011)

5.15   Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the Yorkshire/Humber region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

5.16   The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;

- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and

- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

5.17   The table below presents the projected change in households by age of household reference person, this shows growth as being expected in virtually all age groups and in particular some older age groups. The number of households headed by someone aged 50-59 is however projected to see a decline over the period studied.

Table 5.3   Projected Change in Household by Age of HRP in York – linking to Submission Draft Local Plan (822 dwellings per annum)

	2021	2033	Change in Households	% Change
16-24	5,243	6,198	956	18.2%
25-29	6,914	7,728	815	11.8%
30-34	8,229	8,469	240	2.9%
35-39	6,979	8,290	1,311	18.8%
40-44	6,656	8,198	1,542	23.2%
45-49	6,844	7,134	290	4.2%
50-54	7,852	6,873	-979	-12.5%
55-59	7,856	6,532	-1,324	-16.9%
60-64	7,021	7,826	805	11.5%
65-69	6,160	7,850	1,690	27.4%
70-74	6,725	7,288	563	8.4%
75-79	5,411	6,139	728	13.5%
80-84	4,115	5,267	1,152	28.0%
85 & over	4,201	5,989	1,788	42.6%
Total	90,204	99,781	9,576	10.6%

Source: Demographic Projections

Initial Modelled Outputs

5.18   By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

5.19   The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from the Local Authority Housing Statistics ("LAHS") and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing around 15% of households as requiring 3+- bedroom homes (including 3% in the 4+-bedroom category).

Table 5.4   Size of Social/Affordable Rented Housing – Housing Register Information

	Number of households	% of households
1-bedroom	1,047	60.2%
2-bedrooms	439	25.3%
3-bedrooms	199	11.4%
4+-bedrooms	53	3.0%
TOTAL	1,738	100.0%

Source: Local Authority Housing Statistics, 2021

5.20   The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 5.5   Modelled Mix of Housing by Size and Tenure in York (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	34%	44%	18%
Affordable home ownership	19%	43%	21%	17%
Affordable housing (rented)	36%	34%	26%	4%

Source: Housing Market Model

Table 5.6   Modelled Mix of Housing by Size and Tenure in York (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	28%	54%	15%
Affordable home ownership	18%	38%	35%	9%
Affordable housing (rented)	32%	37%	28%	3%

Source: Housing Market Model

Table 5.7   Modelled Mix of Housing by Size and Tenure in York (combining methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	4%	31%	49%	17%
Affordable home ownership	19%	41%	28%	13%
Affordable housing (rented)	34%	35%	27%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

5.21   The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

5.22   Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

5.23   The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 48,100 households with some degree of under-occupation and just 700 overcrowded households.

Table 5.8   Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – York

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	14,626	11,809	26,435
+1	0	12,360	6,981	2,361	21,702
0	1,717	2,653	2,271	396	7,037
-1	90	277	183	45	595
-2	21	31	26	11	89
TOTAL	1,828	15,321	24,087	14,622	55,858

Source: Census (2011)

5.24   For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 5.9   Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – York

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,040	134	1,174
+1	0	1,953	1,095	205	3,253
0	3,606	1,704	1,009	124	6,443
-1	324	250	152	13	739
-2	25	19	23	3	70
TOTAL	3,955	3,926	3,319	479	11,679

Source: Census (2011)

Table 5.10   Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – York

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,313	960	2,273
+1	0	4,119	836	1,034	5,989
0	2,647	2,366	883	416	6,312
-1	450	424	313	147	1,334
-2	40	31	22	14	107
TOTAL	3,137	6,940	3,368	2,570	16,015

Source: Census (2011)

5.25   In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation (to support downsizing). Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.

5.26   The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 5.11   Adjusted Modelled Mix of Housing by Size and Tenure – York

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	40%	40%	11%
Affordable home ownership	20%	41%	27%	12%
Affordable housing (rented)	34%	39%	23%	4%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

5.27   The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs, the survey data and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented Housing

5.28   Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to by younger single people). The conclusions also take account of the current profile of housing in this sector (although for York the stock profile looks to be fairly average in a regional and national context).

5.29   In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 30-35%
- 2-bedroom: 35-40%
- 3-bedroom: 20-25%
- 4+-bedroom: 5-10%

Affordable Home Ownership

5.30   In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 15-20%
- 2-bedroom: 45-50%
- 3-bedroom: 25-30%
- 4+-bedroom: 5-10%

Market Housing

5.31   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 5-10%

- 2-bedroom: 35-40%

- 3-bedroom: 35-40%

- 4+-bedroom: 15-20%

5.32   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 (although it will be useful to include an indication of the broad mix to be sought across the City) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

5.33   The suggested figures can 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. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Built-form

5.34   A further issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

5.35   The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the City as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

5.36   The table below shows that around 12% of flats/houses are bungalows with about 57% of these having 2-bedrooms, and a further 31% 3-bedrooms); a slightly lower proportion (9%) of homes across England are bungalows.

Table 5.12   Number of dwellings by property type and number of bedrooms (March 2020) – York

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	820	6,210	3,310	460	30	10,830
Flat/Maisonette	9,180	7,690	600	470	190	18,120
Terraced house	500	11,020	9,920	2,860	50	24,350
Semi-detached house	140	4,440	16,540	2,180	50	23,340
Detached house	30	490	5,270	8,120	50	13,950
All flats/houses	10,670	29,850	35,640	14,090	370	90,590
Annexe	-	-	-	-	-	100
Other	-	-	-	-	-	370
Unknown	-	-	-	-	-	270
All properties	-	-	-	-	-	91,330

Source: Valuation Office Agency

5.37   In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

5.38   Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

5.39   As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

5.40   There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove immensely popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

5.41   Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive.

5.42   Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats vs. Houses

5.43   Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.

5.44   The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both York and England. This shows a lower proportion of flats in York (24% of all 2-bedroom homes), and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (around two-fifths of 2-bedroom homes in both sectors are flats).

Table 5.13   **Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)**

	York	England
Owner-occupied	12%	21%
Social rented	39%	48%
Private rented	41%	50%
All (2-bedroom)	24%	35%

Source: 2011 Census

5.45   As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

5.46   It is also important to note that social housing is let to the maximum occupancy (no spare rooms) so focus must also be on suitability for intended occupiers. 2 bed flats will mostly be let to household with dependent children. We recognise that above ground floor that is not ideal for younger families there we have priorities homes rather than flats. However, all housing with more than one-bedroom should still be designed to be suitable for families.

Summary

5.47   The proportion of households with dependent children in York is fairly low with around 25% of all households containing dependent children in 2011 (compared with regional and national averages of 29%). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

5.48   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; growth in real earnings and households' ability to save; economic performance and affordability. The analysis linked to long-term demographic change to 2033 concludes that the following represents an appropriate mix of homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in York are very high in the market sector).

Table 5.14   **Suggested Mix of Housing by Size and Tenure – York**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	35-40%	35-40%	15-20%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

Source: Derived from a range of sources

5.49   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

5.50   The mix identified above could inform strategic policies although a flexible approach should be adopted e.g. in some areas Registered Providers find difficulties selling 1-bedroom AHO homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature 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. The Council should also monitor the mix of housing delivered.

5.51   Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

5.52   Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom 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 retaining flexibility for friends and family to come and stay.

6. THE NEEDS OF OLDER PEOPLE AND PEOPLE WITH DISABILITIES

Introduction

6.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Current Policy

6.2 The Council Joint Strategic Needs Assessment[11] (JSNA) describes the current and emerging health and wellbeing needs for people who live in York including those who are old "in the so-called third age, retirement, older age, as well as the end of life."

6.3 The JSNA sets out that the healthy life expectancy for men (65.8) and woman (66.4) in the City is often significantly higher than the England average. Wider life expectancy (83.9 and 86.4 respectively) is also higher than the England average. It also notes that older residents have an above average health related quality of life.

6.4 However it also notes that the City needs to reduce the number of hospital admissions for falls and high percentage of population in residential nursing homes which could otherwise be avoided if earlier intervention is provided. This would indicate that shift towards housing with care and housing with support is supported by the Council.

6.5 There is also a lack of reablement services and low rates of dementia diagnosis which rather than predicts lower rates suggest these issues and the services they require are not being picked up early enough.

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[11] https://www.york.gov.uk/site-search/results/?q=JSNA

Understanding the Implications of Demographic Change

6.6   The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of York are presented.

Current Population of Older People

6.7   The table below provides baseline population data about older persons in York and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The table shows that York has a similar age structure to other areas regarding older people with 18% of the population being aged 65 and over, this compares with 19% regionally and nationally. The proportion of people aged 75+ and 85+ is however slightly higher than the regional and national average.

Table 6.1   Older Persons Population, 2020

	York	Yorkshire/Humber	England
Under 65	81.6%	81.1%	81.5%
65-74	9.5%	10.2%	9.9%
75-84	6.2%	6.2%	6.1%
85+	2.7%	2.4%	2.5%
Total	100.0%	100.0%	100.0%
Total 65+	18.4%	18.9%	18.5%
Total 75+	8.9%	8.6%	8.6%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

6.8   Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that York is projected to see a notable increase in the older person population. With provision of 822 dwellings per annum the increase in the population aged 65 and over is around 21% - the population aged Under 65 is in contrast projected to increase by 3%.

6.9   In total population terms, the projections show an increase in the population aged 65 and over of 8,300 people. This is against a backdrop of an overall increase of 13,200 – population growth of people aged 65 and over therefore accounts for 63% of the total projected population change.

Table 6.2   Projected Change in Population of Older Persons, 2021 to 2033 – York (Standard Method)

	2021	2033	Change in population	% change
Under 65	171,982	176,919	4,937	2.9%
65-74	20,116	23,106	2,989	14.9%
75-84	13,457	16,126	2,669	19.8%
85+	5,797	8,412	2,616	45.1%
Total	211,352	224,563	13,211	6.3%
Total 65+	39,370	47,644	8,274	21.0%
Total 75+	19,254	24,539	5,285	27.4%

Source: Demographic Projections

Characteristics of Older Person Households

6.10   The figure below 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 the majority of older persons households are owner occupiers (80% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 15% of older persons households across the City live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 5%).

6.11   There are also 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.
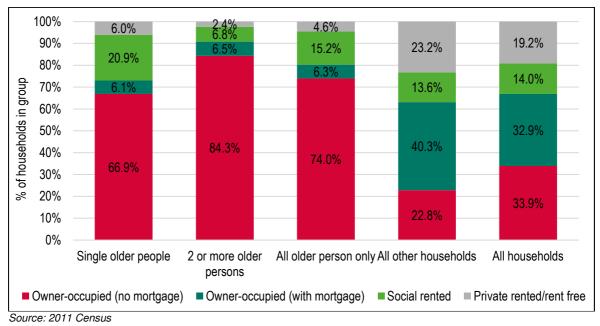
Figure 6.1 - Tenure of Older Persons Households in York, 2011

Source: 2011 Census

Prevalence of Disabilities

6.12   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 28% of households in York contain someone with a LTHPD. This figure is lower than seen in other areas. The figures for the population with a LTHPD also typically show a proportion below other areas – some 15% of the population having a LTHPD.

Table 6.3   Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
York	23,777	28.5%	30,375	15.3%
Yorkshire/Humber	764,824	34.4%	993,649	18.8%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

6.13   It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure 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. The analysis also shows lower levels of LTHPD in each age band within York when compared with the regional and national position.
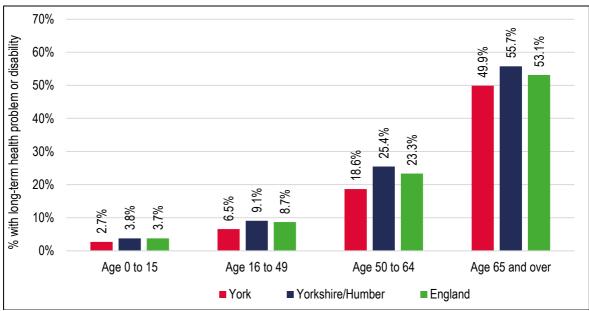
Figure 6.2 Population with Long-Term Health Problem or Disability by Age

Source: 2011 Census

Health Related Population Projections

6.14   The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

6.15   The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.

6.16   Of particular note are the large increases in the number of older people with dementia (increasing by 29% from 2021 to 2033 and mobility problems (up 26% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 14% of total projected population growth.

6.17   It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 6.4   Projected **Changes to Population with a Range of Disabilities – York (linked Standard Method)**

Disability	Age Range	2021	2033	Change	% Change
Dementia	65+	2,704	3,486	782	28.9%
Mobility problems	65+	7,020	8,836	1,816	25.9%
Autistic Spectrum	18-64	1,045	1,105	60	5.8%
Disorders	65+	337	417	80	23.9%
Learning Disabilities	15-64	2,704	2,832	128	4.7%
	65+	769	924	155	20.1%
Challenging behaviour	15-64	49	51	2	4.3%
Impaired mobility	16-64	5,020	4,988	-32	-0.6%

Source: POPPI/PANSI and Demographic Projections

6.18   Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

6.19   The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting

this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

6.20   The PPG for Housing for Older and Disabled People [63-006] refers only to specialist housing for older people; however, clearly the local authority should support specialist housing schemes for younger adults which come forward across the plan area.

6.21   The analysis suggests that there is likely to be some increase in the number of younger people (generally those aged 16/18 to 64) with a disability across the City. There are a range of disabilities that are likely to require some degree of support, or potentially some form of specialised housing solution.

6.22   This report does not seek to be specific about the exact number of units that need to be provided for different groups, nor where such accommodation should be located. Indeed some types of specialist accommodation might have a wide catchment, and would be suitable for clients from outside of the City; whilst it is also possible that some people in the area would be placed in accommodation elsewhere.

Need for Specialist Accommodation for Older Persons

6.23   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 box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

6.24   The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

6.25   There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

6.26   Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)'*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

6.27   The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

6.28   Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

6.29   For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support) with the middle of the range shown for housing with care forming the base position for analysis.

Table 6.5 Range of suggested baseline prevalence rates (supply per 1,000 head of population aged over 75) from a number of tools and publications

Type/Rate	SHOP@ (2008)[12]	Housing in Later Life (2012) [13]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

6.30   In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types; and

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care.

6.31   Iceni and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

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[12] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

[13] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

6.32   We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

6.33   Within both the housing with support and housing with care categories, the analysis has additionally looked at a tenure split between market and affordable housing. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests York is the 275th most deprived local authority in England (out of 317). This suggests a higher proportion of market housing than for an authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).

6.34   The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

6.35   Overall, the analysis suggests that there will be a need for both housing with support and housing with care (particularly in the market sector) although the analysis does suggest a surplus of housing with care (extra-care) in the affordable sector. The analysis also points to a current and future need for nursing and residential care bedspaces.

Table 6.6   Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-33 – York (linked to Standard Method)

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2033	Shortfall /surplus by 2033
Housing with support	Market	75	522	1,450	928	398	1,327
	Affordable	50	819	956	137	262	400
Total (housing with support)		125	1,341	2,407	1,066	661	1,726
Housing with care	Market	32	102	622	520	171	691
	Affordable	13	328	244	-84	67	-17
Total (housing with care)		45	430	866	436	238	674
Residential care bedspaces		40	505	770	265	211	477
Nursing care bedspaces		45	670	866	196	238	434
Total bedspaces		85	1,175	1,637	462	449	911

Source: Derived from Demographic Projections and Housing LIN/EAC

6.36   The assumptions used in the analysis above look at the situation nationally (with an adjustment for relative deprivation impacting on the tenure split). At a more local level, the relative health of an area's population is also likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

6.37   A further sensitivity has therefore been developed where rather than simply taking the base prevalence rates, an adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In York, the data shows better health in the older person population and so the prevalence rates used have been decreased (by an average of about 6%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in York (49.9%) with the equivalent figure for England (53.1%).

6.38   This analysis, in the table below, continues to show a need by 2033 for all types of housing studied apart from affordable housing with care; although the levels of need are calculated to be slightly lower. Methodologically, the figures for affordable need (e.g. the 326 shortfall figure for housing with support) are not included within the affordable needs estimates previously calculated. However, they should not all be considered as additional; for example a household moving into a new specialist affordable unit may well release a home within the general needs stock which would not otherwise have become available.

Table 6.7   Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-33 – York (linked to Standard Method) and with a health adjustment

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2033	Shortfall /surplus by 2033
Housing with support	Market	71	522	1,363	841	374	1,215
	Affordable	47	819	898	79	247	326
Total (housing with support)		117	1,341	2,261	920	621	1,541
Housing with care	Market	30	102	585	483	160	643
	Affordable	12	328	229	-99	63	-36
Total (housing with care)		42	430	814	384	223	607
Residential care bedspaces		38	505	724	219	199	417
Nursing care bedspaces		42	670	814	144	223	367
Total bedspaces		80	1,175	1,537	362	422	784

Source: Derived from Demographic Projections and Housing LIN/EAC

6.39   It can be seen by 2033 there is an estimated need for between 2,148 and 2,401 additional dwellings with support or care across the City. In addition, there is a need for 784-911 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using

a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 436-506 dwellings.

6.40   In total, the older persons analysis points towards a need for around 2,584-2,907 units over the 2021-33 period (215-242 per annum) – the older person need equates to some 26-29% of all homes needing to be some form of specialist accommodation for older people.

6.41   The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

6.42   It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services).

6.43   Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

6.44   It is also the case that for Extra Care additional units will, to some degree, take pressure off the demand for residential care. This is because such housing can provide services and facilities to allow people to live in their homes for longer. It also has the added benefit of being more cost effective for the public purse.

6.45   The Council may also wish to consider allocating specific sites for housing with care as this type of specialist housing can rarely compete with other forms of housing in purchasing land.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

6.46   The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement

communities or villages - the intention is for residents to benefit from varying levels of care as time progresses."

6.47   There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

6.48   The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

6.49   Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)."* C3 (dwelling houses) are defined as "*use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)*."

6.50   Care is defined in the Use Class Order as meaning "personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment."

6.51   Personal care has been defined in Regulations[14] as "the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided."

6.52   Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

"It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided."

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[14] Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

6.53   The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where <u>it is the ongoing provision of care which is the distinguishing feature within the C2 definition</u>. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

6.54   A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents' care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

6.55   For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

6.56   The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

6.57   Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be

for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

6.58   The implication for York is that:

- The ability to seek affordable housing contributions from a C2 use <u>at the current time</u> is influenced by how its current development plan policies were constructed and evidenced; and

- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

6.59   Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

6.60   There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);

- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;

- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

6.61   There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing;

retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

6.62   Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

6.63   In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

6.64   Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

6.65   The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

6.66   The analysis below sets out estimates of the number of wheelchair users in the City; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60

there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 6.8   Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

6.67   The analysis also considers the relative health of the population of York. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in York and England, and also shows the adjustment made to reflect differences in heath between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows lower levels of disability for all age groups in York, pointing to a slightly lower than average proportion of wheelchair user households.

Table 6.9   Proportion of people with day to day activities limited a lot (by age) – 2011 – York

	% of age group with day to day activities limited a lot		York as % of England	Prevalence rate (per 1,000 population)
	York	England		
Under 60 years	2.8%	4.2%	66.6%	3
60-74 years	10.3%	13.9%	73.9%	20
75-84 years	25.2%	29.1%	86.8%	59
85 years or over	50.0%	52.3%	95.4%	140

Source: 2011 Census

6.68   The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 2,536 wheelchair user households in 2021, and that this will rise to 3,099 by 2033 (an increase of 563).

Table 6.10   Estimated number of wheelchair user households (2021-33) – York – linked to Standard Method

	Prevalence rate (per 1,000 population)	Household population 2021	Household population 2033	Wheelchair user households (2021)	Wheelchair user households (2033)
Under 60 years	3	154,380	158,308	466	478
60 - 74 years	20	31,227	35,224	617	696
75 - 84 years	59	13,054	15,621	765	915
85 years or over	140	4,932	7,238	688	1,010
Total		203,593	216,391	2,536	3,099

Source: Derived from a range of sources

6.69   The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 1,186 additional wheelchair user homes in the 2021-33 period – this equates to 12% of all housing need (as set out in the table below).

Table 6.11   Estimated need for wheelchair user homes, 2021-33

	Current need	Projected need (2021-33)	Total current and future need	Housing need (2021-33)	% of Housing Need
York	623	563	1,186	9,864	12.0%

Source: Derived from a range of sources

6.70   Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair uses, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 9% of market homes to be M4(3) along with 25% of affordable.

Table 6.12   Estimated need for wheelchair user homes by tenure, 2021-33

	Market	Affordable
York	9%	25%

Source: Derived from demographic projections and EHS prevalence rates

6.71   To meet the identified need, the Council could seek a proportion (maybe up to 10%) of all new market homes to be M4(3) compliant and potentially a quarter in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

6.72   As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

6.73   It is worth noting that the Government is currently consulting on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds[15].

6.74   One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.

6.75   The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

Table 6.13   **Access Cost Summary**

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

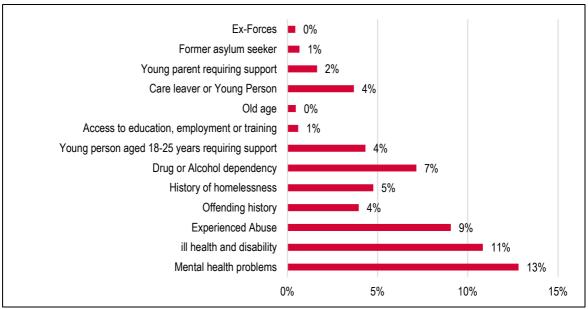[15] Raising accessibility standards for new homes, a consultation paper, page 10

6.76   However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

6.77   A further option for the Council when setting policy would be to consider seeking a higher contribution, where viable, from those homes to which they have nomination rights. This would address any under delivery from other schemes (e.g. sites with less than 10 units) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures.

Disabled Facilities Grants

6.78   As well as providing additional specialist accommodation the Council also support the adaption of existing homes. This is done through the Disabled Facilities Grant system. Since 2017/18 the Council have granted around £6.6million to 1,303 local residents to upgrade their homes to meet their needs.

6.79   This does not include additional expenditure at Council owned properties or extra funding from Adult social care or CYC housing funds. This is an average grant of around £5,000 and would go towards the cost of:

•   widening doors and installing ramps;

•   improving access to rooms and facilities – e.g. stairlifts or a downstairs bathroom;

•   provide a suitable heating system; and

•   Adaption of heating or lighting controls to make them easier to use.

Other Support Needs

6.80   Often the first indication of support need come from those presenting themselves as Homeless. Since June 2018 the City has seen approximately 230 representation per quarter. Two thirds of those required a prevention duty i.e. threatened with homelessness and one third a relief duty i.e. actually homeless.

6.81   Those requiring support needs can have multiple issues however around 13% of those presenting themselves as homeless have mental health problems and a further 11% have ill health or a disability. There are also a further 7% that have a history of drug and alcohol dependency.

Table 6.14   Support Requirement of Household Representatives (2018-2021)

Source: MHCLG, 2022

6.82   Two of the larger groups that present themselves as homeless are single men and woman and also single woman with dependent children. This would point to a need for smaller units (1 and 2 bedrooms) to address this need.

6.83   The Council recognise that they are not always able to provide the right housing, with the right support, at the right time and that they do not have the full range of housing and support options that are needed. The biggest gap in provision is for people with multiple and complex needs. This is particularly the case for those that are homeless or at risk of homelessness.

6.84   Subsequently those that require accommodation and support stay in hospital longer than necessary or are place outside of the City.

6.85   Housing First Spaces are permanent housing with no requirement to prove that they are 'housing ready' and are then personalised with intensive 'wrap around' support to help residents develop and retain their independence, and maintain a tenancy.

Learning Disability

6.86   The Council's "Accommodation Plan for Adults with Learning Disabilities" sets out the Council's approach to delivering accommodation for Adults with Learning Disabilities. The overarching aim of which is to ensure those adults remain as independent as they can be for as long as possible.

6.87   The key findings include:

- At March 2018, there were 533 adults with learning disabilities open to adult social care of which:

  - 29% are aged 18-29, 31% are aged 30-49 and 39% are aged 50+. Of the 39% aged over 50, 18% are aged 60+.

  - 72% have high support needs, 12% medium and 9% low.

  - 50% live in their own tenancies (either in supported living or in their own tenancies in the community), 29% live at home with their parents, 5% live in shared lives placements, 14% are at college or in residential / nursing placements, 1% are in hospital and 1% are owner occupiers.

  - 74% of adults with learning disabilities have night support.

6.88   The report projects a future need of approximately 67 customers that will need alternative accommodation in the next five years. The recommendations and challenges within the Plan include:

- To create an accessible and transparent pathway to supported accommodation;

- To develop an accommodation board to improve transparency and joint working;

- To develop information for adults with learning disabilities and their families/carers about independent living and accommodation options; and

- review approach to accommodation and ageing well with learning disabilities.

Summary

6.89   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

6.90   The data shows that York has a similar older person age structure and lower overall levels of disability compared with the national average – age specific rates of disability are also lower than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-33 period include:

- A 21% increase in the population aged 65+ (potentially accounting for 63% of total population growth);

- A 29% increase in the number of people aged 65+ with dementia and a 26% increase in those aged 65+ with mobility problems;

- A need for around 1,540-1,730 housing units with support (sheltered/retirement housing) – mainly in the market sector;

- A need for around 610-670 additional housing units with care (e.g. extra-care) – all in the market sector;

- A need for additional nursing care bedspaces; and

- a need for around 1,200 dwellings to be for wheelchair users (meeting technical standard M4(3)).

6.91 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

6.92 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

6.93 The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

6.94 In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

6.95 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

6.96   The Council receives around 230 homeless representation per quarter with around 13% having mental health problems, 11% have ill health or a disability and 7% that have a history of drug and alcohol dependency.

6.97   The Council projects a future need of approximately 67 adults with learning disabilities that will need alternative accommodation in the next five years.