

**Meeting of the Executive Members for  
Housing and Adult Social Services and  
Advisory Panel**

**10 December 2007**

## **York Strategic Housing Market Assessment 2007**

### **Summary**

1. The report outlines key findings of the York Strategic Housing Market Assessment (SHMA) and considers the broad policy issues arising from them. It suggests these policy issues be used to inform future housing strategy, service planning and improvement and be considered as part of the Sustainable Community Strategy review and Local Development Framework (LDF) process.

### **Background**

2. A strategic housing market assessment is an essential part of the evidence base for the city's housing strategy and LDF. The scope of the study was to understand the dynamics of the York housing market, to ascertain the mix and type of dwellings required and to identify the housing needs and aspirations of particular groups. The last full housing market assessment was undertaken in 2002, with an interim assessment in 2006.
3. Fordham Research undertook the assessment and published their findings in July. Work on the SHMA was led by an in-house steering group and benefited from regular stakeholder sessions and interviews with specific interest groups.
4. Household survey data was used to supplement existing secondary data sources. A sample of 13,200 households received a questionnaire, from which over 3,000 responses were received. This sample is large enough to be statistically accurate, with a 1.7% city-wide margin of error.
5. In July 2007 the LDF Working Group agreed to publish the SHMA as part of the LDF Evidence Base. In September City of York Council Planning Committee agreed to endorse the use of the SHMA for development control purposes, in terms of agreeing the most appropriate housing tenure, size and type on individual sites.

### **Key findings**

#### York context

6. The population of York is expected to grow significantly over the next 15 years, with especially large increases in those aged 60 and over. The city's ethnic population has increased rapidly over the past 5 years. These factors, along with a drop in average household size, means ongoing growth in household numbers, with latest projections estimating an increase of 16,300 from 2006 to 2021.<sup>1</sup>
7. York's economy has experienced significant job and company growth. This is expected to continue. The city plays a key role as a regional economic centre and overall the workforce has relatively high qualifications and pay.<sup>2</sup> However, it should be noted that there is still a large proportion of the working population that earn less than the average.
8. York's house prices are 28% higher than the regional average, and just below the national average. Entry-level prices for owner occupied accommodation vary from £114,500 to £242,000 depending on size of dwelling. There is a significant gulf between average income earnings and average house prices. The typical house price to earnings ratio is high, both regionally and nationally, at 8:1.<sup>3</sup>

#### Housing requirement

9. Two approaches were used to assess York's housing requirements over the next five years; one based on the government's (CLG) 'basic needs assessment' model and one based on the 'balancing housing markets' (BHM) model, which Fordham's believe offers a more realistic assessment of how housing markets work in practice.
10. The CLG model determines the existing and arising demand for affordable housing<sup>4</sup> units as well as predicting the supply available to estimate the shortfall (or surplus) on an annual basis. Using this model Fordham's found a net requirement for an additional 1,218 affordable homes per annum to alleviate all housing problems in York<sup>5</sup>. This is higher than both the 2002 and 2006 SHMA study findings of 950 and 969 per annum respectively.
11. The BHM model takes a less technical approach, by combining a technical assessment of housing need with a degree of reasoned judgement about how the housing market works in practice (e.g. the fact that the private rented sector is often used to meet some affordable needs through the use of housing benefit). It looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. Using this model Fordham's found, a shortfall of 982 dwellings per annum across all tenures, with the majority of these being in the urban and sub urban areas. This breaks down

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<sup>1</sup> Office of National Statistics March 2007

<sup>2</sup> Average (mean) household incomes stand at £30,000, though 44% of households have an income below £20,000 (median £24,000)

<sup>3</sup> Entry-level prices vary from £114,500 to £242,000 depending on the size of the dwelling. Entry-level weekly rents in the private sector vary from £109 to £213. These are more than 100% higher than weekly rents in the social rented sector, at £59 to £79.

<sup>4</sup> Affordable housing includes social rented housing and intermediate housing, provided to specified eligible households whose needs are not met by the market

<sup>5</sup> Including those households spending more than 25% of income on housing and households utilising housing benefit in the private rented sector.

into 492 owner occupied dwellings, 65 private rented and 425 affordable (see Fig.1 below).

12. Fordham's found an ongoing requirement for owner occupied accommodation and a potentially large requirement for intermediate housing<sup>6</sup>. Over 60% of households are looking for houses rather than flats. The main shortfall is for two and three bedroom properties (other than in the private rented sector) with notable shortfalls recorded for all other sizes.

<b>Fig. 1 Balancing housing markets results for York (per annum)</b>					
Tenure	Size requirement				Total
	1 bed	2 bed	3 bed	4 bed	
Owner occupied	37	209	176	70	492
Private rented	117	-139	11	76	65
Intermediate	46	78	32	0	156
Social rented	10	133	66	60	269
<b>TOTAL</b>	<b>211</b>	<b>282</b>	<b>285</b>	<b>204</b>	<b>982</b>

### Particular needs

13. Households with support needs: - Nearly 17% of all households in York contain at least one person with a support need. Half of these are elderly households. There has been an increase in the number of people with a disability and a 30% rise in the proportion of frail elderly households since 2002. These trends are set to continue. These households are more likely to live in unsuitable housing and generally have lower financial capacity. The main additional need expressed by this group was help maintaining home and small scale housing improvements.
14. Older person households (retirement age and above): - The number of people aged over 85 is set to rise by 150% over the next 30 years. More than a quarter of all households contain only older people. These tend to be concentrated in the outer suburbs, in owner occupied housing without a mortgage.
15. Under occupation and overcrowding: - Almost 40% of all homes in York are under occupied, while only 1.3% are overcrowded. The vast majority of under occupied dwellings are in the private sector and tend to be occupied by older households in owner occupation. Wards with the largest proportion of under occupation are high income rural areas. Around 12% of the council's housing stock is under occupied, representing almost 1000 properties.
16. Key worker households: - The SHMA defined key workers as teachers, social workers, clinical healthcare staff, emergency services and prison/ probation officers. The SHMA showed the 8,000 key workers residing in the city tend to be concentrated in owner occupied accommodation, with mortgages, to have higher financial capacities, spend a smaller proportion of their incomes on housing, and have lower levels of housing need.

<sup>6</sup> Intermediate housing includes low cost market housing bought at a market discount or on a shared ownership basis. It is sometimes known as low cost home ownership.

17. Black and minority ethnic groups (BMEs): - Almost 7% of York's population was within a BME group in 2004, compared to 4.9% in 2001. BME households tend to be located in private rented and terraced housing. There is a correlation between the rise in BME numbers and university expansion. The SHMA sample size for BME groups was small, offering limited scope for analysis regarding particular housing needs.
18. Evidence suggests significant in-migration by workers from Eastern Europe since 2004. Research carried out in other areas shows migrant workers, in common with other BME groups, are predominantly living in the private rented sector with some evidence of overcrowding and exploitation.
19. First time buyers and young people (aged 21-35): - Over 40% of all younger people live in shared accommodation, and are especially concentrated in the inner suburbs of the city. The financial capacity of younger person households is below average, and a much larger proportion than average spend large percentages of income on housing. They are much more likely to be in housing need than the population as a whole. First time buyers tend to have higher incomes than average, but lower financial capacities since they have less equity.
20. Student households: - There are approximately 15,000 full time students in York. It is estimated 6,000 of these are living in the city's housing stock, mainly the private rented sector. There are geographic concentrations of students in certain wards surrounding the University of York campus. The University of York plans to increase in size by a further 3,400 full time students, and provide additional campus accommodation for 3,600.
21. Homeless households: - Due to limitations of the survey methodology no primary data was collected from this client group. The analysis offered in the SHMA is therefore based on secondary data and stakeholder interviews with homelessness officers and support agencies. There were 414 homeless acceptances in 2005/06, reflecting a decreasing trend over several years. However, the SHMA points to the relatively high numbers of young people presenting as homeless and the lack of adequate supported housing or resettlement accommodation. It also highlights difficulties of homeless households accessing the private rented sector.
22. Rural areas: - Rural households account for 15% of all York households. Rural areas generally have a higher percentage of owner occupation, property prices are generally higher and dwellings are more likely to be detached or bungalows when compared with urban areas. The SHMA found that, on the whole, the rural population was no more disadvantaged in relation to housing compared to the urban but found a limited supply of rural affordable housing and a general lack of smaller 'cheaper' market properties.
23. Families with children: - Households containing children make up nearly a quarter of all households, and tend to be located in the outer suburbs or rural areas, particularly in semi-detached housing. They are more likely to be living in unsuitable accommodation, despite a higher than average financial capacity. There is also an increased likelihood of spending a larger proportion of income

on housing. Lone parent families have very low financial capacities and the proportion of income spent on housing is very high. They display the highest housing need of any sub group.

## **Policy issues**

24. The supply housing in York is lagging behind demand, resulting in higher prices and costs. An obvious response would be to increase housing supply. However, whilst a high housing requirement exists, wider planning objectives<sup>7</sup> need to be considered when interpreting these unconstrained figures into housing policy for the city. These factors will necessarily constrain the level of house building in York, and will be given due consideration through the LDF Core Issues document and any subsequent review of housing policy.
25. There is a close correlation between high housing demand and the growing York economy. Moving forward there will need to be close integration between the city's economic and housing strategies to ensure housing provision in the city is aligned to the city's socio-economic needs. Housing and economic strategies are soon to be linked at the regional level through new integrated regional strategies led by regional development agencies.
26. The SHMA concluded that, given the high level of affordable housing need identified, there is justification for a 50% affordable housing target in the city. The minimum site threshold for applying affordable housing policy in York is currently 15 homes (2 homes or 0.03 hectare in rural areas). Options for future affordable housing targets and site thresholds are being considered through the LDF Core Strategy (Issues & Options) programme.
27. SHMA findings show the house/flat balance of recent completions is significantly out of step with current demand. Recently flats have become less popular yet the emphasis in planning policy on high density development on previously developed land has complemented developer and investor preferences for building and purchasing one and two-bed flats. In September the council's Planning Committee agreed to endorse the use of the SHMA for development control purposes and this will help guide negotiations on appropriate dwelling type and mix in the future.
28. The SHMA says if intermediate housing can be delivered at a meaningfully affordable price it might make over one third of the 50% affordable housing target, with the remainder being for social rent. However, if this cannot be achieved the SHMA suggests affordable housing should be wholly for social rent. Current models of low cost home ownership (LCHO) in York have proved unaffordable for a growing number of people, especially where the requirement is for larger (3-4 bedroom) dwellings. Officers in Housing Services are currently reviewing how intermediate housing is delivered and allocated.

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<sup>7</sup> Wider planning objectives include environmental constraints, traffic flow and impact on urban and rural designations.

29. Demand for private rented housing is expected to remain strong. High house prices mean a significant number of people, especially those without equity, are excluded from owner occupation and look to this sector to meet their housing needs. The increasing student population and the rise in immigration add to this demand. The council plays a significant role in ensuring standards in the private rented sector are maintained and that people within the sector are fully aware of their rights and responsibilities. Demand for such services is likely to continue and possibly increase in the future.
30. High house prices and cost are requiring people to borrow more. This is particularly true of newly forming households that have low incomes and low savings. The Council for Mortgage Lenders has noted a recent sharp rise in home repossessions and RICS<sup>8</sup> has predicted this rise is likely to continue through 2008. Increase in arrears and re-posessions will result in increased demand for debt advice and information services and, at worst, have an impact on homelessness services.
31. With the projected growth in the number of older people and those with longer-term support needs will come increasing demands on support services. The wider policy agenda for older people is to support independence and maximise choice. This means providing housing and support that enables people to live independently or to move to accommodation more suitable to their needs. Appropriate aids and adaptations to existing homes should help, and prevent falls and reduce hospital admissions. Consideration should be given for a proportion of all new homes to be built to lifetime homes standards to increase the options open to those currently in unsuitable housing and to minimise the need for ongoing support services. The lack of good quality housing options for older people is a key reason why so many remain in family homes that are too big, and this in turn exacerbates the current housing shortage. Providing additional choice to older people may encourage downsizing.
32. There is likely to be an increased requirement for specialist accommodation such as 'extra care' schemes. The Long Term Commissioning Strategy for Older People in York published in January 2007 outlined the key needs arising from this customer group and a further report developing these issues was considered by the Executive Members for Housing and Adult Social Services and Advisory Panel on 23 October 2007
33. Given increasing demands, resources will need to be effectively targeted. Households with significant equity but low incomes should be encouraged to consider equity release. A major barrier to take up of equity products seems to be the provision of trusted advice and information. There is need for more work in this area to overcome this. Housing Services are currently reviewing the Private Sector Housing Renewal Strategy and this will include a review of how the council targets support to older people to help maintain independence and choice. This is due to be finalised in Spring 2008.

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<sup>8</sup> Royal Society of Chartered Surveyors

34. There is evidence of sizable under occupation within council house stock (around 1000 council dwellings or 12.5% of council stock). Possible policy responses could include incentives to encourage transfer to smaller units and practical help and support with moving. Further research with older people is recommended to help identify other barriers.
35. Specific policies to assist key workers would ideally be based on clear evidence of recruitment and retention problems in key areas of the local economy. Such evidence did not emerge during the stakeholders sessions and wider consultation on the SHMA, though some concern was raised regarding the increasing number of lower paid care workers that will be required to support the ageing population. The SHMA was based largely on household survey data and therefore may not have captured the views of key workers already priced out of the city. Further workplace-based survey data would be needed to give a fuller picture of key workers issues.
36. Key policy issues in relation to BME groups in York centre on good access to services, ensuring new arrivals receive relevant advice and support, addressing isolation, ensuring private sector housing standards are maintained and improved and ensuring community cohesion is safeguarded. Colin Stroud, Chair of the Inclusive York Forum, is currently leading on the development of a citywide BME strategy that will embrace these issues.
37. The SHMA did not include a dedicated survey of gypsies and travellers, but a separate sub-regional study is being carried out in order to build up a comprehensive picture of need in this sector and policy issues will emerge from this work. This should be available by Spring 2008.
38. Overall financial capacity rather than income alone is now a key determinant of people's ability to afford market housing. Those currently not in owner occupation are finding it increasingly difficult to access it and there is growing concern that certain sections of the population could become marginalised over the longer term. A range of low cost home ownership options have been available in York over recent years, such as Open Market Homebuy, but these have not always represented good value for money for customers and have not always been affordable.
39. The government's recent Housing Green Paper proposes a range of measures aimed at encouraging further innovation in financial products to help people access to sector more easily. The Green Paper also encourages the expansion of shared ownership. The government also wants to see new ways in which tenants can be encouraged and helped to acquire shares in their properties.
40. The SHMA did not include a survey of all students, only those living in the city's general housing stock. The sample return from the survey was not sufficient to gain substantial additional information about this group upon which policy could be based. Further, more focussed research would be required to gain a better picture of the future housing intentions of students.

41. Policy responses to homelessness issues identified in the SHMA include increased prevention work with young people at risk of homelessness, consideration of dedicated resettlement accommodation for young people and further pro-active work with landlords to overcome barriers to private renting. These and other issues will be considered as part of the Homelessness Strategy review process currently underway and due to be finalised in Spring 2008.
42. Whilst the bulk of the city's housing demand is within the urban and suburban areas there is still a requirement for more affordable or low cost market housing in rural areas. The government encourages rural exception site policy as a way of meeting rural housing needs. The SHMA provides some analysis concerning where the greatest housing needs may be on a parish level and where more localised research may be useful. The York rural housing enabler is currently visiting these parishes to ascertain local interest.
43. Officers are currently reviewing the council's exception site policy to ensure it meets with best practice. Discussions are currently ongoing at the sub regional level regarding the future of the rural housing enabler programme. Funding for the York RHE runs out in March 2008 and efforts are being made to ensure continuity after this date.

## **Consultation**

44. This report has been written in consultation with colleagues in Housing and Adult Social Services and City Strategy.

## **Corporate Priorities**

45. This report links to the following corporate priorities:
  - Improve the quality and availability of decent affordable homes in the city

## **Implications**

46. Given this is a briefing report concerning possible future policy and service development there are no implications directly associated with it at this stage.

## **Risk Management**

47. There are no risks directly associated with the recommendations in this report.

## **Recommendations**

48. That the Executive member notes the key findings of the SHMA 2007 as detailed in this report and considers and comments on the policy issues identified.

**Reason:** So that the findings of the SHMA 2007 can be used to inform future housing strategy, policy development and service improvement.



49. That the Executive member endorses the policy issues identified in the report so that these can be submitted as evidence to inform the Sustainable Community Strategy review and Local Development Framework process.

**Reason:** So that Housing Services can ensure the broad policy issues arising from the SHMA 2007 are fully considered.

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**Report Approved**

**Date**

22/11/07

**Wards Affected:**

All

**For further information please contact the author of the report**

**Background Papers:**

Strategic Housing Market Assessment 2007:

[http://www.york.gov.uk/content/45053/64877/64880/Local\\_development\\_framework/LDF\\_Evidence/2007SHMAdocument](http://www.york.gov.uk/content/45053/64877/64880/Local_development_framework/LDF_Evidence/2007SHMAdocument)

Strategic Housing market Assessment 2007: Executive Summary:

[http://www.york.gov.uk/content/45053/64877/64880/Local\\_development\\_framework/LDF\\_Evidence/2007SHMAexecutivesummary](http://www.york.gov.uk/content/45053/64877/64880/Local_development_framework/LDF_Evidence/2007SHMAexecutivesummary)

Strategic Housing Market Assessment 2007: Technical Appendices:

[http://www.york.gov.uk/content/45053/64877/64880/Local\\_development\\_framework/LDF\\_Evidence/2007SHMAtechnicalappendices](http://www.york.gov.uk/content/45053/64877/64880/Local_development_framework/LDF_Evidence/2007SHMAtechnicalappendices)