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Sheffield City Region Housing Review (Part 1)

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1 INTRODUCTION

Sheffield City Region (SCR) is undertaking a housing review and has assembled an advisory panel, drawn from relevant stakeholders, to assist with and provide overview of this work.

The underlying assumption, which the review is seeking to address, concerns the extent to which housing may be responding to, driving, or indeed holding back economic growth in the city region.

Housing is a key employment sector in its own right, and investments in the housing industry including skills and new methods of construction will contribute to increased productivity and job growth.

However, the primary focus of this review is to consider the wider role of housing in place-making strategies and the relationship between housing and other policy considerations that contribute to making healthy, productive and inclusive places.

This review is in two parts:

- **Part 1:** To: provide an overview of the housing market in South Yorkshire, assessing the baseline position and trends; and, identify possible gaps in understanding.
- **Part 2:** To consider potential options for future development in addressing potential housing market changes that could occur.

This report (Part 1) provides an overview of the housing markets in the South Yorkshire districts of the four 'constituent' members of the Mayoral Combined Authority (MCA), including Barnsley Doncaster, Rotherham and Sheffield.

The purpose is to provide a spatial account of how the housing market in South Yorkshire functions in relation to the city-region's economy and to inform the MCA's ambitions for future growth. It is not a data rich audit or market segmentation of housing stock and conditions. This level of detail is contained in other existing documents at the borough level.

The report draws upon current evidence about housing from Local Plans, Strategic Housing Market Assessments and other relevant documents as well as qualitative research with key housing stakeholders and members of the advisory panel.

2 BACKGROUND

2.1 The economic context: productivity and growth

The UK economy has a long-standing productivity problem with few places outside of London and the Greater South East performing above the national average. The problem is particularly pronounced in the north of England. Sheffield City Region has a growing economy, that has seen good progress in new business formation and job creation. However, SCR is the worst performing city region in England for productivity (GVA per worker) and has consistently underperformed for decades. Worryingly, the relative position is not changing.

The key drivers of productivity, innovation and skills, appear to be comparatively weak in the city region. The picture is not uniform, and the region does possess high skilled labour and world class economic assets. However, low-skill/low-waged sectors characterise the local economy. There has been growth in these industries, but this has not been transformational.

It is estimated that 47% of all jobs in SCR will be vulnerable to automation over the next two decades, compared to 39% in London.¹ Those at the highest risk are in the same sectors that have created the most jobs, including transport, financial services and health.

Investments in innovation and skills are clearly important but housing is one of several other potential drivers for productive growth. While building rates for new homes has been strong, in line with national forecasts, there are issues with tenure, affordability and quality.

Population growth is beginning to put more pressure on housing. An ageing population, looking to downsize, could present housing opportunities for larger families but simultaneously increase competition for smaller properties as a rising population (aged between 16 and 25 years) looks to get on the property ladder.

A key objective for SCR will be to grow a larger economically active population and a higher skilled workforce. To do this it will need to retain local graduates as well as attract graduates who have no previous association with the city region. Overall graduate retention figures for Sheffield (31%) are middling among core cities, in line with Bristol, Liverpool and Leeds, although clearly some way behind London.

However, the greater issue would appear to be that SCR is not gaining graduates in the workforce in sufficient numbers. The city-region has a poor level of attraction with lower levels of working graduates who neither grew up or studied in the city (18%) compared to other core cities, most notably Leeds (42%) and Bristol (40%).

¹ SEP and LIS: Emerging Evidence, SCR

Table 1: Graduate Retention and Attraction in England's Core Cities and London

City ²	Graduate gain (no.)	Graduate retention rate (%)	Working graduates who moved to the city to study (%)	Working graduates who neither studied nor grew up in the city (%)	Working graduates who studied and grew up in the city (%)	Working graduates who studied elsewhere but grew up in the city (%)
Birmingham	1095	49.42	15.9	18.91	42.19	23
Bristol	3195	30	24.76	39.77	15.8	19.66
Leeds	3690	29.28	27.02	41.55	13.93	17.5
Liverpool	2580	30.84	32.1	27.48	25.87	14.55
London	42065	76.92	15.69	29.34	33.24	21.74
Manchester	4665	51.49	20.43	23.73	31.06	24.78
Newcastle	2315	36.15	31.22	23.02	26.32	19.43
Nottingham	1675	20.73	29.46	33.17	19.39	17.98
Sheffield	1455	30.6	33.72	18.39	31.54	16.35

Source: HESA, 2014/15

Demographic factors will increasingly impact on the supply and demand for housing in the region. Given the region's ambitions to increase productivity this will require a strategic response to ensure the right type of housing is delivered in the right areas to meet the need and maximise the potential for inclusive growth.

2.2 The economic plan

SCR is currently in the process of revising its Strategic Economic Plan (SEP). Progress against this plan will be measured via metrics which reflect the three overarching policy objectives:

- 1. Growth:** Achieve sustained good growth, underpinned by productivity gains which exceed the UK average.
- 2. Inclusion:** Unlock prosperity by eliminating the wage gap and health inequalities between SCR and the national average.
- 3. Sustainability:** Drive forward environmental sustainability to achieve the net zero-carbon target by 2040.

Housing has a role to play in achieving these objectives and housebuilding is both a direct and indirect enabler of growth:

- Contributing to business and job creation.
- Producing the kind of homes, of the right type and quality, and well-designed places that can attract a skilled workforce.
- Building a carbon neutral environment through the adoption of new building techniques and materials, as well as measures to reduce fossil fuels and improve energy efficiency.

² This data is aggregated to cities defined by their primary urban areas, not local authority boundaries. Graduate data for Sheffield includes Rotherham.

A key objective is to increase economic activity and unlock the potential of the local population, to ensure that they can share in the benefits of future growth through improved employment opportunities. This would help to raise overall income and narrow wealth inequalities. However, one possible outcome of a high-growth economy is that income gaps will widen, while house prices will rise, placing home ownership further beyond the means and aspirations of the lower waged. We can observe this phenomenon from many other productive places in the UK (including London, Cambridge and Oxford) and internationally.

This suggests that policy will need to address affordability issues, in terms of both homes to rent and to buy, for many working people to prosper and included in the dividends of a growing economy. Measures to address asset inequality, by increasing home ownership, alongside the provision of higher quality homes for social rent, will be required.

2.3 The 2020 Budget

The government has announced, in the 2020 budget, a £10.9 billion increase in housing investment to support the commitment to build at least 1 million new homes by the end of the Parliament, and an average of 300,000 homes a year by the mid-2020s. This includes a number of measures to address the UK's housing needs:

- A £12.2 billion grant funding programme to build affordable homes across England, which will help more people into homeownership, and which is estimated to lever a further £38 billion in public and private investment.
- Additional allocations from the Housing Infrastructure Fund totalling £1.1 billion for selected areas, to unlock new homes and help stimulate housing and infrastructure.
- A new £400 million brownfield fund for pro-development councils and ambitious Mayoral Combined Authorities with the aim of creating more homes by bringing more brownfield land into development.

Additionally, the government has committed to reducing emissions from homes and to helping keep household energy costs low now and in the future. It will, in due course, announce plans to improve the standards of new built homes.

The Budget also announces that DCMS will shortly publish a consultation response which will confirm the government's intention to legislate so that new build homes are built with gigabit-capable broadband.

These measures alongside a £4.2 billion transport funding settlements for the Mayoral Combined Authorities will further contribute to the economic role of housing and infrastructure in the Sheffield City Region.

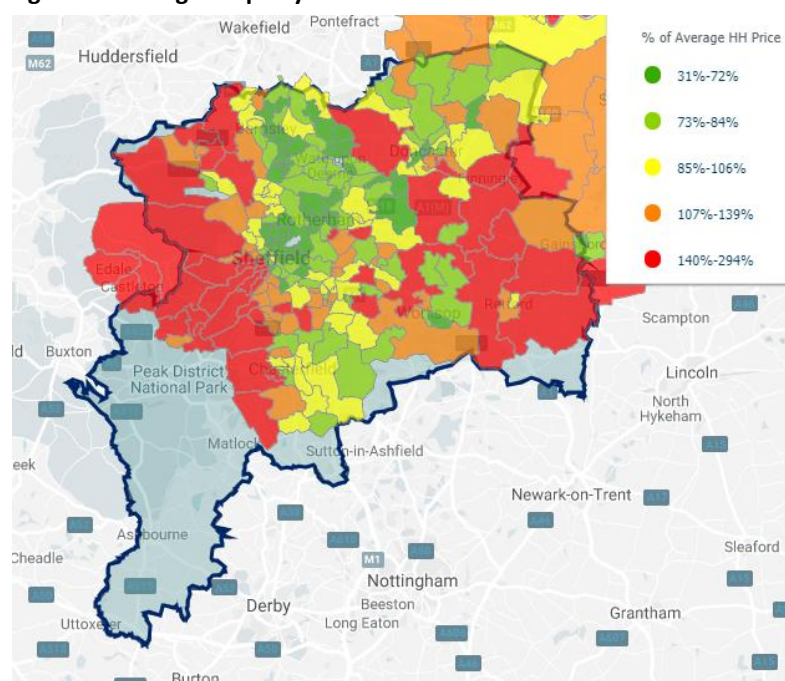
3 THE GEOGRAPHY OF SCR'S HOUSING MARKETS

There is no precise definition of a housing market area (HMA) but for planning and administrative purposes it is accepted that they will be reasonably self-contained, so that a high proportion of house moves (typically 70%) occur within the area. In practice, the main indicators used are migration and commuting. By this measure Barnsley and Doncaster are two individual HMAs, while Sheffield and Rotherham form a third.

3.1 Spatial distribution of value

South Yorkshire is not a self-contained housing market. A number of localised housing markets are evident across the sub-region and within individual authorities. In terms of property prices, the higher values are found in the sub-urban fringes, as figure 1 illustrates.

Figure 1: Average Property Prices in Sheffield and Doncaster Postcode Sectors³



Source: Plumplot, 2019

This pattern is repeated in the distribution of Private Rented Sector (PRS) properties, with the outer areas demanding higher rental values. In this regard the sub-region broadly conforms with a monocentric pattern of urban development where the highest income households live furthest from the urban centres and Central Business Districts (CBD) and where the lowest income households are concentrated in the inner urban areas.

This concentric pattern can be found, to varying degrees, in all city regions in Britain, apart from London, and in most US cities. In both the UK and the US the distance of residence

³ Figure 1 is based on average house prices at the level of postcode district (up to 2 numerical digits) for Sheffield Postcodes (e.g. S10 1) and Doncaster Postcodes (e.g. DN10 1). These postcode district do not match precisely with either local authority or SCR boundaries. The SCR boundary is represented by the outline.

from city centres is a function of income.⁴ However, this spatial arrangement is not so common in European cities, where higher income households are located in historic urban centres.⁵ There are various reasons for this, including how public services and amenities are clustered, how rental markets are regulated, as well as different ideas about status, urban living and design.

3.2 Housing and inequality

The effect of this spatial arrangement in the SCR is that housing markets (property prices and rental values) are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health. For example, average life expectancy falls by 7.5 years for men and almost 10 years for women, in the most deprived areas of the region compared with the least deprived.⁶

This has a significant negative impact, where housing markets are spatially divided, limiting social mobility and contributing to widening inequalities across the city-region. The research evidence shows that the most unequal places perform worse on almost every social metric. And it's not just poorer people who suffer, even the well-off do worse in societies with higher rates of economic inequality.⁷

At the heart of the city-region, the City of Sheffield has a housing market characterised by a stark east-west divide, which is unique among Britain's core cities. From north to south, either side of the city centre, Sheffield is effectively two cities. To the west, the constituency of Hallam, with its large Victorian housing stock, is one of the wealthiest in the country. To the east, there are large swathes of lower value inter-war and post war housing stock, where the Sheffield Fairness Commission identified that almost half those houses in the PRS are not meeting the decent home standard and a quarter of all homes pose a risk to the health and safety of the people living there.⁸ The two parts are almost entirely decoupled, with residents from either side having little or no reason to cross the divide.

Indices of Deprivation, Sheffield

In terms of overall levels of deprivation, Sheffield compares favourably amongst the eight core cities in England. It is the seventh least deprived, followed by Bristol. However, it is the degree of variance within the city that is most striking. Sheffield has 81 neighbourhoods among the least deprived 20 per cent in England, and 116 among the most deprived 20 per cent. This economic ratio of 81:116 is highly concentrated and spatially clustered. This trend has increased over the past 10 years.

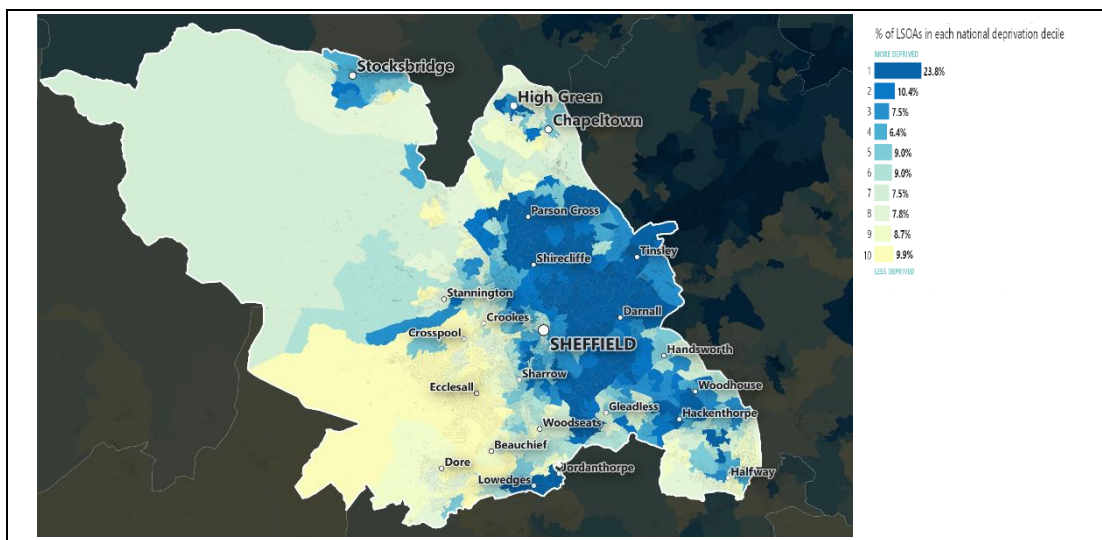
⁴ Cuberes, D and Roberts, J Household location and income: a spatial analysis for British cities, SERPS no. 2015022, October 2015

⁵ Brueckner, J., J-F. Thisse, and Y. Zenou (1999), "Why is Central Paris Rich and Downtown Detroit Poor? An Amenity-Based Theory," *European Economic Review* 43: 91-107.

⁶ The Sheffield Fairness Commission, 2012

⁷ Wilkinson and Pickett, *The Spirit Level*, 2016

⁸ The Sheffield Fairness Commission, 2012



3.3 Housing, schools and social mobility

There is a complex interrelationship between housing, neighbourhood characteristics, travel to school journeys, educational performance and ultimately social mobility. The uneven geography of housing markets bears resemblance to educational inequalities, such that house prices may serve to lock-in and exacerbate patterns of socio-spatial segregation (Cheshire and Sheppard, 2004; Gibbons and Machin, 2003; Leech and Campos, 2001).

In three of the four South Yorkshire local education authorities (Sheffield, Rotherham and Doncaster) school catchment areas are central to the allocation process. School catchment areas are offered to increase parental choice and to foster community cohesion, allowing pupils from different geographical and cultural communities to mix and integrate. Doncaster’s XP schools have introduced a borough wide catchment system which applies random allocation of places for oversubscribed schools, using a lottery system.

XP Trust, Doncaster

XP Trust started as a secondary ‘free school’ in Doncaster in 2014. It bases its practices on the High Tech, High and Expeditionary Learning schools in the United States. XP students complete cross-subject expeditions, which integrate academic subjects with real world projects (e.g. Chemistry and cooking). The Trust now includes 3 primary schools and two secondary schools and deploys a system of random allocation which is applied to oversubscribed schools once other priorities have been accounted for. Most schools have a relatively local catchment area and prioritise according to this and distance from the school (nearest is higher priority). Randomisation, which includes all postcodes in the authority, weakens the effects of segregating pupils by geography and thereby different socio-economic backgrounds.

Yet despite these policies and the fact that most pupils are given a place at the school of their choice⁹ many pupils continue to go to schools nearer to where they live.

⁹ In 2018, 97% of pupils in Sheffield were given a place at one of their three choices of school and 89% were given their first choice of school, Sheffield Local Education Authority.

Reasons for this vary and can include social norms and parental concerns about, for example, travel costs and the time taken to access neighbourhoods with better schools. Poorer families with fewer resources are more likely to be restricted to closer but more poorly performing schools. A study of school commuting patterns in Sheffield found that approximately 45% of primary school pupils and 41% of secondary pupils attended their nearest school. However, the highest levels of excess commuting were amongst pupils from disadvantaged and multicultural neighbourhoods, in search of better schools, while the lowest levels of travel to school were among pupils from the more prosperous suburban neighbourhoods.¹⁰

Given the patterns of spatial inequality that exist across the city-region, the relationship between housing and schools becomes critical to addressing problems of social mobility. Increasing access to educational opportunities (i.e. better performing schools) is important in breaking down social barriers and promoting mobility, but more fundamentally improving the social mix of pupils improves school performance. There is strong evidence that mixing the composition of schools, in terms of the social and economic backgrounds of pupils, can achieve transformational improvement in educational performance, and social mobility, for low-income and disadvantaged pupils.¹¹

There have been comparatively few studies in the UK analysing the relationship of housing markets to school catchment areas. One study of a school catchment area in Coventry estimated that inclusion in the catchment zone of a good school increased house prices between 16 and 20% (Leech and Campos, 2001). According to analysis conducted by Savills for the Sunday Times, good schools are driving house prices with two areas in Sheffield featuring in the top 10 for housing in the priciest school catchment areas in England.¹² Silverdale School has a housing catchment area with a premium of £253k (equivalent to 17 years of private school education). Housing in the catchment area for Tapton School has a premium of 135k (equivalent to 9 years of private school education).

The Sheffield study found that school performance has a greater impact on house prices than all other factors, and that this is greater for secondary schools than primary. A one-point increase in the percentage of resident pupils achieving 5 A-C passes including English and Maths increased house prices by £2,330 (at 2012 prices).

This evidence suggests that educational goals based on improved choice and planning goals based on housing markets may be at odds. It implies the need to review LEA policies for school catchment areas, and whether they are assisting with the segregating effects of the housing market. One option in the shorter-term might be to explore the use of 'Fair Banding'

¹⁰ Ferrari, E.T and Green, M.A. (2013) Travel to school and housing markets: a case study of Sheffield, England. *Environment and Planning*, pp. 2771-2788

¹¹ OECD (2018), *Equity in Education: Breaking Down Barriers to Social Mobility*, PISA, OECD Publishing, Paris, <https://doi.org/10.1787/9789264073234-en>.

¹² Parent Power: the price families pay to live near top schools

[\[https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc\]](https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc) November 2019.

to ensure that catchments for all schools include an agreed quota for pupil intake from different geographical bands, radiating out from the school.

However, the evidence of socio-economic distribution would also suggest that the longer-term challenge is to evolve a more spatial and structural approach to future housing development and place-making. Building socially and economically mixed communities is necessary if the challenges of economic inclusion and social mobility are to be achieved and sustained. This would mean building homes to attract middle class families which can be situated within a wider social tenure, including affordable and desirable homes to rent, for lower income families.

3.4 Housing, labour markets and connectivity

The pattern of housing markets in South Yorkshire also relate to wider travel to work areas (TTWA) in the Sheffield City Region and across the north.¹³ As with housing markets the city-region is comprised of different labour markets, that cross administrative boundaries, extending into Derbyshire and Nottingham to the south, Leeds to the north, and to a lesser extent Greater Manchester to the west.

Evidence suggests that commuting between the major northern cities is low, with connectivity dominated by automobile, which combined with internal commuter flows are causing severe congestion in northern cities. While those who do commute by train experience slow journeys, cancellations and overcrowding - Sheffield has experienced some of the highest peak overcrowding figures, outside London.¹⁴ With sufficient investment in transport infrastructure this could result in a significant shift in both the mode of transport as well as the distance and frequency travelled. It could also significantly uplift land value and affect housing markets along improved transport corridors.

Table 2: Inter-city modal share comparisons

Inter-city links	Total commuters	Train (%)	Auto (%)	Ratio
Sheffield to Leeds	2477	16.4	73.5	4.5
Leeds to Sheffield	1154	12.9	79.4	6.1
Sheffield to Manchester	527	44.8	43.3	1
Manchester to Sheffield	236	31.8	51.7	1.6

Source: Census, 2011¹⁵

People are travelling further to work and with greater frequency, if not speed. Travel to work data, analysed by ONS, confirms this trend.¹⁶ As a result, the economic footprints of cities are becoming larger, absorbing and containing what were previously separate and distinct

¹³ TTWAs are defined as places where 75 per cent of residents who live in the area also work in the area; and 75 per cent of workers in an area also living in that area.

¹⁴ DfT, 2013

¹⁵ Rae, A. The Geography of Travel to Work in England and Wales: Extracts from the 2011 Census, published online Springerlink.com, June 2016

¹⁶ ONS, Travel to work area analysis in Great Britain: 2016

areas. In 1981 the UK comprised 334 TTWAs. This figure had reduced to 228 by the 2011 Census. A loss of self-contained labour markets at the rate of about 3 or 4 per year.

The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together enhances productivity and drives growth. This underpins the government's commitment to give city-regions more power to run their own affairs. But the Sheffield City Region does not yet function as a single TTWA, exerting the kind of centrifugal pull which can be found in other areas like Bristol, Manchester, Cambridge, Oxford and London.

Whereas Greater Manchester now forms a single labour market (comprising all the local authorities that make up the Combined Authority, with the exception of Wigan, which forms a TTWA with Warrington) travel-to-work patterns around Sheffield and Leeds have remained relatively stable and relatively fragmented. Sheffield and Rotherham form a single TTWA while Barnsley and Doncaster are both individually self-contained. These factors explain, to some extent the patterns of localised housing markets around the main urban centres in South Yorkshire, and the effects of peri-urban sprawl as housing growth is limited by poor transport connectivity, constrained by green belt and shaped around multiple travel to work areas.

Regular daily commuting between the four major conurbations of the Northern Powerhouse – Merseyside, Greater Manchester, South Yorkshire (Sheffield) and West Yorkshire (Leeds) – are relatively weak but they increased by more than 20 per cent to over 100,000, between 2001 and 2011. This can be expected to increase further in the coming decades as Transport for the North improve east-west connectivity and the go ahead for HS2 allows people to commuter over larger distances, between north and south.

Figure 2: The Daily Commute in the North (flows of 10 or greater)



Source: ONS, 2011¹⁷

¹⁷ Rae, A. The Geography of Travel to Work in England and Wales: Extracts from the 2011 Census, published online Springerlink.com, June 2016

The prospect of ‘super commuting’ across larger areas brings separate economies closer together, increasing scale and aggregate demand but it also creates a potential risk that places in between might be bypassed or left behind, reinforcing on a larger scale the segregated problems of urban sprawl.

The case for working across administrative boundaries on housing policy and transport development will become more necessary than ever. Not least the need to improve internal transport connectivity. In South Yorkshire, the number of weekly timetabled services has fallen by a quarter since 2014¹⁸ and the Mayor’s independent review of bus services will make recommendations about the type and frequency of service required as well as the need for the Mayor to exercise powers to re-regulate.

A non-statutory spatial plan should aim to connect key employment and housing sites, across local administrative boundaries, with a view to place-making and where the growth hubs of the future are likely to be. This would provide greater housing density in key innovation clusters and urban centres, and along key transport corridors all of which can minimise travel and contribute towards cutting emissions.”¹⁹

Sheffield-Rotherham, Connecting the ‘Innovation Triangle’

The Advanced Manufacturing Park (AMP) is a 150-acre site strategically located on the border of the Sheffield-Rotherham economic corridor, minutes from junction 33 of the M1 and the A630 Sheffield Parkway. Home to leading international brands in materials technology, engineering and manufacturing, it is an innovation eco-system that draws from a pool of talented workers and applied research, with firms benefiting from their co-location and access to world-class facilities. The park houses two of the U.K.’s seven high-value manufacturing catapult centres and has close links to Sheffield University.

The AMP has been identified, by US political scientist Bruce Katz²⁰, as having many of the characteristics of an emerging Innovation District with routine collaboration across government, universities, and private-sector companies in sectors that are fuelled by technologically advanced R&D and highly skilled workers. Katz points to the ‘innovation triangle’ connecting the park, key companies in the broader Don Valley, and Sheffield City Centre, with its amenities and university campuses. In this sense AMP is the fulcrum of a broader innovation district rather than the sum total.

However, AMP does not yet have the vibrancy and urbanity of city-centred innovation districts that congregate around advanced research institutions like MIT or Carnegie Mellon or Drexel University. In other words, there is no sense of ‘place’. This leads to two key strategies for maximising the productive growth of the park and its related sectors:

1. The need to improve transport connectivity between the business park and other points of the ‘innovation triangle’
2. The need to urbanise the existing business parks, with the development of housing and related amenities.

¹⁸ <https://www.bbc.co.uk/news/uk-england-south-yorkshire-47305455>

¹⁹ SCR: Net Zeto. The Mayor’s MCA Climate Emergency Response Framework

²⁰ <https://www.brookings.edu/opinions/an-advanced-manufacturing-innovation-district-grows-in-sheffield-england/>

The future role of the Sheffield Supertram should also be considered as part of a wider review of transport infrastructure. As one stakeholder remarked,

“The current tram system takes people from where they don’t want to be to where they don’t want to go.”

One option for the city-region to consider is a tramline connecting the Sheffield city centre, along the economic corridor to the business parks in Rotherham. A risk-reward deal, similar to Greater Manchester, and based on 100% retention of business rate uplift, would help fund the cost.

Building on the Transforming Cities Fund, the government has announced, in the 2020 Budget, a £4.2 billion, five-year funding settlements for the Mayoral Combined Authorities. Mayors are encouraged to put forward ambitious plans, and the government has indicated support for a range of schemes including the renewal of the Sheffield Supertram. It has already committed £166 million for a new tram stop on the line to Rotherham at Magna, and a new Bus Rapid Transit link in Barnsley.

4 URBAN CENTRES

National policy²¹ seeks to build prosperous and sustainable communities by improving the economic performance of towns and cities, promoting regeneration and tackling deprivation. It therefore seeks to focus housing and other development in existing urban centres accessible to public transport, jobs, key services and infrastructure to promote their growth and minimise the need to travel. National planning guidance gives priority to re-using well located brownfield land. While the countryside, natural resources and heritage should be conserved with releases from the Green Belt allowed in exceptional circumstances.

4.1 Priority housing locations in South Yorkshire

Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

In **Sheffield** the areas with the highest residential density are found in the older inner suburbs to the west of the city centre and in some satellite townships, including:

- Outer North East – High Green and Chapeltown
- Outer South East – Mosborough
- Outer North/North West – Stockbridge.²²

Due to the density of housing in the inner areas, particularly to the west, Sheffield has a large residential population in relative proximity to the central area. But the city centre is arguably the most underdeveloped housing market in the city-region. Apart from student accommodation, development has been on the fringe of the central zone, for example, with the regeneration of Kelham Island. This is a current weakness in helping to drive economic growth but also a future opportunity, which the City Council is now seeking to address.

The Central Area Strategy²³ aims to grow housing numbers in the city centre, with the potential to increase housing numbers significantly. The central area will be zoned to include high rise luxury apartments as well as student accommodation and affordable housing for rent. This will relieve pressure to develop on the green belt and concentrate young wealth creators in the city's main employment centre. However, making affordable homes available

²¹ The National Planning Policy Framework (NPPF) was first published on 27 March 2012 and updated on 24 July 2018 and 19 February 2019. This sets out the government's planning policies for England and how these are expected to be applied.

²² Ferrari, E.T and Green, M.A. (2013) Travel to school and housing markets: a case study of Sheffield, England. *Environment and Planning*, pp. 2771-2788. (This study calculated average building and residential density using mapping polygons and postal delivery data).

²³ Sheffield City Council have commissioned Colliers (looking at existing residential supply and demand) and Deloitte (focusing on future plans) to undertake this strategy. The work is due to be completed by May 2020

alongside the viability issues of building to rent, at scale, are challenges that will need to be addressed.

Doncaster's industrial heritage has resulted in the dispersed pattern of standalone settlements, based around coal mining pits, outside of the main urban area. Many of these larger settlements have their own 'town centres' and local amenities (and have been subject to housing renewal programmes). Like many other parts of the country the post war period saw clearance of sub-standard housing, particularly around Doncaster town centre, resulting in further growth of the borough's suburbs, including several large municipal housing estates. The borough has a healthy town centre that is currently holding its own in terms of retail and leisure, although the threats to the high streets are likely to intensify.

The core strategy has identified that the main urban area (including Doncaster Town Centre, Balby, Hexthorpe, Wheatley, Intake, Bessacarr, Cantley, Edenthorpe, Kirk Sandall, Bentley, Scawthorpe, Scawsby, Richmond Hill) as the focus for housing provision in the borough. Within this, Doncaster town centre will be a priority for development with the intention to create, "a thriving and accessible retail, office and leisure destination of regional importance with a range of high-quality services, businesses, homes and excellent cultural and further education facilities."²⁴

As part of a 'town centres' first approach this should encourage mixed use and densification of housing, improving the design, quality and appearance of the town with provision for tall and landmark buildings that will act as, "an economic driver for the borough, a focal point for investment and an exemplar for borough-wide urban regeneration".²⁵

The Doncaster Waterfront

The Doncaster Waterfront is identified as one of the big investment opportunities in the SCR. This is a 100-acre site that sits to the north of the railways station and is within half a mile of the town centre. The scheme will transform the waterfront area of Doncaster urban centre and provide space for new office, retail, leisure, residential buildings, and public realm. Plans currently include the opportunity to locate film studios and digital media occupiers, a new hospital including health tech activity (over a longer timescale of 7 to 8 years), a Sustainability Centre and higher education facility. In terms of timing for each element it is likely that the residential development will follow commercial and business use.

The site does, however, face a number of challenges. It was formerly a gas works so there will be some remediation required. Also, it currently sits within a Flood Risk Zone 3, so work to improve, and refurbish embankments across this whole stretch of the Lower Don will be critical to future success. Additionally, the site is not easily accessible for pedestrians as it is cut off by the A630. This will need to be addressed to connect to the town centre and maximise the benefits which this proximity will bring.

The main built up area of **Barnsley** includes the town itself and surrounding settlements, from Athersley to Worsbrough (North to South) and Higham to Ardsley (East to West) as well as Darton and Dodworth. Barnsley town centre is the main retail, employment, educational and cultural centre of the borough. The development of the town centre is therefore

²⁴ Doncaster Council Core Strategy, 2011 – 2028, p50

²⁵ Ibid

important to Barnsley's role as a sub-regional market town and service centre between the Sheffield and Leeds City Regions.

The main existing residential areas of the town centre are in the Churchfields district to the north of the business centre (including approximately 700 homes) and the Doncaster Road and Southern Fringe districts. The Local Plan identifies several key sites in the town centre (including housing opportunities in Court House, Southern Fringe and Eastern Gateway). The aim is to, "build a variety of homes of different sizes within vibrant mixed developments" that "embrace the principles of sustainable development" and "good design" and provide "affordable homes below open market prices".²⁶ Growing the town's urban centre will help maximise the wider borough's economic potential which is still adjusting to the decline of the coal mining industry in the 1990s. However, densification of the town centre (in terms of both residents and businesses) may be constrained by restrictions on tall buildings, although the council has identified suitable sites as part of its Building Heights Study.

Rotherham has seen significant change over the past decade. Previous industrial sites have been reclaimed to provide homes as well as new employment, recreation and green use. The Advanced Manufacturing Park at Waverley has become a regionally important, cutting edge employment location and Rotherham town centre has seen new housing, public spaces and a redeveloped train station.

Rotherham's Urban Area has been identified in the core strategy as the main location for new housing, as well as employment and retail growth. This area includes the town centre, Eastwood, Upper Haugh, Greasbrough, Kimberworth Park, Kimberworth, Wingfield, Blackburn, Masbrough, Dalton, Thrybergh, Herringthorpe, East Herringthorpe, Canklow, Brinsworth, Parkgate, Rawmarsh, Broom, Whiston, Brecks and Moorgate. The urban area lies at the heart of Rotherham's transport network providing access to employment and public services. In view of this, the town centre is considered to be the principal site for development and 'the most sustainable location in the borough for accommodating new housing' alongside employment and retail growth.

The town centre has suffered over a long period from depopulation and the loss of retail to out of town developments like Meadowhall and Parkgate. Rotherham Renaissance aims to transform the town centre and waterfront areas over the next 20 years. This 'town centre first' approach will support a dynamic new economy, encouraging more people to live and work in the centre as well as attracting more visitors to the town. The challenge in the current economic climate will be to attract private sector investment. It is hoped public sector developments including new council offices and a community stadium will stimulate future development.

4.2 Growth in city centre living

The UK is experiencing rapid growth in city centre living, reversing a trend which had seen densely populated urban centres hollowed out through inner-city 'slum' clearance in favour

²⁶ Barnsley Local Plan, 2019, p. 183

of more spacious housing developments in outer suburbs and new towns. Since the start of the 21st Century the population of many town and city centres has doubled in size, while the population of the UK has increased by 10%.

Sheffield central area has a significant residential population of around 30,000 people. The student population in and around the city centre grew by more than 300% between 2001 and 2011, according to census data. By 2011 there were 18,500 students, accounting for about half the population.²⁷ However, neither Sheffield city centre nor other town centres in the sub-region have experienced major residential development in recent years. This contrasts with other major conurbations in the north of England, which have undergone dramatic city centre growth.

According to the Office for National Statistics, Liverpool has the fastest growing city centre - with the population increasing by 181% (9,100 to 25,600 people) between 2002 and 2015. Other major cities are close behind, with the population of Birmingham city centre growing 163% (9,800 to 25,800 people), Leeds increasing by 150% (12,900 to 32,300 people), and Manchester 149% (14,300 to 35,600 people).

City centre living has been driven by young high skilled people (including students and young professionals) renting flats and apartments, representing a major social and economic shift in how new generations want to live. The number of 20 to 29-year-olds in the centre of the UK's largest cities tripled in the first decade of the 21st Century, to a point where they made up half of the population. And there is no reason to think that this trend has eased since the 2011 census, with the ever-present cranes building still more high-rise apartments.

Only one in five city-centre residents was married or in a civil partnership. Over a third had a degree, more than in the suburbs. A big pull for young professionals has been the growing number of high-skilled, high-paying jobs that are increasingly concentrated in city centres. In big cities, more than half of the people living in the centre work in high-skilled professional occupations, reflecting the growing importance of sectors like financial and legal services, as well as digital and creative industries to the UK economy. Manchester, for example, had an 84% increase in city centre jobs between 1998 and 2015, while Bristol and Leeds enjoyed increases of 42% and 34% respectively. The return to urban living is an effect of agglomeration, which in turn has started to create markets for gyms, restaurants, bars and shops. This is making city centre even more appealing, with closeness to amenities and shorter commutes - 32% of city centre residents walk to work - outweighing downsides like smaller living spaces, noise and pollution.

This new phenomenon for city living incorporates what urbanist Richard Florida termed the rise of the creative class.²⁸ A new social and economic force driving downtown regeneration, a place where hipsters want to be, with a vibrant arts and music scene and a lively cafe culture. But correlating hipster culture with economic success is not without its difficulties,

²⁷ Analysis of the student population within a 0.8 mile radius of Sheffield city centre by The Centre for Cities for the BBC [<https://www.bbc.co.uk/news/uk-44482291> accessed 06/02/2020]

²⁸ Florida, R. The Rise of the Creative Class, 2002

with accusations of gentrification and elitism as higher skilled incomers displace and price out existing communities and lower skilled service workers, further driving inequalities. High skilled workers are vital to economic growth, but the future of urban centres, like all places, will require a balance between higher and lower incomes as well as different age groups.

Families and older generations have not returned from the suburbs or moved into city centres in significant numbers. But there could be an opportunity for urban centres in South Yorkshire to provide for these demographics, with a focus on quality architecture and well-designed green space in dense urban developments to promote communal use and social interaction. There is evidence that living with access to communal gardens and green space is associated with greater levels of well-being, while also helping to reduce urban sprawl by up to 40%.²⁹

Services and amenities (nurseries, schools, GPs) will also be needed to attract families. While older residents might be lured once their children have left the family home. There is also an argument for locating elderly and more vulnerable people in closer proximity to one another, through sheltered accommodation and other schemes, so that they are less isolated and where their needs can be more easily provided for.

Retirement Homes, Barnsley

The developer McCarthy and Stone is building new retirement homes in Barnsley town centre. This is a development that is purposefully reinventing 'Retirement Living' in the heart of a historic industrial town. [Beckett Grange](#) provides a collection of one and two-bedroom apartments exclusive to people aged 60 and over. This combines new build with the conversion of an Edwardian building (formerly a hospital). McCarthy and Stone are well known as an upper end provider of retirement apartments, providing residents with access to communal areas and facilities, including gardens, lounge with Wi-Fi to encourage socialising and community. Developments supply a choice of ownership, rent or shared ownership.

²⁹ Anderson, J. Living in a Communal Garden: A Mixed-Methods Cross-Sectional Study, *Frontiers in Public Health*, Vol 3, 2015. <https://www.frontiersin.org/article/10.3389/fpubh.2015.00173>

5 HOUSING SUPPLY

The dominant narrative about the UK housing market is that as a nation, we do not have enough homes to meet demand. This mismatch of supply and demand is the result of failure, over decades, to improve levels of house building across the UK.

In the period following the Second World War, house building was at the top of the political agenda. During this period, local authorities built nearly 50% of all new housing, at an average of 100,000 houses a year. However, during the early 1980's a new aspirational approach to home ownership took hold, most notably reflected in 'Right to Buy', a policy which allowed social renters to buy their homes. At the same time Government started to withdraw from the housing market, as the private market was expected to take up the slack. But, private house builders in England have completed just 150,000 new homes per year since 1980.³⁰ This speculative model of building has been insufficient in meeting demand.

The problem, however, is not just about increasing the aggregate supply of homes. In fact, there are more than one million additional homes above those required for households in the UK³¹ while the picture differs by region and within region. A recent housing study concluded that there appears to be a relatively healthy balance of supply across all tenures in the Sheffield City Region, with levels of home ownership that are higher than the national average and a good balance of rented housing in terms of size and type of dwelling.³²

Some areas may even be exhibiting a surplus of affordable housing, where the ongoing challenge may be around a more diverse tenure to better meet needs. This might include areas such as Manor, Arbourthorne, Gleadless, and North East Sheffield.³³ Although some areas have a number of vacant properties, like Sheffield and Rotherham, the proportion that remain empty long term is small, and below the regional and national average.

Table 3: Empty Properties in Rotherham and Sheffield

	<i>Rotherham</i>	<i>Sheffield</i>
Empty properties	2,990	6,387
Long term empties	1,101	2,433
Stock	117,562	247,580
Empty property percentage	2.54%	2.58%
Long term empty percentage	0.94%	0.98%

Source: Sheffield and Rotherham SHMA, 2018

But there are also areas with significant shortfalls in affordable housing including parts of Rotherham, Sheffield Urban West, North West and South West Sheffield. These shortfalls

³⁰ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> see table 241

³¹ <https://www.telegraph.co.uk/news/2017/02/03/number-empty-homes-hits-highest-rate-20-years-calling-question/>

³² Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

³³ Ibid

may also be locally significant in Rural Upper Don Valley and the Peak District Fringe as well as Chapeltown/Ecclesfield and Stocksbridge/Deepcar.

There are recognised parts of the city region where housing markets are especially over-heated. Places like Hallam are amongst the most unaffordable in the region. Here and in other places around the periphery of South Yorkshire (e.g. East of Doncaster) there are issues of high demand and under-supply, where further expansion is constrained by green belt.

Other parts of South Yorkshire have large swaths of housing stock, where there is low aggregate demand, lower rents and low house prices, with many households either trapped by negative equity or unable to move further up the property ladder. In this respect the sub-region is representative of the national housing market, polarised at either end, although less extreme than some other places in London and the greater south east.

5.1 Drivers of demand

Demand for housing is a function of the requirements from existing households, newly forming households and net migration. Population growth, including a rising proportion of young people aged between 16-25, as well as an increasing ageing population are already affecting current demand in the city-region. And this is likely to intensify in the future.

Younger households

There was an increase of 17% in the proportion of people aged 16 to 25 in the city region between 2001 and 2011. The increase was higher in Sheffield (25%) but below average in all the other areas.

Many younger households are experiencing difficulties in meeting their housing needs. Prospective first-time buyers are finding it difficult to access home ownership. Demand for rented housing is strong especially from younger individuals and couples but there would appear to be a relatively low number of young professional households living and remaining in the city region. These populations are predominantly concentrated around a small part of inner Sheffield and Doncaster, in proximity to the rail stations. It has been reported that the housing offer, to rent and to buy, has not been good enough to retain and attract graduates³⁴ to boost the city-region's skills base, although the availability of jobs and career opportunities are clearly a related factor.

There is also a lack of affordable options for young people on low or very low incomes as the supply and availability of social rented housing is limited, and market rents are often unaffordable. Welfare reform measures are also distorting demand for social rented housing. Around 7,000 working age social rented tenants in Sheffield³⁵ would be affected by the 'bedroom tax' leading to pressure on existing 1-bedroom housing stock and a potential

³⁴ Ibid

³⁵ Sheffield and Rotherham Strategic Housing Market Assessment, 2018

need for additional supply. In Doncaster these measures are reported to be increasing the demand for 2 bed properties, presumably as people downsize from 3 bed properties.

Larger families

In Sheffield, the SHMA notes a shortage of housing for larger families, which if provided could free up smaller properties for new and concealed households. The shortage of existing family housing is leading to households moving to surrounding areas, such as Rotherham and North East Derbyshire, where housing is available and relatively cheaper.

Household preferences across the city-region indicate a higher demand for owner occupation than private rented accommodation. Most current households (56%) would prefer 3 or larger bedroom properties in the city, with a clear preference for detached and semi-detached housing. More than 64% of potential movers would like a 2 or 3-bedroom house and a further 21% want 4-bedroom properties. This, however, may be an ideal that cannot be achieved by all. By contrast 80% of concealed households would prefer to, and expect to, move into smaller properties (2 bedrooms or less).³⁶

Older people

Between 2001 and 2011 the proportion of people aged between 65 and 85 increased by 3% across the city region, while the proportion over 85 increased by 20%. The increases vary between boroughs, but all are predicted to rise, considerably, over the next 20 years.

Table 4: Changes in the proportions of older people between 2001 and 2011

	65-85	Over 85
Sheffield	-7%	3%
Rotherham	10%	30%
Doncaster	0.4%	31%
Barnsley	6%	18%

Source: 2011 Census data in NOMIS: Office of National Statistics 2018

This change indicates that a different approach may be needed to meet housing needs, as households look to downsize, freeing up larger properties for families but increasing the requirement for smaller properties, specialist housing and care provision.

5.2 Market segmentation

Housing surveys conducted in South Yorkshire confirm that families prefer larger (3 bed+) detached or semi-detached properties. This provides an indication of the type of homes that presently most families aspire to and explains the high demand for housing in the peripheral areas of the city region.

Social Landlords also report high demand to live in certain urban areas (e.g. North East Sheffield) which are attractive for wider cultural reasons, relating to family, community and

³⁶ Ibid

social capital, although they might not be considered as desirable for home ownership in the wider market.

But this pattern of supply and demand, be it for social housing or conventional sub-urban housing, does not speak to the present and future needs of a younger population, who we know from other city-regions are seeking a different housing offer which is currently under-served in the SCR. Nor does it necessarily meet the varied needs of an older population that are looking to retire and/or downsize or move into some form of sheltered or supported housing.

The various developments at Kelham provide examples of a different offer, which could become more desirable among different age groups, including families. And there is wider evidence of increasing demand for a more diverse housing offer with a greater emphasis on environmental impact (e.g. Eco-homes in Little Kelham) and quality design. As one housing developer in the region stated,

“We are providing homes for aspirational thirty somethings, Grand Designs for £200k.”

There is scope for development, in the city region’s urban centres, to redefine urban living for a new generation with different lifestyle choices.³⁷ This would include high-rise, high-end apartment living (to buy and rent) in city and town centres and lower rise development extending out from the central zones.

This market has yet to develop and mature, and it is hard to determine how many would be attracted to such an offer in the SCR. But what is clear is that the choice is presently limited. It is possible that market stimulation, and the provision of public services and amenities, could create a micro-culture around city centre living for single people and families so that in time it becomes its own market force.

And architectural competitions could be deployed within the region to help diversify the housing offer and public realm in the urban core, to provide creative design solutions for communities of the future. These propositions will be explored further in the second part of this review.

5.3 Targets

The Government’s plans to build 300,000 new homes per year in England. However, progress against this figure is failing. In 2018/19 there were 247,000 net houses built, a big increase from a low of 130,000 homes in 2012-13 and the highest in England for 30 years. This does suggest that housebuilding capacity is improving, stimulated by Government policies which will need continued support.

³⁷ Property suppliers like [Affinity Living](#) are marketing an idea of urban living and lifestyle choice as much as they are selling apartments to let.

However, in 2019 new housing starts fell to 160,640, the slowest rate for three years, 1% lower than a year ago.³⁸ The Conservative Party Manifesto 2019, reaffirms the commitment to this target with a number of proposed measures to make the planning system simpler for the public and small builders, and to support modern methods of construction which will make housebuilding quicker and more affordable.³⁹

National targets are a blunt instrument with little regional variation or requirement to respond to areas of greatest need. In the five years to 2013 twice as many houses were built in Doncaster and Barnsley than in Oxford and Cambridge.⁴⁰ The problem is certainly more complex than a simple need to build more at an aggregate level.

Understanding housing targets in the city-region is complicated by numerous sources and housing figures, including:

- Local Plan Targets which are drawn from local assessments of need, to establish what local authorities are planning to deliver
- Standardised Objectively Assessed Housing Need (*SOAN*) figures which are provided in Strategic Housing Market Assessments (SHMA) and represent the minimum number of homes the Government considers should be provided.
- Housing targets linked to economic growth - identified in the Sheffield City Region Strategic Economic Plan. These are aspirational figures, linked to projected economic growth.

Barnsley

Between 2004/5 and 2015/16 a net total of 10,263 dwellings have been built in Barnsley. This is in line with an overall target of 10,424 over the same period. Levels of delivery have fallen in recent years, but this is not a result of land supply constraint. Barnsley's updated SHMA (2017) identifies the potential for delivery of between 967 to 1,080 dwellings each year.⁴¹ This would be broadly enough to address the local plan target of 1,100 without having to increase provision using green belt land. The priority for new homes needed in Barnsley are two- or three-bedroom homes. There is a need for 292 affordable homes each year, of which 78.8% should be affordable (social) rented and 21.2% intermediate tenure.

Doncaster

The baseline population projections indicate that at a minimum Doncaster can expect a growth rate of 582 households per year. The SHMA calculates current overall housing need

³⁸ Some stakeholders in the housebuilding sector have questioned data on new housing starts. The Government's statistical tables add a cautionary note to this effect. Notwithstanding these debates about measurement, overall housebuilding is still falling short of the Government target. The section below seeks to make the wider point that planning consents are not the primary cause of the problem. Rather it is build-out rates, based on housebuilding capacity and what the market will absorb that is the issue. As the Letwin review found.

³⁹ Get Brexit Done, The Conservative and Unionist Party Manifesto, 2019.

⁴⁰ <http://cep.lse.ac.uk/pubs/download/cp421.pdf>

⁴¹ Barnsley Metropolitan Borough Council, Strategic Housing Market Assessment Addendum: Final Report, March 2017

in Doncaster to be 920 per year, 15,640 between 2015-32. It also identifies a need for an additional 209 affordable dwellings per year, of which most (72%) should be 2 or 3-bedroom, and a quarter to be 1-bed.⁴² Meeting the SCR LEP target would require growth of between 748 and 1,093 homes per year. This is recognised as a challenging target, but one which could be achieved if potential job growth in the city region is realised.

Sheffield and Rotherham

The Sheffield and Rotherham SHMA (2018) calculates an annual housing requirement of between 1,800-2,200 in Sheffield, 500-650 for Rotherham and 2,300-2,850 for the Sheffield Rotherham Housing Market as a whole, over the next 5-10 years. Two and three bed properties represent the largest proportion of new properties, with demand for semi-detached property being highest amongst all dwellings (35%) across the area. The level of affordable housing shortfall that should be supplied is 902 units per annum in Sheffield and 716 units per annum in Rotherham. These figures represent the required level of new affordable supply that would be required if the backlog is to be cleared over 5 years.

Delivery against SCR targets

Strategic Housing Market Assessments suggest an upper and lower range. Local authorities in South Yorkshire report that housing delivery is broadly in line with SHMA calculations, based on recent revisions and local estimated need. The four constituent members of the MCA are projected to deliver up to 5,000 new homes per annum over the next ten years and more. However, adopted and emerging Local Plan targets estimate housing allocations at the top of the range, in line with aspirations for economic growth and planned infrastructure.

Table 5: Housing delivery in South Yorkshire – net completions

	2015/16	2016/17	2017/18	Total
Barnsley	706	850	1,009	2,565
Doncaster	1,170	1,057	1,173	3,400
Rotherham	585	599	471	1,655
Sheffield	1,432	2,248	2,304	5,984
Total	3,893	4,754	4,957	13,604

Source: Local authority data⁴³

Based on the estimates of need and actual delivery there is no evidence, at a macro-level, of a housing shortfall or unmet need in the city region. Local authorities are currently planning for more than 1,200 homes per year above the standard housing need figure. The combined Local Plan housing requirements is also within range of new housing calculated to meet expected job growth as set out in the SCR LEP.⁴⁴

⁴² Doncaster Strategic Housing Market Assessment Update: Doncaster Housing Strategy 2015 - 25

⁴³ Sheffield City Region, Statement of Common Ground, October 2019

⁴⁴ Ibid

However, this headline figure does not account for more localised variations, with a potential mismatch of type and location of properties that may not be meeting all demographic and socio-economic needs (both now and in the future) across the SCR.

Estimating future need is subject to job growth, inward migration and the formation of new households from within the sub-region. The ability to form new households is significantly constrained by affordability and this alone may be suppressing household projects, and potential new demand, to a significant degree.

Further, a straight comparison of overall supply and demand for housing does not speak to the variety of housing on offer or the quality of accommodation, whether this is sufficiently attractive to a range of people, perhaps looking to locate in the city region for work, or the extent to which affordability issues trap households in poor housing.

5.4 Land and planning

Planning authorities are working to ensure a five-year deliverable supply of housing available within each authority. The evidence from Local Plans suggests there is housing land supply in excess of 5-8 years to meet the combined needs of the city region before significant easing of green belt regulations are required.⁴⁵

There are issues relating to housing growth being constrained by Green Belt. Both Barnsley and Rotherham have released land from Green Belt as part of their Local Plans, and Sheffield is also carrying out a Green Belt review as part of its Local Plan preparation. Bringing forward brownfield sites for housing development, in the urban centres will relieve pressure to build on the Green Belt. However, there will be challenges in meeting the aims of the SCR Infrastructure Fund, which plans to unlock the potential for 14,000 new homes, including costs of decontamination. This will require planning for the right homes in the right places by maximising the use of brownfield and surplus public land, regenerating estates, releasing more sites for SME developers, and encouraging higher densities where appropriate.

Land value

The standard explanation of the challenges facing the UK's housing market is that land is too expensive. It is estimated that 75% of the uplift in land value returns to landowners and developers.⁴⁶ The supply of land does have an impact on the affordability of housing, and costs are rising in all English regions. House building works on a speculative development model and land is often traded several times before reaching the house builder. Land in SCR is cheaper within the urban fringes and this is where a high proportion of new housing is being built.

⁴⁵ Ibid

⁴⁶ <http://www.ukonward.com/wp-content/uploads/2018/06/220618-Green-Pleasant.-Affordable-Web-ready.pdf>

Planning permissions

The planning system is also commonly cited by developers and housebuilders as the main barrier to building more homes. However, research conducted by the LGA shows that councils are approving nine in every 10 planning applications, and that they granted planning permission for 321,202 new homes in 2016, a 16% rise on the previous year. Between 2012 and 2016, the total number of residential planning consents have risen by 56%.⁴⁷ However, planning policies used to create affordable housing, such as Section 106, have proven to be broadly ineffective in delivering the number of affordable houses that the UK needs.

Build-out rates

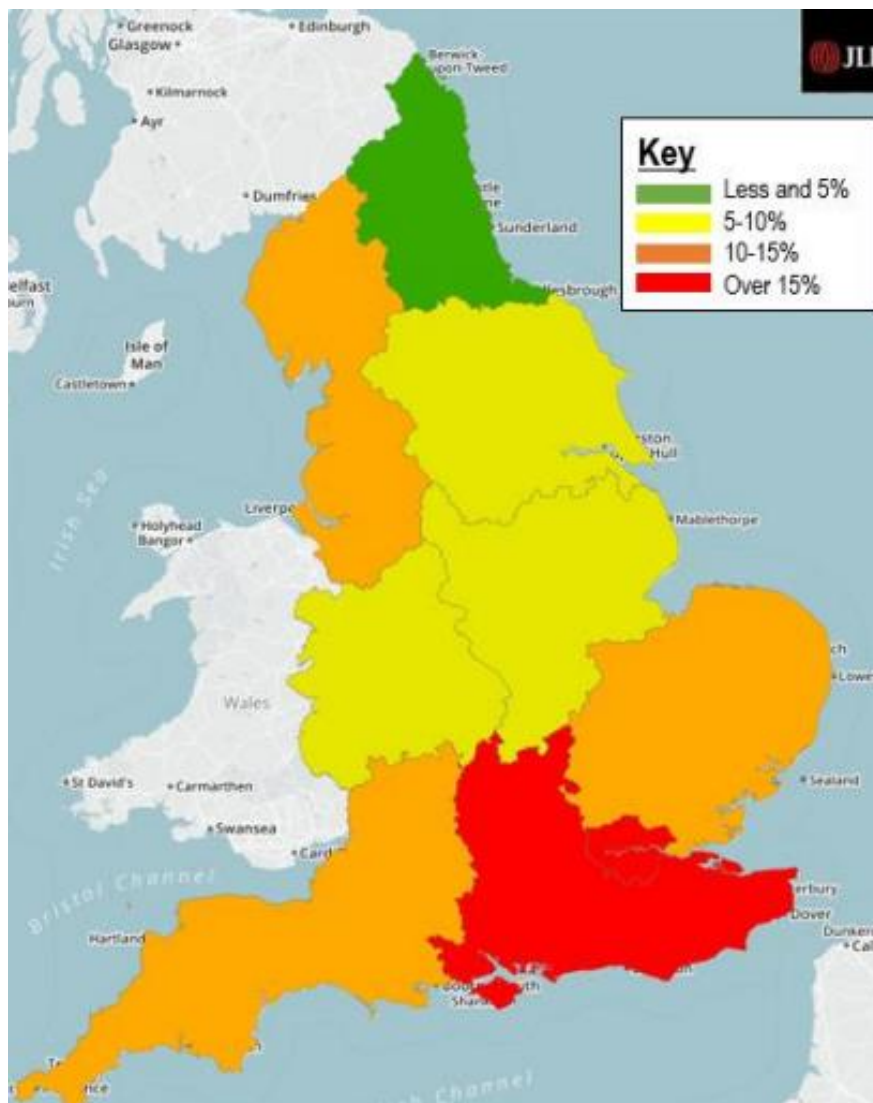
Even where land is purchased, and planning permitted, house builders are not building out at the rate required to meet targets. The Letwin Review (June 2018) found that the median build-out period across the 'very large' sites that he studied was 15.5 years, and the median proportion of a site built out each year was 6.5%.⁴⁸ This demonstrates a broader problem - larger sites tend to build out a lower proportion of houses per year. On large sites, there is limited scope for rivals to enter the market and provide different types of homes at different prices, which helps to sustain and drive these slow build-out rates.⁴⁹ The review also identified that absorption rates – the rate at which houses can be sold into the market without materially disturbing the price – is a key driver of these slow build-out rates.

⁴⁷ <https://www.local.gov.uk/about/news/more-423000-homes-planning-permission-waiting-be-built>

⁴⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718878/Build_Out_Review_Draft_Analysis.pdf

⁴⁹ http://data.parliament.uk/DepositedPapers/Files/DEP2018-0257/Build_Out_Review_letter_to_Cx_and_Housing_SoS.pdf

Figure 3: Map of proportion of unimplemented planning permissions by region



Source: JLL, The National Housing Fund, 2017⁵⁰

Build-out rates in South Yorkshire compare favourably with other regions in England, with between 5 and 10% of planning permissions unimplemented. There are, however, lessons to be drawn from other places, especially as demand for housing grows in the region.

Building capacity and diversity of supply

Developing the role of small and medium-sized enterprises (SMEs) builders could improve capacity and supply. The role of small building firms in the housing market has been declining since the 1980s, as large builders have come to take control of the market. Just 12% of new homes are built by small builders compared with 40% in 1988.

Larger firms have squeezing out SMEs on volume and price. The housing model for larger firms is a basic economy of scale. One consequence is that smaller and more scattered

⁵⁰ National Housing Fund, An assessment of the proposed fund's potential to increase housing supply in England. A Report prepared for: ResPublica, November 2016

developments, are less profitable and therefore less attractive to large builders. These developments could be built by smaller firms and could contribute to overall building targets.

The Home Builders Federation has estimated that an extra 25,000 homes a year could be built if levels of SMEs returned to their pre-recession, 2007 level.⁵¹ Reflecting this, the National Planning Policy Framework (NPPF) recommends that local planning authorities should ensure that at least 10% of sites allocated for housing are half a hectare or less. This proposal, along with additional funding (£1.5 billion) to the Home Building Fund will offer loans for development and infrastructure to all builders, including smaller firms.

⁵¹ <https://www.hbf.co.uk/news/remove-barriers-and-smes-could-deliver-25k-more-homes-a-year/>

6 THE AFFORDABILITY GAP

Housing affordability has become the intractable problem of the UK's housing crisis, with most first-time buyers unable to get onto the property ladder and many struggling to afford high private rents. The problem, however, varies across and within region.

6.1 Tenure

There are many positive aspects to the South Yorkshire housing market compared to other areas in the UK. Rates of home ownership are relatively high – in line with the national average - with a lower proportion of private renting, and relatively higher levels of social housing.

Home ownership

Home ownership in South Yorkshire is 62%. Three of the four constituent members of the combined authority have a proportion of homeowners higher than the average for England (63.3%). This indicates the strong demand for home ownership.

Table 6: Home ownership in South Yorkshire

	Owner Occupied	
Barnsley	64,800	64.3%
Doncaster	82,800	65.4%
Rotherham	70,600	65.2%
Sheffield	134,100	58.3%
South Yorkshire average	352,300	62.3%
City Region Average	489,700	63.9%
England	13,975,024	63.3%

Source: 2011 Census data in NOMIS 2018⁵²

In terms of average house price to average wage ratios Sheffield compares favourably with other core cities in England and is clearly more affordable than Greater London and the South East.

Table 7: House Price Affordability Ratios

City	Ratio
Sheffield	6.83
Greater Manchester	7.27
Leeds	7.34
Bristol	10.83
Cambridge	15.26
London	15.83
Oxford	17.23

Source: Land Registry, Market Trend Data, Price Paid. Mean house prices. ONS, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace-based earnings.

⁵² Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

The average house price in South Yorkshire is £190,492 and prices range from £234,310 in Sheffield to £165,738 in Rotherham. The average entry level house price is £106,550 and ranges from £120,623 in Sheffield to £95,333 in Rotherham.⁵³

Average house prices across South Yorkshire between 2008 and 2018 rose by 8% although entry level prices fell by 1.7%. The generally increasing trend in house prices will have a negative impact on future levels of affordability, although first time buyers would appear to be in a relatively positive position.

The average entry level house price is almost three times the income for average earners. However, the ratio increases to 6 times for the bottom 20% of earners. The affordability ratio for average prices (for all properties) are 5.5 times an average household income, and 11.7 times a bottom 20% household income. The highest affordability ratios are in Sheffield.

Average mortgage payments would take no more than 25% of an average household income in all four constituent areas. However, an average deposit to secure an entry level home (£15,200) would take households on an average income over 4 years to accumulate; and households in the bottom 20% of incomes over 9 years to accumulate. This will restrain demand from first-time buyers and therefore restrict supply, pushing prices up and exacerbating the housing problem.

With just over half of new build properties priced at between £150,000 and £300,000 households with bottom quartile incomes would be unable to afford the mortgage payments on these homes.

Private rented housing

The proportion of households in private rented housing is lower in South Yorkshire (14%), than the regional and national average (19%).

Private rental prices have grown in recent years, although the rate of growth has slowed recently. The rise in rents has been close to the rise in individual earnings at national level - around 17% between 2011 and 2019. Rents have outpaced earnings in some regions, like London. However, median private rents in South Yorkshire have remained less than 30% of median earnings.⁵⁴

The traditional ratio used to define affordability implies that households should not pay more than 30% (or a third) of household income on housing costs.⁵⁵ The 2018 Study into affordability of housing in the Sheffield City Region identified that,

⁵³ Ibid. Note: Average house price is defined as the average price of all properties available (including size and type). Huw Jones Consulting used data from Rightmove and Zoopla to calculate average property prices for individual boroughs, South Yorkshire and the Sheffield City Region.

⁵⁴

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/previousReleases>

⁵⁵ A report by the Affordable Housing Commission, Defining and measuring housing affordability – an alternative approach, 2019

“Market rents for entry level properties are affordable to households earning above bottom quartile incomes (taking less than 33% of both average household bottom quartile household incomes) and broadly affordable to households with bottom 20% incomes (taking 33% of income in both) although rents for larger properties and in certain areas would be unaffordable to households on the lowest incomes.”⁵⁶

Of the four South Yorkshire authorities market rents are least affordable in Sheffield. However, Doncaster have reported that market rents at a ward level, are largely unaffordable for households earning below average income. In some areas, lower quartile rents are unaffordable for over a third of households.

Market rents for entry level properties are less than 33% of average income households and broadly affordable to households with bottom 20% incomes, although rents for larger properties and in certain areas would be unaffordable to households on the lowest incomes.

There is a considerable difference between market rents and the Local Housing Allowance (LHA) rate which is set at the 30th percentile for rents. Only 9% of lettings across South Yorkshire, are available at rents at the LHA rate or below and this has implications for the ability of households wholly or partially dependent on benefits to afford their housing costs.

Social rented housing

The proportion of households living in social housing (22%) is higher than the regional and national average. Since the 2010 Spending Review and the introduction of the new ‘intermediate rent’ tenure, housing associations have been able to offer tenancies at rents of up to 80% of market rent levels within the local area.

Social rents are generally affordable to all households but larger properties for family size homes may be unaffordable to households on the lowest incomes. Affordable Rents are almost always covered by the LHA rate and in most cases are less than the LHA rate.

6.2 Homelessness

Homelessness (including rough sleepers, single people in hostels, households owed a statutory homelessness duty by a local authority and homeless households being accompanied by social services) has been rising steadily over the past decade.

In relative terms, South Yorkshire has fewer homeless people than many other areas, although the problem has been increasing to levels that are at their highest for some time. Rough sleeping has become a feature of Rotherham and Sheffield, particular in their central areas. Estimated statistics from MHCLG based on spot counts suggest that there were around 26 rough sleepers in Sheffield and 5 in Rotherham in October 2018.⁵⁷ These statistics

⁵⁶ Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

⁵⁷ MHCLG (2018) *Rough Sleeping Statistics 2018* (table 1). Available at:

<https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>.

are likely to represent an undercount due to the survey methods used and relate only to the most severe visible manifestation of homelessness.

Homelessness is clearly not just about rough sleepers, although problems in defining and counting the ‘hidden homeless’ make it difficult to provide an accurate figure. Households in temporary accommodation are currently estimated at 563 per annum in Barnsley and 109 in Sheffield and Rotherham. Sheffield Hallam University have calculated that the annual backlog of housing need, which needs to be provided for, equates to 1,677 in Sheffield and 1,581 in Rotherham, which includes 815 homeless households (over the whole 5-year period). However, this only makes up part of the story of affordable housing need. When added to newly arising need the total annual affordable need is 5,660, which then results in an overall annual shortfall of 1,618 taking account of an annual supply of 4,042. Homeless households therefore represent 815 out of 16,293 backlog homes needed over 5 years (i.e. around 5% of the backlog).⁵⁸

There are identified problems with housing waiting lists, sofa surfing, overcrowding and the prevalence of HMOs in some areas. And there is a concern that South Yorkshire has particularly long waiting lists for social housing. The sub-region, as discussed, also has higher than average levels of social housing and unlike many other areas the local authorities have retained a large proportion of their stock. This in itself could account for longer waiting lists.

Table 8: Housing waiting lists in metro regions

Metro-Area	Total households	Total households on the housing waiting list	% of all households on waiting list	Total households on the housing waiting list in a reasonable preference category	% of total households on waiting list in preference category	Total households with urgent housing needs that are given preference on waiting list	% of total households on list with urgent needs
London	3,347,800	232,409	7	152,089	65	6,875	4.5
Greater Manchester	1,154,500	97,139	8	26,469	27	1,523	5.8
Merseyside	612,700	35,347	6	14,907	42	410	2.8
South Yorkshire	581,400	46,061	8	5,465	12	994	18.2
West Midlands	1,112,900	52,175	5	21,134	41	2,295	10.9
West Yorkshire	1,132,900	68,042	6	14,429	21	7,037	48.8

Source: Local Authority Housing Statistics data returns, England 2017-18 (MHCLG)

The percentage of households on housing waiting lists (8%) is, as a proportion of all households in South Yorkshire, slightly higher than other metro-regions with the exception of Greater Manchester. South Yorkshire has fewer households (12%) in preference categories for housing (including those defined by statute as homeless, those owed a duty by Local Authorities, and those living in unsatisfactory conditions) than other metro-areas.

⁵⁸ Sheffield and Rotherham Strategic Housing Market Assessment, 2018

However, of those listed, a higher proportion with urgent housing needs are given preference in South Yorkshire (18.2%), significantly higher than in most other metro-areas.⁵⁹

In terms of the causes of homelessness, evictions from the private rented sector is the largest contributing factor. Since 2011, evictions from privately rented accommodation has accounted for 78% of the rise in homelessness.⁶⁰ There is also concern amongst local policymakers and service providers that the roll out of Universal Credit as well as the introduction of caps to benefits, and the aforementioned problem with Local Housing Allowance rates, have underpinned a rise in homelessness and, in particular, rough sleeping. At the same time demand pressures on social care services have risen while funding has been cut, may also plausibly have contributed to the rise.

6.3 Financialisation of housing

The growth in Buy to Let landlords has led to an expanding private rented sector with some of the highest levels of property investment in Europe. It has put increasing pressure on the supply of housing and fuelled prices. And it has also led to widening asset gaps in the UK. The share of the population with any property wealth fell by 8% in between 2000-02 and 2012-14, while the share with multiple property wealth increased by around 30% over this period.⁶¹

Foreign investment in British property markets is also adding to affordability issues and the rise in surplus homes, as investment properties are left empty. This phenomenon of empty investment properties is not a reported problem in South Yorkshire, although there are parts of Sheffield, where wealthy families of foreign students are buying up property.

The Government is already phasing out landlord mortgage interest tax relief, meaning that landlords will no longer be able to deduct their mortgage costs from their rental income. And more could be done to end loopholes in the Capital Gains Tax to phase out the tax breaks given to landlords which allow them to offset some costs against tax. The risk, however, is that without investment in new social housing any effects to disincentivise private landlords will lead to further pressures on local housing supply. Doncaster has reported that the private rented sector is not keeping up with demand.

More generally, the private rented sector needs substantial professionalisation. At present, the Law Commission estimates that just 2.2% of landlords in England are part of a professional body. In other countries, such as France, Germany and Scotland, landlords are often regulated by government through registration, regulatory bodies and professional

⁵⁹ The Localism Act 2011 gave local authorities freedom to manage their own waiting lists so that they can decide who should qualify for social housing in their area and develop solutions which make best use of the social housing stock. Since the Localism Act came into effect, 95% of local authorities have reported changing their waiting list criteria due to the Act. This change has in part been responsible for the recent decrease in the total number of households on waiting lists in England.

⁶⁰ https://england.shelter.org.uk/media/press_releases/articles/eviction_from_a_private_tenancy_accounts_for_78_of_the_rise_in_homelessness_since_2011

⁶¹ <https://www.resolutionfoundation.org/media/blog/homes-sweet-homes-the-rise-of-multiple-property-ownership-in-britain/>

membership organisations. These are policies that the MCA could consider, to establish a landlords' register, to regulate the sector and drive up quality. Doncaster is currently working on a Private Rented Sector Strategy which will provide greater understanding about the measures needed to improve the PRS market.

6.4 Quality

The issues of affordability are compounded by problems of quality and the PRS stock is clearly an issue that needs to be tackled. South Yorkshire has the largest number of PRS properties, among comparator metro-regions, where local authority inspection has identified a serious and immediate risk to a person's health and safety.

Table 9: Dwellings with a serious and immediate risk to a person's health and safety

Metro region	Total number of local authority dwellings with category 1 hazards⁶²	Total number of PRS dwellings with category 1 hazards	Total number of HMO dwellings with category 1 hazards
London	764	4,207	1,164
Greater Manchester	0	745	13
Merseyside	0	994	17
South Yorkshire	9	999	123
West Midlands	18	530	36
West Yorkshire	21	927	61

Source: Local Authority Housing Statistics data returns, England 2017-18 (MHCLG)

The ingrained problems of poor-quality homes and equally poor-quality landlord behaviour are holding back the PRS sector from being a safe and attractive option for many people and contributing to health inequalities in the city-region. The sector is now of a size that merits greater attention.

Energy efficiency is a particular issue with older housing stock. South Yorkshire has a high indices of fuel poverty that are contributing to high numbers of winter deaths as well as other related public health issues.

The MCA and all four local authorities in the South Yorkshire have declared a climate emergency. This strategic approach should be a key driver of change, for all actors in the housing sector, including public and private, to tackle fuel poverty, reduce winter deaths, improve inefficient dwellings, retrofit existing buildings and ensure that new development does not exacerbate carbon emissions.

⁶² If a hazard is a serious and immediate risk to a person's health and safety, this is known as a Category 1 hazard.

“The City Region will no longer invest in housing schemes which do not meet our net zero ambition.”⁶³

Eco-homes: Kelham Island, Sheffield

The regeneration and renewal of Kelham Island’s industrial quarter is an example of the kind of development which South Yorkshire could potentially learn from and scale up across its distinctive industrial heritage sites. Kelham has been a long-term priority for Sheffield Council and includes significant areas for industrial uses, retaining small scale manufacturing industries, arts and crafts alongside new housing, warehouse conversions, bars, restaurants, and other commercial activities. There are now nearly 5,000 people living in the neighbourhood.

The site has been successful in attracting northern based developer CITU, known for their city centre locations and development that ‘reimages what it means to be urban’. With an emphasis on sustainability, new innovative building methods, and high-quality design CITU’s development of eco-homes at Little Kelham in Sheffield is an example of how new homes can be built at scale using new modular building methods, while helping to meet net zero carbon targets.

However, the cost of improving the quality of existing stock and meeting environmental standards are likely to be viewed as prohibitive by many private landlords. The MCA and local authorities should seek to introduce a city-region wide PRS licencing scheme to ensure improvements to quality. Licensing will help local authorities to regulate and limit poor quality while providing eligibility criteria for available grant funding, working at scale to support and educate would-be good landlords as well as acting on enforcement against the bad ones.

Increasing the output of public sector housebuilding as well as encouraging private developers, who are committed over the long term to building homes to rent, will help to tackle the issues of quality and affordability into the 21st century.

Sheffield Housing Company (SHC) is a joint venture housing and regeneration company, established in 2011 by Sheffield City Council (50% shareholder), with Keepmoat and Great Places. SHC builds quality new homes and creates attractive places for people to live. To date 560 homes have been completed, with a current portfolio of land that will see over 2,000 properties across the city. The majority are family homes for sale, however, SHC also develop for shared ownership, affordable rent and market rent.

PlaceFirst in Calderdale, is another private developer that builds to rent, adhering to good quality standards and which seeks to build a community ethos between its tenants by offering long-term tenancies.

Measures to significantly scale up the output of quality development, to buy and rent, should be explored.

⁶³ SCR: Net Zeto. The Mayor’s MCA Climate Emergency Response Framework

7 CONCLUSIONS

In general terms the housing market in South Yorkshire appears well balanced and there are many positive aspects compared to other areas in the UK. Rates of home ownership are relatively high – in line with the national average - with a lower proportion of private renting, and relatively higher levels of social housing.

Median house prices are lower than both the UK and Yorkshire and although rising have done so at a lower rate since the financial crisis, while continuing to fall behind the national median. House prices, private rent and social rents are all relatively affordable compared to the national average. Even when accounting for local wages, that are 10% lower than the national average, income to house price/rent ratios are more affordable in South Yorkshire than most other city regions in the UK.

However, there are stark differences across the region. In terms of property prices, the higher values are found in the sub-urban fringes with more affordable housing concentrated in the urban centres of Sheffield, Rotherham, Barnsley and Doncaster. In this regard the sub-region broadly conforms with a monocentric pattern of urban development where the highest income households live furthest from the urban centres.

The South Yorkshire housing market is therefore, like many other city regions, highly polarised and spatially segregated. The effect of this spatial arrangement is that housing markets are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health.

If SCR is to achieve its ambition to grow the economy in a way that achieves high productivity gains, and includes all communities in the benefits, then it will need to address the current skills deficit by improving the skills of those with few or no qualifications to advance their chances of employment and the city region's attractiveness to business investment.

It is clear that a low skilled population is holding back productive growth, but it is also apparent that low skilled populations are in part an outcome of how housing markets function in South Yorkshire. Housing markets define neighbourhoods and a sense of 'place' which serve to lock-in and exacerbate inequality through patterns of socio-spatial segregation.

The effect of housing on school performance in Sheffield demonstrates how pupils from the more prosperous suburban neighbourhoods are most likely to go to the highest performing schools near to where they live. Given the patterns of inequality that exist across the city-region, the relationship between housing and schools becomes critical to addressing problems of social mobility.

Retaining and attracting new talent in the SCR is also vital to growth. However, there is evidence that the housing offer is not meeting the needs of graduates and young professionals. City centre living has been driven by young high skilled people whose choose

to live and work in urban centres. The low level of new, quality city and town centre housing development is a current weakness which authorities are now seeking to address.

The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together enhances productivity and drives growth. But the Sheffield City Region does not yet function as a single travel to work area or exert the kind of centrifugal pull which can be found in other areas like Bristol, Manchester, Cambridge, Oxford and London.

Densifying the urban centres, and especially Sheffield City Centre, will help drive economic growth. Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

SCR should explore how the proposed non statutory spatial framework could set out the roles which different parts of the city region play as locations for businesses and homes. Building in and around the main urban centres, employment sites, innovation districts, growth nodes, transport corridors and hubs will help to organise the economy in ways that recognize the common attributes of productive places—integration, proximity, density, connectivity, and quality place-making. From this a polycentric model for mixed urban development and reinforcing economic growth could emerge across the city region.

However, this vision will require a different approach to housing development and place-making. Building socially and economically mixed communities is necessary if the challenges of economic inclusion and social mobility are to be achieved. This will require different homes of different size, type and tenure, to buy and rent.

Over 50% of new houses are currently unaffordable for people on average incomes. While an average deposit on an entry level home (£15,000) would take households on bottom 20% incomes over 9 years to save. With growth and rising demand property will become more unaffordable. Home ownership is not achievable for everyone therefore the solution must be to build more affordable homes to rent. This could include options for shared ownership and ultimately the right to buy.

There are other pressures on the housing market. An increasing and ageing population will impact on the supply and demand for housing, with significant changes in the composition of households, including: a large increase in single people under 65s; an increase in couples without children; and a decrease in the number, and size, of families.

Current land allocations and housing targets in the sub-region are set to meet growth projections, and housing completion rates in South Yorkshire are broadly on track. However, targets are a blunt instrument in assessing aggregate supply and demand. A more nuanced understanding is required to ensure the right type of housing is delivered in the right areas to meet the right need and maximise the potential for inclusive growth.

In addition to building new homes a major focus on phased housing renewal and estate regeneration, in the most disadvantaged areas, is required to improve the quality of existing housing stock.

Next Steps

Part 2 of the SCR Housing Review will focus on the headline findings of this assessment and explore a set of propositions and provocations, for the advisory panel to consider. These will include potential options and interventions for future development in South Yorkshire's housing market; the priorities for change that are most likely to contribute to productive growth, and the additional powers that the Mayoral Combined Authority may need to implement a housing strategy. This will include:

- Interventions to improve the quality and affordability of private rented accommodation.
- Funding models to significantly boost housing supply (to rent and to buy), create new jobs, boost small developers, and grow construction capacity through continued investment.
- The potential for a non-statutory spatial plan in helping to make productive and inclusive places to live.
- Measures to drive up quality of design and the 'right to beauty' in place making.