

City of York Council
Topic Paper - Population
Updated Version

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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 of York in its wider context, particularly the spatial area of its influence. An objective of the Sub Area Study was also to provide evidence on 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.

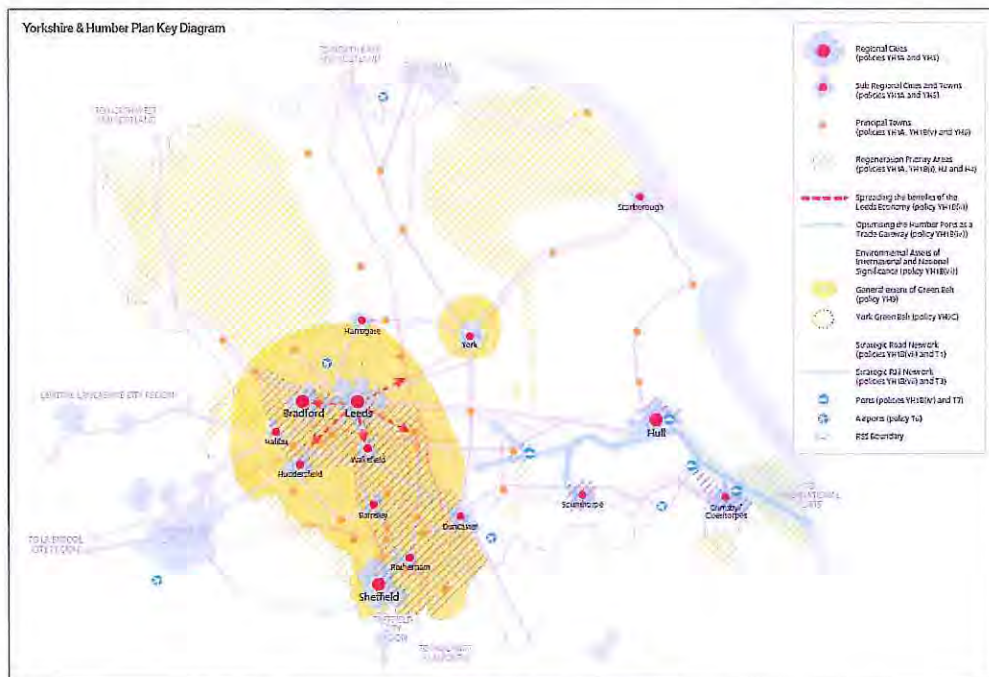
Having established requirements Local Planning Authorities should identify sufficient specific deliverable sites to deliver housing in the first five years. Local Planning Authorities should also identify a further supply of specific, developable sites for years 6-10 and, where possible, for years 11-15.

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 projections¹. 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 be monitored through the LDF and the City of York Council's housing monitoring.

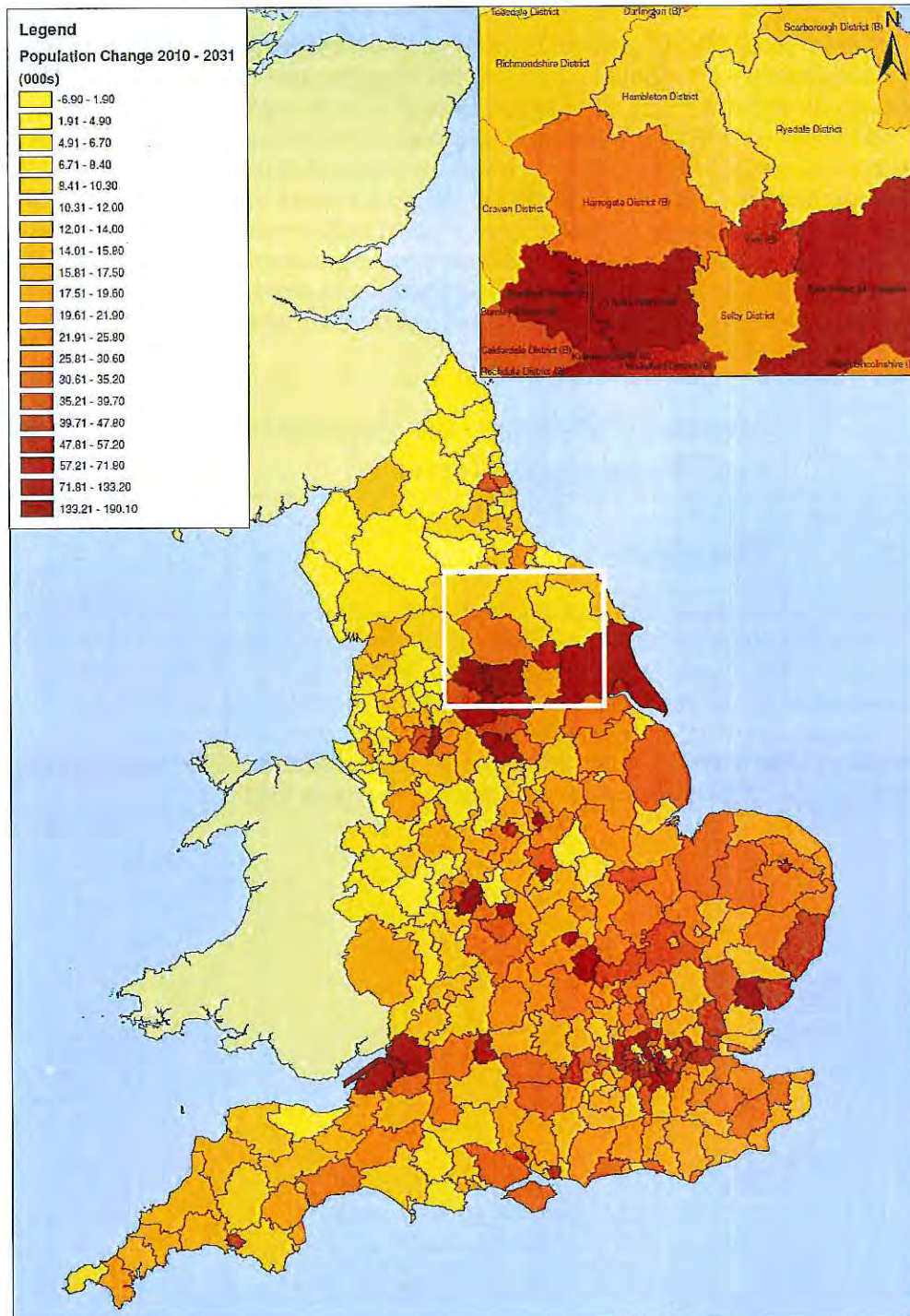
3 Recent Evidence on Population, Migration and Household Growth

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 Keynes². 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

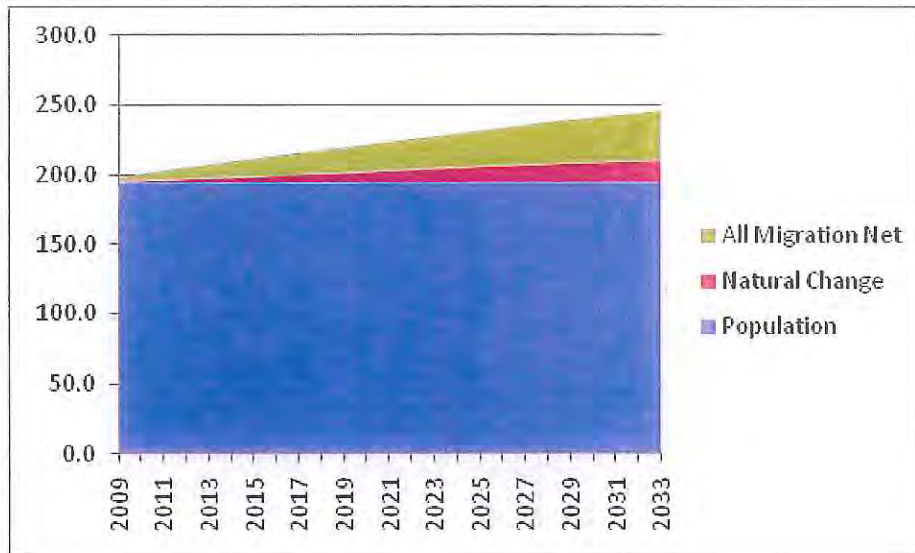
Figure 3.1: 2008-based Population Projections by district



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

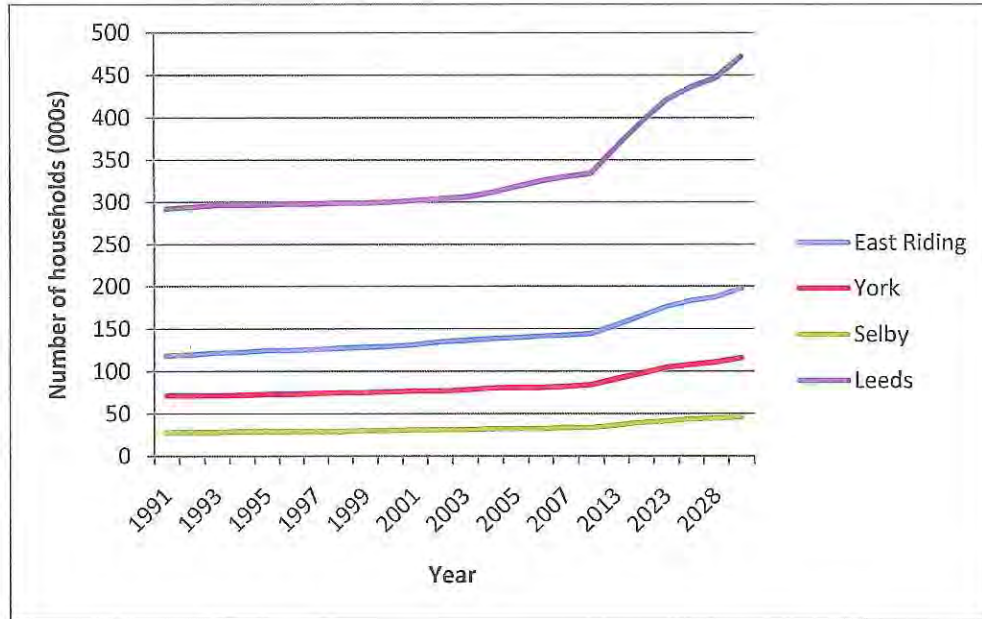
Table 3.1 compares the latest available 2008-based household projections with the former RSS housing allocations for the period 2008 - 2026. These suggest an increase in household formation, relative to the 2004 projections and a requirement in excess of 27,000 dwellings per annum for the region as a 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:

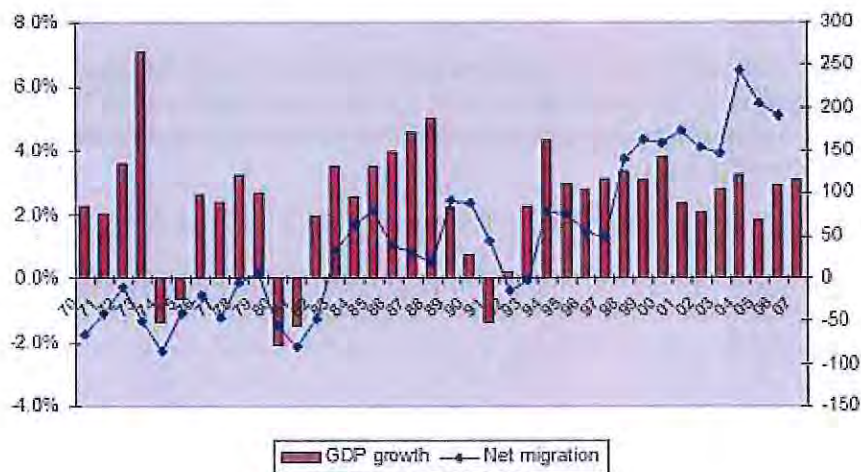
- The relationship of economic performance to migration trends, especially the influence of recessionary conditions;
- The future performance of the York economy; and
- The role of York in the wider sub regional/regional economy.

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 report³ 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 2010⁴. 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 employment⁵. 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

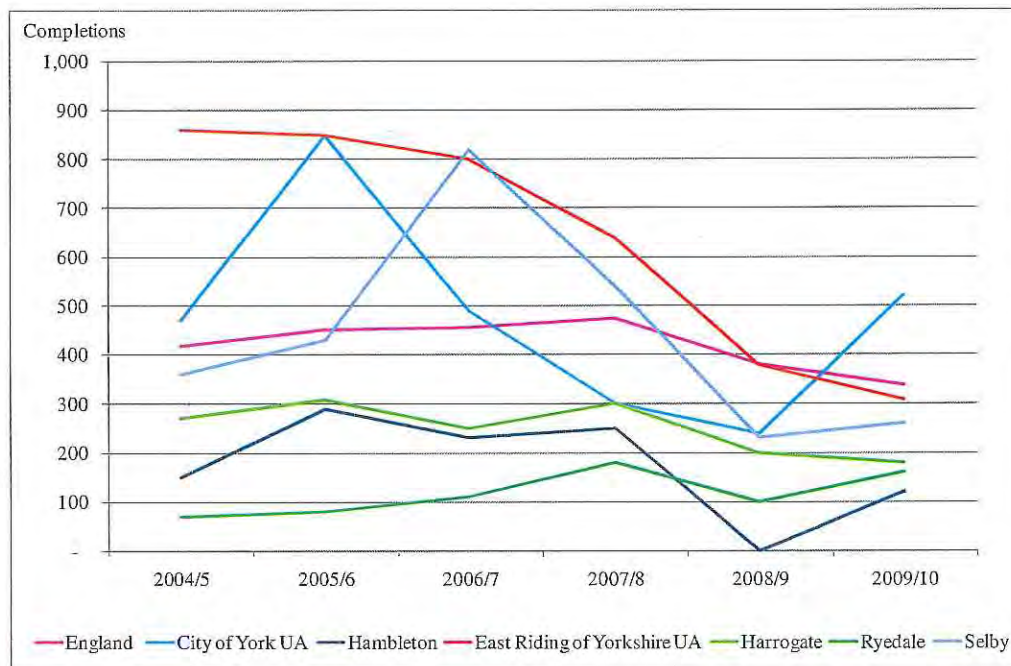
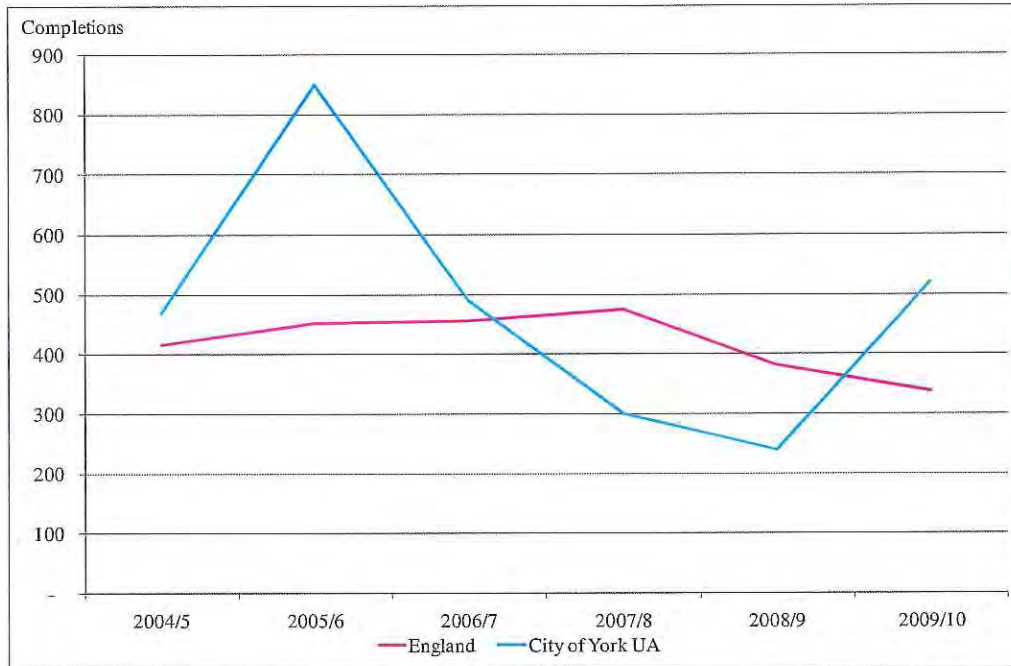
Year	CLG Live Tables	City of York Monitoring Data
2000/01	n/a	706
2001/02	n/a	1,002
2002/03	n/a	834
2003/04	n/a	525
2004/5	470	1,160
2005/6	850	906
2006/7	490	798
2007/8	300	523
2008/9	240	451
2009/10	520	507
2010/11	n/a	514
Average (2000 -2011)	n/a	721
Average (2004 -2010)	478	694

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.

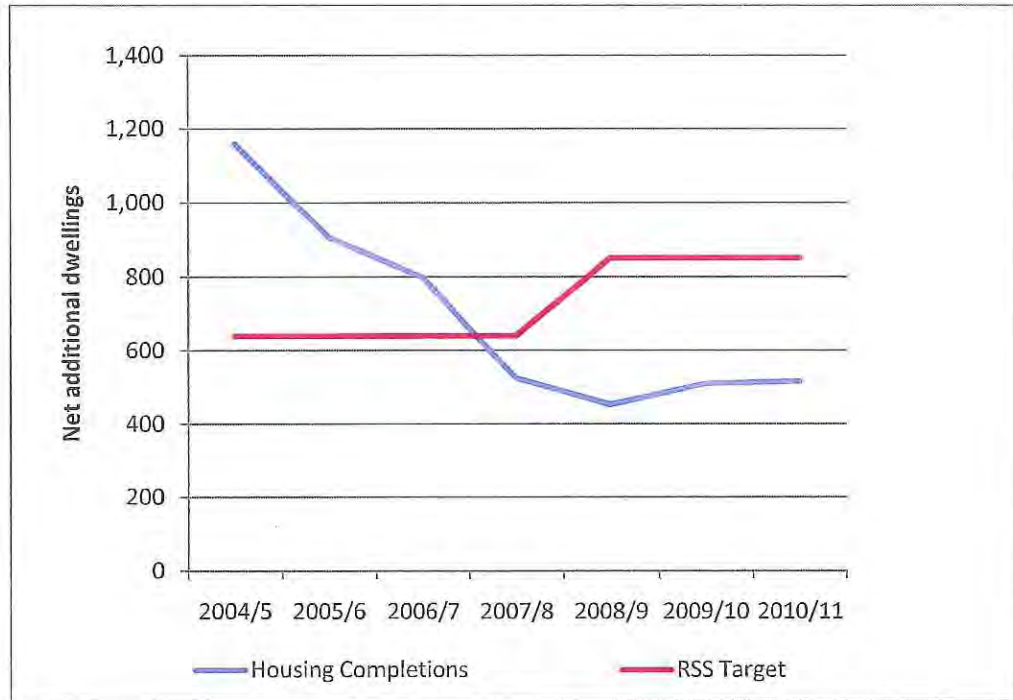
Figure 5.1: Housing Completions, 2004/5 – 2009/10



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.

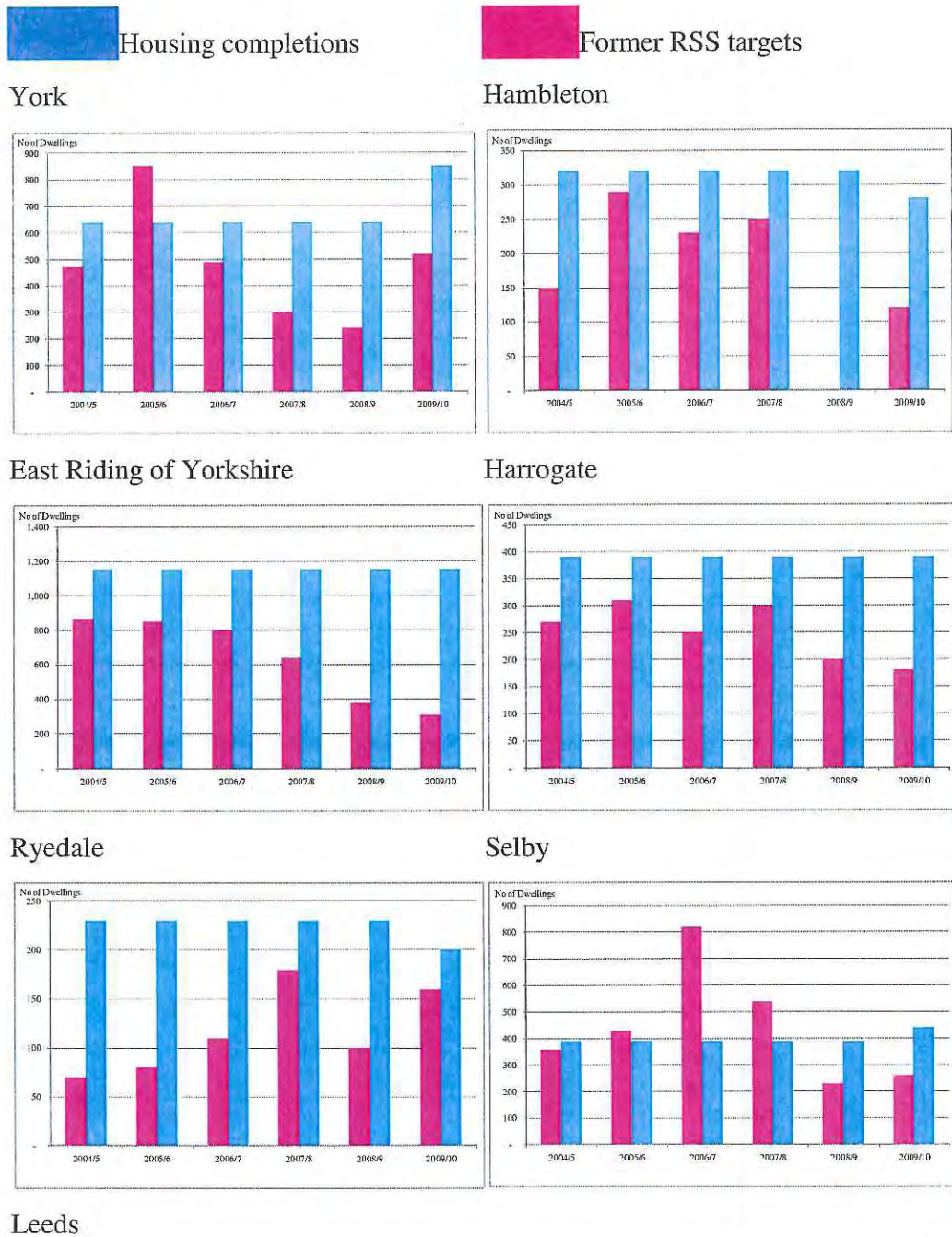
Figure 5.2: Housing Completions Compared to Former RSS Targets



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





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

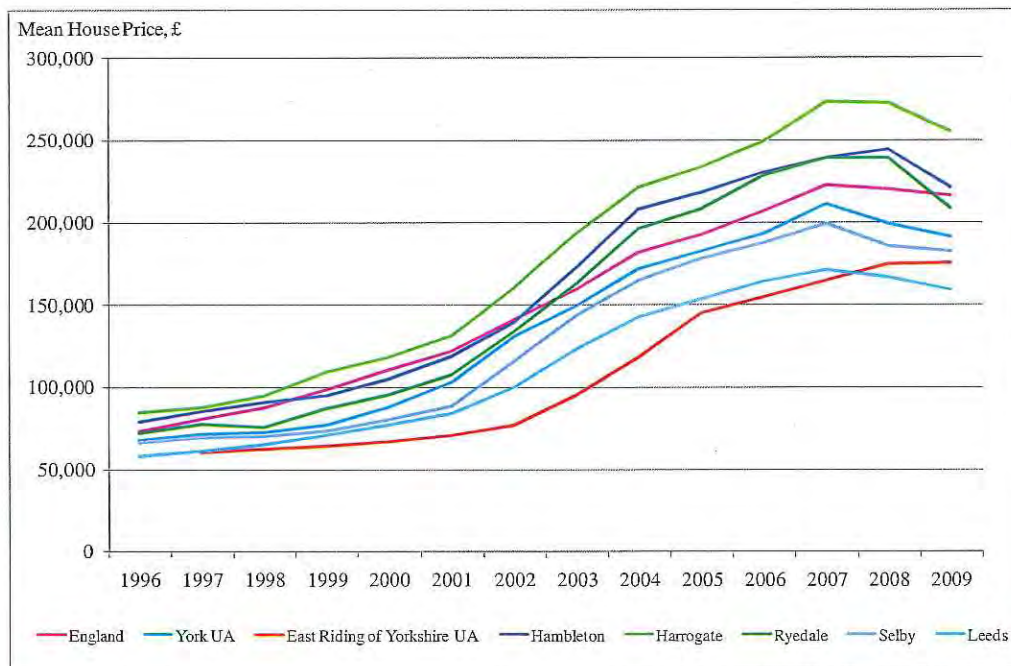
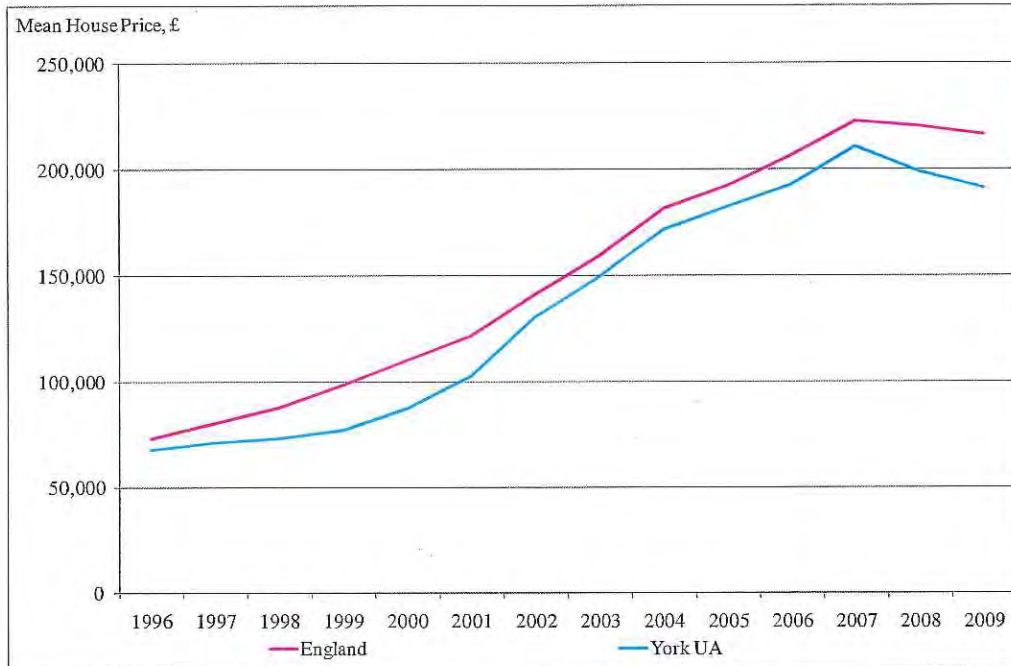
The mean house price in York has been consistently below the English average since 1996; however the lower quartile price has been consistently above the English average over the same period (Figures 5.4 and 5.5). York house prices have been consistently above the regional average and are therefore not 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

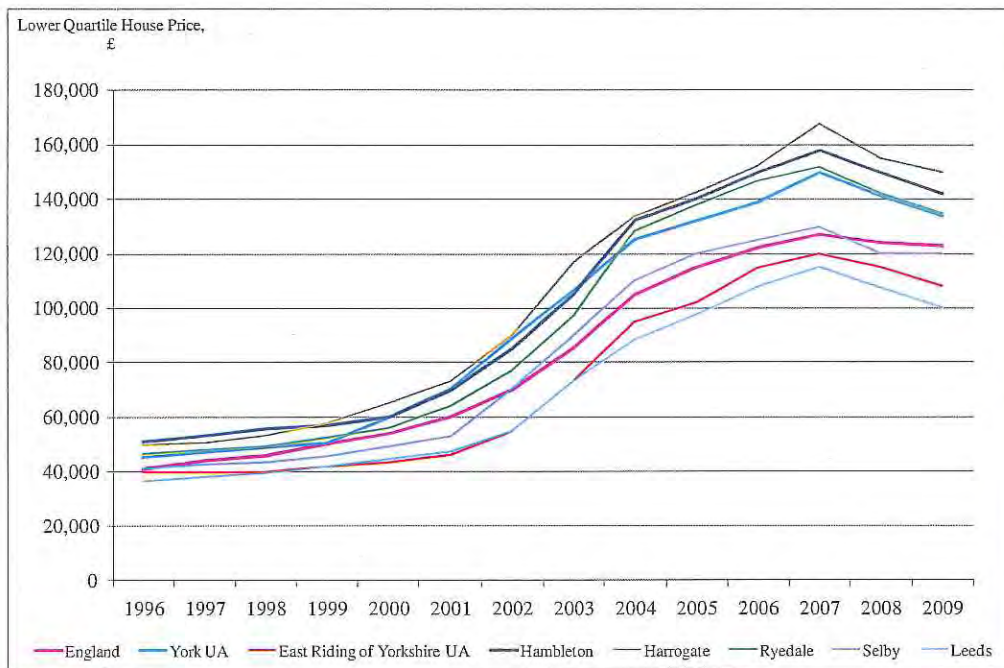
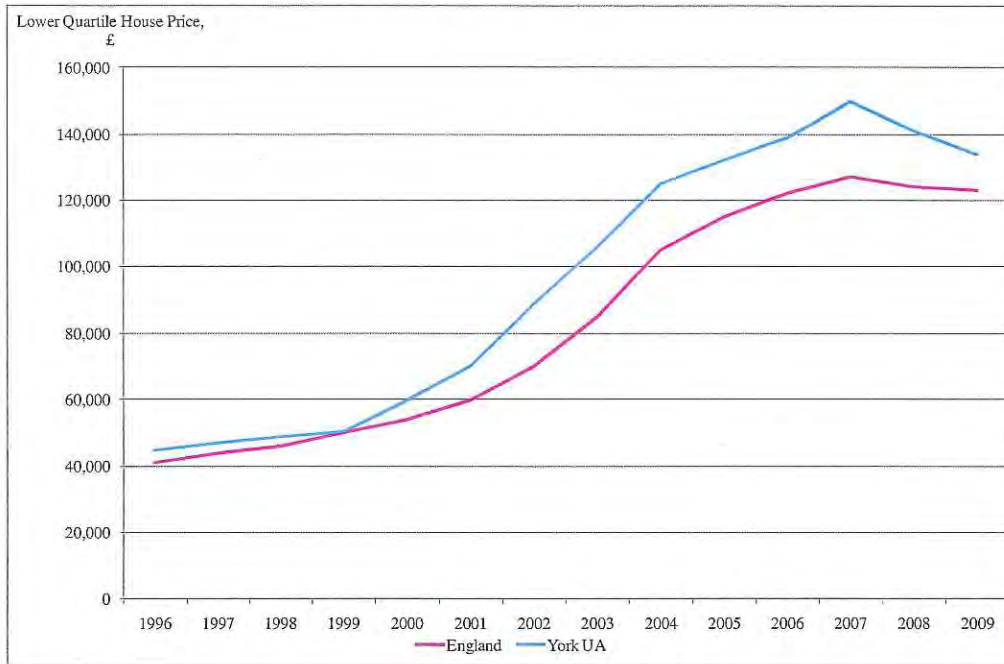
Housing affordability (as defined by the ratio of lower quartile earnings to lower quartile house prices), in York has been consistently above the English average (Figure 5.5). In fact the gap between affordability in York compared to the English average has widened over the period 1997 to 2010. However,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

Figure 5.4: Mean House Prices, 1996 - 2009



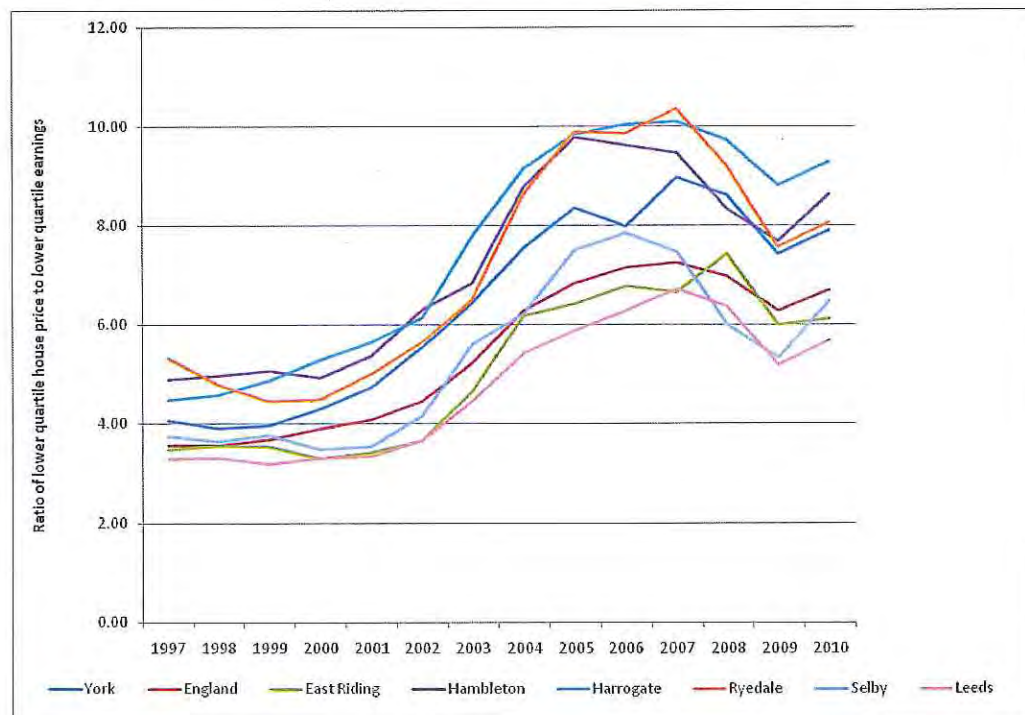
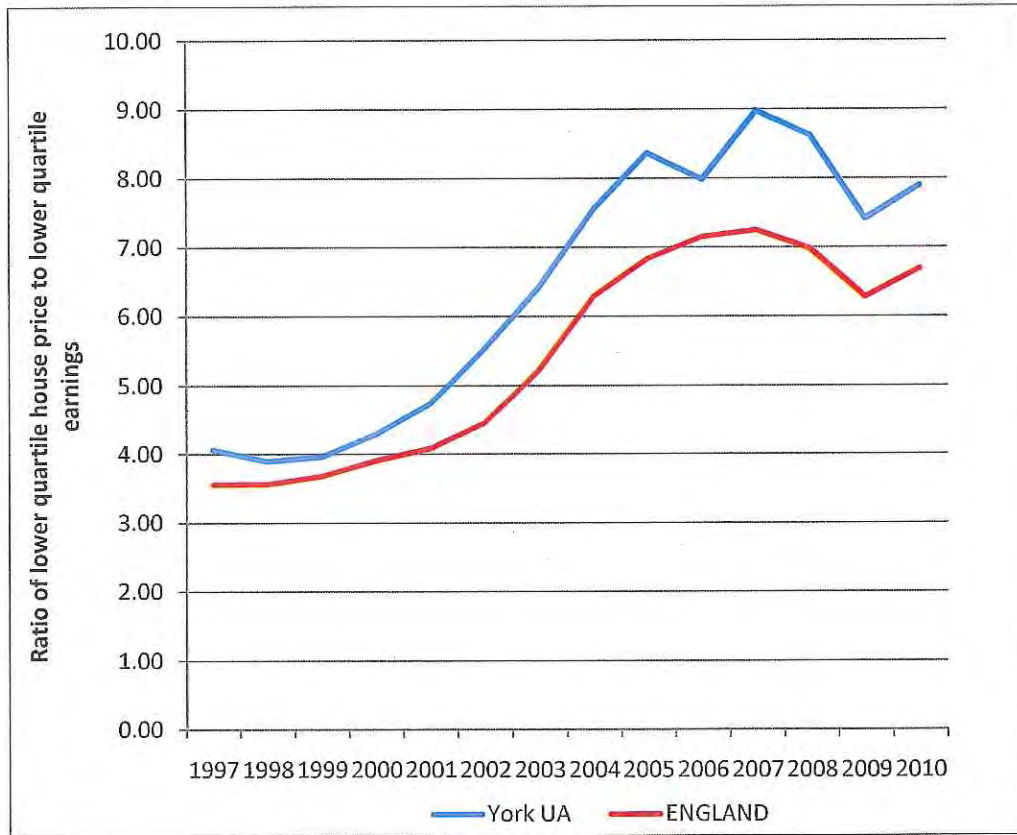
Source: CLG (2010) Live Table 585 - Housing market: mean house prices based on Land Registry data, by district, from 1996

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 assessed 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 groups⁶, 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 in 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 it 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.