Housing and Economic Development Needs Assessment

Selby District Council

October 2020

Prepared by

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EXECUTIVE SUMMARY

- The purpose of the Housing and Economic Development Need Assessment Study is to assess future development needs for housing (both market and affordable) and employment land across Selby District.
- The Study considers housing and employment need to inform the preparation of the emerging Local Plan. Unless otherwise stated (such as in addressing Selby Town), "Selby" refers to the entirety of the local authority.

Demographic Profile and Housing Need

- The population of Selby was 90,620 in mid-2019, the majority (72%) of the population live in the Selby North and East sub-area. The population has increased by about 25% since 1991 which is a higher rate of increase than the surrounding areas and nationally.
- The population growth has been mainly driven by net in-migration, including from other parts of the United Kingdom and abroad; recent years have shown lower levels of natural change (births minus deaths).
- The alternative internal migration variant is considered to be the most robust population projection in a local context. These project that the population of the District will increase by about 8,600 people (10%) in the period from 2020 to 2040. The household projections linked to the alternative internal projections see a growth of **292 dwellings per annum.** These are higher than previous household projections that feed into the standard method.

Housing Market Dynamics

- Land values in Selby are lower when compared to York, Leeds and the Region. Median sales values for properties in 2019 were £200,000 and were £40,000 higher than in the wider region. Price differences are apparent in the region, with higher prices in the northern parts of the district being affected by Leeds and York.
- Selby District has a higher percentage of larger homes being sold when compared to other areas. This may be due to the rural nature of the district. House prices in Selby have increased by 48% over the past 15 years, which is lower than the regional growth but higher than the growth across the country. Selby house price growth has been lower than both York and Leeds across almost all time periods in the last 20 years.
- In terms of rental values, median rents in the District (£550 pcm) are in line with the sub-regional and regional averages (£575 pcm in Leeds City Region and £535 pcm in Yorkshire and Humber) but are lower than the median rent (£695) nationally.
- Median house prices in Selby stand at 6.72 times the median earnings of those working in the District in 2019, whereas lower quartile house prices in the District stood at 7.12 times lower quartile resident earnings, indicating notable affordability pressures at the lower end of the market.
- Since 2011/12 2,850 houses were delivered within Selby, however, the Local Plan aims to deliver 3,150 dwellings, therefore Selby has a shortfall of 300 dwellings. Recent levels of delivery have surpassed the target.
- Selby has seen the proportion of residents living in over-occupied properties increase by 32.5%, which was slightly higher than the regional and (29.1%) and national trends (32.3%).
- **Recommendation: SDC should consider the unique variances in pricing and affordability across the district.**

Housing Need and Population Growth

- The National Planning Policy Framework (NPPF) of February 2019 introduced a Standard Method for assessing housing need.
- Step 1 of the methodology links to 2014-based subnational household projections (SNHP); this suggests household growth of about 293 per annum.
- Step 2 of the standard method based on local affordability increases household growth by 17% or 49dpa.
- Step 3 of the standard method caps the increase in Step 2, but this is not required in Selby as the increase is not great enough to justify it.
- **Recommendations: Based on the calculated local housing need the district should seek to deliver a minimum of 342 dwellings per annum.**
- A scenario has been modelled where population growth is sufficient to fill 342 additional homes, this sees an additional 3,300 people in the District (2020-40). The overall population growth is linked to this level of delivery is 11,900 additional people compared with 8,600 in the SNPP as published.

The Economy and Labour Market

- In 2018, Selby's economy produced goods and services valued at £2.1 (bn) (Gross Value Added or GVA) and supported around 43,040 jobs. The strongest contributor to GVA in Selby was the Transportation & Storage sector.
- The district's largest sector in terms of total employment numbers is the Admin & Support with 3,963 jobs in 2018 along with 3,450 jobs in the Transportation & Storage sector.
- Sectors with a high location quotient include Arts, Health, Education, Public Administration, Business Administration, and Professional, Scientific & Technical.
- The vast majority of the enterprises based in the district are micro-businesses in that they employ fewer than 10 people. Selby District has a slightly lower employment and economic activity rate compared to the region.
- Unemployment in the district, which was recorded at 4.9% by the Annual Population Survey, is higher than in the region and the nation. The England average is 4.0%.
- Those working full-time in the district typically earn around £1,479 less than those who reside out of the district and work in Selby. This is indicative of a notable number of higher-earning residents that work outside of Selby such as in Leeds and York.

Commercial Market Review

- A property market review was undertaken to reveal key trends in both the office and industrial markets in Selby.
- VOA analysis has revealed that office floorspace increased by 53% in the District since 2001, due to a building boom in 2006 and 2012, since then, office floorspace has declined and remained relatively stable in the District. Growth has outpaced the surrounding area but admittedly the market is still small, with most transactions occurring in smaller size bands.
- The majority of the District's availability is in secondary floorspace in and around Selby Town Centre.
- Industrial floorspace has increased by 57% in the district since 2001, with growth accelerating since 2010, indicating a strong growth trajectory in recent years.
- Take-up typically concentrates in key industrial estates at sites along key motorway and A-road corridors.

- Overall, there is very strong demand and occupiers continue to see constraints in supply. As a result, the area commands high rents of around £6psf, with prices increasing
- There is demand across all size bands of industrial units as demand for logistics and warehouse space is seen to be increasing.

Employment Forecasts

- Employment forecasts take account of COVID-19 as far as reasonably able at the time, with the 2020 Local Plan start year reflecting a decline in employment from 2019, but with an assumed recovery following.
- The baseline forecast produced by Oxford Economics indicates that the District's economy is expected to grow by 1.2% per annum (GVA growth pa) between 2020 and 2040. The total number of jobs growth forecast is a contraction of 313 which equates to an annual growth rate of -0.04%.
- This is a slower level of growth compared to the previous business cycle. However, this is justified as both consumer and public sector expenditure is expected to fall.
- However, these baseline forecasts are largely trend-based and do not reflect local investment or planned growth. We, therefore, considered adjustments to the forecasts to reflect this.
- The adjusted growth scenario results in an employment uplift of 5,273 jobs from the Baseline Scenario (2020-40) taking the total jobs growth to around 4,960 across the District representing growth of 0.6% pa.
- The adjusted forecasts see the transportation and storage, construction and manufacturing have the most significant growth in jobs.
- Selby is considered to have the potential to deliver around 10,500 FTE jobs over the coming plan Period based on the capacity at permitted or allocated sites.

Economic Led Housing Need

- The analysis was undertaken to estimate the number of jobs that would be supported by projected population growth. It was concluded that housing delivery in line with the Standard Method would support 4,600 additional jobs from 2020-40.
- Some caution should be applied to the exact figure due to the assumptions made – as in the modelling did not make any assumptions about possible changes to commuting dynamics.
- These commuting scenarios were linked to the strategic sites scenario (10,545 jobs) and identified a need for between 344 and 566 dpa. Given the scale and location of growth, the most likely scenario would see a need for between 344 dpa and 382 dpa.
- The Council will need to increase housing need by a modest amount to service the employment potential at the strategic sites. The scale of this uplift will ultimately depend on where the workforce is being drawn from.

Affordable Housing Need

- When looking at the need for affordable homes to rent, we suggest a need for 141 affordable homes per annum.
- **Recommendation: The Council is justified in seeking to secure as much additional affordable housing as viability allows**. There is also a need shown in all parts of the District.
- The majority of the rented need is for social rented housing, although there is also a role for affordable rent – particularly for households who are close to being able to afford to rent privately and for some households who claim full Housing Benefit (as long as the rent is fully covered).

- It is not recommended that the Council have a rigid policy for the split between social and affordable rented housing, both tenures of homes are likely to be required.
- There are some households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can contribute to meeting this need. It is thus difficult to robustly identify an overall need for affordable home ownership products.
- Many households in Selby are being excluded from the owner-occupied sector. A key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing.
- If the Council does seek to provide 10% of housing as affordable home ownership (the default figure suggested in the NPPF), then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
- Where other forms of affordable home ownership are provided such as Starter Homes or discounted market, it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the midpoint between the levels needed to access private rented housing and to access equivalent housing to buy. This would ensure that many households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- There is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF and indeed does provide evidence that the 10% figure could be challenged if the Council wished to do so.
- Overall, there is a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the District. This report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise.

Need For Different Sizes of Homes

- The proportion of households with dependent children is similar to the regional and national average. There is expected to be an increase in the number of households with dependent children – 19% over the 2020-40 period when linking to the Standard Method housing need – the majority of this increase is projected to be within smaller family households (with just one dependent child).
- There are a range of factors that will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.
- **Recommendations: The analysis concludes that the following table represents an appropriate mix of affordable and market homes**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	0-10%	25-35%	40-50%	15-25%
Affordable home ownership	10-20%	40-50%	30-40%	0-10%
Affordable housing (rented)	30-40%	35-45%	15-25%	0-10%

- There is a distinct role played in the delivery of larger family homes in that they release a supply of smaller properties for other households. There also is limited flexibility that 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The

conclusions also take account of the current mix of housing in the District (by tenure) which conversely recognises that Selby currently has a low stock of 1-bedroom social rented homes.

- The mix identified above could inform strategic policies, but a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- Based on the evidence, it is expected that the focus of new market housing provision would be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
- We also considered the population profile and the current mix of housing at a smaller-area level. Whilst there were some differences between areas, it is not considered that they are substantial enough to suggest a different mix of housing as being needed in different areas. That said, the mix on any specific site could be influenced by site characteristics, and also any localised evidence of need, such as that drawn from the Housing Register.
- Selby has an older age structure and similar levels of disability compared with other areas (although a young age structure compared to North Yorkshire). The older person population is projected to increase in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. This includes:
    - A 45% increase in the population aged 65+ over (potentially accounting for approaching three-quarters of total population growth);
    - A 72% increase in the number of people aged 65+ with dementia and a 60% increase in those aged 65+ with mobility problems (2020-40)
- **Recommendation: The Council Should seek to deliver the following over the 2020-40 period:**
    - **1,161 housing units with support (sheltered/retirement housing), particularly in the market sector;**
    - **538 additional housing units with care (e.g. extra-care), around 26% in the affordable sector;**
    - **687 additional care bedspaces; and**
    - **330 dwellings to be for wheelchair users (meeting technical standard M4(3)).**
- **Recommendation: Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% of homes meeting M4(3) – wheelchair user dwellings.**
- Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector, they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). There will be cases where this may not be possible due to viability or site-specific circumstances and so any policy should be applied flexibly.
- If a different approach is prudent for market housing and affordable homes, the council should recognise that Registered Providers may already build to higher standards and that households in the affordable sector are more likely to have some form of disability.
- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- The report identifies a gross need for 15 self and custom build units in the district and there are not notable groups of students, MOD personnel or Gypsies and travellers.

Employment Land Requirements

- As required by the PPG, three principal approaches have been explored for employment need being labour demand, labour supply and completions trend scenarios. Each of these has limitations where baseline figures may not accurately capture local trends.
- Past trends will reflect historic market underperformance and labour forecasts may not reflect issues with existing stock or not suitably recognised local issues, particularly the case in the baseline forecasts which reflect national and regional trends.
- **Recommendation: The Council should plan from the following levels of floorspace and land from 2020-40**

	Recommended Floorspace (sqm)	Recommended Land (Ha)
B1a/b	13,800	4.6
B1c/B2	422,500	105.6
B8		
Total	**436,300**	**110.2**

- When considering the supply and demand balance based on the expected provision of employment floorspace from strategic sites across the district, it is revealed that there is a significant surplus of land in Selby compared to need.

1 INTRODUCTION

1.1 Selby District Council has commissioned GL Hearn and Justin Gardner Consulting to undertake a Housing and Economic Development Needs Assessment (HEDNA) for Local Plan period 2020 to 2040. This report was also supported by Iceni Projects Ltd.

1.2 The purpose of the Housing and Economic Development Need Assessment Study is to assess future development needs for housing (both market and affordable) and employment land across Selby District.

1.3 The Study considers housing and employment need to inform the preparation of the emerging Local Plan. Unless otherwise stated (such as in addressing Selby Town), "Selby" refers to the entirety of the local authority.

1.4 This study forms part of the evidence base which Selby District Council (the Council) will use in preparing and updating their Local Plan and will inform emerging planning policies. The document does not set the housing target for the Council but provides the evidence to inform their starting position.

1.5 Selby had previously adopted its Core Strategy Development Plan Document in October 2013. They have recently consulted on their Issues and Options version and are working towards the preparation of their Preferred Option Version which will be informed by this report.

NPPF (2019) and PPG

1.6 The methodology used in this report responds to the NPPF (2018 and update 2019) which sets out the Government's objective to significantly boost housing supply, and the current Planning Practice Guidance (PPG) on Housing and Economic Needs Assessments.

1.7 Chapter 5 of the NPPF (2019) relates to delivering a sufficient supply of homes with Paragraph 60 setting out that "To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard methodology", which is addressed in this report. However, in exceptional circumstances, an alternative approach could be justified.

1.8 The PPG was updated in February 2019 to reflect the government's standard methodology on objectively assessed housing need. The standard methodology seeks to simplify the approach to housing need and has three components:

- Starting Point or Baseline;
- Market Signals Adjustment; and
- Cap.

1.9 In line with national planning practice guidance, the starting point is the 2014-based projections. This is despite these not being the latest projections. The approach takes an average annual household growth from these for the period 2020 to 2030.

1.10 The baseline household growth is then modified to account for market signals. Specifically, the local median price of homes relative to local workplace median earnings. To ensure that the proposed housing need is as deliverable as possible, the housing need is capped.

1.11 For locations such as Selby where the Local Plan is older than 5 years old, the housing need number is capped at 40% above the Local Plan target or the household projections whichever is higher.

1.12 Paragraph 61 of the NPPF (2019) sets out that "Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed". It adds these specific groups include but are not limited to:

"those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes".

1.13 It is also clear from the NPPF (2019) and the PPG that the OAN derived from the standard methodology is to act as a minimum and there is ample scope and indeed it is encouraged for local authorities to provide housing in excess of this.

1.14 Paragraph 10 of the PPG[1] sets out the circumstances when a higher figure than the standard method needs to be considered include but are not limited to:

- "growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
- strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
- an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this

[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/687239/Draft_planning_practice_guidance.pdf

into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests."

1.15 It should be emphasised that this report does not set housing targets. It provides an assessment of housing need, based on Government guidance at the time of writing, which is intended to provide input to plan-making alongside wider evidence including on land availability, environmental and other development constraints and infrastructure.

1.16 Chapter 6 of the NPPF focuses on building a strong, competitive economy. It notes that planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Planning policies should:

- set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
- set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

Geographies

1.17 The NPPF makes clear that in planning for housing provision, it is important to consider housing needs and dynamics across a Housing Market Area (HMA), with each area seeking to meet needs within it where possible. The PPG similarly highlights that needs should be assessed across the relevant functional area.

1.18 The HMA is a geographical area that reflects functional relationships between where people live and work and is the area where local residents who aim to move will move within. For this HEDNA, we sought to use the findings if the SHMA 2015 with regards to the HMA definition as the most recent source of evidence[2].

1.19 The evidence in 2015 suggested that the District cut across two housing market areas (i.e. Leeds and York). These geographies were drawn at a local level rather than a strategic level. The local level HMAs provide more granularity but are arguably less suitable for strategic documents.

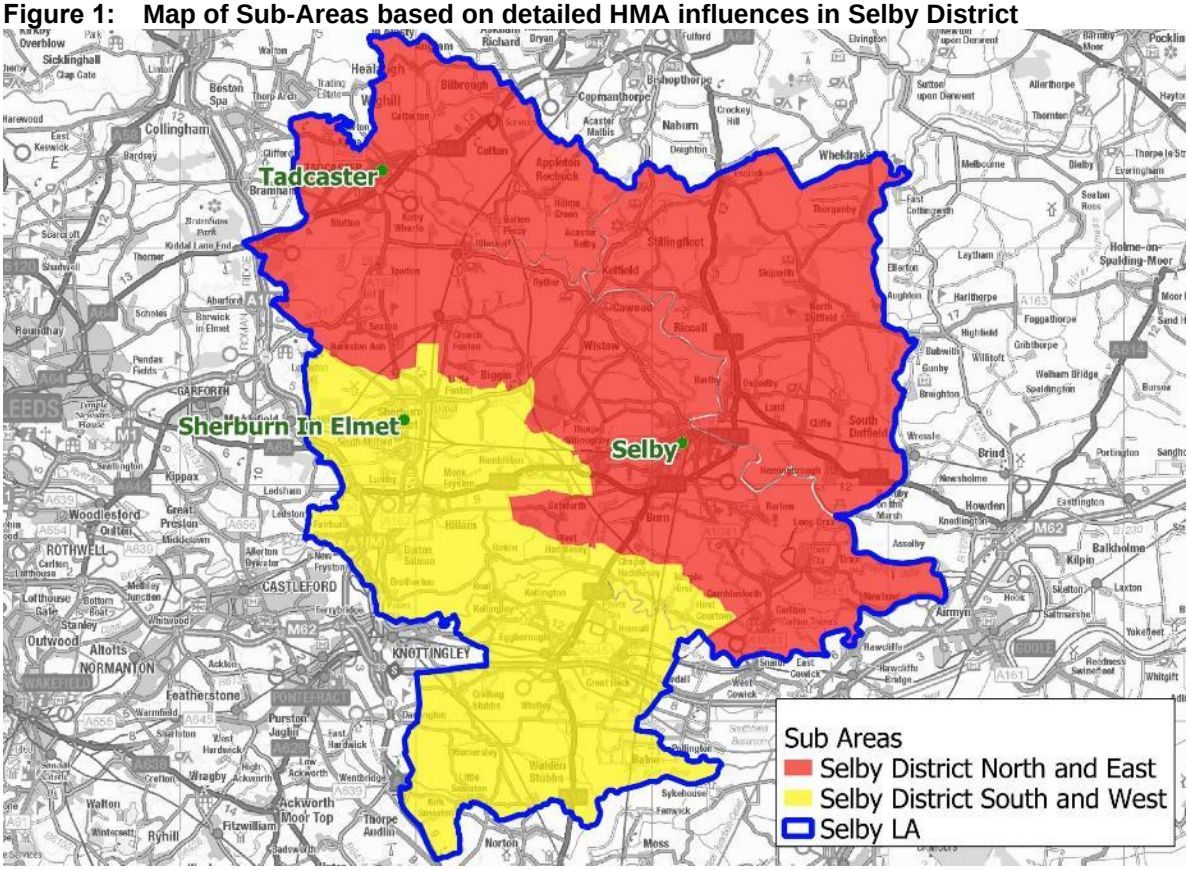
1.20 They can, however, be useful for top-down analysis i.e. disaggregating strategic growth. This is because the key demographic information, including population projections and econometric forecasts, is available only at a local authority level.

[2] No further evidence has been published since 2015 with regards to commuting and migration data which is key for the definition of HMA.

1.21 We have benchmarked key indicators particularly in respect of market signals against Leeds, York, Wakefield; as the authorities with which there is the strongest relationship, together with wider comparators such as Leeds City Region (which includes the local authorities of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York), Yorkshire and the Humber and England.

1.22 Where possible we have also disaggregated information within Selby sub-areas based on the previously identified HMA operating across the district. As the Map below shows the sub-areas and Selby District North and East and Selby District South and West.

Figure 1: Map of Sub-Areas based on detailed HMA influences in Selby District



Source: GL Hearn based on OS and Census Data

1.23 The Selby District North and East sub-area contains the majority of the district's population (72%) and includes the towns of Selby Town and Tadcaster. The sub-area is more closely connected with York and its HMA.

1.24 The Selby South and West sub-area is smaller in area and population (28% of the district) and includes the Sherburn-in-Elmet and Eggborough. The sub-area is more closely connected to Leeds as demonstrated by commuting patterns.

1.25 Although this study is focussed on Selby district, as York has recently undertaken a similar exercise in preparation for its Local Plan Exanimation, there remains a duty to cooperate with all neighbouring authorities.

1.26 However, in terms of meeting housing needs, the focus of these discussions will be with the local authorities where there is overlap in Housing Market Areas and in particular York and the Leeds City Region as demonstrated by the respective HMAs.

Structure of the Study

1.27 The remainder study is structured as below:

- Chapter 2: Demographic Profile and Housing Need
- Chapter 3: Housing Market Dynamics
- Chapter 4: Housing Need and Population Growth
- Chapter 5: The Economy and Labour Market
- Chapter 6: Commercial Market Review
- Chapter 7: Employment Forecasts
- Chapter 8: Economic Led Housing Need
- Chapter 9: Affordable Housing Need
- Chapter 10: Need for Different Sizes of Homes
- Chapter 11: Needs of Specific Groups
- Chapter 12: Employment Land Requirements

2 DEMOGRAPHIC PROFILE AND HOUSING NEED

2.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections in population and household growth using the latest available data at the time of drafting the report.

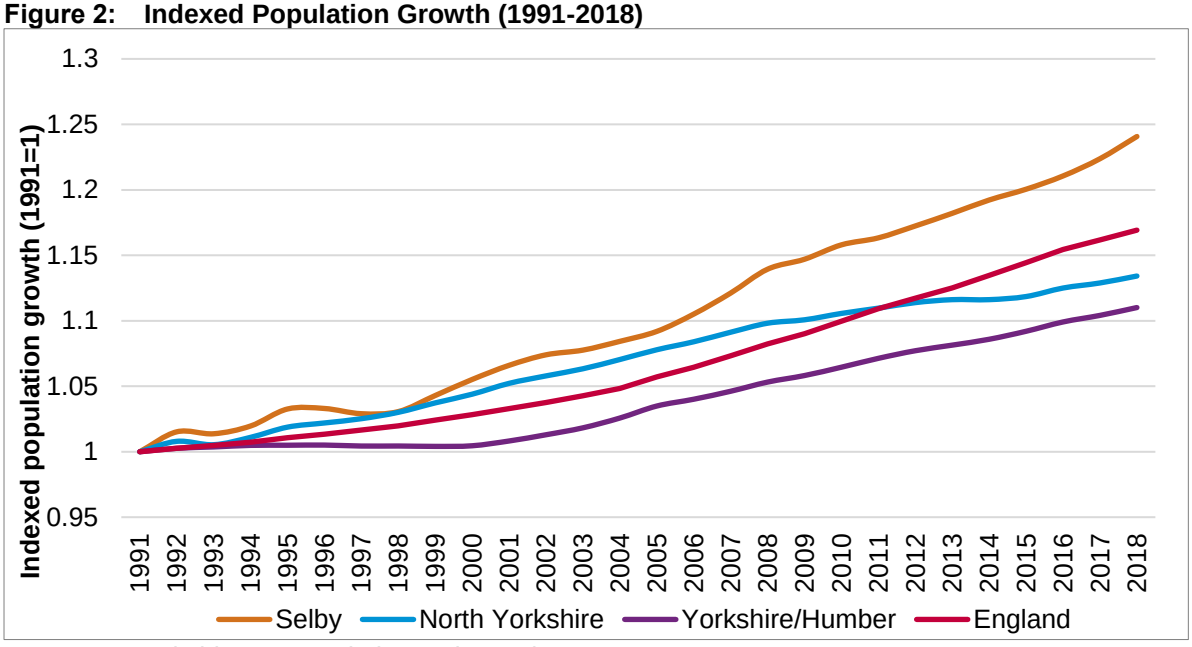
Demographic Trends

2.2 The analysis below looks at some key statistics about demographic trends in Selby; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow.

Current (2019) Population and Age Structure

2.3 As of mid-2019, the population of Selby was 90,620 this comprised around 15% of the population of North Yorkshire. The figure below considers population growth since 1991. The analysis shows over this period that the population of Selby has risen strongly in comparison with other locations.

Figure 2: Indexed Population Growth (1991-2018)

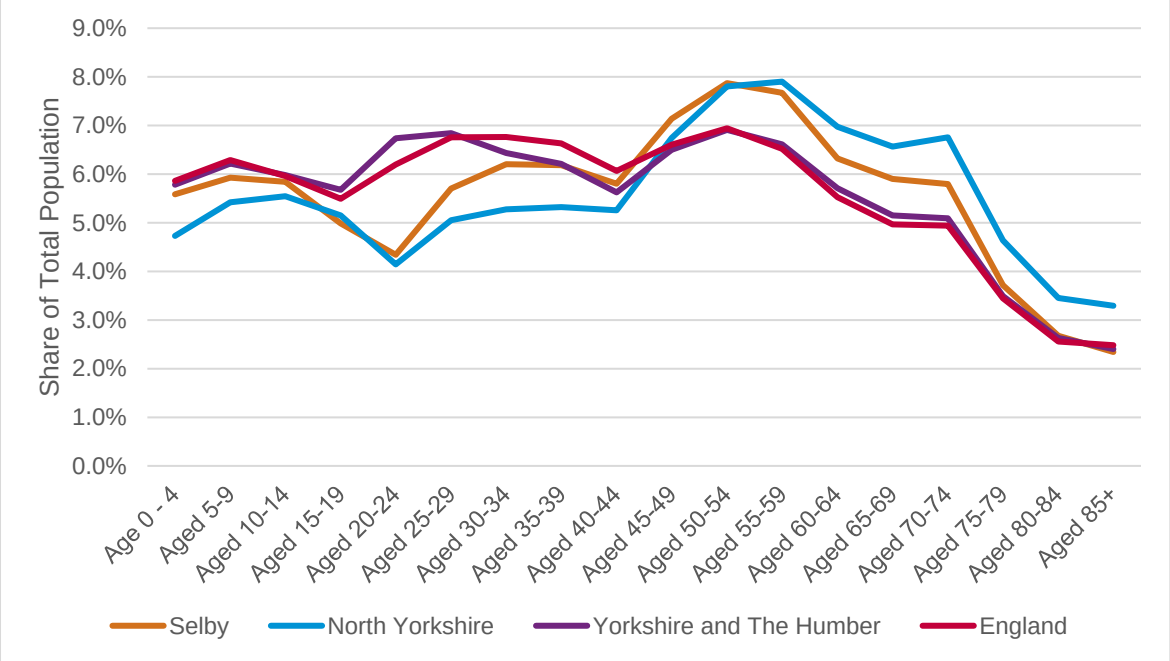


Source: ONS (mid-year population estimates)

2.4 In 2018, it was estimated that the population of the District had risen by 24% from 1991 levels, this is in contrast with a 13% increase across the County, an 11% rise across the region and a 17% increase nationally.

2.5 The figure shows the population profile of Selby in five-year age bands compared with a range of other areas. Generally, the data shows an older age structure when compared with the regional and national position, but a relatively young age structure in the context of North Yorkshire.

Figure 3: Population Profile (2018)



Source: ONS mid-year population estimates

2.6 A further key difference is the low proportion of people in their late teens and early 20s – this will be as a result of people moving from the area for further education (e.g. to go to University).

Components of Population Change

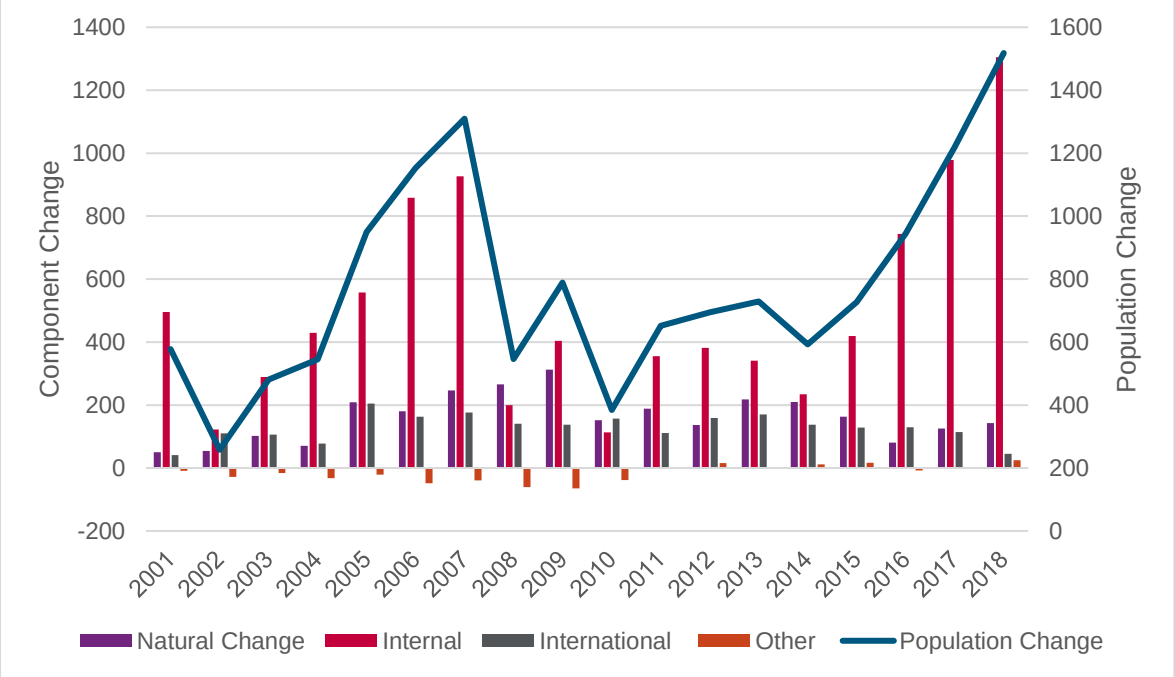
2.7 The figure below considers the drivers of population change from 2001 to 2019. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if the population has been under- or over-estimated in the period to 2011.

2.8 The data shows a varying level of natural change throughout the period, although it is positive for all years studied (i.e. more births than deaths). In 2009/10, natural change peaked at 312 and has since fallen, averaging around 100 per annum over the past two years for which data is available. Generally, natural change is a relatively small component of all population change in any given year.

2.9 Given levels of natural change, it can be seen that population growth is largely driven by net in-migration and in particular internal (domestic) migration. For all years, the District has seen net in-migration from the rest of the UK. For 2017/18 the data shows a particularly large level of net internal in-migration (of nearly 1,000 people). Over the last five years, net internal migration has averaged 543 people per annum.

2.10 International migration is also a positive component of population growth, with a positive number of people moving to the District from abroad in all years since 2001. Over the past five years, international migration has averaged 136 people per annum (net).

Figure 4: Components of population change, mid-2001 to mid-2019 – Selby



Source: ONS

2.11 The data also shows a small negative level of UPC, suggesting that between 2001 and 2011, ONS may have overestimated population growth within population estimates (and this was corrected once Census data had been published). If this overestimation of population growth is a systematic problem with ONS data, then it could be the case that population estimates to 2018 are also over-estimated although it should be clarified that levels of UPC are pretty modest.

2018-based Subnational Population Projections (SNPP)

2.12 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and

migration which are constrained to the assumptions made for the 2018-based national population projections.

2.13 The 2018-based SNPP contains some assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

2.14 As well as providing a principal projection, ONS has developed several variants. In all cases, the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection
- an alternative internal migration variant
- a 10-year migration variant

2.15 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

2.16 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

2.17 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This period is used for both internal and international migration.

2.18 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 13.7%, with the alternative internal migration scenario being lower than this (9.5%) – both of these are higher than the 10-year trend variant. Population growth in both the 2016- and 2014-based projections sit within the range shown from the 2018-based figures.

2.19 It should be noted that the 2014-based data only goes up to 2039 and so an estimate for 2040 has been provided based on adding a further year of population growth (estimated to be the same as in the 2038-39 period). The comparison with the 2014-based SNPP is particularly important as it underpins the 2014-based SNHP which is used in the Standard Method).

Table 1: Projected population growth by release (2020-2040)

	Population 2020	Population 2040	Change in population	% change
2018 (principal)	91,149	103,631	12,482	13.7%
2018 (alternative internal)	90,577	99,195	8,619	9.5%
2018 (10-year trend)	90,433	97,619	7,186	7.9%
2016-based	89,457	96,961	7,504	8.4%
2014-based	89,098	98,093	8,995	10.1%

Source: ONS

2.20 Although this project is not particularly tasked with challenging the Standard Method, it is worth briefly reviewing the evidence to see if there is anything in the demographic data that would potentially point to the need to move away from the Standard Method. In looking at the latest SNPP, arguably, the Standard Method is a bit low (given that the principal projection is higher than the 2014-based version).

2.21 However, given that internal migration is only based on two years' of data there are question marks about the robustness of this projection. The alternative internal variant (which uses broadly the same methodology as previous SNPP releases) shows a slightly lower level of population growth, and although not modelled here, the level of population growth being slightly lower to that in the 2014-based SNHP would potentially lead to slightly lower household growth (which in turn would lead to slightly lower need if a consistent affordability adjustment were applied).

2.22 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case, it is considered that the alternative internal migration variant is likely to be the most robust in a local context.

2.23 This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes seen in Selby (such as an uplift in housing completions).

2.24 With the overall change in the population will also come changes to the age profile. The table below summarises findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2040 it is projected that there will be 26,800 people aged 65 and over. This is an increase of 8,000 from 2020, representing a growth of 42%.

2.25 The population aged 85 and over is projected to increase by an even greater proportion, 102%. Looking at the other end of the age spectrum the data shows that there is projected to be a modest decrease in the number of children (those aged Under 15), with increases shown for most younger adult age groups (15-44) and declines in older adults (aged 50-64).

Table 2: Population change 2020 to 2040 by five-year age bands – Selby (2018-based SNPP – alternative internal migration assumptions)

	Population 2020	Population 2040	Change in population	% change from 2020
Under 5	4,901	5,036	135	2.8%
5-9	5,386	5,194	-193	-3.6%
10-14	5,445	5,349	-97	-1.8%
15-19	4,387	4,873	486	11.1%
20-24	3,833	3,858	26	0.7%
25-29	5,044	5,208	164	3.2%
30-34	5,635	5,695	59	1.1%
35-39	5,614	5,598	-16	-0.3%
40-44	5,297	6,174	877	16.6%
45-49	6,225	6,793	568	9.1%
50-54	7,020	6,672	-348	-5.0%
55-59	7,007	6,295	-712	-10.2%
60-64	5,946	5,652	-294	-5.0%
65-69	5,234	6,106	872	16.7%
70-74	5,366	6,383	1,018	19.0%
75-79	3,608	5,759	2,152	59.6%
80-84	2,472	4,200	1,728	69.9%
85+	2,156	4,350	2,194	101.7%
Total	90,577	99,195	8,618	9.5%

Source: ONS

2.26 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis emphasises the projected increase in the population aged 65 and over, of the total projected population increase of 8,600 people, around 92% is projected to be in the 65+ age group.

Table 3: Population change 2020 to 2040 by broad age bands – Selby (2018-based SNPP – alternative internal migration assumptions)

	Population 2020	Population 2040	Change in population	% change from 2020
Under 16	16,700	16,667	-33	-0.2%
16-64	55,041	55,730	688	1.3%
65 and over	18,835	26,798	7,963	42.3%
Total	90,577	99,195	8,618	9.5%

Source: ONS

Household Growth

2.27 The table below shows estimates of household growth from the 2018-based Household Projections. The Principal projection indicates a growth of 343 households per annum whereas the preferred alternative migration scenario is considerably lower at 380 households per annum. However, in both cases, other variants show both higher and lower levels of growth.

Table 4: Household Growth (2018-based Household Projections) – 2020-2040

	2020	2040	Change	Change Per Annum	% Change
Principal	38,051	44,911	6,860	343	18.0%
10-Year Migration	37,818	42,973	5,155	258	13.6%
Alternative Internal	37,885	43,490	5,605	280	14.8%
High Migration	38,059	45,779	7,720	386	20.3%
Low Migration	38,042	44,041	5,999	300	15.8%
Projected HRR	38,051	43,665	5,614	281	14.8%

Source: ONS 2020

2.28 It is also worth noting that over the period to 2037 (when the 2012-based projections end) the principal projection is notably higher than the 2016-based and to lesser extents the 2014-based and 2012-based household projections. However, the Alternative Internal Variant is not as high as the 2012-based projections.

Table 5: Household Projections by Version (2020-2037)

Selby	2020	2037	Change	% Change	Households Per Annum
Principal	38,051	44,109	6,058	15.9%	356
Alternative Internal	37,885	42,847	4,962	13.1%	292
2016-based	37,818	41,922	4,104	10.9%	241
2014-based	37,885	42,220	4,335	11.4%	255
2012-based	38,059	43,314	5,255	13.8%	309

Source: ONS 2020

Small-area Population Trends

2.29 The analysis below provides a brief understanding of how the demographics of Selby vary across areas. The sub-areas used in the analysis are based on those parts of the District that fall into each of the Leeds and York travel to work areas (see Figure 1).

2.30 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2018) and the proportion of the District total this amounts to. This analysis shows that just over a quarter of the population lives in Selby South & West.

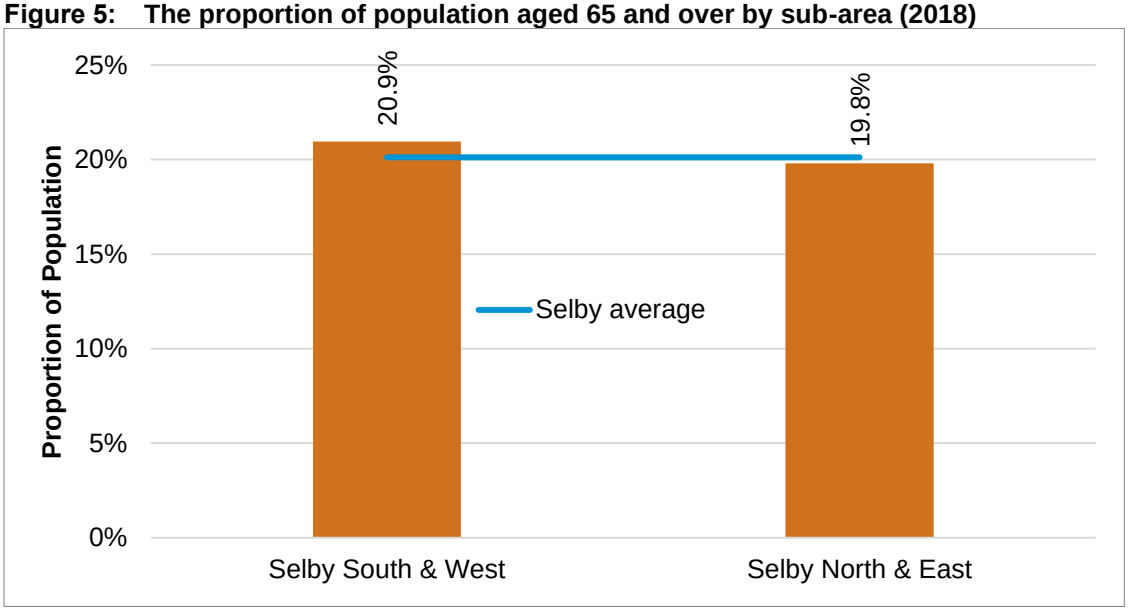
Table 6: Estimated population by sub-area (2018)

	Estimated population	% of population
Selby South & West	24,479	27.5%
Selby North & East	64,627	72.5%
Total	89,106	100.0%

Source: ONS mid-year population estimates

2.31 The figure below briefly considers the age structure of the population in different locations – focussing on the population aged 65 and over. The analysis identifies a small variation in the proportion of people in this age group in different locations with a slightly higher proportion being seen in the Selby South & West area.

Figure 5: The proportion of population aged 65 and over by sub-area (2018)



Source: ONS mid-year population estimates

2.32 As well as looking at the population profile, analysis has been carried out (below) to look at overall population change over the 7 years to 2018 (7 years being chosen as the start point of 2011 has data that is likely to be fairly accurate as it draws on information in the Census). The analysis shows over

the period that the population of Selby increased by 6.7%, but with significant variation across areas in terms of the location of this growth.

2.33 Selby North & East has seen the strongest population growth, with far more modest levels seen in the Selby South & West area. It is likely that to some degree, levels of population growth are influenced by the locations of new housing.

Table 7: Change in population (2011-18) by sub-area

	2011	2018	Change	% change
Selby South & West	23,718	24,479	761	3.2%
Selby North & East	59,829	64,627	4,798	8.0%
Total	83,547	89,106	5,559	6.7%

Source: ONS mid-year population estimates

Demographic Trends and Projections: Key Messages

- As of Mid-2019, the population of Selby was 90,620. Around 72% of the population live in the Selby North and East sub-area.
- ONS population data shows that the population of the District increased by around 25% since 1991 this level of growth is higher than seen across other areas, including nationally.
- Population growth is mainly driven by net in-migration, both from other parts of the United Kingdom and abroad; recent years have shown lower levels of natural change (births minus deaths).
- The alternative internal migration variant which is considered to be the most robust population projection in a local context, these project that the population of the District will increase by about 8,600 people (10%) in the period from 2020 to 2040.
- The household projections linked to the alternative internal population projection see a growth of 292 dwellings per annum. This is a higher level of growth than the 2014-based projections that feed into the standard method.

3 HOUSING MARKET DYNAMICS

3.1 This section of the report provides an overview of key market signals in Selby. The analysis uses publicly available datasets. To provide a deeper understanding of Selby's housing market, we have benchmarked Selby against Leeds, York, Leeds City Region (consisting of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Wakefield, Leeds, York and Selby), Yorkshire and Humber along with the UK.

Land Values

3.2 The DCLG published a report on residential land value estimates in December 2017, this is the latest available release. As shown in the table below, the residential land values in Selby are estimated at £875,000 per hectare, which is significantly lower than the regional and national values.

Table 8: Land Values, per hectare, December 2017

Area	Land Value
Selby District	**£875,000**
Leeds	£2,720,000
York	£3,000,000
Leeds City Region	£1,703,000
Yorkshire and Humber	£1,533,333
England incl. London	£6,220,086
England excl. London	£2,781,966

Source: DCLG, December 2017

3.3 It is often the case that urban areas have higher land values due to the scarcity of land, hence it is no surprise that residential land values in York and Leeds are higher than those of Selby. However, it is perhaps more surprising that the values in Selby are lower than the averages of those for the Region.

House Price

3.4 The median house price in Selby (2019) was around £200,000 while the lower quartile prices were £150,000. In comparison to Leeds City Region and Yorkshire and Humber, house prices in Selby are higher indicating the strength of the market against the wider comparators. However, house prices in Selby are lower than the national average. At the local level, both the Median and Lower Quartile house prices in Selby sit between those of Leeds and York.

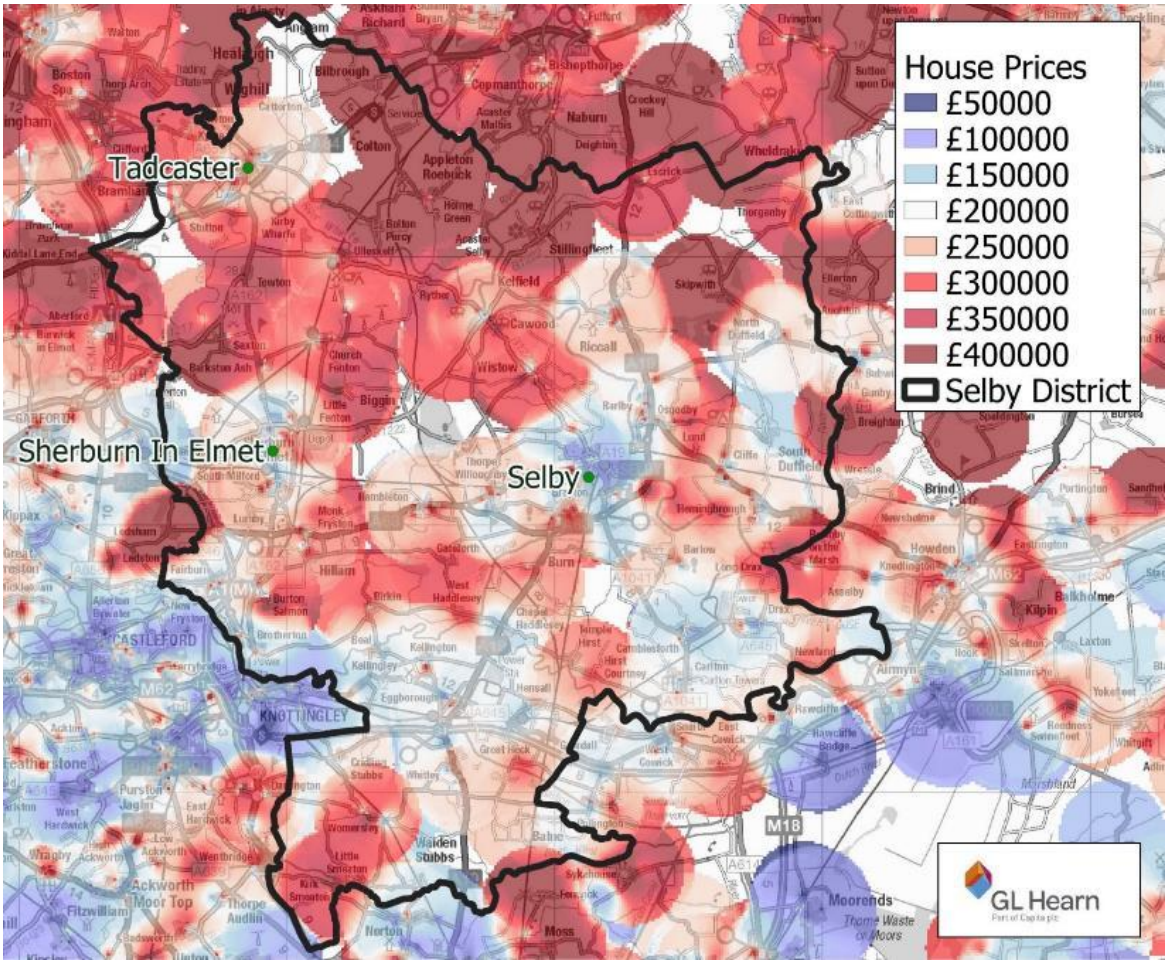
Table 9: Average House Prices in the Housing Market Area (2019)

	Median	Lower Quartile
Selby District	**£199,973**	**£150,000**
Leeds	£177,000	£127,500
York	£245,000	£192,500
Leeds City Region	£183,147	£131,225
Yorkshire and Humber	£160,000	£110,000
England	£230,000	£148,000

Source: Land Registry Price Paid Data 2019 *median, mean and LQ figures are based in the total transactions across Selby

3.5 The figure below illustrates the change in house paid price across the District in 2019. A pattern emerges for the northern parts of the district, which have much higher overall values and possibly have been impacted by the York housing market.

Figure 6: House Price Heat-map (2019)



Source: GL Hearn based on HM Land Registry Data, 2019

3.6 The Southern parts of the district are less expensive. This could be due to a lack of proximity to employment opportunities but also the quality of place, for example, the influence of Eggborough Power Station.

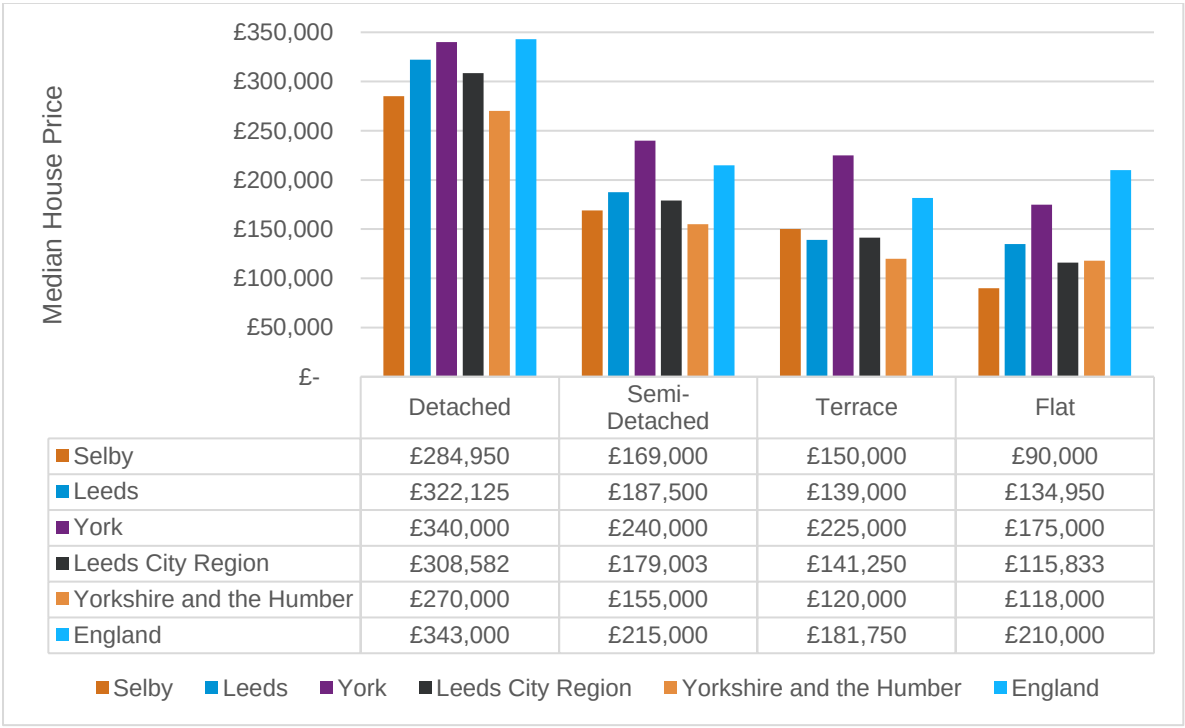
3.7 It is also notable that the prices in Selby Town are lower than the surrounding areas. This is likely to reflect the type of stock in the town with flats and terraces typically attracting lower values than larger detached and semi-detached properties.

House Price by Type

3.8 We have examined sales data by type of property for 2019. Housing values for all properties in Selby are lower than national comparators. However, Selby house prices are broadly in line with the sub-regional and regional average for Leeds City Region and Yorkshire and Humber, excluding flats.

3.9 Although the overall prices in Selby sit between the Leeds and York equivalents the prices for all bar terraces are lower in Selby than both cities when examined for each housing type. The overall difference is likely to reflect the types of homes being sold.

Figure 7: Median House Prices by Local Authority, 2019

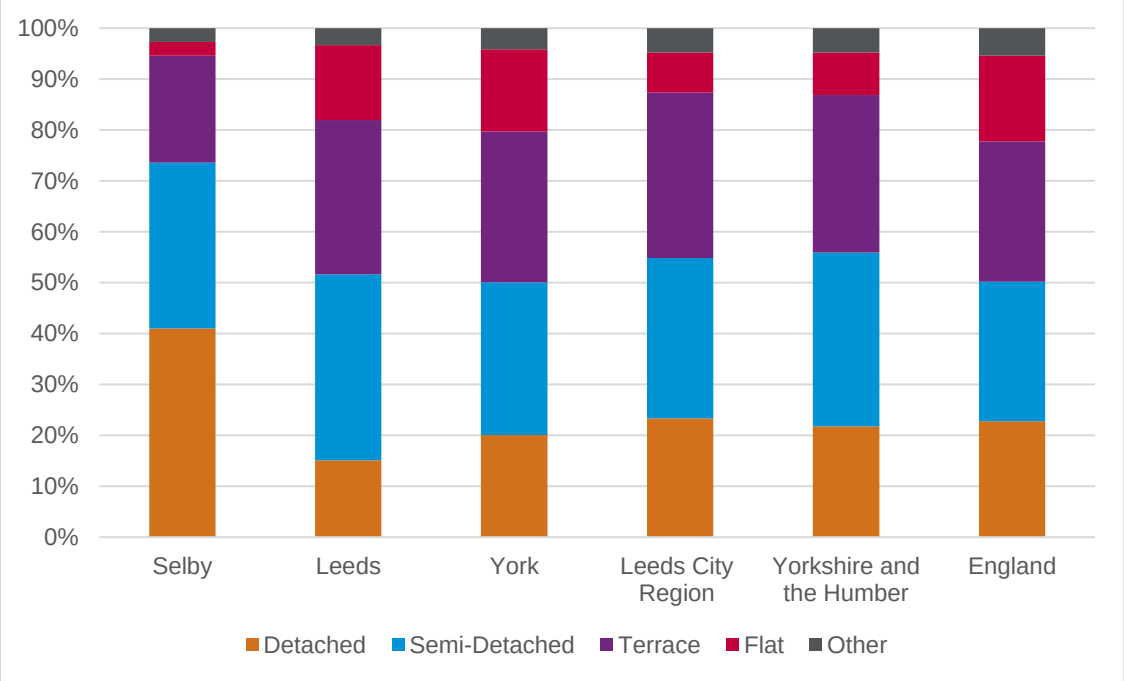


	Detached	Semi-Detached	Terrace	Flat
Selby	£284,950	£169,000	£150,000	£90,000
Leeds	£322,125	£187,500	£139,000	£134,950
York	£340,000	£240,000	£225,000	£175,000
Leeds City Region	£308,582	£179,003	£141,250	£115,833
Yorkshire and the Humber	£270,000	£155,000	£120,000	£118,000
England	£343,000	£215,000	£181,750	£210,000

Source: GLH Analysis: Land Registry Price Paid Data

3.10 The figure below shows that sales of properties in Selby are represented by a higher proportion of detached properties (41%) which is higher than all other comparators. Conversely, there is significantly fewer flat sold in Selby (3%) when compared to the other comparators.

Figure 8: Sales by Dwelling Type (2019)



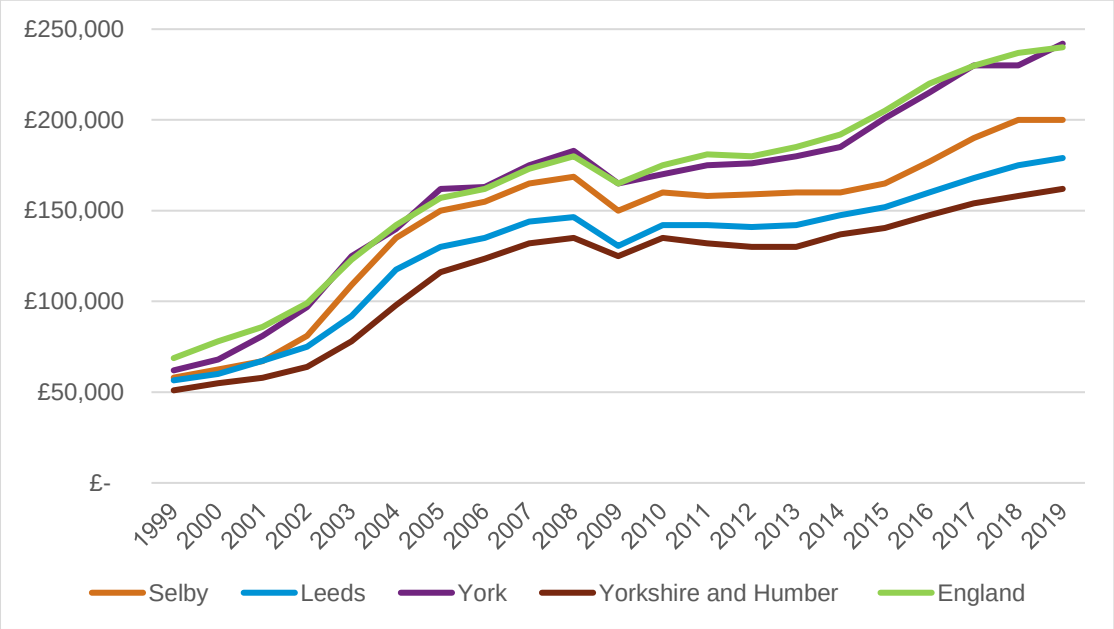
Source: GLH Analysis: Land Registry Price Paid Data

House Price Change

3.11 The figure below profiles the house price change in Selby District against the regional and national median house price over the last 20 years. This shows that house price trends in Selby closely follow the national trend over this period albeit at a lower level. It is also apparent that house prices in Selby have long been between Leeds and York.

3.12 Over the pre-recession period (1999-2007), median prices in Selby increased from £58,000 to £165,000 – an increase of almost £110,000 (184%). The increase in houses price in Selby at this time was greater than both the Leeds City Region (169%) and Yorkshire and Humber (159%) along with the national average increase (152%).

Figure 9: Median House Price Trends, 1999-2019



Source: DCLG Live Tables: Land Registry Data

3.13 Reflecting on the economic backdrop, trends in house prices since 2008 have understandably been very different. Selby experienced a fall in median prices from early 2008 to 2009 at the onset of the recession, as was the case regionally and nationally.

3.14 House prices subsequently rose during 2009 and as of 2015, median house prices in Selby were the same as pre-recession levels. Since 2015, house prices in Selby have continued increasing at a faster rate than the national trend with the median price paid in Selby being £205,000 in 2019.

3.15 The table below indicates that the house prices increase in the District by 48.15% over fifteen years. This is lower than the regional average and higher than the national average increase in median house prices.

Table 10: Median House Price change over time

	2019 Price Paid	% Change over 1-year period	% Change over a 5-year period	% Change over a 10-year period	% change over a 15-year period
Selby	**£200,000**	**0.00%**	**24.98%**	**33.33%**	**48.15%**
Leeds	£179,000	2.29%	21.36%	37.09%	52.34%
York	£241,999	5.22%	30.81%	46.71%	72.92%
Leeds City Region	£183,000	3.48%	23.59%	32.06%	64.12%
Yorkshire and Humber	£162,000	2.53%	18.25%	29.60%	65.31%
England	£240,000	1.27%	25.00%	45.45%	69.01%

Source: Land Registry Data

3.16 In comparison to York and Leeds house price growth in Selby has almost always been lower than both. The only exception is that over the last 5 years house prices have grown slightly faster than Leeds.

Rental Trends

3.17 Median rents in the District (£550 pcm) are in line with the sub-regional and regional averages (£575 pcm in Leeds City Region and £535 pcm in Yorkshire and Humber) and are lower than the national median rent figure (£695 pcm) which is skewed by the strong PRS market in London.

Table 11: Average and Median Rental Prices (June 2019)

	Median Rent (p.c.m.)	Lower Quartile (p.c.m)
Selby District	£550	£495
Leeds	£671	£550
York	£795	£675
Leeds City Region	£575	£490
Yorkshire and Humber	£535	£450
England	£695	£525

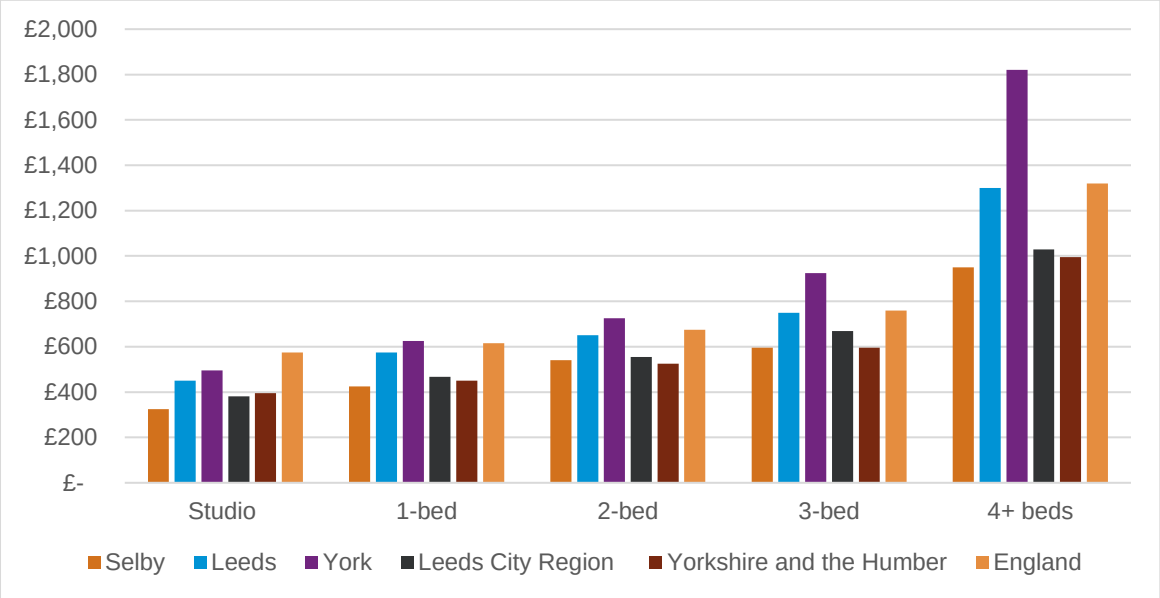
Source: VOA Private Rental Data – Table 2.7

3.18 Median and Lower Quartile Rents in Selby are lower than both the Leeds and York equivalents. It should be noted that the PRS market in both cities is influenced by a strong student housing market so this is perhaps not surprising.

3.19 An analysis of median rents by the number of bedrooms (see Figure below) indicates that rents in Selby are below the national average for all bedroom types. Selby rents are in line with the Leeds City Region and Yorkshire and Humber Region for all bedroom types.

3.20 It is also the case the rents in Selby for all size of homes are lower than those for York and Leeds. This becomes more pronounced the larger the homes.

Figure 10: Rental Costs by Size, 2019



Source: VOA Private Rental Data

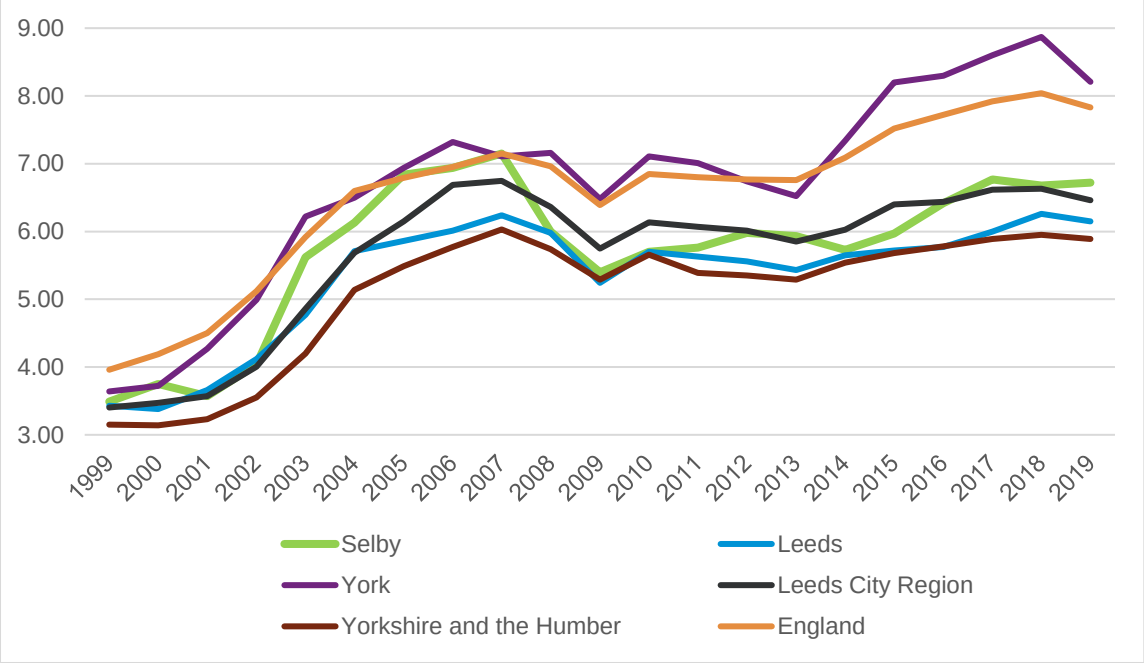
Affordability

3.21 We have considered evidence of affordability by looking specifically at the relationship between house prices and income. We have done this for both lower quartile values, which represent entry-level house prices, and for median values. For both values, we have also examined the ratio based on residents' earnings (residents based) and earning of those working in the HMA (workplace-based).

3.22 As shown in the figure below, nationally the ratio of median workplace-based earning peaked in 2007 and then declined with the economic downturn. The affordability ratio then remained stable until 2013 where the rate begins to decline surpassing the pre-recessional ratio park in 2015. The current UK median workplace-based earning affordability ratio is 7.83 which represents a 98% increase since 1999.

3.23 The median workplace-based affordability ratio for Selby follows a similar pattern to the national trend. The peak in median workplace-based affordability ratio peaked in 2007 at 7.15 however, by 2009 the affordability ratio had fallen by -24% to 5.40. Since 2009, the affordability ratio has been slowing increasing and in 2019 the median workplace-based affordability ratio was 6.72.

Figure 11: Median Workplace-base Affordability Ratio, 1999-2019



Source: ONS ratio of house price to workplace-based earnings, 1999-2019

3.24 The table below compares the lower quartile affordability ratio the median affordability ratio (workplace-based). This will identity whether affordability is an issue across the market or within a particular segment.

Table 12: Lower Quartile and Median Workplace-Based Affordability Ratio, 2019

	Lower Quartile	Median Ratio	Difference
Selby District	**7.17**	**6.72**	**0.45**
Leeds	6.30	6.15	0.15
York	8.80	8.21	0.59
Leeds City Region	6.41	6.46	-0.05
Yorkshire and Humber	5.72	5.89	-0.17
England	7.27	7.83	-0.56

Source: ONS ratio of house price to workplace-based earnings (lower quartile and median), 2019

3.25 Within Selby, the median workplace base affordability ratio is 6.72 which is lower than the lower quartile ratio at 7.17. This illustrates that affordability is particularly an issue for the lower end of the market and impacts the ability of locals to access the housing ladder.

3.26 The table below also looks at the residence-based affordability ratio for both lower quartile and residence-based. Reflecting the overall house prices affordability in Selby sits between the equivalents for Leeds and Selby.

Table 13: Residence Based Affordability Ratio, 2019

	Lower Quartile	Median Ratio	Difference
Selby District	**6.86**	**6.41**	**0.45**
Leeds	6.42	6.24	0.18
York	8.85	8.48	0.37
Leeds City Region	6.39	6.46	-0.07
Yorkshire and Humber	5.71	5.89	-0.18
England	7.27	7.83	-0.56

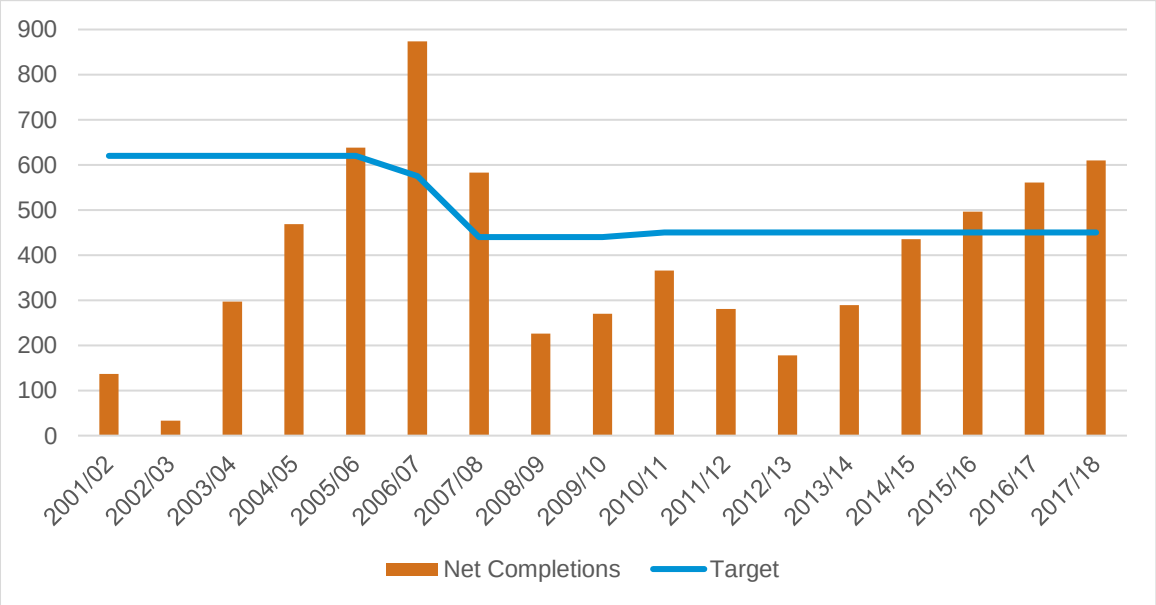
Source: ONS ratio of house price to residence-based earnings (lower quartile and median), 2019

3.27 The residence-based affordability ratio is slightly lower than the workplace-based ratio suggesting that the area has a degree of people commuting out to better-paying jobs and a low paid workforce commuting into the district for work.

Housing Supply Trends

3.28 The Figure below shows the net housing completions in Selby from 2001/02 to 2017/18 compared to the Selby Plan targets. Since 2011/12 there have been 2,850 houses delivered within Selby however, the Local Plan aims to deliver 3,150 dwellings, therefore Selby has a shortfall of 300 dwellings.

Figure 12: Net Dwellings Completed Against the Local Plan Target



Source: Selby DC 5 YLS, Sep2017 - Table 6 p16

3.29 The last three years have exceeded the local plan target whereas the seven years from 2008/09 to 2014/15 provided a significantly lower number of dwellings compared to the local plan target.

3.30 These patterns will also affect to some degree the difference in projected population change in the principal variant and alternative internal variant. The former is based on just the last two years of data when migration was high due to higher housing delivery whereas the former was based in trends over five years.

Overcrowded and Shared Housing

3.31 Over-crowding is defined as the number of properties which have fewer bedrooms than their households require. The requirement is calculated based on the size, age and relationship of household members.

3.32 Under- occupied properties, on the other hand, are those with more bedrooms than the household needs. For instance, an under-occupied property can relate to a couple with no children living in a 2 or more-bedroom property.

3.33 At the national level, there has been a notable increase in overcrowded households (including young people living with their parents for longer) and houses in multiple occupation. This has been a symptom of the affordability pressures identified above; restrictions on access to mortgage finance; and increased housing under-supply.

3.34 This national trend has also manifested in Selby where the proportion of residents living in over-occupied properties increased by 32.5% between 2001 and 2011.

Table 14: Changes in Under- and Over-Occupied households (2001-2011)

	Under-Occupied			Over- Occupied		
	2001	2011	% Change	2001	2011	% Change
Selby	**26,015**	**29,186**	**12.2%**	**916**	**1,214**	**32.5%**
Leeds	218,436	225,365	3.2%	23,440	29,199	24.6%
York	60,156	62,927	4.6%	3,886	5,930	52.6%
Leeds City Region	851,802	910,352	6.9%	73,401	91,230	24.3%
Yorkshire and Humber	1,581,684	1,683,072	6.4%	114,582	147,894	29.1%
England	15,274,290	6,027,853	4.9%	1,457,512	1,928,569	32.3%

Source: 2001 & 2011 Censuses

3.35 Conversely, the number of under-occupied properties in Selby (12.2%) has increased at a greater rate than the Leeds City Region (6.9%), Yorkshire and Humber (6.4%) and England (4.9%). This is in part linked to a growth in the older population who tend to remain in their family homes after their children have left.

3.36 Providing suitable accommodation for this group would reduce the need for additional large properties across the area. This is explored in the housing mix chapter of this report.

Qualitative Analysis

3.37 Local sales and lettings agents across Selby were consulted to understand the strength of the market and any emerging trends. As this report has been written during the Summer of 2020, the situation around COVID-19 continues to evolve, although there are some initial thoughts related to the ongoing impacts on the sales and lettings market.

3.38 The property market in Selby is surprisingly buoyant, despite the ongoing implications of Coronavirus at the time of writing. Early findings indicate that the effects of COVID-19 could be relatively positive for the housing market in Selby, as office workers find that commuting will be less of an important factor when searching for a home. Selby's particular draw would be the relative commutability to York and Leeds whilst still being relatively rural.

3.39 There is a strong demand to buy properties as there has been a historic shortage of units across all tenures in desirable villages surrounding Selby.

3.40 A key draw for Selby is the connectivity to York and Leeds combined with the relatively rural nature of the district. Desirable villages that surround Selby include Brayton, Carlton and Osgodby. Tadcaster is also a draw for prospective buyers looking for a small-town lifestyle with easy accessibility to York.

3.41 Older couples without children looking to downsize are a key demographic looking to buy in Selby. There is a notable shortage of bungalow properties at around 3 bedrooms, and those that are listed are typically taken up quite quickly.

3.42 There are few buyers who buy-to-let, mostly because this market is not particularly prevalent in the area, and rental yields are low in northern parts of the district due to higher property prices. The vast majority of people who do let out their properties do so for convenience or because they inherited the property from a relative.

3.43 A buy-to-let model would only be suitable for the right conditions in Selby town centre but would be more likely successful in either York or Leeds.

3.44 The impact of stamp duty legislation has been very positive and has led to buyers that would otherwise have been undecided become interested in buying in Selby.

Housing Market Dynamics: Key Points

- Land values in Selby are lower than the values in all of the comparable areas including York, Leeds and the Regional equivalents.
- Median prices in Selby (at £200,000) are £40,000 higher than Yorkshire and Humber region and sit midway between those of York and Leeds.
- Although for the majority of housing types the district is cheaper than both Leeds and York but has a greater percentage of larger homes.
- House prices increase in the District by 48.15% over fifteen years. This is lower than the regional average and higher than the national average increase in median house prices. In comparison to York and Leeds house price growth in Selby has almost always been lower than both.
- Median rents in the District (£550 pcm) are in line with the sub-regional and regional averages (£575 pcm in Leeds City Region and £535 pcm in Yorkshire and Humber) and are lower than the national median rent figure (£695 pcm).
- The key analysis in this section reveals that median house prices in Selby stand at 6.72 times the median earnings of those working in the District.
- In 2019, lower quartile house prices in the District stood at 7.12 times lower quartile resident earnings, indicating notable affordability pressures at the lower end of the market.
- Since 2011/12 there have been 2,850 houses delivered within Selby however, the Local Plan aims to deliver 3,150 dwellings, therefore Selby has a shortfall of 300 dwellings. However recent levels of delivery have surpassed the target.
- Selby has seen the proportion of residents living in over-occupied properties increase by 32.5%, slightly higher than the regional and (29.1%) and national trends (32.3%).

4 HOUSING NEED AND POPULATION GROWTH

4.1 This section initially sets out the housing need using the Standard Method and then develops projections that can be used for subsequent analysis in the report. In looking at projections this report covers 20 years from 2020 to 2040 – dates consistent with the emerging Local Plan.

4.2 Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating a housing need. The PPG then sets out a three-step process which is set out in the following sections:

Step 1

4.3 The first step is to establish a demographic baseline of household growth; this is to be taken directly from published household projections and should be the annual average household growth over "10 consecutive years, with the current year being used as the starting point" (Reference ID: 2a-004-20190220). As this report is being drafted in 2020 the 10 years is taken to be 2020 to 2030.

4.4 In October 2018, MHCLG published a technical consultation on updates to national planning policy and guidance – the main part of this document was around the Standard Method for assessing housing need. Essentially, whilst Planning Practice Guidance had previously recommended using the latest evidence where possible, the consultation document suggested setting aside the latest (2016-based) household projections in preference for the previous (2014-based) set.

4.5 The reason for this is that (at least at a national level) the 2016-based SNHP show a much lower level of household growth (and hence housing need). The Government has decided *'it is not right to change its aspirations'* for housing supply to take account of the lower figures and has therefore proposed to continue using data from the older projections to inform housing need. In the NPPF (and related PPG) of February/July 2019, it was confirmed that the Standard Method should be linked to the older (2014-based) SNHP.

4.6 As set out in the table below Step 1 of the standard method for assessing housing need provides Selby with a starting point of 239 dpa.

Table 15: MHCLG Standard Method Housing Need Calculations - Selby

	Selby
Households 2020	37,724
Households 2030	40,650
Change in households	2,926
Per annum change – Step 1	293

Source: Derived from ONS data

4.7 Although this is calculated across the 10 years from 2020-30 as paragraph 12 of the PPG sets out "The method provides authorities with an annual number, based on a 10-year baseline, which can be applied to the whole plan period." (Reference ID: 2a-012-20190220).

Step 2

4.8 The second step of the methodology seeks to adjust the demographic baseline based on market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available (2019 at the time of writing).

4.9 Specifically, the PPG says that *'for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent'*.

4.10 The equation to work out the adjustment factor for Selby is as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4}\right) \times 0.25$$

4.11 In 2019, the median workplace affordability ratio was 6.72 for Selby (i.e. median house prices 6.72 times the median earnings of those working in the district. As set out in the table below this means that the adjustment factor for is 17%.

Table 16: Step 2 Affordability Adjustment - Selby

	Selby
Step 1 – Households per annum change	293
Affordability ratio (2019)	6.72
Uplift to household growth	17%
Total need (per annum)	**342**

Source: Derived from ONS data

4.12 The adjustment is calculated as follows: ((6.72 - 4) / 4) × 0.25) = 0.17 or 17%. When this is applied to the output of Step 1 then the housing need is increased to 342 dpa.

Step 3

4.13 The final step in the standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including

developing an assessment of housing need) or adopted a plan within the last five years. In this instance, the need may be capped at 40% above the requirement figure set out in the plan.

4.14 The second situation, which applies to Selby is where plans and evidence are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan (where this exists).

4.15 Policy SP5 of the Selby Core Strategy sets out a target of 450 dpa in the period to March 2027. As this is higher than the output of Step 1 (239 dpa) the cap is applied at 40% above the housing target. The housing need is therefore theoretically capped at 630 dpa.

4.16 However, as the housing need is only 342 dpa then the cap is not applied, and the housing need remains as calculated at Step 2 i.e. 342 dpa.

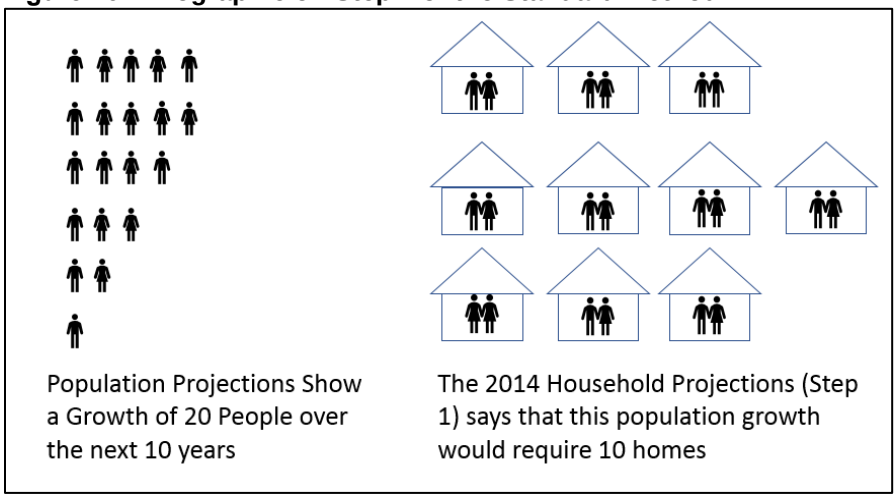
Developing a Projection linking to 342 dwellings per annum

4.17 As set out above the Standard Method would lead to a housing need of dwellings per annum based on a household growth of 342. This equates to an increase of 49 dwellings above the official projections (293 dpa). To input into later parts of this study, it is necessary to translate this level of dwelling growth into a population projection.

4.18 To examine this change, population projections and a range of other indicators are employed such as the mid-year population estimates. Also, in the analysis that follows, the projections themselves are extended to 2040 to allow for the proposed plan period of the new Local Plan. As set out in the PPG the standard method figure can be applied to the whole period and considers historic backlog before 2020.

4.19 The 2014-based household projections are used as the starting point (step 1) of the standard method and these are based on the 2014-based sub-national population projections (SNPP) (see Figure below). The figure below shows the hypothetical growth of 20 people over 10 years. the 2014 Household Projections indicate this growth results in 10 homes.

Figure 13: Infographic on Step 1 of the Standard Method



Source: GL Hearn

4.20 The PPG does not provide any indication of how and who the additional 49 dpa resulting from the "affordability adjustment" are to be occupied. Without further assumptions, these additional homes would be empty, or the projected population would be so thinly spread out then there would be a considerable reduction in household size. To do this to the extent of filling all these additional 49 homes it would require some existing homes to be fractured. There is no indication that either of these outcomes is desirable.

4.21 The figure below illustrates the conundrum; in our hypothetic example, there are an additional fourteen homes. PPG does not, however, explain how plan-makers should arrive at a calculation of how these homes will be occupied.

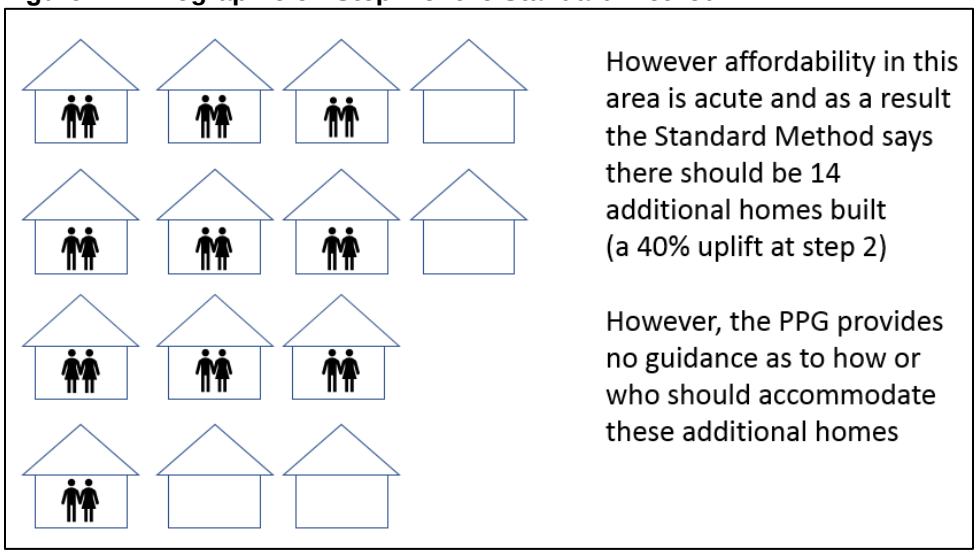
4.22 How these additional homes are occupied is crucial for assessing population growth. Paragraph 6 of the PPG indicates how the MHCLG think these homes should be occupied (assuming they are to be occupied):

"An affordability adjustment is applied as household growth on its own is insufficient as an indicator of future housing need because:

- *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- *people may want to live in an area in which they do not reside currently, for example, to be near to work, but be unable to find appropriate accommodation that they can afford.*

The affordability adjustment is applied in order to ensure that the standard method for assessing local housing need responds to price signals and is consistent with the policy objective of significantly boosting the supply of homes. The specific adjustment in this guidance is set at a level to ensure that minimum annual housing need starts to address the affordability of homes."

Figure 14: Infographic on Step 2 of the Standard Method



Source: GL Hearn

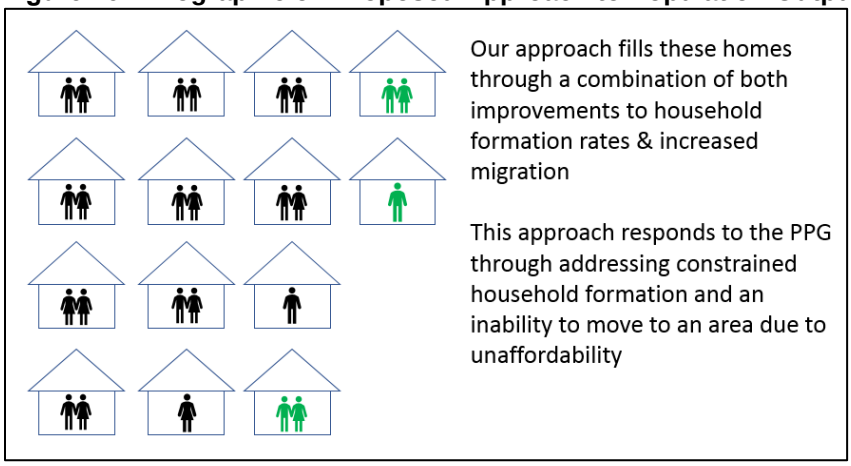
4.23 In essence, Step 2 of the Standard Method is a response to worsening affordability which has reduced household formation rates and reduced migration. However, the PPG does not explain how the balance of these adjustments to the factors identified.

4.24 If it is assumed that the adjustment fills these homes with just the indigenous population, who previously were unable to form, this would result in unprecedented levels of household formation. This would result in greatly reduced household sizes i.e. very many single persons households. However, there is no indication such levels are desired.

4.25 If it is assumed that all the homes are to be filled with increased migration this would not allow for improvements to local household formation rates. There is also an issue in that by drawing a population from another area this would result in a decreased need in the area they have moved from. However, the standard method does not reflect this logic and that potential issue remains unresolved.

4.26 The Figure below sets out that our approach is to make reasonable adjustments (improvements) to household formation rates with the remainder occupied by further in-migration. For this approach to household formation rates, a scenario has been derived which is mid-way between those HFR in the 2014-based projections and the HFR in the pre-recession 2008-based projections.

Figure 15: Infographic on Proposed Approach to Population Outputs



Source: GL Hearn

4.27 In summary, the approach to filling the additional 49 dwellings above the household projections is through a combination of spreading the current and projected population into a greater number of households i.e. increasing household formation rates; and increasing the population growth to fill the remaining dwellings through increased migration. We have therefore developed our in-house model which creates a future population age profile to 2040 from which a range of further analysis can be undertaken.

Household Representative Rates (Household Formation)

4.28 Having studied the population size, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

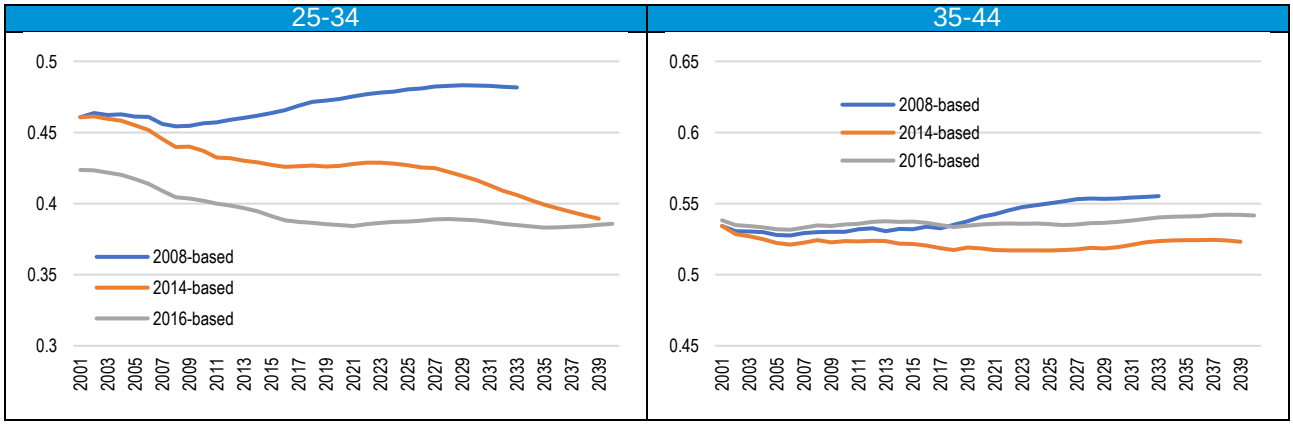
4.29 The latest HRRs are contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP has come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle.

4.30 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government decision to not use the 2016 based figures in the Standard Method (which is directly

linked to official household projections) it is considered prudent in this report to look at both the 2016- and 2014-based figures.

4.31 The figure below compares HRRs in the 2008- 2014- and 2016-based SNHP for key younger age groups – the figures are essentially the proportion of a particular age group that is considered to be the 'head of household' (HRP as described above).

Figure 16: Projected Household Representative Rates by age of head of household – Selby



Source: Derived from ONS and CLG data

4.32 Overall, the analysis would suggest that the 2016-based figures may be building in more suppression than the 2014-based figures – this can be seen by the 2016-based figures (notably those aged 25-34) typically having lower HRRs than is seen in other projection releases.

4.33 It is considered when looking more widely across all age groups that the 2014-based data may be more realistic. However, in comparison to the 2008-based projections (pre-recession), the 2014-based also appear to be somewhat negative. Whilst the 2008-based projection are quite dated, they are a source that is regularly used to develop scenarios with a more positive view about the household formation of younger people.

4.34 We have therefore developed an alternative approach to HRRs which is a 'part-return-to-trend'. In this scenario, the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was widely used before the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG).

4.35 It is also noted that the 2016-based and by extension (as they use the same methodology) the 2018-based figures have been rejected by MHCLG as part of the Standard Method; they are however the

most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some small degree of suppression of household formation in younger age groups.

4.36 The part-return to trend is also considered to be a reasonably robust set of figures, in particular where housing delivery is expected to be above trend-based growth and therefore some increase in the formation rates of younger households might be expected. The PRT scenario draws on the more reliable data from the 2014-based projections as well as including some adjustment for potential suppression of younger households forming.

4.37 We have also assumed that there would be a level of vacancy within the new housing stock (3%) to allow for churn in the market. However, even this coupled with taking a fairly positive approach to HRRs there would not quite be the level of household growth required to fill this number of homes.

4.38 Therefore, the model increases migration to the District (as well as building in some improvement to household formation) such that there is sufficient population for 342 additional homes each year.

Migration

4.39 The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary, the method includes the following assumptions:

- Base population in 2018 from the latest mid-year population estimates;
- Population rolled forward to 2020 by estimating likely population growth set against dwelling completions;
- Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
- The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)

4.40 In developing this projection, a higher level of population growth is derived (11,900 additional people compared with 8,600 in the SNPP as published). The age structure of the two projections is also slightly different, with the projection linked to 342 dpa showing stronger growth in what might be considered as ‘working-age’ groups and children. This arises because ONS data shows that migrants are heavily concentrated in those age groups.

4.41 It should also be noted that the estimated population in 2020 is slightly higher than shown in the SNPP (91,200 people compared with 90,600) – this is due to the modelling estimating that population

growth will have been stronger as a result of the relatively high level of housing delivery in the 2018-20 period.

Table 17: Population change 2020 to 2040 by five-year age bands – Selby (linked to the delivery of 342 dwellings per annum)

	Population 2020	Population 2040	Change in population	% change from 2020
Under 5	4,947	5,340	392	7.9%
5-9	5,417	5,485	68	1.2%
10-14	5,471	5,606	135	2.5%
15-19	4,423	5,092	668	15.1%
20-24	3,926	4,090	164	4.2%
25-29	5,130	5,490	359	7.0%
30-34	5,705	6,010	306	5.4%
35-39	5,663	5,915	251	4.4%
40-44	5,334	6,524	1,189	22.3%
45-49	6,260	7,098	838	13.4%
50-54	7,055	6,914	-140	-2.0%
55-59	7,040	6,484	-556	-7.9%
60-64	5,972	5,802	-170	-2.8%
65-69	5,254	6,250	997	19.0%
70-74	5,381	6,518	1,137	21.1%
75-79	3,617	5,868	2,251	62.2%
80-84	2,478	4,269	1,791	72.3%
85+	2,165	4,416	2,251	104.0%
Total	91,238	103,170	11,931	13.1%

Source: Demographic projections

4.42 The table below summarises this information into three broad age bands. This confirms that increases in the older person population are still projected to be the most significant component of change, although the change in the population aged 65 and over now represents 71% of all population change, compared with 92% in the SNPP.

Table 18: Population change 2020 to 2040 by broad age bands – Selby (linked to delivery of 342 dwellings per annum)

	Population 2020	Population 2040	Change in population	% change from 2020
Under 16	16,808	17,565	757	4.5%
16-64	55,537	58,284	2,747	4.9%
65 and over	18,894	27,321	8,427	44.6%
Total	91,238	103,170	11,931	13.1%

Source: Demographic Projections

4.43 In the remainder of this report, some of the analysis refers to this projection – i.e. linking to 342 dwellings per annum.

Demographic Trends and Projections: Key Messages

- The National Planning Policy Framework (NPPF) of February 2019 introduced a Standard Method for assessing housing need.
- Step 1 of the methodology links to 2014-based subnational household projections (SNHP); this suggests household growth of about 293 per annum,
- Step 2 of the standard method based on local affordability increases household growth by 17% or 49dpa.
- Step 3 of the standard method caps the increase in Step 2, but this is not required in Selby as the increase is not great enough to justify it.
- **Recommendations: Based on the calculated local housing need the district should seek to deliver as a minimum 342 dpa**
- A scenario has been modelled where population growth is sufficient to fill 342 additional homes, this sees an additional 3,300 people in the District (2020-40). The overall population growth is linked to this level of delivery is 11,900 additional people compared with 8,600 in the SNPP as published.

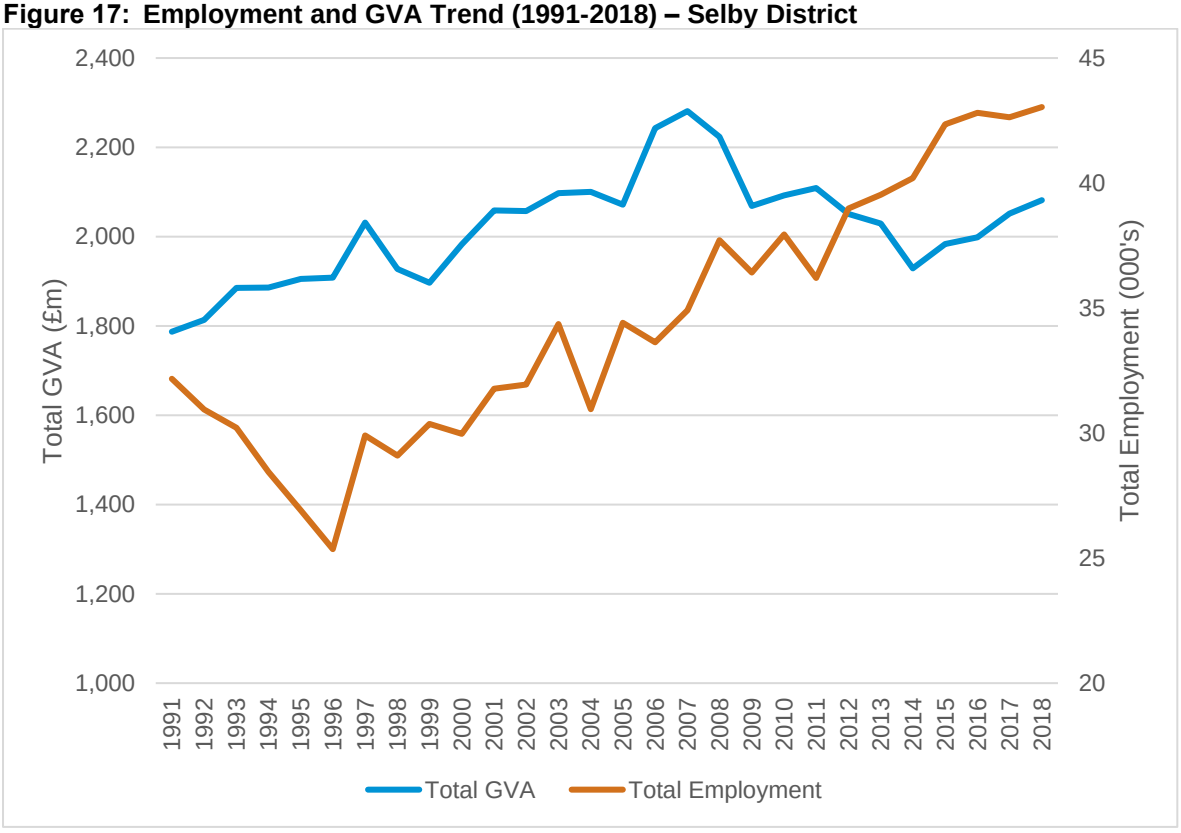
5 THE ECONOMY AND LABOUR MARKET

5.1 The figure below illustrates the growth in GVA and Employment since 1991 in Selby using the latest Oxford Economics data (2020). GVA in the district grew until 1997 but experienced a short decline for two years until it largely grew further until the 2007 recession, contracting until 2014 before growing again.

5.2 Employment has largely grown steadily since 1996 although fluctuating 2008-12 post-recession. The long-term trend is very positive.

5.3 Since 2007, the gains in employment despite a fall in GVA could indicate an increase in lower-skilled work, however, both have now been increasing since 2014. As of 2018, there are 43,000 jobs in the District, with a total GVA of £2.1bn.

Figure 17: Employment and GVA Trend (1991-2018) – Selby District



Source: Oxford Economics, 2020

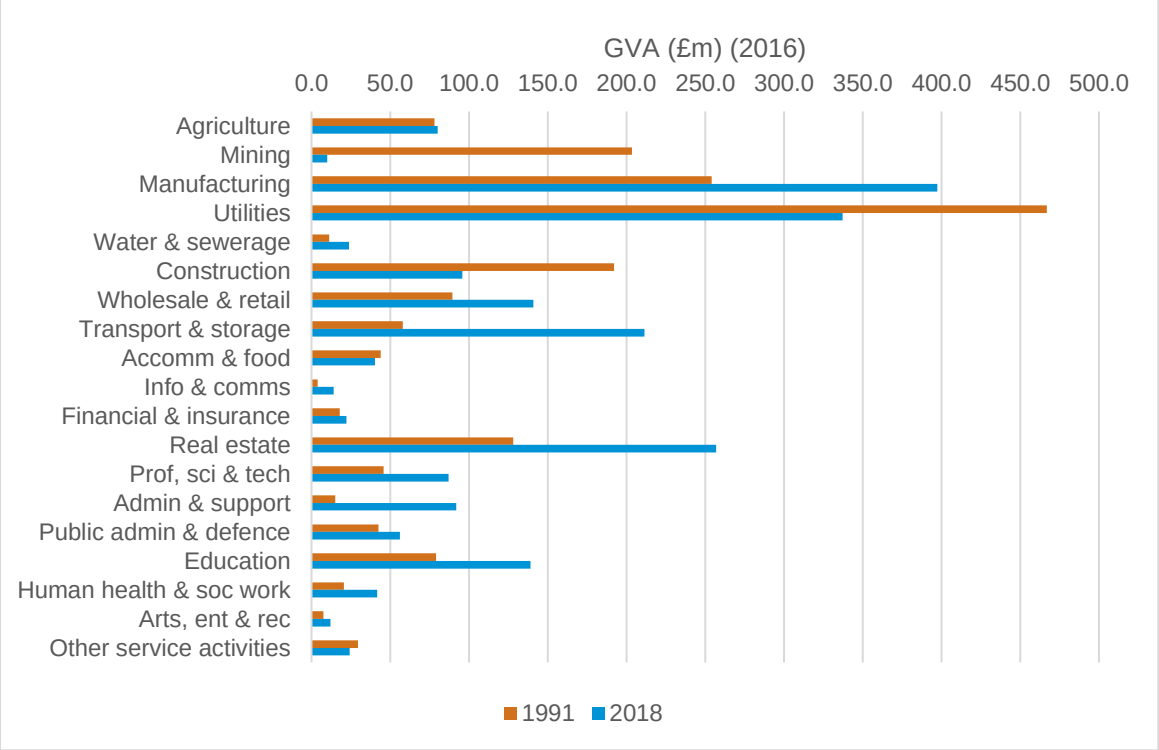
Employment and Economic Growth

GVA Growth by Sector

5.4 The figure below shows the breakdown of Selby's GVA by sector in 2018 and 1991. In 2018 (latest historic data) the strongest contributors to GVA in Selby were manufacturing, utilities, real estate, and transport & storage.

5.5 In both absolute and proportionate terms, the largest increases in GVA during this time were Transport & Storage (73% or £153.3m pa), Manufacturing (36% or £143.3m pa), and Real Estate (50% or £128.m pa). Most sectors have seen a growth in GVA over this period, the exception being Construction (-101% or -£96.4m), Utilities (-38% or -£129.7m), and Mining (-1952% or £-193.5m).

Figure 18: GVA by Sector (1991-2018) – Selby



Source: Oxford Economics Data, 2020

Employment Structure

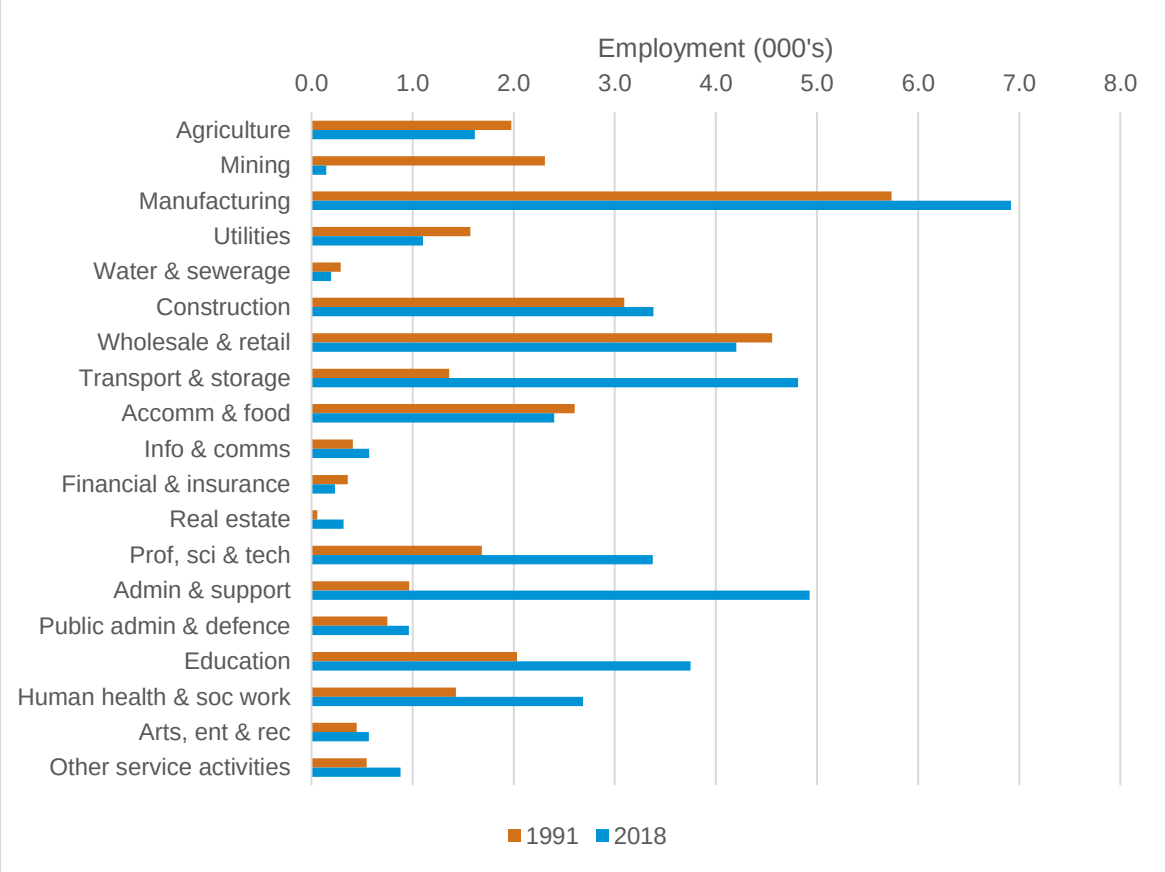
5.6 The District's largest sector in terms of total employment numbers in 2018 is the Manufacturing with 6,918 jobs followed by Admin & Support with 4,928 jobs, and Transport & Storage with 4,813 jobs.

There are also large numbers employed in Wholesale & Retail (4,201 jobs), Education (3,750 jobs), and Construction (3,381 jobs).

5.7 The Administrative sector has seen the largest jobs growth since 1991, with a growth of 3,963 jobs and Transport & Storage with a growth of 3,450 jobs. Other sectors which have seen a large growth in the District over this period are Education (1,717 jobs), Profession, Scientific & Technical (1,692 jobs), Human Health (1,257 jobs) and Manufacturing (1,179 jobs).

5.8 Conversely, Mining has seen the greatest relative loss of employment (-1,474%) losing 2,161 jobs. Utilities lost 469 jobs since 1991, a decline of 43%. Other sectors that decline include Wholesale & Retail (-355 jobs or -8%), Accommodation & Food Service (-202 jobs or -8%), Finance & Insurance (-127 jobs or -55%), and Water & Sewerage (-92 jobs or -47%).

Figure 19: Selby Employment by Broad Sector[3] (1991 - 2018)



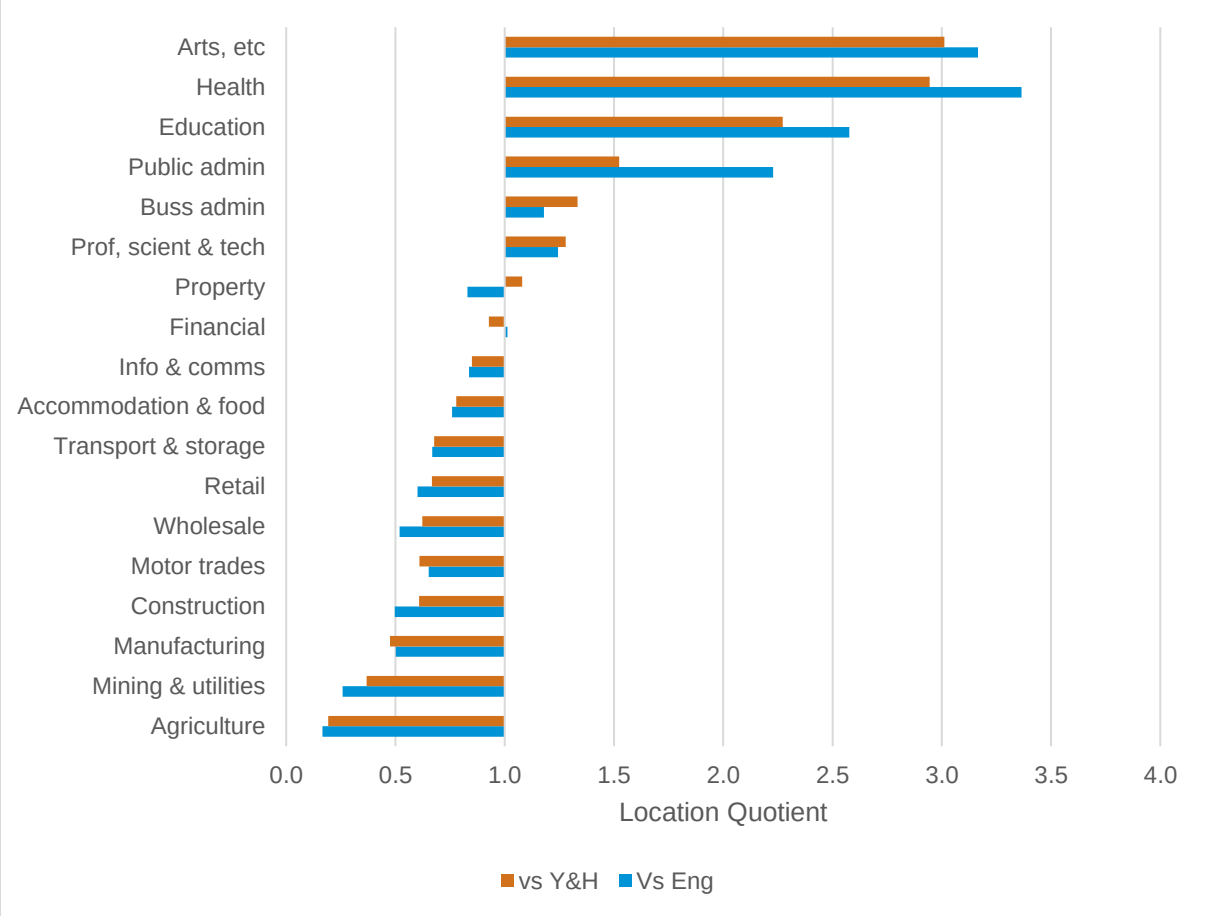
Source: Oxford Economics, 2020

[3] A schedule showing the breakdown of each broad sector by 2-digit sectors is included in Appendix A

Location Quotient

5.9 The figure below shows the location quotient analysis of Selby's employment structure compared to the structures at regional and national levels. In relative terms, key sectors of strength in Selby are the Arts, Health, Education, Public Administration and Business Administration, all of which have a higher representation than the national and regional trends. Against Yorkshire and the Humber, Selby also has a somewhat stronger representation Property.

Figure 20: Employment Location Quotient (2018)



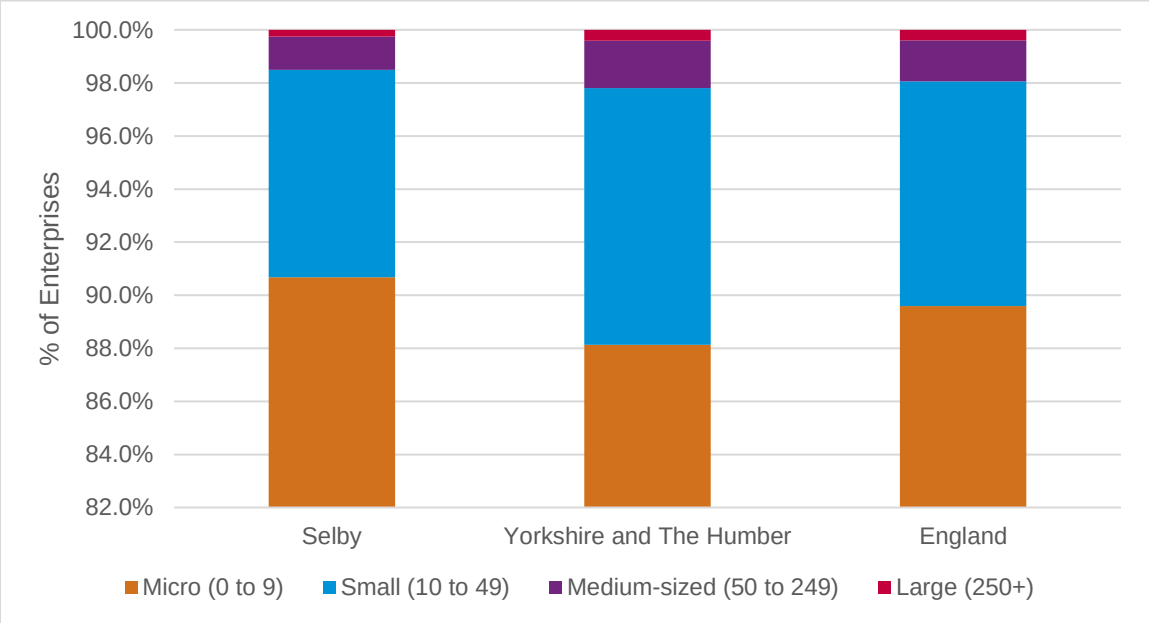
Source: Business Register and Employment Survey (2018)

5.10 There are several sectors in the District which have lower representation in comparison to the regional and national comparators. Of particular note, the sectors of Agriculture, Mining, Manufacturing, Construction, Motor trades, Wholesale trade, Retail Trade, Transport and Storage, Accommodation & Food Service, and Information & Communication have lower overall representation in the Selby economy when compared to the Yorkshire & The Humber and the nation.

Business Base

5.11 The vast majority (90.7%) of the enterprises based in the District are micro-businesses: that is, they employ fewer than 10 people. This is slightly higher than the regional (88.1%) or national (89.6%) rates – potentially indicative of a high level of local entrepreneurship.

Figure 21: Enterprises by Size, 2019 – Selby District



Source: UK Business Counts, NOMIS 2019

5.12 As with the regional and national picture employment within Selby is not overly reliant on a small number of major employers. This provides the District with a level of resilience to a major downturn affecting a single business although is arguably quite exposed to the manufacturing and transport sectors.

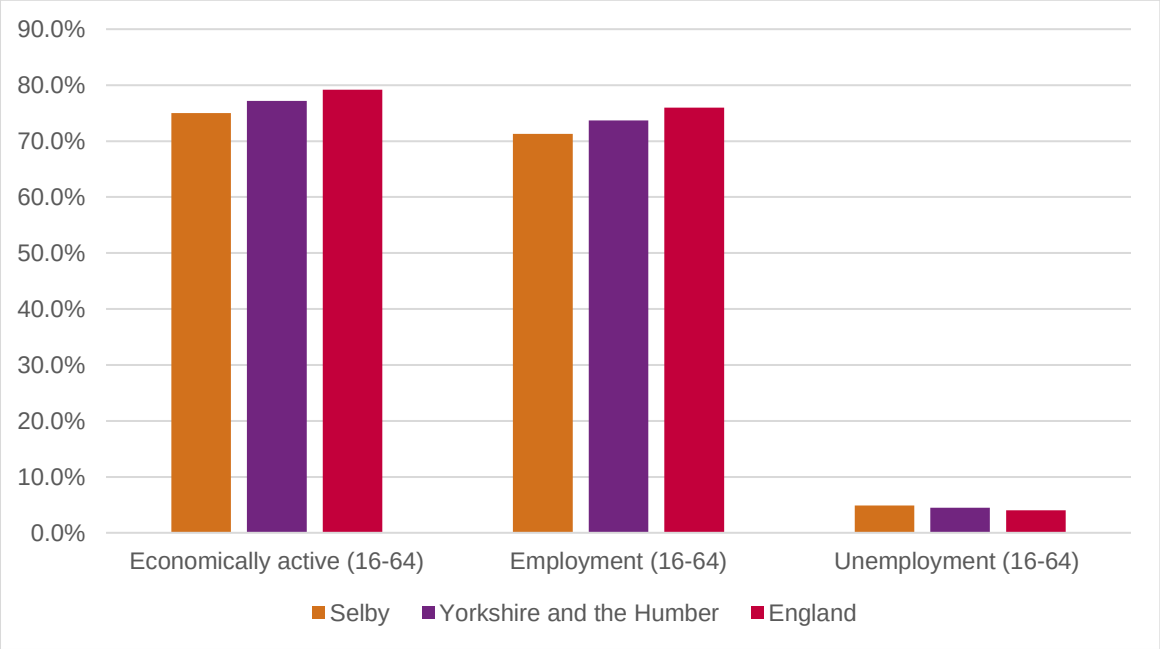
Labour Market

Economic Participation

5.13 The figure below shows employment and unemployment as a percentage of the working-age population (defined by ONS to be the population aged 16-64 years). The figure also shows the economic activity as a percentage of those aged over 16.

5.14 The figures show that the employment rate in Selby District is 71.3%. This is below the regional rate (73.7%) and the national rate (76.0%).

Figure 22: Economic Activity Rates (2019) [4]



Source: Annual Population Survey (2019)

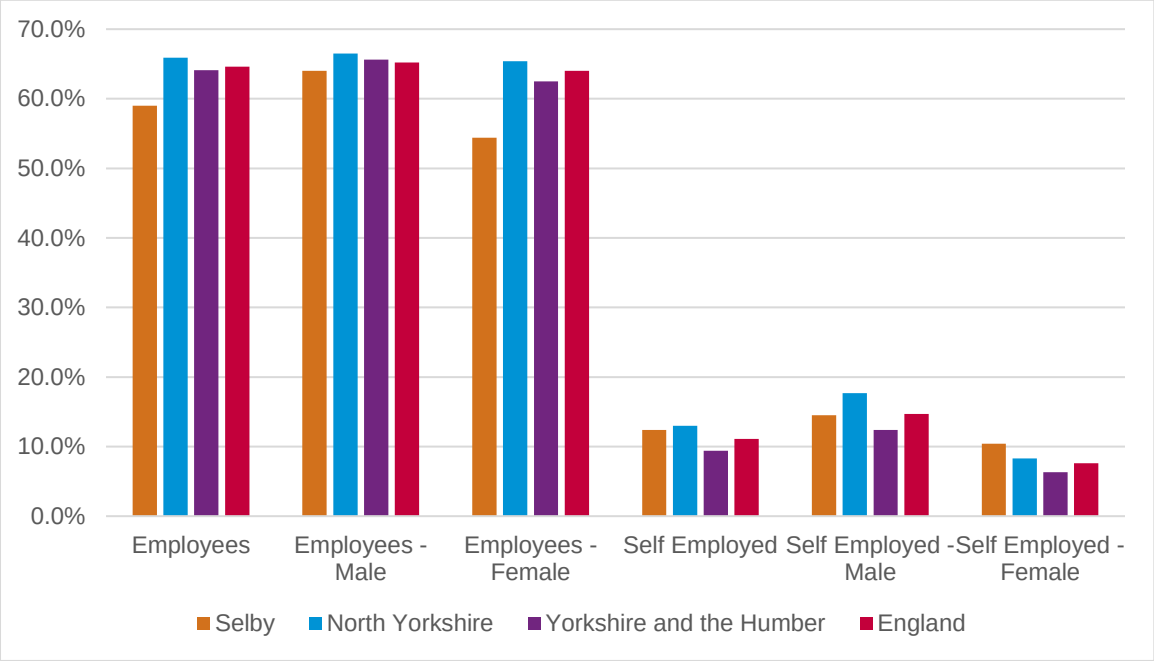
5.15 The economic activity rate describes the percentage of working-age adults (16-64) who are working or looking for work. The economic activity rates in Selby (75.0%) are lower than the other comparators being the regional rate (77.2%) and national rate (79.2%).

5.16 Unemployment within Selby (4.9%) is slightly higher with what is seen in the region and the UK (4.5% and 4.0% respectively). The level of self-employment in Selby (12.4%) is higher when compared to the regional (9.4%) and national (11.1%) rates.

5.17 Out of the male population, there is a higher rate of self-employment (14.5%) compared to female (10.4%). However, Selby's female self-employment rate is higher than in the region (6.3%) and the nation (7.6%).

[4] Employment as % of people aged 16 -64 who did some paid work in the reference week (whether as an employee or self-employed); those who had a job that they were temporarily away from (e.g. on holiday); those on government supported training and employment programmes; and those doing unpaid family work (i.e. working in a family business).; Economic Active people, who are economically active, expressed as a percentage of all people; Unemployment as % is a proportion of economically active population.

Figure 23: Employment by Type (2018)



Source: Annual Population Survey (2018)

5.18 This analysis indicates that Selby has lower than typical economic activity and higher unemployment when compared to the wider Yorkshire & The Humber and country.

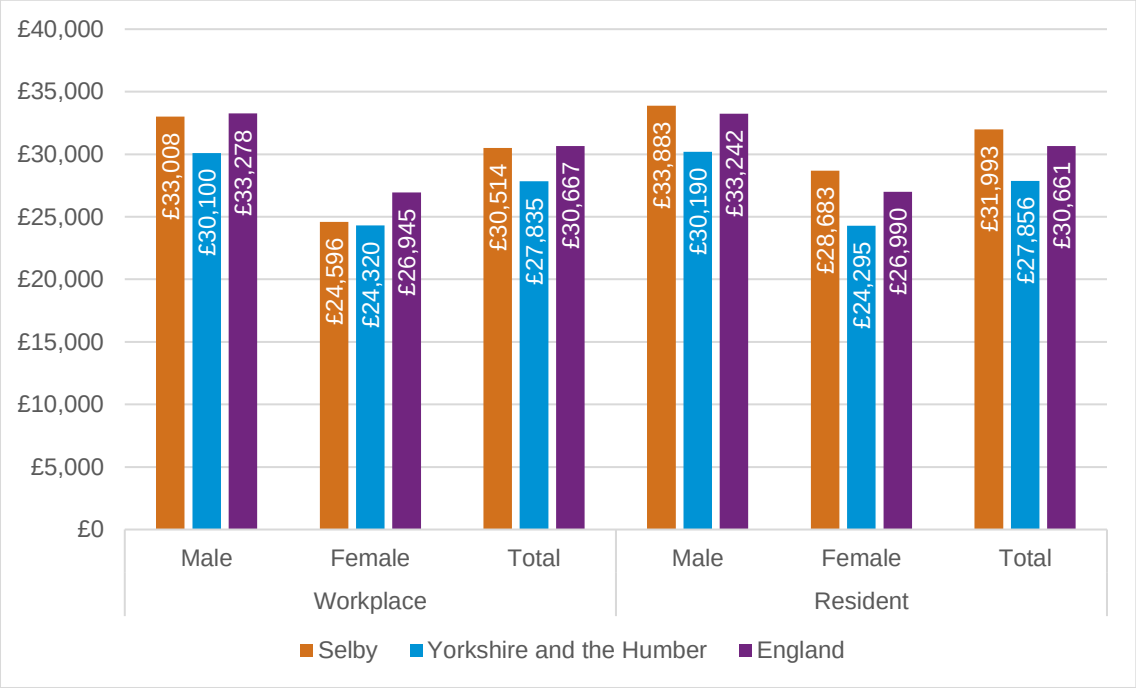
Earnings

5.19 Selby workers in full-time employment earn a median gross annual pay of just over £30,514. This is higher than the median for Yorkshire & The Humber (£27,835) and comparable with England as a whole (£30,667 per annum).

5.20 GL Hearn uses median values in preference to mean values for earnings data. This is because median values are less influenced by extreme values and because of the skewed distribution of earnings data.

5.21 The figure bellows shows that overall men in Selby are earning more than females, this pattern is seen in both the Yorkshire & The Humber and England.

Figure 24: Earnings – Annual Median Pay of Full-Time Workers (2018)



Source: ONS Annual Survey of Hours and Earnings, 2018

5.22 Those working full-time in the District typically earn around £1,479 less than those living in the District and working out of the District, suggesting that higher paid jobs are being supplied outside of Selby for residents – most likely in York or Leeds.

5.23 This is supported by Census data showing distance travelled to work by occupation which shows that managerial and professional occupations are more likely to travel over 10km from home whereas those in lower-skilled occupations tend to work closer to home.

Table 19: Distance Travelled to Work by Occupation, Selby Residents (2011)

Occupation	Less than 10km	10km and over	Work mainly at or from home	Other
1. Managers, directors and senior officials	28%	38%	28%	6%
2. Professional occupations	27%	49%	16%	8%
3. Associate professional and technical occupations	31%	38%	23%	8%
4. Administrative and secretarial occupations	50%	33%	14%	3%
5. Skilled trades occupations	28%	32%	21%	19%
6. Caring, leisure and other service occupations	55%	26%	12%	7%
7. Sales and customer service occupations	64%	26%	7%	3%
8. Process, plant and machine operatives	41%	48%	5%	6%
9. Elementary occupations	50%	38%	5%	6%

Source: Census 2011

The Economy and Labour Market: Key Points and Recommendations

- Selby's economy produces goods and services valued at £2.1 (bn) (GVA) and supports around 43,040 jobs. The strongest contributor to GVA in Selby is the Transportation & Storage sector.
- The district's largest sector in terms of total employment numbers is the Admin & Support with 3,963 jobs in 2018 along with 3,450 jobs in the Transportation & Storage sector.
- Sectors with a high location quotient include Arts, Health, Education, Public Administration, Business Administration, and Professional, Scientific & Technical.
- The vast majority of the enterprises based in the district are micro-businesses: that is, they employ fewer than 10 people. Selby District has a slightly lower employment and economic activity rate compared to the region.
- Unemployment in the district, recorded at 4.9% by the Annual Population Survey, is higher than in the region and the nation. The England average is 4.0%.
- Those working full-time in the district typically earn around £1,479 less than those who reside out of the district and work in Selby. This is indicative of a notable number of higher-earning residents that work outside of Selby such as in Leeds and York.

6 COMMERCIAL MARKET REVIEW

6.1 This section provides an assessment of the office and industrial property market in Selby. This assessment has been undertaken using a variety of sources including take-up and availability data from the Estates Gazette Interactive (EGi) database and the CoStar commercial property database, a review of the latest commercial property literature and stakeholder/property agent consultation.

6.2 The VOA data is only available at a local authority level and thus is presented for the entirety of the Selby District. CoStar and EGi analysis is transaction-based and thus can be mapped across the district. In particular, the data will be further categorised to understand activity taking place in both sub-areas. It is recognised that the COVID-19 pandemic will have implications for commercial markets – office in particular – and this is reflected as far as possible.

Office Market Review

6.3 This section provides an assessment of the Selby office market compared with regional and national benchmarks. The quantitative analysis for the district itself in terms of past take-up has been based on transactions recorded on EGi and CoStar[5]. This has been augmented through engagement with commercial agents.

6.4 The amount of office floorspace in Selby District in 2018-2019 was 46,000 sqm. This is only 1.0% of the total office floorspace across Leeds City Region and the lowest in the area, of which Leeds and Bradford have the majority share.

Table 20: Office Floorspace, 2018/2019

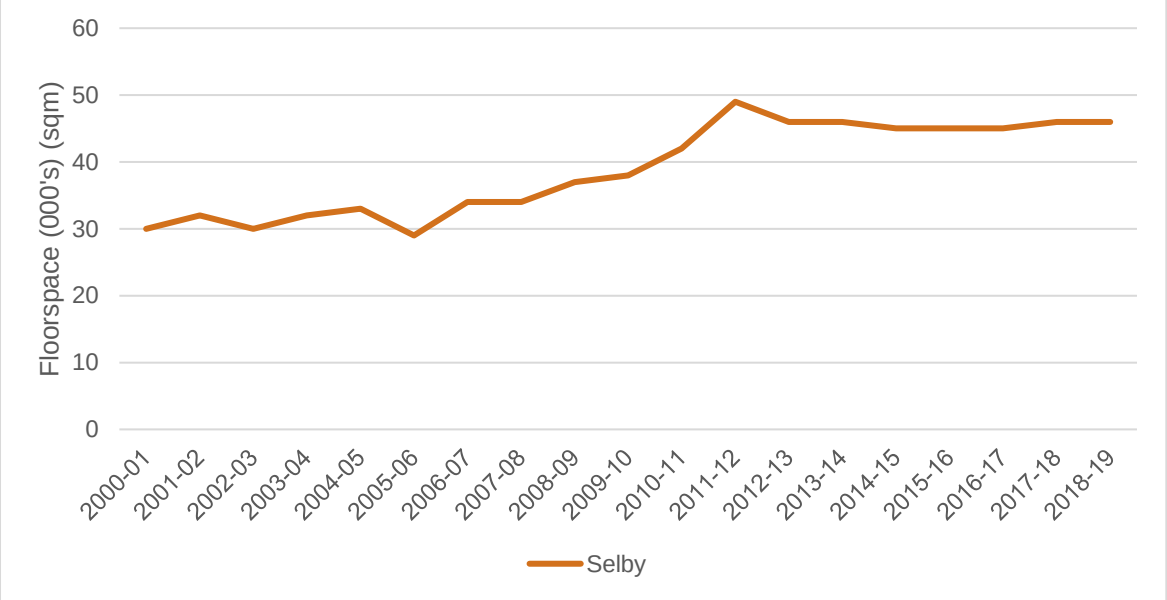
Geography	Office Floorspace ('000 sqm)	Per Annum Change Since 2001	Per Annum Change Since 2011
Selby	46	2.3%	-0.8%
Leeds	1,889	1.0%	0.3%
York	316	0.5%	-1.4%
Wakefield	337	2.2%	0.6%
Harrogate	198	-0.2%	-0.2%
Craven	71	1.5%	0.0%
Bradford	745	0.1%	-1.0%
Calderdale	284	0.8%	0.8%
Kirklees	354	1.2%	0.4%
Barnsley	157	1.9%	-0.9%
Leeds City Region	4,397	0.9%	-0.1%
Yorkshire and the Humber	6,728	0.9%	-0.1%
England	85,461	0.6%	-0.1%

Source: VOA Business Floorspace Statistics (2019)

[5] Although these are the most comprehensive lists available, not all transactions are included. In some cases, transactions or availability is applied to the nearest postal town which may be in a different local authority to the transaction. GL Hearn have used Geographic Information System (GIS) to accurately present the analysis at a local authority level.

6.5 Over the 2001-19 period, office floorspace increased in Selby District at a rate of 2.3% per annum on average compared to Leeds City Region at a rate of 0.9% per annum. Change, however, has been steady since 2012/13.

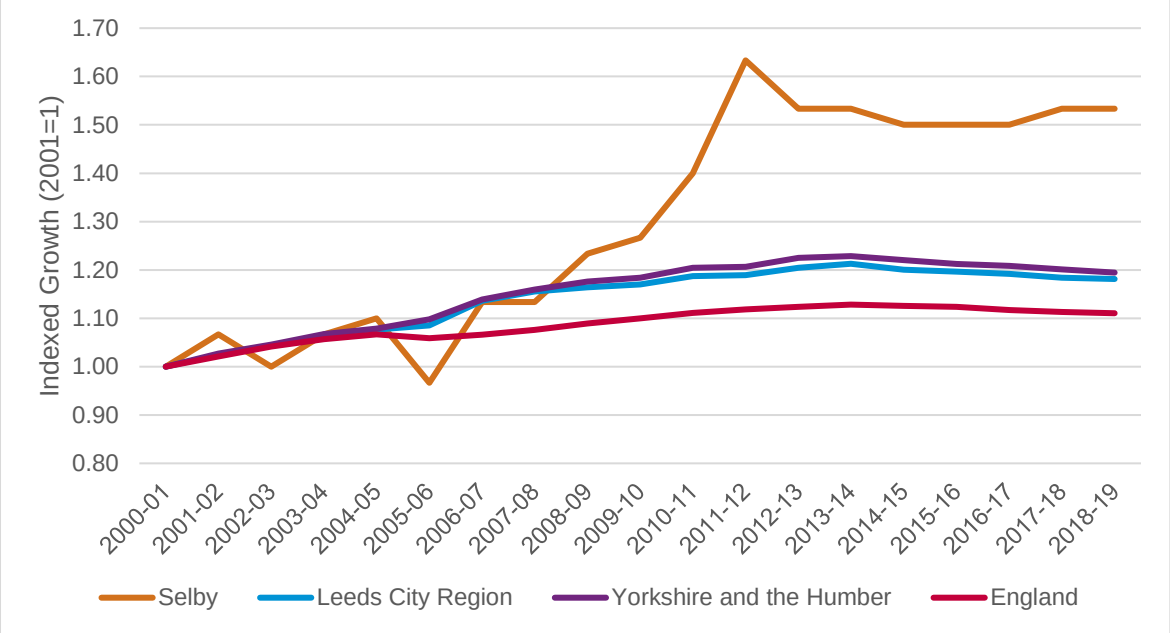
Figure 25: Office floorspace (Selby District)



Source: VOA Business Floorspace Statistics (2019)

6.6 When comparing the indexed office floorspace in Selby to the Yorkshire & The Humber and England, Selby outperforms both comparators increasing the most over the period by 53% compared with the Yorkshire & The Humber where office floorspace increased by 18% and England by 11%. Notwithstanding, further significant increases are not anticipated.

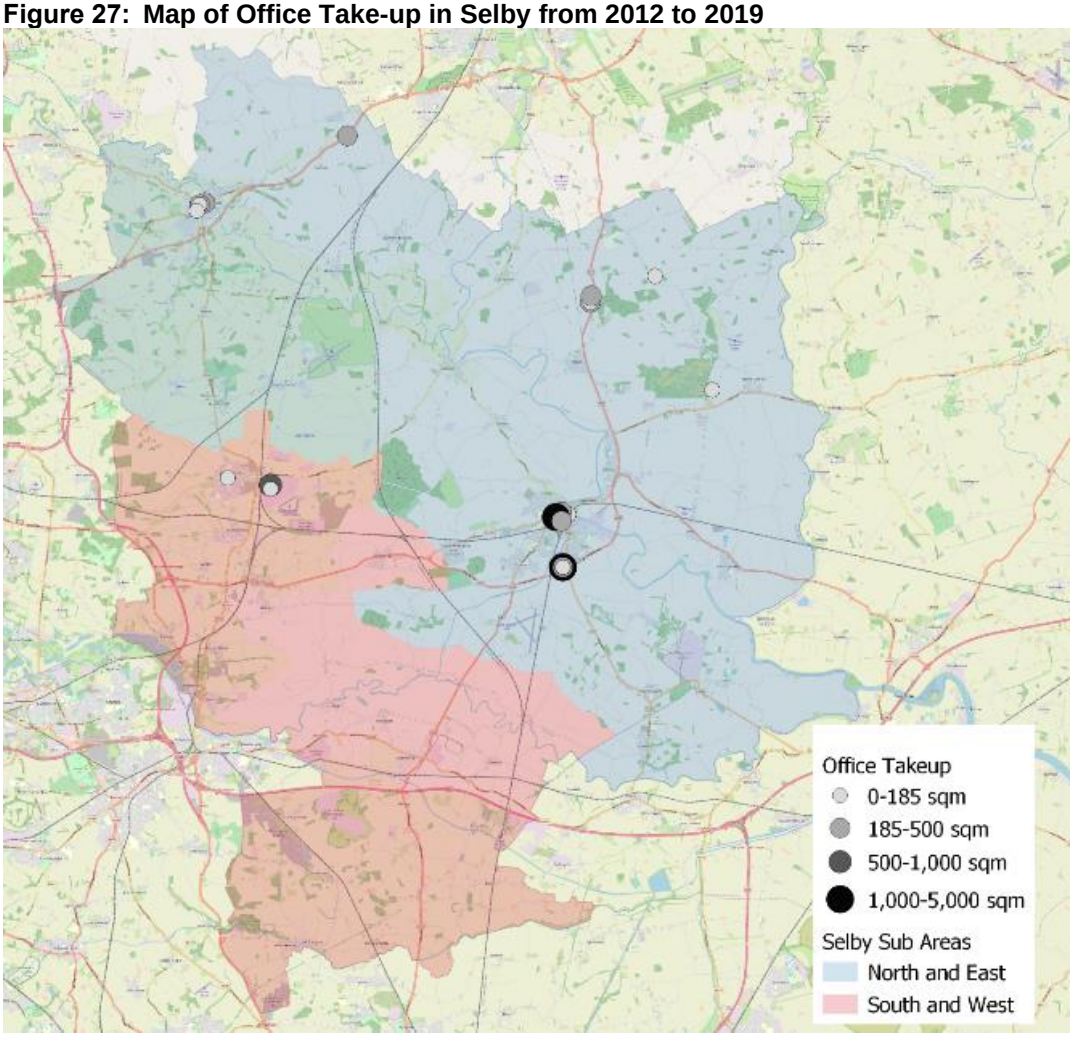
Figure 26: Indexed Office Floorspace



Source: VOA Business Floorspace Statistics (2019)

6.7 The map below reports the office take-up (occupations of floorspace) across the Selby District from 2012 to 2019. There is a clear cluster of office take up to the North and East sub-area, as it contains Selby town which has the majority of Selby stock.

Figure 27: Map of Office Take-up in Selby from 2012 to 2019



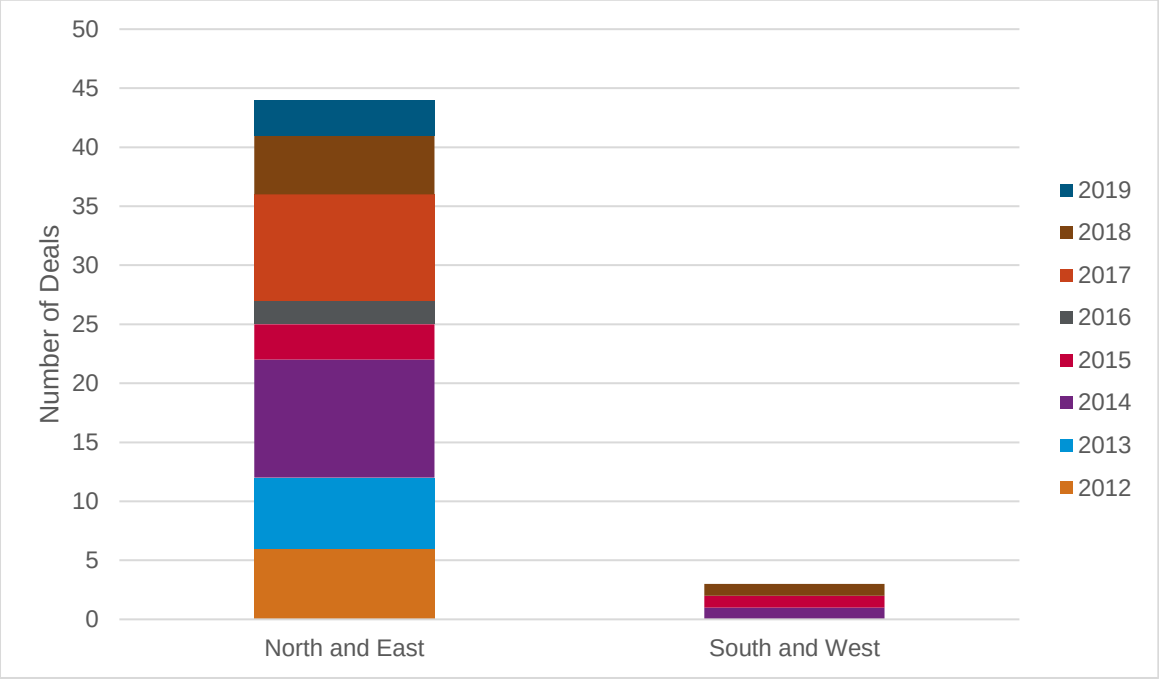
Source: GL Hearn, 2020 (from CoStar data)

6.8 The figure below illustrates the number of deals within the two sub-areas of Selby over the 8 years to 2019. The North & East of Selby had 44 deals over the period whereas there were only 3 deals in the South & West.

6.9 Across all of Selby, the market was most active in 2014 when 111 deals were recorded. The lowest number of transactions was recorded in 2016 when 2 transactions were made.

6.10 On average 5.9 office transactions are made per annum across the District. This breaks down to 5.5 deals per annum being completed in the North & East of Selby and 1 deal per annum in the South & West.

Figure 28: Number of Office Transactions by Year across Selby, 2013-2019

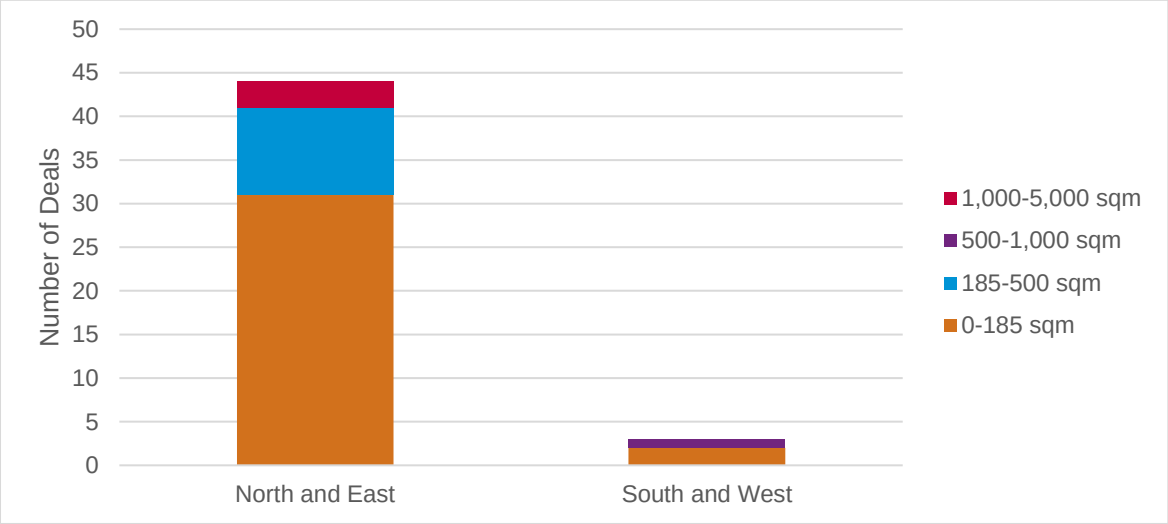


Source: GL Hearn Analysis of EGi and CoStar Data

6.11 Over the 2012-19 period, 57% or the majority of office floorspace was transacted in the North & East of Selby (12,620 sqm) when compared to only 760 sqm in the South and West.

6.12 Over the 2012-2019 period, the average annual floorspace take-up was around 1,675 sqm. The highest volume of transactions in a single year was recorded in 2016 with 2,512 sqm of office floorspace transacted across the district.

Figure 29: Office Floorspace Take-Up by Location, 2012-18 (sqm)

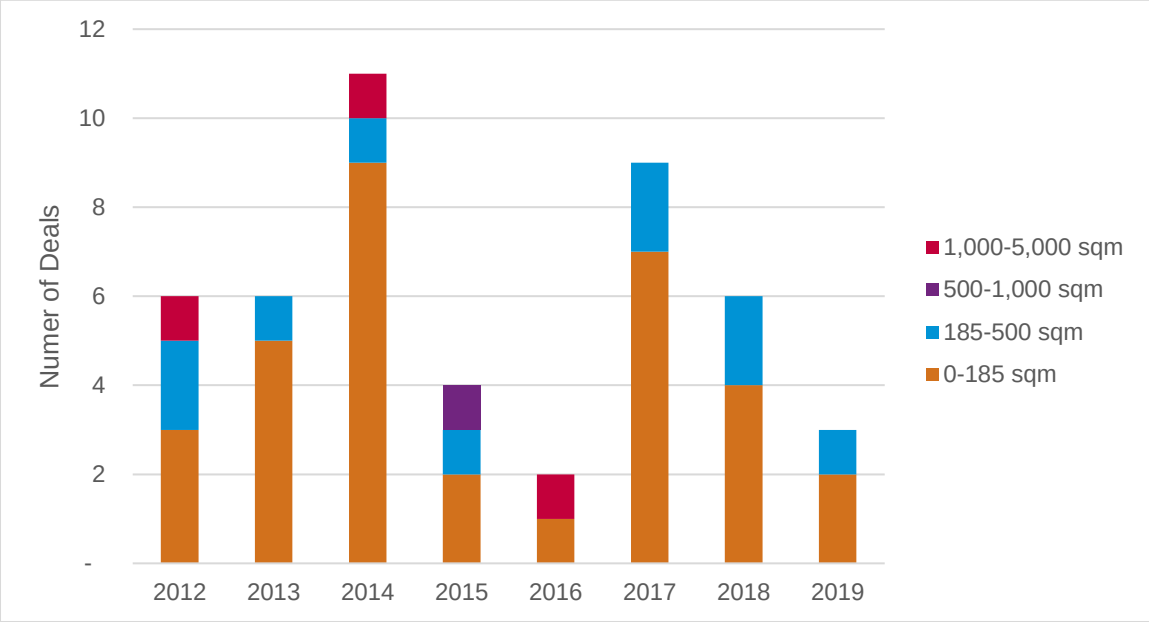


Source: GL Hearn Analysis of EGi and CoStar Data

6.13 Over the period, proportionally more transactions in Selby District involved units with sizes under 185 sqm at 70%. A further 21% of transactions across Selby are for offices spaces between 185 and 500 sqm. Transactions of 500-1,000 sqm and 1,000-5,000 sqm are at 2% and 6% of deals, respectively. There are no deals in size bands above 5,000 sqm.

6.14 From the figure below, it shows that there has been a variance in the number of transactions over time, but this is due to overall low numbers. The drop in deals in 2015 and 2016 was contributed to a lack of deals under 185 sqm.

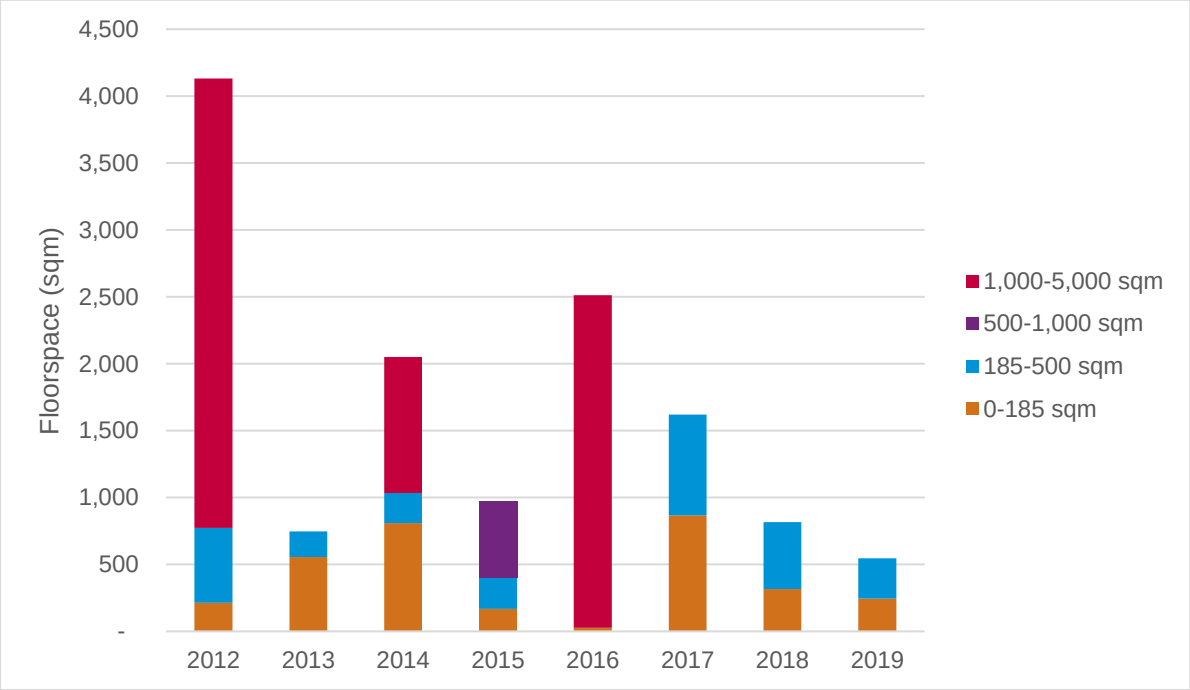
Table 21: Profile of Office Deals by Size in Selby, 2013-2019



Source: GL Hearn Analysis of EGi and CoStar Data

6.15 The figure below profiles take-up over time and by floorspace in each size band in Selby over the last 8 years. The highest volume of office floorspace take-up was in the middle size band of 1,000 – 5,000 sqm. Despite the low number of deals in 2016, it was the second-highest year in terms of floorspace transacted with 2,484 sqm leased.

Figure 30: Office Floorspace Take- Up by Size in Selby, 2013-2019



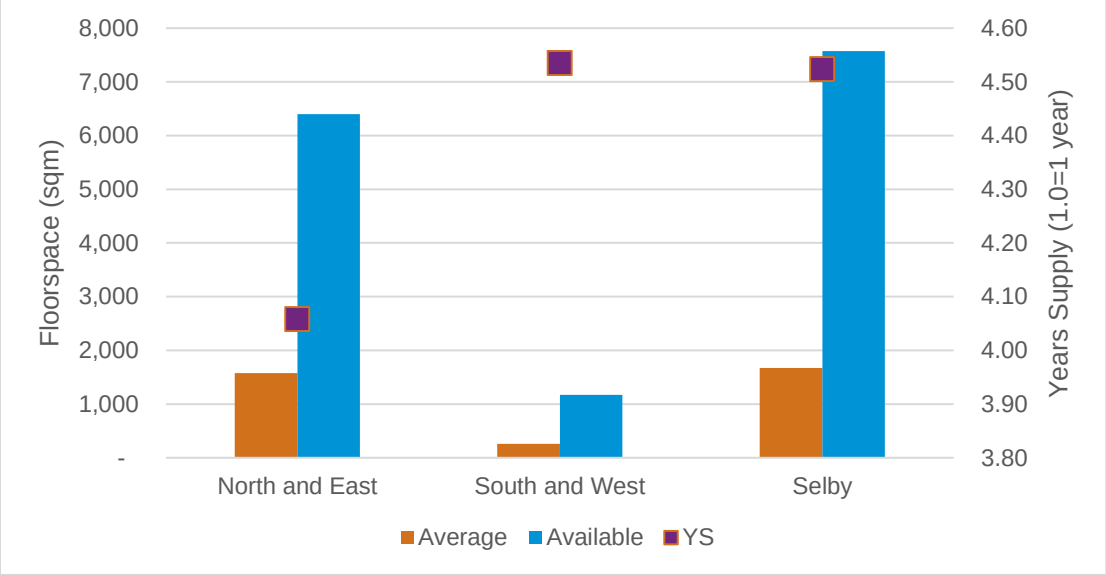
Source: GL Hearn Analysis of EGi and CoStar Data

Office Availability

6.16 Availability, or floorspace advertised on CoStar and EGi, was collected in Selby District and analysed according to locations, size, and type.

6.17 Within the District, the highest number of office spaces available is in the North & East of Selby (17) followed by South & West (3).

Figure 31: Number of Available Office Units in Selby



Source: GL Hearn Analysis of EGi and CoStar Data

6.18 The figure below displays the amount of available office floorspace located within the District by the selected sub-areas. There was a total availability of floorspace totalling 7,574 sqm across the District. This is split with 6,401 sqm being available in the North & East and 1,173 sqm in the South & West.

6.19 The highest amount of available office floorspace is held within offices under 185 sqm in size (55%). This is followed by 500-1,000 sqm (20%). The largest single available office unit is a speculative unit in the A19 Business Centre for 1,115 sqm.

6.20 As shown in the table below, the year's supply of office floorspace has been calculated for Selby and the sub-areas. This has been calculated by taking the available office floorspace and dividing the average annual take-up to get an idea of the supply position for Selby.

Table 22: Years Supply of Office Floorspace in Selby

	Average	Total	YS
North and East	1,577	6,401	4.1
South and West	259	1,173	4.5
Selby	1,675	7,574	4.5

Source: GL Hearn Analysis of EGi and CoStar Data

6.21 The analysis suggests that 4.5 years of supply of office floorspace in Selby. Of the years' supply, there is over a 4 years supply in both sub-areas. This suggests a reasonable supply of office for current needs.

6.22 However, it is important to note that "availability" includes speculative buildings which are seeking pre-lets or are under construction. 39% of office floorspace is advertised as speculative, whereas 54% is existing and in relatively good condition. 7% of floorspace is second-hand stock of low value. This suggests that the small but active office market in Selby needs to continue to be supported and that over time pre-lets on speculative development are likely to come forwards.

Table 23: Availability of Total Office Floorspace by Type in Selby

	Existing	Proposed	Second-hand Grade B	Total
North and East	48%	46%	6%	100%
South and West	86%	0%	14%	100%
Selby Total	**54%**	**39%**	**7%**	**100%**

Source: GL Hearn Analysis of EGi and CoStar Data

Industrial Market Review

6.23 This section provides an assessment of the Selby District industrial market with regional and national comparisons. The quantitative analysis for the District itself in terms of past take-up has been based on transactions recorded on EGi and CoStar.[6] This has been augmented through engagement with commercial agents.

6.24 As noted previously, the VOA data is only available at a local authority level and thus is presented for the entirety of the Selby District. The CoStar and EGi data has been analysed according to sub-area.

6.25 The amount of industrial floorspace in Selby in 2019 was 1,051,000 sqm, showing the strongest gains of any comparator since both 2001 and 2011, highlighting the economic role of Selby.

Table 24: Industrial Floorspace, 2018/2019

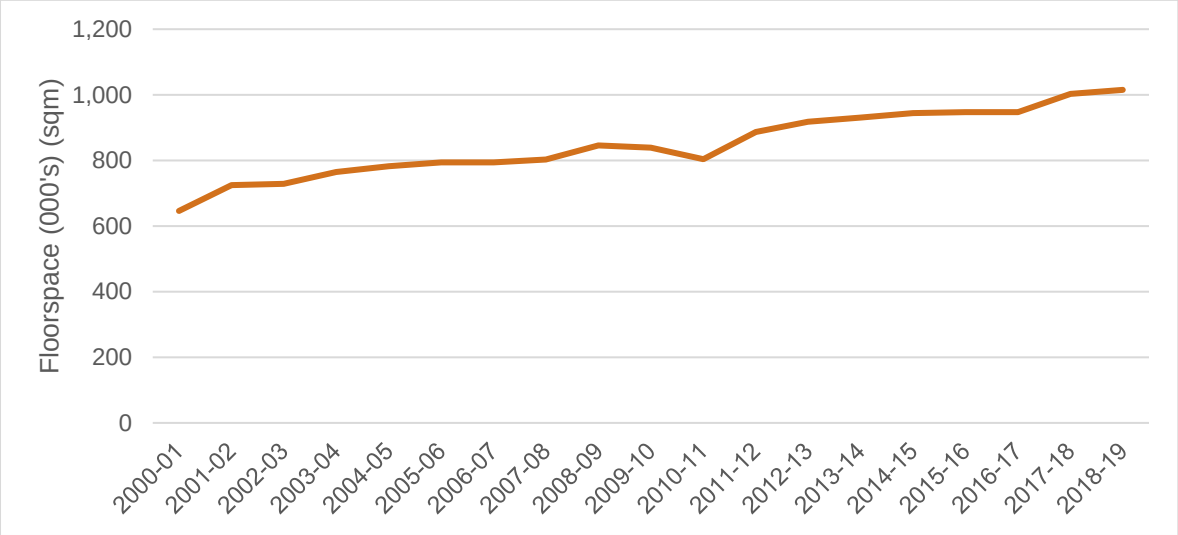
Geography	Industrial Floorspace ('000 sqm)	Per Annum Change Since 2001	Per Annum Change Since 2011
Selby	1,015	2.4%	1.7%
Leeds	5,023	-1.1%	-0.7%
York	705	-1.8%	-0.6%
Wakefield	3,582	0.7%	1.3%
Harrogate	832	0.7%	0.6%
Craven	385	-0.7%	-0.1%
Bradford	4,093	-1.4%	-0.7%
Calderdale	2,143	-1.0%	-0.1%
Kirklees	3,760	-1.1%	-0.3%
Barnsley	1,813	0.7%	0.9%
Leeds City Region	23,351	-0.6%	0.0%
Yorks and Humber	41,303	-0.1%	0.2%
England	309,771	-0.2%	0.1%

Source: VOA Business Floorspace Statistics (2019)

[6] Although these are the most comprehensive lists available, not all transactions are included. In some cases, transactions or availability is applied to the nearest postal town which may be in a different local authority to the transaction. GL Hearn have used Geographic Information System (GIS) to accurately present the analysis at a local authority level.

6.26 Except for between 2008/09-2010/11, there have been steady increases in the overall amount of industrial floorspace in the district. The per annum increase from 2000-19 was 2.4%.

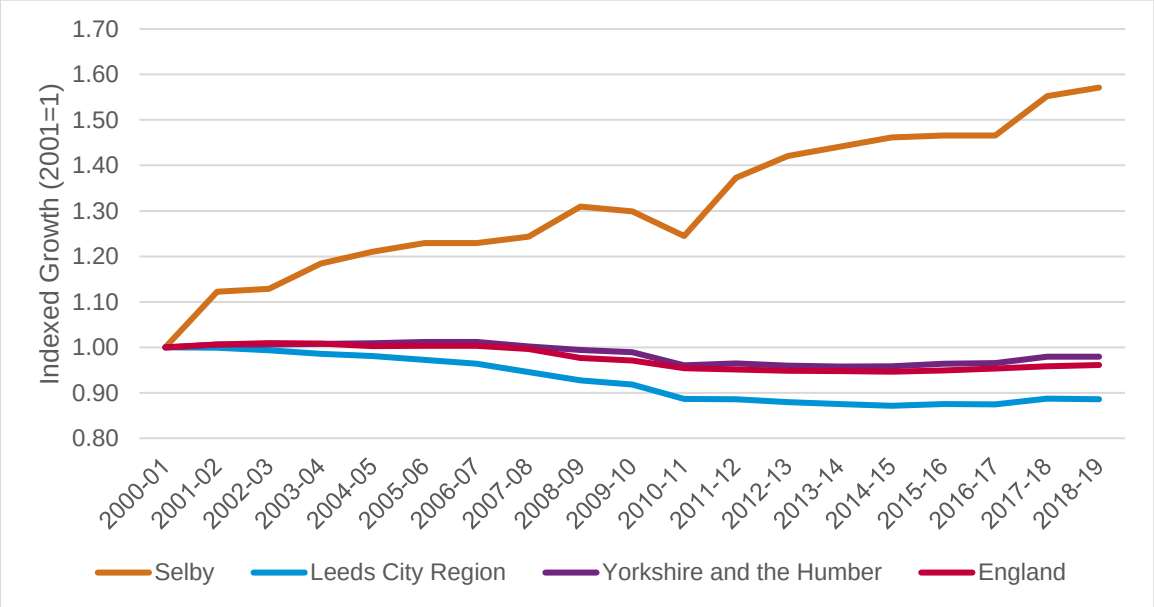
Figure 32: Selby Industrial Floorspace



Source: VOA Business Floorspace Statistics (2019)

6.27 When comparing the indexed industrial floorspace of Selby to the wider region and national comparators, the extent relative of the industrial growth the District experienced since 2000 can be seen. Industrial floorspace in Selby over the period increased by 57%, while in Yorkshire & The Humber it fell by 2% and England's floorspace also fell by 4%.

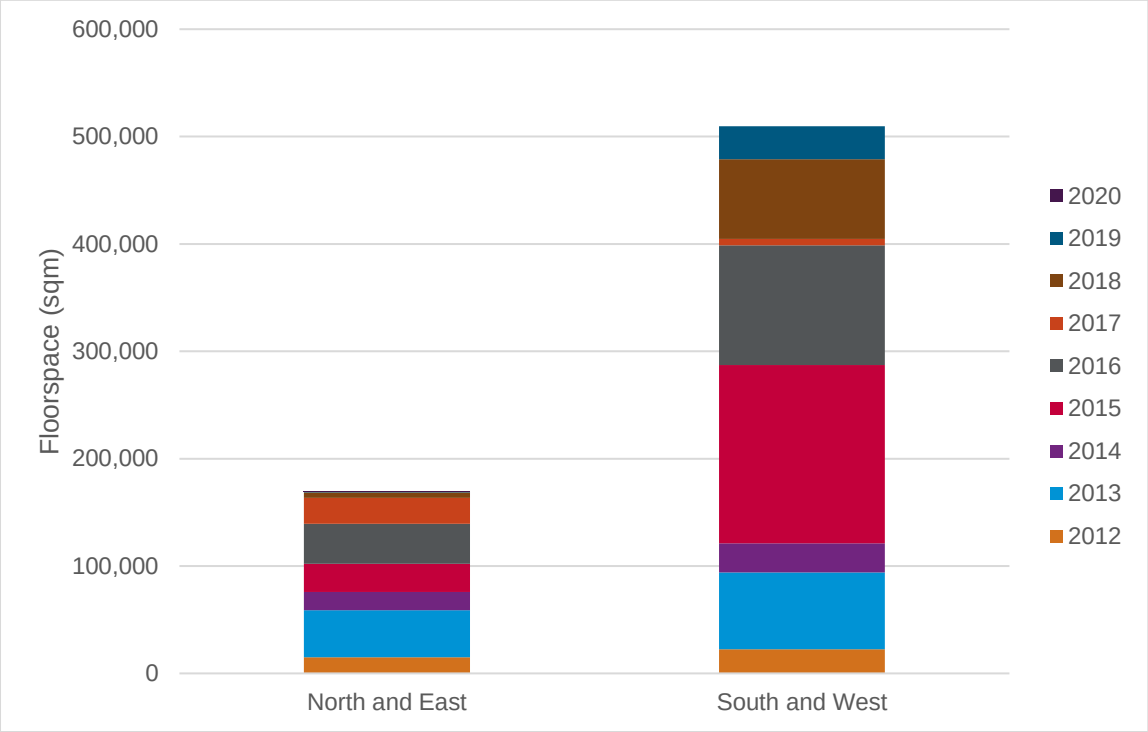
Figure 33: Indexed Industrial Floorspace



Source: VOA Business Floorspace Statistics (2019)

6.28 The figure below presents the number of industrial deals by size and year in Selby District. On average 28 deals were recorded per annum in the district. The highest number of deals were made on premises under 185 sqm at 36% of total deals. The lowest number of deals was for units between 5,000 and 10,000 sqm at only 4% of total deals.

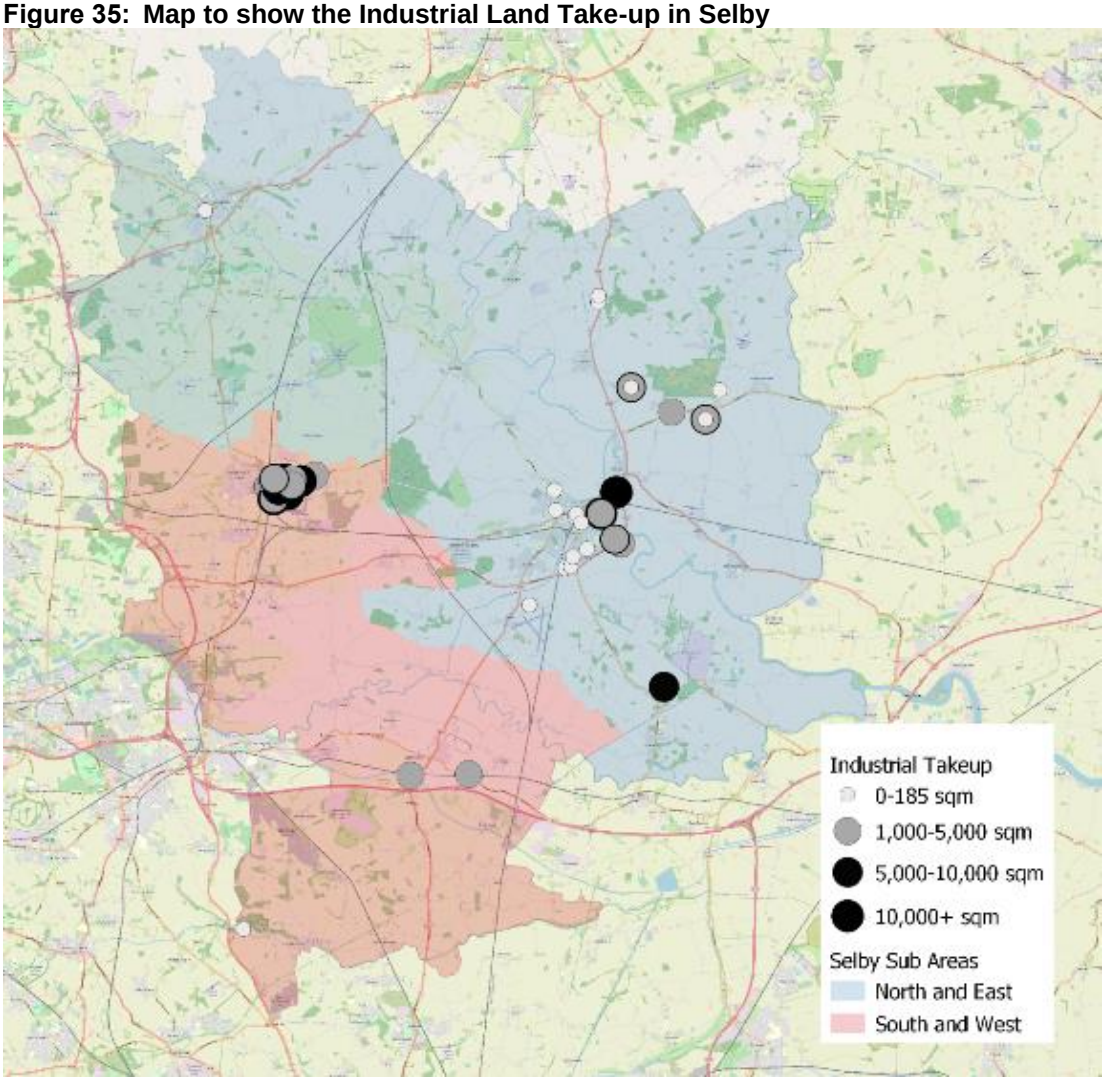
Figure 34: Number of Industrial deals by size and year in Selby, 2012-19



Source: GL Hearn Analysis of EGi and CoStar Data

6.29 The map below shows the location of deals completed across the District from 2012 to 2019. From the map, there is a clear clustering of industrial sites along key transport corridors such as the A1 (M), M62 and A19, along with market towns such as Sherburn in Elmet and Selby.

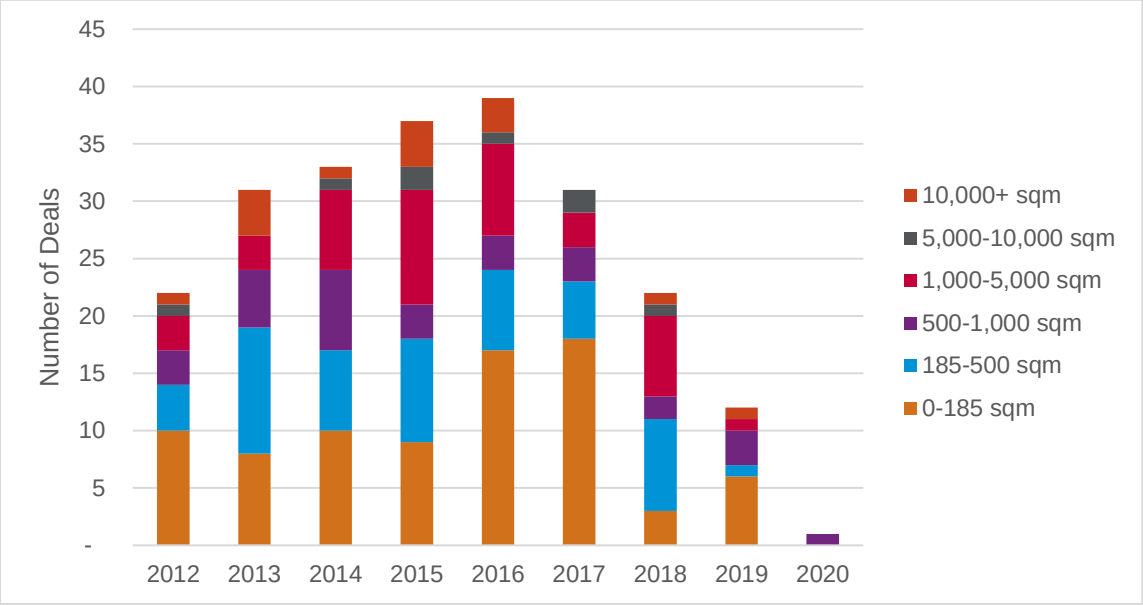
Figure 35: Map to show the Industrial Land Take-up in Selby



Source: GL Hearn, 2020

6.30 The figure below presents the industrial unit take-up by size band. Over the 7 years, the highest number of units taken up was recorded for units under 185 sqm (36% of all units) followed by units between 185 and 500 sqm (23% of all units). 15 deals, or 7% of all deals, were for units above 10,000 sqm. Units over 10,000 sqm are typically strategic warehousing close to key traffic corridors.

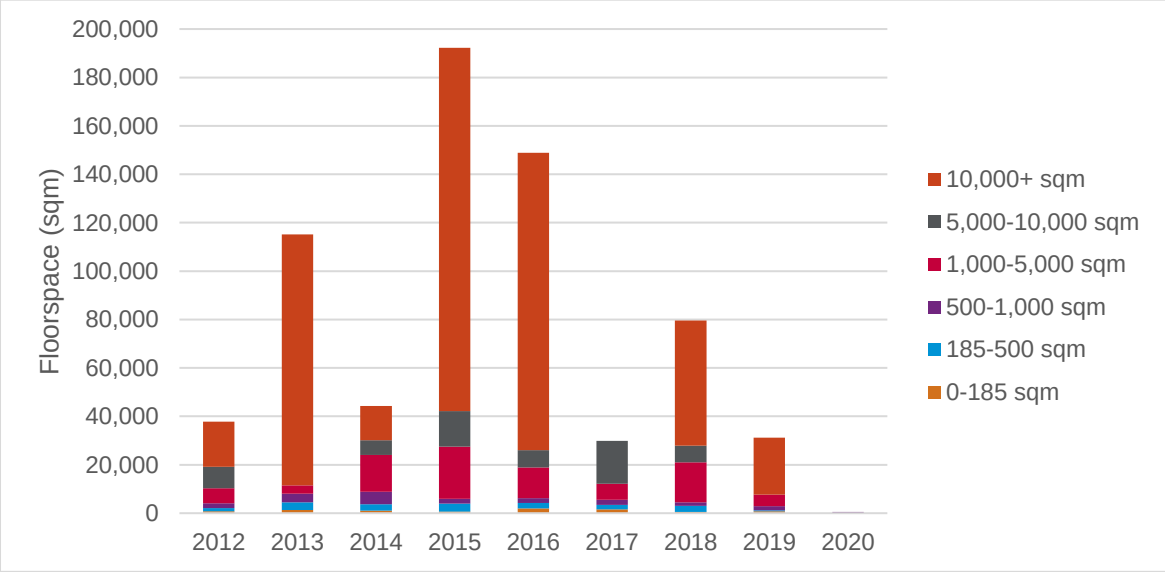
Table 25: Profile of Industrial Deals by Size in Selby, 2012-2019



Source: GL Hearn Analysis of EGi and CoStar Data

6.31 The figure below presents the industrial floorspace take-up by size band. Over the 7 years, the highest volume of floorspace was recorded for units between over 10,000 sqm (71.3%) and between 1,000-5,000 sqm (12.8%) Only 1.3% of floorspace was taken-up for units between 0 and 500 sqm. This means that Selby tends to have an industrial market characterised by take-up of larger floorplates.

Figure 36: Industrial Floorspace Take- Up by Size in Selby, 2013-2019



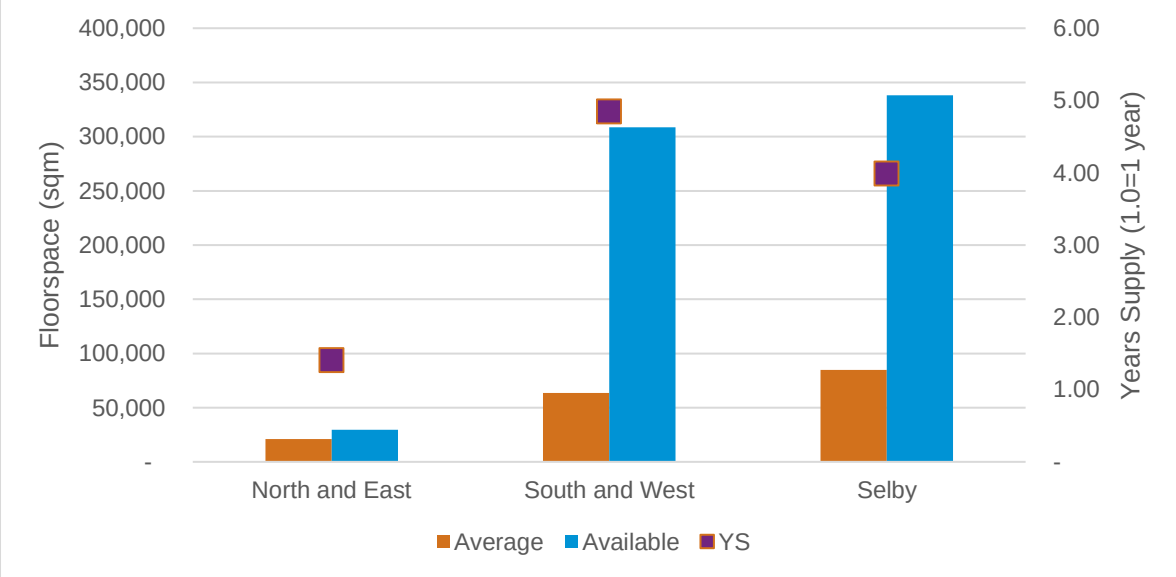
Source: GL Hearn Analysis of EGi and CoStar Data

Available Industrial Floorspace

6.32 Availability data has been analysed by looking at what is currently being advertised on both EGi and CoStar databases. This provides an indicative 'point in time' snapshot of availability across the area as of May 2020.

6.33 There was a total 338,271 sqm of industrial floorspace available in Selby equivalent to less than 33% of total floorspace. 5-10% vacancy a typical healthy rate enabling choice and churn – however a large percentage of floorspace is not immediately available.

Figure 37: Floorspace available by Sub Area



Source: GL Hearn Analysis of EGi and CoStar Data

6.34 As shown in the table below, the year's supply of industrial floorspace has been calculated for Selby and the sub-areas. This has been calculated by taking the available industrial floorspace and dividing the average annual take-up to get an idea of the supply position for Selby. This initially suggests a good current supply of industrial floorspace in the marketplace.

Table 26: Years Supply of Industrial Land in Selby

	Average Take-up	Available Floorspace (sqm)	YS
North and East	21,163	29,693	1.4
South and West	63684	308,578	4.8
Selby	84,847	338,271	4.0

Source: GLH Analysis of CoStar and EGi Data

6.35 The analysis suggests that 4.0 years of supply of industrial land in Selby. However, as per the table below, 70% of that supply is proposed floorspace and thus is not immediately available for occupation. This highlights the importance of bringing forward additional floorspace in the District.

Table 27: Availability of Total Industrial Floorspace by Type in Selby

	Existing	New Build (existing)	Proposed	Second-hand Grade B	Under Construction	Total
North and East	21%	0%	35%	43%	0%	100%
South and West	25%	1%	73%	0%	1%	100%
Total	**25%**	**1%**	**70%**	**4%**	**1%**	**100%**

Source: GL Hearn Analysis of EGi and CoStar Data

Agent Consultation

Industrial Market

6.36 Vacancy in 2019 is below 1% in Selby, which is acutely low compared to 9.5% in Q2 2011. As a result of decreasing vacancy, rental prices have increased from £4.20 in Q2 2011 to £5.70 psf. The wider York submarket reports a slightly higher rent at £6.17 psf. Decreasing vacancy and strong price growth indicates increasing demand for space in Selby, and a lack of immediate supply.

6.37 Key estates include Sherburn, sites along key arterial roadways such as A1(M), M62, A19. A key locational driver for Selby is a connectedness to several urban centres via motorways, where HGV's could access urban centres easily. Agents indicated that there is a demand for space across size bands, but with a particular shortage in spaces between 100,000 sqft and 200,000 sqft (or at the lower to mid-end of "big box" warehousing. Selby has continued to remain desirable for manufacturing and warehousing space due to road connectivity and proximity to major urban centres, combined with relatively lower land values compared to nearby Leeds and York.

Office Market

6.38 The office market in Selby is relatively limited compared to that in Leeds and York. CoStar identifies Selby District as part of the York office market. Rental values in the submarket are £12.89 psf compared to £13.99 psf in the wider York market. Office vacancy was 16% in Q2 of 2020, which is a notable decline from 38% in Q4 of 2011, however, the York market had a reported vacancy rate of 5.8%. This could indicate that there is a mismatch between the type of supply versus demand in the Selby market.

COVID-19

6.39 It is recognised that the sample point (spring 2020) will not have captured the impacts of COVID-19 on the office market. For the most part the national picture has seen fairly limited change to date with working from home and existing leases being maintained. However over time there is expected to be a greater allowance for home working, potentially leading to businesses looking for smaller floorplates than historically being the case. There may also be a shift away from city centres to towns – for example such as Selby. Ensuring a supply of smaller flexible spaces is likely to support local towns and high streets.

6.40 A Cushman & Wakefield report (written August 2020) called "Future of Workplace" notes that collaboration in offices has been able to continue remotely, and that firms will inevitably review their existing floorspace requirements. The study indicated that 73% of the workforce surveyed would want some level of working from home after the pandemic.

6.41 A Savills Research Article entitled "The return to work" argues that lower occupational densities (due to less workers requiring a desk) along with a shift towards remote and agile working practices in both the UK and Europe.

Commercial Market Review: Key Points and Recommendations

- A property market review was undertaken to reveal key trends in both the office and industrial markets in Selby.

Offices

- Office floorspace has increased by 53% in the District since 2001, due to a building boom in 2006 and 2012, since then, office floorspace has declined and remained relatively stable in the District.
- The majority of the District's availability is in secondary floorspace in and around Selby Town Centre.

Industry/Warehousing

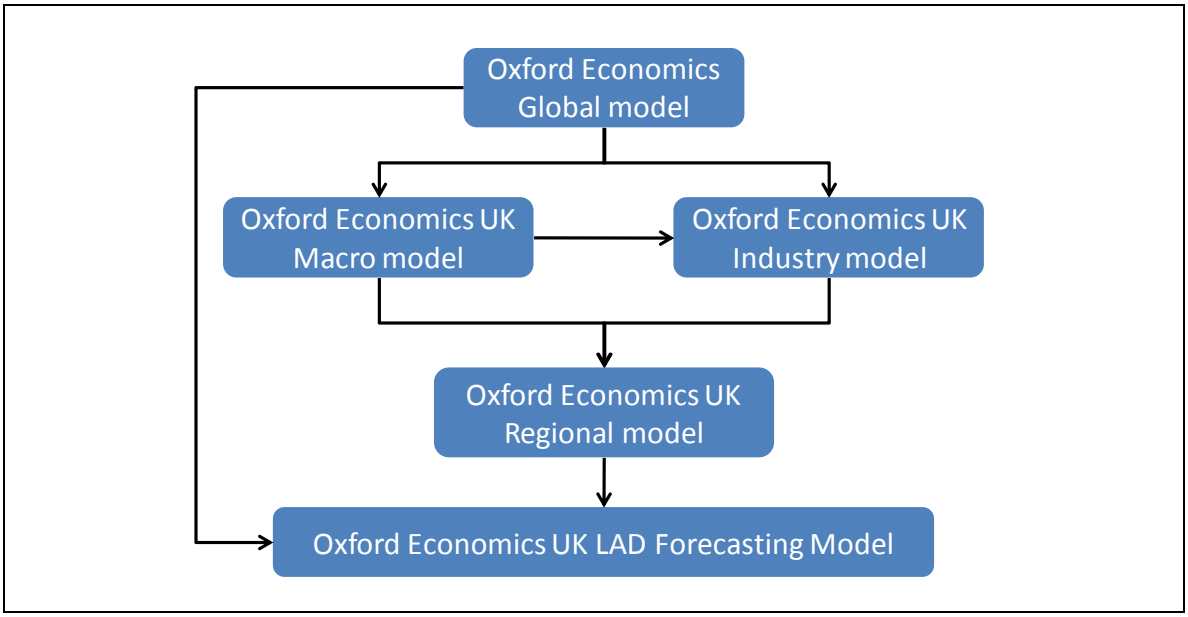
- Industrial floorspace has increased by 57% in the district since 2001, with growth accelerating since 2010, indicating a strong growth trajectory in recent years.
- Take-up typically concentrates in key industrial estates at sites along key motorway and A-road corridors.
- Overall, there is very strong demand and occupiers continue to see constraints in supply. As a result, the area commands high rents of around £6psf, with prices increasing.
- There is demand across all size bands of industrial units as demand for logistics and warehouse space is seen to be increasing.

7 EMPLOYMENT FORECASTS

7.1 Employment Forecasts Oxford Economics (OE) was commissioned by GL Hearn to provide baseline demand-based forecasts for the HEDNA. The OE forecast is dated May 2020.

7.2 The baseline model is the lowest hierarchical level of the OE framework of forecasting models. Such a modelling framework ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at the local authority level. This framework ensures that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in the OE global, national and sectoral forecasts have an impact on the local area forecasts alongside the sectoral structure and past sector performance locally.

Figure 38: Hierarchal structure of Oxford Economics' suite of models



Source: Oxford Economics, 2020

7.3 The baseline forecasts for the HEDNA are essentially shaped by three factors:

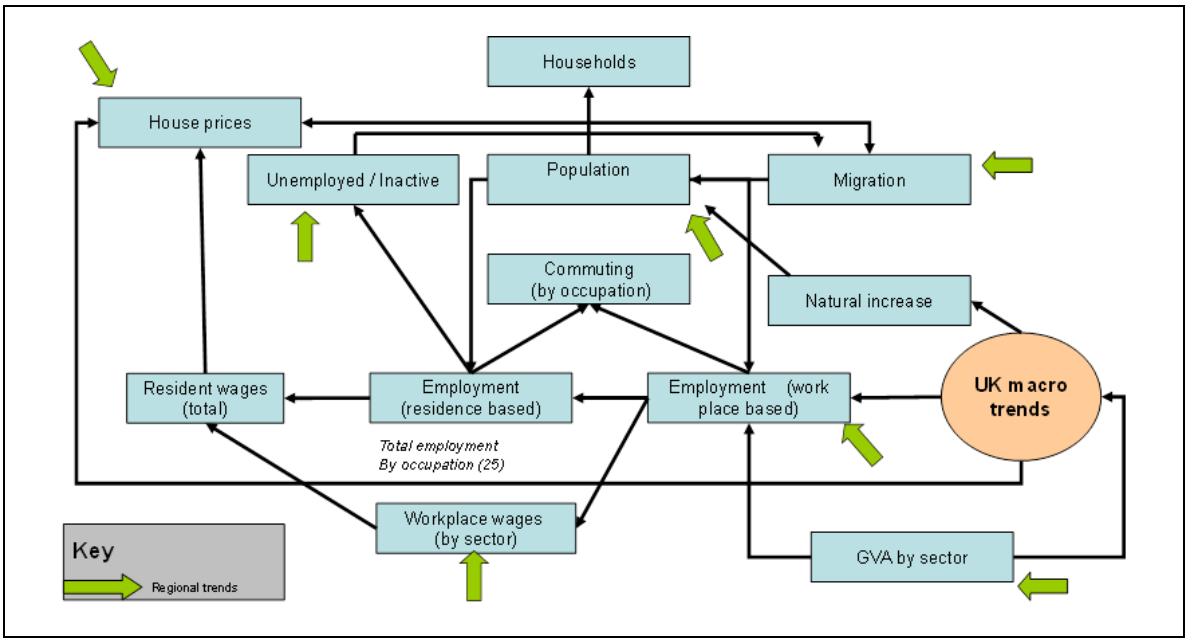
- International, national and regional outlooks - all the local area forecasts produced by OE are fully consistent with broader regional, national and international models and forecasts. This ensures global events that impact on the performance of UK local economies, such as the strength of global trade are fully captured in the forecasts for a local area. So too are national-level growth and policies, whether that be the impact of monetary policy on consumer spending or government spending on locally provided public services;
- Historical trends in an area, which implicitly factor in supply-side factors affecting demand, combined with the OE and GLH knowledge of local areas and the patterns of local economic development. This ensures for example, that we recognise and factor into the forecasts any evidence of particularly high/low levels of competitiveness that local economies have in

particular activities. It also means national policy programmes that have a particular local impact and that are very likely to happen; and

- Fundamental economic relationships which interlink the various elements of the outlook. OE's models ensure full consistency between variables in a local area. For example, employment, commuting, migration and population are all affected by one another.

7.4 The forecasts are produced within a fully integrated system, which makes assumptions about migration, commuting and activity rates when producing employment and population forecasts. Note that these are different assumption from the population assumptions set out earlier in this report and therefore different from the demographic growth assessment. The main internal relationships between variables are summarised in the figure below.

Figure 39: Employment Forecasting Main Relationships



Source: Oxford Economics, 2020

7.5 The starting point for producing employment forecasts for a local authority is the determination of workplace-based employees in employment in each broad sector. There are two key sources for this – ONS Workforce Jobs (WFJ) and the Business Register and Employment Survey (BRES). The WFJ series is reported quarterly, providing estimates of employee jobs by sector (based on the 2007 Standard Industrial Classification – SIC 2007) for the UK and its constituent government office regions. The BRES Survey is an annual survey of businesses which is used to estimate the employment levels by different sectors.

7.6 Within the OE model migration is expected to grow or decline in parallel with the employment total. If the employment total within an area is falling too fast, migration also falls as the model assumes that

people would not be attracted into this area to live, given that the employment prospects are weak. This ensures that the relationship between the labour market outlook and the population outputs are inter-linked.

Disaggregating Growth

7.7 The Oxford Economics forecasts are based on a global view of growth which is translated to the UK, then the Yorkshire & The Humber region and then each local authority within the region. Within the hierarchy, the growth in the lower level in the hierarchy must add up to that of the level above within the baseline forecast.

7.8 How the national level of growth is translated into a regional and local authority level differs from sector to sector. Some of the sectors are driven predominantly by population estimates, others by total employment in the area and the remainder by the sector's performance relative to the regional performance (largely exporting sectors). The methods of sectoral projection are as follows, each of which are forecast based on recent trends:

- Agriculture - share of the regional employment
- Mining and quarrying - share of the regional employment
- Manufacturing - share of the regional employment
- Electricity, gas, and steam - share of the regional employment
- Water supply; sewerage, waste management - share of the regional employment
- Construction - location quotient (LQ) based upon total employment
- Wholesale and retail trade - LQ based upon consumer spending
- Transportation and storage - LQ based upon consumer spending
- Accommodation and food service activities - LQ based upon consumer spending
- Information and communication - share of the regional employment
- Financial and insurance activities - share of the regional employment
- Real estate activities - LQ based upon total employment
- Professional, scientific and technical activities - LQ based upon total employment
- Administrative and support service activities - LQ based upon total employment
- Public administration and defence - LQ based upon sectoral employment per population
- Education - LQ based upon sectoral employment per population
- Human-health and social-work activities- LQ based upon sectoral employment per population
- Arts, entertainment and recreation - LQ based upon consumer spending
- Other service activities LQ based upon consumer spending

7.9 Because of the way national forecasts are disaggregated the baseline growth in any given local authority largely reflects the relative strength of the sectors expected to grow nationally. In practice, this means that local authorities with a particular strength in their professional, scientific and technical sector and/or the administrative and support sectors (as the drivers of growth nationally) will see notable growth. For Selby, views on a national decline in manufacturing are likely to indicate a future contraction, despite strong local historic and planned performance.

COVID-19

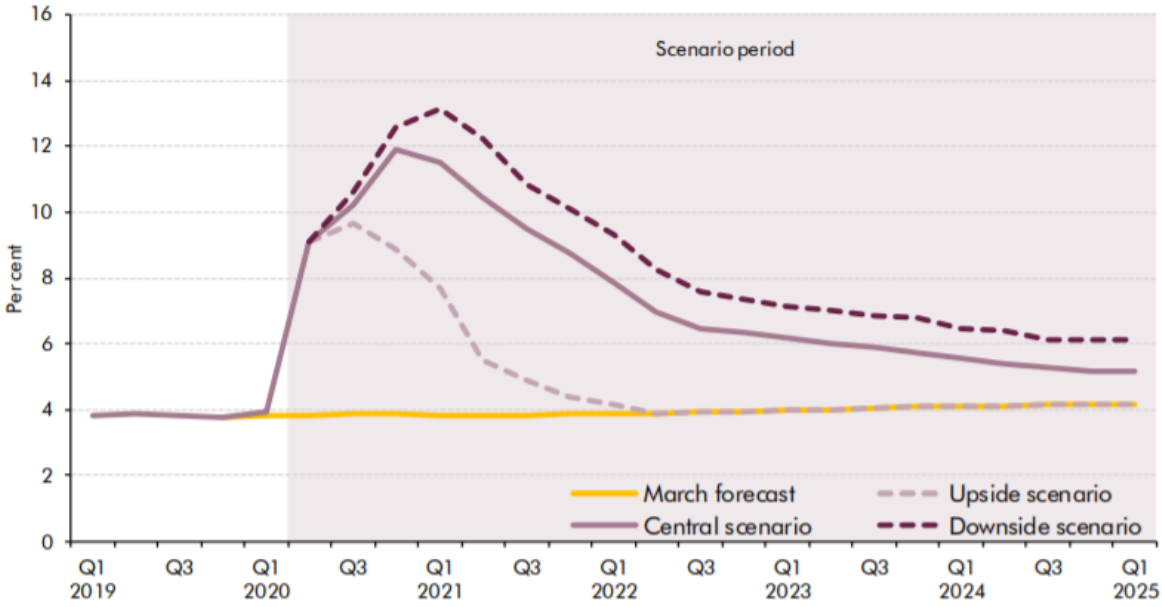
7.10 The Oxford Economics data (May 2020) incorporated initial adjustments to reflect the COVID19 pandemic. These centred around a 'V-shaped' recovery, with a return to pre COVID employment expected to be in place by 2021. As time progresses this seems less likely to be the case and relies on a national/global vaccine.

7.11 At time of report finalisation (August/September 2020) the situation remains dynamic. The Office for Budget Responsibility (OBR) on 14th July released economic scenario planning which identified a Central Scenario including where economic "activity recovers more slowly and incorporates some scarring to potential GDP."

7.12 The below chart sets out the scenario based unemployment reported by the OBR, indicating that it will take 4-5 years to recover the majority of employment lost during the pandemic and that there will be some 'scarring' at around 1% under the central scenario.

7.13 Different areas will vary substantially depending on their sector profile and Selby has faired well so far with the claimant count (job seekers allowance / universal credit) rising from 1.6% (900) in February 2020 to 4.0% (2,200) in August compared with 6.7% across the wider region and 6.6% across the UK. Around 1,300 persons have therefore lost jobs – and Oxford Economics have assumed a similar contraction in their baseline position - but this could increase as the government's furlough scheme ends at the start of November 2020.

Figure 40: COVID-19 unemployment rate forecast



Source: ONS, OBR

7.14 The latest ONS report 'Coronavirus and the impact on output in the UK economy: July 2020' reports that monthly GDP has recovered just over half of the decline in output from February 2020, measured from its lowest point during April 2020.

7.15 Services saw widespread improvement in July 2020, with over half of the output growth coming from industries where continued easing of lockdown restrictions had a significant impact, namely education, motor trades, pubs and restaurants, personal services, and hotels and accommodation. Manufacturing and construction also saw widespread improvement during July 2020, with motor vehicle manufacturing and house building showing the strongest growth.

7.16 Air transport remains the hardest hit sector followed by accommodation, food and beverage services and creative arts /entertainment. Retail, warehousing, motor trades and postal activities are all above their February 2020 level.

7.17 Data is not currently available at local area level to determine sector effects whereas national level employment data by sector is reported April – Jun 2020. This reports accommodation and food services contracting by 9%, agriculture and, forestry and fishing by 8% followed by construction and admin support falling by 4%. Overall employment fell 1%. This is unlikely to reflect the medium term position for example with a rapid bounce back foreseen in construction in particular.

7.18 The pandemic decreases the likelihood of the baseline jobs occurring in the shorter term i.e. 2020-2022/23 in particular, as recovery is occurring rather than growth. This leads to one of two outcomes arising, either that jobs forecast in the baseline occur more quickly from 2025-2036 to compensate for a slower start, or these jobs are gained in the post plan period 2036+. Given that the baseline forecasts already incorporated COVID-19 effects, further adjustments have not been made but are discussed where relevant.

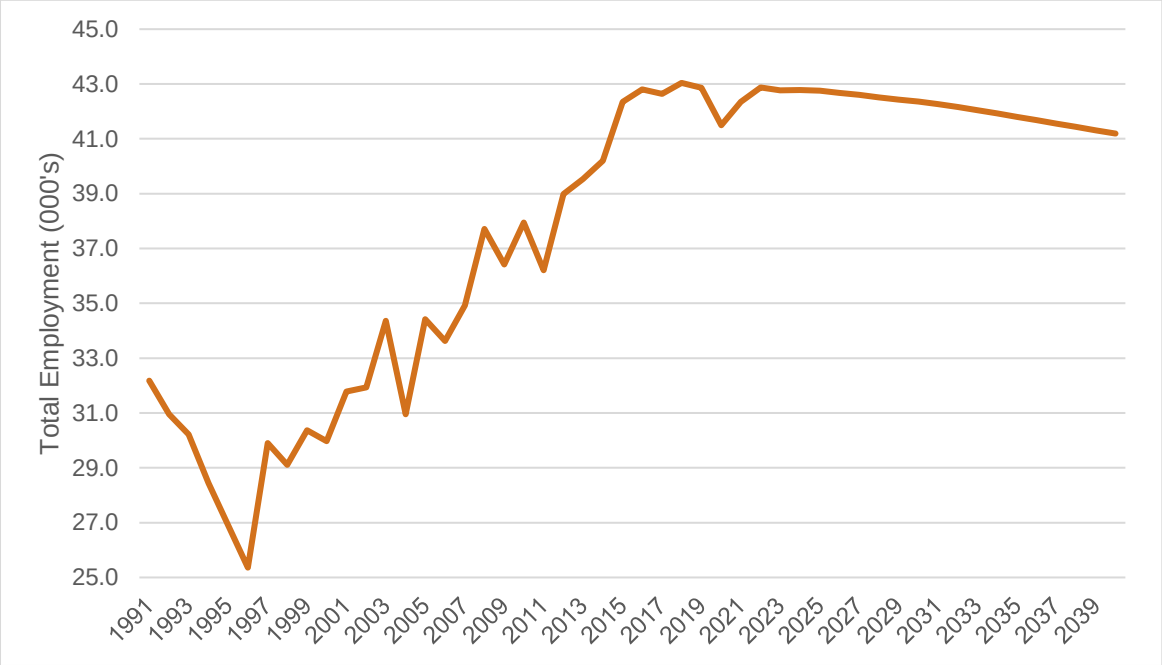
Baseline Forecast

7.19 In this section, we have provided the baseline forecast between 2020 and 2040 drawing on the latest 2019 data which is historic to 2018 (BRES based) and part historic in 2019 (regional data only). Oxford Economics indicate that Selby's economy is expected to grow by 1.21% per annum (GVA growth), which is higher than the growth achieved historically (1991-2018) at 0.57% growth per annum. By comparison, the OE baseline forecast for the Yorkshire & The Humber shows a GVA growth of 1.34% per annum (2020-40) compared to a past growth of 1.68% per annum (1991-2018).

7.20 Oxford Economics Baseline scenario shows the total number of jobs in Selby District is expected to contract from approximately 41,499 in 2020 to 41,187 in 2040. This is a total forecast change of -313 which equates to an annual growth rate of -0.04%.

7.21 2020 occurs in the 'V dip' of COVID, with an initial recovery but a wider principle of a contracting economy overall. This contrasts starkly to the historical growth in Selby, where employment grew at a rate of 1.59% per annum from 2010-2018, and at an even higher rate of 1.80% per annum from 2001-18.

Figure 41: Selby District Jobs Growth, Baseline Forecast (1991-2040)



Source: Oxford Economics, 2019

7.22 As with GVA growth, the jobs growth in the Baseline Forecast in Selby District of -0.04% is a decline compared to the level of jobs growth from 1991-2018 (1.08% per annum). The forecast level of jobs growth is lower than the regional equivalent (0.58% pa) which will be due to the OE perspective on contracting manufacturing jobs nationally and regionally, to which Selby is exposed. Around 2,000 jobs are forecast to be lost in Selby under the baseline scenario, counteracting gains in other sectors.

7.23 In terms of COVID, more recent data than the forecast chart above would see a longer lead in to the return to the 20129 peak but does not alter the underlying impacts.

Adjusted Forecasts

7.24 While the baseline forecast provides a good indication of the direction of growth it does not reflect the progression of some specific sectors locally. We have considered the Baseline Forecast for these sectors and reviewed the historic and future trends for the District in each and compared this to regional and national trends.

7.25 The location quotient analysis in section 5 sets out the structure of Selby District's economy compared to that of the Yorkshire & The Humber region in 2018. That figure illustrated that the District has

particular strengths in the Arts, Health, Education, Public Administration, along with Profession Scientific & Technical.

7.26 GL Hearn's analysis of the forecast OE Compound Annual Growth Rate (CAGR) or the average annual rate of change of employment is compared to the long-term historic period of 2001-18 and the more recent 2007-18 period to test its grounding in local performance.

7.27 GL Hearn has looked at local priorities including the Selby Economic Development Framework (EDF) as well as emerging Local plan priorities.

7.28 In conjunction with desktop analysis, GL Hearn undertook extensive consultations with local planning policy officers, local economic development officers, commercial agents and other study stakeholders including the developers of major sites at Gascoyne Wood, Sherburn 2 and Eggborough. This enabled an understanding of the local economic outlook and enabled the generation of a combined qualitative perspective with a quantitative analysis of past trends, leading to a bespoke labour demand model that considers local conditions likely to materialise over the plan period to 2040. This should not be confused with a supply-side model which looks at planned growth capacity at individual sites.

7.29 The table below shows a comparison of compound annual growth rates (CAGR) which shows the per annum growth of each sector's employment over a specific period. This data below is presented on a broad industrial group level.

7.30 The data below should be viewed cautiously as some sectors have very small employment numbers which can vastly distort growth rates. Notwithstanding, what becomes immediately apparent is that some sectors that had high growth in recent historic years, such as transportation and storage, are forecast to experience by OE almost no employment growth per annum over the next 20 years. Given the nature of the district economy, this is unlikely to be the case in reality.

Table 28: Employment CAGR Comparison by Industry and time -Selby

Industry	Baseline Forecast (2020-50)	Long Term Historic (2001-18)	Recent Historic (2007-18)
Agriculture	-1.16%	-0.65%	2.66%
Mining	-3.34%	-13.66%	-16.78%
Manufacturing	-1.75%	0.62%	0.91%
Utilities	-1.17%	2.67%	0.40%
Water (high due to low numbers)	-1.18%	11.57%	3.24%
Construction	0.28%	1.76%	2.23%
Wholesale & retail trade	-0.08%	-0.39%	-1.48%
Transportation & storage	0.26%	6.38%	11.13%
Accomm & food service	0.48%	0.47%	0.08%
Information & comms	0.75%	7.07%	8.33%
Financial & insurance	-0.22%	-0.21%	2.84%
Real estate activities	0.02%	3.75%	5.93%
Prof, sci & tech	0.55%	3.78%	-0.98%
Admin and support service	0.75%	6.53%	7.55%
Public administration & def	-0.77%	3.03%	1.88%
Education	-0.15%	2.33%	1.68%
Human health & soc work	0.68%	1.55%	2.16%
Arts, ent & rec	1.38%	1.28%	1.86%
Other	0.34%	2.05%	3.28%
Total	-0.04%	1.80%	1.92%

Source: Oxford Economics (2020)

7.31 The CAGR's of several two-digit sectors (that make up the broad sectors noted above) have been analysed to generate a local growth model, which better reflects local assets and opportunities as well as historic performance. Adjustments do not assume that historic growth continues at the same rate, because as economies growth their rate of increase each year necessarily slows to slow down nominal growth rates. In some instances, therefore, the recent historic growth rate is likely to influence growth for a further ten years, before slowing towards the regional rate or baseline rate.

7.32 Based on the data research and stakeholder engagement, uplifts have been applied to some sub-sectors which increase from the overall CAGR of employment over the 2020 to 2040 period rising from -0.04% per annum to 0.55% per annum. The justification for this is shown overleaf.

Table 29: Significant Sector CAGR Analysis – Selby 2020-40

Sector	BL CAGR	Adjusted CAGR	Justification	Method
Manufacture of food	-1.93%	0.25%	EDF Key Sectors (adv. manufacturing)	Midpoint baseline and recent historic
Manufacture of beverages	-1.08%	-0.34%		Midpoint between the baseline and recent trend
Manufacture of motor vehicles	-2.27%	0.00%		Assumed no loss over time
Other manufacturing	-3.83%	2.41%		Midpoint between the baseline and recent trend
Elec, gas, steam & air con	-1.17%	-0.38%	EDF Key Sector (Energy)	Midpoint baseline and recent trend
Construction of buildings	0.35%	2.67%	EDF Key Sector (Construction)	LQ baseline and recent trend
Specialised construction	0.27%	1.56%		LQ baseline and LT historic
Land transport	0.07%	1.14%	EDF Key Sector (Logistics)	LQ baseline and LT historic
Warehousing & support	0.63%	2.98%		
Postal and courier activities	-0.06%	0.70%		
Food and beverage service	0.47%	0.68%	EDF Key Sector (Visitor Economy and Hospitality)	Midpoint baseline & LT historic
Sports activities & amusement	1.48%	2.39%		
Public admin & defence	-0.77%	0.55%	High LQ Sector	Midpoint baseline & recent historic
Total (All Sectors)	-0.04%	0.55%		

Source: GLH Analysis of Oxford Economics Data

7.33 The table below sets out the difference between the baseline forecasts and the adjusted position, with the difference being in manufacturing.

7.34 This suggests that Selby will generate around 5,000 jobs over the next 20 years rather than see a decline as forecast. This aligns more closely with the known prospects of the districts. These figures are modelled not drawn from local site data. They still assume a long-term decline in manufacturing as the UK's role in the international economy changes, but one would expect this occurs towards the latter end of the Local Plan period. Construction and Transport and storage also see major job growth drawing in recent past trends.

Table 30: Selby Employment Change 2020-40 Baseline & Adjusted Scenario

Industry	Baseline Forecast	Adjusted Forecast	Uplift
Agriculture	-297	-297	0
Mining	-61	-61	0
Manufacturing	-1,904	-538	1,366
Utilities	-229	-81	148
Water	-43	-43	0
Construction	178	1,520	1,342
Wholesale and retail trade	-64	-64	0
Transportation and storage	252	2,176	1,924
Accommodation and food service	232	339	107
Information and communication	100	100	0
Financial and insurance activities	-10	-10	0
Real estate activities	1	1	0
Professional, scientific and technical	372	372	0
Administrative and support service	779	779	0
Public administration and defence	-142	114	256
Education	-112	-112	0
Human health and social work	397	397	0
Arts, entertainment and recreation	177	308	131
Other service activities	60	60	0
Total	-313	4,960	5,272

Source: Oxford Economics (2020) GLH adjustments (Figures may not sum due to rounding)

7.35 In terms of COVID-19, the adjusted sectors most vulnerable are considered to be Accommodation & food with Arts, entertainment & recreation accounting for 238 in total. The model already allows for a recovery after the initial 2020 contraction in these sectors. Given wider uncertainty regarding the long term outlook it is considered reasonable to continue to plan for these relatively limited adjustments at this time.

Strategic Sites

7.36 GL Hearn has also consulted with council officers and various site promoters as noted above to understand the significant employment provision that is expected to come through over the Plan Period at allocated or consented sites. These discussions were undertaken in May/June 2020 and the stakeholders views remained resilient notwithstanding COVID-19. The inward investment sectors of manufacturing and distribution were not felt to be COVID vulnerable (Brexit was of greater concern) and in fact increasing e-commerce through COVID was increasing demand for some sites.

7.37 Where there was not an existing estimate to employment provisions provided (such as at Church Fenton and Eggborough Power Station), an employment density was applied to the estimated industrial floorspace expected to come forward. Displacement and the multiplier effects were also

considered to understand the net additional level of employment in Selby. Finally, the FTE (full-time equivalent) employment was converted to total employment using a ratio unique to Selby based on BRES data that details the split between full and part-time employees in the local authority. The assumptions used are set out below.

7.38 Of note, the Eggborough assumptions show a lower FTE than the application itself based on GL Hearn views of the mix of Use Classes likely to take up the site (i.e. greater focus on B8 than B2).

7.39 Displacement has been assumed local as 25% typically (low) given the relatively limited existing stock in the district – this would be much higher at the sub-regional level. Multiplier effects are assumed to be relatively conservative at 10% given the nature of the investments.

Table 31: Strategic Sites Employment Provision, Selby (2020-40)

Site	B2/B8 Floorspace (sqm)	Density (FTE Job / sqm)	B2/B8 Employment	Displacement (% rate)	Multiplier (% rate)	Total Employment	Total FTE Employment (90% FTE Conversion)
Gascoigne Wood	100,000	60	1,667	25	10	1,375	1,238
Eggborough Power Station	215,000	63	3,432	25	10	2,831	2,548
Kellingley Colliery	135,500	50	2,710	25	10	2,236	2,012
Church Fenton	57,000	32	1,800	10	10	1,782	1,604
Olympia Park	139,000	60	2,317	25	10	1,911	1,720
Sherburn 2	115,000	60	1,917	25	10	1,581	1,423
Total B-Class	761,500						10,545
Baseline Total Jobs Forecast							-313
All							10,232

Source: GLH Analysis of Council Inputs

7.40 These supply-led figures have been compared to the two labour demand scenarios to show the total expected change over the plan period.

Table 32: Employment Scenario Comparison, Selby

Scenario	Jobs 2020	Jobs 2040	Jobs Change
Labour demand baseline	41,499	41,187	-313
Labour demand growth	42,575	47,535	4,960
Baseline plus Strategic Sites	41,499	51,732	10,232

Source: GL Hearn Analysis of Oxford Economics and Council Data

7.41 The table shows that the full delivery of the sites in question across the Local Plan period would yield some 10,545 FTEs or 10,232 assuming OE's baseline assumptions remain underlying the economy

including a CVOID contraction and then recovery. Evidently, the District can deliver a much higher rate of growth than forecast by OE and those promoting and developing the sites are optimistic about the investment potential.

7.42 As a 'sense check', we have identified that annual jobs change per annum in Selby from 2001-18 and 2011-18 as 662 and 997 per annum, respectively. If these rates were continued forward to 2040 it would result in 13,248 additional jobs applying 2001-18 rates and 19,940 jobs using 2011-18 rates. Given the macroeconomic outlook, this level of growth is not considered realistic going forwards however it does credence to the District achieving a rate of growth in line with the higher rate models even considering issues related to COVID-19.

Economic Growth: Key Points

- The baseline forecast produced by Oxford Economics indicates that the District's economy is expected to grow by 1.2% per annum (GVA growth pa) between 2020 and 2040. The total number of jobs growth forecast is -313 which equates to an annual growth rate of -0.04%.
- As with the national forecasts, this is a slower level of growth compared to the previous business cycle. However, this is justified as both consumer and public sector expenditure is expected to fall.
- However, these baseline forecasts are largely trend-based and do not reflect local investment or planned growth. We, therefore, considered adjustments to the forecasts to reflect this.
- The growth scenario results in additional employment growth of 5,273 jobs from the Baseline Scenario (2020-40) taking the total jobs growth to around 4,960 across the District representing growth of 0.6% pa.
- The adjusted forecasts see the transportation and storage, construction and manufacturing have the most significant growth in jobs.
- Selby is considered to have the potential to deliver around 10,500 FTE jobs over the coming plan Period based on the capacity at permitted or allocated sites.

8 ECONOMIC LED HOUSING NEED

8.1 This section considers how economic growth may influence the level of housing need and also what level of jobs could be supported through the standard methodology.

8.2 While the standard methodology removes any consideration of economic growth within the OAN, there is still a requirement for local authorities to align their economic and housing strategies. By failing to do so Local Authorities would either struggle to meet their economic growth aspirations or draw a greater level of the workforce from outside the Local Authorities thus creating unsustainable commuting patterns, potentially causing congestion and over-crowding on key transport routes.

8.3 To look at estimates of the job growth that the population growth resulting from the delivery of 342 dpa would support, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply)
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

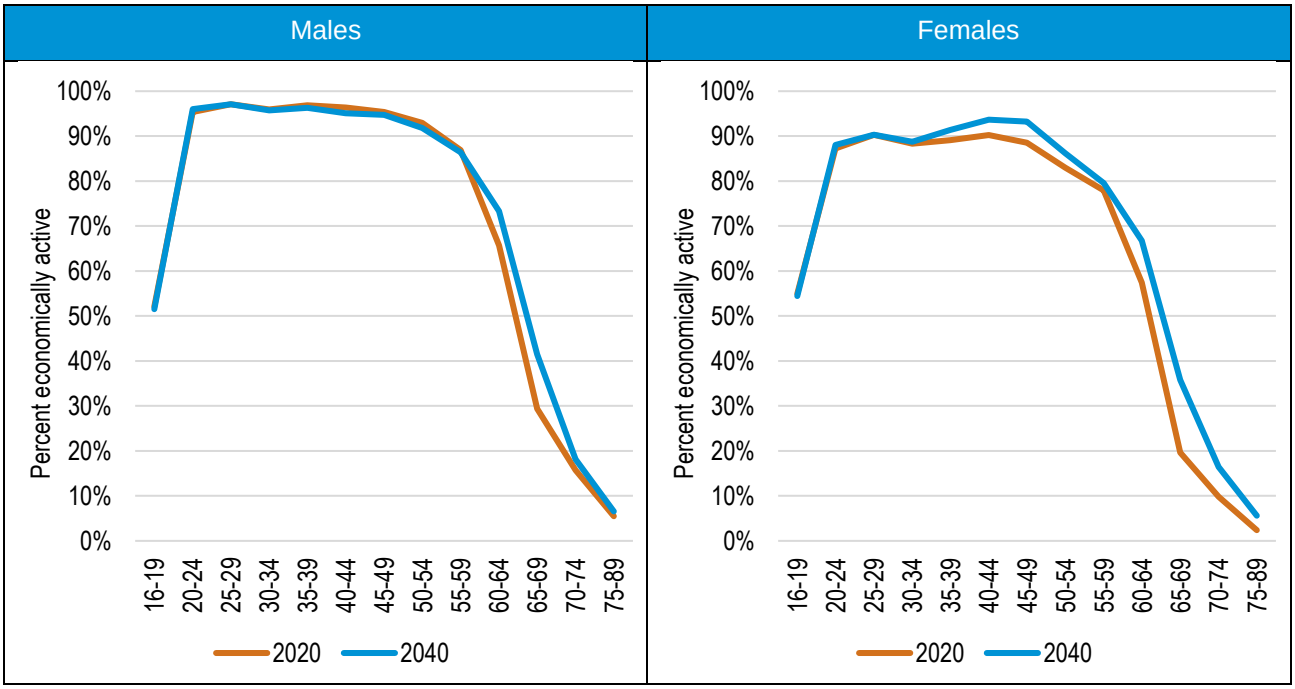
8.4 For comparisons, we have also examined the jobs growth resulting from the latest population projections.

Growth in Resident Labour-Supply

8.5 The approach taken in this report is to derive a series of age and sex-specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

8.6 The figure and table below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Table 33: Projected changes to economic activity rates (2020 and 2040) – Selby



Source: Based on OBR and Census (2011) data

Table 34: Projected changes to economic activity rates (2020 and 2040) – Selby

	Males			Females		
	2020	2040	Change	2020	2040	Change
16-19	52.1%	51.5%	-0.6%	54.9%	54.4%	-0.5%
20-24	95.4%	96.0%	0.7%	87.3%	88.1%	0.8%
25-29	97.1%	97.1%	0.0%	90.3%	90.3%	0.0%
30-34	95.9%	95.7%	-0.2%	88.3%	88.7%	0.4%
35-39	96.9%	96.3%	-0.6%	89.1%	91.4%	2.3%
40-44	96.4%	95.1%	-1.3%	90.2%	93.7%	3.4%
45-49	95.3%	94.7%	-0.6%	88.5%	93.3%	4.7%
50-54	93.0%	91.8%	-1.2%	83.0%	86.2%	3.2%
55-59	86.9%	86.4%	-0.5%	77.9%	79.6%	1.6%
60-64	65.7%	73.3%	7.6%	57.5%	66.8%	9.3%
65-69	29.4%	41.5%	12.1%	19.6%	35.8%	16.1%
70-74	15.7%	18.1%	2.4%	9.8%	16.4%	6.6%
75-89	5.5%	6.6%	1.1%	2.4%	5.6%	3.2%

Source: Based on OBR and Census (2011) data

8.7 Working through an analysis of age and sex-specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the District – this is set out in the table below.

8.8 The analysis shows that there would be a notable increase in the economically active population for both of the standard method and the official population projections. Linking to the Standard Method (342 dwellings per annum) the analysis shows a potential increase of 5,400 economically active residents (an 11% increase over 20-years).

Table 35: Estimated change to the economically active population (2020-40) – Selby

	Economically active (2020)	Economically active (2040)	Total change in economically active
2018-based SNPP	48,959	52,480	3,521
Standard Method	49,399	54,819	5,421

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

8.9 The number of jobs and resident workers which this growth in economically active residents will support is calculated by taking into account two main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

Commuting Patterns

8.10 The table below shows that the District sees a notable level of out-commuting for work with the number of people resident in the area who are working being about 22% higher than the total number who work in the area.

8.11 The key output of this table is the commuting ratio which is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

8.12 As shown the commuting ratio in Selby is 1.219. This means that for every 1000 jobs created in the district the number of economically active residents will increase by 1,219 such is the level of out-commuting as of 2011.

Table 36: Commuting patterns in Selby

	Number of people
Live and work in Local Authority (LA)	14,362
Home workers	5,230
No fixed workplace	2,848
In-commute	13,248
Out-commute	21,055
Total working in LA	35,688
Total living in LA (and working)	43,495
Commuting ratio	1.219

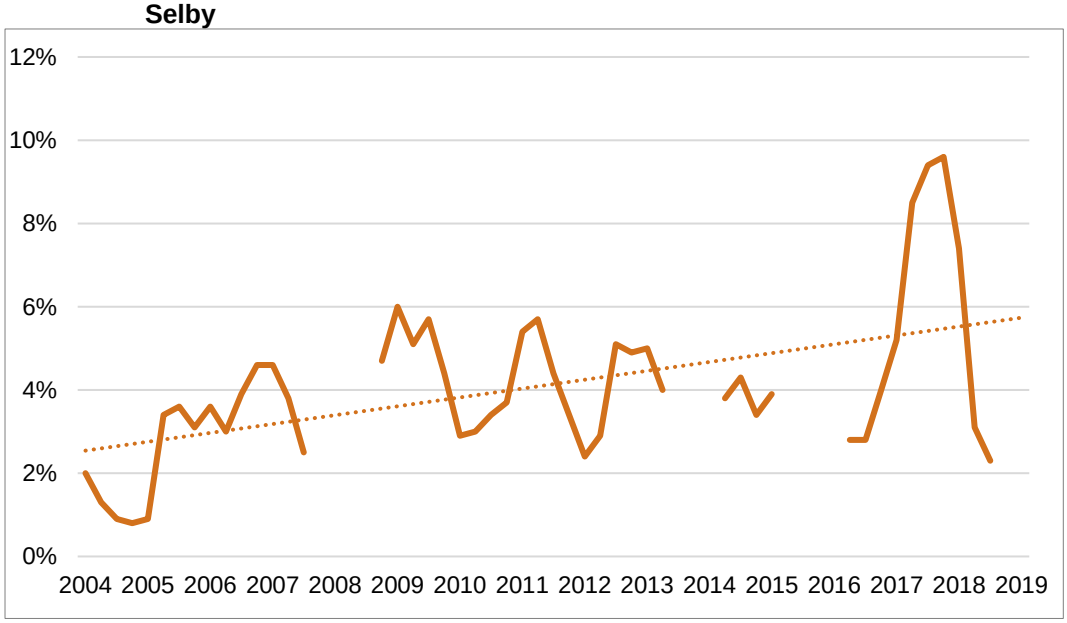
Source: 2011 Census

8.13 The core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. It is reasonable that some changes to the commuting ratio could be modelled (particularly where major growth is expected) although keeping the ratio constant is considered to be a balanced approach to use, it does mean that estimates of potential job growth should be treated with some degree of caution.

Double Jobbing

8.14 The analysis also considers that many people may have more than one job (double jobbing). Data from the Annual Population Survey (available on the NOMIS website) suggests that the levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level). We have therefore modelled using the long-term average of 4.0%.

Figure 42: Percentage of all people in employment who have a second job (2004-2019) – Selby



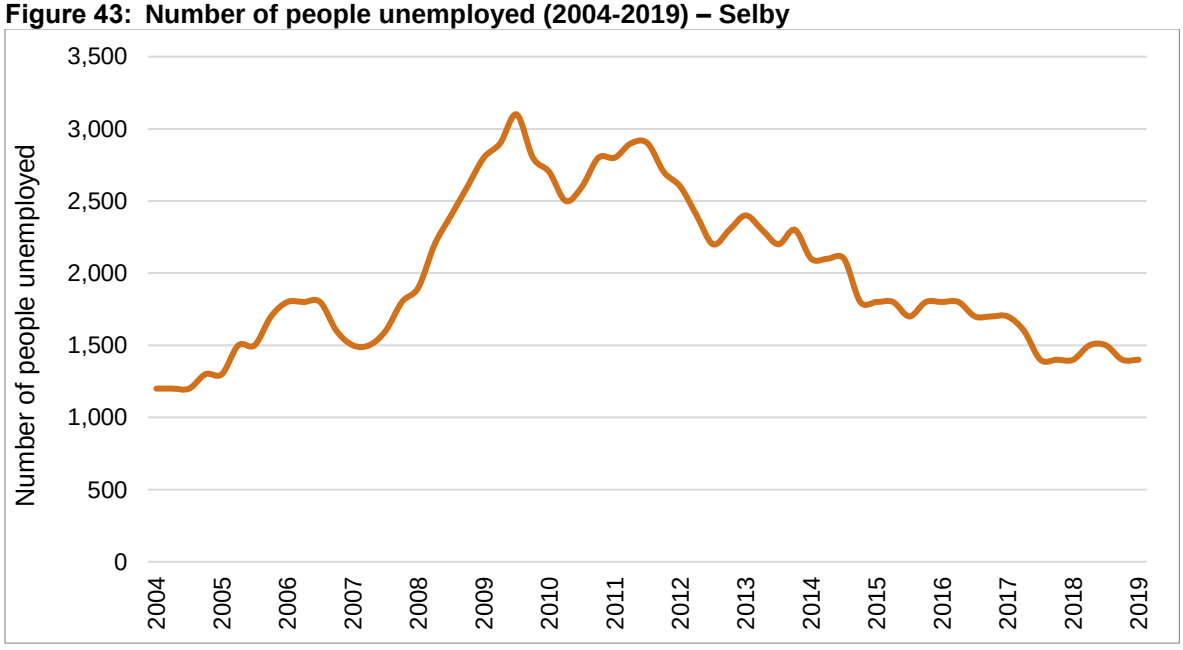
Source: Annual Population Survey (from NOMIS)

8.15 For this assessment, it has been assumed that around 4.0% of people will have more than one job moving forward. A double jobbing figure of 4.0% gives rise to the number of jobs supported by the workforce being around 4.0% higher than workforce growth. It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

8.16 An additional consideration in looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment until about 2009 and that since 2012, the number of people unemployed has dropped notably – by 2019, the number of unemployed people was back close to the level observed in 2004.

Figure 43: Number of people unemployed (2004-2019) – Selby



Source: Annual Population Survey (modelled unemployment data)

8.17 This would indicate that there may be limited scope for further improvements and for the purposes of analysis in this report it has been assumed that there are no changes to the number of people who are unemployed moving forward from 2020 to 2040.

Jobs Supported by Growth in the Resident Labour Force

8.18 The table below shows how many additional jobs might be supported by population growth under each of the demographic scenarios. The scenario linked to the delivery of 342 dwellings per annum is concluded that around 4,600 additional jobs could be supported. This is around 1,600 higher than that linked to the official population projections alone.

Table 37: Jobs supported by demographic projections (2020-40) – Selby

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2018-based SNPP	3,521	2,889	3,010
Standard Method	5,421	4,448	4,635

Source: Derived from a range of sources as described

8.19 This compares to a decline of 313 jobs in the baseline scenario and is comparable to the 4960 jobs in the growth scenario. However, based on these specific sets of assumptions it is also lower than the 10,232 jobs that could be supported by the strategic sites.

8.20 However, attempts to link housing delivery with estimates of the number of jobs supported should be treated with some caution, not least because there are some assumptions made which do have alternatives (e.g. the choice of economic activity rate data and possible changes to commuting dynamics).

8.21 Additionally, it should be noted that the Standard Method projection is partly arrived at by improving household formation, alternatively, it could be assumed that additional housing delivery will drive a higher level of in-migration; this, in turn, would see estimates of labour-supply growth increase.

8.22 The overall conclusion from this analysis should be that the projected levels of population growth would support a notable increase in jobs. However, caution should be exercised when looking at the precise figures due to the number of assumptions being made.

Economic-Led Housing Need

8.23 We have also calculated the number of homes required to meet the baseline and adjusted scenarios. As the previous chapter set out, the Oxford Economic forecasts show a decline of 313 jobs in Selby over the 2020-40 period, going up to 4,960 jobs in the adjusted scenario and 10,232 including strategic sites.

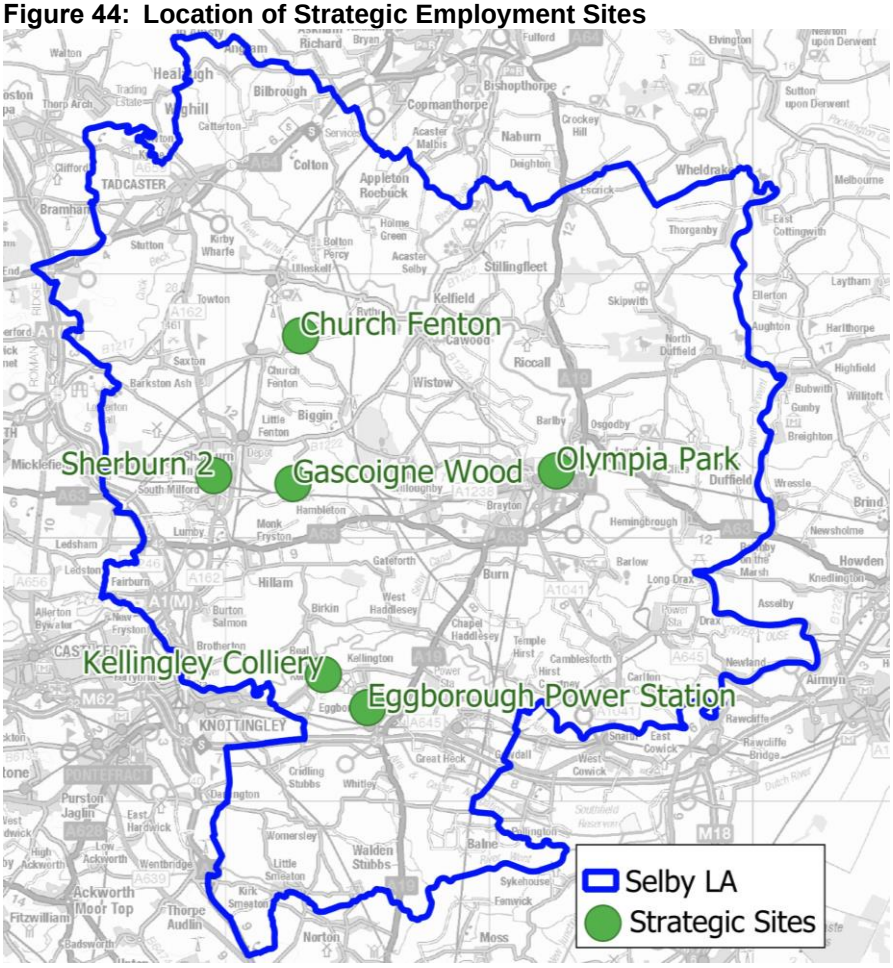
8.24 It is also worthwhile understanding how many homes would be required to support the forecasted economic growth for the highest of these scenarios. To achieve this calculation the above steps are undertaken in reverse.

8.25 We firstly translate jobs into economically active residents using double jobbing and commuting ratios. The growth in economically active residents is translated to a population using EAR rates. Finally, the population is translated into households using household formation rates. To do this we have used the "part return to trend" household formation rates.

8.26 However, such a level of jobs growth helps retain a greater level of the new migrants i.e. the commuting ratio would change for those moving to the area (not for those already living in the area). We have therefore modelled a second scenario which assumes a 1:1 commuting will occur. This means that for every 1,000 jobs created the economically active residents will increase by 1,000 (rather than 1.219 in the first scenario).

8.27 A further sensitivity has also been run which acknowledges the location of the strategic sites (see figure below) and their local commuting patterns. As illustrated, some of the sites are located close to the district border neighbouring major settlements in Wakefield and Leeds.

Figure 44: Location of Strategic Employment Sites



Source: GLH based on Selby District Council

8.28 To reflect the likelihood that some if not most of the jobs on the more peripheral sites will be taken up by residents living outside of Selby district. We have therefore developed a third scenario where only 50% of the jobs will be taken up by residents of these sites (Gascoigne Wood, Eggborugh, Kellingley Colliery and Sherburn 2) with 1:1 patterns at Church Fenton and Olympia Park reflecting the Census patterns.

8.29 It should be noted that current commuting patterns for the MSOA that these sites fall in is far lower than 50% job retention for Selby residents. In Gascoigne Wood and Sherburn 2 only 44% of jobs are taken up by Selby residents. However, this falls to 27% for Eggborough and Kellingley Colliery.

8.30 As set out in the table below the first scenario which maintains 2011 commuting ratios would result in a housing need of around 566 dpa. The second scenario which would see economically active residents grow in line with jobs growth results in a housing need of 494 dpa.

Table 38: Dwellings Per Annum Required (2020-40), Scenario Comparison –Selby

	Hhs 2020	Hhs 2040	Change	Per annum	DPA
2011 Commuting Ratios	38,465	49,457	10,993	550	566
1:1 Commuting Ratio	38,465	48,064	9,599	480	494
50% Commuting on Selected Sites 1:1 on others	38,465	45,882	7,417	371	382
Local Commuting Rates on Selected Sites and 1:1 on others	38,465	45,152	6,688	334	344

Source: GLH Analysis of Oxford Economics Data and Demographic Inputs

8.31 We would suggest that the third and fourth scenarios are the most realistic scenarios given the scale of growth anticipated and its location. This is likely to ensure greater levels of in-commuting and self-containment of jobs.

8.32 These preferred scenarios result in a need for between 344 and 382 dwellings per annum this compares to 342 in the Standard Method. This would suggest that the Council will need to increase housing need by a modest amount to service the employment potential at the strategic sites. The scale of this uplift will ultimately depend on where the workforce is being drawn from.

8.33 It is also true that by moving away from current commuting ratios there will be a duty to cooperate with neighbouring authorities. Principally this will be with the districts HMA neighbours in York and Leeds but given the location of these sites also Wakefield and Doncaster. This will be to ensure that commuting patterns are agreed and the requisite housing numbers are delivered.

Economic Led Housing Need: Key Messages

- The analysis was undertaken to estimate the number of jobs that would be supported by projected population growth. It was concluded that housing delivery in-line with the Standard Method would be likely to support around 4,600 additional jobs (2020-40)
- Some caution should be applied to the exact figure due to the assumptions made (e.g. the modelling did not make any assumptions about possible changes to commuting dynamics).
- This was not the case when examining the economic led housing need where we have modelled a range of different commuting assumptions.
- These commuting scenarios were linked to the strategic sites scenario (10,545 jobs) and identified a need for between 344 and 566 dpa. Although given the scale and location of growth the most likely scenario would see a need for between 344 dpa and 382 dpa.
- This would suggest that the Council will need to increase housing need by a modest amount to service the employment potential at the strategic sites. The scale of this uplift will ultimately depend on where the workforce is being drawn from.

9 AFFORDABLE HOUSING NEED

Introduction

9.1 This section provides an assessment of the need for affordable housing in Selby and the two sub-areas. The analysis follows the PPG (Sections 2a-018 to 2a-024) to provide an assessment of the annual need for affordable housing. The section provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products.

Methodology Overview

9.2 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The methodology considers the following:

- **Current affordable housing need**: an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information – this figure is then annualised to meet the current need over a period of time;
- **Projected newly forming households in need**: using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
- **Existing households falling into need**: based on studying past trends in the types of households who have accessed social/affordable rented housing; and
- **Supply of affordable housing**: an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

9.3 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

9.4 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they require affordable housing.

9.5 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home and require support to do so. Such households are now considered to have an affordable

housing need. The PPG includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need.

9.6 This expanded definition has been introduced by the Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 10-15 years. PPG does not, however, provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into a need; and an annual estimate of supply.

9.7 For some of the analysis in this section, it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).

9.8 Additionally, information drawn from local surveys previously undertaken by JGC across the country has been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have an affordable housing need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.

9.9 This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

9.10 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, some pieces of information are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below, therefore, look at these factors.

Local Prices and Rents

9.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of

households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'.

9.12 To establish an affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). In some cases, this may differ from the market signals analysis as it covers a slightly different period.

9.13 The analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

9.14 Data from the Land Registry for the year to September 2019 (i.e. Q4 of 2018 and Q1-Q3 of 2019) shows estimated lower quartile property prices in the District by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £83,000 for a flat and rising to £235,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £157,000.

9.15 The analysis is also split between newly-built and existing dwelling which shows higher prices for new homes. For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the District.

Table 39: Lower quartile cost of housing to buy – year to September 2019 – Selby District

	Existing dwellings	Newly-built dwellings	All dwellings
Flat/maisonette	£83,000	-	£83,000
Terraced	£120,000	£160,000	£123,000
Semi-detached	£143,000	£165,000	£146,000
Detached	£225,000	£260,000	£235,000
All dwellings	£150,000	£205,000	£157,000

Source: Land Registry

9.16 The table below provides an analysis of the price of existing dwellings by type in each of the two sub-areas. The analysis shows typically slightly higher prices in the South & West area, which looks to mainly be driven by a higher price for terraced homes.

Table 40: Lower quartile cost of housing to buy (existing dwellings) – year to September 2019

	Selby South & West	Selby North & East	All
Flat/maisonette	£80,000	£84,000	£83,000
Terraced	£138,000	£116,000	£120,000
Semi-detached	£143,000	£142,000	£143,000
Detached	£228,000	£223,000	£225,000
All dwellings	£161,000	£144,000	£150,000

Source: Land Registry

9.17 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). To some extent the prices should be seen as indicative, in particular, the supply of 1-bedroom homes to buy was quite small.

Table 41: Lower Quartile House Prices by Size – existing dwellings (year to September 2019) – Selby District

	Lower quartile price
1-bedroom	£81,000
2-bedrooms	£109,000
3-bedrooms	£162,000
4-bedrooms	£261,000
All Dwellings	£150,000

Source: Land Registry and Internet Price Search

9.18 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to September 2019. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £495 per month.

Table 42: Lower Quartile Market Rents, year to September 2019 – Selby District

	Lower Quartile rent, pcm
Room only	-
Studio	£325
1-bedroom	£395
2-bedrooms	£495
3-bedrooms	£588
4-bedrooms	£780
All properties	£495

Source: ONS

9.19 The analysis was also carried out to consider if private rent levels varied across the two sub-areas. Overall, it was difficult to pin down exact costs (particularly for specific sizes of accommodation) although the evidence did point to rents in the Selby South & West area being slightly higher. Across

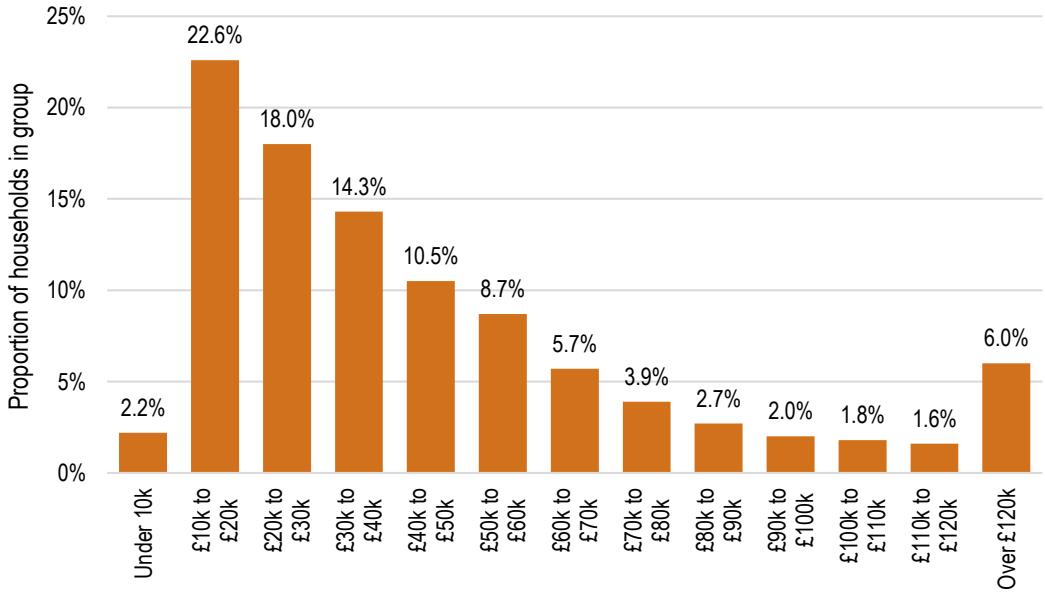
all dwelling sizes, it was estimated that the lower quartile rental cost in Selby South & West is around £530 per month, with a lower figure (£480 per month) being applicable in the Selby North & East area.

Household Incomes

9.20 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

9.21 Drawing all of this data together an income distribution for the whole Council area has been constructed for 2019. The figure below shows that around a quarter of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £45,800, with a median income of £34,800; the lower quartile income of all households is estimated to be £20,100.

Figure 45: Distribution of household income (2019) – Selby District



Source: Derived from a range of data as discussed

9.22 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated mean, median and lower quartile household income in each area. There is only a small difference between the two areas, incomes in Selby South & West estimated to be slightly higher.

Table 43: Estimated Household Income by sub-area, 2019

	Mean	Median	Lower Quartile
Selby South & West	£46,800	£35,600	£20,600
Selby North & East	£45,300	£34,500	£19,900
Selby District	£45,800	£34,800	£20,100

Source: Derived from a range of data as discussed

Affordability Thresholds

9.23 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner-occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis, therefore, brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

9.24 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

9.25 The threshold of income to be spent on housing should be set by asking the question '*what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy*?' The choice of an appropriate threshold is, therefore, judgement based. The key consideration to understand here is that local income levels are not setting the threshold but are simply being used to assess how many can or cannot afford market housing. It is important to consider what residual income is left after households have paid for housing.

9.26 At £495 per calendar month, lower quartile rent levels in Selby are relatively low in comparison to those seen nationally (lower quartile rent of £550 for England in the year to September 2019). This would suggest that a proportion of income to be spent on housing could be towards the bottom end of the range (the range being from 25% to 40%). Across England, the lowest lower quartile rents are around £400 per month (areas with rents at or below this level include Hull and Liverpool and there were a total of 20 local authorities with lower quartile rents not exceeding £400 per month). If these

areas are considered to be at the bottom end of the range (i.e. 25% of income to be spent on housing) then this would leave a residual income of £1,200 per month. With the same residual income applied to Selby, the gross household income required to afford a £495 PCM lower quartile rent would be £1,695 and so the percentage spent on housing would be 29%.

9.27 However, it needs to be considered that the cost of living in different areas will vary, and it is likely that areas, where rents are higher, will also generally have higher living costs. Therefore, a pragmatic approach to determining a reasonable proportion of income has been to take a midpoint between the bottom (25%) and the equivalent residual income figure (29% if looking at Selby). In this example, a threshold of 27% would, therefore, be considered as reasonable.

9.28 There are however small differences in housing costs in different parts of the District and so this analysis has been carried out for locations individually. Below are the affordability thresholds used in the analysis for each location:

- Selby South & West – 28%
- Selby North & East – 27%
- District average – 27%

9.29 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for this assessment these households would essentially be assumed as ideally having some form of subsidised rent to ensure a sufficient level of residual income.

9.30 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

9.31 For this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.

9.32 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable ‘gap’ in both areas, suggesting the potential for there to be several households able to rent a home but not buy.

Table 44: Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Selby South & West	£36,200	£22,900	£13,400
Selby North & East	£32,400	£21,500	£10,900
Selby District	£33,800	£21,900	£11,800

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

9.33 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in each sub-area. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with the likely delivery of affordable housing.

Current Need

9.34 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it bring their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 45: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households (those in temporary accommodation	MHCLG Statutory Homelessness data	Household in temporary accommodation at the end of the quarter.
Households in overcrowded housing	Census table LC4108EW	The analysis was undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

9.35 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable an analysis to be undertaken to study the impact of this and so the figures presented may include a small element of double counting (although this is likely

to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

9.36 The table below shows the initial estimate of the number of households within the study area with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently just under 2,000 households living in unsuitable housing (or without housing).

Table 46: Estimated Number of Households Living in Unsuitable Housing

	Homeless/ concealed households	Households in over-crowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Selby South & West	99	175	26	191	491
Selby North & East	240	644	68	530	1,481
Selby District	339	818	94	721	1,972

Source: Range of sources

9.37 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

9.38 Once these households are removed from the analysis, the remainder are taken forward for affordability testing. The table below shows that around 1,100 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

Table 47: Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Selby District)

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	605	61
Affordable housing	315	0
Private rented	713	713
No housing (homeless/concealed)	339	339
Total	1,972	1,112

Source: Range of sources

9.39 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living

in unsuitable housing – for the modelling, an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.

9.40 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).

9.41 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

9.42 Overall, just under half of the households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is from 500 households in the study area. The table below also shows how this is estimated to vary by sub-area.

Table 48: Estimated Current Affordable Housing Need (for social/affordable rented housing)

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Selby South & West	271	48.2%	131
Selby North & East	841	44.0%	371
Selby District	1,112	45.1%	501

Source: Range of sources

9.43 The estimated figure shown above (501) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over the plan period. Given that this report typically looks at needs in the 2020-40 period, the need is annualised by dividing by 20 (to give an annual need for 25 dwellings across all areas).

9.44 This does not mean that some households would be expected to wait 20-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

9.45 The estimated current need from 501 households can be compared with information from the Council's Housing Register. An analysis carried out from information provided by the Council (dated April 2020) showed 1,766 'active' households on the Register, of which 1,011 were banded as Emergency, Gold or Silver (i.e. likely to have a housing need). Of these 591 were not transferring from another affordable home. This figure of 591 is broadly similar to the modelled estimate and suggests that the figure derived above is of the right order.

Newly Forming Households

9.46 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

9.47 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with the formation of younger households.

9.48 The number of newly forming households has been estimated through demographic modelling (linked to 2018-based SNPP and 2014-based SNHP). This is considered to provide the best view about trend-based household formation, but without building in any additional constraints to household formation.

9.49 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with an analysis of English Housing Survey data at a national level).

9.50 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that the average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing, this will relate to households unable to afford to buy OR rent in the market.

9.51 The assessment suggests that overall, just over a third of newly forming households will be unable to afford market housing (to rent privately) and this equates to a total of 236 newly forming households having a need per annum on average. The table below provides a breakdown by sub-area.

Table 49: Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Selby South & West	194	37.5%	73
Selby North & East	455	36.1%	164
Selby District	648	36.5%	236

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

9.52 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.

9.53 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*.

9.54 Following the analysis through suggests a need arising from 98 existing households each year. The table below breaks this down by sub-area.

Table 50: Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Selby South & West	27	28.0%
Selby North & East	70	72.0%
Selby District	98	100.0%

Source: Derived from a range of sources as described in the text

Supply of Social/Affordable Rented Housing Through Relets

9.55 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

9.56 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe and Local Authority Housing Statistics (LAHS) has been used to establish past patterns of social housing turnover.

9.57 The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. This is presented in the table below which shows a reduction of lettings after removing newbuild, transfers and supported housing:

Table 51: Lettings to New Tenants Calculation, Selby

	General Needs	Supported Housing	Total
Total lettings	445	50	494
% as non-newbuild	83.7%	91.3%	84.4%
Lettings in existing stock	372	45	417
% non-transfers	58.6%	75.8%	60.5%
Lettings to new tenants	218	34	252

Source: CoRe/LAHS/Selby Council/Census (2011)

9.58 Based on past trend data is has been estimated that 218 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures. The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on consideration of the size of the stock in each sub-area as of 2011 (Census data).

Table 52: Estimated Future Supply of Relets from Existing Stock – based on data for 2016/17 – 2018/19 (per annum)

	Lettings to New Tenants	% of Total
Selby South & West	60	27.6%
Selby North & East	158	72.4%
Selby District	218	100.0%

Source: CoRe/LAHS/Selby Council/Census (2011)

9.59 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes

(over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable Rented Housing

9.60 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 141 dwellings per annum to be provided with an affordable need being seen in both sub-areas within the District.

Net Need = Current Need (allowance for) + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 53: Estimated Need for Social/Affordable Rented Housing by local authority (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Selby South & West	7	73	27	106	60	46
Selby North & East	19	164	70	253	158	95
Selby District	25	236	98	359	218	141

Source: Range of sources as discussed

9.61 The scale of affordable housing need equates to 41% of the 342 dpa identified in the housing need. It should be noted that there is considerable overlap between the two numbers, therefore, it is not as simple as saying that 41% of homes should be affordable. It does, however, justify the Council continuing to seek as much affordable housing as viability allows.

9.62 In considering whether the affordable housing need justifies an uplift to the overall housing need a fairer comparison between the two measures is required. If you only examine need from newly forming households which is a like for like with the standard method, then you would arguably get a more 'sensible' comparison.

9.63 In this circumstance, the net need for affordable housing is reduced to 43 dpa equivalent to 12.5% of overall need. Whilst this should not be seen as reflecting the true affordable housing need, it does justify the Council not increase overall need in response.

Sub Areas

9.64 Given the different sizes of sub-areas, it is also useful to look at a standardised measure. The table below does this by comparing the estimated annual level of affordable need with the population in

2018 (with figures expressed as a per 1,000 population figure). This shows the highest need to be in the Selby South & West (standardised as 1.77 dwellings per 1,000 people), although the difference between the two locations is not substantial.

Table 54: Annual need for Social/Affordable Rented Housing standardised by population in 2018

	Net affordable need (per annum)	Population (2018)	Affordable need per 1,000 population
Selby South & West	46	26,172	1.77
Selby North & East	95	62,934	1.51
Selby District	141	89,106	1.59

Source: Range of sources as discussed

Split Between Social and Affordable Rented Housing

9.65 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will, therefore, require some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

9.66 An analysis has been undertaken to compare the income distribution of households with the cost of different products. For affordable rented housing, it has been assumed that this would be available at a cost which is 80% of the established lower quartile costs set out earlier in this section. Any household able to afford a rent between 80% of the market and the full market cost is assumed able to afford an affordable rent, with other households only able to afford a social rent; which would, therefore, be households paying less than 80% of the lower quartile market rent. The analysis identifies that 22% of the group of households unable to afford market housing to rent would fall in the gap between the market and 80% of the market, with limited variation by sub-area.

Table 55: Estimated need for affordable rented housing

	% of need for affordable rented
Selby South & West	21%
Selby North & East	22%
Selby District	22%

Source: Affordability analysis

9.67 The finding that 22% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent (as long as the full rent is covered by Housing Benefit) – hence a higher proportion of affordable rented housing might be appropriate. On the flip side, providing more social

rents might enable households to return to work more easily, as a lower-income would potentially be needed to afford the lower social (rather than affordable) rent.

9.68 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

9.69 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

9.70 For information, the table below shows average social and affordable rents (taken from the Regulator of Social Housing (RSH)) and compares these with lower quartile and median market rents. This analysis shows that social rents are generally slightly lower than recent affordable rents (except for 1-bedroom homes); the analysis also shows that affordable rents are less than both lower quartile and median market rents, although some differences between rent levels are quite small (e.g. a 4-bedroom affordable rent is only 3% lower than the equivalent lower quartile private sector rent).

Table 56: Comparison of rent levels for different products – Selby District

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£364	£363	£395	£425	92%	85%
2-bedrooms	£422	£442	£495	£550	89%	80%
3-bedrooms	£433	£515	£588	£780	88%	66%
4-bedrooms	£453	£630	£650	£938	97%	67%

Source: RSH and ONS

Establishing a Need for Affordable Home Ownership

9.71 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.

9.72 The methodology used in this report, therefore, draws on the current methodology and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

Gross Need for Affordable Home Ownership

9.73 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

9.74 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 45% already have sufficient income to buy a lower quartile home, with 20% falling in the rent/buy 'gap'. The final 34% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.

9.75 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

9.76 The table below shows an estimate of the proportion of households living in the private rented sector who can afford different housing products by sub-area. This shows a slightly higher proportion of households in the rent/buy gap in Selby South & West, although differences between locations are quite small.

Table 57: Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Selby South & West	43%	22%	35%
Selby North & East	47%	19%	34%
Selby District	45%	20%	34%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

9.77 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could, for example, include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

9.78 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census, some 3,800 households were living in the sector across the District. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 22% - if the same proportion is relevant to the District then the number of households in the sector would now be around 4,600.

9.79 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (2,800 households if applied to the study area) and of these some 25% (700 households) would expect this to happen in the next 2-years. The figure of 700 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

9.80 As noted above, based on income it is estimated that around 20% of the private rented sector sit in the gap between renting and buying (depending on location). Applying this proportion to the 700 figures would suggest a current need for around 139 affordable home ownership units (7 per annum if annualised over 20 years).

9.81 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 153 dwellings (132 from newly forming households and 21 from existing households in the private rented sector).

9.82 Bringing together the above analysis suggests that there is a need for around 160 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum. This is before any assessment of the potential supply of housing is considered.

Table 58: Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Selby South & West	2	42	5	49
Selby North & East	5	90	16	110
Selby District	7	132	21	160

Source: Range of sources as discussed

Potential Supply of Housing to Meet the Affordable Home Ownership Need

9.83 As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below, therefore, provides a general discussion.

9.84 By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, there were a total of 1,534 resales (i.e. excluding newly-built homes) in the last year (year to September 2019) and therefore around 384 would be priced below the lower quartile. This is 384 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.

9.85 However, it is the case that market housing is not allocated in the same way as social/affordable rented homes i.e. anyone can buy a home as long as they can afford it. It is also possible that many lower quartile homes would be sold to households than can afford more or potentially to investment buyers.

9.86 In the absence of any guidance about how to deal with the supply of affordable home ownership, a broad further assumption has been used that around half of the lower quartile homes would be available to meet the needs of households with an income in the gap between buying and renting – this amounts to around 192 dwellings per annum.

9.87 In addition, data from CoRe about resales of affordable housing (likely to mainly be shared ownership) shows an average of around 6 resales per annum (based on data for the 2015-18 period). These properties would also potentially be available for these households and can be included within the potential supply. Therefore, a total supply of 198 dwellings per annum is estimated.

9.88 The table below, therefore, brings together an estimate of the need for affordable home ownership, across the study area and for the sub-areas. This shows no real need for affordable home ownership products per annum across the study area (a net surplus of 38 units per annum) – both areas show a negative level of need.

Table 59: Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Resale Supply (half of LQ)	LCHO supply	Total supply	Net Need
Selby South & West	49	63	2	65	-16
Selby North & East	110	128	5	133	-23
Selby District	160	192	6	198	-38

Source: Range of sources as discussed

Implications of the Analysis

9.89 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of 'affordable home ownership' – whilst there are clearly some household in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can contribute to meeting this need.

9.90 However, it does seem that many households in Selby are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 111% from 2001 to 2011 (with the likelihood that there have been further increases since).

9.91 Over the same period, the number of owners with a mortgage dropped slightly (by 3%). That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

9.92 On this basis, and as previously noted, it seems likely in Selby that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.

9.93 Hence, whilst the NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the study area. The NPPF does provide some examples of where the 10% might not be required (paragraph 64), most notably that the 10% would be expected unless this would 'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'.

9.94 In Selby, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

9.95 Given the analysis above, it would be reasonable to conclude, based on the evidence, that in general terms there is no substantive need to provide housing under the new definition of 'affordable home ownership.'

9.96 Overall whilst there are clearly some households in the gap between renting and buying, they in many cases will be able to afford homes below lower quartile housing costs. This said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (in terms of the ability to afford both a deposit and stamp duty) and low-cost home ownership homes – and shared ownership homes in particular – will, therefore, continue to play a role in supporting some households in this respect.

9.97 The evidence points to a clear and acute need for rented affordable housing from lower-income households, and a supply of rented affordable housing must be maintained to meet the needs of this group including those to which the authorities have a statutory housing duty.

9.98 Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments). Notably, social rents also enable access to employment for lower-income families.

How Much Should Affordable Home Ownership Homes Cost?

9.99 The analysis and discussion above suggest that there are some households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Council may need to consider some additional homes on larger sites as some form of home ownership.

9.100 This report recommends shared ownership as the most appropriate form of affordable home ownership and also encourages consideration of other packages such as providing support for deposits. However, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.

9.101 The analysis below considers the potential costs (in a Selby context) of Discounted Market Sales Housing and Shared Ownership – it is considered that these are the two products most likely to be offered or made available.

Discounted Market Sales Housing

9.102 On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV).

9.103 The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.

9.104 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on current lower quartile prices and also a consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in the District is £495 per month;
- Based on a household spending no more than 27% of their income on housing, a household would need an income of about £1,825 per month to afford (495/0.27) or £21,900 per annum (rounded);
- With an income of £21,900, it is estimated that a household could afford to buy a home for around £97,400. This is based on assuming a 10% deposit and a four times mortgage multiple – calculated as 21,900*4/0.9; and
- The lower quartile price to buy a 2-bedroom home is estimated to be £109,000 and the midpoint of the two figures (£97,400 and £109,000) is £103,200;
- £103,200 is a suggested purchase price to make discounted home ownership affordable for around half of the group of households in the rent/buy gap;
- To estimate what level of discount this might represent, it has been assumed that the Open Market Value (OMV) of a home would be 15% above the overall lower quartile price (15% is a typical national newbuild ‘premium’);
- In this instance, the price of £103,200 would be around 82% of an estimated newbuild OMV (£125,350, calculated as £109,000*1.15) and therefore a 20% discount would be appropriate.

9.105 Therefore, it is suggested that for a 2-bedroom affordable home ownership property to be affordable to households able to rent but not buy it should be priced at £103,000 (rounded to nearest thousand). This sale price will meet the needs of around half of households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an ‘affordable’ option.

9.106 The table below, therefore, sets out a suggested purchase price for affordable home ownership in the District. The table also shows an estimated OMV and the level of discount likely to be required to

achieve affordability. For 1- and 2-bedroom homes the discount is below 20% (and so 20% would be appropriate). For larger homes, a discount of 25%-30% seems likely to be required. It should be noted that these calculations are based on a specific set of data for prices and rents. Any individual scheme proposing discounted market housing would need to be tested to ensure that it is reasonably affordable in a local context.

Table 60: Affordable home ownership prices – data for the year to September 2019 – Selby District

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£79,000	£93,000	15%
2-bedrooms	£103,000	£125,000	18%
3-bedrooms	£139,000	£186,000	25%
4+-bedrooms	£207,000	£300,000	31%

Source: Derived from a range of sources as described

Shared Ownership

9.107 For shared ownership, a buyer will buy a share in a property (typically between 25% and 75%) and then pay rent on the remaining share. One advantage in affordability terms is that a lower deposit is likely to be required than for full discounted purchase, whilst the rental part of the cost will typically be subsidised by a Registered Provider. For shared ownership to be affordable, it is considered that total outgoings should not exceed that needed to rent privately.

9.108 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property. The key assumptions used in the analysis are:

- OMV at LQ price plus 15% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above an LQ level)
- 10% deposit on the equity share
- Rent at 2.75% pa on unsold equity
- Repayment mortgage over 25-years at 4%
- Service change of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes)
- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

9.109 The table below shows that to make shared ownership affordable, equity shares of about 35% could work for 1-, 2- and 3-bedroom homes but that lower shares are likely to be required for larger homes

(with 4+-bedrooms). The analysis does suggest that it may be quite difficult to make shared ownership 'work' for homes with 4+-bedrooms.

9.110 It should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality, costs do vary across the District and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 61: Estimated Affordable Equity Share by Size – Selby District

	1-Bedroom	2-Bedrooms	3-Bedrooms	4+-Bedrooms
OMV	£93,150	£125,350	£186,300	£300,150
Share	35%	35%	35%	12%
Equity Bought	£32,975	£43,873	£65,578	£37,369
Mortgage Needed	£29,678	£39,485	£59,020	£33,632
Monthly Cost of Mortgage	£157	£208	£312	£178
Retained Equity	£60,175	£81,478	£120,722	£262,781
Monthly Rent on Retained Equity	£138	£187	£277	£602
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£395	£495	£588	£780

Source: Data based on Housing Market Cost Analysis

9.111 If the Council do seek for some additional housing to be in the affordable home ownership sector (whether Discounted Market Sale or Shared Ownership), it is additionally recommended that they set up a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be 'allocated' to households whose circumstances best meet the property on offer.

Affordable Housing Need: Key Messages

- When looking at the need for affordable homes to rent, the analysis suggests a need for 141 affordable homes per annum.
- **Recommendation: The Council is justified in seeking to secure as much additional affordable housing as viability allows**. There is also a need shown in all parts of the District.
- The analysis suggests that the majority of the rented need is for social rented housing, although it is recognised that there is also a role for affordable rents – particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit (as long as the rent is fully covered).
- On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.
- When looking at the need for affordable home ownership products it is clear that there are some households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can contribute to meeting this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
- However, it does seem that many households in Selby are being excluded from the owner-occupied sector. The analysis would, therefore, suggest that a key issue in the District is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- If the Council does seek to provide 10% of housing as affordable home ownership (the default figure suggested in the NPPF), then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the midpoint between the levels needed to access private rented housing and to access equivalent housing to buy. This would ensure that many households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF and indeed does provide evidence that the 10% figure could be challenged if the Council wished to do so.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the District. It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise.

10 NEED FOR DIFFERENT SIZES OF HOMES

10.1 This section draws together analysis in the preceding main sections to consider the appropriate mix of housing across the study area having due regard to opportunities for larger and more aspirational housing, family housing and smaller units to diversify the market. This section looks at a range of statistics concerning families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward. The analysis considers the mix of housing across the whole of Selby (covering all household groups and tenures); before providing some commentary about how this might vary across different sub-areas.

Background data

10.2 The number of families in the District (defined for this assessment as any household which contains at least one dependent child) totalled 10,200 as of the 2011 Census, accounting for 29% of households. This proportion is similar to that seen across the region and nationally but above the average for North Yorkshire. There are no notable differences between the sub-areas.

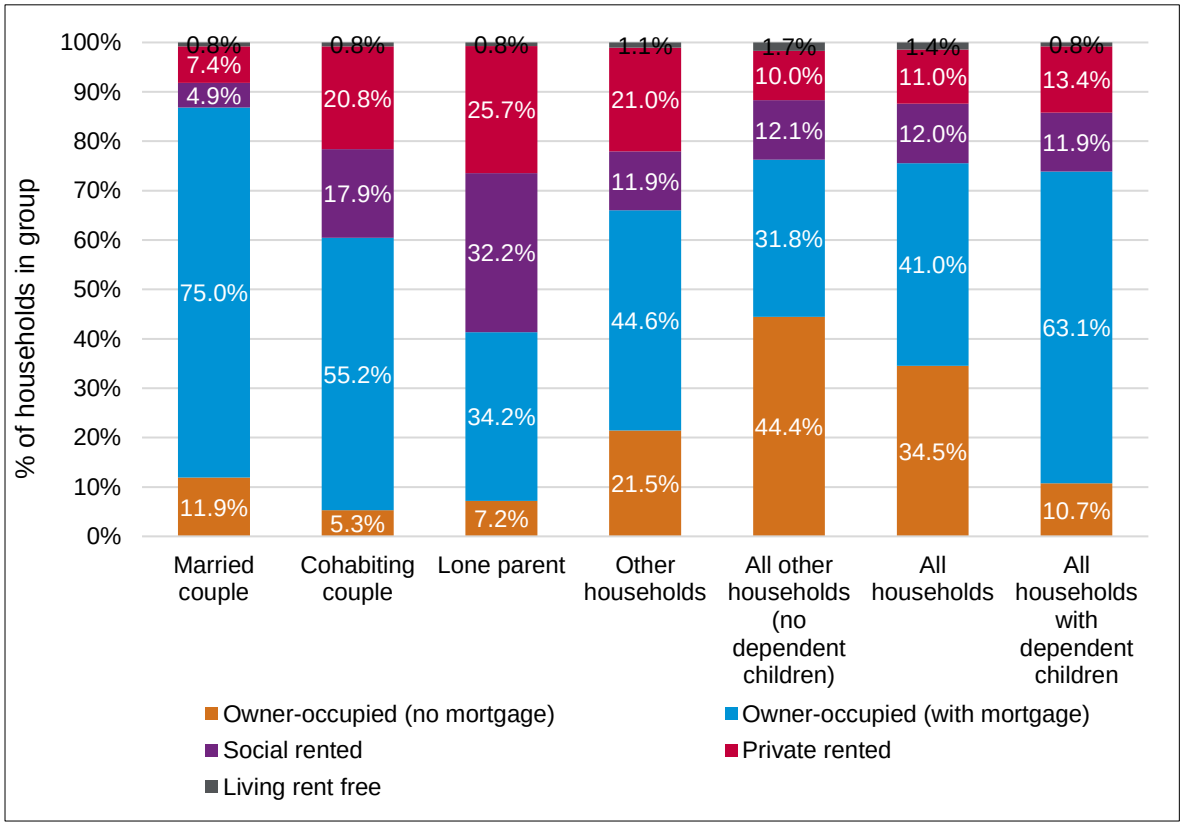
Table 62: Households with dependent children (2011)

		Married couple	Co-habiting couple	Lone parent	Other households	All other households	Total with dependent children
Selby South & West	%	18.2%	4.2%	4.8%	2.0%	70.8%	29.2%
Selby North & East	%	18.2%	4.4%	5.1%	1.9%	70.5%	29.5%
Selby	#	6,284	1,495	1,727	662	24,391	10,168
	%	18.2%	4.3%	5.0%	1.9%	70.6%	29.4%
North Yorkshire	%	15.9%	3.6%	5.3%	1.7%	73.5%	26.5%
Yorkshire/Humber	%	14.6%	4.6%	7.1%	2.4%	71.3%	28.7%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	29.1%

Source: Census (2011)

10.3 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 41% of lone parent households are owner-occupiers compared with 87% of married couples with children.

Figure 46: Tenure of households with dependent children – Selby



Source: Census (2011)

10.4 Household projections have been developed, linked to the Standard Method to estimate growth in family households over the period to 2040. The detailed profile of these is set out in the table below; and show growth of 19%, equal to around 2,100 family households. The proportional projected increase in family households is slightly above the overall level of household growth projected and accounts for 32% of all projected growth. The majority of the increase in family households is projected to be smaller households (with one dependent child).

Table 63: Projected Change in Family Households in Selby, 2020-40

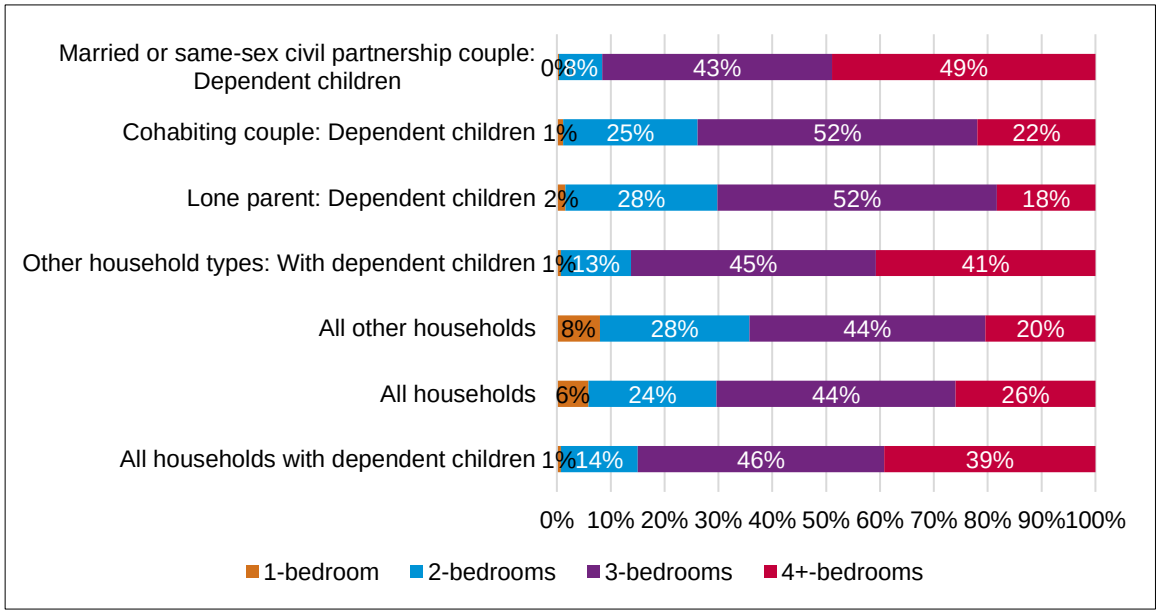
	2020	2040	Change in house-holds	% change
Households with one dependent child	5,676	7,478	1,802	31.7%
Households with two dependent children	4,196	4,443	247	5.9%
Households with three dependent children	1,449	1,496	47	3.3%
All other households	27,144	31,689	4,545	16.7%
Total Households	38,465	45,105	6,641	17.3%
Total households with dependent children	11,321	13,417	2,096	18.5%

Source: Demographic Projections

10.5 The level of growth in family households does not automatically translate into an equivalent need for family-sized accommodation, not least as many older households will continue to live in family-sized properties that offer space for friends and relatives to come and stay.

10.6 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone-parent families. Across the District, the tendency is for family households (irrespective of household composition) to occupy 3+-bedroom housing with varying degrees of 2-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom properties; although, given the affordable housing need profile, and the projected growth in smaller family households, a greater balance of homes of medium-sized properties should also be factored into any recommendations.

Figure 47: Number of Bedrooms by Family Household Type, 2011 – Selby



Source: 2011 Census

10.7 Delivery of family-sized housing remains a requirement in both urban and rural locations of the District. This includes providing family housing in the widest possible choice and mix of housing locations including town centres and through the sustainable expansion of rural and smaller settlements (particularly helping to support economic and social vitality).

10.8 It is important to deliver a range of housing sizes and to actively promote this through appropriate planning policies and consideration of the operation of the market. There may still be limitations as to

the affordability of larger properties in the context of continued growth in sales prices evident across the District in recent years.

10.9 In more rural areas, the opportunity to broaden and secure a choice and mix of family-sized accommodation alongside smaller accommodation should be explored to diversify the market and provide for local housing demand. Whilst in towns, subject to the availability of land, the provision of family-sized accommodation should be supported.

The Mix of Housing

10.10 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated though the standard method, it is possible to see which age groups are expected to change in number, and by how much.

10.11 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is, therefore, possible to assess the profile of housing needed is over the assessment period to 2040 (from 2020).

10.12 An important starting point is to understand the current balance of housing in the area. The table below profiles the sizes of homes in different tenure groups and how this compares with the regional and national position. Some key points with regard to Selby include:

- Owner-occupied stock in the District is relatively large with a notably higher proportion of homes with 4+-bedrooms compared with the regional and national position (but in line with equivalent data for North Yorkshire);
- The social rented stock is generally similar to other areas, but with a slightly lower proportion of 1-bedroom homes (and more homes with 2-bedrooms); and
- The private rented sector is considered to be fairly balanced; whilst the proportion of 1-bedroom homes looks to be low in a national context it should be noted that the figures for England are to some degree influenced by the stock profile of London.

10.13 The finding of a low proportion of a particular size of home in a particular tenure does not necessarily point towards a shortage of that type of housing. To some extent, the profile of stock will reflect the role and function of different areas. For example, the extent to which Selby has traditionally been an area that is attractive to family households (potentially moving from Leeds or York) may partly explain the larger stock in the owner-occupied sector. Observations about the current mix feed into conclusions about future mix later in this section.

Table 64: Number of Bedrooms by Tenure, 2011

		Selby	North Yorkshire	Yorkshire/ Humber	England
Owner-occupied	1-bedroom	2%	3%	2%	4%
	2-bedrooms	19%	23%	23%	23%
	3-bedrooms	47%	43%	51%	48%
	4+-bedrooms	32%	31%	23%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	24%	30%	30%	31%
	2-bedrooms	40%	36%	35%	34%
	3-bedrooms	33%	31%	31%	31%
	4+-bedrooms	2%	3%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	12%	17%	18%	23%
	2-bedrooms	39%	38%	40%	39%
	3-bedrooms	37%	32%	31%	28%
	4+-bedrooms	12%	13%	11%	10%
	Total	100%	100%	100%	100%

Source: 2011 Census

Overview of Methodology

10.14 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding how Households Occupy Homes

10.15 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households can buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

10.16 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.

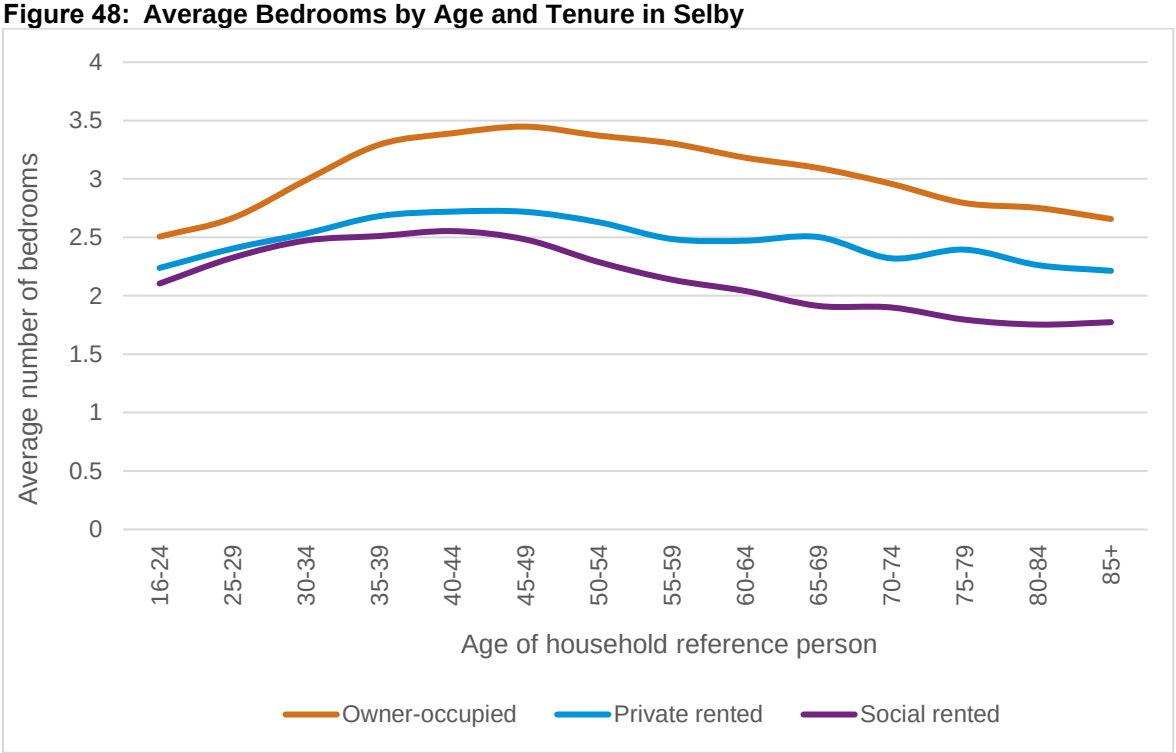
10.17 That said, issues of supply can also impact occupancy patterns, for example, it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation, these households remain living in their larger accommodation.

10.18 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the 'bedroom tax').

10.19 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

10.20 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Selby. In the owner-occupied sector, the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes and an earlier peak age group) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.

Figure 48: Average Bedrooms by Age and Tenure in Selby



Source: Derived from ONS Commissioned Table CT0621

10.21 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis, a further model has been developed that applies regional occupancy assumptions for the Yorkshire/Humber region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

10.22 The analysis has been used to derive outputs for three broad categories. These are:

- **market housing** – which is taken to follow the occupancy profiles in the owner-occupied sector
- **affordable home ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **rented affordable housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

10.23 The table below presents the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups (and to some extent some younger age groups e.g. 40-44). Households headed by someone aged 50-64 are projected to see a decrease in household numbers.

Table 65: Projected Change in Household by Age of HRP in Selby District

	2020	2040	Change in Households	% Change
16-24	751	775	24	3.2%
25-29	1,884	2,077	193	10.2%
30-34	2,682	2,900	219	8.1%
35-39	2,854	3,017	163	5.7%
40-44	2,852	3,560	708	24.8%
45-49	3,431	3,879	448	13.1%
50-54	3,978	3,830	-148	-3.7%
55-59	4,039	3,697	-342	-8.5%
60-64	3,476	3,319	-157	-4.5%
65-69	3,159	3,714	555	17.6%
70-74	3,514	4,222	708	20.1%
75-79	2,432	3,903	1,471	60.5%
80-84	1,839	3,074	1,235	67.2%
85 & over	1,572	3,137	1,565	99.5%
Total	38,465	45,105	6,641	17.3%

Source: Demographic Projections

Modelled Outputs

10.24 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures for the whole District.

10.25 Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

10.26 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from a spreadsheet provided by the Council that dates from April 2020 and includes all active cases with a priority banding of emergency, gold or silver (and including transfer cases).

10.27 This data shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing approaching a quarter of those registered as requiring 3+- bedroom homes (including 8% in the 4+-bedroom category – analysis of current stock suggested only 2% of socially rented homes in the District have 4- or more bedrooms).

Table 66: Size of Social/Affordable Rented Housing – Housing Register Information – Selby District

	Number of households	% of households
1-bedroom	511	51%
2-bedrooms	268	27%
3-bedrooms	156	15%
4+-bedrooms	76	8%
Total	1,011	100%

Source: Selby District Council

10.28 The tables below show that for most tenures the modelled outputs of need are similar regardless of the choice of modelling assumptions. Key differences include a lower need for 4+-bedroom market accommodation when using regional data and a lower need for 1-bedroom rented affordable housing when looking at local occupancy. This data is used, along with a general understanding of the current stock (and the Housing register information) to conclude a suitable mix of housing for the District.

Table 67: Modelled Mix of Housing by Size and Tenure in Selby District (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	30%	49%	19%
Affordable home ownership	14%	40%	37%	9%
Affordable housing (rented)	30%	44%	25%	2%

Sources: Housing Market Model

Table 68: Modelled Mix of Housing by Size and Tenure in Selby District (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	32%	50%	15%
Affordable home ownership	21%	41%	31%	7%
Affordable housing (rented)	38%	35%	24%	2%

Sources: Housing Market Model

Indicative Targets for Different Sizes of Properties by Tenure across Selby

Social/Affordable Rented Housing

10.29 Bringing together the above, several factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). There is also a recognition that the District currently has a relatively low level of 1-bedroom social housing (although this is also the largest category on the Housing Register).

10.30 Furthermore, the Housing Register data is based on a strict determination of need based on a bedroom standard and there will be some households able to afford a slightly larger home or who can claim benefits for a larger home than they strictly need (i.e. are not caught by the 'bedroom tax' – this will include older person households).

10.31 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 30-40%
- 2-bedrooms: 35-45%
- 3-bedrooms: 15-25%
- 4+-bedrooms: 0-10%

Affordable Home Ownership

10.32 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home

ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 10-20%
- 2-bedrooms: 40-50%
- 3-bedrooms: 30-40%
- 4+-bedrooms: 0-10%

10.33 Whilst the need for affordable home ownership properties is focused on younger households, the conclusions also recognise the particular affordability challenges for family housing.

Market Housing

10.34 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations). This sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bedroom: 0-10%
- 2-bedrooms: 25-35%
- 3-bedrooms: 40-50%
- 4+-bedrooms: 15-25%

10.35 Although the analysis has quantified this based on market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan-making process.

10.36 The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

10.37 Whilst this report does not suggest that prescriptive figures necessarily need to be included within the Local Plan, it is the case that the figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

10.38 The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council should expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also

however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

10.39 The analysis above has focussed on overall District-wide needs; given potential differences between locations, it is, however, worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the two sub-areas.

Table 69: Number of bedrooms by tenure and sub-areas (2011) – Selby

		Selby South & West	Selby North & East	Selby District
Owner-occupied	1-bedroom	1%	2%	2%
	2-bedrooms	17%	19%	19%
	3-bedrooms	47%	47%	47%
	4+-bedrooms	35%	31%	32%
	Total	100%	100%	100%
Social rented	1-bedroom	19%	26%	24%
	2-bedrooms	44%	39%	40%
	3-bedrooms	35%	33%	33%
	4+-bedrooms	2%	3%	2%
	Total	100%	100%	100%
Private rented	1-bedroom	9%	13%	12%
	2-bedrooms	37%	40%	39%
	3-bedrooms	42%	36%	37%
	4+-bedrooms	13%	12%	12%
	Total	100%	100%	100%

Source: 2011 Census

10.40 Focussing on the owner-occupied sector, the analysis shows relatively little difference between areas; Selby South & West has a slightly higher proportion of larger (4+-bedroom) homes and relatively few homes with 2-bedrooms. In the social rented sector, the differences between areas mainly focus on the balance between 1- and 2-bedroom homes, with 19% of homes in Selby South & West having 1-bedroom, compared with 26% in Selby North & East.

10.41 On this basis, whilst there are some differences in the current stock, and indeed the profile of the population it is not considered that these are sufficient to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report, then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations.

10.42 Finally, the table did consider the profile of private rented accommodation for the purposes of completeness. Again, there are some differences between areas but it is not considered that this

leads to a need to consider the future mix of housing in this tenure (this report does not recommend any 'targets' for increasing the size of this sector in the future).

10.43 Overall, therefore, the analysis does not suggest that a different mix should be proposed for smaller areas although there may be a case on a site-by-site basis, or at a specific point in time for some minor adjustments. This is summarised below:

a) Whilst there are small differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher-priced rural areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;
d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the centre of towns may be more suited to flatted development (as well as recognising the point above about role and function) whereas a rural site on the edge of an existing village may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;
e) Overall, it is suggested that the Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site to come along might provide a mix which includes more homes for younger/smaller family households and childless couples;
f) Additionally, in the affordable sector, it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Need/demand for Bungalows

10.44 A final issue is a discussion of the need/demand for bungalows. The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussions are undertaken with local estate agents) to find that there is a demand for this type of accommodation.

10.45 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option, it is, however, the case that bungalow accommodation is often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however,

be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sightlines.

10.46 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

10.47 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land-intensive for the amount of floorspace created.

Need for Different Size of Homes: Key Messages

- The proportion of households with dependent children is similar to the regional and national average. Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 19% over the 2020-40 period when linking to the Standard Method housing need – the majority of this increase is projected to be within smaller family households (with just one dependent child).

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.

- **Recommendations: The analysis concludes that the following table represents an appropriate mix of affordable and market homes:**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	0-10%	25-35%	40-50%	15-25%
Affordable home ownership	10-20%	40-50%	30-40%	0-10%
Affordable housing (rented)	30-40%	35-45%	15-25%	0-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the District (by tenure) which conversely recognises that Selby currently has a low stock of 1-bedroom social rented homes.

- The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

- Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

- The analysis also considered the population profile and the current mix of housing at a smaller-area level. Whilst there were some differences between areas, it is not considered that they are substantial enough to suggest a different mix of housing as being needed in different areas. That said, the mix on any specific site could be influenced by site characteristics, and also any localised evidence of need, such as that drawn from the Housing Register.

11 NEEDS OF SPECIFIC GROUPS

Introduction

11.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Changes

11.2 The population of older persons is increasing, driven by demographic changes including increasing life expectancy. This is a key driver of the need for housing which is capable of meeting the needs of older persons.

Current Population of Older People

11.3 The tables below provide baseline population data about older persons in the District and compares this with other areas. The population data has been taken from the published 2018 ONS mid-year population estimates (MYE). The first table shows that Selby has a relatively old age structure in terms of older people (for this report generally considered to be people aged 65 and over), with 20% of the population being aged 65 and over in 2018. This compares with about 18% regionally and nationally. However, in comparison with North Yorkshire, the proportion of older people is relatively low.

Table 70: Older Persons Population, 2018

	Selby	North Yorkshire	Yorkshire/ Humber	England
Under 65	79.9%	75.8%	81.5%	81.8%
65-74	11.6%	13.3%	10.2%	9.9%
75-84	6.2%	7.8%	6.0%	5.8%
85+	2.3%	3.2%	2.4%	2.4%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	20.1%	24.2%	18.5%	18.2%
Total 75+	8.5%	11.0%	8.3%	8.3%

Source: ONS 2018 Mid-Year Population Estimates

11.4 The table below shows the same information for sub-areas, this shows little variation in the proportion of people aged 65 and over in the two sub-areas.

Table 71: Older Persons Population, 2018 – sub-areas

	Selby South & West	Selby North & East	Selby District
Under 65	80.2%	79.7%	79.9%
65-74	11.6%	11.6%	11.6%
75-84	6.0%	6.3%	6.2%
85+	2.2%	2.4%	2.3%
Total	100.0%	100.0%	100.0%
Total 65+	19.8%	20.3%	20.1%
Total 75+	8.2%	8.7%	8.5%

Source: ONS 2018 Mid-Year Population Estimates

Projected Future Change in the Population of Older People

11.5 Population projections can next be used to indicate how the numbers of older persons might change in the future compared with other areas.

11.6 Selby is projected to see a notable increase in the older person population, with the total number of people aged 65 and over projected to increase by 45% over the 20-years to 2040. This compares with an overall population growth of 13% and a more modest increase in the Under 65 population of 5%.

11.7 In total population terms, the projections show an increase in the population aged 65 and over of 8,400 people. This is against a backdrop of an overall increase of 11,900 – population growth of people aged 65 and over, therefore, accounts for 71% of the total projected population change.

Table 72: Projected Change in Population of Older Persons, 2020 to 2040 – Selby (based on delivery of 342 dwellings per annum)

	2020	2040	Change in population	% change
Under 65	72,344	75,849	3,505	4.8%
65-74	10,634	12,768	2,134	20.1%
75-84	6,095	10,137	4,042	66.3%
85+	2,165	4,416	2,251	104.0%
Total	91,238	103,170	11,931	13.1%
Total 65+	18,894	27,321	8,427	44.6%
Total 75+	8,260	14,552	6,293	76.2%

Source: Demographic Projections

Characteristics of Older Person Households

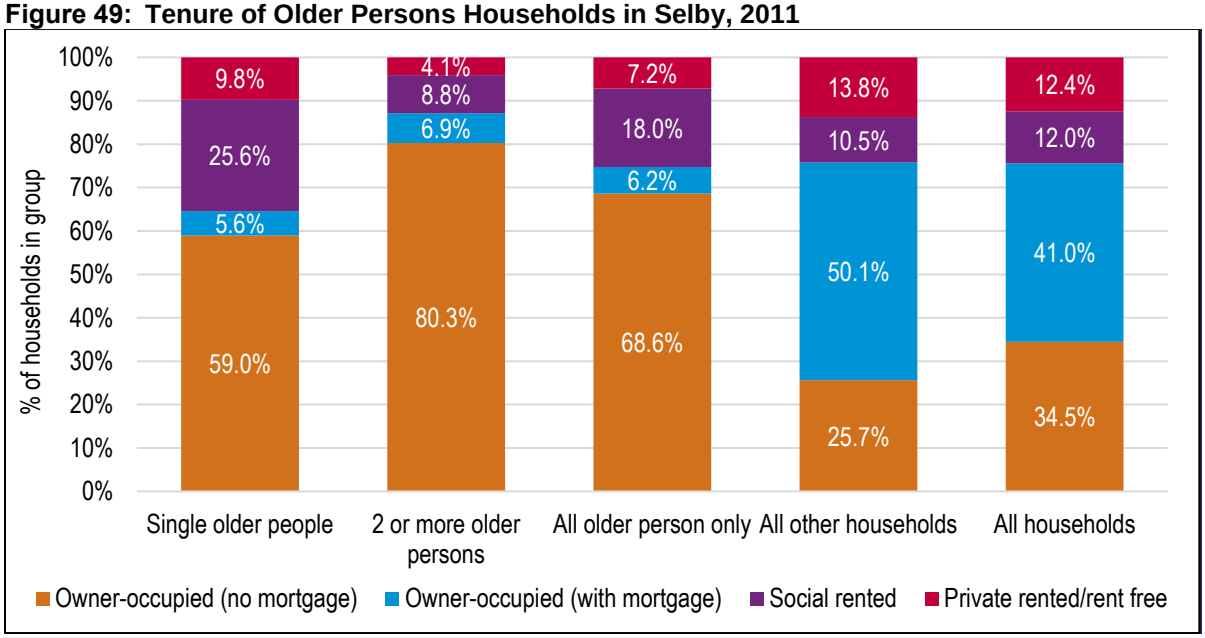
11.8 The tenures in which older persons currently live provides a useful indication of the potential tenure profile of demand for new-build development.

11.9 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be

couples). The data shows that the majority of older persons households (75%) are owner-occupiers, and indeed 69% are owner-occupiers with no mortgage and thus potentially have significant equity which can be put towards the purchase of a new home. Some 18% of older persons households across the study area live in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (about 7%).

11.10 There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

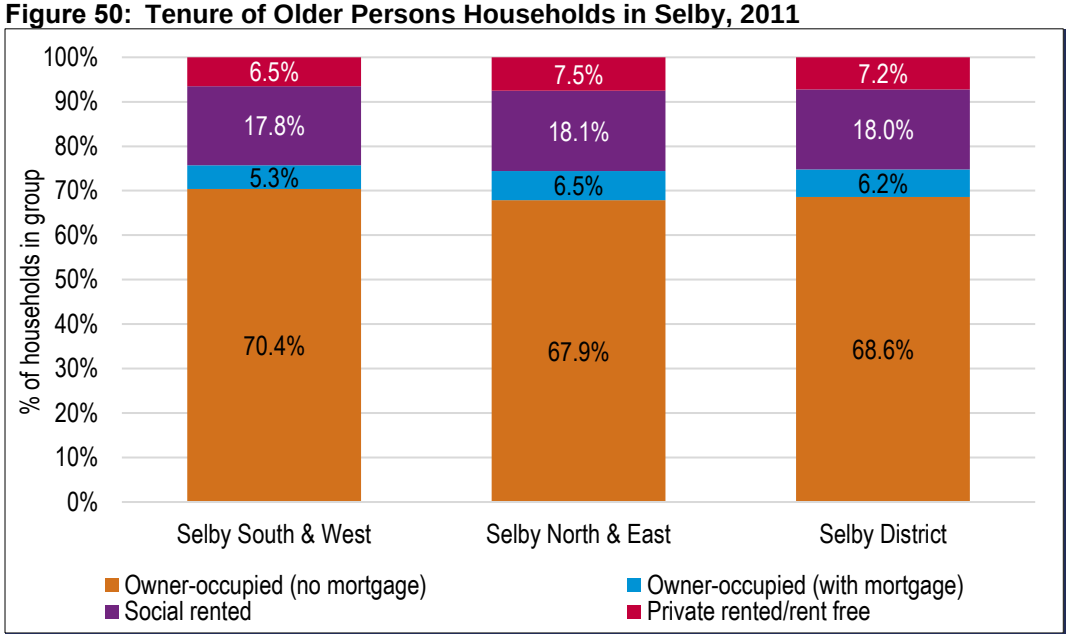
Figure 49: Tenure of Older Persons Households in Selby, 2011



Source: 2011 Census

11.11 The figure below shows the same information for the two sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households is similar across the study area; the main difference is the slightly lower level of owner-occupation amongst older people in Selby North & East.

Figure 50: Tenure of Older Persons Households in Selby, 2011



Source: 2011 Census

Prevalence of Disabilities

11.12 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has an LTHPD. The data suggests that some 31% of households contain someone with an LTHPD. This figure is slightly lower than that seen in other areas (including a 33% figure for the whole of England). The figures for the population with an LTHPD again show a similar pattern in comparison with other areas (an estimated 16% of the population of the study area having an LTHPD). The analysis also shows small differences between different parts of the study area, with Selby North & East seeing a slightly higher proportion of the population with an LTHPD.

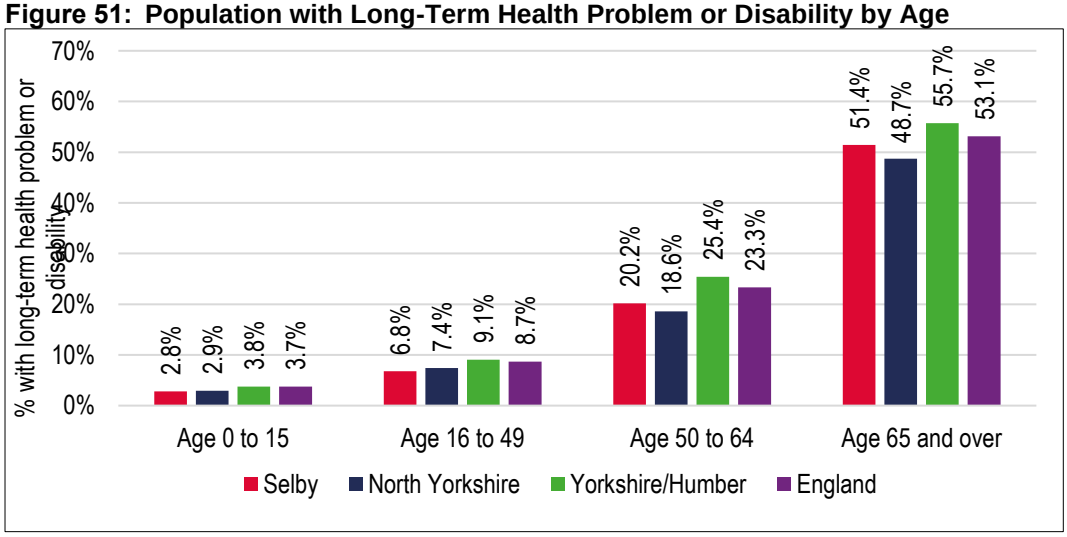
Table 73: Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Selby South & West	3,066	30.5%	3,935	16.2%
Selby North & East	7,610	31.1%	9,743	16.5%
Selby District	10,676	30.9%	13,678	16.4%
North Yorkshire	81,091	31.6%	104,744	17.5%
Yorkshire/Humber	764,824	34.4%	993,649	18.8%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

11.13 The age profile will likely impact upon the numbers of people with an LTHPD, as older people tend to be more likely to have an LTHPD. The figure below shows the age bands of people with an LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have an LTHPD. The analysis also shows typically lower levels of LTHPD in most age bands within Selby when compared with other areas (albeit higher than for North Yorkshire in older age groups).

Figure 51: Population with Long-Term Health Problem or Disability by Age

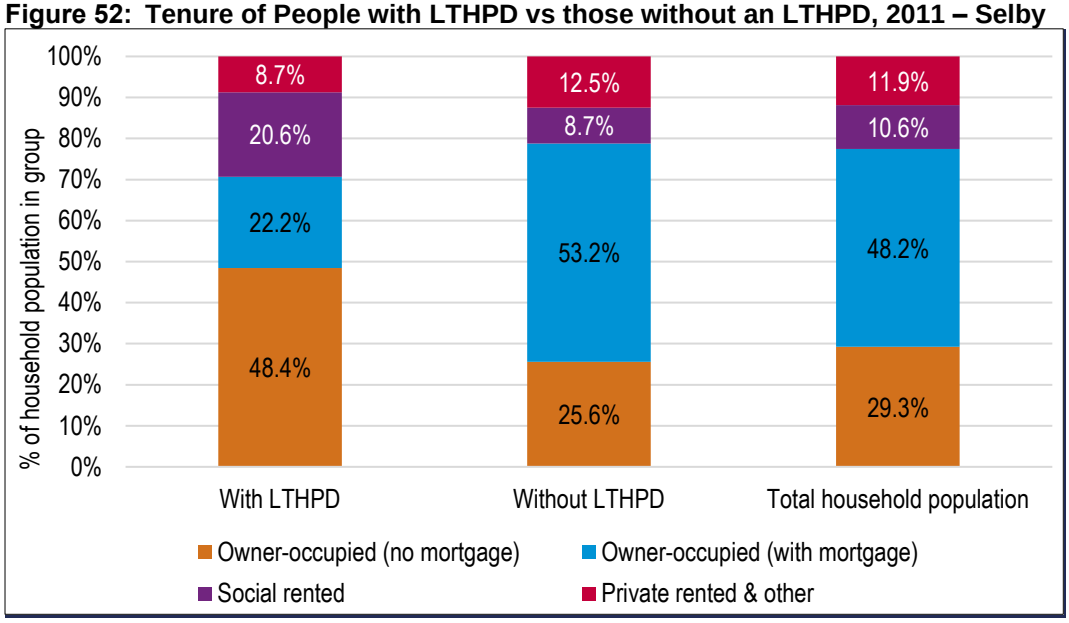


Source: 2011 Census

11.14 The figure below shows the tenure of people with an LTHPD – it should be noted that the data is for 'population living in households' rather than 'households'. The analysis clearly shows that people with an LTHPD are more likely to live in social rented housing or are also more likely to be outright owners (this will be linked to the age profile of the population with a disability).

11.15 Given that typically the lowest incomes are found in the social rented sector, and to a lesser extent for outright owners (many of whom are retired), the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population in terms of income levels and therefore the ability to afford goods and services (as well as to access the housing market in many instances).

Figure 52: Tenure of People with LTHPD vs those without an LTHPD, 2011 – Selby



Source: 2011 Census

11.16 In addition, data taken from the same source as above suggests that 31% of all people living in the social rented sector have an LTHPD, compared with 14% of people in other tenures.

Health-Related Population Projections

11.17 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

11.18 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. In all cases, the analysis links to estimates of population growth linked to the Standard Method.

11.19 Of particular note are the large increases in the number of older people with dementia (increasing by 72% from 2020 to 2040) and mobility problems (60% increase over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related to the total projected change to the population, the increase of 2,000 people with a mobility problem represents 17% of the total projected population growth.

11.20 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 74: Projected Changes to Selby Population with a Range of Disabilities

Disability	Age Range	2020	2040	Change	% Change
Dementia	65+	1,224	2,104	881	72.0%
Mobility problems	65+	3,315	5,308	1,993	60.1%
Autistic Spectrum Disorders	18-64	530	556	27	5.0%
	65+	179	261	82	45.7%
Learning Disabilities	15-64	1,374	1,447	74	5.4%
	65+	395	566	171	43.2%
Challenging behaviour	15-64	25	27	1	5.1%
Impaired mobility	16-64	3,219	3,238	19	0.6%

Source: POPPI/PANSI and Demographic Projections

11.21 The growth shown in those with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base.

Need for Specialist Accommodation for Older Persons

11.22 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below considers different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

11.23 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There are several 'models' for doing this, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which typically describe the proportion of people aged over 75 who could be expected to live in different forms of specialist housing.

11.24 The analysis has drawn on some data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit (SHOP@ toolkit). This data is considered alongside demographic projections to indicate the potential level of additional specialist housing that might be required for older people in the future. Through discussions with Housing LIN, it is however clear that:

- Housing LIN considers that the prevalence rates used should be assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. There is a degree to which the model and assumptions within it do not fully capture the growing recent private sector interest and involvement in the sector.

11.25 The analysis considers the Housing LIN methodology, first of all, to compare it with other alternative sources; and then to makes some judgements on how these might be applied to Selby. Housing LIN's SHOP@ toolkit sets out a series of baseline rates which form a starting point for assessing appropriate prevalence rates to apply. The baseline rates applied in this assessment are discussed below:

- Age-restricted housing – Housing LIN does not provide rates for this type of housing and it is unclear if a new provision is to be expected. For this study, the modelling takes forward overall national prevalence rates to provide some indication of what the need might be (essentially showing the position in Selby compared with other parts of the county). The baseline rates applied are a need for 25 units per 1,000 population aged 75 and over in the affordable sector and 5 per 1,000 in market housing. No further adjustments have been made to these prevalence rates;
- Housing with Support (retirement/sheltered housing) – Housing LIN suggests a base level of 125 units per 1,000 population aged 75 and over and it is considered that this is a reasonable starting point. Adjustments are made to this figure to reflect local levels of health in the older person population. The suggested tenure split is for 50% of homes to be market housing in more deprived areas up to 67% in less deprived locations;
- Housing with Care (enhanced sheltered and extra-care housing) – Housing LIN suggests a base level of 45 units per 1,000 population aged 75 and over. It is considered that this level of provision is a reasonable longer-term aim but that this is quite a high figure in the context of current supply (estimated nationally to be around 18 units per 1,000 population aged 75 and over. Therefore, the baseline modelling sets a need figure of 25 units per 1,000 initially, rising to 45 by the end of the projection period. Again, adjustments are made to this figure to reflect local levels of health in the older person population. The tenure split is taken to be the same as for housing with support (again adjusted depending on levels of deprivation; and
- Residential care bedspaces – Housing LIN suggests a base level of 65 units (bedspaces) per 1,000 population aged 75 and over. This figure is considered to be a reasonable start point. However, given that the analysis seeks to increase the need for extra-care housing it seems reasonable to expect that there might be some reduction in the need for residential care. Therefore, the analysis looks at reducing the need for this accommodation type down to 45 per 1,000 by the end of the projection period. Again, adjustments are made to this figure to reflect local levels of health in the older person population. Residential care bedspaces do not have an associated tenure; and
- Nursing care bedspaces – Housing LIN suggests a base level of 45 units (bedspaces) per 1,000 population aged 75 and over and this is considered reasonable as both a current need estimate and projecting forward. Again, adjustments are made to this figure to reflect local levels of health in the older person population and there is no associated tenure.

11.26 Following the Housing LIN methodology, an initial adjustment has then been made to these rates to reflect the relative health of the local older person population (applied to all groups apart from age-restricted housing). This has been based on Census data about the proportion of people aged 65 and over who have a long-term health problem or disability compared with the England average. In Selby, the data shows slightly better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 3%) – this figure is based on comparing the

proportion of people aged 65 and over with an LTHPD in Selby (51.4%) with the equivalent figure for England (53.1%).

11.27 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the Shop@ toolkit which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Selby is the 252nd most deprived local authority in England (out of 317). This suggests a higher need for market homes for older people in Selby than would be assumed in an area sitting more in the middle of the deprivation index. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).

11.28 The table below shows the estimated needs for different types of housing linked to the population projections. The analysis is separated into the different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation. Below is a summary of the findings:

- Age-exclusive – the analysis suggests a potential surplus of accommodation both currently and by 2040 – this is driven by a large current supply of such accommodation in the affordable sector. Indeed, the analysis does suggest a potential modest shortfall of market accommodation in this sector.
- Housing with support (sheltered/retirement housing) – the analysis suggests a shortfall in both the affordable and market sectors with a total shortfall by 2040 of 1,161 units – the vast majority of this being in the market sector.
- Housing with care (e.g. Extra-care housing) – a total shortfall of 538 units is estimated by 2040, of which 74% is in the market sector.
- Residential/nursing care bedspaces – the analysis estimates a total need for an additional 687 bedspaces by 2040 (including a current shortfall of around 300).

Table 75: Specialist Housing Need using adjusted SHOP@ Assumptions, 2020-40 – Selby

		Housing demand per 1,000 75+		Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
		Start	Finish					
Age-exclusive	Market	5	5	31	41	10	31	42
	Affordable	25	25	1,113	206	-907	157	-749
Total (age-exclusive)		30	30	1,144	248	-896	189	-707
Housing with support	Market	77	77	31	634	603	483	1,087
	Affordable	44	44	568	365	-203	278	74
Total (housing with support)		121	121	599	999	400	761	1,161
Housing with care	Market	15	28	7	127	120	275	395
	Affordable	9	16	89	73	-16	158	142
Total (housing with care)		24	44	96	200	104	434	538
Residential care bedspaces		63	44	214	519	305	114	420
Nursing care bedspaces		44	44	366	360	-6	274	268
Total bedspaces		106	87	580	879	299	388	687

Source: Derived from Demographic Projections and Housing LIN/EAC

11.29 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

11.30 The tables above should be considered as providing a set of parameters for housing need. The ultimate level of provision the Council seeks to support will be influenced by its broader strategy for older persons housing and care.

11.31 The analysis has not attempted to break these figures down into the two sub-areas. However, the data previously provided in this section would help to indicate how needs might vary across locations. In particular, it is notable that the population of older persons does not vary significantly across the District. Generally, those areas with higher proportions of older people would potentially be expected to see a higher demand for older person accommodation.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

11.32 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses".

11.33 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

11.34 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

11.35 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)*." C3 (dwelling houses) are defined as "*use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)*."

11.36 Care is defined in the Use Class Order as meaning "personal care for people in need of such care because of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment."

11.37 Personal care has been defined in Regulations[7] as "the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided."

11.38 Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

"It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided."

11.39 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. Notably, no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

11.40 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact-specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents' care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.
- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

11.41 Use Class on its own need not be determinative on whether affordable housing provision could be applied. In all cases, we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

11.42 The 2019 NPPF sets out in Para 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Para 62 states that where a need for affordable housing is identified,

[7] Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

11.43 Para 63 states that affordable housing should not be sought from residential developments that are not major developments. Para 64 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

11.44 The implication for Selby is that:

- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

11.45 Within any review of the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes. Neither the NPPF nor Use Class Order appear to preclude this. It is, however, important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed-tenure schemes may operate.

Viability

11.46 There are some features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales;
- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;
- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy ‘off-plan.’ The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

11.47 Several implications are arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons

accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

11.48 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Councils wish to consider through the preparation of new Local Plans. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

11.49 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly towards providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

11.50 Whilst recognising the benefits associated with mixed-income/tenure development, in considering whether mixed-tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

11.51 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) National data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) entitled *Mind the Step: An estimation of housing need among wheelchair users in England* (2010) has therefore been used. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus herein is on national data.

11.52 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated, based on English House Condition Survey data, that just 0.5% of homes

meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (information from the CLG Guide to available disability data (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).

11.53 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households[8]. Moving forward, the report estimates a wheelchair user need from around 3% of households.

11.54 Applying both of these figures to the demographic projections (as set out in the table below) suggests a need for around 334 wheelchair user homes in Selby in the period to 2040. Comparing the need for wheelchair dwellings shown to the local housing need, the need for wheelchair user dwellings equates to about 5% of the total housing need. This would, therefore, be a suitable policy benchmark for the level of provision required.

Table 76: Estimated Need for Wheelchair User Homes, 2020 to 2040

	Current Need	Projected Need (2020-40)	Total
Selby District	135	199	334

Source: Derived from Demographic Projections and Habinteg Prevalence Rates

11.55 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair uses, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).

11.56 This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that *'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling').* For market housing, a policy can, however, require delivery of wheelchair-adaptable dwellings, this being a home that can easily be adapted to meet the needs of a household including wheelchair users.

Self and Custom Build

11.57 Custom and self-build housing is defined as housing commissioned and built by individuals or groups for their own use, either by building it themselves or working with builders. "Custom build" is used to include self-build, which is a particular type of custom build where a person organises all the works themselves. Custom build may be undertaken by an individual, a group, or a builder.

[8] This is described in the Habinteg report as the number of wheelchair user households with unmet housing need

11.58 Currently, there are 52 individuals or organisations on the Selby Self-Build and Custom Build Register the breakdown by year of those requesting to be added are detailed below:

- 2016: 8
- 2017: 18
- 2018: 11
- 2019: 8
- 2020: 7

11.59 In the past three years (2017-19) there were around 12.33 average additions made to the register. If the trend continues over the next 20 years, there will be an additional 247 listed on the register. Including the backlog need this would give a total gross need of 299 by 2040 or 15 per annum. This figure should be assessed against trends for the delivery of this type of accommodation, for example, CIL exemption sites. If this results in a net need then the Council should consider a policy to ensure this need is met.

11.60 Several policy options exist to fulfil this objective. Listed below are examples of policies used by other local authorities, for example:

- Teignbridge District Council - 5% of plots on development sites of more than 20 dwellings with plots marketed for a minimum of 12 months.
- Mid Devon District Council - 5% of plots on development sites of more than 20 dwellings
- Torbay Council -5% of plots on development sites of more than 30 dwellings
- East Cambridgeshire District Council - 5% of plots on development sites of more than 100 dwellings
- Stroud District Council - 2% of plots on strategic housing sites

11.61 Other local authorities have developed policies that encourage these objectives without defining exact percentages. For example, North Tyneside Council and Daventry District Council will 'encourage', rather than require, a proportion of plots to be set aside on sites of over 200 and 500 units, respectively.

11.62 As a first step, the Council should seek to adopt a general encourage policy for larger sites (10+ units) but also implement a further policy on strategic sites. The exact level should be determined in reference to the number and capacity of strategic sites and the overall local need. This should also consider the committed supply and viability consideration.

11.63 The Council may also wish to adopt an affordable housing policy specifically for qualifying self-build and custom-build sites, to meet affordable housing needs for this type of housing. Alternatively, specific reference could be included within overall affordable housing policy, outlining the requirements for self-build and custom-build proposals in relation to affordable housing provision.

Gypsy and Traveller

11.64 At the time of the 2011 Census, 156 Gypsies and Travellers were living in Selby District. This equates to 0.2% of the district population.

11.65 As shown in the table below those who identified as Gypsy and Traveller are more likely than the general population to be living in either flats or mobile/temporary accommodation (36% of the population compared to 5% across all ethnic groups). This pattern is similar in Selby when compared to both the region and the country.

Table 77: Accommodation Type for Gypsies & Travellers compared to all groups (2011)

	Selby		Y + H		England	
Type	**G&T**	**All**	**G&T**	**All**	**G&T**	**All**
Detached	33%	43%	11%	23%	13%	24%
Semi-detached	19%	36%	27%	39%	27%	34%
Terraced	12%	16%	26%	29%	21%	26%
Flat or mobile/temp accomm	36%	5%	35%	10%	39%	16%
All Types	100%	100%	100%	100%	100%	100%

Source: Census 2011

11.66 Selby District Council completed a Gypsy and Traveller Accommodation Assessment (GTAA) in May 2018, which revealed that found a need for 8 additional pitches over the plan period.

Service Families

11.67 In 2020 there were no military personnel stationed in Selby which has been the case since 2013 when the number was just 10 and 40 the year previous.

11.68 The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served. This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Council in their allocations policy.

11.69 Any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Student Households

11.70 There are no higher education facilities in the District therefore there is unlikely to be any need for student accommodation in Selby and therefore a policy response is unmerited. However, any application for this type of housing should be treated on its merits and supported by evidence of need.

The Needs of Specific Groups: Key Messages

- Selby has a slightly older age structure and similar levels of disability compared with other areas (although a young age structure in the context of North Yorkshire). The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. This includes:
  - A 45% increase in the population aged 65+ over (potentially accounting for approaching three-quarters of total population growth);
  - A 72% increase in the number of people aged 65+ with dementia and a 60% increase in those aged 65+ with mobility problems (2020-40);

- **Recommendation: The Council Should seek to deliver the following over the 2020-40 period:**

  - **1,161 housing units with support (sheltered/retirement housing), particularly in the market sector;**
  - **538 additional housing units with care (e.g. extra-care), around 26% in the affordable sector;**
  - **687 additional care bedspaces; and**
  - **330 dwellings to be for wheelchair users (meeting technical standard M4(3)).**

- **Recommendation: Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% of homes meeting M4(3) – wheelchair user dwellings.**

- Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector, they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should, however, be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards and that households in the affordable sector are more likely to have some form of disability.

- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

- The report identifies a gross need for 15 self and custom build units in the district.

- There are not notable groups of students, MOD personnel or Gypsies and travellers

12 EMPLOYMENT LAND REQUIREMENTS

12.1 In this section, we consider the demand for employment land and floorspace over the period from 2020-40. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis is of 'labour demand' for employment land does not take account of any supply-side factors such as existing employment land allocations or commitments however this is considered in the overall balance.

12.2 When considering the scale of future needs the Planning Practice Guidance (PPG, 2020) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of some different techniques to estimate future employment land requirements, namely assessments based on:

- Labour Demand;
- Labour Supply; and
- Past Take-Up.

12.3 There are relative benefits of each approach. For Labour Demand scenarios and Labour Supply Scenarios, econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall, with regard to the sectoral composition of growth. However, a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

12.4 In contrast, past take-up is based on actual delivery of employment development; but this does not take account of the implications of growth in labour supply associated with housing growth nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

12.5 The quantitative evidence here is also supplemented by the wider analysis of the market and economic dynamics.

12.6 Scenarios are presented on a Selby District level, as econometric models are only readily available at a local authority level. Supply and demand considerations from key parks and employment sites will be considered when making recommendations.

12.7 Some employment land scenarios have been considered as part of the study which relate in part to the future economic forecasts (chapter 6).

- Labour Demand Baseline
- Labour Demand Adjusted
- Labour Supply
- Completions Trend / VOA Trends
- Supply-side capacity balance

Labour Demand Scenarios

12.8 This section takes forward the economic growth forecasts set out in Chapter 6. This includes a scenario based on the baseline Experian Economics forecast and a second scenario based on the adjusted forecast factoring in recent local trends.

Baseline Scenario

12.9 The Baseline Scenario considers the quantum of employment land required in relation to the decline of 331 jobs from 2020-40 shown in the Oxford Economics baseline forecast.

12.10 This provides a figure for the net change in the number of FTE jobs in each sector over the plan period. The baseline Oxford Economics forecasts show a net job decline of 497 FTE jobs over the period 2020-40.

12.11 GLH has considered the proportion of employment in each of these sectors which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse/distribution floorspace (Use Class B8).

12.12 To do this we have calibrated our standard model which relates sectors and use classes for the Selby economy through interrogation of the current composition of employment in key sectors. This provides an estimate of the proportion of FTE jobs in each sub-sector which are currently located on each type of employment land (or other use class) in Selby District. The modelling necessarily assumes that this proportion within sectors will hold true moving forwards but it is recognised that in reality this will differ. As noted below most of the job growth is in sectors that do not require B-class floorspace.

12.13 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the district as a whole.

12.14 This apportionment is then multiplied by the jobs growth in each sector, showing growth by class of employment. The table below sets out the 5-year band requirements.

12.15 It is of note that the 2020 start point reflects a COVID-19 lower employment rate than in 2019 and that some of the recovery jobs will not in fact need floorspace but will return to existing. However the vast majority of COVID related unemployment is occurring in non B Class sectors which minimises the risk of overestimating B Class needs.

Table 78: Baseline Scenario – FTE Job Growth by B-Class Sector, 2020-40 – Selby District

	2020-25	2020-30	2020-35	2020-40
B1a/b	347	508	699	851
B1c/B2	-197	-730	-1,269	-1,761
B8	175	205	196	177
NON-B	674	619	448	235
Total	998	601	74	-497
B-Class Total	324	-17	-374	-732

Source: Experian / GL Hearn analysis

12.16 To these figures, we have applied employment densities taking account of the *HCA Employment Densities Guide: 3rd Edition* (Drivers Jonas Deloitte, 2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

Table 79: Employment Density Assumptions

Use Class	Area Per FTE
B1a/b	11
B1c	47
B2	36
B8	80

Source: HCA Density Guide 2015

12.17 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for B-Class floorspace of -39,761 sqm with growth in office and particularly warehouses exceeded by losses in manufacturing. The breakdown by use class is shown below.

12.18 Floorspace is converted to a land area by using the following plot ratios: for B1a/b office space a plot ratio of 0.3 is used (i.e. it is assumed that total floorspace will comprise 30% of the site area); for B1c/B2 industrial space a plot ratio of 0.4 is used; for B8 warehouse/distribution space a plot ratio of 0.4 is used.

Table 80: Baseline Labour Demand Scenario – Net Requirements, 2020-2040 – Selby District

	Employment Floorspace Requirement (sq. m)	Employment Land Requirement (Ha)
B1a/b	9,365	3.1
B1c/B2	-63,325	-15.8
B8	14,199	3.5
Total B Class	-39,761	**-9.2**

Source: GL Hearn based on Experian data

12.19 If as a result of COVID there is a longer term shift towards home working then the ratio of floorspace for growing jobs may decrease. As a sensitivity where this falls by around one third, this might see a lower need of 6,240 sqm of space or 2.1 ha.

Adjusted Local Growth Scenario

12.20 The Adjusted Local Growth Scenario considers the quantum of employment land required to support the growth of 4,960 jobs (2020-40) shown in the adjusted growth forecast discussed in the Employment Forecast Chapter, allowing for a greater influence of recent trends. This equates to an additional increase in 4,397 FTE employment from the baseline scenario.

12.21 Using the same modelling assumptions as the Baseline scenario, the Adjusted Scenario results in the following forecasts of net growth in FTE employment by use class over the period 2020-2040:

Table 81: Adjusted Scenario – FTE Job Growth by B-Class Sector, 2020-40 – Selby District

	2020-25	2020-30	2030-35	2020-40
B1a/b	388	627	899	1,141
B1c/B2	-78	-238	-374	-484
B8	326	648	992	1,387
NON-B	776	1,316	1,817	2,353
Total	1,411	2,353	3,335	4,397
B-Class Total	636	1,037	1,518	2,045

Source: GL Hearn based on Oxford Economics data (2020)

12.22 Applying the employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for additional B-Class floorspace of 106,181 sqm or 27.6 ha across Selby District. The breakdown by use class is shown below. The requirements for warehousing and manufacturing floorspace are significantly higher than the baseline scenario.

Table 82: Adjusted Labour Demand Scenario – Net Requirements, 2020-2040 – Selby District

	Employment Floorspace Requirement (sq. m)	Employment Land Requirement (Ha)
B1a/b	12,554	4.2
B1c/B2	-17,367	-4.3
B8	110,994	27.7
Total B Class	**106,181**	**27.6**

Source: GL Hearn based on Oxford Economics data

12.23 Again considering a COVID sensitivity of falling demands of space by around one third, the need would reduce to 8,370 sqm or 2.8 ha.

Labour Supply Scenarios

12.24 The Economic Led Housing Need chapter of this report sets out the situation in relation to forecast housing needs and associated population growth.

12.25 The table below sets out the associated change in employment for the standard method housing scenarios. It also reflects the position of preceding labour demand scenarios and the Strategic Sites.

Table 83: Employment Scenario Comparison, Selby

Scenario	Jobs 2020	Jobs 2040	Jobs Change
Labour demand baseline	41,499	41,187	-313
Labour demand growth	42,575	47,535	4,960
Baseline plus Strategic Sites	41,499	51,732	10,232
Labour supply: Standard Method	41,499	46,134	4,635

Source: GL Hearn Analysis of Oxford Economics and Council Data

12.26 The population generated by the standard method leads to a provision of workforce comparable to the adjusted growth/0.3 scenario, falling between the two ends of a range. This would suggest that a calculation of employment land needs separately for this position is not necessary.

12.27 However, once Strategic Sites are included the population is insufficient to service the employment needs under any scenario as discussed in the economic led housing need chapter.

VOA Trends

12.28 The Commercial Property Market Chapter provides an overview of the property market including VOA trends on total industrial and office floorspace. To provide a 'real world' sense check to the labour demand forecasts it is appropriate to consider the VOA records. This provides data on total net change including gains and losses. Industrial stock includes warehousing, factories and workshops.

12.29 The tables below look at different rates of historic change in VOA data and project these forward across the period to 2040.

12.30 As reported in the commercial market chapter, for the industrial stock, warehousing and general industrial / manufacturing, there has been overall growth since 2001, with a slight decline from 2008 to 2011, and then rapid growth since 2011.

12.31 For offices, there has been overall growth however a decline between 2013 and 2017 and growth seen since 2017. The 2001 to 2005 period was a particularly fast growth period for offices.

Table 84: Selby VOA Trends: Office and Industrial ('000s sqm)

	2001-19		2011-19		2020-40	
	Total	Per Annum	Total	Per Annum	2001-19 data	2011-19 data
Industrial	369.0	20.5	128.0	16.0	410.0	320.0
Office	16.0	0.9	-3.0	-0.4	17.8	-7.5

Source: GL Hearn based on VOA data

12.32 The VOA trends show that the future industrial requirements, based on recent or long-term trends, are likely to be much higher than even the adjusted labour demand scenario. There is less certainty around the offices position given the changing nature of the local market and slowdown in recent years. Council completions data was also provided and net industrial completions projected forward amounted to 289,000 sqm in need which is relatively in line with the VOA projections. Net office completions projected forward result in a need of 26,500 sqm to 2040. This is higher than the need pulled from the VOA due to the data including ancillary and smaller spaces as opposed to purely commercial offices.

Flexible Margin

12.33 Although not PPG stipulated, it is considered good practice to include a margin, typically 5 years, of employment land need in addition to floorspace modelling. The flexible margin is included to account for:

- The potential error margin associated with the forecasting process;
- Providing a choice of sites to facilitate competition in the property market;
- Allowance for sites lost to alternate uses; and
- Providing flexibility to allow for any delays in individual sites coming forward and the time it takes to deliver individual sites.

12.34 In this instance it is considered appropriate to use the long run VOA floorspace data:

- B1a/b: 4,444 sqm (1.48 ha)
- B1c/B2/B8: 102,500 sqm (25.63 ha[9])

[9] Assuming a midpoint between industrial and warehousing plot ratios

12.35 Council data indicates that average historic industrial losses projected forward equate to around 34,000 sqm over the plan period. As our flexible margin is 102,500 sqm, there is a comfortable buffer for both replacement of losses and future churn and choice. However, this is also immaterial given the very substantial level of supply that is available, as it is double the forecast need.

Summary of Quantitative Needs

12.36 The tables below summarise the forecast employment land floorspace and area positions. The various forecasts show a large range in future employment land need from 67,183 sqm / -14.4 ha (Labour Demand Baseline) to 534,722 sqm / 135.5 ha (VOA trend long term trend).

Table 85: Range of Employment Floorspace Need (sqm) (including 5-year margin) 2020-40 – Selby

	Baseline	Custom Growth	VOA Long Term	VOA Short Term
B1a/b	13,809	16,999	22,222	-3,056
B1c/B2	-37,700	8,258	512,500	422,500
B8	91,074	187,869		
Total	**67,183**	**213,125**	**534,722**	**419,444**

Source: GL Hearn based on Experian and VOA

Table 86: Range of Employment Land Need (Ha (Including 5-year margin) 2020-40 – Selby

	Baseline	Custom Growth	VOA Long Term	VOA Short Term
B1a/b	4.6	5.7	7.4	-1.0
B1c/B2	-9.4	2.1	128.1	105.6
B8	22.8	47.0		
Total	**17.9**	**54.7**	**135.5**	**104.6**

Source: GL Hearn based on Experian and VOA

12.36 The 2018 Selby ELR reported a range of floorspace needs from 3.91 ha to 16.80 ha between 2014 to 2027. However, this did not consider VOA data in the same way.

Office

12.37 VOA trend data suggests the office market has contracted in recent years. Whilst transactional activity is still occurring, the revolving needs of entering and existing businesses and stable floorspace suggest that future needs are likely to be limited for the foreseeable future. However, the employment forecasts indicate that there will be requirements in the long term. The custom growth scenario may be overly positive given the overall office market in the District. In GL Hearn's view, it would be balanced to plan for growth in terms of the baseline rate of floorspace needs at **13,800 sqm or 4.6 ha of office floorspace.** Much of this will likely be absorbed by developments in the pipeline.

12.38 COVID-19 is likely to have an impact on the office market. If demand falls by around one third with increased home working, the requirement could fall to 9,200 sqm or 3.1 ha over the Plan period, or even less if existing office spaces are recirculated into the market. This lower rate might be a more cautious position to plan for however it is also possible that demand may fall more strongly in city areas and increase or at least be stable in places such as Selby, as city centres have a more protracted recovery. In this case the demand is more likely to be for a range of smaller floorplate sizes, possible as part of a manged workspace offer. Monitoring of the markets should continue through 2021/22 and may need revisiting given outcomes remain highly fluid.

Industrial

12.39 Manufacturing and general industrial floorspace requirements are negative under the baseline and to a lesser degree under the growth model. However, warehousing needs are positive in both labour demand models. The VOA data is not disaggregated by type but overall shows a high and increasing rate of demand for industrial floorspace which captures the District's growth opportunities in terms of its large-scale brownfield sites, cheap land and network access. There may be some dislocation in terms of jobs densities and floorspace needs leading to under-reporting in the labour demand models. GL Hearn recommends that as a minimum the VOA recent trends model is planned for being **422,500 sqm or 105.6 ha of industrial and warehousing needs is planned for** including a margin.

Table 87: Recommended Floorspace & Land Need

	Recommended Floorspace	Recommended Land	Method
B1a/b	13,800	4.6	Baseline + 5 year margin
B1c/B2	422,500	105.6	VOA Short Term + 5-year margin
B8			
Total	**436,300**	**110.2**	

Source: GL Hearn

Supply Position and Balance

12.40 Selby has a very considerable amount of pipeline supply as summarised below. GL Hearn has revisited floorspace and employment assumptions with the lead stakeholders and SDC officer for the developments and set out potential employment requirements. This is summarised below.

Table 88: Key sites and B-Class Employment

Key Site	Application Status	Estimated B2/B8 Floorspace Provision (sqm)
Gascoigne Wood	Proposed Allocation	100,000*
Eggborough Power Station	Application	215,000
Kellingley Colliery	Permitted	135,500
Church Fenton	Permitted	57,000
Olympia Park	Allocation	139,000
Sherburn 2	Permitted	115,000
Total B-Class		**761,500**
Recommended need		**436,300**
Surplus		**+325,200**

* Estimated from site area provided by Selby District Council
Source: GLH Analysis of SDC Key Site Data

12.41 This volume of supply coming forward in the District is evidently above the rate of modelled need, which in itself is largely driven by VOA records and trends. This is not considered problematic given that sites are either already permitted with keen commercial interest; existing brownfield sites or long-term allocations being progressed. However, for the rate of development proposed to be delivered in the Plan Period, it would require a faster rate of completions than has been seen historically, according to VOA data. Notwithstanding, the level of employment required to fulfil the sites is estimated to be lower than the historic change in employment seen over the 2001-18 period.

12.42 GL Hearn recommends that the District Council continues to support the current permissions and allocations in coming forward but remains vigilant in monitoring the commercial market and completions data performance to ensure that the oversupply is not creating excessive competition at the local level.

Employment Land Needs: Key Messages

- As required by the PPG, three principal approaches have been explored for employment need being labour demand, labour supply and completions trend scenarios. Each of these has limitations where baseline figures may not accurately capture local trends.

- Past trends will reflect historic market underperformance and labour forecasts may not reflect issues with existing stock or not suitably recognised local issues, particularly the case in the baseline forecasts which reflect national and regional trends.

- **Recommendation: The Council should plan to deliver the following level of floorspace and land as a minimum:**

	Recommended Floorspace (sqm)	Recommended Land (Ha)
B1a/b	13,800	4.6
B1c/B2	422,500	105.6
B8		
Total	**436,300**	**110.2**

- When considering the supply and demand balance based on the expected provision of employment floorspace from strategic sites across the district, it is revealed that there is a significant surplus of industrial land in Selby compared to forecast needs. Additional office floorspace may be required although the future office market (in 2020) is very fluid due to COVID-19 effects.

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