

Report of the Director of City Strategy

York and North Yorkshire Strategic Housing Market Assessment (NYSHMA)

Summary

1. This report was commissioned by the York and North Yorkshire Strategic Housing Partnership to provide a comparative sub-regional Strategic Housing Market Assessment.
2. On 12 December 2011 the NYSHMA was approved by the York and North Yorkshire Housing Board. It is now for each of the individual authorities to 'sign off' the report and for Members to approve the York specific Appendix as an evidence base to inform the LDF and the council's planning policies for new homes.

Background

3. In 2007 the council published a five year York Strategic Housing Market Assessment (SHMA) prepared by consultants Fordham Research. In 2010 consultants GVA were commissioned to undertake new SHMA on behalf of the North Yorkshire Strategic Housing Partnership. This new SHMA comprises an over-arching North Yorkshire report and individual appendices for each of the seven North Yorkshire district authorities, the City of York Council and the National Parks. The research therefore provides the council with a timely and comprehensive review of the 2007 York SHMA. On 12 December 2011 the North Yorkshire SHMA was approved by the North Yorkshire Housing Board and following that approval it is now being presented for 'sign off' by each of the individual authorities.
4. An up to date SHMA is a tool that affords the council and its partners a more rounded understanding of how the housing market operates in York. It provides and assessment of recent and current trends in housing supply and demand and helps in understanding

the broad impact of economic and demographic trends and the various factors which drive the demand or need of different households for different types of housing.

5. Planning Policy Statement 3 Housing (PPS3 Housing) requires local planning authorities to have an understanding of the requirements of the whole housing market and makes it clear that Strategic Housing Market Assessments are a crucial aspect of the evidence base in developing this understanding. The emerging National Planning Policy Framework also acknowledges the importance of the SHMA in respect of delivering housing that meets the needs of communities now and in years to come. The NYSHMA has been prepared in line with the most recent guidance¹ and presents information which:

- Allows for an understanding of the characteristics of housing market areas and how they function including key drivers and relationship within the market
- Provides evidence to inform policies on overall housing provision aimed at providing the right mix (both market and affordable)
- Provides evidence to inform policies about the level of affordable housing required, including the different sizes of affordable housing.
- Considers future demographic trends and identifies accommodation requirements of specific groups

6. The York Appendix is attached to this report. The full North Yorkshire SHMA together with documents giving details of the housing survey methodology, sub-regional housing market analysis and conformity of the research with SHMA government guidance are available at the following link:

<http://www.northyorkshirestrategichousingpartnership.co.uk/>

The North Yorkshire Strategic Housing Market Assessment

7. The NYSHMA is split into 3 significant sections looking at 1) current housing market; 2) the future housing market; and 3)

¹ 'Strategic Housing Market Assessments – Practice Guidance' (DCLG, 2007)

housing need. A summary of the key messages from the NYSHMA York specific data is set out below:

1. Current Housing Market

- Population: York's population has grown by 9% since 2001. Predominantly driven by international migration. York has had a more pronounced growth in population aged between 20 and 35 years when compared to the sub-region, which is linked to student numbers, post-graduate retention and York's role as an economic and employment hub. There were also significant inflows of 15-19 year olds driven by York's student population.
- Ethnicity: York has the most ethnically diverse population in North Yorkshire. 5.4% of population is 'non-white' compared to just under 4% of North Yorkshire as a whole (out of the total population in the 2007 Mid Year Estimate from ONS). This is largely driven by student population and in-migration for employment purposes and equates to a significant increase from 2.2% in 2001 (2001 Census).
- Households: There was estimated to be 84,878 households in 2009 in York representing growth of 7,958 over the period 2001-2008 (10%). This was recognised to be the largest contribution to sub-regional household growth representing 32.4% of total growth in the sub-region. The largest change has been in single-person households and couple households with no dependent children.
- Incomes: Over 50% of households have incomes below £31,000 in 2011. Polarity of incomes is evident with 12% of households having incomes in excess of £52,000. Households in social rented tenure have average incomes of £11,700 compared to York median average of £22,100.
- Housing stock: In York there were 83,208 occupied dwellings in 2010. At this time, 1.8% of housing stock was empty (compared to N.Yorks 2.6%) and 0.5% of private rented stock was empty for longer than 6 months (N Yorks 1.2%).
- Housing Supply: Gross completions fallen from 2004 peak of over 1,100pa to 606 in 2009/10; reflective of trends across

North Yorkshire, the region and England as a whole.

- Overcrowding/Under-occupation: York has a low proportion of households which are overcrowded (2.4%) but a high proportion (36%) of households are classified as under-occupying their property.
- Property size and type profile: 37% semi detached, 26% terraced, 23% detached, 13% flatted.
- Tenure: Based on 2001 census homes were 74% owner occupied, 15% social rented and 10% private rented. There is a strong indicator that the private rented sector has increased to 15% with proportionate reduction in owner occupied properties.
- Property prices: York's prices have risen since 2000, peaking in December 2007 at an average of £211,000 and falling 10% since. Lower quartile prices are consistently above the sub-regional average.
- Access to housing market: There is recognised to be as significant mis-match between the average income required to access home ownership (£58,343) compared with average median household income levels of £22,100.
- Household movements: York has a high rate of household retention with 64% of those planning a move in the next two years planning to remain in York. Recent trend of households increasingly remaining in their current tenure when they move.

2. Future Housing Market

- Population/Household growth: Two scenarios were put forward in the study for York's population growth based upon ONS 2008 population and household projections. The first scenario showed York's overall population growing from 194,887 in 2008 to 233,344, an increase of 2,137 people / 1,310 households per annum. The second scenario using the natural change component of the projections showed the lowest population growth at 686pa. Through sensitivity testing to mitigate the 2008 based population and household projection's considered

overestimated trend towards migration, the results for scenario 1 were reduced to 850 households per annum.

The SHMA accepts however, that York had already commissioned its own evidence base to substantiate the amount of housing growth in the local authority Area. The results of the Population Report by Arup (July 2011) are included within the SHMA stating that the level of housing required in York is around 800 dwellings per annum.

- Demographic profile: York is unique in North Yorkshire in having projected growth in all age groups compared to some other LA's which are shown to have contraction in working age populations. There is anticipated to be a lower rise in the 60+ population compared to other N.Yorkshire authorities but still 87% increase in 85+ between 2008-2026 accounting for the vast majority of single person households. York also contrasts to trends elsewhere in N.Yorkshire by attracting a high proportion of young persons into the authority, with higher and further education a key driver.
- Housing requirements by property type/size: The growth in single person and couple households points in the longer term to a high level of demand for smaller properties located close to key services (but only 20% of single person households aspire to a 1 bedroom property). Overall 61% of demand will be for smaller one/two bedroom properties, 31% three bed, 8% four bed. It should be noted that this analysis does not take account of land supply constraints.

3. Affordable housing need

- As set out in PPS3, housing need is defined as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'. The National Planning Policy Framework highlights the importance of local planning authorities setting realistic and deliverable affordable housing targets through planning policy with the emphasis on SHMA's being the evidence base for this.

- In line with CLG guidance the SHMA assesses housing need under a series of stages to arrive at a short term (five year) assessment of the level of need for affordable housing in York. These stages include; current need, future need and the supply of affordable housing available.
- The assessment concludes a need for 790 dwellings per annum over the next five years in order to both clear the existing backlog of need and meet newly arising affordable housing need. This is a reduction from the 1,218 per annum identified in the 2007 SHMA and is largely a result of a change in methodological approach which applies a more stringent assessment of need. This includes considering only those current households that stated in the household survey that they have a *requirement* to move home. The study consultants advise this approach is consistent with latest government recommendations in developing an evidence base to underpin LDF and housing policy. Had a more comprehensive assessment been taken the annual affordable housing need would have been approximately 1,600 per annum over five years.

Options

8. The following options are available to Members.

Option One: Members accept and ‘sign off’ the findings of the North Yorkshire SHMA and the York specific annex and recommend to Cabinet that the SHMA be used as evidence base to inform the LDF.

Option Two: Members do not accept and ‘sign off’ the findings of the North Yorkshire SHMA and York specific annex.

Analysis of Options

Option One

9. If Members were to sign off the SHMA it would show agreement with the analysis and outcomes of the Assessment. This would allow, subject to Cabinet approval, the council to publish the assessment and refer to it as evidence base to be taken into consideration through the preparation of the LDF and in the determination of affordable housing policy.

Option Two

10. Should the report not be signed off, there would be a lack of an up-to-date housing market evidence base. The council would continue to use the 2007 Study as evidence base but in the knowledge that its robustness would be in doubt from 2012.

Corporate Priorities

11. The North Yorkshire Strategic Housing Market Assessment relates to the following Corporate Strategy Priorities:

Create jobs and grow the economy - The provision of suitable types of accommodation and affordable homes works to support York's workforce and therefore the overall economy.

Get York Moving – Housing provision of the right type and affordability relates to making York attractive to live and therefore promotes minimising the use of the car and commuting.

Build Strong Communities – New housing suitable to the needs of the population helps to enable the creation of mixed, sustainable neighbourhoods and communities.

Protect Vulnerable People – Affordable housing provision is essential in protecting the most economically and socially vulnerable households.

Protect the environment – Provision of all housing types, market and affordable will be subject to LDF Policies including accommodation standards such as Lifetime Homes and sustainability and construction standards.

Implications of Corporate Priorities

12. The implications are as listed below:

- **Financial:** None
- **Human Resources (HR):** None
- **Equalities:** None
- **Legal:** None
- **Crime and Disorder:** None
- **Information Technology (IT):** None
- **Property:** None
- **Other:** None

Recommendation

13. The LDF Working Group recommends that Cabinet approve Option 1 of this report.

Reason: To ensure the council has an up to date and robust evidence base that will inform the Local Development Framework and underpin the development of planning policies for new homes and affordable housing policies.

Contact Details

Author:

Paul Landais-Stamp
Housing Strategy Manager
Directorate of Communities
and Neighbourhoods
Tel: 01904 554098

Chief Officer Responsible for the report:

Richard Wood
Assistant Director of City
Development and Transport
Tel: 01904 551488

Alison Cooke
Development Officer
Integrated Strategy Unit
City Strategy
Tel: 01904 551467

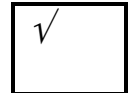
Report
Approved



Date

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

AI
I



For further information please contact the author of the report

Technical Annexes

Annex 1: City of York Appendix of the York and North Yorkshire Strategic Housing market Assessment.