
Report to: Place Panel

Date: 14 October 2020

Subject: **Housing Affordability & Needs Study**

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1. Purpose of this report

- 1.1 To provide an update on the Leeds City Region Housing Affordability & Need Study, commissioned as part of the emerging Connectivity Strategy and to consider the implications of the findings for the region.
- 1.2 To seek views from members regarding the findings of the study and note that further engagement with district officers is underway regarding use of the study in shaping policy at a regional level.

2. Information

Background

- 2.1 The Leeds City Region Housing Affordability & Needs Study was commissioned in February 2020 to provide an in depth understanding on issues relating to the affordability of housing and its impact on access to good quality housing in the region. Nationally, using house price to income/earnings ratios (as used by ONS) many places across the City Region (particularly West Yorkshire) are classed as affordable. This study recognises that these measures do not fully take into account wider factors that impact affordability such as transport and wider costs of living, including the quality of housing.
- 2.2 The study was commissioned as part of the evidence base in developing the Connectivity Strategy. Sheffield Hallam University and North Housing Consulting were appointed as consultants to undertake the study. The main aims of the study are;
 - **Work Package 1:** Review and define an 'affordability' methodology for the Leeds City Region and explore how this has changed over time
 - **Work Package 2:** Explore the implications of affordability for different groups (e.g. owner occupiers, private renters, first time buyers etc) across the region, including if there is enough supply to meet demand

- **Work Package 3:** Develop the policy response at national, regional and local level to address housing affordability across the City Region.

2.3 The study has been undertaken in consultation with Local Authority housing and planning colleagues, culminating in two workshops. The first addressed the interrelationship between housing markets, transport, spatial labour markets and the economy across the region. The second workshop explored these issues in the context of the March 2020 budget and what was then the beginning of the COVID-19 pandemic.

Headline Findings

2.4 The study has revealed the complex nature of housing affordability across the region and the factors that have shaped the housing market over the last 70 years, including the shifts in land use policies and infrastructure investment. Three reports have been produced that analyse and frame the evidence, and demonstrate the path dependencies that have shaped the direction of spatial development in the City Region.

2.5 Report 1: Housing Market Baseline

The report sets the baseline for the regional housing market, exploring changes in population, housing and household growth, employment and spatial structure and their impact on where people can afford to live and work across the region. The key messages include:

- There are long term shifts in the economic geography of the City Region. The past 70 years have seen a significant shift to decentralisation and suburbanisation of both jobs and population – initially encouraged through public sector intervention but more recently as a result of private investment. New housing supply has been greatest in the suburban and more affluent areas to the North and East of the region in recent years
- Leeds City Region has, comparatively, received lower levels of policy attention from central Governments over the long term in part due to the ‘over-bounded’ nature of settlements where suburban affluence can offset deprivation in some of the urban cores.
- Central areas have seen high levels of population growth arising from ongoing urban renaissance but also intensification, particularly through the way that the private rented housing stock is used. At the same time, there has been significant population growth because of migration to areas of new housing

2.6 Report 2: Affordability

The purpose of the report is to demonstrate the affordability challenges faced by people across the region living in different tenures, and how transport and other costs impact on affordability. Key messages include:

- There is a large variation between neighbourhoods across the region. While many parts are deemed ‘affordable’, they are not well served by

transport networks meaning that people are limited in terms of where they can afford to live and access jobs.

- This has led to areas within the region becoming 'left behind' – these are often the areas seen as affordable from a housing perspective but are often disconnected from places of work and learning institutions. There is a need to 'level up' within the City Region as well as nationally.
- Disaggregating affordable need by key household types reveals that 28% of private tenants cannot afford a rent of £500 pcm and 33% cannot afford to buy a home costing £100,000. Even higher proportions of social tenants cannot afford these rent/purchase cost thresholds. As expected, this worsens for households in poverty (households with an income of less than 50% of the national median).

2.7 Report 3: Connectivity and Policy Development

This brings together the evidence from the first two reports to explore the relationship between housing and transport costs, and the accessibility of jobs and education. It highlights areas of local and national policy that have shaped the current market and begins to explore the impact of the policy environment on future trends. The key messages include:

- The decentralisation of employment has not led to greater accessibility of the labour market for low-income households – impacted by the affordability of transport and geographical difficulties associated with the decentralisation of jobs and housing.
- For many low-income households there is a trade-off between disposable income and transport expenditure, meaning that they may not engage with the labour market due to high costs of accessibility.
- The current policy environment makes it challenging to tackle many of these shifts in the regions geographical labour and housing markets. There is a risk that without intervention and further robust policy development regarding land use and infrastructure investment the impact of the current pandemic and economic situation could lead to further entrenched issues.

Next Steps

2.8 The study raises several complex policy issues, which the Combined Authority is feeding directly into work detailed below. Further engagement with local authority officer groups, including Heads of Planning, Strategic Place Officers and Directors of Development will further refine the collective response to the issues raised in the studies. This Panel report is to seek early views and comments from members on the findings of the study and how members would like to see this shaping policy responses at a regional and/or local level.

2.9 The study forms a core part of the evidence base for the emerging Connectivity Strategy, and it is expected that the reports will be published alongside the Strategy.

- 2.10 In addition to informing the Connectivity Strategy, the research has provided an invaluable evidence base to support the development of the Place Narrative (discussed elsewhere on the agenda) and the Employment Land Review, which explores the direction of employment growth across the region.
- 2.11 The Combined Authority is continuing to engage with partners to seek views on the work and are exploring the opportunity to undertake further, more focussed analysis on some of the themes identified.

3. Clean Growth Implications

- 3.1 The research shows that the trend of decentralisation of jobs and growth has had an impact upon where people can live and work. In some cases this is in areas where access to significant employment opportunities may only be via car (either because transport is not available or the cost of public transport in time or money offsets the benefits of accessing the labour market). This has important implications in terms of future investment decisions relating to infrastructure and land use being addressed within the Connectivity Strategy.

4. Inclusive Growth Implications

- 4.1 The research highlights the impact of housing affordability that is most starkly felt in the most deprived communities across the region. Locations that are deemed most affordable using typical house price to earnings ratios are often in areas of the highest levels of deprivation and where accessibility to jobs can be limited through a lack of available transport or high transport costs.

5. Financial Implications

- 5.1 There are no financial implications directly arising from this report.

6. Legal Implications

- 6.1 There are no legal implications directly arising from this report.

7 Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8 External Consultees

- 8.1 Sheffield Hallam University and North Housing Consulting have been commissioned to undertake the research
- 8.2 Consultation with various Local Authority Officer groups has taken place throughout the study, including Directors of Development, Strategic Place Officers and Head of Planning.

9. Recommendations

9.1 Place Panel members are asked to note the contents of the report and to provide any comments on the key findings and potential areas for future work.

10. Appendices

None.