City of York Council

Housing Requirements in York

Assessment of the Evidence on Housing Requirements in York

Issue | 16 May 2013

Job number 225785

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Understanding the Difference in Population Growth and Forecasts in York

1 Introduction

Planning for an appropriate level of housing growth that meets social and economic needs in the right place is one of the fundamental challenges in the development of a sound Local Plan. Such growth should meet the changing needs of the resident population, facilitate economic growth and change, whilst bringing forward development in a sustainable way. Such issues lie at the heart of the National Planning Policy Framework (NPPF), being a fundamental aspect of the strategy for sustainable growth.

This Report considers the most recent evidence in relation to the city's housing market to understand the range of potential housing figures that should be considered in developing the York Local Plan. This includes a review of:

- The changing policy context, including a review of the NPPF and its implications and the housing figures being put forward by surrounding local authorities;
- The North Yorkshire Strategic Housing Market Assessment (SHMA) 2011;
- The most recent evidence on population growth from the 2011 Census;
- The 2010 based sub national population projections (SNPP);
- Recent evidence on housing completions in the district and the impact of this on the long term trend of completions;
- The future economy forecasts produced by OEF/Ekos Gen / DJD for the York Visioning work; and
- The affordable housing requirement set out in the SHMA (2011).

This work builds upon and updates the two previous Topic Papers on Population undertaken in 2010 and 2011 on behalf of the City of York Council (COYC); the most recent of these reports is included at Appendix A.

2 Changes in the Policy Context

2.1 Localism Act

The Localism Act received Royal Assent in late 2011. The main points relevant to this paper are:

- The Act makes provision for the Regional Strategy to be revoked (although this has not yet occurred pending an on-going review of the strategic environmental assessments on the effects of revocation, including additional consultation);
- The introduction of the Duty to Cooperate, requiring Local Planning Authorities to demonstrate they have taken into account cross-boundary issues when developing planning policy; and
- There is the expectation that local authorities will determine future policy for their areas within certain parameters.

2.2 National Planning Policy Framework

The National Planning Policy Framework was published on 27 March 2012. Paragraph 14 of the NPPF states that:

- *"local planning authorities should positively seek opportunities to meet the development needs of their area;*
- *Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:*
    - *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or*
    - *specific policies in this Framework indicate development should be restricted."*

Paragraph 50 states that local planning authorities should:

"plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups"

The explicit references in PPS 3 (paragraph 33) to using the most recently produced household projections, taking account of economic growth forecasts when setting housing provision levels, are not repeated in the NPPF.

However in setting out the meaning of a proportionate evidence base, paragraph 158 stresses that the Local Plans should be based amongst other things on up-to-date evidence on the prospects of the area, and those strategies for housing etc. should take full account of relevant market and economic signals:

"Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing,

employment and other uses are integrated, and that they take full account of relevant market and economic signals."

It goes on to say in paragraph 159 that:

"Local planning authorities should have a clear understanding of housing needs in their area. They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- *meets household and population projections, taking account of migration and demographic change;*
- *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- *caters for housing demand."*

This is no different to the statement at paragraph 28 of PPS 3.

Details of the four tests of soundness for plans are set out at paragraph 182. This now states that objectively assessed development requirements should include unmet requirements from neighbouring authorities where it is "reasonable" (previously "practical") to do so.

In the transitional arrangements at paragraph 218 of Annex 1, it states:

"Where it would be appropriate and assist the process of preparing or amending Local Plans, regional strategy policies can be reflected in Local Plans by undertaking a partial review focusing on the specific issues involved. Local planning authorities may also continue to draw on evidence that informed the preparation of regional strategies to support Local Plan policies, supplemented as needed by up-to-date, robust local evidence.*

**Regional strategies remain part of the development plan until they are abolished by Order using powers taken in the Localism Act. It is the government's clear policy intention to revoke the regional strategies outside of London, subject to the outcome of the environmental assessments that are currently being undertaken."*

It will be important for COYC to review housing growth requirements in line with the NPPF.

2.3 Developments in Core Strategies in Neighbouring Authorities: the Duty to Cooperate

2.3.1 Overview

The table below provides an overview of the adopted and emerging housing targets set out within Core Strategies in the authorities adjacent to York. This compares the target for the plan period with the annual average housing growth figure taken from the 2003, 2004, 2006, 2008, and 20011 based sub national housing projections (SNHP). These are also compared with the levels of housing growth that have been realised within these authorities in recent years, to illustrate the actual growth rate.

This illustrates that when compared with the most recent (the 2011 based interim) SNHP the majority of the local authority surrounding York can be seen to be broadly in line with or exceeding the forecast level of growth. However, it should be noted that the 2011 based projections are interim figures and are only published up to 2021, rather than 2026 as the other projections in this table are. Furthermore, if the RSS[1] is used as the basis for determining if these authorities are meeting need then it would appear that all surrounding authorities are meeting if not exceeding these figures.

However, there may be a potential issue of under-provision in some of the authorities surrounding York if the 2008 based SNHPs are utilised for this comparison. For example, in Harrogate the figure in the adopted Core Strategy was in accordance with the RSS target, however this can be seen to be significantly below the household projections annual figure. However, in our professional opinion the 2011 (and the 2003 or 2004) based SNHPs reflect a more appropriate trend of growth than either the 2006 or 2008 based projections. This issue is discussed in greater detail in our previous 2011 report (see Appendix A, section 6.2).

An analysis of the approach undertaken in regards to housing requirements is set out in the remainder of this chapter, for each of the surrounding LPAs.

[1] Note the Yorkshire and Humber Plan: Regional Spatial Strategy (May 2008) was revoked on the 22nd February 2013

Table 2.1: Comparison of household growth projections in surrounding authorities to York

Local Authority	2003 based SNHP (2006-26)[2]		2004 Based SNHP (2006-26)		2006 based SNHP (2006- 26)		2008 based SNHP (2006-26)		2011 based SNHP (2011-21)		RSS Annual Allocation 2008-26	Adopted / Emerging Core Strategy annual average	Annual average completions, 2004-11[3]
	Total	Annual average	Total	Annual average	Total	Annual average	Total	Annual average	Total	Annual average			
East Riding of Yorkshire	37,130	1,857	47,000	2,350	51,000	2,550	42,000	2,100	13,400	1,340	1,150	1,400	1,012
Hambleton	7,110	356	9,000	450	9,000	450	6,000	300	2,500	250	280	285[4]	219
Harrogate	15,010	751	19,000	950	23,000	1,150	16,000	800	5,300	530	390	390	388
Leeds	52,140	2,607	66,000	3,300	113,000	5,650	111,000	5,550	40,800	4,080	4,300	4,375[5]	2,961
Ryedale	3950	198	5,000	250	7,000	350	5,000	250	1,300	130	200	200	134
Selby	7,110	356	9,000	450	10,000	500	11,000	550	4,600	460	440	450	489

[2] The 2003 household projections were only produced at a regional level. Therefore a calculation based on the 2004 household projections has been carried out. The 2003 household projections predicted a 17,700 annual increase in households in Yorkshire and the Humber up to 2026. The 2004 household projections predicted an annual increase of 22,000 households in the region up to 2026. The district level 2003 household projections have been calculated by using 79% of the 2004 district household projections.

[3] Figures taken from the respective LPAs Annual Monitoring Reports

[4] Hambleton Core Strategy, Adopted April 2007. Core Strategy sets out 285 annual average net additional dwellings between 2008 and 2021, based on 320 units per annum from 2004 till 2011, 290 units per annum between 2011 and 2016 and 260 units per annum between 2016 and 2021.

[5] Leeds City Council (2012) The Leeds Publication Draft Core Strategy, sets out to deliver 70,000 net additional dwellings per annum between 2012 and 2028, this equates to an annual average of

2.3.2 East Riding of Yorkshire

The East Riding of Yorkshire Council published 'The Strategy Document' in February 2013.

This requires an annual average of 23,800 net additional dwellings between 2012 and 2029 and proposes an average annual housing growth requirement of 1,400 dwellings.

2.3.3 Hambleton

Hambleton adopted its Core Strategy in April 2007. The district's Core Strategy is in accordance with the Regional Spatial Strategy, which set a target for the district to deliver approximately 280 net additional dwellings per annum.

2.3.4 Harrogate

Harrogate Borough Council adopted its Core Strategy in February 2009. The Strategy sets a requirement for the Borough to deliver 390 net additional dwelling per annum up to 2021.

2.3.5 Leeds

The Leeds Publication Draft Core Strategy was published for consultation in February 2012. It sets out the following housing requirements:

- 3,660 net additional dwellings per annum from 2012/13 to the end of 2016/17 (18,300); and
- 4,700 net additional dwellings per annum from 2017/18 (51,700).

Leeds have not yet published any background papers that set out the rationale and evidence for these housing growth requirements, although the Publication Draft Core Strategy refers to the Strategic Housing Market Assessment for Leeds. This proposed level of growth is broadly in line with modelling undertaken to inform the Regional Spatial Strategy. This modelling used the 2004-based household projections of an annual average household growth of 3,300, uplifting this to 4,300 to take into account the planned level of economic growth in the Leeds City Region, most of which was assumed would occur in Leeds District.

The Leeds Publication Draft Strategy seeks to support and reinforce the existing settlement structure, prioritising development within the main urban area of Leeds, and in identified regeneration areas.

2.3.6 Ryedale

The Ryedale Plan – Local Plan Strategy Proposed Submission Document was published for Consultation in January 2012. This set outs the delivery of at least 3000 (net) additional dwellings between 2012 and 2027; equating to 200 per year of the 15 year plan period. It should be noted that this figure is in line with the annual requirement set out in the RSS.

Background Paper 3 Population and Housing provides information on how this housing target has recently been re-assessed. This involved consulting with the public on two housing figures:

- 200 homes per annum; and
- 350 homes per annum.

The results of this consultation exercise showed that the public felt that less housing should be built due to the impact on the local environment, infrastructure, services and facilities that greater levels of development would create. The conclusion to this report notes that the 2008 based household projections provide a figure of between 250-260 dwellings per annum and that past completion rates have rarely surpassed 200 dwellings. Based on the assessment undertaken by the Council they have concluded that Ryedale retrain the figure of 200 dwellings per annum.

2.3.7 Selby

The Selby Core Strategy is currently being examined by the Planning Inspectorate. This is based on a minimum housing requirement of 450 net additional dwellings per annum for the plan period of 2011-2026.

Selby commissioned work from Arup to understand the housing requirements in the District. This has concluded that the figure of 450 net additional dwellings is appropriate for the district, having reviewed recent evidence on this issue. This has included analysing evidence on migration levels into the district in conjunction with levels assumed in the SNPP. This work has taken into account evidence in relation to economic uncertainty and migration, Selby District Council’s objective to achieve better housing jobs alignment, and the guidance in the NPPF.

3 Recent Evidence on Past Growth Trends

3.1 Overview

This chapter reviews the recent evidence on past growth and change in York. This includes the emerging Census results that have been published to date and the implications on this on the levels of growth in the authority. This also includes a review of the most recently published data on housing completions, house prices and affordability ratios to understand the broader conditions within the housing market.

Understanding past trends of growth and change in the district is important as it provides an indicator of the demand and needs in the district and the wider societal challenges' facing the city's housing market. Understanding these challenges is important in ensuring that the appropriate future level of housing growth is planned for.

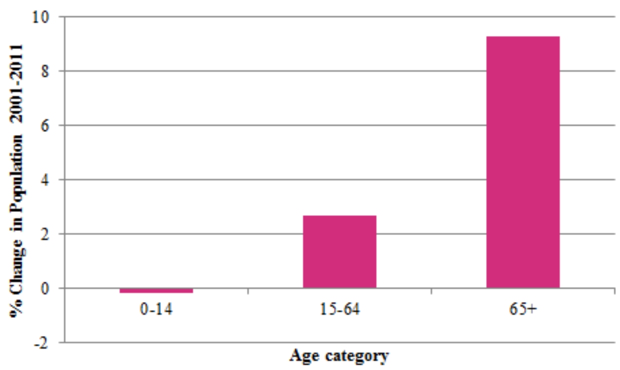
3.2 The Census Results

3.2.1 Headline Results for York

The initial high-level results of the 2011 Census were published in July 2012, which set out information on the number of people and homes, by age and gender, by local authority area across the country. These results showed that in 2011 York had a population of 198,000 people. This represents an increase of almost 17,000 people or 9.3% in the number of people living within the authority area since the 2001 Census. This represents the fourth largest percentage increase in population within the Yorkshire and Humber Region and can be seen to reflect the popularity of the district as a place to live.

Between 2001and 2011 the population of the district can also be seen to have aged; with a greater proportion of people aged 65 and over. This is shown in the figure below which indicates that the number of people aged 65 and over has increased by more than other age categories in the city. This ageing population creates different requirements from the housing market.

Figure 3.1: Change in York's population by age brackets, 2001-2011



Source: Office for National Statistics (ONS), Census 2001 and 2011

3.2.2 The Census Results for Surrounding Authorities

It is also important to consider levels of growth and change in surrounding authorities that have occurred in recent years. The table below presents the level of growth experienced in surrounding authorities between the 2001 and 2011 Census. This indicates that whilst in absolute terms Leeds and East Riding had the highest levels of growth during this period, proportionally the percentage of change was greater in both York and Selby.

Table 3.1: Comparison of 2001 and 2011 Census Results in authorities surrounding York

Authority	2001 Census Population	2011 Census Population	Absolute Change	% Change	Average annual growth
East Riding	314,113	334,200	20,087	6.4	2,009
Harrogate	151,336	157,900	6,564	4.3	656
Leeds	715,402	751,500	36,098	5.0	3,610
Ryedale	50,872	51,700	828	1.6	83
Selby	76,468	83,500	7,032	9.2	703
York	181,094	198,000	16,906	9.3	1,691

Source: ONS 2001 and 2011 Census Results

3.3 Housing Market Conditions

3.3.1 Housing Completions

The table below shows the number of housing completions in the district. The data for the last monitoring year (2011/12) illustrates that housing completions in the district have continued to decrease, with the last year representing the lowest number of recorded completions in the period included in the table below. This reflects that the fiscal climate continues to significantly impact on the number of homes completed in the district.

It is useful to note that the long term average for housing completions in the authority for the period 2004/05(the start of the RSS plan period) – 2011/12 was 648 net additional dwellings. This is important to note as it would not be sensible to plan for a housing requirement below the long term completions average for the district, unless there is a specific policy choice to constrain growth within an area.

Table 3.2: Housing completions in York, 2000/01 – 2011/12

Year	CLG Live Tables	City of York Monitoring Data
2000/01	n/a	706
2001/02	n/a	1,002
2002/03	n/a	834
2003/04	n/a	525
2004/5	470	1,160
2005/6	850	906
2006/7	490	798
2007/8	300	523
2008/9	240	451
2009/10	540	507
2010/11	370	514
2011/12	250	321
Average (2000 -2012)	**n/a**	**687**
Average (2004 -2011)	**439**	**648**

Source: CLG (2010) Live Table 253 - House building: permanent dwellings started and completed, by tenure and district, 2004/05; City of York UA (2010) Housing Completions Monitoring Data

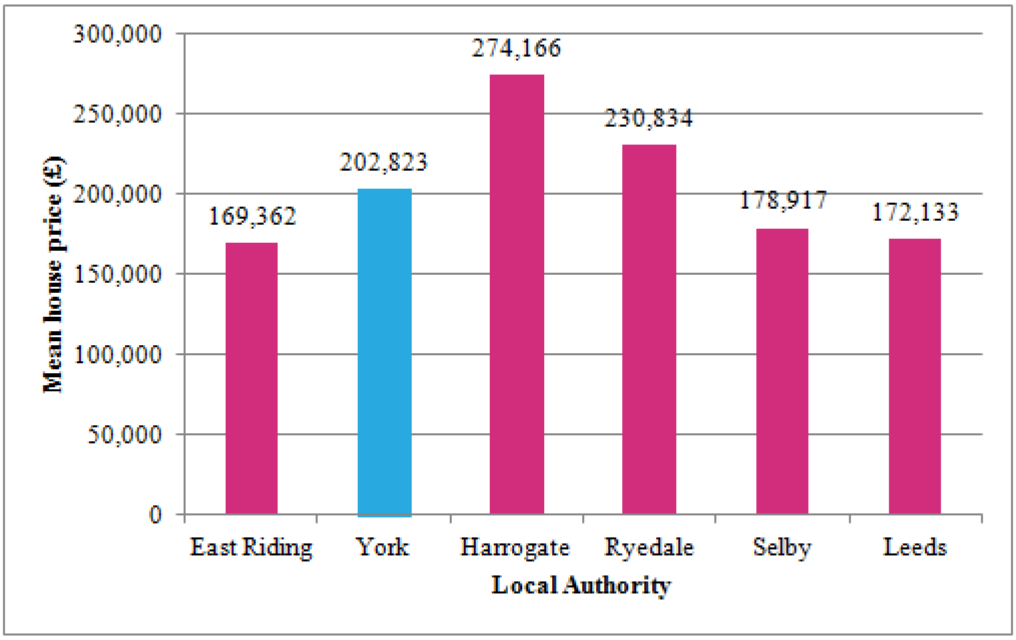
3.3.2 House Prices

The mean house price for the district in 2010 was £202,823[6]. This represents a continuation of the trend for rising house prices since the peak and subsequent trough in 2007/08.

When compared to other areas it should be noted that York has a higher mean average house price than the Yorkshire and Humber regional average. This reflects the popularity and attractiveness of the city as a place to live. However, high house prices are also a challenge when viewed in light of the high house prices in surrounding authorities such as Harrogate. A comparison of house prices in the authorities surrounding York is provided in the figure below. This places increased pressures on the housing market in York as high house price in such areas mean that people are less able to work York and access more affordable properties outside of this local authority.

[6] CLG (2011) Live Table 585 - Housing market: mean house prices based on Land Registry data, by district, from 1996

Figure 3.2: Mean house prices in authorities surrounding York, 2010



Source: CLG (2011) Live Table 585 - Housing market: mean house prices based on Land Registry data, by district, 2010

3.3.3 Housing Affordability Ratios

An inter-related challenge arising from high house prices in York is that this creates a significant affordability challenge for the district. Comparing the ratio of lower quartile house prices and income levels makes it possible to understand the scale of the affordability challenge within the authority.

The most recent data for 2011 shows that the affordability ratio for the district was 7.76[7]. Whilst this ratio has decreased slightly from the 2010 figure (7.93) this ratio remains higher than both the regional and national averages. This means that the affordability in the authority continues to be a significant challenge for York and it will be important to consider this issue in planning for future growth and change in the area. The challenges surrounding the delivery of affordable housing across the Yorkshire and Humber Region, including meeting these needs whilst ensuring that development remains viable, are documented in a recent report published by Local Government Yorkshire and Humber[8].

[7] CLG (2012) Live Table 576 - Ratio of lower quartile house price to lower quartile earnings by district, from 1997

[8] Arup and Eye (2012) Affordable Housing Delivery Issues Paper, Local Government Yorkshire and Humber

4 Review of Recent Evidence on Future Growth in York

4.1 Overview

This chapter reviews the following data sources to provide an up-to-date understanding of the various factors that should be considered in understanding the city's housing requirements. This is in direct response to the requirements set out in the NPPF to consider current and future demographic trends, markets trends and the needs of different groups, in addition to this evidence being adequate, up-to-date and relevant.

The following evidence sources are reviewed in this chapter:

- The North Yorkshire SHMA;
- The 2010 based SNPP; and
- The 2011 interim SNHPs.

4.2 The North Yorkshire Strategic Housing Market Assessment

4.2.1 Overview

The North Yorkshire SHMA was commissioned in 2010 and the final report was approved by the Local Government North Yorkshire and York Housing Board on 12th December 2011. The individual York Annex published as part of the SHMA was considered by the Local Development Framework Working Group in March 2012, which recommended that the Cabinet approve and sign off the findings of the SHMA.

As well as providing a strategic, county-wide perspective on the issues facing the housing market, the North Yorkshire SHMA assesses projected changes in the housing market at a local authority level as well. Appendix 7 provides the analysis specific to the COYC area.

The North Yorkshire SHMA was informed by the 2011 Household Survey undertaken as part of the research. In York 1,730 responses were received to the Household Survey, a figure that exceeds the recommended response rate of 1,500 responses as set out in the CLG SHMA Guidance. The sample of households surveyed included both urban and rural dwellings.

The North Yorkshire SHMA report emphasises that it is intended to form part of the evidence base for identifying future housing requirements. It states clearly (for example at paragraphs 1.8 and 7.12) that its role is not to provide definitive estimates of future housing need or top-down targets.

Three different scenarios were modelled on future housing requirements across North Yorkshire; this incorporated a breakdown by local authority area. These are summarised in the table below for York. However, this presents results for only scenarios 1 and 2, as Scenario 3 based on the impact of economic change on population growth was not modelled as part of this commission for York. This is due to the existing analysis undertaken by Arup on behalf of COYC on forecast jobs growth as part of the Employment Topic Paper. The results of a sensitivity test for Scenario 1 are also set out in the table below.

Table 4.1: The Three Core Scenarios for projected household change in York in the North Yorkshire SHMA, 2008 -2026

Scenario	Brief Overview	Total change 2008-2026	Annual Average Change (2008-26)
1 – SNPP	This scenario uses the 2008 based sub national population and household projections to forecast future household change[9]. The forecast is for private households, and excludes institutional populations.	23,536 households	1,308 households
1 – sensitivity 1 demographic assumptions	This reviews other local data sources to consider how the SNPP may have overestimated migration into York. This indicates that based on these more local data sources the level of growth set out in scenario 1 may be an overestimate.	Approx. 15,260 households	850 households
2 – Natural change based projection	This uses the 2008-based household projections but removes the migration aspect to show only the impact of natural change on the number of households.	12,355 people	686 people

Source: GVA Grimley (September 2011) North Yorkshire Strategic Housing Market Assessment, Appendix 7: York specific SHMA analysis, North Yorkshire Strategic Housing Partnership

4.2.2 Scenario 1 – Sub National Population Projections and Associated Sensitivity Testing

The main component of the forecast population growth under Scenario 1 is net internal migration which is projected to increase in the period to 2026. Scenario 1 uses similar assumptions as the CLG 2008-based household projections. The population modelling undertaken for the North Yorkshire SHMA assumes an increase in net international migration of around 2,000 people per year between 2008 and 2026. Cumulatively, this is based on a growth of 36,000 international migrants in the authority within this time period. This reflects the attractiveness of the city to migrants and thus can be seen to help contribute to the higher proportion of young, working age people found in the city.

Natural change as part of this scenario has a year on year positive input to population growth in the city. However, relative to the forecast levels of international migration this is much smaller component of overall population growth.

Internal migration into York is forecast to decrease between 2008 and 2026 by more than 7,000 people. The SHMA notes that these general trends in forecast

[9] Since the publication of the North Yorkshire SHMA the 2010 based sub national population projections have been published

future growth in the authority vary slightly from the trends experienced in the area between 2001 and 2009.

The North Yorkshire SHMA questions the validity of assumptions in the SNPP around high levels of international migration. It sets out a sensitivity test for Scenario 1 based on the application of alternative demographic assumptions for York. This sensitivity test was primarily based on the use of more local data sources that showed reduced levels of international migration. This review highlighted included consideration of GP registrations by foreign nationals, national insurance number registrations to foreign nationals and the current ONS estimate of immigration for York.

Ultimately the results of this sensitivity test demonstrates that population growth between 2008 and 2026 could be reduced by 20,000 people if the SNPP were revised to align with the local evidence on international migration. This would suggest that the authority will have a population of 215,600 in 2026 rather than the 233,334 as set out in the 2008 based SNPP. This would subsequently reduce the number of households in the city from 107,000 as set out in the SNPP to approximately 99,000 in 2026 under this test. This would equate to a reduction in the annual average household requirement from 1,310 to 850 dwellings per annum in York.

4.2.3 Scenario 2 – Natural Change Based Projection

Scenario 2 takes no account of migration, and is not therefore in accordance with the NPPF, and does not reflect the main cause of population growth across the York local authority area. Therefore we do not consider it provides a sound basis for future planning.

4.2.4 Housing Affordability

The North Yorkshire SHMA included an analysis of the affordability issues affecting York. This concluded that York will be required to provide **790 net affordable dwellings per annum** over the next five years. This will be required to meet the existing backlog, in addition to meeting future housing need.

This reflects the scale of the challenge entailed in meeting affordable housing needs within the authority.

4.3 2010 Based Sub National Population Projections

4.3.1 Forecast Levels of Growth

The 2010 based SNPP were published by the ONS in March 2012. These show that between 2010 and 2030 the population of York is forecast to grow by 25,000 or 12.5% to in excess of 220,000 people living in the city. This equates to an annual average growth rate of 1,176 people during this time period in the city.

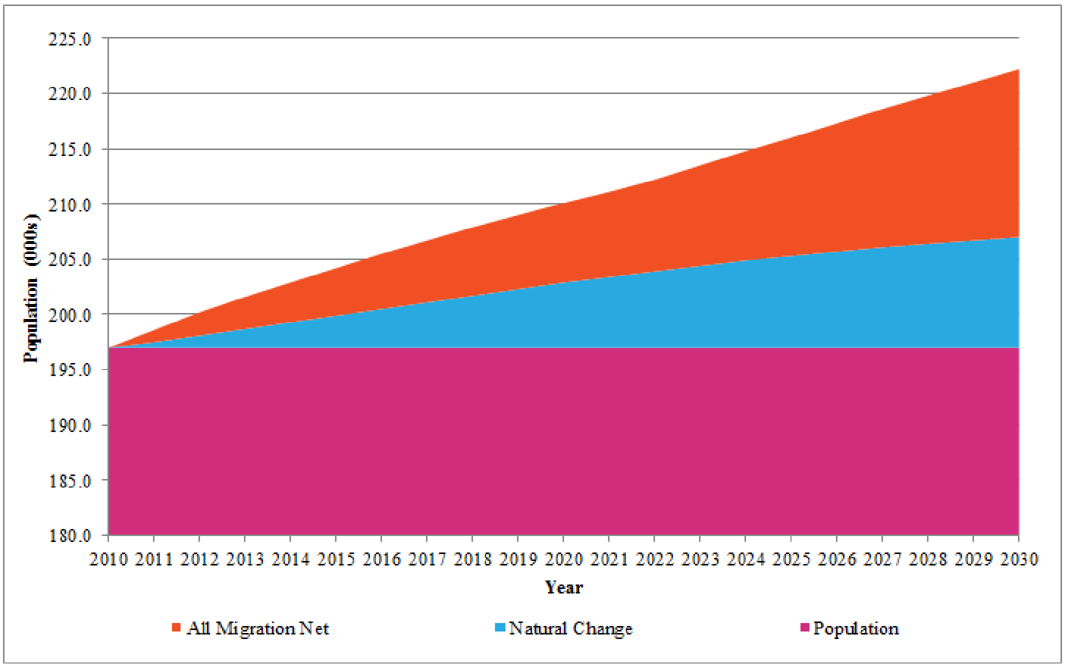
The 2010 SNPP indicate that in 2026 there will be 216,800 people living in the city. This can be seen to be broadly comparable to the population estimate for this year set out within the Sensitivity Test for Scenario 1 in the North Yorkshire SHMA.

4.3.2 Factors Driving Forecast Population Growth

Population growth in York between 2010 and 2030 is ultimately driven by the scale of international migration into the authority. This is shown in the figure below.

Analysing the components of forecast population change indicates that there are significant reductions in assumed inward migration levels and higher levels of outward migration. Ultimately this contributes to the reduction in scale of population growth forecast in the 2008 based SNPP.

Figure 4.1: Components of Population Growth and Change, 2010 based projections



Source: ONS (2012) 2010 based SNPP,

4.4 The 2011 Based Interim Sub National Household Projections

The 2011 based interim Sub National Household Projections (SNHP) were published in April 2013 by CLG. The projections are based on:

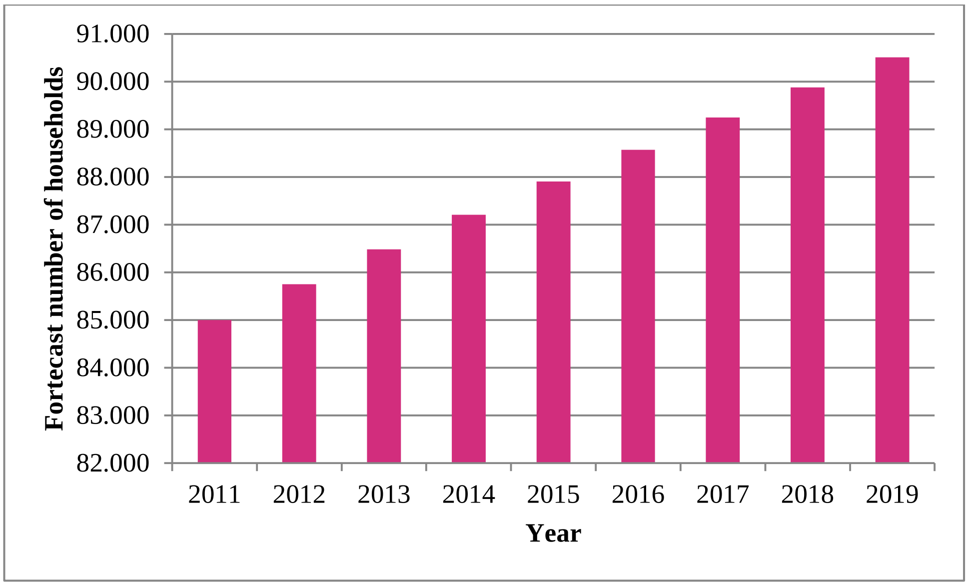
- ONS 2011-based interim sub-national population projections (outlined above);
- ONS 2008-based England and Wales marital status projections;
- 2011 Census local total households by 17 types;
- 2011 Census local communal/institutional populations;
- 1971-2001 Census local representative rates by gender/ age/ relationship and 1991-2001 Census by gender/ age/ type; and
- Labour Force Survey England representative rates by gender/ age to 2011/12.

The 2011-based interim household projections represent the most up-to-date data on household numbers and formations, however, it must be remembered that this is only interim data. Methodological changes have also been made in order to incorporate valuable information from the 2011 Census. A major difference between the 2011-based interim projections and previous projections are the updated assumptions surrounding household structure and a break in the long term trend in declining household size.

The interim 2011 based SNHP show that the number of households in York is forecast to increase from 83,500 in 2011 to 90,500 in 2021. This represents an increase of 7,000 households or 8% and equates to an annual average increase of 700 dwellings for this 10 year period. This forecast increase in the number of households in the area is shown in the figure below.

It should be noted though that these interim projections have only been published up to 2021 and therefore do not align with the Local Plan period for York. This data could be extrapolated forward to align with the local Plan period using the SNPP, however this would require assumptions to be made on how headship rates will change in the future.

Figure 4.2: Forecast increase in the number of households in York in the interim 2011 based SNHP



Source: DCLG (2013) 2011 Based Interim SNHP, Arup analysis

5 The Baseline Position on Future Housing Requirements for York

5.1 Trend Based Options for York

Based on the previous work we have undertaken and the analysis set out in the proceeding chapters of this report we have reviewed a number of broad trend based options for annual housing growth requirements in York. Each of the options that have been identified link to figures taken from the evidence base. These options can also be seen to reflect broader policy choices for the authority, linked to the level of housing growth being considered.

The housing options are assessed against a number of criteria in the table below. The figures for each of the options should be considered as the average for the plan period and the potential for the phasing of these options has not been considered as part of this work.

Table 5.1: Options for housing requirements in York

Option	Compliance with NPPF: key considerations			General comments / likelihood of option coming forward
	Current and future demographic trends	Market data	SHMA	
1. Low growth – this option is based on the delivery of around **650** net additional dwellings per annum throughout the plan period.	This is below the most recent household projections and as such it would appear that such an approach does not meet housing needs within the authority. Therefore if such an approach was to be pursued in accordance with paragraph 14 of the NPPF it will be important to demonstrate that 'any adverse impacts of doing so would significantly and demonstrably outweigh the benefits' of meeting this need.	This is the long term average for completions in the authority from 2004/05 – 2011/12. However, this lower average has in part emerged as a result of the declining levels of completions that have been realised since the start of the recession. Therefore this figure is significantly below the level of completions achieved in the height of the market between 2004 and 2006. As such, it is unlikely that such an approach could be considered to significantly increase the supply	Providing lower levels of housing will not address affordability issues in the authority, particularly when the SHMA identified a need for 790 affordable dwellings per annum. This approach also represents a lower figure than the three scenarios set out within the SHMA, although the natural change scenario is only slightly higher. As such it would not appear that this will meet housing needs in the area. Therefore, if such an approach was to be taken forward it would need to be demonstrated	If the City is seeking to pursue a policy of strong economic growth then this would not be a commensurate approach to housing growth. As part of the development of the city's economy it will be important to ensure that the right residential offer is in place. This lower level of growth will create the lowest land requirements and thus is likely to have the least environmental impacts of the three options. As this option does not meet local needs, for the Plan to be

Option	**Compliance with NPPF: key considerations**			**General comments / likelihood of option coming forward**
	Current and future demographic trends	**Market data**	**SHMA**	
		of housing in the authority.	that a higher figure would have too significant dis-benefits.	found sound it would be vital to demonstrate that the disadvantages of a higher figure outweigh the benefits that it would create.
2. Medium growth – this option is based on the delivery of approximately **850** net additional dwellings per annum.	This scenario would exceed the 2011 based SNHP for the district. This approach is in line with the Sensitivity Test in the SHMA and the overall level of population growth set out in the 2010 based SNPP. As such we believe that such a figure is in line with the most recent evidence on demographic trends, and in particular levels of migration. We therefore believe that adopting such an approach would mean that the area is meeting objectively assessed needs.	This figure is in excess of the long term average for housing completions in the district. It would not be appropriate to plan for a figure below this average. This number of completions in the district has only been exceeded in three of the 12 monitoring years for which we have data. This would promote housing growth and change and if delivered would represent an increase on completions in the authority when compared to the long term average.	The figure is informed by and uses up-to-date evidence as set out in the North Yorkshire SHMA. This corresponds with the Sensitivity Test undertaken as part of the SHMA, which appears to be more in line with more recent estimates on levels of international migration into the authority. This figure will make a greater contribution to addressing affordability challenges than option 1 but will still not meet the affordable housing need. The SHMA identified a need for 790 affordable net additional dwellings per annum.	Such a level of housing growth would help to facilitate economic growth and would not be expected to generate the environmental pressures and impacts that option 3 would. As this option is in line with the most recent 2010 based SNPP and in excess of the 2011 based SNHP it can be seen to be the most reflective of the trend based position on growth. It would promote growth in the district, although would require an increased supply of housing land to be identified.
3. High growth - this option is based on the delivery of approximately **1,250** net additional dwellings per annum.	This approach is in line with the now superseded 2008 based SNHP. However, this exceeds the 2011 based SNHPs. On this basis we believe that a figure of 1,250 would go beyond meeting demographic trends within the area. As such this option would need to be part of a policy approach that is seeking to represent a	This figure is in excess of the highest number of housing completions achieved in the authority (since 2000). This will make it of vital importance to ensure that the right sites, in the right locations are allocated for development by COYC to ensure that this is delivered. The delivery of a greater number of homes may help to	This option is in accordance with Scenario 1 in the SHMA. However, as the sensitivity test of this option indicates the 2008 based SNPP do not reflect local data sources on the levels of migration experienced in the district. Therefore we believe that this scale of housing growth reflects a policy response to pursue economic growth, rather	The adoption of this option as a housing figure for York would represent a very significant step change in housing growth in York, based on the approach adopted in the past. This approach would require significantly higher levels of land take compared to the other options.

Option	Compliance with NPPF: key considerations			General comments / likelihood of option coming forward
	Current and future demographic trends	Market data	SHMA	
	significant step change in housing provision and economic growth.	address the challenges surrounding higher than the regional average house prices in the district.	than the baseline position on housing needs. This option would be likely to make the greatest contribution to the delivery of affordable homes within the authority. This is based on the assumption that a higher proportion of affordable homes would be delivered within this approach.	It would be vital for a commensurate approach to be put forward and delivered for employment growth in the City to represent an appropriate and sustainable approach. This would equate to a significant and high growth employment strategy. The overall level of growth, both residential and employment, required as part of this approach will mean that it is vital for the right sites to be allocated, in the right locations so that this is delivered. The environmental impacts of such an approach would need to be carefully considered to ensure that this could be delivered in a sustainable manner.

5.2 Baseline Position on Housing Growth

Reviewing the range of evidence on housing and population growth in York in this document highlights the breadth of evidence on this issue and the range of factors that need to be considered. Based on our review of this evidence, and the above options, it would appear that an annual average of around 850 dwellings per annum throughout the plan period would represent a baseline position to be planned for.

This position has been established as the baseline for the authority as the most recent data sources all appear to indicate that this figure is the broad base level of housing growth that York should be planning to deliver. This is based on the following sources of information:

- The 2010 based Sub National Population Projections (SNPP) forecast that the population of the City will increase from in 197,000 in 2010 to 216,800 in 2026.
- This is corroborated by the 2011 based SNPP, which are informed by the results of the 2011 Census, which forecast the same scale of population growth in York as 2010 based SNPP.
- The sensitivity test for scenario 1 in the North Yorkshire Strategic Housing Market Assessment (SHMA) forecast that there would be 215,000 people in the district in 2026. This is broadly in line with the level of forecast in the 2010 based SNPP that estimate the district will have a population of 216,800 in 2026.

This figure meets and exceeds the 2011 based SNHP; however, given wider local evidence from the SHMA, including the affordability challenge facing the authority, this base figure of 850 dwellings still seems appropriate.

6 Implications of the Base Approach to Housing Growth

6.1 Wider Issues to be Considered

In order to understand this baseline position on housing growth in the district in greater detail a broader range of issues have been considered. This has included a review of:

- The scenarios put forward for employment growth in the district and their implications for housing growth;
- The objective of reducing commuting into York local authority area;
- The conditions in the housing market; and
- The challenges surrounding the provision of affordable housing in the district, in particular meeting the backlog of affordable housing need.

This also considers the wider housing and employment market conditions and when this is expected to return to pre-recession levels.

6.2 Forecast Levels of Employment Growth

6.2.1 Overview

There is a strong relationship between the provision of the appropriate quantum and range of housing, in the right locations and economically successful areas. In order to understand future housing provision in York it is important to also understand the forecast trends in future economic growth in the district.

A range of economic forecasts for York have been compiled by Oxford Economic Forecasting[10] to understand the scale of projected change in employment in the district. This work has involved the production of a base forecast and two additional scenarios, which are a sensitivity test on the base scenario:

- **The base scenario:** which reflects how global and national trends are expected to apply to York;
- **Base Scenario Sensitivity test:** where higher levels of migration are assumed and where it is assumed that there is a faster recovery from the current economic downturn; and
- **Scenario 2:** which assumes a faster rate of growth in the following sectors of the York economy: advanced manufacturing; science and research; financial and professional services; and tourism and leisure.

The fundamental conclusion of this work is that forecast employment growth in all three scenarios is expected to occur at greater than either the regional or national averages. This reflects that the city has a strong economic base, which enables it to perform better than other areas. However, it should be noted that

[10] Ekosgen (2012) Economic and Retail Growth Analysis and Visioning Work, Economic Baseline Report

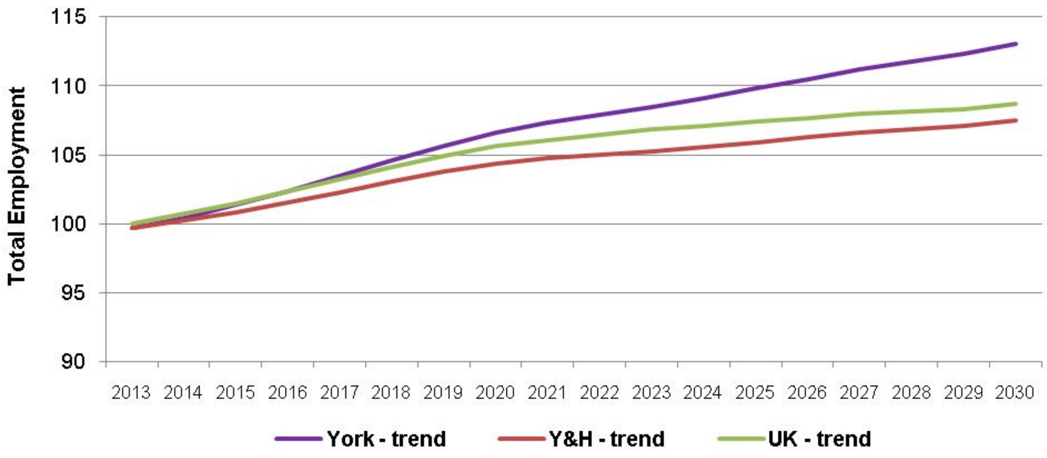
York will not return to its pre-recession level of employment of 119,000 jobs until 2020.

6.2.2 The Base Scenario

The base forecast shows that employment in York will increase by 7,343 jobs between 2012 and 2020. This represents a percentage increase of 6.6% for this eight year period, which is a faster rate of growth than either the regional average for Yorkshire and the Humber (4.4%) or the national average for the UK (5.6%). This equates to approximately 920 jobs per annum which is broadly commensurate with the forecast level of employment growth in the Central Scenario of 960 jobs per annum set out in the Arup (2011) Employment Topic Paper[11].

The longer term baseline projection for the City shows a stronger rate of employment growth with this increasing by 14,500 or 13% between 2012 and 2030. This represents a percentage increase significantly above the regional (7.5%) and national (8.7%) average and equates to approximately 800 jobs per annum. The growth projected under the baseline forecast is shown in the figure below.

Figure 6.1: Forecast employment growth in the base scenario



Source: OEF Forecasts

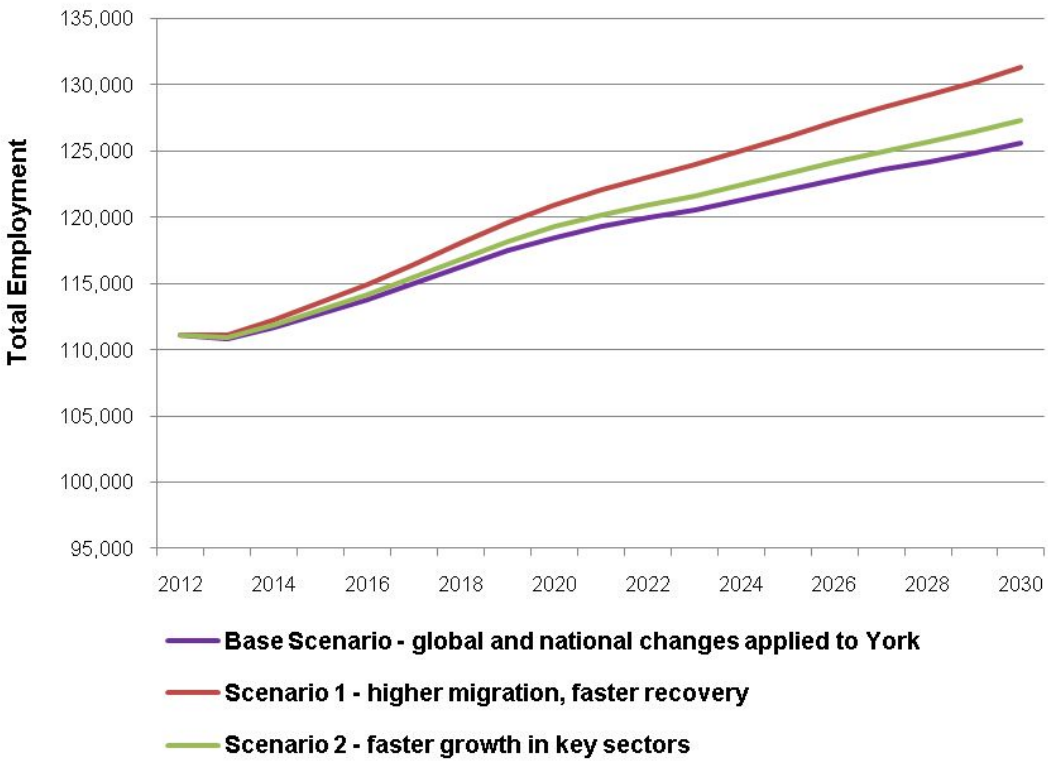
6.2.3 Scenario / Sensitivity Testing

The two scenarios both show a stronger rate of employment growth in York than the base scenario. The highest levels of growth are achieved under scenario 1 that is predicated on a faster national economic recovery, which forecasts that there will be an additional 9,800 jobs in York between 2012 and 2020. This equates to 1,220 jobs per annum between 2012 and 2020. The scale of growth envisaged under the three forecasts is shown in the figure below. The second scenario assumes faster growth in some key sectors of growth for York such as advanced manufacturing and bio-science. This scenario projects an increase of 8,121 jobs to 2020 (7.3%) which equates to approximately 1,015 jobs per annum and 16,169 jobs to 2030 (14.5%) or around 900 jobs per annum.

[11] Arup (2011) Employment Topic Paper

It is clear that Scenarios 1 and 2 would potentially create greater pressures on York's housing market than the base scenario as a result of the higher number of jobs that they would create. In particular, Scenario 1 would appear to place greater pressures on the housing market as an underlying assumption within this is that there will be higher levels of migration into the district, as it is based on faster UK recovery from the downturn. If this scenario was to form the approach to employment policy and associated allocations in the York Local Plan then this would need to ensure that there was an appropriate approach put in place to accommodate an associated increase in migration and the consequent housing need.

Figure 6.2: York employment projections



Source: OEF Forecasts

6.2.4 Population Growth Assumptions

Comparing the OPEF and ONS Population Forecasts

Underlying the economic forecasts for jobs growth in the district there are also population growth forecasts. The significance of these is illustrated in Scenario 1, where it is assumed that higher levels of migration occur as a result of a faster recovery from the current downturn at a national scale. For the base forecast and the two scenarios population growth forecasts have also been produced and these are shown in the figure below and compared with the 2010 based ONS SNPP[12].

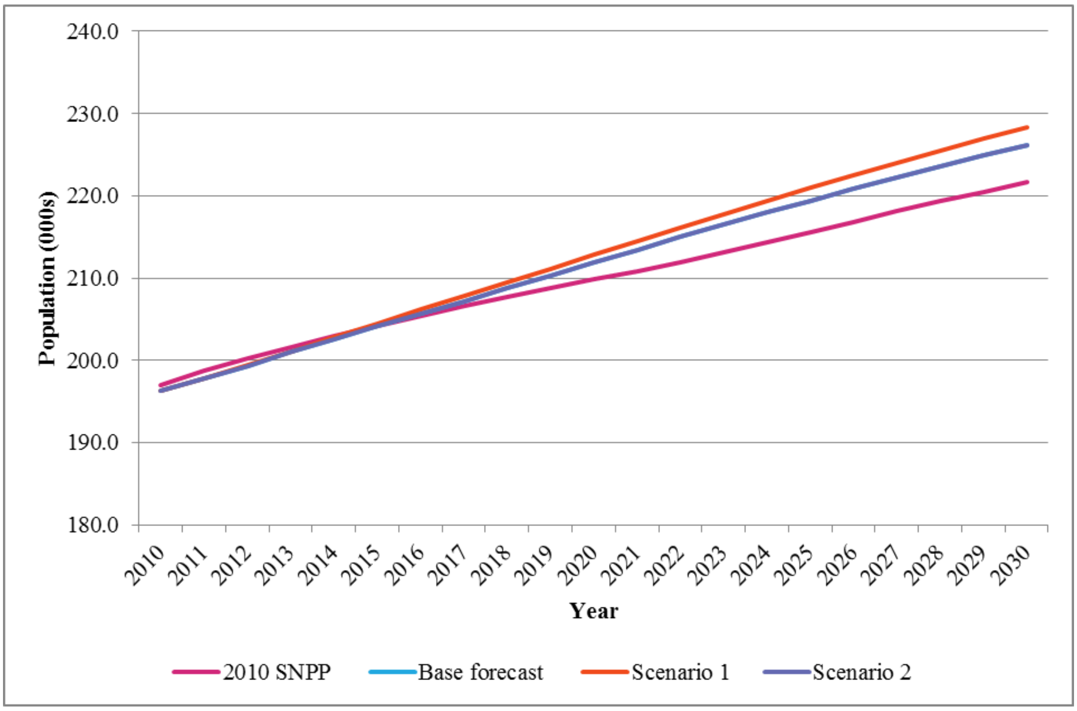
[12] The 2010 and 2011 SNPP forecast broadly the same scale of population growth in York, however the interim 2011 based projections have only been produced to 2021. Consequently the 2010 based SNPP have been used for this analysis

This illustrates that the scale of population growth forecast by OEF in York is greater than that forecast by the ONS. The difference between the scale of growth forecast between 2010 and 2026 is shown in the table below.

Table 6.1: Forecast population growth in York, 2010 – 2026

Population Forecast	Population 2010	Population 2026	Difference	% Change
ONS 2010 based SNPP	197.0	216.8	19.8	10.1
OEF Base forecast	196.3	220.8	24.5	12.5
OEF Scenario 1	196.3	222.5	26.2	13.3
OEF Scenario 2	196.3	220.8	24.5	12.5

Figure 6.3: Population growth in York, 2010 – 2026



Implications for Housing Growth

It is clear that the OEF forecasts for economic growth in the district are based on the assumption that there will be a higher level of population growth than forecast by the ONS. In order to translate this forecast population growth into a number of households, so that the implications of this can be understood, we have applied the headship rates / average household size figures set out in the North Yorkshire SHMA[13]. The results of this are shown in the table below for the base scenario and scenarios 1 and 2.

[13] See figure 6.4, page 88 in GVA Grimley (2011) North Yorkshire SHMA Appendix 7: York

Table 6.2: Estimated growth in households in York, 2010 - 2026

Forecast	Population (000s)		Average household size		Households (000s)			
	2010	2026	2008	2026	2010	2026	Change	Annual change (16 years)
Base forecast	196.3	220.8	2.25	2.11	87.3	104.7	17.4	1.09
Scenario 1	196.3	222.5	2.25	2.11	87.3	105.5	18.2	1.14
Scenario 2	196.3	220.8	2.25	2.11	87.3	104.7	17.4	1.09

This would suggest that if CYC were to base their approach to employment growth in the Local Plan on the base forecast that this would be likely to lead to higher levels of population growth and thus a higher annual housing requirement.

The higher housing requirement has been calculated as follows and is based on secondary data sources:

- The OEF base employment and population forecast says York will have a population of 196,300 in 2010.
- Applying the average household size in 2008 (2.25) taken from the SHMA this would equate to 87,300 dwellings.
- The OEF base forecast shows the population to be 220,800 in 2026 (this is 4,000 more than the ONS forecast).
- Applying the forecast average household size in 2026 (2.11) means that there will be 104,700 households in 2026.
- This means that the number of households will increase by 17,400 between 2010 and 2026.
- This equates to an **annual average growth of 1,090** for this 16 year period.

The estimate set out in the table above on the number of households / dwellings and should be treated with caution, as the relationship between employment and housing growth is complex and non-linear.

For example, Bath and North East Somerset put forward an approach that was not accepted by the Inspector that linked housing and employment growth (see discussion in section 6.7.1). However, it should be noted that this approach was considered to use employment forecasts to constrain the number of homes in the district. In contrast this approach would be seeking to increase housing supply to promote growth in York.

6.2.5 Growth Sectors

Within the Baseline Report of the Economic and Retail Growth Analysis and Visioning Work completed on behalf of COYC a number of priority growth sectors are identified[14]. These sectors are seen to be of vital importance in driving change in the district and realising the forecast level of employment growth. This identifies that the largest employment growth will occur in the property and

[14] Ekosgen (2012) Economic and Retail Growth Analysis and Visioning Work, Economic Baseline Report

business services sector, wholesale and retail trade and transport and communications. The arts, entertainment and other services sector (including tourism) is also forecast to experience strong growth.

The range of sectors forecast to grow is not expected to significantly change the occupational structure of employment in the district. The occupations that are projected to increase the most are manager/senior officials, associate professional and technical and sales and customer service advisors. However, this change will not significantly impact on the overall occupational structure of the economy, with only a relatively small increase in the proportion of people employed in higher level occupations.

Increasing the proportion of people employed in the higher level occupations could increase pressures in the housing market, as these occupations are typically associated with higher wage levels. Therefore an increasing proportion of people in this sector may compound the affordability problems experienced in the district.

6.3 Commuting Levels into York

Analysis of the 2001 Census results indicates that 84% of York residents live and work in the district. The city is a net importer of labour with approximately 5,000 more people commuting into the York local authority area each day than commuting out. The origin of the commuters into the district is shown in figure 6.4 below, which highlights the spatial footprint of York’s economy. This indicates that the highest levels of flows are from the East Riding of Yorkshire, Selby, Hambleton and Ryedale.

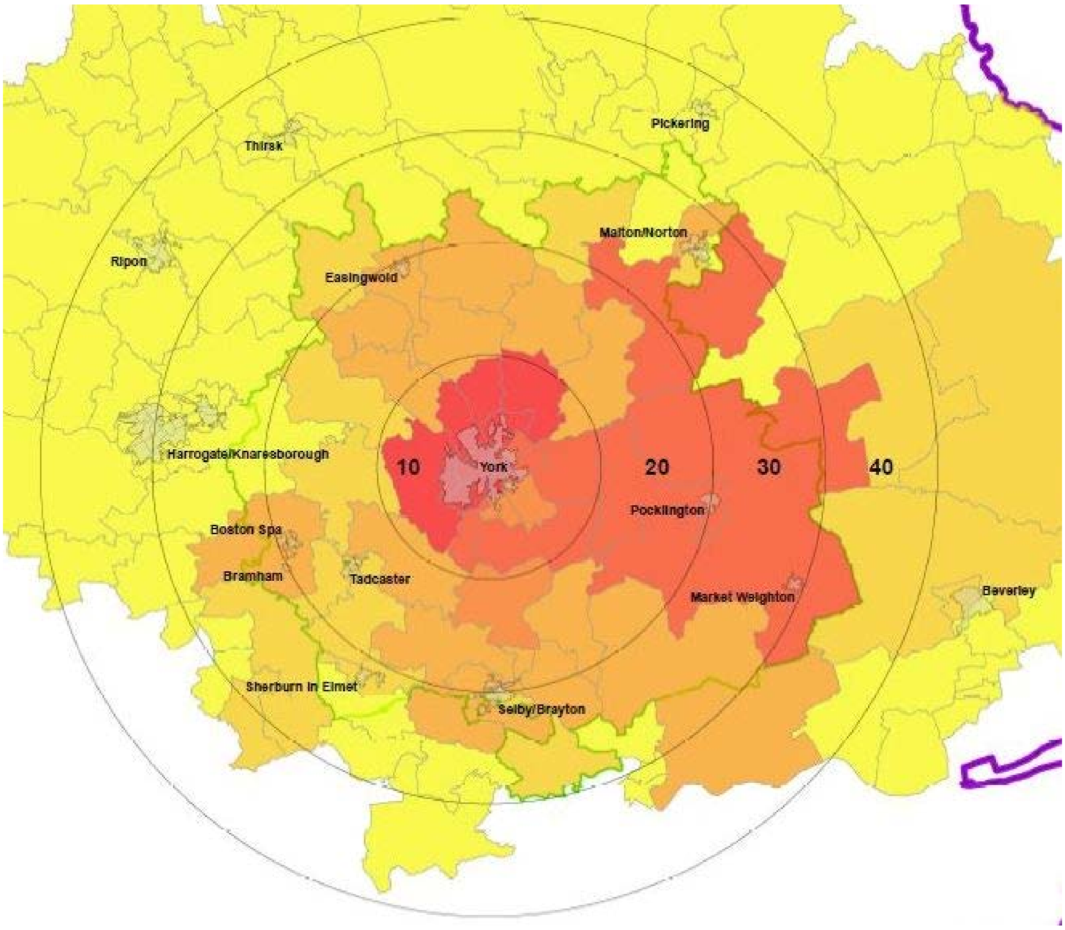
Reducing people’s need to travel (by means other than the private car) remains a national and local policy objective. Whilst local authorities are not able to influence where people choose to live and work it is an important objective to ensure that the residential stock is in place so that people who want to live and work in York are able to do so. This is particularly important when it is considered that the authority faces challenges surrounding the affordability of housing (as discussed below).

It should be noted that the current data on commuting levels is from the 2001 Census, as this data has yet to be published for the 2011 Census. Therefore commuting patterns may have changed in the intervening period. However, it should be noted that total employment in York has declined during this period with a decrease of 13,000 jobs or 11% experienced between 2003 and 2011 alone[15].

In delivering the forecast jobs growth in the district it will be important to seek to minimise additional in-commuting into the district by ensuring that the residential offer is in place to support this level of growth and potentially to reduce existing levels.

[15] Ekosgen (2012) Economic and Retail Growth Analysis and Visioning Work, Economic Baseline Report

Figure 6.4: Commuting into York and drive times, 2001



Source: Census, 2001

6.4 Wider conditions in the housing market

The start of the recession and credit crunch in 2008 has had a significant impact on the scale of residential development being completed across the country. This impact has certainly been seen to have occurred in York, which has followed the national trend of a reduced level of completions, as shown in figure 6.5 below.

Analysis on the level of transactions in the residential property market show that nationally transactions have halved since their peak in 2007[16] and are 35% below the 20 year average[17]. Furthermore, house prices have remained static, or have modestly declined since 2010[18] and the gap between prices in the north and the south have continued to widen[19].

Understanding when the housing market will return to pre-recession levels is a challenging issue and is one on which there is much debate. The range of literature on this topic does indicate that there is consensus that the seeds of

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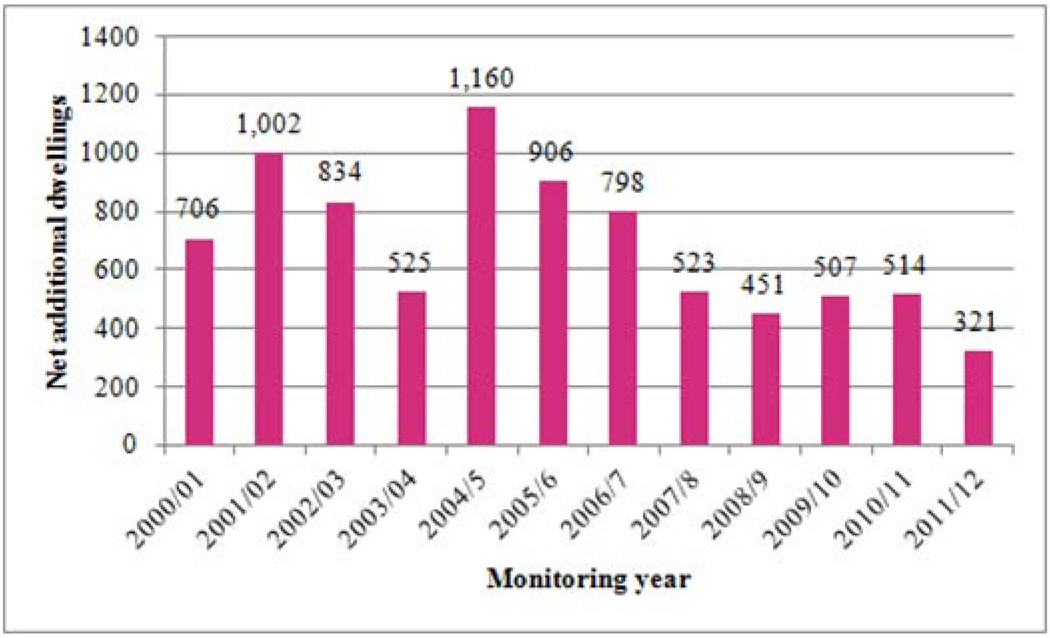
[16] CLG (2012) Live table 588 Housing market: property sales based on Land Registry data, by district, from 1996 1-4
[17] Knight Frank (Quarter 4 2012) Residential Research, UK housing market forecast
[18] Knight Frank (Quarter 4 2012) Residential Research, UK housing market forecast
[19] Nationwide (Quarter 4 2012) House Price Index

recovery are in place, however, this will occur relatively slowly at a national scale, with low levels of growth forecast to occur in 2013 and also potentially 2014[20]. For example, the Royal Institute of Chartered Surveyors (RICS) estimate that the number of starts on residential sites is unlikely to increase by more than 10% in England in 2013[21].

A recent report by Knight Frank states that it will take until 2019 for house prices to recover and reach their 2007 peak. Based on this national information it seems that it may take until the short to medium term for the level of housebuilding to return to pre-recession levels in York.

Figure 6.5: Net additional dwellings completed in York



Source: COYC, Annual monitoring data

6.5 Addressing the Affordability Challenge

6.5.1 Affordable Housing Need

Affordability remains a significant challenge for York as highlighted by the results of the North Yorkshire SHMA. This sets out a requirement for York to provide 790 affordable dwellings per annum for a five year period in order to meet both the current backlog and the newly arising need. This calculation is in line with CLG SHMA guidance. This 790 dwellings per annum for five years can be seen to reflect two main sources of demand:

- 413 dwellings from meeting the backlog of affordable housing; and
- 377 dwellings to meet newly arising annual need.

[20] Council of Mortgage Lenders (2012) Market Commentary, 20th December 2012
[21] RICS (2012) Housing Market Recovery Edges Forward

The Affordable Housing Backlog in York

Cumulatively, this means that total current gross housing need in York is 3,721 which when you subtract the total affordable housing stock available (1,657), leaves a backlog or current need of 2,064 dwellings. This is then converted to an annual flow in line with CLG guidance, where a five year period is assumed to address backlog. Thus the annual net affordable need to meet this backlog is 413 dwellings for five years.

Annual Need Arising in York

Following this five year period and the subsequent clearing of this backlog, assuming this number of affordable homes is delivered per annum, there will be an ongoing need to provide affordable housing in the district to meet newly arising need. However, this will be at a lower rate than 790 as it will be required to meet the needs of the new households that form each year rather than the previous backlog.

Based on the information set out in the North Yorkshire SHMA it would appear that annual net newly arising need for affordable housing in York is 377 dwellings. This is predicated on:

- York having a gross annual future affordable housing need of 990 dwellings: reflecting the number of new households that form which are unable to afford access to private sector housing and existing households falling into need (step 2.4 in the North Yorkshire SHMA);
- York having a total future annual supply of 613 affordable housing units; and
- When the annual supply (613) is subtracted from the gross annual need (990) this leaves an annual net need of 377 affordable dwellings in York.

This means that excluding the backlog figure there is a need to provide 377 dwellings per annum throughout the plan period to meet newly arising affordable housing needs. This need is additional to that of the backlog, which has arose through failing to provide sufficiently high levels of affordable housing in the past.

6.5.2 Approach to Meeting Needs in Other Authorities

Considering how to address the backlog in addition to newly arising need is important. A review of other LPA policy approaches taken in regard to their respective backlogs since the publication of the NPPF is reflected below:

- **South Staffordshire (December 2012):** Annual need for 684 affordable dwellings for five years, which was greater than the housing requirement proposed in the Core Strategy. The LPA set out that the need to protect the Green Belt and environment of the District meant it was not possible to meet all of the identified housing need. The Inspector considered this approach to be ‘proactive, reasonable and realistic approach to providing more affordable housing over the plan period’
- **Purbeck District (November 2012):** An annual need for 520 affordable dwellings for five years was identified in the district. The Inspector accepted that the need would not be met over the plan period in existing settlement

boundaries due to the scale of the overall housing requirement and environmental constraints. Instead the Inspector requested that policy placed greater emphasis on the proportion of affordable housing to maintain sustainable communities though a new supply of family housing in settlement extensions, lowering of thresholds for the provision of affordable housing on infill sites and greater use of exceptions sites.

- **Woking Borough (October 2012):** Annual need for 499 affordable dwellings for five years. Policy requires 35% of all new homes to be affordable. LPA proposed to make provision for 1,737 affordable homes over the plan period; equivalent to 35% of the total housing requirement for the plan period, less than needed and justified as what can realistically be achieved without constraining overall delivery of housing in the Borough.

These examples illustrate that authorities have sought to address affordable housing needs within their districts. However, the scale of these needs has meant that other factors, such as environmental constraints and viability have impacted on the overall level of affordable housing that can realistically be delivered. It will be important to pursue a similar approach in York to meet needs, but in a practical and deliverable manner.

6.5.3 Delivering Affordable Housing

Addressing the Backlog

In terms of York, the current affordable housing target varies across the district and the threshold at which it applies is dependent upon the nature of the development and the site itself, at its highest the target is 35%[22]. The table below considers the affordable housing target that would be required for 850 net additional dwellings per annum if:

- All the affordable housing requirement were to be met and the backlog addressed in 5 years.
- If only newly arising need were met and the backlog not addressed.
- If the backlog was addressed over 10 years along with newly arising need.
- If the backlog was addressed over 15 years along with newly arising need.

The table shows that even with the affordable housing backlog addressed over fifteen years (the proposed length of the plan) rather than five years, the current affordable housing target of a maximum of 30% (which is only applicable on large greenfield sites) would not fully alleviate the backlog of 2,065 needed affordable dwellings. As this represents a best case scenario of a higher affordable housing target that is only used on large greenfield sites, then it is clear that this would not be deliverable across all sites in the district.

[22] Development management affordable housing threshold and target, http://www.york.gov.uk/info/200406/ldf_evidence_base_documents/465/ldf_evidence_base_documents/7

Table 6.3: Meeting affordable housing needs in York

Backlog (total of 2065 dwelling)	Newly Arising Need	Total AH Need	Total AH need as a proportion of housing requirement of 850 dpa
Do not address	377 dpa	377 dpa	44%
Over 5 years at 413 dpa	377 dpa	790 dpa	93% for 5 years then 44%
Over 10 years at 207 dpa	377 dpa	584 dpa	68% for 10 years then 44%
Over 15 years at 138 dpa	377 dpa	515 dpa	61% for 15 years

Against a baseline housing requirement of 850 dwelling per annum to meet only the newly arising annual need of 377 affordable dwellings would require an affordable housing target of 44% in the district. To meet the full affordable housing requirement including the backlog within five years would require an affordable housing target of 93 % in the district. Such targets would be significantly higher than those currently in use in the district and do not represent a viable or deliverable approach to housing growth in the district. Therefore adopting such an approach in the Local Plan would not be sound in terms of the requirements of the NPPF.

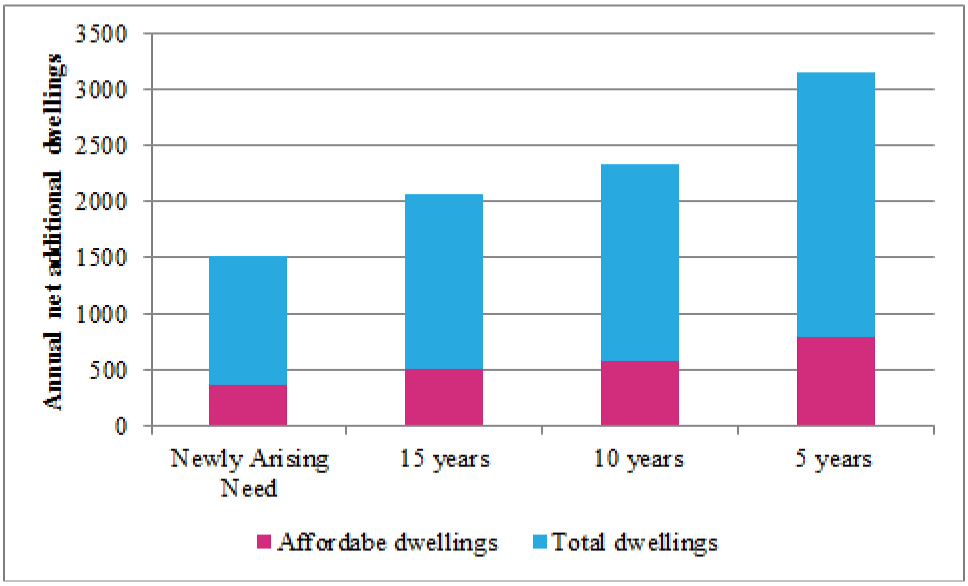
Increasing the Baseline Level of Housing Delivery

If we accept that it is not viable, to have an affordable housing target (in the best case) of 44% then we have considered how a policy approach could be developed to help address this issue in the district. Fundamentally, if it is not viable to deliver such a high proportion of affordable dwellings in the district then it is necessary to increase the overall number of dwellings to be delivered so that the proportion of affordable homes would be smaller.

The figure below illustrates the annual level of housing that would need to be delivered in order to produce a viable percentage of affordable housing. This has been calculated using a target of 25%, as this represents the midpoint between the proposals target for the Local Plan of 20% on brownfield sites and 30% on greenfield sites. This illustrates that in order to meet just the newly arising need for affordable housing in the district, and not address the backlog, approximately 1,500 homes would need to be delivered per annum. Meanwhile, when the backlog figure is included, even when distributed equally over the 15 year plan period this would create an annual average requirement of 2,060 dwellings.

Delivering such levels of housing growth in York would be highly challenging when viewed in light of the overall conditions in the housing market and the levels of completions achieved in York over the last decade. If a policy approach was developed to specifically focus on reducing affordable housing in York over the plan period then this would therefore raise questions surrounding the ability of the market to deliver such an increase in the level of housing growth. It would also be important to examine the environmental consequences of delivering this scale of growth. It should also be noted that this approach has not been used since the publication of the NPPF.

Figure 6.6: The level of housing required to achieve a viable split between affordable and market homes



6.6 Implications for York

6.6.1 Baseline Position

Based on a review of the evidence currently available information we believe that the baseline position of providing an average of approximately 850 net additional dwellings per annum should form the minimum basis of York's housing requirement in the emerging Local Plan. This includes consideration of the latest SNPP, which are influenced by 2011 results published to date. This should be the case unless the dis-benefits of not meeting these local needs would outweigh the benefits of doing so.

6.6.2 The Case for a Higher Figure

Employment Projections

The baseline economic forecast for York projects that there will be an additional 920 jobs created in per annum in the district between 2012 and 2020. The population forecast that have been produced in conjunction with these employment forecasts indicate that a higher level of population growth will occur in the district if these employment forecasts are realised. The base forecast indicates that the population will increase by almost 25,000 people between 2010 and 2026. In contrast the 2010 and 2011 based SNPPs published by the ONS indicate that the district's population will increase by approximately 20,000 people during this time period.

An initial estimate, using the information on average household size from the North Yorkshire SHMA, indicates that the scale of population growth forecast under the base employment scenario would generate a need for 1,090 dwellings per annum between 2010 and 2026. However, the relationship between housing and employment growth across is complex and non-linear. Therefore there is no single equation that sets out if an area creates 'X' jobs it will require 'Y' houses. As stated in paragraph 1.11 of the Inspector's Note on the Bath and North East Somerset Core Strategy:

"In an area such as Bath and NES, which is such an attractive place to live and attracts people who are not economically active, the link between homes and jobs cannot be the primary determinant of the housing requirement. The NPPF makes clear (eg 47) that Local Plans should meet the full, objectively assessed needs for market and affordable housing. Even if it cannot do so because the exceptions in NPPF 14 are met, needs must be objectively assessed so as to identify any unmet need that should be sought in adjoining areas."

This approach appears to reflect that it is not necessarily appropriate to use a direct linear relationship to determine the level of housing growth in York based on the forecast level of employment growth. However, the interconnections between these two issues are important. For example, this would appear to indicate that if this level of forecast employment growth is to be achieved, a higher level of housing growth should be planned for.

York has been cited as an example of a city where stimulating housing growth will help to support economic growth[23]. This suggested policy approach is predicated on the high purchasing and rental affordability ratios experienced, which mean that potential employees can be priced out of the area's employment opportunities. In this sense promoting house building can stimulate economic growth.

Addressing affordability

In addition to potentially enabling economic growth in the district there are a number of wider benefits to planning to deliver a higher level of housing growth. Affordability represents a significant challenge in York and the adoption of a higher housing figure would be likely to facilitate the process of addressing this issue. For example, whilst the affordable housing target varies across the district and the threshold at which it applies is dependent upon the nature of the development and the site itself, at its highest the target is 30%[24]. Even taking this as a best case scenario this would deliver 255 dwellings per annum, when the baseline of an average of 850 dwellings per annum is applied.

If it is not viable to require more than 30% affordable to market housing, it will not be possible to meet the newly arising need for affordable housing in the district (377 dwellings per annum) and the backlog (2,064 dwellings) against a baseline position of an annual average of 850 dwellings per annum through the plan period.

As such, in order to reduce affordability issues in York a higher overall housing figure will be required, to bring forward the appropriate ratio between market and affordable housing. However, the scale of the affordability challenge is significant. Using a target of 25% affordable dwellings in order to meet newly arising need alone of 377 dwellings approximately 1,500 dwellings per annum would need to be delivered. This would suggest that a figure above 850 will be required to significantly reduce the affordability pressures currently experienced

[23] Centre for Cities (2013) Cities Outlook 2013
[24] Local Plan Draft Affordable Housing Policy

in the district. However, given the conditions in the housing market it will be important to ensure that a higher figure is deliverable in its own right, particularly in the short to medium term. Ensuring that there is an appropriate range of sites, in the right locations will be integral in ensuring that there is a sufficient supply of land to facilitate delivery.

Reducing Commuting

A higher housing figure may also be beneficial in that the creation of a greater number of additional homes in the district may reduce the levels of commuting than would otherwise be created through the forecast increase in employment. Whilst it is not within the remit of local authorities to specify where people should live, it is important to enable people who want to live in the York local authority area to be able to do so and a higher housing figure could help to do this and potentially reduce commuting.

6.6.3 The Deliverability of a Higher Figure

It is clear that there are benefits in delivering a higher housing growth figure in York, such as 1,090 linked to the economic forecasts. This may reduce affordability issues and commuting into the district, as well as supporting economic growth in York, an issue of critical importance in the current fiscal climate. However, the nature of this fiscal climate and the impact of the downturn on the housing market may question the overall deliverability of the plan and this approach. This is important when considered in light of paragraph 154 of the NPPF that states:

"Local Plans should be aspirational but realistic."

Since the start of the downturn it is clear that housing completions in York have significantly decreased and were at their lowest recorded level, of 321 net additional dwellings, in 2011/12, when analysing the data from between 2000/01 and 2011/12. Given that the figure of 850 net additional dwellings was last achieved in 2005/06 and that the average number of completions for the last five monitoring years was 463, and then it would appear that delivering a target of 850 homes alone in the short term will be highly challenging. This appears to be a particular concern when viewed in light of the overall conditions in the residential market and that, for example; only a slight increase is expected in the housing starts in 2013 nationally.

In order to increase the delivery of housing in the short term in the district, given the conditions in the residential property market, it will be important to consider the types of sites put forward to be allocated for development. This could include considering if there are any sites that are not constrained and which would be attractive to the market, for example this could potentially include some green field sites in the right locations. The application of a less constrained land supply may help to increase the level of completions in the district in the short term. This will be an important issue for CYC to consider in developing their residential allocations for the Local Plan as putting the right land supply in place will be integral in increasing housing delivery in York.

A potential mechanism to increase housing delivery in York could include the introduction of a phased approach. This would be predicted on a stepped increase in the housing target, to build momentum in the market and is discussed in greater detail in the following section.

6.6.4 A Case for Phasing / Stepped Housing Delivery

Acknowledging that recent housing completion rates have been around half the amount required to deliver the base housing option of 850 dpa, introducing a stepped housing target has been considered.

An analysis of plans found sound by the Planning Inspectorate since the publication of the NPPF has highlighted that only one plan has used a phased / stepped approach to housing delivery[25]. In this plan, the **Taunton and Deane Core Strategy**, phasing of housing development was predicated on the housing market remaining fragile in 2011 and wider economic growth continuing to be slow. The Core Strategy is based upon a jobs-led approach, which used as a base assumption that given the state of the economy in 2011, it would be highly unlikely that jobs growth over the plan period would be evenly distributed. With this in mind, the Core Strategy sets out a phased approach, this allows for sustained economic and housing growth. The Planning Inspector stated in paragraphs 30 and 31 on phasing in their report on the Plan:

"This is not a policy phasing in the sense that it represents an intention to control development, for example to keep pace with infrastructure delivery. As clearly stated in paragraph 3.57 of the plan it is not a cap but a minimum to be achieved. There is a convincing argument that the currently lower level of economic growth, reflected in lower housing completions, is likely to continue for some time. The strategy has to be realistic. Examination of the council's housing trajectory reveals a significant dependence during the first five year period on sites already with planning permission in accordance with existing plan policies. The lead-in time for the large urban extensions, especially for Taunton, which will be brought forward through the strategy, is considerable. At Monkton Heathfield, although development of the existing local plan commitment has now commenced, development on the land allocated through the Core Strategy is unlikely before 2015 even in the developers' estimation.

The sub-division of the plan period is but a realistic estimate, based on current data, of how long it may be expected for development momentum to develop. It does not render the plan unsound in that regard."

In the case of York, the base economic forecast shows that York has the ability to grow faster than the regional and national average. In addition, the economic scenarios / sensitivity tests (faster recovery overall and growth in key sectors) both include assumptions about migration rates and population growth that need to be supported by reciprocal housing delivery. In short, a phased / stepped housing target would not provide the level of housing completions required to provide the choice to employees accessing additional jobs in York to also live in York.

It is acknowledged that 850 dpa or in the region of 1,090 dpa would be a stretch target in the first five years of the plan period based on recent historic completion rates. However, if sufficient viable land is identified, in the right locations, to achieve the target this provides a good signal to the market and a choice of sites to

[25] As of January 2013

bring forward in the first five years. This in turn could stimulate the market and deliver completions in this early phase.

It will be important to continue to monitor housing delivery, including the types of sites that are being brought forward within the district to be able to manage delivery appropriately. This would help to demonstrate the types of site that are attractive to the market and where there may be a need for interventions or a revised approach to bring other sites forward.

6.6.5 Summary

- The baseline position of an annual average of **850 dwellings** is supported by a number of recent evidence sources and should form the minimum basis for York's housing requirement in the Local Plan.
- A higher than baseline housing requirement would support the achievement of the economic growth base forecast. There are inherent migration and population growth assumptions already built into this base forecast. A housing target of approximately **1,090 dwellings** per annum may help to provide the required scale of housing to facilitate this scale of employment growth in York.
- A higher housing requirement than the baseline would also help to address affordability challenges in York. This will be important as the delivery of higher overall level of housing means that the ratio of market and affordable housing can remain the same. This is important as increasing the percentage of affordable housing relative to market against the same baseline of 850 is unlikely to be viable. A less constrained land supply, coupled with a higher housing requirement could help to increase completions in the district and thus reduce affordability challenges.
- To date, other LPAs have made a justified case on environmental grounds that it is not possible to address the affordable housing backlog.
- It is considered nationally that the housing market will recover to 2007 position by 2019. In terms of both the baseline housing requirement and the higher housing requirement there is a challenge of stepping up completion rates in the first five years of the plan to achieve the requirement. However, this is a land supply matter.
- This must be supported by the identification of viable sites to meet the requirement providing choice in the market. In addition expressing the requirement as a minimum sends a positive market signal.
- The (2010) SNPP indicate a demographic requirement for 850dpa and realising a faster recovery rate in the economy / growth in key sectors assumes even higher population growth.

7 Main Findings

7.1 Summary of Findings

A number of data sources have been published recently which must be considered in understanding York's housing requirements. This evidence would appear to reinforce the broad conclusion made in the previous work that the levels of population growth forecast under the 2008 based SNPP and household projections for York were overestimated. This more recent evidence, including the most recent 2011 based SNHP reflect that York's baseline housing need is lower than that set out by the 2008 based SNHP.

Cumulatively, the evidence reviewed within this report indicates that 850 dwellings per annum should form the minimum basis for York's housing requirement in the Local Plan. This is supported by local work undertaken as part of the North Yorkshire SHMA, the 2010 / 2011 SNPPs and the scale of the affordability challenge facing the authority. This figure can also be seen to meet and exceed the most recent 2011 based interim SNHP for York.

The NPPF places emphasis on the need to significantly increase the supply of housing. Based on this and the fundamental need to provide the scale of the residential population required to support the planned level of economic growth, there is an argument that a higher level of residential growth should be pursued. This is predicated on the recognition of the important role that the residential offer plays in facilitating economic growth, by ensuring that there is the right range of homes in an area to enable all workers to be able to live here.

Given that the employment projections for York are predicated on higher levels of population growth than the 2010 based SNPP, it will be important to plan for a commensurate higher growth rate in the number of household. This will help to provide an integrated and sustainable approach to the growth of the City and could seek to minimise additional commuting than would otherwise occur.

Similarly, in order to reduce affordability issues in York a higher overall housing figure will be also required, to bring forward the appropriate ratio between market and affordable housing. However, the scale of the affordability challenge is significant. Using a target of 25% affordable dwellings in order to meet newly arising need alone of 377 dwellings approximately 1,500 dwellings per annum would need to be delivered. This would suggest that a figure above 850 will be required to significantly reduce the affordability pressures currently experienced in the district.

7.2 Comparison of Housing Growth Options

Given the challenges surrounding facilitating economic growth, reducing commuting and addressing affordability summarised in the proceeding section the following table reviews options for housing growth in York. This includes setting out the baseline position and then comparing alternative options to this position.

	Option (Annual Average)	Demographic Need	Supporting Economic Growth	Addressing Affordable Housing Need	Deliverability of Option over Plan Period
1	Baseline of 850 dpa	Consistent with the overall level of population growth set out in the 2010 based SNPP and the Sensitivity Test in the North Yorkshire SHMA (2011). Would meet and exceed the 2011 based SNHP.	The baseline economic forecast for York projects that there will be an additional 920 jobs created per annum in the district between 2012 and 2020. This is broadly in line with the scale of employment growth forecast in the central scenario of the Arup (2011) Employment Topic Paper, which forecast 960 jobs per annum. The related (2011) Population Topic Paper set out the need for between 780 and 850 dwellings per annum in the district. Therefore the baseline economic forecast and baseline housing requirement are aligned, but this does not necessarily realise the objectives of CYC to grow more quickly than the base scenario nor reduce in commuting and provide the choice of housing for those with jobs in York to live in York.	At a target of 25%[26] affordable to 75% market housing, this would provide 213 affordable dpa which is a quarter of the affordable housing need in years 0 to 5 of the plan period (including backlog) and 56% of the newly arising need in years 5 to 15 of the plan period. It is important to note that in reality a lower level of affordable housing is likely to be achieved than that set in the target based on the type, size and location of sites.	Will need to be supported by a profile of appropriate sites The step change required in delivery would be a 23% increase on the 10 year average completion rate and a 46% increase on the 5 year average building rate[27].

[26] 25% is the mid point of the review of the revised affordable housing target as agreed at Local Plan Working Group on 7 February 2013 and Cabinet at 13th February 2013. For this option and achieving a 25% target would depend on the brownfield / greenfield split, site size and profile. The likelihood is that a lower than 25% target would be achieved.
[27] Average completion rate 2002/3 to 2011/12 is 653 dwellings. Average completions rate 2007/8 to 2011/12 is 463 dwellings

	Option (Annual Average)	Demographic Need	Supporting Economic Growth	Addressing Affordable Housing Need	Deliverability of Option over Plan Period
2	Economic - circa 1,090 dpa	Takes account of the migration and population growth assumptions built into the OEF economic forecast (which projects a higher level of population growth than the 2010 and 2011 based SNPPs produced by ONS projections) to enable York to recover faster from the recession via growth in key sectors. This OEF forecast equates to an additional 5,000 people than projected by ONS over the same time period living in the district. Utilising the approach and average household size estimate set out in the North Yorkshire SHMA this illustrates that the level of economic growth forecast under the baseline scenario will generate a higher population, which will in turn create a need for more dwellings in the district.	Provides the scale of housing growth to support the employment growth. It also provides the choice for those who may take up new jobs to reside in York rather than commute into the District. This is a 'policy on' projection so requires success in the interventions required to realise the faster economic recovery projection.	At a target of 25%[28] affordable to 75% market housing, this would provide 273 affordable dpa which is 35% of the affordable housing need in years 0 to 5 of the plan period (including backlog) and 72% of the newly arising need in years 5 to 15 of the plan period. It is important to note that in reality a lower level of affordable housing is likely to be achieved than that set in the target based on the type, size and location of sites.	The step change required in delivery would be a 40% increase on the 10 year average completion rate and a 58% increase on the 5 year average building rate[29]. This will need to be supported through providing a supply of viable land, in the right locations, as part of the allocations process to deliver this figure. Requires the annual average to be met in the short term in order to provide the number of dwellings required for those who may access the additional jobs.
3	Meeting Newly Arising Affordable Housing over the plan period = 1500 dpa	Whilst this option most closely reflects the 2006 based SNHP (which result in an annual average of 1400 dpa), the 2006 projections are considered to be an over estimate and reflect the preceding economic 'boom' years only. Delivering 1500 dpa is not purely derived from future demographic need, but more a symptom of how to viably deliver affordable housing as a	Provides more than the scale of housing growth to support employment growth. It also provides the choice for those who may take up new jobs to reside in York rather than commute into the District.	At a target of 25% affordable to 75% market housing, this would provide 375 affordable dpa which is 48% of the affordable housing need in years 0 to 5 of the plan period (including backlog) and 99.5% of the newly arising need in years 5 to 15 of the plan period. It is important to note that in reality a lower level of affordable housing is likely to be achieved than that set in the target based on the type, size and location of	The step change required in delivery would be a 56% increase on the 10 year average completion rate and a 69% increase on the 5 year average building rate[31]. A higher affordable to market target ratio would result in a lower annual average requirement. Rural exception sites whereby up to 100% affordable housing is delivered

[28] 25% is the mid point of the review of the revised affordable housing target as agreed at Local Plan Working Group on 7 February 2013 and Cabinet at 13th February 2013. For this option and achieving a 25% target would depend on the brownfield / greenfield split, site size and profile. The likelihood is that a lower than 25% target would be achieved.
[29] Average completion rate 2002/3 to 2011/12 is 653 dwellings. Average completions rate 2007/8 to 2011/12 is 463 dwellings

	Option (Annual Average)	Demographic Need	Supporting Economic Growth	Addressing Affordable Housing Need	Deliverability of Option over Plan Period
		proportion of the overall housing requirement[30]. If the target proportion of affordable to market housing were increased, the annual average requirement would decrease.		sites.	would also result in a lower annual requirement.
4	Meeting both Newly Arising Need and the existing Backlog of Affordable Housing over the plan period = 2,060 dpa[32]	This option significantly exceeds any of the household projections for York published since 2003. Delivering 2,060 dpa bears no link to future demographic need, and is more a symptom of how to viably deliver affordable housing and address a significant backlog as a proportion of the overall housing requirement.	Provides more than the scale of housing growth to support the employment growth. It also provides the choice for those who may take up new jobs to reside in York rather than commute into the District. The amount of land required to deliver this scale of housing development could compete with prime employment sites, potentially impacting on the realisation of the economic objective.	At a target of 25% affordable to 75% market housing, this would provide 515 affordable dpa which 65% of the affordable housing need in years 0 to 5 of the plan period (including backlog) and 137% of the newly arising need in years 5 to 15 of the plan period. It is important to note that in reality a lower level of affordable housing is likely to be achieved than that set in the target based on the type, size and location of sites. It would therefore address the backlog, but cumulatively over the 15 year plan period, rather than in the first 5 years. This option would also generate a significant amount of market housing – more than the population projections indicate is needed.	The step change required in delivery would be a 68% increase on the 10 year average completion rate and a 78% increase on the 5 year average building rate[33]. Rural exception sites whereby up to 100% affordable housing were delivered would also result in a lower annual requirement.

[31] Average completion rate 2002/3 to 2011/12 is 653 dwellings. Average completions rate 2007/8 to 2011/12 is 463 dwellings.
[30] It is important to note that no other LPA with a Core Strategy / Local Plan adopted post NPPF has to date sought to address affordable housing need by adding the requirement to the baseline housing requirement. Instead they have sought to increase the target, meet by way of rural exception sites or acknowledged that the full affordable housing need cannot be met
[32] It is important to note that no other LPA with a Core Strategy / Local Plan adopted post NPPF has to date sought to address affordable housing need by adding the requirement to the baseline housing requirement. Instead they have sought to increase the target, meet by way of rural exception sites or acknowledge that the full affordable housing need cannot be met.
[33] Average completion rate 2002/3 to 2011/12 is 653 dwellings. Average completions rate 2007/8 to 2011/12 is 463 dwellings.

7.3 Key Issues for York

There are a number of key issues that will need to be considered in developing the housing requirement for York, as an integrated part of the emerging Local Plan. These include:

- Adopting an **integrated approach** to housing and employment growth, to ensure that there is a consistent and holistic policy stance in the Plan;
- Understanding the **inter-relationship between migration and the economy** as these are inter-linked factors and the assumptions made on international migration levels are very sensitive and have a significant impact on forecast growth;
- **Meeting the needs of the authority's population** through the provision of an appropriate range of housing will be important. In particular there is an on-going challenge surrounding affordability in York and meeting the needs of such lower income groups;
- Monitoring the impact of the revised approach to **tuition fees** on the needs of the student population in the city and the different pressures that this may create in comparison with recent trends;
- Understanding **household size and formation** and how this may change over the course of the plan period. This will significantly impact on the number of households that need to be provided;
- Ensuring that the **environmental constraints** affecting the delivery of growth and change in the city are understood. This will be vital in ensuring that a **sustainable approach to development** is adopted in York, particularly given the constraints affecting development such as flood risk, the Green Belt and the historic environment. It will be important to understand the scale of growth that can be delivered within such environmental limits; and
- Understanding the cross-boundary issues surrounding housing provision, in the context of the **duty to cooperate**, particularly given the known under-provision in surrounding authorities. It will be important to ensure that the approach adopted in the development of the Plan complies with the requirements of the Duty.

7.4 Key Future Data Sources and Review Points

This report sets out the information on the latest data published in regards to understanding housing requirements in York. However, this review illustrates the amount of data that can be published in a short period of time.

As such in developing the emerging Local Plan for York over the next two years it will be important to continue to review the position taken on housing numbers. For example, further Census results will continue to be published throughout 2013 and 2014 and this report may need to be reviewed in light of this information as it emerges. The data on commuting patterns and employment growth will be important data sources, although this specific information will not necessarily be within the next Census data release and may take longer to analyse.

It will also be important to continue to review Inspector's Reports on other Core Strategies to understand how the issue of housing requirements is addressed to identify lesson learnt for York. It will be important to continue to review this range of sources to ensure that an appropriate approach to housing requirements in the authority is established.

Appendix A

Topic Paper - Population, 2011

City of York Council

Topic Paper - Population

Updated Version

Issue | July 2011

This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

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Contents

1 Introduction

1.1 Key objectives of the paper

The purpose of this paper is to consider the level of population and household growth that should form the basis of future housing provision in York and its wider area. Key related questions for this assessment are:

- Is the housing provision under the Yorkshire and Humber Regional Spatial Strategy (the "former Yorkshire and Humber Plan") still appropriate and how has the recession and public sector cuts altered the outlook to 2026 and 2030?
- What levels of growth should York and the wider area be seeking to accommodate? How should this growth be phased?
- What are the consequences of alternative housing provision for the York area?

The review is based on a number of sources:

- A review of the evidence base for the Yorkshire and Humber Plan.
- The latest evidence in terms of ONS population and CLG household projections including the components of these in terms of natural increase, domestic and international migration.
- The effect of the recession on both the Yorkshire and Humber Plan estimates and on population and household projections (since all sources, including official sources, still predate the recession).
- The observed effect of trends in the housing market in terms of housing completions, house prices, affordability and housing capacity.
- The effect of the economy.

The work has been undertaken in parallel with work on employment forecasts and a separate paper has been produced on this issue. The results of this exercise are considered in this paper. These papers build upon and are informed by the work completed as part of the York Sub Area Study, which examined the role of the City York in its wider context, particularly the spatial area of its influence. An objective of the Sub Area Study was also to provide evidence the issues surrounding the possible sustainable allocation of future growth between the City of York and its wider hinterland.

Given recent changes in the National Policy environment the paper takes the opportunity to have a fresh and objective look at the issues for York as far as possible.

2 Policy Context

2.1 Current Policy Requirements

Planning Policy Statement 3 Housing, published in July 2010, sets out the Government's current housing policy. The Government's key housing policy goal is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. To achieve this, the Government is seeking:

- To achieve a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community.
- To widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, in particular those who are vulnerable or in need.
- To improve affordability across the housing market, including by increasing the supply of housing.
- To create sustainable, inclusive, mixed communities in all areas, both urban and rural.

PPS 3 suggests that the level of housing provision should be determined taking a strategic, evidence-based approach that takes into account relevant local, sub-regional, regional and national policies and strategies achieved through widespread collaboration with stakeholders.

It also says that in determining the local, sub-regional and regional level of housing provision, Local Planning Authorities should take into account evidence of current and future levels of need and demand for housing and affordability levels based upon:

- Local and sub-regional evidence of need and demand, set out in Strategic Housing Market Assessments and other relevant market information such as long term house prices.
- The Government's latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.
- Local and sub-regional evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments
- The Government's overall ambitions for affordability across the housing market, including the need to improve affordability and increase housing supply.
- A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas.

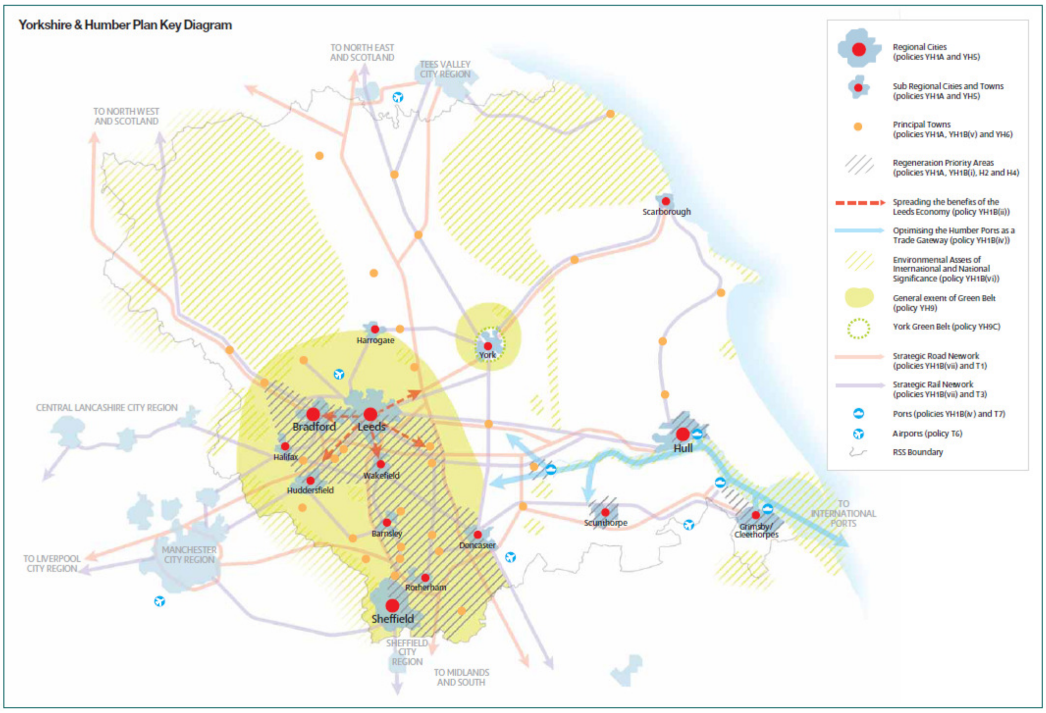
Having established requirements Local Planning Authorities should identify sufficient specific deliverable sites to deliver housing in the first five years. Local Planning Authorities should also identify a further supply of specific, developable sites for years 6-10 and, where possible, for years 11-15.

2.2 Previous Policy

The Coalition Government has signalled its clear intention to revoke Regional Spatial Strategies (RSSs) through the enactment of the Localism Bill. This includes the Yorkshire and Humber Plan published May 2008. It is considered here because the evidence base remains relevant to the consideration of future growth scenarios and because it affords insights into the current local policy context.

The overall aim of the Plan as set out in Policy YH1 is to manage growth and change to achieve sustainable development. York is designated one of 11 sub regional cities and towns in the Plan. Sub regional cities are the second tier with the first tier *Regional Cities* comprising Bradford, Hull, Leeds and Sheffield. Despite the differentiation of designation, both regional and sub regional cities shared the same policy approach set out in policy YH4 as being the prime focus for housing, employment, shopping, leisure, health, education and cultural facilities in the Region.

Figure 2.1: Former Yorkshire and Humber Plan, Key Diagram



Policy H1 of the RSS suggests that the plan was to provide appropriate accommodation for all households wanting homes, taking account of strong economic growth within the Leeds Sub Region (which included York) as well as regeneration and increasing economic growth in South Yorkshire and the Humber estuary sub area and the need to place a greater emphasis on meeting needs in rural areas. The allocations are summarised in Table 2.1 below. For York the allocation was to provide 640 homes in the period to 2008 and 850 net additional dwellings per annum thereafter.

Table 2.1: Former RSS Annual average net additions to the dwelling stock 2004 - 2026

Local Authority	2004 – 8	2008 – 2026
East Riding	1150	1150
Kingston upon Hull	280	880
North East Lincs	310	510
North Lincs	550	750
Humber	**2290**	**3290**
Craven	250	250
Hambleton	320	280
Harrogate	390	390
Richmondshire	200	200
Ryedale	230	200
Scarborough	430	560
Selby	390	440
York	640	850
North Yorkshire	**2850**	**3170**
Barnsley	840	1015
Doncaster	855	1230
Rotherham	750	1160
Sheffield	1025	1425
South Yorkshire	**3470**	**4830**
Bradford	1560	2700
Calderdale	500	670
Kirklees	1060	1700
Leeds	2260	4300
Wakefield	1170	1600
West Yorkshire	**6550**	**10970**
Yorkshire and Humber	**15,160**	**22,260**

These allocations shown above reflected a range of evidence and debate around the scale and distribution within the region and the outturn of the Public Examination which took place in 2006. The sources of evidence and the analysis that followed it included:

- successive government (Communities and Local Government [CLG]) household projections (showing Government's estimates of the number of additional household by region and authority) and
- specialist modelling designed to consider relationships with the economy through the use of a regional Econometric forecasting model and other models.

For the purposes of this exercise, the key issues in the formation of the allocations were as follows:

- Analysis in support of the draft plan up to the submission for examination was the 1996-based CLG projections.

- Following the examination in public the Panel Chair recommended increases in provision to levels for the region as a whole that in practice are similar to the published RSS.
- After the examination, CLG 2004-based projections became available, these suggested a higher level of household growth than was suggested by the Panel Chair.

CLG projections are typically based mostly on projecting forward trends observed over the past 5 years. Household growth is a reflection of both population growth and household size. The major factor influencing population growth trends is migration. Research generally suggests that much migration is driven by employment and economic growth.

International migration into the UK and Yorkshire and Humberside has increased significantly in recent years as a result of a number of factors including the strength of labour markets, the increased economic integration and labour mobility within the EU, the accession of new states into the EU notably in Eastern Europe. Typically, younger migrants also subsequently add to higher natural increase rates (through higher births and lower death rates).

Over the past 15-20 years CLG projections have tended to be revised upwards, reflecting actual observed trends which in turn reflected smaller households and stronger economic performance.

As a result of the 2004-based projections the Government Office for Yorkshire and Humber commissioned consultants to consider the implications of the 2004-based projections[1]. This was done using the original Chelmer distribution model. The results are shown in Table 2.2 below for the period 2001 - 2021. They suggest a requirement for higher provision than the Yorkshire and Humber Plan, particularly in the period to 2008.

Model results summarised in Table 2.2 also suggested that additional requirements were concentrated in particular locations including York, Harrogate and the East Riding. Whilst the final RSS did not seek to meet these projections in full, it clear that the overall allocation was increased. In addition, allocations (shown in Table 2.1 above) were increased from 2008 in a number of districts, including York. However, one of the features of the old regional planning approach was that it was possible in practice to disperse "surplus" growth allocations to other locations, such as Bradford where the final allocation exceeds the expected household growth, predicted by the model.

[1] Options for Revised Housing Figures in the Draft Yorkshire and Humber RSS, Government Office for Yorkshire and Humber, June 2007.

Table 2.2: 2004-Based Housing Distribution Run Results for the period 2001 – 2021 Annual averages

Yorkshire and Humberside	Run of 2004 based hhd projections	RSS Original Chelmer Run	Difference
	Annual Net Change	Annual Net Change	
South Yorkshire			
Barnsley	1,147	887	261
Doncaster	1,108	724	384
Rotherham	950	588	362
Sheffield	2,356	1,269	1,087
West Yorkshire			
Bradford	2,852	2,080	772
Calderdale	801	413	388
Kirklees	2,099	1,266	833
Leeds	4,178	2,255	1,923
Wakefield	1,958	1,227	731
North Yorkshire			
Craven	241	171	70
Hambleton	350	223	126
Harrogate	920	520	400
Richmondshire	325	164	161
Ryedale	172	102	70
Scarborough	445	272	173
Selby	488	385	103
York	1,134	676	458
Humber			
East Riding	2,127	1,528	599
Kingston-upon-Hull	645	146	499
North East Lincolnshire	364	206	158
North Lincolnshire	642	360	281
Total	**25,300**	**15,462**	**9,837**

2.3 York Strategic Housing Market Assessment

The Strategic Housing Market Assessment (SHMA) for City of York Council was commissioned in October 2006 and was completed in 2007. The evidence provided was to inform appropriate policy responses to housing need and demand. The work was in line with the Communities and Local Government (CLG) Strategic Housing Market Assessment Guidance of March 2007 Planning Policy Statement 3 (PPS3) and also Planning Policy Statement 12 (PPS12) in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.

The SHMA concluded that the number of dwellings required to deliver a balanced housing market was 982 dwellings p.a., comprising 557 market and 425 affordable dwellings. This balanced figure incorporates both demand and need and was greater than RSS targets.

However, the SHMA concluded that this additional identified requirement was not necessarily a compelling argument for changing that target. This was because it was judged that many other factors needed to be borne in mind in setting an RSS target, including infrastructure constraints and the important issue of the character and setting of the City. It was also suggested that some of this requirement was being choked off by rising prices, and by an absence of funding for affordable housing. It was also considered unlikely that additional supply could be sufficient to cause a fall in house prices, so altering the situation. The presence of a landbank would also allow additional provision to be made in single years – a trend that could monitored through the LDF and the City of York Council's housing monitoring.

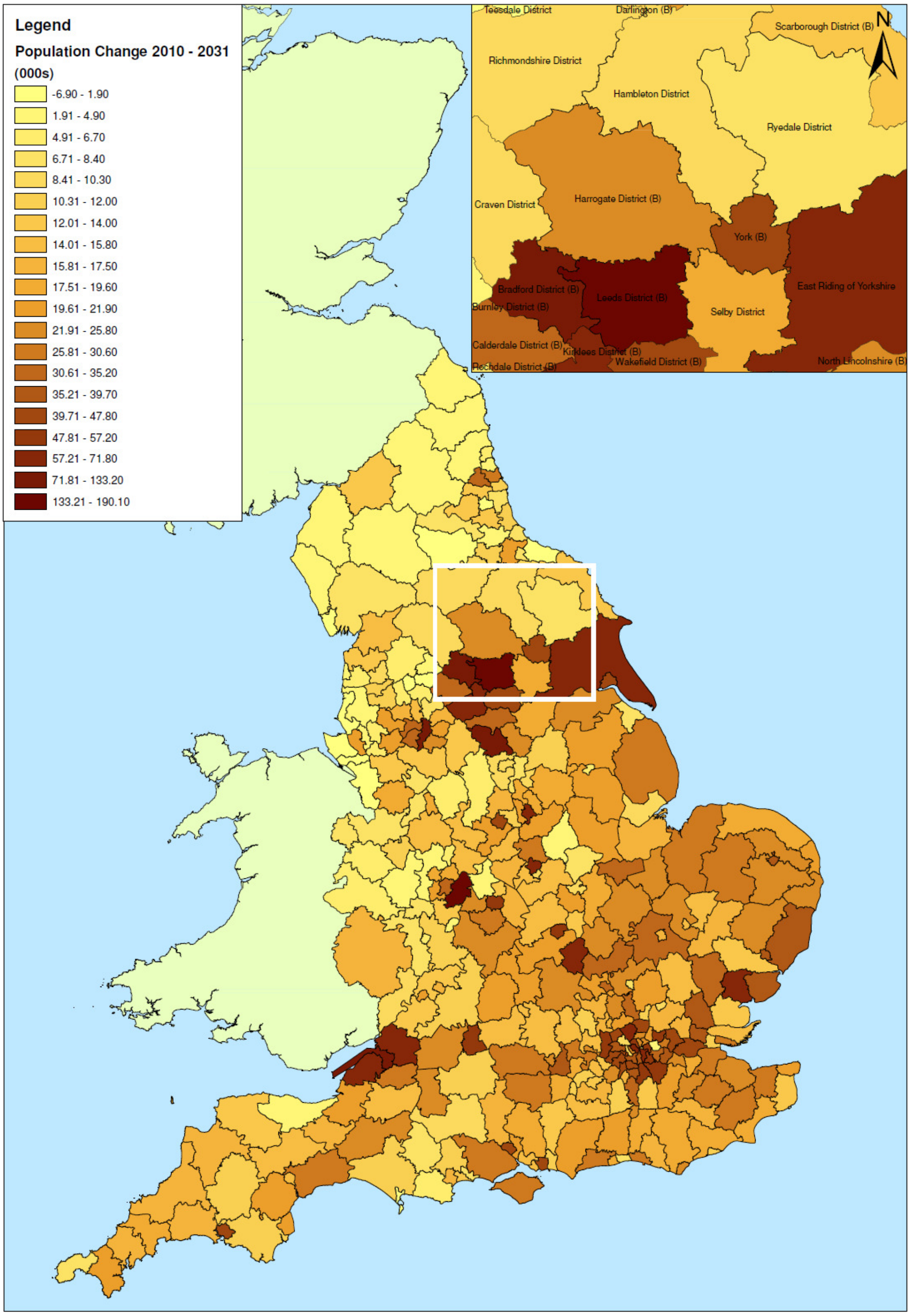
3 Recent Evidence on Population, Migration and Household Growth

3.1 Overview

The 2008-based population projections suggest an increase of over 40,000 persons in the 20-year period 2010 to 2030 or just over 2,000 persons per annum in the City of York. Placed in a national context, York is among the faster growing districts in the UK and within the region. Between 1999 and 2009 York's population grew by 1.16%, which made it the second fastest growing city in the country after Milton Keynes[2]. Surrounding districts such as Harrogate and East Riding also display strong growth trends as shown in Figure 3.1.

[2] Centre for Cities (2011) Cities Outlook 2011

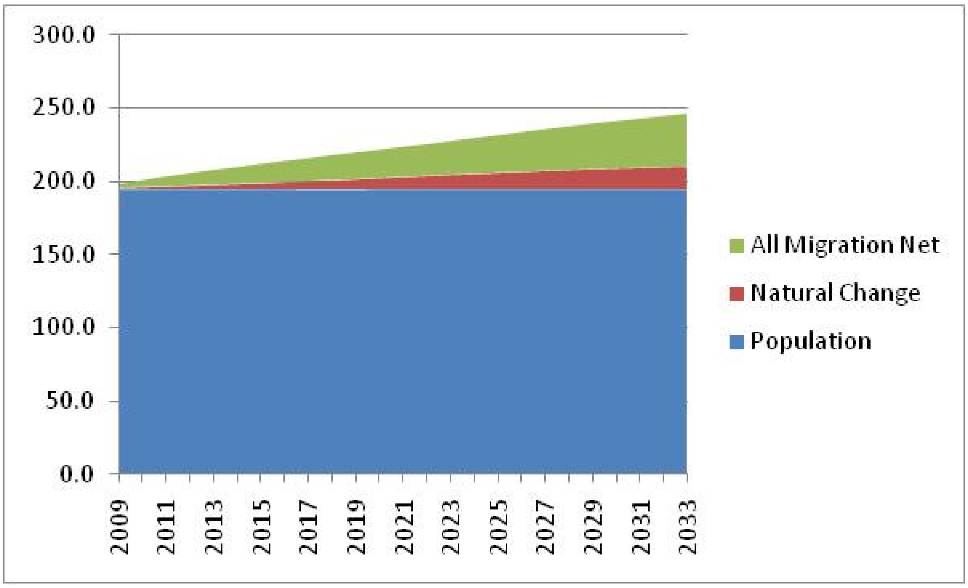
Figure 3.1: 2008-based Population Projections by district



The projections suggest that the major component of growth will be migration, particularly international migration, as shown in Figure 3.2 below. The majority of migrants are typically of child bearing age and therefore the high levels of net in-migration forecast for the region are anticipated to drive an increase in natural change that is not fully reflected in the historic trends.

The accession of additional countries into the EU, notably in Eastern Europe, alongside the increasing number of overseas students at the University has been the main components of additional migration. Wider evidence, reviewed below suggests that any dampening effect of recession on these trends may only be temporary.

Figure 3.2: Projected population growth and components of growth in the City of York 2009 - 2033



3.2 Household Projections

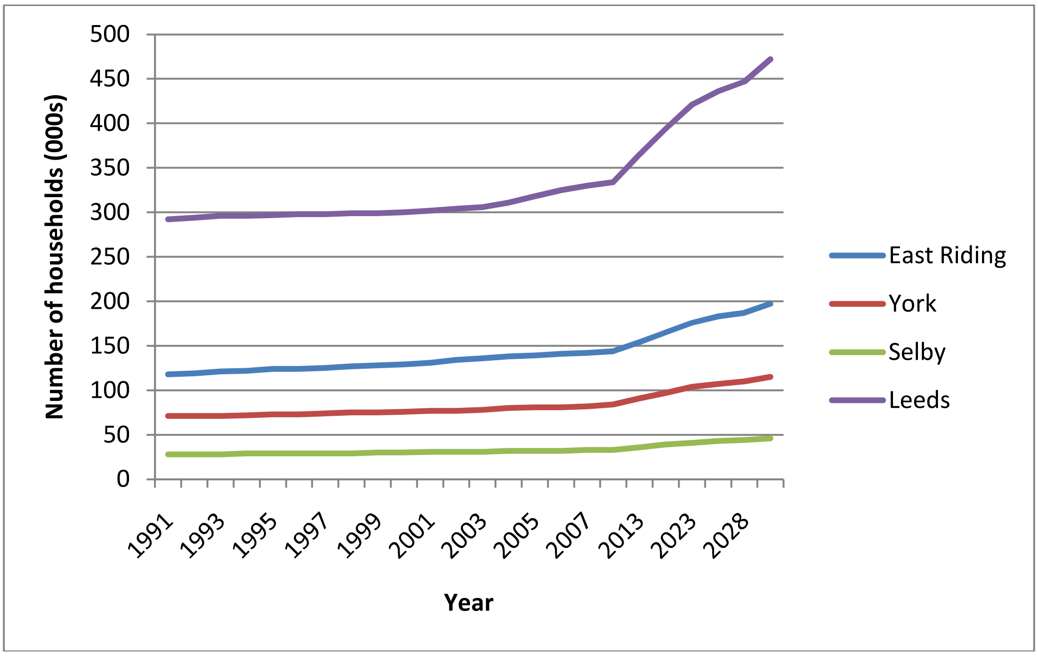
Table 3.1 compares the latest available 2008-based household projections with the former RSS housing allocations for the period 2008 - 2026. These suggest an increase in household formation, relative to the 2004 projections and a requirement in excess of 27,000 dwellings per annum for the region as a whole. For York the projections suggest that the requirement increases to in excess of 1,278 dwellings per annum. However, this figure is below that set out within the 2006 based projections, which showed the requirement to be 1,378 dwellings per annum between 2008 and 2026. As might be expected household growth is also well in excess of RSS provision for many of the surrounding districts including East Riding, Harrogate and Ryedale

Table 3.1: ONS/CLG 2008-based household projections and former RSS net additional dwellings allocations

Local Authority	2008	2026	2008-2026	Annual average 2008-2026	Per annum RSS allocation 2008-2026	% of RSS target met by the RSS
East Riding of Yorkshire	144,000	183,000	39,000	2,167	1,150	53
Kingston upon Hull, City of	115,000	144,000	29,000	1,611	880	55
North East Lincolnshire	67,000	75,000	8,000	444	510	115
North Lincolnshire	68,000	83,000	15,000	833	750	90
York	84,000	107,000	23,000	1,278	850	67
Craven	24,000	30,000	6,000	333	250	75
Hambleton	37,000	42,000	5,000	278	280	101
Harrogate	67,000	82,000	15,000	833	390	47
Richmondshire	20,000	24,000	4,000	222	200	90
Ryedale	23,000	27,000	4,000	222	200	90
Scarborough	49,000	57,000	8,000	444	560	126
Selby	33,000	43,000	10,000	556	440	79
Barnsley	96,000	114,000	18,000	1,000	1,015	102
Doncaster	122,000	136,000	14,000	778	1,230	158
Rotherham	106,000	121,000	15,000	833	1,160	139
Sheffield	230,000	284,000	54,000	3,000	1,425	48
Bradford	192,000	243,000	51,000	2,833	2,700	95
Calderdale	86,000	105,000	19,000	1,056	670	63
Kirklees	167,000	200,000	33,000	1,833	1,700	93
Leeds	334,000	436,000	102,000	5,667	4,300	76
Wakefield	139,000	165,000	26,000	1,444	1,600	111

A comparison of long term trends and forward projections in household formation is provided in Figure 3.3 below. It shows a marginal increase in the rate of household formation after the early 2000s for York, East Riding and Leeds, relative to past trends. This is thought, ultimately, to reflect the higher birth rates associated with the increase in younger international migrants in these districts.

Figure 3.3: ONS 2006 based household numbers (thousands) York and selected Yorkshire districts 1981 - 2031



Notes:

1. Figures to 2008 are based on ONS mid-year population estimates and projected rates of household formation from trends in Census and Labour Force Survey data. Other data sources, such as the Labour Force Survey, provide direct sample survey estimates of the number of households in each year and therefore may differ from the estimates shown here. All projections are 2008-based. The 2008-based household projections are linked to the Office for National Statistics 2008-based Population Projections, and are not an assessment of housing need or do not take account of future policies. They are an indication of the likely increase in households given the continuation of recent demographic trends.

2. Sub regional household projections are less robust than those at the regional level, particularly for those areas with relatively small numbers of households. This should be taken into account in using the figures. Due to rounding, districts may not sum to regional totals.

3. The sub regional household projections are not 'National Statistics'.

4. All figures are based on the methodology used in the 2008-based projections and may differ to those published under previous projections.

4 Effect of the Recession on Migration and Household Growth?

As these figures are 2008-based and thus produced largely before the current recession an obvious issue concerns the extent to which changes in the economy will mean that overall migration, particularly international migration, will be lower.

Addressing this question involves three main issues:

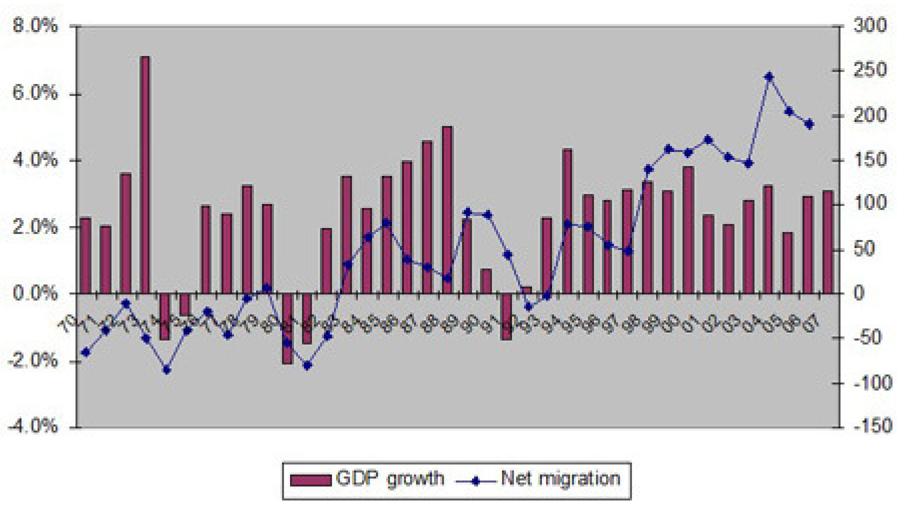
- The relationship of economic performance to migration trends, especially the influence of recessionary conditions;
- The future performance of the York economy; and
- The role of York in the wider sub regional/regional economy.

Each is considered below.

4.1 Recession and Migration?

General evidence seems to suggest that the effect of a recession on migration, particularly international migration is temporary. In particular, in addition to the recent recession, there have been three recessions in the past 40 or so years - 1975/6, 1981/2 and 1993. These show up clearly on the bar chart (Figure 4.1) below, which plots the annual growth in GDP from 1970 to 2007. Net immigration (in thousands) is shown as a graph over the same period. It is clear that it has fluctuated about a strong upward trend for nearly three decades.

Figure 4.1: The relationship between economic growth and migration (UK)



The general conclusion is that the current downturn in the economy may also lead to a reduction in net international migration into the UK but, assuming the economy recovers, the reduction in migration for the UK is likely to be short-lived. Of course, recovery for individual places may take longer if their experience of recession is more sustained.

4.2 Future Performance of the York Economy

This issue is considered more comprehensively in the employment paper produced alongside this paper.

- The Centre for Cities 'Cities Outlook 2011' has ranked UK cities in terms of their rise in unemployment during 2009-2010 – based on the change in the number of JSA claimants. York is ranked 7th within the top 10 cities posting the lowest claimant count (see following table). It has therefore been relatively resilient to the recession in comparison with other UK cities. This may be a reflection of its relatively diverse economic base and that it is not overly reliant on any one particular sector.
- In the face of the high level of government debt, the Coalition government is making substantial cuts to public sector spending. The general expectation is that cuts will be made over the next 4 or 5 years which will result in substantial job losses within the public sector. This is a further challenge which the economy must contend with, following the late 2000s recession. The impact is likely to be felt most in those geographic locations where there is a higher proportion of total employment accounted for by the public sector.
- York is ranked 11th in the top 50 cities with the greatest proportion of the workforce employed by the public sector. It has 34% of workers in the public sector, compared with a national average of 27%. Nevertheless, the elements of the public sector represented in York especially the universities and health sector may not be the most severely hit.
- The latest regional labour market report[3] provides emerging evidence for York and the Yorkshire and Humber region in relation to employment. Between the three months to September there were 2,377,000 jobs in the Yorkshire and Humber Region, a figure that had decreased by 24,000 on the previous quarter. The employment rate in the region therefore decreased from 38.8% in the previous quarter to 68%. The employment rate for both men and women decreased during this period, although the decrease amongst women was more significant than for men (decrease of 1.5 compared to 0.1%). This reverses the trend that was experienced during the recession of falling male employment and rising female employment. The claimant count rate has remained relatively constant at 5.5% over recent months, although this has decreased by 0.6% in January 2011, when compared with January 2010[4]. Although lagged (with data available to September 2010) the workforce jobs series indicates that employment in arts, leisure and recreation has seen the strongest growth, with construction experiencing the largest decrease.
- A lot rests on the extent to which the private sector can expand and create employment, mitigating the contraction in public sector employment expected to arise from in public sector expenditure. The Office for Budget Responsibility estimated in November 2010 that there will be a loss of 330,000 jobs in the public sector nationally. York does possess a higher than average proportion of employment in the public sector and therefore is potentially vulnerable to future cuts. Some research has estimated these job

[3] 'Summary labour market statistics: January 2011 Statistical Bulletin for Yorkshire and The Humber', Yorkshire Forward/ONS/Jobcentre Plus.
[4] ONS (February 2011) Labour Market Statistics: Yorkshire and the Humber

loses to be in the region of 2,400 by 2014/15, equating to 2.4% of all employment [5]. Recent press releases also point toward a trend of rationalisation and associated job losses in the banking sector which could affect locations in Yorkshire.

On the basis of our analysis of macroeconomic and fiscal changes since the ELR, we would consider that our central scenario of 960 additional jobs per annum to be a realistic average figure for the period. It is expected that actual per annum jobs growth will fall short of this in the short to medium term 5 year horizon as the UK experiences muted growth. In the longer-term growth in the Science City sectors is expected to deliver higher levels of employment creation.

These trends are likely to be reflected in migration. 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 level of migration continue. We acknowledge that previous rising trends in the number of migrants and foreign students have been partly driven by the accessions of countries into the EU in recent years and could therefore be seen as temporary. Indeed, the 2008 population projections for York show a declining net migration figure into the future. However, we would highlight that the labour market restrictions for the 2007 cohort (Bulgaria and Romania) are due to be fully lifted in 2014 and we therefore expect a rise toward past levels once again.

4.2.1 Relationship to the wider sub region

Because York both exports and imports labour, changes in the economy of surrounding areas as well as York may affect migration trends. Based on economic analysis, for example it appears that Leeds has been hit relatively hard by the recession in terms of jobs. This might result in commuter clawback to York and a reduced incentive for in migration as more labour is available to fill jobs within York. There may also be additional commuting from Leeds to York if the York economy and labour market is performing more strongly, possibly reducing in-migration and housing demand in York. Similar trends may also be possible for locations such as Selby to export additional labour to York.

As the Table 4.1 below shows, based on 2001 data, it appears that the City of York both imports and exports labour across its boundaries, although York is ultimately a net importer of labour to work to the scale of just over 5,300 workers based on just over 23,000 workers travelling into York and just under 18,000 travelling out. As the table suggests, the pattern of out commuting is relatively dispersed, although Leeds is the largest single destination. It should be noted that some of this commuting may be relatively short distance cross boundary movements. It is also difficult to predict with any certainty trends since 2001, since until recently Leeds and York have both performed strongly and thus the balance of probabilities suggests that approximate balance is likely to have remained unchanged.

[5] Centre for Cities (2011) Cities Outlook 2011: public sector job losses (by 2014/15)

Table 4.1: Summary of inflows and outflows from City of York

Local Authority	TO YORK	FROM YORK
York	70,205	70,205
East Riding of Yorkshire	5,307	1,762
Leeds	1,893	4,515
Hambleton	2,492	1,661
Harrogate	1,635	1,592
Ryedale	2,311	1,703
Selby	4,547	1,682
Scarborough	432	285
Craven	42	21
Richmondshire	42	35
Other Local Authorities	4568	47,04
Total	**93,474**	**88,165**

Source: 2001 Population Census

Ultimately, the outcome in terms of in-commuting will depend on the balance of additional housing provision and jobs growth in York. Trends in housing provision will in large part be determined by future policy. While 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. Most commuting would be by car given the dispersed nature of both population and jobs.

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.

5 Recent Evidence from the Housing Market

Evidence from the housing market in terms of completions rates, house prices and affordability provide a possible check on growth assumptions. For example, information on housing completions indicates the overall capacity for delivery and house prices trends and affordability provide some indication of the extent to which demand is being matched by supply.

Overall the housing market in the past few years has been influenced by a number of national factors, including the availability of mortgage credit and of funding for affordable housing provision. Over the last decade housing completions have fallen in numbers relative to earlier periods, despite the strength of the market. This is largely as a consequence of a decline in publicly funded affordable provision. Higher prices have also choked off and suppressed demand. There has also been a tendency towards the provision of smaller units in high density schemes, particularly for first time buyers.

The relative absence of funding for affordable housing and higher prices means that very few places nationally have delivered sufficient provision to meet demand expressed through CLG household projections, or typically lower former RSS targets. It follows that the gap in supply has often been at the lower price and affordable end of the market. It also follows that there is now something of a backlog in provision, albeit reflected in part by acceptance that households may have to occupy smaller units than in the past.

In view of these larger trends for the purposes of this analysis, we have therefore benchmarked York's performance against national trends. This allows assessment of the extent to which York's housing record has been better or worse than elsewhere.

5.1 Housing Completions

The annual average housing completions in York for the period 2000-2011 was 721 (Table 5.1). This average was exceeded in five of the years, with particular peaks in completion (i.e. over 1,000 units) in 2001/02 and 2004/05. These figures are taken from the authority's own data, which is based on site visits to monitor permissions and completions. This data records a higher rate of completions than shown in the CLG live Tables (Table 5.1). It should be noted that the authority's own data will be more accurate since the data is based on actual site visits, while the CLG figures are based on sign offs from CYC building control, which are less reliable and are known to under estimate completions (i.e. the figures do not include inspections from non CYC building control agencies). That said it is useful to consider the CLG data in order to compare trends across districts and at the national level since data for all districts will be subject to the constraints outlined above.

Table 5.1 City of York UA - Housing Completion Data

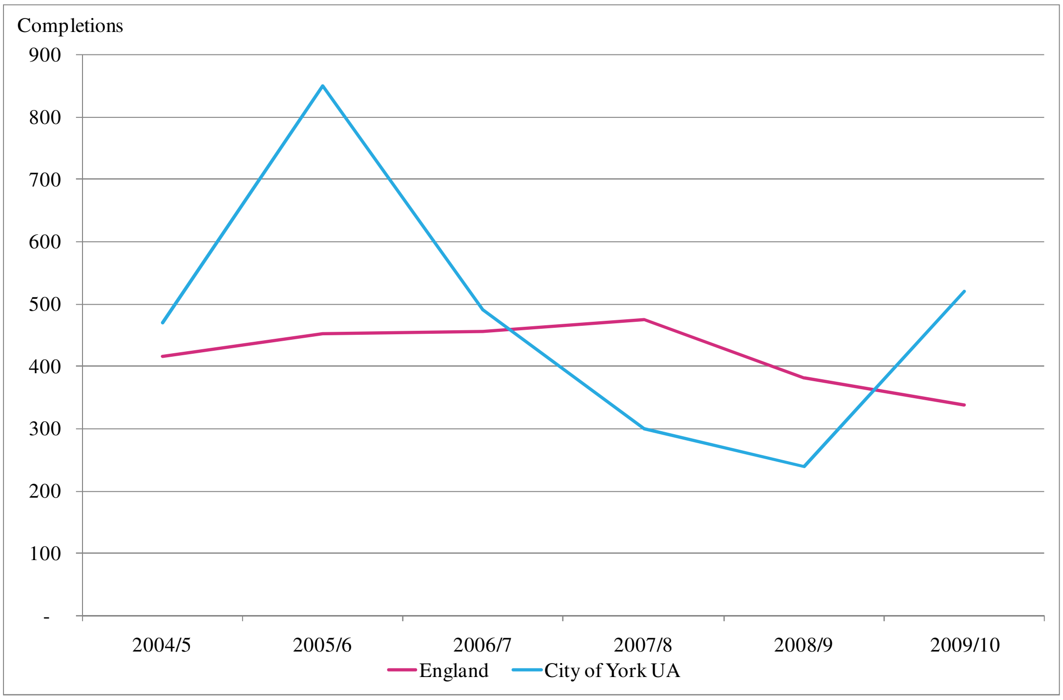
Year	CLG Live Tables	City of York Monitoring Data
2000/01	n/a	706
2001/02	n/a	1,002
2002/03	n/a	834
2003/04	n/a	525
2004/5	470	1,160
2005/6	850	906
2006/7	490	798
2007/8	300	523
2008/9	240	451
2009/10	520	507
2010/11	n/a	514
Average (2000 -2011)	**n/a**	**721**
Average (2004 -2010)	**478**	**694**

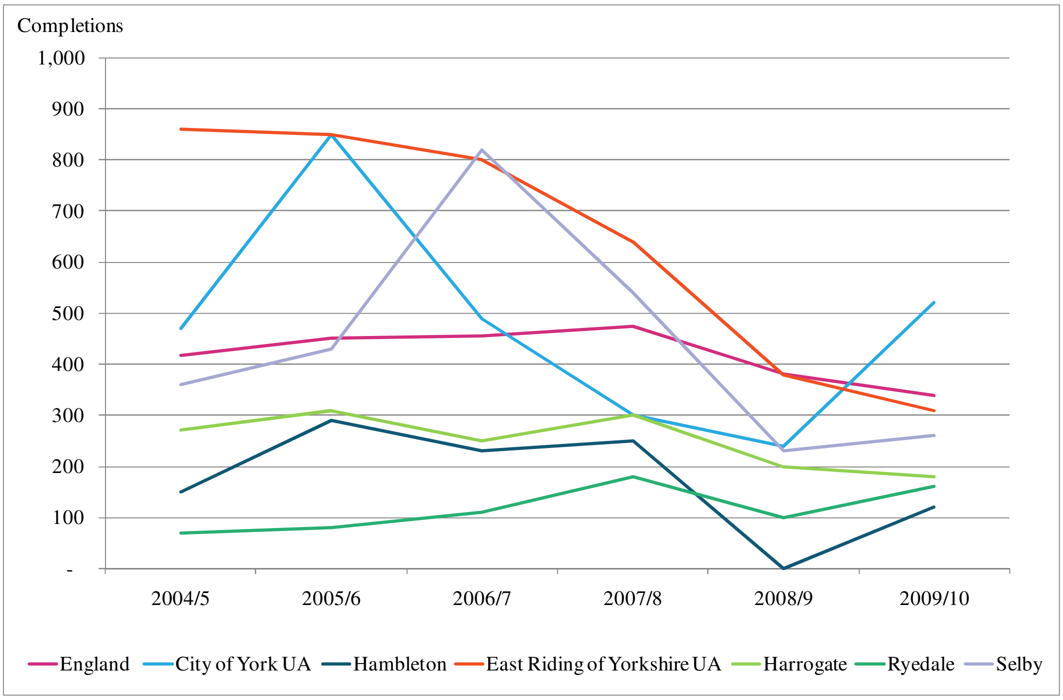
Source: CLG (2010) Live Table 253 - House building: permanent dwellings started and completed, by tenure and district, 2004/05; City of York UA (2010) Housing Completions Monitoring Data

Data from the CLG live tables show that housing completions in York exceeded the national average for districts between 2004 and 2007 (Figure 5.1). The rate dropped below that of England for the next couple of years; however by 2009/10 the housing market in York was showing signs of recovery with housing completion rates yet again exceeding the national average. This is consistent with findings in relation to the strength of the York economy and the modest effects of the recession to date.

With the exception of East Riding of York and Selby (for part of the period reviewed), York's level of housing completions has outperformed surrounding districts (Figure 5.1). The high level of recovery in housing completions in 2009/10 is consistent with general recovery and the strong performance of York through the recession. It may also suggest a return to longer term trends of in migration, although recessionary conditions may also have created a backlog of locally generated housing moves.

Figure 5.1: Housing Completions, 2004/5 – 2009/10

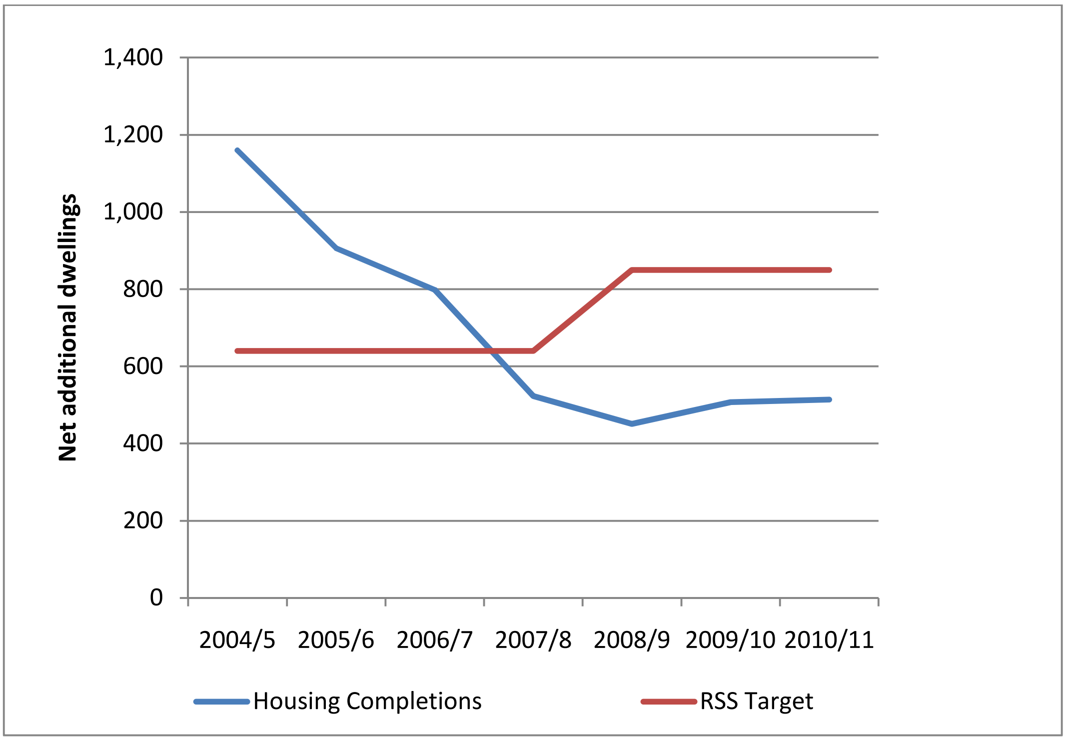




Source: CLG (2010) Live Table 253 - Housebuilding: permanent dwellings started and completed, by tenure and district, 2004/05

For the period 2004/05 to 2006/07, York's housing delivery exceeded the former RSS targets (Figure 5.2). Housing completions dipped below the targets for the subsequent period to 2009/10, although they appeared to be on an upward trend by the end of the period.

Figure 5.2: Housing Completions Compared to Former RSS Targets



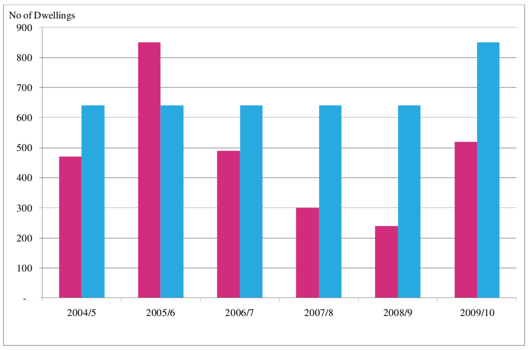
Source: City of York UA (2010) Housing Completions Monitoring Data; GOYH (2008) Yorkshire and Humber Plan

The CLG Live Table data allows comparison to be made across the districts in the York Sub Area with regards to housing completions and the former RSS targets. However, the analysis needs to be treated with caution, given the constraints associated with the CLG Live Table data (as outlined above). Nevertheless the data provides a general indication of trends in the wider area. According to the CLG Live Table data, almost without exception the districts reviewed failed to meet their RSS targets over this period (Figure 5.3). The exceptions were Leeds and Selby (for part of the period) exceeded RSS targets.

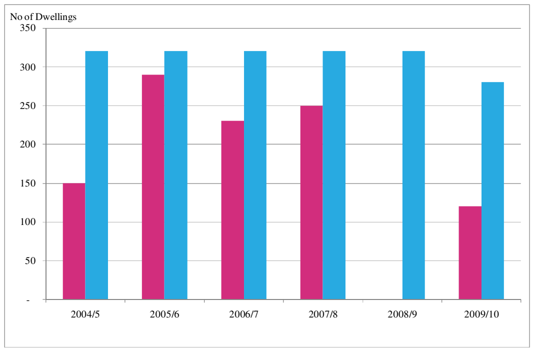
Figure 5.3: Housing Completions Compared to Former RSS Targets

Housing completions   Former RSS targets

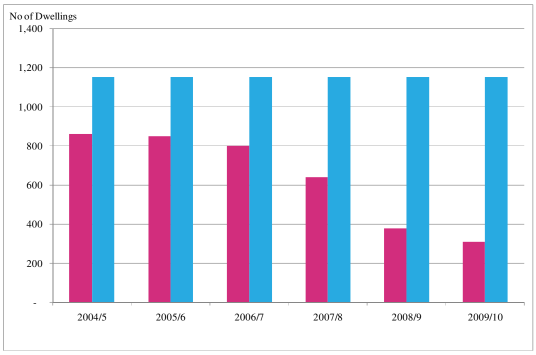
York



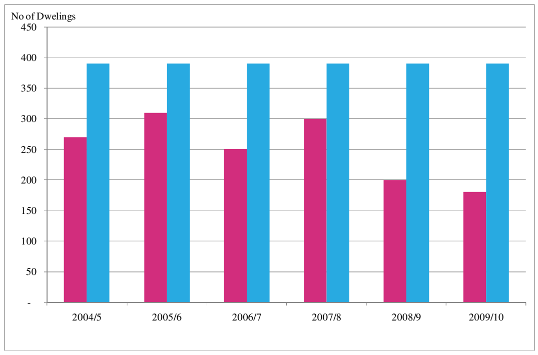
Hambleton



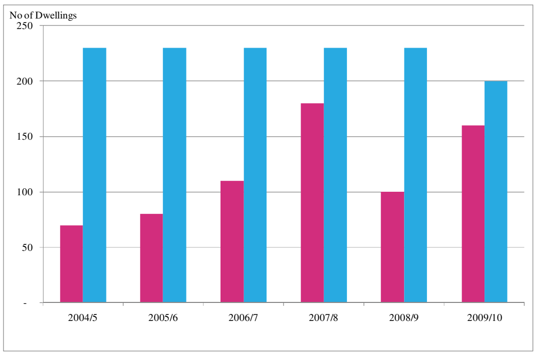
East Riding of Yorkshire



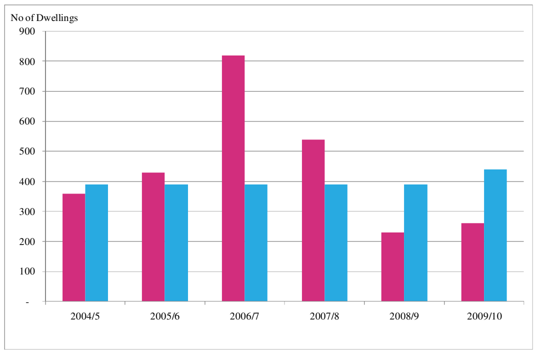
Harrogate



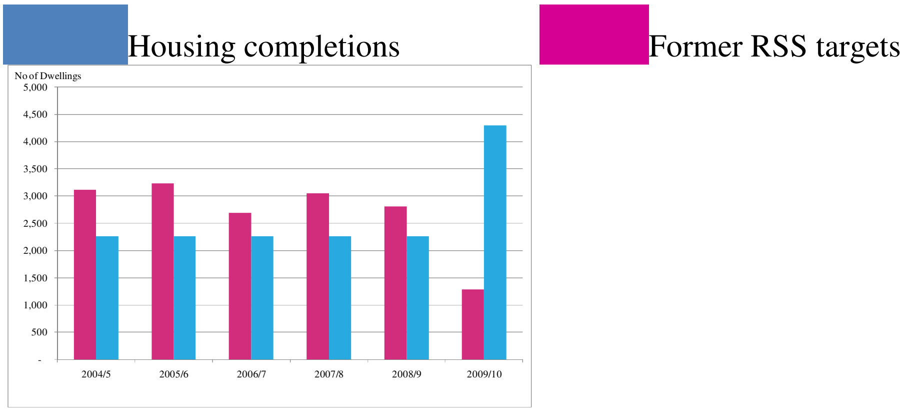
Ryedale



Selby



Leeds



Source: CLG (2010) Live Table 253 - House building: permanent dwellings started and completed, by tenure and district, 2004/05; GOYH (2008) Yorkshire and Humber Plan

5.2 House Prices

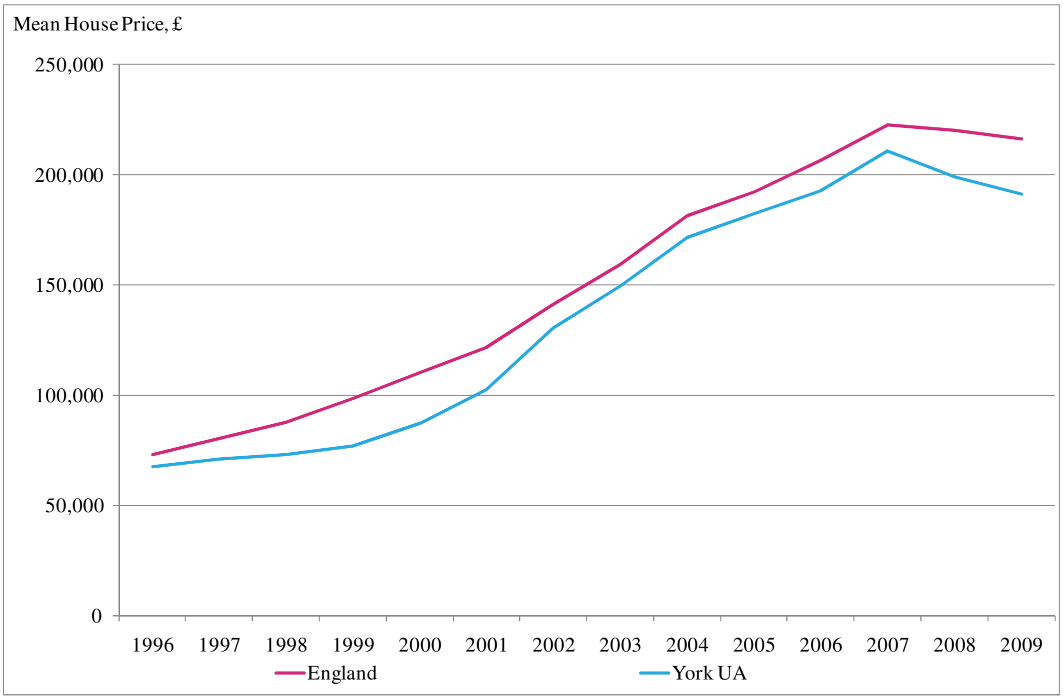
The mean house price in York has been consistently below the English average since 1996; however the lower quartile price has been consistently above the English average over the same period (Figures 5.4 and 5.5). York house prices have been consistently above the regional average and are therefore not only less affordable at the bottom end of the market but within the region as a whole - this is explored further below.

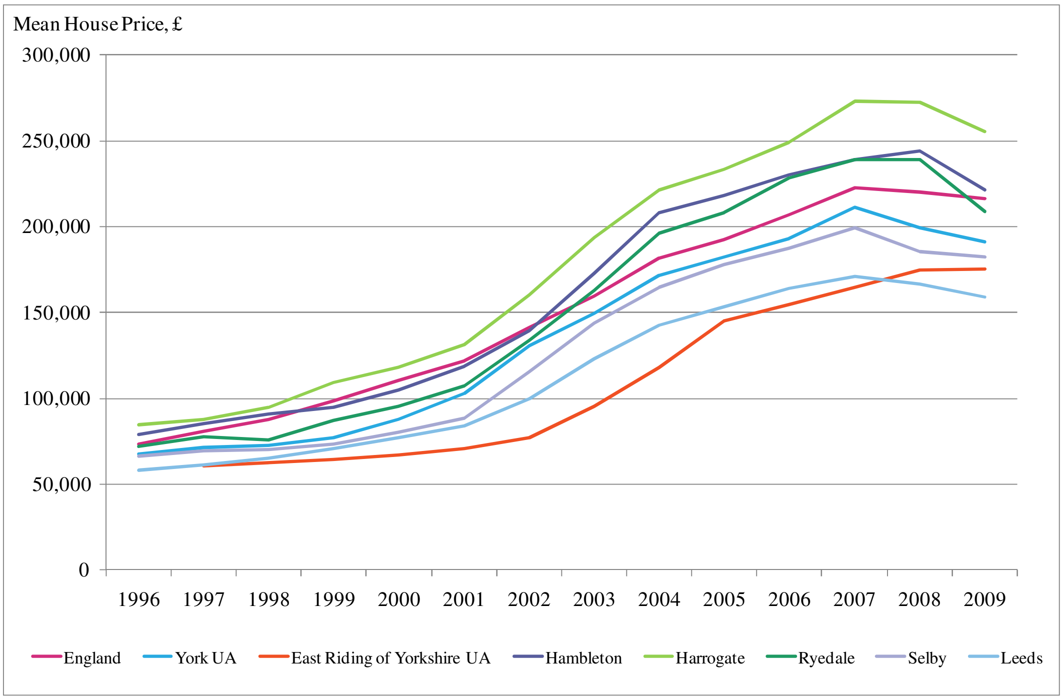
Housing costs in the borough have been rising since 1991, with the exception of the period 2007-2009 when house prices decreased (as was the case across England). Mean and lower quartile house prices increased by 182% and 198% respectively over the period in York, compared to 196% and 200% in England.

5.3 Housing Affordability

Housing affordability (as defined by the ratio of lower quartile earnings to lower quartile house prices), in York has been consistently above the English average (Figure 5.5). In fact the gap between affordability in York compared to the English average has widened over the period 1997 to 2010. However, York is more affordable than some of its neighbouring authorities (Figure 5.6).

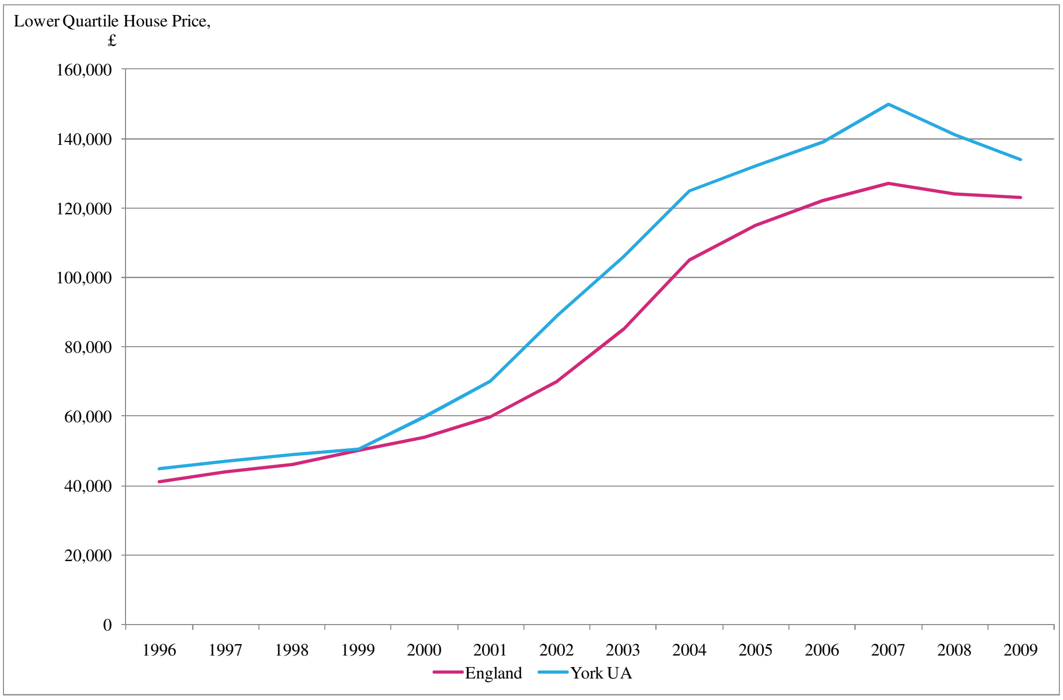
Figure 5.4: Mean House Prices, 1996 - 2009

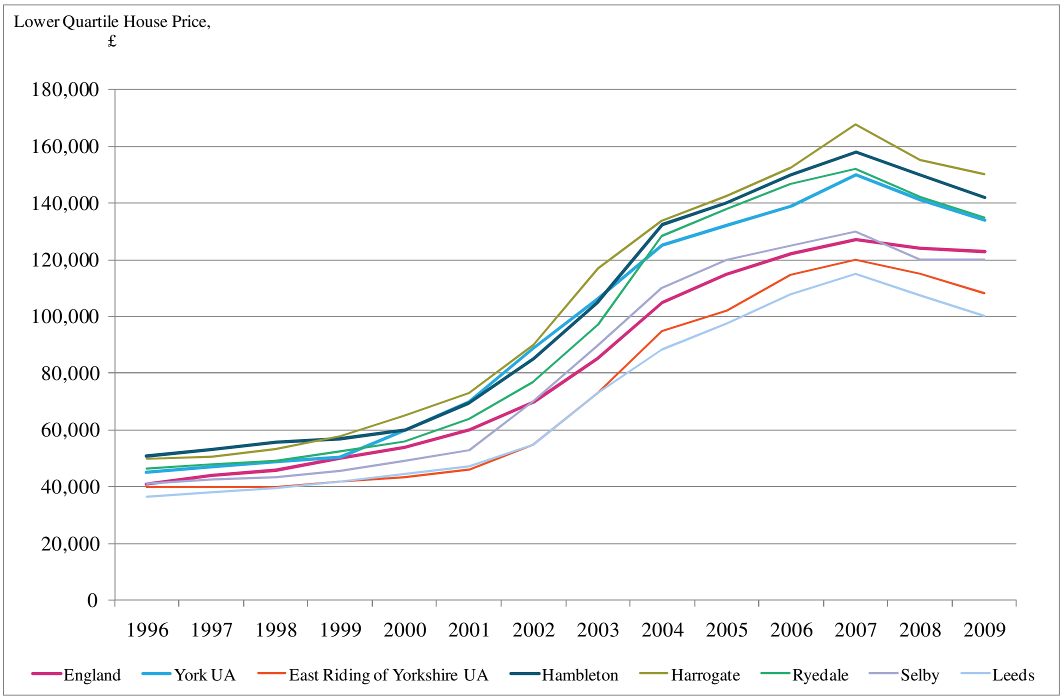




Source: CLG (2010) Live Table 585 - Housing market: mean house prices based on Land Registry data, by district, from 1996

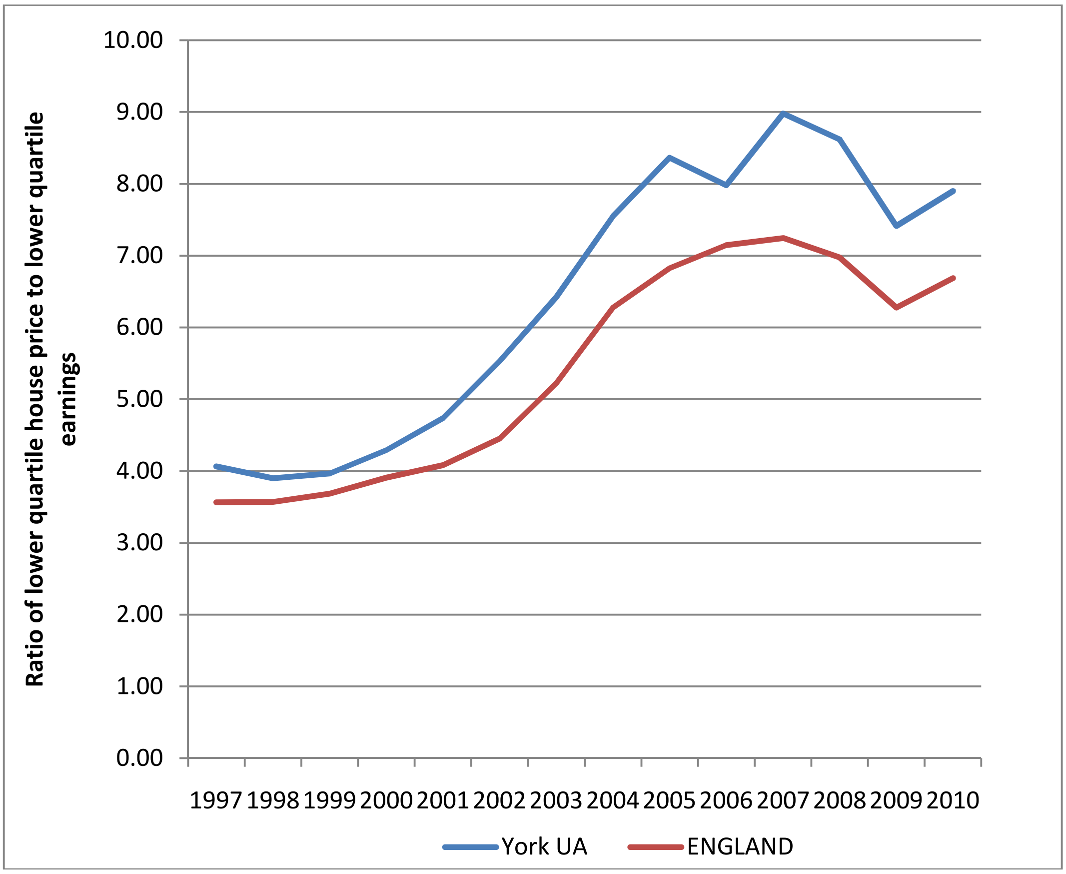
Figure 5.5: Lower Quartile House Prices, 1996-2009

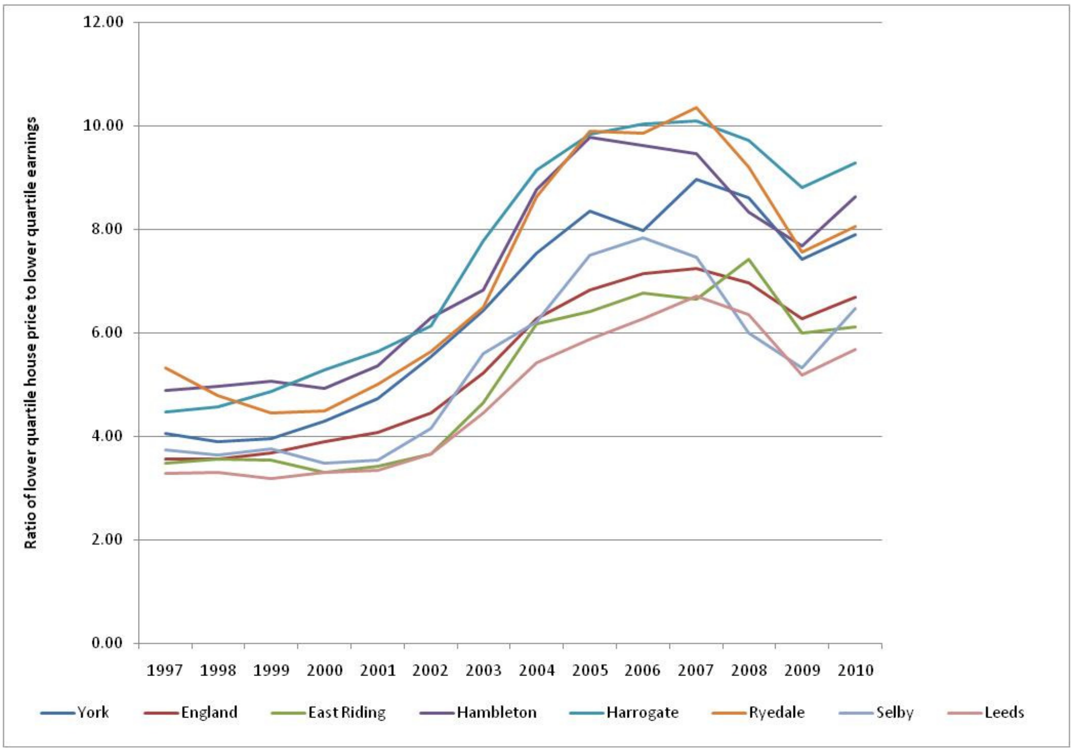




Source: CLG (2010) Live Table 587 - Housing market: lower quartile house prices based on Land Registry data, by district, from 1996

Figure 5.6: Housing Affordability, 1997 - 2010





Source: CLG (2011) Live Table 576 - Ratio of lower quartile house price to lower quartile earnings by district, from 1997

5.4 Identified Housing Land Availability

York's Strategic Housing Land Availability Assessment (SHLAA) is still in the process of being completed. However, the draft Phase 2 report, (taken to members of the Local Development Framework Working Group in March 2009), indicated that York's land supply could potentially accommodate nearly 7,000 dwellings over the next 15 years, (equivalent to around 460 dwellings per year). This potential excludes urban extension sites.

Table 5.2: Overall Non-committed Supply (including allocations without permission and identified SHLAA sites)

Period (Financial Years)	Number of dwellings	Number of Sites (double counting sites)
0-5 (2008/9 - 2013/14)	1,754	22
6-10 (2014/15 – 2018/19)	2,955	26
11-15 (2019/20 – 2023/24)	1,709	5
15+	448	3
Total Non-Committed Supply	6,866	56

Source: City of York Council (2009) Strategic Housing Land Availability Assessment Consultation Draft

This potential supply is significantly below the levels implied by the most recent household projection rates, which as reviewed above are as high as 1,378 per annum. However, work has advanced since the draft SHLAA and therefore this is only an indicative guide to the SHLAA figures. There are also two further sources of sites:

- 27 potential sites were identified in the SHLAA as 'unknown sites', (i.e. insufficient information meant that they could not be fully assesses for availability). If this case could be demonstrated, these sites offer a further potential for 1,938 dwellings. The list includes some sites that are short listed as employment sites in the Employment Land Review and therefore although they pass the suitability test in the SHLAA they are classed as unavailable until such time as they are no longer required for employment purposes.
- 42 sites were submitted in the call for sites, which lie within the Draft Green Belt – the boundaries of which will be determined in the final Core Strategy. These sites could offer further potential supply for 11,472 dwellings, however, it is unlikely that the majority of these sites, (if any), would come through the planning process as Members are unlikely to support development on these sites.

5.5 Implications for Phasing of Delivery

Our assessment is that there is not likely to be substantial growth in the housing market over the next 2-3 years. The most recent house price data (March 2011) published by CLG shows that following a modest recovery through much of 2010, there has been a decline in house prices in Yorkshire and Humber each month since November 2010 (average prices compared to 12 months previously). Clearly there are variations between different parts of the region. There is evidence that there has continued to be modest growth in the market in the most desirable locations and for types of housing, but even in these cases prices have yet to recover to pre-recession levels.

There are differences between the various segments of the housing market. The market for larger family-sized homes in established attractive locations has recovered more quickly than the market for smaller units in more marginal locations. It is clear that constraints in the availability of mortgage finance continue to affect the market and developer confidence. This is acting as a major barrier to first-time-buyers, which in turn is affecting the viability of schemes delivering smaller units. Constraints in the availability of mortgage finance are also limiting the delivery of intermediate (ie. shared ownership) forms of affordable housing, and clearly cuts in public spending on housing are compounding the issue. Whilst York has not experienced the same levels of over-supply of high density apartment developments (which were driven by the buy-to-let market), the market for apartments remains weak.

It is clear these factors will affect housing delivery in York over the short term. However it is also clear that the market fundamentals in York remain strong (as evidenced by the fact house prices have declined at a lower rate than elsewhere) and delivery will recover over the medium term.

Therefore we conclude there is a strong case for planning for a lower level of housing provision for the next 3-4 years, and that it is also realistic to plan for delivery rates to increase beyond 2014-15.

6 Overall Analysis and Interpretation

Overall the evidence presented above suggests that the latest available CLG household projections indicate demand that is substantially higher than either the former RSS allocations or recent peak year housing completions rates. This requirement is also substantially higher than identified housing capacity. The situation is similar for several of the surrounding authorities including the East Riding which is York's largest source of in commuting and Harrogate. All these districts have low levels of housing affordability, particularly in the lowest price quartile, although overall prices in the City of York have tended to follow national trends. As a whole, trends within the immediate York sub area contrast with experience further in Leeds which seems to have over-provided housing relative to projected demand.

Interpreting such trends and devising an appropriate policy response is ultimately a matter of judgement. The Government's commitment to localism offers an opportunity for York to take decisions as to the appropriate level of provision. However, the choice of provision needs to be framed within national policy in PPG3 which suggests that authorities should meet local demand, the requirement for "soundness" in the plan with respect to the evidence base and general requirements for sustainability. Taking this context into account, we would draw the following broad conclusions.

Housing Completions

- It would not be appropriate and there is no case in terms of soundness for York to plan on the basis of housing allocations that are below the long term average of completions.
- There is some effect of the recession on housing completions. It might be expected that dwelling supply may average around the 640 dwellings (suggested by the RSS for the period 2004- 2008) for the medium term until 2014-15.

Household projections

- As the CLG households are based on previous years trends, it would not be unreasonable to suggest that that certainly the 2008-based projections may overstate requirements.
- Whilst CLG projections may represent trends in household formation and thus housing demand, given affordability constraints this is not to suggest that this demand will be met through affordable or market-based housing completions.

Broader relationships and impacts

- York is part of a broader strategic housing market and actual demand may depend on the policy and housing provision stances taken in surrounding authorities. York should work with these surrounding authorities to sound allocations. Overall it seems unlikely that the rural districts will meet the requirements suggested by household projections, meanwhile Leeds seems unlikely to reach the levels set out within the 2008-based household projections.

- Final decisions on allocations need to take account of the implications of allocations in terms of the impact on transport networks and overall sustainability. York has one of the stronger economies of the sub region and likely long term employment growth of around 1,000 jobs per annum is higher proportionately than trend housing completions, suggesting higher levels of in commuting under most reasonable scenarios.

These conclusions are considered further below.

6.1 Housing completion trends

The average of the last 6 years and taking into account both boom and recessionary conditions, suggests trends in completions averaging 724 dwellings per annum. This figure conceals considerable annual variation, with a peak in 2004-5 of 1,160 dwellings. Completions in 2009/10 were 507 dwellings, reflecting the effects of the recession and a broader context in which the availability of finance for housing (for developers, mortgages and affordable provision) has been very tight. This is unlikely to change quickly and the future of the economy remains uncertain. Broadly, it might be expected that dwelling supply may average around the 640 dwellings (suggested by the RSS for the period 2004- 2008) for the medium term until 2014-15.

6.2 Household projections

The household projections are really not an assessment of housing need or demand. They are an indication of the likely increase in households given the continuation of recent demographic trends, typically over the previous 5 years. The use of such short periods, combined with limited data, means that it is challenging for such trends to capture the full effect of economic cycles. At the same time, as these trends are also stepped down from larger area forecasts it seems unlikely that they are able to capture any effects of local economic trends.

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. However, at the same time York has not suffered as much as some areas in the recent recession and there is some evidence of housing market recovery, evidenced by rising affordability issues worsening in 2010.

Our judgement is that as an approximation of trends representative of an economic cycle, the 2003-based forecasts are perhaps more representative of minimum long term requirements. This view is controversial as we are also aware that ONS have worked to improve the accuracy of their forecasts, albeit Government forecasters did not predict the onset of recession in 2008-9. We make this as a professional judgement, given the methodology used for the production of the forecasts is trend based and that the 2008 forecasts were produced at a time of relatively high economic optimism. The 2003-based forecasts on the other hand, were preceded by a period of less rapid growth in 2001/02. If this view is accepted, we encourage that York use the 2003-based projections for its allocations.

The 2003 based forecasts suggest an annual housing requirement of about 17,700 dwellings per annum across the Yorks and Humber region, equating to an average of around 780 - 800 dwellings on average per annum for the City of York. These figures are similar to the old RSS provision. As is indicated above, more recent forecasts suggest a substantially higher requirement.

6.3 Broader relationships and impacts

Although headline prices have remained in line with national trends in York, lower quartile priced housing has become less affordable suggesting that established home owners are probably compromising their choices at the lower end of the market, probably in homes that were previously available to first time buyers. The consequences of such changes are complex, but are likely to include the development of an increasing proportion of older, more affluent (and socially conservative) population over time. There will also be displacement of traditional population, perhaps to locations such as Selby or Leeds as gentrification becomes more widespread. However, perhaps more positively is that the city may become more attractive for high skill groups[6], perhaps relocating from the higher house price areas of London and the South East. Relocation from such places is typically constrained by the assumption that moving to a cheaper location means that it will never be possible to move back and that relocation may prove to be the "graveyard of ambition" as in the future it could constrain future career choices. For example, surveys suggest that the parity of house prices between say, Cambridge and London, has been a factor that improves the attractiveness of the city to the highest skill groups. To some extent Harrogate and the Wharfe Valleys, as a premium housing locations for the Leeds labour market also may be demonstrating this effect. The issue here concerns the type of role as a City that York wishes to play.

York is located is a broader strategic housing market in which most indicators suggest strong demand. There is thus no obvious sub area options to disperse growth to neighbouring districts, indeed on the contrary it is likely that York will face additional pressures both because surrounding districts may under provide for housing. Such pressure also arises because York is and is likely to remain the major source of employment and services in its sub region and York's range and choice of housing is broader.

Whilst is possible, that market processes in terms of higher house prices may encourage a wider area of housing search, including most obviously Leeds (or perhaps Hull) this is likely to be associated by additional in commuting. There are opportunities for sustainable travel choices for commuters in the sub-area, including rail links from Malton and Selby and there is scope for a future, more planned, sub-regional approach.

[6] The city currently has the fifth highest qualification levels of all cities in the country (Centre for Cities [2011] Cities Outlook 2011)

7 Overall Conclusions

In general it is difficult not to conclude that the housing allocations contained within the RSS remain reasonable in terms of the requirements of national policy, the production of a sound plan and in terms of addressing the housing needs of the City of York.

In our judgement, based on current evidence and the assumption of an early to medium term return to growth long term provision should be in the range of an annual average of 780 – 800 dwellings per annum on average. While the in the medium term to around 2014/15, housing completions are likely to fall short of this figure and average around 640 dwellings per annum, it is likely that given economic recovery and an easing of credit markets, subsequent years may exceed this figure (in 2004/5 York delivered 1160 dwellings and in 2005-6, 906 dwellings).

Evidence from the from housing capacity work suggests that additional new land provision will be required to meet this demand, beyond that on the initially identified sites (460 per annum) and assumed for unknown sites (130 per annum).

York is located within a wider area in which housing supply is relatively constrained. Failure to make adequate provision will result in worsening affordability and increasing social polarisation.

Appendix B

Understanding the Difference in Population Growth and Forecasts in York

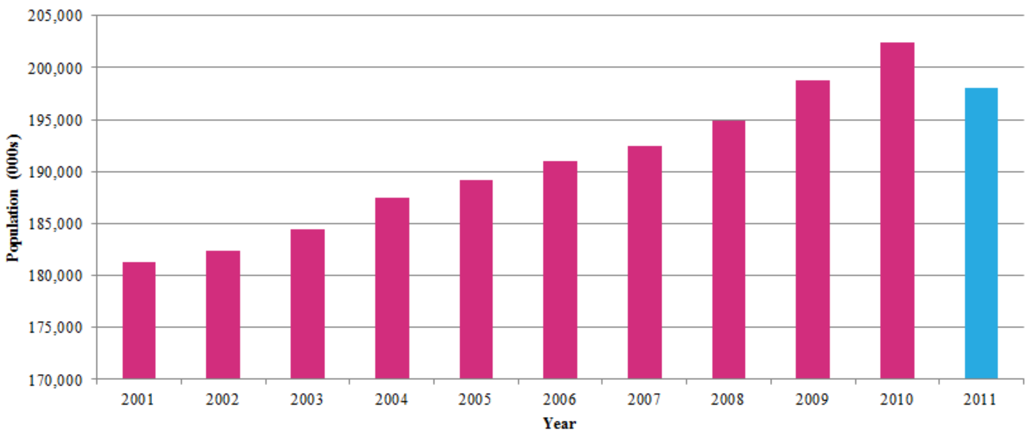
B1 The Census Results

B1.1 Comparing the Census Results and the Mid-Year Population Estimates

B1.1.1 York

Comparing the 2010 Mid Year Population Estimates and the headline 2011 Census results for York shows a difference of approximately 4,000 people, equating to 2.2%, between these two points in time. The 2011 Census results viewed in light of the previous Mid Year Population Estimates trends are shown in the figure below.

Figure B1: Comparison of the Census results and the midyear population estimates for York



Source: ONS, 2011 Census Results and 2010 mid Year Population Estimates

These results would appear to indicate that the scale of population growth that was forecast within the Midyear Population Estimates have been slightly overstated within the city in the past. This can be seen to reflect the difficulties and complexities involved in estimating the number of people living in an area. As discussed in greater detail in Section B2 these higher Mid Year Population Estimates appear to have arisen through an overestimation of the number of migrants into the authority.

A new methodology has now been developed to estimate this factor and this has been incorporated into the 2011 Mid Year Population Estimates which were published in September 2012. These latest Estimates also utilise the results from the Census. This is evidenced by the fact that the estimated population for York is 197,800, a figure in line with that of the Census.

However, it should be noted that the Sub National Population Projections (SNPP) are also linked to and produced in accordance with the Mid Year Population Estimates. Therefore if these results have been overestimated then it is probable that the associated SNPP produced previously are also using an overestimated trend based forecast. This issue is discussed in greater detail below.

B1.1.2 Surrounding Authorities

It is also useful to compare the results from the Census with the Mid Year Population Estimates for these other authorities, to be able to understand if this data presents similar trends to those in York. The population within these authorities for 2010 and 2011 is presented in the table below.

Table B1: Comparison of the 2010 Mid Year Population Estimates and the 2011 Census Results in the authorities surrounding York

Authority	Mid Year Population Estimate 2010	2011 Census Population	Difference	% Change in population 2010-2011
East Riding	338,700	334,200	-4,500	-1.3
Harrogate	158,700	157,900	-800	-0.5
Leeds	798,800	751,500	-47,300	-6.3
Ryedale	53,600	51,700	-1,900	-3.7
Selby	82,900	83,500	600	0.7
York	202,400	198,000	-4,400	-2.2

These results indicate that in all of the authorities surrounding York, with the exception of Selby, the Mid Year Population Estimate for 2010 showed a higher population figure than the Census figure. In both absolute and proportional terms this was most significant in Leeds, where there is a difference of almost 50,000 people between these two data sets. Based on this evidence it would appear likely that population forecasts for Leeds are also likely to have been overstated in the past. This means that whilst Leeds continues to grow it is likely that this is at a lower rate than has previously been thought.

B2 Comparing the 2008 and 2010 based Sub National Population Projections

B2.1 Overview

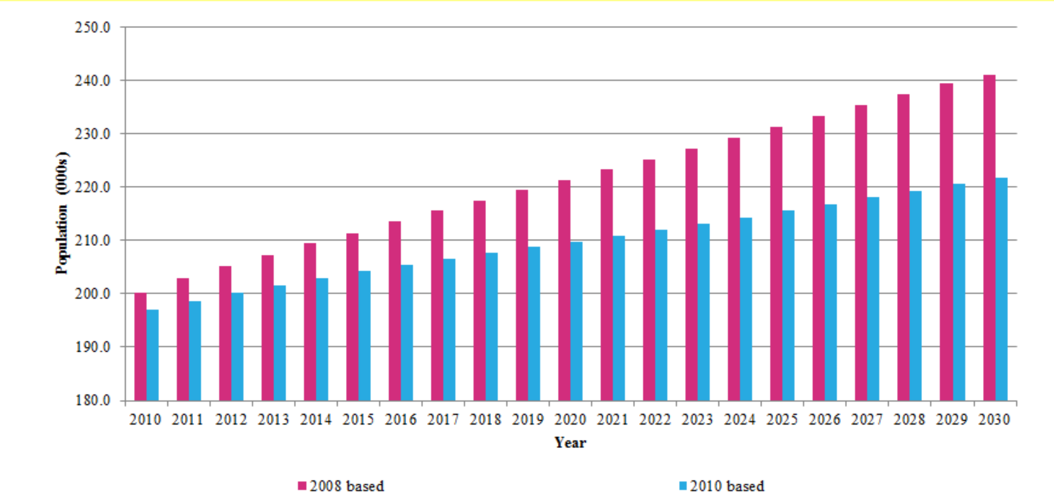
Reviewing the 2010 based SNPP illustrates that population growth is forecast to be lower in the city when compared with the 2008 based data previously published. The 2008 based SNPP show that the population in York increased from 200,000 in 2010 to 240,000 in 2030, representing an increase of 20%. The table and figure below compares the change in population using these two data sets.

Table B2: comparison of the 2008 and 2010 based SNPPs

	2010 population	2030 population	Absolute Change	% Change	Annual average change (21 years)
2008-based SNPP	200,300	241,000	40,700	20.3%	1,900
2010-based SNPP	197,000	221,700	24,700	12.5%	1,176
Difference between 2008 and 2010 based SNPP	**3,300**	**19,300**	**16,000**		

Source: ONS (2012 and 2010) 2010 and 2008 based SNPP, Arup analysis

Figure B2: Comparing population growth in York from 2010-2030



Source: ONS (2012 and 2010) 2010 and 2008 based SNPP,

B2.2 Understanding the Differences Between the 2008 and 2010 Based Projections

Overall a comparison of the 2008 and 2010 based SNPP indicates that growth using the 2010 based SNPP is forecast to be 60% of the 2008 based SNPP. There are a number of factors that influence an increasing population and these include:

- Natural change (births minus deaths);
- Migration (international and internal);
- Household formation rates; and
- Average household size (including change over time).

In formulating the SNPP a trend based approach is utilised that reflects the five years prior to base year for the projections. Therefore the 2010 based projections are calculated using the trends of the five years period 2010. Consequently, as the banking crisis did not occur until late 2008 and the recession itself did not start until 2009, the five previous years to 2010 ones of both economic growth and decline in the economy and in migration. As such, these figures would be likely to be higher than for example the 2012 based projections are likely to be when published. Meanwhile, the five years prior to 2008 were ones of significant economic growth and high levels of migration as stated in our previous reports for COYC. This means that the 2010 based SNPP provide a more appropriate level of overall growth than the 2008 SNPP as these were not predicated solely on growth years.

The table provides a breakdown of the components of population growth between 2010 and 2030 for the 2008 and 2010 based SNPP. This illustrates that the most significant difference between the two forecasts is the level of net international migration into the authority. This is as a result of both lower levels of international migrants moving into the city and higher levels of international migrants moving out.

Table B3: Components of Population Growth and Change, 2010-2030

Component of population growth	2008 based SNPP (000s)	2010 Based SNPP (000s)
Natural Change	**12.7**	**10**
Births	46.8	44
Deaths	33.9	34.5
All Migration Net	**27.9**	**15.2**
Internal Migration In	231.8	228
Internal Migration Out	242.7	226
Net Internal Migration	**-11**	**3**
International Migration In	72	50
International Migration Out	33.9	37.1
Net International Migration	**38**	**13**
Cross-border Migration In	12	12
Cross-border Migration Out	12	11.8

Source: ONS (2012 and 2010) 2010 and 2008 based SNPP

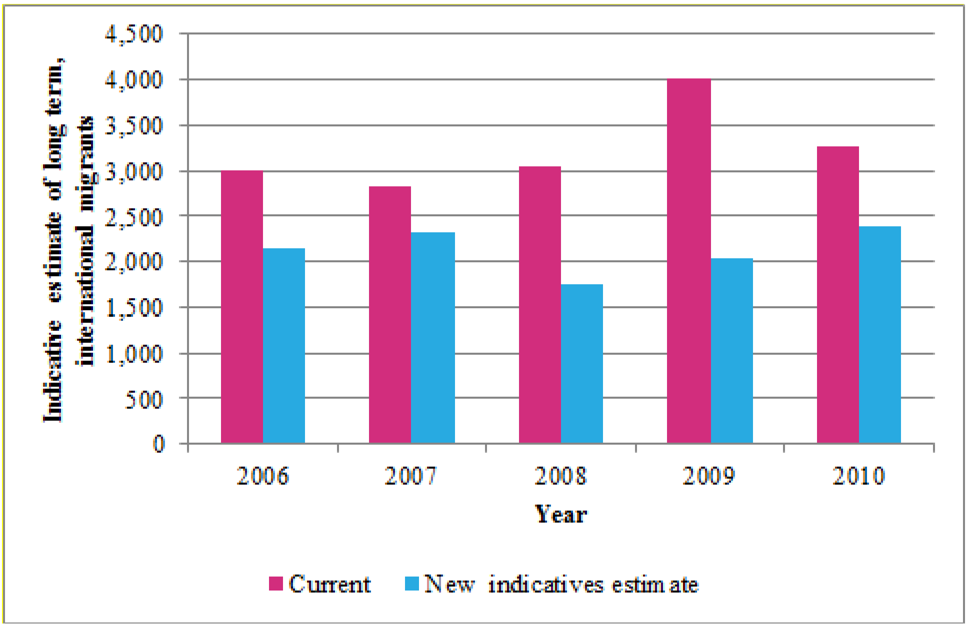
B2.3 Long Term International Migration Estimates for York

The ONS published updated estimates on long term migration levels by local authority in November 2011[34]. This has formed part of the wider Migration Statistics Improvement Programme (MSIP), and has included a number of revisions to the methodology used to produce local authority long-term migration estimates. The improved method uses a range of administrative sources to directly distribute the national England and Wales long-term immigration total to local authorities.

The results of this exercise for York meant that the previous levels of estimated international migration were overestimated in the authority. The data indicates that between 2006 and 2010 10,636 international migrants moved into York. This represents a decrease of approximately 5,500 people or 34% on the previous estimate, which set out that 16,140 international migrants moved into the authority during this time period. In absolute terms this decrease is one of the 20 largest of all authorities in the country. The comparison of the previous and current estimate is shown in the figure below.

Figure B3: Comparison of current and new indicative international migration estimates, 2006-2010

[34] See http://www.ons.gov.uk/ons/guide-method/method-quality/imps/improvements-to-local-authority-immigration-estimates/index.html



Source: ONS (2011) Indicative long-term immigration estimates, Table A

This new approach to estimating international migration levels has been adopted in the development of the published 2010 based SNPP. This therefore can in part be seen to explain the difference between the 2008 and 2010 based SNPP as the more recent projections incorporate these lower assumptions on international migration.

The recently published 2011 Mid Year Population Estimates also utilise this revised methodology, as do the 2011 based SNHP published by the Department for Communities and Local Government (CLG). This is significant as it would appear to reinforce the conclusion made in section B1.1.1 that the previous Mid Year Population Estimates have overstated the levels of population growth in the authority when compared with the Census results.

The lower levels of migration assumed within the 2010 based SNPP appear to align with the overall levels of population growth set out within the Sensitivity Test for Scenario 1 included within the North Yorkshire SHMA. This would appear to indicate an alignment of the conclusions between the SHMA and these national statistics on the limitations of the previous methodology used to estimate the levels of international migration.

B2.4 Findings from the North Yorkshire SHMA on Migration Levels

The North Yorkshire SHMA report is clear at paragraph 6.20 of Appendix 7 on the sensitivities of the 2008 based SNPPs for York to migration assumptions and how migration assumptions relate to economic assumptions:

"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... 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).”

The North Yorkshire SHMA questions the validity of assumptions in the SNPP around high levels of international migration. It sets out a sensitivity test for Scenario 1 based on the application of alternative demographic assumptions for York. This sensitivity test was primarily based on the use of more local data sources that showed reduced levels of international migration. This review highlighted included consideration of GP registrations by foreign nationals, national insurance number registrations to foreign nationals and the current ONS estimate of immigration for York.

This analysis highlighted that ONS estimates are significantly higher than these other local data sources on levels of migration into the area. Paragraph 6.39 of Appendix 7 of the North Yorkshire SHMA highlights the implications of this revised approach, stating that:

“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.”

Ultimately the results of this sensitivity test demonstrates that population growth between 2008 and 2026 could be reduced by 20,000 people if the SNPP were revised to align with the local evidence on international migration. This would suggest that the authority will have a population of 215,600 in 2026 rather than the 233,334 as set out in the 2008 based SNPP. This would subsequently reduce the number of households in the city from 107,000 as set out in the SNPP to approximately 99,000 in 2026 under this test. This would equate to a reduction in the annual average household requirement from 1,310 to 850 dwellings per annum in York.