

Leeds

Strategic Housing Market Assessment (SHMA)

2017

Leeds City Council

Final Report
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Executive summary

Introduction

The Leeds Strategic Housing Market Assessment (SHMA) (2017) provides the latest available evidence to help to shape the future planning and housing policies of the area. The study will help inform the production of the Council's local plan and housing strategy. This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the area.

The SHMA (2017) contains:

- A review of existing (secondary) data;
- Analysis of the findings of a household survey, completed by 5,383, representing a 19.3% response rate;
- A consideration of the findings of interviews with estate and lettings agents;
- A consideration of research by Edge Analytics regarding Objectively Assessed Housing Need (OAN);
- An assessment of housing need and affordable housing requirements; and
- Analysis of the housing needs of specific groups of people.

The findings from the study provide an up-to-date, robust and defensible evidence base for policy development which conforms to the Government's National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG), Housing and economic development needs assessments.

The Housing Market Area

Defining the housing market area

Leeds's Housing Market Area (HMA) exhibits a degree of distinctiveness compared with neighbouring areas as measured by median house price change 2000-2016 at a lower rate than most neighbouring local authority areas and the Yorkshire and the Humber region as a whole.

The Leeds HMA is considered to be self-contained from the perspective of migration and in terms of low levels of out-commuting by its working population but it has a significant economic function that also draws commuters from the wider City Region.

Interactions with several neighbouring areas are recognised, research identifies relationships with the northern part of Kirklees and with the Wharfedale part of Bradford. These local authorities recognise that they operate as a wider functional area from an economic perspective, but they do not consider Leeds as part of their respective Housing Market Areas for the purposes of local planning policy.

In conclusion, although there are interactions with other areas, Leeds should be recognised as an appropriate Housing Market Area for the purposes of local planning policy.

The current housing market

The aim of the Leeds housing market review is to explore the housing market dynamics of Leeds. The evidence is based upon household survey data, secondary data and information from stakeholders.

The study finds that there are 337,302 households and 347,787 dwellings in Leeds City. With 8,578 vacant homes (of which 2,681 are long term vacant) and 2,038 are second homes. The overall vacancy rate is around 2.5%, this compares with a vacancy rate of 2.6% across England.

Overall, the vast majority (70.4%) of properties are houses, 22.6% are flats/apartments and maisonettes, 6.4% are bungalows, and 0.6% are other types of property including park homes/caravans. Of all occupied properties, 14.90% have one bedroom/bedsit, 28.6% have two bedrooms, 38.2% have three bedrooms and 18.3% have four or more bedrooms.

Regarding tenure, 57.7% of occupied dwellings are owner-occupied, some 29.9% of all households (100,978) own outright and 27.7% of all households (93,482) have a mortgage.

19.9% are private rented (including tied accommodation and student housing) and 22.5% are affordable.

The mix of property size type and tenure varies greatly by sub-area. The size and type of dwelling varies greatly within tenure. Some 21.7% of owner occupied homes are detached and 5.9% are flats, apartments and maisonettes, whereas, regarding the private rented sector 5.1% are detached and 46.1% are flats and maisonettes.

In 2016, median house prices across the city were £159,000 and lower quartile prices were £110,000. For open market housing, the minimum indicative income required is £24,768 for lower quartile or entry-level renting in the City as a whole. For lower quartile or entry-level house prices (owner occupation) the minimum income required is £28,929.

Median rents across the city were £676 per month and lower quartile rents were £516 per month.

Estate agents told us that housing markets in Leeds have largely recovered from the 2008 recession with sales showing increased demand over the past 3 years. Leeds has traditionally been a strong housing market. It is currently seen as offering better returns on investment than Manchester, for example, and is anecdotally better value than other surrounding cities e.g. Sheffield and Hull, etc. We were told that the housing market in the city centre is distinctly different than in other parts of Leeds as the market offer is almost entirely apartments. We were told that until recently the market was investor led. Agents told us that the main drivers of the market include the level of inward investment fuelling expectation around the city; and the skilled nature of jobs that have been created in Leeds which has created a good fit between income, borrowing levels and mortgage rates which normally equates to a lot of potential in the market. The concern is the general undersupply of properties to let.

Letting agents told us that the rental market has remained relatively strong buoyed by customers unable / unwilling to buy in the current market either due to affordability pressures or lack of supply. The typical renter is professional; is single and wants their independence; a couple or a small family ready to settle down but can't afford the deposit; ex-students who have finished studying and want to remain local; newly arrived employees of the growing business sector who want to rent. Agents also report that a growing number of households are selling their homes and choosing to rent as a lifestyle choice. Increasingly, landlords across the

city are refusing to let properties to people on benefits. Where lets are made to households on benefits, landlords insist on a guarantor who is in employment and able to meet the full rent requirement in the event of a default.

According to our survey some 31,740 existing households are in housing need (9.4% of all households). Reasons for housing need are mostly overcrowding, cost, a tenancy ending, households sharing facilities or due to people having special needs. Although housing need is evidenced across the city, housing need issues are most prevalent in the inner area and the city centre, in the private rented sector and amongst lone parent, large family households and student households.

The Household Survey identified 4,831 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years. These were mostly single adults and lone parents, occurring in flats and maisonettes and within the private rented sector.

Objectively Assessed Housing Need (OAN)

The National Planning Policy Framework (NPPF) requires that Local Planning Authorities (LPAs) identify Objectively Assessed Housing Need (OAN) and that Local Plans translate those needs into land provision targets. Paragraph 159 of the NPPF recognises that the objective assessment of housing need must be one that meets household and population projections, taking account of migration and demographic change; meets the need for all types of housing including affordable, and caters for housing demand and the scale of housing supply necessary to meet that demand. Government Planning Practice Guidance (PPG) recognises that '*establishing future need for housing is not an exact science*' (paragraph 14), although it should be informed by reasonable and proportionate evidence.

The SHMA firstly sets out the OAN calculation based on the approach set out in the Local Plan Experts Group report. Secondly, an OAN calculation based on the Planning Practice Guidance (PPG) is undertaken. The key difference between the approaches is that the second approach introduces some economic factors into the calculation.

The SHMA concludes that the challenge for the council is to deliver an appropriate and proportionate level of dwelling growth that supports economic growth and carefully takes into account the current demographic profile of the district.

Key features of the OAN recommended in the SHMA report are:

- Demographic factors: a baseline of 2,534 is adjusted to 2,765 to take account of higher rates of household formation amongst the 25-44 age group;
- A market signals uplift of 15% of the basic demographic requirement (380 dwellings each year) is also recommended, which also takes into account underlying affordable housing need as evidenced in the 2017 SHMA household survey;
- After considering several employment growth scenarios it is recommended that the OAN is expressed as a range and that the total dwelling need is between 44,240 and 60,528 over the Plan period 2017-2033.

The need for all types of housing

Having established the Objectively Assessed Need for housing, the SHMA goes on to consider the range of need for all types of housing as identified in PPG paragraph 21. The SHMA considers the needs of different groups, including the private rented sector, people wishing to build their own homes, family housing, housing for older people, households with specific needs and student housing.

Dwelling mix and affordability

The NPPF (paragraph 159) states that local authorities should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the Plan period.

Table 6.5 below provides our recommendation on the potential dwelling tenure, type and size split for housing delivery in Leeds. This assumes that 25% of homes delivered are affordable based on past trends in affordable delivery.

Overall dwelling size mix	Market	Affordable	Total
Overall tenure split	75%	25%	100%
House 1-2 Bed	613	243	856
House 3+ Bed	996	116	1,112
House 4+ Bed	491	59	549
Bungalow	167	83	250
Flat/Apartment	539	446	985
Other	37	0	37
Total	2,843	946	3,789

Source: arc4

People wishing to build their own homes

The 2017 Household Survey identified 812 households planning to move in the next five years who would like to move into a self/custom-build property. The Household Survey identified the characteristics of households considering self/custom-build:

- 43.7% lived in affordable housing, 43.0% in private rented housing and only 13.2% were owner occupiers;
- 43.7% were couples with one or two children, 35.8% were singles under 65, 18.2% were couples under 65 (no children) and 2.2% were couples over 65;
- 33.6% had an income of less than £15,600 per annum and 50.0% had an income of more than £49,400 per year; and

- 43.0% would like a two-bedroom property and 52.5% would like a property with four or more bedrooms;
- All households considering self/custom build stated an open market tenure preference, but additionally one third stated a preference for intermediate tenures and one-third stated a preference for affordable renting. Therefore, self/custom build could have a role in delivering affordable housing.

The level of demand for self/custom build should be monitored closely by the Council.

Family housing

Families (that is couples and lone parents with children including adult children living at home) account for around 30.5% of households across Leeds. Of this number, 70.8% are couples with children and 29.2% are lone parents with children (2017 Household Survey data).

Overall 73.8% of families live in owner-occupied dwellings, 15.5% live in the private rented sector and 10.7% live in affordable dwellings. 24.3% of all families live in the North Leeds sub-area.

The evidence shows that lone parent families are more likely to live in unsuitable housing or experience homelessness especially if they reside in the private rented sector.

Armed forces accommodation

The 2011 Census identified that 691 residents in Leeds City are employed in the Armed Forces. Of these, 95.2% lived in a household and 4.8% live in a communal establishment.

More recent records identify 80 Ministry of Defence personnel living within Leeds, which represents 0.6% of the total for the region of Yorkshire and the Humber (12,320).

Older people

A major strategic challenge is to ensure a range of appropriate housing provision, adaptation and support for the area's older population. PPG paragraph 21 states that *'the need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over accounts for over half of new households'*.

The number of people across Leeds City area aged 65 or over is projected to increase from 121,700 in 2017 to 158,500 by 2033 (a 30.2% increase) according to the ONS 2014-based population projections.

The 2017 Household Survey identifies the following key findings:

- 23.6% of households across Leeds are either singles or couples aged 65 years or over;
- 54.4% live in owner-occupied properties, 8.4% live in the private rented sector and 37.2% live in affordable accommodation;
- 21.6% of all older households live in the North Leeds sub-area, 19.7% in Inner Area and 15.9% in Outer West;

- 77.3% want to stay in their own homes with help and support when needed;
- 14.3% would consider buying a property on the open market;
- Sheltered accommodation and Extra Care housing are identified as further options;
- Around 11.0% of older households would consider co-housing; and
- 43.8% of households are planning to downsize.

Of all older person households (HRP aged 65+), 3.4% intend to move in the next five years and a further 11.5% stated that they would like to move but are unable to. Of households who are unable to move, reasons stated included cannot afford to (32.1%), lack of suitable property in the area wanted (21.8%) and lack of suitable property of the type wanted (14.2%).

A key feature of the survey is to understand the aspirations and expectations of older people:

- 54.5% would like to move to a bungalow, and 53.4% expect to;
- 23.1% would like move into a flat and 15.7% expect to;
- 62.1% would like a one or two-bedroom property and 72.8% expect to.

Information from Housing Learning and Information Network (LIN) estimates that over the period 2014 to 2035, there is expected to be a 75% increase in the requirement for older persons' specialist provision. However, when the current (2014) supply of accommodation is compared with change in demand to 2035, data would suggest a need to increase the current level of provision for older people, particularly the provision of enhanced sheltered housing and Extra Care 24/7 support.

The Household Survey asked respondents whether they need adaptations to their home, either now or in the next five years. In respect of the 65+ cohort, the adaptations considered most important included adaptations to bathrooms (16.0%), internal handrails (11.6%) and better heating (9.7%).

This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

Households with specific needs

The evidence shows that single homeless people with support needs (an average of 1,036 per year) and older people with support needs (an average of 550 per year) are the main groups provided for.

The need for accessible dwellings has been explored and it is recommended that the Council seeks, as a minimum, 17.5% of new dwellings to be accessible dwellings and, in addition, a minimum of 5% to be wheelchair accessible.

Black, Asian and Minority Ethnic households

The 2011 Census reports that 91.0% of residents are White British and the next largest ethnic group is White Other (including Irish and Gypsies and Travellers) (4.7%), Asian/Asian British (1.8%), Black/Black British (0.7%) Mixed/Multiple Ethnic (1.5%), and other groups (0.2%).

The 2017 Household Survey identified that 89.7% of households are White British, 2.5% White Other, 2.3% Asian/Asian British, 1.7% White Central and Eastern European, 1.3% Black/Black British, 1.2% Mixed/Multiple Ethnic and 1.3% other groups.

The 2011 Census identified 652 residents across 257 households who stated that they had Gypsy or Irish Traveller ethnicity. 43 of these households lived in a caravan or other mobile/temporary structure with the remainder in bricks and mortar (house, bungalow, flat or maisonette).

The January 2017 DCLG Caravan Count identified a total of 122 Gypsy and Traveller caravans, 84 on local authority-owned sites and 38 on unauthorised sites. No Travelling Showpeople caravans were identified.

A Gypsy and Traveller Accommodation Assessment was carried out in 2014 which identified a current authorised residential provision of 48 pitches (41 on local authority sites and 7 on private sites). A total need for 62 pitches up to 2027/28 was identified.

Conclusion

The evidence presented in this SHMA suggests that there are three main policy areas that require special attention from both a planning policy and social policy perspective:

- The challenge of enabling the quantity and mix of housing that needs to be delivered;
- The challenge of ensuring that the housing and support needs of older people are met going forward;
- The challenge of driving up the quality of the private rented sector and increasing the sustainability of tenancies.

1. Introduction

Background and objectives

- 1.1 This Strategic Housing Market Assessment (SHMA) for Leeds City Council (the Council) has been commissioned to provide an up-to-date evidence base to help shape the future planning and housing policies and strategies for the area.
- 1.2 The SHMA satisfies the requirements of the National Planning Policy Framework (NPPF, March 2012) and National Planning Practice Guidance (NPPG), *Housing and economic development needs assessments* (last updated February 2016), which replace previous guidance including the DCLG Strategic Housing Market Assessment Guidance (Version 2, 2007).
- 1.3 The SHMA includes a review of the Housing Market Area definition, Objectively Assessed Housing Need, Housing Market Signals and Duty to Co-operate matters. The SHMA takes into account latest legislative requirements and updated population and employment data.

National Planning Policy Framework (NPPF), Planning Practice Guidance (PPG) and other requirements

- 1.4 The NPPF and PPG, *Housing and economic development needs assessments*, provide the planning policy context for this SHMA. The key sections which need to be taken into account in the SHMA are now summarised.
- 1.5 The NPPF (paragraph 159) states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the Plan period that:
 - Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.
- 1.6 PPG (paragraph 2) sets out that *'the primary objective of identifying need is to identify the future quantity of housing needed, including a breakdown by type, tenure, and size.'*
- 1.7 PPG (paragraph 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to

- recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.
- 1.8 The NPPF (paragraph 47) makes it clear that local planning authorities should *'use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing'*. The SHMA Update 2017 will provide robust evidence to help the Council *'plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community'* and will *'identify the size, type tenure and range of housing that is required in particular locations, reflecting local demand'* (NPPF paragraph 50).
- 1.9 The NPPF and the Localism Act 2011 both introduced the Duty to Co-operate as a replacement for Regional Spatial Strategy (RSS). Section 110 of the Localism Act requires local authorities to co-operate with other local authorities in maximising the effectiveness with which strategic matters within development plan documents are prepared. The provision of housing development is a strategic priority and the Council will have to ensure that they are legally compliant with the Localism Act at Examination. The Duty to Co-operate applies to all local planning authorities, working with neighbouring authorities and other bodies, including Local Enterprise Partnerships, on strategic priorities. It also means collaborating on the evidence critical to understanding the needs of your area, and the wider economic and Housing Market Areas, including through the preparation of a Strategic Housing Market Assessment.
- 1.10 Technical Appendix E provides a checklist of how the SHMA satisfies the requirements of the NPPF and PPG.

Definitions

- 1.11 PPG (paragraph 3) provides a broad definition of need for housing:
'...the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the Plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.'
- 1.12 Affordable housing need is defined in PPG (paragraph 22) as:
'...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.'
- 1.13 For the purposes of this study, the term housing need refers to:
'...the housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state'¹.
- 1.14 Definitions relating to affordable housing are set out in the National Planning Policy Framework (March 2012):

¹ Planning Advisory Service *Objectively Assessed Need and Housing Targets* Technical Advice Note June 2014

- **Affordable Housing:** Social Rented, Affordable Rented and Intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- **Social Rented** housing is owned by local authorities and private Registered Providers (as defined in Section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.
- **Affordable Rented** housing is let by local authorities or private Registered Providers of social housing to households who are eligible for Social Rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- **Intermediate housing** is homes for sale and rent provided at a cost above Social rent, but below market levels subject to the criteria in the Affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and Intermediate rent, but not Affordable Rented housing.
- Homes that do not meet the above definition of affordable housing, such as “*low cost market*” housing, may not be considered as affordable housing for planning.

1.15 These definitions of affordable housing are correct at the time of publication of this report (mid-2017), although revisions to the NPPF are anticipated. Additionally, councils are required to provide **Starter Homes** under the provisions of the Housing and Planning Act 2016². The Government has outlined the key characteristics of Starter Homes³ and the Housing and Planning Act 2016 officially introduced Starter Homes into legislation, defined in Section 2 of the Act as:

- new dwellings available for purchase by ‘qualifying first-time buyers’ only; these are defined as people who don’t already own a home and who are aged 23-40; and
- to be sold at a discount of at least 20% of their market value, and always for less than the price cap (currently set to £450,000 in Greater London; £250,000 outside London).

1.16 Many of the details relating to Starter Homes are to be specified in forthcoming regulations (secondary legislation), which is still awaited following consultation in 2016⁴.

² The Government consulted on proposals to change the NPPF (December 2015) including the definitions of affordable housing

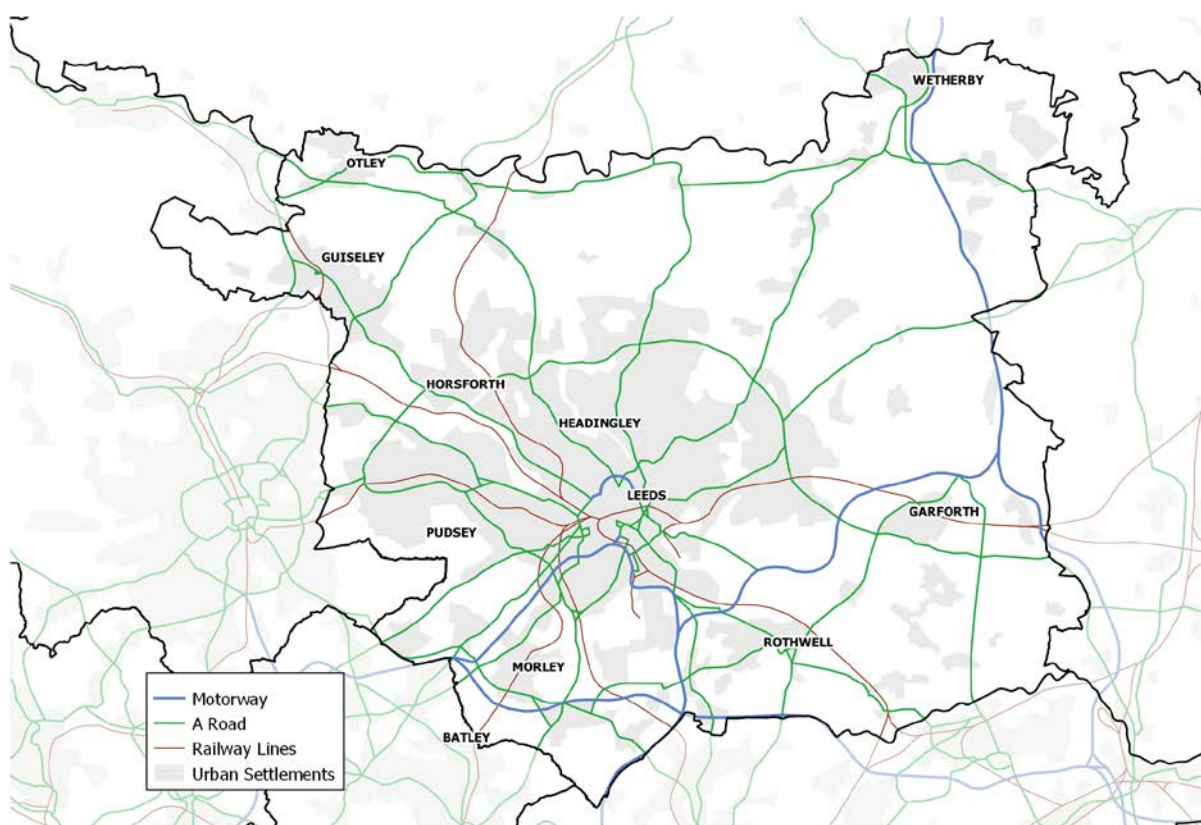
³ National Planning Practice Guidance, paragraph 002, Reference ID 55-002-20150318

⁴ DCLG *Starter Homes Regulations: Technical Consultation* was published in March 2016

Geography

- 1.17 Map 1.1 illustrates the geographical context of Leeds City, located within the County of West Yorkshire and in the region of Yorkshire and the Humber. Located at the intersection of the M1 and M62 motorways, Leeds is on the east coast mainline railway, two hours from London Kings Cross.

Map 1.1 Leeds location and geographical context



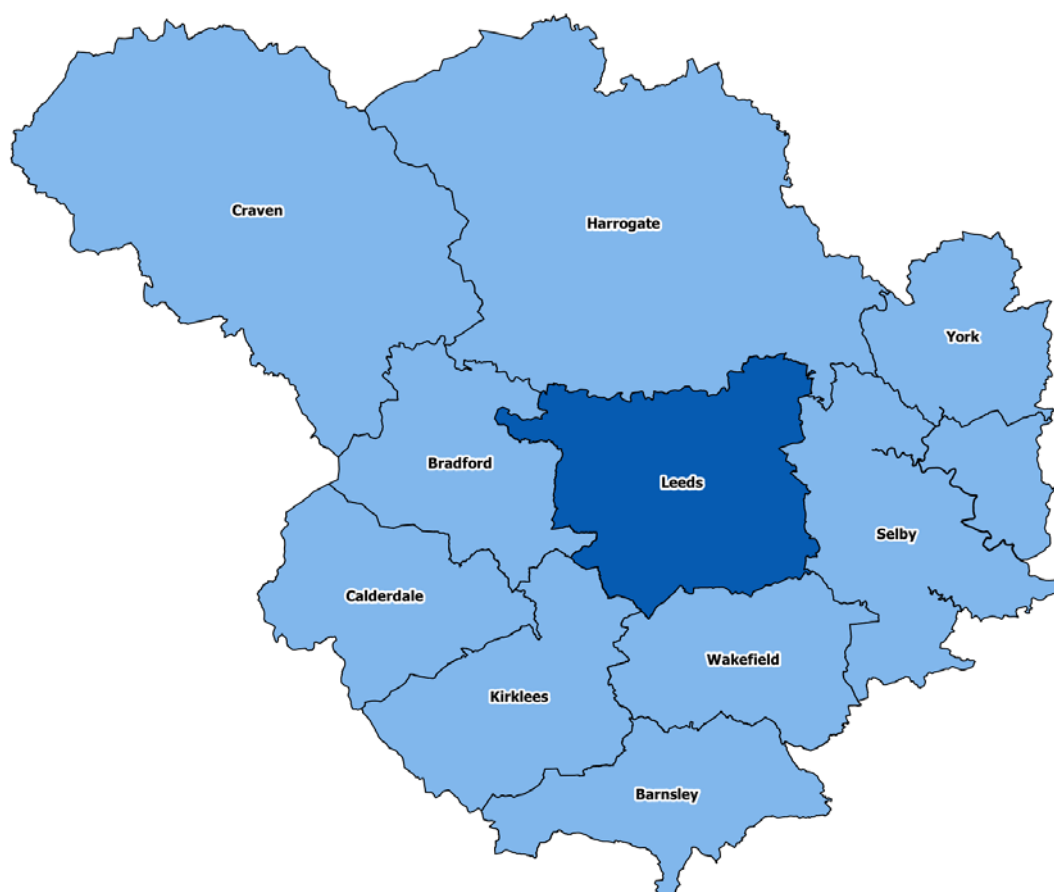
Leeds strategic context

- 1.18 Following the abolition of regional planning bodies and their associated strategies and targets, the last few years have seen 'Local Enterprise Partnerships' (LEPs) established across England to help empower locally-driven economic growth at a strategic level. In addition, 'Combined Authorities' (CA) have been established in several urban areas to assist in strategic collaboration. In some cases, this has included devolution and the election of regional mayors.
- 1.19 The Leeds City Region Enterprise Partnership (LEP) is a partnership between local authorities and businesses whose aim is to "unlock the Leeds City Region's vast

*economic potential by enabling businesses and enterprise to thrive*⁵. The Leeds City Region is made up of ten local authority areas with Leeds City at the heart. This is shown in Map 1.2.

- 1.20 The West Yorkshire Combined Authority (WYCA) is made up of the five metropolitan districts of Leeds, Bradford, Calderdale, Kirklees and Wakefield.
- 1.21 The WYCA and the LEP are supported by an officer organisation that undertakes the Boards' policies and actions. The bodies have a joint vision for economic growth in the Leeds City Region. As part of their strategic function, the WYCA and LEP have been involved with a range of housing research, which forms the evidence base for housing policy decisions at the strategic level. Relevant aspects of this strategic research will be referenced in this SHMA for Leeds City.

Map 1.2 Leeds City Region and local authority context



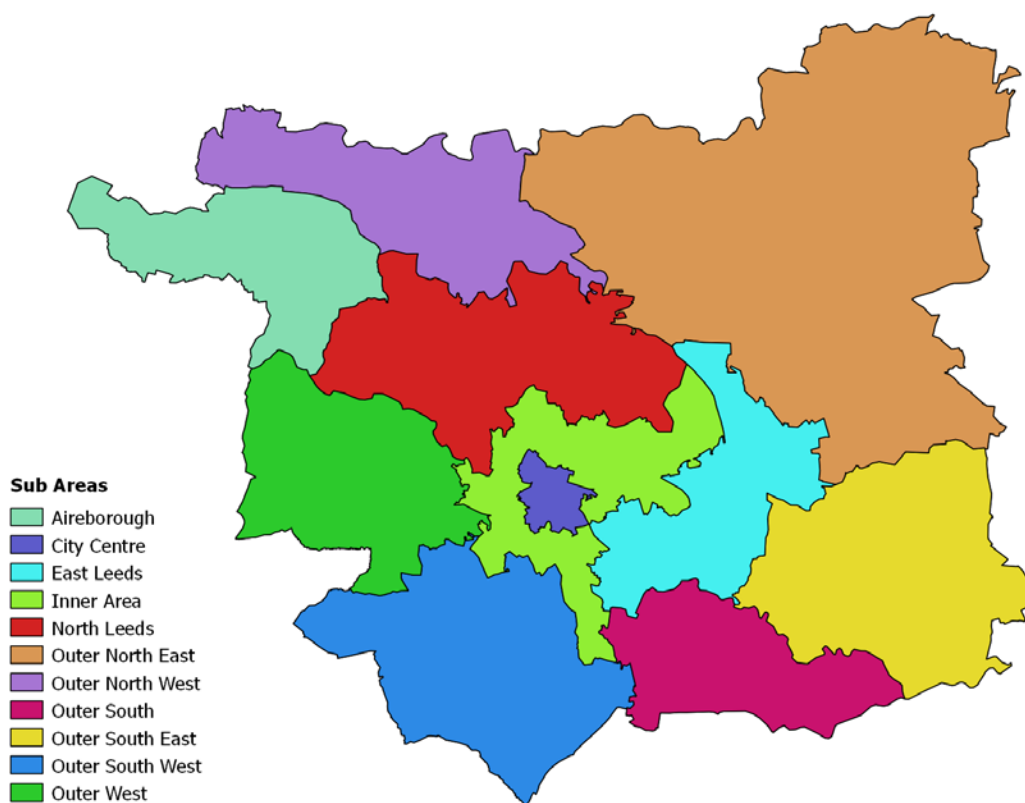
⁵ <http://www.the-lep.com/>

Data analysis and presentation

1.22 Data has been presented for the following 11 sub-areas within Leeds City, as illustrated by Map 1.3:

- Aireborough,
- City Centre,
- East Leeds,
- Inner Area,
- North Leeds,
- Outer North East,
- Outer North West,
- Outer South,
- Outer South East,
- Outer South West, and
- Outer West.

Map 1.3 Leeds sub-areas



Research methodology

- 1.23 Regarding the overall methodological approach to assessing housing need, PPG (paragraph 5) states that, *'there is no one methodology approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology set out in this guidance is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance'*.
- 1.24 PPG (paragraph 14) comments that, *'establishing future need for housing is not an exact science. No single approach will provide a definitive answer. Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance.'*
- 1.25 To deliver the SHMA 2017, a multi-method approach has been adopted, comprising:
- A review of primary data obtained through a survey of 333,207 households across the Leeds City Council area. The 2017 Household Survey involved a total of 27,867 households contacted and 5,383 questionnaires returned, representing a 19.3% response rate overall. The number of questionnaires returned was well in excess of the 1,500 specified in former Government guidance;
 - A consideration of the findings of a stakeholder consultation and interviews with estate and lettings agents;
 - A review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, CLG Statistics and Housing Register information;
 - A consideration of research by Edge Analytics regarding Objectively Assessed Housing Need (OAN); and
 - Analysis of housing need and affordable housing requirements.
- 1.26 Further details of the research methodology are set out in Technical Appendix A.

Report structure

- 1.27 The Leeds SHMA 2017 report is structured as follows:
- Chapter 2 considers the definition of the Housing Market Area for Leeds;
 - Chapter 3 provides a review of the current housing market;
 - Chapter 4 looks at housing market signals;
 - Chapter 5 considers the Objectively Assessed Housing Need;

- Chapter 6 looks at the need for all types of housing and includes an analysis of overall type/size mix, affordable housing need, overall tenure mix and the needs of different groups; and
- Chapter 7 concludes the report with a summary of findings and a consideration of strategic and policy issues.

1.28 The report includes technical appendices, which provide detailed material that underpins the core outputs of the SHMA. The technical appendix material includes:

- Research methodology (Appendix A);
- Housing policy review (Appendix B);
- Affordable housing need calculations (Appendix C);
- Monitoring and updating (Appendix D); and
- Conformity to NPPF and PPG checklist (Appendix E).

DRAFT

2. Defining the Housing Market Area

Introduction

- 2.1 PPG (paragraph 8) states that, *'[housing] needs should be assessed in relation to the relevant functional area i.e. Housing Market Area... Establishing the assessment area may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.'*
- 2.2 PPG (paragraph 10) defines a Housing Market Area as, *"a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap"*.
- 2.3 PPG (paragraph 11) suggests that Housing Market Areas can be broadly defined by using three different sources of information as follows:
- House prices and rates of change in house prices;
 - Household migration and search patterns; and
 - Contextual data (for example travel to work area boundaries, retail and school catchment areas).
- 2.4 In relation to migration and search patterns (the second bullet point, above), PPG (paragraph 11) further comments that, *"migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools"*.
- 2.5 In line with PPG, this SHMA reviews relevant data to establish the extent of the Leeds Housing Market Area. Firstly, this chapter considers existing analysis on Housing Market Areas, and then analyses house price, migration and commuting data.

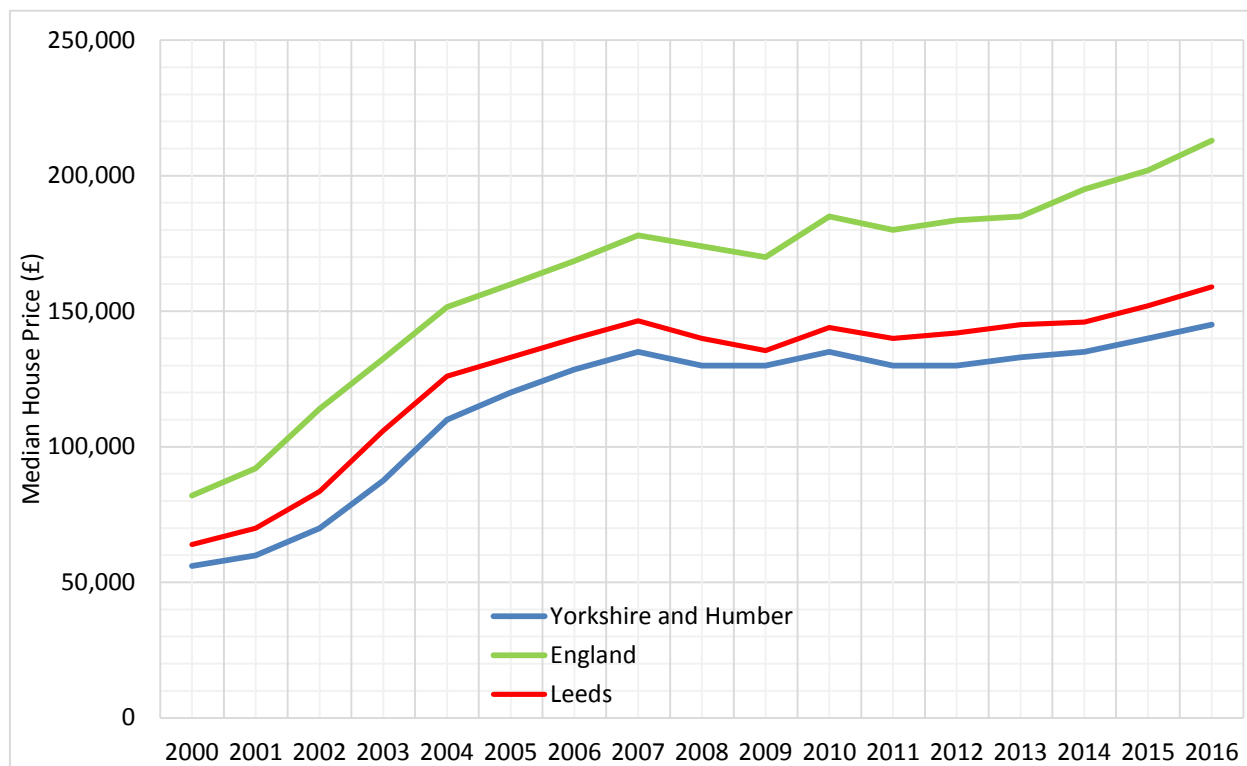
Leeds strategic context

- 2.6 The Leeds City Region Housing Market Areas Study (July 2016) was undertaken for the LEP and WYCA by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University, in conjunction with Nathaniel Lichfield and Partners (NLP).
- 2.7 The core task for the study was to undertake new analyses defining housing market areas (HMAs) with data from the 2011 Census, updating the National Housing and Planning Advisory Unit (NHPAU) HMA definitions that CURDS had previously produced using 2001 Census data.

- 2.8 The study found that two Strategic HMAs cover West Yorkshire. Compared with the previous NPAU research:
- the Bradford Strategic HMA is now smaller;
 - the Leeds Strategic HMA includes all of Calderdale, Kirklees and part of Wharfedale;
 - the Leeds Strategic HMA has 'lost' the majority of Barnsley local authority area;
 - the Leeds Strategic HMA has 'gained' Tadcaster and the northern part of Harrogate local authority area to encompass Ripon.
- 2.9 The study found that there are only three Local HMAs within West Yorkshire and findings relating to the Leeds Local HMA include:
- The previous NPAU Leeds Local HMA north-south split is not replicated in the new analysis;
 - The Local Leeds HMA 'gained' parts of North Kirklees and Wharfedale from Bradford;
 - Leeds northern boundary with Harrogate is less permeable and Wetherby's allocation is volatile;
 - Leeds:Bradford is a mostly impermeable boundary, but has 'weakened' in the Wharfedale part of Bradford local authority area;
 - Leeds:Wakefield is a mostly impermeable boundary, apart from in relation to the wider strategic reach of Leeds.

House prices and rates of change in house prices

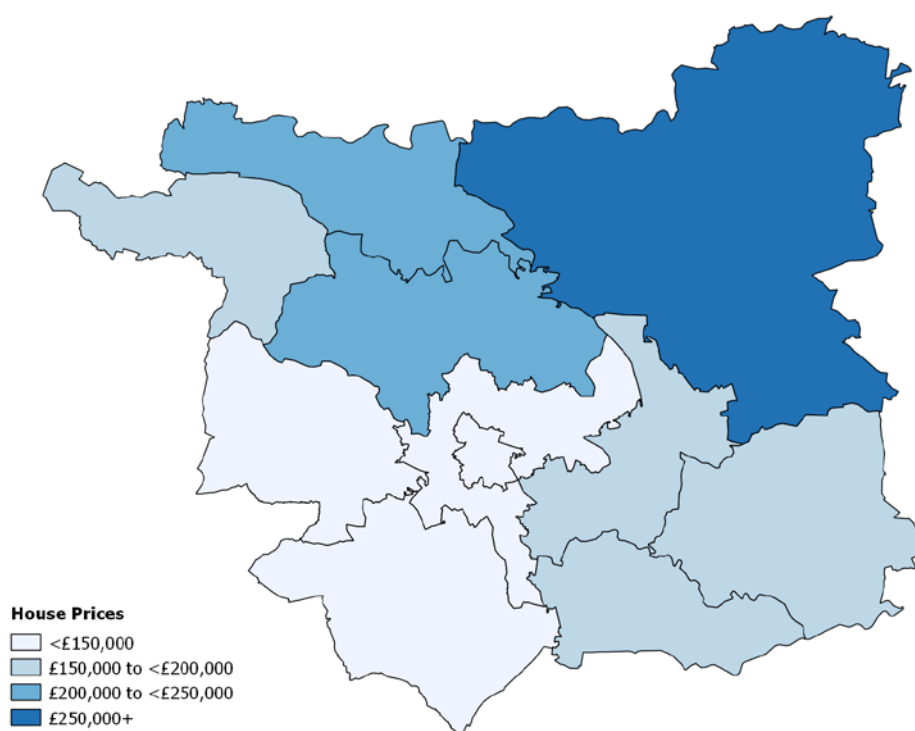
- 2.10 PPG (paragraph 11) states that,
- 'Housing market areas can be identified by assessing patterns in the relationship between housing demand and supply across different locations. This analysis uses house prices to provide a 'market-based' reflection of housing market area boundaries. It enables the identification of areas which have clearly different price levels compared to surrounding areas. The findings provide information about differences across the area in terms of the price people pay for similar housing, market 'hotspots', low demand areas and volatility.'*
- 2.11 Figure 2.1 shows how the median house price over the period 2000 to 2016 has changed in Leeds, the region (Yorkshire and the Humber) and England.
- 2.12 Since 2000, the median house price in Leeds has increased 148.4% from £64,000 to £159,000. The median price in Leeds has tracked below the national median, but has been consistently higher than the regional median. As with England as a whole, the fastest rate of median house price growth was experienced between 2000 (£64,000) and 2007 (£146,428), followed by a period of fluctuation between 2008 and 2011. House prices have risen since 2011, from £140,000 (2011) to £159,000 (2016).

Figure 2.1 Median house price trends 2005 to 2016: Leeds, North Yorkshire and England

Source: Data produced by Land Registry © Crown copyright 2017

- 2.13 The lower quartile house price in Leeds has increased from £44,500 in 2000 to £110,000 during 2016, an increase of 147.2%.
- 2.14 The distribution of house prices (2016) across the City of Leeds is illustrated by Map 2.3 and Table 2.1. Map 2.3 shows median house prices by sub-area and indicates relatively lower prices in the Inner Area and higher prices in Outer North East, Outer North West and North Leeds. Table 2.1 sets out lower quartile, median and upper quartile house prices by sub-area and reflects this spatial pattern.

Map 2.3 Median house prices 2015 by sub-area



Source: Data produced by Land Registry © Crown copyright 2017

Sub-Area	Price (£)		
	Lower Quartile (25%)	Median (£)	Upper Quartile (£)
Aireborough	158,000	198,000	279,000
City Centre	103,000	135,750	179,000
East Leeds	125,000	160,000	210,000
Inner Area	73,000	96,000	135,000
North Leeds	152,375	211,250	287,350
Outer North East	207,000	298,250	434,525
Outer North West	170,100	242,250	334,998
Outer South	129,000	160,000	228,500
Outer South East	127,000	160,000	189,995
Outer South West	98,000	134,000	180,000
Outer West	104,000	135,000	175,000
Leeds Total	112,500	159,000	230,000

Source: Data produced by Land Registry © Crown copyright 2017

- 2.15 Table 2.2 considers how Leeds median prices and change over the period 2000-2016 compare with neighbouring areas, the region and England. This analysis demonstrates that the median price increase in Leeds has been lower than most neighbouring local authority areas and the Yorkshire and the Humber region. However, percentage change has been greater than that for England as a whole.

Location	Year		% change 2000-2016
	2000	2016	
York	£75,500	£215,000	184.8
Harrogate	£90,500	£255,000	181.8
Craven	£69,950	£189,475	170.9
Calderdale	£48,000	£130,000	170.8
Selby	£65,000	£175,000	169.2
Yorkshire and Humber	£56,000	£145,000	158.9
Kirklees	£53,000	£135,000	154.7
Bradford	£49,500	£125,000	152.5
Barnsley	£44,000	£110,000	150.0
Leeds	£64,000	£159,000	148.4
England	£82,000	£202,000	146.3
Wakefield	£53,500	£131,500	145.8

Source: Data produced by Land Registry © Crown copyright 2017

Migration and self-containment

- 2.16 In relation to migration, PPG (paragraph 11) states:

'Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.'

- 2.17 That said, previous CLG guidance recognised that *'rural areas typically have less locally self-contained migration patterns, reflecting the influence of long-distance movers who are opting for lifestyle change or retirement.'*⁶
- 2.18 Data reported in the 2011 Census provides evidence from which the degree of self-containment of Leeds can be derived. PAS guidance recommends that migration data are tested against the PPG criterion for self-containment, that at least 70% of all

⁶ DC Advice Note: Identifying sub-regional housing market areas 2007

migration excluding long-distance migration should be contained within the HMA. A suitable test are two migration containment ratios:

- **Supply side (origin):** moves within the area divided by all moves whose origin is in the area, excluding long-distance moves; and
- **Demand side (destination):** moves within the area divided by all moves whose destination is in the area, excluding long-distance migration.

2.19 Table 2.3 presents the relevant migration data for Leeds. This illustrates that 69.2% of all residents moving in the year preceding the Census originated from within Leeds. Of the total 108,802 moving residents, 69.2% originated in Leeds, 2.6% from Bradford, 1.5% from Wakefield, 1.4% from Kirklees, 5.8% from elsewhere in Yorkshire and the Humber, 5.0% from the North West and 14.6% from elsewhere in the UK. Excluding long-distance moves and only analysing the 87,542 movements from within Yorkshire and the Humber, 85.9% originated within Leeds, 3.2% from Bradford, 1.9% from Wakefield, 1.7% from Kirklees and 7.1% from elsewhere in the region.

2.20 Table 2.4 summarises the containment ratios that apply to the origin and destination of moving residents. In line with PPG guidance, this excludes long-distance migration (which in this case is taken as moves from outside Yorkshire and the Humber). Based on these criteria, the origin containment ratio is 85.95% and the destination is 85.92%. This indicates a high level of self-containment in terms of population migration.

Origin/ Destination	Supply Side (Origin)			Demand Side (Destination)		
	All Moves		Excluding Long Distance Moves	All Moves		Excluding Long Distance Moves
	Number	%	%	Number	%	%
Leeds	75,242	69.2	85.9	75,242	71.8	85.9
Bradford	2,831	2.6	3.2	2,563	2.4	2.9
Wakefield	1,672	1.5	1.9	1,773	1.7	2.0
Kirklees	1,522	1.4	1.7	1,825	1.7	2.1
Harrogate	823	0.8	0.9	1,097	1.0	1.3
Sheffield	809	0.7	0.9	761	0.7	0.9
East Riding of Yorkshire	664	0.6	0.8	609	0.6	0.7
York	653	0.6	0.7	727	0.7	0.8
Elsewhere Y&H	3,326	3.1	3.8	2,976	2.8	3.4
North West	5,388	5.0		3,739	3.6	
London	2,570	2.4		3,669	3.5	
East Midlands	2,605	2.4		1,731	1.7	
Elsewhere UK	10,697	9.8		8,066	7.7	
Total	108,802	100.0	100.0	104,778	100.0	100.0
Base (excluding long-distance moves)			87,542			87,573

Source: 2011 Census

Origin	Moves within the area	All moves originating in the area	Containment Ratio
		75,242	87,542
Destination	Moves within the area	All moves whose destination is in the area	Containment Ratio
		75,242	87,573

Source: 2011 Census

Commuting patterns

2.21 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Leeds travel to other areas, together with details of how many people commute into the City area. Table 2.5 presents this data and indicates that 83.1% of people who live in Leeds work in the City; by comparison, 68.9% of workers in Leeds live in the City. This indicates a clear net inward movement of workers and illustrates the strength of Leeds as an economic centre within the region.

Where do people who live in Leeds work?			
Live	Work	Number	%
Leeds	Leeds	266,323	83.1
	Bradford	16,957	5.3
	Wakefield	12,682	4.0
	Kirklees	6,950	2.2
	Other	17,565	5.4
Workers		320,477	100.0
Where to people who work in Leeds live?			
Live	Work	Number	%
Leeds	Leeds	236,326	68.9
Bradford		27,508	8.0
Wakefield		21,568	6.3
Kirklees		19,725	5.7
Other		38,147	11.1
Jobs		343,274	100.0

Source 2011 Census

2.22 In terms of defining market areas, PPG does not suggest an appropriate self-containment figure. However, the ONS provides a definition of Travel to Work areas as follows:

'The current criterion for defining TTWs is that generally at least 75% of an area's resident workforce in the area and at least 75% of the people who work in the area also

live in the area...however, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted⁷

- 2.23 On this basis, it is concluded that Leeds can be considered to be highly self-contained in terms of the travel-to-work patterns of its own resident working population; however, it has a wider economic function within the City Region which draws a significant number of commuters into the City administrative area.

Concluding comments

- 2.24 The purpose of this chapter has been to consider the general housing market context of Leeds and its inter-relationships with other areas. This reflects the requirements of PPG (paragraph 11). By reviewing house prices, migration and travel to work patterns, the extent to which Leeds is a self-contained Housing Market Area can be determined. PPG establishes that areas within which a relatively high proportion of household moves (typically 70%) are contained can be defined as a self-contained Housing Market Area.
- 2.25 Leeds's Housing Market Area exhibits a degree of distinctiveness compared with neighbouring areas as measured by median price change 2000-2016 at a lower rate than most neighbouring local authority areas and the Yorkshire and the Humber region as a whole. Percentage growth has been slightly greater than that for England as a whole.
- 2.26 Regarding migration, analysis of the 2011 Census data identifies containment ratios of 85.95% (origin) and 85.92% (destination). From a migration perspective, Leeds is therefore considered to be self-contained.
- 2.27 Regarding travel to work, 83.1% of employees living in Leeds also work Leeds, indicating low levels of out-commuting to work elsewhere. However, there is a higher amount of in-commuting, with 68.9% of Leeds' workforce living in the City administrative area, while 8.0% travel in from Bradford, 6.3% from Wakefield and 5.7% from Kirklees. From a travel-to-work perspective it is therefore concluded that Leeds is self-contained in terms of its own working population but has a significant economic function that also draws commuters from the wider City Region.
- 2.28 Interactions with several neighbouring areas are recognised, as also highlighted in the Leeds City Region research that has been undertaken at the strategic level to update the NHPAU research (using 2011 Census information). This research particularly identifies relationships with the northern part of Kirklees and with the Wharfedale part of Bradford. These local authorities recognise that they operate as a wider functional area from an economic perspective, but they do not consider Leeds as part of their respective Housing Market Areas for the purposes of local planning policy.
- 2.29 In conclusion, although there are interactions with other areas, Leeds should be recognised as an appropriate Housing Market Area for the purposes of local planning policy.

⁷<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/commutingtoworkchangestotraveltoworkareas/2001to2011>

3. Leeds housing market review

Introduction

3.1 The purpose of this chapter is to explore the housing market dynamics of Leeds. This includes a review of the current stock profile along with an analysis of the tenure characteristics. It also considers the key housing market drivers, a consideration of housing need and the affordability of different tenure options.

Property profile

3.2 This study assumes a total of 337,302 households⁸ and 347,787 dwellings in Leeds City. With 8,578 vacant homes (of which 2,681 are long term vacant) and 2,038 are second homes⁹. The overall vacancy rate is around 2.5%, this compares with a vacancy rate of 2.6% across England¹⁰. Data by sub-area is set out in Table 3.1.

Sub-area	Total Dwellings	Second Homes	Total Vacant (empty/unoccupied)	Vacant %
Aireborough	15,495	91	382	4.5
City Centre	11,676	68	288	3.4
East Leeds	19,956	117	492	5.7
Inner Area	75,264	441	1,856	21.6
North Leeds	74,155	435	1,829	21.3
Outer North East	17,725	104	437	5.1
Outer North West	9,671	57	239	2.8
Outer South	12,914	76	319	3.7
Outer South East	16,700	98	412	4.8
Outer South West	43,456	255	1,072	12.5
Outer West	50,775	298	1,252	14.6
Leeds Total	347,787	2,038	8,578	2.5

Source: 2017 household survey data and 2015/2016 Council Tax data

Property size and type

3.3 Table 3.2 reviews the profile of occupied dwelling stock by size and type across Leeds. Overall, the vast majority (70.4%) of properties are houses, 22.6% are flats/apartments and maisonettes, 6.4% are bungalows, and 0.6% are other types of property including park homes/caravans. Of all occupied properties, 14.9% have one bedroom/bedsit,

⁸ Household survey 2017

⁹ Council Tax 2015/2016

¹⁰ 2015 CLG Dwelling and Vacancy data

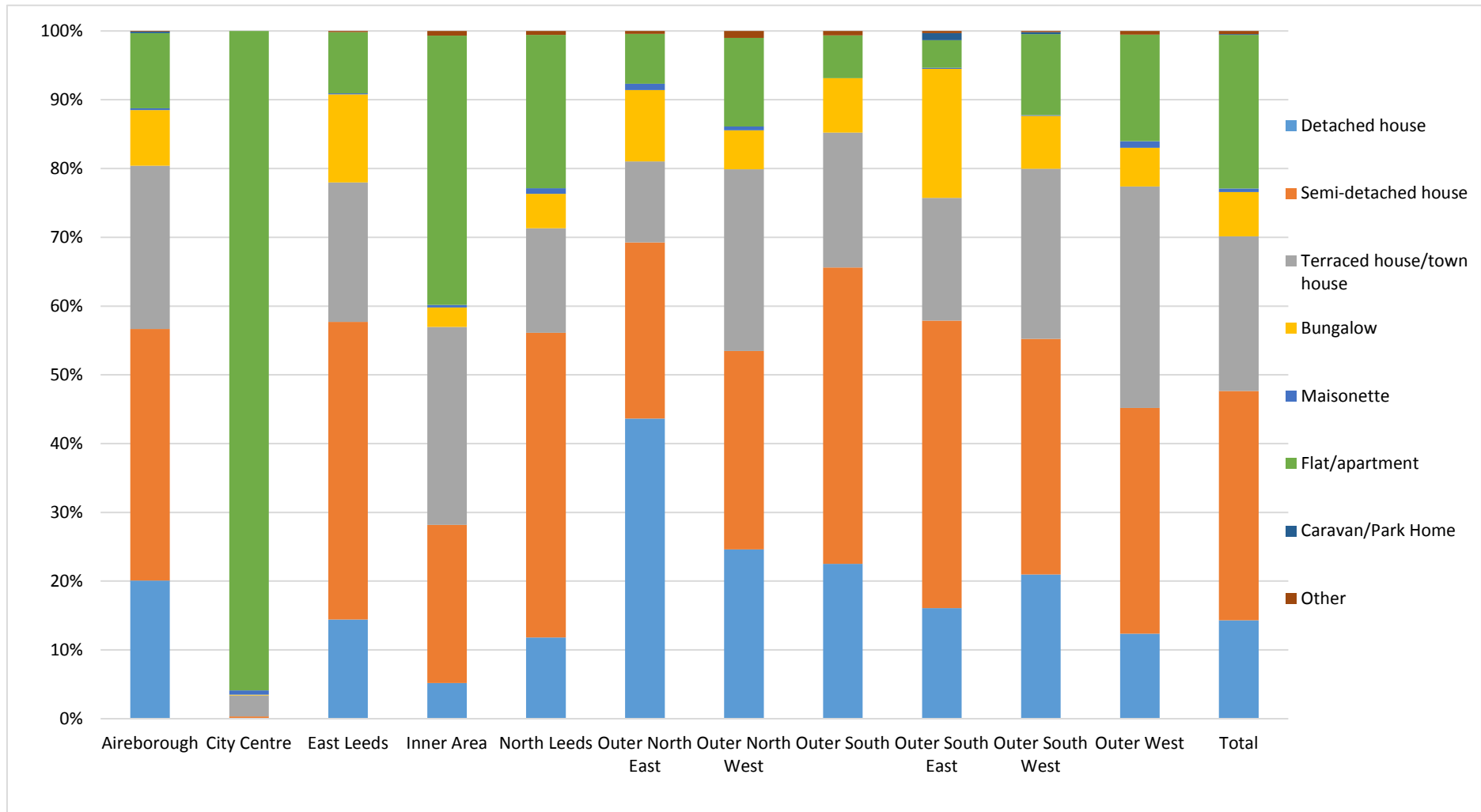
28.6% have two bedrooms, 38.2% have three bedrooms and 18.3% have four or more bedrooms.

Property Type	No. Bedrooms (Table %)					Total	Base (Valid response)
	One/ Bedsit	Two	Three	Four	Five or more		
Detached house	0.8	2.8	13.6	44.6	48.0	14.4	47,567
Semi-detached house/ Town house	0.3	23.2	55.8	32.5	19.2	33.4	110,496
Terraced house	9.2	29.2	23.2	19.5	30.9	22.6	74,556
Bungalow	8.4	11.2	4.2	2.1	1.2	6.4	21,243
Maisonette	1.0	0.2	0.6	0.0	0.0	0.5	1,709
Flat / Apartment	79.5	32.1	2.2	1.1	0.8	22.1	72,964
Caravan/ Park Home	0.1	0.3	0.0	0.0	0.0	0.1	321
Other	0.7	0.6	0.4	0.1	0.0	0.5	1,545
Total	14.9	28.6	38.2	14.6	3.7	100.0	330,401
<i>Base (Valid response)</i>	49,298	94,518	126,117	48,147	12,321	330,401	

Source: 2017 Household Survey and excludes missing data

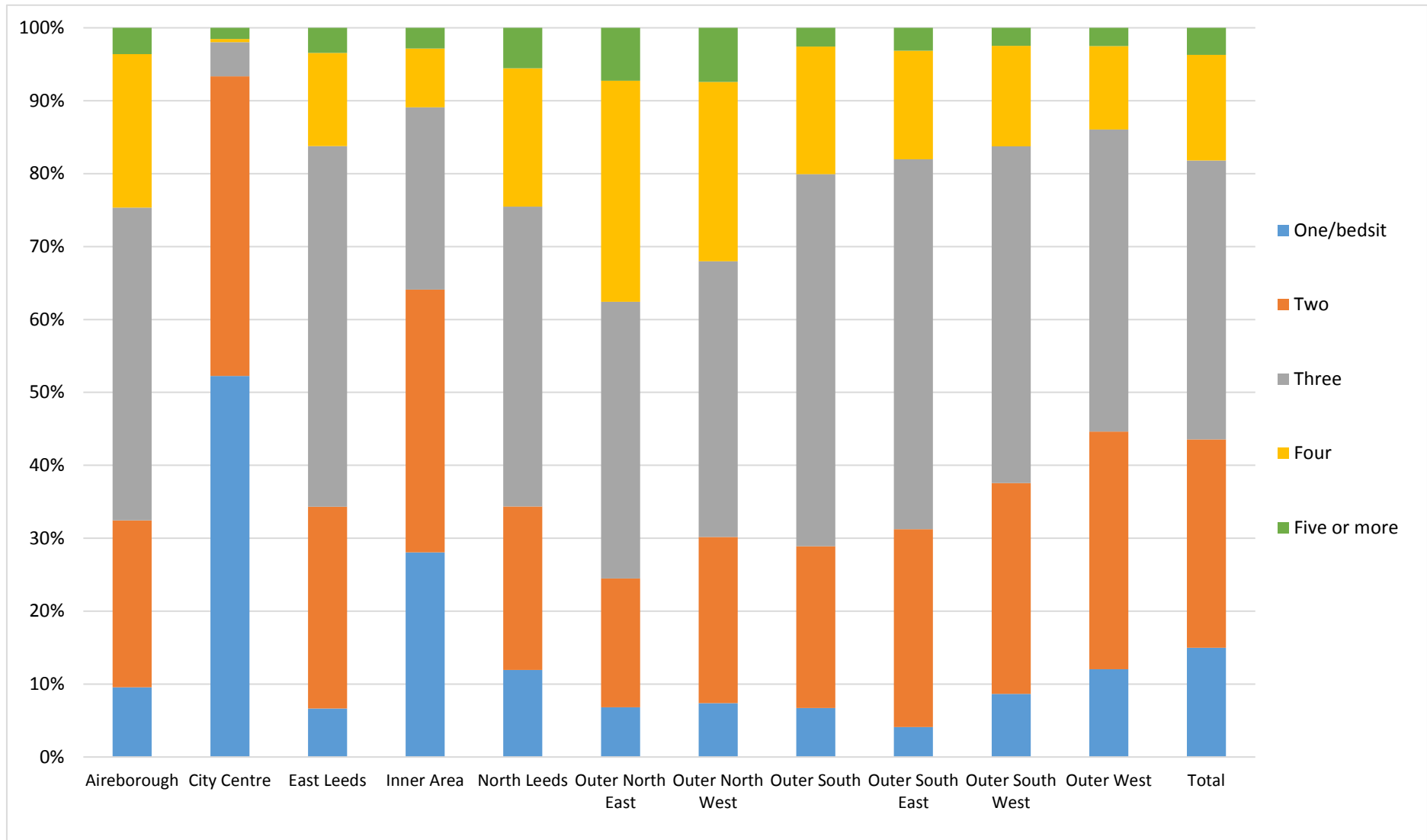
3.4 How property type varies by sub-area is illustrated in Figure 3.1 and variations in number of bedrooms by sub-area in Figure 3.2. Notable sub-area variations in type of property include the relatively higher proportion of detached properties in the Outer North East (43.7%); higher proportions of semi-detached houses in North Leeds (44.3%), East Leeds (43.3%) and Outer South (43.1%); higher proportions of terraced housing in the Outer West (32.2%); and higher proportions of flats/apartments in the City Centre (95.9%). In terms of dwelling size, there is a high proportion of small properties with one bedroom/bedsit in the City Centre (52.2%) and a relative high proportion of larger properties with four or more bedrooms in the Outer North East (37.6%) and the Outer North West (32.0%).

Figure 3.1 Property type by sub-area



Source: 2017 Household Survey

Figure 3.2 Property size by sub-area



Source: 2017 Household Survey

Property age and condition

- 3.5 The age profile of dwelling stock in Leeds is summarised in Table 3.3. The majority of the City's dwellings (60.2%) were built in the period before 1965.

Age of Dwellings	Number	%
pre-1919	63840	18.7%
1919-44	70740	20.7%
1945-64	71000	20.8%
1965-82	63820	18.7%
1983-99	32900	9.6%
post 1999	39100	11.5%
Total	341400	100.0%
Unknown	5080	
Grand Total	346,480	

Source: Valuation Office Agency 2016

- 3.6 The English Housing Survey (EHS) produces national data on dwelling condition. Applying national trends to the stock profile of Leeds would suggest that around 21.1% of dwelling stock is non-decent, which is similar to the national average of 20.6%. The number of dwellings likely to fail the minimum standard of decent homes criteria is estimated to be 12.0% (compared with 11.9% nationally).
- 3.7 A full definition of what constitutes a decent home is available from CLG¹¹ but in summary a decent home meets the following four criteria:
- a. It meets the current statutory minimum for housing;
 - b. It is in a reasonable state of repair;
 - c. It has reasonably modern facilities and services; and
 - d. It provides a reasonable degree of thermal comfort.

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7812/138355.pdf

Table 3.4 Dwelling stock condition in England and Leeds estimates								
England			Fails decent homes criteria				All dwellings in group (000s)	% dwellings
Dwelling age (EHS)	Dwelling age (VOA)	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	pre-1919	40.1	28.7	11.2	3.9	11.9	4,648	20.0
1919-44	1919-44	24.1	13.1	7.6	1.7	7.6	3,930	16.9
1945-64	1945-64	16.6	8.0	3.6	2.0	5.7	4,505	19.4
1965-80	1965-82	17.5	8.8	1.8	1.9	7.6	4,757	20.5
1981-90	1983-99	17.6	4.7	*	0.9	13.5	1,953	8.4
post 1990	post 1999	1.5	1.5	*	*	*	3,460	14.9
Total		20.6	11.9	4.6	1.9	7.5	23,254	100.0
Leeds City			Fails decent homes criteria (estimate)				All dwellings	% dwellings
Dwelling age (EHS)	Dwelling age (VOA)	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort		
pre-1919	pre-1919	25,614	18,314	7,151	2,461	7,617	63,840	18.7
1919-44	1919-44	17,015	9,269	5,342	1,213	5,373	70,740	20.7
1945-64	1945-64	11,813	5,654	2,586	1,385	4,058	71,000	20.8
1965-80	1965-82	11,150	5,596	1,167	1,213	4,834	63,820	18.7
1981-90	1983-99	5,791	1,557	*	310	4,431	32,900	9.6
post 1990	post 1999	573	573	*	*	*	39,100	11.5
Total		71,956	40,962	16,246	6,581	26,313	341,400	100.0
% of all stock		21.1	12.0	4.8	1.9	7.7		
National % (as above)		20.6	11.9	4.6	1.9	7.5		

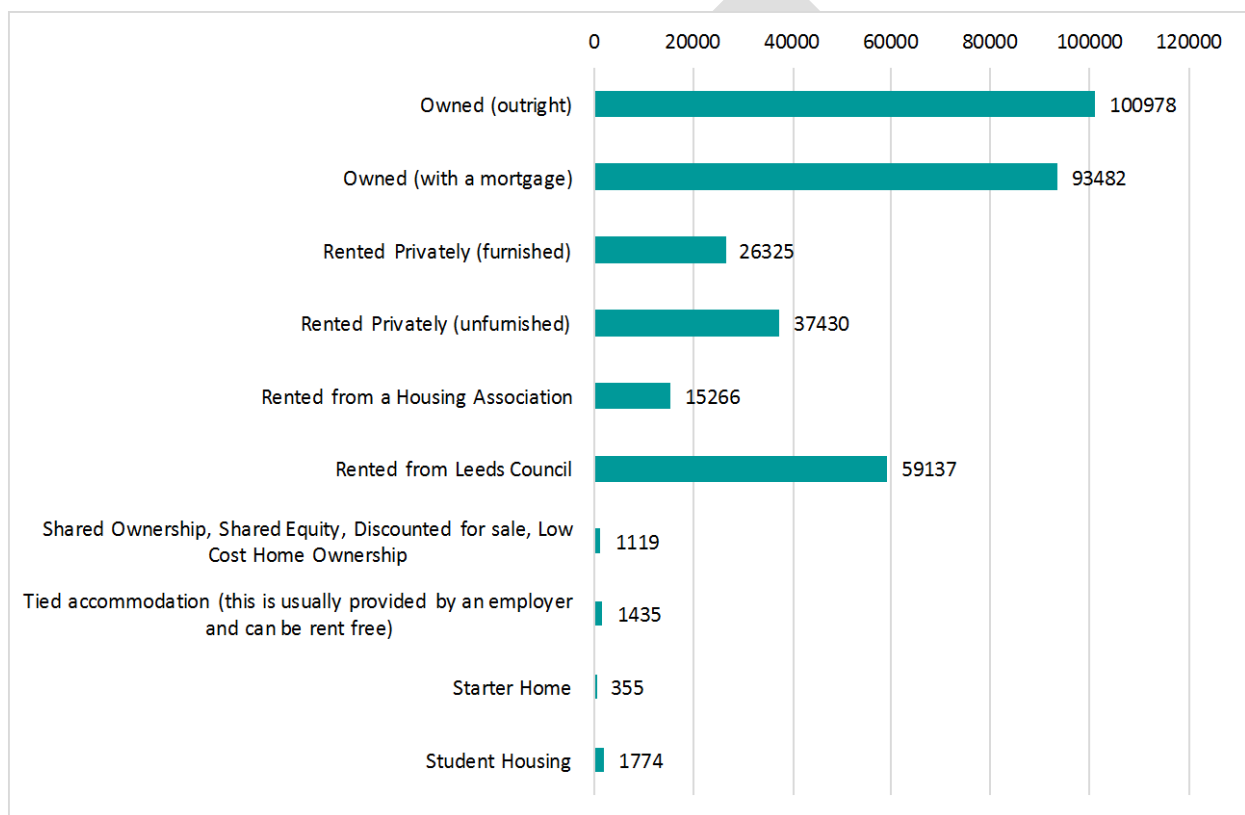
Source: English Housing Survey (EHS) 2013 data applied to Valuation Office Agency (VOA) 2016 dwelling stock age profile

Note '**' indicates sample size too small for reliable estimate

Property tenure

3.8 The tenure profile of the Leeds City administrative area is summarised in Figure 3.3. This is based on the findings of the Household Survey 2017, undertaken to inform this SHMA. Variations in broad tenure groups by sub-area are summarised in Figure 4.4. Overall, based on survey evidence, 57.7% of occupied dwellings are owner-occupied, 19.9% are private rented (including tied accommodation and student housing) and 22.5% are affordable. Affordable housing includes dwellings rented from a social housing provider (Council or housing association) and intermediate tenures (shared ownership, shared equity, discounted sale, low cost home ownership and Starter Homes).

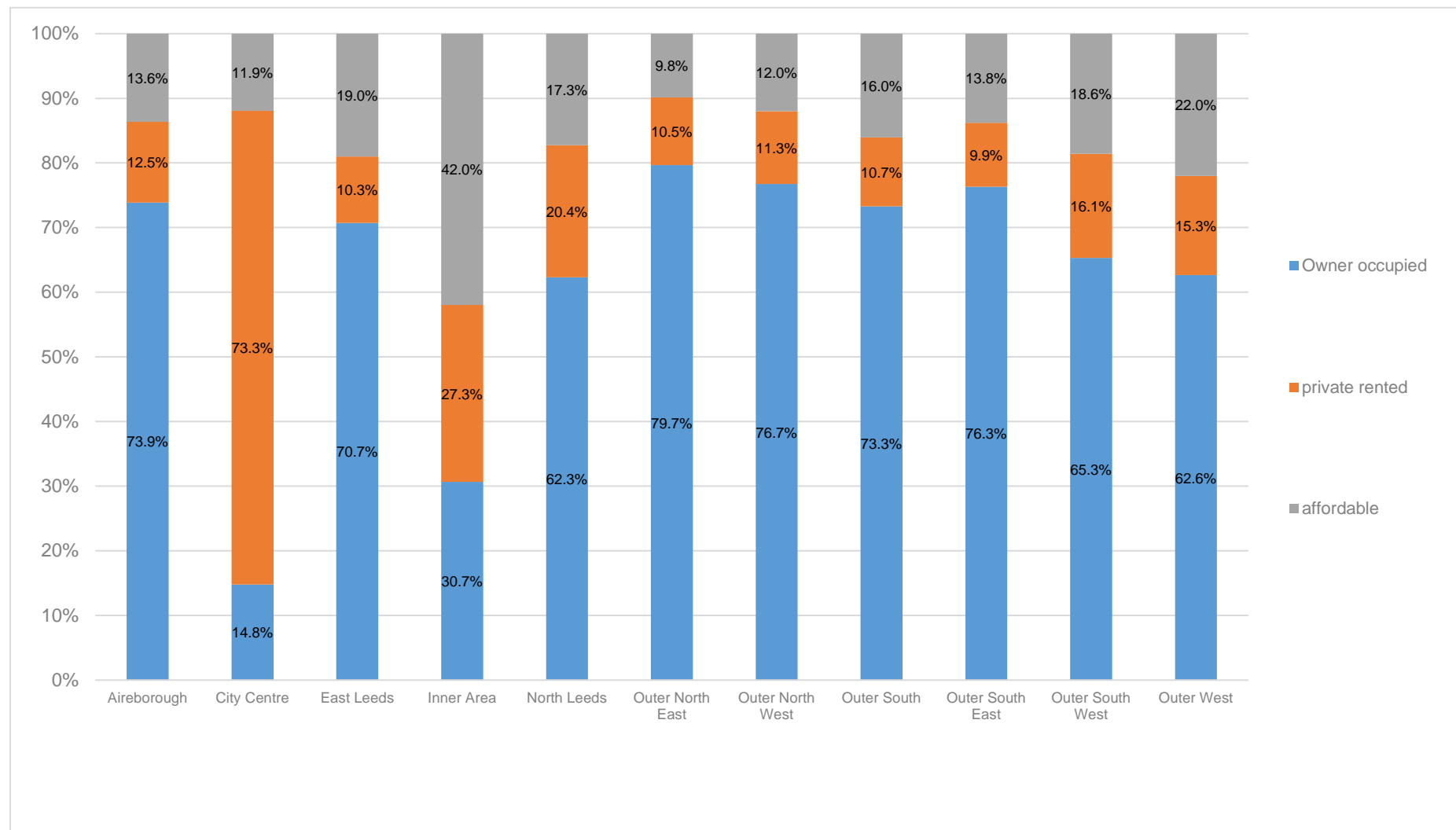
Figure 3.3 Leeds tenure profile of occupied dwellings



Source: 2017 Household Survey

3.9 The tenure profile varies across Leeds and this is shown by sub-area in Figure 3.4. The proportion of owner occupied dwellings is highest in the Outer North East (79.7%) and Outer North West (76.7%); private renting is significantly higher in City Centre (73.3%) compared with the other sub-areas and affordable accommodation in the Inner Area (42.0%).

Figure 3.4 Leeds tenure profile by sub-area



Source: 2017 Household Survey

Tenure characteristics

Owner-occupied sector

- 3.10 57.7% (194,460) of households across Leeds are owner occupiers. 29.9% of all households (100,978) own outright and 27.7% of all households (93,482) have a mortgage.
- 3.11 The Household Survey provides the following information on owner occupied stock:
- Most owner-occupied properties are houses, with 42.4% semi-detached, 22.2% terraced and 21.7% detached; a further 7.5% are bungalows, 5.9% are flats/apartments and 0.3% other property types;
 - 48.5% of properties have three bedrooms, 21.7% have two bedrooms 27.2% have four or more bedrooms, and 2.6% have one bedroom/bedsit; and
 - Around 13.4% of owner-occupied stock was built pre-1919, 43.6% was built between 1919 and 1964; 22.0% was built between 1965 and 1984 and 21.0% has been built since 1985.
- 3.12 Over the period 2000 to 2016, lower quartile and median house prices across Leeds have increased significantly, as summarised in Table 3.5.
- 3.13 It is interesting to note that in 2000, a household income of £11,443 was required for a lower quartile price to be affordable; by 2016 this had increased to £28,286. In comparison, an income of £16,457 was required for a median priced property to be affordable in 2000 compared with £40,886 in 2016.

Leeds	House Price (£)		Income to be affordable*	
	2000	2016	2000	2016
Lower Quartile	£44,500	£110,000	£11,443	£28,286
Median	£64,000	£159,000	£16,457	£40,886

Source: Data produced by Land Registry © Crown copyright 2017

*Assuming a 10% deposit and 3.5x income multiple is required for a mortgage

- 3.14 A range of socio-economic and demographic information on residents has been obtained from the Household Survey. Some interesting observations relating to owner-occupiers include:
- In terms of household type, around 28.0% of owner occupiers are couples with children, 27.7% are older (65 or over) singles and couples, 21.1% are couples (under 65 with no children), 14.4% are singles (under 65), 5.2% are lone parents and 3.5% are other household types;
 - The majority of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment (63.9%) and a further 31.2% are wholly

retired from work. The proportion retired is considerably higher for outright owners (58.7%);

- Incomes amongst owner occupiers tend to be high, with 40.4% receiving at least £500 each week. That said, incomes amongst outright owners tend to be lower than for mortgaged owners, with 28.5% receiving less than £300 each week compared with just 6.0% of mortgaged owners. This reflects the different age profile and economic status of outright owners;
- In terms of length of residency, 37.6% of owner occupiers have lived in the same property for 20 years or more (and the figure is 59.8% for outright owners).

Views of estate agents

3.15 Views were sought about current market activity from a range of estate and letting agents working across Leeds to inform the SHMA 2017. Interviews were carried out with

- Hunters Sales - City Centre
- Hunters Lettings - City Centre
- Linley & Simpson - Inner Area
- Manning Stainton - North Leeds
- Martin & Co – East Leeds
- Whitegates - Outer South West
- Preston Baker - Outer South East
- Kath Wells – Pudsey
- Dale Eddison – Aireborough
- Dacre, Son & Hartley - Outer North West
- Martin & Co - Outer South

3.16 The feedback from agents is that housing markets in Leeds have largely recovered from the 2008 recession with sales showing increased demand over the past 3 years. Leeds has traditionally been a strong housing market. It is currently seen as offering better returns on investment than Manchester, for example, and is anecdotally better value than other surrounding cities e.g. Sheffield and Hull, etc. Leeds - referred to as the "Gateway to the Dales" - recently had one of its towns (Horsforth) voted in the top 10 places to live in England. The city is growing; it is positioning itself as the finance capital of the north. Major companies e.g. Asda, The Yorkshire Bank, HSBC, Yorkshire Television, etc have relocated headquarters or made major investment in the city.

3.17 The two main features emerging from interviews with agents are:

- The polarisation of the market between the City Centre and elsewhere in Leeds;
- The general undersupply of homes to buy and rent.

The City Centre's housing market

3.18 The housing market in the city centre is distinctly different than in other parts of Leeds. For one thing, the market offer is almost entirely apartments. They are high

specification and highly priced. Car parking is limited in the centre so apartments with car parking attract premiums up to £30k. The City Centre market is largely driven by employees of the city's business investors. These employees are buying properties "aggressively" in the expectation of price increases. This has led to increased values in the City Centre and an accompanying increase of new developments which has exacerbated the "polarisation" of the housing market between the centre and other parts of the city.

Prices in the City Centre range from:-

- Studio / 1-bed apartment £135k - £145k
- 2-bed apartment £180k (no parking) - £210k (parking)
- Larger apartments are rare and are marketed up to £1m

Sales Markets (outside the centre)

Trends

- 3.19 Agents believe the sales market across Leeds is strong. Houses are selling quickly and prices are on the rise. The main drivers of the market include the level of inward investment fuelling expectation around the city; and the skilled nature of jobs that have been created in Leeds which has created a good fit between income, borrowing levels and mortgage rates which normally equates to a lot of potential in the market. The concern is the general undersupply of properties to let.

What is popular?

- 3.20 Agents believe that there is a divide between what buyers are looking for and what is available on the current market. In this type of market it is likely that properties sell quickly because they are available rather than because they are popular. Properties which agents would expect to be a "tough sell" are achieving close to (and sometimes above) market valuation. To emphasise the point an agent in Beeston who wishes to remain anonymous recently sold a property for 50% above its valuation.
- 3.21 Most agents would like to have more 3-bed semi-detached properties with garden and car-parking on their books and whilst there are some variations on this theme, it is likely down to availability rather than ideal choice. So, for example:
- In the North sub-area, Victorian terraced houses and back-to-back properties with a garden are attractive to buyers who believe these terraces offer more character and a certain style not evident in boxy new builds. Smaller property types i.e. 1 and 2-bed apartments are also popular with first time buyers and young couples.
 - In Outer West sub-area, houses and apartments at £80k-£95k are popular, especially with investors and first time buyers.
 - Buyers in Guiseley prefer older homes needing work at the lower end of the market or the family home that's ready to move into at a price range £170k-£250k.
- 3.22 The more popular locations are:

- Horsforth, Moortown, Oakwood and Roundhay(North sub-area)
- Woodesford (South sub-area)
- Wortley and Gildersome (Outer West sub-area)
- Yeadon, Menston and Guiseley (Aireborough sub-area)
- Beeston (Inner sub area)

3.23 Although there are popular areas further east (Temple Newsam and Whinmoor), agents tend to carry fewer properties in this area of the city. Areas closer to the centre on the east side like Harehills are generally unpopular with traditional estate and lettings agents.

Supply

- 3.24 Most agents expressed varying levels of concern about the shortage in supply. As an example, Manning Stainton are carrying a third of the properties they would normally expect to have in order to offer customers a good choice. Agents in North Leeds, Outer North West and Outer South market areas report supply at least 20% down on typical stock. The shortage of properties; uncertainty in the market and competition from investors for properties at the entry level has made (especially) first time buyers more reluctant to enter the market.
- 3.25 The most obvious under-supply is of 2-bed properties selling at £60k to attract first time buyers. Unfortunately, this is precisely the type and value of property that attracts investors. When asked what properties they would like to have on their books, most sales agents opt for 3-bed semi-detached properties with a garden.
- 3.26 All sales agents interviewed were of the opinion that to a greater or lesser degree, the market is heading into choppy waters. This view is based on current prices, the lack of supply and the speed at which properties are being sold. The lack of supply isn't sustainable. Agents have a sense of déjà vu. The current market has the same feel about it as it did just prior to the 2008 depression. The Brexit effect has yet to play out and may further impact lending which, in turn, could further complicate the housing market.
- 3.27 Currently, properties are being sold almost as soon as they come onto the market. This isn't necessarily because properties are immaculate – it is more a function of the lack of supply. This is distorting the market.

Who is buying?

- 3.28 For the past 3 years or so, the market was heavily investor led accounting for as much as 70% of sales of smaller apartments and cheaper houses especially in areas with a significant private rented sector e.g. the North sub-area. More recently, there has been a slowing down of investor activity which agents believe is to do with rising property prices, the uncertainty of Brexit and the change to tax incentives for second home owners etc.

- 3.29 The slowed investor market has removed some competition for first time buyers. However, agents are finding it difficult to profile the typical buyer in the current market. The relatively positive financial position in Leeds means there is always someone looking to buy whatever comes onto the market and reduced investor competition for entry level properties means first time buyers (younger couples in their late 20s / early thirties) are more able to purchase properties at up to £200k.
- 3.30 At the same time, fewer people are trading up. With reduced investor activity and continued uncertainty about the market, more homeowners are prepared to “break the chain” and sit tight. Some have chosen to make improvements to their existing homes rather than trade up.
- 3.31 There has also been a noticeable reduction in parents buying homes for their children studying at University which agents feel is a direct consequence of the “second home tax”. These parents are putting their children in private renting.

Valuation

- 3.32 Property prices outside the City Centre are beginning to creep up. Some investors are selling their homes to take advantage of the shortage of supply. Other homeowners with an eye on the market in the City Centre are attempting to cash in. They are asking inflated prices for their homes and increasingly, these prices are being achieved.
- 3.33 The level of undersupply generally coupled with speculative buying in the City Centre is impacting the market. Agents have talked of “frantic” buying and one agent recounted a recent experience of selling a 2-bed terraced house for £95k that in normal circumstances would sell for less than £60k.

Private rented sector

- 3.34 The Coalition Government’s Housing Strategy, published in November 2011¹², set out the Government’s plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people’s housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.
- 3.35 The private rented sector is growing; the Census figures for 2011 confirmed that the sector accounted for 18.1% of housing stock in England, an increase of 31.2% from 13.8% in 2001. More recent 2014-15 English Housing Survey data reports that 19% of households rent privately. Increasing house prices pre-2007 and the struggling sales market when the down turn came are both factors that have underpinned the growth of the rental market for both ‘active choice’ renters and ‘frustrated would-be’ homeowners. Tenure reform and less accessible social rented housing are contributing factors in the ongoing growth of the private rented sector.

¹² *Laying the Foundations; A Housing Strategy for England, 2011*

- 3.36 The private rented sector now clearly plays a vital role in meeting housing needs as well as providing an alternative to homeownership. Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.
- 3.37 According to the Household Survey 2017, the private rented sector accommodates around 19.9% (66,964) of households across Leeds. Of these households, 37,430 rent unfurnished properties, 26,325 rent furnished accommodation, 1,435 rent with their job (tied accommodation) and 1,774 rent student accommodation. Table 3.5 summarises the number of private rented dwellings by sub-area and indicates that 29.8% of all private rented dwellings are in the Inner Area and 22.0% in North Leeds.
- 3.38 Most private rented properties (50.2%) are houses (of which 30.8% are terraced, 14.3% are semi-detached and 5.1% are detached); a further 46.1% are flats/maisonettes, 3.0% are bungalows and 0.7% are other property types. 29.3% of privately rented properties have one bedroom/bedsit, 40.7% have two bedrooms, 22.7% have three bedrooms and 7.4% have four or more bedrooms.

Table 3.6 Profile of private rented sector in Leeds

Sub-Area	Tenure								Total	
	Rented Privately (furnished)		Rented Privately (unfurnished)		Tied accommodation		Student accommodation			
	Count	% of PRS	Count	% of PRS	Count	% of PRS	Count	% of PRS	Count	% of PRS
Aireborough	0	0.0	1,820	2.7	60	0.1	0	0.0	1,880	2.8
City Centre	6,998	10.5	1,147	1.7	0	0.0	153	0.2	8,297	12.4
East Leeds	306	0.5	1,683	2.5	0	0.0	0	0.0	1,989	3.0
Inner Area	9,277	13.9	8,315	12.4	751	1.1	1,621	2.4	19,964	29.8
North Leeds	6,481	9.7	7,885	11.8	333	0.5	0	0.0	14,699	22.0
Outer North East	77	0.1	1,647	2.5	77	0.1	0	0.0	1,801	2.7
Outer North West	74	0.1	889	1.3	92	0.1	0	0.0	1,055	1.6
Outer South	94	0.1	1,245	1.9	0	0.0	0	0.0	1,338	2.0
Outer South East	98	0.1	1,503	2.2	0	0.0	0	0.0	1,601	2.4
Outer South West	1,012	1.5	5,778	8.6	0	0.0	0	0.0	6,790	10.1
Outer West	1,909	2.9	5,519	8.2	122	0.2	0	0.0	7,550	11.3
Leeds Total	26,325	39.3	37,430	55.9	1,435	2.1	1,774	2.6	66,964	100.0

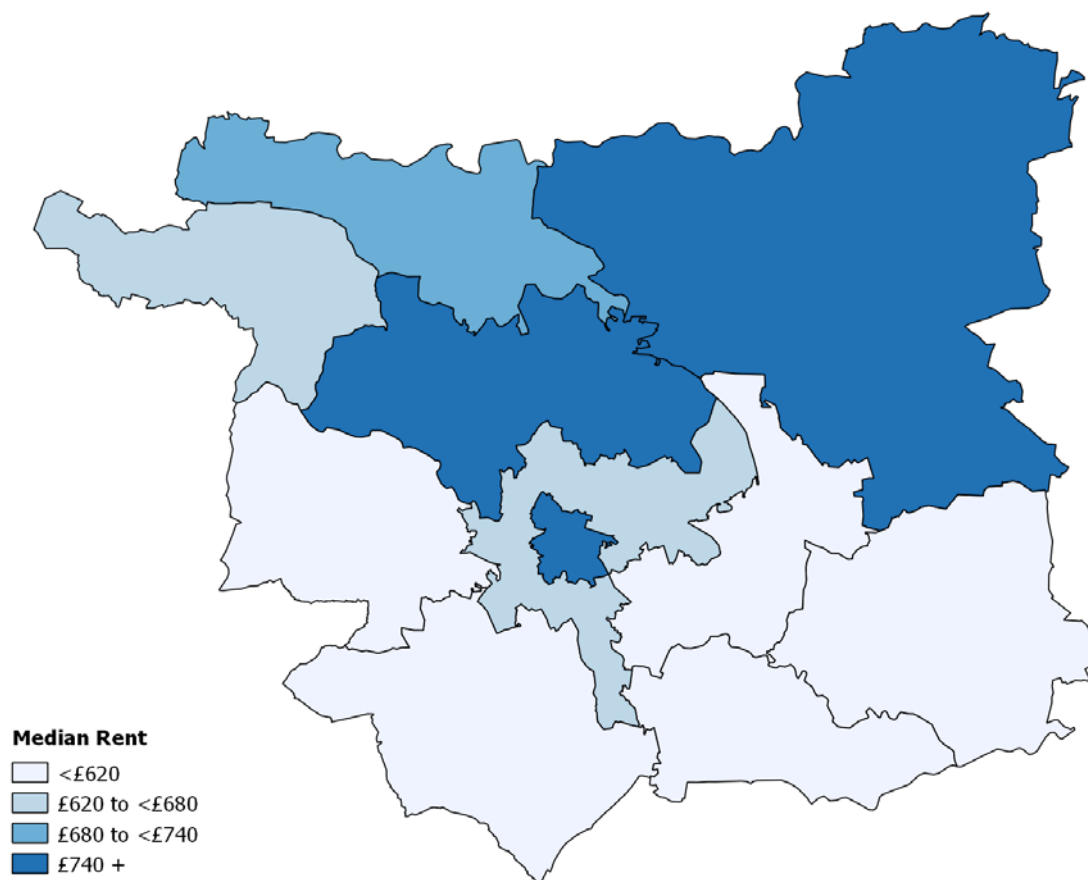
Source: 2017 Household Survey

3.39 In terms of private rented sector prices, Table 3.7 presents Zoopla data for Leeds City for 2010-2016. This indicates that median rents have increased during the seven-year period, from £559 per month in 2010 to £676 per month in 2016. Lower quartile rents have also increased, from £472 pcm in 2010 to £516 pcm in 2016.

Year	Price per calendar month (£)			
	Lower quartile	Mean	Median	No. Rentals
2010	£472	£611	£559	8,918
2011	£451	£622	£550	14,578
2012	£472	£643	£572	20,666
2013	£477	£721	£594	26,902
2014	£451	£708	£594	21,827
2015	£490	£809	£624	23,397
2016	£516	£939	£676	22,191

Source: Zoopla 2017

3.40 The distribution of median rents (2016) across the City by ward is shown in Map 3.1. This indicates that the rental costs are highest in North Leeds and the Outer North East and lowest in the southern sub-areas.

Map 3.1 Median rents 2016 by sub-area

Source: Zoopla 2017

- 3.41 The characteristics of private sector tenants are diverse and in particular the private rented sector in Leeds accommodates singles under 65 (32.4%), lone parents (9.3%), couples (no children) (24.3%) and couples with children (13.5%).
- 3.42 56.9% of private renting households have lived in their accommodation for less than two years. In terms of income, 61.8% of privately renting households receive less than £300 gross each week, 24.5% receive between £300 and £500 each week and 13.7% receive at least £500 each week, indicating that the private rented sector tends to accommodate lower income households. 70.6% of Household Reference People (Heads of Household) living in private rented accommodation are employed, 8.4% are wholly retired from work, 4.7% are permanently sick/disabled, 2.3% are unemployed and 0.9% are carers or looking after the home.

Estate agent views on the private rented sector

- 3.43 Views were sought about the private rental market activity from a range of estate and letting agents working across Leeds to inform the SHMA 2017. Interviews were carried out with:-
- Hunters Sales - City Centre
 - Hunters Lettings - City Centre
 - Linley & Simpson - Inner Area
 - Manning Stainton - North Leeds
 - Martin & Co – East Leeds
 - Whitegates - Outer South West
 - Preston Baker - Outer South East
 - Kath Wells – Pudsey
 - Dale Eddison – Aireborough
 - Dacre, Son & Hartley - Outer North West
 - Martin & Co - Outer South
- 3.44 The rental market has remained relatively strong buoyed by customers unable / unwilling to buy in the current market either due to affordability pressures or lack of supply.
- 3.45 Whilst there is no obvious under-supply of properties on the private rented market, properties let quickly, sometimes within a week of coming onto the market. In some areas landlords are still able to get good yields, as much as 8%-10% on student accommodation and 5%-7% on private rentals. Even so, agents report that landlords are continuing to leave the market. They cite a combination of reasons including changes to tax rules and concerns about an unsteady economic future post-Brexit.
- 3.46 However, a growing concern for lettings agents and landlords is the proposed ban on up-front fees. Agents believe the impact of this will be felt most by tenants as the loss of the fee will inevitably lead to a lessening in the quality of property coming onto the market. Most agents will automatically pass the cost onto the landlord who will either raise rents or reduce the amount of maintenance on their property. Martin & Co in the East Leeds Market Area anticipates landlords will seek a one-off rent increase of up to 10% next year to compensate for the loss of up-front fees.

Who is renting

- 3.47 The lack of supply in the sales market has boosted the already buoyant rental market. The typical renter is professional; is single and want their independence; a couple or a small family ready to settle down but can't afford the deposit; ex-students who have finished studying and want to remain local; newly arrived employees of the growing business sector who want to rent. Agents also report that a growing number of households are selling their homes and choosing to rent as a lifestyle choice.

Preferences

- 3.48 The typical property sought is a 2-bed apartment or 3-bed house at a reasonable rent though increasingly renters will pay the requested rate just to have a home.
- 3.49 Apart from the City Centre, Horsforth (North Market Area) is a popular area. It has good schools, parks, bars and restaurants, a golf course and is reasonably priced. Other popular areas sought by renters include Yeadon; Gipton; Roundhay and Chapel Allerton; Meanwood; Bramley and Farsley.
- 3.50 In fact, agents report that most places in Leeds are popular with renters and that most properties in most areas of Leeds will let within a couple of weeks of coming onto the market. In some areas e.g. Beeston, agents have queues of people waiting for properties and will call them up before the properties even get listed. Harehills which performs less well on the sales market has a large call for rentals as prices are cheaper.
- 3.51 Furnished accommodation is more popular which agents believe is a reflection of many renters' short-term approach to the market. Tenancies are let on 6 month Assured Shorthold and average tenancy duration is 12 – 18 months. Again this is fairly standard across Leeds except for areas with high numbers of students where properties are let over 51 weeks or 44 weeks.
- 3.52 There is cautious optimism that the private rental market is sustainable though agents have a nagging concern that the increasing values being achieved from sales may encourage more landlords to take advantage of favourable conditions to sell properties especially in light of the loss of tax relief on second homes.
- 3.53 Agents feel that at the higher end, rents are increasing. Some landlords with an eye on the sales market are making annual rent increases to maximise returns. Even so, agents believe there is enough scope to cater for renters on lower incomes or with smaller budgets.
- 3.54 There are pressures of affordability but this isn't a particular concern for agents. Their focus is on getting the rent. Where arrears occur tenants are dealt with quickly. Agents reported that few tenants were in arrears and those who were would only be allowed to remain in arrears for a maximum 2 months.
- 3.55 Increasingly, landlords across the city are refusing to let properties to people on benefits. Some landlords are concerned at having to make good on over-payment or fraudulent claims for benefits made by their tenants. In some cases, the terms of their mortgage or their insurance specifically precludes letting to people claiming a welfare benefit. Where lets are made to households on benefits, landlords insist on a guarantor who is in employment and able to meet the full rent requirement in the event of a default.

Affordable sector

- 3.56 There are around 75,877 households who live in an affordable accommodation within Leeds, accounting for 22.5% of all occupied dwellings.
- 3.57 Houses account for 46.1% of occupied affordable dwelling stock, 46.0% are flats/maisonettes and 6.8% are bungalows. Affordable dwellings tend to have

one/bedsit (34.7%), two (35.6%) or three (25.3%) bedrooms, with a further 4.4% having four or more bedrooms.

- 3.58 26.6% of households living in affordable dwellings are older singles and couples, a further 31.0% are singles under 65, 11.9% are lone parents (children under 18), 9.0% are couples with children under 18, 9.5% are couples/lone parents with adult children, 8.9% are couples with no children and 3.0% are other household types.
- 3.59 35.8% of Household Reference People (formerly termed 'Head of Household') living in affordable housing are in employment. A further 26.3% are wholly retired from work, 19.4% are permanently sick/disabled, 9.1% are unemployed, 6.7% look after the home/are caring for someone and 2.7% are in full-time education/training.
- 3.60 Incomes are generally low, with 80.4% receiving an income of less than £300 gross each week and 49.6% receiving less than £200 gross each week.

Key market drivers

- 3.61 Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table 3.8.

Primary Driver	Attributes	Impact on overall demand through:
Demography	Changing no. of households, household structure, ethnicity	Natural Change
Economy	Jobs, income, activity rates, unemployment	Economic migration
Housing stock and aspirations	Quality vs. aspirations, relative prices, accessibility, development programmes	Residential migration

- 3.62 In summary, the following demographic drivers will continue to underpin the operation of the Leeds City Housing Market Area:
- An increasing population size overall during the Plan period, with a projected 9.2% increase (72,300 additional people) between 2017 and 2033¹³;
 - There is a projected increase in the 15-29 years age cohort of (9.3%) and most notably an increase of 22.6% in the 65-79 years age cohort;
 - The number of people aged 65 and over is projected to increase by 30.2% (36,800 additional people), with the proportion of the total population aged 65 and over increasing from 15.5% of the population in 2017 to 18.5% of the population in 2033.

¹³ According to ONS 2014-based sub-national population projections

The proportion of the total population aged 80 years and over is projected to increase from 4.3% in 2017 to 5.9% in 2033; and

- The 2017 Household Survey indicates that the following range of household groups currently live in Leeds: singles under 65 (21.7%); couples (under 65 with no children) (18.3%); couples with children under 18 (16.6%); couples with adult children (5.0%); couples 65 or over (11.7%); singles aged 65 or over (11.9%), lone parents with children under 18 (5.7%); lone parents with adult children (3.2%) and other household types including students (5.8%).

Age Group	2017	2033	Change 2017-33	% Change 2017-33
0-14	141,800	152,400	10,600	7.5
15-29	187,500	205,000	17,500	9.3
30-44	154,100	160,400	6,300	4.1
45-64	179,600	180,700	1,100	0.6
65-79	88,100	108,000	19,900	22.6
80+	33,600	50,500	16,900	50.3
Total	784,700	857,000	72,300	9.2
% aged 65+	15.5	18.5		
% aged 80+	4.3	5.9		

Source: ONS 2014-based Subnational population projections

Note: Data subject to rounding

3.63 The following economic drivers underpin the operation of the Leeds City Housing Market Area:

- 59.3% of Household Reference People are economically active and are in employment according to the 2017 Household Survey; a further 25.4% are retired; 5.6% are permanently sick/disabled; 3.7% are either looking after the home or provide full-time care; 3.1% are unemployed and available for work; and 2.9% are in education/training;
- The 2011 Census data shows that 83.1% of residents in employment work in Leeds City administrative area. A further 5.3% work in Bradford, 4.0% work in Wakefield, 2.2% in Kirklees and 5.4% elsewhere;
- According to the Office for National Statistics (ONS) Annual Survey of Hours and Earnings, lower quartile earnings in 2016 across Leeds were £20,203 each year which compares with £18,817 for the Yorkshire and Humber region and £20,253 for England. Median incomes were £27,861, compared with a regional median of £25,957 and a national median of £28,503;
- There is considerable income polarisation across Leeds, with the 2017 Household Survey identifying that 27.2% of households receive less than £13,000 per annum,

27.1% receive more than £13,000 and less than £26,000 per annum and 45.6% receive more than £26,000 per annum.

3.64 In terms of dwelling stock, the 2017 Household Survey reports that, across the Leeds City area:

- 70.4% of properties are houses, 22.6% are flats/maisonettes, 6.4% are bungalows and 0.6% are other property types (e.g. park homes or caravans);
- 15.0% have one bedroom/bedsit/studio, 28.6% have two bedrooms, 38.2% have three bedrooms and 18.2% have four or more bedrooms;
- 12.2% of properties were built before 1919, a further 18.3% were built between 1919 and 1944, 23.3% between 1945 and 1964, 21.6% between 1965 and 1984, 13.7% between 1985 and 2004 and 10.9% have been built since 2005; and
- 58.3% of properties are owner-occupied, 19.4% are private rented (including tied accommodation and student lets) and 22.2% are affordable (including rented from a social landlord and intermediate tenures).

Current households in need

3.65 A robust and defensible assessment of housing need is essential for the development of housing policies. Housing need is defined in PPG as:

'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''¹⁴.

3.66 The 2017 Household Survey and a range of secondary data provide the robust and transparent evidence base required to assess housing need across the Leeds City area. This is presented in detail at Appendix B of this report and follows CLG modelling guidance.

3.67 Across Leeds there are 31,740 existing households in need which represents 9.4% of all households. Reasons for housing need are summarised in Table 3.10.

¹⁴DCLG, PPG, *Housing and economic development needs assessments*, paragraph 22

Table 3.10 Housing need in Leeds		
Category	Factor	Leeds
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	5,704
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	6,713
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	9,893
	N4 Too difficult to maintain	2,313
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	4,032
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	3,936
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	850
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	2,041
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	3,465
Total no. households in need (with one or more housing needs)		31,740
Total Households		337,302
% households in need		9.4%

Note: A household may have more than one housing need.

Source: 2017 Household Survey

3.68 Table 3.11 summarises overall housing need (before further analysis to test the extent to which households can afford open market provision to offset their need) by Affordable Housing Zone and the extent to which housing need varies across Leeds. The proportion of households in need varies significantly between the Housing Zones. The proportion is highest in the City Centre Housing Zone (17.9%) and Inner Area Housing Zone (17.3%) and lowest in the Outer Northern/Golden Triangle Housing Zone (4.4%) and Outer Southern Housing Zone (7.8%).

Affordable Housing Zone	No. H'holds in need	% H'holds in need	Total no. households
Zone 1: Outer Northern/Golden Triangle	3,231	4.4%	73,434
Zone 2: Outer Southern	14,162	7.8%	181,216
Zone 3: Inner Area	12,111	17.3%	70,151
Zone 4: City Centre	2,236	17.9%	12,501
Total (all households in need)	31,740	9.4%	337,302

Source: 2017 Household Survey

3.69 Tables 3.11 and 3.12 summarise overall housing need (before further analysis to test the extent to which households can afford open market provision to offset their need) by sub-area. The proportion of households in need varies significantly between the Affordable Housing Zones. The proportion is highest in the City Centre Housing Zone (17.9%) and Inner Area Housing Zone (17.3%) and lowest in the Outer Northern/Golden Triangle Housing Zone (4.4%) and Outer Southern Housing Zone (7.8%).

Affordable Housing Zone	No. H'holds in need	% H'holds in need	Total no. households
Aireborough	768	5.1	15,028
City Centre	2,331	20.6	11,324
East Leeds	906	4.7	19,354
Inner Area	12,015	16.5	72,995
North Leeds	5768	8.0	71,919
Outer North East	576	3.4	17,191
Outer North West	500	5.3	9,379
Outer South	501	4.0	12,525
Outer South East	872	5.4	16,197
Outer South West	3,912	9.3	42,146
Outer West	3,589	7.3	49,244
Total (all households in need)	31,740	9.4%	337,302

Source: 2017 Household Survey

3.70 Tables 3.13 and 3.14 demonstrate how the proportion of households in housing need varies by tenure and household type for Leeds. Those in private rent tend to be in greater housing need, 15,462. The research identifies around 27,680 households with adult children living with parent(s), which provides a broad indication of the scale of hidden housing need (of whom 2,050 are classified as being in need unless the person wants to remain in the family home).

Tenure	No. H'holds in need	% H'holds in need	Total no. households
Owner Occupied	8,662	4.5	194,460
Private Rented	15,462	23.1	66,964
Affordable (Social/Affordable Rented and Intermediate)	7,616	10.0	75,877
Total (All households in need)	31,740	9.4%	337,302

Source: 2017 Household Survey

Household Type	No. H'holds in need	% H'holds in need	Total no. households
Single Adult (under 65)	5,274	7.2	73,259
Single Adult (65 or over)	754	1.9	40,266
Couple only (both under 65)	4,013	6.5	61,778
Couple only (one or both over 65)	1,659	4.2	39,478
Couple with 1 or 2 child(ren) under 18	3,788	8.1	47,025
Couple with 3 or more children under 18	2,052	22.4	9,160
Couple with child(ren) aged 18+	983	5.9	16,776
Lone parent with 1 or 2 child(ren) under 18	3,034	18.9	16,028
Lone parent with 3 or more children under 18	1,012	32.2	3,141
Lone parent with child(ren) aged 18+	1,067	9.8	10,904
Student Household	2,923	71.3	4,101
Other type of household	5,180	33.7	15,386
Total (All households in need)	31,740	9.4%	337,302

Source: 2017 Household Survey

Homeless and previously homeless households

3.71 Homelessness statistics for 2015/16 indicate that a total of 2,029 decisions were made on households declaring themselves as homeless across Leeds (Table 3.15). Of these households, 505 were classified as homeless and in priority need. Over the seven years 2009/10 to 2015/16, an annual average of 3,096 decisions has been made across Leeds and an annual average of 528 households have been declared as homeless and in priority need.

Table 3.15 Homeless decisions and acceptances 2009/10 to 2015/16		
Year	Decisions made	Accepted as homeless
2009/10	2,718	427
2010/11	4,225	553
2011/12	4,409	697
2012/13	4,650	762
2013/14	2,136	371
2014/15	1,504	378
2015/16	2,029	505
Total	21,671	3,693
Annual Average	3,096	528

Source: DCLG P1E Homelessness Returns, Table 784

- 3.72 The Household Survey identified 4,831 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years.
- 3.73 Table 3.16 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. 38.5% of households previously homeless have moved to the private rented sector and 59.6% into affordable housing. They have moved into a range of dwelling sizes, with 31.2% moving to one bedroom dwellings, 46.3% moving into two bedroom dwellings and 22.5% into dwellings with three or more bedrooms. The incomes of previously homeless households are generally low with 72.7% receiving less than £250 each week and 23.5% receiving between £250 and £500 each week. 40.4% are singles under 65, 36.3% are lone parents and 11.3% are couples (no children).

Table 3.16 Characteristics of households previously homeless			
Household Type	%	Property Type	%
Single Adult (under 65)	40.4	House	37.2
Single Adult (65 or over)	5.9	Bungalow	3.2
Couple only (both under 65)	11.3	Flat/maisonette	58.8
Couple with 1 or 2 child(ren) under 18	1.0	Total	100.0
Lone parent with 1 or 2 child(ren) under 18	27.5		
Lone parent with 3 or more child(ren) under 18	3.0		
Lone parent with children aged 18+	5.8		
Other types of household	5.1		
Total	100.0		
Current tenure	%	Origin	%
Owner Occupied	1.9	Within Leeds	69.9
Private Rented	38.5	From outside Leeds	30.1
Social/Affordable Rented	59.6	Total	100.0
Total	100.0		
Current income (Gross weekly)	%	Property size	%
Under £250	72.7	1 Bed/bedsit	31.2
£250 to <£500	23.5	2 Beds	46.3
£500+	3.8	3 or more Beds	22.5
Total	100.0	Total	100.0

Base: 4,831 households previously homeless

Source: 2017 Household Survey

Relative affordability of housing options

Tenure costs

3.74 The relative cost of alternative housing options across Leeds and by sub-area is explored in Table 3.17. This includes affordable and market rent options, owner occupation and intermediate tenure options, as well as Starter Homes. Table 3.18 shows the income (annual) required for alternative tenure options to be affordable by sub-area.

3.75 Assumptions underpinning the calculations are set out in Table 3.19.

Table 3.17 Cost of alternative tenure options by sub-area

Tenure option	Price by sub-area (2016)											
	Aireborough	City Centre	East Leeds	Inner Area	North Leeds	Outer North East	Outer North West	Outer South	Outer South East	Outer South West	Outer West	Total
Social Rent (average)	£362	£362	£362	£362	£362	£362	£362	£362	£362	£362	£362	£362
Affordable Rent (80% of median private rent)	£520	£600	£475	£520	£658	£642	£548	£478	£478	£440	£461	£541
Market Rent - Lower Quartile	£550	£646	£494	£477	£550	£650	£594	£550	£524	£494	£494	£516
Market Rent – Median	£650	£750	£594	£650	£823	£802	£685	£598	£598	£550	£576	£676
Market Rent – Average	£852	£665	£835	£621	£980	£1,116	£1,004	£825	£643	£615	£571	£596
Market Sale - Lower Quartile (assumes 10% deposit)	£158,000	£103,000	£125,000	£73,000	£152,375	£207,000	£170,100	£129,000	£127,000	£98,000	£104,000	£112,500
Market Sale – Median (assumes 10% deposit)	£198,000	£135,750	£160,000	£96,000	£211,250	£298,250	£242,250	£160,000	£160,000	£134,000	£135,000	£158,000
Market Sale – Average (assumes 10% deposit)	£246,197	£229,630	£180,767	£124,794	£243,212	£354,570	£282,236	£194,173	£170,924	£149,583	£151,259	£197,101
Starter Home (20% discount)	£158,400	£108,600	£128,000	£76,800	£169,000	£238,600	£193,800	£128,000	£128,000	£107,200	£108,000	£126,400
Starter Home (30% discount)	£138,600	£95,025	£112,000	£67,200	£147,875	£208,775	£169,575	£112,000	£112,000	£93,800	£94,500	£110,600
Shared ownership (50%)	£99,000	£67,875	£80,000	£48,000	£105,625	£149,125	£121,125	£80,000	£80,000	£67,000	£67,500	£79,000
Shared ownership (25%)	£49,500	£33,938	£40,000	£24,000	£52,812	£74,563	£60,563	£40,000	£40,000	£33,500	£33,750	£39,500
Help to Buy	£198,000	£135,750	£160,000	£96,000	£211,250	£298,250	£242,250	£160,000	£160,000	£134,000	£135,000	£158,000

Source: Data produced by Land Registry © Crown copyright 2017, Zoopla, CLG

Table 3.18 Annual income required for alternative tenure options by sub-area

Tenure option	Price by sub-area (2016)											
	Aireborough	City Centre	East Leeds	Inner Area	North Leeds	Outer North East	Outer North West	Outer South	Outer South East	Outer South West	Outer West	Total
Social Rent (average)	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393	£17,393
Affordable Rent (80% of median private rent)	£24,960	£28,800	£22,810	£24,960	£31,603	£30,797	£26,285	£22,963	£22,963	£21,120	£22,118	£25,958
Market Rent - Lower Quartile	£26,400	£31,008	£23,712	£22,896	£26,400	£31,200	£28,512	£26,400	£25,152	£23,712	£23,712	£24,768
Market Rent – Median	£31,200	£36,000	£28,512	£31,200	£39,504	£38,496	£32,856	£28,704	£28,704	£26,400	£27,648	£32,448
Market Rent – Average	£40,896	£31,920	£40,080	£29,808	£47,040	£53,568	£48,192	£39,600	£30,864	£29,520	£27,408	£28,608
Market Sale - Lower Quartile (assumes 10% deposit)	£40,629	£26,486	£32,143	£18,771	£39,182	£53,229	£43,740	£33,171	£32,657	£25,200	£26,743	£28,929
Market Sale – Median (assumes 10% deposit)	£50,914	£34,907	£41,143	£24,686	£54,321	£76,693	£62,293	£41,143	£41,143	£34,457	£34,714	£40,629
Market Sale – Average (assumes 10% deposit)	£63,308	£59,048	£46,483	£32,090	£62,540	£91,175	£72,575	£49,930	£43,952	£38,464	£38,895	£50,683
Starter Home (20% discount)	£40,731	£27,926	£32,914	£19,749	£43,457	£61,354	£49,834	£32,914	£32,914	£27,566	£27,771	£32,503
Starter Home (30% discount)	£35,640	£24,435	£28,800	£17,280	£38,025	£53,685	£43,605	£28,800	£28,800	£24,120	£24,300	£28,440
Shared ownership (50%)	£39,371	£27,944	£32,395	£20,647	£41,803	£57,774	£47,494	£32,395	£32,395	£27,623	£27,806	£32,028
Shared ownership (25%)	£32,795	£23,435	£27,081	£17,458	£34,787	£47,868	£39,448	£27,081	£27,081	£23,172	£23,322	£26,780
Help to Buy	£28,286	£19,393	£22,857	£13,714	£30,179	£42,607	£34,607	£22,857	£22,857	£19,143	£19,286	£22,571

Source: Data produced by Land Registry © Crown copyright 2017, Zoopla, CLG

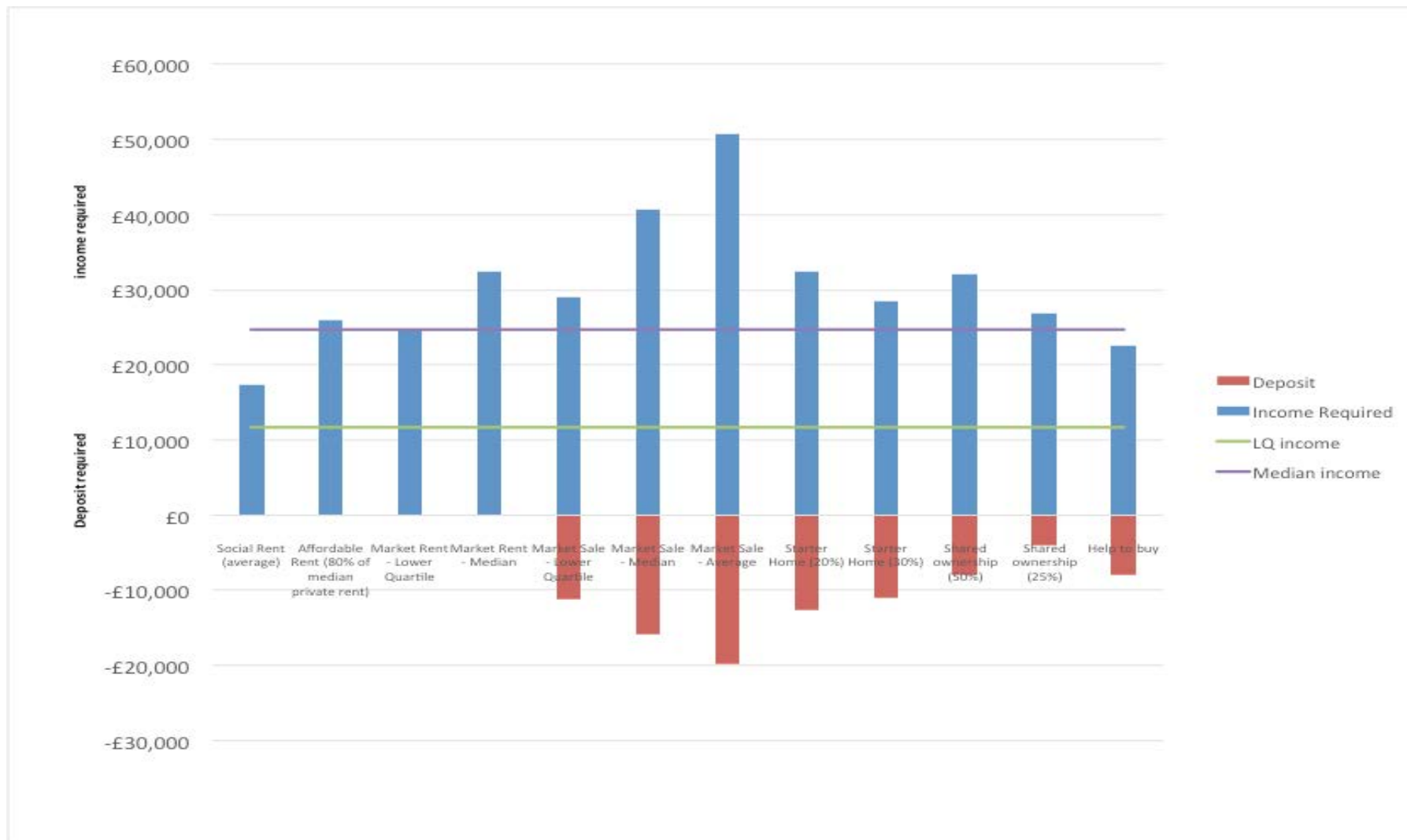
Tenure	Tenure price assumptions	Affordability assumptions
Social rent	Prevailing prices	Affordability 25% of income
Affordable rent	80% of median market rent	Affordability 25% of income
Market Rent – lower quartile	Prevailing prices	Affordability 25% of income
Market Rent – median	Prevailing prices	Affordability 25% of income
Market Sale – lower quartile	Prevailing prices	90% LTV, 3.5x income
Market Sale – median	Prevailing prices	90% LTV, 3.5x income
Market Sale - average	Prevailing prices	90% LTV, 3.5x income
Starter Home (20% discount)	20% discount on full value (assumed to be median), 10% deposit on discounted portion, remainder mortgage based on 3.5x income	90% LTV, 3.5x income
Starter Home (30% discount)	30% discount on full value (assumed to be median), 10% deposit on discounted portion, remainder mortgage based on 3.5x income	90% LTV, 3.5x income
Shared ownership (50%)	Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	90% LTV, 3.5x income for equity and 25% of income for rental element
Shared ownership (25%)	Total price based on median price and 25% ownership. Mortgage based on 20%. 5% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	90% LTV, 3.5x income for equity and 25% of income for rental element
Help to Buy	Total price based on median price. Mortgage based on 75% equity. 20% loan and deposit of 5%. Loan fee of 1.75% in year 6 of outstanding equity loan increasing annually from yr7 at RPI+1%	70% LTV, 3.5x income

3.76 This analysis indicates that for open market housing, the minimum indicative income required is £24,768 for lower quartile or entry-level renting in the City as a whole. For lower quartile or entry-level house prices (owner occupation) the minimum income required is £28,929.

Relative affordability of tenure options

3.77 Figure 3.5 sets out the relative affordability of alternative tenures in the study area. It uses lower quartile and median earnings derived from the 2017 household survey.

Figure 3.5 Leeds City household income and housing costs comparison



Source: Data produced by Land Registry © Crown copyright 2017, Zoopla, DCLG, 2017 Household Survey data, CORE sales

4. Housing market signals and past delivery

Introduction

- 4.1 PPG (paragraph 19) states that, *'the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings'*. PPG (paragraph 20) suggests that, *'in broad terms, the assessment should take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).'*
- 4.2 This chapter therefore considers a range of market signals and compares the trends in Leeds with those of comparator local authorities, the region and England as whole. It also looks at development activity (housing completions) in Leeds.

Market Signals

- 4.3 PPG (paragraph 20) comments that *'market signals are affected by a number of economic factors and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, should be expected to improve affordability, and monitor the response of the market over the Plan period.'*
- 4.4 In line with PPG, Table 4.1 considers a range of Housing Market Signals for Leeds. These include house prices, rents, affordability and overcrowding.

Price indicators

- 4.5 In terms of price/transaction indicators, a key message from Table 4.1 is that market prices have fluctuated slightly over the period 2005-2015, but experienced an overall increase during the eleven-year period.
- 4.6 Lower quartile houses started at £97,500 in 2005, peaking at £115,000 in 2007 but falling to £100,000 in 2009. They have oscillated slightly since, but increased overall to £108,500 in 2015. Median prices have risen over the period; starting at £132,950 in 2005 they averaged £142,313 over the period, reaching a high of £150,000 in 2014 and 2015. The number of property sales peaked at 19,133 in 2006 before falling significantly from 2008 but rising since 2013. Property sales have averaged around 11,455 each year over the period and there were 11,979 sales in 2015.
- 4.7 Several measures of affordability are reported in Table 4.1. The House Price Ratio (HPR) considers median price to median earnings; this has fluctuated, but fallen overall during the period 2008-2015, from 5.9 (2008) to 5.7 (2015). The Rental Affordability Ratio (RAR) considers lower quartile prices to lower quartile rents; this has dropped slightly during the period 2010-2015, from 31.5% (2010) to 30.5% (2015). ONS data on relative affordability indicates the same trend, with some fluctuation but

overall a small drop in ratios. This indicates that relative affordability has improved during the period, although this does not take account of other living costs.

4.8 Regarding land values, there is no trend-based data available.

Quantity indicators

- 4.9 In terms of quantity indicators, there has been an increase of 22,305 dwellings over the period 2005 to 2015¹⁵. According to DCLG data, vacancy rates have averaged 4.06% during this period but have seen an overall fall, from 4.44% in 2005 to 2.99% in 2015, which compares with the Yorkshire and the Humber average of 3.2% (2015) and the English average of 2.5% (2015). Assuming the English average as a 'target' vacancy rate (which would suggest a target of 8,488 vacant dwellings in 2015, compared with actual vacancies of 10,135), it could be suggested that in 2015 there were around 1,647 surplus vacant dwellings across Leeds. The current vacancy rate allows for a greater degree of household mobility within dwelling stock compared to the English average.
- 4.10 According to the 2011 Census, 3.9% of households were overcrowded. This compares with 3.7% across Yorkshire and the Humber and 4.6% across England. The scale of housing need as measured by the Housing Register has fluctuated between 18,118 (2015) and 30,699 (2005)¹⁶, averaging 22,795 over the period 2005-2015. The total number of households on the Housing Register was 18,118 in 2015, equivalent to 55 per 1,000 households across the City.

¹⁵ clog Dwelling Stock statistics

¹⁶ This figure is markedly different than subsequent years and likely to be due to how the register has been administered. Average data for 2006-2015 has therefore been used.

Table 4.1 Housing market signals 2005-2015

Price/transaction indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Lower Quartile House Prices	£97,500	£108,950	£115,000	£107,500	£100,000	£105,000	£101,540	£102,500	£105,000	£110,000	£108,500
Median House Prices	£132,950	£140,000	£146,000	£139,995	£135,000	£144,000	£140,000	£142,495	£145,000	£150,000	£150,000
Lower Quartile Rents (per calendar month)						£472	£451	£472	£468	£451	£490
Median Rents (per calendar month)						£559	£550	£572	£576	£594	£624
House Price Ratio HPR (median price to median earnings)(resident-based)				5.9	5.5	5.9	5.7	5.8	5.5	5.7	5.7
Rental Affordability Ratio RAR (lower quartile rents to lower quartile earnings)(resident-based)						31.5%	29.9%	30.9%	29.4%	28.4%	30.5%
ONS Table 576 LQ Earnings to LQ Price	5.88	6.27	6.72	6.34	5.19	5.71	5.33	5.51	5.24	5.72	5.80
ONS Table 577 Median Earnings to Median Price	5.89	6.07	6.41	5.91	5.14	5.69	5.49	5.69	5.34	5.73	5.76
No. Property sales	14,530	19,133	17,641	8,625	8,098	8,004	7,798	7,959	10,229	12,005	11,979
Quantity indicators											
Total dwelling stock (at 1 April)	317,215	319,600	322,456	328,201	334,083	330,630	331,820	333,750	335,310	337,540	339,520
Total vacant dwellings (at October)	14,074	15,093	14,324	14,631	14,828	14,057	13,946	13,307	11,853	10,724	10,135
Total vacancy rate (at October)	4.44%	4.72%	4.44%	4.46%	4.44%	4.25%	4.20%	3.99%	3.53%	3.18%	2.99%
Long-term vacant dwellings (at October)	4,542	4,070	4,525	4,712	4,724	4,370	4,115	3,676	3,292	2,915	2,679
Long-term vacancy rate (at October)	1.43%	1.27%	1.40%	1.44%	1.41%	1.32%	1.24%	1.10%	0.98%	0.86%	0.79%
Overcrowding (2011 Census)							3.90%				
No. of households on the housing register (at 1st April)	30,699	23,851	24,780	24,444	24,314	22,802	21,881	21,252	20,334	18,269	18,118

Sources: Land Registry Price Paid Data; Zoopla Rental Data; Annual Survey of Hours and Earnings; Local Authority Housing Statistics and Housing Strategy Statistical Appendix; CLG Dwelling/Vacancy statistics; 2011 Census. Note: Private rental data for 2005-2009 not available

Comparator areas

- 4.11 Table 4.2 considers how key price and quality market signals observed in Leeds compare with neighbouring districts and with regional and national data over the more recent 2010 to 2015 period.

Comparative price indicators

- 4.12 House prices in Leeds have been relatively static overall, with small increases in both lower quartile prices (+3.3%) and median prices (+4.2%) during the period 2010-2015. This is similar to the regional trends (+3.2% and +3.7%, respectively), and lower than the national trend (+8.8% and +12.4%, respectively). Lower quartile and median prices have tended to have increase across most comparator areas, although lower quartile prices dropped in Bradford, Wakefield, Barnsley and Calderdale during the period 2010-2015.
- 4.13 Regarding rents, both lower quartile and median rents have increased in Leeds, by +3.8% and +11.6%, respectively. This compares with virtually static rental prices across the Yorkshire and the Humber region as a whole during the period (-0.9% and 0.0%, respectively). Trends in rental prices in Leeds have been within the range experienced in most comparator areas, but rental price growth has been considerably lower than the growth seen at national level (+8.7% and +23.3%, respectively).
- 4.14 The House Price Ratio (HPR) in Leeds during 2015 (5.7) was similar to that for the region (5.6) and was fairly typical when considering other comparator districts. It was slightly lower than that for England (7.5) The Rental Affordability Ratio (RAR) in 2015 (30.5%) was comparable with most neighbouring districts and the region (27.9%), but lower than that for England (39.6%).
- 4.15 The number of property sales has increased by 49.7% in Leeds from 2010-15, which is at the higher end of the range experienced in comparator areas (except for Wakefield which has experienced 88.8% growth), but below the regional trend (60.2%) and above national figure (35.3%).

Comparative quality indicators

- 4.16 Over the period 2010-2015, there has been a +2.7% increase in total dwelling stock in Leeds. In neighbouring areas, this has ranged between +1.4% and +5.1%; regionally it has increased +2.7% and nationally +3.1%.
- 4.17 The proportion of vacant dwelling stock in Leeds during 2015 (3.0%) was typical of the range seen in neighbouring districts (1.0% to 4.4%) and regional (3.2%) proportions, but above the national rate of 2.5%. There has been a significant decrease in the proportion of stock that is vacant (-27.9%) but this is not out of keeping with trends in comparator areas or the regional trend of -19.2%.

- 4.18 The long-term vacancy rate (0.8%) is typical of neighbouring areas (0.1% to 2.0%), lower than the regional rate (1.1%) and similar to the national rate (0.9%). The long-term vacancy rate relates to dwellings vacant for at least 6 months.
- 4.19 According to the 2011 Census, 3.9% of households in Leeds were overcrowded. This compares with a range of between 1.9% and 6.4% across comparator areas; a regional rate of 3.7% and a national rate of 4.6%.
- 4.20 The number of households on the Housing Register per 1,000 occupied dwellings was 55 in Leeds City. This was fairly typical of neighbouring areas, which ranged between 13 and 143 per 1,000. This compares with 63 per 1,000 in Yorkshire and the Humber region and 54 per 1,000 across the UK.

Table 4.2 Housing market signals in comparator districts, region and England 2010-2015

Price/transaction indicators	Yorkshire and Humber											England
	Leeds	Bradford	Selby	Harrogate	Kirklees	Wakefield	Craven	Barnsley	York	Calderdale	Yorkshire and Humber	
Lower Quartile House Prices % change 2010-15	3.3	-4.7	8.3	9.4	2.2	-1.1	3.8	-1.3	16.8	-3.3	3.2	8.8
Median House Price % change 2010-15	4.2	2.5	7.7	10.5	4.0	0.0	0.1	8.0	19.3	1.2	3.7	12.4
Lower Quartile Rent % change 2010-2015 (per calendar month)	3.8	-0.8	0.0	0.7	7.0	1.1	10.8	-2.0	9.1	6.6	-0.9	8.7
Median Rent % change 2010-15 (per calendar month)	11.6	-4.4	-3.0	4.5	11.2	0.0	0.7	0.0	12.1	7.0	0.0	23.3
House Price Ratio (Median Price to Median Earnings) 2015	5.7	5.2	6.2	9.0	5.2	5.3	7.7	4.2	8.2	4.9	5.6	7.5
Rental Affordability Ratio (Lower quartile rents to lower quartile earnings) 2015	30.5	26.0	31.1	36.7	25.9	31.1	33.6	26.3	38.9	27.9	27.9	39.6
No. Property sales change 2010-15	49.7	44.8	37.8	29.7	36.0	88.8	38.8	36.8	22.7	37.9	60.2	35.3
Quality indicators												
Total dwelling stock % change 2010-15	2.7	2.4	5.1	1.5	2.4	3.0	3.0	3.7	1.4	2.5	2.7	3.1
Total vacant dwellings % change 2010-15	-27.9	-23.1	-17.1	-10.7	-27.2	-26.0	31.1	-34.8	-42.6	-18.5	-19.2	-18.6
Total vacancy rate 2015	3.0%	4.4%	2.5%	3.2%	2.9%	2.9%	3.6%	2.8%	1.0%	4.0%	3.2%	2.5%
Long-term vacant dwellings % change 2010-15	-38.7	-27.8	-30.8	-13.1	-40.0	-44.7	31.1	-39.6	-66.8	-29.7	-29.9	-32.1
Long-term vacancy rate (at October)	0.8%	2.0%	0.8%	1.1%	1.2%	1.1%	1.2%	1.2%	0.1%	1.8%	1.1%	0.9%
Overcrowding (2011 census)	3.9%	6.4%	2.1%	2.3%	4.9%	2.8%	1.9%	2.4%	3.7%	3.4%	3.7%	4.6%
No. of households on the housing register (at 1st April 2015)	18118	8708	517	1687	9160	20853	560	5858	1105	10657	144780	1240855
No. households on housing register per 1,000 occupied dwellings	55	43	14	24	51	143	21	56	13	118	63	54

Sources: Land Registry Price Paid Data; Zoopla Rental Data; Annual Survey of Hours and Earnings; Local Authority Housing Statistics and Housing Strategy Statistical Appendix; CLG Dwelling/Vacancy statistics; 2011 Census. Note: Private rental data for 2005-2009 not available

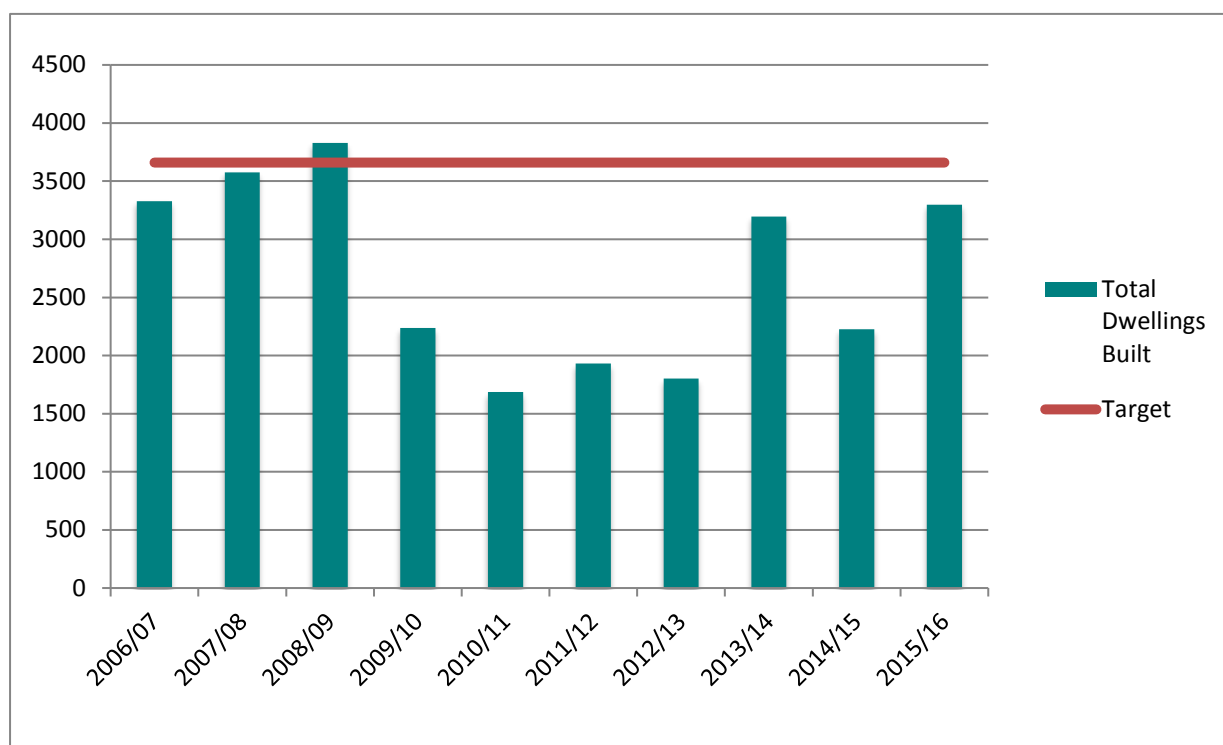
Past trends in housing delivery

- 4.21 PPG (paragraph 19) refers to the rate of development as a market signal.
- 4.22 Over the ten-year period 2006/07 to 2015/16, a total of 17,740 dwellings have been built across Leeds (Table 4.3).

Year	Private Enterprise	Housing Associations	Local Authority	All Completions
2006/07	3700	50	0	3750
2007/08	2740	70	0	2810
2008/09	950	120	0	1070
2009/10	850	180	0	1030
2010/11	1220	140	0	1360
2011/12	1050	10	0	1060
2012/13	1330	50	0	1380
2013/14	1940	170	0	2110
2014/15	1600	100	50	1750
2015/16	1300	120	0	1,420
Total (ten years)	16,680	1,010	50	17,740
Annual average	1,668	101	5	1,774

Source: DCLG Live Table 253 Housebuilding

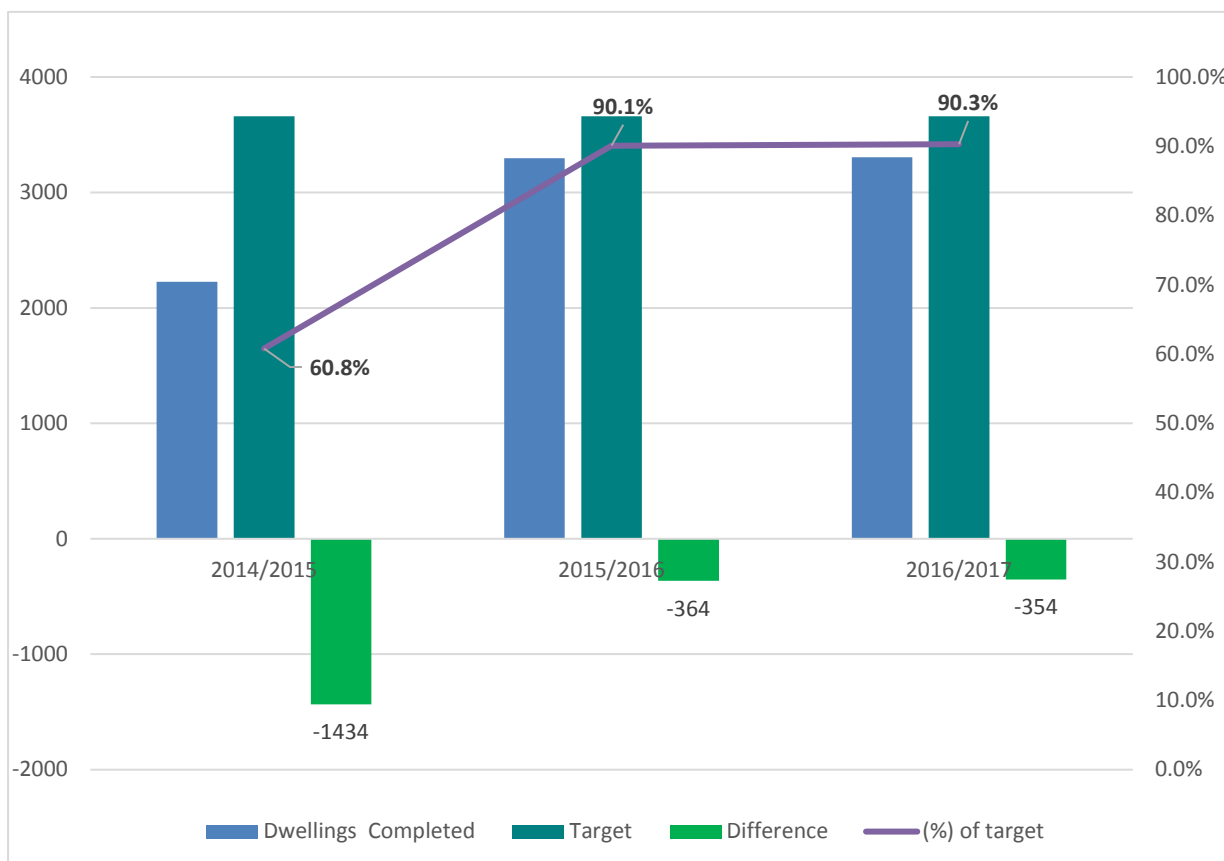
- 4.23 Figure 4.1 shows these completions set against the annual target of 3,660. This clearly illustrates the fall in dwelling completions that occurred during the four-year period 2009/10 to 2012/13, with another drop in 2014/15.

Figure 4.1 Dwelling completions 2006/07 to 2015/16 compared with the annual target

Sources: Leeds AMR 2013, AMR 2016

- 4.24 The Government's Housing White Paper, *Fixing our broken housing market* (February 2017), sets out the concept of a 'housing delivery test' to highlight whether the number of new homes being built by a local authority is achieving the identified housing target for the area. If the target is not being reached, the test will assist in triggering appropriate policy responses to ensure that additional land come forward for development.
- 4.25 Figure 4.2 shows the delivery test information for Leeds City, including dwellings completed, target completions, the difference between completions and target and the percentage of the target achieved. Figure 4.2 shows that in 2015/16 and 2016/17 the City achieved over 90% of their target, up from just over 60% of the target in 2014/15.
- 4.26 The White Paper proposes that from November 2017, if delivery falls below 95% of the annual requirement, the local authority should publish an action plan which sets out the reasons for under-delivery and the actions that the authority and others need to take to reverse the situation. If delivery falls below 85% then, in addition to the action plan, the authority must plan for a 20% buffer on its five-year housing land supply.

Figure 4.2 Housing delivery test



Sources: Leeds AMR 2016, Leeds Local Plan Newsletter May 2017

Concluding comments

- 4.27 In conclusion, a review of Market Signal data would suggest there are no indicators prompting a need for adjusting the Objectively Assessed Need on the basis of market signals.
- 4.28 However, it is recommended that market signals are monitored on an annual basis and if the Council considers that these indicate that there is a need to reconsider the Objectively Assessed Need in the City then a review of the SHMA could be triggered.
- 4.29 An analysis of past dwelling completion data for Leeds indicates that annual completions since 2009/10 have been below the target rate of 3,660 dwellings per year. Undertaking the White Paper ‘housing delivery test’ analysis for the three-year period 2014/15 to 2016/17 indicates that the City achieved only 60.8% of its target in 2014/15, but in 2015/16 and 2016/17 this has risen to over 90% of target.

5. Objectively Assessed Housing Need and Housing Requirement

Introduction

- 5.1 The National Planning Policy Framework (NPPF) requires that Local Planning Authorities (LPAs) identify Objectively Assessed Housing Need (OAN) and that Local Plans translate those needs into land provision targets. Paragraph 159 of the NPPF recognises that the objective assessment of housing need must be one that meets household and population projections, taking account of migration and demographic change; meets the need for all types of housing including Affordable, and caters for housing demand and the scale of housing supply necessary to meet that demand. PPG recognises that '*establishing future need for housing is not an exact science*' (paragraph 14), although it should be informed by reasonable and proportionate evidence.
- 5.2 The purpose of this chapter is to consider the evidence base which establishes an Objectively Assessed Housing Need for Leeds over the Plan period 2017-2033. The chapter is structured in accordance with the approach set out in PPG and also considers further guidance which supports PPG, namely the Planning Advisory Service *Objectively Assessed Need and Housing Targets Technical Advice Note*, Second Edition, July 2015; and the Local Plan Experts Group report, *Local Plans: report to the Communities Secretary and the Minister of Housing and Planning*, March 2016 (the LPEG report).
- 5.3 Firstly, the chapter sets out the OAN calculation based on the approach set out in the LPEG report. This considers demographic analysis prepared by Edge Analytics¹⁷ and considers:
- Baseline 2014-based ONS and CLG population projections for Leeds;
 - Market signals; and
 - Affordable housing need.
- 5.4 Secondly, the chapter sets out the OAN calculation based on the Planning Practice Guidance (PPG). This draws upon demographic analysis prepared by Edge Analytics¹⁸ and considers:
- Baseline 2014-based ONS and CLG population projections for Leeds;
 - Alternative migration impacts/assumptions;
 - Jobs-led forecasts; and
 - Market signals, past trends in delivery and affordable housing need.

¹⁷ Leeds SHMA Demographic Analysis and Forecasts June 2017

¹⁸ Leeds SHMA Demographic Analysis and Forecasts June 2017

Establishing the Housing Market Area

- 5.5 PPG (paragraph 10) states a requirement to establish the relevant functional area to assess needs. For housing need, this is the Housing Market Area. Chapter 2 of this SHMA considered the evidence and on the basis of migration, Leeds is a self-contained Housing Market Area. It is also self-contained in terms of travel to work patterns.

LPEG model

- 5.6 The LPEG report proposes that an OAN is derived through a four-step process:
- | | |
|--------|--|
| Step A | Demographic Starting Point |
| Step B | Market Signals |
| Step C | Affordable housing needs |
| Step D | Full Objectively Assessed Housing Need (FOAHN) |
- 5.7 Table 5.1 sets out the detailed components of the stepwise progression to establishing a Full Objectively Assessed Housing Need for Leeds based on the LPEG model. Note that Edge Analytics have provided a dwelling requirement figure for the components of the LPEG Model.

Step A: Demographic starting point and adjustments

- 5.8 The demographic starting point is the latest 2014-based projections. This establishes a baseline annual need of 2,534 dwellings. The methodology also recommends sensitivity testing of a 10-year migration scenario which takes into account longer-term economic and housing market cycles. In the case of Leeds, this results in a lower dwelling need (2,282) and therefore discounted in the calculation.
- 5.9 An adjustment is also considered for alternative household formation rates. The LPEG report comments that *'the household projection-based estimates of housing need will require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends or where past trends do not accurately reflect the need for homes. In many areas, formation rates will have been suppressed historically by under-supply and worsening affordability of housing, and the assessment should therefore make an adjustment to household representative rates to reflect and respond to the consequences of this'*¹⁹. The LPEG report recommends the application of the latest CLG household formation rates with an adjustment for those in 25-44 age cohorts to make up half the difference with the 2008-based projections. This results in an uplift of 231 dwellings to 2,765 each year.
- 5.10 Local rates of vacancy and second homes are also considered which translate households into an estimate of dwellings. A vacancy rate of 3.4% is assumed and is already factored into the dwelling need outputs prepared by Edge Analytics.

¹⁹ LPEG Appendix 6

- 5.11 The dwelling need figure presented at Output A of the LPEG model, the demographic starting point, is 2,765.

Step B: Market signals

- 5.12 The LPEG report sets out percentage increases in dwelling requirement linked to house price/rent and income ratios. The relevant ratios are now set out:
- House price ratio (2015) of 5.76 based on median prices to median incomes (which would warrant a 10% uplift based on LPEG)
 - Rental affordability ratio (2015) of 30.7% based on lower quartile price to lower quartile rents (which would warrant a 20% uplift based on LPEG).
- 5.13 Given that the uplift percentages differ under each ratio, it is proposed that a blended uplift of 15% is applied to baseline demographic data. This results in an uplift of 415 dwellings each year based on the demographic starting point of 2,765.
- 5.14 The dwelling need figure presented at Output B of the LPEG model, the number of dwellings with upwards adjustment based on market signals the demographic starting point, is 3,180.

Step C: Affordable housing needs

- 5.15 This step of the calculation will be based on household survey evidence using the PPG methodology for assessing need. In summary, this calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.
- 5.16 Analysis of housing need using the methodology set out in PPG establishes an annual imbalance of 1,230 affordable dwellings each year. As this is higher than the 415 figure for the market signals adjustment, a 10% uplift of Output A would be recommended under the LPEG model. This results in an upwards adjustment of 277 to take account of affordable housing need.

Step D: Full Objectively Assessed Housing Need (FOAHN)

- 5.17 The FOAHN for Leeds would be **3,456 each year** or a total of 55,296 over the Plan period 2017-2033.
- 5.18 Note however that LPEG is only a recommended approach and in establishing an OAN focus has to be given to the PPG calculation method.

Table 5.1 Full Objectively Assessed Housing Need using the LPEG method		
Step	Consideration	Output (dwellings)
A. Demographic Starting Point	A1. Latest official projection	2,534
	A2. Sensitivity test 10 year migration scenario	2,282
	A3. Higher of A1 and A2 is the population for the demographic starting point	2,534
	A4. Apply the latest CLG household formation rates (adjustment for those aged 25-44 age cohorts to make up half the difference with the 2008-based projections)	2,765
	A5. Apply local area rates of vacancy and second homes (to translate households into estimate of dwellings)	3.4% and included in above
	OUTPUT A: This is the demographic starting point for estimating FOAHN in each local area and the HMA	2,765
B. Market signals	B1. Identify levels of local affordability (Lower quartile house prices/rents vs incomes)	Price = 5.63 Rent = 30.7%
	B2. Apply upwards adjustment 0-25% to Output A based on affordability thresholds	Price = 10% Rent = 20% Overall = 15% or 415 dwellings
	OUTPUT B: The number of dwellings with upwards adjustment based on market signals	3,180
C. Affordable housing needs	C1. Estimate affordable housing need based on standard methodology	1,230 each year
	C2. Convert into the total number of dwellings necessary to meet affordable needs (at the likely rate of delivery as % of market housing)	3,514 (based on 35% affordable housing target)
	OUTPUT C: The number of dwellings required to meet affordable housing need	Max 10% of Output A (277)
Step D: Full Objectively Assessed Housing Need (FOAHN)	OUTPUT D: Full Objectively Assessed Housing Need. If Output C is greater than Output B, then FOAHN is reached by a further upward adjustment to the lower of either meeting Output C in total or adding an amount equivalent to 10% of Output A	3,456 dwellings each year 55,296 dwellings for the period (2017-2033)

PPG model

5.19 In order to establish Objectively Assessed Need, PPG recommends a logical progression of steps which form the structure of this section:

- The use of DCLG household projections as the starting point estimating the OAN;
- Sensitivity testing specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates;
- Take account of employment trends;
- Take account of market signals; and
- Consider an increase in the total housing figures where it could help deliver the total number of affordable homes.

Demographic starting point

- 5.20 PPG (paragraph 15) states that plan makers should make use of the household projections published by DCLG as the starting point estimate of housing need. PPG (paragraph 16) states that *'wherever possible, local needs assessments should be informed by the latest available information'*.
- 5.21 In line with PPG, the demographic starting point is the latest 2014-based projection. This establishes a baseline annual requirement of 2,534 dwellings.

Adjusting the projections

- 5.22 The PPG recommends adjustments are made to the household projections with reference to local demographic trends, future jobs, past delivery and market signals and other local circumstances not captured by past trends. Each of these is now considered in turn.

Local demographic trends

- 5.23 Whilst the official 2014-based ONS population and DCLG household projections form the 'starting point' of the assessment of housing need, the PPG states that it is appropriate to consider *'alternative assumptions in relation to the underlying demographic projections and household formation rates'* of the local area (PPG Paragraph 17).
- 5.24 To consider the impact of varying migration histories on population change, the following 'alternative trend' scenarios have been developed for Leeds by Edge Analytics:
- PG-5Yr: Internal migration rates and international migration flow assumptions are based on the latest five years of historical evidence (2010/11-2014/15). This scenario considers a shorter historical period than the SNPP-2014 scenario, however includes the latest mid-year estimate;
 - PG-10Yr: Internal migration rates and international migration flow assumptions are based on the latest ten years of historical evidence (2005/06-2014/15), considering a longer historical period;

- PG Long-Term: Internal migration rates and international migration flow assumptions are based on the latest fourteen years of historical evidence (2001/02-2014/15), considering the full historical period from which to draw migration assumptions.
- 5.25 The Edge analysis also considers headship rate sensitivities. Nationally, younger age groups have been more adversely affected by housing supply and unaffordability issues, which in some areas may have led to ‘suppressed’ rates of household formation. Therefore, two modified sets of headship rates have been generated for Leeds in which the headship rates for the younger 25-44 age groups are adjusted:
- ‘Return’ sensitivity whereby headship rates return to 2008-based values by 2033, following their original trend thereafter; and
 - ‘Partial return’ sensitivity whereby headship rates return to a mid-point between the 2008-based and 2014-based headship rates to 2033, following their original trend thereafter.
- 5.26 Planning Advisory Service (PAS) guidance makes a particular comment that ‘*CLG 2008 rates are no longer helpful because they are based on very old evidence and anyway may not reflect the true long-term trend*’²⁰. This is borne out in research²¹ which concludes that the 2008-based rates never did provide a robust view of long-term trends and are now irrelevant, because societal change is slowing down historical rise in Household Representative Rates and a resulting fall in household sizes. Therefore, the ‘partial return’ sensitivity is considered and this also accords with LPEG guidance.
- 5.27 Table 5.2 summarises the range of scenarios and dwelling requirements. These outputs also assume a 3.4% dwelling vacancy rate fixed over the Plan period.

Table 5.2 Dwelling requirements under alternative scenarios using 2014-based and alternative headship rates

Scenario	Headship rates		
	HH-14	HH-14 Partial Return	HH-14 Return
PG – Long Term	2,638	2,881	3,112
SNPP-2014	2,534	2,765	2,984
PG – 5yr	2,354	2,578	2,790
PG – 10yr	2,282	2,508	2,722

- 5.28 Having reviewed the latest demographic and household projections and considered alternative assumptions relating to migration and headship rates in line with PPG, it is recommended that:
- I. the baseline dwelling requirement is 2,534 based on the latest 2014-based projections and accords with PPG Paragraph 2a-016;

²⁰ Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note July 2015 para 6.41

²¹ L Simpson, Wither household projections? In Town and Country Planning, December 2014

- II. That an adjustment is made to reflect alternative assumptions in relation to the underlying demographic projections and household formation rates which accords with PPG paragraph 2a-017. This requires a consideration of migration assumptions and alternative headship rates.
- III. Regarding migration assumptions, scenarios have considered dwelling requirements based on short- and long-term trends. The favoured approach in OAN analysis is to consider the PG-10 year scenario output which takes account several economic and housing market cycles: this approach is also advocated by LPEG. As this would result in a reduction in dwelling requirements (2,282), it is recommended that no adjustment is made for alternative migration assumptions, and SNPP 2014 should be the starting point.
- IV. Regarding alternative headships rates, each of the demographic scenarios have been run with an alternative headship rate assumption which reflects a 'recovery' in household formation rates in the younger age groups (25-44). This reflects the approach recommended by LPEG which considers an adjustment to local household formation rates to reflect upon the potential impact of higher headship rates if achieved amongst younger age groups. Under the 2014-based projections, this increases dwelling need to 231 each year to 2,765.
- V. In conclusion, an analysis of *'alternative assumptions in relation to the underlying demographic projections and household formation rates'* of the local area results in a recommendation of a need to adjust the baseline need of 2,534 upwards to 2,765 to take account of alternative headship rates over the 2017-33 Plan period. It is recommended therefore that the baseline demographic requirement for Leeds is within the range 2,534 to 2,765.

Employment trends

- 5.29 PPG (paragraph 18) states that *'plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area'*.
- 5.30 Edge Analytics note that *'alignment of demographic and economic model forecasts is challenging due to different methodologies, data inputs and assumptions'*. However, using POPGROUP, it is possible to derive the size and structure of the labour force and the level of employment through the application of three key assumptions: economic activity rates, unemployment rates and a commuting ratio.

REM Employment forecasts

- 5.31 Economic forecasts (from the Regional Economic Model or REM) combine a national and regional economic outlook, with data on the sectoral mix of businesses, to produce a forecast of employment growth for Leeds. These forecasts incorporate the latest OAN sub-national population projection data, balancing employment and population growth through changes to economic activity and unemployment rates and, in some instances, commuting ratios.

- 5.32 The latest forecasts for Leeds (March 2017 REM) provide a trajectory of jobs growth, measured as an annual change to identify the number of Workplace-Based (WPB) jobs. The WPB annual employment growth trajectory for the 2017-2033 period is +3,138.
- 5.33 The March 2017 REM forecasts are derived using a different, economic-led methodology to POPGROUP but include outputs indicating how economic activity rates, unemployment and commuting are expected to influence employment growth.

Economic activity rates

- 5.34 These determine the size of the labour force and is the sum of the employed and unemployed population. Changes to economic activity rates resulting from changes to the State Pension Age (SPA) and a trend towards higher rates of participation in older age groups (particularly females) have a direct impact upon the level of employment growth that could be supported within local populations.
- 5.35 The March 2017 REM assumes an overall increase in economic activity, from 64.6% in 2017 to 65.2% by 2033, assuming a greater proportion of the resident population is maintained in the labour force.

Unemployment rate

- 5.36 The unemployment rate determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed). The March 2017 REM assumes a small decrease in the unemployment rate from 5.9% in 2017 to 5.3% in 2033. These are deemed by Edge Analytics to appropriately reflect economic recovery in Leeds and compare with ONS modelled unemployment rates of 6.2% in 2015 and a pre-recession average of 5.4%.

Commuting ratio

- 5.37 This is the balance between the level of employment in an area and the size of the resident workforce, and under the March 2017 REM, a net in-commute is implied throughout the Plan period (i.e. the number of jobs in the district exceeds the size of the labour force). A commuting ratio of 0.875 is assumed, reducing slightly to 0.874 by the end of the forecast period. This compares with the 2011 Census commuting ratio of 0.87.

Outcomes

- 5.38 Edge Analytics have aligned demographic and economic forecasts and economic activity, unemployment and commuting ratio assumptions from the March 2017 REM to each of the demographic scenarios to derive an estimate of the changing size of the labour force that the population growth under the demographic scenarios implies. Additionally, the level of employment growth (equivalent to the WPB employment estimated by the REM) that could be supported using these assumptions has been calculated (Table 5.3). This analysis shows how higher or lower population growth might influence economic change.

- 5.39 Note that under the benchmark scenario, employment growth of 3,099 is close to the March 2017 REM figure of 3,138.

Scenario	Average Annual Employment Growth
PG – Long Term	3,310
SNPP-2014	3,099
PG – 5yr	2,766
PG – 10yr	2,702

Employment-led scenarios and sensitivities

- 5.40 The impact of variant employment growth trajectories on population change in Leeds has also been considered by Edge Analytics. This analysis evaluates the impact of an employment growth trajectory by measuring the relationship between the workplace-based employment in Leeds (as defined by the economic forecasts), the size of the resident labour force and the size of the resident population. The level of population growth required to meet a defined jobs growth trajectory are the three assumptions on economic activity, unemployment and commuting.
- 5.41 Employment-led scenarios have been developed in which alternative economic forecasts are considered:
- Employment-led REM 2017: the annual change in workplace-based employment as defined in the March 2017 REM is applied in each year of the forecast period;
 - A 'high employment growth' scenario: developed by the Regional Economic Intelligence Unit which considers a pragmatic level of higher economic growth in Leeds whilst taking account of wider growth strategies for the City. Under this trajectory, annual growth in employment averages +3,650 each year.
- 5.42 Edge Analytics have also run a sensitivity variant that considers the Office for Budget Responsibility (OBR) age-specific economic activity rates:
- CORE: Economic activity rates, unemployment rates and commuting ratios are derived from the March 2017 REM;
 - OBR: Economic activity rates by five year age groups (16-75+ and sex from the 2011 Census, with OBR adjustments made to all age groups).
- 5.43 In recognition that there are inherent challenges and uncertainty in forecasting future economic activity rates, Edge Analytics have configured two scenarios with an alternative set of economic activity rates which achieve a 'mid-point' between the REM 2017 and the OBR assumptions:
- Employment-led REM 2017 Mid: Unemployment rate assumptions are consistent with the core Employment-led REM 2017 scenario (i.e. derived from the March 2017 REM which assumes a reduction from 5.9% in 2017 to 5.3% by 2033);

- Employment-led REM High Growth Mid: Unemployment rate assumptions are consistent with the core Employment-led High Growth scenario (i.e. derived from the 'High Growth' model which assumes a reduction from 6.0% in 2017 to 5.0% by 2033).

5.44 Table 5.4 summarises employment growth outcomes under alternative employment-led forecasts.

Table 5.4 Employment-led REM and Average employment growth outcomes 2017-2033	
Employment-led scenario	Average Annual Employment Growth
REM 2017	3,137
High Growth	3,650

5.45 Table 5.5 summarises the outputs from the employment-led scenarios on dwelling requirements. Under the baseline SNPP-2014 headship rates, the range of dwelling requirements under all employment-led scenarios ranges between 2,587 and 3,403 each year. Under the 'partial return' headship sensitivity, dwelling requirements range between 2,839 and 3,656.

Table 5.5 Employment-led scenario Dwelling requirements under alternative scenarios using 2014-based and alternative headship rates			
Scenario	Headship rates		
	HH-14	HH-14 Partial Return	HH-14 Return
High Growth (OBR)	3,403	3,656	3,897
High Growth (Mid)	3,155	3,403	3,638
REM 2017 (OBR)	3,101	3,347	3,580
High Growth (REM)	2,978	3,222	3,453
REM 2017 (Mid)	2,858	3,098	3,326
REM 2017 (Core)	2,604	2,839	3,062
High Growth (Core)	2,587	2,821	3,044

Summary of employment trends

5.46 This section has summarised material in the Edge Analytics has aligned demographic and economic forecasts and economic activity, unemployment and commuting ratio assumptions from the March 2017 REM to each of the demographic scenarios to derive an estimate of the changing size of the labour force that the population growth under the demographic scenarios implies. The impact of variant employment growth trajectories on population growth has also been considered by Edge Analytics.

5.47 Having considered the potential change in future employment, it can be concluded that:

- I. All demographic scenarios support an increase in the working age population and therefore support jobs growth. The 2014-SNPP baseline scenario supports an average annual employment growth of 3,099 and the PG-10 year variant migration assumption results in an employment growth of 2,702 jobs
- II. Over the 2017-2033 plan period, employment forecasts suggest an increase of between 3,137 and 3,650 jobs each year. Under alternative scenarios, this translates to an annual dwelling need of between 2,587 and 3,403.
- III. Under the REM 2017 employment-led scenario, dwelling need ranges between 2,604 and 3,101, with a mid-point of OBR/REM economic activity rates resulting in a need for 2,858 dwellings each year. With a headship rate adjustment, this increases the need to 3,098 each year.
- IV. Under the High Growth employment-led scenario, dwelling need ranges between 2,587 and 3,403, with a mid-point of OBR/REM economic activity rates resulting in a need for 3,155 dwellings each year. With a headship rate adjustment, this increases the need to 3,403 each year.
- V. In summary, an assessment of the *'likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area'* would suggest that an upward adjustment is required to take account of employment trends. Under the REM 2017 mid-point OBR/REM economic activity rate assumption, the annual dwelling need is 3,098 (which includes a headship rate adjustment). Under the High Growth scenario, dwelling need increases to 3,403 (based on the mid-point OBR/REM economic activity rate assumption and a headship rate adjustment).

Market signals and past trends in delivery

- 5.48 Chapter 4 presented information on market signals and past trends in delivery. This considered signals relating to price and quantity and compared Leeds with neighbouring districts, the region and England. Given prevailing income and house price/rent ratios, an uplift is recommended. PPG does not provide guidance on how an uplift should be derived but the LPEG report sets out percentage increases in dwelling requirement linked to house price/rent and income ratios. The relevant ratios are now set out:
- House price ratio (2015) of 5.76 based on median prices to median incomes (which would warrant a 10% uplift based on LPEG)
 - Rental affordability ratio (2015) of 30.7% based on lower quartile price to lower quartile rents (which would warrant a 20% uplift based on LPEG)
- 5.49 Given that the uplift percentages differ under each ratio, it is proposed that a blended uplift of 15% is applied to baseline demographic data. This results in an uplift of 380 dwellings each year based on the starting point of 2,534.
- 5.50 Regarding past trends in delivery the Edge report comments that housing completions fell from an average of approximately 3,145 each year 2001/2 to 2009/10 to 2,058 2011/12 to 2015/16).

- 5.51 Regarding market signals and past trends in delivery:
- VI. It is recommended that the OAN is adjusted upwards by 15% (380 dwellings) to take account of market signals; and
 - VII. No adjustment is necessary to take account of past delivery.

Affordable need and housing provision targets

- 5.52 PPG paragraph 29 advises on how housing needs assessments should take account of affordable housing need: *'the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing-led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes'*.
- 5.53 The analysis of housing need based on 2017 household survey evidence suggests there is an annual net imbalance of 1,230 affordable dwellings each year. This figure expresses the overall need from household survey evidence compared with the current supply of affordable housing. The 1,230 figure assumes that backlog need is cleared over a 10 year period. If the backlog is cleared over the Plan period, the annual net imbalance reduces to 931 each year.
- 5.54 PAS²² guidance provides helpful guidance in interpreting affordable need in the context of objectively assessed need. Paragraph 9.6 states *'in practical terms, there is no arithmetical way of combining the two calculations set out in PPG to produce a joined-up assessment of overall housing need'*. We cannot add together the calculated OAN and the calculated affordable need, because they overlap: the OAN of course covers both affordable and market housing, but we cannot measure these components separately, because demographic projections – which are the starting point for the OAN – do not distinguish between different sectors of the housing market. Paragraph 9.7 continues *'in summary, it seems logically clear that affordable need, as defined and measured in paragraphs 22-29 of the PPG, cannot be a component of the OAN. The OAN does have an affordable component – which cannot be measured separately but will normally be much smaller than the affordable need discussed at paragraphs 22-30'*. When paragraph 47 of the NPPF says that plans should meet in full *'the need for market and affordable housing'*, it is referring to that component rather than the separately calculated affordable need.

Objectively Assessed Housing Need

- 5.55 An OAN should be based on reasonable assumptions which take into account baseline demography, adjustments to reflect local demographic trends, past delivery, market signals, future jobs and other local circumstances: the SHMA has explored these factors in detail. PAS guidance suggests that the OAN should exclude any policy

²² Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition July 2015

- objectives and value judgements and evidence should be entirely about need and demand, to the exclusion of any supply-side factors such as physical constraints, policy designations and adverse impacts of development. However, these factors should be considered when translating the OAN into a Housing Requirement.
- 5.56 The challenge for the Council is to deliver an appropriate and proportionate level of dwelling growth that supports economic growth and carefully takes into account the current demographic profile of the district.
- 5.57 It is proposed that the Objectively Assessed Housing Need for Leeds over the Plan period 2017-2033 is established from a baseline of 2,534 (using the latest 2014-based SNPP). An adjustment to take account of longer-term (10 year) migration trends is not recommended. An upward adjustment to take account of higher rates of household formation amongst the 25-44 age group is recommended and increases dwelling need to 2,765. A market signals uplift of 15% of the basic demographic requirement (380 dwellings each year) is also recommended, which also takes into account underlying affordable housing need as evidenced in the 2017 SHMA household survey.
- 5.58 The OAN needs to take account of employment growth. The SNPP 2014 baseline scenario supports jobs growth of 3,099 each year. The REM 2017 results in jobs growth of 3,137 each year and the high growth scenario result in jobs growth of 3,650. When the mid-point of OBR/REM economic activity rates are considered along with a headship rate adjustment, under the REM 2017 scenario, this translates to a dwelling need of 3,098 (including a headship rate adjustment). When the market signals adjustment is included, this results in an overall dwelling need of 3,478. This translates to a need for 55,648 dwellings over the Plan period 2017-33. Under the High Growth economic scenario, the dwelling need is 3,403 (including a headship rate adjustment) and when a market signals adjustment is also included this results in an overall annual dwelling need of 3,783.
- 5.59 In conclusion, it is proposed that the Objectively Assessed Housing Need figure for Leeds is within the broad range 2,765 (2014-SNPP with 'partial return' headship sensitivity) and 3,783 (High Growth scenario with mid-point of OBR/REM activity rate assumptions including a 'partial return' headship rate sensitivity). This translates to a total dwelling need in the range of 44,240 to 60,528 over the Plan period 2017-2033.
- 5.60 This range takes account of the need to deliver more affordable and market housing for an increasing number of households, takes account of the latest demographic evidence, long-term trends in migration and supports economic growth. It also takes into account potential changes to headship rates amongst younger households and a market signals adjustment.

From an OAN to a Housing Requirement

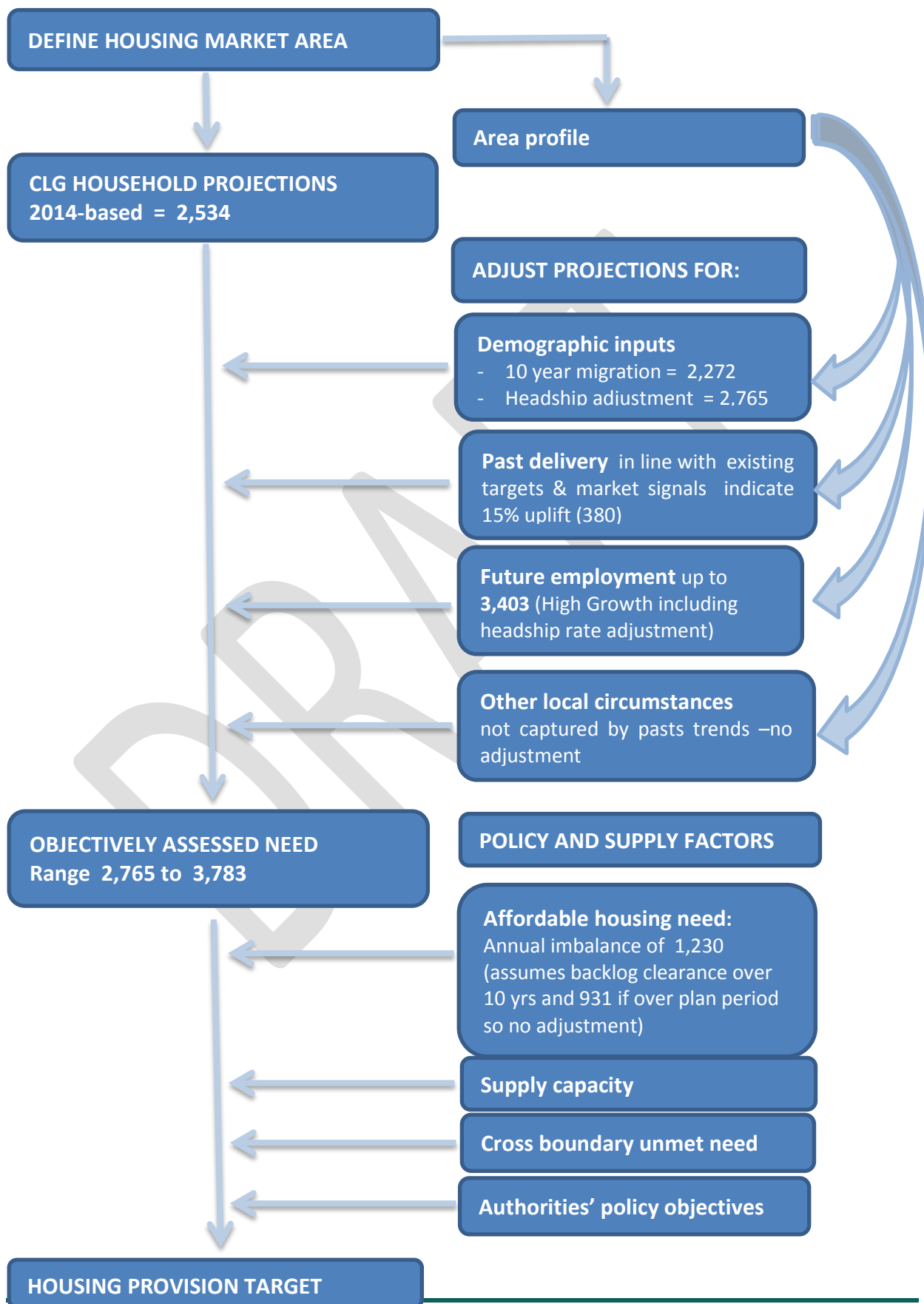
- 5.61 Having established an up to date OAN, it is necessary to translate this into a growth target for the purposes of future plan-making. This is referred to as the 'Housing Requirement'. The Housing Requirement should, in normal circumstances, reflect the Objectively Assessed Need but can be adjusted either upwards or downwards. An OAN could be adjusted downwards due to development constraints or upwards to support economic or other growth ambitions. The OAN is in effect a 'policy off' need for

housing over the Plan period. Once planning policy considerations have been applied to the OAN figure, the result is a 'policy on' figure for the Housing Requirement. The Housing Requirement figure will be the target against which housing supply will normally be measured.

- 5.62 A further uplift to the Housing Requirement figure to help deliver additional affordable housing is not suggested.
- 5.63 The data for Leeds which underpins the analysis of OAN is summarised in Figure 5.1 overleaf. This replicates Figure 4.1 in the PAS guidance note on OAN (Second Edition July 2015).

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Figure 5.1 Housing Needs Assessment for Leeds (based on PAS Guidance OAN advice note July 2015 Figure 4.1)



DCLG consultation regarding the calculating of OAN

- 5.64 In September 2017, the DCLG issued a consultation document ‘Planning for the right homes in the right places: consultation proposals’. This sets out a simplified and standardised approach to assessing local housing need that has three components:
- A baseline which is based on household growth over a 10 year period;
 - An adjustment to take account of market signals based on workplace-based median house price to median earnings ratio; and
 - Capping the level of increase according to the status of the Local Plan (for areas which do not have an up-to-date local plan the figure is capped at 40% above the higher of the projected household growth for their area or the annual housing requirement figure currently set out in their local plan).
- 5.65 The CLG recognises that an upward adjustment also may be necessary to take account of anticipated employment growth.
- 5.66 For Leeds, the proposed 2017 DCLG methodology results in an annual dwelling requirement of 2,649. This compares with an OAN of 3,478 established using the existing PPG method (2017 SHMA/PPG) and an LPEG figure of 3,456. Table 5.2 summarises the aspects of objectively assessed housing need that are considered in the three approaches (2017 SHMA/PPG; LPEG method and the DCLG 2017 proposed method). Crucially, the output for Leeds under the 2017 DCLG proposed method does not take into account jobs growth. As this is a key strategic driver for Leeds, an uplift of the baseline 2,649 figure would be recommended. For illustrative purposes a 40% uplift would result in a revised objectively assessed need under the new methodology of up to 3,709: this is a higher figure compared with the 2017 PPG and LPEG approaches.
- 5.67 The proposed transitional arrangements for the new OAN calculation are set out in Table 1 of the consultation document. For plans submitted for examination before 31 March 2018, the OAN should be calculated using the existing methodology set out in PPG. Therefore, the SHMA concludes that the appropriate OAN for Leeds is 3,478.

Considerations	2017 SHMA/PPG	LPEG	2017 DCLG
Annual Dwellings	3,478	3,456	2,649
ONS Projection	✓	✓	✓
Affordable housing	✓	✓	✓
Migration	✓	✓	✗
Household Size	✓	✓	✗
Economy / Jobs	✓	✗	✗ (unless 40% uplift)
Commuting	✓	✗	✗

6. The need for all types of housing

Introduction

- 6.1 Having established the Objectively Assessed Need for housing, the purpose of this chapter is to consider the range of need for all types of housing as identified in PPG paragraph 21. PPG recommends that planning authorities consider the need for certain types of housing and the needs of different groups, including the private rented sector, people wishing to build their own homes, family housing, housing for older people, households with specific needs and student housing.
- 6.2 This chapter begins with an analysis of the mix of dwellings by type and size over the Plan period and then considers affordable housing need as a component of future dwelling requirements.

Dwelling mix and affordability

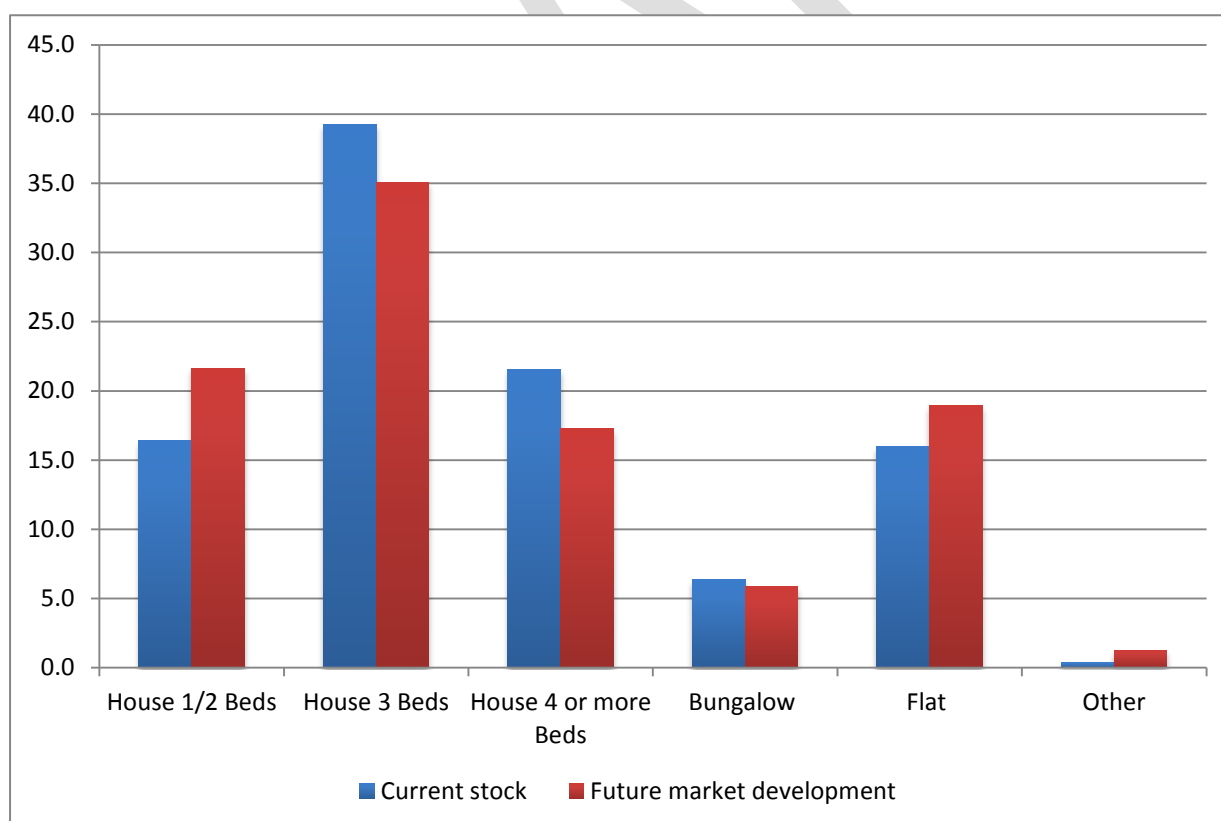
- 6.3 The NPPF (paragraph 159) states that local authorities should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the Plan period.
- 6.4 Having reflected upon the Objectively Assessed Need for housing and Housing Requirement, this section considers the overall dwelling mix which is appropriate for consideration by the Council.
- 6.5 In order to determine the potential range of new dwelling stock appropriate for Leeds, analysis has considered the following, based on the findings of the 2017 Household Survey:-
- Current market dwelling stock,
 - Aspirations (what households would 'like'), and
 - Expectations (what households actually 'expect' to achieve).
- 6.6 In addition, the analysis takes into account the impact of new household formation.
- 6.7 Table 6.1 summarises the profile of market dwellings (by type and size) required across Leeds City as a whole and compares these future market development requirements with the current stock profile. This indicates that the greatest demand is for small (one and two bedroom) and medium-size (three bedroom) houses and flats/apartments.

Table 6.1 Overall market dwelling requirements compared with the current stock profile

Dwelling type and size	Current stock profile	Future market dwelling requirements
1/2 Bed House	16.4%	21.6%
3 Bed House	39.3%	35.1%
4+ Bed House	21.5%	17.3%
Bungalow	6.3%	5.9%
Flat/apartment	16.0%	19.0%
Other	0.4%	1.3%
Total	100.0%	100.0%
Base	258,236	73,856

Source: 2017 Household Survey

6.8 This data is set out in graphical form in Figure 6.1, contrasting the future market dwelling requirements with the current stock profile. This shows that in the case of smaller (one and two bedroom) houses and flats there will be a greater demand (shown in red) than there is supply within the current stock profile (shown in blue).

Figure 6.1 Market development requirements compared with the current stock profile

Source: 2017 Household Survey

- 6.9 Table 6.2 considers the current dwelling stock profile of open market dwellings by sub-area and then the extent to which this varies from the development profile based on the aspirations ('likes') of households planning to move. Where cells are colour coded:
- a green spot indicates that the current proportion of dwelling stock is greater than the aspiration for that dwelling stock;
 - a red spot indicates that the proportion of dwelling stock is lower than the aspiration.
 - Therefore a red spot suggests there is a lack of that particular type of dwelling type and size in the sub-area.
- 6.10 Table 6.3 considers the current dwelling stock profile of open market dwellings by sub-area compared with the development profile based on the expectations of households planning to move. The same colour-coding is used, with red spots indicating those sub-areas and dwelling types/sizes where the demand (based on expectation) exceeds current supply.

Table 6.2 Comparison between current dwelling stock and market aspirations at sub-area level

Property type/size	Aireborough	City Centre	East Leeds	Inner Area	North Leeds	Outer North East	Outer North West	Outer South	Outer South East	Outer South West	Outer West	Total
Detached house 1-2 Beds	-2.3	-10.5	-1.9	0.1	-4.0	-3.9	-4.5	0.6	-3.1	0.3	-2.5	-2.9
Detached house 3 Beds	-9.9	-12.9	-5.9	-9.6	-21.8	-1.0	-5.0	-1.3	-4.3	-11.6	-13.8	-11.6
Detached house 4 or more beds	-9.1	-14.5	-8.0	-7.2	-11.8	-6.4	-12.8	-11.3	-12.9	-8.5	-8.8	-7.5
Semi-detached house 1-2 beds	-4.1	-5.8	0.5	-9.6	1.6	-2.3	-3.3	3.2	-2.6	0.9	-2.7	-2.4
Semi-detached house 3 beds	17.8	-7.6	12.0	3.2	8.2	5.6	9.5	14.9	9.8	2.4	1.7	7.6
Semi-detached house 4 or more beds	9.2	0.4	4.4	-5.1	11.4	4.1	3.6	4.4	6.2	1.1	-1.5	3.3
Terraced house 1-2 Beds	5.2	-0.8	3.1	7.3	1.0	-4.7	5.5	-2.4	-0.1	3.0	12.9	3.9
Terraced house 3 Beds	4.9	0.8	-1.0	7.1	3.2	-1.8	7.9	3.8	4.1	7.6	12.9	6.1
Terraced house 4+ beds	1.8	0.8	2.3	11.9	3.1	2.0	-1.3	1.9	0.5	1.7	4.0	4.1
Bungalow 1-2 Beds	-4.1	-1.7	9.1	-8.9	1.5	0.4	2.9	-1.8	6.5	-0.1	-0.4	-0.7
Bungalow 3 beds	-6.2	0.0	-4.5	0.5	1.3	2.5	1.0	-1.1	0.9	-4.2	-1.4	-0.1
Bungalow 4+ beds	0.1	0.0	0.2	0.0	0.4	1.0	-1.0	0.5	1.0	-1.2	1.0	0.3
Flat/Apartment 1 Bed	0.0	38.8	-1.5	14.7	3.3	1.7	-1.8	-0.4	-1.8	2.9	1.4	3.3
Flat/Apartment 2 Beds	1.1	16.0	-7.4	0.0	2.4	1.8	0.8	-9.6	-3.2	5.2	0.2	-1.4
Flat/Apartment 3+ Beds	-0.4	-0.8	0.0	-2.2	-0.6	0.5	-1.3	0.0	0.0	0.2	0.0	-0.8
Other 1 Bed	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.3	0.0	0.2	0.0	0.1
Other 2 Beds	-1.8	-1.8	-1.4	0.0	0.6	0.2	0.2	0.0	-1.3	0.0	-3.3	-0.6
Other 3+ Beds	-2.2	-0.4	0.0	-2.3	0.0	0.0	-0.5	-1.7	0.2	0.0	0.3	-0.6

Table 6.3 Comparison between current dwelling stock and market expectations at sub-area level

Property type/size	Aireborough	City Centre	East Leeds	Inner Area	North Leeds	Outer North East	Outer North West	Outer South	Outer South East	Outer South West	Outer West	Total
Detached house 1-2 Beds	-2.3	-6.9	0.5	2.0	0.6	1.5	1.0	-0.8	-3.1	0.3	-2.4	-0.6
Detached house 3 Beds	-2.6	-2.9	7.5	-4.0	-4.7	3.8	0.4	5.8	1.2	-1.6	1.4	-0.6
Detached house 4 or more beds	0.6	-2.2	5.6	-1.8	1.7	4.1	3.6	-6.2	-4.4	-1.8	2.2	2.4
Semi-detached house 1-2 beds	-3.3	-10.7	-8.2	-2.9	-2.4	-6.2	-0.5	-2.7	-4.8	-0.4	-11.6	-4.3
Semi-detached house 3 beds	7.8	-11.2	6.3	0.2	-0.5	-3.8	4.1	17.0	7.2	2.2	1.2	3.2
Semi-detached house 4 or more beds	6.0	0.4	-3.7	-1.7	8.2	4.1	4.5	1.5	2.8	0.3	-1.4	2.3
Terraced house 1-2 Beds	-0.8	-6.9	1.1	5.1	-12.8	-6.9	-2.8	-8.3	-4.3	-9.9	4.7	-4.0
Terraced house 3 Beds	4.9	-0.6	-1.1	1.4	1.4	-1.9	6.7	3.8	2.4	6.1	8.6	3.5
Terraced house 4+ beds	1.8	0.3	2.3	11.9	3.1	2.0	-1.3	1.9	0.5	1.7	4.0	4.0
Bungalow 1-2 Beds	-4.1	-0.8	7.4	-1.9	1.6	-0.6	1.1	-5.5	3.9	0.0	2.0	0.9
Bungalow 3 beds	-3.3	0.0	-3.7	0.5	1.3	2.4	1.6	0.3	2.6	-2.1	-2.7	0.2
Bungalow 4+ beds	0.1	0.0	0.2	0.0	0.4	1.0	-1.0	-1.8	1.0	0.3	1.0	0.3
Flat/Apartment 1 Bed	-1.5	23.5	-4.5	-1.9	-1.1	1.7	-0.7	0.3	0.4	2.9	-2.9	-3.8
Flat/Apartment 2 Beds	-2.7	17.8	-5.3	-5.8	5.1	-2.1	-3.3	-5.3	-4.4	1.8	-4.6	-2.8
Flat/Apartment 3+ Beds	0.2	1.0	0.0	1.3	-2.5	0.5	-2.5	0.0	0.0	0.2	0.0	-0.3
Other 1 Bed	0.0	0.0	-3.0	0.0	0.1	0.2	0.0	0.3	0.0	0.2	0.0	0.0
Other 2 Beds	0.3	-0.9	-1.5	0.0	0.6	0.2	-2.6	-0.8	-1.3	0.0	0.2	-0.1
Other 3+ Beds	-0.9	0.0	0.0	-2.4	0.0	0.0	0.7	0.5	0.2	0.0	0.3	-0.5

Affordable housing requirements

- 6.11 A detailed analysis of the following factors determines the extent to which there is a shortfall of affordable housing:
- households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);
 - New households forming who cannot afford to buy or rent in the market;
 - Existing households expected to fall into need; and
 - The supply of affordable housing through social/affordable renting and intermediate tenure stock.
- 6.12 The needs assessment model advocated by the DCLG has been used and a detailed analysis of each stage of the model is presented in Appendix C.
- 6.13 Modelling suggests a gross imbalance (not taking account of affordable supply through lettings and intermediate tenure sales) of 5,272 affordable dwellings each year and a net imbalance of 1,230 affordable dwellings each year across Leeds City.
- 6.14 In addition to establishing the overall affordable housing requirements, the analysis considers variations by Affordable Housing Zone, designation (general needs and older person) and property size. It should be also noted that 60.8% of households considering an intermediate tenure dwelling aspire to a property with 3 or more bedrooms which would suggest scope for increasing the proportion of larger affordable dwellings on development sites.

Table 6.4 Net annual affordable housing imbalance by Affordable Housing Zone, property size and designation 2017/18 to 2027/28

Affordable Housing Zone	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1 Bed	
Zone 1 Outer Northern / Golden Triangle Housing Zone	92	8	20	120
Zone 2 Outer Southern Housing Zone	457	220	117	794
Zone 3 Inner Area Housing Zone	153	13	2	168
Zone 4 City Centre	151	-3	0	148
TOTAL	853	238	139	1,230

Sources: 2017 Household Survey; RSL CORE Lettings and Sales

Affordable housing tenure split

- 6.15 Determining an appropriate tenure split for housing has been traditionally based on the incomes and tenure aspirations of existing households in need and newly forming households. This is used to determine an appropriate split between rented and intermediate tenure dwellings. However, the increasing emphasis of Government policy to build affordable homes for sale through intermediate tenure options and the Starter Homes initiative, coupled with housing associations having to fund schemes for rent without subsidy, is expected to have a major impact on the scale and range of affordable housing to be delivered.

- 6.16 Analysis has carefully considered the range of affordable tenures that may be appropriate for existing households in need and newly-forming households. This is set out in detail in Appendix C.
- 6.17 Table 6.5 summarises an appropriate tenure split on the basis of the tenure considerations of existing and newly-forming households. Analysis would suggest that a tenure split of 67.2% rented and 32.8% intermediate tenure would be appropriate across Leeds, with variations by Affordable Housing Zones as shown in Table 6.3.

Affordable tenure	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Affordable Rented	39.3	64.2	79.8	71.2	67.2
Intermediate Tenure	60.7	35.8	20.2	28.8	32.8
Total	100.0	100.0	100.0	100.0	100.0
Base (annual rate of household formation over past 5 years)	542	2,617	1958	155	5,272

Source: 2017 Household Survey

- 6.18 Analysis suggests that a reasonable proportion of households could afford intermediate tenure prices based on equity shares of between £100,000 and £160,000 (Table 6.6). With the recommended split of 67.2% affordable rent to 32.8% intermediate tenure (as above), economic viability work and discussions with developers and Registered Providers should be undertaken to determine the overall potential for such a tenure split in the light of Government policy, with a strong emphasis on intermediate tenure and Starter Home development.

Equity price and percentage who could afford	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Could afford £100k	64.6	38.3	17.1	65.0	36.3
Could afford £120k	36.8	28.7	1.9	47.7	22.7
Could afford £140k	36.9	24.9	1.9	39.1	20.2
Could afford £160k	33.9	17.6	1.1	31.4	15.2
Base (Annual affordable need from existing and newly-forming households)	542	2617	1958	155	5,272

Source: 2017 Household Survey

Starter Homes

- 6.19 The Government introduced the concept of Starter Homes to help meet the housing needs of young first-time buyers by offering properties to buy at below their open market value. The NPPF (2012) outlines the key characteristics of Starter Homes²³. They are to be well-designed and suitable for young first-time buyers (between 23 and under 40 years of age). Starter Homes area also available to ex-Armed Forces personnel of any age.
- 6.20 The Housing and Planning Act 2016 put in place the legislative structure for the provision of Starter Homes, which was one of the Government's key policies to help younger households access owner-occupation. Whilst it is subject to secondary legislation, the principle is established that new housing developments will be expected to provide a proportion of Starter Homes, made available to eligible households at a 20% discount from market price up to a maximum house price of £250,000 outside of London and £450,000 within London.
- 6.21 Analysis of market prices indicates that a Starter Home price would be between £138,600 (30% discount on median house price 2016) and £158,400 (20% discount on median house price 2016).
- 6.22 Analysis of the potential need for Starter Homes considers two types of household: existing households who meet the criteria for Starter Homes and newly-forming households who would consider owner occupation which could be achieved through Starter Homes.

Conclusions on dwelling mix and affordability

- 6.23 Table 6.7 provides our recommendation on the potential dwelling tenure, type and size split for housing delivery in Leeds. This assumes that 25% of homes delivered are affordable overall.

Table 6.7 Suggested dwelling mix by market and affordable dwellings based on OAN of 3789 each year

Overall dwelling size mix	Market	Affordable	Total
Overall tenure split	75%	25%	100%
House 1-2 Bed	613	243	856
House 3+ Bed	996	116	1,112
House 4+ Bed	491	59	549
Bungalow	167	83	250
Flat/Apartment	539	446	985
Other	37	0	37
Total	2,843	946	3,789

Source: arc⁴

²³ National Planning Policy Framework, paragraph 002, Reference ID 55-002-20150318

People wishing to build their own homes

- 6.24 The Coalition Government made clear in its Housing Strategy for England, *Laying the Foundations* (2011), that it wished to unlock the growth potential of the self-build and custom homes market and double its size over the next decade. It defined the main critical barriers to custom build in this country as access to suitable plots to build on; access to development finance to enable the purchase of land and start of construction; and the hurdles that many custom builders face when they engage with the regulatory regimes that govern the development process.
- 6.25 The National Planning Policy Framework (NPPF) sets out that the Government wants to enable more people to build their own homes and wants to make this form of housing a mainstream housing option²⁴. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.
- 6.26 The 2017 Household Survey identified 812 households planning to move in the next five years who would like to move into a self-build property. The Household Survey identified that households considering self-build:
- 43.7% lived in affordable housing, 43.0% in private rented housing and only 13.2% were owner occupiers;
 - 43.7% were couples with one or two children, 35.8% were singles under 65, 18.2% were couples under 65 (no children) and 2.2% were couples over 65;
 - Incomes were polarised, with 33.6% having an income of less than £15,600 per annum and 50.0% having an income of more than £49,400 per year; and
 - 43.0% would like a two-bedroom property and 52.5% would like a property with four or more bedrooms.
- 6.27 All households considering self/custom build stated an open market tenure preference, but additionally one third stated a preference for intermediate tenures and one-third stated a preference for affordable renting. Therefore, self/custom build could have a role in delivering affordable housing.
- 6.28 The Council currently has 219 households on its self/custom build register. The level of demand for self/custom build should be monitored closely by the Council. Additionally, the proportion of completions on plots for one or two houses should be monitored to review the extent to which this development is self/custom build.

²⁴ National Planning Policy Framework, paragraph 021, Reference ID 2a-021-20150326

Family housing

- 6.29 Families (that is couples and lone parents with children including adult children living at home) account for around 30.5% of households across Leeds. Of this number, 70.8% are couples with children and 29.2% are lone parents with children (2017 Household Survey data).
- 6.30 Overall 73.8% of families live in owner-occupied dwellings, 15.5% live in the private rented sector and 10.7% live in affordable dwellings. 24.3% of all families live in the North Leeds sub-area.

Armed forces accommodation

- 6.31 The 2011 Census identified that 691 residents in Leeds City are employed in the Armed Forces. Of these, 95.2% live in a household and 4.8% live in a communal establishment.
- 6.32 More recent records identify 80 Ministry of Defence personnel living within Leeds, which represents 0.6% of the total for the region of Yorkshire and the Humber (12,320).

Older people

- 6.33 A major strategic challenge is to ensure a range of appropriate housing provision, adaptation and support for the area's older population. PPG paragraph 21 states that *'the need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over accounts for over half of new households'*.
- 6.34 The number of people across Leeds City area aged 65 or over is projected to increase from 121,700 in 2017 to 158,500 by 2033 (a 30.2% increase) according to the ONS 2014-based population projections.
- 6.35 The 2017 Household Survey identifies that 23.6% of households across Leeds are either singles or couples aged 65 years or over. Of these older households, 54.4% live in owner-occupied properties, 8.4% live in the private rented sector and 37.2% live in affordable accommodation.
- 6.36 In terms of location, 21.6% of all older households live in the North Leeds sub-area, 19.7% in Inner Area and 15.9% in Outer West.
- 6.37 The 2017 Household Survey found that the majority of older people (77.3%) want to stay in their own homes with help and support when needed (Table 6.6) and around 14.3% would consider buying a property on the open market. It is interesting to note that a higher proportion of households aged 60-74 years would consider buying on the open market compared with those households aged 75+ (19.2% v 3.9%). Sheltered accommodation and Extra Care housing are attractive options, with a slight preference for sheltered accommodation. Around 11.0% of older households would consider co-housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

Housing option	% would consider		
	60-74 years	75 years+	Total
Continue to live in current home with support when needed	74.2	83.8	77.3
Buying a property on the open market	19.2	3.9	14.3
Rent a property from a private landlord	3.6	0.7	2.7
Rent from Housing Association	9.7	3.6	7.7
Sheltered accommodation - To Rent	22.1	21.8	22.0
Sheltered accommodation - To Buy	16.3	8.9	13.9
Sheltered accommodation - Part Rent/Buy	5.3	2.7	4.5
Extra Care housing - To Rent	15.0	17.4	15.7
Extra Care housing - To Buy	11.3	6.8	9.9
Extra Care housing - Part Rent/Buy	4.3	2.6	3.7
Residential Care home	7.4	11.3	8.7
Co-housing	12.6	7.5	11.0
Go to live with children or other relatives / friends	5.7	2.4	4.7
Other	3.9	1.6	3.2
<i>Base (total households responding)</i>	<i>50,191</i>	<i>23,591</i>	<i>73,782</i>

Source: 2017 Household Survey

- 6.38 Of all older person households (HRP aged 65+), 3.4% intend to move in the next five years and a further 11.5% stated that they would like to move but are unable to. Of households who are unable to move, reasons stated included cannot afford to (32.1%), lack of suitable property in the area wanted (21.8%) and lack of suitable property of the type wanted (14.2%).
- 6.39 Table 6.9 summarises the dwelling type and size aspirations and expectations of households containing an older person, as identified by the 2017 Household Survey. In terms of dwelling type, 54.5% of older (65+) households would like to move to a bungalow, and 53.4% expect to. On the other hand, a higher proportion of older households expect to move into flats (23.1%) than would like to (15.7%). Regarding the size of property, 62.1% of households would like a one- or two-bedroom property and this compares with 72.8% who expect to achieve this.

Table 6.9 Dwelling aspirations and expectations of households containing a HRP aged 65+

Dwelling type	Aspiration (%)	Expectation (%)
House	26.3	19.0
Bungalow	54.5	53.4
Flat	15.7	23.1
Other	0.0	0.0
Older/supported	3.5	4.5
Total	100.0	100.0
No. bedrooms	Aspiration (%)	Expectation (%)
1/2 Beds	62.1	72.8
3 Beds	33.9	26.8
4 or more beds	4.0	0.4
Total	100.0	100.0

Source: 2017 Household Survey

6.40 Table 6.10 considers the future housing choices being considered by households with a HRP aged 65+ with reference to the number of bedrooms in their current property and the number of bedrooms expected in their next home (if planning to move in the next five years). This shows that 43.8% of households are planning to downsize (i.e. move to a property with fewer bedrooms).

Table 6.10 Future housing expectations (upsizing/downsizing)

Housing choice	Expectation (%)
Downsizing (moving to a smaller property)	43.8
Staying same	55.7
Moving to larger property	0.5
Total	100.0
Base	2,150

Source: 2017 Household Survey

Current and future need

6.41 The Housing Learning and Improvement Network (LIN) Strategic Housing for Older People 'SHOP@' tool²⁵ helps to estimate current and future needs for specialist older person's housing 2014-2030²⁶. Data specifically relates to people aged 75 and over.

6.42 The data for need is calculated by applying the prevalence rates to the 2014 population aged 75+ derived from May 2014 ONS sub-national population projections. The data on supply is the current number of specialist housing and registered care beds from the Elderly Accommodation Counsel national housing database 2014 which

²⁵<http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/>

²⁶ Note this particular dataset covers the period 2014 to 2030

includes the following categories: Sheltered Housing, Enhanced Sheltered Housing, Extra Care, Residential Care and Nursing Care. Detailed definitions are presented below:

Sheltered Housing: Schemes / properties are included where some form of scheme manager (warden) service is provided on site on a regular basis but where no registered personal care is provided. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be included in sheltered stats. In most cases schemes will also include traditional shared facilities - a residents' lounge and possibly laundry and garden.

Enhanced Sheltered Housing: Schemes / properties are included where service provision is higher than for sheltered housing but below extra care level. Typically there may be 24/7 staffing cover, at least one daily meal will be provided and there may be additional shared facilities.

Extra Care Housing: Schemes / properties are included where care (registered personal care) is available on site 24/7.

Residential Care: Where a care homes is registered with Care Quality Commission to provide residential (personal) care only, all beds are allocated to residential care.

Nursing Care: Where a care homes is registered with Care Quality Commission to provide nursing care all beds are allocated to nursing care, although in practice not all residents might be in need of or receiving nursing care.

- 6.43 The SHOP data for Leeds is presented in Table 6.9. This calculates housing demand per 1,000 residents aged 75 and over based on the population of 75+ residents in 2014 and 2035. The table also shows the 2014 profile of specialist older persons provision and highlights that against the 2014 prevalence rates there are shortfalls in provision across all types with the exception of Extra Care.
- 6.44 Over the period 2014 to 2035, there is expected to be a 75% increase in the requirement for older persons' specialist provision. However, when the current (2014) supply of accommodation is compared with change in demand to 2035, data would suggest a need to increase the current level of provision for older people, particularly the provision of enhanced sheltered housing and Extra Care 24/7 support.

Table 6.11 Older persons' dwelling requirements 2014 to 2035

Type of provision	Housing demand per 1,000 75+	Current supply	2014 Demand	2035 Demand	Change 2014 (supply) to 2035 (demand)	% change 2014-2035
Sheltered housing	125	7,958	6,913	10,675	2,717	34%
Enhanced Sheltered housing	20	179	1,106	1,708	1,529	854%
Extra Care 24/7 support	25	360	1,383	2,135	1,775	493%
Residential care	65	5,172	6,083	9,394	4,222	82%
Total		13,669	15,485	23,912	10,243	75%

Source: HousingLIN

Note this dataset covers the period 2014 to 2035

Table 6.12 Future market split of older persons' accommodation by relative deprivation/affluence of an area

Type of provision	Most Deprived		Deprived		Affluent		Most Affluent	
	Rented	Leasehold	Rented	Leasehold	Rented	Leasehold	Rented	Leasehold
Sheltered	75	25	50	50	33	67	20	80
Enhanced Sheltered	80	20	67	33	50	50	20	80
Extra care	75	25	50	50	33	67	20	80

Source: Housing LIN

<http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPAT/Dashboard/FutureMarketSplit/>

Adaptation requirements

6.45 The Household Survey asked respondents whether they need adaptations to their home, either now or in the next five years. Table 6.13 sets out the responses of all households, including those under 65 and those aged 65+. Across all respondents, better heating, more insulation and double glazing were the most frequently-mentioned adaptation requirements. In respect of the 65+ cohort, the adaptations considered most important included adaptations to bathrooms (16.0%), internal handrails (11.6%) and better heating (9.7%).

Table 6.13 Adaptations required either now or in next 5 years by age group

Adaptation required	Age group (% of households)		Total
	Under 65 years	65+ years	
Better Heating	18.3	9.7	16.3
More Insulation	19.0	5.8	15.9
Double Glazing	14.9	7.6	13.2
Adaptations to kitchen	9.8	0.6	8.8
Adaptations to bathroom	8.9	16.0	1.1
Internal handrails	6.1	11.6	7.4
External handrails	4.4	9.9	5.7
Downstairs WC	6.7	7.9	7.0
Stair lift	4.6	0.0	5.7
To access	3.9	4.7	4.1
Wheelchair	3.1	4.2	3.3
Lever Door	2.9	1.9	2.6
Carer	3.2	1.9	2.9
Community Alarm	3.4	6.8	4.2
Security Alarm	10.6	6.1	9.6
Property Size	9.8	2.2	8.1
Sound proofing	9.6	3.3	8.1
Ventilation	8.8	2.1	7.2
<i>Base (all households)</i>	<i>259103</i>	<i>78199</i>	<i>337302</i>

Source: 2017 Household Survey

6.46 Overall, 8.7% of dwellings across Leeds have been adapted or purpose-built for a person with a long-term illness, health problem or disability. A further 8.8% of households require their dwelling to be adapted to improve accessibility and 3.7% require properties to be adapted for wheelchair use. This implies an overall need for at least 20.8% of properties to be accessible²⁷. Given the ageing demographic of the population, this proportion is likely to increase over the Plan period and it is recommended that the Council seeks, as a minimum, 17.5% of new dwellings to be accessible dwellings and, in addition, a minimum of 5% to be wheelchair accessible.

Households with specific needs

6.47 Table 6.14 summarises the type of client groups accommodated in social rented housing across Leeds area over the three-year period 2010/11 to 2012/13. Data indicates that single homeless people with support needs (an average of 1,036 per year) and older people with support needs (an average of 550 per year) are the main groups provided for.

Table 6.14 Client groups accommodated in Social Rented sector in Leeds City 2010/11 to 2012/13

Client group	Number (over 3 years)	Average Annual Number
People with physical or sensory disabilities	32	11
People with drug problems	70	23
People with alcohol problems	235	78
Offenders and people at risk of offending	402	134
Refugees (permanent)	207	69
People with learning disabilities	217	72
Women at risk of domestic violence	476	159
People with mental health problems	387	129
Older people with support needs	1651	550
Single homeless people with support needs	3107	1036
Homeless families with support needs	531	177
Young people leaving care	24	8
Young people at risk	454	151
Missing	12	4
Total	7805	2602

Source: Supported CORE Lettings data

²⁷ These are households stating a need for downstairs toilet, stair lift, improvements to access, wheelchair access and lever door handles are assumed

Black, Asian and Minority Ethnic households

- 6.48 The 2011 Census reports that 91.0% of residents are White British and the next largest ethnic group is White Other (including Irish and Gypsies and Travellers) (4.7%), Asian/Asian British (1.8%), Black/Black British (0.7%) Mixed/Multiple Ethnic (1.5%), and other groups (0.2%).
- 6.49 The 2017 Household Survey identified that 89.7% of households are White British, 2.5% White Other, 2.3% Asian/Asian British, 1.7% White Central and Eastern European, 1.3% Black/Black British, 1.2% Mixed/Multiple Ethnic and 1.3% other groups.
- 6.50 The 2011 Census identified 652 residents across 257 households who stated that they had Gypsy or Irish Traveller ethnicity. 43 of these households lived in a caravan or other mobile/temporary structure with the remainder in bricks and mortar (house, bungalow, flat or maisonette).
- 6.51 The January 2017 DCLG Caravan Count identified a total of 122 Gypsy and Traveller caravans, 84 on local authority-owned sites and 38 on unauthorised sites. No Travelling Showpeople caravans were identified.
- 6.52 A Gypsy and Traveller Accommodation Assessment was carried out in 2014 which identified a current authorised residential provision of 48 pitches (41 on local authority sites and 7 on private sites). A total need for 62 pitches up to 2027/28 was identified.

7. Conclusion: policy and strategic issues

- 7.1 This document has been prepared to equip the Council and their partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work also takes account of the National Planning Policy Framework (March 2012) and Planning Practice Guidance (February 2014).
- 7.2 The SHMA will help the Council plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Specifically, the SHMA identifies the size, type and tenure of market housing required by considering current market demand relative to supply; and also identifies a continued affordable housing imbalance across Leeds.
- 7.3 This concluding chapter summarises key messages from the research findings, structured around a commentary on the current and future housing markets; the interactions of Leeds with other areas; and relates findings to key local strategic issues.

The Housing Market Area

- 7.4 The Leeds housing market area is self-contained due to low levels of in and out-migration and low levels of out-commuting of its workforce.

The current housing market

- 7.5 There is a great variation in the balance of house type size tenure and prices across the city's sub areas. The city centre is particularly un-balanced as a high proportion of the housing stock is apartments many of which are private rented sector tenancies.
- 7.6 Stakeholders told us that prices have largely recovered since the losses experienced in 2008.

Objectively Assessed Housing Need, market signals and Housing Requirement

- 7.7 Many significant factors have been taken into account when estimating the OAN.
- The council has consistently not met house building targets since 2008/9;
 - House prices have been relatively static overall, with small increases in both lower quartile prices (+3.3%) and median prices (+4.2%) during the period 2010-2015. This is similar to the regional trends (+3.2% and +3.7%, respectively);
 - Private rents have increased with lower quartile and median prices increasing by +3.8% and +11.6%, respectively. This compares with virtually static rental prices across the Yorkshire and the Humber region as a whole;
 - The House Price Ratio (HPR) during 2015 (5.7) was similar to that for the region (5.6) The Rental Affordability Ratio (RAR) in 2015 (30.5%) was comparable with

most neighbouring districts and the region (27.9%), but lower than that for England (39.6%);

- The number of property sales has increased by 49.7% in Leeds from 2010-15, which is at the higher end of the range experienced in comparator areas;
- Nearly 10% of households are in some form of housing need and these are housed mostly in the private rented sector;
- The number of households on the Housing Register per 1,000 occupied dwellings was 55. This compares with 63 per 1,000 in Yorkshire and the Humber region and 54 per 1,000 across the UK.

7.8 After considering several employment growth scenarios it is recommended that the OAN is expressed as a range and that the total dwelling need is between 44,240 and 60,528 over the Plan period 2017-2033.

The need for all types of housing

7.9 The survey identifies a large number of households that would consider self and custom building as a means of meeting their housing aspirations. This demand needs monitoring closely and the Council needs to consider how these needs can be met through the planning process.

7.10 There is projected to be a significant increase in the number and proportion of older people living in Leeds. These people will place an increased demand on specialist housing, residential care and support services. It is recommended that the Council seeks, as a minimum, 17.% of new dwellings to be accessible and in addition to this 5% to be wheelchair accessible.

Final comments

7.11 The evidence presented in this SHMA suggests that there are three main policy areas that require special attention from both a planning policy and social policy perspective:

- The challenge of enabling the quantity and mix of housing that needs to be delivered;
- The challenge of ensuring that the housing and support needs of older people are met going forward;
- The challenge of driving up the quality of the private rented sector and increase the sustainability of tenancies.

Introduction to Technical Appendices

- Technical Appendix A: Research methodology
- Technical Appendix B: Housing policy review
- Technical Appendix C: Affordable housing need calculations
- Technical Appendix D: Monitoring and updating
- Technical Appendix E: National Planning Policy Framework and Planning Practice Guidance Checklist

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Technical Appendix A: Research methodology

Overall approach

- A.1 A multi-method approach was adopted in order to prepare a robust and credible Strategic Housing Market Assessment for Leeds City Council:
- A review of primary data obtained through a 5,383 survey of households across the Leeds City Council area. The 2017 Household Survey involved a total of 27,867 households contacted and 5,383 questionnaires returned, representing a 19.3% response rate overall. The number of questionnaires returned was well in excess of the 1,500 specified in former Government guidance;
 - A consideration of the findings of interviews with estate and lettings agents;
 - A review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, CLG Statistics and Housing Register information;
 - A consideration of research by Edge Analytics regarding Objectively Assessed Housing Need (OAN); and
 - Analysis of housing need and affordable housing requirements.

Baseline dwelling stock information and survey sample errors

- A.2 Table A1 summarises total dwelling stock and the number of households contacted by survey area and sample errors. All accuracy levels are based on the Census 2011 as this was used as the core data when weighting the sub-area responses.

Sub-area	Total occupied dwellings	Achieved Sample		Achieved Sample Error
Aireborough	15,028	819	±	3.3%
City Centre	11,324	184	±	7.2%
East Leeds	19,354	455	±	4.5%
Inner Area	72,995	260	±	6.1%
North Leeds	71,919	553	±	4.2%
Outer North East	17,191	613	±	3.9%
Outer North West	9,379	659	±	3.7%
Outer South	12,525	469	±	4.4%
Outer South East	16,197	488	±	4.4%
Outer South West	42,146	441	±	4.6%
Outer West	49,244	442	±	4.6%
Leeds Total	337,302	5,383	±	1.3%

Source: arc4

Weighting and grossing

- A.3 In order to proceed with data analysis, it is critical that survey data is weighted to take into account non-response bias and grossed up to reflect the total number of households. Weighting for each survey area was based on:
- **tenure** (the proportion of affordable (social rented and intermediate tenure) and open market dwellings based on 2011 Census data;
 - **age of household reference person** based on the proportions of household reference people aged under 65 and 65 or over living in affordable and open market provision derived from the 2011 Census; and
 - **2016 baseline households** derived from Council Tax data (total dwellings minus vacant dwellings)
- A.4 Ultimately, the survey element of the assessment is sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to the survey areas presented in Table A1. Furthermore, the survey findings are enhanced and corroborated through analysis of secondary data and stakeholder consultation.

Interviews with estate and letting agents

- A.5 Eleven estate and letting agents were approached and face-to-face/telephone interviews were undertaken with agents who operate in Leeds and the surrounding area. Their views were sought on the local housing market and related issues, and an analysis of the findings has been incorporated within Chapter 4 of the SHMA Report.

Technical Appendix B: Housing policy review

- B.1 The purpose of this Appendix is to set out the national policy agenda of relevance to this housing needs assessment.

Introduction

- B.2 Housing policy in England is managed through the Department for Communities and Local Government (DCLG), but is managed by the devolved governments in Scotland, Wales and Northern Ireland. In addition to policies that apply directly to housing matters, there is significant overlap with a number of other policy areas, including planning, welfare, political devolution and the wider economy.
- B.3 Under the previous Coalition Government, the five years 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy, set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.
- B.4 Since the election of a majority Conservative Government in May 2015 further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act was passed in May 2016, setting out the legislative framework for the flagship Starter Homes scheme and including provisions relating to other aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- B.5 However, the European Union Referendum of 23rd June 2016 and subsequent changes in Government leadership are beginning to impact emerging policy. 'Brexit' discussions have created uncertainty regarding economic issues and the new Conservative Party leadership have signalled some changes in policy direction in their Autumn Statement and the Housing White Paper (February 2017).

Legislative and policy background

- B.6 Following the Coalition Agreement of May 2010, the previous Government passed the **Localism Act 2011**, with the express intention of devolving power from central government towards local people. The Localism Act sets out a series of measures to seek a substantial and lasting shift of powers including:
- new freedoms and flexibilities for local government, including directly elected mayors and empowering cities and other local areas;
 - new rights and powers for communities and individuals;
 - reform to make the planning system more democratic and more effective, including the abolition of regional spatial strategies (RSS), the introduction of the 'Duty to Cooperate', neighbourhood planning, Community 'Right to Build', reforming the community infrastructure levy and reforming the Local Plan process; and

- reform to ensure that decisions about housing are taken locally.
- B.7 In terms of housing reform, the Localism Act reforms aim to enable more decisions about housing to be made at the local level, making the system fairer and more effective. Local authorities have greater freedom to set their own policies about who can qualify to go on the waiting list in their area. In addition, the Act allows for more flexible tenure arrangements for people entering social housing, with social landlords able to grant tenancies for a fixed length of term rather than lifetime tenancies for all. In respect to homelessness, the Act allows local authorities to meet their homelessness duty by providing private rented accommodation, rather than in temporary accommodation until long-term social housing becomes available. The Act also reforms social housing funding, allowing local councils to keep the rent they collect and use it locally to maintain their housing stock. It facilitates a national 'Home Swap' scheme to facilitate house moves between social housing tenants. In addition, the Localism Act reforms the regulation of social housing, promoting tenant panels and changing the way complaints are handled.
- B.8 The National Housing Strategy for England, ***Laying the Foundations: A Housing Strategy for England***, was published in November 2011 under the Coalition Administration and it currently remains in place. The Strategy acknowledges some of the problems within the housing market and sets out the policy response, along the following themes:
- Increasing supply: more homes, stable growth;
 - Social and affordable housing reform;
 - A thriving private rented sector;
 - A strategy for empty homes;
 - Quality of housing experience and support; and
 - Quality, sustainability and design.
- B.9 The measures set out promote home ownership, including a new-build mortgage indemnity scheme to provide up to 95% loan-to-value mortgages guaranteed by Government and a 'FirstBuy' 20% equity loan scheme for first-time buyers. There is an emphasis on providing new infrastructure, with the announcement of a 'Growing Places' Fund, and the freeing-up of public sector land for development. Community-led planning and design is championed, with financial incentives such as the 'New Homes Bonus' to promote increased housebuilding at the local authority level.
- B.10 The National Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the document reaffirms the programme of reforming this sector, including *'changes to the way people access social housing, the types of tenancies that are provided and the way the homelessness duty is discharged'*²⁸. The private rented sector is considered to play *'an essential role in the housing market, offering flexibility and choice to people and supporting economic*

²⁸ *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11

- growth and access to jobs*²⁹. The document sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.
- B.11 The National Housing Strategy reaffirms the commitment to bringing empty homes back into use, using the New Homes Bonus as an incentive. It also set out the objectives of preventing homelessness, protecting the most vulnerable and providing for older people's housing needs. It confirms a radical package of welfare reforms, including a reduction in Housing Benefit, changes to the Local Housing Allowance (Housing Benefit in the private sector) and the introduction of 'Universal Credit' to replace other means-tested working age benefits and tax credits. Finally, the Housing Strategy addresses environmental concerns, with energy efficiency and reduced carbon emissions being required from both new and existing homes in order to promote sustainability.
- B.12 The **National Planning Policy Framework (NPPF)** was published in March 2012. It sets out the Government's planning policies for England and how these are expected to be applied. The NPPF formed a key part of the Coalition Government's planning system reforms, simplifying national guidance (previously contained in multiple Planning Policy Statements and Planning Policy Guidance) and reducing the quantity of policy pages. Fundamentally, it must be taken into account in the preparation of local and neighbourhood plans and is a material consideration in planning decisions. The document states that *'at the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking.'*³⁰
- B.13 The NPPF sets out 12 core planning principles to underpin both plan-making and decision-taking. It also establishes 13 aspects to achieving sustainable development, which include delivering a wide choice of high quality homes (#6) and promoting healthy communities (#8). The Framework also introduces new definitions of affordable housing covering social rented housing, affordable rented housing and intermediate housing.
- B.14 The NPPF is to be read alongside other national planning policies on Waste, Travellers, Planning for Schools Development, Sustainable Drainage Systems, Parking and Starter Homes³¹. National **Planning Practice Guidance (NPPG)** on a range of more detailed topics has been revised and updated and made available through an online system since March 2014³². NPPG topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.
- B.15 Following the election of a majority Conservative Government in May 2015, the Government's **Summer Budget 2015** was presented to Parliament by the then-Chancellor George Osborne in July 2015. The Budget set out proposed reforms to the

²⁹ *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 33 Summary

³⁰ National Planning Policy Framework (November 2012), para. 14

³¹ <http://planningguidance.communities.gov.uk/>

³² <http://planningguidance.communities.gov.uk/>

welfare system, including a four-year freeze on working-age benefits; a reduction in the household benefit cap; restrictions on Child Tax Credit; training requirements for those on Universal Credit aged 18 to 21; the removal of automatic entitlement to Housing Benefit for those on Universal Credit aged 18 to 21; and the removal of the Family Premium element of Housing Benefit for new claims from April 2016. Alongside these welfare cuts, it was announced that rents for social housing will be reduced by 1% per year for four years, while tenants on incomes of over £30,000, or £40,000 in London, will be required to pay market rate (or near market rate) rents. A review of 'lifetime tenancies' was confirmed, with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the Right to Buy to housing association tenants and the introduction of Help to Buy ISAs.

B.16 Alongside the Summer 2015 Budget the Government published a 'Productivity Plan', ***Fixing the foundations: Creating a more prosperous nation*** (10th July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy.

B.17 Of particular relevance to housing are the following points in the plan:

- Planning freedoms and more houses to buy: In order to increase the rate of housebuilding and enable more people to own their own home, a number of actions are identified including a zonal system to give automatic planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase powers and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.
- Resurgent cities, a rebalanced economy and a thriving Northern Powerhouse: In order to rebalance the economy, which is skewed towards London and the South East, the Government is committed to building a Northern Powerhouse through £13 billion of investment in transport in the North of England during this Parliament, backing new science, technology and culture projects, devolving significant powers to an elected Mayor for Manchester, taking steps to enable the Midlands Engine for Growth to reach its full potential and working towards devolution deals with the Sheffield City Region, Liverpool City Region and Leeds, West Yorkshire and partner authorities.

B.18 The **Spending Review and Autumn Statement 2015** of November 2015 continued these policy themes:

- Plans to extend the 'Local Housing Allowance' to social landlords so that the Housing Benefit paid to tenants living in housing association properties will be capped at the LHA rate;
- A new 'Help to Buy Shared Ownership' scheme, removing restrictions on who can buy shared ownership properties to anyone with a household income of less than £80,000 outside London and £90,000 in London;

- ‘London Help to Buy’ – an equity loan scheme giving buyers 40% of the new home value (as opposed to 20% under the Help to Buy scheme);
 - 200,000 ‘Starter Homes’ to be built over the following five years;
 - From 1st April 2016 an extra 3% in stamp duty to be levied on people purchasing additional properties such as buy-to-let properties or second homes;
 - Right to Buy extension to housing association tenants;
 - £400 million for housing associations and the private sector to build more than 8,000 new ‘specialist’ homes for older people and people with disabilities;
 - Consulting on reforms to the New Homes Bonus, with a preferred option for savings of at least £800 million which can be used for social care; and
 - A commitment to extra funding for targeted homelessness intervention.
- B.19 In December 2015, DCLG published a **Consultation on proposed changes to national planning policy**, which was open for consultation until February 2016. This consultation sought views on some specific changes to NPPF in terms of the following:
- broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;
 - increasing residential density around commuter hubs, to make more efficient use of land in suitable locations;
 - supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and
 - supporting the delivery of Starter Homes.
- B.20 The publication of a revised NPPF document has been delayed during 2016 and is still awaited.
- B.21 The **Cities and Local Government Devolution Act 2016** received Royal Assent on 28th January 2016. This Act makes provision for the election of mayors for the areas of, and for conferring additional functions on, combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government’s devolution plans for England, facilitating its vision of a ‘Northern Powerhouse’.
- B.22 The **Welfare Reform and Work Act 2016** received Royal Assent on 16th March 2016. The Act makes provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.
- B.23 On 16th March 2016, the **Budget 2016** was announced. This continued the policy emphasis of promoting home ownership and facilitating first-time buyers to enter the market. A new ‘Lifetime ISA’ was announced, extending the principle of the Help to Buy ISA by incentivising saving for under-40s. Of relevance to the private rented sector

were stamp duty increases for institutional investors and the withholding of capital gains reductions from companies investing in residential property. In seeking to deliver more homes for ownership, announcements were made of further planning reforms; releasing public land for development; and a £1.2 billion Starter Homes Fund for brownfield remediation. The anticipated 'duty to prevent' homelessness was not announced, but instead the Chancellor committed £115 million to preventing and reducing rough sleeping.

- B.24 A **Technical consultation on Starter Homes regulations** was announced on 23rd March 2016. This sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposes that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares). Secondary legislation relating to Starter Homes is still awaited from Parliament.
- B.25 The **Housing and Planning Act 2016** received Royal Assent on 12th May 2016 after a range of oppositions and amendments by both the House of Lords and the House of Commons. The Act sets out the legislative framework for the Government's flagship Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.

Emerging policy and legislation

- B.26 Announced in the Queen's Speech (May 2016), the **Neighbourhood Planning Bill 2016-17** was laid before Parliament on 7th September 2016. With the objective of speeding up the delivery of new homes, relevant clauses of the Bill include strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, the planning register and reform of compulsory purchase. The Bill has been subject to amendments, including proposed changes to the Local Plan process to allow the Secretary of State to intervene and invite County Councils to prepare or revise Local Plans where districts have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities. This follows the recommendations of the Local Plans Expert Group (LPEG) report of March 2016³³. The Bill has been through the House of Lords, who have returned it to the Commons with amendments.
- B.27 The **Autumn Statement (2016)** was announced on 23rd November by Chancellor Philip Hammond. With an important focus on housing, the Statement has revealed some key changes in policy direction from the Cameron/Osborne era. Provisions include:

³³ Local Plans Expert Group, Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016

- £1.4 billion of extra cash to build 40,000 affordable homes, with a relaxation of restrictions on grant funding;
 - £2.3 billion Housing Infrastructure Fund to pave the way for up to 100,000 new homes to be built in areas of high demand;
 - £3.15 billion of the Affordable Homes Programme will be given to London to deliver 90,000 homes;
 - New regional pilots of the Right to Buy extension, allowing more than 3,000 tenants to buy their properties;
 - £1.7 billion to pilot 'accelerated construction' on public sector land;
 - Letting agents in the private rented sector to be banned from charging fees; and
 - Confirmation that compulsory Pay to Stay will not be implemented for councils.
- B.28 In keeping with various statements and comments made by Sajid Javid (Communities Secretary) and Gavin Barwell (Housing Minister) during Autumn 2016, the Autumn Statement indicates a clear shift in Government policy, away from an exclusive focus on homeownership and towards boosting overall housing supply. A removal of grant-funding restrictions will allow housing associations to increase the delivery of sub-market rented housing, including affordable rented, shared ownership and rent-to-buy homes.
- B.29 The Autumn Statement announced a second pilot scheme for the extension of Right to Buy. Lasting five years, these 'large-scale'
- B.30 Regional Right to Buy pilots will expand on the five pilots launched in November 2015, allowing 3,000 tenants to purchase their homes from housing associations. A £250 million fund has been set aside to finance these pilots up to 2021.
- B.31 Many of the 'flagship' housing policies of the Conservative Manifesto have their legislative basis in the provisions of the Housing and Planning Act 2016, but require further secondary legislation. Their implementation is subject to the ongoing evolution of housing policy under the new Government leadership and are subject to significant delay and/or amendment:
- The extension of Right to Buy to housing association tenants has been delayed. Guidelines for the Voluntary Right to Buy programme now have no fixed publication date. In addition, the new pilot scheme announced as part of the Autumn Statement is interpreted to signal a significant delay to the full roll-out of the Right to Buy extension;
 - Detailed regulations relating to the higher value asset levy, which was intended to fund the building of new homes to replace those sold through the extension of Right to Buy, have been delayed. These were expected to be published in draft form by July 2016. Whilst the levy was expected to commence in April 2017, the lack of statutory consultation will result in a delay to implementation; and
 - Similarly, compulsory Pay to Stay was originally scheduled to be implemented in April 2017, but Gavin Barwell (Housing Minister) announced in November 2016 that this scheme will no longer be compulsory for councils.

B.32 The **Housing White Paper, *Fixing our broken housing market***, was published in February 2017. The White Paper proposes a number of changes to reshape the approach to housebuilding and increase housing supply. These changes are centred around the following four areas:

- *Planning for the right homes in the right places*, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.
- *Building homes faster*, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.
- *Diversifying the market*, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.
- *Helping people* through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.

Overview of housing policy themes

B.33 The 'Housing' Policy Area of the Department for Communities and Local Government website states that:

'The government is helping local councils and developers work with local communities to plan and build better places to live for everyone. This includes building affordable

housing, improving the quality of rented housing, helping more people to buy a home, and providing housing support for vulnerable people.’³⁴

B.34 Therefore the policy focus for Government can be broken down into four areas:

- Building affordable housing;
- Improving the quality of rented housing;
- Helping more people to buy a home; and
- Providing housing support for vulnerable people.

Building affordable housing

B.35 In line with successive governments, the Conservative Government has continued to seek an increase in the rate of housebuilding. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. The policy focus of the Cameron/Osborne era was increasingly towards home ownership, with a shift away from traditional social rented affordable housing to Starter Homes.

B.36 A national Starter Homes exception site planning policy was launched in March 2015 through a written ministerial statement *“to make it easier for developers to gain planning permission for a new generation of Starter Homes on under-used commercial and industrial land.”*³⁵ Sites where these homes were delivered were to be exempt from affordable housing requirements and the Community Infrastructure Levy (CIL).

B.37 In January 2016, the Prime Minister announced³⁶ that the Government will step in and directly commission thousands of new affordable homes, seeking to fast-track housebuilding on publicly-owned land starting with five pilot sites including Northstowe (Cambridgeshire), Daedalus Waterfront (Hampshire), Old Oak Common (London), Connaught Barracks (Kent) and Lower Graylingwell (Chichester).

B.38 A range of financial incentives to encourage new housing development have been implemented. Since early 2016, a £1.2 billion Starter Homes Fund has been announced³⁷, designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding³⁸ for the 20 Housing Zones designated in March 2015.

B.39 Other projects to help finance housing development include:

- Get Britain Building programme,
- Builders Finance Fund,
- New Homes Bonus,
- Build to Rent Fund, and the

³⁴ <https://www.gov.uk/government/topics/housing>

³⁵ <https://www.gov.uk/government/speeches/housing-and-planning>

³⁶ <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes>

³⁷ <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes>

³⁸ <https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding>

- Community Right to Build.
- B.40 To increase the supply of affordable rented homes the previous Government introduced the affordable rent model³⁹, aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing affordable housing for people in need.
- B.41 In addition to the affordable rent model, the Affordable Homes Guarantee scheme was launched in 2013 to support the building of new affordable homes. The scheme offers a guarantee to providers on debt that they raise to deliver additional new build affordable homes. The guarantee aims to help reduce the borrowing costs of providers thus enabling them to provide more homes.

Improving the quality of rented housing

- B.42 The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

Social rented housing

- B.43 Between 2010-2015 a series of social housing reforms were introduced including:
- Allowing local flexibility on waiting lists (allocations) and tenancy arrangements;
 - Helping social landlords stop tenant fraud and anti-social behaviour;
 - Changing the housing revenue account subsidy system to a locally-controlled system where local authorities are responsible for their housing services;
 - Funding local authorities to refurbish their housing stock;
 - Introduction of a national home swap scheme for social housing tenants;
 - Supporting tenants to play a bigger role in managing their accommodation through the tenant empowerment programme; and
 - Allowing local authorities to discharge their homelessness duty in the private rented sector.
- B.44 Alongside social housing reform sit reforms to the welfare system, which, with changes to benefit, eligibility and entitlement, impact significantly on housing supply and demand. From 7th November 2016, the overall benefit cap has been cut to £20,000 (or £23,000 in London), with implications for households living in both social and private rented sectors.
- B.45 The Autumn Statement 2015 set out a policy of capping housing benefit at Local Housing Allowance (LHA) levels. A range of concerns were expressed in relation to this proposal, particularly the impact the policy would have on supported housing. As a result, implementation has been delayed (originally planned for April 2016). In November 2016, Lord Freud (Work and Pensions Minister) announced that the cap for

³⁹ Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.

general needs accommodation will now be stalled until 2019. However, it will now apply to all tenants on Universal Credit, rather than just those who start new tenancies (the previous policy).

- B.46 Along with the plans to cap benefits at LHA levels, the 1% rent cut for social renters that was announced as part of the Summer 2015 Budget has significant implications for new affordable housing development. Due to financial uncertainties, many housing associations have put development plans on hold or scaled back their building programmes.
- B.47 In October 2015, English housing associations were reclassified by ONS as being part of the public sector, adding £60 billion of debt to the national balance sheet. The consequent economic and political implications led to the Government immediately pledging to bring in changes to reverse this decision. Deregulatory provisions were included within the Housing and Planning Act 2016; however, secondary legislation to implement these changes is yet to be issued and is expected early in 2017. Once these changes come into force it is anticipated that the Government will ask ONS to carry out a new review.

Private rented housing

- B.48 The private rented sector has grown significantly in recent years and the Government sees it as playing a vital role in meeting housing needs and supporting economic growth. Measures to promote the private rented sector in recent years have included:
- The Build to Rent Fund, providing equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these homes;
 - Proposals to ensure tenants receive proper protection from their landlords, including a new model tenancy agreement;
 - The Housing and Planning Act 2016 includes provisions to tackle 'rogue landlords' and create a central database of rogue landlords and property agents;
 - £4.1 million funding allocated to 23 local authority areas to tackle rogue landlords and £2.6 million to tackle 'beds in sheds'; and
 - The Government has also set up a Private Rented Sector Taskforce to improve the quality and choice of rented housing available to tenants nationally. The Taskforce is made up of developers, investors, and housing management bodies.

Helping more people to buy a home

- B.49 The primacy of home ownership remains central to the Government's housing policy approach. A number of measures promote homeownership⁴⁰, including:

⁴⁰ <https://www.ownyourhome.gov.uk/>

- Starter Homes, a major element of the Housing and Planning Act 2016, available to first-time buyers aged under 40 years old. New-build homes will be offered for sale with a 20% discount to eligible households. The maximum cost of a home will be £250,000, or £450,000 inside London. However, the cost for the developer of providing the 20% discount may be met in lieu of delivering affordable housing on these sites. Draft regulations have been consulted upon but finalised legislation is still awaited.
- Help to Buy, which includes several current products⁴¹:
 - Help to Buy ISA – since Autumn 2015 first time buyers can save money towards a new home deposit and the Government will boost the value of their savings by 25%. The minimum bonus is £400 and the maximum is £3,000, meaning individual savers need to save between £1,600 and £12,000 to be eligible. The bonus is available on homes worth up to £250,000, or £450,000 in London.
 - Help to Buy Equity Loan, where the Government lends up to 20% of the value of a new-build home so buyers only need a 5% cash deposit.
 - Help to Buy Mortgage Guarantee, enabling lenders to offer more high-loan-to-value mortgages (80% to 95%).
 - Shared Ownership, where purchasers can buy between 25% and 75% of their home and pay rent on the remaining share. From April 2016, Help to Buy Shared Ownership will lift the existing limits so that anyone with a household income of less than £80,000, or £90,000 in London can buy a shared ownership home, with only military personnel being given priority.
- Discounted Sales, where councils and housing associations build new homes for sale and sell some at a 25-50% discount. There are a number of criteria, including some set locally by the relevant council and housing associations who run the scheme. Buyers must usually have a local connection to the area.
- Right to Buy, where council tenants with at least five years' tenancy might be eligible to buy their homes. Maximum discounts have been increased to £77,000, or £102,700 within London. In the case of secure council tenants living in their home when it was transferred to a housing association or similar there is also a 'Preserved' Right to Buy. A smaller discount has also been available under the Right to Acquire.
- Voluntary Right to Buy is a pilot scheme amongst a small number of housing associations, trialling the Conservative Government's flagship policy of extending the Right to Buy to housing associations. The Government plans to extend the Right to Buy beyond those in the pilot scheme but this will have significant funding implications.
- Self-Build, where households find a plot of land and build or commission the construction of their own home, or work with a group in a Community Self Build project. Self-Build was promoted by the Coalition Government, with eleven

⁴¹ <https://www.help2obuy.gov.uk/>

authorities announced as Right to Build ‘vanguards’ in September 2014. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

- The March 2016 Budget included plans for a new ‘Lifetime ISA’. Available to individuals aged under 40 in April 2017, the Government propose to add £1 for every £4 saved, to be used to buy homes worth up to £450,000 or for retirement funds. The proposals have been criticised for causing confusion between ISAs and pensions, but the scheme is intended to facilitate younger households saving, either towards a house purchase or their pension.

Housing for older and vulnerable people

B.50 The **Care Act 2014** came into effect in April 2015, replacing existing legislation and positioning housing as a key factor in the overhaul of the care system in England. The Act encourages providers to establish and develop services that help drive change, services which:

- Promote people’s independence, connections and wellbeing;
- Prevent or postpone the need for care and support;
- Put people in control, ensuring that services respond to what people need;
- Give carers a right to assessment for support; and
- Promote the integration of health and social care.

B.51 In addition, the Care Act introduces a cap on care costs, whereby people will be responsible for their own care costs up to a capital limit of £72,000. This may have an impact on the provision of supported housing.

B.52 The NHS Five Year Forward Review (October 2014) recognises the role that housing can play in promoting wellbeing and in particular keeping older people independent and healthy. This provides evidence of the strong and growing links between housing, health and social care.

B.53 Schemes to support older and vulnerable people in their housing needs include:

- Disabled Facilities Grant, funding adaptations to properties to allow people to live in their homes for longer. This is now part of the Better Care Fund, which aims to better integrate health and adult social services. In 2016/17 there is £394 million funding available and in his Autumn Statement 2015 the Chancellor committed to making a further £500 million available by 2019/20;
- Care and Support Specialised Housing Fund, to stimulate the market in specialist housing provision. The Government committed an additional £400 million to build 8,000 new specialist homes in the Autumn Statement 2015. A further allocation of £84.2 million announced in March 2016 is intended to provide a further 2,000 homes.

- Supported housing has been exempted from the 1% rent cuts and potential exemption from the LHA cap is also being considered by Government, although wider welfare and funding reforms have already had a significant impact on the financial viability of both existing and proposed supported housing schemes;
 - FirstStop, an independent, impartial and free service offering advice and information to older people, their families and carers about housing and care options for later life;
 - Home Improvement Agencies, providing help and advice to older and disabled people, housing associations and charities; and
 - Handyman services, delivering small home repairs and adaptations.
- B.54 Other projects of relevance to housing include the previous Prime Minister's Challenge on Dementia. Launched in 2012, the Challenge sought to deliver major improvements in dementia care and research by 2015, including raising awareness of the housing, care and support needs of people living with dementia and their families. In February 2015, the *Prime Minister's Challenge on Dementia 2020* was published, highlighting progress and launching the next phase of the work.
- B.55 Also relating to older people's housing is the World Health Organisation's Age Friendly Cities programme, which in 2014 saw Manchester recognised as the UK's first 'Age Friendly' city. Launched in February 2016, the NHS's Healthy New Towns initiative seeks to deliver 76,000 new homes on 10 sites throughout the UK.
- B.56 In terms of safeguarding vulnerable adults, housing has a strong role to play alongside social services, health, the police and other agencies. The Care Act 2014 set out a new safeguarding power and places a duty on local authorities to respond to safeguarding concerns by making enquiries as necessary to decide on whether, and what, action is needed.
- B.57 From the April 1st 2013, Health and Wellbeing Boards (including Directors of Public Health) became statutory committees of local authorities. They are responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.
- B.58 In August 2012 the Government published its Homelessness Strategy, ***Making every contact count: A joint approach to preventing homelessness***. The Strategy focuses on prevention and identifies ten local challenges that need to be addressed by local authorities. These include having a Homelessness Strategy setting out a proactive approach; not placing any young person aged 16 or 17 in Bed and Breakfast accommodation; and not placing any families in Bed and Breakfast accommodation, except in an emergency and for no longer than six weeks.
- B.59 In order to prevent and tackle homelessness and rough sleeping, a range of Government funding has been provided in recent years, including:
- The Homelessness Prevention Fund, providing grants for local homelessness services;
 - The Homelessness Transition Fund, supporting 'No Second Night Out'; and

- The Crisis Private Rented Sector Access Development Programme to help single homeless people find privately rented accommodation.
- B.60 On 17th December 2015 the DCLG announced ‘*a radical new package of measures to help tackle homelessness and ensure that there is a strong safety net in place for the most vulnerable people in society*’⁴². At the same time, the Communities and Local Government Committee announced a parliamentary inquiry into the causes of homelessness and the approaches taken by national and local government to prevent and tackle homelessness.
- B.61 The March 2016 Budget included a commitment of £100 million to build accommodation for rough sleepers; £10 million to fund new ways to prevent and reduce rough sleeping; and a £5 million increase to funding for the Rough Sleeping Social Impact Bond. However, Ministers the imposition on local authorities of a new legal ‘duty to prevent’ was not included in the March Budget as expected.
- B.62 The Conservative MP Bob Blackman tabled the Homelessness Reduction Bill in September 2017. It proposed the introduction of new duties on councils, including requiring them to provide emergency accommodation for 56 days for people with a local connection but not in priority need. Following negotiations, a new version of the Bill was published in October 2016. This does not include the above clause, which was considered would place too much pressure on local authorities and would be too costly. The central thrust of the Bill remains, however, which is to place duties on councils to take steps to prevent homelessness. The Bill has been backed by Government and has progressed to its third reading in the House of Lords (23rd March 2017).

National housing reviews

- B.63 Over recent years a number of housing reviews have been undertaken to assess the housing situation and recommend ways in which it can be addressed.
- B.64 In October 2014 the **Lyons Housing Review** was published. The review was commissioned by the Labour Party and identified that:
- Insufficient land is being brought forward for new housing and that communities are not able to take responsibility for the homes required, or are using planning powers reactively; and
 - The capacity to build more housing has reduced significantly as it has become concentrated in the hands of a small number of volume house builders, whilst the number of smaller builders has reduced.
 - Overall the report recommended that the delivery of new homes be increased to 200,000 per annum by 2020. It also recommended that capital investment should be made in housing and that housing should be a priority for the new (post-election) Government.

⁴² <https://www.gov.uk/government/news/radical-package-of-measures-announced-to-tackle-homelessness>

- B.65 The **Elphicke-House Report** (January 2015) reviewed the role of local authorities in increasing housing supply. It recommended that local authorities become housing delivery enablers in their areas, to proactively assess and lead on facilitating new housing development in their areas. To enhance the role of authorities as delivery enablers, the report recommended increased community involvement; clearer housing market assessments; increased housebuilding by reduced bureaucracy and more flexible funding.

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Technical Appendix C: Housing need calculations

Summary of contents

Stage 1: Current housing need (gross backlog)

- Step 1.1 Homeless households and those in temporary accommodation
- Step 1.2 Overcrowding and concealed households
- Step 1.3 Other groups
- Step 1.4 Total current housing need (gross)

Stage 2: Future housing need (gross annual estimate)

- Step 2.1 New household formation (gross per year)
- Step 2.2 Proportion of new households unable to buy or rent in the market
- Step 2.3 Existing households falling in to need
- Step 2.4 Total newly-arising housing need (gross per year)

Stage 3: Affordable housing supply

- Step 3.1 Affordable dwellings occupied by households in need
- Step 3.2 Surplus stock
- Step 3.3 Committed supply of new affordable housing
- Step 3.4 Units to be taken out of management
- Step 3.5 Total affordable housing stock available
- Step 3.6 Total supply of social re-lets (net)
- Step 3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels
- Step 3.8 Annual supply of affordable housing

Stage 4: Estimate of annual housing need

- Step 4.1 Total backlog need
- Step 4.2 Quota to reduce over 5 years (2)
- Step 4.3 Annual backlog reduction
- Step 4.4 Newly-arising need
- Step 4.5 Total annual affordable need
- Step 4.6 Annual social rented capacity
- Step 4.7 Net Annual Shortfall

Introduction

- C.1 A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. The 2017 Household Survey and secondary data provide a robust range of information to quantify housing need in Leeds and the extent to which additional affordable housing is required.
- C.2 Housing needs analysis and affordable housing modelling has been prepared in accordance with CLG guidance at City Council and Affordable Housing Zone level. In summary, the model reviews in a step-wise process:
- Stage 1: Current housing need (gross backlog)
 - Stage 2: Future housing need
 - Stage 3: Affordable housing supply
 - Stage 4: Estimate of annual housing need
- C.3 Table C1 summarises the different steps taken in assessing housing need and evidencing the extent to which there is a surplus or shortfall in affordable housing across Leeds. Please note that in Stage 1, Step 1.4 reports the total number of households in need and avoids double counting as in some cases households have more than one housing need. Table C2 summarises the data by Affordable Housing Zone.

Table C1 CLG Needs Assessment Summary for Leeds City Council			
Step	Stage and Step description	Calculation	Leeds MB Total
Stage 1: CURRENT NEED			
1.1	Homeless households and those in temporary accommodation	Annual requirement	5,702
1.2	Overcrowding and concealed households	Current need	9,892
1.3	Other groups	Current need	20,775
1.4	Total current housing need (gross)	Total no. of households with one or more needs	31,740
1.4A	TOTAL cannot afford open market (buying or renting)	58.7%	18,623
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Blended rate of national and local evidence	6,154
2.2	% of new households requiring affordable housing	Total cannot afford overall	57.8%
2.2	Number of new households requiring affordable housing	Number cannot afford	3,560
2.3	Existing households falling into need	Annual requirement	916
2.4	TOTAL newly-arising housing need (gross each year)	2.2 + 2.3	4,476
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	7,614
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	Annual	3,050
3.4	Units to be taken out of management	None assumed	0
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	10,664
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	4,042
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	0
3.8	Annual supply of affordable housing	3.6+3.7	4,042
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	7,960
4.2	Quota to reduce over Plan period	Annual reduction	10%
4.3	Annual backlog reduction	Annual requirement	796
4.4	Newly-arising need	2.4	4,476
4.5	Total annual affordable need	4.3+4.4	5,272
4.6	Annual social rented capacity	3.8	4,042
4.7	NET ANNUAL SHORTFALL (4.5-4.6)	NET	1,230

Source 2017 Household Survey; Social Rented lettings data

Data presented in the table may be subject to rounding errors

Table C2 CLG Needs Assessment Summary by Affordable Housing Zone

Step	Stage and Step description	Calculation					
		Affordable Housing Zone	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
	Stage 1: CURRENT NEED	Total households>>>	73434	181216	70151	12501	337302
1.1	Homeless households and those in temporary accommodation	Current need	552	2531	2160	459	5702
1.2	Overcrowding and concealed households	Current need	831	4640	4346	76	9892
1.3	Other groups	Current need	2331	8750	7764	1930	20775
1.4	Total current housing need (gross)	Total no. of households with one or more needs	3231	14162	12111	2236	31740
	A. % cannot afford open market (buying or renting)	%	36.00%	62.30%	62.80%	45.30%	58.7%
	B. TOTAL cannot afford open market (buying or renting)	Number	1164	8832	7613	1014	18623
	Stage 2: FUTURE NEED						
2.1	New household formation (Gross per year)	Assume blended rate	1040	3051	1809	284	6154
		% Based on actual affordability of households forming					
2.2	Number of new households requiring affordable housing	Number	36.8%	53.0%	80.8%	32.1%	57.8%
		Annual requirement	384	1620	1466	91	3560
2.3	Existing households falling into need	Annual requirement	192	544	161	19	916
2.4	Total newly-arising housing need (gross each year)	2.2 + 2.3	576	2164	1627	110	4476
	Stage 3: AFFORDABLE HOUSING SUPPLY						
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	707	3144	3667	95	7614
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0	0	0	0	0
3.3	Committed supply of new affordable units	Estimated 5 yr	795	1159	635	461	3050
3.4	Units to be taken out of management	None assumed	0	0	0	0	0
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	1502	4303	4302	556	10664
3.6	Annual supply of social re-lets (net)	Annual Supply	423	1823	1790	7	4042
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply	0	0	0	0	0
3.8	Annual supply of affordable housing	3.6+3.7	423	1823	1790	7	4042
	Stage 4: ESTIMATE OF ANNUAL HOUSING NEED						
4.1	Total backlog need	1.4B-3.5	-337	4529	3311	458	7960
4.2	Quota to reduce over plan period	Annual reduction	10%	10%	10%	10%	10%
4.3	Annual backlog reduction	Annual requirement	-34	453	331	46	796
4.4	Newly-arising need	2.4	576	2164	1627	110	4476
4.5	Total annual affordable need	4.3+4.4	542	2617	1958	155	5272
4.6	Annual affordable capacity	3.8	423	1823	1790	7	4042
4.7	Net annual imbalance	4.5-4.6 NET	120	794	168	149	1230

Source 2017 Household Survey; Social Rented lettings data

Data presented in the table may be subject to rounding errors

Stage 1: Current need

- C.4 A working definition of housing need is 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'⁴³. The SHMA Guidance suggests types of housing that should be considered unsuitable, as summarised in Table C3. Data for Affordable Housing Zones are presented in Table C4.

Category	Factor	Leeds City Council
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	5,704
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	6,713
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	9,893
	N4 Too difficult to maintain	2,313
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	4,032
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	3,936
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	850
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	2,041
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	3,465
Total no. households in need (with one or more housing need)		31,740
Total Households		337,302
% households in need		9.4%

Note: A household may have more than one housing need.

Source: 2017 Household Survey

⁴³ CTLG, *Estimating housing need*, November 2010, Paragraph 1.4

Table C4 Summary of current need by Affordable Housing Zone						
Category	Factor	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	552	2532	2161	459	5,704
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	846	2591	1976	1300	6,713
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	831	4640	4346	76	9,893
	N4 Too difficult to maintain	600	1173	540	0	2,313
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	294	2085	1175	478	4,032
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	538	2437	961	0	3,936
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	147	222	481	0	850
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	18	511	1436	76	2,041
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	73	1148	2091	153	3,465
Total no. households in need (with one or more housing need)		3231	14162	12111	2236	31,740
Total Households		73434	181216	70151	12501	337302
% households in need		4.40%	7.81%	17.26%	17.89%	9.41%

Note: A household may have more than one housing need.

Source: 2017 Household Survey

Step 1.1 Homeless households and those in temporary accommodation

- C.5 CLG SHMA guidance suggests that information on homeless households and those in priority need who are currently housed in temporary accommodation should be considered in needs modelling. The scale of need from these types of household can be derived from several sources.
- C.6 Homelessness statistics for 2015/16 indicate that a total of 2,029 decisions were made on households declaring themselves as homeless across Leeds (Table C5). Of these households, 505 were classified as homeless and in priority need. Over the seven years 2009/10 to 2015/16, an annual average of 3,096 decisions has been made across Leeds and an annual average of 528 households have been declared as homeless and in priority need.

Year	Decisions made	Accepted as homeless
2009/10	2,718	427
2010/11	4,225	553
2011/12	4,409	697
2012/13	4,650	762
2013/14	2,136	371
2014/15	1,504	378
2015/16	2,029	505
Total	21,671	3,693
Annual Average	3,096	528

Source: DCLG P1E Homelessness Returns, Table 784

- C.7 The household survey identified a total of 5,702 households who were either under threat of homelessness or were living in temporary accommodation across Leeds City. This figure has been used in needs assessment modelling.

Step 1.2 Overcrowding and concealed households

- C.8 The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.
- C.9 Analysis identifies 9,892 households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next five years.

Step 1.3 Other groups

- C.10 Table C3 identified 20,775 households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household containing people with mobility impairment/special need, lacking amenities, disrepair and harassment.
- C.11 A total of 20,775 households across Leeds were identified to be experiencing one or more of these needs factors and intending to move in the next five years. This figure is taken as the five-year backlog of need from other groups.

Step 1.4 Total current housing need summary

- C.12 Having established the scale of need in Steps 1.1, 1.2 and 1.3, total current housing need from existing households across Leeds before any analysis of the ability of households to afford open market solutions is 31,740 (Note that a household may be included in more than one step of the analysis and so the sum of steps 1.1, 1.2 and 1.3 can be greater than this figure).
- C.13 The extent to which these households could afford open market prices is then considered. An 'affordability threshold' of households is calculated which takes into account household income, equity and savings. The household income component of the affordability threshold is based on 3.5 x gross annual income of the respondent and partner (if applicable).
- C.14 The affordability threshold was then tested against lower quartile property prices and the cost of privately renting. This analysis has been based on Housing Market Character Area lower quartile prices for 2016 derived from Land Registry address-level data (Table C6). Information on private sector rents was based on lettings reported by Zoopla during 2016 (Table C6).

HCMA	Lower quartile price (£)	Lower Quartile Private Rent (Per calendar month)
Aireborough	£158,000	£550
City Centre	£103,000	£646
East Leeds	£125,000	£494
Inner Area	£73,000	£477
North Leeds	£152,375	£550
Outer North East	£207,000	£650
Outer North West	£170,100	£594
Outer South	£129,000	£550
Outer South East	£127,000	£524
Outer South West	£98,000	£494
Outer West	£104,000	£494
Total	£112,500	£516

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla 2016

- C.15 Using evidence from the Household Survey, the extent to which households identified in Steps 1.1, 1.2 and 1.3 could afford open market prices has been assessed. Overall, a total of 18,623 existing households in need wanted to move to offset their need and could not afford open market solutions.

Stage 2: Future housing need

Step 2.1 New household formation (gross per year)

- C.16 The needs analysis assumes a 'blended' household formation which takes account of : the national rate (1.55% which is based on the latest three-year average national rate reported in the English Housing Survey over the period 2013/14 to 2015/16); the extent to which households have formed in the past 5 years (equivalent to 1.41% of all households); and the extent to which households want to form in the next 5 years (equivalent to 2.5% of all households). The overall blended rate is equivalent to 1.82% of all households.

Step 2.2 New households unable to buy or rent in the open market

- C.17 Analysis of lower quartile market prices relative to the income/savings of households who have formed in the past five years suggests that 57.8% could not afford lower quartile house prices or private sector rents.
- C.18 Therefore, the total number of newly-forming households who could not afford open market prices or rents across Leeds is calculated to be 3,560 each year.

Step 2.3 Existing households expected to fall into need

- C.19 An estimate of the number of existing households falling into need each year has been established using the 2017 household survey evidence. This indicated that around 4,580 households moved into affordable/social renting because they fell into housing need in the preceding 5 years. This results in an annualised figure of 916.

Step 2.4 Total newly arising housing need (gross per year)

- C.20 Total newly arising need is calculated to be 4,476 households each year across Leeds.

Stage 3: Affordable housing supply

- C.21 The CLG model reviews the supply of affordable units, taking into account how many households in need are already in affordable accommodation, stock surpluses, committed supply of new affordable dwellings and dwellings being taken out of management (for instance pending demolition or being used for decanting).

Step 3.1 Affordable dwellings occupied by households in need

- C.22 This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need⁴⁴.
- C.23 A total of 7,614 households are current occupiers of affordable housing in need. Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the types of property they would 'free up' if they moved is considered in modelling.

Step 3.2 Surplus stock

- C.24 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across Leeds.

Step 3.3 Committed supply of new affordable units

- C.25 The model assumes a committed supply of 3,050 affordable dwellings based on data provided by the Council. This was broken down by affordable housing zone and bedrooms sizes are assumed to reflect underlying need.

⁴⁴ Strategic Housing Market Assessment Guidance (CLG, August 2007)

Step 3.4 Units to be taken out of management

- C.26 The model assumes there will be no social rented units taken out of management over the next five years.

Step 3.5 Total affordable housing stock available

- C.27 It is assumed that there are 7,614 affordable dwellings available over the five-year period arising from households moving within the stock plus 3,050 dwellings from committed newbuild, resulting in an overall total of 10,664 affordable housing stock available.

Step 3.6 Annual supply of social re-lets

- C.28 The DCLG model considers the annual supply of social re-lets. Data on social relets has been provided by the Council for the three-year period. This can be analysed by affordable housing zone, number of bedrooms and designation (general needs and older person).
- C.29 District-level data on lettings is available from DCLG and this has been analysed for the four-year period 2014/15 to 2016/17. Analysis suggests that there is an annual average of 4,042 social/affordable rented dwellings let.
- C.30 Modelling therefore assumes an annual capacity of 4,042 social/affordable rented dwellings across Leeds.

Step 3.7 Annual supply of intermediate re-lets/sales

- C.31 The Council reports limited numbers of intermediate re-lets and sales and the model assumes zero supply. However, new provision is expected to come forward and this is accounted for in the pipeline provision data.

Summary of Stage 3

- C.32 Overall, the model assumes a total affordable housing stock availability of 10,664 dwellings and an annual supply of 4,042 affordable/social rented lettings.

Stage 4: Estimate of annual housing need

Overview

- C.33 Analysis has carefully considered how housing need is arising within Leeds by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.
- C.34 This has been reconciled with the supply of affordable dwellings which considers location, size and designation (i.e. for general needs or older person). Based on the CLG modelling process, analysis suggests that there is an overall annual net imbalance of 1,230 dwellings.

- C.35 For critical stages of the needs assessment model (Step 1.1, Step 1.4, Step 2.4 and Step 3.8), information is broken down by Affordable Housing Zone, designation (general needs and older) and property size. This goes beyond the requirement of the SHMA guidance but allows a detailed assessment of the overall housing requirements of households in need and provides clear affordable requirement information. In turn, this can help identify where there are shortfalls and sufficient capacity of affordable housing, and help to shape policy responses.
- C.36 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1 Total backlog need

- C.37 Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4A minus total affordable housing stock available (Step 3.5). The total backlog need is 7,960.

Steps 4.2 to 4.6

- C.38 Step 4.2 is a quota to reduce the total backlog need which is assumed to be 10% each year so that the backlog need is addressed over a 10 year period.
- C.39 Step 4.3 is the annual backlog reduction based on Step 4.2 (796 each year).
- C.40 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (4,476 each year).
- C.41 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (5,272 each year).
- C.42 Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (4,042 each year).

Total net imbalance

- C.43 Table C7 summarises the overall annual net affordable housing requirements for Leeds and by Affordable Housing Zone; designation (general needs and older person) and property size.

Table C7 Net annual affordable housing imbalance by Affordable Housing Zone, property size and designation 2017/18 to 2026/27

Affordable Housing Zone	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1 Bed	
Zone 1 Outer Northern / Golden Triangle Housing Zone	92	8	20	120
Zone 2 Outer Southern Housing Zone	457	220	117	794
Zone 3 Inner Area Housing Zone	153	13	2	168
Zone 4 City Centre	151	-3	0	148
TOTAL	853	238	139	1,230

Sources: 2017 Household Survey; RSL CORE Lettings and Sales

Tenure and dwelling type profile of affordable dwellings

C.44 Affordable housing includes social rented, affordable rented and intermediate tenure dwellings. New affordable development by Registered Providers will be affordable rented (with rents of up to 80% of open market rent) and in order to recommend an appropriate split between social rented and intermediate tenure, the stated preferences of households and the relative affordability of intermediate tenure products is now reviewed.

Household preferences

C.45 Analysis has carefully considered the range of affordable tenures that may be appropriate for existing households in need and newly-forming households. Table C8 summarises the extent to which existing households in need would consider affordable renting and intermediate tenure options by Affordability Zone.

C.46 Table C9 summarises the range of tenures moved into by newly-forming households as a basis for establishing an affordable tenure split for this particular group of households.

C.47 Table C10 considers an appropriate tenure split on the basis of the tenure considerations of existing and newly-forming households. Table C11 verifies that a reasonable proportion of households could afford intermediate tenure prices based on equity shares of between £100,000 and £160,000.

C.48 Analysis would suggest that a tenure split of 67.2% rented and 32.8% intermediate tenure would be appropriate across Leeds, with variations by Affordable Housing Zones as shown in Table C10.

Table C8 Affordable housing tenure options: existing households in need

Affordable tenure	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Affordable Rented	78.3	82.4	90.4	47.2	80.9
Intermediate Tenure	21.7	17.6	9.6	52.8	19.1
TOTAL	100.0	100.0	100.0	100.0	100.0
Base (all households in need providing income/savings information)	1069	6615	2907	1013	11604

Table C9 Affordable housing tenure split

Affordable tenure	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Affordable Rented	41.6	60.4	77.7	81.3	64.8
Intermediate Tenure	58.4	39.6	22.3	18.7	35.2
Total	100.0	100.0	100.0	100.0	100.0
Base (household formation over past 5 years)	2646	12626	7204	1505	23981

Table C10 Affordable housing tenure options: newly-forming households

Affordable tenure	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Affordable Rented	39.3	64.2	79.8	71.2	67.2
Intermediate Tenure	60.7	35.8	20.2	28.8	32.8
Total	100.0	100.0	100.0	100.0	100.0
Base (annual rate of household formation over past 5 years)	542	2617	1958	155	5272

Equity price and % who could afford	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
Could afford £100k	64.6	38.3	17.1	65.0	36.3
Could afford £120k	36.8	28.7	1.9	47.7	22.7
Could afford £140k	36.9	24.9	1.9	39.1	20.2
Could afford £160k	33.9	17.6	1.1	31.4	15.2
Base (Annual affordable need from existing and newly-forming households)	542	2617	1958	155	5272

Source: 2017 Household Survey

- C.49 There is clearly scope for expansion of the intermediate tenure market in Leeds. The final proportion of intermediate tenure dwellings to be delivered needs to be reconciled with the economic viability of delivering affordable housing on sites; the appetite of the HCA to fund intermediate tenure dwellings; and the ability of households to secure mortgages.

Dwelling type

- C.50 Table C12 considers the range of affordable property types households would consider, based on the aspirations of existing households in need and newly-forming households requiring affordable accommodation. Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (with 56.1% stating an expectation of moving to a house), followed by flats/apartments (38%) and bungalows (5.9%). Table C13 presents data on dwelling type preferences by Affordable Housing Zone.

Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	57.3	55.9	56.1
Flat	32.2	39.0	38.0
Bungalow	10.4	5.1	5.9
Total	100.0	100.0	100.0
<i>Base</i>	796	4,476	5,272

Based on expectations of existing households in need and what newly-formed households have moved to in the past 5 years

Source: 2017 Household Survey

Type preference	Zone 1 Outer Northern / Golden Triangle Housing Zone	Zone 2 Outer Southern Housing Zone	Zone 3 Inner Area Housing Zone	Zone 4 City Centre	TOTAL
House	69.3	62.6	52.7	14.3	56.1
Flat	24.8	29.5	43.8	85.7	38.0
Bungalow	5.9	7.9	3.5	0.0	5.9
Total	100.0	100.0	100.0	100.0	100.0
<i>Base</i>	542	2617	1958	155	5272

Source: 2017 Household Survey

Technical Appendix D: Monitoring and updating

A framework for updating the housing needs model and assessment of affordable housing requirements

Introduction

- D.1 Having invested considerable resources in obtaining an excellent range of primary and secondary data, it is vital that this information be used to the maximum effect and updated on a regular basis. The purpose of this appendix is to establish a framework for updating the housing needs model and affordable housing requirements. In addition, it recommends the regular monitoring and review of housing market activity and regular reflections on the wider strategic context.

Updating of baseline housing needs and affordable housing requirements

- D.2 A baseline assessment of housing need across Leeds City has been derived from secondary data. This information should be taken as a baseline from which annual reviews of key aspects of the model proceed. It is recommended that the baseline information is updated on an annual basis using the latest housing register information.
- D.3 Key elements of the needs assessment model can be readily updated on an annual basis to reflect:
- Changes in house prices and rental costs;
 - Capacity of the Social Rented sector; and
 - Availability of intermediate tenure housing.

Changes in house prices and rental costs

- D.4 It is recommended that the annual purchase of address-level house prices to complement the existing dataset continues. This will result in an annual refresh of house price data by survey area and provide an indication of changing lower quartile prices. In turn, these can be applied to **Step 1.4** of the needs assessment model which considers the extent to which households in need can afford open market prices. As part of this analysis, updated information on private rented sector rents needs to be secured. Several websites can provide a snapshot of private rents and help inform this element of the update.
- D.5 Lower quartile prices and private sector rents should also be compared with the income profile of newly-forming households at **Step 2.2** of the needs assessment model.

Capacity of the Social Rented sector

- D.6 The capacity of the Social Rented sector needs to be reviewed annually using RP CORE lettings data (**Step 3.6**).
- D.7 A dataset has been prepared for RP CORE data for 2012/13, 2013/14 and 2014/15 as part of this research. This includes some additional variables identifying the characteristics of households (by designation i.e. under 65 or over 65) and previous housing circumstances (from out of area, previously social renter, previously other tenure and from supported/specialist accommodation). The capacity of the Social Rented sector is based on the number of lettings to households from within the Local Authority City who were previously living in (non Social Rented or intermediate) tenure.

Availability of Intermediate tenure housing

- D.8 CORE Sales data can identify the availability of Intermediate tenure housing (**Step 3.7**). Data has been assembled for 2012/13, 2013/14 and 2014/15.

Annual adjustments to Affordable requirements

- D.9 Datasets can be provided from which annual reviews of Affordable requirements can proceed. This will point to any adjustment in net requirements by survey area, designation and property size.

Determining an appropriate tenure split

- D.10 We would recommend that the Council encourages the managing agents of housing registers to record applicant income, access to savings and tenure preferences to further refine the tenure split of affordable dwellings across Leeds.

Updating of contextual information

- D.11 This report has presented a range of contextual information relating to the economy, demography (including population projections and migration) and dwelling stock. This information should be updated where possible and in particular progression with economic growth and diversification should be carefully monitored.

Reflections on the general strategic context and emerging issues

- D.12 As part of its strategic housing function, all LAs need to understand the general strategic housing market context and respond to emerging issues. Given the dynamic nature of housing markets, the Central and Local Government policy agenda and bidding for resources, any update of housing needs must be positioned within a wider strategic context.

- D.13 Ongoing stakeholder consultation and engagement with local communities is also vital to maintain up-to-date intelligence on housing market issues.

Concluding comments

- D.14 It is vital that mechanisms are in place to derive robust, credible and defensible estimates of housing need and affordable requirements across Leeds. We believe that this study provides a robust evidence base which has the capacity to be updated.
- D.15 Having established a baseline position on affordable housing and advice on open market provision to reflect aspirations, it is essential that housing market activity is regularly monitored. This is highly relevant given current housing market uncertainty. A range of methods have been suggested to ensure that housing need and affordability modelling is revised on an annual basis. Annual reviews should also take into account the changing strategic context and impact on housing market activity.

DRAFT

Technical Appendix E: National Planning Policy Framework and Planning Practice Guidance Checklist

National Planning Policy Framework

E.1 Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should:

- Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where Housing Market Areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the Plan period that:
 - Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.

E.2 The SHMA has delivered the requirements of the NPPF.

Planning Practice Guidance

Paragraph (no.)	Response
Methodological Approach (014)	<p>Guidance states that establishing future need is not an exact science and no single approach will provide a definitive answer.</p> <p>This SHMA has used a multi-method approach involving secondary data analysis, stakeholder consultation and a review of demographic scenario analysis</p>
Starting point for establishing the need for housing and use of projections (015)	Household projections published by the DCLG have provided the starting point to establish the need for housing through work carried out by Edge Analytics. The latest CLG 2014-based projections have been used as a starting point
Adjusting household projections (017)	The SHMA has considered work carried out by Edge Analytics. In this work, sensitivity testing of CLG household projections using alternative assumptions in relation to underlying demographics and household formation rates has taken place
Employment trends	The likely change in jobs numbers using economic forecasts has been

Paragraph (no.)	Response
(018)	considered in Edge scenario work.
Market signals (019)	The SHMA has considered market signals relating to dwelling price and quantity. This has included comparative analysis of trends in similar Cities, Yorkshire and the Humber and England
Response to market signals (020)	Market signals have been considered and it suggested that there is an uplift related to affordability ratios of 15% of the baseline demographic household forecast
Need for all types of housing (021)	The SHMA has considered the range of market and affordable dwellings required for all household types, including family housing, housing for older people, people wanting to build their own homes and households with specific needs. The role of the Private Rented Sector has also been considered
Calculating affordable housing need (022)	Current unmet need and projected future housing need has been calculated and subtracted from the current supply of affordable housing stock
Households considered to be in need (023)	Analysis has considered the groups specified in guidance, namely: homeless households or insecure tenure; mismatch between need and dwelling; social or physical impairment and living in unsuitable housing; lacking basic facilities; particular social needs with the assumptions that such households are represented on the Housing Registers.
Calculating unmet gross need (024)	This has been calculated using housing register evidence
Newly arising affordable need (025)	Calculations have taken account of the proportion of newly-forming households who cannot afford lower quartile market housing (to buy or rent)
Total affordable supply (026)	Calculations take account of current supply of affordable housing through households in need moving, surplus stock, committed supply and units taken out of management
Future relets and intermediate tenure sales (027)	Calculations take account of the likely level of dwellings being let/sold based on the most recent 3 year trends in lettings and sales
Total affordable need (028)	Annual flow (imbalance) of affordable need has been calculated based on total need from existing households and newly-forming households minus supply. The split between rented/intermediate tenure (including Starter Homes) dwellings has been considered along with the size (no. beds) and designation (general needs/older person) of affordable dwellings.