



Appendix 7

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North Yorkshire Strategic Housing Market Assessment

Appendix 7: York-specific SHMA Analysis

November 2011



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For and on behalf of GVA Grimley Ltd

1. Introduction to the Appendix Document

- 1.1 GVA was commissioned to undertake a Strategic Housing Market Assessment (SHMA) on behalf of the North Yorkshire Strategic Housing Partnership (NYSHP) in March 2010. The findings of this research will be used to inform the development of emerging strategic planning documents across the sub-region, including Local Development Framework (LDF) Core Strategy documents, and development control decisions.
- 1.2 The purpose of the SHMA, as explored in more detail in the context of Government guidance¹ within the main report, is two-fold:
- To provide a SHMA undertaken in accordance with Government guidance and meeting PPS3 requirements; and
 - To assist in supporting the Council to fulfil their strategic housing role in planning for housing investment that meets the needs of the community.

Purpose of Appendix Document

- 1.3 It was agreed at the outset of the commission that the main North Yorkshire SHMA report would present analysis at the North Yorkshire level, identifying key findings of note at Local Authority level.
- 1.4 In line with the requirements of SHMA guidance sub-areas below Local Authority level have been identified² and reflected in primary data collection and where possible secondary data collection and analysis³.
- 1.5 Given the scale of the North Yorkshire sub-region, specifically the number of sub-areas identified below the Local Authority level, and the need to provide a clear and useable SHMA report, sub-Local Authority level analysis is documented within this Appendix document. It should be read alongside the main North Yorkshire SHMA report, providing more locally specific detail.

¹ Strategic Housing Market Assessment (SHMA) Practice Guidance (August 2007 Version 2) CLG

² The geography of analysis applied in relation to York is summarised in the following section of this document.

³ The full methodological approach to primary and secondary sources of data utilised within the SHMA are considered in full in Section 1 of the main report.

Report Structure

1.6 This appendix document follows a similar structure to the North Yorkshire SHMA report. It draws on both primary and secondary data where appropriate, and should, as previously noted, be read alongside the North Yorkshire SHMA.

- 1: Introduction – This section sets out the purpose of the appendix document and its structure;
- 2: Context – This section sets out the geography of analysis applied in relation to York specifically, including a definition of the sub-local authority areas used and presented through this Appendix.

Part 1: The Current Housing Market

- 3: Demographic and Economic Context – Whilst the dynamics of the housing market are complex, the consideration of the demographic and economic context based on a current snapshot and past trends represents a fundamental foundation upon which to understand supply and demand currently and in the future. This section presents an assessment of key demographic and economic drivers concluding with analysis of the functional relationships between the local authority sub-areas identified within York;
- 4: The Housing Stock – This section provides an assessment of the current profile of the housing stock across York. This includes estimates of the current 'housing offer' of York in terms of the number of current dwellings broken down by size, type, condition and tenure;
- 5: The Active Market – The relationship between supply and demand manifests itself in the operation of the active market. House prices, rental levels and key measures of demand, including the number of households on waiting lists, are all symptoms of market behaviour which are clear indicators of the current health of the market and the future direction of travel. An assessment of the active market is undertaken using both primary and secondary data, with key issues around affordability examined in detail.

Part 2: Future Housing Market and Need

- 6: Future Housing Market – The North Yorkshire SHMA report provides an assessment of future household projections and the impact these will have on the future profile of households and the sizes of housing they will require. York has undertaken a number of recent pieces of work⁴ which have also examined this issue, concentrating on understanding the links between the economic future of the city and the population required to facilitate these ambitions. The findings of these studies are presented within this section alongside the demographic trend analysis which primarily draws upon the ONS / CLG published sub-national population and household projections. Using the datasets available for this research it is not possible to break this analysis down below local authority area. This section therefore represents the headline findings of Section 7 in the North Yorkshire SHMA report alongside local authority specific tables and charts in order to make the findings easier to interpret;
- 7: Housing Need – As with Section 6 the North Yorkshire SHMA report this provides a comprehensive assessment of housing need at a North Yorkshire and individual authority level. This section includes additional local authority specific data and methodological explanation, including a more detailed comparison with previous survey work. In addition the analysis of housing need is broken down to a local authority sub-area level. Ward level breakdowns of housing need are available as well in Appendix 12.; and
- 8: Drawing the Evidence Together – Conclusions – The research concludes the key findings and recommendations emerging with specific reference to York. Conclusions drawn are presented to directly respond to the core outputs set out in Figure 1.1 of the CLG Guidance.

1.7 Note: The Authority Appendix does not include comparative sections 3 and 9 from the North Yorkshire SHMA Report. Section 3 in the main report provides a strategic policy and market context which is not duplicated in this Appendix. Section 9 of the main report presents a detailed statistically robust analysis of the housing requirements of specific groups. A large proportion of this analysis is not able to be presented at a sub-local authority level given the varying volume of responses across these scales and

⁴ Two research papers have been published: 'City of York Council Topic Paper – Population: Updated Version' (May 2011). 'City of York Council Topic Paper – Employment: Draft Report' (May 2011), ARUP

again is therefore not duplicated within this Appendix. Key areas of analysis which can be presented at this level are integrated into sections 2 – 6 within this Appendix. The ward table in Appendix 12 provides further localised analysis of the current and future housing needs of older person households at this geographical level.

2. Context

- 2.1 As a precursor to the analysis presented within the remainder of this document, it is necessary to establish the spatial context for the SHMA. Within this section the geography at which the analysis has been undertaken and is reported at is set out and explained.
- 2.2 The spatial context for the wider North Yorkshire sub-region is presented in full within Section 2 of the main SHMA report. This includes the recognition of North Yorkshire market areas operating at a level below sub-regional but above local authority. With specific reference to York this includes recognition of both the York sub-area, covering York in its totality but also parts of Selby, Harrogate, Hambleton, Ryedale, and on its eastern-most point Scarborough, and the Leeds City Region which covers the local authority areas of Craven, Harrogate, York and Selby within the North Yorkshire sub-region. These sub-regional market areas are considered in more detail within Appendix 11.

City of York

- 2.3 The following summary of the geography and general character of the City of York is taken from the Core Strategy Submission (Publication) September 2011. The City of York Local Authority area covers approximately 105 square miles (272 square kilometres). The City of York currently has a population of around 194,900 people, with the majority of the population (around 140,000 people) residing in the suburban area.

York Local Market Areas

- 2.4 In line with the CLG Guidance the SHMA must define market areas and the key drivers associated with these areas. This includes consideration of geographies below the City level.
- 2.5 York has three pre-defined local market areas, established its earlier Strategic Housing Market Assessment (2007), which are mapped overleaf on Figure 2.2, comprising 'Urban', 'Suburban' and 'Rural'. For the 2011 SHMA, the names of these sub-areas have been refined (in liaison with the client team) to now comprise 'Central York', 'Suburban York', and 'York Villages' and the areas slightly refined to align with the Core Strategy submission publication spatial framework. The revised (2011) sub-market area plan is presented overleaf in Figure 2.1.

Figure 2.1: York Sub Areas (York SHMA 2011)

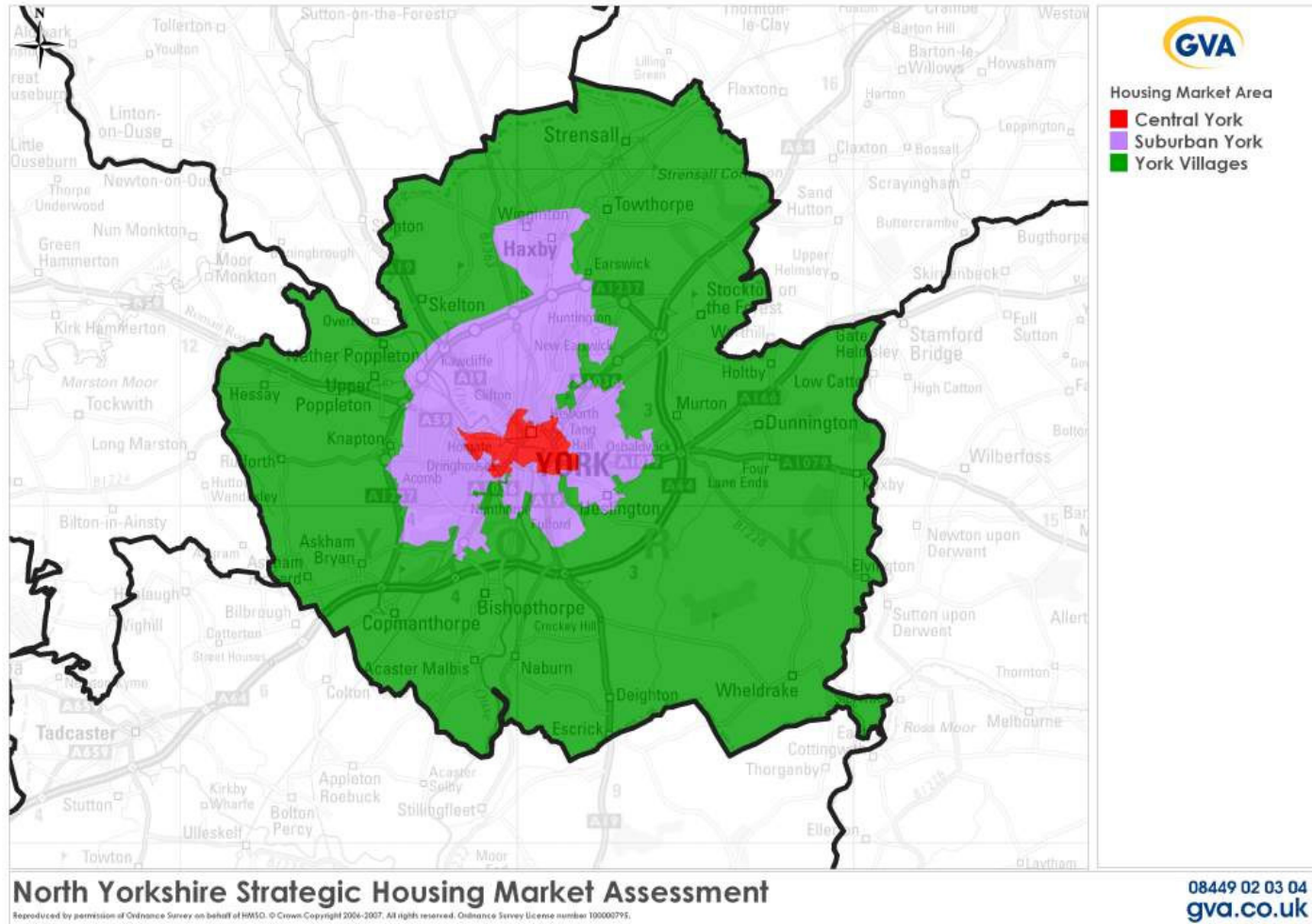
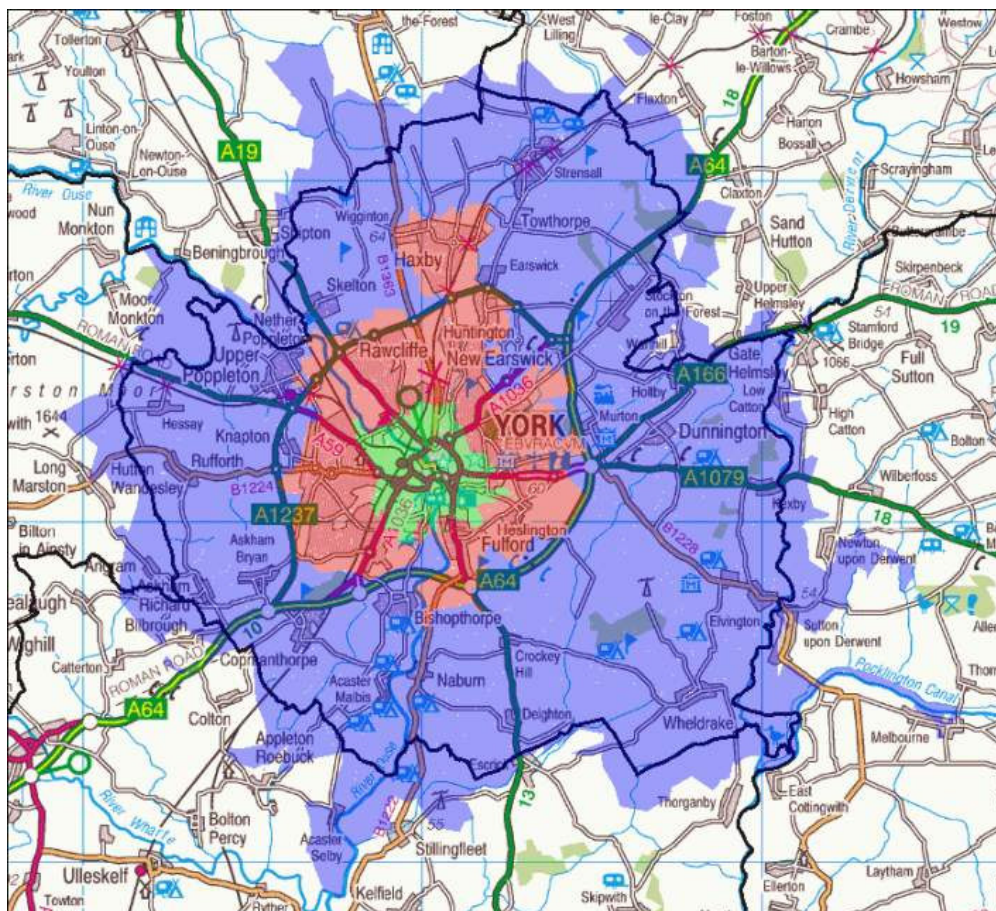


Figure 2.2: York Sub Areas (2007)



Source; City of York Council, 2007

Local Policy

City of York Core Strategy Submission Draft (2011)

- 2.6 The **City of York Core Strategy** will set the overall direction for the plan by driving forward the spatial planning framework for the city. The purpose of the Core Strategy is to set out a vision, strategic objectives and policies that will protect the existing assets of the city whilst ensuring that new developments are brought forward to meet local need. York's Core Strategy is currently at Submission (Publication) Stage, with the examination likely to take place in April 2012.
- 2.7 The City of York Core Strategy Submission (Publication) considers that the key housing challenges for York City Council include delivering the correct type and mix of housing to meet the city's needs highlighted in (amongst other evidence) the current

SHMA 2007, Affordable Housing Viability Study (AHVS) 2010, Housing Strategy 2011-15, and Older People's Housing Strategy 2011-15. In particular affordability is an issue in York which will need to be addressed through appropriate housing delivery. The type of housing that has come forward in recent years is also an issue due to the increase in flats built, despite the high demand for family homes.

2.8 The priorities for the LDF in relation to housing delivery are:

- To deliver an adequate number of housing sites in suitable locations that maximise housing delivery, whilst reflecting the sequential approach to development;
- To ensure high quality affordable housing options for those who cannot afford market housing;
- To focus delivery on houses rather than flats;
- 100% of new build housing built to lifetime home standards;
- Average of 800/yr dwellings to 2031 (635/yr 2011/12 – 2015/16 and 855/yr 2016/17 – 2030/31)⁵; and
- Meet the needs of specific groups such as older persons, Gypsies and Travellers and students.

North Yorkshire Gypsy & Traveller Accommodation Assessment (GTAA) (2008)

2.9 To understand the accommodation needs of communities the North Yorkshire Gypsy & Traveller Accommodation Assessment (GTAA) was commissioned and the results published in August 2008. The purpose of this research was to assist Local Authorities within North Yorkshire to develop a Gypsy and Traveller Accommodation Strategy. The research estimated that there are about 888 Gypsy Traveller households living across the sub region living on 196 pitches. Using the CLG agreed method of calculating pitch requirements - the research identified a shortfall of 126 pitches across North Yorkshire, of which 36 are required in the City of York.

⁵ City of York Council commissioned Arup to consider the level of population and household growth that should form the basis of future housing provision in York and its wider area. In particular, the work considered whether the RSS housing figures were still appropriate in light of the recession. The outcomes of this work informed York's approach to housing provision over the plan period.

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- 2.10 A subsequent study published in 2009 and titled 'North Yorkshire Accommodation Requirements of Showmen' added further requirements to the findings presented above. This identified a further requirement to deliver an additional 13 permanent plots by 2019 to meet the current identified need as identified by Showmen.

The City of York Housing Strategy 2011- 2015

- 2.11 The City of York Housing Strategy 2011- 2015 identifies the actions to be undertaken by the City of York Council and its partners to address key housing issues facing York. It highlights a number of ongoing house issues, including a lack of affordable homes, poor quality stock and a need to reduce CO² emissions.
- 2.12 The strategy identifies six specific local housing priorities, which are reviewed below.
- Improve access to housing services, advice and support;
 - Make best use of the existing housing stock;
 - Maximise the supply of decent, affordable and environmentally sustainable homes;
 - Improve the condition, energy efficiency and suitability of homes and create attractive, sustainable neighbourhoods;
 - Reduce homelessness and tackle the causes of homelessness; and
 - Develop effective partnership working.

The Future York Group Report: An Independent Strategic Review of the York Economy

- 2.13 York's economy has performed strongly in the recent past and contributed significantly to the region's economy. Recently, there has been a very significant shift in the city's economic structure, with a move away from the manufacturing sector towards financial services, tourism and higher added value businesses. In order to perpetuate the success of the City of York, it is imperative that economic success becomes an overriding consideration for the Council and that York's economy does not 'stand still' but continues to grow.
- 2.14 In order to perpetuate economic and employment growth, the city must
- Grow the economy by 3.7% over the next 10 years to propel York into the upper tier of the European City Region growth league;

- Foster successful, adaptable, and competitive and knowledge led businesses;
- Ensure the effective development of key brownfield sites available within the city to improve its transport and financial and professional offer;
- Build upon its national position as a leading location for science and research and development activity by liaising with regional and national government; and
- Retrain semi-skilled production and process workers so they are able to gain employment in the restructured economy.
- Provide significant numbers of affordable family homes to match the growth in jobs.

Part 1: The Current Housing Market

3. Demographic and Economic Context

The relationship between the economy, household composition and the housing stock represents a key driver in determining the balance between supply i.e. the stock of housing as explored in Section 4 and demand.

This section examines the two principal long-term drivers of demand, the demography of an area and the health of the economy to present clearly how York's housing market has evolved in response.

The changing demography (population, household size, age structure etc...) of an area impacts strongly on the housing market and the type and quantity of housing required.

The role of the economy in shaping demand is also important with, for example, the level and type of employment available in an area playing an important role in determining the levels of disposable income available to households and therefore their ability to exercise choice in the market an issue which is considered in greater detail within Section 5. The linkage between employment opportunities and the housing offer also manifests itself in the relationship between work and home. The section concludes with analysis of commuting patterns to demonstrate current levels of containment in the City of York and the relationships with surrounding authorities.

Demographic Drivers of Change

Demographic Trends

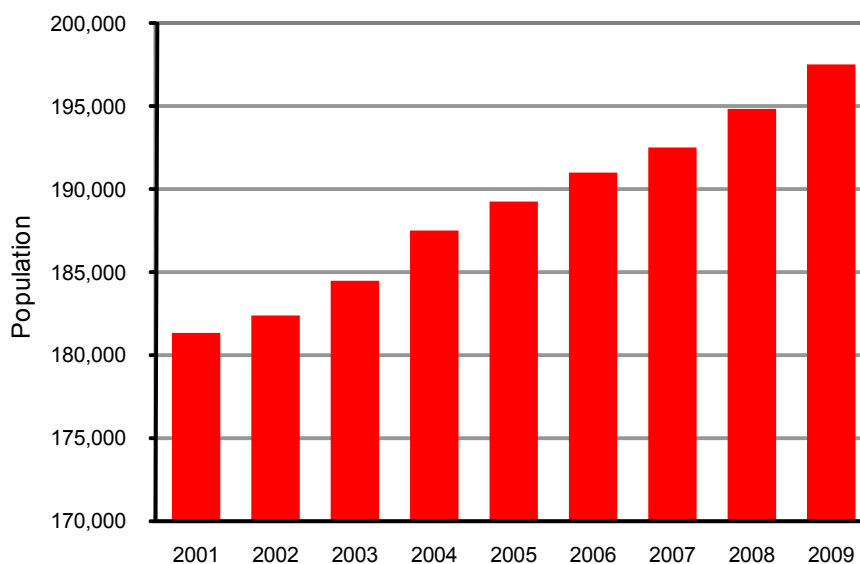
- 3.1 Traditionally demographics have been a key component of determining both the current shape of housing markets and their future trajectory. Changing demographic conditions strongly influence the housing market, including the overall housing stock required and the requirements of the stock to meet the needs of specific groups, for example the elderly.
- 3.2 Since the 1950s planning for housing policy has combined demographic projections with supply side information and spatial policy bias. It is therefore vital to have a clear understanding of the population and household structure when assessing current and future housing demand.

Current Demography and the Components of Change

- The 2001 Census provided the most recent, definitive count of the resident population of the City of York identifying 181,096 people within the area⁶.
- Since 2001, the Office for National Statistics (ONS) has produced 'Mid-Year Estimates' (MYE) of local authority populations, taking account of the annual impact of births and deaths (natural change), internal migration and international migration (the components of change). The latest MYE for the City of York (2009)⁷ suggests that its population has increased by approximately 16,234 since 2001, a 9.0% rise over the nine year period, compared to an increase of 5.7% across North Yorkshire.

Current Demography

Figure 3. 1: Population Change, York, 2001 – 2009



⁶ The SHMA research does not use the 2011 Census data as this will not be released by ONS until July 2012 at the earliest, and will then be published in a phased process.

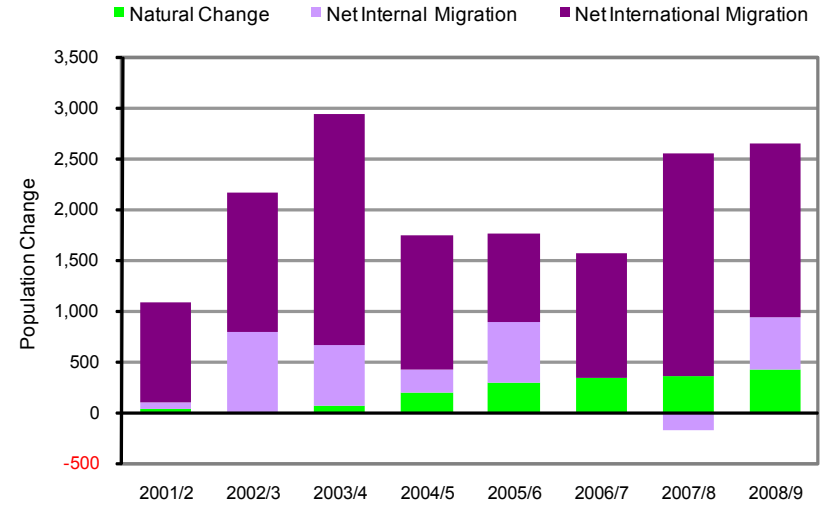
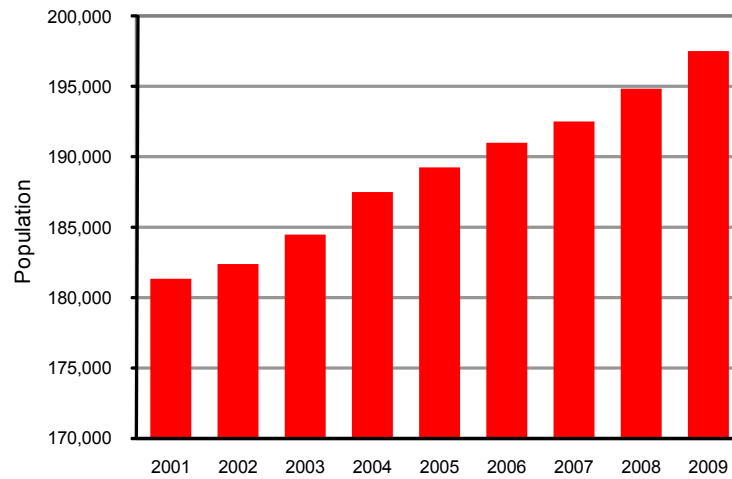
⁷ ONS released 2010 MYE in June 2011, providing an updated population estimate for the City of York (202,400). However, the research pre-dated this release meaning it cannot now be incorporated. Future research should take into account this and subsequent releases.

Source: ONS, 2010

- Disaggregation of this population change into its 'components of change' reveals the relative importance that is assigned to estimates of natural change, net internal migration and net international migration since 2001. Of the total population growth across York between 2001/02 and 2008/09 (16,234), 11,971 (73.7%) is estimated to be due to the net impact of international migration, compared to approximately 2,602 (16.0%) attributed to net internal migration. Natural change accounts for only 10.2% of total population growth over the period.
- Total population growth across North Yorkshire over the same period is estimated to have been driven by net international migration, accounting for growth of 22,500 between 2001 and 2009 (53% of net population growth), compared to 21,508 (51%) attributed to net internal migration. Natural change accounted for a slight decrease in total population over the period of 1,608.

Figure 3. 2: York Components of Change Estimates, 2001 – 2009

York

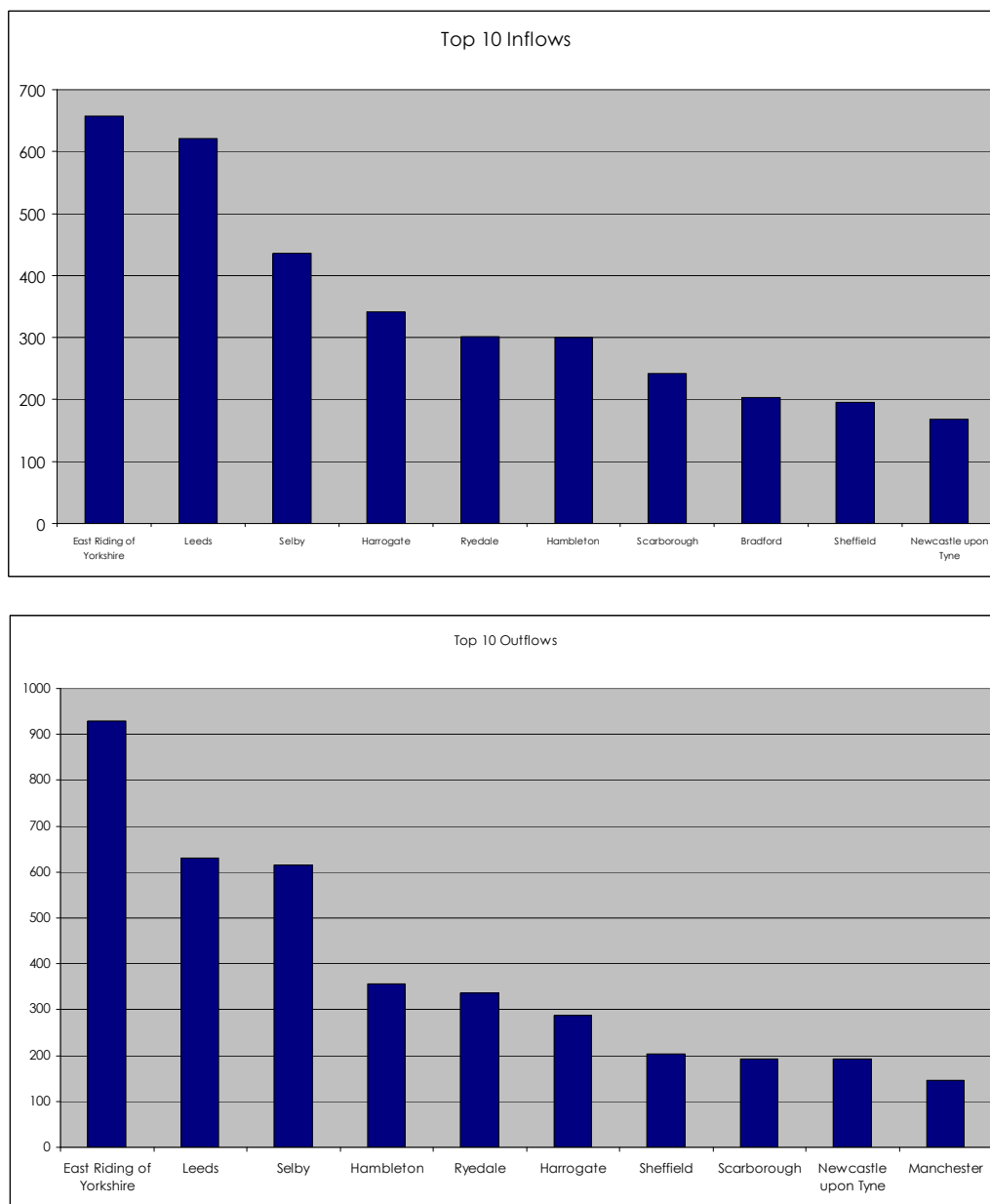


Source: ONS, 2010

Considering Internal Migration

- The migration of people into the authorities of North Yorkshire has been an important driver in the changing population profile of the area since 2001.
- The most significant inflow of residents to York over this period is noted to be from the East Riding of Yorkshire, followed by Leeds and Selby. The top outflows noted from York annually over this period support recognition of the important links with these three authorities, with the top three outflows from York to East Riding of Yorkshire, Leeds, and Selby. The annual balance of outflows from York to East Riding of Yorkshire was -272, to Leeds was -10, and to Selby was -178 over the period 2002 to 2008.

Figure 3. 3: York Migration Inflows and Outflows, Annual Average 2002 – 2008



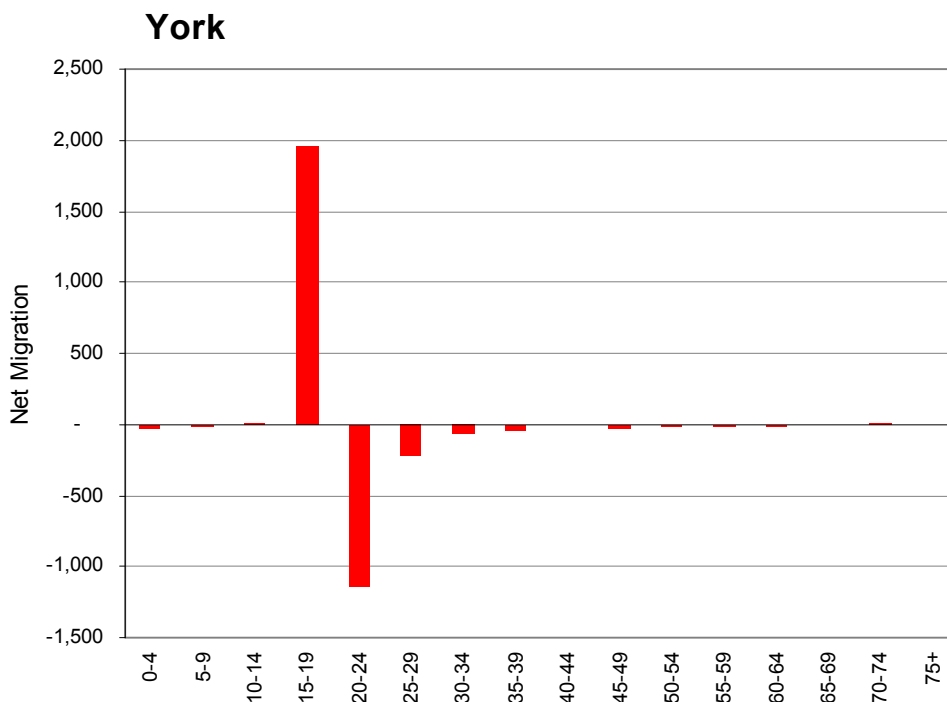
Source: Patient Registration Statistics, ONS, 2010

- In aggregate terms, averaging age-group flows 2002 to 2008, North Yorkshire gained population through net migration in all age-groups, with the exception of young adults aged between 20 and 29. Young families with children all saw

positive net migration gains, as have each of the older adult age groups, across the sub-region.

- The data for the City of York over the same period shows a markedly different trend, including net migration gain in the 15 to 19 years age group, a distinct position compared to the other North Yorkshire authorities, which is driven by the presence of Higher Education establishments.
- The City of York is also noted to have experienced outflow of people aged 20 to 29, with little net migration for the age cohorts 30 years and above. This is noted to reflect the dynamic nature of this specific age group post attendance at the Higher Education establishments within the City of York, with many people leaving to take up employment elsewhere.

Figure 3. 4: York Migration Inflows and Outflows Age Profile, Annual Average 2002 – 2008

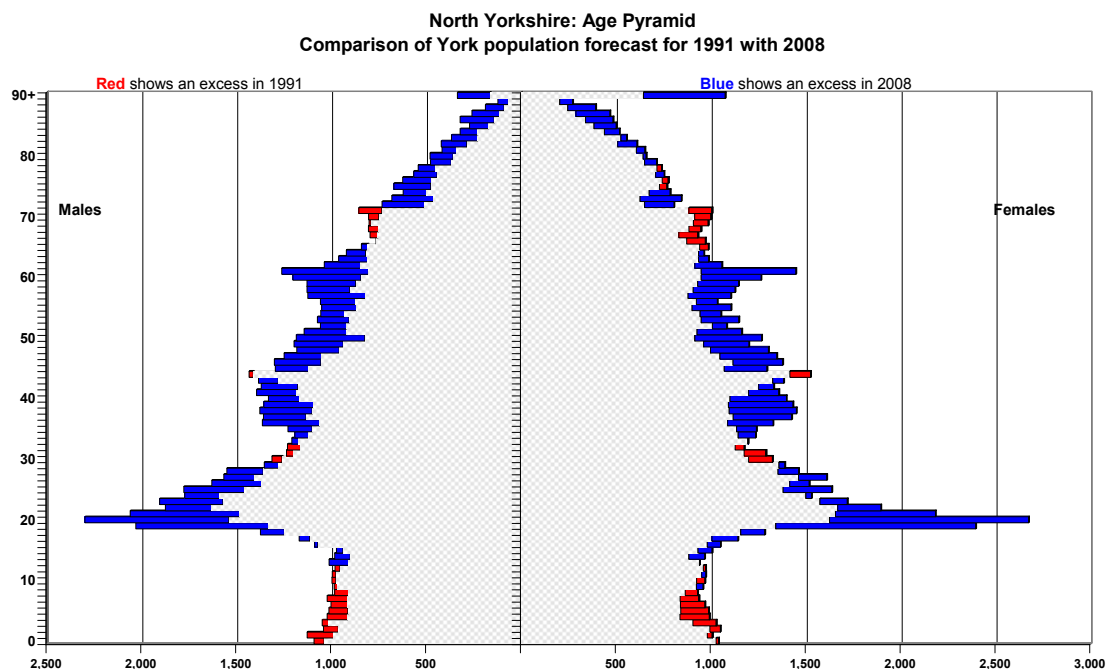


Source: Patient Registration Statistics, ONS, 2010

A Changing Age Profile

- Population gains across North Yorkshire are noted across most age groups, although there are noted to have been significant reductions in those aged under 10 years and between 20 and 35 years, across both the male and female populations.
- The City of York has experienced a more pronounced growth in population aged between 20 and 35 years when compared with the sub-region, most likely linked to student activity, post-graduate retention levels, and the recognition of York as an economic driver and therefore major employment hub.

Figure 3. 5: Population Age Pyramid, City of York, 1991 – 2008



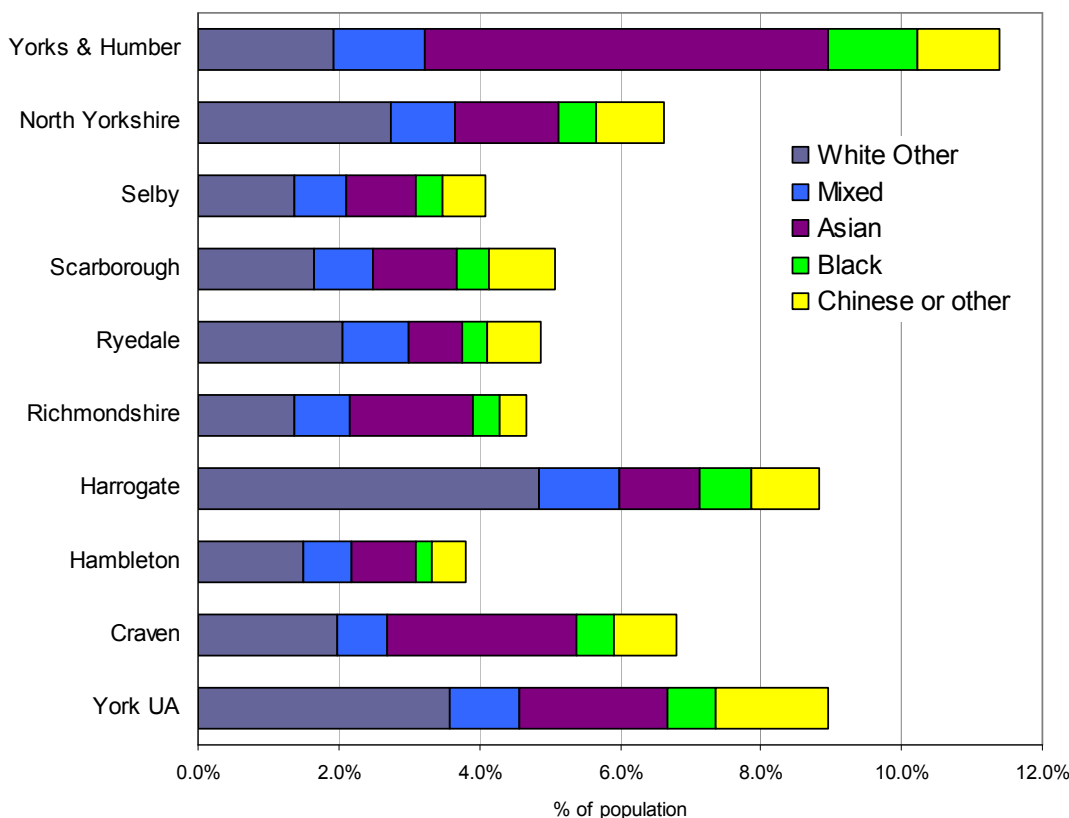
Source: ONS, 2010

Population and Ethnicity

- Whilst Yorkshire is noted to be an ethnically diverse region, a large proportion of its ethnic population is concentrated in the urban areas of West and South Yorkshire. Just under 4% of the North Yorkshire population was identified to be 'non-white' in the ONS 2007 population estimates compared to 10% across the region.

- The City of York has the most pronounced presence of non-white population, representing 5.4% of its total population when drawing on the 2007 MYE. This is expected to be as a result of international student in-migration and, to a lesser extent, international in-migration for employment purposes. This represents a considerable growth from 2001, when the non-white population represented 2.2% of the population.
- The City of York also contains a high proportion of 'white other' persons (as demonstrated in Figure 3.6), representing 3.6% of the population when drawing on the 2007 MYE. This exceeds the North Yorkshire average representation of 2.8%, with only Harrogate recording a higher proportion of this ethnic group within its population – at 4.9%. As with the 'non-white' population group, the City of York has experienced growth in the 'white other' group since 2001 – when this group represented 2.1% of the population.

Figure 3. 6: Ethnicity, 2007



Source: ONS, 2010

Households

3.3 Household numbers are directly related to housing stock and the supply of housing. Examining the change in household numbers is therefore a critical element of assessing the dynamics of the housing market.

Current Households

- At the time of the Census in 2001 there were approximately 315,000 households across North Yorkshire. There were approximately 77,000 households within York at the same time, representing 24.4% of the sub-regional total.
- When household numbers are disaggregated by sub area it is apparent that Suburban York is the most populous sub area with approximately 53,000 households.

Figure 3. 7: Number of Households by City of York Sub Area, 2001⁸

Sub Area	Number of Households
Central York	5,788
Suburban York	53,184
York Villages	17,936
City of York - Total	76,908

Source: Census, 2001

- More recent estimates⁹ suggest that there were just under 340,000 households across North Yorkshire in 2009, a growth of circa 25,000 (8%) from 2001. The estimated growth in households within the City of York made the largest contribution to the sub-regional total, with just under 8,000 additional households forming over the period, representing 32.4% of the total sub-regional growth, and 10% growth within City of York specifically.

⁸ Note: The household figures presented have been derived from the output area (OA) scale ONS Census 2001 data. The small difference in the totals between Figure 3.7 and Figure 3.8 are anticipated to be due to ONS corrections in the LA scale statistics for use in the Sub-national household projections from which the data underpinning Figure 3.8 is derived.

⁹ Population estimates are converted to household estimates with the application of 'headship rates', which model the propensity of a person (by age and sex) to be 'head' of a household. Household populations exclude those individuals living in institutional accommodation.

Figure 3. 8: Change in Households, 2001 – 2009

Authority	Number of Households - Sub-National Household Projections (SNHP)				
	2001	2009	Change 2001 – 2009	% Change 2001 - 2009	Annual Average Change 2001 - 2009 (8 years)
City of York	76,920	84,878	7,958	10%	995
North Yorkshire	314,878	339,424	24,546	8%	3,068

Source: DCLG Sub-National Household Projections, 2010

- The change in headship rate applied within the estimation of household numbers over the period 2001 to 2009 in York demonstrates the DCLG projection that household size has continued to fall over the time period considered.

Figure 3. 9: Change in Headship Rates, 2001 – 2008

Authority	Household Size - Mid-year Estimates, ONS / Sub-national Household Projections									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	Change 2001 - 2009
City of York	2.28	2.28	2.28	2.28	2.27	2.27	2.26	2.25	2.25	-0.02
North Yorkshire	2.31	2.31	2.31	2.30	2.30	2.29	2.28	2.28	2.27	-0.04

Source: DCLG Sub-National Household Projections, 2010

- An important factor behind the estimated fall in household sizes is the forecast structure of change around different household types. Across North Yorkshire growth has been particularly concentrated in house types commonly associated with one person households and interestingly a shift away from young families. In line with sub-regional trends one person households have grown significantly in York and, simultaneously the number of young families has been falling.

Figure 3. 10: Household Change by DCLG Household Types, 2001 – 2008

Household Type	Description	Household Change 2001 – 2009 Sub National Household Projections	
		York	North Yorkshire
OPMAL	One person households: Male	2,769	8,560
OPFEM	One person households: Female	1,808	6,157
FAM C0	One family and no others: Couple: No dependent children	3,405	15,597
FAM C1	One family and no others: Couple: 1 dependent child	158	503
FAM C2	One family and no others: Couple: 2 dependent children	-318	-1,849
FAM C3	One family and no others: Couple: 3+ dependent children	-249	-198
FAM L1	One family and no others: Lone parent: 1 dependent child	552	2,176
FAM L2	One family and no others: Lone parent: 2 dependent children	445	1,040
FAM L3	One family and no others: Lone parent: 3+ dependent children	75	281
MIX C0	A couple and one or more other adults: No dependent children	-807	-4,396
MIX C1	A couple and one or more other adults: 1 dependent child	-409	-1,823
MIX C2	A couple and one or more other adults: 2 dependent children	-66	-445
MIX C3	A couple and one or more other adults: 3+ dependent children	-62	-172
MIX L1	A lone parent and one or more other adults: 1 dependent child	-19	-174
MIX L2	A lone parent and one or more other adults: 2 dependent children	-6	-7
MIX L3	A lone parent and one or more other adults: 3+ dependent children	-15	4
OTHHH	Other households	696	-709
0	0	0	0
Total	Total	7,958	24,546

Source: DCLG Sub-National Household Projections, 2010

Student Population

- 3.4 This section considers the housing circumstances of students and trainees residing in York, as well as their future housing expectations, by drawing on responses to the 2011 household survey.
- 3.5 Student households were specifically targeted within the household survey, yet despite this the sample size achieved was relatively low due to non-response and errors or omissions in completing and returning survey forms. As a result, the analysis that has been generated should be treated as representative of trends in household circumstances and expectations as opposed to being indicative of absolute numbers.

- 3.6 The 2011 household survey identified 2,762 households that included a student or trainee aged 16-17 (often likely to represent students/trainees living with their families) and a further 10,248 households that included a student or trainee aged 18+ in York. From this total the 2011 household survey identified that there were over 2,070 student or trainee only households (all residents students/trainees) renting privately within the city.
- 3.7 A further 152 students were identified as living in managed student accommodation – although this number is expected to represent a major undercount due to limited responses from this tenure. The current location, and sub-area, of student households is presented in the following figure.

Figure 3. 11: Student / Trainee Only Households – Current Location and Tenure

Current Location	Students/Trainee Only Households - Current Location of Residence & Tenure: City of York					
	Student household rent it from a private landlord, estate or letting agency		Managed student accommodation (e.g. Halls of Residence)		Total	
	Households	%	Households	%	Households	%
City of York: Central York	409	19.7%	0	0.0%	409	18.4%
City of York: Suburban York	1,665	80.3%	152	100.0%	1,817	81.6%
City of York: York Villages	0	0.0%	0	0.0%	0	0.0%
City of York: Total	2,074	100.0%	152	100.0%	2,226	100.0%

Source: 2011 Household Survey

- 3.8 Students in York are primarily concentrated within suburban York – in both the private rented sector and within managed student accommodation, at approximately 80%. In contrast, the study identified that no student households reside in the rural villages within the authority.
- 3.9 The following table indicates that student/trainee only households residing in the private rented sector live predominantly within York's terraced (49%) and semi-detached (40%) dwelling stock.
- 3.10 Of the student/trainee households residing in managed student accommodation, all reported to reside in flatted or apartment dwellings – focused within the Suburban York sub-market area.

Figure 3. 12: Student / Trainee Only Households – Current Location and Dwelling Type

Current Location	Students/Trainee Only Households - Living in a Student Household Rented from Private Landlord - Current Property Type: City of York											
	Detached		Semi-Detached		Terrace		Flat, maisonette or apartment		Mobile or temporary structure		Total	
	Households	%	Households	%	Households	%	Households	%	Households	%	Households	%
City of York: Central York	0	0.0%	0	0.0%	344	34.2%	65	36.9%	0	0.0%	409	19.7%
City of York: Suburban York	56	100.0%	838	100.0%	661	65.8%	111	63.1%	0	0.0%	1,665	80.3%
City of York: York Villages	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
City of York: Total	56	2.7%	838	40.4%	1,006	48.5%	175	8.4%	0	0.0%	2,074	100.0%
Current Location	Students/Trainee Only Households - Living in Managed Student Accommodation - Current Property Type: City of York											
	Detached		Semi-Detached		Terrace		Flat, maisonette or apartment		Mobile or temporary structure		Total	
	Households	%	Households	%	Households	%	Households	%	Households	%	Households	%
City of York: Central York	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
City of York: Suburban York	0	0.0%	0	0.0%	0	0.0%	146	100.0%	0	0.0%	146	100.0%
City of York: York Villages	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
City of York: Total	0	0.0%	0	0.0%	0	0.0%	146	100.0%	0	0.0%	146	100.0%

Source: 2011 Household Survey

-
- 3.11 The following analysis firstly indicates the level of expected moves to create a new household within households currently containing students/trainees aged 16-17 (i.e. pre-University age). This is followed by analysis replicating that above for households currently containing students/trainees aged 18+ (i.e. currently in Higher or Further Education).
- 3.12 The following table suggests that, of those households with a student/trainee aged 16-17 planning to move to create their own new household, approximately 13% plan to create a new household in City of York. A further 11% anticipate a move to the North East, and others expect to move elsewhere in Yorkshire and the Humber and to the East Midlands. The majority (63%) expect to move elsewhere in the UK. This is likely to reflect the expected future movements of households becoming University students or moving to source employment/suitable housing following their current studies/training.
- 3.13 The subsequent table considers the expectations of students/trainees aged 18+ planning to move to create their own new household, and is more likely to be representative of the current trends in University students. Interestingly, almost 21% expect to remain within the City of York, which suggests an improved level of containment from that within the 16-17 student/trainee age range. As before, the majority (51%) expect to move elsewhere in the UK following their studies/training, with a further 8% anticipating an international move outside of the UK. Further smaller flows are expected to surrounding locations including Hull/East Riding of Yorkshire (5%) and elsewhere in Yorkshire and the Humber (4%).
- 3.14 In summary, the analysis of student/trainee's future housing intentions suggests that approximately 13% of those aged under 18 years old expect to stay within the City of York. Of those student/trainees aged 18+ years, this increases to almost 21%. However, there is likely to be continued and considerable leakage of student households away from the City of York both during, and beyond, their studies.

Figure 3. 13: Households with Students / Trainees aged 16-17 years Expecting to Move to Create a New Household (next 5 years) – City of York

Current Location	Households with Students/Trainees 16-17 yrs Expected to Move to Create New Household (next 5 years): City of York					
	Preferred Location					
	York	Elsewhere in Yorkshire and Humber	North East	East Midlands	Elsewhere in the UK	Total
City of York: Central York	0.0%	0.0%	0.0%	0.0%	10.8%	10.8%
City of York: Suburban York	12.6%	5.7%	10.6%	6.3%	27.4%	62.6%
City of York: York Villages	0.0%	1.6%	0.0%	0.0%	25.0%	26.6%
City of York: Total	12.6%	7.3%	10.6%	6.3%	63.3%	100.0%

Figure 3. 14: Households with Students / Trainees aged 18+ years Expecting to Move to Create a New Household (next 5 years) – City of York

Current Location	Households with Students/Trainees 18+ yrs Expected to Move to Create New Household (next 5 years): City of York												
	Preferred Location												
	York: Central York	York: Rest of Suburban York	York: Askham Bryan	York: Strensall	Leeds	Hull / East Riding of Yorkshire	Elsewhere in Yorkshire and Humber	North East	North West	East Midlands	Elsewhere in the UK	Outside of the UK	Total
City of York: Central York	0.0%	1.8%	0.0%	0.0%	1.8%	0.0%	2.3%	1.7%	0.0%	0.0%	11.0%	0.5%	19.2%
City of York: Suburban York	9.4%	6.9%	0.9%	0.0%	0.5%	4.6%	1.8%	2.2%	3.2%	2.2%	34.8%	7.3%	73.7%
City of York: York Villages	0.3%	0.5%	0.0%	0.6%	0.0%	0.0%	0.3%	0.0%	0.5%	0.0%	4.9%	0.0%	7.1%
City of York: Total	9.7%	9.3%	0.9%	0.6%	2.3%	4.6%	4.3%	3.9%	3.7%	2.2%	50.7%	7.8%	100.0%

Source: 2011 Household Survey

3.15 The following figures present the property type and tenure expectations of households with students/trainees expecting to move to create a new household within the next 5 years.

Figure 3. 15: Households with Students / Trainees Expecting to Move to Create a New Household (next 5 years): Expected Property Type – City of York

Property Type	Households with Students/Trainees Expected to Move to Create New Household (next 5 years) - Expected Property Type: City of York	
	Student/Trainee 16-17	Student/Trainee 18+
A whole house that is: Detached	0.0%	5.2%
A whole house that is: Semi-detached	6.6%	4.2%
A whole house that is: Terraced (including end-terrace)	0.0%	25.9%
A whole bungalow that is: Semi-detached	0.0%	1.7%
A flat, maisonette, or apartment that is: In a purpose built flat / apartment scheme or development	45.5%	30.8%
A flat, maisonette, or apartment that is: Part of a converted or shared house (includes bedsits)	48.0%	32.1%
Total	100.0%	100.0%

Source: 2011 Household Survey

Figure 3. 16: Households with Students / Trainees Expecting to Move to Create a New Household (next 5 years): Expected Property Tenure – City of York

Property Tenure	Households with Students/Trainees Expected to Move to Create New Household (next 5 years) - Expected Property Tenure: City of York	
	Student/Trainee 16-17	Student/Trainee 18+
Own it with a mortgage or loan	0.0%	15.3%
Shared ownership (part rent / part buy)	0.0%	0.9%
Social Rent	2.5%	1.2%
Rent it from a private landlord	65.8%	73.8%
Tied accommodation	0.0%	5.4%
Managed student accommodation (e.g. Halls of Residence)	31.8%	2.9%
Other	0.0%	0.6%
Total	100.0%	100.0%

Source: 2011 Household Survey

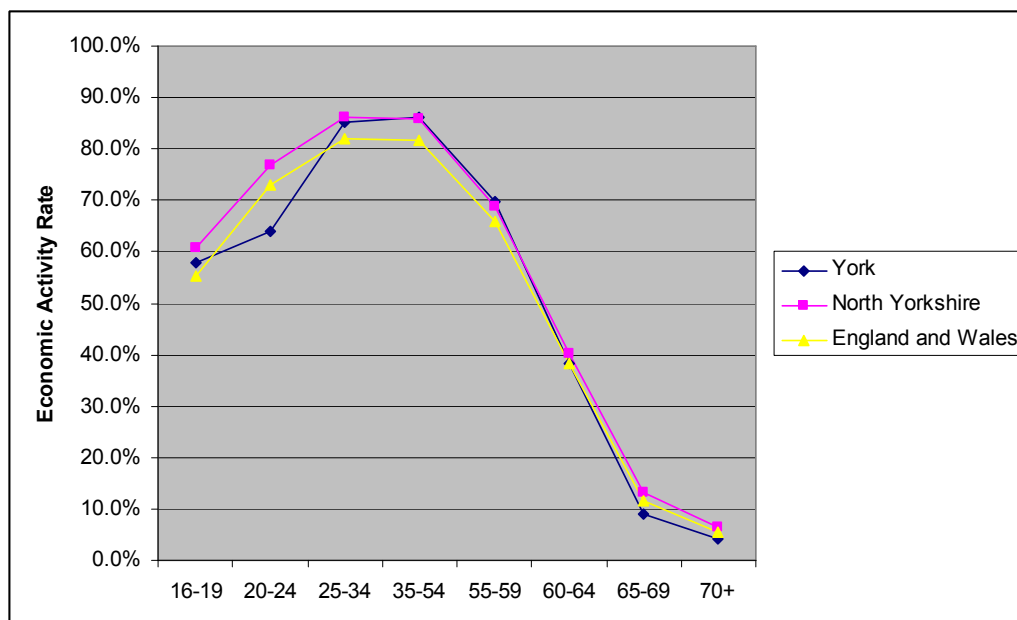
- 3.16 The property type expectations of households with students/trainees aged 16-17 expecting to move to create their own household suggests that the majority anticipate their next move to be directly into flatted or apartment accommodation. When considering their tenure expectations, it is clear that the majority (66%) anticipate to move directly into the private rented sector, with a further 32% expecting to move into managed student accommodation.
- 3.17 In comparison, the property type expectations of households with students/trainees aged 18+ expecting to move to create their own household suggests that the majority also anticipate their next move to be directly into flatted or apartment accommodation.
- 3.18 However, over a quarter (26%) expect to move into a terraced property, with a further 5% expecting a move into a detached property and 4% anticipating a move into a semi-detached property. When considering their tenure expectations, the results suggest that the overwhelming majority of students/trainees anticipate a move into the private rented sector (either during or directly following their studies) at 74%. A further 15% also anticipate purchasing a property to own it with a mortgage or loan. In contrast to the younger student/trainee age group, less than 3% anticipate a move into managed student accommodation. Interestingly, less than 1% are considering a move into intermediate tenure accommodation.

Employment Levels and Structure

Current Economic Activity

- Economic activity rates in 2001 across North Yorkshire were consistently above the wider England and Wales averages across all working-age cohorts. In York economic activity rates are broadly similar with sub-regional and national trends. However economic activity rates amongst the 20-24 age group in York are significantly below the North Yorkshire average, at 63.8% compared to the sub-regional average of 77.0%. This can be attributed to the large student population in York.

Figure 3. 17: Economic Activity Rates, City of York, 2001



Source: ONS, Census, 2001

- Over the period 2004 to 2009, unemployment within North Yorkshire was on average 1.9% lower than the national (England) rate over the period 2004 to 2009, suggesting these levels of economic activity were sustained post-2001 and a strong employment base across the sub-region.
- Utilising the latest 2010 unemployment rate (claimant count) data – City of York has an unemployment rate of 2.5% which is broadly in line with the North Yorkshire average of 2.4%.
- The North Yorkshire economy performs well when benchmarked against regional and national economic indicators. The claimant count in 2010 stands at 2.4% which is below both regional (4.1%) and national (3.5%) averages. The sub region has a high proportion of Managers and Senior Officials (16.2%), Professional Occupations (22.0%) and Associate Professional and Technical Occupations (13.7%) than both Yorkshire and the Humber and England and Wales.
- York is an economic and employment hub in the sub-region and provides many jobs to not just its own residents but to those of surrounding Local Authority areas. However when compared to sub-regional averages the economy looks weaker. The economic activity rate (76.4%) and the claimant count rate (2.5%) do not

perform well when compared to the North Yorkshire averages of 79.3% and 2.4% respectively. York does have a high proportion of Professional Occupations (18.7%) and Associate Professional and Technical Occupations (15.4%) but its proportion of Managers and Senior Officials (15.3%) is significantly below the North Yorkshire, the Yorkshire and Humber and England and Wales averages.

Figure 3. 18: Key Economic Indicators, City of York

	Total Working Age Population (mid-2009)	Economic Activity Rate, Aged 16- 64 (April 09- March 2010)	Unemployment Rate (Claimant Count, November 2010)	Proportion of Total Employment (July 2009- June 2010)			Commuting Ratio (2001)
				Managers and Senior Officials	Professional Occupations	Associate Professional and Technical Occupations	
City of York	129,500	76.4%	2.5%	15.3%	18.7%	15.4%	0.94
North Yorkshire	481,800 ¹⁰	79.3%	2.4%	16.2%	14.4%	13.7%	-
Yorkshire & Humber	3,273,400	75.4%	4.1%	16.0%	14.0%	14.6%	-
England & Wales	33,882,200	76.6%	3.5%	14.6%	12.2%	13.5%	-

Source: Nomis, 2010

Changing Economic Circumstances: Impact of the Recession

- 3.19 The 2011 Household Survey, undertaken as part of this SHMA, included a number of questions directly targeted at tracking the changing economic circumstances of households over the last couple of years, i.e. post the onset of the recession. This provides a unique insight to the impact of the wider national economic crisis has had on individual household circumstances.
- 3.20 The purpose of the responses to these questions is to highlight, beyond the standard indicators of the levels of economic activity and inactivity, the changing structure of the economy which will have impacted on the expectations of households in terms of their current and future housing requirements.
- 3.21 The following analysis tracks the changing employment status of York’s households, using response data provided for the head of the household, from 2008 to 2010.

¹⁰ North Yorkshire Total Working Age population includes all the authorities within North Yorkshire. This figure differs from the North Yorkshire figure in the original ONS data set as it is inclusive of York Unitary Authority. The original data set does not include data for York District Authority which may differ from York UA.

- It is evident that across all tenures there has been a fall in full-time employment levels over this period, with a total fall of 6.4%. Households within the owner occupied (with a mortgage) tenure have been affected to the greatest extent with a fall of 8.1%.
- The economic activity of households in the social rented sector appears to have been affected the most overall with falls in full time and self-employment, a relatively small rise in part time employment and a 5.8% rise in unemployment. In part reflecting the demographic findings which showed an ageing population York has seen a 4.6% rise in households classified as retired with this including a relatively high number of owner-occupiers without mortgages.

Figure 3. 19: Change in Household Employment Circumstances, 2008 – 2010, by Tenure, York

Employment Circumstances Status (% Change 2008-10) by Current Tenure - City of York										
Tenure	Full-time employment	Part-time employment	Self Employed (Full or Part-time)	Retired	Unemployed	Long term sick or disabled	Student or trainee 16-17	Student or trainee 18+	Homemaker	Full-time Carer
Owner-occupied (no mortgage)	-4.5%	-2.4%	0.2%	7.3%	0.3%	0.0%	0.0%	-0.9%	-0.1%	0.1%
Owner-occupied (with mortgage)	-8.1%	5.0%	0.1%	3.5%	0.4%	0.0%	0.0%	-0.6%	-0.4%	0.2%
Social Rented	-5.8%	1.5%	-1.9%	3.7%	5.8%	-0.9%	0.0%	0.0%	-2.5%	0.0%
Private Rented	-4.1%	3.4%	1.0%	1.6%	1.2%	1.4%	-9.9%	5.5%	-0.1%	0.0%
Total	-6.4%	2.0%	-0.1%	4.6%	1.2%	0.1%	-1.2%	0.1%	-0.6%	0.1%

Source: 2011 Household Survey

Changing Economic Circumstances: Future Employment Projections

- 3.22 The City of York has recently completed research into future employment growth across the authority to understand and take account of the potential impact of the recession and public sector spending cuts on the employment outlook to 2029¹¹.
- 3.23 This research has included the creation of headline employment projections, these are presented within the City of York Employment Topic Paper (2011). The projections suggest, based on a consideration of historical trends and factoring in the potential impact of the recession that the City will see an annual average of 960 new jobs created up until 2026. There is a recognition within the research that the levels of job growth are likely to be lower over the short-term given the wider national economic context, with higher levels of growth later in the plan period based on the successful delivery of a number of planned economic projects.

Linking Employment and Housing – Commuting Trends and Relationships

- 3.24 The relationship between work and home is played out on a daily basis and is able to be measured through commuting patterns. The encouragement of sustainable lifestyles and a reduction in the use of energy requires a shortening of commuting journeys and by default an increase in the level of containment of the labour force. This is an important consideration therefore in planning to match economic growth aspirations with the housing offer, with the latter playing an important defining role in achieving the wider sustainability objective.

Commuting Trends

- The City of York has a commuting ratio of 0.94. A commuter ratio can be defined as the difference between households travelling into and out of an area for work. A commuter ratio above 1.00 indicates a net outward flow of residents for employment. Only the City of York and Selby have commuting ratios below 1.0 in 2001 which indicates that there are more jobs than workers in the City of York resulting in a net inflow of workers daily. Over 80% of residents in the City of York work within the city. The data also shows that a significant amount of the City of

¹¹ City of York Topic Paper – Employment (Updated version, July 2011) ARUP

York residents work in other local authorities, both within North Yorkshire and in other sub-regional areas. 69.0% of York's workers reside within York and there are a number of worker inflows from other local authorities, in particular Selby and the East Riding of Yorkshire each providing over 5% of workers.

- The statistics above highlight the important role that York plays as an employment centre for the surrounding authorities. This has important implications for the balancing of housing demand across the wider sub-region.

Figure 3. 20: Local Authority of Work for York Residents, 10 Biggest Flows, 2001 / 2008 Comparison

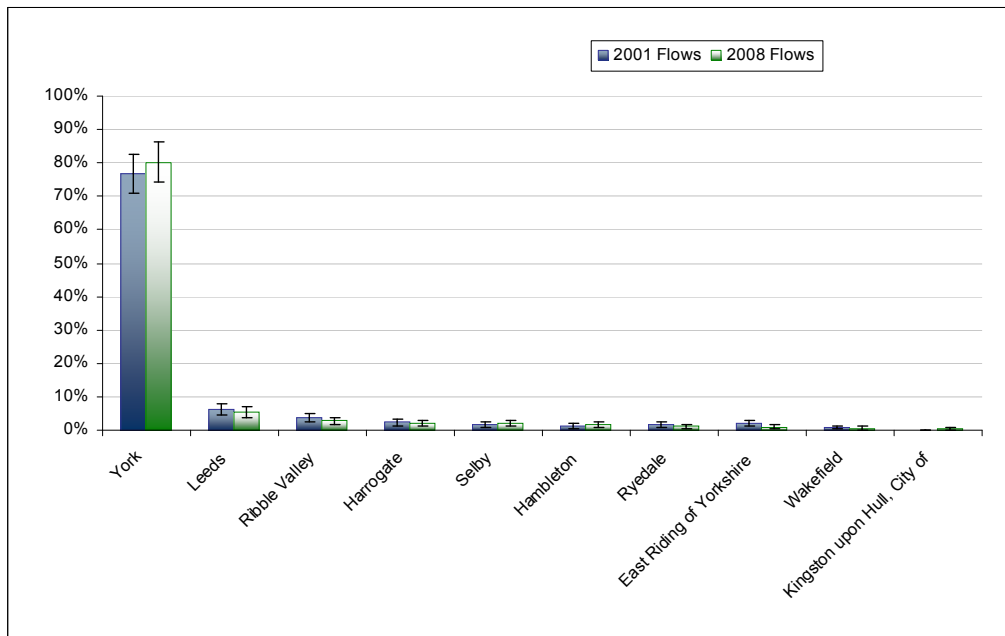
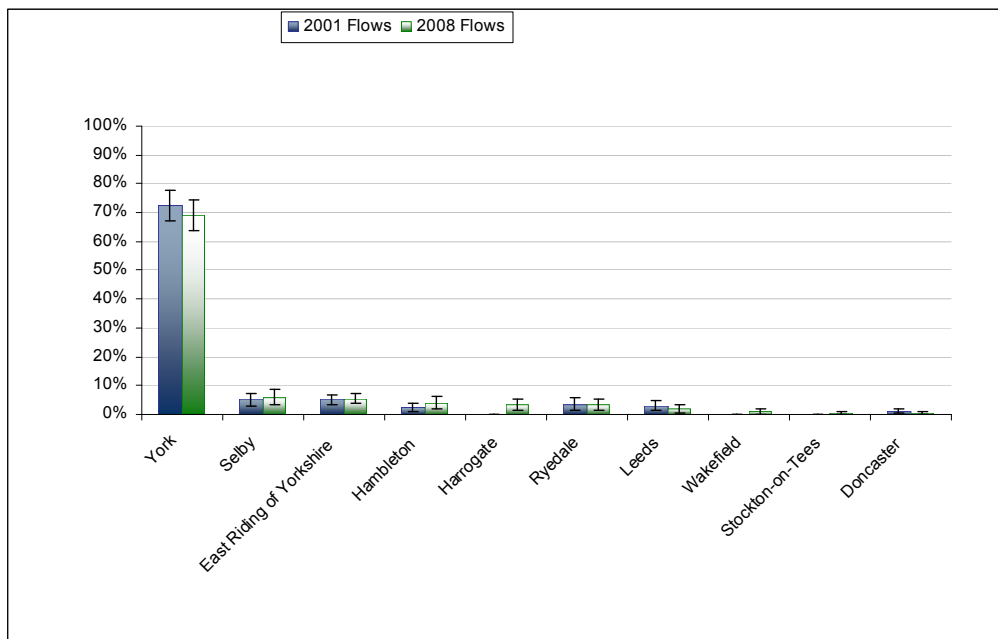


Figure 3. 21: Local Authority of Residence for York Workers, 10 Biggest Flows, 2001 / 2008 Comparison



Source: Census 2001 / ONS 2010

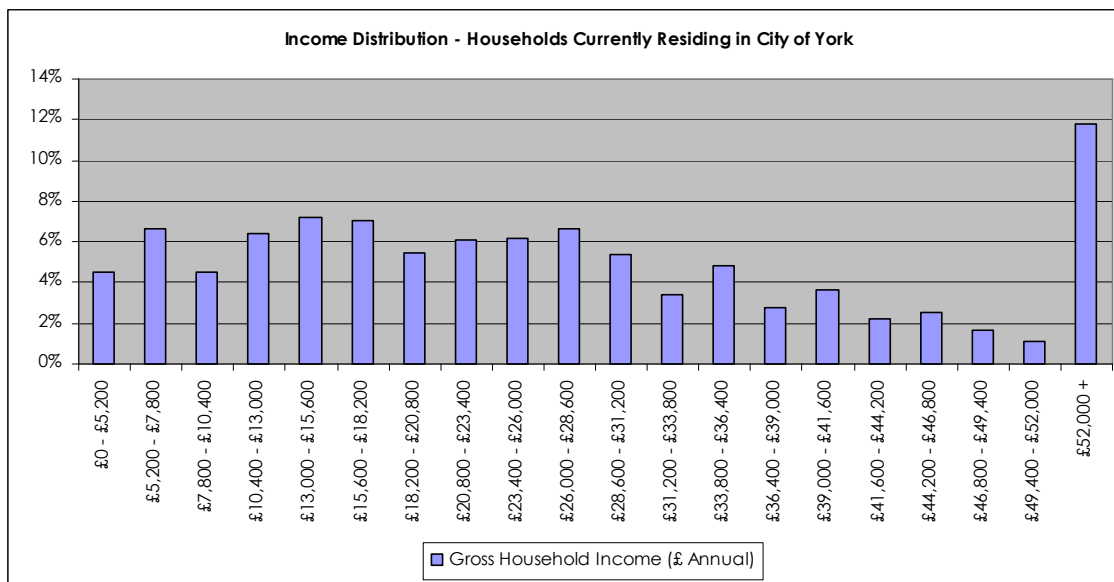
Incomes and Earnings

Local Income Levels

- 3.25 Income levels are directly related to employment opportunities and particularly the quality of employment and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for affordable housing products.
- 3.26 The 2011 Household Survey asks a number of questions with regard to household's financial situation including annual gross (pre-tax) income, savings and debts. The following tables and charts present an overview of the gross household income profile and financial capacity of households across North Yorkshire.
 - The income distribution for York shows a fairly uneven distribution, with a cluster of household incomes in the lower income brackets and significantly less in the higher income brackets. 51% of York's households earn between £10,400 and £31,200, compared to just 14% earning between £36,400 and £52,000.

- The spike in households with incomes of £52,000+ demonstrates the polarisation of income levels within the City of York, with clusters of both higher and lower income households skewed towards the lower and upper ends of the income spectrum.

Figure 3. 22: Income Distribution, Households Currently Residing in York



Source: 2011 Household Survey

- The Household Survey demonstrates that the financial capacity of households in the City of York varies significantly between tenures. Households in the owner occupied tenures have significantly higher median incomes, savings and equity levels than those in intermediate, social rented and private rented tenures.
- Households in the social rented tenure have the most limited financial capacity with median annual household incomes at £11,700 compared to the York average of £22,100. In addition households in the social rented tenure have no savings, equity or other financial resources.

Figure 3. 23: Financial Capacity of Households in York, by Tenure

Current Tenure	Household Financial Position by Tenure (£) - City of York			
	Median annual gross household income	Median household savings	Other Financial Resources (e.g. parents)	Median Equity
Own outright	£22,100	£17,500	£0	£175,000
Own with mortgage or loan	£29,900	£2,500	£0	£87,500
Intermediate	£19,500	£0	£0	£17,500
Social Rented	£11,700	£0	£0	
Private Rented	£19,500	£2,500	£0	
Average (Median)	£22,100	£2,500	£0	£137,500

Source: 2011 Household Survey

3.27 Financial capacity varies between the sub areas, and is illustrated in the table below. Central York records the lowest levels of median income reflecting the types of households which choose to live in this particular market area. By contrast the York Villages sub-area shows the highest levels of income, savings and equity reflecting again the types of households and the properties in this area.¹²

Figure 3. 24: Financial Capacity of Households in the Sub Areas

Location	Household Financial Position by Sub-area (£)			
	Median annual gross household income	Median household savings	Other Financial Resources (e.g. parents)	Median Equity
Central York	£19,500	£2,500	£0	£112,500
Suburban York	£22,100	£2,500	£0	£137,500
York Villages	£27,300	£7,500	£0	£175,000
York: Total	£22,100	£2,500	£0	£137,500

Source: 2011 Household Survey

¹² Analysis of mean (average gross) incomes across the City of York provides an alternative measure of household income. The mean is not used as standard within SHMA research as this measure results in the average being skewed upwards by the presence of high income households – as a result use of the mean is less representative as an average than the median. The 2011 Household Survey found the mean annual household income in City of York to be £26,800.

Bringing the Evidence Together

- 3.28 The purpose of this section has been to undertake analysis to provide an up-to-date assessment of the demographic and economic characteristics of York, set in the context of the wider North Yorkshire position presented in the main report.
- 3.29 The key issues and findings emerging from the analysis are summarised below:
- **Demographic change:** York's population has grown by 9.0% since 2001 which is estimated to have been predominately driven by international migration. Significant net migration inflows have occurred in the 15 to 19 age group driven by York's large student population relocating to the Higher Education establishments within the city. These issues are considered further in Section 6. York has experienced a more pronounced growth in population aged between 20 and 35 years when compared with the sub-region which is linked to both students, post graduate retention and York's role as an economic and employment hub.
 - **Ethnic composition:** York has the most ethnically diverse population in comparison to the other Local Authorities with 5.4% of York's population classified as 'non white' in the 2007 ONS population estimates, compared to 4% of the total North Yorkshire sub region. This is expected to be as a result of international student in-migration to York and, to a lesser extent, international in-migration for employment purposes. This represents a considerable growth from 2001, when the non-white population represented 2.2% of the population. The City of York also contains a high proportion of 'white other' persons (as demonstrated in Figure 3.6), representing 3.6% of the population when drawing on the 2007 MYE. This exceeds the North Yorkshire average representation of 2.8%. As with the 'non-white' population group, the City of York has experienced growth in the 'white other' group since 2001.
 - **Household composition:** The 2001 Census recorded a total of 77,000 households across York with 53,000 of these households located in the Suburban York sub area. By 2009 DCLG household estimates identified a total of 84,878 households in York. Headship rates in York have decreased by 0.02 from 2001- 2009. Household change by household type has shown that increases have occurred in 'one person households' (+4,577 households) and the 'one family and no others:

Couple (no dependent children,) (+ 3,405 households), with a decline in the number of family households with 2 or more children over the period of 196. The current total number of households represents a growth of 7,958 over the period 2001 and 2008, equating to 32.4% of the total North Yorkshire growth.

- **Student Population-** Based on student household returns to the 2011 household survey, approximately 80% of student households are residing within Suburban York, with no student households residing in the rural areas of the authority. Amongst student households which are private renters, terraced and semi detached stock are the most popular house types, with 49% and 40% of student households choosing to live in these property types respectively. There is considerable leakage of student households away from the City of York with the majority of students (51%) expecting to move elsewhere in the UK following their studies/training, with 21% planning to remain within the Local Authority.
- **Economic activity:** York has a very similar economic activity rate to both North Yorkshire and England and Wales, with an average economic activity rate of 76.4%. Since 2008 increases in unemployment in York have been focused amongst those in full-time employment. The relative strength of York's economy compared to wider economic benchmarks demonstrates York's position as an economic and employment hub with a high proportion is of total employment concentrated in 'top three' occupations. The latest economic projections suggest strong post-recession recovery within York.
- **Commuting trends:** York is one of only two North Yorkshire Local Authorities which have a net inflow in commuting terms (0.94), confirming York's role as a key commuter destination. Key inflows are from Selby and the East Riding of Yorkshire each providing over 5% of workers.
- **Income and Earnings:** More than 50% of households across York have incomes below £31,200 in 2011. However the polarity of incomes is evident with approximately 12% of households across York having incomes in excess of £52,000. Household incomes tend to be higher for those living in owner occupied dwellings with lower incomes concentrated amongst social renters. The levels of household savings varies across tenures, with those in owner occupation having larger savings than those in the private and social rented sector.

4. The Housing Stock

Current Dwelling Position

In order to identify areas where change is required it is important to understand the position from which you are starting. An understanding of the current 'Housing Offer' is fundamental to arriving at conclusions and recommendations regarding future requirements.

This section uses the latest information available to create a portrait of the current housing stock across North Yorkshire. This includes an estimation of the total number of dwellings. The mix of housing in terms of tenure and type is then considered, benchmarked against a range of comparators. Quality of the housing stock as well as quantity is assessed.

In addition to the existing housing stock the section concludes with a review of the potential future capacity of residential land to provide a steer on where new development could be delivered to evolve the current housing stock picture. Research findings relate directly to:

Core Output 1: Estimates of Current Dwellings in Terms of Size, Type, Condition, Tenure

Assessing the Changing Housing Offer – Recent Housing Supply

- 4.1 In 2010 York contained a total of 84,743 dwellings, of which 1535 are vacant, of which 452 are long term vacant¹³, resulting in a total long term dwelling occupancy level of 84,291 households, and a long term vacancy rate of approximately 0.5%. This is compared to a long term vacancy rate across North Yorkshire of 1.2%. The total number of dwellings within York represents 23.7% of the total North Yorkshire housing stock.
- Gross housing completions within York saw a marked decrease from previous levels in the annual monitoring year 2007/8, with a low point noted in 2008/9 of just over 500 units. This increased to levels closer to those recorded in 2003/4 in

2009/10, but is still below the high points of delivery recorded in 2004/5 where gross completions were above 1,000 units. This is reflective of wider housing delivery trends at the sub-regional, regional and national scales.

- In 2009/10 the gross completions in York represented 31.6% of the total gross completions across the sub-region – representing a proportional increase on both 2007/08 and 2008/09.

Figure 4. 1: Gross Housing Completions, 2003/4 – 2008/9, York

	Gross Housing Completions						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
York	669	1193	949	875	557	502	606
North Yorkshire	2007	3244	3370	3525	2879	2014	1918
Yorkshire & The Humber Region	-	14190	16040	16250	15670	11490	8170
England	-	155890	163400	167680	168770	134020	115080

Source: Local Authority Annual Monitoring, CLG, 2010

- The trend in net level of completions within York generally reflects that of the gross completions presented previously. The high points of net delivery are noted in 2004/5 and 2005/6, followed by a low point of delivery in 2008/9 and recovery noted in 2009/10.
- In 2009/10 the net completions in York represented 35.9% of the total net completions across the sub-region.

Figure 4. 2: Net Housing Completions, 2003/4 – 2008/9, York¹⁴

	Net Housing Completions						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
York	525	1160	906	798	523	451	507
North Yorkshire	989	2714	2824	2974	2260	1504	1414

¹³ Data has been obtained from the 2010 Housing Strategy Statistical Appendix (HSSA) to ensure a consistent approach across the sub-region. Long-term vacancy refers to properties empty for 6 months or longer. Note: 'dwellings' is a different measure to 'households'.

¹⁴ To arrive at net completions allowance is made for both residential demolition and conversions from residential to other uses that reduce the gross completion figures.

Source: Local Authority Annual Monitoring, 2010

Vacancy

4.2 Vacancy within the dwelling stock continues to represent an important component of York’s housing offer and supply position. Data obtained from HSSA (2010) suggests a vacancy rate of 1.8% across the total stock in York below the 2.6% recorded across North Yorkshire. The rate of long term vacant (6 months or more) private properties in North Yorkshire is 1.2% compared to 0.5% across York highlighting the high level of turnover and demand within the private market within the area.

Figure 4. 3: Vacant Properties, 2010, York

	Dwellings	Vacant Properties (Total)		Private Sector Properties Vacant for more than 6 months	
		Absolute Number	Vacancy Rate	Absolute Number	Vacancy Rate
York	84,743	1535	1.8%	452	0.5%
Total North Yorkshire	356239	9200	2.6%	4,138	1.2%

Source: HSSA, 2010

Property Size and Type

4.3 In understanding the relationship between the supply of housing and demand for housing it is important to factor in the mix of the housing offer by both size and type. The Census provides the latest definitive measure of property size, type and stock figures that can be compared to wider geographies, whilst also providing local data below the City scale. Where appropriate Census 2001 data is therefore used as a benchmark.

4.4 At the time of the Census in 2001, the North Yorkshire sub-region was characterised by a high proportion of semi detached properties (33%), followed by detached properties (30.9%) and terraced properties (23%). Conversely at sub-regional scale the 2001 data suggests that there is a low representation of flatted dwellings within the sub-region, accounting for 12% of total stock. When compared to the sub-region, the 2001 stock profile within York included a higher proportion semi-detached properties and above average proportion terraced properties (37% and 26% respectively). York also contained over a lower proportion of detached properties and a higher proportion of flat/apartment properties than the sub-regional average – reflecting its considerable urban component.

Figure 4. 4: Property Type, York, 2001

		Dwelling Type- 2001 Census					
		House or Bungalow			Flat, Maisonette or Apartment	Other	Total ¹⁵
		Detached	Semi- Detached	Terraced			
York	Number	18350	29593	20507	10502	447	79399
	%	23.1%	37.3%	25.8%	13.2%	0.6%	100.0%
North Yorkshire	Number	103129	109990	76768	41021	2345	333253
	%	30.9%	33.0%	23.0%	12.3%	0.7%	100.0%
Yorkshire and Humber	Number	436152	809594	627890	274297	12679	2160612
	%	20.2%	37.5%	29.1%	12.7%	0.6%	100.0%
England and Wales	Number	5131821	7117662	5869878	4246029	173251	22538641
	%	22.8%	31.6%	26.0%	18.8%	0.8%	100.0%

Source: Census, 2001

Figure 4. 5: Property Type, Sub Areas, 2001

City of York – Sub Areas	Detached	Semi Detached	Terraced	Flats	Other
Central York	3.0%	7.5%	39.6%	49.6%	0.4%
Suburban York	17.4%	41.4%	28.6%	12.5%	0.1%
York Villages	47.0%	35.0%	12.8%	4.5%	0.7%

Source: Census, 2001

¹⁵ Drawn from Accommodation Type- Households Spaces, Census 2001, ONS

- 4.5 The 2001 property type profile for York varies significantly when disaggregated by sub area. Central York is predominately flats (49.6%), with a markedly low proportion of detached dwellings (3.0%). In comparison Suburban York and the York Villages are dominated by detached and semi detached dwellings. Flats are much less prevalent in the stock profile within York Villages.

- 4.6 The 2011 Household Survey has provided an update to the 2001 Census data¹⁶. The stock profile for the City of York in 2011 has similarities to that recorded in 2001 with a high proportion of semi-detached (37.2%) and terraced (26.5%) properties followed by detached (22.8%) and flatted dwellings (13.5%). Consequently development that has taken place in the interim years reflects an increase in flatted and terraced development.

- 4.7 The 2011 Household Survey provides a measure of dwelling size utilising the number of bedrooms in each home. This analysis indicates that York's stock profile comprises predominantly larger dwellings with 3 or more bedrooms, with 38.1% of properties with 3 bedrooms and 25.2% with 4+ bedrooms. 27.6% of properties have 2 bedrooms, with bedsits (0.8%) and 1 bedroom properties (8.3%) being less prevalent within the profile.

Dwelling Profile by Council Tax Band

Figure 4. 6: Absolute Change in Dwellings by Council Tax Band, 2003/4 – 2008/9, York

Absolute Change in Stock 2003- 2008				
	York	North Yorkshire	Yorkshire and the Humber	England and Wales
Total Stock	3214	14344	83171	946519
Band A	38	2071	3819	13478
Band B	640	3077	24519	181108
Band C	1203	3038	21801	262036
Band D	892	2851	18289	213054
Band E	244	1753	8794	120535
Band F	115	937	4144	99337
Band G	82	559	1837	39569
Band H	1	78	119	15054

Source: ONS, 2011

¹⁶ Note that the results of the 2011 Census will provide a definitive update of the stock profile in York.

Figure 4. 7: Percentage Change in Dwellings by Council Tax Band, 2003/4 – 2008/9, York

Absolute Change in Stock 2003- 2008				
	York	North Yorkshire	Yorkshire and the Humber	England and Wales
Total Stock	4.0%	4.2%	3.8%	4.1%
Band A	0.4%	3.9%	0.4%	0.2%
Band B	2.7%	3.8%	5.8%	4.0%
Band C	5.0%	3.7%	6.2%	5.3%
Band D	7.8%	5.8%	9.5%	6.2%
Band E	3.6%	4.7%	7.2%	5.5%
Band F	3.9%	4.4%	7.1%	8.8%
Band G	6.0%	4.2%	5.3%	4.9%
Band H	1.0%	6.7%	4.0%	12.3%

Source: ONS, 2011

- North Yorkshire saw increases in the total number of properties across all Council Tax Bands between 2003 and 2008, above both regional and national change (4.2% compared to 3.8% and 4.1% respectively). There were specific increases in the number of family houses and higher values properties.
- The change in stock within York was more significant than across North Yorkshire within a number of Bands including Band C, Band D, and Band G; conversely the change was less significant in Bands A, B, E, F and G.

Dwelling Profile by Tenure

- The tenure profile of dwellings across North Yorkshire highlights the importance of owner occupation, with 74% of dwellings falling into this category, followed by the social rented sector (13%) and private rented tenure (11%).
- The dwelling tenure profile of York is similar to that of North Yorkshire, with a high level of owner occupation (72%) and higher levels of the social rented tenure (15%) than private rented tenure (10%).
- The high levels of owner occupation are concentrated within the York Villages sub area (81.0%) and, to a lesser extent, Suburban York (72.8%). Within Central York the rental sector is more prevalent with 28.4% private rented accommodation and 21.0% social rented dwellings.

Figure 4. 8: Dwelling Tenure Profile, York

		Dwelling Tenure - 2001 Census						
		Owner occupied		Intermediate (shared ownership)	Social rented (Council & RSL)	Rented (Private & other)	Other	Total
		Owns outright	Owns with mortgage or loan					
York	Number	24709	31001	610	11631	7696	1273	76920
	%	32.1%	40.3%	0.8%	15.1%	10.0%	1.7%	100.0%
North Yorkshire	Number	108663	120683	1611	39485	33245	6543	310230
	%	35.0%	38.9%	0.5%	12.7%	10.7%	2.1%	100.0%
Yorkshire and Humber	Number	589026	797360	9509	434176	187810	46867	2064748
	%	28.5%	38.6%	0.5%	21.0%	9.1%	2.3%	100.0%
England and Wales	Number	6380682	8396178	139605	4157251	2141322	445437	21660475
	%	29.5%	38.8%	0.6%	19.2%	9.9%	2.1%	100.0%

Source: Census, 2001

Figure 4. 9: Dwelling Tenure Profile, Sub Areas

	Owner Occupied (no mortgage)	Owner Occupied (with mortgage)	Owner Occupied (Shared Ownership)	Social Rented	Private Rented	Other
Central York	19.2%	23.8%	1.7%	21.0%	28.4%	5.8%
Suburban York	31.9%	40.9%	0.7%	15.9%	8.1%	2.5%
York Villages	37.1%	43.9%	0.8%	10.7%	4.2%	3.3%

Source: Census: 2001

4.8 The City of York Council Private Sector House Condition Survey (2008) provides an updated position on the tenure profile of city's dwelling stock. This survey estimates that the private rented sector has expanded considerably between 2001 and 2008, with 12,727 dwellings in this sector by 2008. When compared to the total housing stock in the City of York in 2008, which according to the HSSA (2008) constituted 84,168 dwellings, the private rented sector now accounts for approximately 15.1% of all dwellings, and could have grown further by 2011 if this trend has continued.

Property Condition and Quality

4.9 The quality of the housing stock represents an additional layer of information in understanding its capacity to match demand. The 2011 Household Survey provides an estimate of the number of households that stated they considered their dwelling to be in serious disrepair¹⁷. In York 2,690 households stated their homes as being in serious disrepair. This equates to over 3% of properties, compared to a sub regional average of 4%, and is one of the lowest levels across North Yorkshire.

4.10 When this is disaggregated by sub area it is possible to see that the absolute number of households identifying their property as being in serious disrepair fluctuates across the local authority area.

Figure 4. 10: Unsuitability – Households Stating home in Serious Disrepair, 2011

Location	Households Where Home is in Disrepair	
	Count	%
Central York	443	16.5%
Suburban York	1,823	67.7%
York Villages	425	15.8%
York: Total	2,690	100%

Source: 2011 Household Survey

City of York Council Private Sector House Condition Survey 2008

4.11 The City of York Council's Private Sector Condition Survey 2008 was conducted on a sample of 1600 private sector dwellings which represent approximately 2% of the total private sector housing stock. At the time of the survey:

- The City contained 71,473 private dwellings of which 0.9% had been vacant for over 6 months.

¹⁷ Note: this is based on a household's self assessment of the physical condition of their property.

- The housing stock had a mixed age profile but with significant pre war construction. The oldest housing age profile was associated with the private-rented sector.
- 4.12 Housing conditions for private housing in the City are better than the national average but remain a significant problem within York. 19.2% of dwellings in York are classed as 'non-decent' compared with 37.5% nationally¹⁸. The most common problems in the dwelling stock relate to energy efficiency and Category 1 hazards within the Health and Safety Rating System (HHSRS). Overall 9.1% of properties exhibit Category 1 hazards, compared to a national average of 23.5%, with the most common hazards relating to excess cold and the risk of falls on steps and stairs. 2.1% of dwellings are classed as unfit, compared to a national rate of 3.9%.
- 4.13 Although the City has met the Government's previous Public Service Agreement (PSA 7) targets measuring the proportion of vulnerable households living in decent homes, poor housing conditions are disproportionately associated with social and economic disadvantage.
- Elderly households comprise 32.9% of all households living in non-decent private sector homes.
 - Economically vulnerable households comprise 26.3% of all households living in non-decent private sector homes.
 - Currently 14,985 vulnerable households (79.4%) live in decent homes exceeding the previous PSA 7 targets set for the proportion of vulnerable households in the City residing in decent homes within the private sector.
- 4.14 It is evident that the City of York has performed strongly in improving private sector stock condition. However, costs to repair and improve remaining non-decent private sector homes in the City are estimated at £63 million. Housing strategy and policy should be directed to continue to improve decency and housing conditions where funding is available – particularly for elderly and economically vulnerable groups.


Overcrowding and Under-Occupation

- York has relatively few overcrowded households, totalling 1,922 households which represent 2.4% of total households. Overcrowding is concentrated in households with 3 bedrooms and studio/ bedsits.

- York has a total of 28,547 under-occupied households which represents 35.7% of total households. Under-occupied households are predominately requiring 1 or 2 bedroom properties but are currently occupying much larger properties with 3 bedrooms or more.

Figure 4. 11: Overcrowding and Under-Occupation, 2011, York¹⁹

Overcrowding & Under-occupation - City of York						
Number of Bedrooms Required	Number of Bedrooms in Home					
	Studio / Bedsit	1	2	3	4+	Total
1	600	6,308	15,147	14,598	8,286	44,939
2	0	255	6,189	11,425	5,663	23,533
3	0	0	381	4,029	4,640	9,051
4+	0	0	0	685	1,737	2,423
Total	600	6,563	21,717	30,737	20,327	79,945

 Under-occupied households
 Overcrowded households

Source: 2011 Household Survey

- Overcrowding and under-occupation affect some of the York sub areas more than others. Figure 4.12 illustrates this in more detail. This shows that under-occupation and overcrowding are most prevalent within the Suburban York sub-area of York.

Figure 4. 12: Overcrowding and Under-Occupation, 2011, Sub area

Location	Households			
	Under-occupied		Overcrowded	
	Total	%	Total	%
Central York	944	3%	486	25%
Suburban York	20,365	71%	1,190	62%
York Villages	7,238	25%	245	13%
York: Total	28,547	100%	1,922	100%

Source: 2011 Household Survey

¹⁸ For a full definition of a 'Decent Home' please refer to: *A Decent Home: Definition and Guidance for Implementation* (June 2006 Update) CLG

¹⁹ Note: Total household figure relates to weighted number of households drawing on the 2011 primary household survey.

Future Supply Capacity

Five-Year Supply of Land

- 4.15 The City of York Council's emerging housing trajectory has identified a five year supply of 4,343 dwellings for the period 2011/12- 2015/16. For the period 2016/17- 2020/21 the City of York has a site supply of 4,754 dwellings and for 2021/22 – 2025/26 the City of York has a supply of 2,330 dwellings.

Bringing the Evidence Together

- 4.16 The purpose of this section has been to undertake analysis to provide an up-to-date assessment of the characteristics of York and its sub regions' housing stock, set in the context of the wider North Yorkshire position presented in the main report.
- 4.17 The key issues and findings emerging from the analysis are summarised below:
- **Total Stock:** There are a total of 83,208 occupied properties in York as recorded in the 2009/2010 HSSA dataset (when vacancy is removed) which is the largest component of stock across North Yorkshire, reflecting York's position as the major urban area in the sub-region.
 - **Recent housing supply:** Between 2004 and 2010 approximately 5,300 residential properties have been built (gross) in York. Gross completions have fallen from 2004 peak levels of over 1,100 per annum across York to 606 in 2009/10. This is reflective of wider trends in development across North Yorkshire, the region and England as a whole.
 - **Vacancy:** 1.8% of properties are classified as vacant across York according to 2009/10 HSSA data which is one of the lowest rates amongst the North Yorkshire Authorities with a sub regional average of 2.6%. Looking at long-term vacancy (over 6 months) York has very low levels at 0.5% when compared to North Yorkshire as a whole (1.2%). The low levels of vacant properties across York reinforces the high demand for property and the limited amounts of surplus stock available to meet current and future population and household requirements.
 - **Overcrowding /Under-occupation:** York has one of the highest levels of overcrowding in North Yorkshire, although it remains a very low proportion of households at 2.4% across York compared to 1.8% across North Yorkshire

(excluding Selby). A high proportion (36%) of households are classified as under-occupying their property according to the bedroom standard²⁰.

- **Property size and type profile:** In 2001 York's housing stock was dominated by semi detached properties (37% compared to 33% across North Yorkshire), followed by terraced properties (26%) and detached properties (23%). In comparison to the sub region there was a higher representation of flatted dwellings in York (13% compared to 12%). Property type varies by sub area with flats unsurprisingly focused in Central York where there is traditionally a higher demand for such products and detached and semi detached properties are predominately located in Suburban York and York Villages. An update is provided by the 2011 Household Survey, which indicates that flatted development has grown its share of the total stock profile in recent years – as a result of new development.
- **Dwelling profile by Council Tax band:** There has been an increase in higher value properties (Bands D, E, F, G, H) across York between 2003 and 2008 (latest data available), including a total growth within these bands of 22%, although this is noted to be below the proportional growth in these bands evident across North Yorkshire (26%).
- **Dwelling profile by tenure:** The tenure profile of York generally reflects that of the North Yorkshire sub region including approximately 74% of dwellings in owner occupation, although there is a higher proportion of social rented dwellings in York (at 15%) compared to 12% across North Yorkshire. The higher levels of social rented stock is concentrated in Central York, with owner occupation being more prevalent in Suburban York and York Villages. The Private Sector Stock Condition Survey (2008) provides a tenure update for the City, which suggests that the private rented sector has expanded since 2001 to comprise over 15% of the total dwelling stock.
- **Stock condition:** City of York has performed strongly in improving private sector stock condition. However, costs to repair and improve remaining non-decent private sector homes in the City are estimated at £63 million. Funding should be directed to continue to improve decency and housing conditions – particularly for elderly and economically vulnerable groups.

²⁰ Refer to Section 7 paragraphs 7.22 – 7.23 for a full definition of the 'bedroom standard' measure.

- **Five year land supply:** York has identified a five year supply of land in their emerging housing trajectory at 4,343 dwellings for the period 2011/12- 2015/16.

5. The Active Market

The CLG SHMA Guidance states that understanding house price change is key to understanding the housing market. It represents a direct indicator in relation to the supply and demand balance. For example at a basic level, where demand is lower than supply, the price will fall; where demand is higher than supply, the price will rise. Whilst this formula appears simple the recent 'credit crunch' has illustrated the vulnerability of the dynamics of the market to external factors including the availability of mortgage finance and the attitudes of lenders.

This section therefore concludes the assessment of the current housing market and examines a range of secondary data alongside the outputs of the primary needs survey to paint an up-to-date and detailed picture of the operation of the housing market across the City of York.

- 5.1 An overview of the active housing market across York is presented within this section. Market performance of different tenures represents a key indicator of the balance between housing demand and housing need.
- 5.2 Evaluating the active housing market requires an understanding of the actual cost of buying or renting a property and the level of housing need which relates to the ability to access housing. This review of the active market therefore includes a review of the key indicators of market performance for each of the tenures:
- The Owner Occupier Sector – detailed house price analysis, examination of the relative change in house prices and the current housing market across York;
 - Private Rented Sector – examination of rental levels of different components of the private rented sector which continues to form an increasingly important component of the overall housing offer; and
 - Social Rented Sector – review of the changes in demand as recorded through the waiting list for social rented properties and an assessment of current average rental levels.
- 5.3 The section concludes by drawing together the analysis of the different tenures to assess the functionality of the market in terms of the ability of households to access housing. This assessment includes analysis of households' expectations and aspirations

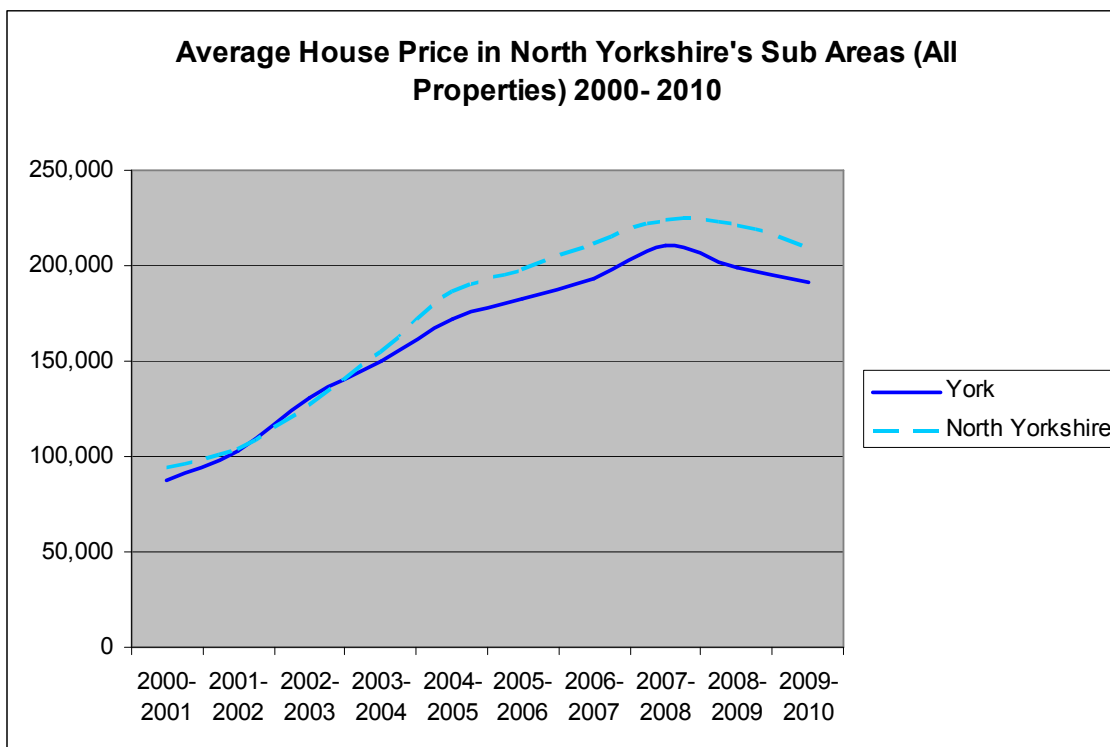
around tenure mobility as well as a contrasting of income and housing costs. Reference should be made to the national and regional housing market trends and outlook presented within the main report as context for the remainder of the section.

Owner Occupier Sector

5.4 The following sub-sections analyse the private sector value and sales context within the York property market by initially tracking the change historically over time before bringing the assessment up to date through consideration of the current housing market.

House Price Trends

Figure 5. 1: Trend in Average House Prices, Total, 2000 to 2010, York, North Yorkshire



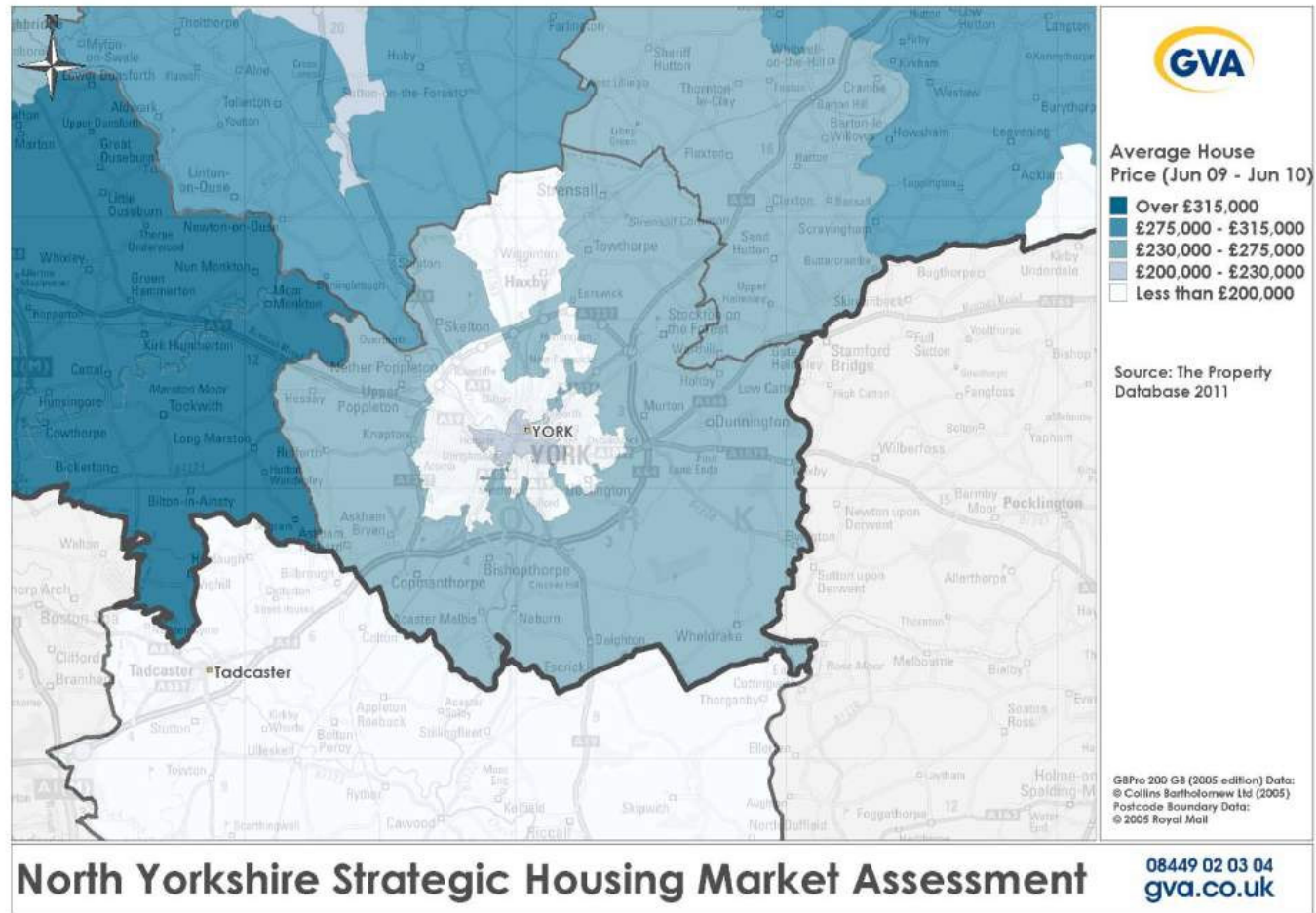
Source: CLG, 2010

- The North Yorkshire sub region has experienced strong price increases since 2001 at 122.8%. In line with national trends average house prices within North Yorkshire have fallen 6.2% since the 2007/08 peak to £209,903.

- Since 2001 York has experienced average house price uplift of 118.5%, which is below the North Yorkshire average of 122.8%. This is despite York's lower base position in 2000/01. In 2009/10 York's average house price was £191,144, 9.4% below its peak of £210,942 in 2007/08.
- Consultation with local agents in the York market²¹ suggests that house prices have begun to gradually increase since Autumn 2010 due to increased interest and demand. It is important to recognise the anecdotal nature of this view – balancing it against available data. Local agents suggested that demand has been driven by market actors re-entering the market, including buy to let investors, and, to a lesser extent, by the gradual return of first time buyers. The city centre is perceived as the focus of demand, with the suburbs also experiencing good levels of interest.

²¹ City Lets, York and Churchills Estate Agent; York

Figure 5. 2: Average House Prices, Total, 2009 to 2010, York, Postcode Sector (Plan)



Source: The Property Database, 2011

- There are clear concentrations of higher values in the rural areas of York outside of the central core and immediate suburban surroundings..
- Figure 5.3 clearly reinforces that the higher median house price values are concentrated in the York Villages sub area.

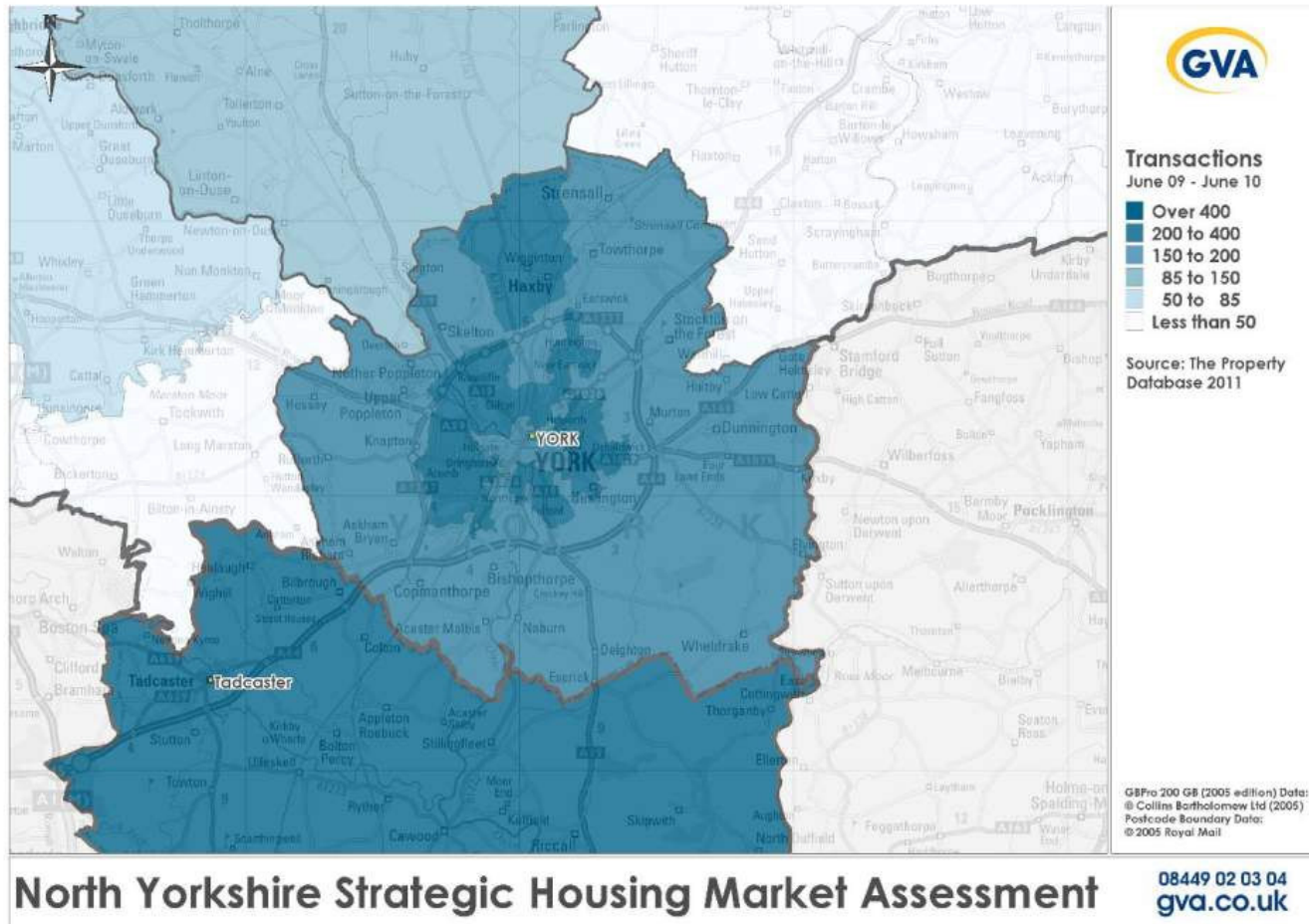
Figure 5. 3: Median House Prices, Sub Areas

City of York	Median House Price
Central York	£205,017
Suburban York	£183,996
York Villages	£250,225

Source: The Property Database, 2011

- York has experienced a high number of residential property transactions in comparison to the rest of the sub-region. The areas surrounding the city centre and Haxby have experienced the highest rates of transactions.

Figure 5. 4: Volume of Residential Property Transactions, 2009 to 2010, York (Plan)

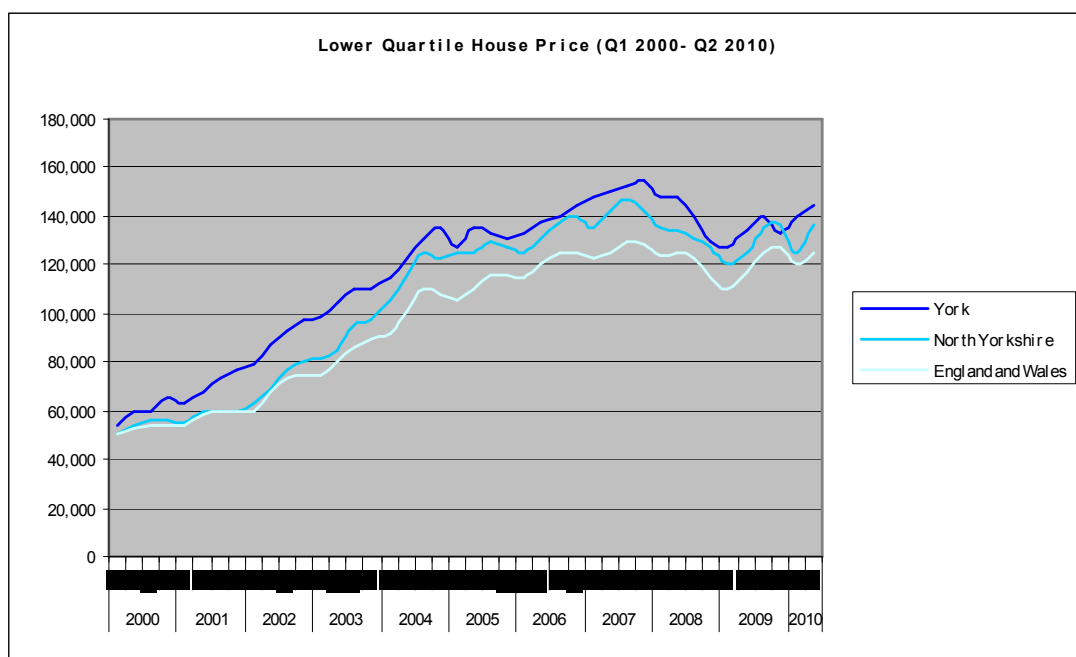


Source: The Property Database, 2011

Lower Quartile House Prices

5.5 The Department for Communities and Local Government (CLG) records the lower quartile house prices for each authority across the UK. The CLG SHMA Guidance (August 2007) recommends that the lower quartile price of properties represents the lower levels of the housing market, and such properties should be considered to be those most likely to be able to be purchased by households on lower incomes or households entering the market for the first time. This, and the use of lower quartile household income data, is explained in more detail later within this section when considering the benchmarking of household access to different housing tenures.

Figure 5. 5: Lower Quartile House Prices, 2000 to 2010, York



	Q1 2000	Q1 2005	Q1 2006	Q1 2007	Q1 2008	Q1 2009	Q1 2010	% Change (Q1 2001 - Q1 2010)
City of York	£54,000	£127,500	£133,000	£148,000	£147,500	£127,500	£140,000	159%
North Yorkshire	£51,000	£125,000	£125,000	£135,000	£135,000	£120,000	£125,000	145%
England and Wales	£50,000	£105,000	£115,000	£123,000	£123,500	£110,000	£120,000	140%

Source: CLG, 2010

- It is clear that for the majority of the timeframe considered (apart from Q4 2009 compared to North Yorkshire specifically), York has maintained lower quartile house prices in excess of both North Yorkshire and England and Wales.
- There was a clear reduction in lower quartile house prices across all three geographies during the period Q3 2007 to Q1 2009, although in all cases recovery (and resulting increase in lower quartile prices) is noted in the period since Q1 2009 (when recognition of seasonal peaks is allowed for).
- Figure 5.6 disaggregates lower quartile house prices by sub area drawing on Land Registry data sourced via The Property Database. It is clear the highest lower quartile house prices are focused in the York Villages sub area.

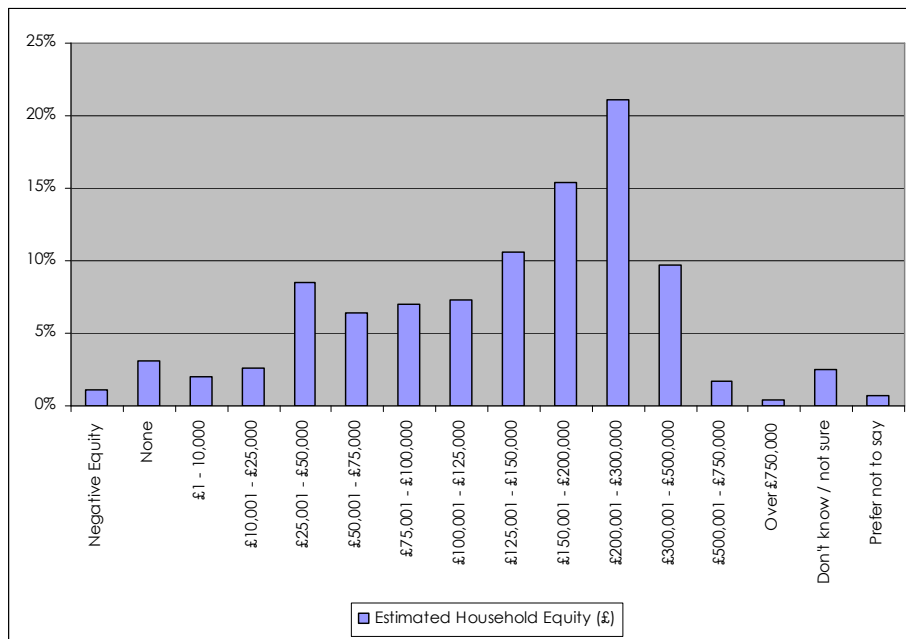
Figure 5. 6: Lower Quartile House Prices, York Sub Areas

	Lower Quartile House Price (all dwelling types)
Central York	£127,500
Suburban York	£130,000
York Villages	£160,000
City of York	£140,000

Source: The Property Database, 2011

5.6 Property equity is the difference between the open market value of a property and the outstanding balance of all debts on the property (e.g. mortgage). The acquisition of equity occurs as homeowners (in owner-occupation or intermediate tenures) pay down their mortgage or loan on their property or if the open market value of their property appreciates. Homeowners often use equity as a key driving factor in their financial capacity to place a deposit on a mortgage for a new home when moving. A lack of equity or presence of negative equity (where the property is worth less on the open market than the debt placed against it) makes it increasingly expensive to move home.

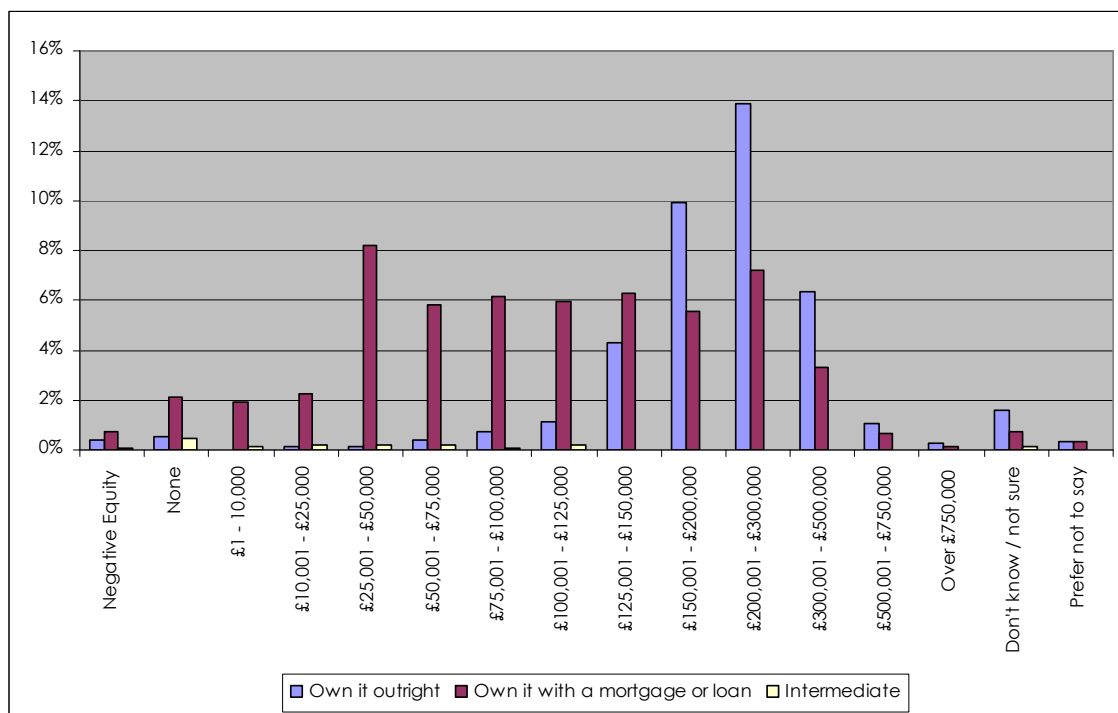
Figure 5. 7: Estimated Property Equity, York



Source: 2011 Household Survey

- The profile illustrates the relatively high value of property across the area, as well as the investment built-up within the properties of many households, with a clustering of households estimating their equity in property to be between £125,001 and £500,000.

Figure 5. 8: Tenure Balance of Estimated Property Equity, York



Source: 2011 Household Survey

- The data for households who own their property outright is a direct proxy for values across the area. This shows again the high value of property in the area with the majority of households with no mortgage valuing their property at between £150,000 and £500,000.
- Significantly, over 50% of households estimate that they have more than £50,000 of equity in their property. This suggests that they would be able to use this equity to put down a deposit on a new property if they were required, or chose, to move. Based on their own judgements, low proportions of households across the area consider themselves as being in negative equity.
- Perhaps unsurprisingly, given the limited level of households residing in intermediate properties, these households considered themselves to have relatively low amounts of equity within their homes when compared to the owner-occupied sector.

Private Rented Sector

- 5.7 Nationally this tenure has undergone levels of unprecedented growth and now continues to play an important role in the operation of the wider market offering an alternative to owner-occupation and the social rented sector.

Figure 5. 9: Private Sector Rent, York

Authority	Size (Beds)	Average Monthly Rent	Average Weekly Rent
City of York	1	£537.53	£124.05
	2	£813.68	£187.77
	3	£979.93	£226.14
	4+	£1,234.93	£284.98

Source: Rightmove, 2011

- 5.8 The 2011 Household Survey enables analysis of the rent paid by households residing in York’s private rental sector. The following figure presents this information. In York, there are a significant proportion of households paying above £650 per calendar month as rent within the private sector, with 16% of households paying between £650 and £867 per month on rent.
- 5.9 Those households paying high rents are predominantly renting from private landlords, estate or letting agents. In contrast, York also has a high proportion of households (22%) paying rents of between £260 and £347 per month which reflects the presence of shared student accommodation in York.
- 5.10 Residential agent consultation²² suggests that the lettings market in York, as across all of North Yorkshire, is thriving. The types of people seeking to rent is diversifying and demand for rental family accommodation is growing. Geographically demand tends to be focused on the city centre.
- 5.11 The following figure 5.10 presents household expenditure on private rented accommodation within York.

²² City Lets, York and Churchill’s Estate Agent; York

Figure 5. 10: Household Expenditure (in Rent on Monthly Basis) on Private Rented Accommodation, York

Rental Per Week / Month (£)	Household Expenditure on Housing Rent Per Month in Private Rented Sector - City of York			
	Rent from a Private Landlord, Estate or Letting Agent	Student Household Renting from Private Landlord	Rent it from a Relative / Friend of a Household Member	Total
Under £20 per week / under £86 Per calendar month	0.3%	0.8%	0.0%	1.1%
£20 to under £40 per week / £86 to under £173 per calendar month	1.2%	0.0%	0.0%	1.2%
£40 to under £60 per week / £173 to under £260 per calendar month	3.7%	3.2%	0.0%	6.9%
£60 to under £80 per week / £260 to under £347 per calendar month	8.7%	12.8%	0.4%	22.0%
£80 to under £100 per week / £347 to under £433 per calendar month	5.1%	0.0%	0.6%	5.7%
£100 to under £150 per week / £433 to under £650 per calendar month	36.1%	0.6%	0.0%	36.8%
£150 to under £200 per week / £650 to under £867 per calendar month	14.7%	1.5%	0.0%	16.2%
£200 to under £250 per week / £867 to under £1,083 per calendar month	4.1%	4.5%	0.0%	8.6%
£250 to under £300 per week / £1,083 to under £1,300 per calendar month	0.9%	0.6%	0.0%	1.6%
£300 or more per week / £1,300 or more per calendar month	0.0%	0.0%	0.0%	0.0%
Total	74.9%	24.0%	1.0%	100.0%

Source: 2011 Household Survey

Social Rented Sector

5.12 The social rented sector by its nature operates differently from both of the market tenures examined in this section. The tenure is intended to act as a safety net for households ensuring access to housing where household financial circumstances prevent access to other tenures. At the time of the publication of this research the Government is in the process of transforming the way in which the tenure operates in terms of rental levels and the allocation process for households. The delivery of new policy directives will fundamentally impact on the role of the tenure in relation to in particular the private rented sector and this will need to be considered as the research is monitored and updated in the future.

Figure 5. 11: HA (Housing Association) and Local Authority Average Weekly Rents, York

		Average Weekly Rents										
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
City of York	Local Authority Rent	43.60	45.70	48.95	48.23	50.05	52.00	50.42	58.47	60.37	61.86	62.96
	HA Rent	48.67	50.08	51.20	52.58	55.02	59.88	64.66	66.32	69.35	72.49	75.88
North Yorkshire	Local Authority Rent	44.10	46.06	47.97	48.82	50.43	52.28	54.61	57.16	60.51	62.16	63.18
	HA Rent	47.88	49.24	50.94	52.95	53.16	57.49	60.70	62.50	65.05	68.26	72.41
Yorkshire and the Humber	Local Authority Rent	36.95	39.44	41.70	42.48	44.18	46.03	48.28	51.74	53.87	55.63	56.89
	HA Rent	48.15	47.49	49.23	49.04	50.41	51.07	53.90	54.81	58.02	62.00	65.28
England	Local Authority Rent	45.62	47.87	49.93	51.02	52.90	55.27	57.93	61.62	64.21	66.05	67.36
	HA Rent	53.11	53.90	55.81	56.52	58.23	61.49	64.32	66.67	69.96	73.51	77.91

Source: CLG Live Tables (2010)

- Average weekly rents across the North Yorkshire social rented sector in North Yorkshire stand at around £63 per week for Local Authority tenants, compared to £72 for RSL tenants.
- Average weekly rents in York in comparison show similar Local Authority rents at £63 per week, but higher RSL rents at £76 per week.

Social Housing Waiting Lists

5.13 The North Yorkshire sub-region has 14,115 households registered as awaiting housing on local authority waiting lists as at April 2010 which represents 3.8% of all North Yorkshire households. York has 2,510 households on its waiting lists which represents 3.0% of all households²³.

²³ Note: The criteria for registering on housing waiting lists may differ between local authorities across North Yorkshire.

Considering Household Expectations and Aspirations

- 5.14 The 2011 household survey provides an insight into the expectation and aspirations of households across all tenures regarding the areas that they choose to live. In the last 2 years York has demonstrated a relatively high level of containment at 64%, with the majority of household moves therefore occurring within the Local Authority area.
- 5.15 However, households have also moved to the area from other local authorities within North Yorkshire such as Scarborough and Harrogate. Importantly, relationships are evident with other housing market areas outside North Yorkshire, with households moving into the city from the North West, Leeds and Selby. Moreover, 11.7% of moves are households moving in from elsewhere in the UK illustrating the draw of York as a destination to live on a national scale.
- 5.16 It is also possible to draw on the 2011 household survey to understand the location expectations of households currently residing in York whom expect to move home within the next 2 years.
- 5.17 Households in York who are planning to move in the next 2 years predominantly expect to remain in York itself, with Central York proving to be the most popular destination, especially amongst those already living in Central York and Suburban York. Scarborough is the most popular destination within North Yorkshire with 2.5% of households planning to move here in the next two years. 11.9% of households plan to move elsewhere in the UK.

Figure 5. 12: Household Movements, Households in Last 2 Years, York

Previous Location	Households Moving in Past 2 Years - Current and Previous Location: City of York			
	Existing Location			Proportion of Total Moves
	Central York	York Villages	Suburban York	
York: Central York	43.0%	13.8%	22.5%	24.3%
York: Rest of Suburban York	12.9%	17.5%	30.0%	26.0%
York: Askham Bryan	.0%	.5%	0.1%	.2%
York: Bishopthorpe	.0%	5.1%	0.0%	.7%
York: Copmanthorpe	.0%	3.1%	1.1%	1.2%
York: Crockey Hill	.0%	.5%	0.0%	.1%
York: New Earswick	.0%	3.8%	0.2%	.6%
York: Skelton	1.0%	.0%	0.4%	.4%
York: Stockton on the Forest	.0%	.0%	0.2%	.2%
York: Strensall	.0%	.0%	0.5%	.4%
York: Towthorpe	.0%	1.5%	0.0%	.2%
York: Upper and Nether Poppleton	.0%	1.9%	0.2%	.4%
York: Other	8.4%	11.5%	9.1%	9.3%
Hambleton	1.9%	.0%	0.7%	.8%
Harrogate	1.8%	4.4%	0.6%	1.3%
Ryedale	.9%	.0%	0.2%	.3%
Scarborough	.0%	2.2%	0.3%	.5%
Selby	3.6%	9.9%	0.0%	1.8%
Leeds	1.0%	4.0%	2.6%	2.5%
Hull / East Riding of Yorkshire	1.8%	.0%	2.5%	2.1%
Elsewhere in Yorkshire and Humber	1.0%	3.3%	8.0%	6.4%
North East	1.2%	1.5%	2.5%	2.2%
North West	2.7%	1.2%	4.2%	3.6%
East Midlands	1.8%	.0%	0.0%	.3%
Elsewhere in the UK	10.3%	11.2%	12.1%	11.7%
Outside of the UK	6.8%	3.0%	2.1%	2.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: 2011 Household Survey

Figure 5. 13: Where Households would Realistically Expect to Move, York

Expected Location	Where Households Planning to Move in Next 2 Years Realistically Expect to Move to - City of York			
	Existing Location			Proportion of Total Expected Moves
	Central York	York Villages	Suburban York	
York: Central York	39.5%	3.7%	24.2%	25.2%
York: Rest of Suburban York	7.4%	29.4%	26.9%	23.6%
York: Acaster Malbis	.0%	.0%	1.2%	.9%
York: Bishopthorpe	.0%	.0%	1.0%	.8%
York: Copmanthorpe	.0%	6.2%	0.0%	.5%
York: Deighton	4.0%	1.6%	0.0%	.9%
York: Dunnington	.0%	3.3%	0.0%	.3%
York: Hessay	.0%	3.4%	0.0%	.3%
York: Holtby	.0%	2.5%	0.0%	.2%
York: New Earswick	.0%	.0%	2.0%	1.5%
York: Rufforth	.0%	.0%	0.5%	.4%
York: Strensall	1.0%	2.9%	0.8%	1.0%
York: Upper and Nether Poppleton	3.6%	4.6%	0.9%	1.7%
York: Wheldrake	.0%	4.4%	0.5%	.7%
York: Other	.0%	2.4%	2.6%	2.1%
York: City Centre	7.7%	.0%	0.0%	1.4%
York: Rural	.0%	.0%	2.1%	1.6%
York: Urban	.0%	.0%	7.6%	5.6%
Harrogate	2.0%	.0%	1.0%	1.1%
Richmondshire	.0%	5.2%	0.0%	.4%
Ryedale	2.0%	1.2%	1.9%	1.9%
Scarborough	.0%	.0%	3.4%	2.5%
Selby	.0%	1.1%	0.0%	.1%
Leeds	3.5%	.0%	0.2%	.7%
Hull / East Riding of Yorkshire	2.6%	.0%	0.5%	.8%
Elsewhere in Yorkshire and Humber	.0%	5.7%	4.1%	3.5%
North East	7.9%	5.5%	0.6%	2.3%
North West	.0%	1.3%	1.2%	1.0%
East Midlands	3.1%	.0%	0.6%	1.0%
Elsewhere in the UK	10.9%	13.2%	12.0%	11.9%
Outside of the UK	4.7%	2.4%	4.1%	4.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: 2011 Household Survey

- 5.18 The 2011 household survey can also be utilised to understand household moves and expectations by tenure.
- 5.19 In York almost 44% of households planning to move in the next 2 years are expecting to own their property with a mortgage or loan, compared to 36.8% across North Yorkshire. Social renting and private renting are also popular choices with 30.6% and 29.6% respectively expecting to live in these tenures. In comparison to the other North Yorkshire Local Authorities, York has a much smaller proportion of households expecting to own their property outright at 12.2%. This is both expected to reflect the demographic of the city, as well as the elevated house prices.
- 5.20 In the last two years households who have moved have predominately remained within in their existing tenure. Owner occupation has proven a popular tenure choice with 15.1% of moves from the private rented tenure and 4.5% of moves from living with family or friends to either the own outright or own with mortgage or loan tenures. These factors suggest that households continue to aspire towards owner-occupation within the York housing market.
- 5.21 Interestingly, a small proportion of households (2.4%) have moved from the private rented sector into the social rented sector, which is likely to be a result of cost pressures.

Figure 5. 14: Housing Tenure Expectations, York

Authority	Households Planning to Move in the 2 Years - Tenure Expectation: Local Authorities & North Yorkshire									
	Expected Tenure									
	Own Outright	Own with Mortgage or Loan	Intermediate	Social Rent	Private Rent	Tied Accommodation	Living with Family or Friends	Managed Student Accommodation	Other	Total
City of York	12.2%	43.8%	9.4%	30.6%	29.6%	0.2%	2.4%	1.3%	1.0%	100.0%
North Yorkshire	22.8%	36.8%	8.2%	36.7%	26.6%	0.4%	1.2%	0.5%	0.6%	100.0%

Figure 5. 15: Previous Tenure by Current Tenure (households moving in last 2 years), York

Previous Tenure	Households Moving in Last 2 Years - Previous Tenure and Current Tenure: City of York									
	Current Tenure									
	Own Outright	Own with Mortgage or Loan	Intermediate	Social Rent	Private Rent	Tied Accommodation	Living with Family or Friends	Managed Student Accommodation	Other	Total
Own Outright	8.1%	1.9%	0.1%	0.6%	3.0%	0.0%	0.0%	0.0%	0.0%	13.7%
Own with Mortgage or Loan	1.0%	13.5%	0.0%	0.6%	3.1%	0.0%	0.0%	0.4%	0.0%	18.7%
Intermediate	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Social Rent	0.2%	0.0%	0.0%	5.5%	1.2%	0.0%	0.0%	0.0%	0.0%	6.9%
Private Rent	2.0%	13.1%	1.1%	2.4%	20.6%	0.0%	0.8%	0.0%	0.0%	39.9%
Tied Accommodation	0.2%	0.0%	0.0%	0.5%	0.3%	0.1%	0.0%	0.0%	0.0%	1.1%
Living with Family or Friends	1.0%	3.5%	0.0%	2.1%	3.9%	0.0%	0.0%	0.4%	0.0%	10.9%
Managed Student Accommodation	0.1%	0.0%	0.0%	0.0%	6.6%	0.0%	0.0%	0.0%	0.0%	6.8%
Other	0.3%	1.0%	0.0%	0.2%	0.5%	0.0%	0.0%	0.0%	0.0%	1.9%
Total	12.9%	33.0%	1.2%	11.9%	39.3%	0.1%	0.8%	0.9%	0.0%	100.0%

Source: 2011 Household Survey

Mortgage Finance

- 5.22 One of the underlying drivers behind the lack of mobility in the housing market, in particular the owner-occupier market, remains the tightening of mortgage finance by financial lending institutions (banks and building societies) since the 'credit crunch' in 2008, with the subsequent removal of all 100%, 95% and the majority of 90% mortgage products from the market. The result has been that prospective purchasers have had to raise increased capital deposits to access mortgage products, which has had a limiting effect on the ability of those households with low incomes and savings (for example first time buyers) to access the owner occupied sector.
- 5.23 Full analysis of the availability of mortgages across the UK and the Yorkshire and Humber region is provided within the main report. There are noted short to medium term constraints to accessing mortgage finance across both geographies.
- Assuming lenders require a 10% deposit, with interest rates of 5.49%, and a 25-year repayment period, a repayment mortgage for the lower quartile average house price within York stands at £898 per month, with an interest only mortgage lower at £662 per month.
 - In comparison to North Yorkshire, York is an expensive Local Authority area to become an owner occupier with mortgage payments for both a repayment mortgage and an interest only mortgage in excess of the North Yorkshire averages.

Figure 5. 16: Mortgage Repayments on Lower Quartile Homes, York, North Yorkshire

Authority	Mortgage Repayments for Lower Quartile Property (November 2010)					
	Lower Quartile House Price (Q2 2010)	Mortgage (25 year term)	Repayment mortgage		Interest only mortgage	
			Monthly payments	Weekly payments	Monthly payments	Weekly payments
City of York	£144,625.00	£130,162.50	£897.59	£224.40	£661.65	£165.41
North Yorkshire	£136,000.00	£122,400.00	£844.06	£211.01	£622.2	£155.55

Source: LCC; FSA 'Money Made Clear' Mortgage Calculator

Benchmarking Access to Different Housing Tenures

5.24 The analysis of the active market has clearly highlighted the current issues facing the housing market across York, including a reduction in activity. The data assembled above has been drawn together in this final sub-section to present an indication of the relative affordability of different tenures of housing in relation to the financial capacity of households in York. The CLG SHMA guidance (August 2007) suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability. The two core elements are:

- Assessing whether a household can afford to buy a home; and
- Assessing whether a household can afford to rent a home.

5.25 It is important to note that this analysis is presented for illustrative purposes, with a full analysis undertaken (utilising income multipliers for both single-occupant/income and multi-occupant/income) households within the affordable housing needs assessment conducted in Section 7 in line with the CLG Guidance.

5.26 A series of key assumptions used in the benchmarking assessment of these elements are set out as follows.

Key Affordability Benchmarking Assumptions

5.27 Within its guiding methodology for assessing affordability, the CLG SHMA Guidance (August 2007) recommends the following standardised assumptions when assessing affordability:

- Lower Quartile house prices are utilised to represent lower market entry properties.
- A household with a single income is considered able to buy a home if it costs 3.5 times the gross household income; however in the current market banks are looking more closely at affordability and credit worthiness and so this report also considers an alternative benchmark for whether residents can afford to buy a home relating to the proportion of income that mortgage repayments represent. This alternative measure of ability to buy a home assumes that a bank will advance mortgage funding if the mortgage repayments represent no more than 20% of a households gross income. This is lower than the 25% of gross income assumed that would allow individuals to access market rented property, based on the assumption that owner occupation has additional costs such as maintenance, buildings and other insurances etc.

- A household is considered able to afford open market (private) rental housing in cases where the rent payable would constitute no more than 25% of their gross household income;
- 'Rent payable' is defined as the entire rent due, even if it is partially or entirely met by housing benefit; and
- Annual social housing rents are calculated from an average taken of RSL rental levels.

5.28 The benchmark values to access different housing tenures in York are shown in the following table²⁴.

Figure 5. 17: Benchmark Property Values, York

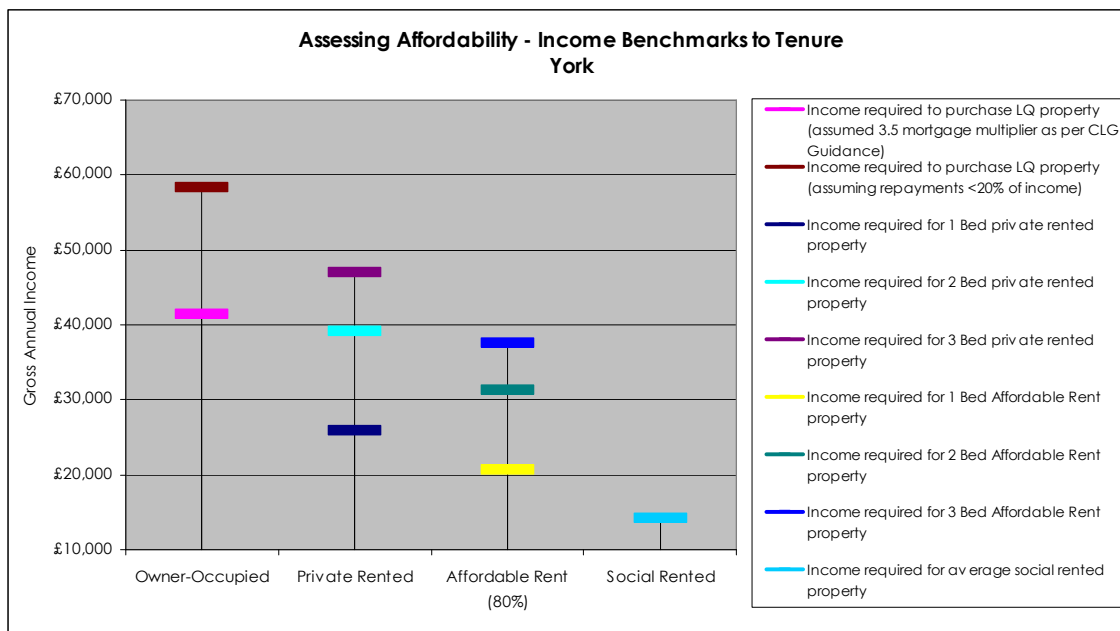
Location	Benchmark Property Values		
	House Price	Average weekly rent	Annual Rent
York			
Market Entry			
Lower Quartile Price (April 2009 - March 2010)	£144,625	n/a	n/a
Market Rented			
1 Bed rental properties	n/a	£124	£6,450
2 Bed rental properties	n/a	£188	£9,764
3 Bed rental properties	n/a	£226	£11,759
Affordable Rent			
1 Bed rental properties	n/a	£99	£5,160
2 Bed rental properties	n/a	£150	£7,811
3 Bed rental properties	n/a	£181	£9,407
Social Rented			
Average rents in social rented properties	n/a	£68	£3,543

Source: GVA, 2011

5.29 Under these assumptions the following figure indicates the income required to access these different elements of the housing market in York.

²⁴ Refer to Section 7 paragraphs 7.82 – 7.86 for a full definition of Affordable Rent dwellings

Figure 5. 18: Income Benchmarks to Tenure, York



Source: GVA, 2011

- In York the income required to purchase a lower quartile house, based on a 3.5 time a single income household's earnings is £41,321. However in the current banks tend to lend only if mortgage repayments are less than 20% of gross income. In this context the income required would be in the region of £58,343 in York.
- Income levels required to access the private rented sector are below the income required to purchase, with the income required for a 1 bed property at £25,802, a 2 bed property at £39,057 and a 3 bed property at £47,037.
- For an Affordable rent²⁵ property, the income level required to access a 1 bed property is £20,641, a 2 bed property is £31,245 and a 3 bed property is £37,629.
- The income required for an average social rented property stands at £14,170.

5.30 Drawing on the response to the 2011 Household Survey, the median (average) household income in the City of York in 2011 is estimated at £22,100. When this is compared to the average income level required to access the private owner-

²⁵ Refer to Section 7 paragraphs 7.82 – 7.86 for a full definition of Affordable Rent dwellings

occupied housing market, which is £58,343 when a ceiling mortgage spend of 20% of a household's annual income is applied, it is apparent that the private housing market is inaccessible for many households.

- 5.31 The affordability problem is exacerbated by many households inability to access the private rental market and affordable rental market, with incomes required for 2 bed (£39,057) and 3 bed (£47,037) private rented property and 3 bed affordable rented property (£37,639) is excess of York's average household income.

Bringing the Evidence Together

- 5.32 The purpose of this section has been to undertake analysis to provide an up-to-date assessment of the residential property market in York, set in the context of the wider North Yorkshire position presented in the main report.

- 5.33 The key issues and findings emerging from the analysis are summarised below:

- **Owner occupier house price trends:** York has experienced a rise in average house prices since 2000, peaking (inline with the wider market) at a high of £210,942 in December 2007/08. Current average house prices in York have fallen by almost 10% since 2007/08. Current values vary throughout the Local Authority area with the York Villages sub area recording the highest median house price of £250,225. Lower quartile house prices within York have been consistently above sub regional average levels (apart from Q4 2009). The lowest lower quartile house price is in Central York at £127,500, which reflects the prevalence of smaller properties in the city centre. This indicates towards the affordability challenge likely to be experience by households wishing to access entry level market housing in the city.
- **Private Rented Sector:** York has growing levels of demand for this tenure – reflected in approximately a 50% expansion between 2001 and 2008. This is also reflected in rents with over a quarter of private renters paying in excess of £650 per calendar month. However, almost a quarter of private renters are paying between £260 and £347 per month, which is likely to be due to the prevalence of shared student accommodation in York.
- **Social rented sector:** In York average weekly rents for Local Authority tenants (£63 per week) and RSL tenants (£76 per week) are broadly in line with sub-regional

trends. Social housing waiting lists are also broadly similar with 3.0% of all households in York on its waiting list.

- **Household Movements:** York demonstrates a high rate of household retention with 64% of those planning to move in the next two years planning to remain in York. Owner occupation remains a popular aspiration with almost half of household planning to move expecting to move to this tenure. However, recent trends have demonstrated that people tend to remain within their current tenure, although in York those who do move tenures do tend to move to owner occupied properties.
- **Access to the housing market:** Benchmarking of incomes to tenure suggests a significant mismatch between average income required to access the market (£58,343 in York assuming a ceiling mortgage spend of 20%) compared to average median household income levels across the city of under £22,100.

Part 2: Future Housing Market and Need

6. Future Housing Market

The preceding sections whilst assessing the state of the current housing market have also examined the demographic, economic and active market drivers likely to influence the future housing market.

The North Yorkshire SHMA Report includes a detailed analysis of a series of household projections in order to assemble different scenarios of household change. This is used to provide an indication of the potential quantum of households requiring housing in the future based upon an assessment of demographic and economic drivers. These projections need to be considered alongside the findings of the following section in order to assess the split in the demand this result in by tenure, at least over the short-term. In turn through analysis of detailed demographic projections and the 2011 Household Survey projections are arrived regarding the future demand for different property sizes across all tenures. These clearly have important implications for the setting of future policy and strategy.

The purpose of this section within the Appendix is not to replicate this analysis. The data examined does not allow for a sub-area disaggregation of data, with the proceeding section providing a sub-area short-term projection of housing need. This section therefore presents the headline findings of the North Yorkshire Report Section 7 alongside a series of local authority tables and charts to provide additional information and complementary analysis to the North Yorkshire SHMA.

Research findings relate directly to:

[Core Output 3: Estimate of total future number of households, broken down by age and type where possible;](#)

[Core Output 6: Estimate of future households requiring market housing \(by size\).](#)

- 6.1 This section presents the key individual authority tables and charts presented within the main North Yorkshire report. The North Yorkshire Report provides a full account of the methodologies applied and the strengths and limitations of various datasets. The information presented here is therefore intended to aid the reader to understand the individual authority's characteristics and trends in greater detail.
- 6.2 The North Yorkshire report presents three Core Scenarios. Whilst the North Yorkshire report presents a series of sensitivities highlighting the impact of changing specific

variables underpinning these Core Scenarios these are not replicated within this Authority Appendix document. Following the presentation of the Core Scenarios analysis of the projected changes to age and household composition within the authority based on the assumptions underpinning the sub-national population and household projections is set out. The section concludes with analysis translating these long-term demographic trends and the findings of the Household Survey to arrive at estimations of the sizes of properties required to meet requirements.

North Yorkshire Findings

- 6.3 Nationally population projections indicate that the population is rising, with this growth in the overall number of people being compounded further in demand for housing by falling average household sizes. The result nationally is a well documented apparent mismatch between current and future supply and demand for housing. Under the previous Labour Government regionally set housing targets were an important component of the planning process in enabling levels of development which addressed this imbalance both locally and cumulatively at a national level. These statutory targets are in the process of being revoked and a new policy approach is starting to emerge. Until these policies are finalised the retention of housing targets remains a key element of the Core Strategy informing the authority's position in terms of its five year land supply. However, there exists considerably greater flexibility for these to be shaped to directly reflect local understanding of demand for housing.
- 6.4 Given the uncertain policy climate at the time in which this research is being written the analysis within the SHMA is intended to provide the Partnership Board and the respective local authorities across the sub-region with robust analysis of the drivers of housing demand in order to assist in the process of developing and validating future housing targets. The evidence base here is not intended to be directly transferable for authorities to translate evidence based household growth rates into housing targets within policy. It is recognised that as part of this process further consultation work will be required by individual authorities alongside further detailed analysis of individual circumstances and factors influencing potential supply and demand.
- 6.5 Section 7 of the North Yorkshire SHMA report considers the structural drivers of change – economic and demographic trends – and the implications of these for maintaining a balanced housing market. It first develops quantitative scenarios to consider the level of housing demand (i.e. household growth). Three Core Scenarios are presented drawing on national and regional datasets:
- [Core Scenario 1 - 2008 based Sub-national Population / Household Projections \(ONS / DCLG\);](#)

- Core Scenario 2 – Natural Change based projection
- Core Scenario 3 – Impact of Economic Change

- 6.6 A series of Sensitivities are then presented and explored to illustrate the implications of altering assumptions within the 'official statistics' published by the ONS and DCLG.
- 6.7 The analysis in the North Yorkshire SHMA of these scenarios is undertaken at a local authority level. A number of headline conclusions are reached with their implications and the underpinning analysis for York considered in more detail within the rest of this section.
- 6.8 The sub-national population projections produced by the ONS form the base of all of the scenarios and show a projected increase in the population across North Yorkshire of 114,000 between 2008 and 2026. Migration represents a key driver behind this projected growth with historical trends analysed in Section 3 of this appendix being projected forward for each authority as a trend.
- 6.9 Under the Natural Change Scenario (Scenario 2), the two components of migration are removed from the projections (international and internal migration) to illustrate the impact on population assuming only the impact of natural change. Across North Yorkshire this would result in a projected growth of only approximately 13,300 people over the same time period. A number of authorities including, Craven, Hambleton, Ryedale and Scarborough would all experience a loss in their population under this scenario.
- 6.10 The final scenario, Scenario 3 – Impact of Economic Change, examines the application of a constraint to align the population, in particular the working age population, with the forecast numbers of jobs to be available in the area based upon the economic forecasts summarised in Section 3. The result of this constraint is to suggest a further level of population growth across all of the authorities except Selby compared with Scenario 1, noting that York is excluded from this Scenario²⁶.
- 6.11 In translating the population projections analysed above into household projections the projected levels of population are divided by projected household size statistics as provided by the DCLG within their published sub-national household projections. These projections assume a steady fall in household sizes from an average of 2.28 across North Yorkshire to 2.12 by 2026. The application of these household sizes (or headship rates) results in average annual household growth levels of 1,900 under Core Scenario 2 (Natural Change) and 4,300 under Core Scenario 1 (SNPP). Under Core

²⁶ Note: As referenced in Section 3 the City of York has commissioned independent local employment projections, which have in turn been used to inform a proposed level of household growth to inform the Core Strategy.

Scenario 3 the level of household growth is slightly higher than Core Scenario 1 for all authorities except Selby, with York excluded from the analysis given their production of an up-to-date evidence base to support their Core Strategy. Whilst Core Scenario 2 represents a hypothetical scenario which could never be realised it serves to demonstrate that even with no migration from outside of the North Yorkshire authorities there will be a healthy level of household growth which will require a response in terms of housing development. The other two scenarios both show levels of projected household growth which exceed the RSS housing targets, this is particularly pronounced in a number of authorities.

- 6.12 The SHMA analysis presented within the North Yorkshire SHMA draws on information from the Household Survey and the latest demographic analysis being undertaken by Edge Analytics to highlight the importance of understanding the sensitivity of the Core Scenarios to a number of factors. These serve to highlight that whilst trend based projections represent a robust approach to calculating potential future demand the last few years have shown the impact of external factors. The sensitivities highlight the potential weakness in projecting estimations of international migration forward at a flat rate, particularly with this rate being particularly high in the region and indeed in York and Richmondshire within the sub-region. In addition other factors such as the impact of affordability and commuting are considered in relation to the ongoing levels of internal migration into the area likely to be seen over the longer-term. Finally the important assumption around falling household sizes is examined in light of the information presented through the Household Survey, which shows that over recent years rates of newly forming households have fallen, primarily linked to market mobility issues and the supply of new properties. A number of these sensitivities are summarised within this Authority Appendix as they directly impact upon York, the full suite are not replicated here as they are intended to provide a strategic evidence base for consideration by all partners across North Yorkshire.

York Analysis

Core Scenarios – Projecting Population Growth

Core Scenario 1 – Sub-National Population Projections

- 6.13 The mid-year ONS estimates of population, analysed in Section 3, provide the base historical data for the **sub-national population projections** (SNPP), which are produced every two years. These datasets provide projections for a 25-year time-horizon, for each district and unitary authority. The projections represent an important part of any assessment of future household change and are specifically referenced within the DCLG SHMA Guidance.

- 6.14 Assumptions used by the sub-national population projections are based on recent evidence on births, deaths and migration, plus they incorporate evidence from an expert panel which has provided guidance on likely future trends in fertility, mortality and migration. SNPP are constrained to the total population estimated in the **national population projection** (NPP).
- 6.15 The latest 2008-based SNPP suggest that the population of North Yorkshire will increase by just over 114,000 people from a 2008 base to 2026. 2008 is used as a base date with this representing the point from which levels are projected rather than based within the ONS mid-year population estimates.
- 6.16 The following table quantifies the levels of population change estimated through the SNPP in York. This illustrates that York contributes almost 38,500 people to this growth, representing 34% of total growth across the sub-region.

Figure 6. 1: Population Projected Growth – 2008 – 2026 – Core Scenario 1

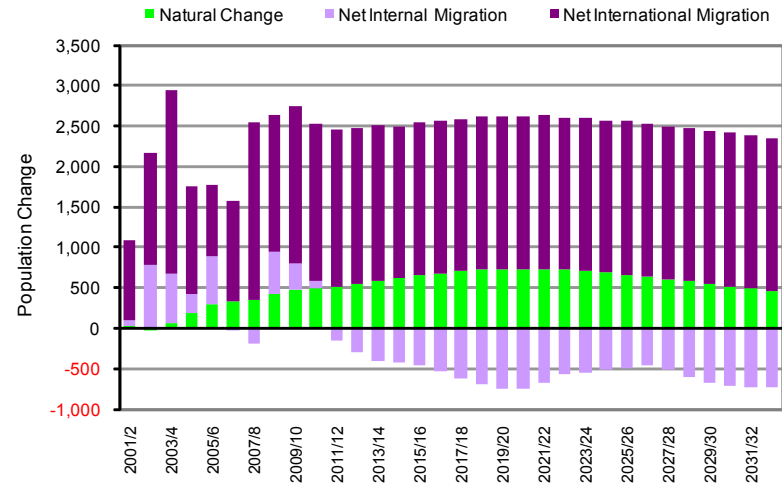
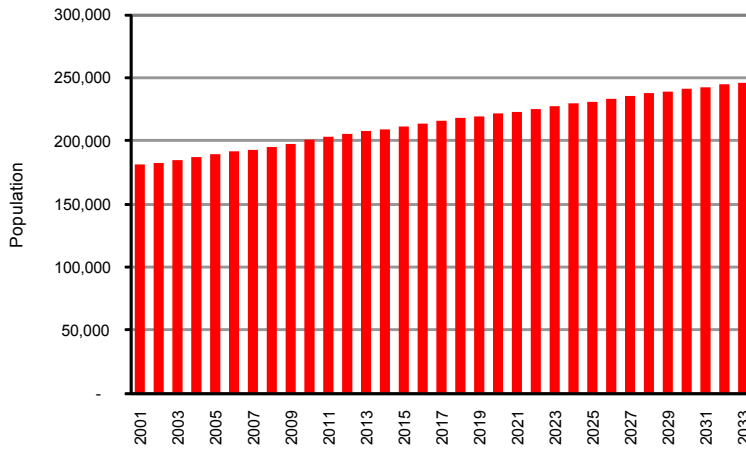
Authority	Total Population - 2008 base SNPP							
	Population Estimates				Projected change in Population		Annual Projected Change	
	2008	2011	2016	2026	2008 - 2016	2008 - 2026	2008 - 2016 (eight years)	2008 - 2026 (18 years)
York	194,887	202,798	213,520	233,344	18,633	38,457	2,329	2,137

Source: Edge Analytics, 2010, ONS, 2010

- 6.17 Under the SNPP York is projected to increase its population annually on average by over 2,100 people per annum between 2008 and 2026. The projections suggest that the population will grow more rapidly over the initial forecast period (2008 – 2016) with an annual uplift of over 2,300 people.
- 6.18 The annualised projected change in population as well as the individual components of change are illustrated through the following charts.

Figure 6. 2: Population Forecast and Components of Change

York



Source: Edge Analytics, 2010, ONS, 2010

- 6.19 From the chart it is clear that the relative importance of the components of change across York during the projection period vary slightly from the trends evident between 2001 – 2009. In York internal migration is projected to act as a drag factor (i.e. a negative level of change annually), in total the authority is projected to lose over 7,000 people to other parts of the UK in net terms between 2008 and 2026. In contrast international migration is projected to play a significant positive role in population growth with a net increase of almost 2,000 international migrants each year, adding up to over 36,000 people between 2008 and 2026. With the city having a comparatively youthful demographic structure, with this further reinforced through the projections of international migration (generally assumed to be of young working age), natural change has a year on year positive input to positive growth.
- 6.20 The migration trends identified above are in part based upon historical migration trends as well as the application of assumptions around the distribution of international migrants around the UK (further detail provided as part of the sensitivity analysis within the North Yorkshire SHMA report). Future migration trends will clearly be influenced by a number of factors, including but not limited to the availability of new supply in the area, the accessibility of supply (i.e. the ability of households to afford property) and the economic rationale for locating in the area, in particular this relates to the propensity of households to commute (the impacts of rising fuel costs being one potential factor on this). These considerations are explored in greater detail in the sensitivities analysis in Section 7 of the North Yorkshire SHMA report.

Core Scenario 2 – Considering a Natural Change based Projection

- 6.21 Using the POPGROUP suite of software Edge Analytics have developed a scenario of population change which removes the impact of migration from 2008 onwards. This therefore assumes that the existing population is not expanded or changed by migratory factors and that population change is constrained only to natural change from the population as of 2008 (i.e. births and deaths).
- 6.22 The breakdown of the projections by the three core components above, shows that within York natural change has a positive net impact on population change over the projection period. This is illustrated within the table below which illustrates the level of population growth projected under a scenario of nil migration. In order to benchmark the impact of this constraint the SNPP projections are also included for reference.

Figure 6. 3: Contrasting Projections constrained by Nil Migration with the SNPP – 2008 – 2026

Authority	Total Projected Change in Population		Annual Projected Growth	
	2008 - 2026		2008 - 2026 (18 years)	
	SNPP	Natural Change	SNPP	Natural Change
York	38,457	12,355	2,137	686

Source: Edge Analytics, 2010

- 6.23 The important role that natural change is projected to play in York is evidenced by the annual average growth of almost 700 people assumed under the Natural Change scenario. This represents a significant level of growth on its own and represents an important consideration in terms of the pressures this will place on the housing stock as well as other services.
- 6.24 It is important to note that even with natural change playing a significant positive role the natural change scenario represents a substantially lower level of growth than that projected through the SNPP this further serves to illustrate the impact of assumptions around sustained high net international migration levels into the area. It is important to recognise that this scenario is a hypothetical scenario with the reality of the market meaning that migration could never be artificially constrained to zero.

Considering Economic Change and Population Growth

- 6.25 A bespoke employment constrained scenario has not been modelled for York as the CYC Core Strategy Submission (Publication) aims to balance housing need and economic growth using an evidence base previously commissioned by Arup. This adopts a different methodological approach to the Core Scenario 3 developed through this research but considers firstly, the level of job growth suitable for the future and secondly, the level of population and household growth that should form the basis of future housing provision in light of recent economic circumstances.
- 6.26 Within this work, as noted in Section 3 ARUP produced a number of economic forecasts with a mid-range scenario – ‘muted growth’ used to compare against potential levels of household change.
- 6.27 The housing research paper²⁷ uses this level of job growth to assess the potential impact it would have on population change and therefore the demand for new housing. A number of important points are referenced in relation to household growth linked to the performance of the economy:

²⁷ ‘City of York Council Topic Paper – Population’ (Updated Version, July 2011), ARUP

- *We expect that the most likely scenario is that although migration may have dropped off slightly during the recession and in the short-term future (5 years), levels of migration are likely to recover to pre-recession levels thereafter and long term trends towards higher levels of migration continue;*
- *Whilst it is possible that York could rely on additional commuting to meet its labour demands, and many other historic cities have much higher levels of in commuting than York such a strategy would need to consider effects on the transport system. Such a strategy would also need to consider the cumulative effects of possible housing under provision in surrounding authorities, particularly in places as the East Riding and Harrogate, if provision similar to RSS allocations is maintained. This will have the effect of intensifying housing pressures on York; and*
- *From the perspective of their timing it seems likely that the 2008-based projections were likely to be an overstatement of requirements because previous trends were predominantly associated to boom conditions...Our judgement is that an approximation of trends representative of an economic cycle, the 2003-based forecasts are perhaps more representative of long term requirements...the 2003-based forecasts on the other hand, were preceded by a period of less rapid growth in 2001/02.*

6.28 The demographic sensitivity identified that in reality levels of international migration into York are likely to have been elevated in the statistics over recent years, this therefore reinforces the correction down of the latest ONS / DCLG projections, although a reduction in assumed levels of migration in the future will need to be balanced against a policy-on projection of increased job growth. This will require further monitoring in the future once job levels do start to increase post the short-term.

Translating Population Growth into Households

- 6.29 The analysis of current household profiles across the County within Section 4 of the North Yorkshire SHMA report explains the link between population estimates and projections and household estimates. Primarily this process involves the application of headship rates to the population forecast to produce an indication of the levels of households that would result.
- 6.30 Importantly as the analysis in the North Yorkshire SHMA identified the DCLG has assumed a falling level of household size between 2001 and 2009 with this trend

continuing to be projected forward within the Sub-National Household projections produced by the DCLG

- 6.31 The following table illustrates the varying projected changes in private household population (institutional populations are removed from the household projections), headship rates or household size and the households under the SNPP scenario of population change (Core Scenario 1).

Figure 6.4: Population, Household Size and Household Change 2008 – 2026 – Core Scenario 1, SNPP / SNHP

Authority	Sub-National Projections (ONS / DCLG) - 2008 Base									
	Private Household Population			Household Size			Households			
	2008	2026	Change 2008 - 2026	2008	2026	Change 2008 - 2026	2008	2026	Change 2008 - 2026	Annual Change (18 years)
York	188,590	226,380	37,790	2.25	2.11	-0.14	83,740	107,276	23,536	1,308

Source: Edge Analytics, 2010, GVA, 2010

- 6.32 This shows that household sizes within York under the DCLG projections are assumed to fall from 2.25 persons to 2.11 persons, or a decrease of 0.14. Whilst this represents a steep decrease it less than the North Yorkshire average level which shows a decrease of 0.16.
- 6.33 The impact of these Headship rates assumptions are shown in the overall levels of projected household growth. Within York the combination of a sharp rise in population and falling household sizes means an increase in households over the projection period. Between 2008 and 2026 York is forecast to see an increase of over 23,500 households under these assumptions, or an annual average increase of 1,300 households per annum. This exceeds the RSS target in terms of net dwellings significantly and the city's own policy position identified through their previously commissioned evidence base.

Sensitivity Scenarios

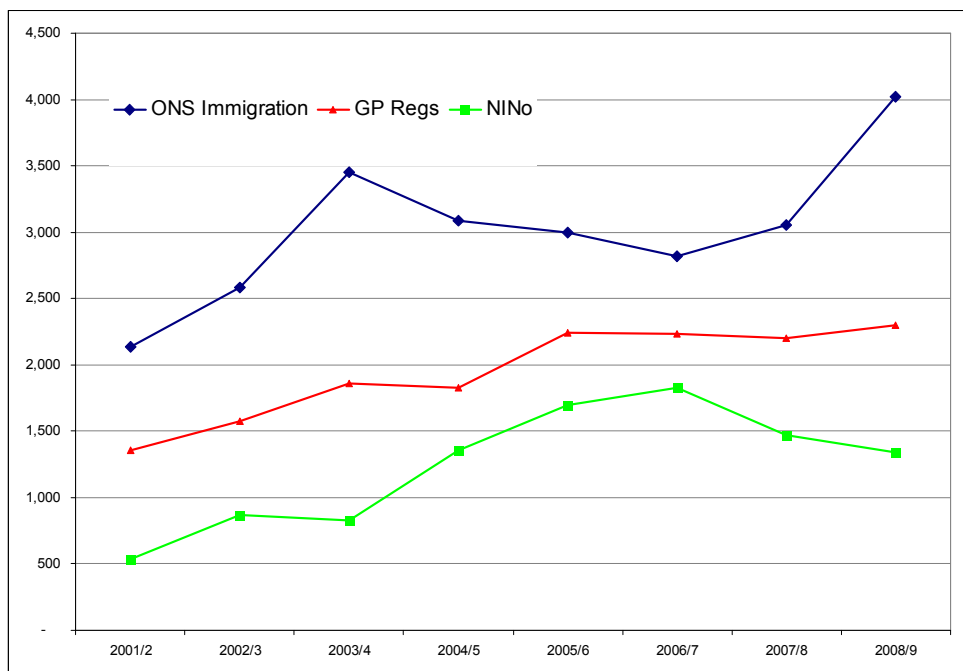
- 6.34 The North Yorkshire SHMA report provides a full introduction to the importance of sensitivity testing. An examination is made of the sensitivities around both demographic and economic factors to the projections presented above.
- 6.35 In the case of York these sensitivities are particularly important as the analysis undertaken both through this research and through research commissioned separately by the Council highlights the potential issues with the standard national projections. It is important to note when considering the sensitivities below that it is not

within the scope of this research to develop alternative quantitative population or household projections to those Core Scenarios presented above. However, the sensitivity illustrated below highlights the potential importance of questioning the assumptions and outputs of the SNPP Scenario in terms of considering future levels of household growth which are likely to be realised and required over the future plan period. This **does not however, have any effect on the housing need estimates calculated in Section 7. The source of data for future household change over the short-term (Step 2.1) in the housing need analysis is the Household Survey 2011 given that this data source provides a more locally bespoke resource for assessing trends over this shorter timeframe.**

Sensitivity 1. Considering Demographic Assumptions

- 6.36 The North Yorkshire SHMA report provides a justification for critiquing official statistics, in this case the ONS mid-year estimates and sub-national population projections where updated local data sources evidence different data outputs.
- 6.37 The analysis examines the comparison of other data sources, primarily GP registrations, to explore potential deviations from the ONS statistics.
- 6.38 The following chart illustrates the relationship between GP registrations by foreign nationals, national insurance number registrations to foreign nationals and the current ONS estimate of immigration for York. This suggests that the ONS estimates are significantly in excess of data recorded in the other administrative sources, inflating the estimated impact of international migration both in the mid-year population estimates and in the sub-national projections of both population and households.

Figure 6.5: York: ONS Immigration Estimates vs. Administrative Sources



Source: Edge Analytics, 2010

- 6.39 The impact of the alternative immigration estimation methodology upon sub-national projections for York would be very significant and would lead to a considerable modification of the projections presented under each of the Core Scenarios.
- 6.40 In the case of York, the application of corrected historical data in generating trends would suggest that the 2008-2026 population projection could reduce by up to 20,000 if the data corrected to better align with local statistical data sets. This would result in a corrected trend-led estimate of 215,000 in 2026, rather than the inflated 233,334 in the existing sub-national population projections. This would equate to a household total of approximately 99,000 in 2026, as opposed to the 107,000 projected under the SNPP. The **application of this correction in turn would result in a reduction to the annual average household growth rate from almost 1,310 to 850 per annum for York²⁸.**

A Projected Changing Population and Household Profile

- 6.41 The analysis presented to date within this Section has clearly illustrated that the population is going to change and grow in different ways in York under all of the scenarios and even under the sensitivities. The relative contribution of migration and

²⁸ It is important to note that the Arup evidence base reports also identify this potential overestimation within the ONS datasets.

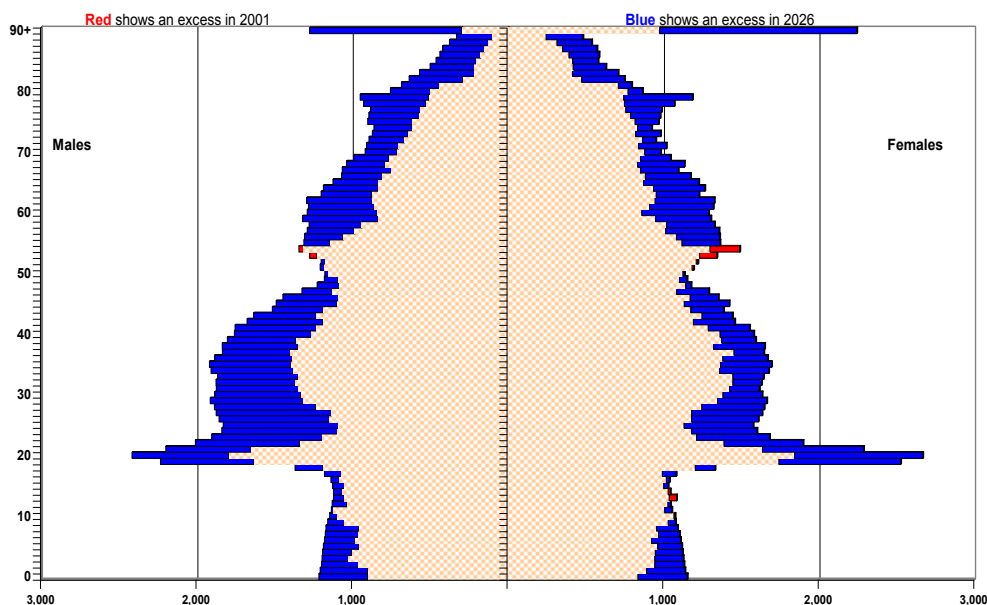
natural change will have a striking impact on the demographic profile of the area alongside some nationally consistent demographic trends such as the general ageing population of the UK.

- 6.42 The changing demographic profile of the area will in turn affect the housing requirements of households going forward. This will have a bearing on important factors for policy to consider such as geographical location, connectivity to services (education, health etc...) as well as the response required through the development and adaptation of property. This section complements the detailed analysis presented through the North Yorkshire SHMA report highlighting the structural changes to the demographic and household profile across York. The section concludes with a long-term assessment of the implications this will have on the sizes of property required within the authority which forms one of the core outputs set through the CLG Guidance in order to inform policy.

A Changing Population Structure

- 6.43 The analysis within the North Yorkshire SHMA report clearly highlighted that North Yorkshire as a whole is projected in the future to contain an increasingly ageing population. Whilst the area is projected to continue to attract in new migrants, a proportion of which will be of working age and below, this is not going to offset the sustained process of significant increases, from the current population as well as new migrants, in people and households classified as 'older person'.
- 6.44 This trend is demonstrated in York, as illustrated in the following age pyramid. The pyramid represents the change over time (2001 – 2026) in population that is evident from the 2008-based sub-national projections for the authority (note this scenario is used for consistency purposes with the other authorities). Males are on the left of the pyramid, females to the right. The red bars on the pyramid represent an excess of population in 2001 (i.e. a greater number of people in that age group in 2001 than 2026). The blue bars represent an excess of population in 2026 (i.e. a greater number of people in that age group in 2026 than 2001).

Figure 6. 6: Age Pyramid – Core Scenario 1 – York

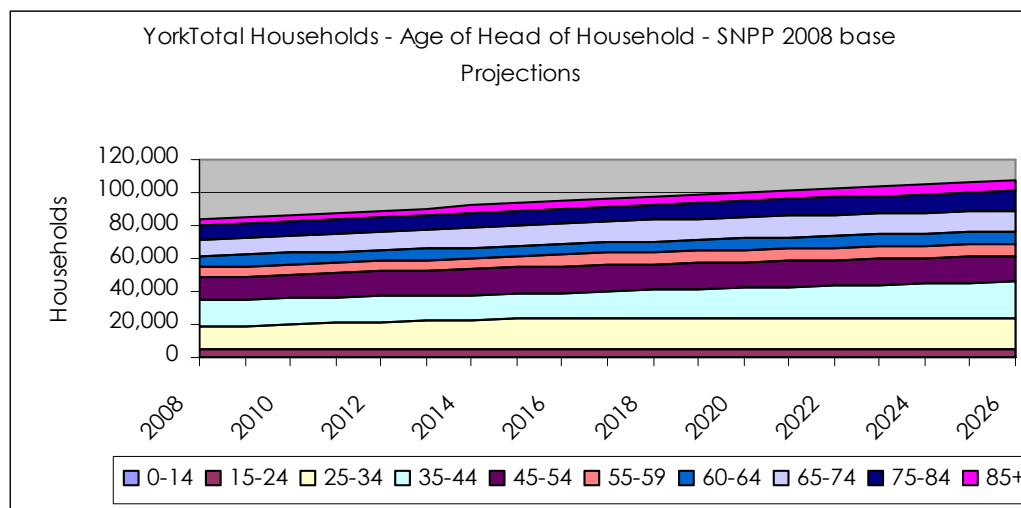


Source: Edge Analytics, 2010, ONS, 2010

- 6.45 Interestingly in York whilst the age groups of 60/65 and over are projected to increase over this time period, so are nearly every other age grouping. This is a distinct trend from the majority of authorities across North Yorkshire, with many projected to see a contraction in their working age populations.
- 6.46 Across North Yorkshire, ageing is accentuated with a larger existing elderly population and a net outflow of migrants in the young labour force ages. As the analysis within Section 3 around migration by age shows, York offers an interesting contrast to this trend with the authority attracting a high proportion of young persons into the authority, but an out-migration of older-working age people (assumed in many cases to be families). The role of the University in this is very important, acting as a central attractor to many young adults, a proportion of which then choose to stay and access employment opportunities in the authority. These trends are illustrated in the following chart.
- 6.47 In York, whilst the authority is projected to age, the 60+ population proportion is set to rise from 22% in 2001 to only 25% in 2026. In a number of other authorities across North Yorkshire the proportion represented by this age group in 2006 as against 2001 is far more pronounced.

6.48 Modelling these population changes through to households highlights the impact of demographic change on the ages of households which are projected to be in place in 2026. The following chart displays the projected trajectory for York.

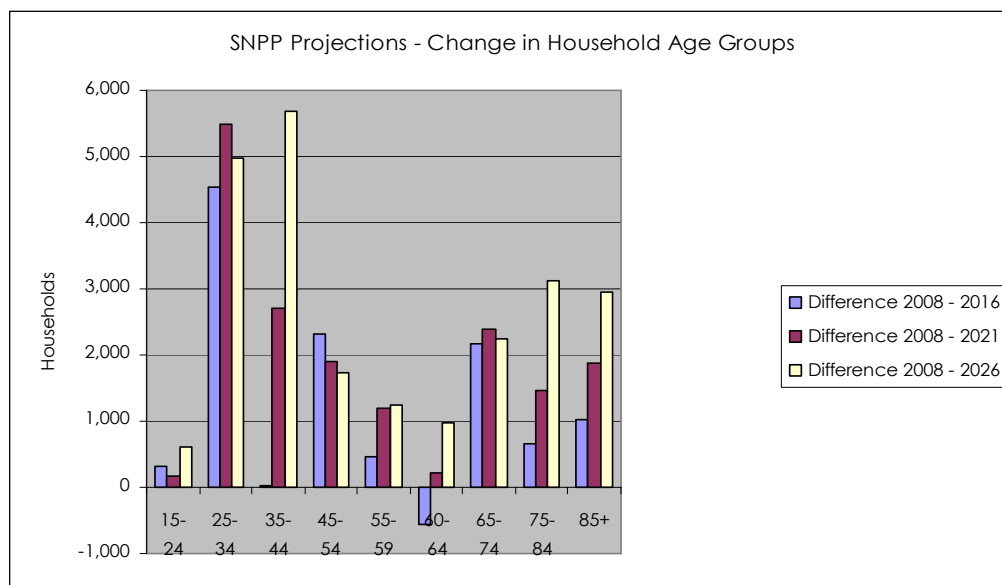
Figure 6. 7: Projected Household Change by age of Head of Household 2008 – 2026 – SNPP Core Scenario 1



Source: ONS / DCLG, 2010, Edge Analytics, 2010, GVA, 2010

6.49 The different levels of change over the short, medium and long-term are displayed in the chart below for York.

Figure 6.8 Projected households by age of head of household – Individual Age Bands – SNPP (Core Scenario 1)



Source: ONS/DCLG, 2010, Edge Analytics, 2010, GVA, 2010

- 6.50 The age group 25 – 34 is projected to grow significantly under all of the time periods. This is particularly dynamic age band in terms of the housing market. Households with a head of household of this age are particularly likely to be active within the market as their household circumstances change. They are also most likely, certainly within the current market, to be active in a range of tenures including the private rental market and potentially experience challenges in being able to access the owner-occupier market as a first time buyer.
- 6.51 Interestingly the age range 35-44 is also projected to increase significantly over the whole projection period, however, with the majority of this growth beyond 2016. This reflects a relative maturing of the population which has migrated into the area and the existing relatively youthful demographic.
- 6.52 The growth in older person households, as with other authorities across North Yorkshire, also represents a significant contribution to the changing profile.
- 6.53 The absolute numbers, in terms of the changes by age of household (head of household) over the various periods are shown in the following table.

Figure 6.9 Projected Change in the Age Profile of Households 2008 – 2026 (Core Scenario 1 SNPP)

Household Age Band	York - SNPP 2008 Base Core Scenario							
	Number of Households 2008	Number of Households 2016	Number of Households 2021	Number of Households 2026	Difference 2008 - 2016	Difference 2008 - 2021	Difference 2008 - 2026	% Change 2008 - 2026
0-14	0	0	0	0	0	0	0	n/a
15-24	4,742	5,047	4,924	5,346	305	182	604	13%
25-34	13,916	18,456	19,413	18,880	4,540	5,497	4,964	36%
35-44	15,775	15,801	18,486	21,460	26	2,711	5,684	36%
45-54	13,816	16,143	15,724	15,549	2,327	1,908	1,733	13%
55-59	6,346	6,804	7,544	7,595	458	1,198	1,249	20%
60-64	6,720	6,154	6,928	7,707	-566	208	987	15%
65-74	10,543	12,709	12,934	12,791	2,166	2,391	2,248	21%
75-84	8,486	9,139	9,954	11,614	653	1,469	3,129	37%
85+	3,396	4,425	5,268	6,335	1,029	1,872	2,939	87%
Total	83,740	94,679	101,174	107,276	10,939	17,434	23,536	28%

Source: Edge Analytics, 2010, GVA, 2010, ONS/DCLG, 2010

6.54 The changing demographic profile and the age structure have an impact on the types of households which are projected to form. The CLG uses 17 classifications as presented for the current profile in Section 3, however, these have been brought together under four groupings. The following table shows the projected change in household types between 2008 and 2026 for all of the authorities under both the SNPP Core Scenario 1 and the Natural Change Scenario (Core Scenario 2). This is preceded by a more detailed table showing the change by the full 17 classification under Core Scenario only.

Figure 6. 10: Projected changes in household types 2008 – 2026, SNPP (Core Scenario 1)

Broad Household Type	Scenario	Household Change 2008 - 2026								
		Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	North Yorkshire
One Person Household	SNPP	2,910	3,636	8,789	1,938	2,938	5,996	3,733	12,154	42,093
	Natural Change	1,534	2,770	6,074	1,595	2,021	3,398	2,603	10,434	30,429
Couple Household or Mixed Adult Household	SNPP	3,116	2,459	6,601	1,476	1,783	2,276	4,322	6,440	28,472
	Natural Change	910	888	4,248	755	-7	-763	2,471	3,920	12,421
Family Household (Adults and Children)	SNPP	-194	-60	389	559	59	12	1,232	3,906	5,903
	Natural Change	-1,561	-1,363	-3,181	560	-1,033	-1,090	-1,672	3,298	-6,043
Other Households	SNPP	-186	-165	-255	303	-159	-179	56	1,037	453
	Natural Change	-267	-148	-376	253	-214	-317	13	-1,247	-2,304

Source: Edge Analytics, 2010, GVA, 2010, ONS / DCLG, 2010

Figure 6. 11: Projected Change in Household Types 2008 – 2026, SNPP Core Scenario 1

Household Type	Description	York Household Change - SNPP Projections					
		2008	2011	2016	2026	Change 2008 - 2016	Change 2008 - 2026
OPMAL	One person households: Male	11,956	13,087	15,025	18,971	3,069	7,015
OPFEM	One person households: Female	16,170	16,967	18,396	21,310	2,225	5,140
FAM C0	One family and no others: Couple: No dependent children	25,589	27,081	29,718	33,265	4,129	7,676
FAM C1	One family and no others: Couple: 1 dependent child	4,864	5,072	5,399	5,837	535	973
FAM C2	One family and no others: Couple: 2 dependent children	5,818	5,810	5,850	6,181	32	363
FAM C3	One family and no others: Couple: 3+ dependent children	2,053	1,990	1,919	1,991	-134	-62
FAM L1	One family and no others: Lone parent: 1 dependent child	2,275	2,551	2,983	3,736	708	1,461
FAM L2	One family and no others: Lone parent: 2 dependent children	1,694	1,889	2,233	3,095	539	1,401
FAM L3	One family and no others: Lone parent: 3+ dependent children	584	622	687	864	103	280
MIX C0	A couple and one or more other adults: No dependent children	4,441	4,201	3,826	3,205	-615	-1,236
MIX C1	A couple and one or more other adults: 1 dependent child	962	870	728	515	-234	-447
MIX C2	A couple and one or more other adults: 2 dependent children	446	437	422	392	-24	-54
MIX C3	A couple and one or more other adults: 3+ dependent children	114	99	80	62	-34	-52
MIX L1	A lone parent and one or more other adults: 1 dependent child	471	478	497	513	26	42
MIX L2	A lone parent and one or more other adults: 2 dependent children	139	139	141	152	2	13
MIX L3	A lone parent and one or more other adults: 3+ dependent children	69	66	64	56	-5	-13
OTHHH	Other households	6,095	6,425	6,710	7,132	615	1,037
Total	Total	83,740	87,785	94,679	107,276	10,939	23,536

Source: Edge Analytics, 2010, GVA, 2010, ONS/DCLG, 2010

- 6.55 York is projected to have a substantial increase in single person households under both the Natural Change and SNPP scenarios. Even under the Natural Change scenario the authority is projected to see an uplift of over 10,000 single person households which represents a significant demographic and household type shift. Within York the growth in other types of households is also marked under both scenarios. The only household type forecast to decrease is the 'Other Household' groups under the Natural Change scenario. This group is likely to include many student, multi-occupancy households, evidently under a scenario where inward migration is zero this would have a notable effect on this demographic component.
- 6.56 The following sub-section uses the 2011 Household Survey data to understand in more detail the sizes of property likely to be required over the short-term with the above trends influencing requirements over the longer term.

Housing Requirements by Property Type / Size

- 6.57 This section presents a long-term projection of the sizes of housing likely to be required to create a more sustainable balance within the housing market in York. Section 7 examines in detail the specific sizes of affordable housing required for those households in need, as per the DCLG Guidance (Output 7). The analysis within this section goes beyond the scope of the DCLG Guidance but provides headline analysis of the sizes of housing required across all tenures over the longer-term. This takes into account, for example, the changing household type profile for each authority presented earlier in the section and the current expectations of different components of the housing market set in the context of the existing stock, as analysed in Section 4.
- 6.58 In considering the projected long-term changes to the profile of households, the following key conclusions represent an important context to the likely size of housing which will be required in the future:
- A growth in York of all age bands in terms of the head of household, with the growth in the age band 25 – 34 particularly high. These households are likely to require smaller properties on the whole.
 - A growth in absolute terms and proportional terms of older person households - the vast majority of which make-up single person or couple households; and
 - The current stock profile and recent trends in development. The analysis in Section 4 presented data showing that York's stock profile differs from other parts of North Yorkshire with a greater representation of flatted properties, particularly concentrated in the city centre sub-area.

- 6.59 The growth in single person and couple households in particular would point, in the longer-term, to a high level of demand for smaller properties located in close proximity to key services and transport networks. This represents an important challenge for spatial planning policy and the future distribution of housing.
- 6.60 Significantly though it is important to take account of the aspirations and expectations of households regarding residential property. The following table draws from the 2011 Household Survey. This highlights the expectations of households within York, by broad household type, planning to move over the next two years regarding the types of property they would be looking to move into.

Figure 6. 12: House size expectations of households looking to move in the next two years

Authority: York	Households wanting to move in the next 2 years - Expectations by property size				
	Studio / 1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Single person households	20.2%	52.1%	22.9%	4.8%	100.0%
Single Parent Families	.0%	30.8%	57.6%	11.6%	100.0%
Couple only households	4.8%	52.8%	37.2%	5.3%	100.0%
Couple households with no dependent children but other occupants	10.9%	33.8%	44.7%	10.6%	100.0%
Families (Couples with dependent children)	.0%	5.2%	45.3%	49.6%	100.0%
Other households	19.2%	43.0%	15.2%	22.6%	100.0%
Total	11.9%	41.2%	30.8%	16.1%	100.0%

Source: Household survey 2011

- 6.61 Interestingly this shows a substantial preference for two bedroom properties, particularly amongst single person households, couple only households and other households. There is a relatively healthy level of demand for 3 bedroom properties but a relatively low level of demand for larger 4+ bedroom properties, with these sought in particular by family households. These trends are likely to reflect, at least in part, the supply profile of the area as noted above and analysed in Section 4.
- 6.62 The table over the page aligns²⁹ these preferences of households with the types of household forecast to be forming under Core Scenario 1 within York. This provides an indication of the sizes of properties required in order to match the changing household profile of the authority.

²⁹ The following table illustrates that ONS household classifications have been aligned with the 2011 Household Survey dataset. Note: the assumption has been made based on the way in which the survey household types are disaggregated that lone parent households with other adults in the household are classified as 'other households' (these households make up a very low proportion of projected new households).

Figure 6. 13: Household Types change 2008 – 2026 under Core Scenario 1 aligned with the 2011 Household Survey Household Expectations (Cumulative count of individual authority figures)

Authority: York		Household Type (link to 2011 Survey classifications of households)	Core Scenario 1 - Sub-National Population Projections (Figures below are households - change 2008 - 2026)				
Household Type	Description		Studio / Bedsit	One Bedroom	Two bedrooms	Three bedrooms	Four + bedrooms
OPMAL	One person households: Male	Single person households	0	1,402	3,651	1,624	338
OPFEM	One person households: Female	Single person households	0	1,027	2,675	1,190	247
FAMC0	One family and no others: Couple: No dependent children	Couple only households	0	362	4,026	2,885	402
FAMC1	One family and no others: Couple: 1 dependent child	Families (Couples with dependent children)	0	0	51	431	492
FAMC2	One family and no others: Couple: 2 dependent children	Families (Couples with dependent children)	0	0	19	161	184
FAMC3	One family and no others: Couple: 3+ dependent children	Families (Couples with dependent children)	0	0	-3	-27	-31
FAML1	One family and no others: Lone parent: 1 dependent child	Single Parent Families	0	0	460	827	175
FAML2	One family and no others: Lone parent: 2 dependent children	Single Parent Families	0	0	441	793	167
FAML3	One family and no others: Lone parent: 3+ dependent children	Single Parent Families	0	0	88	158	33
MIX C0	A couple and one or more other adults: No dependent children	Couple households with no dependent children but other occupants	0	-129	-408	-571	-128
MIX C1	A couple and one or more other adults: 1 dependent child	Families (Couples with dependent children)	0	0	-23	-198	-226

MIX C2	A couple and one or more other adults: 2 dependent children	Families (Couples with dependent children)	0	0	-3	-24	-27
MIX C3	A couple and one or more other adults: 3+ dependent children	Families (Couples with dependent children)	0	0	-3	-23	-26
Authority: York		Core Scenario 1 - Sub-National Population Projections (Figures below are households - change 2008 - 2026)					
Household Type	Description	Household Type (link to 2011 Survey classifications of households)					
			Studio / Bedsit	One Bedroom	Two bedrooms	Three bedrooms	Four + bedrooms
MIX L1	A lone parent and one or more other adults: 1 dependent child	Other households	3	6	18	6	9
MIX L2	A lone parent and one or more other adults: 2 dependent children	Other households	1	2	6	2	3
MIX L3	A lone parent and one or more other adults: 3+ dependent children	Other households	-1	-2	-6	-2	-3
OTHHH	Other households	Other households	65	138	446	155	233
Total			67	2,805	11,435	7,387	1,842
Proportion (%)			0%	12%	49%	31%	8%

Source: Household Survey, GVA, Edge Analytics, 2011

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- 6.63 The table highlights that across York the alignment of projected changes by household type between 2008 and 2026 with the expectations of different household types as of 2011 results in a sustained demand for each of the house sizes considered (with the exception of studio/bedsits).
- 6.64 A high level of demand is particularly illustrated for smaller properties within York. Indeed the total demand for smaller properties resulting from new households is approximately 61%, with the requirement being very much for 2 bedroom properties as opposed to one bedroom. It is important to note that this demand for smaller properties does not translate into requirements for flatted properties, with this covering both this type of housing but also smaller family housing.
- 6.65 Importantly, within York, when considering larger / family housing there is substantial demand for 3 bedroom properties generated, 31%, with 4 bedrooms also showing a level of demand going forward at approximately 8% of all sizes. It is important to recognise that this needs to be considered in light of the evidence presented within Section 4 around the current levels of under-occupancy in a significant proportion of stock, with this particularly affecting larger properties.

Bringing the Evidence Together

- 6.66 The beginning of this section summarised the key conclusions arrived at in terms of future household change within the North Yorkshire SHMA report. The analysis presented within this section has provided a greater level of detail regarding the impact of projections of household change within York in terms of overall demand for housing as well as the sizes of housing which are likely to face greatest pressure. In drawing this section together the following conclusions stand out in relation to York:
- The authority is projected to grow significantly in terms of its population and the number of households. This level of growth is lowest under the hypothetical Natural Change scenario, albeit as a result of its youthful demographic still registers a significant level of growth even without migration. Under the SNPP the authority is projected to grow significantly, with international migration the key driver of growth. The analysis highlights the potential issues associated with this trend based projection of growth of international migrants as part of the sensitivity analysis.
 - The ARUP work, which examines levels of population growth balanced against employment forecasts which show a per annum average job growth of 960 per

annum, identify a lower level of household growth than the SNHP suggest. The level of housing required, based on the ARUP report, is around 800 per annum.

- The detailed analysis of the changing demographic and household type profile of the population coupled with the expectations of households looking to move in the near future from the 2011 Household Survey, identified a future demand for all property sizes. Demand is particularly high for smaller properties although in order to meet the demands and expectations of family's larger properties will also be required in the future.
- The household projections do not take account of any housing land availability constraints. This is an issue which will need to be considered in the development of policy based upon site allocations work and the conclusions of the SHLAA.

7. Housing Need

The preceding sections have identified that, in terms of both the operation of the current market and the future direction of travel projected, affordability issues are a key factor for the City of York. A detailed examination of the short-term level of households in affordable housing need is therefore of importance for this research.

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'.

In line with the CLG Guidance this section assesses need under a series of stages, to arrive at a short-term (five years) assessment of the level of need for affordable housing within the authority. These stages include; current need, future need and the supply of affordable housing available.

The role of both intermediate and social rented tenures (both classified as affordable), as well as the new emerging Affordable Rent product (an eventual replacement for social renting), is explored in relation to the financial capacity of those households identified as in need currently.

As with preceding Sections the information presented here should be read alongside the North Yorkshire SHMA report. The sensitivity analysis included within Section 8 is not replicated in this section; however, further analysis is included of the levels of housing need at a sub-local authority area.

Research findings relate directly to:

- *Core Output 4: Estimate of households in housing need*
- *Core Output 5: Estimate of future households requiring affordable housing*
- *Core Output 7: Estimate of the size of affordable housing required*

- 7.1 Housing affordability has, over the last decade, become a well recognised challenge to the operation of the housing market. The ability of households to access housing in which they aspire to live, and are indeed able to afford, is fundamental in ensuring that the city's stated housing objectives are achieved.

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- 7.2 The Coalition Government is starting to release new components of its reform to the planning system. The draft National Planning Policy Framework (NPPF) (July 2011)³⁰ continues to highlight the importance of Local Planning Authorities setting realistic and deliverable affordable housing targets through planning policy, with the expectation that these targets will be met in full through an enabling planning system.
- 7.3 Emphasis is very much being placed on Local Planning Authorities delivering the number of affordable homes that are evidenced as being needed within their Strategic Housing Market Assessments. This is both reflective of the changing political and market context, where meeting 'local' housing requirements is becoming increasingly important and is equally challenging due to the current economic and housing market conditions³¹.
- 7.4 It is therefore vital that Local Planning Authorities undertake a robust and evidenced approach in assessing affordable housing need within their authorities – in line with the CLG SHMA Guidance (August 2007). The analysis within this section follows this general principle and recognises the increasing pressures on establishing both realistic assessments of need and the wider challenges of delivery of affordable housing in the current property and economic climate.
- 7.5 Whilst the above approach is an important starting point - nationally, when looking at demand by tenure, whilst housing supply has been falling, the need for affordable housing has clearly increased. There are three core elements of future need for affordable housing:
- Backlog – There is a range or spectrum of 'need', from those in urgent need of housing, to those who are living in overcrowded or substandard homes, and those who would like social housing but are not in urgent need of re-housing.
 - Short-term need – Social housing need is likely to see a peak over the next few years, as the recession impacts on the ability of households to access either private rented accommodation or to service mortgages.
 - Long-term need – Demographics, housing market trends and employment forecasts examined in the preceding section have set out suggested overall

³⁰ Draft National Planning Policy Framework (July 2011) CLG

³¹ Note: A draft iteration of the National Planning Policy Framework was available on-line dated June 2011 (note this is not an officially published document) which provides a steer as to the emerging policy direction in relation to housing land supply and affordable housing. This notes that local authorities should: "use an evidence-base to ensure that their Local Plan meets the full requirements for market and affordable housing in the housing market area". A separate reference also notes "The presumption in favour of sustainable development means that Local Plans should be prepared on the basis that objectively assessed development needs should be met".

levels of demand for housing. Considering how affordable housing will feature in this demand is important.

- 7.6 It is important to recognise that these delivery challenges are likely to represent a challenge over a number of years based upon the current financial and property climate. Whilst the analysis in this section presents an assessment of the levels of affordable housing required to address future needs, in reality a proportion of these needs could be met through alternative approaches depending on the availability of public funding. This is an issue touched upon within this section and considered through other sections of the report. Further detail is also provided within the North Yorkshire SHMA report.

Defining Affordable Housing Needs

- 7.7 'Housing need' refers to households who lack their own housing or live in unsuitable housing and who cannot afford to meet their needs in the market. It is for those in housing need (i.e. those who cannot meet their housing requirements in the private sector) that the state needs to intervene in the market to ensure that all households have access to suitable housing.
- 7.8 The calculation of housing need over the next five years presented within this Section **should be considered separately to the long-term projection of population and household change presented in Section 6. The long-term demand trends have not been used to directly inform the calculation of need, with the 2011 Housing Survey forming the key source of information given the greater detail it provides of the immediate and short-term dynamics of the housing market.**
- 7.9 Establishing an estimation of the level of current and future housing need ensures that policy aimed at providing new affordable housing is responsive to the needs of households within the authority.
- 7.10 PPS3 defines affordable housing as follows:
- Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
 - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and house prices.

- Include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

7.11 In June 2011 PPS 3 was reissued to include technical definition changes in Annex B. As noted in Section 3 this included a new separate entry under 'affordable housing' for 'affordable rented housing'. This defines this affordable housing product as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent" (PPS 3, Annex B: Definitions, June 2011)

7.12 Nationally looking at indicators of demand by tenure, whilst housing supply has been falling, the need for affordable housing has clearly increased. There are two core elements of establishing the current and short-term future levels of need for affordable housing:

- Backlog – At the current point in time as a result of sustained affordability issues over a number of years the majority of areas have an existing 'backlog' of households classified as in need. This backlog can be considered to be made up of a range of types of household in 'need', from those in urgent need of housing i.e. without a current permanent home, to those who are living in overcrowded or substandard homes, and those who have an aspiration to live in non-market housing but are not in urgent need of re-housing.
- Future need – The sustained need for affordable housing is driven by a range of factors. As with market housing there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market a significant proportion of these newly forming households face significant challenges in gaining entry to market housing therefore driving demand for affordable housing. In addition to new households existing households also represent a driver of housing need. As a result of any number of factors households circumstances can change resulting in their current housing situation no longer being appropriate. It is more than likely that need for social housing is likely to continue to be high or indeed grow further over the next few years, as the recession impacts on the financial circumstances of households and therefore their ability to access either private rented accommodation or to service existing mortgages.

7.13 As the analysis in the preceding section illustrates over the long-term demographic and economic factors will continue to place increasing pressures on the existing supply of housing, with new stock required in order to maintain the long-term balance between demand and supply. Based on the short-term factors considered above and the nature of this growth in households, with this included younger households as well as a large proportion of older households, it is likely that a proportion of these households will require affordable housing. Whilst the analysis within this section focuses on the short-term this long-term sustained demand represents an important challenge and context for the interpretation of the findings and conclusions of this Section.

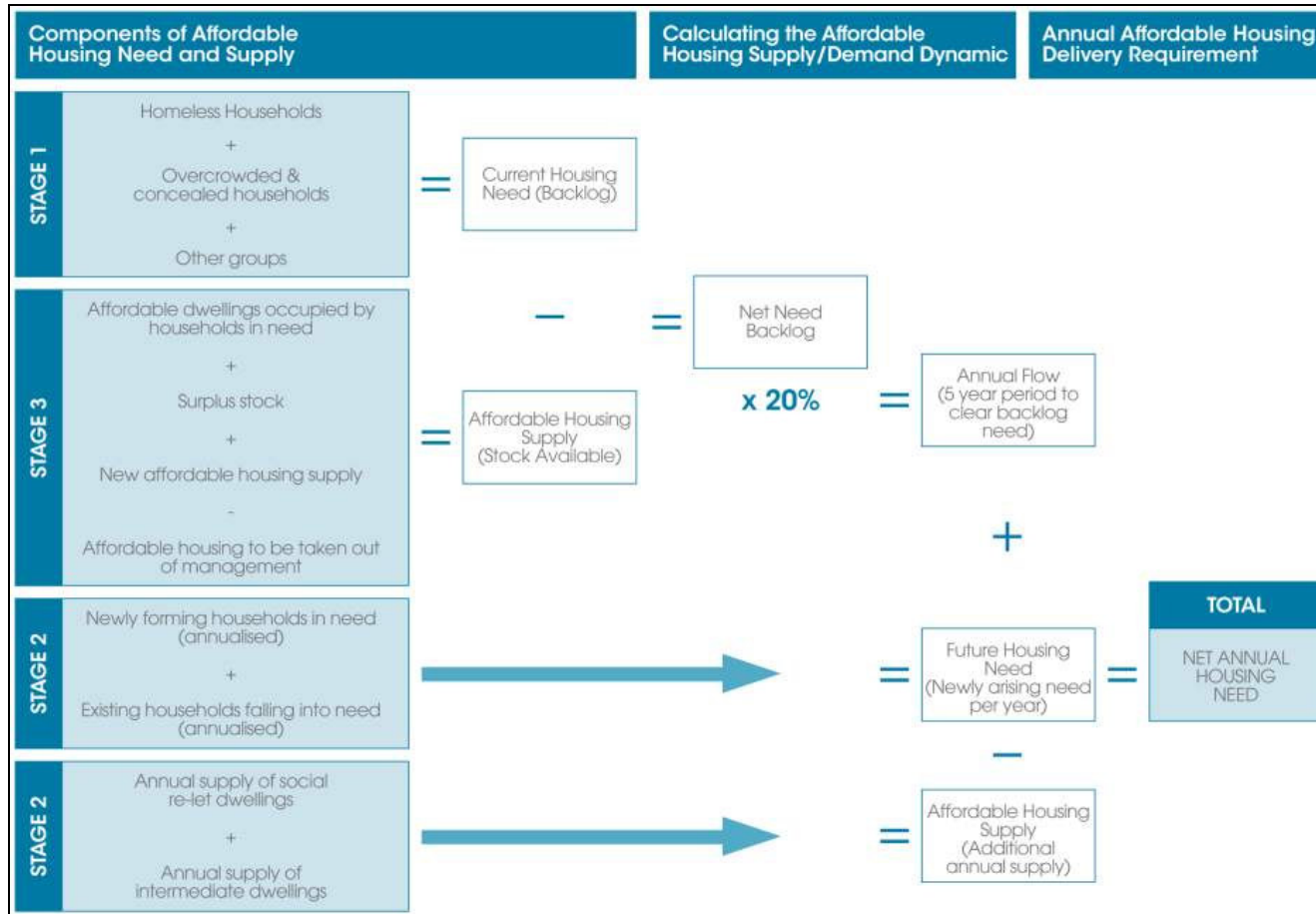
The Housing Need Calculation – CLG Stepped Model

7.14 The model adopted is structured around four key stages which are consistent with the latest CLG SHMA Guidance (August 2007) and are used to assess the overall surplus or shortfall of affordable housing. These are:

- Existing Need
- Newly-arising Need
- Supply of Affordable Units
- Total Housing Need (Net Annual)

7.15 To summarise the process, the estimated net annual level of housing need is calculated through the assessment of the difference between the annual supply of affordable housing units and 'need' for them (arising from the backlog which has built up and that which is expected to arise). A key feature of the model is that both need and supply are considered in terms of annual flows. The final element of the analysis is the identification of the Total Housing Need (Net Annual). The process is illustrated in a flow diagram, presented overleaf.

Figure 7. 1: Housing Needs Calculation – Flow Diagram



Source: GVA, 2011

- 7.16 The calculation of affordable housing need is therefore intended to provide a short-term assessment to estimate the volume of affordable housing required on an annual basis to meet of need across a 5-year period. This conforms to the CLG SHMA Guidance³², which states:

'Partnerships should avoid using a period of less than five years in which to meet unmet current need. If a five-year period is used, this means that 20 per cent of current unmet need should be addressed each year. The output of this should be an annual quota of households who should have their needs addressed'.

Previous Assessment of Need

- 7.17 The City of York's Strategic Housing Market Assessment, undertaken in 2007, represents the last assessment of affordable housing need in York. The York SHMA (2007) identified that the net annual need for affordable housing was 1,218 units over a five year period. It is important to note that the York SHMA (2007) was written in the context of an earlier iteration of the CLG SHMA Guidance – released in March 2007.
- 7.18 The York SHMA (2007) calculation concluded the following at each of the key stages of the analysis:
- Stage 1: 1,568 of existing households in York are in housing need. This assumed that almost 40% of these households demonstrating unsuitability criteria had an 'in-situ' solution and did not require a move to an affordable home to resolve this. As a result, this left 627 households without an in-situ solution and requiring affordable housing. This was subsequently annualised over 5 years to equate to 125 per annum.
 - Stage 2 – Step 2.1 & 2.2: 1,741 households were anticipated to form per annum in future. Of these 1,741 households, 672 (or 39%) could not afford to rent privately or buy on the open market.
 - Stage 2 – Step 2.3 & 2.4: Each year 1,485 existing households are expected to fall in affordable housing need in York and require an affordable home in the future. Consequently total newly arising housing need is 2,157 per annum (i.e. 672 + 1,485).

³² SHMA Practice Guidance Version 2 (August 2007) CLG p.52

- Stage 3 – Supply: 1,055 units of social rented dwellings and 10 units of intermediate tenure dwellings are estimated to be available per annum, which equates to an annual supply of 1,065 units to meet affordable housing need.
- For the full calculation (and accompanying methodology), please refer to the York SHMA (2007).

Current Housing Need

- 7.19 The approach taken in the North Yorkshire SHMA (2011) and City of York SHMA (2011) responds to the current CLG SHMA Guidance (August 2007), the current housing market context (house prices/mortgage availability/rental costs), and latest Government recommendations in developing an evidence base to underpin LDF housing and planning policy. For these reasons, the methodological approach differs to the previous York SHMA (2007).
- 7.20 Key stages and steps where the methodological approach differs (between the 2011 and 2007 assessments) are highlighted, explained, and justified within the following sections.

Stage 1: Existing Need (Gross Backlog)

- 7.21 Stage 1 considers the suitability of housing as well as households' ability to afford market housing, and also accounts for homeless households in arriving at a total current need for affordable housing. This represents the 'backlog' of households in need at present, and is termed 'gross' due to the capability of housing supply to meet need being tested subsequently in Stage 3.

Step 1.1: Homeless Households and Households in Temporary Accommodation

- 7.22 The CLG SHMA guidance requires that information on homeless households in priority need and households who are currently housed in temporary accommodation should be included within an assessment of backlog need. The scale of need from these types of household can be calculated utilising the local authority's P1 (E) returns to Government. Both the CLG and ONS publish annual figures recorded for homeless households accepted by the local authority as being in priority need, and for those households who are currently housed in temporary accommodation. In this case, each of the North Yorkshire Council's was able to provide the latest figures for the 31st March 2011, in advance of their publishing by CLG and ONS. This places the number of homeless households and those households in temporary accommodation in York at 94.

Step 1.2: Overcrowded and Concealed Households

- 7.23 The number of, and degree to which, households are overcrowded is calculated by utilising the 'bedroom standard', which is applied to all households sampled within the primary household survey. This process allocates a standard number of bedrooms to each household, in accordance with its size, composition and relationships between members.
- 7.24 Through applying this standard indicator of household occupation density, a separate bedroom is allocated to each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10 - 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 - 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10.
- 7.25 This standard is then compared with the actual number of bedrooms (including bed-sitters) available for the sole use of the household, and differences (i.e. shortfall or surplus) are calculated. Analysis indicates that there are currently 2,167 overcrowded households³³.
- 7.26 The number of concealed households is calculated through analysis of the number of households that, within the primary household survey, declared that they share a kitchen, bathroom or WC with another household (i.e. couples, people with children and single adults over 25). The number of concealed households is therefore estimated in Step 1.3 as a measure of unsuitability and is therefore excluded from Step 1.2 to avoid duplication.

Step 1.3: Other Groups

- 7.27 Within 'other groups' the analysis has included households sampled within the primary household survey considered to be in unsuitable accommodation based on meeting at least one of the unsuitability factors in line with the CLG Guidance. The figures calculated during Step 1.1 to 1.3 are summarised in the following figure:

³³ Note: The overcrowding figure utilised in the affordable housing need assessment is not directly comparable to that presented in Section 4 due to rounding occurring during the survey weighting process.

Figure 7. 2: 'Other Groups' in Unsuitable Housing

Category	Factor	No. Households
Homeless households or insecure tenure	Homeless households	see Step 1.1
	Accommodation too expensive / rent or mortgage payments are too high	13,092
	Under real threat of notice / notice of eviction/re-possession or lease ending	709
Mismatch of housing need and dwellings	Overcrowded according to the 'bedroom standard' model	see Step 1.2
	Too difficult to maintain	4,400
	Sharing a kitchen, bathroom or WC with another household	915
	Households containing people with specific needs living in unsuitable dwelling, which cannot be made suitable in-situ	517
Dwelling amenities and condition	Lacking basic facilities - bathroom/toilet/kitchen	232
	Subject to major disrepair or unfitnes	2,690
Social needs	Harassment from others living in the vicinity which cannot be resolved except through a move	1,269

Source: 2011 Household Survey

- 7.28 It is important to note that households can display multiple unsuitability factors and that the totalling of each of the categories does not therefore equate to the total households within unsuitable housing.
- 7.29 Care has therefore been taken to avoid the double-counting of households with those identified in previous steps, and in progressing to Step 1.4. This has been achieved by ensuring that households demonstrating multiple unsuitability criteria have been counted only once (i.e. treated as one household) when steps 1.1 – 1.3 have been added together for consideration at step 1.4.
- 7.30 Section 9 of the North Yorkshire SHMA report looks in greater detail at the specific support needs of elderly households, which form an important part of this backlog of need. It is important that meeting their specific needs, as well as the needs of other underprovided groups (such as Gypsies and Travellers) continues to be prioritised alongside the provision of new affordable housing as a means of addressing current housing need challenges.

Step 1.4: Total Current Housing Need (Gross) and Affordability

- 7.31 In calculating the total current housing need (gross) through Steps 1.1-1.3, it is necessary to estimate the financial capacity of households to afford open market (private sector) housing either to buy or rent. This calculation is taken on households in need, as identified through the primary 2011 household survey.
- 7.32 Household's financial capacity is calculated by generating an 'affordability threshold', which takes into account a household's income, equity and savings.

Household income is based on 3.5x gross annual income for single-occupant (adults) households and 2.9x gross annual income for multi-occupant (dual income) households (this is the approach recommended within the current CLG SHMA Guidance). The analysis underpinning this approach is presented in Section 5. **Further detail is also provided in the section considering affordability benchmarking within the North Yorkshire SHMA report (Section 6).**

7.33 Household's financial capacity is then tested against lower quartile house prices³⁴ and calculation of property size requirements. Households are required to have sufficient savings or equity to afford a deposit equivalent to 10% of the lower quartile house price³⁵. This is demonstrated through the following equation:

7.34 Lower quartile house price – (gross household income*3.5 or *2.9) + (savings + equity)

7.35 Households were subsequently tested on their financial capacity to afford private rental property, based on lower quartile rental prices as at April 2011 across York's sub-market areas. Spending on housing (mortgage / rent) is assumed to equate to a maximum of 25% of household income per annum. This is demonstrated through the following equation:

Lower quartile rental cost – (gross household income*25%) + (savings + equity)

7.36 This process represents an objective test. It does not take account of the availability of stock classified as 'affordable' (lower quartile market or rental housing). As outlined in the analysis of the stock profile of the authorities in Section 5 of the North Yorkshire SHMA report, the amount of private rented properties varies across each of the authorities and at a sub-local authority level. In housing markets and/or authorities where the balance between supply and demand is significantly out of balance the result is likely to be an even greater level of backlog need as households are not, despite their earnings and savings able to move into 'affordable' market properties in their area as a result of a lack of supply. This is an important consideration in interpreting the level of housing need identified both within Stage 1 of the calculation and Stage 4.

7.37 In summary, of the households identified during Stage 1, a total of 3,721 could not afford to move in the open market to meet their housing needs.

³⁴ Calculated through property transactions within the City, and its sub-market areas, over the period June 2009 – June 2010. Refer to Section 6 for expanded analysis.

³⁵ Note: A 10% deposit is seen as the appropriate level for testing affordability given the increasing availability over the past 12 months of 10% mortgage offers by lenders to first-time buyers. It is anticipated that this trend will increase over the lifetime of this assessment (i.e. the next 5 years).

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- 7.38 It is important to note that this analysis of the 'backlog' of households in affordable housing need represents a 'moderate' assessment, which takes into account whether households identified within Steps 1.2 – 1.4 stated within the household survey that they have a requirement to move home.
- 7.39 As an alternative, a more 'comprehensive' assessment can be undertaken, which does not take into account whether the households identified within Steps 1.2 – 1.4 stated within the household survey that they have a requirement to move home. Consideration of the more 'comprehensive' assessment results in a heightened level of 'backlog' – equating to 7,862 households.
- 7.40 It is felt that the 'moderate' methodology is most appropriate for use for the purposes of this assessment given that this takes into account those households with a recognised need to move home (and therefore generate a need for a dwelling). However, it is important to note that the backlog of need has the potential to be even greater than that presented within this assessment if a broader definition is adopted.

Meeting Current Household Needs in Situ

- 7.41 Whilst households are identified as being in need within Stage 1 on the basis of the unsuitable housing criteria presented above, as well as the affordability test, a proportion of these households potentially could be 'brought out of' need through investment and improvements to their existing property to bring about 'in-situ solutions' or through public sector grants to provide financial or other forms of support. This action has the potential to reduce the number of households in current housing need (backlog) at Stage 1.4, by meeting a household's needs in their current home and therefore removing a requirement for a move to an affordable home.
- 7.42 In line with the current CLG SHMA Guidance (August 2007) **estimation of this proportion sits outside of the formal assessment of need.** Moreover, calculation within the formal assessment would be inappropriate as potential funding resources are currently limited as a result of national spending cuts. However, to assist the local authority in understanding the potential application of support services, an estimation of the level of households at Stage 1.4 who could be assisted by such services is presented in the following figure.

Figure 7. 3: Households in Current Need (Step 1.4 – backlog) by Unsuitability Criteria

Category	Factor	No. Households
Homeless households or insecure tenure	Accommodation too expensive / rent or mortgage payments are too high	3,036
	Under real threat of notice / notice of eviction/re-possession or lease ending	288
Mismatch of housing need and dwellings	Too difficult to maintain	928
	Sharing a kitchen, bathroom or WC with another household	249
	Households containing people with specific needs living in unsuitable dwelling, which cannot be made suitable in-situ	0
Dwelling amenities and condition	Lacking basic facilities - bathroom/toilet/kitchen	194
	Subject to major disrepair or unfitness	709
Social needs	Harassment from others living in the vicinity which cannot be resolved except through a move	419

Source: 2011 Household Survey

- 7.43 Of the 3,721 households identified during Stage 1 whom could not afford to move in the open market to meet their housing needs, it is clear from the analysis presented above that many households demonstrate multiple unsuitability criteria.
- 7.44 The number of households citing that their current accommodation is unaffordable and/or that their rent or mortgage payments are too high clearly represents a major challenge within the current backlog of households in affordable housing need. The ability of households to maintain their current home also presents a considerable issue, as does the prevalence of households whose homes are subject to major disrepair or unfitness.
- 7.45 Also, older person (elderly) households represented only 7.5% of the 3,721 households identified during Stage 1 whom could not afford to move in the open market to meet their housing needs. Section 9 of the North Yorkshire SHMA report looks in greater detail at the specific support needs of elderly households.

Future Need

Stage 2: Future Housing Need (Net Annual)

- 7.46 Assessing the level of newly-arising need is a critical element of ensuring that the future development and restructuring of affordable housing meets the needs of the population. Two principle categories of arising need are tested; the number of newly-forming households unable to access open market housing, and the number of existing households falling into housing need.

Step 2.1: New Household Formation (Gross per Year)

- 7.47 The estimate of new household formation is calculated based on household formation trends from the previous two years – drawing on the results of the primary household survey. This equates to 950 households per annum. The use of previous trends in household formation to project future formation is the preferred approach cited within the current CLG SHMA Guidance (August 2007).
- 7.48 It is important to recognise that this does not draw on the long-term trend based household projections explored in Section 6. Using a short-term trend based approach is considered to better represent the current and immediate (five year) future market conditions. The formation of new households is particularly sensitive to market dynamics and the current context represents a significant step change from market conditions over the preceding market cycles. It is recognised that this is likely to represent a conservative estimate, with evidence suggesting a reduced rate of household formation over the last couple of years. Greater levels of household formation of new households would be likely to further elevate levels of housing need given the propensity of these types of households to require non-market housing compared to other elements of the market.

Step 2.2: New Households Unable to Buy or Rent in the Market

- 7.49 The affordability test (as set out in Step 1.4) is applied to households who stated within the household survey that they expect to move to form a new household within the next 5 years (annualised). This measures the capacity of households that expect to move to form a new household to access open market housing and is therefore based on the financial capacity of households that expect to move home in the future. This provides the most robust basis for establishing the levels of finance available to this component of the market in the authority, rather than a test of the incomes of households that have moved in the past.
- 7.50 This proportion of households is then applied to the number of new households forming, as established at Step 2.1.
- 7.51 The survey estimates that 46% of newly forming households are unable to access open market housing when subjected to the affordability test in line with the CLG Guidance. This equates to an annual estimate of future housing need arising from newly forming households of 441 dwellings.
- 7.52 The use of potential future newly forming households (as set out above), as opposed to examining the incomes of households which have moved historically, is seen as appropriate for use at this step in the assessment, given that testing the current financial capacity of households that formed in the past will provide a less accurate account of the incomes and other financial resources of households expecting to

form in the future. The primary reason for this is that the financial capacity of households that stated in the household survey they moved to form a new household over the past several years is likely to have changed since they formed their household (i.e. due to job changes, use of savings for a deposit/bond or generation of greater income/savings).

- 7.53 Further sensitivities around this element of the analysis are considered within Section 8 of the main North Yorkshire SHMA Report.

Step 2.3: Existing Households Falling into Need

- 7.54 This step provides an estimate of the number of existing households who will fall into housing need. As with steps 2.1 and 2.2, this step of the calculation uses primary data obtained from the primary household survey. As per the CLG Guidance, this data is calculated from past household trends – utilising households who have moved home within the last three years (annualised). Households forming in their last move are excluded from the analysis at this step to avoid duplication of Step 2.1. In addition, households moving between affordable housing tenures are excluded from the analysis at this step as their move would form a transfer and result in no change in the net supply / demand of affordable stock.
- 7.55 It is important to highlight that several previous housing needs assessments undertaken for North Yorkshire authorities have taken an approach to calculating the number of households falling into need that departs from GVA's interpretation of the current CLG SHMA Guidance (August 2007). The approach in question does not take into account the requirement in the CLG Guidance to establish the number of households who have fallen into need *and actually been housed*. Instead a broader approach is taken that does not look at households falling into need and being housed (i.e. moving into the social sector), but instead considers all existing household moves (excluding transfers) over the past two years (annualised trend) and tests their financial capacity to afford open market housing through an affordability test. As a result, this does not base the analysis on those households actually housed in social housing, and therefore potentially results in a higher number of existing households being classed as falling into need. As a result, this approach is not seen as appropriate at this step as it potentially serves to over-estimate need annually, where households in reality are likely to already be retrospectively represented in the backlog considered under Stage 1.
- 7.56 The calculation undertaken at Stage 2 results in a gross annual future affordable housing need of 990 dwellings.

Affordable Housing Supply

Stage 3: Affordable Housing Supply

- 7.57 This stage 'balances' the demand analysis undertaken during Stages 1-2, against the available supply of existing stock, and new affordable housing stock committed for development, to meet housing needs.
- 7.58 The existing supply includes:
- Affordable dwellings currently occupied by households in need
 - Surplus affordable housing stock (e.g. vacant dwellings)
- 7.59 The future supply includes:
- Committed supply of new (additional) affordable dwellings
 - Social-rented properties coming available for re-let to new households (annualised)
 - Intermediate properties coming available for re-let to new households (annualised)
- 7.60 Affordable units to be taken out of management (i.e. removed from use) are subtracted from the existing supply position.

Step 3.1: Affordable Dwellings Occupied by Households in Need

- 7.61 This step discounts the number of households already living in affordable housing from the calculation of need, as the movement of such households from one affordable home to another (to meet their needs) will have a nil net effect on the total affordable homes needed (i.e. the affordable home vacated will be released to accommodate another household).
- 7.62 The number of dwellings currently occupied by households in need is established during Stage 1 and equates to 1,542 households.

Step 3.2: Surplus Stock

- 7.63 It is deemed that the level of vacant affordable housing stock that are classed as long-term vacant, and have the potential to be brought back into use, is zero. Vacant dwellings are only void for a short time where there is a turnover in tenancy. Units to be taken out of management are accounted for separately in Step 3.4.

Step 3.3: Committed Supply of New Affordable Units

- 7.64 The committed future supply of new affordable dwellings that are to be available for letting is drawn from the local authority's HSSA (Housing Strategy Statistical Appendix) return to Government. The figure utilised is the proposed development of both local authority and RSL/HA affordable housing (for social rent) in 2011/12 and equates to 115 dwellings.

Step 3.4: Units to be Taken Out of Management

- 7.65 The number of affordable dwellings that are to be removed the total stock available for letting is taken to be zero.

Step 3.5: Total Affordable Housing Stock Available

- 7.66 This step forms the addition of Steps 3.1 to 3.4 to ascertain the total supply of available social rented units, which can therefore be used to accommodate the current accumulated housing need as identified in Stage 1. This demonstrates that there are an estimated 1,657 properties to offset the current backlog of gross housing need.

Step 3.6: Future Annual Supply of Social Re-Lets (net)

- 7.67 This step calculates the annual number of social re-lets (net), which therefore only includes lettings to new tenants (to avoid double counting with the transfers counted above) and represents the annual supply of affordable housing available to meet annual future need and in addition to assist in relieving any established backlog. This is calculated from General Needs re-lets for the last available year (2009-10) drawing on the local authority's submission to CORE (the Continuous Online REcording System) as well as additional lettings data provided by City of York Council, and equates to 549 dwellings.

Step 3.7: Future Annual Supply of Intermediate Affordable Housing

- 7.68 Due to the limited level of available stock, the annual supply of intermediate affordable housing available for re-let or resale at sub market levels is taken from the local authority's HSSA (Housing Strategy Statistical Appendix) return. The figure utilised is the planned development of intermediate affordable housing ((shared ownership / shared equity) in 2011/12 and equates to 64 dwellings.

Step 3.8: Future Annual Supply of Affordable Housing Units

- 7.69 This step is the sum of Step 3.6 and 3.7. This therefore represents an estimate of the future annual levels of affordable stock available to meet annually generated housing need. The total future annual supply is estimated to be 613 dwellings.
-

Stage 4: Total Housing Need – A Shortfall or Surplus of Affordable Housing?

- 7.70 To calculate total housing need the estimated stock of available affordable housing is subtracted from the gross current need for affordable housing (Step 1.4 – Step 3.5). This results in a net current need or backlog of 2,064 dwellings.
- 7.71 Following this, the total current need figure requires conversion to an annual flow. In line with the CLG Guidance (August 2007), a period of five years is assumed to address backlog need. This necessitates the current need figure being divided by five, which provides an annual flow of households requiring their housing needs to be addressed of 413 over this time period.
- 7.72 The final element of the assessment is to add the total newly arising need (per annum) to the annual flow of backlog households requiring their needs addressing (i.e. annual need) and subtract from this the future annual supply of affordable housing. **This results in a total net annual housing need of 790 dwellings over a 5 year time frame, in order to remove backlog housing need.**

Figure 7. 4: Housing Need Assessment Model

Stage 1 – Current Housing Need (Gross Backlog)		
Step	Methodology / Source	York
1.1 Number of Homeless households and those in temporary accommodation	Accepted as Homeless and or in temporary accommodation (31st March 2011) - Councils Provided	94
1.2 Number of Overcrowding and concealed households	Tested using 'Bedroom Standard'	3,627
1.3 Other Groups	Households living in unsuitable housing subjected to affordability test.	
1.4 Total current housing need (gross) = 1.1 + 1.2 (+1.3)	1.1 + 1.2 (+1.3)	3,721

Stage 2 - Future Housing Need (Annual)		
Step	Methodology / Source	York
2.1 New Household formation	Household Survey (annualised trend)	950
2.2 Newly forming households in need (annualised)	Household Survey - Newly forming households unable to afford access to private sector housing	46%
2.3 Existing households falling into need	Household Survey - Existing households moving into social rented sector (last 3 years average)	549
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	(2.1 x 2.2) + 2.3	990

Stage 3 - Affordable Housing Supply (Annual)		
Step	Methodology / Source	York
3.1 Affordable dwellings occupied by households in need	Figure relates to number of households identified in 1.3 which are transfers	1,542
3.2 Surplus Stock	Taken to be Zero - Linked to Backlog	0
3.3 Committed supply of new affordable housing	LA & RSL Social Rented HSSA (proposed 2011/12) or Councils provided	115
3.4 Units to be taken out of management	Taken to be Zero - unless Council Confirmed Programme of Sales or Demolition	0
3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	3.1 + 3.2 + 3.3 - 3.4	1,657
3.6 Annual supply of social re-lets (last year net)	CORE Lettings Data (General Needs lettings 2009/10)(Excludes transfers) (York - Council Provided)	549
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	HSSA (new RSL shared ownership/equity dwellings proposed 2011/12)	64
3.8 Annual supply of affordable housing = 3.6 + 3.7	3.6 + 3.7	613

Stage 4 - Total Housing Need (Net Annual)		
Total net need = 1.4 - 3.5	1.4 - 3.5	2,064
Annual flow (20% of total net need)	20% of total net need (Assume five year period to relieve backlog of need)	413
Net annual housing need = (2.4 + Annual flow) - 3.8	(2.4 + Annual flow) - 3.8	790

Establishing Housing Need at the Sub-area Scale

- 7.73 Analysis of affordable housing needs at the local authority scale can disguise the spatial differences in the levels of housing needs manifested below. This section therefore considers the disaggregation of affordable housing needs across the local authority's sub-areas.
- 7.74 The analysis replicates the stepped methodology as set out above for the local authority, in line with the DCLG SHMA Guidance and is summarised in the following figure. This presents a gross calculation of affordable housing need at the sub-area scale, as the supply of new affordable (social rented and intermediate) dwellings are not disaggregated below the local authority scale and are therefore excluded from the supply-side of analysis. As a result – simple multiplication of the sub-area calculations will not automatically equate to the District-wide net annual housing need figure.
- 7.75 In addition, a ward-level breakdown of gross affordable housing need is presented in Appendix 12.

Figure 7. 5: Sub-area Housing Need Assessment Model³⁶

Stage 1 – Current Housing Need (Gross Backlog)				
Step	Methodology / Source	Central York	Suburban York	York Villages
1.1 Number of Homeless households and those in temporary accommodation	Accepted as Homeless and or in temporary accommodation (prior to allocation for housing). CLG Live Tables / ONS (2009/10)	31	31	31
1.2 Number of Overcrowding and concealed households	Tested using 'Bedroom Standard'			
1.3 Other Groups	Households living in unsuitable housing subjected to affordability test. Note: households in social housing (transfers) excluded	230	1720	135
1.4 Total current housing need (gross) = 1.1 + 1.2 (+1.3)	1.1 + 1.2 (+1.3)	261	1,752	166

³⁶ Note: Values in Figure 7.4 and 7.5 are subject to rounding. The final figures will not align between Figure 7.4 and Figure 7.5 and the former presents a net position (at City scale) and the latter presents a gross position.

Stage 2 - Future Housing Need (Annual)				
Step	Methodology / Source	Central York	Suburban York	York Villages
2.1 New Household formation	Household Survey - last 2 years (annualised)	203	711	37
2.2 Newly forming households in need (annualised)	Household Survey - Newly forming households unable to afford access to private sector housing	24%	51%	51%
2.3 Existing households falling into need	3 Years Survey	106	411	33
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	(2.1 x 2.2) + 2.3	155	776	51

Stage 3 - Affordable Housing Supply (Annual)				
Step	Methodology / Source	Central York	Suburban York	York Villages
3.1 Affordable dwellings occupied by households in need	Figure relates to number of households identified in 1.3 which are transfers - where these have already been discounted	N/A		
3.2 Surplus Stock	Taken to be Zero - Linked to Backlog			
3.3 Committed supply of new affordable housing	LA & RSL Social Rented HSSA (proposed 2011/12)			
3.4 Units to be taken out of management	Taken to be Zero - Linked to Backlog			
3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	3.1 + 3.2 + 3.3 - 3.4			
3.6 Annual supply of social re-lets (last year net)	CORE Lettings Data (General Needs Housing - lettings 2009-10) (Excludes transfers) & Council Provided Lettings Data	51	475	23
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	HSSA (new RSL shared ownership/equity dwellings proposed 2011/12)	N/A		
3.8 Annual supply of affordable housing = 3.6 + 3.7	3.6 + 3.7	51	475	23

Stage 4 - Total Housing Need (Gross Annual)		Central York	Suburban York	York Villages
Total need = 1.4 - 3.5	1.4 - 3.5	261	1,752	166
Annual flow (20% of total need)	20% of total need (Assume five year period to relieve backlog of need)	52	350	33
Gross annual housing need = (2.4 + Annual flow) - 3.8	(2.4 + Annual flow) - 3.8	157	652	62

Source: GVA, 2011

Intermediate Housing

- 7.76 Intermediate housing products can provide an important role in bridging the gap between social renting and owner-occupation, some of which allow households to 'staircase' towards owner-occupation by renting alongside acquiring equity in their property.
- 7.77 The CLG SHMA Guidance (August 2007) cites that the number of households whose needs could be met by intermediate affordable housing is likely to fluctuate, reflecting the changing relationship between market rents, social rents and incomes alongside the variance in intermediate products available. The latest iteration of PPS 3 (June 2011) provides an updated definition of affordable housing which suggests that intermediate affordable housing includes:
- Shared equity products (e.g. HomeBuy); and
 - Other low cost homes for sale and intermediate rent
- 7.78 Importantly intermediate affordable housing products do not include Affordable Rent housing which is defined as a separate sub-section of Affordable Housing and explored later in this Section. In addition the definition for intermediate affordable housing does not include homes provided by private sector bodies or provided without grant funding that does not meet the definition above, for example, 'low cost market' housing.

Affordability of Intermediate Dwellings

- 7.79 This section considers the potential role of intermediate housing in meeting affordable housing need through analysis of demand for intermediate products and the relative affordability of intermediate products utilising data from the primary household survey.

- 7.80 The primary household survey provides details of the income profile of households currently in housing need. These households have been subjected to the standard affordability test, which has verified that they do not have the financial capacity to access open market housing to meet their requirements.
- 7.81 The following figure reviews what level of equity share (in an intermediate property) could be afforded by existing households in need, with the upper limit of analysis constrained by the lower quartile house price.

Figure 7. 6: Proportions of Households Currently in Housing Need able to Afford Equity Shares in Intermediate Tenure Housing

City of York	
% affording equity share of:	Existing Households in Need (%)
£40,000	74%
£50,000	62%
£60,000	45%
£70,000	33%
£80,000	25%
£90,000	17%
£100,000	15%
£110,000	10%
Lower Quartile Price	£144,625

Source: 2011 Household Survey

- 7.82 This estimates that approximately 30% of households currently in affordable need could afford a 50% equity stake in an intermediate home at the lower quartile price. This supports the future delivery of affordable housing to meet current need within the City of York as 70% social rented and 30% intermediate dwellings.
- 7.83 When considering a suitable proportion of intermediate tenure dwellings to be sought as an affordable housing contribution within policy, it is recommended that the economic viability of delivery is also considered in line with the requirements of PPS3. Consideration should therefore be made to the recommendations of the Affordable Housing Viability Study.

The Affordable Rent Model

- 7.84 The Government's Decentralisation and Localism Bill, published in November 2010, included proposals for a new form of affordable housing model – the 'Affordable Rent' model – the objective of which is to enable Registered Social Landlords (RSL) and Housing Associations (HA) to deliver flexible tenancies to social renting households and deliver a greater number of affordable homes. PPS3 (annex B) is also currently out to consultation to seek views on the revision of the definition of affordable housing to enable Affordable Rent to be utilised within the definition of

affordable housing for planning purposes. The closing date for consultation is 11th April 2011.

- 7.85 In June 2011 PPS 3 was reissued to include technical definitions changes in Annex B. As noted in Section 3 this included a new separate entry under 'affordable housing' for 'affordable rented housing'. This defines this affordable housing product as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent" (PPS 3, Annex B: Definitions, June 2011)

- 7.86 In February 2011 the Homes and Communities Agency (HCA) published a Framework setting out the details of the new Affordable Homes Programme of investment, inviting Registered Providers to put forward proposals for £2.2bn of funding (out of the overall £4.5bn funding pot) for affordable housing during the 2011-15 Spending Review period. The Framework outlines the changes in affordable housing provision being introduced for 2011-15, and how this new approach will meet the Government's ambition to deliver up to 150,000 new homes over the next four years.
- 7.87 The Affordable Rent model is key to this programme – aiming to provide a more flexible form of social housing that will allow providers to charge up to 80% of market rent on properties, with the potential to increase RSL/HA revenues and reduce the level of Government investment in affordable homes. As part of the new funding offer, providers will also have the flexibility to convert a proportion of their social rented homes to Affordable Rent as part of a package agreed by the HCA.
- 7.88 It will therefore be important for the Council to work with local RSLs and HA's to agree the appropriate level of Affordable Rent for the local area to meet the optimum level of affordable housing need (as well as the provider's revenue priorities). The following section considers what the level Affordable Rent could be capped at within the authority.

Affordability of Affordable Rent Dwellings

- 7.89 This section considers the potential role of Affordable Rent housing in meeting affordable housing need through analysis of the relative affordability of Affordable Rent products utilising data from the primary household survey and secondary

sourced private rental data (as presented in section 6), and the Regulatory and Statistical Returns (RSR) survey 2010³⁷.

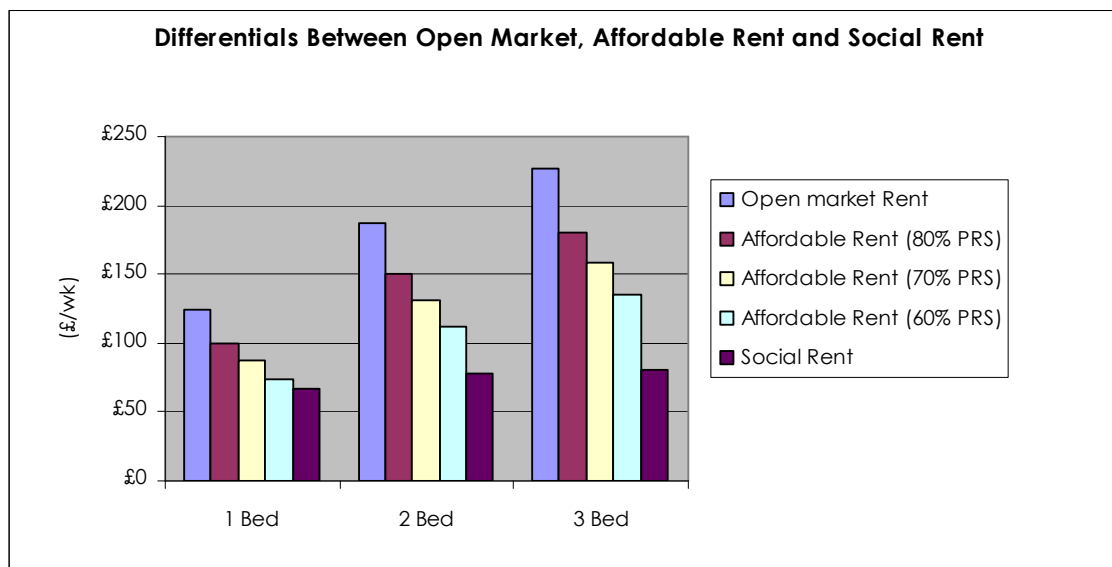
- 7.90 The 2010 household survey provides an illustration of the income profile of households currently in housing need³⁸. The following figure demonstrates the cost differentials between open market rent, Affordable Rent (80%, 70% and 60% of open market) and social rents³⁹.
- 7.91 The analysis demonstrates that there is limited differential in cost between the social rent and Affordable Rent tenure, charged at 60% or 70% of market rent for 1 bedroom properties in the City of York. This suggests that charging at these levels would not result in a viable proposition (as it would be unlikely to appeal to tenants and would not significantly increase returns for Registered Social Landlords to reinvest in the development of new affordable homes).
- 7.92 Greater differentials are, however, evident within the 2 bedroom and 3 bedroom stock – as dwelling size increases. Notably, Affordable Rent charged at 70% and 80% of market rent demonstrates a significant differential between the cost of a social rented home and the cost of renting privately on the open market. This suggests that there is potential for products of this cost to 'plug' a gap in the rental market between those who require traditional social affordable housing and those who could afford to rent on the open market.

³⁷ <https://rsr.tenantservicesauthority.org/?AspxAutoDetectCookieSupport=1>

³⁸ As calculated at Step 1.4 of the housing needs assessment model. Note also that this analysis does not take into account the property size requirement of the household in need (i.e. Bedroom Standard), and is purely testing affordability.

³⁹ The social rental prices are drawn from the RSR 'Gross Rents' for each property size (by bedrooms) at the local authority average (of all RP's) from the survey.

Figure 7. 7: Differentials between Open Market, Affordable Rent and Social Rent

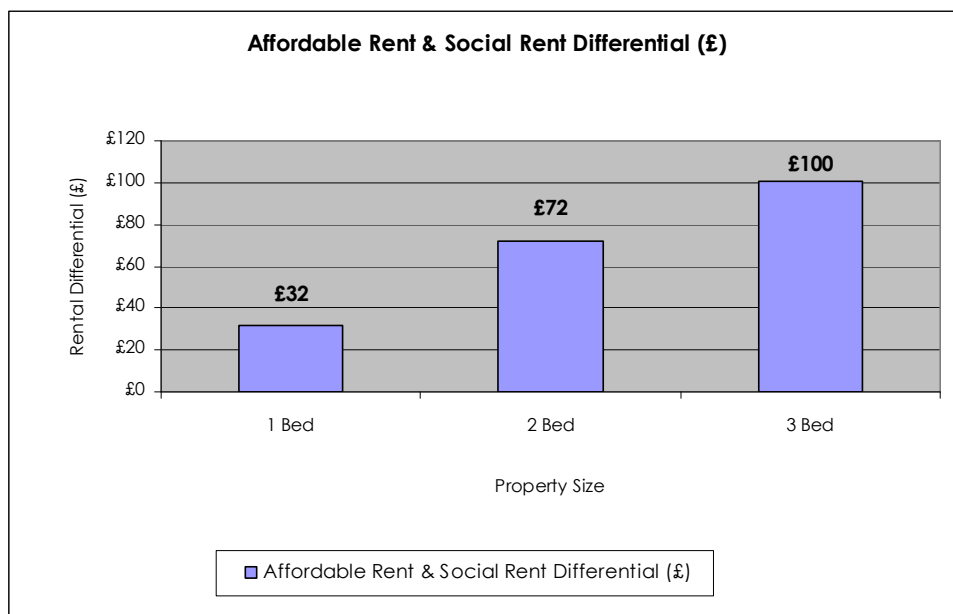


Rental	City of York - Cost Differential (£) per week - Affordable Rent & Social Rent		
	1 Bed	2 Bed	3 Bed
Open Market	£124	£188	£226
Affordable Rent (80% Open Market)	£99	£150	£181
Affordable Rent (70% Open Market)	£87	£131	£158
Affordable Rent (60% Open Market)	£74	£113	£136
Social Rent	£67	£78	£80

Source: Rightmove.co.uk (April 2011), RSR (2010), GVA Analysis, 2011

7.93 To display this more evidently, the differential between Affordable Rent charged at 80% of the open market rent, and social rents, are presented in the following figure.

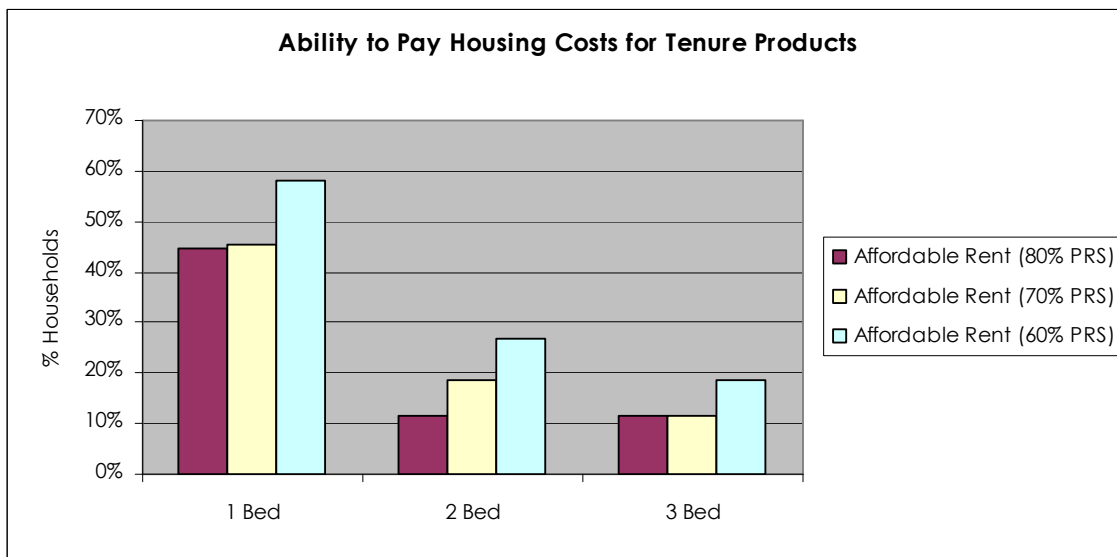
Figure 7. 8: Cost Differential - Affordable Rent and Social Rent



Source: Rightmove.co.uk (April 2011), RSR (2010), GVA Analysis, 2011

- 7.94 Figure 7.8 demonstrates that there is a £32 weekly rental differential between Affordable Rent and traditional social rent for 1 bedroom accommodation. This extends to £72 and £100 for 2 bedroom and 3 bedroom accommodation respectively.
- 7.95 To further test how Affordable Rent may be able to be priced within the local authority, analysis turns to considering the ability of households currently in need to afford Affordable Rent at 80% of market rent, and at 60% of market rent. This allows testing of both the impact of charging the 'expected' and lower Affordable Rents. The analysis is based on household expenditure on rent not exceeding 25% of total income.
- 7.96 The following figure illustrates the proportion of households in current need that could afford each rent level.

Figure 7. 9: Proportions of Households Currently in Housing Need able to Afford Affordable Rent Housing



Source: Rightmove.co.uk (April 2011), RSR (2010), Primary Household Survey, GVA Analysis, 2011

7.97 The analysis at 60%, 70% and 80% of market rents suggests that the affordable rent tenure, when introduced across the City of York, could be a useful tenure in delivering further affordable housing and meeting some affordable housing needs:

- Almost 50% of households in need could afford a 1 bedroom Affordable Rent home when priced at 80% and 70% of the open market rent. This is increased when both 60% of open market rents are charged.
- Approximately 11% of households in need could afford a 2 bedroom Affordable Rent home when priced at 80% of the open market rent. However, this increases to 19% of households when charging 70% of market rents, and up to 27% of households when charging 60% of open market rents.
- Few households in need can afford a 3 bedroom Affordable Rent home – with 11% able to afford 80% of open market rents. This only improves to 19% of households when charging 60% of open market rents. However, this suggests that the tenure will have a limited impact on meeting the needs of households requiring larger properties.

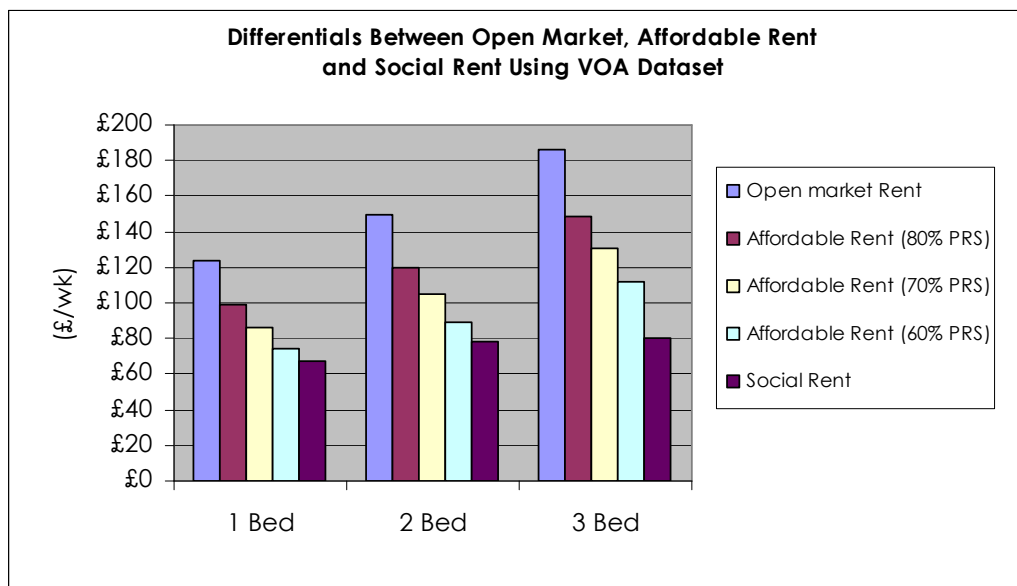
Alternative Scenario: Usage of Alternative VOA Private Rental Data

7.98 On the 27th October 2011 the Valuations Office Agency (VOA) released average private rent prices from September 2010 to September 2011 for each authority in England – including this City of York⁴⁰. The data indicated a different set of average private rent levels than utilised within the SHMA research for testing the affordability of Affordable Rent dwellings and presented above.

7.99 The following section provides an analysis of the outputs of utilising the alternative VOA private rent data on the affordability of Affordable Rent dwellings in the City of York.

- The VOA dataset presents a similar average 1 bedroom private rental price in City of York (at £123 per week) to that presented in the analysis of Rightmove (and used in the earlier analysis – at £124 per week). For 2 bedroom and 3 bedroom dwellings, the VOA dataset presents a lower average rental value – at £149 and £186 per week respectively (compared to £188 and £226 used in the earlier analysis). The revised differentials between the tenures using the VOA dataset are presented in Figure 7.10.

Figure 7. 10: Differentials between Tenures using VOA data – City of York



⁴⁰ Private Rental Market Statistics (27th October 2011) VOA

Rental	City of York - Cost Differential (£) per week - Affordable Rent & Social Rent Using VOA Data		
	1 Bed	2 Bed	3 Bed
Open Market	£123	£149	£186
Affordable Rent (80% Open Market)	£99	£119	£149
Affordable Rent (70% Open Market)	£86	£105	£130
Affordable Rent (60% Open Market)	£74	£90	£112
Social Rent	£67	£78	£80

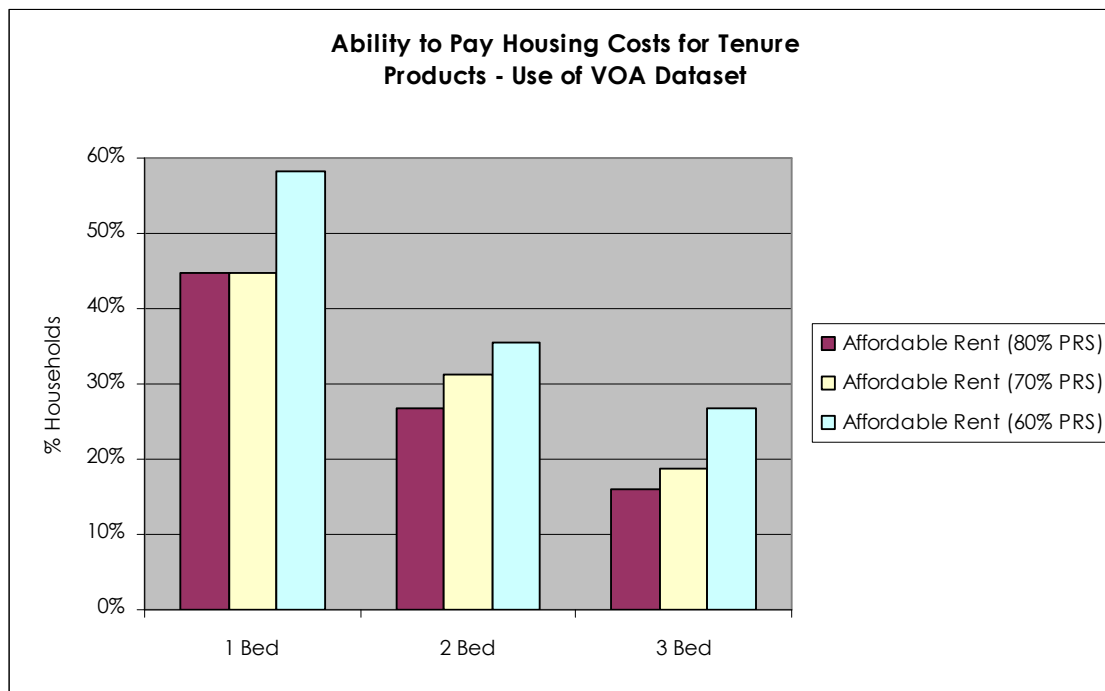


Source: VOA (October), 2011; GVA Analysis, 2011

7.100 As a result of the alternative differentials, which present a similar cost for 1 bedroom Affordable Rent dwellings and a lower cost for 2 bedroom and 3 bedroom affordable rent dwellings – when pegged to the alternative VOA dataset, the affordability of Affordable Rent dwellings for households currently in housing need is altered.

7.101 This is illustrated in the following figure.

Figure 7. 11: Proportions of Households Currently in Housing Need able to Afford Affordable Rent Housing using VOA data – City of York



Source: VOA (October), 2011; GVA Analysis, 2011

7.102 The analysis at 60%, 70% and 80% of market rents based on the VOA dataset suggests that on this measure the affordable rent tenure, when introduced across the City of York would:

- Retain the same proportion of households in need that could afford a 1 bedroom Affordable Rent home when priced at 80%, 70% or 60% of the open market rent.
- Increase the proportion of households in need that could afford a 2 bedroom Affordable Rent home when priced at 80%, 70% or 60% of the open market rent. As a result, 27% of households could afford a 2 bedroom home priced at 80% of the market rent, rising to 36% of households when priced at 60% of the open market rent.
- Increase the proportion of households in need that could afford a 3 bedroom Affordable Rent home when priced at 80%, 70% or 60% of the open market rent. As a result, 16% of households could afford a 3 bedroom home priced at 80% of

the market rent, rising to 27% of households when priced at 60% of the open market rent.

- 7.103 Delivery of Affordable Rent properties with these rental prices is also subject to further financial considerations.
- 7.104 Moreover, the analysis has been undertaken at a time when the impact of amendments to Housing Benefit payments (introduced by the Government) to household incomes have not become fully clear – and the incomes reflected in the analysis will include households receiving benefits under the system pre April 2011. From April 2011 the introduction of a reduced Local Housing Allowance (LHA), benefits cap and other welfare policy amendments are likely to further decrease household incomes. This may concurrently reduce the proportion of households able to afford housing through this model.
- 7.105 It will be for the Council to produce a tenure strategy to address these issues. The tenure split between affordable rent, social rent and intermediate products will be addressed in future planning policies.

Need for Affordable Housing by Different Sizes of Property

- 7.106 Core Output 7 of the CLG Guidance (August 2007) requires an estimate of the breakdown of the sizes of property required by households identified in need of affordable housing. The intention is to estimate the relative pressure on different property sizes. In particular this analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of affordable housing which responds to the future need over the short-term.
- 7.107 In order to arrive at this estimate the outputs of two key datasets have been compared to produce an assessment of the proportional mis-match for each property size in terms of demand (generated by households in need) and supply (lettings of available property currently):
- Lettings data by size of property sourced from CORE lettings for 2009/10. This excludes transfers and therefore represents lettings to new households.
 - Primary Household Survey data – The size requirements of households classified as in need of affordable housing, based upon the three elements identified below, have been drawn out of the responses to the primary needs survey following a

similar process to assess the suitability of current housing (utilising the bedroom standard to test household bedroom requirements based on current household composition):

- Households in current need (Stage 1 of the CLG calculation of need);
- Newly forming households who will be in need (Stage 2); and
- Existing households falling into need (Stage 2).

7.108 The following figure presents the number of lettings by property size across the local authority and for each sub-area.

Figure 7. 12: Absolute and Proportional Distribution of Lettings by Property Size

Re-lets to new applicant households (i.e. excluding transfers (2009/10))	Lettings by Property Size (Bedrooms)			
	1	2	3	4+
Central York	30	17	4	0
Suburban York	262	155	52	6
York Villages	9	10	4	0
City of York (Total)	301	182	60	6
Proportion of Lettings				
Central York	59%	33%	8%	0%
Suburban York	55%	33%	11%	1%
York Villages	39%	43%	17%	0%
City of York (Total)	55%	33%	11%	1%

Source: COrE Lettings (2009/10) & Local Authority Lettings Data

7.109 In terms of demand the proportional split in the property size requirements of those households classified in need (as defined above) is shown below. This includes all households in current need and therefore proportions are presented rather than absolutes, in order to avoid any assumptions around annual rate at which their needs could be accommodated.

Figure 7. 13: Proportional Split in Size of Property Required by Households in Need

Households in Need	Number of Bedrooms Required (Bedroom Standard Calculation)			
	1	2	3	4+
Central York	41%	42%	11%	6%
Suburban York	36%	46%	12%	6%
York Villages	35%	50%	15%	0%
City of York (Total)	39%	44%	12%	5%

Source: 2011 Primary Household Survey

- 7.110 Figure 7.11 shows demand across all property sizes, with the level of demand / need for 2 bedroom and 1 bedroom properties recording the highest levels across the authority at 44% and 39% respectively. At a sub-area level there are some obvious spatial distinctions which in part reflect the existing profile of stock and households. In some areas the levels of demand recorded appear to reflect shortfalls in the current supply. For example, there is a particularly high level of proportional demand for 2 and 1 bedroom dwellings in Central York, and for 2 bedroom dwellings in York Villages and Suburban York.
- 7.111 The following figure balances the proportions of supply and demand against one another to identify areas of potential mis-match. A negative percentage implies a shortfall in provision. It is important to note that whilst the proportions identify shortfalls, a positive % does not necessarily mean a surplus of stock of a particular type. As the demand profile shows, and the overall calculation of need identifies, there is a substantial backlog of need across several property sizes, however, the varying pace and number of lettings of different property sizes means that there is an imbalance in the ability to address this backlog in the short-term.

Figure 7. 14: Size of Affordable Properties – Balancing the Proportion of Demand against the Proportion of Supply

The balance between households in need and lettings (proportions)	Number of Bedrooms Required (Bedroom Standard calculation)			
	1	2	3	4+
Central York	18%	-9%	-3%	-6%
Suburban York	19%	-13%	-1%	-4%
York Villages	4%	-7%	2%	0%
City of York (Total)	16%	-11%	-1%	-4%

Source: CORE Lettings (2009/10), Local Authority Lettings Data, Primary Household Survey

- 7.112 Contrasting supply and demand clearly illustrates that the greatest level of need by property size at the local authority scale is for 2 bedroom, 3 bedroom and 4+ bedroom dwellings and provides a 'check' on the demand/need figures presented in Figure 7.11. Analysis of Figure 7.12 **supports the delivery of affordable housing by size in line with the proportions set out in Figure 7.11 in order to meet housing needs going forward in the city.**
- 7.113 This is with the caveat that it would be preferable for the need/demand for 1 and 2 bedroom properties to be met by delivery of 2 bedroom properties to most effectively meet housing needs. This would allow for future stock flexibility to changing household

circumstances (e.g. start family; carer to stay – the former being important given the presence of young single and young couple households in the city, and the latter being particularly important given the ageing population within North Yorkshire and the presence of elderly people with care/support needs). The shortage of these property types is having a disproportionate effect on York's ability to address its backlog of housing need and to meet the needs of new households in the future.

Bringing the Evidence Together

- 7.114 This section has focussed on assessing the level of need for affordable housing over the next five years. Analysis has been undertaken using a range of data sources following the CLG Guidance process for calculating need.
- 7.115 The findings of this section directly relate to a number of the core outputs set out in the CLG Guidance. A number of key findings are however, presented below in bringing the evidence and analysis together from this section:
- The housing needs assessment indicates that York will be required to provide for a net annual affordable housing need of approximately 790 dwellings per annum over the next five years in order to both clear the existing waiting list backlog and meet future arising household need.
 - The analysis suggests that intermediate products could play an important role in improving housing choice and addressing an element of housing need. The potential is identified for this affordable tenure type to accommodate approximately 30% of households currently in housing need (based on their financial capacity to afford a 50% equity stake). Significantly though this tenure does not, at the moment, represent a tenure of choice as evidenced by the limited numbers of households either currently living in, or considering a move into, this tenure based on the results of the 2011 household survey. This is likely to be a function of the relative 'youth' of this product in the housing market and therefore its relatively small levels of stock across the City of York and North Yorkshire more generally.
 - The introduction of the Affordable Rent model, as an alternative (and addition) to traditional social housing in the City of York also holds potential to accommodate households who would otherwise struggle to enter the open market. The differentials between Affordable Rent, open market rents and social rent suggest the model could form a valid 'stepping stone' between tenures, although the

financial capacity of households in housing need suggests that the incomes of households in York may well be overstretched if required to reach Affordable Rent charged at 80% of the market rate for larger dwellings.

- Considering demand by property size the analysis shows the highest level of demand / need for medium size and larger properties ranging from 2 bedrooms to 4+ bedrooms. The shortage of these property sizes is having a disproportionate effect on the City of York's capability to address its backlog of housing need, and to meet the needs of new households in the future.

8. Drawing the Evidence Together – Conclusions

- 8.1 This section provides the headline findings of this individual Authority Appendix. The North Yorkshire SHMA Report provides a full concluding narrative and should be read in conjunction with the findings presented here.
- 8.2 The summary conclusions presented below are intentionally brief in order to allow easy interpretation. Findings are structured to be broadly in line with the suggested outputs in the CLG SHMA Guidance of 2007.

The Current Housing Market

Demographic and Economic Context

- 8.3 Key Findings:
- Between 2001 and 2009 York's population has grown by 9%. This growth has been predominantly driven by sustained levels of low in-migration from other parts of the UK as well as a large increase from international migration (the analysis within Section 6 suggests that these migration trends may have been over-estimated by the ONS). Significant net migration inflows have occurred in the 15 – 19 age group driven by York's large student population relocation to the Higher Education establishments within the city.
 - York has experienced a more pronounced growth in population aged between 20 and 35 years when compared with the sub-region which is linked to students, post graduate retention and York's role as an economic and employment hub.
 - The DCLG estimates that there were approximately 84,900 households within York, an uplift of approximately 7,900 from 2001.
 - The ONS mid-year estimates and DCLG household projections suggest that household sizes have fallen between 2001 and 2009. Household change by household type has shown that increases have occurred in 'one person households' and couple households. This reflects the migration trends identified above and has an important bearing on the dynamic part of much of the York housing market.
 - York has a well performing economy with an economic activity rate which is in line with the North Yorkshire average. Since 2008 increases in unemployment in

York have been focused amongst those in full-time employment. The relative strength of York's economy compared to wider economic benchmarks demonstrates York's position as an economic and employment hub with a high proportion of total employment concentrated in the 'top three' occupations.

- This is translated into an income profile which shows a comparatively high proportion of high earners (12% of households earn more than £52,000). Importantly though the authority is characterised by having a broad profile of incomes with almost 50% of households earning less than £31,200.
- The Regional Economic Model forecasts that an additional 5,000 jobs will be created within the authority by 2026. This represents a baseline policy-off projection. The alternative employment projections presented within the City of York Employment Topic Paper (ARUP, 2011) suggest a higher level of employment growth within the City of York to 2026 – equating to an annual average of 960 new jobs created across the period. This is considerably higher than the average jobs per annum projected under the REM model (approximately 340 per annum), although the level of annual change towards the end of the forecasting period reaches 700 per annum

The Housing Stock

8.4 Key Findings:

- There are 83,208 properties in York as recorded in the 2009/10 HSSA dataset. Approximately 1.8% of properties are classed as vacant which suggests limited capacity within the existing stock to absorb future demand.
- Approximately 5,300 new properties have been delivered in York between 2004 and 2010. Reflecting national market trends development levels have fallen from 2004 peak levels of 1,100 to a still substantial 606 in 2009/10.
- The Household Survey 2011 suggests that 33% of households are classified as under-occupying their property, according to the bedroom standard calculation, suggesting a significant latent capacity within the stock.
- As would be expected given its more urban profile the housing stock of York differs slightly from the North Yorkshire average. The authority includes a high proportion of semi-detached properties and a lower proportion of detached properties than many of the more rural parts of North Yorkshire. The authority does however have a higher proportion of flatted properties which has increased over recent years as a result of development activity within and on the edge of the city centre of York.

The Active Market

8.5 Key Findings:

- York has experienced a rise in average house prices since 2000, peaking at a high of £210,900 in 2007/08 in line with the national market. Current average house prices have fallen by almost 10% since 2007/08. Current values vary throughout the Local Authority area with the York Villages sub-area recording the highest median house price of £250,225. Whilst prices have fallen lower quartile property prices still remain considerably higher than they were in 2000, which coupled with mortgage finance issues represents a significant barrier to first time buyer and lower income households purchasing property across the authority.
- The issues facing first time buyers and other parts of the market looking to buy has meant that York's private rental sector has been buoyant. Indeed evidence suggests that the tenure has expanded by approximately 50% between 2001 and 2008. This is also reflected in rents with over a quarter of private renters paying in excess of £650 per calendar month. However, almost a quarter of private renters are paying between £260 and £347 per month, which is linked to the prevalence of shared student accommodation in York.
- Benchmarking of incomes against housing costs reinforces the affordability issues facing households in the authority with a high proportion of households unable to access owner-occupation. The analysis suggest that an income of £58,350 is required to purchase a property (assuming a ceiling mortgage spend of 20% of income) compared to average household income levels across York of £22,100.
- In terms of household movements York shows a relatively high rate of household retention, with 64% of those planning to move in the next two years planning to remain in York. Despite the affordability issues outlined above owner occupation remains a popular aspiration for almost 50% of households planning to move in the next couple of years expecting to move into this tenure.

The Future Housing Market and Housing Need

Projecting Future Demand

8.6 Key Findings:

- The authority is projected to grow significantly in terms of its population and the number of households.

- Under the SNPP the authority is projected to grow significantly, with international migration the key driver of growth. The analysis highlights the potential issues associated with this trend based projection of growth of international migrants as part of the sensitivity analysis presented in Section 7. The CYC Core Strategy Submission (Publication) approach is referenced, which supports an average annual growth of 800 dwellings per annum and an average annual job growth of up to 960 jobs per annum. This is supported by previously commissioned research by Arup (July 2011) which considered the level of job growth suitable for the future and the level of population and household growth that should form the basis of future housing provision in light of recent economic circumstances.
- The detailed analysis of the changing demographic and household type profile of the population coupled with the expectations of households looking to move in the near future from the 2011 Household Survey, identified a future demand for all property sizes. Demand is particularly high for smaller properties although in order to meet the demands and expectations of family's larger properties will also be required in the future.

Affordable Housing Need

8.7 Key Findings:

- The housing needs assessment indicates that York will be required to provide for a net annual affordable housing need of approximately 790 dwellings per annum over the next five years in order to both clear the existing waiting list backlog and meet future arising household need.
- The analysis suggests that intermediate products could play an important role in improving housing choice and addressing an element of housing need. The potential is identified for this affordable tenure type to accommodate approximately 30% of households currently in housing need (based on their financial capacity to afford a 50% equity stake).
- The introduction of the Affordable Rent model, as an alternative (and addition) to traditional social housing in the City of York also holds potential to accommodate households who would otherwise struggle to enter the open market. The differentials between Affordable Rent, open market rents and social rent suggest the model could form a valid 'stepping stone' between tenures, although the financial capacity of households in housing need suggests that the incomes of households in York may well be overstretched if required to reach Affordable Rent charged at 80% of the market rate for larger dwellings.

- Considering demand by property size the analysis shows the highest level of demand / need for medium size and larger properties ranging from 2 bedrooms to 4+ bedrooms. The shortage of these property sizes is having a disproportionate effect on the City of York's capability to address its backlog of housing need, and to meet the needs of new households in the future.