Decision of Cabinet Member for Homes & Safer Communities 18th September 2014

Report of the Assistant Director – Housing & Community Safety

Review of Housebuilding Activity in York 2013/14

Introduction

1. A review of the first full year of the Get York Building initiative was taken to the 4th March Cabinet[1]. Included in the report were statistics tracking house building activity in the city and in particular whether housing market conditions for housebuilding are improving. Three key areas were considered relating to:

    - Planning consents
    - Starts on site
    - Completions

2. The statistics in the March report gave an emerging picture of increases in planning consents and starts on site but were not full year (2013/14) figures and in some cases data was only available up to Quarter 2 (September 2013). It is therefore timely to now provide Cabinet Members with a full 2013/14 update to these statistics and in so doing present a fuller picture of housing market activity in York.

Summary

3. With full year 2013/14 data now available, headline statistics on housebuilding in York include:

    - A 46% increase in developments granted planning consent
    - A 326% increase in the number of homes granted planning consent
    - A 89% increase in developments starting on site
    - A 497% increase in the number of homes starting on site
    - A 31% reduction in housing completions

[1] Get York Building – Year 1 Update. Cabinet, 4th March 2014.

Background

4. Since the national credit crunch and recession started in 2007/8 the housing market has been unable to deliver anything more than a fraction of the new homes needed nationwide. In this respect York has been no different to other areas of the country with the national impact of reduced mortgage availability, increased deposits, stalled sites, squeezed capital funding and unimplemented planning consents constraining house building.

5. The Get York Building initiative was established in February 2013 with the intention of helping to create and support an environment to encourage house building against a challenging backdrop of a national housing crisis. At the outset it was acknowledged that there is little the council can do to influence the national availability of mortgages, interest rates and the deposits required for first time buyers. However, through a package of policy changes and investment decisions it was anticipated that a strong message of confidence in the York economy and housing market would be given and that local policy changes would help to create the conditions necessary to stimulate house building on both large and smaller sites.

6. The impact of the Get York Building initiative cannot be judged after little more than a year. Housing market trends take many years to establish accurately and there is an inherent risk in using short term ‘snapshots’ to evidence longer term trends. Nevertheless, it is possible to consider whether there is evidence emerging of an improvement in the housing market and in this respect, however cautious one needs to be in drawing firm conclusions, the signs are encouraging.

Planning Consents

7. An increase in net dwellings granted planning consent is arguably the first indication of improved housing market conditions and confidence.

8. Table 1 below shows there has been a 46% increase in the number of developments granted planning consent in 2013/14 compared to the previous year. Furthermore there has been a 326% increase in net units granted consent over the same period. The footnotes to the table show that included within these totals are a number of student cluster flat developments and also dwellings consented from the new planning laws permitting the conversion of offices to dwellings. Both of these types of development are included because they accord with government guidance on counting ‘consents’. The student cluster flat developments are also important locally because they accommodate high numbers of students therefore easing pressure on the traditional general needs housing stock. Even without the student accommodation (as shown in the final column of the table) there has still been a 218% increase in the number of homes granted planning consent from 2012/13 to 2013/14.

Table 1: Housing Planning Consents*					
Year	**Number of developments granted consent (full & outline**	**Net units granted consent**		**Total units**	**Total units net of student clusters**
		Full	**Outline**		
2006-07	118	248	1068	1316	1316
2007-08	155	371	1258	1629	1629
2008-09	96	232	302	534	534
2009-10	66	178	4	182	182
2010-11	75	109	89	198[2]	122
2011-12	68	124	50	174[3]	126
2012-13	94	364	6	370[4]	327
2013-14	137	1172	406	1578[5]	1040

* Note: to avoid counting units twice, Reserved Matters applications are excluded from the table.

9. During the first quarter of 2014-15, planning consent was granted to 27 applications, and a total of 185 units (52 net of student clusters)

Starts on Site.

10. The number of new developments starting on site is a strong indication of house builder's confidence in the market. In Table 2 below it can be seen that from 2010/11 starts on site had been relatively consistent at 64, 62 and 56 developments per year but this increased by 89% to 106 in 2013/14. The number of homes these sites will build out is 1,385; an increase of 497% from the previous year.

Table 2: Housing starts on site								
Year	**No. of schemes of 1-4 homes starting on site**	**Units from schemes of 1-4 homes**	**No. of schemes of 5-9 homes starting on site**	**Units from schemes of 5-9 homes**	**No. of schemes of 10+ homes starting on site**	**Units from schemes of 10+ homes**	**Total schemes starting on site**	**Total units starting on site**
2010/11	57	93	5	35	2	69	64	197
2011/12	48	72	5	34	9	286	62	392
2012/13	47	64	4	29	5	139	56	232
2013/14	82	126	10	67	14	1192	106	1385[6]

Note: consistent monitoring of starts on site only began from 2010/11 hence earlier years not shown

[2] Includes 76 student cluster flats
[3] Includes 48 student cluster flats.
[4] Includes 43 student cluster flats
[5] Includes 538 student cluster flats and 144 units resulting from new offices to residential conversion planning laws on five separate sites.
[6] Includes 361 student cluster flats

Completions

11. Data on housing completions is the third measure of market activity and Table 3 below shows completions including affordable housing from 2006-07.

12. There has been an overall reduction in gross completions since 2011/12 and this can be directly linked to the reduction in planning consents from 2008/09 and starts on site from 2010/11 (when accurate monitoring of this data started). It follows that any reduction in planning consents and starts on site will be reflected in reduced completions some time later (exactly when depends on the volume and build out rate of developments already on site).

13. Prior to 2010/11 completions held up well, illustrating that many developments that were on site at the time of the national housing market collapse continued to build out their schemes. The big change came from 2010/11 when the impact of fewer planning consents and starts on site began to be reflected in a significant fall in housing completions; an overall reduction of 35% from 2010/11 to the 2013/14 totals. At the same time the availability of government grant for affordable housing was reduced by around 66% thereby restricting opportunities to utilise grant help kick-start stalled sites.

14. The increase in consents from 2012/13 and in starts on site from 2013/14 gives confidence that there will be a subsequent upturn in completions in 2014/15. Forecast completions for 2014/15 are for over 500 homes with further significant increases expected on this figure in 2015/16. When considering affordable housing completions, forecast completions are approximately 150 in 2014/15 and over 190 in 2015/16 compared with 50 in 2013/14.

Table 3: Housing Completions

	Gross Completions	Net Dwelling Gain	Of which (gross) affordable housing completions
2006/07	875	798	40
2007/08	557	523	51
2008/09	502	451	151
2009/10	606	507	152
2010/11	571	514	282
2011/12	354	321	151
2012/13	540[7]	482	115
2013/14	374	345	50

[7] Includes 124 student units at The Boulevard, Hull Road

Conclusions

15. The statistics in this report present strong evidence that the housing market in York is emerging from the recession of 2007/08. At the outset of the recession the number of residential planning consents fell as did the number of developments starting on site. The number of completions held up well at this point, indicating a good resilience in the York market for those developments already on site.

16. In 2013/14 planning consents and starts on site increased significantly indicating a renewed confidence in the housing market. Conversely, as expected, the number of completions dropped; reflecting the lower consents and starts of earlier years.

17. From 2014/15 it is forecast that completions will start to rise with significant increases from 2015/16. Of course external factors such as interest rate rises, skills shortages, the increasing cost of construction materials and uncertainties caused by the general election could impact on this. Certainly the pressures of a rapid rise in housebuilding should not be under-estimated and the council and its partners need to encourage and support construction training opportunities that will address these pressures. But overall, there is every indication that with major developments at Terry's, Derwenthorpe and Hungate continuing to build out and others such as Germany Beck, British Sugar, The Barbican and Nestle South looking to move forward, that the current upturn in completions is likely to continue.

Recommendations

18. That the Cabinet Member for Homes and Safer Communities notes the content of this report. Further updates on housebuilding statistics will be presented to members as part of the Get York Building initiative.

Reason

19. To update the Cabinet Member on the outturn position for housebuilding in York in 2013-14.

Contact Details

<table>
<tr><td>Author:</td><td colspan="4">Cabinet Members and Chief Officers Responsible for the report:</td></tr>
<tr><td rowspan="2">Paul Landais-Stamp
Housing Strategy Manager

Steve Waddington
Assistant Director, Housing and Community Safety</td><td colspan="4">Councillor Tracey Simpson-Laing
Cabinet Member for Homes and Community Safety

Councillor Dave Merrett
Cabinet Member for Environmental Services, Planning and Sustainability.

Sally Burns,
Director - Communities and Neighbourhoods</td></tr>
<tr><td>Report Approved</td><td>√</td><td>Date</td><td>29th August 2014</td></tr>
<tr><td colspan="3" rowspan="2">Wards Affected: List wards or tick box to indicate all</td><td>All</td><td>√</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="5">For further information please contact the author of the report</td></tr>
</table>

Background Papers:

- Get York Building – Economic Growth, A Case for Change. Cabinet, 12 February 2013.
- Get York Building – Year 1 update. Cabinet 4th March 2014.