



GL Hearn

Part of Capita Real Estate

Strategic Housing Market Assessment Update

Selby District Council

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Quality Standards Control

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.

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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

- 1.1 Selby District Council commissioned GL Hearn and Justin Gardner Consulting to update the findings of the Selby Housing Needs Study 2016 and inform the preparation of the “Plan Selby – Sites and Policies Local Plan”. The Plan aims to drive growth across the district by providing specific site allocations and the policies to manage all the development proposals across the district over the next 10 years.
- 1.2 The report complies with the requirements of the National Planning Policy Framework (the NPPF).¹ It is informed by Planning Practice Guidance (PPG) which sets out a clear methodology for identifying the objectively-assessed housing need.² This is based on identifying the demographic based need for housing and including adjustments – where appropriate – to improve affordability, responding to evidence of market signals and of the need for affordable housing; and/or to support economic growth.
- 1.3 The Ministry of Housing, Communities and Local Government published the revised National Planning Policy Framework (NPPF2) in July 2018. The Government had consulted on the draft between March and May 2018.
- 1.4 However, in light of the transitional arrangements set out in the NPPF2 (paragraphs 214), the new standardised methodology will not apply in the case of Selby (for the time being) as the Council aims to submit their Sites Allocation Local Plan by 24 January 2019 according to the most recent Local Development Scheme³.
- “The policies in the previous Framework will apply for the purpose of examining plans, where those plans are submitted on or before 24 January 2019. Where such plans are withdrawn or otherwise do not proceed to become part of the development plan, the policies contained in this Framework will apply to any subsequent plan produced for the area concerned.”*
- 1.5 Therefore, the new methodology would principally inform the future review of Selby’s housing requirements. The SHMA will reflect the economic aspirations of the Council and help to determine the types of houses to be planned for.
- 1.6 As such, herein we focus on the required housing need to meet the economic growth which is planned for. This will be in line to the commissioned Employment Study (being prepared by GVA). Alongside this, we will update the market signals and the affordable housing need.

¹ CLG (March 2012) *National Planning Policy Framework*

² CLG *Planning Practice Guidance – Assessment of Housing and Economic Development Needs -*
<http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

³ Available at http://www.selby.gov.uk/sites/default/files/Documents/6th_LDS_2017-2020.pdf

Revised National Planning Policy Framework

- 1.7 NPPF2 Paragraph 60 states that in determining the minimum number of homes needed the Local Plans should be based on the local housing need assessments conducted using the standard method as presented in national planning guidance (How is a minimum annual local housing need figure calculated using the standard method?⁴).
- 1.8 According to the transitional implementation policies as presented in NPPF2 paragraphs 212-217, the standardised requirement is necessarily in Selby as the Council aims to submit their Local Plan post January 2019.

Housing Market Area

- 1.9 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.
- 1.10 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 the purposes of this SHMA Update, we sought to use the findings of the SHMA 2015 with regards to the HMA definition as the most recent source of evidence⁵.
- 1.11 The evidence in 2015 suggested that the District cut across two housing market areas (i.e. Leeds and York). However key demographic information, including population projections and econometric forecasts, is available on local authority level. Therefore, it was considered appropriate to prepare an SHMA for the District in its own right. On this basis we also consider appropriate to prepare the SHMA Update for Selby District in its own right.
- 1.12 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.

⁴ Available at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728247/How_is_a_minimum_annual_local_housing_need_figure_calculated_using_the_standard_method.pdf

⁵ No further evidence has been published since 2015 with regards to commuting and migration data which is key for the definition of HMA.

Report Structure

1.13 To achieve this, we have structured the rest of the report as below:

- [Chapter 2](#): Demographic Profile and Housing Need
- [Chapter 3](#): Economic Led Housing Need
- [Chapter 4](#): Market Signals
- [Chapter 5](#): Affordable Housing Need
- [Chapter 6](#): Need for different types and sizes of homes
- [Chapter 7](#): Housing Needs for specific groups of the population
- [Chapter 8](#): Conclusion

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. The analysis draws on the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2017.
- 2.2 Consideration is also given to the 2014-based SNHP (and the associated SNPP), as these projections are proposed by the Ministry of Housing, Communities and Local Government (MHCLG) to form part of a revised Standard Method for assessing housing need – discussed later in the section.
- 2.3 The analysis uses local authority level data and compares trends in Selby with surrounding areas such as Leeds, York and Wakefield together with wider areas including Leeds City Region⁶, Yorkshire and Humber and England and Wales. Projections are developed for two time periods; 2014 to 2027 and 2014 to 2037.

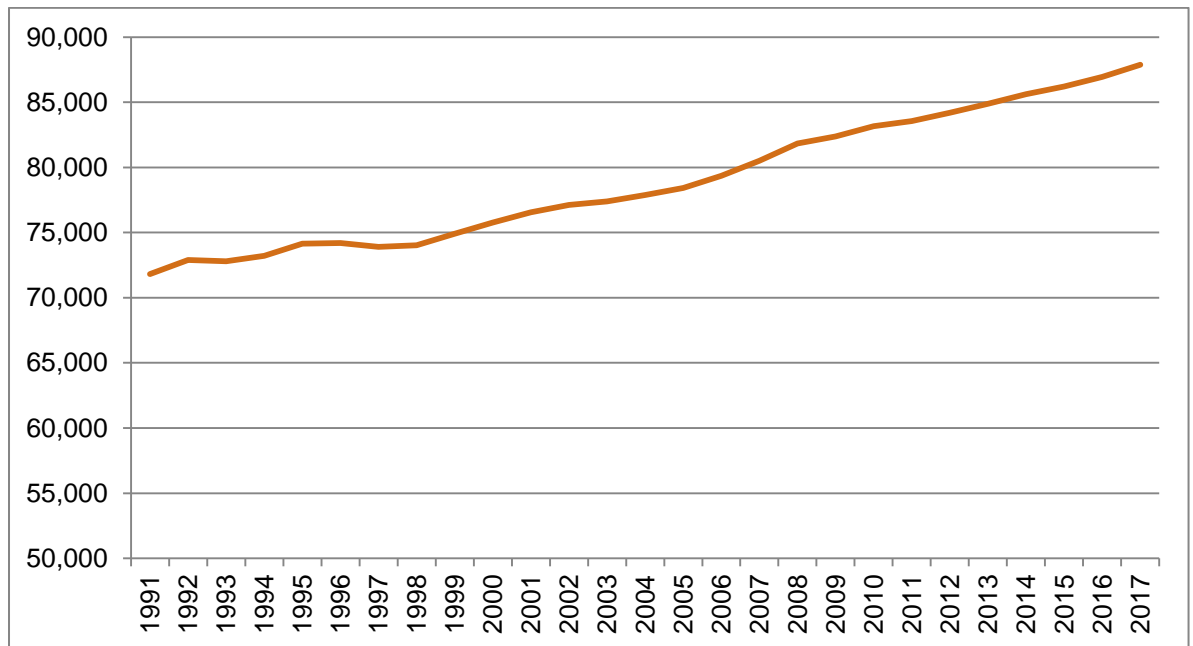
Historic Population Trends

- 2.4 Selby's population totals 87,887 persons as of mid-2017⁷. Figure 1 indicates how the population has changed since 1991. Over this period the population has grown by 22.4%, with an annual growth of 0.8%. As the graph shows, the population grew with a stable annual rate across the whole period.

⁶ Comprising Selby, Leeds, York, Wakefield, Harrogate, Craven, Bradford, Calderdale, Kirklees and Barnsley

⁷ ONS 2016 Mid-Year Population Estimates

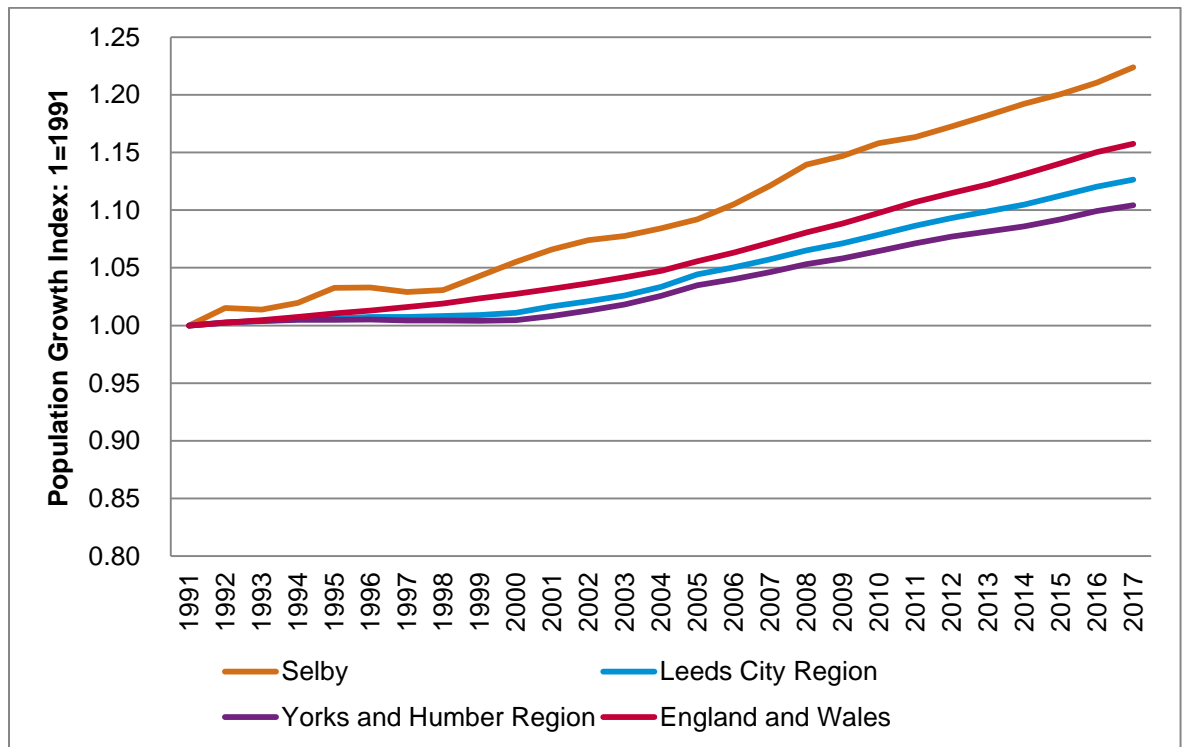
Figure 1: Population change on Selby, 1991-2016



Source: ONS Mid-Year Population Estimates

2.5 Figure 2 compares the population growth in Selby to growth in the Leeds City Region, the Yorkshire and The Humber region and England and Wales. This shows that the population growth in Selby (22.4% since 1991) was stronger than its wider comparators including Leeds City Region (12.6%), the Yorkshire and the Humber (10.4%) and England and Wales (15.8%).

Figure 2: Benchmarking Population Growth from 1991

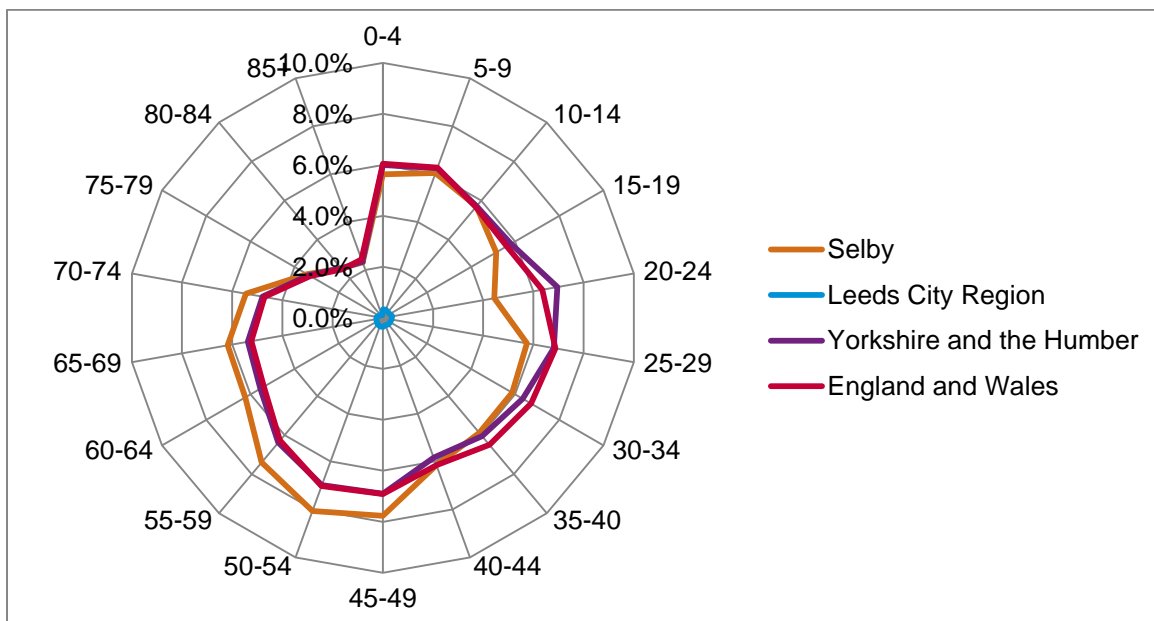


Source: ONS Mid-Year Population Estimates

Age Structure

- 2.6 Compared to the wider comparators (Figure 3), Selby’s population structure has a higher proportion of people in every age cohort from 40 and over. Conversely, the District has a comparatively low percentage across all the age bands between 15 and 35. There is therefore some potential risks in maintaining a working age population. In addition, there are potential pressures on providing facilities for the ageing population.
- 2.7 In addition, Selby has a relatively low representation of children below 15 years old compared to England, Yorkshire and the Humber and Leeds City Region averages. This would appear to suggest that young families are migrating out of the District or are not attracted to it in the first place.
- 2.8 This could also be due to a lack of education opportunities which sees out migration of younger adults and subsequently fewer returning after graduation. In contrast, the age structure indicates that a lot of the elderly population has recently or relatively recently moved to the area to retire.

Figure 3: Age Structure, 2016



Source: ONS 2016 Mid-Year Population Estimates

Official Population Projections – background

2.9 The latest (2016-based) set of subnational population projections (SNPP) were published by ONS on the 24th May 2018 (replacing a 2014-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 2016-based national population projections. The projections do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour.

Key methodological differences from between the 2014- and 2016-based SNPP

2.10 In reality there are no methodological differences between the two projection runs, with both using past trend data (about births, death and migration), this data then being used in a consistent manner to the 2016-based national population projections (NPP) published in October 2017.

2.11 However, at a national level a number of assumptions have been changed from the 2014-based version which will have a notable impact on future projections both in Selby and for other areas across the country.

2.12 The national population projections project notably lower population growth than in the previous (2014-based) set, with the UK population projected to be 2 million fewer in mid-2041. This is driven

by lower assumptions about future birth rates and international migration, and an assumption of a slower rate of increase in life expectancy. The key differences include:

- ONS' long-term international migration assumptions have been revised downwards to 165,000 pa (beyond mid 2022) compared to 185,000 in the 2014-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 1.84 compared to 1.89 in the 2014-based Projections; and
- ONS is no longer assuming a faster rate of increase in life expectancy of those born between 1923 – 1938, based essentially on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

2.13 The table below shows projected population growth in England (2014-37) from each of the two projections. This confirms the lower projected level of growth in the latest projections; 12.5% over the 23-years to 2037, compared with 15.4% in the previous release.

Table 1: Projected population growth in 2014- and 2016-based national population projections (England)

	Population 2014	Population 2037	Change in population	% change
2014-based	54,316,600	62,699,600	8,383,000	15.4%
2016-based	54,316,600	61,116,800	6,800,200	12.5%

Source: ONS

2.14 A further change is that the 2016-based SNPP use a different base period to study migration trends (the 5-years to 2016 for internal migration and the 6-years to 2016 for international migration – previously it was the same length of time but in the period to 2014). Additionally, the 2016-based SNPP use updated mid-year population estimates (MYE) to inform past migration, in Selby the revised MYE suggests that past levels of population growth may have been under-estimated (albeit not by a significant amount).

2.15 The table below shows the migration trends for Selby that would have fed into each of the 2014- and 2016-based SNPP. Overall, migration in the 2014-based SNPP base period averaged 422 people per annum, with a higher figure of 490 in the 2016-based period. This data would lead to an expectation that net migration in the 2016-based SNPP would be higher, although the impact of a projected reduction in international migration nationally would need to also be considered.

Table 2: Comparing migration assumptions in the original and revised MYE for Selby and SNPP averages

	Original MYE		Revised MYE	
	Net internal migration	Net international migration	Net internal migration	Net international migration
2008/9	-	141	-	-
2009/10	404	138	-	-
2010/11	113	157	-	157
2011/12	355	60	355	111
2012/13	382	53	382	159
2013/14	341	66	341	170
2014/15	-	-	234	138
2015/16	-	-	419	128
2014-based	319	103	-	-
2016-based	-	-	346	144

Source: ONS

- 2.16 Although migration looks to have increased, reductions in fertility projections and in the rate of improvement in life expectancy would be expected to have a downward impact on levels of population growth.

Comparing 2014- and 2016- based SNPP

- 2.17 The simplest comparison between the two projections is to simply look at overall population growth and the analysis below looks at a comparison of key data in the last two SNPP – unless otherwise stated, all analysis looks at the 2014-37 period. The analysis below shows that projected population growth in the 2016-based projections is some 1,200 people lower than in the 2014-based version (a difference of about 50 people per annum). This is despite net migration in the base period being around 70 people per annum higher in the 2016-based projections.

Table 3: Projected population growth in 2014- and 2016-based SNPP – Selby

	Population 2014	Population 2037	Change in population	% change
2014-based	85,355	97,132	11,777	13.8%
2016-based	85,622	96,241	10,619	12.4%

Source: ONS

- 2.18 As noted, the difference in population growth will in part be due to the period feeding into the 2016-based projections having a different level of net in-migration and population growth. However, it is probable that much of the difference is due to national level assumptions (which are then filtered down to local areas). The key assumptions are a lower level of fertility, lower improvements in life expectancy and a lower level of long-term international net migration. All of these will drive a lower

level of population growth, and hence population growth is lower in the 2016-based SNPP, despite a higher level of net migration.

2.19 The table below shows the differences, with the average number of births projected to be some 6 higher each year, along with an increase of 21 deaths. The net impact of this is for natural change to be around 14 people lower per annum on average for the 2014-37 period. When looking at net migration, it can be seen that internal migration is projected to be higher than in the 2014-based SNPP, however international migration is lower. The overall net effect is that migration is projected to be on average around 39 people per annum lower.

2.20 It should be noted that the figures in the table below do not exactly sum to the overall population change, this is due to the inclusion in the SNPP of a consolidation factor, this is included by ONS as an adjustment to ensure that all subnational projections sum exactly to national projections.

Table 4: Components of population change in the 2014- and 2016-based SNPP (per annum (2011-31) – Selby

	2014-based	2016-based	Difference
Births	922	928	6
Deaths	885	906	21
Natural change	37	23	-14
Internal net	387	330	-57
International net	86	104	18
Total net migration	472	433	-39

Source: ONS

2.21 Given the differences in the overall population growth, there will also be differences in the age profile of the population. The table below shows projected population change in five-year age bands in each of the two releases. The table shows that both projections see notable increases in the older person population, although the 2016-based SNPP shows a lower change in those aged 85 and over (linked to mortality assumptions).

Table 5: Population change by age in the 2014- and 2016-based SNPP 2014-37 – Selby

	2014-based	2016-based	Difference
0-4	16	-67	-84
5-9	86	53	-33
10-14	758	728	-30
15-19	319	254	-65
20-24	-254	-435	-181
25-29	308	201	-107
30-34	177	115	-62
35-39	514	488	-26
40-44	-229	-228	1
45-49	-556	-493	63
50-54	-914	-795	119
55-59	-172	-45	127
60-64	134	179	46
65-69	990	1,001	11
70-74	2,652	2,624	-28
75-79	2,528	2,465	-62
80-84	2,000	1,915	-85
85 & over	3,421	2,659	-763
Total	11,777	10,619	-1,158

Source: ONS

Alternative/Sensitivity Demographic Scenario

2.22 The SNPP is the latest official projection and is based on looking at migration trends over the past 5 to 6 years. However, given that levels of migration and population growth have been variable over time it is reasonable to consider alternative (sensitivity) scenarios. The sensitivity scenarios take account of longer-term migration trends and also data from the ONS 2017 mid-year population estimates (MYE). The analysis below considers three potential sensitivities to the SNPP figures. These can be described as:

- Including 2017 mid-year population data and retaining other assumptions in the SNPP – 2016-SNPP (+MYE); and
- Implications of 10-year migration trends – 10-year migration

2016-SNPP (+MYE)

2.23 This projection takes assumptions from the 2016-based SNPP, but overwrites the population projection figures for 2017 by those in the ONS MYE (by age and sex). Moving forward from 2017, this sensitivity uses the same birth and death rates as contained in the 2016-based SNPP and the actual projected migration figures (by age and sex).

10-year migration

- 2.24 This projection uses information about migration levels in the 10-year period (2007-17); the scenario therefore includes the most up-to-date MYE figures (for 2017). The projection does not just look at the migration figures and roll these forward but recognises that migration can be variable over time as the age structure changes. With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term.
- 2.25 To overcome the issue of variable migration, the methodology employed looks at the share of migration in the District compared to the share in the period feeding into the 2016-based SNPP (which is 2011-16 for internal migration and 2010-16 for international migration). Where the share of migration is higher in the 10-year period, the projection applies an upward adjustment to migration, and vice versa.
- 2.26 The table below shows the average levels of internal and international migration; the analysis shows that levels of net migration are slightly higher in the 10-year period than the 2016-base period. It should however be stressed that the differences are not substantial given the overall scale of migration. It should also be noted that whilst the figures below show net migration, the modelling analysis looks separately at each of in- and out-migration.

Table 6: Net migration over past 10-years (Selby)

	Internal migration	International migration
2007/8	926	176
2008/9	200	141
2009/10	404	138
2010/11	113	157
2011/12	355	111
2012/13	382	159
2013/14	341	170
2014/15	234	138
2015/16	419	128
2016/17	743	129
SNPP average	346	144
10-year average	412	145
Difference	66	1

Source: Demographic projections

- 2.27 The table below shows the estimated level of population growth in the SNPP and the alternative projections developed. The analysis shows that using longer-term (10-year) trends sees the

projected growth increase slightly and to a level that actually sits slightly above the figures from the previous (2014-based) projections.

Table 7: Projected population growth (2014-2037) – comparing scenarios – Selby

	Population 2014	Population 2037	Change in population	% change
2014-based	85,355	97,132	11,777	13.8%
2016-based	85,622	96,241	10,619	12.4%
2016-SNPP (+MYE)	85,622	96,893	11,271	13.2%
10-year migration	85,622	98,744	13,122	15.3%

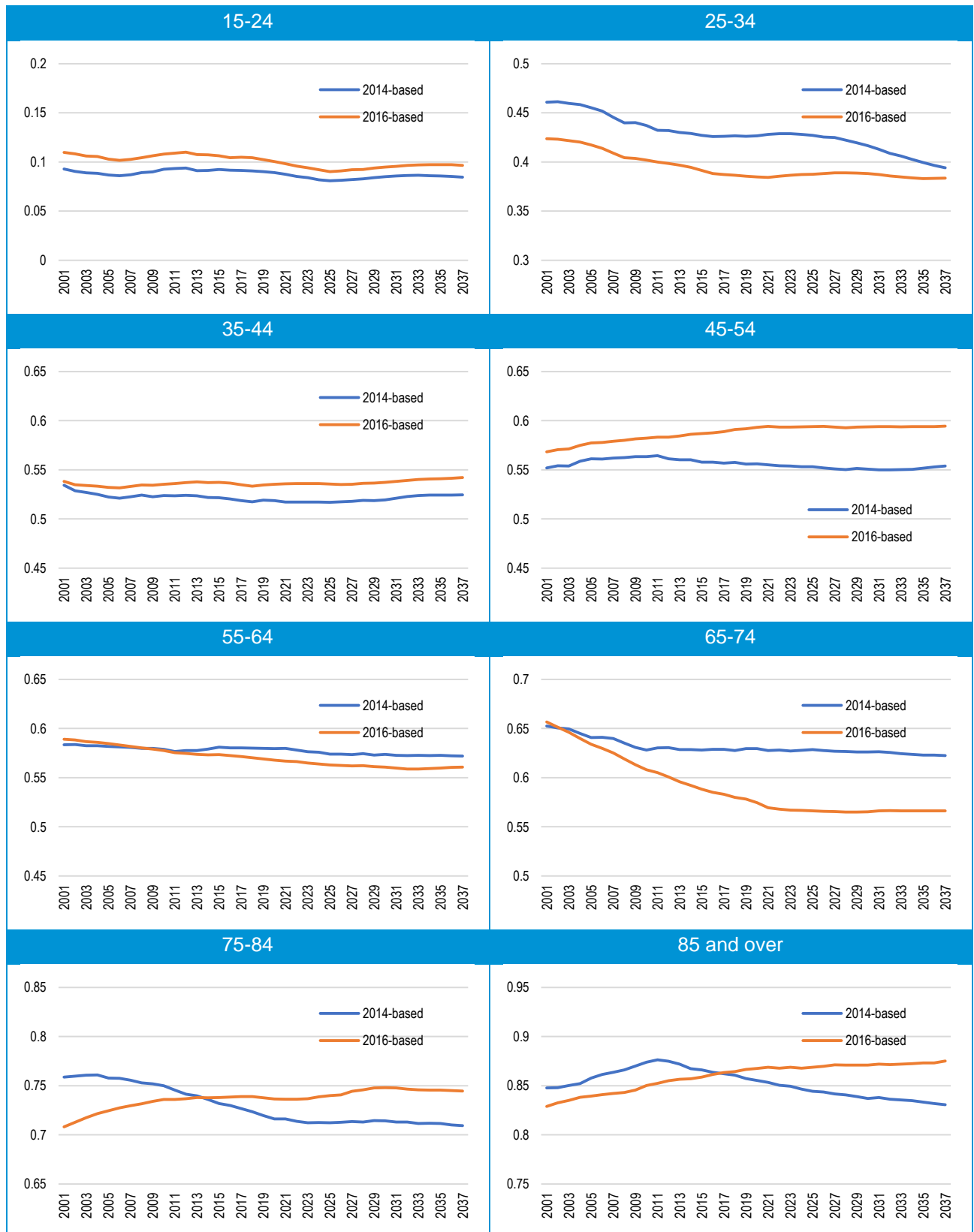
Source: Demographic projections

Household Representative Rates (Household Formation)

- 2.28 Having studied population growth, 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)).
- 2.29 The latest HRRs are as 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 have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build 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.
- 2.30 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government to consider reviewing 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.
- 2.31 The figure below compares HRRs in the 2014- and 2016-based SNHP – the figures are essentially the proportion of a particular age group that is considered to be the ‘head of household’ (HRP as described above). The analysis shows that for some age groups the two projections are really quite different (notably older age groups).
- 2.32 When looking at one of the core younger age groups (25-34) it is however notable that the 2016-based figures appear to be taking a more positive view about future household formation than the 2014-based figures, this is in contrast to the typical position nationally (and a reason for some criticism).

- 2.33 When looking at the oldest age groups (75-84 and 85+) it can be seen that the 2016-based figures are projecting for there to be some increases, compared with decreases in the 2014-based version. Logically, some deterioration in the older age groups might be expected as couples are expected to live together for longer and that a downward trend is not evident in the 2016-based projections does suggest that they may not be as robust as earlier releases.
- 2.34 Overall, some of the HRR patterns in the 2016-based SNHP in Selby are arguably not as might be expected (particularly with the 25-34 age group), and actually show a more positive situation than the older (201-based figures). However, the projections for older age groups do not initially appear robust. Moving forward it is suggested that a baseline understanding of future household growth should draw on the 2014-based figures (an approach consistent with emerging national policy) but that the 2016-based figures should also be modelled for context.

Figure 4: Projected Household Representative Rates by age of head of household – Selby



Source: Derived from ONS and CLG data

- 2.35 As well as looking at the 2014-based and 2016-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version.
- 2.36 This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). A final sensitivity has also been provided, this looks at returning the HRRs of the 25-34 age group back to 2001 levels (the date at which they started to decline), this is an approach that has widely been used by GL Hearn in previous reports. Therefore, four HRR scenarios have been used as described below:
- Linking directly to 2016-based SNHP – 2016-HRRs;
 - Linking directly to 2014-based SNHP – 2014-HRRs;
 - Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT; and
 - Linking to the 2014-based SNHP and returning the HRRs of the 25-34 age group back to 2001 levels – 25-34-uplift

Household Growth and Housing Need

- 2.37 The tables below show estimates of household growth with each of the four HRR scenarios, the tables also show an estimate of the number of additional dwellings expected to be needed. All of the figures link to population growth in the 2016-based SNPP and with 10-year migration trends; only these two scenarios are shown as they represent the lower and upper estimates of population growth (and therefore of housing need). Tables are provided for both the 2014-27 and 2014-37 periods.
- 2.38 To convert households into dwellings, the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 2.7% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 2.7% to provide an estimate of housing need. This figure is based on 2017 Council Tax data and it is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes.
- 2.39 The first two tables below model against the 2016-based SNPP. When looking at the 2014-27 period it can be seen that the need is shown to be for 315 dwellings per annum when using 2016-based HRRs; interestingly this is slightly higher than if using the 2014-based figures. However, both of these scenarios are lower than when using 2014-based figures and making an adjustment to younger households HRRs. The adjustment takes the need up as high as 342 dwellings per annum.

In the longer-term (to 2037) a similar pattern is shown but the need figures are somewhat lower; this is because the rate of population growth is projected to decline over time.

Table 8: Estimated housing need associated with 2016-based SNPP (2014-27) – Selby

	Households 2014	Households 2027	Change in households	Per annum	Dwellings per annum
2016-HRRs	35,525	39,520	3,995	307	315
2014-HRRs	35,731	39,651	3,920	302	310
2014-PRT	35,731	39,898	4,167	321	329
25-34-uplift	35,731	40,068	4,337	334	342

Source: Demographic projections

Table 9: Estimated housing need associated with 2016-based SNPP (2014-37) – Selby

	Households 2014	Households 2037	Change in households	Per annum	Dwellings per annum
2016-HRRs	35,525	41,922	6,397	278	286
2014-HRRs	35,731	41,572	5,841	254	261
2014-PRT	35,731	42,047	6,316	275	282
25-34-uplift	35,731	42,315	6,584	286	294

Source: Demographic projections

2.40 The two tables below show the same outputs set against population growth using 10-year migration trends. In this case the level of need is higher than from the SNPP and is up to 374 dwellings per annum when looking over the period to 2027 and modelling a return to 2001 HRRs for the 25-34 age group.

Table 10: Estimated housing need associated with 10-year migration trends (2014-27) – Selby

	Households 2014	Households 2027	Change in households	Per annum	Dwellings per annum
2016-HRRs	35,525	39,942	4,417	340	349
2014-HRRs	35,731	40,047	4,316	332	341
2014-PRT	35,731	40,300	4,569	351	361
25-34-uplift	35,731	40,471	4,740	365	374

Source: Demographic projections

Table 11: Estimated housing need associated with 10-year migration trends (2014-37) – Selby

	Households 2014	Households 2037	Change in households	Per annum	Dwellings per annum
2016-HRRs	35,525	42,732	7,207	313	322
2014-HRRs	35,731	42,339	6,608	287	295
2014-PRT	35,731	42,831	7,100	309	317
25-34-uplift	35,731	43,104	7,373	321	329

Source: Demographic projections

Housing Need and the Standard Method

- 2.41 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.
- 2.42 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 a 10-year period. Whilst this 10-year period is not specified, it is the case that the examples provided in the PPG look at a 10-year period.
- 2.43 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of 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 (2017 at the time of writing).
- 2.44 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'*. The equation to work out the adjustment factor is as follows:

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

- 2.45 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows: $(8 - 4) / 4 \times 0.25$.
- 2.46 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. The second situation is where plans and evidence is 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).
- 2.47 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.

- 2.48 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.
- 2.49 The table below therefore sets out a calculation of the need under the Standard Method and also for context an indication of the figure if the 2016-based SNHP were used. The analysis shows a need for 365 dwellings per annum⁸ using the 2014-based SNHP (i.e. the proposed revised method). The latest projections would have shown a very slightly lower need (351 dpa).
- 2.50 It should however be noted that the standard methodology is the minimum housing need figure and that local authorities are encouraged to exceed these figures. The rationale for any figures above this could include but are not limited to ensuring economic growth is serviced and providing additional affordable housing.

Table 12: MHCLG Standard Method Housing Need Calculations – Selby

	2014-based SNHP	2016-based SNHP
Households 2018	37,005	36,799
Households 2028	40,117	39,794
Change in households	3,112	2,995
Per annum change	311	300
Affordability ratio (2017)	6.77	6.77
Uplift to household growth	17%	17%
Total need (per annum)	365	351
Capped	NA	NA

Source: Derived from CLG and ONS data

⁸ This differs from the published version by the MHCLG (371 dpa) as we have introduced a more recent affordability ratio and moved the time period on by two years i.e. 2018 to 20128 rather than 2016-2026 noting this report was largely prepared in 2018.

Key Findings: Demographic Profile and Housing Need

- Selby's population totals 87,887 persons as of mid-2017. This has grown by 22.4% since 1991, with an average annual growth of 0.8%
- Selby's population structure has a higher proportion of people in every age cohort from 40 and over. In addition, there is a relatively low representation of children younger than 15 years old. This would appear to suggest that young families are migrating out of the District or cannot afford to settle. In contrast, the age structure indicates that a lot of the elderly population have recently or relatively recently moved to the area to retire.
- The population projections are expecting future changes to be somewhat weaker compared to the 1991-16 equivalent. In particular, it is expected an increase of 13.8% up to 2037 (2014-based SNPP) and 12.4% for the same period based on 2016-based SNPP.
- The 2106-based population projections expect less growth nationally compared to 2014-based SNPP due to changes in long-term international migration; smaller birth rates and slower increase in the life expectancy rates.
- The starting point of the assessment is the 2016-based projections (the latest current data) which show an average household growth of about 307 household per annum for the period 2014-37, relating to 315 dpa.
- Increasing this starting point in line with the standard methodology, in its current format, indicate a need for 351 dpa. Updating the standard methodology to reflect the potential changes to it result in a housing need of around 365 dpa.

3 ECONOMIC-LED HOUSING NEED

- 3.1 In this section, consideration is given to economic growth and how this may influence the level of housing need. The relationship between economic growth and housing need is complex, influenced by a number of factors including:
- The inter-relationship between jobs and people, recognising that some people hold down more than one job;
 - Levels of economic participation, with employment rates a function of a number of factors including the availability of jobs and skills; and
 - Commuting patterns and ratios, which can influence the balance between residents in employment and jobs in an area. These are influenced by transport connections, investment, the availability of employment opportunities and earnings levels.
- 3.2 The complexity of these factors, coupled with the inevitable uncertainties associated with predicting long-term economic performance, makes accurate modelling of the numbers of homes needed to support future economic growth inherently difficult to accurately predict. However Planning Practice Guidance requires consideration of the relationship between jobs growth and housing need.
- 3.3 Selby has commissioned GVA to review the economic growth projections for the District as part of Selby Employment Land Review 2018 that they have prepared for the Council. The ELR is intended to inform the Council's emerging Employment Policies.
- 3.4 The work was underpinned by a set of employment forecasts (Regional Econometric Model (REM)) produced by Experian on behalf of the Regional Economic Intelligence Unit based in Leeds City Council. The REM forecasts set out a growth of 3,651 jobs or 0.4% per annum over the 2014-2037 period.
- 3.5 As well as examining baseline growth, the report also identifies a supply led position identifying allocation and outline supply. These sites total 26.36 Ha of land (0.9 Ha of Office and 25.5 Ha of industrial land) and have converted to jobs growth based on identical assumptions used by GVA. Delivering all of these sites to capacity equated to a 0.7% per annum jobs growth. This rate of growth was applied to the baseline 2014 figure resulting in a jobs growth of 5,896 over the period 14-37.
- 3.6 It should be noted that although jobs-forecasts for the period 14-37 have been calculated for the interim period 14-17, we have assumed that in housing terms the market has already responded to the calculated growth. Therefore, we are only examining the need to house the residual growth (17-27/37) albeit that housing need is shown over the 2014-2027/37 period. The table below summarises the baseline and supply led economic forecasts for Selby for different periods.

Table 13: Baseline and scenario job growth

	2017-27	2027-37	2017-37
Baseline REM	1,563	1,633	3,196
Supply-Led	2,500	2,680	5,179

Source: ELR 2018

- 3.7 The analysis takes account of 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/working population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting). The table below presents the commuting ratio calculation for Selby based on Census 2011 data. The commuting ratio applied in Selby is 1.22.

Table 14: Commuting ratio

	Selby
Live and work in LA	14,362
Home workers	5,230
No fixed workplace	2,848
Out-commute	21,055
In-commute	13,248
Total working in LA	35,688
Total living in LA (and working)	43,495
Commuting ratio	1.22

Source: Census 2011

- 3.8 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs.
- 3.9 Data to estimate double jobbing has been taken from the Annual Population Survey (available on the NOMIS website) and uses a long-term average over the period 2004-17. This period of time has been used to reflect relatively high error margins associated with data for individual years.
- 3.10 The data suggests that around 3.7% of workers in Selby have a second job. This gives a double jobbing ratio in Selby of 0.963 (i.e. the number of jobs can be discounted by 3.7% to estimate the required change in the workforce). Finally, we have assumed that there will be no further changes in unemployment post 2017.
- 3.11 Based on all the above Table 14 shows the estimated growth in resident labour-supply in Selby for 2017-27 and 2017-37 periods. As shown for the longer-term period and the higher growth related to the supply-led this requires an increase in resident labour-supply of 6,080 people.

Table 15: Growth in resident labour-supply

	2017-27	2017-37
Baseline	1,835	3,752
Supply-Led	2,935	6,080

Source: GL Hearn, 2011

Economic Activity Rates

- 3.12 Having estimated the likely required change to the workforce, the next stage is to estimate how much growth is implied by demographic projections (to allow for a comparison between jobs and workforce growth). This entails making assumptions about how economic participation might change in the future.
- 3.13 Trends are of growing employment rates driven in particular by growing numbers of women in the workforce and people working longer (linked to growing life expectancy and health and changes in State Pension Age). The extent of the changes is however difficult to precisely predict. By way of a sensitivity analysis or sense check, four alternatives have been developed as described below:
- Experian – In February 2016, Experian published a set of economic activity rates which underpinned the document ‘Comparison between Experian and OBR Participation Rate Projections’. Generally, it is considered that the Experian rates can be used in analysis of this nature. To some extent these can be viewed as an update to the SHMA rates, which were also linked to Experian forecasts.
 - OBR (2018): The latest set of OBR rates date from July 2018. When compared with previous OBR data, these are considered to be realistic and are consistent with economic forecasts at a national level – they are therefore reasonable to be used in analysis; arguably previous OBR versions were less useful as they did not relate to economic forecasts and tended to show rates of change in the economically active population that were at odds with the expectations of the main forecasting houses;
 - SHMA rates - This reflects the approach set out in the SHMA 2015 and is used to ensure consistency.
- 3.14 For the purposes of analysis the focus should be on the OBR rates scenarios although in truth there is little difference between them. The OBR rates have made considerable improvements in recent editions which have brought them more closely in line with the Experian rates when previously they were perhaps unrealistic. The SHMA rates are not our current view of how EARs may change but allows for consistent comparison with the previous report.

Housing Need linked to Job-Growth Forecasts

- 3.15 Having studied the various issues above, the analysis moves on to consider what level of housing might be required for forecasts to be met. This analysis is predominantly designed to see if there are any areas where there is either a clear workforce shortage or a workforce surplus.

- 3.16 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 SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration.
- 3.17 Once the level of working (economically active) population matches the job growth forecast the population (and its age structure) is modelled against CLG headship rates to see what level of housing provision that might imply.
- 3.18 The tables below show estimates on housing need set against the core modelling assumptions and 2014-based HRRs for different time periods. Again, we have used the 2014-based data due to the criticism levelled at the latest projections.
- 3.19 The tables below show that for baseline forecasts the OBR Economic activity rates scenario result in a need for 325 dpa for the 2014-2027 period. This falls to 299 dpa across the longer period reflecting slowing growth in the latter stages.

Table 16: Selby housing need (2014-27) – 2014-based HRRs

	Households 2014	Households 2027	Change in households	Per annum	Dwellings per annum
Baseline-Experian	35,731	39,585	3,854	296	304
Supply Led-Experian	35,731	40,231	4,500	346	355
Baseline-OBR	35,731	39,852	4,121	317	325
Supply Led-OBR	35,731	40,493	4,762	366	376
Baseline-SHMA	35,731	39,730	3,999	308	316
Supply Led-SHMA	35,731	40,411	4,680	360	370

Source: Outputs derived from demographic projections

- 3.20 For the supply-led scenarios the equivalent housing need figures are 376 dpa over the shorter term and 362 dpa over the longer term.

Table 17: Selby housing need (2014-37) – 2014-based HRRs

	Households 2014	Households 2037	Change in households	Per annum	Dwellings per annum
Baseline-Experian	35,731	41,523	5,792	252	259
Supply Led-Experian	35,731	42,924	7,193	313	321
Baseline-OBR	35,731	42,422	6,691	291	299
Supply Led-OBR	35,731	43,833	8,102	352	362
Baseline-SHMA	35,731	42,408	6,677	290	298
Supply Led-SHMA	35,731	43,888	8,157	355	364

Source: Outputs derived from demographic projections

Sensitivities to household representative rates

- 3.21 As with the demographic analysis it is also worthwhile considering the implications for housing need of increasing the rate of household formation in the 25-34 age group; as seen in the demographic projections earlier in this report, this scenario showed the highest levels of household growth and therefore provides a reasonable range along with the figures modelled in the tables above.

Table 18: Selby housing need (2014-27) – 25-34 HRRs returning to 2001 levels

	Households 2014	Households 2027	Change in households	Per annum	Dwellings per annum
Baseline-Experian	35,731	39,997	4,266	328	337
Supply Led-Experian	35,731	40,659	4,928	379	389
Baseline-OBR	35,731	40,271	4,540	349	359
Supply Led-OBR	35,731	40,926	5,195	400	410
Baseline-SHMA	35,731	40,135	4,404	339	348
Supply Led-SHMA	35,731	40,793	5,062	389	400

Source: Outputs derived from demographic projections

- 3.22 Using the OBR assumptions the baseline forecasts result in a need for 359 dpa falling to 333 dpa over the longer term. The supply-led scenario results in a need for 410 dpa over the shorter terms falling to 398 dpa over the longer term.

Table 19: Selby housing need (2014-37) – 25-34 HRRs returning to 2001 levels

	Households 2014	Households 2037	Change in households	Per annum	Dwellings per annum
Baseline-Experian	35,731	42,265	6,534	284	292
Supply Led-Experian	35,731	43,707	7,976	347	356
Baseline-OBR	35,731	43,194	7,463	324	333
Supply Led-OBR	35,731	44,647	8,916	388	398
Baseline-SHMA	35,731	42,729	6,998	304	312
Supply Led-SHMA	35,731	44,176	8,445	367	377

Source: Outputs derived from demographic projections

- 3.23 In conclusion, over the longer term, the baseline jobs growth (up to 333 dpa) does not justify an adjustment to housing need above the standard methodology even when taking account of the proposed changes (365 dpa).
- 3.24 However, the supply-led figure exceeds the standard methodology, particularly over the shorter term (410 dpa). It would therefore seem reasonable that a figure of up to 410 dpa would allow for demographic growth, economic growth and improve local affordability.

Key Findings: Economic-led Housing Need

- To inform this study we used data produced from GVA to inform Selby ELR 2018. According to this data a growth between 3,200 jobs (baseline) and 5,200 jobs (uplift scenario) is estimated to 2037.
- Based on a set of assumptions which take into account double jobbing, commuting patterns and economic activity rates the supply-led scenario (part return to trend) results in a need for:
 - up to 410 dpa for 2014-27
 - up to 398 dpa for 2014-37

4 MARKET SIGNALS

4.1 In this section we consider updates to certain market signals in Selby benchmarked against key adjoining local authorities and national and regional comparators. Affordability figures and those taken from the census (over-crowding, tenure) have not been updated since the full SHMA report in 2015.

4.2 The previous SHMA Update (2017) set out a range of market signals including:

- House prices in Selby District which were 28% below the national average, and were similar to key adjoining authorities;
- Prices had increased notably, and affordability deteriorated, between 2001-8;
- Dynamics since 2008 had been very different. House prices had stabilised;
- Rents had grown but were comparable to key adjoining areas, and the wider city region;
- Lower quartile house price to income ratio was modestly above the city region and national averages at 6.6, but notably below that in York at 7.9. It had been fairly stable over the last decade.
- Housing delivery had fallen since 2008, as was the case across the region and nationally.
- Sales volumes for market homes remained notably below pre-recession levels.
- The number of people renting had modestly increased, as had house sharing and overcrowding.

4.3 Overall, the evidence provided a modest case for considering an adjustment to housing provision relative to the demographic-led projections.

Transactions

4.4 In 2007, transactions peaked at 2,146 in Selby these then fell to 1,561 by 2014. In the last year, transactions in Selby increased to 1,750, which is still 23% below peak. Over 40% of the sales in Selby were detached properties with only 4% flats.

Housing Values

4.5 The median price of homes sold in Selby District in 2017 was £185,000 an increase of 9.5% compared to previous SHMA 2015 (£169,000). This was 20% below the national average (£222,000). House values remain above those in Wakefield (£137,500) and Leeds (£164,950), and below those in York (£220,000).

4.6 Table 19 shows house price changes over the last 5, 10 and 15 years. Over the last 5 years Selby has seen the second largest growth, following York. Nationally the level of change is just one percentage below Selby, although in absolute terms nationally growth was £3,000 more.

- 4.7 Over the last 10 years, Selby has seen the third largest increase (29%) – following York (47%) and England and Wales (36%). This is well above the regional equivalent of 20% and the City Region at 22%.
- 4.8 Over the long term (15-years), house price changes in Selby are generally slower (45%) than the comparators, in particular it is far below the 75% seen in York. By comparison the City Region and regional equivalent (58%) and the national equivalent (60%) are also higher. However, the level in Selby is still slightly higher than the Leeds and Wakefield growth.

Table 20: House Price Change 2003-2017

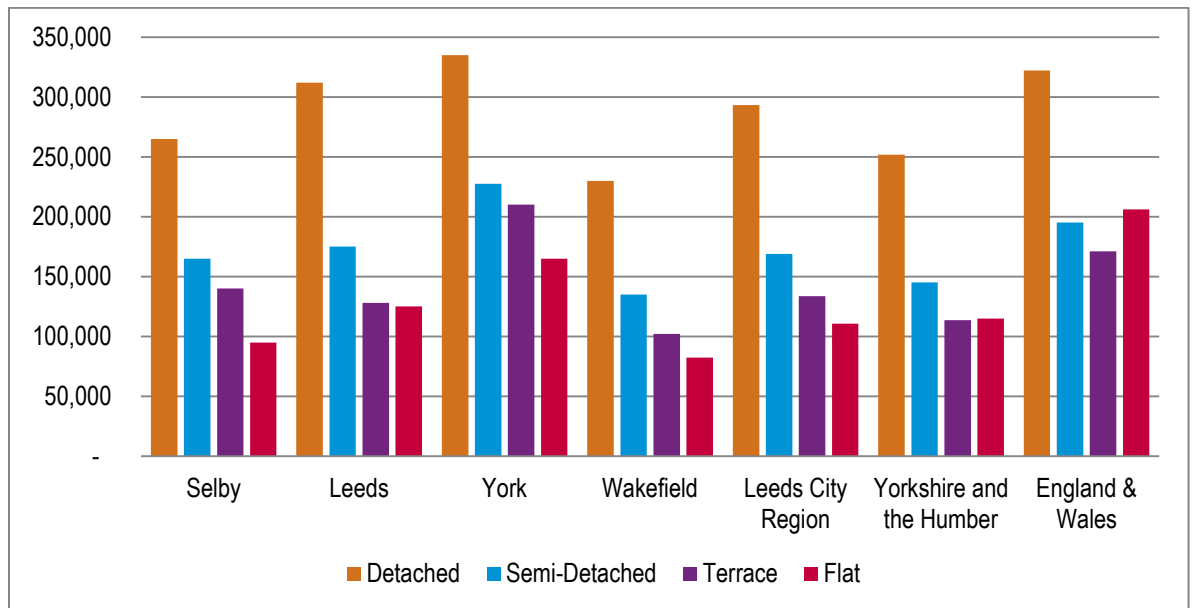
	2013-17			2008-17			2003-17		
	5-year change			10-year change			15-year change		
	Absolute	%	% annual	Absolute	%	% annual	Absolute	%	% annual
Selby	30,000	19%	4%	42,000	29%	3%	58,025	45%	3%
Leeds	15,005	10%	2%	30,000	22%	2%	50,000	43%	2%
York	54,750	30%	5%	74,750	47%	4%	100,750	75%	4%
Wakefield	9,500	8%	1%	12,505	10%	1%	40,550	44%	2%
Leeds CR	22,524	15%	3%	30,669	22%	2%	62,478	58%	3%
York's/ Humber	12,500	9%	2%	25,000	20%	2%	55,000	58%	3%
England & Wales	33,000	18%	3%	58,000	36%	3%	82,500	60%	3%

Source: Live Table 582 (1996-2013) & Land Registry data 2013 onwards

Prices by Type

- 4.9 Figure 5 shows the distribution of house prices by type of property across Selby and the comparators. Across all typologies, house price in Selby are below both the national and City Region's equivalents but above the regional comparators.

Figure 5: Median House Prices by Type (2017)



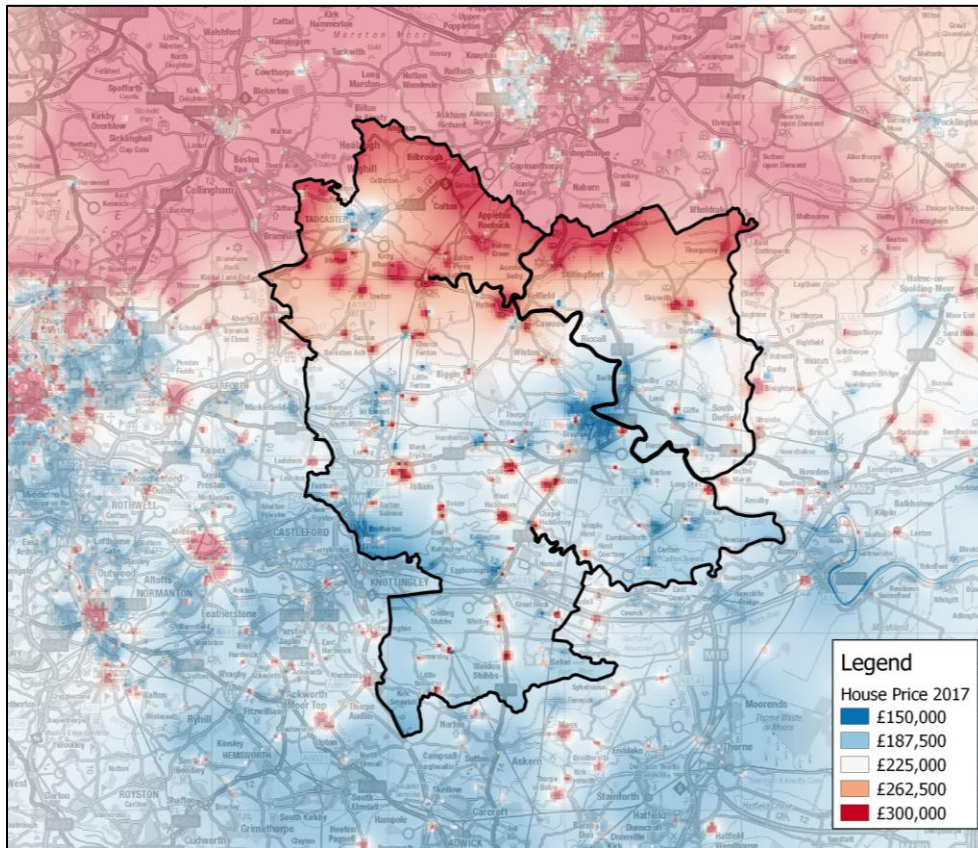
Source: HM Land Registry, 2016

4.10 At a local level, prices in Selby are below those in York across all typologies and in Leeds for all types except terraced housing. As Leeds has a higher percentage of terraced sales and Selby a higher percentage of detached sales, the overall median figure in Selby is still greater. House prices in Selby are slightly below those in Wakefield for all typologies.

House Price Heat Maps

4.11 Finally, the figures below illustrate house prices in Selby and the wider Yorkshire and the Humber region. York's wider area and to the north of the City is a strong market with increased housing costs compared to the rest of the region.

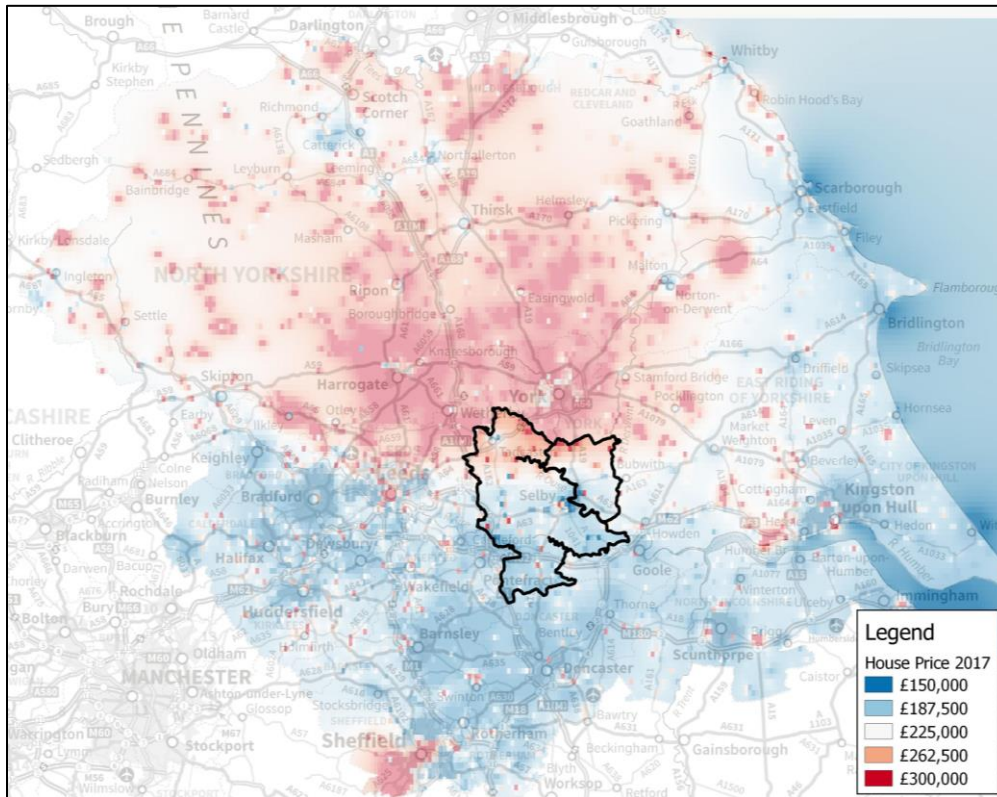
Figure 6: House Price distribution 2017 – Selby



Source: Land Registry – edited by GL Hearn

- 4.12 York's influence on the northern parts of the district where house prices are comparable higher to the rest of the Council's area. Despite being in the north of the district prices in Tadcaster are lower than its surrounding area. This is likely to reflect the typology mix rather than the quality of stock or place.

Figure 7: House Price distribution 2017 – Yorkshire and the Humber

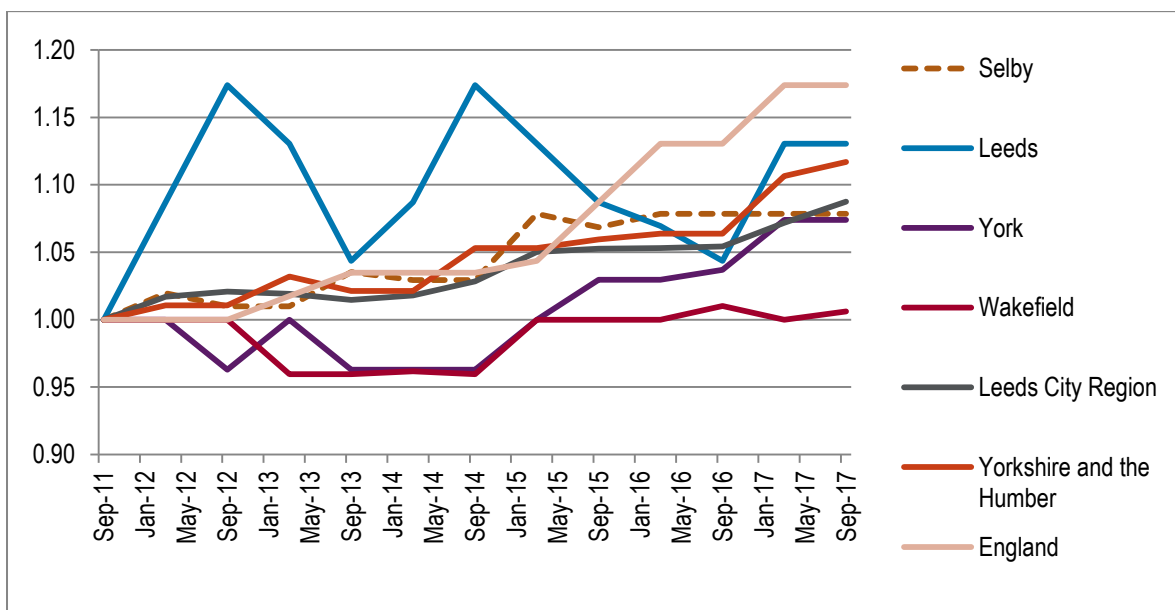


Source: Land Registry – edited by GL Hearn

Rental Values

- 4.13 Rental costs in Selby have remained static broadly static over the last 18 months indeed since January 2015. However, since 2011 rental costs have increased by 8% in Selby. Only Wakefield has had a notably smaller growth.

Figure 8: Median Monthly Rental Costs, 2011-2017 (Indexed to 2011)



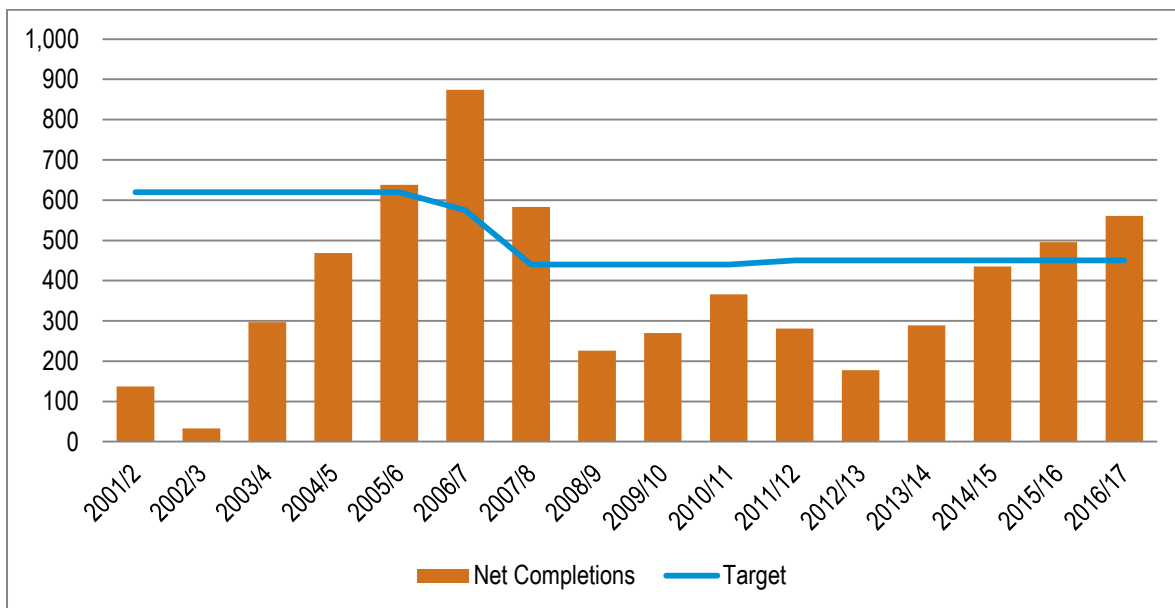
Source: VOA (2016)

- 4.14 The median rental prices in Selby are significantly lower than Leeds, York, the city Region and England as a whole. Rental prices in Leeds and York are likely to be driven at least in part by student demand.

Completions

- 4.15 Since 2011, the housing target has been set out in the Core Strategy at 450 dwellings per annum. Over the 2011-17 period, a total of 2,240 dwellings have been delivered against a policy requirement for 2,700 homes, leaving a delivery shortfall of 460 dwellings.
- 4.16 There has however been a considerable upturn in delivery over the last three years at around 1,500 net additional dwellings indicating a recovery from the housing recession since 2008. According to the most recent AMR has still been below the expected number due to larger sites not coming forward at the rate expected.

Figure 9: Housing Delivery against Planned Provision



Source: Selby District Council 5 Year Land Supply, September 2017 - Table 6, p16⁹

- 4.17 Affordability figures and those taken from the census (over-crowding, tenure) have not been updated since the full SHMA report in 2015.

Qualitative evidence

- 4.18 This section presents the key findings of our consultation with stakeholders including estate and letting agents and qualitative research of housing market conditions on Selby housing market. The aim is to add a local perspective to support SHMA findings. It describes market dynamics and the state of supply at the time of the assessment in mid-May 2018.
- 4.19 Interviews were designed to broadly understand local housing market conditions, trends and drivers, and which parts of the market serve the needs of specific groups such as locals, incomers, first-time buyers, investors, those on low income and vulnerable people. The research also explored the interfaces between the sales and letting markets and affordable housing.
- 4.20 Estate and letting agents were asked to provide information about their local market and Selby District as a whole market.
- 4.21 This evidence was collated via phone conversations. This may mean that the anecdotal evidence of one person may not be that experienced by another. It may also mean that statements are made without statistical evidence to support it. This does not mean the statements are factually incorrect but simply the opinion/experience of those who make it.

⁹ Available at : http://www.selby.gov.uk/sites/default/files/5YHLS%20Report%202017-2022%2030th%20September%20Update_2.pdf

Sales

- 4.22 The market is currently slow with fewer buyers being active and sales being very constrained compared to last year in Selby. Agents suggest that it feels like there are no first-time buyers currently on the market and there is a significant decrease in the overall number of buyers.
- 4.23 Once a property is advertised at the right price it is usually sold within a month. However, in the majority of occasions the price is elevated due to the increased agents' competition and as a result the property can stay on market for a while.
- 4.24 The profile of buyers is a mix of young families and older population. These people are attracted to the area due to its affordability particularly compared to York and the good transport links to both York and Leeds. The most popular area is Selby and the villages around it such as Barlby and Brayton.
- 4.25 The average house price for a large family home (of 4 bedrooms) is around £250,000, while smaller properties such as a 2 bed terrace house can be cost around £120,000-£160,000.
- 4.26 All stakeholders agreed that there was a need for additional 3 bedroom houses across the district. All the agents suggested that a property like this with the appropriate price will not stay on the market more than a couple of weeks. This indicates a strong demand for such properties driven by a shortage.
- 4.27 Finally, it has been acknowledged that buy-to-let is very popular in the Selby market as the area has a comparatively strong letting market. Rental yields in the district vary between 6-12%.

Lettings

- 4.28 The rental market is very strong in Selby together with villages including Barlby, Osgodby, Brayton and Wistow at the edges of the town. When renting people choose Selby due to its affordability particularly compared to York and its good accessibility back to the City.
- 4.29 The profile of private tenants are mainly young professionals working in hospitality together with industrial workers occupied in the power stations or other factories across the area.
- 4.30 The rents have not increased over the last year. However if a property is very popular, this can result in an increase of £25-£50 PCM on its expected rent. Typical rents in Selby include:
- £400 PCM for 1-bed;
 - £550 PCM for 2-bed; and
 - £800 PCM for a 3-bed property.

- 4.31 The agents suggest that there is a gap in the number of larger family properties (3+ bedrooms) in the rental market across the whole of the area.

New Build

- 4.32 Selby District continues to be an attractive location for developers and high levels of planning permissions over the past year indicate this upward trend is likely to continue. This includes a number resulting from appeals.
- 4.33 There are numerous projects which are likely to increase housing delivery within the next five years. The schemes with over 100 units provision are listed below by location:
- Three schemes providing c820 new homes in Selby (467 homes - 2009/0213/REM, 200 homes - 2015/0341/OUT and 150 homes - 2015/0579/REM)
 - Three schemes providing c920 new homes in Sherburn in Elmet (270 homes - 2015/0544/OUT, 498 homes - 2017/0046/REMM, 150 homes - 2016/1409/OUTM)
 - 276 homes in Thorpe Willoughby - 2016/0197/REM
 - 133 new homes in Barby - 2016/1314/FULM
 - 111 new homes in Brayton - 2015/0367/FUL
 - 115 new homes in Hambleton - 2015/0105/OUT
- 4.34 These large schemes across the District are delivered by national developers including Bovis Homes, Persimmon, Barratt Homes and Miller Homes. The majority of smaller sites are delivered by local builders and developers.

Key Findings: Market Signals

- This update does not fully consider market signals on the basis that much of the evidence has not changed since the 2015 SHMA was published. It remains the case that modest market signals pressure is evident. This includes :
 - House prices in Selby District are 20% below the national average, and are average relative to key adjoining authorities of Leeds, York and Wakefield;
 - Since 2008 house prices have increased by around 30%, a level below the national equivalent but above the rest of comparators but York.
 - Rents have grown since 2011 but are comparable to key adjoining areas; also rents have remained static over the last 1.5 years.
 - Lower quartile house price to income ratio has been fairly stable over the last decade. However, there are affordability pressures compared to national equivalent.
- Stakeholder engagement reveals that:
 - There is a demand in 3bed+ houses
 - Sales market is currently slow with no particular first-time buyers interest
 - Rental market is strong in the area due to its comparable affordability against York.

5 AFFORDABLE HOUSING NEED

- 5.1 This section discusses the level of affordable housing need on Selby. Affordable housing is defined in Annex 2 of the NPPF2. The new NPPF definition is slightly wider than the previous NPPF definition; in particular a series of ‘affordable home ownership’ options are considered to be affordable housing.
- 5.2 At the time of writing, no new Planning Practice Guidance had been published relating to the measurement of affordable housing need, although it can reasonably be expected that any guidance will be similar to that set out in draft in March 2018. The draft PPG describes the calculation of affordable housing need as relating to ‘the number of households and projected households who lack their own housing or who cannot afford to meet their housing needs in the market’.
- 5.3 A methodology is set out in the draft PPG to look at affordable need, this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below is therefore split between the current definition of affordable need and the additional definition.
- 5.4 The first few sub-sections below deal with the existing definition of affordable need. As presented in PPG paragraph 2a-022 which describes affordable housing need as being an estimate of *‘the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market’*.
- 5.5 The PPG sets out a model for assessing affordable housing need – this model largely replicates the model set out in previous SHMA guidance (of 2007). The 2007 guide contained more detail about specific aspects of the analysis and so is referred to in this section as appropriate. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

Methodology and source overview

- 5.6 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing which can be used to meet the need. The base date for analysis is 2017 (e.g. data about housing costs and incomes is for 2017). It is recognised that the analysis should align with other research and hence estimates of affordable housing need are provided in this section on an annual basis for the 17-year period between 2017 and 2027 and 2037.

5.7 The table below sets out the main aspects of analysis and provides a description of the sources used. Key topics for updating are discussed in the subsequent section.

Table 21: Affordable Needs Model – core analysis and sources

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to March 2018	Used to establish the entry level cost of housing. Although in theory entry levels could also be the lower quartile sales price this would be highly unusual.
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earnings (ASHE)	Used to estimate the average household income in 2017 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households)
Affordability ratio	Valuation Office Agency (VOA) data for the year to March 2018	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of Selby, the analysis suggests that spending 30% of income on housing is an appropriate affordability threshold – this is consistent with analysis in the 2015 SHMA
Current need	2011 Census, CLG live table 784 (homelessness), EHS, income and housing cost data	Analysis using the categories of need set out in 2a-023 and 2a-024 of the PPG (along with affordability testing)
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Supply of affordable housing (through relets)	CoRe	Takes account of newbuild and transfers. Figures are only for social and affordable rented housing and are based on trends in lettings over the 2014-17 period.

Update

- 5.8 The last full assessment of affordable housing need was carried out as part of the Selby SHMA 2015. This report provides a selected update to key variables where new information is available. The methodology used in the previous assessment is broadly similar and a full description of the methodology can be found in that document. Specifically, this assessment seeks to update the following variables:
- Housing costs (private sector rent levels) – drawing on the latest Valuation Office Agency data covering a 12-month period to March 2018;
 - Income data – taking account of new data about local incomes (including information from the Annual Survey of Hours and Earnings (2017) and small area income estimates from ONS (published in December 2016);
 - Estimates of the number of newly forming households – this is a direct output of the demographic modelling; and
 - Estimates of the supply of affordable housing from relets – taken from Continuous Recording of Lettings data (CoRe) up to 2017.
- 5.9 Other more minor changes have been made; for example estimates of the current need for affordable housing have been updated but this does not substantially change the figures. The text below therefore discusses the main updating undertaken in the assessment.

Rent levels

- 5.10 An important part of the study is to establish the entry-level costs of housing. In previous assessments, it has been established that the private rented sector typically requires lower incomes to access than owner-occupation and so the focus is on costs in this sector. The affordable housing needs assessment compares 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'.
- 5.11 The entry-level costs of housing have been established from Valuation Office Agency (VOA) data. For the purposes of analysis (and to be consistent with Paragraph 25 of the PPG (2a-025)), lower quartile (LQ) rents have been taken to reflect the entry-level point into the market – the data covers a 12-month period to March 2018. The analysis also compares this data with equivalent information from the 2015 SHMA (which was based on a 12-month period to September 2014). The analysis shows that over the three and a half year period, rents have not change substantially. Indeed the overall lower quartile figure has remained at £475 per month.

Table 22: Lower quartile private rents by size (year to September 2014 and March 2018) – per month (Selby)

	Year to September 2014	Year to March 2018	Change in monthly rent	% change
Room only	-	-	-	-
Studio	-	£290	-	-
1 bedroom	£350	£385	£35	10%
2 bedrooms	£475	£495	£20	4%
3 bedrooms	£550	£575	£25	5%
4+ bedrooms	£695	£725	£30	4%
All dwellings	£475	£475	£0	0%

Source: Valuation Office Agency (2018)

- 5.12 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, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes 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).
- 5.13 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 (e.g. through Housing Benefit)?*'. The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold, but are simply being used to assess how many can or can't afford market housing.
- 5.14 Rent levels in Selby are arguably about average in comparison to those seen nationally (a lower quartile rent of £520 per month across England) and somewhat above areas with the lowest rents (e.g. in Hull at £350 per month). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range. In the previous SHMA a threshold of 30% was used; given that there has been no real change in overall private rental housing costs over the past few years it seems prudent for consistency to continue using this figure.

Incomes

5.15 Following on from the assessment of local housing costs 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); the analysis also provides an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:

- ONS modelled income estimates (published in December 2016 with a 2013/14 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to local authority areas. Consideration has also been given to earlier ONS estimates to recognise the error margins associated with this source (i.e. a better view can be gained from looking at a range of outputs);
- English Housing Survey (EHS) – to provide information about the distribution of incomes; and
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date.

5.16 Drawing all of this data together, an income distribution for 2017 has been constructed. The table below shows the average (mean) income and a comparison with the equivalent figure in the previous assessment (which has a 2014 base). It can be seen that the incomes assumed in this report are higher than the previous assessment (up 19%). This difference will in part reflect a higher estimate of income from the new ONS source, as well as any wage increases seen over the period studied.

Table 23: Average (mean) household income estimate

	2014 estimate	2017 estimate	% change
Selby	£35,700	£42,500	19%

Source: Derived from a range of data as discussed

5.17 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

5.18 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 (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

Newly forming households

- 5.19 The number of newly-forming households has been estimated through the 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 (e.g. the analysis considers the number of households aged under 45 in a particular year and subtracts the number aged under 40 five-years previously – this provides an indication of the number of new household (i.e. that didn't exist five years earlier). This differs from numbers presented in the demographic projections which are for net household growth.
- 5.20 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007 – see Annex B) which notes after age 45 that headship (household formation) rates 'plateau'. The PPG does not provide any specific guidance on how to calculate the number of newly forming households. 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 formation of younger households.
- 5.21 Using the updated projections in this report, it is estimated that around 615 new households are likely to form per annum in the 2017-27 period, with a similar figure (of 614 per annum) over the 2017-37 period – these figures are slightly lower than the figure of 647 modelled in the 2015 SHMA and is consistent with the finding that population growth in the latest projections is not as strong as previous releases.

Supply of affordable housing from relets

- 5.22 The final key area of updating is around the supply of affordable housing from relets of current stock. For this analysis, information has been taken from CoRe for the 2014-17 period. The table below provides a summary of the calculation carried out, which includes data from both general needs and supported lettings. Overall the table suggests a potential future supply of 197 homes per annum, very slightly lower than the equivalent figure in the SHMA of 218 homes per annum.

Table 24: Estimates supply of affordable housing – based on data for the 2014-17 period

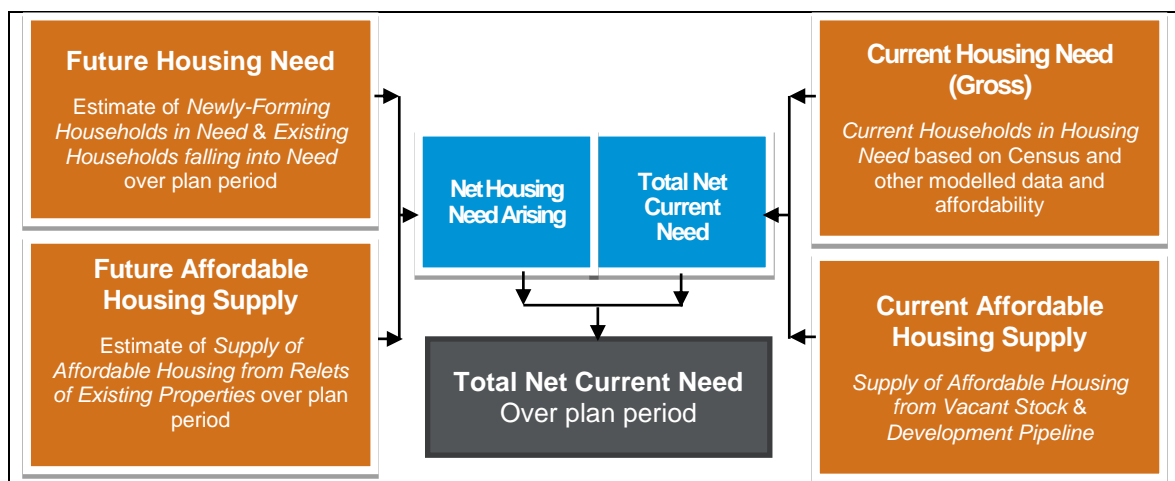
	General needs	Supported housing	Total
Total lettings	373	48	421
% as non-new build	91.3%	97.9%	92.1%
Lettings in existing stock	341	47	388
% non-transfers	47.5%	74.8%	50.8%
Total lettings	162	35	197

Source: Derived from CoRe data

Affordable Housing Need Assessment

- 5.23 Affordable housing need has been assessed using the methodology set out in the PPG. This model is summarised in the figure below.

Figure 10: Overview of affordable housing needs model



- 5.24 The tables below show the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 10-year period from 2017 to 2027, and also a 20-year period to 2037. Whilst most of the data in the model are annual figures the current need has been divided by 10 or 20 to make an equivalent annual figure.
- 5.25 As the first table sets out, the analysis calculates an overall need for affordable housing of 134 units per annum over the 10-years to 2027 in Selby; this figure drops slightly to 112 dwellings per annum over the 20-year period to 2037. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 25: Estimated Annual Level of Affordable Housing Need in Selby 2017-27

	Per annum	2017-27
Current need	43	429
Newly forming households	206	2,060
Existing households falling into need	82	820
Total Gross Need	331	3,309
Supply	197	1,970
Net Need	134	1,339

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Table 26: Estimated Annual Level of Affordable Housing Need in Selby 2017-37

	Per annum	2017-37
Current need	21	429
Newly forming households	206	4,114
Existing households falling into need	82	1,639
Total Gross Need	309	6,182
Supply	197	3,940
Net Need	112	2,242

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Comparison with Previous Assessment of Affordable Housing Need

- 5.26 The analysis above can be compared with the previous assessment undertaken in the SHMA (which had a base date of 2014). The table below shows a summary of the key outputs from each of these assessments, in both cases it is based on analysis looking at need in the period to 2037.
- 5.27 The shows that the affordable need has declined over time; this is largely due to reduced estimates of gross need, which in turn will be mainly due to the estimated income being somewhat higher than previously estimated, whilst at the same time rents are largely unchanged. However, the reality is that figures can vary and are specific to the point at which the analysis is undertaken. For this reason the estimated need should not be seen as a precise figure, changes to specific parts of the analysis (e.g. income estimates) can have a notable impact on outputs.

Table 27: Comparing assessments of affordable housing need in Selby

	SHMA (2014-base)	This study (2017-base)
Current need	25	21
Newly forming households	266	206
Existing households falling into need	99	82
Total Need	390	309
Supply from existing stock	218	197
Net Need	172	112

Source: This study and 2015 SHMA (Table 32)

Affordable Housing – Expanded NPPF Definition

- 5.28 Using the previously established method to look at affordable need, it was estimated that there is a need for around 112-134 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.

- 5.29 The new NPPF introduces a new category of household in affordable housing need, and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 5.30 This section considers the level of need for these types of dwellings in Selby. The NPPF states “Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.” (NPPF2, para 64).
- 5.31 The draft Planning Policy Guidance of March 2018 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.
- 5.32 The methodology used in this report therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households) and an estimate of the supply of housing. 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. For the supply of affordable home ownership, analysis of Land Registry has been undertaken with the supply figure taken to be an estimate of the number of homes sold at a price below the equivalent cost of private renting (see below).
- 5.33 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in Selby who can currently rent but who may be unable to buy. In the year to March 2018, the ‘average’ lower quartile private rent is shown by VOA to cost £475 a month, assuming a household spends no more than 30% of income on housing, this would equate to an income requirement of about £19,000. For the same period, Land Registry data records a lower quartile price in the District of £140,000, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of approaching £31,500.
- 5.34 If the rental figure is worked backwards into an equivalent purchase price then this gives an affordable price to buy of about £84,400 (calculated as $(19,000 \times 4) \div 0.9$). Any home sold at a price at or below £84,000 is considered to be able to contribute towards meeting the need for affordable home ownership.

- 5.35 The table below shows that following the stages of analysis there is an estimated need for around 95-107 units of affordable home ownership per annum. This figure should be seen as indicating the potential demand for such accommodation, as it should be remembered that all of the households picked up in this analysis will be able to afford market housing in the private rented sector without subsidy.

Table 28: Estimated Annual Level of Housing Need for Affordable Home Ownership products – Selby (2017-37)

	2017-27		2027-37	
	Per annum	Total	Per annum	Total
Current need	22	223	11	223
Newly forming households	148	1,476	147	2,947
Existing households falling into need	25	247	25	494
Total Gross Need	195	1,946	183	3,664
Supply	88	880	88	1,760
Net Need	107	1,066	95	1,904

Source: Affordable needs modelling and affordability analysis

- 5.36 On the basis of this analysis it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF2). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.
- 5.37 It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the OAN. As is clear from both the NPPF2 and draft PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households or the number of homes required.
- 5.38 Finally, it is worth discussing what sort of costs the affordable home ownership should be. The Annex 2 definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). 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.
- 5.39 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 equalising the private rent figures into a house price so that the sale price will meet the needs of all 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.

- 5.40 The table below therefore sets out a suggested purchase price for affordable home ownership in the District. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home 'affordable' price of £68,000, rising to £129,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data.

Table 29: Selby affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to March 2018

Size	Sale price
1-bedroom	£68,000
2-bedroom	£88,000
3-bedroom	£102,000
4+-bedroom	£129,000

Source: derived from VOA data

Qualitative Commentary

- 5.41 There are currently 11 active housing providers across the District. There are over 2,000 council tenants currently housed in council's homes and there are c650 further homes needed as recorded in the council's waiting list. There is therefore a high demand of affordable housing across the area, in contrast to comparably low market house prices and the average earnings against the national equivalent.
- 5.42 Indicatively, the gross annual earnings of full-time workers in Selby averages at £28,048 with the lower quartile being £18,850 in 2017 (Nomis: Annual Survey of hours and earnings). For the same year England's average was over £29,000 (lower quartile £20,700); however Leeds City Region's equivalents were close to Selby's at £26,000 and £19,000 respectively. On the same basis the gross annual earnings of residents in Selby averages at £29,500 with lower quartile being £20,200 in 2017 very close to the national equivalents of £29,100 and £20,700.
- 5.43 The most recent affordable scheme currently under construction relates to the 99 affordable homes that will be delivered in Thorpe Willoughby as part of Miller Homes' Sherwood Croft Development. Stonewater is the register provider of this new scheme.
- 5.44 The Lead Executive Member for Housing, Leisure, Health and Culture of Selby District Council announced in January 2018 the Housing Development Programme of the council for the period up to 2020. He explained that the programme would speed up the process for delivery and allow

greater flexibility resulting in a £22m investment in the district. A total of 210 new affordable homes will be delivered through the programme by 2020.

- 5.45 A small number of housing associations offer the option of buying a proportion of the value of a property and paying rent on the balance. South Yorkshire Housing Association is currently advertising a couple of shared ownership products in Selby.

Key Findings: Affordable Housing Need

- An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Selby. Overall, in the period from 2017 to 2027 a net deficit of 43 affordable homes per annum is identified based on the demographic baseline. The equivalent for 2017-37 period is 21 affordable dwellings per annum.
- The affordable housing need increases to 206 dpa based on newly forming households however there are 82 existing households falling into need per annum. Considering also the supply the estimated new affordable need is 134 dpa for 2017-27 and 112 dpa for 2017-37 period.
- Compared to SHMA 2015, the affordable housing need has been reduced from 172dpa (2014-based) to 112dpa (2017-based).
- The new NPPF introduces a new category of household in affordable housing need those falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate. Based on the new definition, there is an estimated net affordable need of 107 dpa for 2017-27 and 95 dpa for 2017-37 period.
- Therefore it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF2). However, given that the analysis also shows a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.

6 NEED FOR DIFFERENT TYPES AND SIZES OF HOMES

Introduction

- 6.1 A further area of analysis is around the size of homes to be provided and in particular family housing, with paragraph 2a-021 of the PPG noting that *'plan makers can identify current numbers of families, including those with children, by using the local household projections'*.
- 6.2 Beyond this quote, the PPG says relatively little about the analysis to be carried out although the introduction to paragraph 2a-021 does note that overall housing needs should be broken down by a range of groups (including by tenure and household type).
- 6.3 The PPG also notes a need to understand age profiles and the size of the housing stock (in terms of bedrooms). The PPG says that *'information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future'*.
- 6.4 The Housing White Paper makes a number of references to families, covering a range of issues such as affordability, security of tenure (children being forced to move school) and space standards. The September 2017 consultation document (Right Homes in the Right Places) also includes families with children as a key specific group and highlights the desire to support families into home ownership.
- 6.5 This chapter therefore looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward.
- 6.6 The analysis finishes by looking at the mix of housing required (covering all household groups and tenures); this analysis takes account of the way different groups occupy housing and links to projections of changes to household types and ages.

Background Data

- 6.7 The number of families (defined for the purpose of this assessment as any household which contains at least one dependent child) in Selby totalled 10,168 as of the 2011 Census, accounting for 29.4% of households.
- 6.8 This proportion is similar to what had been seen in Leeds City Region (29.4%) and slightly above the regional and national equivalents of 28.7% and 29.1% respectively. Selby appears to have a relatively low proportion of lone parents (5%) against its wider comparators.

Table 30: Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Selby	No.	6,284	1,495	1,727	662	24,391	34,559	10,168
	%	18.2%	4.3%	5.0%	1.9%	70.6%	100.0%	29.4%
Leeds City	%	15.2%	4.4%	7.2%	2.6%	70.6%	100.0%	29.4%
Yorks/Humber	%	14.6%	4.6%	7.1%	2.4%	71.3%	100.0%	28.7%
England & Wales	%	15.2%	4.1%	7.2%	2.6%	70.9%	100.0%	29.1%

Source: Census 2011 KS105EW

6.9 The table below shows how the number of households with dependent children changed from 2001 to 2011 in Selby and its wider comparators. Within this, there was an increase in the number of cohabiting couples (+453), which was more than offset by a decrease in married couples (-534); the number of lone parents increased by 12.6% whilst 'other' households also saw an increase in numbers (+213).

6.10 Overall there was only a modest increase in the number of households with dependent children, increasing by 325 (an increase of 3.3%). This is below the wider comparators of Leeds City Region (5%), Yorkshire and the Humber (3.5%) and England and Wales (6.3%).

Table 31: Change in households with dependent children (2001-11) –Selby

	Selby				Leeds City Region	Yorkshire and The Humber	England and Wales
	2011	2001	Change	%Change	%Change	%Change	%Change
Married couple	6,284	6,818	- 534	-7.8%	-7.1%	-10.3%	-6.5%
Cohabiting couple	1,495	1,042	453	43.5%	32.1%	35.0%	35.4%
Lone parent	1,727	1,534	193	12.6%	17.9%	17.1%	19.4%
Other household with dependent children	662	449	213	47.4%	17.3%	20.5%	26.6%
Total with dependent children	10,168	9,843	325	3.3%	5.0%	3.5%	6.3%
All other households	24,391	20,993	3,398	16.2%	-9.0%	9.5%	8.5%
All Households	34,559	30,836	3,723	12.1%	-5.3%	7.7%	7.9%

Source: Census (2001 and 2011)

Current Stock Profile

- 6.11 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling. The table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups.
- 6.12 This shows generally across all tenures that Selby has a slightly larger dwelling stock than in other locations. This may to some extent be explained by the population and household profile on the District (fewer young more older-population). The current (2011) stock profile is however taken into account in drawing conclusions.

Table 32: Number of bedrooms by tenure and a range of areas

		Selby	Leeds City Region	Yorkshire and The Humber	England and Wales
All tenures	1 bedroom	6%	11%	10%	12%
	2 bedrooms	24%	30%	28%	28%
	3 bedrooms	44%	41%	44%	42%
	4+ bedrooms	26%	18%	18%	19%
	Total	100%	100%	100%	100%
Owned or shared ownership	1 bedroom	2%	3%	2%	4%
	2 bedrooms	19%	25%	23%	23%
	3 bedrooms	47%	48%	51%	48%
	4+ bedrooms	32%	24%	23%	25%
	Total	100%	100%	100%	100%
Social rented	1 bedroom	24%	32%	30%	30%
	2 bedrooms	40%	36%	35%	34%
	3 bedrooms	33%	29%	31%	31%
	4+ bedrooms	2%	4%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1 bedroom	12%	19%	18%	22%
	2 bedrooms	39%	42%	40%	39%
	3 bedrooms	37%	28%	31%	29%
	4+ bedrooms	12%	11%	11%	11%
	Total	100%	100%	100%	100%

Source: Census 2011 DC4405EW

Understanding how Households Occupy Homes

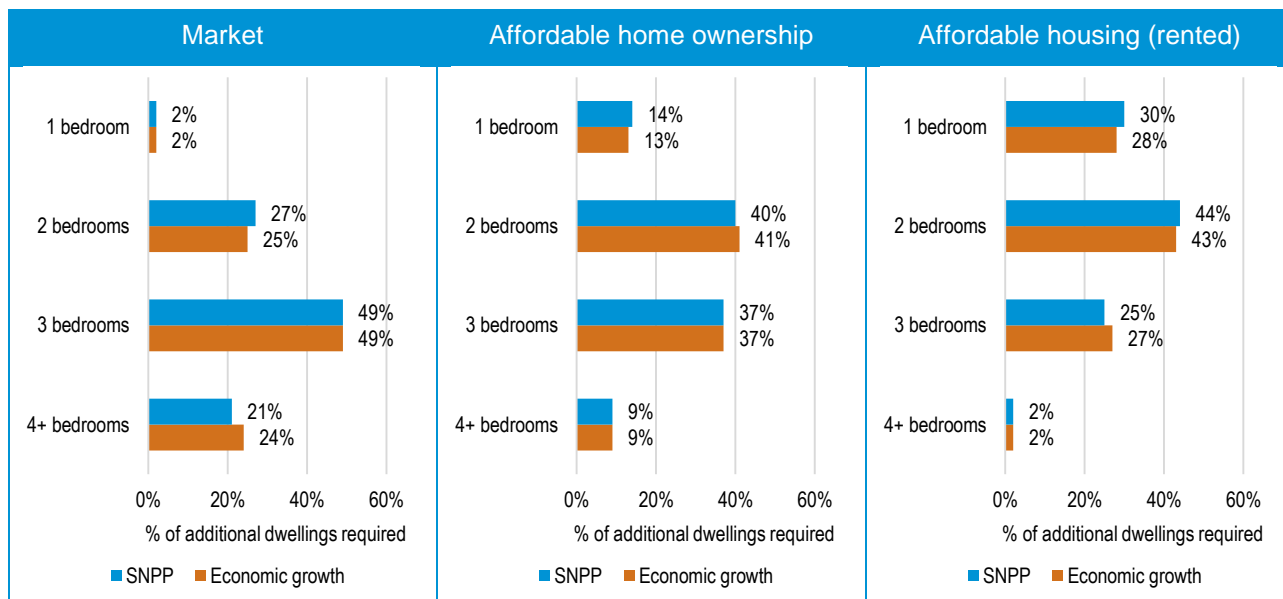
- 6.13 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided.

- 6.14 The main reason for this is that in the market sector households are able to 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.
- 6.15 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.
- 6.16 This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) 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.
- 6.17 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).
- 6.18 In terms of the analysis to follow, the outputs have been segmented into 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 affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Key findings

- 6.19 The figure below summarises analysis in each of the tenures under the modelling exercise – analysis has been carried out linked to both the latest official projections (2016-based SNHP) and also the highest economic growth scenario (with an uplift to household formation for the 25-34 age group). The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 11: Size of housing required – Selby



Source: Housing Market Model

Indicative Targets by Tenure

- 6.20 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.
- 6.21 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.
- 6.22 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

- 6.23 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a District-wide level, the analysis would support policies for the mix of affordable housing (rented) of:
- 1-bed properties: 25-30%
 - 2-bed properties: 35-40%
 - 3-bed properties: 25-30%
 - 4-bed properties: 5-10%
- 6.24 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 6.25 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 6.26 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant.
- 6.27 On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:
- 1-bed properties: 10-15%
 - 2-bed properties: 40-45%
 - 3-bed properties: 35-40%
 - 4-bed properties: 5-10%
- 6.28 Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The conclusions see a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:
- 1-bed properties: 0-5%
 - 2-bed properties: 25-30%
 - 3-bed properties: 45-50%
 - 4-bed properties: 20-25%
- 6.29 Although the analysis has quantified this on the basis of the 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. 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.

- 6.30 The figures can however 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.

Need/demand for Bungalows

- 6.31 The sources used for analysis in this report makes it difficult to quantify a need/demand for bungalows in the Borough 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.
- 6.32 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).
- 6.33 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 sight lines.
- 6.34 There is also the possibility of a need/demand for retirement accommodation more widely. 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.
- 6.35 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 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.

Housing Mix (Size of Homes Needed): Key Messages

- 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. The analysis linked to long-term demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	25-30%	45-50%	20-25%
Affordable home ownership	10-15%	40-45%	35-40%	5-10%
Affordable housing (rented)	25-30%	35-40%	25-30%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-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 study area (by tenure).
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development 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.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-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 retain flexibility for friends and family to come and stay.
- The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers 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.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

7 HOUSING NEEDS FOR SPECIFIC GROUPS OF THE POPULATION

- 7.1 This report has established the need for different sizes of properties and tenures over the 23-year period to 2037, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population.
- 7.2 These groups are considered within this section and there is a particular focus on older persons and people with disabilities. This leads through into analysis of the need for the Councils to consider Housing Technical Standards.
- 7.3 Planning Practice Guidance on housing and economic development needs assessments also highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed – comments on this sector being included in paragraph 2a-021 although there is little advice on the analysis expected and the outputs.
- 7.4 Specifically, the PPG says: *‘tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing’* and *‘market signals in the demand for private rented sector housing could be indicated from a change in rents’*.
- 7.5 There is also a need to understand the range of other specific groups including those who are seeking to acquire serviced plots of land in their area in order to build homes for those individuals to occupy and the need for family housing and students although in Selby this is not an issue given the lack of higher education facilities.

Older Persons Accommodation

- 7.6 Planning Practice Guidance section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.
- 7.7 The PPG sets out that the reason for the approach to setting standards is designed to *‘rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes’* (56-001) and that *‘local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area’* (56-002).
- 7.8 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3)

(wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
- the accessibility and adaptability of existing housing stock;
- how needs vary across different housing tenures; and
- the overall impact on viability.

7.9 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.

7.10 The table below provides baseline population data about older persons and compares this with other areas. The data for this has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2016 to reflect the latest published data for local authority areas and above.

Table 33: Older Person Population (2016)

	Selby		Leeds City Region	Yorkshire and the Humber	England & Wales
	Pop	% of pop	% of pop	% of pop	% of pop
Under 65	69,800	80.3%	81.3%	81.9%	82.8%
65-74	10,000	11.5%	10.6%	9.6%	9.5%
75-84	5,000	5.8%	5.9%	5.9%	5.5%
85+	2,000	2.3%	2.2%	2.6%	2.2%
Total	86,900	100.0%	100.0%	100.0%	100.0%
Total 65+	17,000	19.6%	18.7%	18.1%	17.2%

Source: ONS mid-year population estimates

7.11 The data shows, when compared with data for the wider comparators, that the Council area has a slightly higher proportion of older persons; in 2016, it is estimated that 20% of the population of the Council area was aged 65 or over compared to 17% nationally.

Older Persons' Housing Need

7.12 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 analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit along with demographic projections to provide an indication of

the potential level of additional specialist housing that might be required for older people in the future.

- 7.13 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health. This includes the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing, extra care, residential care and nursing care. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodation Council (EAC) which provides an indication of the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:

A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus on-site supportive management. A regularly visiting scheme manager as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

Enhanced sheltered housing:

Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided additional shared facilities. Also called assisted living and very sheltered housing.

Extra care housing:

Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically at will be provided and there will be additional shared facilities. Some schemes specialise in dementia care, or may dementia unit.

Care beds:

Care homes: Residential settings where a number of older people live, usually in single rooms, and have access personal care services (such as help with washing and eating).

Care homes with nursing: These homes are similar to those without nursing care but they also have registered provide care for more complex health needs.

Source: HOPSR

- 7.14 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation, this varies depending on an area's level of deprivation. In Selby, data from the 2015 Index of Multiple Deprivation suggests that the District is the 254 most deprived of 326 local authorities (i.e. a relatively low level of deprivation) – this points to a higher proportion of specialist accommodation as needing to be in the market (leasehold accommodation) rather than rented.

- 7.15 Consideration has also been given to overall levels of disability in the older person population; given that these are similar to the national average, no adjustments to national prevalence rates have been made.
- 7.16 The main source of prevalence rate data is the Housing LIN. However, the rates used (on the online toolkit) are still the same as originally developed in 2008. A review of the rates was undertaken in 2016, and whilst these have not yet been adopted on the Housing LIN website, they are also worthwhile reflecting in the conclusions. A further Housing LIN report (Housing in Later Life) was published in 2012, and contained a further set of suggested prevalence rates; however, these figures were rejected as not being ‘substantiated’ and have not therefore been considered in the analysis below.
- 7.17 On the basis of this discussion, two sets of estimates of the need for specialist older persons accommodation have been developed; firstly linking to the Housing LIN website, and secondly to take account of the 2016 review.

Housing LIN prevalence rates and tenure split

- 7.18 The table below shows the prevalence rates used by Housing LIN for different types of housing – these figures are expressed as a need per 1,000 population aged 75 and over. The table also shows the range of proportions of housing suggested as being for rent (rather than market/leasehold) – the range runs from most least deprived (lower rented) to most deprived. The table also shows the assumptions being used for Selby, these have been amended from the base position to take account of the relatively low level of deprivation. The table includes a row for residential/nursing care – this is for bedspaces (rather than dwellings) and does not have an associated tenure.

Table 34: Prevalence rate and tenure assumptions used to estimate older person housing needs – linked to Housing LIN Shop@ tool

	Housing LIN base prevalence (per 1,000 popn 75+)	Housing LIN base % rented	Selby adjusted prevalence (per 1,000 popn 75+)	Selby adjusted % rented
Sheltered	125	33%-50%	125	37%
Enhanced sheltered	20	50%-67%	20	53%
Extra-Care	25	33%-50%	25	37%
Residential/nursing care	110	-	110	-

Source: Derived from Housing LIN website

7.19 The table below uses the above data to estimate the need for older persons' housing. In the table two categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing). The latter two are combined as this aligns with the supply data available from the EAC – combining these two categories is consistent with the Shop@ review (discussed later) which notes that *'most leasehold extra-care is enhanced sheltered according to EAC specifications'*.

7.20 The analysis suggests that there may currently be an oversupply of rented sheltered/retirement housing but a notable shortfall in the leasehold sector. The analysis also suggests a potential need for all tenures of enhanced sheltered and extra-care housing. Finally, using these prevalence rates the analysis identifies a potential need for an additional 950 care beds over the 23-years to 2037. It should be noted that the supply data for housing with support and housing with care dates from 2015 and may need to be updated with knowledge of any schemes developed since then.

Table 35: Older Persons' Dwelling Requirements 2014 to 2037 linked to Housing LIN data and the 2016-based SNPP – Selby

		Housing demand per 1,000 75+	Current supply	2014 demand	Current shortfall/ (surplus)	Additional demand to 2037	Shortfall/ (surplus) by 2037
Housing with support	Rented	46	562	315	-247	323	77
	Leasehold	79	37	542	505	556	1,062
Housing with care	Rented	20	96	137	41	140	181
	Leasehold	25	0	172	172	176	348
Care beds	-	110	580	755	175	774	949

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

7.21 The analysis above was based on linking the derived prevalence rates to the latest official population projections (2016-based SNPP). It is possible to rerun this analysis using a projection linked to potential economic growth. The table below shows that this does drive a slightly higher potential need for specialist accommodation, although differences are not substantial – this is because the higher projection does not include any significant increase in the older person population when compared with the official projections.

Table 36: Older Persons' Dwelling Requirements 2014 to 2037 linked to Housing LIN data and economic growth projection – Selby

		Housing demand per 1,000 75+	Current supply	2014 demand	Current shortfall/ (surplus)	Additional demand to 2037	Shortfall/ (surplus) by 2037
Housing with support	Rented	46	562	315	-247	338	91
	Leasehold	79	37	542	505	581	1,086
Housing with care	Rented	20	96	137	41	147	187
	Leasehold	25	0	172	172	184	356
Care beds	-	110	580	755	175	808	983

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

Shop@ review prevalence rates and tenure split

7.22 The table below shows a similar analysis linked to suggestions in the 2016 Shop@ Analysis Tool Review. Generally, the review suggests slightly lower prevalence rates, but a larger range in the proportion that should be of different tenures. As with the previous analysis, specific adjustments have been made for Selby to take account of the relative level of deprivation.

Table 37: Prevalence rate and tenure assumptions used to estimate older person housing needs – linked to Shop@ Analysis Tool Review

	Shop@ review base prevalence (per 1,000 popn 75+)	Shop@ review base % rented	Selby adjusted prevalence (per 1,000 popn 75+)	Selby adjusted % rented
Housing with support	125	33%-80%	125	43%
Housing with care	20	25%-75%	20	36%
Residential/nursing care	85	-	85	-

Source: Derived from Shop@ Analysis Tool Review

7.23 The table below uses the above assumptions linked to the 2016-based SNPP. This shows many of the same outcomes as when looking at the analysis linked to Housing LIN rates (i.e. a current surplus of rented sheltered/retirement housing and a shortfall of leasehold accommodation) – the analysis also suggests a current surplus of rented housing with care. Overall, it is notable that the revised prevalence rates do suggest a lower need for housing with care (i.e. Extra-care and enhanced sheltered accommodation). The need for care beds is also lower when using these revised rates.

Table 38: Older Persons' Dwelling Requirements 2014 to 2037 linked to Shop@ Review and the 2016-based SNPP – Selby

		Housing demand per 1,000 75+	Current supply	2014 demand	Current shortfall/ (surplus)	Additional demand to 2037	Shortfall/ (surplus) by 2037
Housing with support	Rented	54	562	372	-190	382	192
	Leasehold	71	37	485	448	498	946
Housing with care	Rented	7	96	50	-46	51	4
	Leasehold	13	0	88	88	90	178
Care beds	-	85	580	583	3	598	602

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

7.24 Finally, the table below repeats the analysis by linking to a projection using economic growth assumptions. This again shows a slightly higher need although figures do not vary substantially.

Table 39: Older Persons' Dwelling Requirements 2014 to 2037 linked to Shop@ Review and an economic growth projection – Selby

		Housing demand per 1,000 75+	Current supply	2014 demand	Current shortfall/ (surplus)	Additional demand to 2037	Shortfall/ (surplus) by 2037
Housing with support	Rented	54	562	372	-190	399	209
	Leasehold	71	37	485	448	520	968
Housing with care	Rented	7	96	50	-46	53	7
	Leasehold	13	0	88	88	94	182
Care beds	-	85	580	583	3	624	628

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

7.25 The figures provided above should be treated as indicative as there is no nationally agreed set of prevalence rates (or how these might be adjusted for local factors). Further analysis could for example have been carried out using the rates suggested by HOPSR, these typically suggest lower needs for leasehold accommodation than the two Housing LIN sources accessed. The Council should consider reviewing this evidence if a specific application comes in for older persons housing, where this is supported by its own needs assessment.

Qualitative Commentary

7.26 Most leasehold retirement or sheltered housing is purchased at full price on the open market. Leasehold retirement products include:

- Shared ownership however this is a very limited product. The housing provider offer the option of buying a proportion of the value of a property and paying rent on the balance. The proportion you can pay may vary. A service charge may have to be paid in addition to the rent. The rent

element may be eligible for housing benefit or local housing allowance. Sometimes, people can purchase a higher proportion and then not have to pay any rent. All schemes are different but basically when you leave or die, the apartment would be sold on the open market (subject to the purchaser being an older person with a need to live at the scheme).

- Leasehold schemes for the elderly: These are run by a small number of housing associations and usually require you to buy 70 per cent of the equity, the remaining portion being owned by the housing association. When you sell, you receive 70 per cent of the current market value of the property.
- Lifetime lease: This product offers an arrangement where you buy the right to live in a retirement property for the rest of your life. The price is well below the normal purchase price but once you leave the property it reverts back to the company. Lifetime leases are available to people aged 60 and over. Lifetime leases may also be available for non-retirement properties.
- Interest-only mortgage: Interest-only mortgages are when you borrow a lump sum against the value of property and pay the interest only on monthly basis. When the home is sold, the original lump sum is repaid. Interest may be variable or fixed.
- Equity release: Equity release is a means of retaining use of your accommodation, while also obtaining a lump sum or a steady stream of income, using the value of the property. There are many organisations that offer equity release packages.

Private Rental Sector

- 7.27 The Housing White Paper (HWP) makes a number of comments about the PRS, including recognising growth in the sector (particularly for households with dependent children), issues with rent to income ratios (and Housing Benefit payments), tenancies and housing standards.
- 7.28 A key part of the HWP is the encouragement of *'Attracting institutional investment: building more homes for private rent'* and to change the NPPF to make it easier for Build-to-Rent developer to provide affordable private rented housing instead of other forms of affordable housing.
- 7.29 The September 2017 consultation document also includes private rented sector and build to rent housing as potential categories of need that Councils should consider in the plan making process.
- 7.30 This section therefore looks at a range of statistics in relation to the PRS on Selby. Where reasonable comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to inform the need for additional private rental housing across the District.

Size of the Private Rented Sector

- 7.31 The table below shows the tenure split of housing in 2011 on Selby and its wider comparators. This shows a total of 3,800 households living in private rented housing on the District representing 11% of all households. This proportion is notably below those seen across Leeds City Region (16.1%), Yorkshire and the Humber (15.9%) and England and Wales (16.7%).

Table 40: Tenure (2011)

	Selby		Leeds City Region	Yorkshire and the Humber	England and Wales
	No	%	%	%	%
Owns outright	25,911	75.0%	64.3%	64.1%	63.6%
Shared Ownership	201	0.6%	0.5%	0.4%	0.8%
Social rented	4,161	12.0%	17.6%	18.1%	17.6%
Private rented	3,796	11.0%	16.1%	15.9%	16.7%
Other	490	1.4%	1.5%	1.5%	1.4%
Total	34,559	100%	100%	100%	100%

Source: Census (2011)

7.32 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows data from the 2001 and 2011 Census. From this it is clear that there has been significant growth in the number of households living in privately rented accommodation (154%) as well as an increase in shared ownership (116%); however the latter is weighted against smaller absolute change of just 200 households.

Table 41: Change in tenure (2001-11)

	Selby				Leeds City Region	Yorkshire and the Humber	England and Wales
	2001 households	2011 households	Change	% change	% change	% change	% change
Owned	24,098	25,911	1,813	7.5%	2.6%	2.8%	0.5%
Shared Ownership	93	201	108	116.1%	2.7%	1.3%	27.7%
Social rented	4,132	4,161	29	0.7%	-5.4%	-7.3%	-0.9%
Private rented	1,492	3,796	2,304	154.4%	120.3%	116.9%	106.5%
Other	1,021	490	-531	-52.0%	-55.1%	-54.3%	-54.8%
TOTAL	30,836	34,559	3,723	12.1%	8.2%	7.7%	7.9%

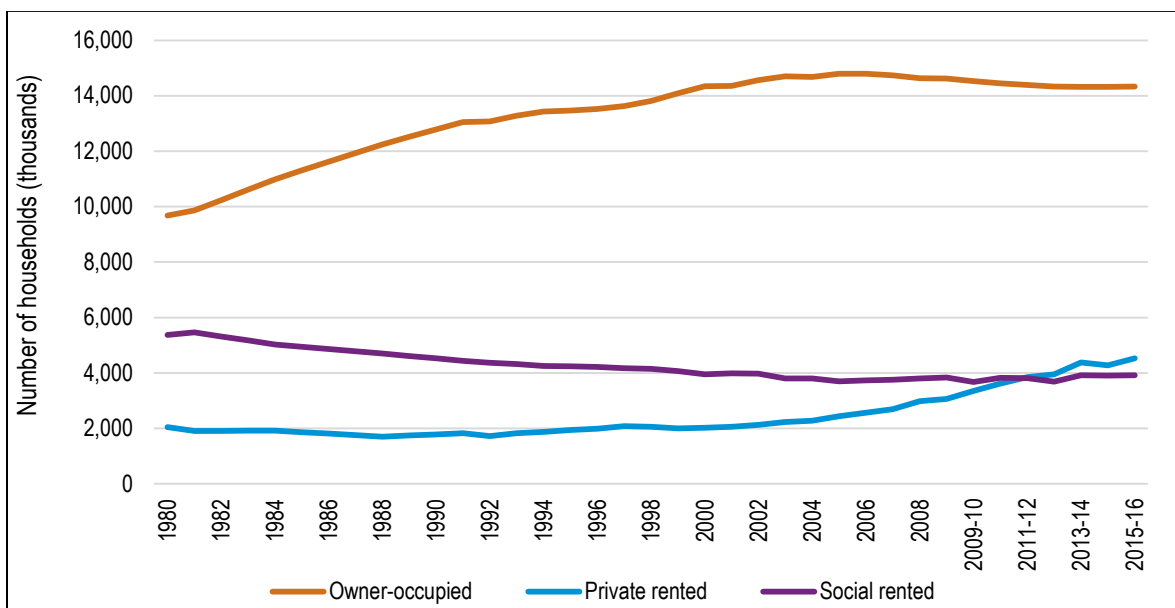
Source: 2001 and 2011 Census

7.33 The tenure changes on Selby differ compared to that seen in the wider comparators. It is notable that all areas have seen a decrease in the social rented households however Selby has seen an increase of 0.7%.

7.34 The proportionate increase in the number of households in the PRS is notable on the District (154%) compared against Leeds City Region (120%), Yorkshire and the Humber (117%) and England and Wales (107%).

- 7.35 It is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available; however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2016.
- 7.36 The figure below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rental accommodation from about 2001 and also a slight decrease in the number of owners.

Figure 12: Trends in tenure, 1980 to 2015-16 – England



Source: English Housing Survey

- 7.37 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below. For the Under 35 age group the analysis again shows a sharp increase in the number of households living in private rented accommodation. The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by over 40% in just 10-years) and a small decline in the number of young people in social rented accommodation. **Change in tenure 2001-11 (all households - Household reference persons - aged under 35) – Selby**

	2001	2011	Change	% change
Owned	3,553	2,394	-1,159	-32.6%
Social rented	833	729	-104	-12.5%
Private rented	734	1,427	693	94.4%
Total	5,120	4,550	-570	-11.1%

Source: Census 2001 (Table S013) and Census 2011 (Table DC4201EW)

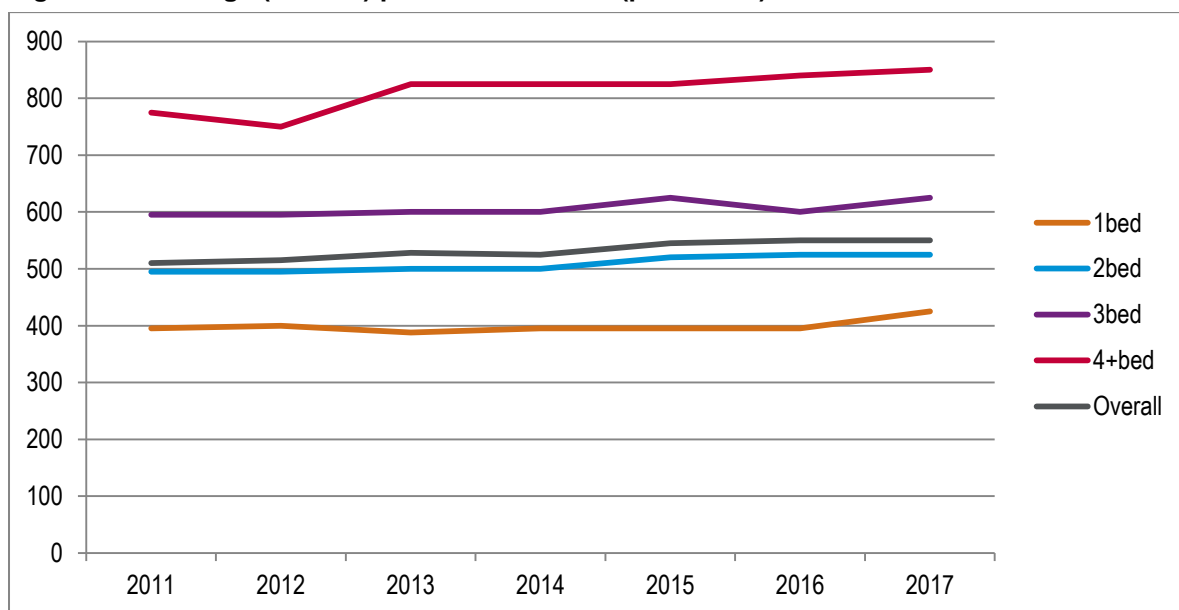
7.38 The data clearly shows a substantial growth in PRS within younger households on the District with can converse reduction in owner occupation. Social rental property had a small reduction which can be linked to changes to housing benefit.

Housing Costs

7.39 This section describes the current cost of housing in the PRS on Selby. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) which has a time series back to 2011 – the data provided in this section looks at the year to the end of September (for any given year) for different sizes of rental accommodation.

7.40 The figure below shows a time-series of average (median) rents by dwelling size from 2011 to 2017; this shows that there have been only modest increases in rent levels in the Council area, and does not point to any shortage in supply of private rented homes.

Figure 13: Average (median) private sector rent (per month) 2011-17



Source: Valuation Office Agency (including archived tables)

7.41 The table below shows that the overall median average rent in Selby rose by £40 from 2011 to 2017 (an 8% increase). In comparison, rents increased by 25% in the South East and 17% nationally.

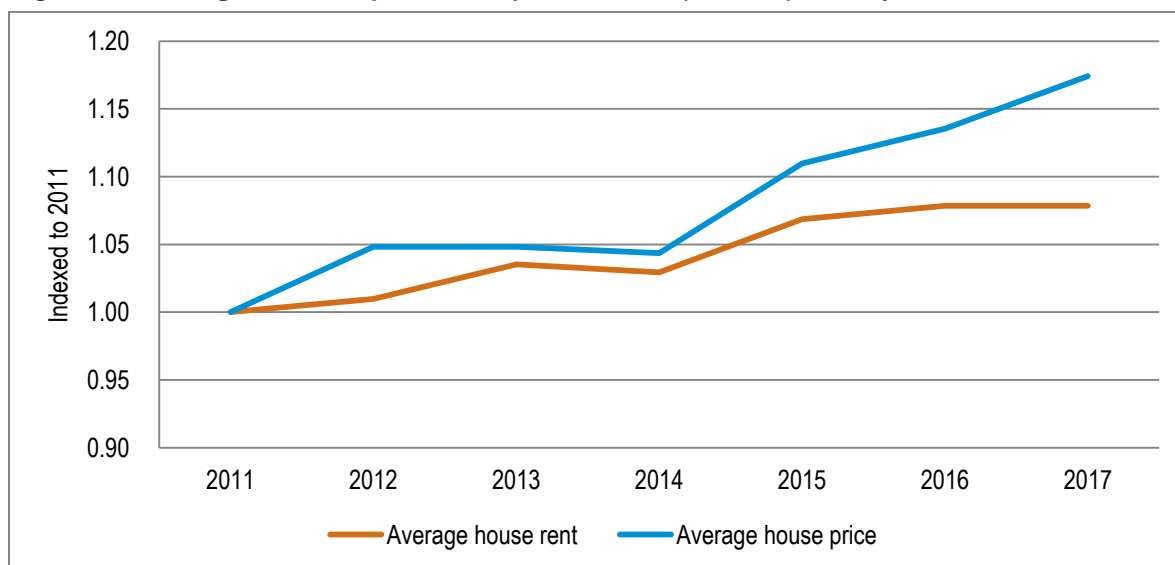
Table 43: Median monthly private sector rent 2011 and 2017 – Selby

	2011	2017	Change	% change
1-bedroom	£395	£425	£30	7.6%
2-bedrooms	£495	£525	£30	6.1%
3-bedrooms	£595	£625	£30	5.0%
4+-bedrooms	£775	£850	£75	9.7%
All dwellings	£510	£550	£40	7.8%

Source: Valuation Office Agency

7.42 The figure below shows that house prices (to buy) have increased at a faster rate. Using data from Land Registry, it is estimated that the average (mean) property price in the Council area over the same period rose by 17% against the 8% increase on rents.

Figure 14: Change in house prices and private rents (2011-17) – Selby



Source: Valuation Office Agency and Land Registry

Self and Custom Build

7.43 All Councils are now required to keep a register of households interested in self and custom build accommodation. For Selby their register suggests that around 34 households seek this type of housing.

Students

7.44 According to 2011 Census records there were no all student households were living in Selby. This data suggests that any specific policy in relation to student households would not be justified. This should be monitored and responded to in case new higher education facilities emerge.

Armed Forces Personnel

- 7.45 According to 2011 Census records just 150 armed forces personnel were living in households in Selby. This data does not suggest that any specific policy in relation to Armed Forces personnel would be justified.

8 CONCLUSION

8.1 The Selby housing needs assessment follows the approach to housing need using the standard methodology as set out by the Government in the NPPF (July 2018). For plan-making, Councils, such as Selby, which will be submitting local plans for examination after 24th of January 2019 will need to use the Government's standard methodology for assessing housing need.

8.2 However, the Ministry for Housing, Communities and Local Government has signalled their intention to "consider adjusting the method to ensure that the starting point in the plan-making process is consistent in aggregate with the proposals in "Planning for the right homes in the right places" consultation and continues to be consistent with ensuring that 300,000 homes are built per year by the mid-2020s."

8.3 We have therefore provided analysis on both the current methodology and also the consultation methodology. However in both cases these should be viewed as the minimum housing need with encouragement given to figures which exceed this.

Standard Methodology

8.4 The new methodology seeks to simplify the approach to housing need and has three components:

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

8.5 The start point household projections are currently under consultation with the proposed changes suggesting the 2014-based projections should be favoured over the 2016-based projections as set out in the current guidance.

8.6 We have examined the growth in households from both of these projections over the period 2018-28 as the PPG suggests the "current year" should be used as the starting point. As set out in the table below over the 2018 to 2028 period the 2014-based projections show a household growth of 311 households per annum and over while the 2016-based forecasts show a growth of 300 households per annum.

Table 44: Housing Need Derived From Baseline and Affordability Adjustment

	Household Change	Uplift	OAN
2014- Based	311	17%	365
2016- Based	300	17%	351

Source: ONS and DHCLG, 2016 and 2018

- 8.7 The standard methodology then seeks to adjust the demographic baseline on the basis of market signals. In 2017 the median workplace affordability ratio in Selby was 6.77 (published in May 2018). This equates to an adjustment of 17%.
- 8.8 **Applying this to the 2014-based household projections over the 2018-28 period would take the housing need to 365 dwellings per annum. Applying this to the 2016-based household projections takes the housing need down to 351 dwellings per annum.**
- 8.9 The final stage of the proposed methodology is to cap the OAN to a level which is deliverable. However this is not applicable to Selby as the market signals adjustment is less than 40%.
- 8.10 While this figure constitutes the policy off OAN the Council may wish to take a policy on approach to housing whereby they align adopt a housing requirement which allows for a greater level of jobs growth with more sustainable commuting patterns and will also boost the supply of affordable housing.

Economic Led Housing Need

- 8.11 This Housing Needs Assessment also examined the housing required to meet the economic growth in the Borough. As set out herein we have examined forecasts from the Regional Econometrics Model from Experian alongside a potential uplift linked to Employment Land Supply.
- 8.12 The focus for assessing need has been the higher of these which reflected a potential jobs growth of 2,500 over the 17-27 period and 5,179 over the period to 2017-37 period.
- 8.13 The relationship between economic growth and housing need is complex, influenced by a number of factors including commuting, double jobbing and economic activity rates.
- 8.14 The updated SEP jobs growth requires a change in residents in employment over the 2017 to 2027 of 2,935 persons and over the period to 2037 some 6,080 persons. However, not all of the population will be employed and to understand the impact on overall population growth (and thus housing need) we have applied economic activity rates.
- 8.15 Having studied the various issues, the analysis moved on to consider what level of housing might be required for forecast economic growth to be met. This analysis is predominantly designed to see if there is a clear workforce shortage and adjusts migration to the point that the level of working (economically active) population matches the job growth forecast.
- 8.16 In examining economic activity rate the SHMA looks at a range of sensitivities including those produced by Experian, the Office of Budgetary Responsibility and those produced by GL Hearn for the previous SHMA. However our conclusions are based on those produced by the OBR.

- 8.17 The amended population (and its age structure) is then modelled against CLG headship rates as set out in the 2014-based household forecasts as well as modelling a part return to trend whereby household formation rates among younger households are improved half way back to the 2008-based projections. This approach is justified as otherwise local residents would not be able to form in the way in which they would perhaps like.
- 8.18 The data shows that the economic growth in the Borough, based on the supply led scenario will require up to 376 dwellings per annum to support it. This increases to 410 dpa once improvements to household formation rates are applied.

Table 45: Estimated housing need associated with job growth forecast – Selby

2017-27	Households 2017	Households 2037	Change in households	Per annum	Dwellings per annum
2014-based HRR	35,731	40,493	4,762	366	376
PRT HRR	35,731	40,926	5,195	400	410
2017-37	Households 2017	Households 2037	Change in households	Per annum	Dwellings per annum
2014-based HRR	35,731	43,833	8,102	352	362
PRT HRR	35,731	44,647	8,916	388	398

Source: Demographic projections

- 8.19 The latter is 16.8% above the 351 dwellings per annum required by the standard methodology over the 2018-28 using the 2016-household projections and 12.3% above the standard methodology using the 2014-based household projections (365 dpa)
- 8.20 To put this growth into further context the economic led need of 410 is some 32% above the starting point based the 2016-based household projections (310 dwellings per annum). This level of housing increase would have a considerable impact on improving local affordability.

Affordable Housing Need

- 8.21 The report has considered the need for affordable housing; using the Basic Needs Assessment Model recommended in the PPG. The analysis calculates an overall need for affordable housing of 112 units per annum over the 20-years to 2037 in Selby.
- 8.22 The analysis was compared with the previous assessment undertaken in the SHMA (which had a base date of 2014 and showed that the affordable need has decreased over time, primarily due to reduction in newly forming households.

- 8.23 In line with the Planning Practice Guidance this assessment also examines whether an uplift to the housing requirement (note not the OAN) could be justified based on the need for increased delivery of affordable housing.
- 8.24 It is concluded that the Council could be justified in increasing overall housing delivery to ensure the affordable housing need is met as best as possible should it choose to do so. However any number above the standard methodology, for example that based on economic-led need will also be delivering more affordable housing through developer contributions thus addressing this need sooner.

Conclusion

- 8.25 Drawing this information together we conclude that the **housing need** in Selby based on the standard methodology would be 365 dpa over the 2018-28 period. However this would not be able to support the anticipated jobs growth in the Borough. For this to be achieved a **housing requirement** of 410 dpa should be considered. This would also ensure improvements to local household formation rates in younger age groups.
- 8.26 The Council could alternatively consider further uplifts to the housing requirement to address affordable housing need more quickly but in this case the uplift for economic growth will already accommodate this.
- 8.27 There is not set methodology for how this could be achieved but other areas have used a nominal 5% or 10% uplift to the OAN when developing their housing requirement. Given the modest extent of affordable housing need in Selby the lower end if any would be appropriate if at all. Ultimately any uplift above the standard methodology is a choice for the Council.
- 8.28 It would therefore seem 'on balance' that an OAN and housing requirement in the region of 410 dpa range would seem a reasonable a target for Selby.

Need for Different Types of Homes

- 8.29 The SHMA identifies a range of factors which influence the need for different types of homes. This includes demographic trends, and in particular a growing older population; market dynamics and affordability; the Government's ambitions and initiatives to boost home-ownership and self/custom-build development; as well as growth in student numbers and accommodation.

Affordable Housing Need

8.30 As set out above the report considered the need for affordable housing; using the Basic Needs Assessment Model recommended in the PPG. The analysis calculates an overall need for affordable housing of 112 units per annum over the 20-years to 2037 in Selby. An decrease on the previous assessment.

Affordable Home Ownership

8.31 Using the available information, our assessment of those who cannot afford to buy a home identifies a need for 95 affordable home ownership products per annum across the Borough for the 2017-37 period.

8.32 On the basis of this analysis it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF2). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.

8.33 It may therefore be the case that providing some 'affordable home ownership' properties would assist in getting some households out of the private rented sector. This could be achieved by signposting potential purchasers to schemes such as Help-to-Buy, or by encouraging developers to provide some form of equity support.

8.34 We have set out a suggested purchase price for affordable home ownership in the Borough. The figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one bedroom home 'affordable' price of £68,000, rising to £129,000 for homes with 4 or more bedrooms.

Tenure Mix

8.35 In analysing the need for housing of different tenures it needs to be recognised that there are a series of choices to be made with regard to the provision of new affordable housing; essentially a trade-off between the affordability of accommodation and the number of homes that can viably be provided. Hence the analysis in this report can only provide a guide to the types of affordable housing that should be provided.

8.36 In order to aid the decision-making process regarding these choices, the following breakdown of tenure could be used as a starting point.

- 70% market
- 10% affordable home ownership
- 20% social/affordable rented

8.37 However, this comes with a series of caveats including the viability of providing different types of affordable housing. Furthermore, the cost of low cost home ownership properties can sometimes exceed those of lower cost market homes and thus cannot be truly considered as “affordable”, albeit they might be recognised as such by the government.

Need for Different Types and Sizes of Homes

8.38 The modelling outputs provide an estimate of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. The mix of affordable rented housing sought through development at a borough-wide level should be as follows:

- 1-bed properties: 25-30%
- 2-bed properties: 35-40%
- 3-bed properties: 25-30%
- 4-bed properties: 5-10%

8.39 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues and the issue of single people under 35 years old only being eligible to claim benefits for a room in a shared house.

8.40 The provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of low-cost home ownership housing is suggested:

- 1-bed properties: 10-15%
- 2-bed properties: 40-45%
- 3-bed properties: 35-40%
- 4-bed properties: 5-10%

8.41 In the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. The following mix of market housing is suggested:

- 1-bed properties: 0-5%
- 2-bed properties: 25-30%
- 3-bed properties: 45-50%
- 4-bed properties: 20-25%

- 8.42 The figures can however 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 or linked to macro-economic factors and local supply.
- 8.43 The mix identified above should inform strategic planning and housing policies. In applying recommended housing mix to individual development sites, regard should be had to the nature of the development 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.

Older Persons Housing Need

- 8.44 Based principally on the expected growth in population of older persons. The older persons need model suggests a shortfall in all sectors (a total shortfall of 1,066 homes – 54 per annum, excluding care home bedspaces. Using these prevalence rates the analysis identifies a potential need for an additional 624 care beds over the 20-years to 2037.

Table 46: Need for Specialist Housing for Older People, 2017-37 – Selby

		Housing demand per 1,000 over 75+	Current supply	2017 demand	2037 demand	Change to 2037 (demand-supply)
Housing with support	Rented	54	562	372	-190	399
	Leasehold	71	37	485	448	520
Housing with care	Rented	7	96	50	-46	53
	Leasehold	13	0	88	88	94
Care beds	-	85	580	583	3	624

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

- 8.45 Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in this report from that for C3 dwellings (and is separate to the C3 housing OAN).
- 8.46 Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons.

GL Hearn recommends that councils should give consideration to how best to deliver the identified specialist housing need, including, for instance, the potential to identify sites in accessible locations for specialist housing or to require provision of specialist housing for older people as part of larger strategic development schemes.