Harrogate Borough Council Strategic Housing Market Assessment

Final Interim Report

February 2015

Prepared by

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Contents

List of Figures

List of Tables

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DATE	ORIGINATORS	APPROVED
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1. INTRODUCTION

1.1 GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been commissioned by Harrogate Borough Council to develop a Strategic Housing Market Assessment (SHMA) for the District. The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing needs of different groups within the population.

1.2 **The SHMA does not set housing targets. It provides an objective assessment of the need for housing, making no judgements regarding future policy decisions which the Council may take.** Housing targets will be set in the Local Plan. These will need to be informed by the SHMA but will also take into account other factors such as local infrastructure capacity, housing land availability, viability, sustainability and the local ecology.

1.3 The SHMA responds to and is compliant with the requirements of both the National Planning Policy Framework (the NPPF)[1] and the Planning Practice Guidance (PPG) published in March 2014[2]. It provides assessment of the future need for housing, with the intention that this will inform future development of planning policies. According to the PPG, housing need:

> *"refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand."*

1.4 The PPG is clear that the SHMA should not apply constraints to the assessment of need, such as those relating to land supply, environmental constraints or infrastructure provision, although it is clear that these are relevant considerations in bringing together the range of evidence in the preparation of a local plan.

1.5 The SHMA provides specific evidence and analysis of the need for different sizes of homes, to inform policies on the mix of homes (both market and affordable). The SHMA also analyses the needs of specific groups, such as older people.

1.6 The SHMA covers Harrogate District. It updates and supersedes the previous North Yorkshire SHMA (2011) and takes account of more recent information, most notably the 2012 Sub-National Population Projections (SNPP) published by the Office for National Statistics (ONS) in May 2014.

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[1] CLG (March 2012) *National Planning Policy Framework*
[2] CLG (March 2014) *Planning Practice Guidance – Assessment of Housing and Economic Development Needs*

National Planning Policy Framework and Guidance

1.7   The Coalition Government has reformed the policy framework for strategic planning, particularly on issues such as housing. Regional strategies have been revoked (The Yorkshire and Humber Plan[3] was revoked in February 2013) and responsibility for planning on cross-boundary issues has been returned to local authorities.

1.8   The primary legislation to support this is the 2011 Localism Act which now imposes a 'duty to cooperate' on local authorities, requiring them to **"engage constructively, actively and on an on-going basis" with the other authorities and relevant bodies. The Duty to Cooperate is applied as both a legal and soundness test to which development plans must comply.**

1.9   National policies for plan-making are set out within the NPPF. This sets out key policies against which development plans will be assessed at examination and with which they must comply.

National Planning Policy Framework (NPPF)

1.10   The NPPF was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

1.11   The NPPF highlights the SHMA as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- meets household and population projections, taking account of migration and demographic change;
- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- caters for housing demand and the scale of housing supply necessary to meet this demand.

1.12   This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the Housing Market Area (HMA) crosses administrative boundaries.

1.13   Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their local plans are submitted for examining. This highlights the importance of collaborative working and

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[3] CLG (May 2008) http://www.eastriding.gov.uk/corp-docs/forwardplanning/docs/rss/may08/rss.pdf

engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

1.14   Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

1.15   Harrogate Borough Council is concurrently undertaking updates to both the SHMA and Employment Land Review (ELR). We have used the job growth outputs of the ELR (taken from the Regional Econometric Model (REM)) in order to understand what the need for housing would be to align the expected job growth.

1.16   In regard to housing mix, the NPPF sets out that local authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Local planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site taking into consideration national thresholds for affordable housing provision, the removal of national brownfield development targets and vacant building credit (effectively no contribution required on existing floorspace when replaced)).

1.17   In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions – a 'whole plan' approach to viability. Where possible the NPPF encourages local authorities to work up Community Infrastructure Levy (CIL) charges alongside the Local Plan.

1.18   The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment (SHLAA). To increase housing supply, the NPPF proposes that Local Authorities should be required to maintain a 5 year supply of specific deliverable sites, and to bring forward an allowance of 5% to ensure choice and competition in the market for land (unless there is a persistent track record of under-delivery in which case a 20% buffer is to be

included). These 5% and 20% buffers should be brought forward from the future housing supply rather than being added on top of them.

Planning Practice Guidance

1.19   The PPG was issued by Government in March 2014, The Guidance on 'Assessment of Housing and Economic Development Needs' is most relevant to this SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of need for housing. The approach in this report takes account of this Guidance.

1.20   The Guidance defines "need" as referring to 'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need." It sets out that the assessment of need should be realistic in taking account of the particular nature of that area (for example geographical constraints and the nature of the market area), and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."

1.21   The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these the latest projections are the 2011-based 'Interim' Household Projections[4]. It also outlines that the latest population projections should be considered. These are the 2012 SNPP[5] published by ONS in May 2014.

1.22   It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

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[4] CLG (April 2013) 2011-based Interim Household Projections
[5] ONS, 2012-based Subnational Population Projections for Local Authorities in England, 2014

1.23   Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

1.24   In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

1.25   The Guidance indicates that the assessment should consider the need for different types of housing and the needs of different groups, including family housing, housing for older people, and households with specific needs and those looking to build their own home. It sets out that the need for older persons' housing should be broken down by tenure and type, and should include an assessment of need for residential institutions.

Overview of the Approach to Deriving OAN

1.26   Based on the above, the diagram below summarises the approach we have used to deriving conclusions regarding the Objectively-Assessed Need (OAN) for Housing.

Figure 1: Overview of Approach
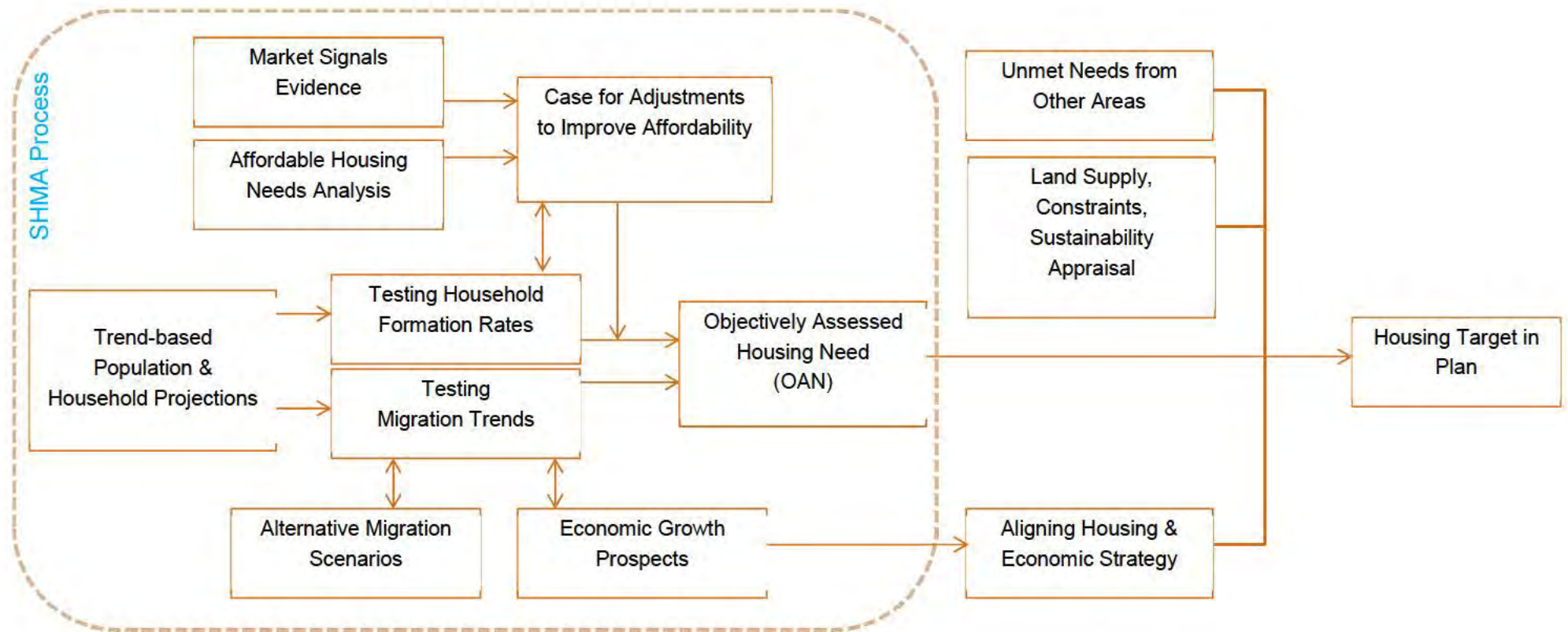
Report Structure

1.27   The remainder of the report is structured in the following way:

- Chapter 2-   Defining the Housing Market Area
- Chapter 3-   Characteristics of the Housing Market Area
- Chapter 4-   Assessing Overall Housing Need
- Chapter 5-   Affordable Housing Need
- Chapter 6-   Housing Market Dynamics and Market Signals
- Chapter 7-   Economic- Led Housing Requirements
- Chapter 8-   Requirements for Different Sizes of Homes
- Chapter 9-   Specific Groups of the Population
- Chapter 10-   Summary and Conclusions.

2   DEFINING THE HOUSING MARKET AREA

2.1   The NPPF states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA).

2.2   In simple terms, the HMA is a geographical area in which the majority of people who move, will move within. It reflects functional relationships between where people live and work. However, defining market areas is an inexact science and there is no single source of information that will clearly identify market areas.

2.3   The NPPF makes clear that in planning for housing provision, it is important to consider housing needs and dynamics across a HMA, with each area seeking to meet needs within it where possible. The PPG similarly highlights that needs should be assessed across the relevant functional area. The first question is therefore, what housing market area(s) does Harrogate fall within.

Approach to Defining Housing Market Areas

2.4   The PPG defines a housing market area as a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

2.5   The Guidance indicates that local planning authorities can use a combination of approaches to identify relevant housing market areas, recognising that there is no single comprehensive source of information. The Guidance indicates three primary information sources:

- patterns of house prices and rates of change in house prices, which provides a 'market based' reflection of housing market boundaries;
- population and household migration flows, which reflect the preferences and the trade-offs made when choosing housing with different characteristics; and
- contextual data, such as travel to work areas, which reflects the spatial structure of the labour market and the functional relationships between places where people work and live.

2.6   The Planning Advisory Service's Technical Advice Note on *Objectively Assessed Need and Housing Targets* (PAS, May 2014) suggests that a good starting point would be a top-down analysis, such as the national research on the Geography of HMAs, published by the CLG in 2010. The study, led by the Centre for Advanced Urban Studies (CURDS) at Newcastle University, sought to identify a consistent set of HMAs across England. However, this study is based on 2001 data. The PAS paper also states that it "should be sense-checked against local knowledge and more recent data, especially on migration and commuting. In short, more recent data should always 'trump' this geography."

2.7 Our approach therefore in the remainder of this section is to review the existing evidence and provide an update to it using more contemporary data in order to define a HMA(s) for Harrogate District.

Existing Research to Define Housing Market Areas

2.8 There has been a considerable body of technical work and analysis undertaken to define HMAs across the country. This work adopts a range of different technical approaches, which to some extent reflect the different spatial characteristics of housing markets in different areas; but more probably reflect the weight which is attached to different factors such as migration and travel to work patterns, and variations in house prices.

National Research

2.9 The CLG published national level research on *the Geography of Housing Market Areas* in 2010 which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and standardised house prices. This was brought together to define housing markets across England, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

2.10 The two-tier structure (strategic/local) in the CLG research (which is mapped and analysed) is useful at disaggregating strategic housing market areas which are generally for modelling of issues such as affordability; whilst the more local housing market areas are of greater relevance in considering issues relating to local market dynamics and supply-demand balance. However, the practicalities of using each must be considered depending on location, particularly in more urban areas.

2.11 The CLG research defines the market areas in two further ways. The first is a 'gold-standard' which is based on an aggregation of ward areas and therefore is more detailed than the second definition the 'silver–standard'. The 'silver-standard' definitions are comprised of local authority areas. For plan making purposes the silver-standard is perhaps a more practical basis for defining a housing market area – not least as demographic projections are not published below local authority level.

Strategic Housing Market Areas

2.12 At a 'gold-standard' the CLG research defines parts of Harrogate District as falling within the Leeds and Northallerton Strategic HMA. The Leeds HMA extends to eight different local authority areas including all of Leeds and Wakefield local authorities. The Northallerton HMA includes the northern part of Harrogate District, together with most of Hambleton and all of Richmondshire.

Figure 2: Gold Standard CLG-defined Strategic HMAs
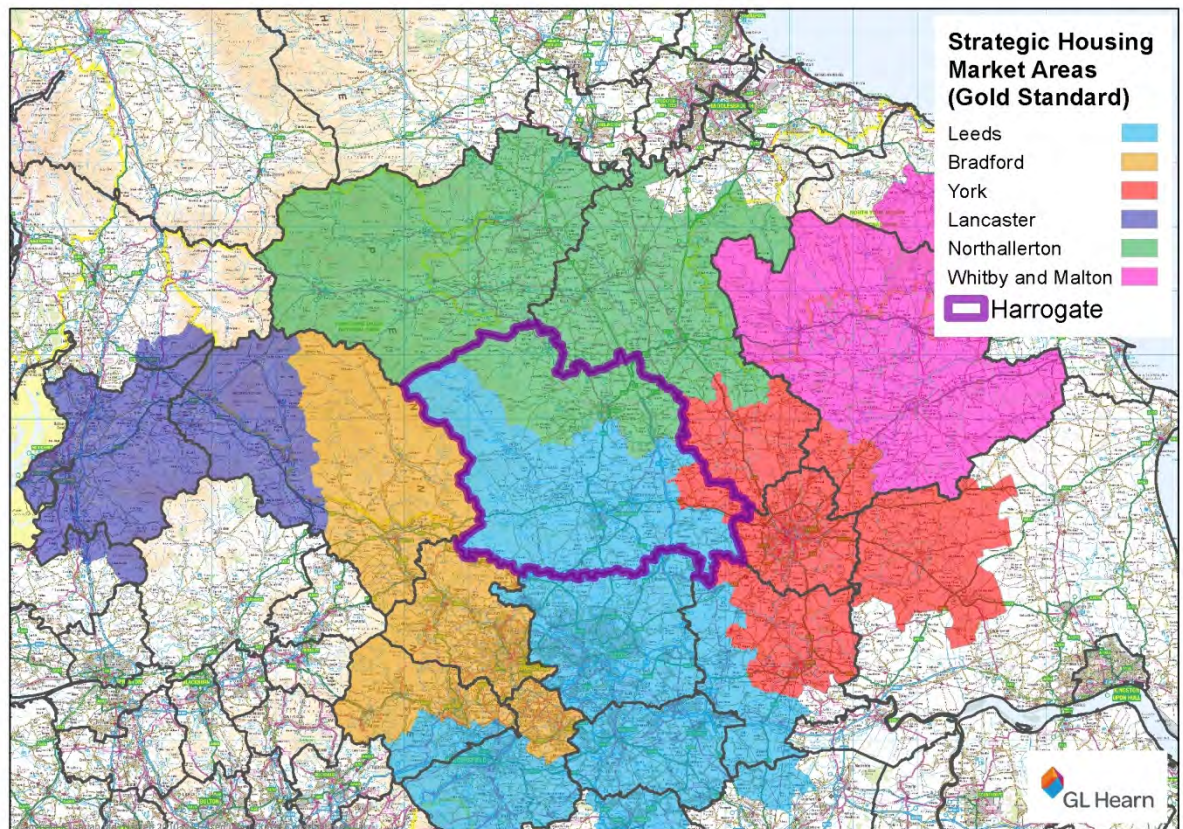
Source: CLG, 2010

2.13   By this definition the majority of the land mass and population of Harrogate District, including Harrogate town falls within the Leeds HMA. The northern part of the District, including Ripon, is contained within the Northallerton HMA.

2.14   The 'silver-standard' Strategic HMAs (based on local authority boundaries) acknowledges this and includes Harrogate as within the Leeds HMA along with Wakefield, Kirklees and Leeds City local authority areas.

2.15   Three other Strategic HMAs are also defined in close proximity to Harrogate District. Based on local authority groupings, the Bradford HMA covers Craven, Bradford and Calderdale to the west. To the north the Northallerton HMA covers Richmondshire and Hambleton and to the east the York HMA covers York and Selby local authority areas.

Local Housing Market Areas

2.16   Within the Strategic HMAs, the CLG study also defined a number of local housing market areas (LHMAs). Those in and around Harrogate District have been mapped in Figure 3. It should be noted that these are based on 2001 Census analysis.

Figure 3:   CLG-defined Local Housing Market Areas
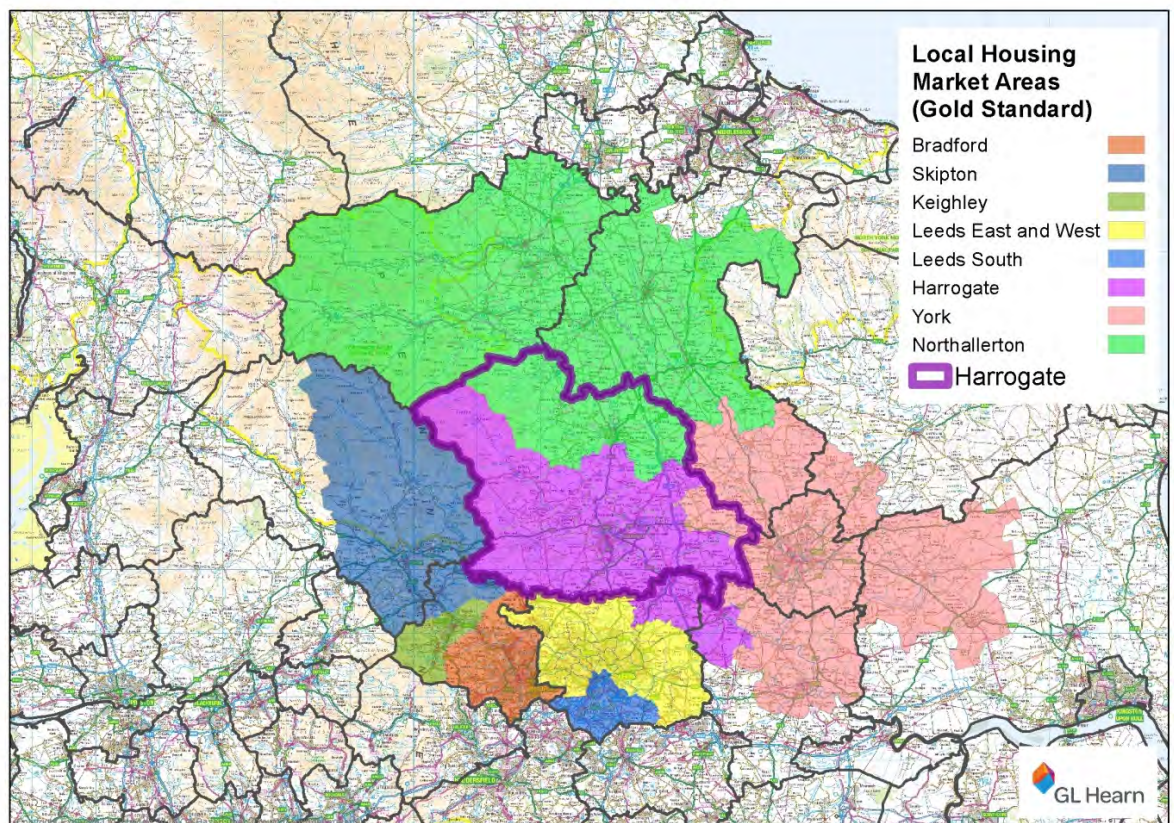
Source: CURDS, 2010

2.17   The most relevant CLG defined local HMAs to the study, is the Harrogate LHMA. This covers the vast majority of Harrogate District, including Harrogate town. It also extends to the north east of Leeds City and parts of Selby.

2.18   The Northallerton LHMA once again covers the northern part of Harrogate including Ripon and extends into the central part of Hambleton and Richmondshire. The York LHMA also covers a small part of Harrogate District east of Knaresborough.

Single Tier Housing Market Areas

2.19   The CLG research also takes forward the 'silver-standard' to a series of single tier authorities. In this regard, Harrogate is located within the wider Harrogate HMA alongside Richmondshire. Hambleton falls into a Middlesbrough-focused HMA and the Leeds HMA is comprised of Leeds and Wakefield (see Figure 4).

Figure 4:   Silver Standard Housing Market Area
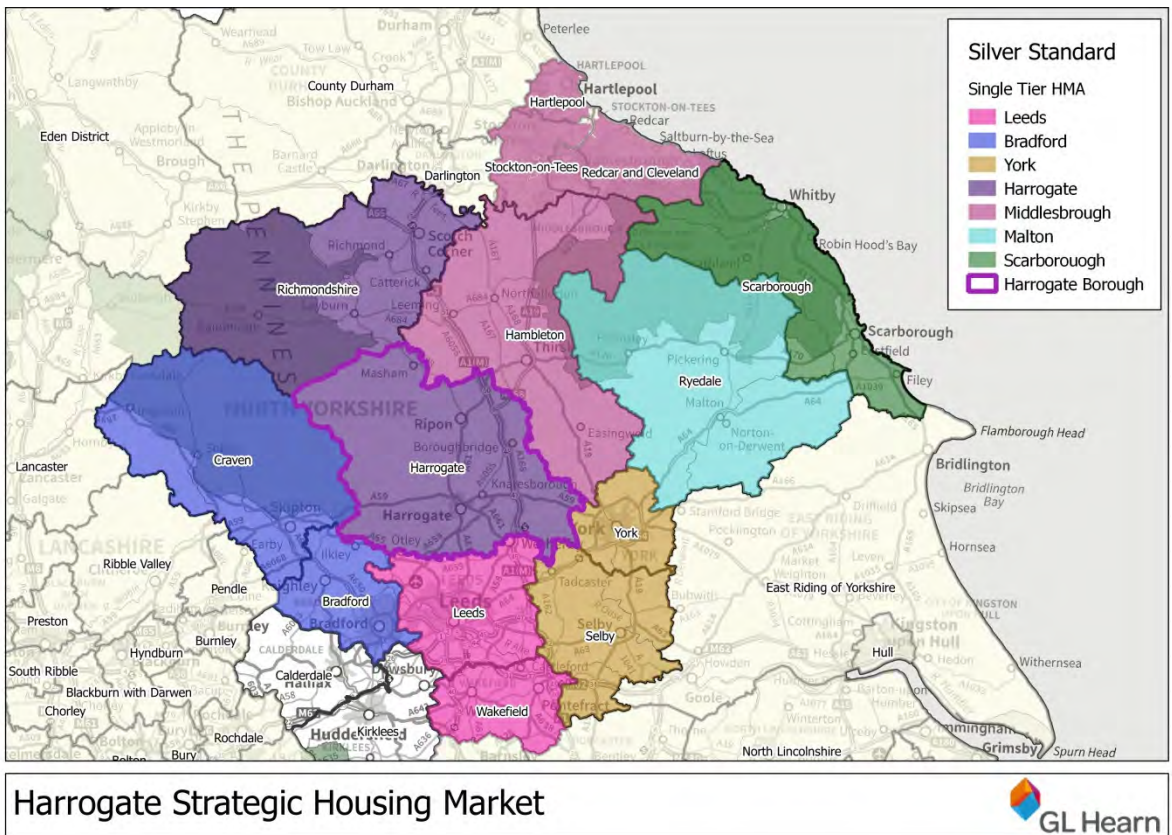
Source: CURDS, 2010

2.20   According to the CLG, this definition is considered to be inferior to the two-tier definition; although it is the preferred approach by Peter Brett Associates in the PAS Report.

Regional Research

2.21   A regional study was undertaken by DTZ for the Yorkshire and Humber Assembly and Homes and Communities Agency (HCA) in 2006. The aim of this study was to define housing market areas across the region; these were subsequently incorporated into the Yorkshire and Humber Plan. The DTZ study identified a total of 14 housing markets across the region. Harrogate town was identified as being within the Leeds sub-regional HMA, with Knaresborough also identified as being on the

edge of this area. The work also identified a local market which covers both Harrogate and Knaresborough.

Figure 5:   Housing Market Areas in Yorkshire and Humberside (DTZ)
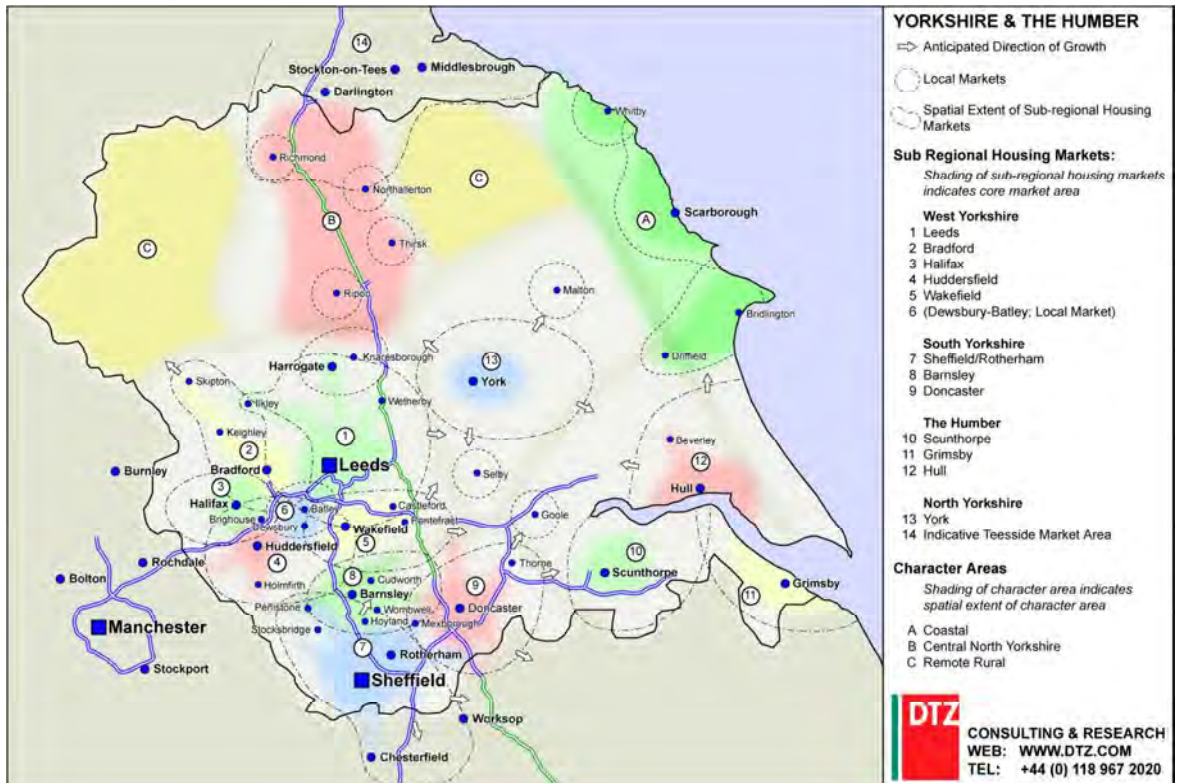
Source: DTZ Pieda, 2006

2.22   In the north of the District, Ripon is identified as having its own local housing market and is also defined as part of the Central North Yorkshire character area which also includes Thirsk, Northallerton and Richmond.

2.23   The DTZ work usefully identifies areas of convergence and overlap, recognising that whilst certain groupings of authorities share the strongest relationships, functional interactions also exist with peripheral areas. The Leeds sub regional market overlaps with the Harrogate local market area as well as the Bradford, Dewsbury-Batley, and Wakefield sub-regional housing market areas, demonstrating the complex relationships in the area.

Leeds City Region

2.24   The Leeds City Region Planning Portfolio Group also produced a paper named "Understanding the cross boundary impacts of housing markets and jointly planning housing provision in these areas" which reviewed the Housing Market areas in the wider sub-region.

2.25   For Harrogate District the report identified quite a complex relationship with adjoining districts stating that "Bradford, Leeds and York all exhibiting a clear relationship with the (Harrogate) District". The report also suggested that there was a potential for a shared market with North Leeds in the Harrogate, Knaresborough and their immediate hinterland. It also noted that the south east of the district was more closely linked with York city.

Summary of Existing Research

2.26   The national and regional research presents a somewhat inconsistent picture on the relevant housing market areas with a number of potential market areas and overlaps at play. However, there is some consistency in that both identify a Leeds focussed market which operates across the southern part of Harrogate district. There is also some consistency in analysis showing the north of the district being more closely linked with Hambleton and Richmondshire.

2.27   The PAS Advice Note supports the identification of a 'best fit' of local authority boundaries to functional housing market areas for practical reasons. Generally we would support this, not least because a good deal of the data needed to support development of a SHMA (including demographic projections) is principally available at a local authority level, with more local level data 'patchy.' However, in large areas such as Harrogate district it is not always possible to identify a single market operating across the entire local authority and in some circumstances the identification of more localised housing markets may be more appropriate. Any cross boundary issues will be picked up under the well established Duty to Cooperate arrangements that exist between local authorities.

2.28   As well as the historic definitions we have also reviewed more recent data including flow data (migration and commuting) from the 2011 census, as well as house price data taken from the CLG and Land Registry. This allows us to determine the most appropriate housing market(s) for the District using more contemporary data.

House Prices and House Price Trends

2.29   As the PPG suggests, house price patterns and trends are a useful indicator of demand dynamics and pricing levels in different areas. This kind of market approach has some merit – clearly for areas or authorities to be serving the same market area, there must be some broad comparability and relationship between house prices.

2.30   To begin with, we consider median house prices at local authority level. This provides us with an initial high level indication of areas with comparable or diverging house prices. We have considered prices for all the local authorities in North Yorkshire as well as Leeds. We have also reviewed the

change in median house prices over a 5, 10 and 15 year period. This is taken from the DCLG which unfortunately only provides data up to 2012.

Table 1:   Changes in Median House Prices, 2007-12

Area	1997 Median	2002 Median	2007 Median	2012 Median	15 year change	10 year change	5 year change
Harrogate District	£67,750	£130,000	£218,000	£210,000	210%	62%	-4%
Hambleton	£70,000	£115,000	£200,000	£200,000	186%	74%	0%
Richmondshire	£65,000	£97,000	£190,000	£185,000	185%	91%	-3%
England & Wales	£60,000	£110,000	£175,950	£180,000	200%	64%	2%
York City	£58,500	£114,000	£180,000	£179,950	208%	58%	0%
Ryedale	£63,500	£105,000	£196,000	£178,250	181%	70%	-9%
North Yorkshire	£60,000	£100,000	£184,950	£176,000	193%	76%	-5%
Craven	£60,000	£100,000	£180,000	£175,000	192%	75%	-3%
Selby	£57,000	£95,000	£170,000	£160,000	181%	68%	-6%
Leeds	£52,000	£82,995	£146,000	£142,500	174%	72%	-2%
Scarborough	£51,500	£76,000	£150,000	£142,000	176%	87%	-5%

Source: HM Land Registry/ CLG

2.31   This data should be treated with a note of caution as median house price will reflect the mix of stock. That is places with a higher number of larger, detached homes (e.g. rural locations) will generally have higher house prices than those with a higher number of smaller, flatted homes (e.g. urban areas).

2.32   This high level analysis highlights some important dynamics. We can see that median house prices in Harrogate District are somewhat higher than all the other areas; although there is some correlation between Harrogate District and Hambleton and to a lesser extent Richmondshire. Prices in Harrogate District are significantly above those in Leeds, although this will also reflect the housing stock in the respective areas.

2.33   Across North Yorkshire and Leeds there is a broad trend of significant longer term price growth and broadly short term retrenchment. Over the longer 15 year period, median price growth in Harrogate District and York have been highest, with prices tripling in both areas over this period. In the medium term (10 years), this was reversed with the weakest growth seen in Harrogate District and York. Over the same ten year period median house prices in Richmondshire have grown most.

2.34   In the shorter term (5 years) Harrogate District has seen a 4% decline similar to that in Richmondshire (-3%) and Leeds (-2%). Over the same period Hambleton and York did not see any overall price change.

2.35   The Land Registry also provides more recent data which can be broken down by house type, as shown in Figure 6 below. This data shows that Harrogate District has higher house prices than all of the comparator / adjoining areas for all house types, particularly detached prices.

Figure 6: Median House Prices by Local Authority, Jan 2013- June 2014

	Detached	Flats	Semi-Detached	Terraced
■ Craven	£321,000	£116,500	£184,000	£139,000
■ Hambleton	£279,000	£124,000	£174,000	£162,500
■ Harrogate	£350,000	£149,000	£211,250	£177,750
■ Leeds	£265,000	£112,500	£151,000	£118,000
■ Richmondshire	£237,000	£110,000	£162,500	£165,250
■ York	£275,000	£143,995	£190,500	£173,500
■ North Yorks	£270,000	£122,500	£170,000	£152,500
■ West Yorks	£265,000	£112,500	£151,000	£118,000
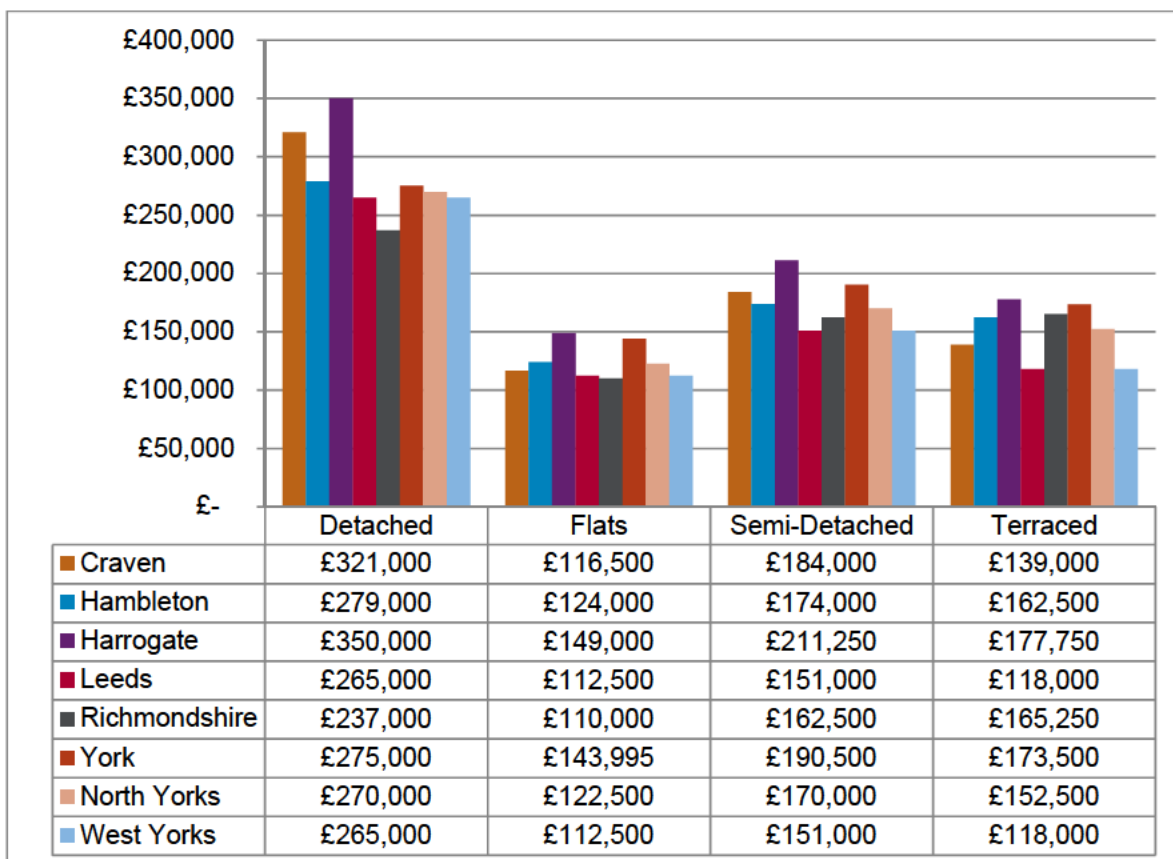
Source: GLH Analysis: Land Registry Price Paid Data

2.36   Craven has the most comparable prices to Harrogate District for the larger detached and semi-detached typologies. York and Hambleton are most closely aligned with Harrogate District for the smaller terraced and flats typologies.

2.37   We have also mapped more recent house price data to show localised house price dynamics. For this we have looked only at semi-detached and terraced properties. This allows us to strip out some of the skewing of price resulting from the housing mix.

2.38   As Figure 7 illustrates house prices around Harrogate town, Knaresborough and the southern part of Hambleton are particularly high, in comparative terms. The northern, more suburban parts of Leeds City also has a strong market which aligns it more with Harrogate District than the rest of the City.

Figure 7: Weighted Average Price of Semi-detached and Terraced Property Sales
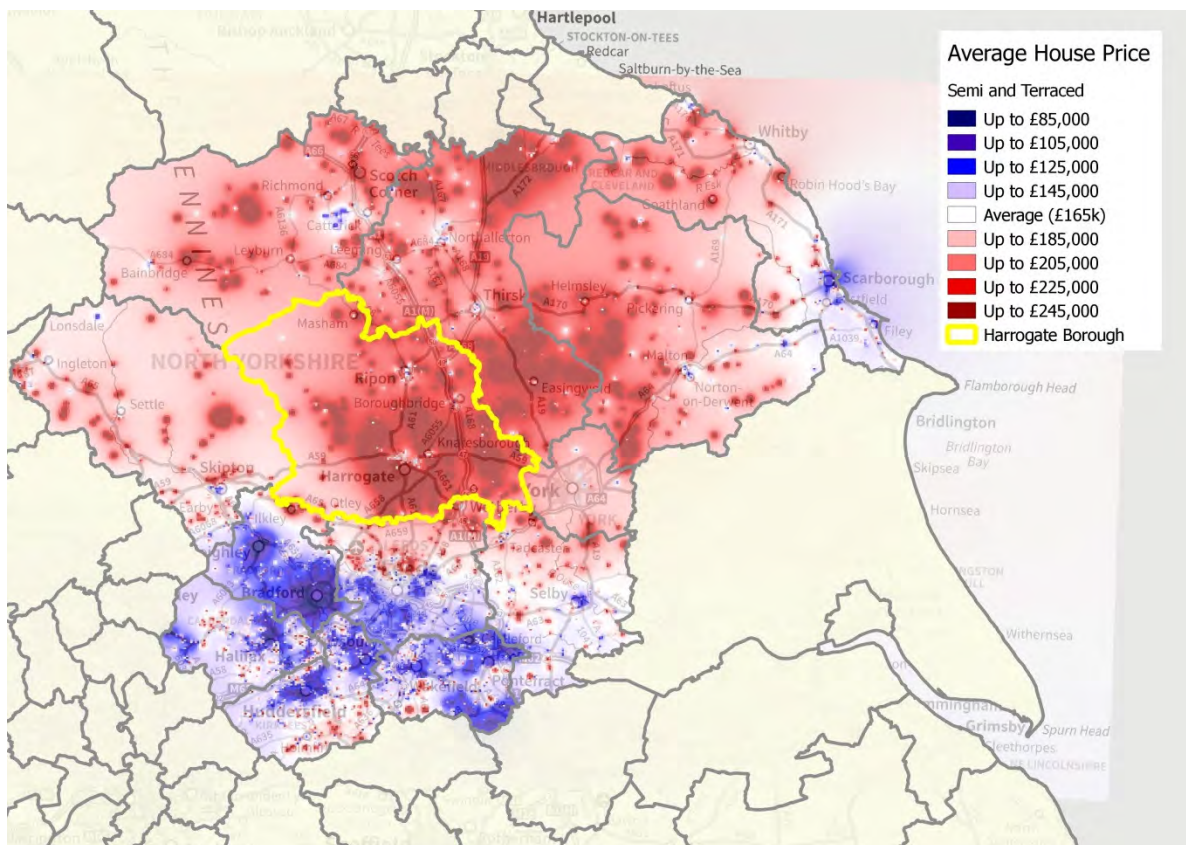
Source: HMLR, 2014

2.39   More modest house prices are seen in the north west and west of Harrogate District. This indicates an alignment with those immediately adjoining areas of Richmondshire and Craven districts.

Summary of Price and Price Trend Analysis

2.40   The analysis of current house prices provide some market based indication of integration between the markets of Harrogate District and Hambleton and to a lesser extent Richmondshire. Significantly there is also a clear local integration with the northern (suburban) parts of Leeds City. In house price change terms, there is some correlation between all the authorities reflecting the wider macro dynamics.

2.41   On the basis of house price dynamics alone and drawing boundaries at a local authority level, we would consider a HMA based on Harrogate and Hambleton local authorities with a possible inclusion of Richmondshire. However functional relationships also need to be considered, and are addressed next.

Analysing Migration Flows and Patterns

2.42   Migration flows reflect households' movement between areas, and thus is a key factor in considering the geography of housing markets. To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed Census data on internal migration flows between the relevant local authority areas.

2.43   The data typically shows larger flows between authorities which are close to or border one another. There are also typical patterns of flows to university towns and cities around the country. The scale of flows is partly influenced by the population of the authorities, with the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

2.44   Taking this into account, we have sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows and gross flows expressed per 1,000 head of combined population.

Table 2:   Average gross migration flows with Harrogate District per annum (2011)

Authority	Gross	Gross per head of Pop
Hambleton	829	3.36
Leeds	1,920	2.11
York	675	1.90
Richmondshire	295	1.41
Selby	215	0.89
Craven	156	0.73
Bradford	476	0.70
Newcastle upon Tyne	283	0.65
Scarborough	167	0.63
Ryedale	131	0.62

Source: Census, 2011

2.45   The analysis undoubtedly confirms a complex set of interactions and flows between Harrogate District and its neighbouring authorities. However, there are a number of pertinent migration patterns and relationships which we can draw out.

2.46   Strategically, the strength of the relationship between Harrogate District and Leeds is clear with almost 2,000 gross flows per annum (equivalent to 2.11 per 1,000 head of population). However when weighted to reflect the size of each area the relationship to Hambleton has a stronger relationship (equivalent to 3.36 per 1,000 population). Also notable are the links to York and Richmondshire (although in absolute terms the flow with Richmondshire is modest). The relationships are also mapped in Figure 8.

Figure 8: Gross Weighted Migration Flows (2011)
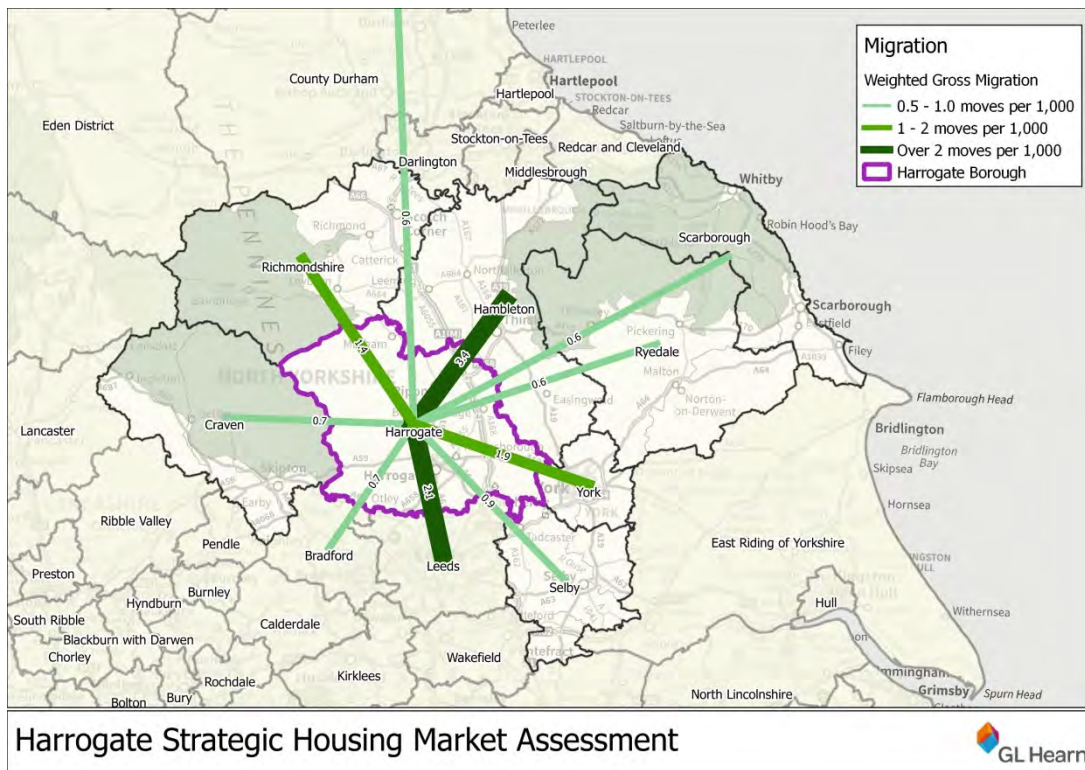
Source: ONS, 2011

2.47   We have examined the dynamics of the net flow of people to and from Harrogate District , the results of which are illustrated in Figure 9 and Table 3. This data clearly shows a flow of people out of Leeds, and to a lesser extent Bradford, in to Harrogate District. After these areas the net inflows become largely insignificant.

2.48   Across UK cities there is typically a net out-migration from the City (which has a younger population and attracts migrants from across the UK and internationally) to the immediately surrounding areas. This is partly related to family life cycles and lifestyle. With Leeds we would therefore expect a strong flow into both Harrogate District and Selby as the only non-urban local authorities bordering the City.

Figure 9: Net Migration Flows (2011)

Harrogate Strategic Housing Market Assessment
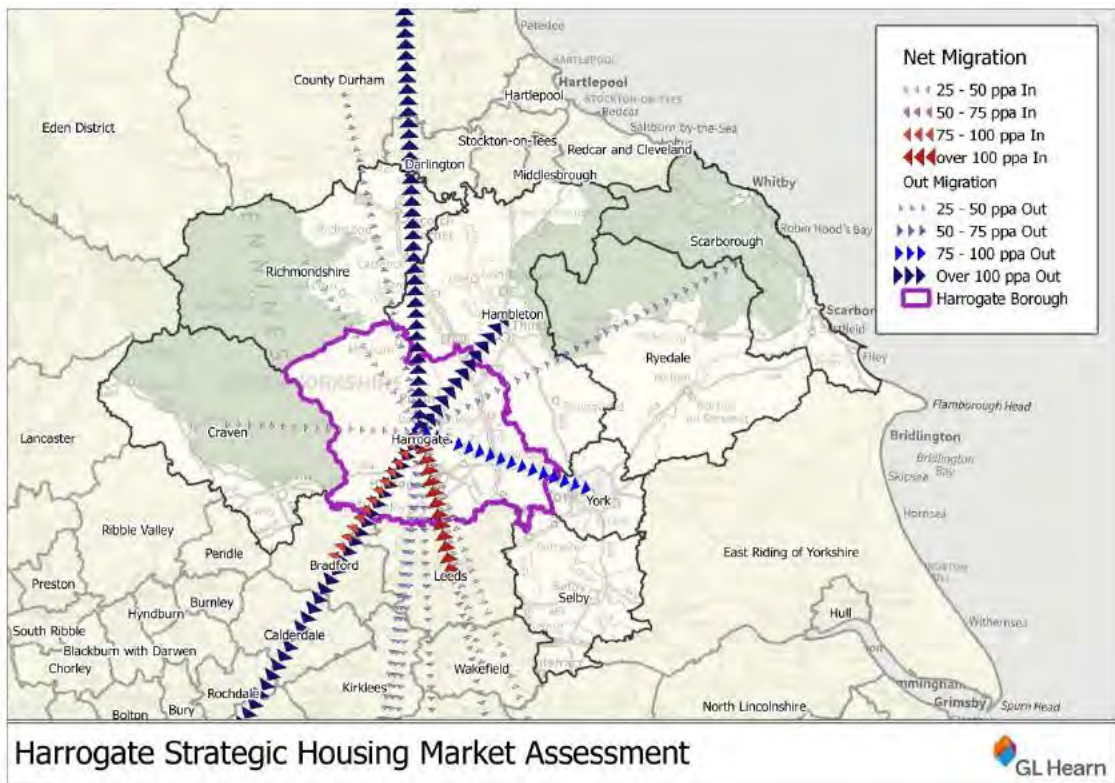
Source: ONS, 2011

2.49   There is also a clear pattern of out migration from Harrogate District to Newcastle, Hambleton, Manchester and York. In the case of Newcastle and Manchester these can largely be attributed to movements of students.

Table 3:   Top Ten Net In and Out Migration with Harrogate District

Origin	Net In Flow	Destination	Net Out flow
Leeds	274	Newcastle upon Tyne	159
Bradford	86	Hambleton	143
Richmondshire	31	Manchester	109
Wakefield	30	York	79
Craven	28	Sheffield	47
Haringey	27	North Dorset	44
Calderdale	19	Wiltshire	43
Shropshire	19	Nottingham	39
North Tyneside	18	Birmingham	35
Chichester	17	County Durham	31

Source: ONS, 2011

Summary of Migration Flow Analysis

2.50   Migration patterns clearly confirm the strength of the relationship between Harrogate District and Leeds and Harrogate District and Hambleton with significant gross flows between the authorities. More widely however, Leeds shares other notable relationships, particularly with Wakefield but also to a lesser extent the other West Yorkshire authorities. This suggests to some degree that the City is a focal point for migration activity in the sub-region.

2.51   Migratory patterns to the east of the District are also complex with York sharing small but notable migration flows with Harrogate District ; but also stronger flows to/from Selby and East Riding.

Analysing Commuting Patterns

2.52   Commuting flows provide important evidence of the functional relationships between various authorities. The PPG directs planning authorities to consider commuting flows as a source of contextual information about the spatial dynamics of the local labour market. These dynamics will somewhat influence search patterns and location choices within the housing market.

Travel to Work Areas

2.53   The first source to consider is the 2001 Travel to Work Areas as drawn from the 2001 census data and analysed by the ONS. Travel to work (TTWA) areas are the smallest areas that can be defined in which two thirds of the population live and work. These are therefore, useful in defining HMA areas. They provide a useful starting point as they offer national coverage and comparability; however, the data is somewhat outdated.

2.54   As shown in Figure 10, Harrogate District is covered by the Harrogate and Ripon 2001 TTWA which broadly reflects the District's boundary. This suggests a relatively strong degree of self-containment of workforce in 2001.

Figure 10: ONS Travel to Work Areas

Source: ONS, 2001

2.55 More recent commuting flows drawn from the 2011 census also provide an important evidence base of the functional and market relationships between various authorities. Table 4 below outlines the commuting flows to and from Harrogate District and the wider area.

Table 4:   Commuting Flows to/from Wider Area (2011)

Residence	Workplace	Commuters	% of Residents
Harrogate District	Leeds	8,481	13.3%
Harrogate District	Hambleton	1,920	3.0%
Harrogate District	York	1,837	2.9%
Harrogate District	Bradford	1,202	1.9%
Harrogate District	Wakefield	467	0.7%
Harrogate District	Richmondshire	399	0.6%
Harrogate District	Selby	303	0.5%
Residence	**Workplace**	**Commuters**	**% of Workforce**
Leeds	Harrogate District	6,019	9.3%
Hambleton	Harrogate District	2,377	3.7%
York	Harrogate District	2,194	3.4%
Bradford	Harrogate District	1,485	2.3%
Selby	Harrogate District	710	1.1%
Richmondshire	Harrogate District	593	0.9%
Wakefield	Harrogate District	457	0.7%

Source: Census, 2011

2.56   Again there is a particularly notable relationship between Harrogate District and Leeds with more than 15,000 people per day travelling in either direction. Based on economic drivers, there is again a strong rationale for the two falling within the same market.

2.57   However, we can see that Leeds as the major regional driver actually has a relatively strong influence across a number of the authorities; again reaffirming that the city is somewhat of a focal point for employment driven movements.

2.58   By mapping the external commuting patterns (see Figure 11) it is obvious that Leeds draws a large number of people from the southern end of Harrogate District with no notable flows from the north of Harrogate District. This also reflects in part the rail links into the city from Harrogate town and the surrounding villages.

Figure 11: Travel to Work Patterns (2011)
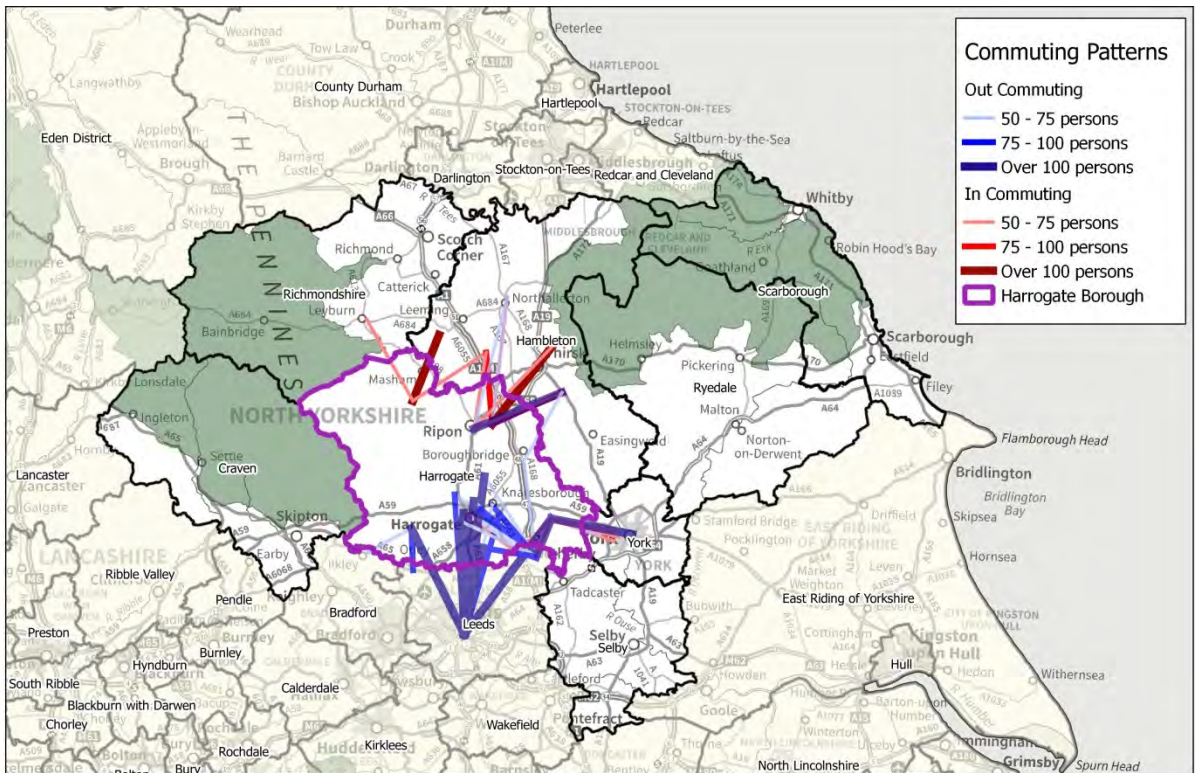
Harrogate Strategic Housing Market

Source: ONS, 2011

2.59   There are also some smaller but notable flows to and from Knaresborough to York and from Ripon to Thirsk. Also notable is the number of commuters coming into the District from Hambleton and to a lesser extent Richmondshire. These particularly flow into Ripon from Thirsk, Leeming and Leyburn. There are also small but notable flows from York and North Leeds to Harrogate town.

2.60   Across the authorities we have analysed the 2011 commuting data to identify levels of self-containment. Harrogate District provides employment to 45,408 of its 63,831 residents. This equates to a relatively high resident self-containment of 71.1% i.e. the percentage of people remaining in the District to Work. Looking at the self-containment of the District's 64,936 jobs, with 45,408 going to local residents this equates to 69.9% self-containment.

Summary of Commuting Flow Analysis

2.61   Commuting flows again indicate a relatively complex pattern of relationships across the sub region with labour markets within authorities seemingly integrating to different degrees at different spatial levels.

2.62   There is once again clear confirmation of the strong functional interactions between Leeds and the wider sub-region including a notable influence in the southern part of Harrogate District. However, we also identify Ripon as the focus of another strong source/destination relationship, particularly with other authorities to the North.

2.63   Looking at Harrogate District as a whole, there is a greater concentration of population in the south of the District and, reflecting this, a stronger relationship with Leeds than with Hambleton and Richmondshire as a whole.

Drawing the HMA Analysis Together

2.64   There is no single source of information for defining a housing market area and many housing market areas overlap. In line with the PPG, we have analysed three key data sources: house price trends and dynamics, commuting flows and migration patterns. This has allowed us to define the extent of the relevant housing market area for Harrogate District .

2.65   There are clearly a complex set of relationships across the District; however, the balance of evidence across all three clearly demonstrate a significant integration between Harrogate District and Leeds; and to a lesser extent Harrogate District and Hambleton.

2.66   There are also lesser but notable links with both York and Richmondshire, although these are likely to reflect more local cross-boundary interactions at the periphery of the Districts.

2.67   In market-terms (as reflected in the house price analysis) the relationship between Harrogate District and Hambleton is by far the strongest of the authorities analysed. In behavioural terms (shown by migration and commuting flow analysis) the closest links are with Leeds.

2.68   In our view, the triangulation of the sources strongly supports defining Harrogate District as falling within two housing market areas - one linked to Leeds covering the south of the District and one linked to Hambleton (and wider North Yorkshire) in the north of the District.

2.69   It is however important to recognise overlaps between authorities and markets in this area. The southern settlements and villages of Richmondshire and central Hambleton in particular are likely to have quite a strong relationship to Ripon. Similarly York's influence is likely to extend into the eastern periphery of Harrogate District around Knaresborough. The wider parts of these local authorities may not align quite so closely.

2.70   In the context of the Duty to Cooperate, the authorities outlined above with close links to Harrogate District should be and have been engaged with on strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies.

2.71   The boundaries of housing market areas will always be permeable to a certain degree. Engagement has been sought with the neighbouring authorities principally in relation to the methodology, but also on Housing Market Geographies and our initial findings. A list of those who have been consulted with is outlined in Appendix A.

3 CHARACTERISTICS OF THE HOUSING MARKET AREA

3.1   In this section we consider the characteristics of Harrogate District's population and housing stock.

Population

3.2   In mid-2013, the population of Harrogate District totalled 158,200 persons[6]. This comprised around 26% of the total North Yorkshire population and around 3% of the regional population.

Table 5:   Mid-Year Population Estimate, 2013

Area	Population
Harrogate District	158,200
Leeds	761,500
Hambleton	89,900
North Yorkshire	602,700
Yorkshire and Humber Region	5,337,700
England and Wales	56,948,200

Source: ONS Mid-Year Population Estimates

3.3   Since 2001 the District's population has grown steadily and by around 5.1%. Figure 12 illustrates the growth in the District's population over the longer period. There is a particularly notably growth from 1993 onwards. In the last two year however the population has declined.

Figure 12: Population Growth in North and West Yorkshire, 1981-2013

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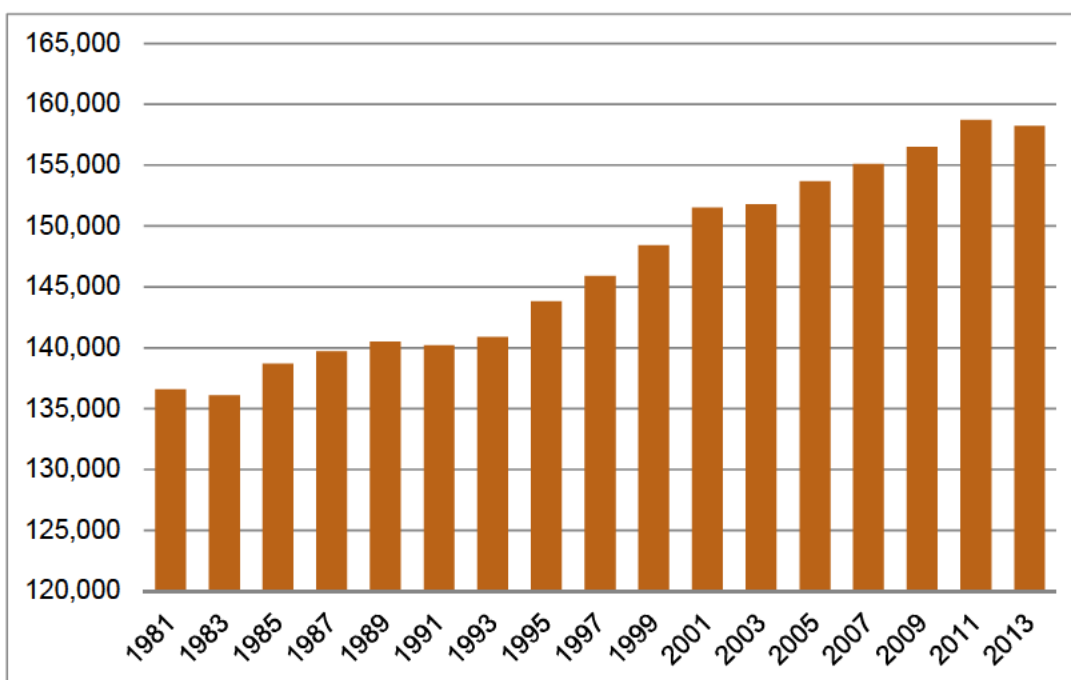
[6] ONS 2013 Mid-Year Population Estimates

Source: ONS Mid-Year Population Estimates

3.4   Figure 13 shows the population growth over the 2003-2013 period. It is indexed relative to the population of each area in 2003. This shows that the population of Harrogate District has grown by just over 4% over this 10 year period, which is lower than growth in Yorkshire and Humber (6%) and England (7%). It is the recent five year trends (based on 2006/7-2012) which are projected forward in the 2012 –based SNPP which includes that decline since 2011.

Figure 13: Benchmarking Population Growth, 2003-13
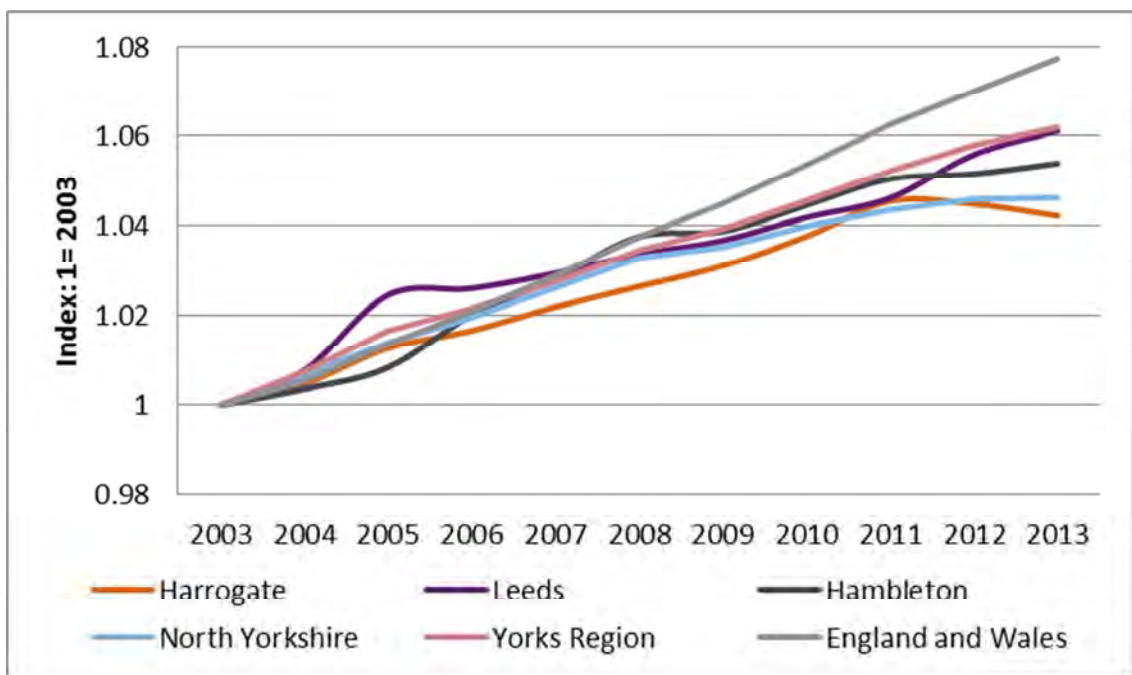
Source: ONS Mid-Year Population Estimates

Age Structure

3.5   Population growth and housing need are influenced not just by the growth of the population, but by the population structure. Harrogate District's population structure differs slightly from that of Yorkshire and Humber as a whole. There is a higher percentage of the population in each of the 5 year age bands over 40, with the difference between Harrogate District and the national average increasing with age.

3.6   The District also has a noticeably low proportion of people in the 20 – 40 age brackets. Leeds, as a City and university town, has, as expected, significantly higher percentage of people aged 20 to 24.

Figure 14: Population Structure, 2013
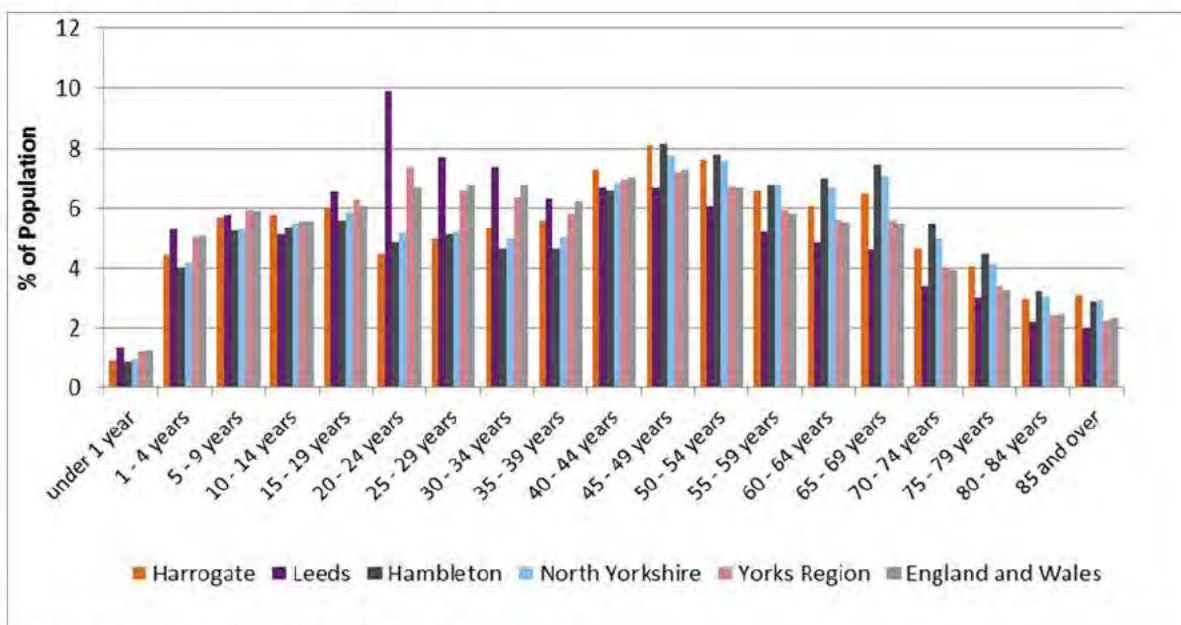
Source: ONS 2013 Mid-Year Population Estimates

3.7   Table 6 summarises the population profile into five different stages of life. This shows an alignment of the population structure with North Yorkshire in the District, although this is perhaps unsurprising given the District comprises more than a quarter of the county's population.

Table 6:   Summary of Population by Stage of Life (2013)

	Pre-schools (0-4)	School Age (5-19)	Young Adults (20-39)	Older working Age Adults (40-65)	Retirement age (65 plus)
Harrogate District	5.4%	17.5%	20.4%	35.7%	21.2%
Leeds	6.6%	17.4%	31.3%	29.6%	15.2%
Hambleton	4.9%	16.1%	19.4%	36.3%	23.5%
North Yorkshire	5.2%	16.6%	20.4%	35.7%	22.2%
Yorks Region	6.3%	17.7%	26.1%	32.4%	17.5%
England and Wales	6.3%	17.5%	26.5%	32.3%	17.4%

Source: ONS 2013 Mid-Year Population Estimates

Ethnicity

3.8   The ethnic composition of Harrogate District's population is similar to that seen across Yorkshire and Humber; both are less ethnically diverse than England as a whole. The majority (90%) of the population of Harrogate District in 2011 is identified as White British. This compares to 86% across Yorkshire and Humber and 82% across England.

Figure 15: Ethnicity, 2011
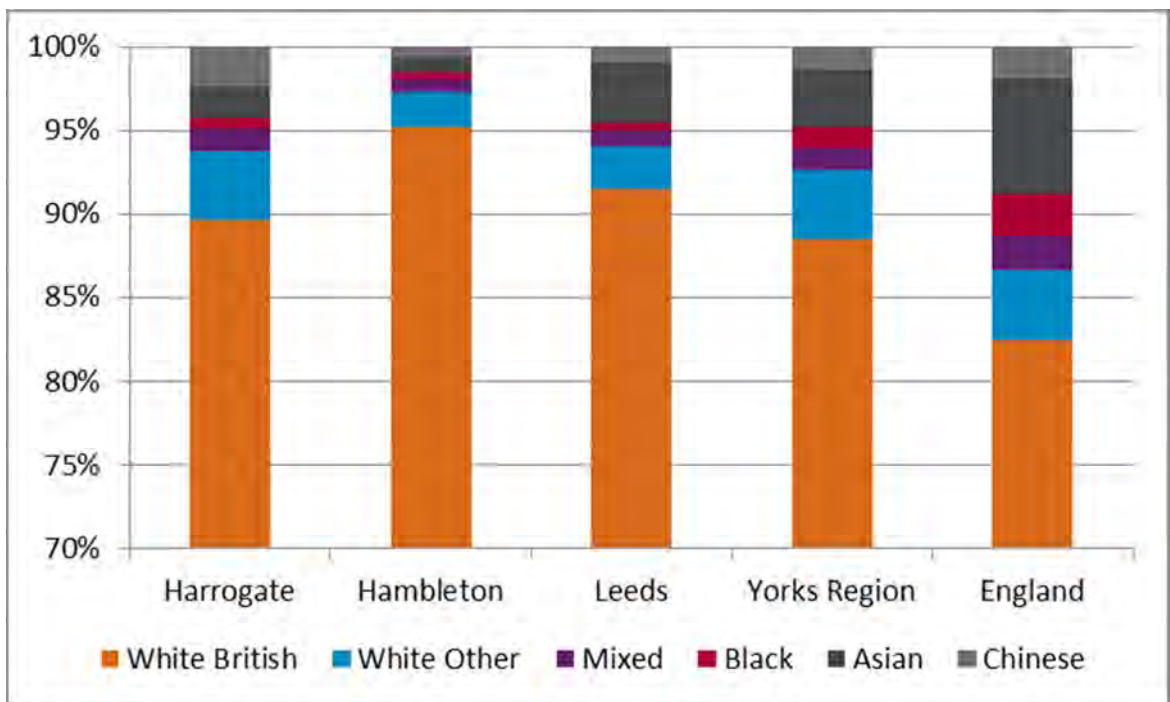
Source: 2011 Census

3.9   Other than White British, 4% of the population of Harrogate District is identified as White Other. This includes Irish and Eastern European people. Asian or Asian British residents account for 2% of the population and Chinese for 2.3%; aside from these two no other BME group accounts for over 1%.

Labour Market Characteristics

3.10   In Section 7 we consider the inter-relationship between the economy and housing market. This is influenced in part by labour market characteristics, including the proportion of people in work and how the population structure is expected to change over time. This section of the report sets the baseline for that analysis.

3.11   The 2011 Census indicated that 74% of the population (aged 16 to 74) of Harrogate District are economically active, that is, those of working age who are either in employment or not in employment but seeking work. This figure is 6% higher than the region as a whole and is the highest of the comparator areas. Economic activity rates are relatively high.

Figure 16: Economically Active Residents, 2011
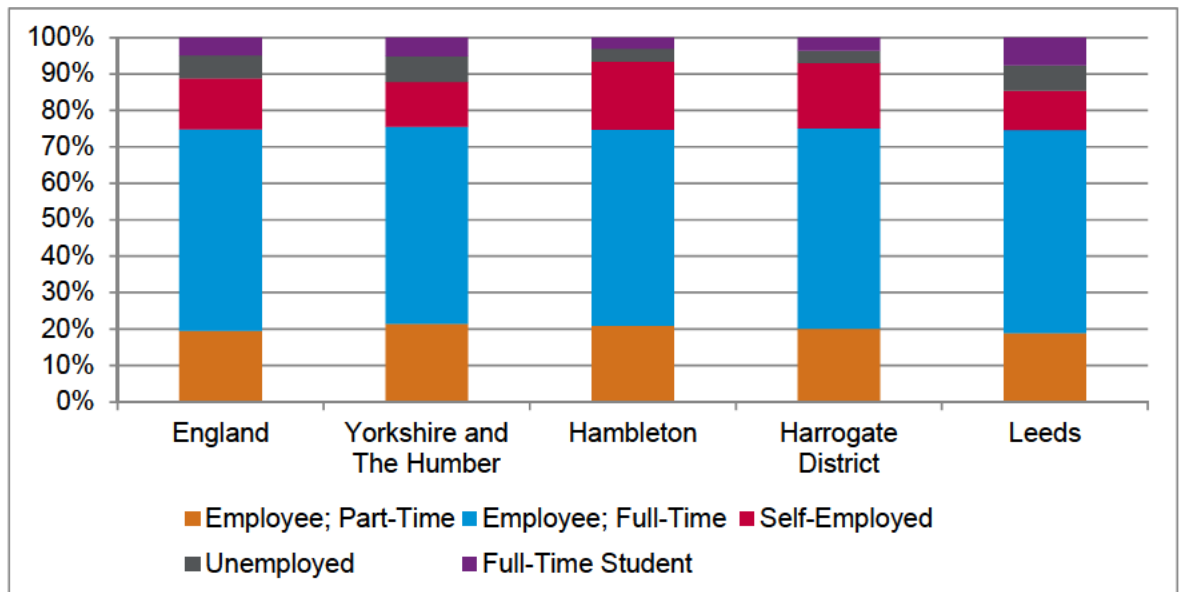
Source: 2011 Census

3.12   Of Harrogate District's economically active population, 56% are employees, 15% part-time and 41% full-time. The District has a self-employment rate of 13%, 3% are full-time students, and 3% are unemployed. The latter two of these figures fall below both regional and national proportions. Self-employment is relatively strong.

3.13   Figure 17 shows the occupational profile of Harrogate District as a percentage of the working age population currently employed in each of the 3 major occupation groups. Harrogate District's occupational profile is broadly similar to that of Yorkshire and Humber and of England as a whole.

3.14   More detailed analysis indicates that there is a slightly higher percentage of employees in the highest occupation group, Managers, Directors and Senior Officials in Harrogate District (14.4%) and fewer in the lowest occupation group, Process, Plant and Machine Operatives (4.8%) compared to national averages.

Figure 17: Occupational Profile
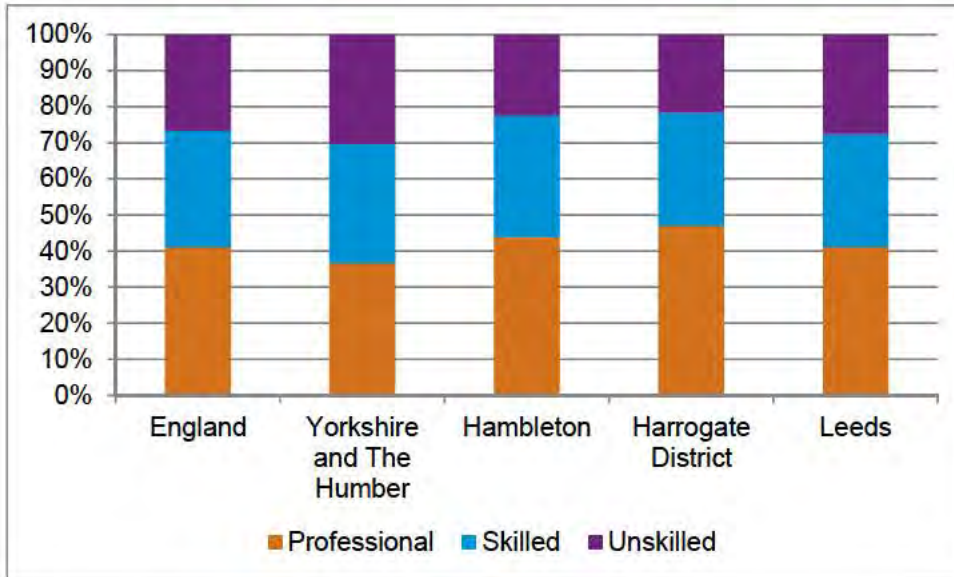
Source: 2011 Census

As with occupational profile, the levels of qualification of Harrogate District residents are above the regional and national average. Harrogate District has a significantly larger proportion of the population with Level 4 qualifications and above (34.1%) compared to the regional average (23.2%). Figure 18 shows the proportion of the population by the highest level of qualification achieved.

Figure 18: Qualifications, 2011
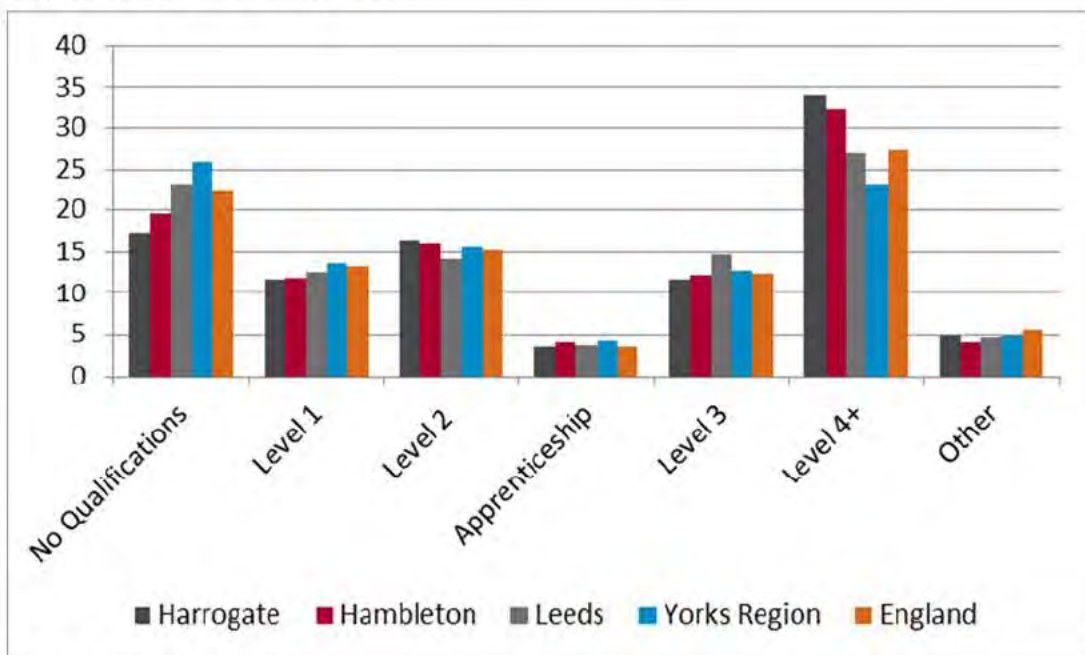
Source: 2011 Census

3.15   Yorkshire and Humber has, as a region, an above average proportion of the population with no qualifications relative to the other areas considered in Figure 18 with Leeds having the highest proportion out of the comparable authorities and Harrogate District the lowest. Harrogate District is home to a greater proportion of higher skilled residents than surrounding areas.

Earnings

Both the qualifications and occupation profile are borne out in the earnings data. This in turn affects the affordability of housing. The average gross weekly earnings of Harrogate District residents are £662 (around £35,000 per annum). This is greater than the Yorkshire and Humber average of £561 per week, but only marginally greater than the England average of £653 per week.

3.16   The difference between male and female earnings is seen in all areas, but is particularly wide in Harrogate District with average male earnings £223 per week more than average female earnings. Female earnings in the District are 21% below the average weekly pay. By comparison, female earnings are 18% below the average weekly pay in England.

Figure 19: Earnings by Residence, 2013
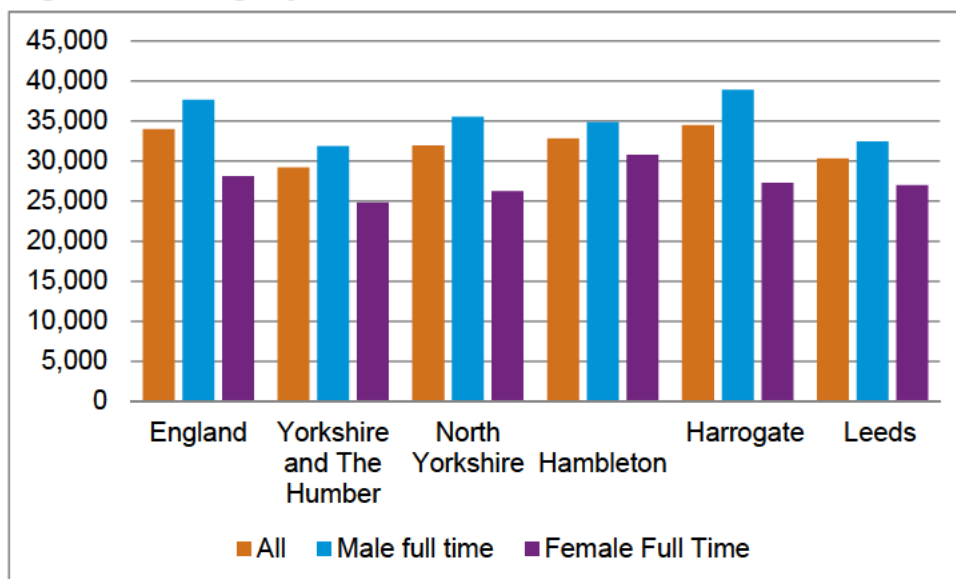
Source: ONS, 2013

3.17   As shown in Figure 20, the average gross weekly pay of people working in Harrogate District is £542 which is slightly below the regional average of £557 and well below the national average of £653.

Figure 20: Earnings by Workplace, 2013
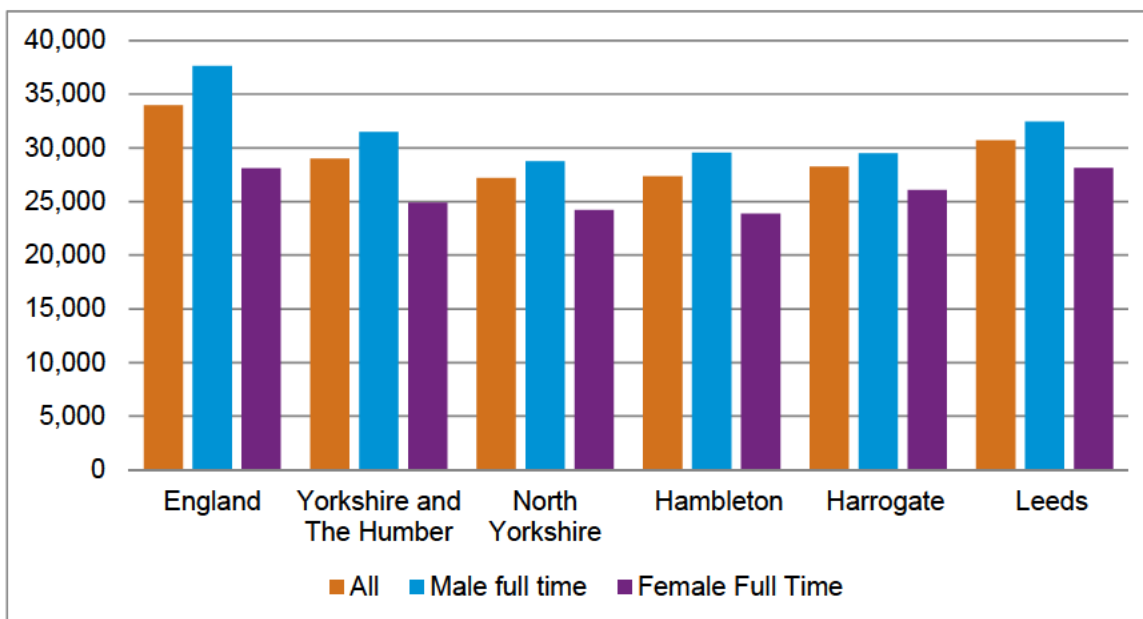
Source: ONS, 2013

3.18   Residence-based earnings exceed workplace-based earnings by a significant £93 per week in Harrogate District and £52 per week in Hambleton. The average earnings by workplace figure is significantly lower than the earnings by residence – indicating a leakage of higher earning residents to jobs outside of the area, most probably Leeds, which has the highest workplace earnings among the comparators.

Households

3.19   In 2011, there were approximately 67,200 households in Harrogate District, housed in 70,600 dwellings. This comprised around a quarter of the households in North Yorkshire and 3% in the Yorkshire and Humber Region.

3.20   Figure 21 shows the proportion of selected types of households in 2011. Around 28% of households in Harrogate District are single person households, slightly lower than the Region and England levels (31% and 30% respectively). Around 28% of Harrogate District households have dependent children, again slightly lower than Yorkshire and Humber and England (both 29%).

The high proportion of households with non-dependent children and with no children within the HMA is a function of the higher proportion of older residents (over 40) within the population structure. This is also shown in 24% of households in Harrogate District being older person households (all household members aged 65+) – higher than the national and regional averages, both 21%.

Figure 21: Selected Household types as a percentage of all households, 2011
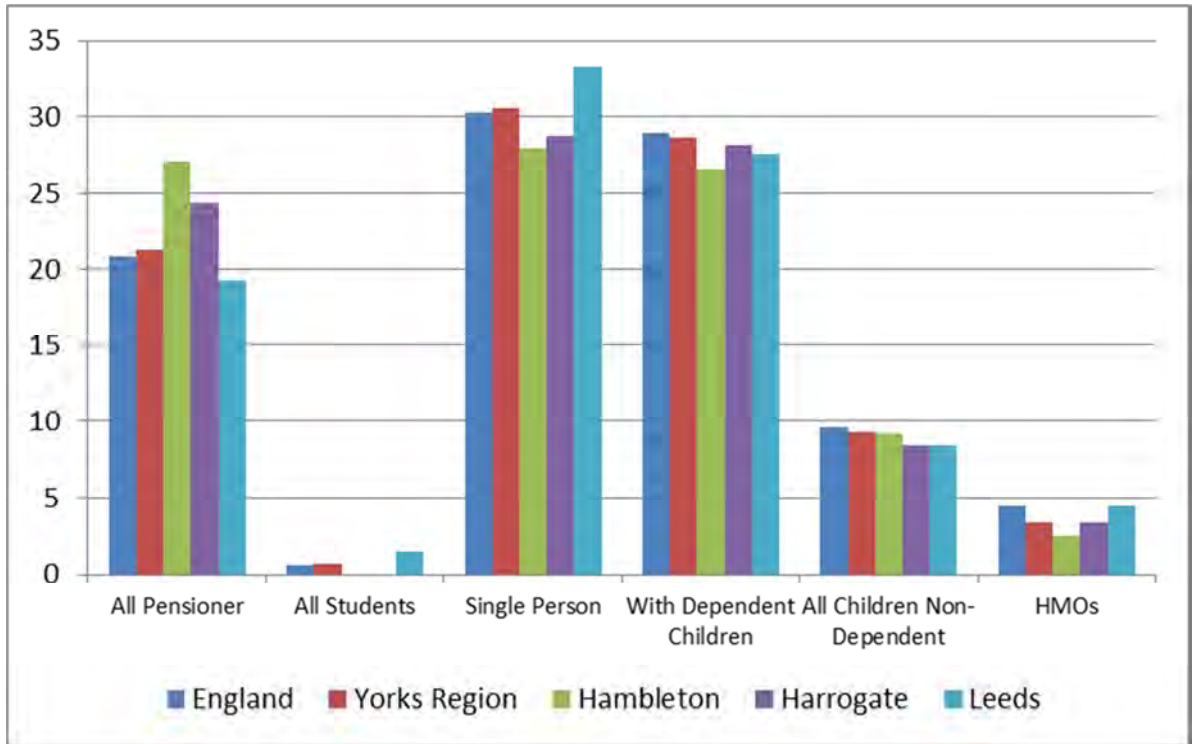
Source: Census 2011

3.21   Between 2001 and 2011 the number of households in Harrogate District has grown by 4,092, equivalent to 6.5% growth. By comparison, Yorkshire and Humber saw a 7.7% increase in households and England saw a 7.9% increase over this period. This is consistent with lower overall population growth in Harrogate District.

3.22   Harrogate District has seen an overall increase in the number of single person households between 2001-11 (21%). Yorkshire and Humber as a region has seen an increase of 11.5% and England as a whole 8.3%.

3.23   When compared to the increase in the number of households this shows a trend towards single person households across the country as well as in Harrogate District. This trend has been seen nationally as traditional household structures become less common. In Harrogate District the stronger growth is influenced by the age structure of the population – and growth in older, single person households.

3.24   As shown in Figure 22 the wider county and region there has been a significant increase in the number of families with non-dependent children – an increase of 465 over the decade. This indicates that children are living with their parents longer and are not able to form their own households.

Figure 22: Change in Households by Type, 2001-2011
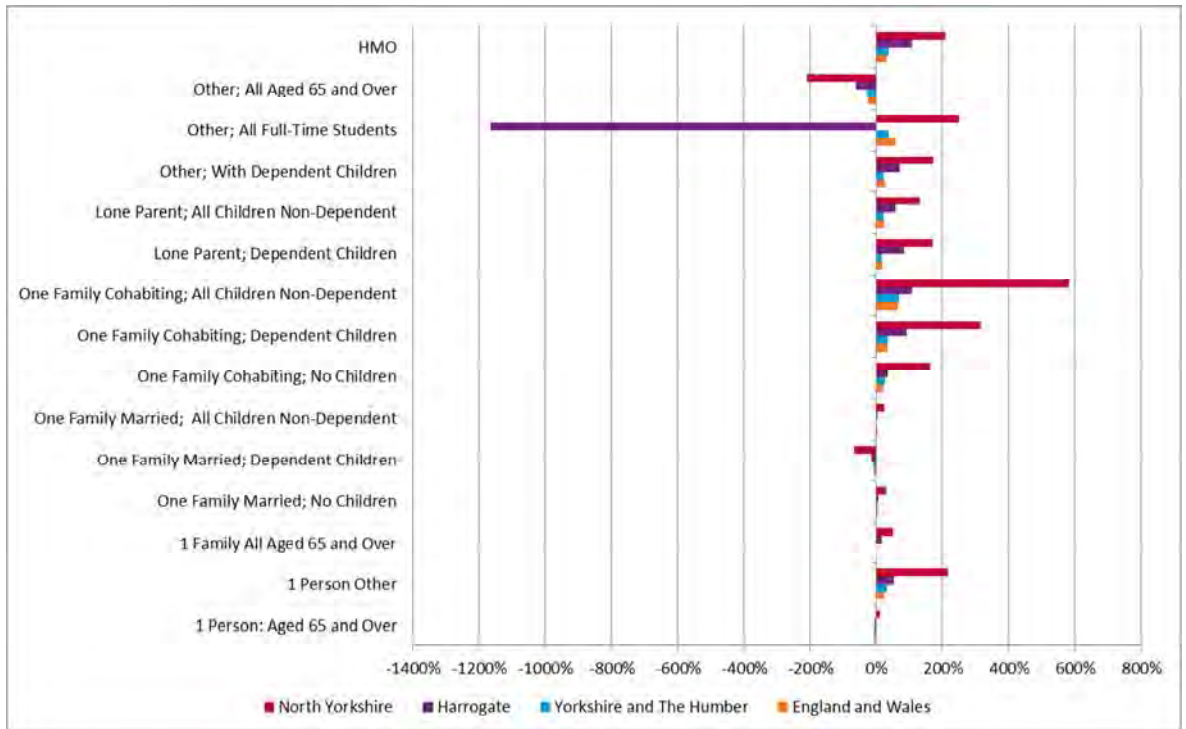
Source: Census 2011

3.25   Although as a percentage there was a significant decline in the number of all student households in Harrogate District, this actually reflects a very small number of households.

Housing Stock and Supply Trends

3.26   Census data can be used to provide a detailed breakdown of the housing stock by tenure type. Owner occupation is the most common tenure type in Harrogate District accounting for 73.1% of households in 2011.

3.27   The Private Rental Sector (PRS) accounts for 15% of households, and social rented 3%. By comparison, across England 64% of households are homeowners, the Private Rented Sector accounts for 17%, and the social rented sector 18%. This highlights both significant home ownership and low rental levels in the District in comparison to the wider region. This is potentially driven by a low number of social rental properties in the district rather than low demand.

Figure 23: Tenure Profile, 2011
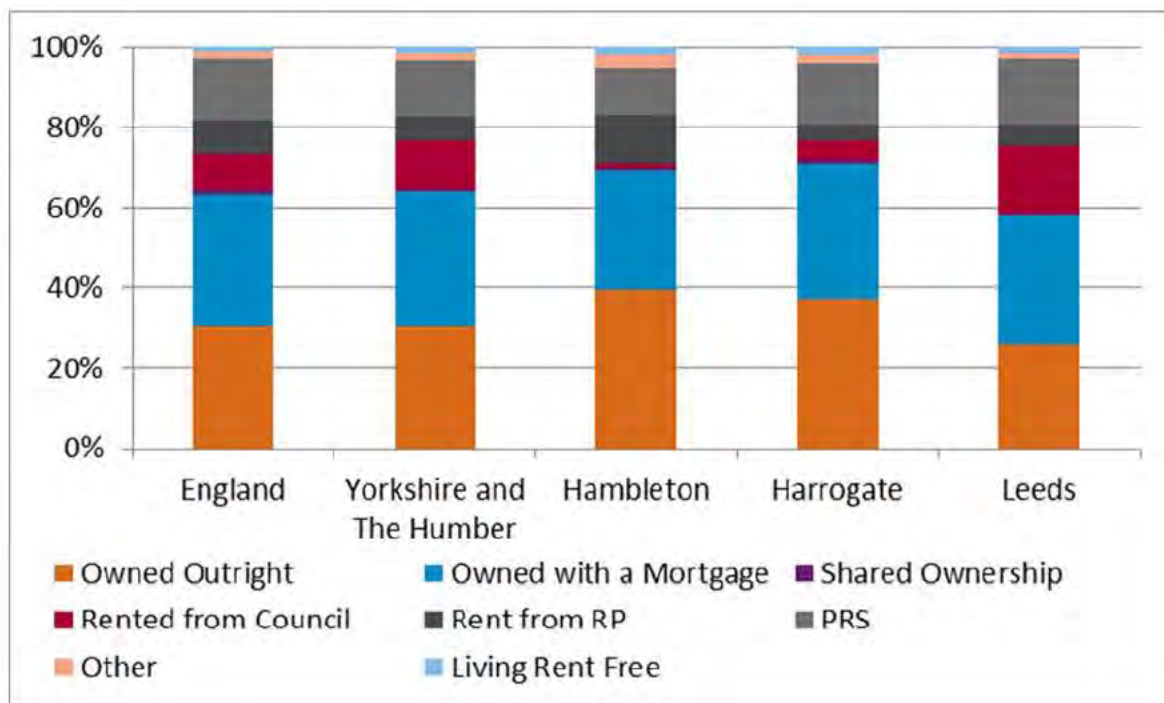
Source: 2011 Census

3.28 More recent data shows that as of 2013 Harrogate District had a total dwelling stock of just over 70,710. Again the vast majority (90%) of the stock was in private sector ownership. This compared to 82% across England. This includes both privately rented and privately owned properties.

Table 7:   Dwellings by Tenure Type, 2013

	England	Leeds	North Yorkshire	Hambleton	Harrogate District
Local Authority	7.24%	17.20%	3.09%	0.00%	5.54%
Registered Provider	10.29%	4.77%	7.77%	12.73%	3.73%
Private Sector Other	0.37%	0.02%	1.12%	2.12%	0.92%
Private sector	82.09%	78.02%	88.02%	85.16%	89.82%
Total	23,236,000	335,310	280,220	40,150	70,710

Source: CLG Housing Statistics Table 100, 2013

Housing Type

3.29 We have also considered the mix of housing in Harrogate District and the wider area. In Harrogate District 31% of homes are detached, 17% are flats; semi-detached houses comprise 30% of the dwelling stock, whilst terraced houses make up 20%.

3.30 As Figure 24 shows, the proportion of detached homes in Harrogate District is significantly higher than the national and regional averages. Conversely, the number of terraced houses in the District

is below the national and regional average. It is noted that Leeds has the highest number of flats or apartments in the wider area with significantly fewer detached houses.

Figure 24: Housing Types, % of Dwellings, 2011
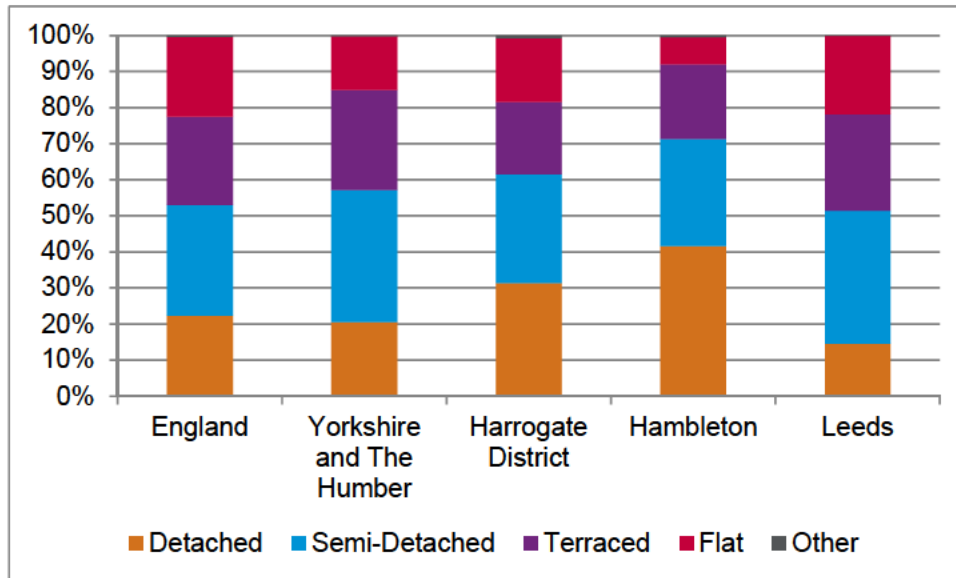
Source: 2011 Census

3.31   Figure 25 illustrates the sizes of homes in Harrogate District and the wider area, in terms of the number of bedrooms. Leeds has the highest proportion of smaller 1 and 2 bedroom properties, and is the only authority of those analysed to fall above the national average at 12%.

3.32   Harrogate District and Hambleton have a larger proportion of properties with 4 or more bedrooms than either the national or regional figures. Overall Yorkshire and Humber has a higher proportion of 2 and 3 bedroom properties than seen nationally.

Figure 25: Dwelling Size by Number of Bedrooms, 2011
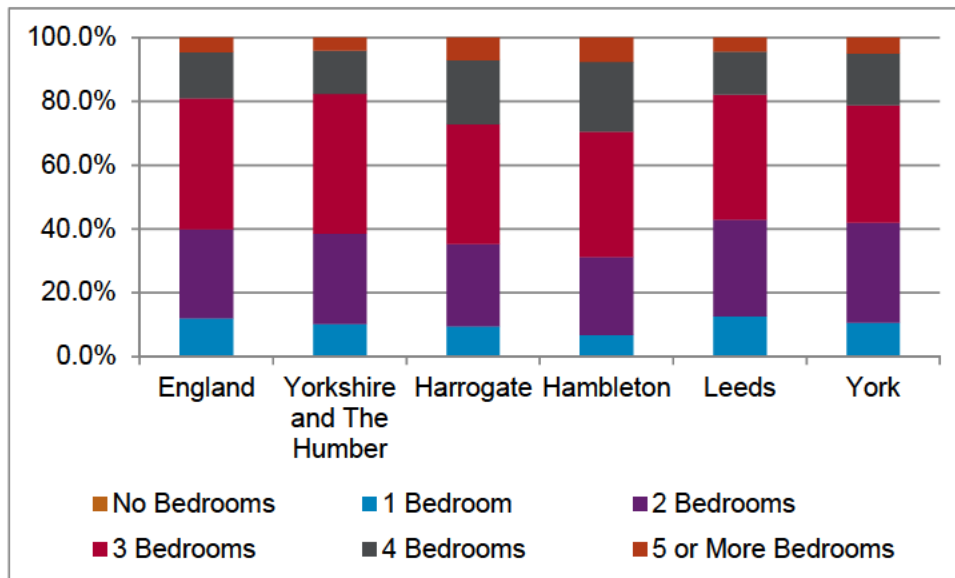
Source: 2011 Census

3.33   By cross referencing tenure by size of home it is clear that 1 bedroom properties are predominantly within the private rental (19%) and social rented (38%) sectors. Only 25% of one bedroom homes are owner occupied.

3.34   Broadly the rate of owner occupation grows with the number of bedrooms - with 62% of 2 bedroom properties, 79% of 3 bedroom properties, 89% of 4 bedroom properties, and 81% of properties with 5 or more bedrooms being owner occupied.

3.35   Overall two and three bedroom properties are the most common in Harrogate District and the wider comparators. In the rented tenures, a higher proportion of homes are smaller (between 1-3 bedrooms). In the private rental sector 2-bed properties are the most common (31%), whilst one-bed properties account for the largest proportion of the social housing stock (37%). Owner occupied homes tend to be larger, with 3-bed properties the most common.

3.36   Finally we have also considered the profile of homes in different Council Tax Bands. Overall, Harrogate District has a smaller proportion of Band A properties and a larger proportion of Band E-G properties than either Yorkshire and the Humber or England as a whole. By comparison Leeds has a greater number of Band A properties, with Hambleton fewer. Harrogate District has the fewest Band B properties, reflecting the small number of 1 and 2 bed properties and large proportion of detached stock in these areas. The breakdown of the stock is illustrated in Figure 26.

Figure 26: Dwelling % by Council Tax Band, 2011
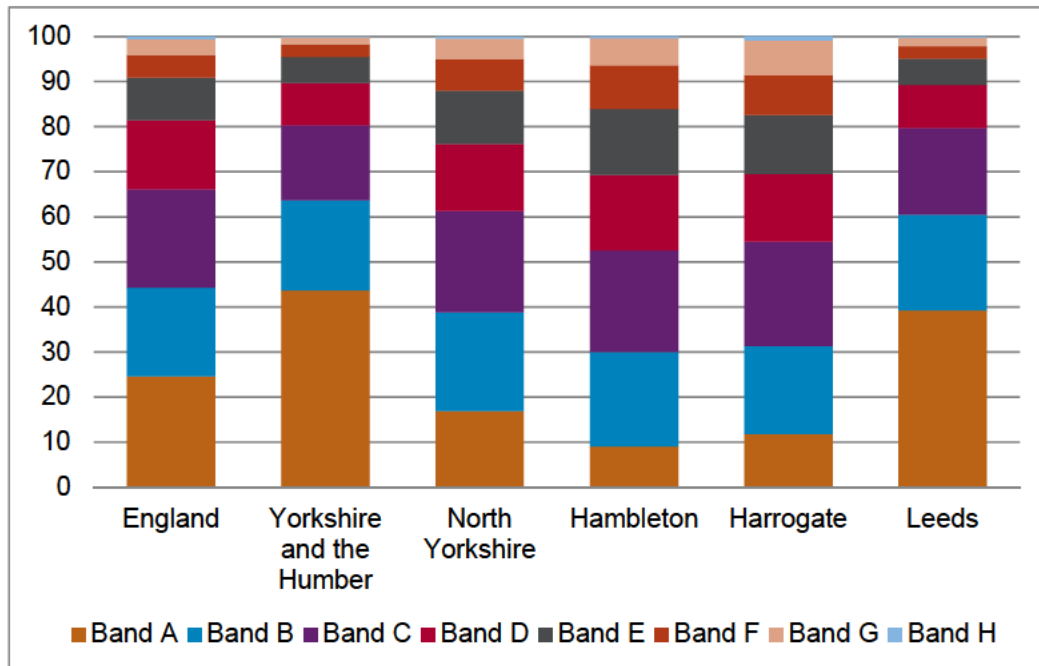
Source: VOA/ ONS 2011

3.37   Drawing the analysis together, the following characteristics of the District are relevant:

- Harrogate District historically has seen weaker population growth than surrounding areas and regional/ national averages. This appears more to be a reflection of land supply/ constraint-based factors than of market issues, as the District has, in relative terms, a stronger and more buoyant housing market. The District's population has fallen since 2011;

- The population is predominantly White British, and is older than average – with an above average proportion of people aged over 40.

- Economic activity is strong. The District's attractiveness as a location to live means it has a higher proportion of residents in managerial occupations; with evidence of out-commuting to higher paid jobs (particularly in Leeds). The housing offer supports this with a higher concentration of larger properties, with 4+ beds/ in Council Tax Bands E and above.

- One of the consequences of these dynamics is however a higher degree of affordability pressures in the District. Delivery of affordable housing to meet the needs of local households who cannot afford market housing will thus be important.

4   ASSESSING OVERALL HOUSING NEED

Introduction

4.1   The analysis carried out follows the requirements of the NPPF and the more recent (March 2014) PPG on *Assessment of Housing and Economic Development Needs*. The PPG effectively describes a process whereby the latest population and household projections are a starting point; and a number of "tests" then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:

- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
- How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
- What do economic forecasts say about job growth? Is there evidence that an increase in housing numbers would be needed to support this?

4.2   In this section consideration is given to demographic evidence of housing need. The analysis begins by looking at the most recent household projections published by CLG before moving on to consider more recent population projection information to form a view about the most appropriate scenario for Harrogate District. To convert population into households the concept of headship rates is used and we have again studied recent data about household formation rates by age to form a view about the most appropriate data to use.

4.3   The core projections in this section look at housing needs in the period from 2014 to 2035. This is to align with the Council's emerging Local Plan. At the time of writing population data was only available for a 2013 base (from ONS mid-year population estimates) and so to provide a baseline start point for 2014 this information has been rolled forward using data underpinning the ONS 2012-based SNPP (for 2012-13). To establish a baseline of households, information has been drawn from the 2011-based CLG household projections although adjustments have been made to this source post-2014 (as is detailed later in the section).

4.4   Edge Analytics have also been carrying out population/household projections for Harrogate District (as part of a wider project covering the whole Leeds City Region). The approach used by Edge is virtually identical to that used in the SHMA (in terms of the methodology for developing population and household projections) and outputs can be expected to confirm those within the SHMA. As part of this project, GL Hearn have also sought to assist in the alignment of evidence across the wider sub-region through the sharing of key assumptions with Edge Analytics.

What is the Starting Point to Establish the Need for Housing?

4.5 The PPG states that *'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.*

4.6 At the time of writing the latest published household projections were the 2011-based 'interim' household projections from CLG (which are directly based on the 2011-based 'interim' SNPP – this has now been superseded by a 2012-based version). The table below shows household growth from the 2011-based CLG projections. The projections cover the 10-year period to 2021 which is the full period covered by CLG and in the table below data is provided from the 2014-21 period. For the whole period studied this projection suggests a 3,700 increase in households (529 per annum). The percentage increase in households per annum is 0.8%, which is below the figure for England (1.0%) and the same as the Yorkshire and the Humber average. The projected household growth is however higher than expected across North Yorkshire (0.7% per annum).

4.7 We can also look back to older series of demographic projections such as the 2008-based CLG household projections. This projection has the advantage of being extended beyond 2021 (which is the end date of the 2011-based version). The outputs from the 2008-based CLG projections are shown below (covering the period from 2014 to 2033). This shows a projected household growth of 852 per annum – significantly higher than the 2011-based projections, although it should be remembered that the population data underpinning this projection is now quite dated.

Table 8:   Projected household growth – CLG 2011- and 2008-based household projections

	2011-based	2008-based
Households 2014	69,138	71,925
Households 2021/33	72,838	88,108
Change in households	3,700	16,183
Per annum	529	852
Annual % change from 2014	0.8%	1.2%

Source: CLG 2011- and 2008-based household projections

2012-based Sub-National Population Projections

4.8 The latest set of subnational population projections (SNPP) were published by ONS on the 29th May 2014. They replace the 2010- and 2011-based projections. The SNPPs provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2012-based national

population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends). The SNPP are only population projections and do not contain headship rates (which are needed to convert into household estimates).

4.9   The population projections are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

Overall Population Growth

4.10   The table below shows projected population growth from 2014 to 2035 in Harrogate District and other comparator areas. The data shows that the population of the District is expected to grow by around 8,800 people; this is a 5.6% increase – roughly the same as expected across North Yorkshire but somewhat below the regional and national average.

Table 9:   Projected population growth (2014-2035)

	Population 2014	Population 2035	Change in population	% change
Harrogate District	158,685	167,514	8,829	5.6%
North Yorkshire	605,200	640,100	34,900	5.8%
Yorkshire/Humber	5,368,800	5,874,800	506,000	9.4%
England	54,227,900	61,602,700	7,374,800	13.6%

Source: ONS

4.11   The figure below shows past and projected population growth in the period 1981 to 2035; figures have been indexed to 100 for 2014. The data shows over the longer term period from 1981 to 2001 that population growth in Harrogate District was relatively strong in comparison with the region although in the more recent past (since about 2001) growth has been more moderate when compared with other locations (also see Figure 13). Long term population growth in the past (and projected forward) has been relatively modest compared to Yorkshire and the Humber as a whole.

Figure 27: Indexed population growth (1981-2035)
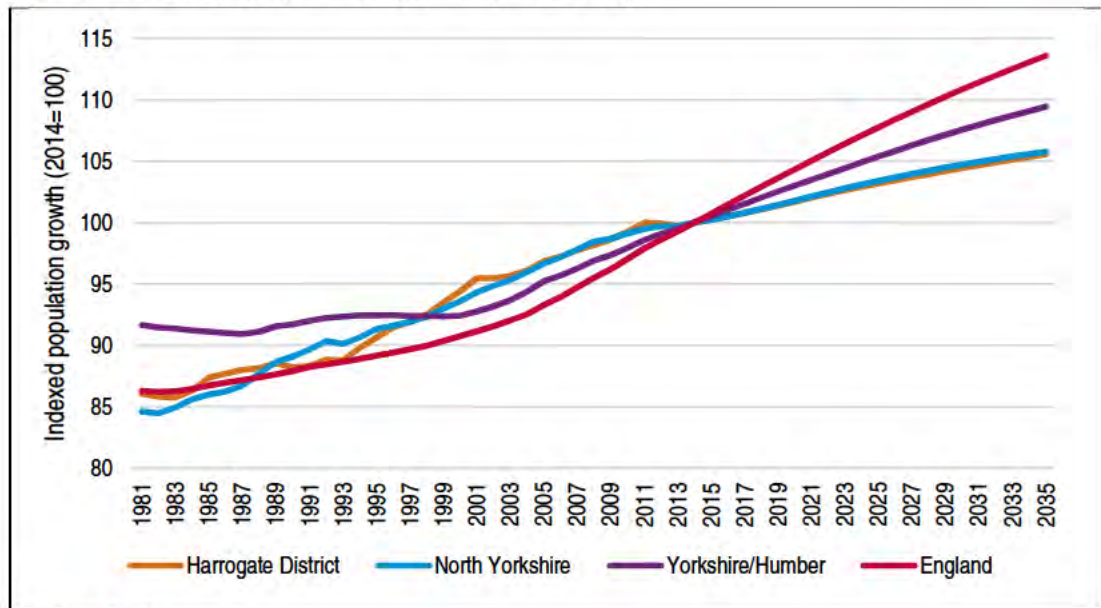
Source: ONS

4.12   It is also worthwhile to focus this data on the more recent period (from 2001) and this is shown in the chart below (just for Harrogate District). The data also plots a linear trend line for the last five years for which data is available (2008-13) and also a longer-term period from 2001 to 2013 – this being the longest period for which reasonable data about the components of population change (e.g. migration) is available. The data shows that the population is expected to grow at a rate which is below either of the past trends studied.

Figure 28: Past and projected population growth – Harrogate District
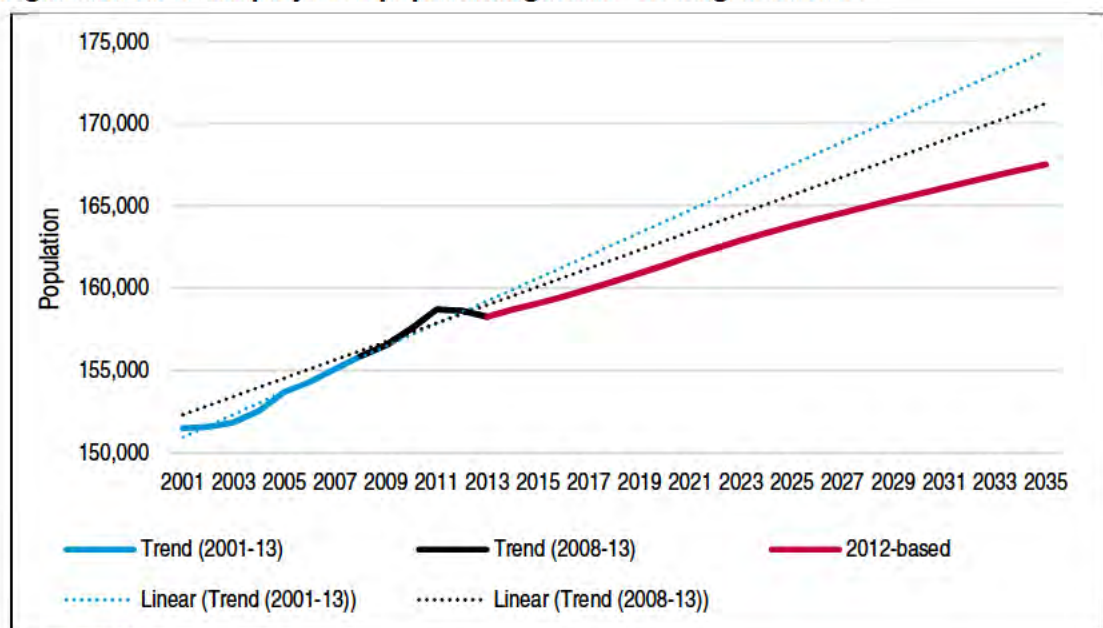
Source: ONS

4.13   The data above suggests that projected population growth is on the low side when compared with past trends (both over a short- and longer-term). It is important to consider the reasons for this from a demographic perspective and therefore assess whether there is a case based on the data to uplift the figures for the purposes of demographic modelling. To do this we need to consider the key components of population change – these are natural change (births minus deaths) and migration.

Migration

4.14   We can consider migration in more detail and the table below shows estimated levels of migration by component (in- or out-migration) as well as the type of migration (internal and international). Averages have been provided for a number of different periods for the purposes of comparison. These are:

- 2012-based SNPP – this is the average level of migration which would have fed into the 2012-based SNPP and uses the average over the past five years for internal migration and the past six years for international
- 2013-based SNPP – this looks at what the figures would have been if a 2013-based SNPP were developed (it should be noted that there is not expected to be a 2013-based version with the next release expected to be 2014-based)
- 2001-13 – this looks at long-term averages covering the 12-year period to 2013. This is the longest period of time for which a reasonable time series is available.

4.15   The data shows that in the period feeding into the 2012-based SNPP there was an average net migration of 494 people per annum; almost entirely due to internal migration (people moving from one part of the country to another). If data is rolled forward for a further year (to include 2012-13 data and to exclude data from an earlier part of the period studied) then the level of migration decreases to just 310 per annum. Were a longer-term period to be used (2001-13) then the figure averages 424 per annum.

Table 10:   Past trends in in- and out-migration – Harrogate District (2001/2-2012/13)

	Inter-nal in-	Inter-nal out-	Inter-nal net	Interna-tional in-	Interna-tional out-	Interna-tional net	Total in-	Total out-	Total net
2001/2	6,901	7,337	-436	1,111	582	529	8,012	7,919	93
2002/3	6,647	6,706	-59	1,073	720	353	7,720	7,426	294
2003/4	6,931	6,484	447	769	556	213	7,700	7,040	660
2004/5	6,685	6,168	517	1,216	719	497	7,901	6,887	1,014
2005/6	6,624	6,176	448	1,138	1,059	79	7,762	7,235	527
2006/7	6,757	6,530	227	967	647	320	7,724	7,177	547
2007/8	6,553	5,987	566	926	603	323	7,479	6,590	889
2008/9	5,986	5,605	381	932	803	129	6,918	6,408	510
2009/10	6,223	5,808	415	707	697	10	6,930	6,505	425
2010/11	6,317	5,707	610	759	693	66	7,076	6,400	676
2011/12	6,623	6,075	548	760	1,666	-906	7,383	7,741	-358
2012/13	6,482	6,101	381	685	1,250	-565	7,167	7,351	-184
Average (2012-based SNPP)	6,340	5,836	504	842	852	-10	7,182	6,688	494
Average (2013-based SNPP)	6,326	5,859	467	795	952	-157	7,121	6,811	310
Average (2001-13)	6,561	6,224	337	920	833	87	7,481	7,057	424

Source: ONS

4.16   These findings suggest that despite levels of population growth being relatively low in the context of past trends (and indeed when compared with regional and national comparisons) this does not look to have been driven by low levels of migration within the SNPP. Indeed, looking at alternative and reasonable periods in the past actually suggests that the projections might be on the high side. This would suggest that the SNPP is reasonably sound as a demographic projection. Demographic projections are identified in the PPG as a "starting point" for assessing housing need.

Natural Change

4.17   In the case of natural change it is less useful to look at past trends. Natural change will be influenced by the age structure of the population and how this changes over time. Predominantly, the number of births will be driven by the number of women of childbearing age (considered to be aged 15-44 in terms of demographic modelling) whilst the number of deaths will particularly be driven by the number of older people in the population.

4.18   The figure below brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that after being slightly positive at the start of the projection period, natural change is expected to be negative, and at an increasing rate over

time. This would appear to show why future levels of population growth in the District are expected to be quite moderate.

4.19   When looking at migration it is notable that for the whole of the projection period (2014-35) that the average level of migration is expected to be around 637 people (net) per annum – this figure is somewhat higher than the level seen in past trends, regardless of the period studied.

Figure 29:   Components of population change, mid-2001 to mid-2035 (summary chart) – Harrogate District
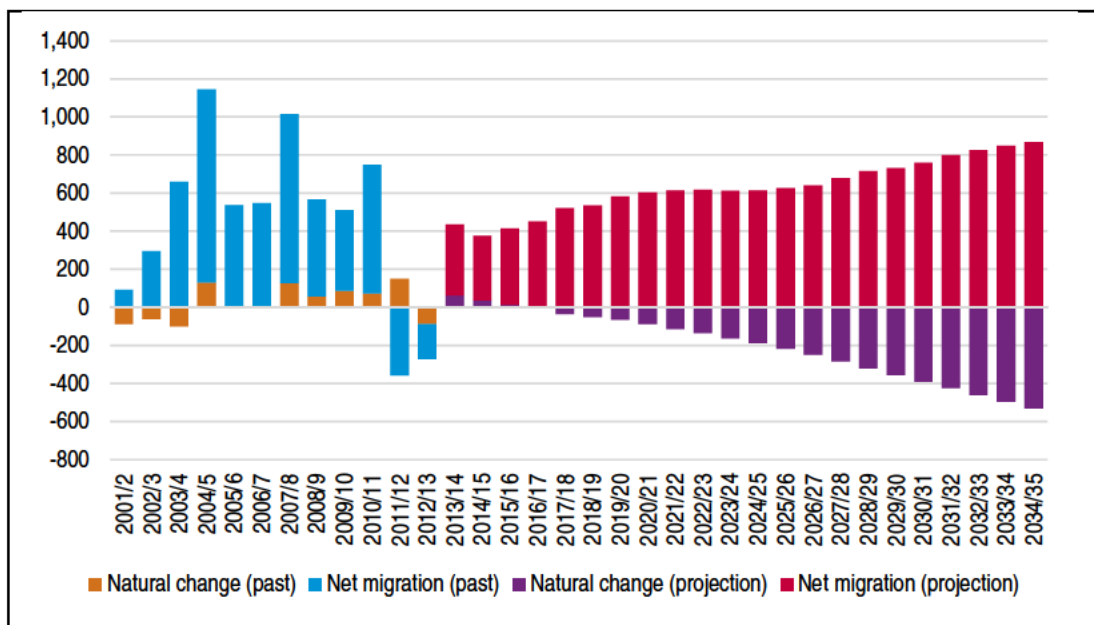
Source: ONS

CORE CONCLUSION – POPULATION PROJECTIONS

Bringing together all of the above data we consider that the most plausible population projection to take forward into the initial analysis of housing need is one using the 2012-based SNPP. Whilst levels of population growth in this projection look to be moderate when compared with past trends, it is the case that this is largely driven by a negative level of natural change (more deaths than births) reflecting how the age structure of the population is expected to change over time. Migration levels in the 2012-based SNPP are actually slightly higher than past trends regardless of the period studied.

Household Growth

4.20   Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more

widely used Household Reference Person (HRP)). Four different scenarios for headship rates have been developed to provide a range of outputs. These are described below:

Scenario 1 - Extending the 2011-based household projection headship rates

4.21   For the purposes of this analysis the start point is data contained in the 2011-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. Because the 2011-based CLG household projections only go up to 2021, it has been necessary to make assumptions for the remainder of the projection period. To do this changes have been projected on a linear basis based on the last five years of data in the CLG projections (i.e. covering the 2016-21 period).

Scenario 2 - Tracking 2008-based household formation rates

4.22   Whilst the 2011-based CLG household projections contain headship rates based on trends from 2001 to 2011 it is also necessary to consider the extent to which household formation may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance. Such a check is required by the PPG which says:

> *'local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained'*

4.23   A second scenario has therefore been developed which draws on headship rates in the earlier (2008-based) CLG household projections. These are based principally on long-term trends shown between the 1971 and 2001 Censuses.

4.24   This scenario assumes that household formation rates do not continue to diverge from the previous trend but that the long term trend tracks the 2008-based trend taking account of the extent that the headship rates in the 2011-based projections were above or below the 2008-based projection at the start of the projection period. In effect, this scenario assumes that there is a permanent correction moving forwards and that the factors that have driven changes in household formation rates in the past re-assert themselves in the future.

Scenario 3 – Blended headship rates

4.25   The third scenario uses information from both the 2011- and 2008-based CLG household projections. The 2011-based rates are assumed to hold true until 2021 (the end date of these projections) and rates are assumed to track 2008-based figures thereafter.

4.26   This methodology is consistent with that accepted by a number of inspectors at Local Plan Inquires (e.g. South Worcestershire, Derbyshire Dales). In the case of Derbyshire Dales the inspector described this approach as 'blended' hence the title used for the scenario. A quote from Derbyshire Dales is as below:

> *'With the recovering economic situation it would be prudent to assume that the low 2011 headship rates are unlikely to remain in place over the whole plan period. It would be sensible to work on the basis that the household formation rate will gradually return to higher levels as the economy recovers. **I therefore consider that a "blended" rate that assumes the 2011 rate until 2020 and the higher 2008 rate thereafter is appropriate.** Whilst this may be a relatively unsophisticated approach, it is a practical one in the light of the uncertainties about future household formation rates'.*

Scenario 4 – Part-return to trend

4.27   The final scenario seeks to understand the degree of suppression of household formation in the local housing market and take account of evidence of affordability issues (including market signals). There is clear evidence in Harrogate District of affordability pressures and suppressed household formation in the recent past, with the average household size in 2011 being somewhat above the level projected in earlier (2008-based) CLG household projections (which were developed from trends in a comparatively buoyant period in the housing market). Projecting forward the 2011-based projections show a far less rapid reduction in average household sizes than was expected in the 2008-based projections.

4.28   Despite there being some evidence through analysis of average household sizes of suppression it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors. A September 2013 study produced by the Cambridge Centre for Housing & Planning Research (CCHPR) on behalf of the Town & Country Planning Association does shed some light on this issue, stating:

> *"The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse."*

4.29   We have used this to derive a scenario for how household formation rates might improve through positive planning. On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). To look at how this is relevant to Harrogate District, analysis has been carried out to look at the growth in the BME population relative to the growth seen nationally to see

what the likely relative impact of housing market factors is. The table below shows the key analysis for this.

4.30   The data shows that growth in the BME community (taken to be the non-White (British/Irish) population) in England was 115% of all population growth. In Harrogate District this figure is somewhat lower (at 82% of population growth). If it is assumed that nationally 0.53 of movement away from long-term trends is due to international migration (taken here to be BME growth) then the analysis suggests that 38% of movement away from long-term trends is due to BME growth. Put another way, around 62% is expected to be due to housing market factors.

Table 11:   Growth in BME population (2001-11)

	Harrogate District	England
BME population (2001)	7,016	5,767,580
BME population (2011)	12,381	10,216,219
Change (2001-11)	5,365	4,448,639
Total population growth	6,533	3,873,625
BME growth as % of total growth	82%	115%
Variance from national position	0.72	1.00
Part return adjustment factor	0.38	0.53

Source: Census 2001 and 2011

4.31   The method therefore assumes that after 2014, household formation rates recover towards the 2008-based rates, reaching 62% of the 2008-based rates by the end of the projection period (in 2035). This core assumption is chosen on the basis that it is unlikely that there will no move back towards the previous trend and improbable that there will be a full return to that trend in the foreseeable future.

4.32   A key part of this fourth scenario is that all modelling is done on an age specific basis and to get a simple comparison the figure below shows how these will pan out in terms of average household size estimates. The figures also show the trend that would have been observed if the 2008-based projections had been followed back to 2001 and moving forward. The data clearly shows some degree of suppression in 2011 and that the part-return to trend method still sees suppression in 2035 when compared with 2008-based data (albeit as explained above this will in part be due to changes in household structures linked to international migration and growth in BME communities).

Figure 30: Past and projected trends in Average Household Size – Harrogate District
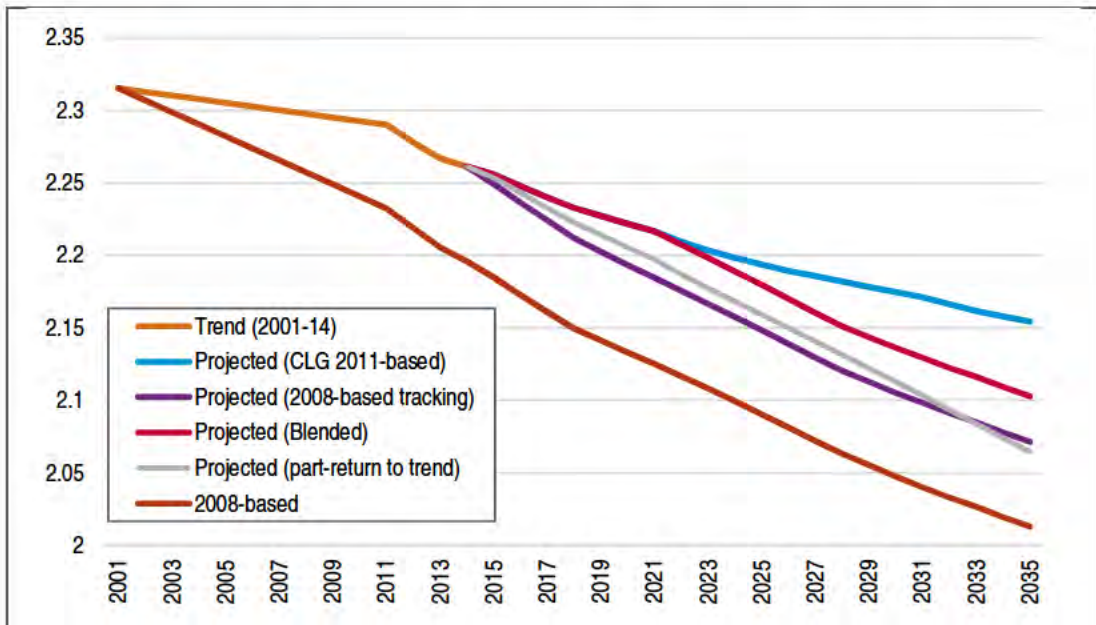
Source: Derived from ONS and CLG data

4.33   It is also useful to understand how the different methodologies impact on assumptions for different age groups. The figure below shows the headship rates used in each of the scenarios. Of particular note is the 25-34 age groups where the 2011-based projections are expecting to see reducing household formation but other scenarios are more positive. This is particularly important given that this age group has arguably been most affected by the economic downturn in terms of their ability to access the housing market.

4.34   The Part Return to Trend methodology shows household formation amongst those aged 25-34 increasing to a greater extent than shown in the 2008-based projections (rebased to 2011).

Figure 31: Projected household formation rates by age of head of household – Harrogate District
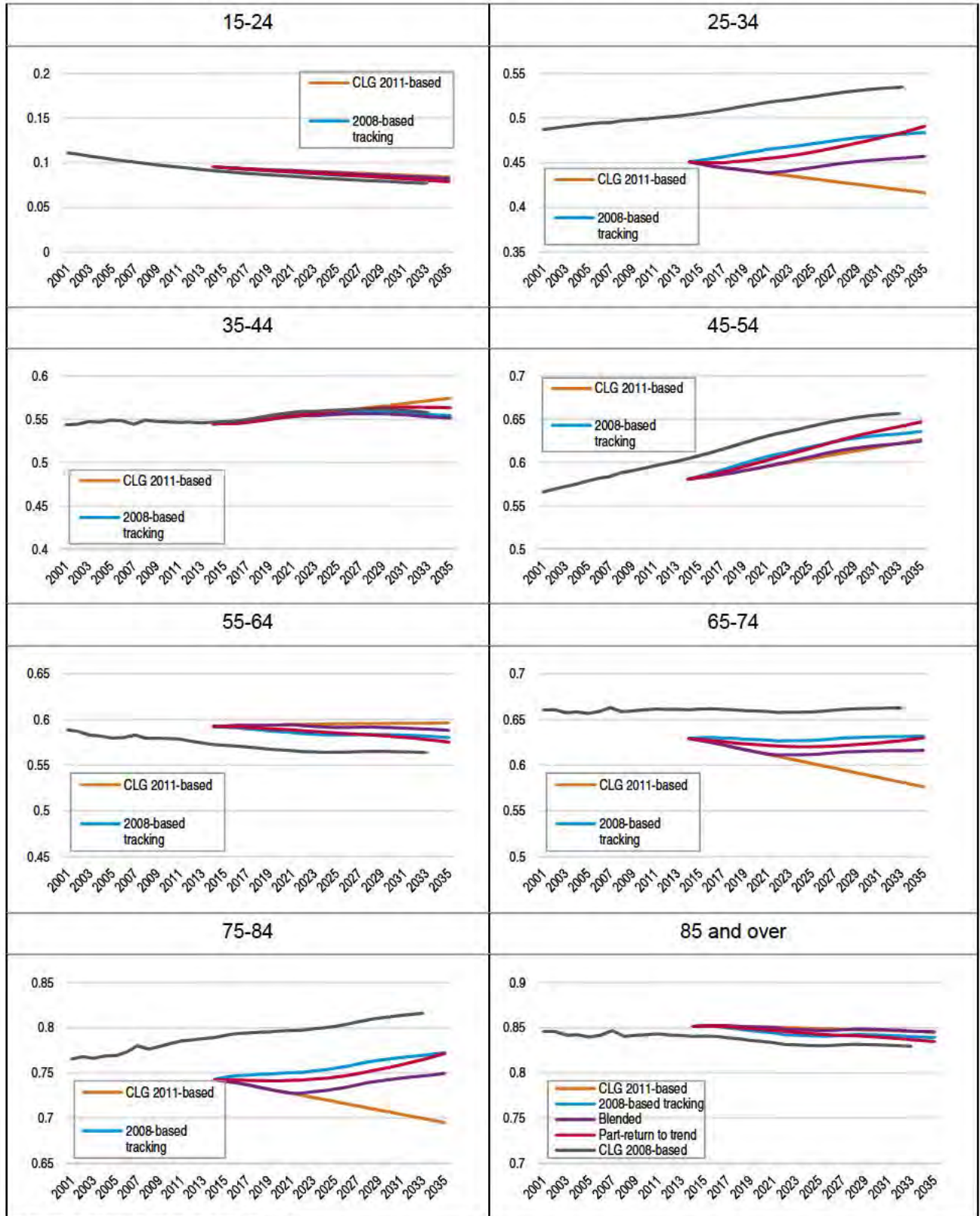
Source: Derived from CLG data

4.35 The table below brings together outputs in terms of household growth and housing need for each of the scenarios described above. To convert households into dwellings the data includes an uplift to take account of vacant homes (a figure of 5.1% has been used; derived from 2011 Census data).

4.36 The data shows that by applying the 2011-based rates there would be a need for 343 dwellings per annum. This figure would be considered as the start point in terms of the PPG as it takes account of the most recent population and household projections.

4.37 However, the household formation rates found in this scenario see a continuation of recessionary trends and worsening affordability. This can be seen in the key 25-35 age group which are expected to see a significant reduction in the percentage acting as head of households (see top right of Figure 31). While in the short term this might be a reasonable assessment to make, it cannot be justified as 'positive planning' and a return to pre-recession household formation rates should be targeted. We therefore tracked the 2008-based household formation rates (re-based to 2011) and apply this to the 2012-based population projections. This resulted in a need for 494 homes per annum.

4.38 The use of either of these household formation rates can be justified, although neither of these methodologies are without fault. As a purely demographic based assessment of need a mid-point between these two forecasts would be a reasonable demographic-based starting point. This would result in a housing need of 419 dwellings per annum. This is similar to the figure (of 436) if the 'blended' headship rates were considered as a start point, although the blended headship rate assumes continued constraining of households over the shorter term.

Table 12: Projected household growth 2014-35 – 2012-based SNPP and a range of headship rate scenarios (Harrogate District)

	2011-based rates	Tracking 2008-based rates	Blended headship	Part-return to trend
Households 2014	68,358	68,358	68,358	68,358
Households 2035	75,220	78,232	77,068	78,492
Change in households	6,861	9,874	8,710	10,133
Per annum	327	470	415	483
Dwellings (per annum)	343	494	436	507

> **CORE CONCLUSION – HOUSEHOLD FORMATION (HEADSHIP) RATES**
>
> The analysis shows that average household sizes have departed from long-term trends in the 2008-based projections. However, this seems likely to be at least in part due to changes in the population profile of the District (an increase in BME communities which have different household structures). Moving forward however, both the 2011- and 2008-based CLG projections would expect household sizes to start to fall. By using a figure which is a mid-point between these two methodologies we have a reasonable starting point in assessing a demographic-led assessment of housing need. This initial assessment points to a need for 419 homes p.a.

Initial Conclusions from the Demographic Analysis

4.39   The initial assessment of housing need based on demographic trends has been based on an assessment process which interrogates demographic information under a range of different scenarios and thus provides recommendations about what might be a reasonable starting point for considering housing need. The methodology follows the series of steps set out in PPG of March 2014. The projections cover the period from 2014 to 2035.

4.40   The analysis begins by looking at the most recent nationally published projections – these are the 2011-based 'interim' projections from CLG which cover the period from 2011 to 2021. This projection suggests household growth of 529 per annum across the District (2014-21). It should however be noted that this figure was based on now out-of-date ONS 'interim' population projections.

4.41   The next stage of the process was to consider more up-to-date population information (in the form of the 2012-based subnational population projections (SNPP) and the 2013 midyear population estimates). Overall, the analysis supports the 2012-based SNPP as being broadly reasonable as a demographic projection. When comparing future growth with past trends this projection suggests a lower level of population growth although this can be explained by a reduction in natural change over time – the migration assumptions feeding into the SNPP look to be perfectly reasonable.

4.42   The next step was to consider household formation rates. A number of headship rate scenarios were modelled, starting with one using data in the 2011-based CLG household projections. This suggested a housing need for 343 dwellings per annum and can be considered as the start point for analysis as per the PPG. A further set of headship rates which tracked the 2008-based household formation rates and re-based them to 2013 was also used on the basis of reflecting pre-recessionary household formation rates. Carrying out the projection on this basis suggests household growth of 470 per annum and a housing requirement for 494 additional homes per annum (once a vacancy allowance has been included).

4.43   Taking a mid-point between these two approaches is a reasonable and justifiable approach to assessing the demographic-need of the District. This results in a need for 419 dwellings per annum which translates to an overall need of 8,800 dwellings for the plan period. While this is an appropriate starting point for assessing the demographic need, in the following three sections of the report we investigate, in line with the NPPF, whether an additional uplift on the basis of affordable housing need, improving affordability and/or meeting the needs of the local economy could be justified in order to define the 'full objectively assessed need' for housing.

5 AFFORDABLE HOUSING NEED

Introduction

5.1 In this section we discuss levels of affordable housing need in Harrogate District. Affordable housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing. Affordable housing is defined in the NPPF Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.

5.2 Government guidance on SHMAs sets out a model for assessing affordable housing need (known as the Basic Needs Assessment Model). This model has been retained in the PPG of March 2014 and is used herein. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

5.3 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. On this basis, estimates of affordable housing need are provided in this section for the twenty-one year period between 2014 and 2035.

Key Definitions

5.4 We begin by setting out key definitions relating to affordable housing need, affordability and affordable housing.

Affordable housing need

5.5 Affordable housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

5.6 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from the DCLG Continuous Recording of Lettings and Sales in Social Housing in England website CoRe along with demographic projections about the number of new households forming (along with affordability data) to estimate future needs.

Supply of Affordable Housing

5.7   An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

5.8   Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, The Annual Survey of Hours and Earnings (ASHE), the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:

A.   Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. In practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;

B.   Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. A review of SHMAs carried out across the Country suggests that 30% has been established as the benchmark figure to be used in such assessments. Analysis has also been carried out to test the sensitivity of affordable need at different percentages (from 25% to 40%).

5.9   It should be recognised that in assessing affordable housing need using secondary sources there is a lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The 'help to buy' scheme is likely to be making some improvements in access to the owner-occupied sector although at present this is likely to be limited (although the impact of recent extensions to this scheme to include the second-hand market should be monitored moving forward). In many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of affordable housing need is limited. It does however need to be recognised that deposits are also required to access the private rented sector (albeit smaller deposits) – this may impact on the ability of some households to access this sector.

Affordable Housing

5.10   The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

"Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."*

5.11   Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

"Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant."

5.12   Affordable rented housing is defined as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent."

5.13   The definition of intermediate housing is shown below:

"Intermediate affordable housing is 'Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing."

5.14   As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet affordable housing need in Harrogate District.

Local Prices & Rents

5.15   An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need.'

5.16   In this section we establish the entry-level costs of housing to both buy and rent across the Council area. Our approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

5.17   The table below shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £114,000 for a flat and rising to £265,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £162,500. The lower quartile approach is set out in PPG which states that the minimum household income required to access lower quartile (entry level) market housing should be identified.

Table 13:   Lower quartile sales prices by type (Q1 and Q2 – 2014)

Dwelling type	Lower quartile price
Flat	£114,000
Terraced	£150,000
Semi-detached	£173,300
Detached	£265,000
All dwellings	£162,500

Source: Land Registry (2014)

5.18   A similar analysis has been carried out for private rents using VOA data – this covers a 12-month period to March 2014. For the rental data information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of around £575 per month.

Table 14:   Lower quartile private rents by size and location (year to March 2014)

Dwelling size	Monthly rent
Room only	£325
Studio	£350
1 bedroom	£475
2 bedrooms	£595
3 bedrooms	£695
4+ bedrooms	£975
All dwellings	£575

Source: Valuation Office Agency

5.19   In addition to rental costs from our internet survey we have looked at the maximum amount of Housing Benefit available on different sized properties within the area – this maximum is based on Local Housing Allowance (LHA) levels. Maximum LHA levels are based on estimates of rents at the

30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

5.20   The geographical areas used to determine LHA are not however co-terminus with local authority boundaries and so any comparison is not exact. LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office).

5.21   The vast majority of Harrogate District is in a Harrogate BRMA (including the key settlements of Harrogate, Knaresborough and Ripon) although small parts of the District do fall into one of three other BRMAs (Leeds, York and Richmond & Hambleton). Given that the bulk of the District is within the Harrogate BRMA this will be the most useful comparator with details presented in the table below.

5.22   The data suggests similar figures in the LHA rates and our analysis based on VOA data. For one to three bedroom accommodation the figures are exactly the same although for room only and four bedroom accommodation the LHA levels are slightly below the actual rents available in the District. This may limit the ability of some households seeking private rented homes in Harrogate District to secure suitable accommodation.

Table 15:   Maximum LHA payments by Size and BRMA

Size	Harrogate BRMA
Room only	£293
1 bedroom	£475
2 bedrooms	£595
3 bedrooms	£695
4 bedrooms	£929

Source: VOA data (October 2014)

Cost of Affordable Housing

5.23   Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 16:   Monthly social rent levels

Size	Monthly Rent
1 bedroom – average	£314
2 bedrooms – average	£341
3+ bedrooms – average	£374
Lower quartile (all sizes)	£314 (est'd)

Source: CoRe (2014)

5.24   Changes in affordable housing provision have seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*. In the short-term it is likely that this tenure will replace social rented housing for new delivery.

5.25   Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

5.26   The figure below estimates how current prices and rents in Harrogate District might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing. Although the availability of 100% mortgages are rare, this is purely illustrate and in any cast the lower rental figures are used in our calculation of need.

Figure 32: Indicative income required to purchase/rent without additional subsidy
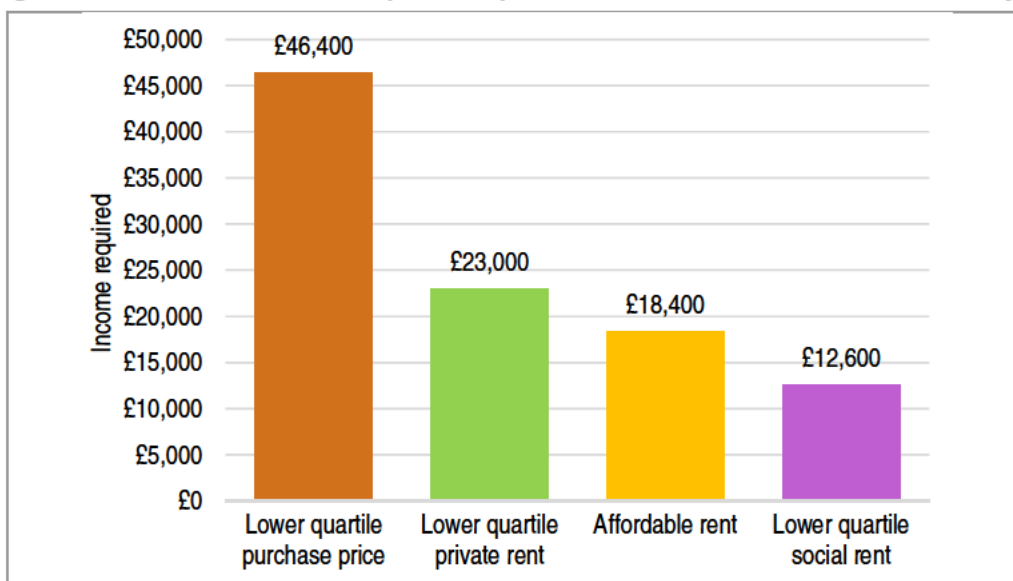
Source: Land Registry, VOA and CoRe

Income levels and affordability

5.27   Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from Wealth of the Nation 2012 – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2014 (a 1.9% increase per annum was identified from this source for the Yorkshire and The Humber region)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for Harrogate District)

5.28   Drawing all of this data together we have therefore been able to construct an income distribution for the whole of Harrogate District for 2014. The figure below shows the distribution of household incomes for the whole of the District. The data shows that around a third (31.2%) of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the District was estimated to be around £30,100 with a mean income of £39,600.

Figure 33: Distribution of Household Income in Harrogate District
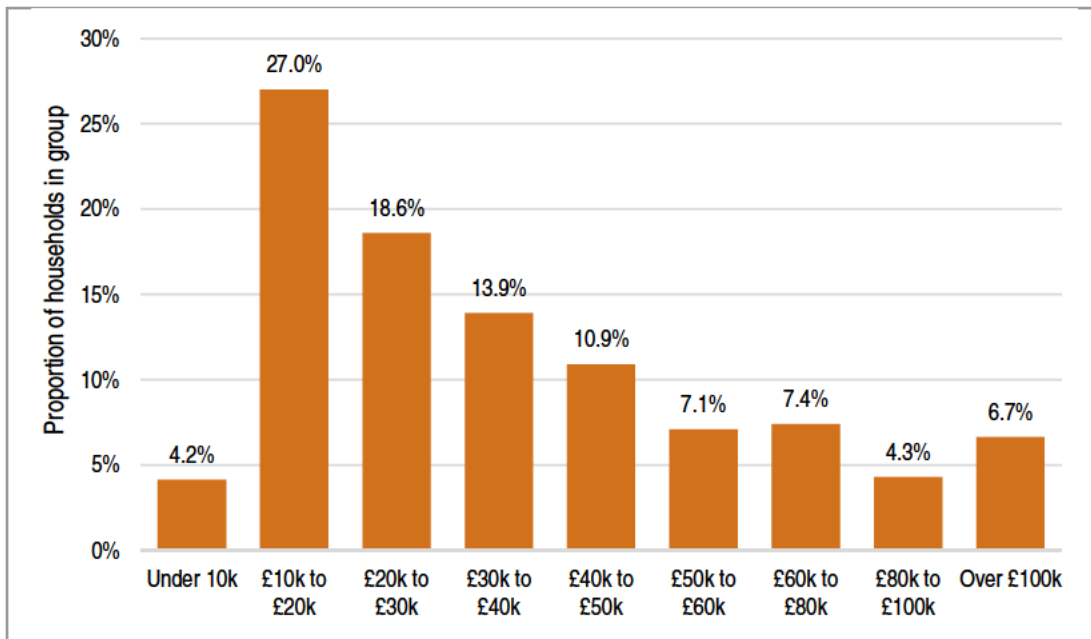
Source: Derived from ASHE, EHS, CACI and ONS data

5.29   To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

5.30   Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

Affordable Housing Needs Assessment

5.31   Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 34: Overview of Affordable Housing Needs Assessment Model
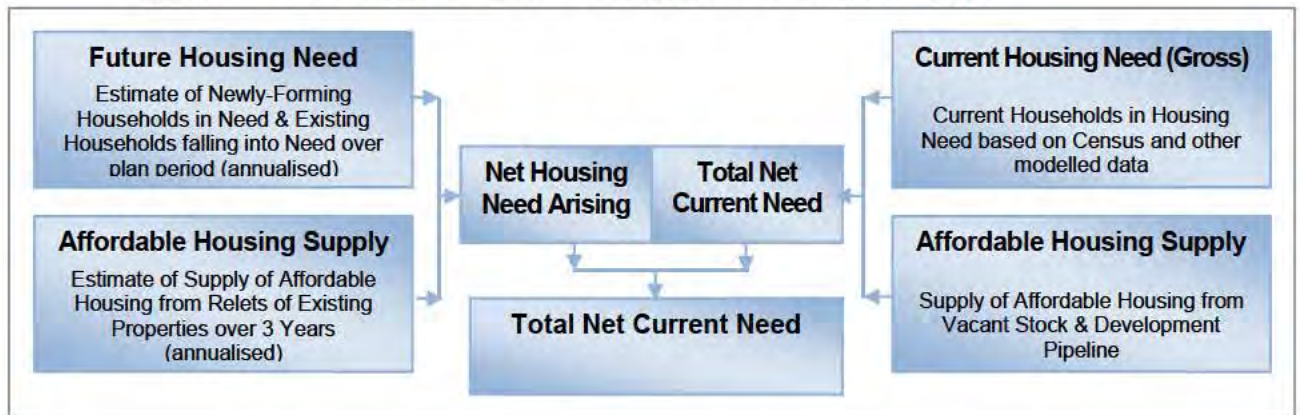
5.32   The figures presented in this report for affordable housing needs have been based on secondary data sources (see specific components for source) including analysis of 2011 Census data. The modelling undertaken provides an assessment of affordable housing need for a 21-year period (which is then annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.

Current Affordable Housing Need

5.33   In line with PPG, the current need for affordable housing has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census (updated to a 2014 base) along with an estimate of other needs which have been modelled by comparing the tenure profile in each area with information from previous surveys about households in need. Many of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs – the estimate of the number of households with 'other' needs are included in the estimates of the number of households living in unsuitable housing.

5.34   The analysis suggests some 1,586 overcrowded households (using the bedroom standard) along with an estimated 1,771 households with other needs. In total it is therefore estimated that around 3,357 households are currently living in unsuitable accommodation – this represents 5% of the estimated number of households in Harrogate District in 2014.

5.35   In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing (3,357), households already living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and

90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which is very small in Harrogate District) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in affordable housing need.

5.36   At the time of the assessment there were an estimated 1,886 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 2.8% of all households in the Council area – this data is shown in the table below. The figure of 1,886 compares with the number of households on the Council's Housing Register of 1,992 (in December 2014). This would suggest that the modelled data approach is providing figures that are of the right order of magnitude.

Table 17:   Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Harrogate District	1,886	68,358	2.8%

Source: Census (2011) and data modelling

5.37   Our estimated level of current need is therefore 1,886. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income estimate of 69% of the figure for all households has been used – this figure has been based on analysis of past housing needs surveys (across a range of areas) and reflects the typical income of private tenants living in the private rented sector – the figure of 69% is fairly consistent across areas and therefore considered to provide a reasonable estimate to include within modelling. Overall, around 55% of households with a current need are estimated to be likely to have insufficient income to afford market housing and so our estimate of the total current need is reduced to 1,042 households.

Table 18:   Estimated Current Need

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Harrogate District	1,886	55.2%	1,042

Source: Census (2011), data modelling and income analysis

5.38   CLG guidance also suggests that the Housing Register can be used to estimate levels of affordable housing need. Our experience working across the Country is that housing registers can be highly variable in the way allocation policies and points systems work. This means that in many areas it is

difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to Census and other modelled data is preferred. It is however worth noting that in Harrogate District, the estimates of the number of households in unsuitable housing (through the data modelling) and the number on the Housing Register are very similar (1,886 vs. 1,992).

Newly-Arising Need

5.39   To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

5.40   For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over the 2014-35 period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 10-year age bands relative to numbers in the age band below 10 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes that after age 45 headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

5.41   The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have drawn on data from previous housing needs surveys (across a range of areas). This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

5.42   We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 45% of newly-

forming households will be unable to afford market housing and that a total of 449 new households will have a housing need on average in each year to 2035.

Table 19: Estimated Level of Affordable housing need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Harrogate District	992	45.2%	449

Source: Projection Modelling/Income analysis

Existing Households falling into affordable housing need

5.43   The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

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

5.45   Following the analysis through suggests a need arising from 222 existing households each year – this is about 0.3% of all households living in the District (in 2014).

Supply of Affordable Housing

5.46   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

5.47   The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from

the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes (of which there are none identified in Harrogate District)).

5.48   On the basis of past trend data it has been estimated that 370 units of social/affordable rented housing are likely to become available each year moving forward.

Table 20: Analysis of past social/affordable rented housing supply (per annum - past 3 years)

Measure	Count
Total lettings	609
% as non-newbuild	94.0%
Lettings in existing stock	572
% non-transfers	64.6%
Sub-total	370
% non-temporary housing	100.0%
Total lettings to new tenants	370

Source: CoRe

5.49   The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Harrogate District is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (and assuming a turnover half of the rate seen in the social/affordable rented stock). From this it is estimated that around 12 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 382 per annum.

Table 21: Supply of affordable housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Harrogate District	370	12	382

Source: Derived from CoRe and Census (2011) analysis

Net Affordable Housing Need

5.50   The table below shows our overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting affordable housing need over the 21-year period from 2014 to 2035. Whilst most of the data in the model are annual figures the current need has been divided by 21 to make an equivalent annual figure.

5.51   The data shows an overall need for affordable housing of 7,100 units over the next 21-years (339 per annum). The net need is calculated as follows:

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

Table 22:   Estimated level of Affordable housing need (2014-35)

	Plan period	Annualised over plan period
Current need	1,042	50
Newly forming households	9,424	449
Existing households falling into need	4,662	222
Total Gross Need	15,128	720
Supply	8,012	382
Net Need	7,116	339

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

Sensitivity to Income Thresholds

5.52   Whilst 25% is the threshold suggested by 2007 SHMA Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the Harrogate District population, particularly with respect to earnings and the cost of housing, in practice, many households locally will choose to spend a greater proportion of their income on housing.

5.53   A 30% threshold has been used in the main modelling for consistency with general practice nationally although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. The table below summarises the findings. In particular, we can see that with an assumption of households spending 40% gross income on housing costs then need falls to 160 households per annum (down from 339 using a 30% threshold). The need would increase to 455 per annum if a 25% threshold is used (25% being the start point suggested in the 2007 CLG SHMA guidance).

Table 23: Estimated level of Affordable housing need (per annum) at Variant Income Thresholds

	@ 25%	@ 30%	@ 35%	@ 40%
Current Need	57	50	42	37
Newly forming households	541	449	379	321
Existing households falling into need	239	222	202	184
Total Need	837	720	624	541
Supply	382	382	382	382
Net Need	455	339	242	160

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

Role of the Private Rented Sector in Meeting Affordable housing need

5.54   As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the area. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2014 it is estimated that there were 3,129 benefit claimants in the private rented sector; this is virtually the same as the number observed three years earlier (in May 2011 of 3,186).

5.55   What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 407 private sector lettings per annum to new LHA claimants in the District. This figure is derived from claimants rather than households and it is possible that there is a number of multiple LHA claimant households (i.e. in the HMO sector).

5.56   The overall estimated number of lettings in the LHA part of the private rental sector (PRS) can therefore be seen to be slightly greater than the total net need derived through affordable housing needs analysis. It is not however appropriate to treat this sector as a form of affordable housing and net it from the overall annual affordable housing needs estimate of 339 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.

5.57   However, it should be recognised that, in practice, the PRS does make a significant contribution to filling the gap in relation to meeting affordable housing need and given the levels of affordable

housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

5.58   It is therefore reasonable to assume that the private rented sector will continue to meet some needs moving forward. However it should be recognised that the PRS does not provide secure tenancies and that standards within the sector may be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the PRS. For these reasons the Council should continue to seek to provide as much affordable housing as is feasible on individual sites (subject to viability considerations). It should also consider how affordable housing delivery can be maximised.

Understanding the Context to the Affordable Housing Needs Assessment

5.59   The affordable housing needs analysis concludes that there is a shortfall of 7,116 affordable homes over the period from 2014 to 2035 (339 per annum). However there are a number of things that need to be remembered in interpreting the affordable housing needs analysis.

5.60   The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. The needs assessment therefore does not look at all housing needs, but specifically the needs of those who cannot afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.

5.61   The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Harrogate District, the stock of affordable housing (social rented) represents about 9% of the total number of households – this is notably below the equivalent figure for the Yorkshire and The Humber region (18%) and England (18%). This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions (dating back at least to the middle of the last century).

5.62   Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'affordable housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).

5.63   In reality, there are two key factors which need to be considered:

*   Many households defined as in affordable housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and

- Some households defined as in affordable housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.

5.64   It is estimated that there are currently around 3,100 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 30% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits will kick in below this level).

5.65   As the level of affordable housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of affordable housing need identified.

5.66   Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in affordable housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting affordable housing need in the short-to-medium term.

5.67   Due to the role of the private rented sector in meeting affordable housing need there is no evidence of a significant shortfall in overall housing provision to meet local housing requirements over and above that shown by the demographic modelling and so no additional uplift is required to take account of affordable housing need. The Council should however seek to maximise the provision of affordable housing and in doing so may be able to reduce the reliance on the private rented sector moving forward.

5.68   In relating the affordable housing needs assessment to the demographic projections, it should be remembered that the figures are derived from different models which are not comparable with one another. The affordable housing needs modelling includes some existing households in accommodation within the calculation, who require alternative accommodation in terms of tenure/ cost; but who would release existing housing for other groups if they moved.

Need for Different Types of Affordable Housing

5.69   Having studied housing costs, incomes and affordable housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

5.70   Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

5.71   For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution.

5.72   The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

5.73   For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 35:   Overlap between Affordable Housing Tenures
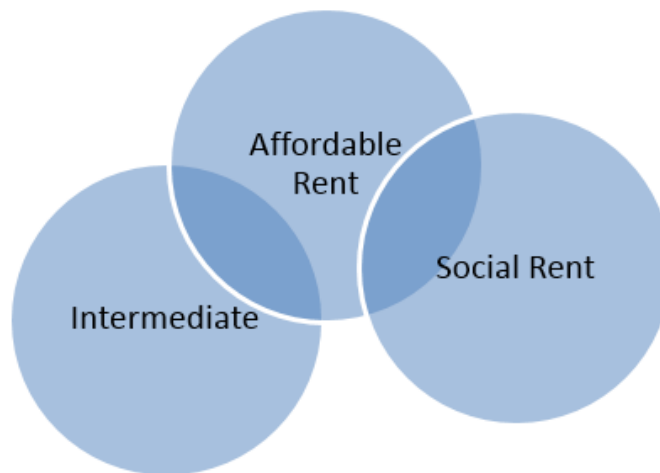
5.74   Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels (intermediate housing);
- Households who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents (affordable rent);
- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so) (social rent).

5.75   The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes as well as intermediate rent. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

5.76   We do not have detailed information on households' savings. We have assumed that around two-thirds of households with an income which would allow them to afford 80% or more of market rents would represent the potential market for equity-based intermediate products such as shared ownership and shared equity homes or intermediate rent with the remainder needing a rented product.

5.77   On the basis of the analysis carried out it would therefore be estimated that around a quarter of households in affordable need would be able to afford an equity stake of up to £80,000. The 'quarter' is based on the analysis above which shows an intermediate need for 24% of affordable

housing, whilst the figure of £80,000 has been calculated on the basis of the income required to access market housing (£23,000) multiplied by 3.5 to reflect a typical mortgage multiple.

Table 24: Estimated level of Affordable housing need (per annum) by type of affordable housing

	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Harrogate District	93	12	81	627	370	258
% of total	24%			76%		

Source: Affordable Housing Needs Analysis

5.78   In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Previous Affordable Housing Needs Assessments

5.79   This section has provided estimates of the overall need for affordable housing by following the CLG SHMA guide. It is of interest to compare the outputs of this analysis with those in previous affordable housing needs modelling exercises. The last full SHMA covering Harrogate District was completed in 2011. Whilst both the assessment in this report and the 2011 SHMA have followed the CLG needs assessment model there is a notable difference in the main data sources used – in this report all data has been drawn from published data sources whereas the 2011 SHMA used a household survey to derive the majority of figures. One additional difference is that the 2011 report considered clearing the current need over a 5-year period rather than 21-years in this report. This change has been made to ensure consistency between different strands of research (i.e. so that the demographic projections and the affordable needs assessment cover the same time period).

5.80   The table below compares the outputs of this report and previous (2011) work. For consistency all figures are provided on an annual basis with the current need from 2011 being recalculated to cover a 21-year period for consistency. The analysis suggests a significantly higher level of need in this report when compared with 2011 (339 vs. 208). Differences are seen for all parts of the analysis and below we consider the likely reasons for this:

• The current need in the 2011 SHMA (once rebased over a 21-year period) is 93 per annum compared with 50 in this assessment. The difference here looks to be largely due to methodology with the survey-based method showing much higher figures. Some of the survey figures do look on reflection to be quite high with for example over 15,000 households being

recorded as being in unsuitable housing due to housing costs – this is 36% of households once outright owners are excluded; a figure we would consider to be unrealistic.

- The newly forming households in need at 449 per annum in this assessment is more than double the figure (of 200) in the 2011 SHMA. This latter figure was based on survey data about recent movers and may underestimate the need if household formation had been constrained in the two years prior to the survey. Given the state of the economy and housing market at that time it is quite likely that the 2011 SHMA figure has been constrained and so the figure in this assessment (based on less constrained demographic trends) is likely to be preferable.

- The difference in figures for existing households falling into need is not as stark as for other elements of the analysis although differences are most likely due to the use of survey data in 2011 and secondary sources in this assessment

- The supply of affordable housing in the 2011 SHMA is also somewhat lower than in this assessment. Looking at the 2011 SHMA it appears as if the figures were only taken from letting in the general needs housing stock. This assessment has considered general needs housing and also supported housing. Given the number of lettings in the supported stock the differences between the two assessments look to be of the right order of magnitude. It is considered that it is important in looking at affordable need to include all supply and hence the 2014 method is preferred.

5.81   At face value the analysis might suggest that need has increased. However, as discussed above, the reality is that differences are most likely to be due to detailed methodological issues. Both assessments do however conclude that there is a notable need for affordable housing in the District.

Table 25: Comparing affordable housing needs estimates in 2011 SHMA and 2014 assessment – per annum over 21-year period

	2011 assessment	2014 assessment
Current Need (annualised over 21-years)	93	50
Newly forming households	200	449
Existing households falling into need	160	222
Total Need	453	720
Supply	245	382
Net Need	208	339

Source: SHMA 2011 and 2014 affordable needs assessment

Affordable Housing Need – Summary of the Evidence

5.82   An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Harrogate District. This has estimated current affordable housing need in 2014 of 1,042 households, excluding existing social housing tenants where they would release a home for another household in need.

5.83   The affordable housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 671 households are expected to fall into affordable housing need and 382 properties are expected to come up for re-let.

5.84   Overall, in the period from 2014 to 2035 a net deficit of 7,100 affordable homes is identified (339 per annum). There is thus a requirement for new affordable housing and the Council should continue to seek to provide as much affordable housing as is feasible on individual sites (subject to viability considerations).

5.85   While a deficiency in affordable housing is identified, in practice some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to play an important role in meeting affordable housing need. We have therefore not made an upward adjustment to the demographic assessment of need on the basis of affordable housing need. Provision of additional affordable housing will allow for the reliance on the private rented sector to be reduced over time.

5.86   Taking the gross numbers for affordable housing need and comparing this against the supply from relets of existing stock, the overall the analysis suggests around 24% of housing could be intermediate with the remaining 76% being either social or affordable rented.

6 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

6.1 The NPPF is clear that plans should take account of market signals, such as land prices and housing affordability (Paragraphs 17 and 158). The PPG clarifies this setting out that:

"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."

6.2 The PPG sets out that studies should assess house prices and rents, land values, affordability, rates of development as well as overcrowding, concealed and shared households. Appropriate comparisons should be made (in terms of absolute levels and rates of change) with trends in the HMA, similar areas and nationally. It sets out that:

"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."

6.3 In interrogating market signals we have sought to assess trends over the 2001-11 period, as this is the period from which household formation trends in the 2011-based Household Projections are derived. We have also considered more recent trends and current performance, to assess whether there is a case for adjusting levels of housing provision (relative to those shown in the projections thus far).

6.4 We have sought to analyse the indicators identified in the PPG. However in our view it is important to understand the drivers behind what has been happening in the housing market in recent years. We therefore start off by providing an overview of macro-level dynamics.

Macro-Economic Drivers of the Housing Market

6.5 Macro conditions have been a particular driver of housing markets nationally over recent years. Since the start of the credit crunch in 2007/8, the economy has gone through a long and deep economic recession, and subsequent slow recovery. The momentum of economic recovery is now improving with the UK economy out-performing many of its international peers.

Figure 36: UK Economic Growth, 2007-2013
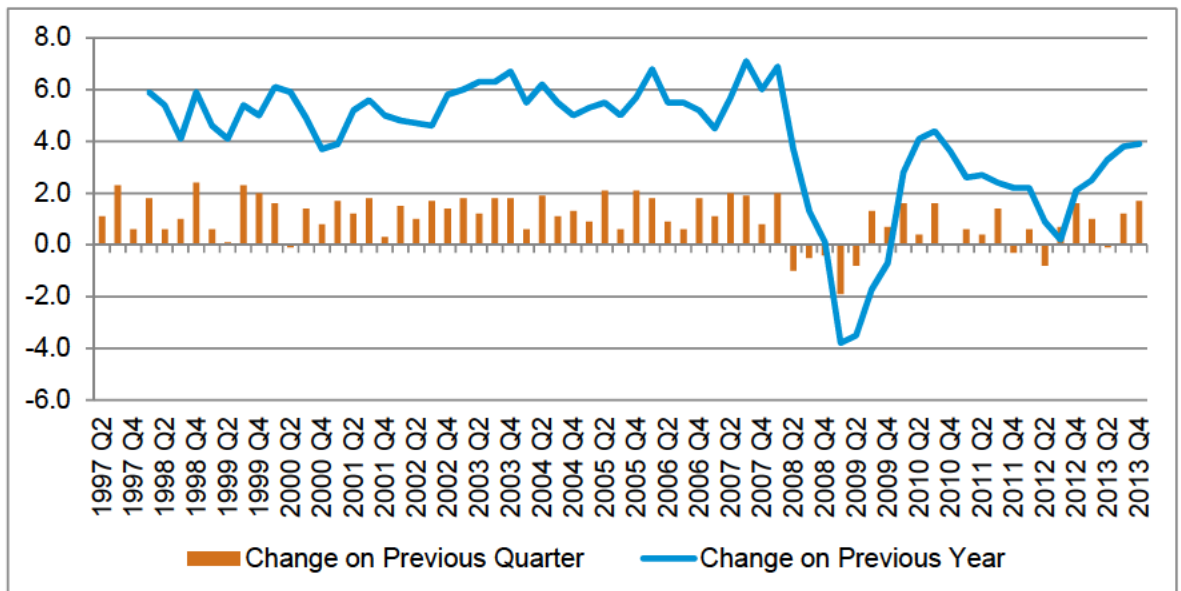
Source: ONS

6.6   The tightening lending criteria initiated by the credit crunch has had an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance influencing demand for market homes. Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

6.7   Whilst lending remains below pre-2007 levels, lending has been increasing over the last 18 months supported by an improving economy as well as initiatives, such as the Government-based Help-to-Buy Scheme. Figure 37 indicates trends in gross mortgage lending.

Figure 37: Trends in Gross Mortgage Lending
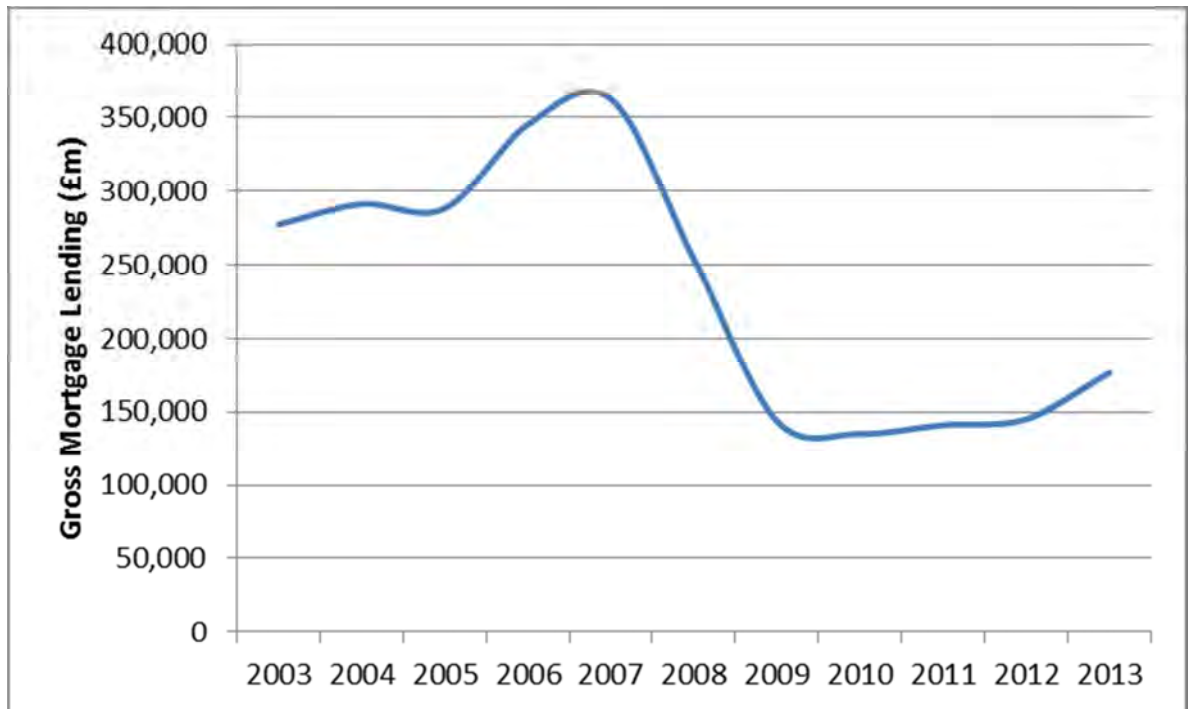
Source: Council for Mortgage Lenders 2013

6.8   This trend continues, with lending in Q1 and Q2 2014, according to the Council for Mortgage Lenders (CML) 29% up on Q1 and Q2 2013. We have similarly seen a recovering trend in First-Time Buyer (FTB) numbers, as Figure 38 shows. The level of savings required to buy a home remains a constraining factor; with average loan-to-value ratios standing in April 2014 at 80% (i.e. the average First-Time Buyer across the UK has a 20% deposit).

6.9   The improving situation has been further ratified by recently announced data from the Halifax. This showed that first time buyers increased by 24% in 2014 against the previous years. The level now stands at the highest rate (326,500 across the year) in seven years.

Figure 38: First-Time Buyer Numbers
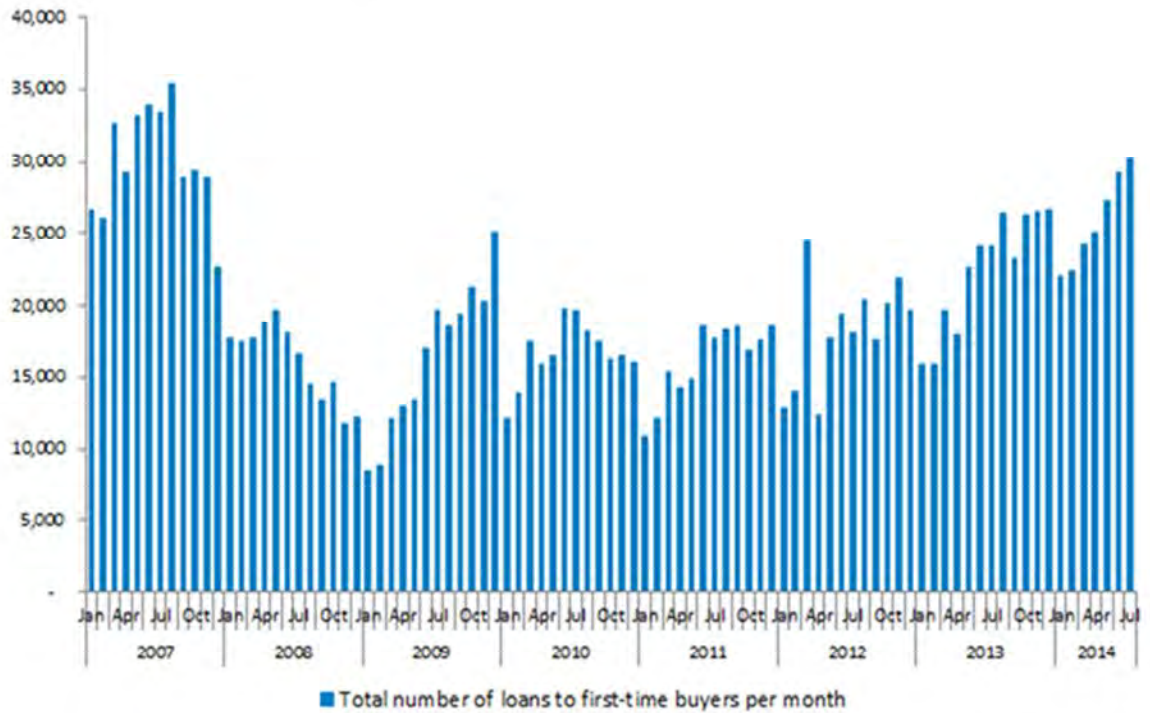
Source: Council for Mortgage Lenders

6.10   The typical first-time buyer income multiple in July 2014 was 3.27 times their gross income. Low mortgage interest rates have kept borrowers' payment burden low over recent years.

6.11   Market sales are also influenced by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that the number of new buy-to-let loans in July 2014 was up 17% from June 2014 and up 41% on July 2013. However as with overall mortgage lending, overall buy-to-let lending remains below pre-2007 levels.

Figure 39:   Trends in Buy-to-Let Lending

6.12   Relating this through to overall housing need, an increase in household formation rates for younger households over the longer-term will be influenced by the availability of mortgage finance (such as lending criteria and deposit requirements), interest rates, and housing costs relative to incomes. The evidence above clearly shows that the credit crunch and subsequent recession has had a significant impact on housing market activity, but that the situation is improving.

6.13   Greater regulation of the mortgage market may however restrict a return to the sorts of lending practices seen at the height of the previous market cycle prior to 2008; whilst in the short-term it seems likely that weak earnings growth will impact on affordability and thus moderate the pace of recovery in demand for market housing.

House Prices Analysis

6.14   The average (mean) house price in Harrogate District (Jan 2013 – Apr 2014) was almost £270,000 whilst the median price was significantly less at £220,000. Compared to wider local authority areas considered, average prices in Harrogate District were significantly higher (see Table 26).

Table 26:   Average House Prices in the Housing Market Area (2013-2014)

	Median	Mean
Hambleton	£203,000	£235,490
Harrogate District	£220,000	£269,210
Leeds	£280,000	£145,000
North Yorkshire	£191,866	£218,733

Source: Land Registry Price Paid Data

6.15   Figure 40 profiles house prices in Harrogate District and the wider comparators from 1997 to 2007 (i.e. the pre-recession decade). This shows that house price trends in Harrogate District closely followed the county-wide trend over this period but at a slightly higher level.

6.16   Over the pre-recession decade, median prices in Harrogate District rose from £65,000 to £219,000 – an increase of almost £155,000 (225%). Over this period, median prices across North Yorkshire rose by £125,500 (201%) and across England by £122,000 (195%). The result has been a widening of the gap in house prices between these areas during this period.

Figure 40: Median House Price Trends, 1997-2007
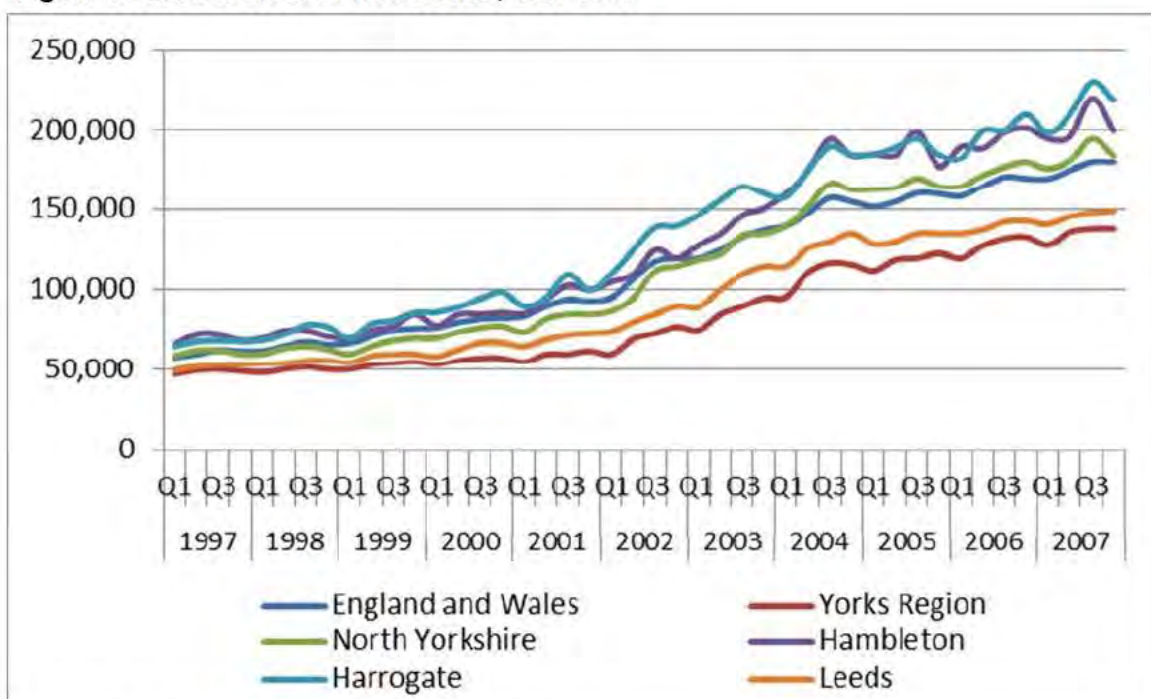
Source: DCLG Live Tables: Land Registry Data

6.17   The increase in house prices in particular points to an imbalance between supply and demand for housing over the 2001-5 period in particular, when the increase in prices was sharpest.

6.18   Since 2007, trends in house prices have understandably been very different - reflecting the economic backdrop. Harrogate District posted a significant fall in median prices from early 2008 to 2009 at the onset of the recession, as was the case regionally and nationally.

6.19   House prices subsequently rose during 2009 and 2010 but have plateaued since. As of 2013 Q2, median house prices in Harrogate District were almost exactly the same as pre-recession levels (-3%). By contrast Hambleton has shown a growth in prices of 5% over this period.

Figure 41: Median House Price Trends by Local Authority, 2008-13
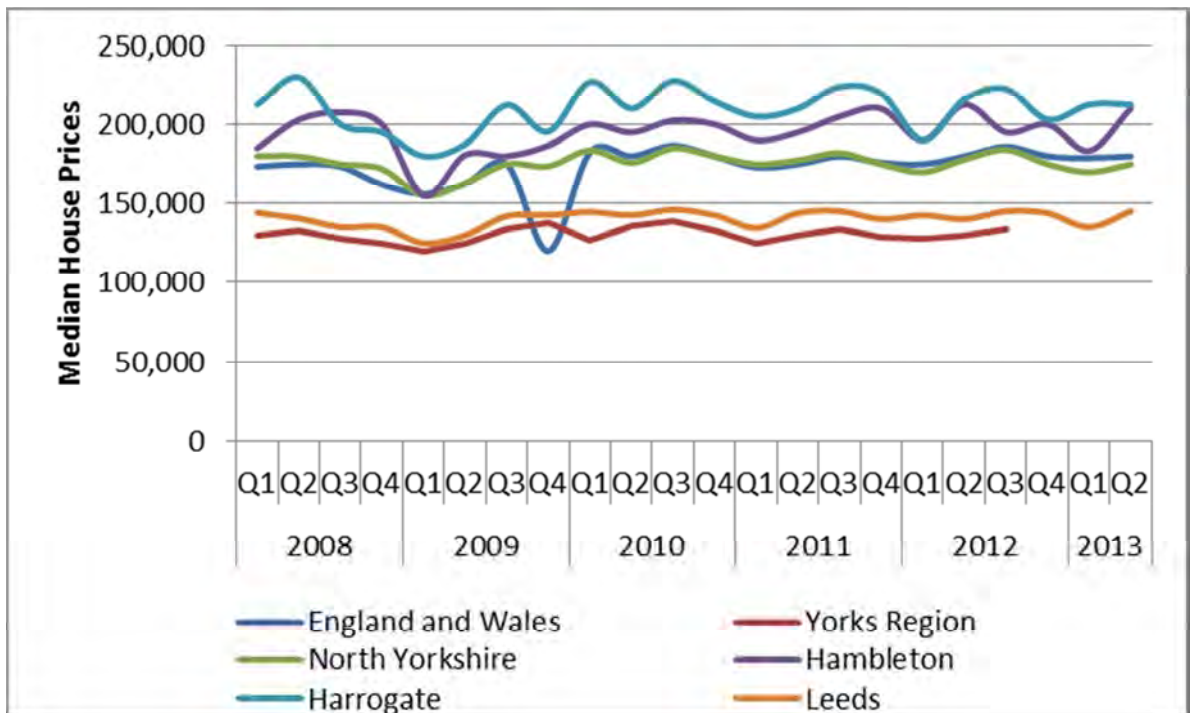
Source: DCLG Live Tables: Land Registry Data

6.20   We have also analysed more recent house prices achieved over the 16 months from January 2013 to April 2014 in more detail. This provides further understanding of the latest dynamics for different property types within Harrogate District and the wider comparators.

6.21   As can be seen in Figure 42 there is some variance in median house prices across Harrogate District and the wider comparators. There is a clear split in house prices with larger detached and semi-detached house prices in Harrogate District being significantly higher than equivalent prices in Hambleton and Leeds. In contrast the price of smaller terraced and flats also are more aligned between Harrogate District and the wider comparators across the sub-region with properties in Harrogate District and Hambleton being significantly higher than other areas.

Figure 42: Median House Prices by Local Authority, Jan 2013- June 2014

	Detached	Flats	Semi - Detached	Terraced
■ Hambleton	£279,000.00	£124,000.00	£174,000.00	£162,500.00
■ Harrogate	£350,000.00	£149,000.00	£211,250.00	£177,750.00
■ Leeds	£265,000.00	£112,500.00	£151,000.00	£118,000.00
■ North Yorkshire	£270,000.00	£122,500.00	£170,000.00	£152,500.00
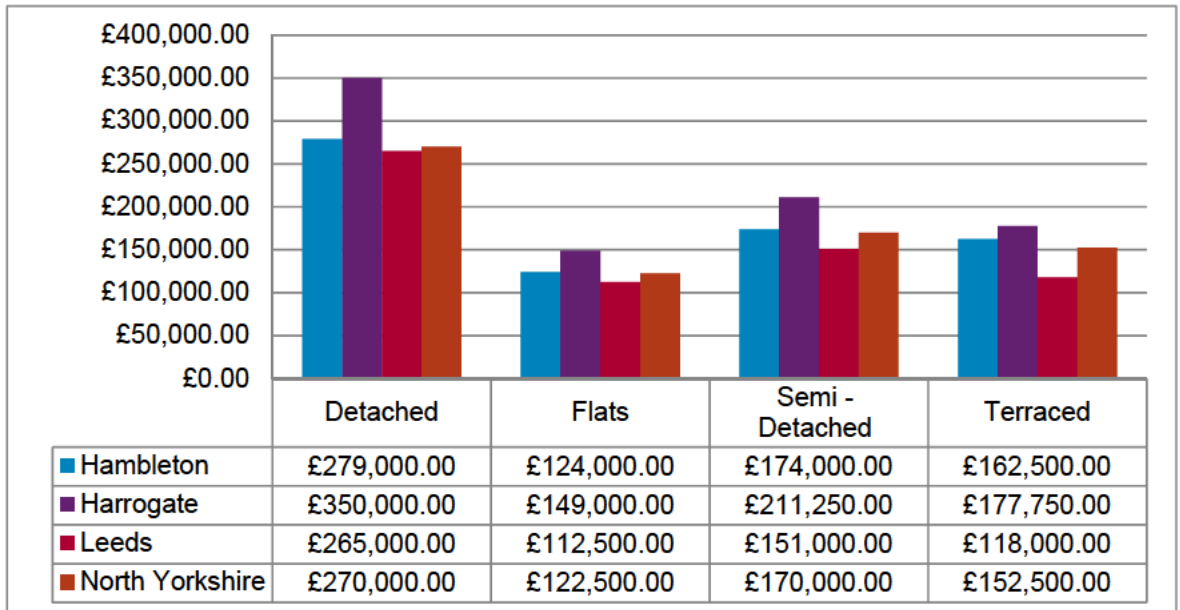
Source: GLH Analysis: Land Registry Price Paid Data

6.22   Median house prices are skewed slightly by the proportion of each dwelling type being sold during this period which reflects the housing stock in each area. Figure 43 shows that there were considerably more detached house sales in Hambleton, driving the average up, and considerably more sales of flats in Harrogate District and Leeds.

Figure 43: Sales by Dwelling Type (Jan 2013- April 2014)
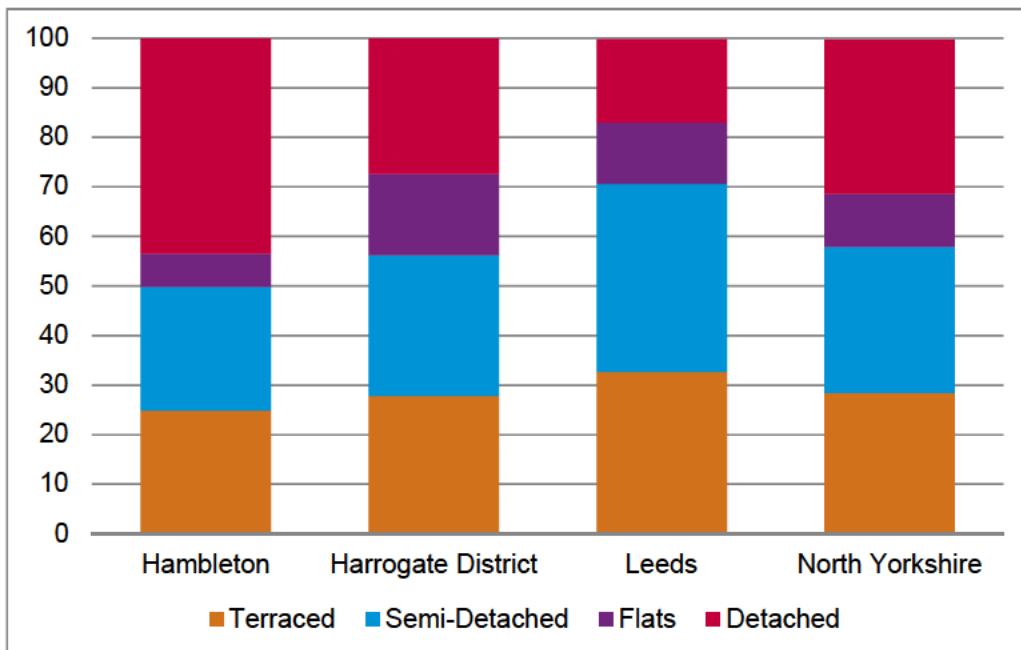
Source: GLH Analysis: Land Registry Price Paid Data

Sales Volumes and Effective Demand

6.23   Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess the relative demand for market homes for sale. Figure 44 benchmarks annual sales over the period 1996 to 2012 against the pre-recession index.

Figure 44: Indexed Analysis of Sales Trends, 1996 – 2012
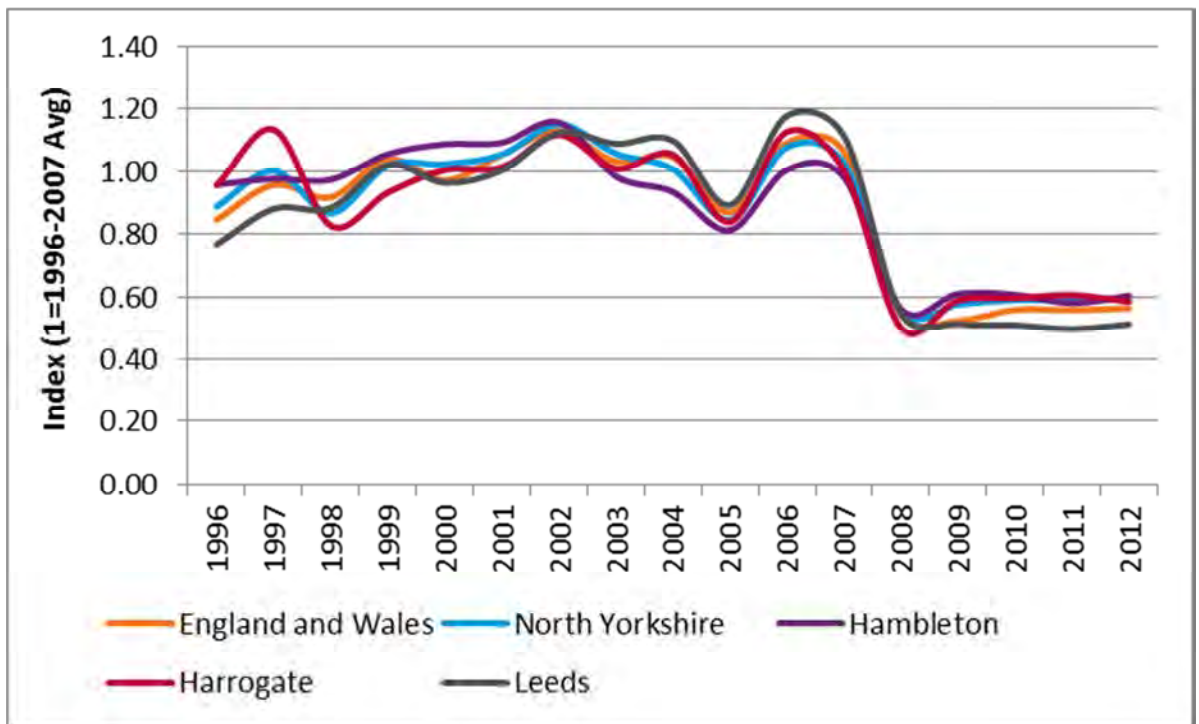
Source: DCLG Live Tables

6.24   The latest published data by CLG is for 2012. As illustrated sales volumes nationally experienced a significant drop between 2007 and 2008. Between 2008-12 the recovery in sales volumes has been very modest. The similarity between trends nationally, within the region and in Harrogate District highlights the influence of macro-economic dynamics on sales volumes at a local level.

Rental Trends

6.25   Average rents in Harrogate District (£802 per calendar month (pcm)) are also significantly higher than the regional average (£535 pcm) and to a lesser extent the national average (£720 pcm). Median rents in the District (£575 pcm) although still higher than the regional (£480 pcm) average are actually lower than the national figure (£595 pcm).

6.26   As shown in Table 27, in comparison to Leeds, Median rents are lower in Harrogate District although the average (mean) rent is still significantly higher. There is general parity with Hambleton

in both instances. As with house sales, these differentials are influenced by the balance of property transactions.

Table 27:   Average and Median Rental Prices (2014)

Area	Average Rent (p.c.m.)	Median Rent (p.c.m.)
England	£720	£595
Yorkshire and Humber	£535	£480
North Yorkshire	£615	£550
Hambleton	£598	£550
Harrogate District	**£802**	**£575**
Leeds	£553	£625

Source: VOA Private Rental Data

6.27   An analysis of rents by property size (see Figure 45) suggests a broad similarity between rental levels in Leeds and Harrogate District (with the exception of larger homes in Leeds likely to be influenced by the student market). Rental costs for different sizes of properties in Hambleton are modestly below those in Harrogate District on a comparable basis.

Figure 45: Rental Costs By Size, 2013
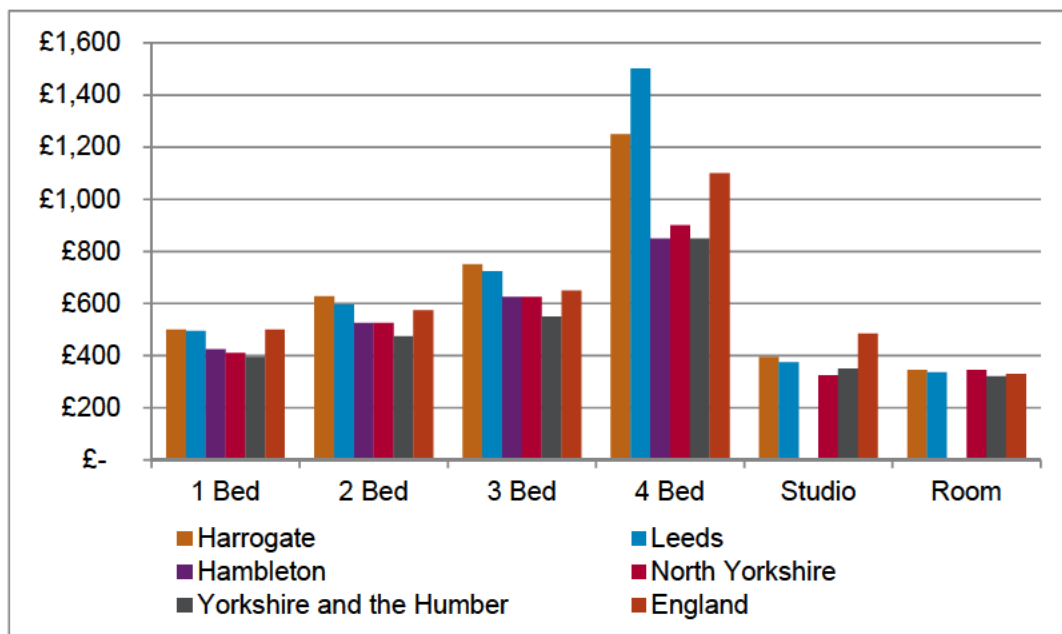
Source: VOA Private Rental Data

6.28   Over the last 4 years,[7] average rental values in Harrogate District have grown by 8% while the median value has grown by 4%. During this period prices in Leeds have risen substantially by 33% and 14% respectively. By way of comparison, across England there has been a 4% rise over this period for both median and average values (see figure 46).

Figure 46: Benchmarked Trend in Median Private Rents, 2011-2014
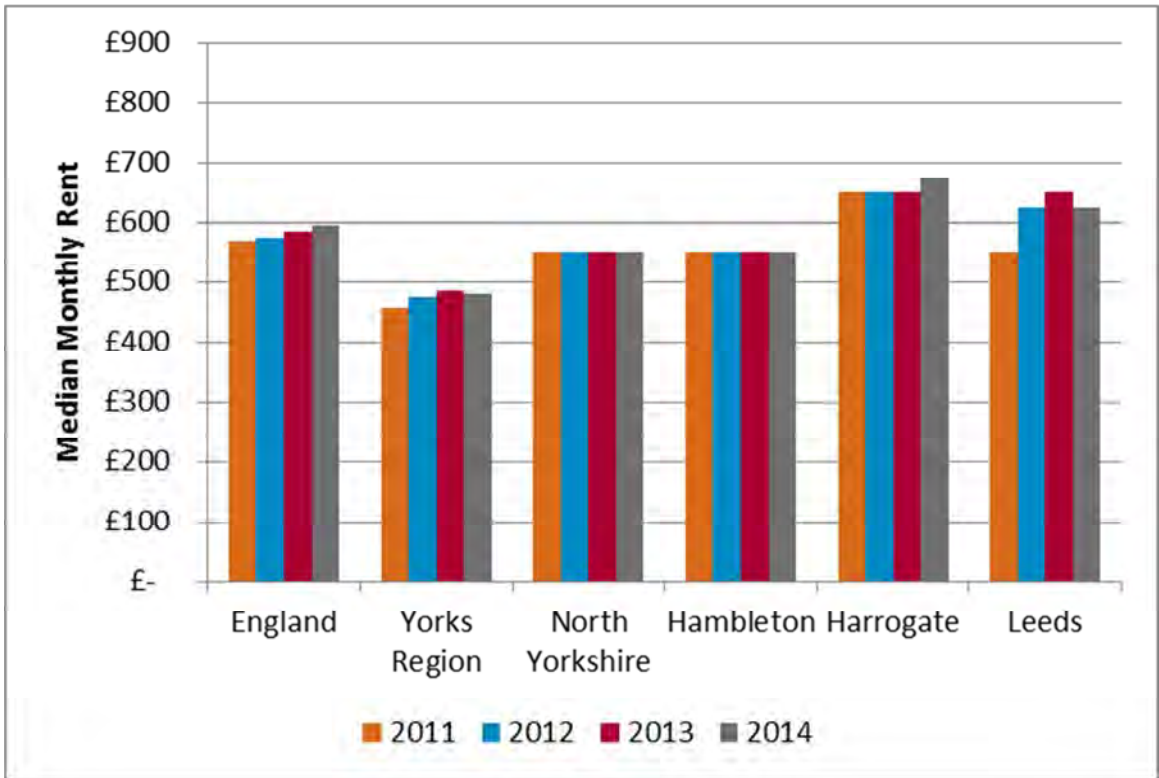
Source: VOA Private Rental Data

6.29   Figure 47 shows trends in the number of rents recorded by the VOA, indexed against 2011 figures. This shows a 10% increase in the number of rental transactions in the District, which is in line with the trend across the County and slightly higher than the national figure.

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[7] This is the longest period for which trend data is available at a local authority level

Figure 47: Trend in Private Rental Transactions, September 2011 to June 2014
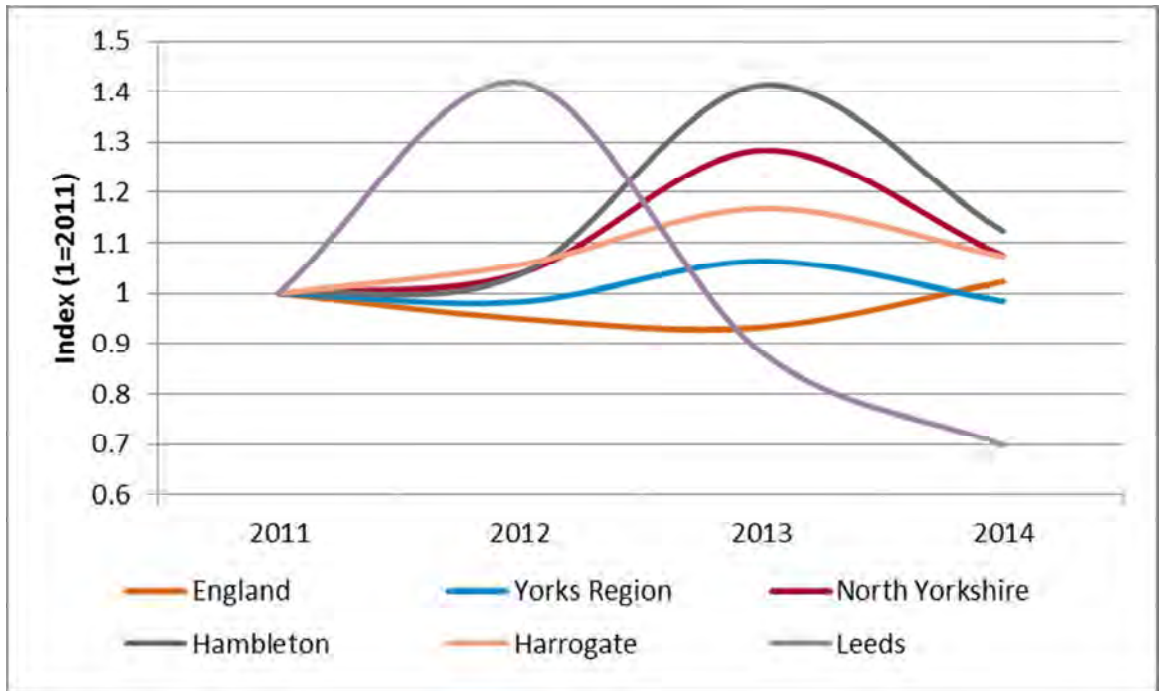
Source: VOA Private Rental Data

6.30   The significant growth in rental costs in Leeds coincided with a sharp decline in the number of rental transactions in the City.

House Price-to-Income Ratios

6.31   In line with the PPG, we have considered evidence of affordability by looking specifically at the relationship between house prices and incomes. We have done this for both lower quartile values (which represent first time buyers and the bottom end of the market) and median values.

6.32   As shown in Figure 48, nationally, the ratio of lower quartile house prices to earnings peaked in 2007. It fell modestly over the 2007-9 period. Affordability ratios have since plateaued with current affordability ratios lower than the 2007 peak.

6.33   Harrogate District follows this national trend, albeit at a higher level with a greater gap between lower quartile house prices and incomes in comparison to the wider comparators. By 2013 lower quartile house prices in the District stood at almost nine times lower quartile earnings – indicating quite notable affordability pressures for prospective younger buyers.

Figure 48: Lower Quartile Affordability Trend, 1997-2013
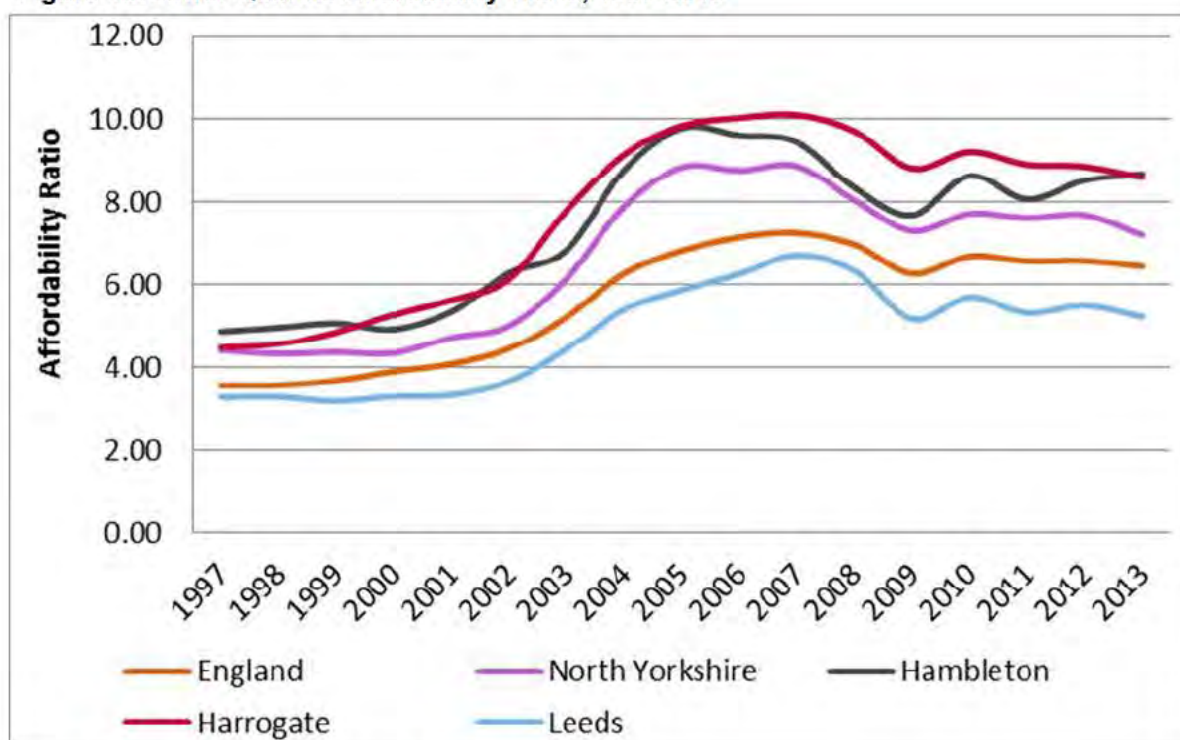
Source: DCLG Live Tables: Land Registry Data

6.34   We have also considered and compared this to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In Harrogate District the median ratio is broadly similar to the lower quartile ratio, indicating that affordability pressures for market housing in Harrogate District are similar across different segments of the market. This pattern is generally seen in most of the local authority areas we have reviewed, as shown in table 28.

Table 28:   Affordability Ratios, 2013

	Lower Quartile Ratio	Median Ratio	Difference
England	6.45	6.72	-0.27
North Yorkshire	7.20	7.38	-0.18
Hambleton	8.69	8.69	0.00
Harrogate District	8.6	8.86	-0.26
Leeds	5.24	5.34	-0.10

Source: DCLG Live Tables: Land Registry Data

Change in Tenure

6.35   A combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer households being able to buy and increased pressures on the existing affordable housing stock.

This has also resulted in strong growth in the private rented sector as households are being forced to rent longer or cannot secure alternative accommodation.

6.36   As illustrated in Figure 49, as a percentage of all properties those who own their house with a mortgage fell significantly between 2001 and 2011. Over this same period there has been a substantial growth in the private rented sector, although this trend was felt less in Harrogate District than in the rest of the Region and Country.

Figure 49: Change in Households by Tenure, 2001-11
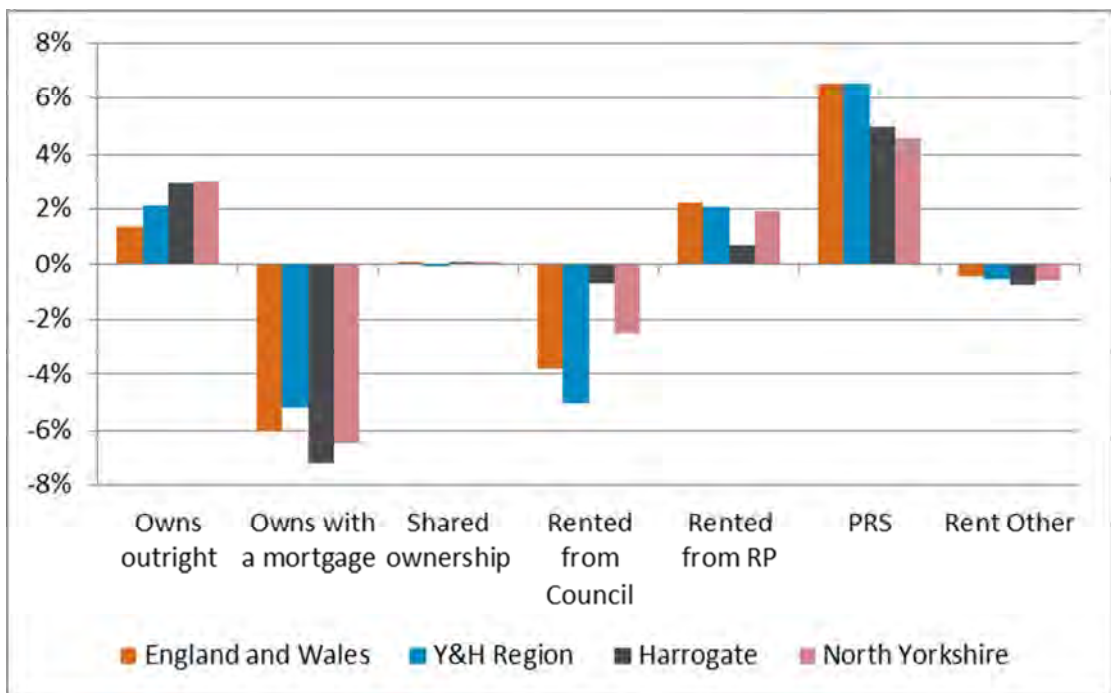
Source: Census 2001 & 2011

6.37   Shared ownership grew by a very small amount in Harrogate District and in North Yorkshire. This was in line with the national trend.

Housing Supply Trends

6.38   Data from the Council's Annual Monitoring Reports (AMRs) has been used to provide an assessment of the historic housing delivery relative to housing targets in Harrogate District. This is illustrated in Figure 50 and shows that Harrogate District matched its housing targets for much of the time between 2004/5 and 2009/10. Housing targets for the District were influenced not just by evidence of housing need, but also constraint-based factors.

6.39   There was a sharp decrease in delivery in 2010/11 which has continued to 2013/14. Housing delivery over the last monitoring year shown in Figure 50 has been measured against a figure for

housing need shown in the North Yorkshire SHMA 2011. The SHMA indicated a potential need for between 862-1086 homes per year. This does not represent a housing target and thus the figures and comparison should be regarded as indicative.

Figure 50: Comparing Net Housing Completions against Targets – Harrogate District, 2006/7 - 2012/13
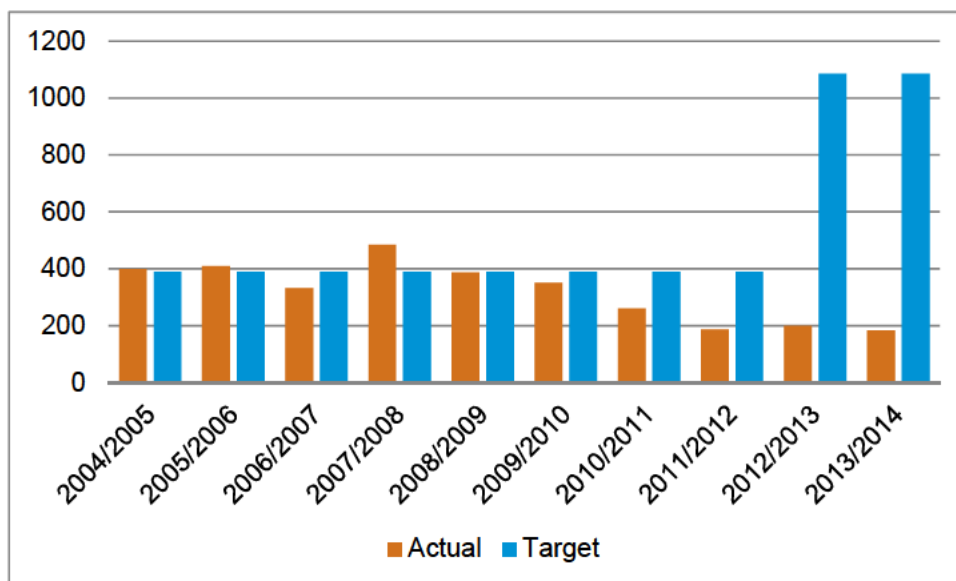
Source: Local Authority Annual Monitoring Reports

6.40   As the preceding analysis in this section has shown, effective demand for market housing fell notably between 2008-9 and there was a modest recovery over the last year or so. As we might expect this has influenced levels of new-build development (albeit that housing completions include affordable housing delivery).

6.41   This SHMA report considers housing need from 2014-35. Any shortfall in housing delivery prior to the 2014 starting point has been considered and taken into account in the adjustments made to derive the SHMA conclusions regarding the Objectively Assessed Need (OAN) for housing.

Overcrowded and Shared Housing

6.42   A symptom of the affordability pressures identified above, restrictions on access to mortgage finance and housing under-supply (which are related to one another) has been an increase in overcrowded households (including young people living with their parents for longer) and houses in multiple occupation.

6.43   Across Harrogate District and the wider comparators we have seen the proportion of residents living in over-occupied properties increase from 3.5% in 2001 to 4.4%, although in comparison to the wider Yorkshire and the Humber region and national trends this growth is below average.

Table 29: Changes in Over Occupied Houses(2001-2011)

	Over Occupied			HMO		
	2001	2011	Change	2001	2011	Change
England	7.1%	8.7%	+1.6%	3.6%	4.4%	+0.8%
Yorks Region	5.5%	6.6%	+1.1%	2.7%	3.4%	+0.7%
Hambleton	2.3%	2.5%	+0.2%	2.2%	2.5%	+0.3%
Harrogate District	3.5%	4.4%	+0.8%	2.7%	3.4%	+0.7%
Leeds	7.7%	9.1%	+1.3%	3.7%	4.5%	+0.8%

Source: 2001 & 2011 Censuses

6.44   Similarly the growth of houses in multiple occupation in Harrogate District has also increased - although to a lesser extent than over crowded properties (growing by 0.8% to 3.4% of all households). Again this in in line with the wider region but below the national overall and growth figures (see Table 29).

Implications of Market Signals

6.45   There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years but sales market activity has been low. House prices have remained fairly constant during this period. Sales volumes have begun to improve over the last 18 months as confidence starts to return to the market.

6.46   Housing costs in Harrogate District, for both purchasing and renting, are generally higher than the wider comparators. This to a large extent reflects the dwelling stock in the District but also reflects a relative high demand for these properties and dwindling completions.

6.47   Affordability pressures across the District are significant. The affordability of median and lower quartile market housing is around nine times the equivalent earnings. Coupled with constraints on access to mortgage finance, such a ratio is likely to preclude many from entering the property market without a significant deposit.

6.48   As a part-result Harrogate District has seen a large shift in the tenure profile - with a notable reduction in the number of homeowners with a mortgage or loan and a similarly significant growth in the Private Rented Sector. We have also seen increased levels of people living in shared and overcrowded households. There is also a low percentage of rental properties in the District which is potentially driven by a low number of social rental properties rather than low demand.

6.49   Overall the analysis of market signals clearly points to affordability pressures in the District. It would therefore be appropriate to consider an upward adjustment to the demographic assessment of

housing need to improve affordability over time, in line with the approach outlined in the Practice Guidance.

6.50   The PPG sets out that:

"In areas where an upward adjustment [to the assessment of housing need] is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be."

6.51   The Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

6.52   To consider this issue further we have sought to use the demographic analysis to assess the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve.

6.53   Taking account of the market signals analysis, we consider it would be prudent to adjust the assessed housing need upwards from the 'starting point' demographic projections for 419 homes per annum. The Part Return to Trend scenario for household formation provides a basis for this.

6.54   This projection sees a notable improvement in the household formation rates of people aged 25-34 when compared with data in the 2011-based CLG projections and the 2008-based CLG projections modelled on a tracking basis. It models an increase in household formation for those in their 20s and 30s – consistent with an improvement in housing affordability.

6.55   Carrying out the projection on this basis suggests household growth of 483 per annum and a housing requirement for 507 additional homes per annum (once a vacancy allowance has been included) based on the 2012-based SNPP. This represents a 48% uplift on our start point (using 2011-based headship rates) and is therefore considered to be a positive projection to develop, and one which will take account of uplifts required as a result of analysis of market signals.

6.56   Over the 21-year period from 2014 to 2035 this projection would represent 10,133 additional homes. It is however also important to consider whether the population growth will support the required increase in the workforce to meet employment growth trends/forecasts. This is carried out in the following section.

7 ECONOMIC-LED HOUSING REQUIREMENTS

7.1 While Section 4 assessed demographic-led projections, this section looks at the need for additional housing on the basis of the economy. It should be noted from the outset that these projections are particularly sensitive to migration.

7.2 The PPG indicates that employment trends and forecasts should be considered as part of the assessment of housing need, setting out that:

> *"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.*
>
> *Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*

7.3 In this section we consider how migration (in the future) might be influenced by future employment growth, recognising that people move home to access employment, as well as for other reasons.

Econometric Forecasts

7.4 Harrogate Borough Council is concurrently undertaking updates to both the SHMA and ELR. GL Hearn has assessed economic forecasts from the Regional Econometric Model (REM) for Yorkshire and the Humber, which is maintained by Experian and the Regional Economic Intelligence Unit. The forecasts used are the Winter 2014 Baseline Economic Forecasts from the Model. By using this data within the SHMA we are attempting to align the two strategies.

7.5 The model takes account of:

- Experian Econometric Forecasts from November 2014;
- ONS 2012-based SNPP and 2013 Mid-Year Estimates;
- Historical data principally to Q4 2012, but to Q1 2014 on some labour market indicators and workforce jobs at the regional level.

7.6 The model uses a top down approach to forecasting regional and local area performance. A core macroeconomic forecast is developed (e.g. for GDP growth for the UK) which is then disaggregated through Experian's Sectoral Model to assess potential performance of different sectors. UK industry and household finance models then drive regional forecasts for economic output (GVA), employment, household income and expenditure which in turn drive the forecasts for individual local authorities. The model is more demand-led in the short-to-medium term, with supply-side factors influencing longer-term trends.

7.7   The forecasts for local authorities use a shift-share methodology, such that historical relationships between trends in output between regional/ county and county/local authority levels are assumed to hold true moving forwards. Output forecasts by industry are converted to employment using regional productivity trends. The latest local data on employment is derived from 2012 Business Register and Employment Survey (BRES) data.

7.8   The core forecast output in respect of employment are forecasts for "workforce jobs." This includes employee jobs, self-employment, government-sponsored trainees, and HM Forces personnel. This is a count of jobs and not people – and is measured on a workforce basis. The table below outlines the expected economic growth envisaged by the model (using Compound Annual Growth Rates (CAGR)).

Table 30:   REM Economic Forecasts

CAGR's		2012	2013	2014	2015	2016-23	2024-31
GDP	UK	0.3%	1.7%	3.1%	2.7%	2.4%	2.4%
GVA	Harrogate District	-0.5%	2.2%	2.5%	1.6%	1.8%	1.9%
Workforce Jobs	UK	0.9%	1.4%	3.3%	1.3%	0.8%	0.7%
	Harrogate District	1.4%	0.3%	2.4%	0.6%	0.4%	0.5%

7.9   The REM forecasts growth in workforce jobs of 0.5% per annum between 2014-31. This is consistent to that forecast across North Yorkshire and East Riding LEP area but below the 0.7% CAGR forecast across the Leeds City Region. It compares to a forecast of 0.7% annual growth in employment across Yorkshire and the Humber as a whole over this period.

7.10   The table below outlines the expected growth (or decline) in employment by broad sector between 2014-31. Employment growth is expected to be strongest in information and communications; wholesale and retail; and accommodation, food and recreation. Employment in manufacturing is expected to fall.

Table 31: Employment Change by Sector in REM Forecasts for Harrogate District, 2014-31

	Change in Workforce Jobs 2014-31 ('000s)
Information & Communications	2.8
Wholesale & Retail	2.1
Accommodation, Food & Recreation	2.0
Construction	1.0
Professional & Other Private Services	0.8
Finance & Insurance	0.6
Utilities	0.0
Extraction & Mining	0.0
Public Services	0.0
Transport & Storage	-0.3
Agriculture, Forestry & Fishing	-0.4
Manufacturing	-1.2

7.11   Experian also calculates figures for Full-Time Equivalent (FTE) employment from this based on hours worked in different sectors in each region. The calculation assumes an average full-time worker works 37.8 hours per week. The forecast for FTE jobs is for 6,550 additional FTE jobs between 2014-31 in Harrogate District.

7.12   The model itself includes statistics for population and outputs. These are inputs – and are independent from the modelling of employment growth. The population data is derived from Mid-Year Population estimates to 2013, with projections based on the 2012-based SNPP spliced onto the 2013 MYEs. Households are calculated by applying household representative rates (and proportions within an institutional population) from the CLG 2008-based Household Projections to the population figures. The outputs for these figures are modelled independently of the econometric forecasts.

7.13   The REM Model also includes what it calls Labour Force Survey/International Labour Organisation (LFS/ILO) Employment figures which are shown on a residence-basis, and measure numbers of people in employment. Through discussions with Experian we understand that these are forecast independently of the econometric modelling based on projecting forwards trends in employment from LFS data, population projections and applying assumptions on economic participation and commuting. These projections are thus for labour supply and should not be considered as a demand-led assessment for economic growth – which is what is necessary for considering implications for housing provision.

7.14   To model housing need to 2035, we have extended the baseline forecasts based on the expected growth rate in employment over the 5 years leading up to the end of the forecast period (i.e. 2026-31). Over the 21-year period being used in the projections, an increase in workforce jobs of around 9,000 is expected – this is an increase of about 10% from 2014 levels.

Table 32:   Forecast Employment Growth for Harrogate District, 2014-35

	Number / %
Jobs (2014)	91,039
Jobs (2035)	100,053
Change (2014-35)	9,014
% change from 2014	9.9%

Source: Regional Economic Model

7.15   Figure 51 shows how this forecast is expecting to see the change in jobs over time and how this compares to past trends, based on the Experian data back to 1997. The forecast shows strong job growth in the past and whilst growth is expected to be fairly strong in the future, the annual growth rate is below the past trend. The growth rate remains particularly positive in the short-term.

Figure 51: Forecast Growth in Workforce Jobs in Harrogate District, 2014-35
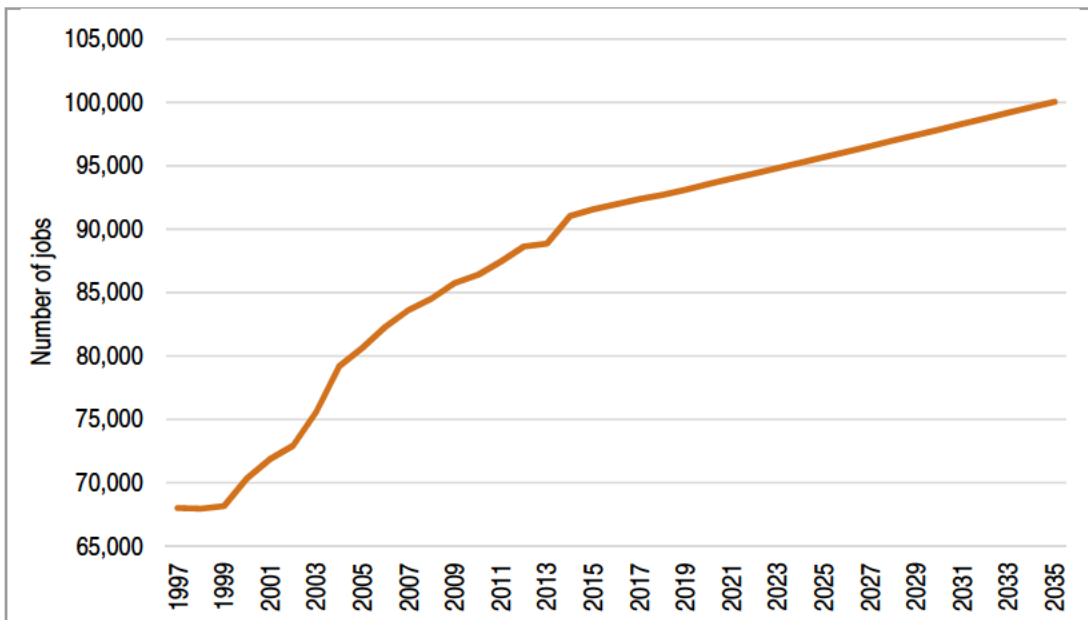
Source: Regional Economic Model

Relating Jobs and Homes

7.16   In relating growth in employment to that of the overall population, the following factors are relevant:

- Relationship between jobs and people in work: recognising that some people may hold down more than one job ('double jobbing');
- Commuting patterns: recognising that commuting patterns may influence the balance between jobs and residents in employment in different areas; and
- Employment rates: which describe the proportion of people who are in work. These are considered for different age groups, taking account of trends and, moving forwards, changes to pension age.

7.17   The SHMA has considered these issues and makes assumptions in each respect.

7.18   To understand commuting dynamics, we have looked at the relationship between the number of residents in employment and the number of people who work in the area. Information about this is shown in the table below and has been taken from the 2011 Census.

7.19   The data shows that there are broadly similar numbers of people who live in the area (and are working) as currently work in the area. Harrogate District sees a very small level of net in-commuting. This is a notable shift from data in the 2001 Census (which showed out-commuting from Harrogate District).

Table 33:   Commuting Patterns in Harrogate District, 2011

	Number
Live and work in District	45,408
Home workers	12,446
No fixed workplace	5,566
Out-commute	18,668
In-commute	19,528
Total working in District	82,948
Total living in District (and working)	82,088
Commuting ratio	0.99

Source: 2011 Census

7.20   Moving forward it is considered most sustainable to model data on the basis of commuting patterns in 2011 rather than a continuation of the trend in the 2001-11 decade. A continuation of the past trend would see Harrogate District become a significant net importer of labour over time which is arguably less sustainable than the broad balance that has currently been achieved.

7.21   As well as commuting patterns we can also consider that a number of people may have more than one job (double jobbing). This can be calculated by relating the number of people working in the District divided by the number of jobs. As of 2011 the REM estimated there were 87,448 jobs in the District with Census data (above) suggesting that 82,948 people were working in the area. Hence a 'double jobbing' factor can be calculated as 0.95 (82,948/87,448). Such a figure is fairly typical in other areas where we have carried out similar analysis.

7.22   Hence in calculating the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs. This is shown in the table below (summarised for 5/6 year periods). Overall, based on the REM forecasts, employment (workforce jobs) is expected to increase by 9,000 between 2014-35. If commuting patterns and levels of double jobbing remain consistent, then this would require growth in the resident workforce of about 8,500 people – around 400 per annum.

Table 34: Jobs Growth and Change in the Resident Workforce Harrogate District, 2014-35

Time period	Change in jobs	Change in resident workforce	Per annum change in resident workforce
2014-19	2,077	1,950	390
2019-24	2,143	2,012	402
2024-29	2,155	2,023	405
2029-35	2,639	2,477	413
TOTAL	9,014	8,461	403

Source: Regional Economic Model and 2011 Census

7.23   In relating growth in people in work to changes in population, the analysis needs to consider how economic participation and employment rates will change in the future. Although the past few years have seen an increase in unemployment, there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50) in recent years. In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable age changes which are programmed) as well as a reduction in unemployment as the economy moves further away from recession.

7.24   Predicting or projecting how employment rates might change in the future is difficult and there is no standard methodology or accepted approach. However, it is possible to use data in the REM to see what is expected by this economic model. Specifically, we have looked at the expected number of local residents in the labour force (the economically active population) and compared this with the adult population of the District (taken from the REM to be the population aged 15+). The methodology employed allows for a consistency of approach between demographic modelling and the REM forecasts.

7.25   Overall the REM data suggests that there will be a small decline (of about 1%) in the proportion of adults who are economically active in the period from 2014 to 2031. This has been modelled against the demographic data within the SHMA. Whilst the REM expects there to be a decline overall, this does imply increases in rates for many age/sex groups given that much of the population growth is amongst the older population – older people typically have much lower economic activity rates.

7.26   Figure 52 shows how the employment rate is expected to change in the period to 2035 along with a trend back to 1997 from the REM (which has been rebased to be consistent with assumptions in the SHMA). The analysis shows that the rate in the past has been variable but generally in an upwards direction – the variable nature of the trend may be due to the quality of data available feeding into the REM. Moving forward from 2014 the rate continues to increase slightly until about 2019 before dropping down for the remainder of the projection period.

7.27   The Employment Rates shown in Figure 52 are derived from the 2012-based SNPP and it should be noted that these change very slightly with different assumptions about population growth.

Figure 52: Projected Changes in Employment Rates – Harrogate District
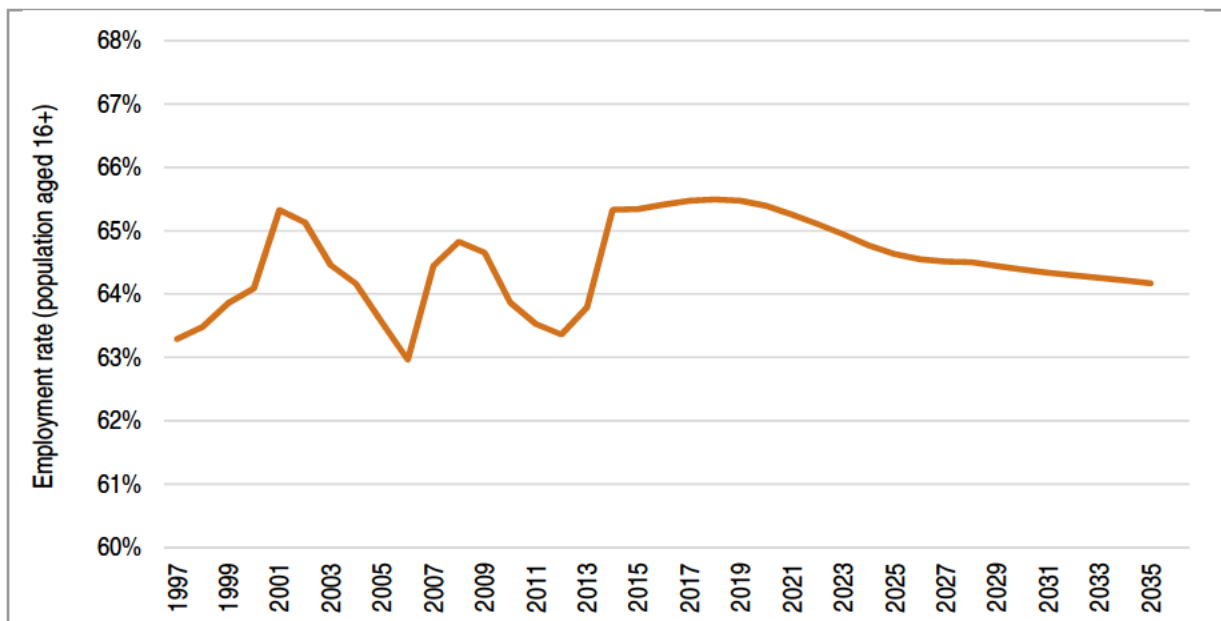
Source: Derived from Regional Economic Model

Projection Outputs

7.28   The outputs from the economic based projection are as follows and show that for the resident workforce to increase in line with the forecast number of workforce jobs in the REM (Winter 2014) forecasts would require 621 homes per annum to be delivered. The outputs are again based on household formation rates linked to a "part return to trend" headship assumption – this assumption is used as it is considered to be the most robust in the context of Harrogate District (taking account of both supressed household formation and market signals). The figure of 621 per annum is some 22% higher than the figure derived from the 2012-based SNPP (507 per annum). Using this higher figure represents an additional uplift of 114 dwellings per annum.

Table 35:   Housing Need in Harrogate District to support REM Econometric Forecasts, 2014-35

	Number/ Change
Households 2013	68,358
Households 2033	80,757
Change in households	12,398
Per annum	590
Dwellings (per annum)	621

7.29   It is reasonable that the level of housing provision necessary to support economic growth is higher than shown by the demographic projections. The economic evidence suggests that there was a notable imbalance between how the economy performed (in terms of growth in jobs) and the growth in the size of the workforce (in terms of labour supply) over the 2001-11 period. The REM model indicates that jobs grew by 15,600 over this period compared to a growth of 6,700 persons in the labour force. Jobs growth was supported by a notable change in commuting patterns, with an increase in in-commuting into the District.

7.30   The modelling undertaken is based on an assumption that, moving forwards, there is a better balance between growth in employment and that of the workforce within the District – with the two increasing in line with one another.

7.31   If housing provision at this level is not achieved, whilst a further growth in in-commuting might be possible, this would be influenced by economic performance in other areas from which people might commute to Harrogate District (including from Leeds, Hambleton and Richmondshire). There is a risk however that businesses experience recruitment problems, and that this constrains economic performance. Our analysis of the REM forecasts for labour demand set against the projected growth in labour supply based on the 2012-based SNPP shows that the economic forecasts provide an upside (suggesting a need for stronger migration) for authorities across the Leeds City Region.

8 REQUIREMENTS FOR DIFFERENT SIZES OF HOMES

Introduction

8.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

8.2 Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2035.

Methodology

8.3 Figure 53 describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and the demographic projections.

Figure 53: Stages in the Housing Market Model

Establish how households of different ages occupy homes (by tenure)

Project how the profile of households of different ages will change in future

Draw together housing needs, viability and funding issues to consider affordable housing delivery

Model future requirements for market and affordable housing by size and compare to existing profile of homes

Output recommendations for housing requirements by tenure and size of housing

Understanding how Households Occupy Homes

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

into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.

8.5   For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

8.6   The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups).

8.7   Figure 54 shows an estimate of how the average number of bedrooms varies for different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-49 age groups. In the affordable sector this peak appears earlier. After sizes peak, the average dwelling size decreases – possibly linked to some households down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing, male HRPs typically live in larger accommodation for all age groups (with no strong trend being seen in the affordable sector).

Figure 54: Average Bedrooms by Age, Sex and Tenure
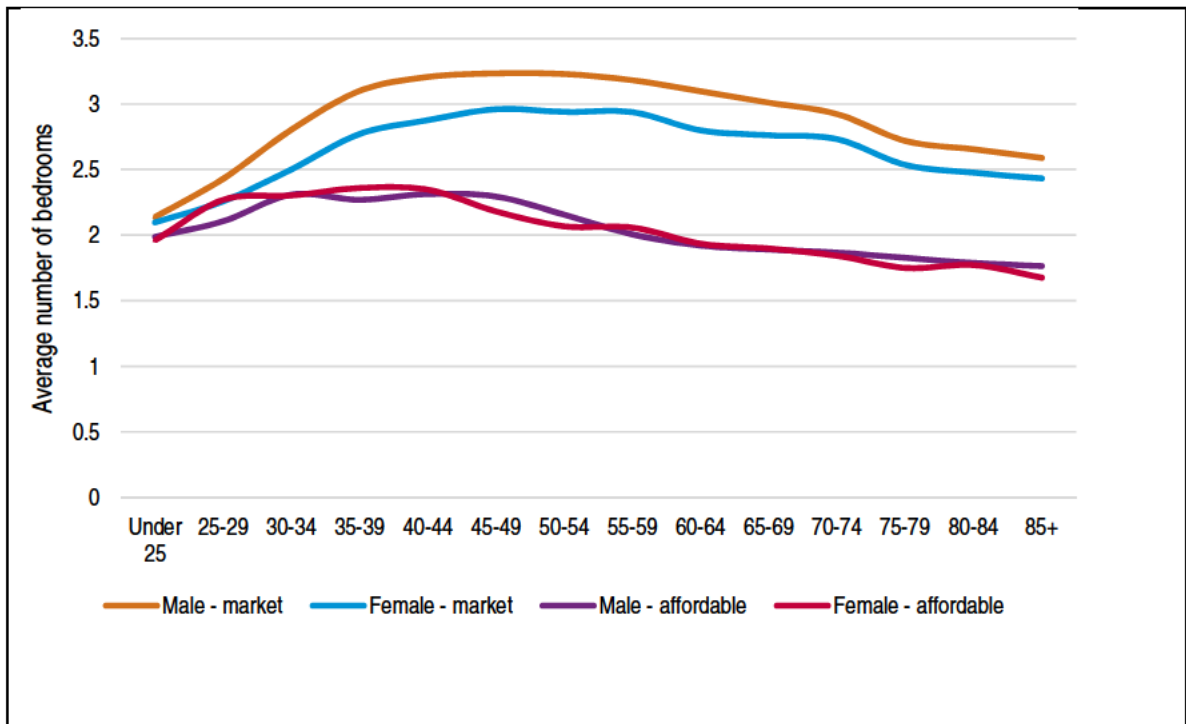
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

8.8 As of 2014 it is estimated that there were 68,358 households living in the District. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2014, as shown in table 36 below. The table shows that an estimated 10% of households live in affordable housing with 90% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census, updated to take account of CLG data. The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 68% having three or more bedrooms compared to 28% for affordable housing.

8.9 These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the outcome. We have however translated the household projections into dwelling figures by including a 5.1% vacancy allowance when studying the final outputs of the market modelling.

Table 36: Estimated Profile of Dwellings in 2014 by Size in Harrogate District

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	4,049	6.6%	2,519	38.4%	6,568	9.6%
2 bedrooms	15,455	25.0%	2,192	33.4%	17,647	25.8%
3 bedrooms	23,910	38.7%	1,701	25.9%	25,611	37.5%
4+ bedrooms	18,384	29.7%	147	2.2%	18,532	27.1%
Total	61,798	100.0%	6,560	100.0%	68,358	100.0%
% in tenure	90.4%		9.6%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

8.10   The housing market model has been used to estimate future requirements for different sizes of property over the 21-year period from 2014 to 2035. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

8.11   The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis provides evidence of notable housing need although the viability of providing affordable housing will limit the amount that can be delivered. For modelling purposes, affordable housing delivery has been assumed as 35%. This is probably an achievable level of affordable housing delivery and this figure has been applied to the modelling. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

8.12   As we have previously identified, there is a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 21-year period from 2014 to 2035.

8.13   The table and figure below show estimates of the sizes of market housing required from 2014 to 2035 based on the 2012-based SNPP for the whole of the Council area (and linked to the part-return to trend headship methodology). The data suggests a requirement for homes for 6,587 additional households with the majority of these being two- and three-bedroom homes.

8.14   The analysis also suggests no requirement for additional 4 or more bedroom homes – this finding is linked to the ageing population in the District with previous analysis indicating that older people tend to live in smaller homes. The analysis does not mean that there will be no demand for 4 or more bedroom homes but that the availability within the existing stock should be sufficient to satisfy this.

Table 37:   Estimated Size of Dwellings Required 2014 to 2035 –Market Housing in Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	4,049	4,704	654	9.9%
2 bedrooms	15,455	18,582	3,127	47.5%
3 bedrooms	23,910	26,728	2,818	42.8%
4+ bedrooms	18,384	18,371	-13	-0.2%
Total	61,798	68,385	6,587	100.0%

Source: Housing Market Model

8.15   Figure 55 shows how our estimated market requirement compares with the current stock of housing (based on households, i.e. excluding the 5.1% vacancy allowance). The data suggests that housing requirements reinforce around the existing profile of stock, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are expected to fall slightly in the future (which itself is largely due to the ageing of the population).

Figure 55:   Impact of Demographic Trends on Market Housing Requirements by House Size, 2014 to 2035
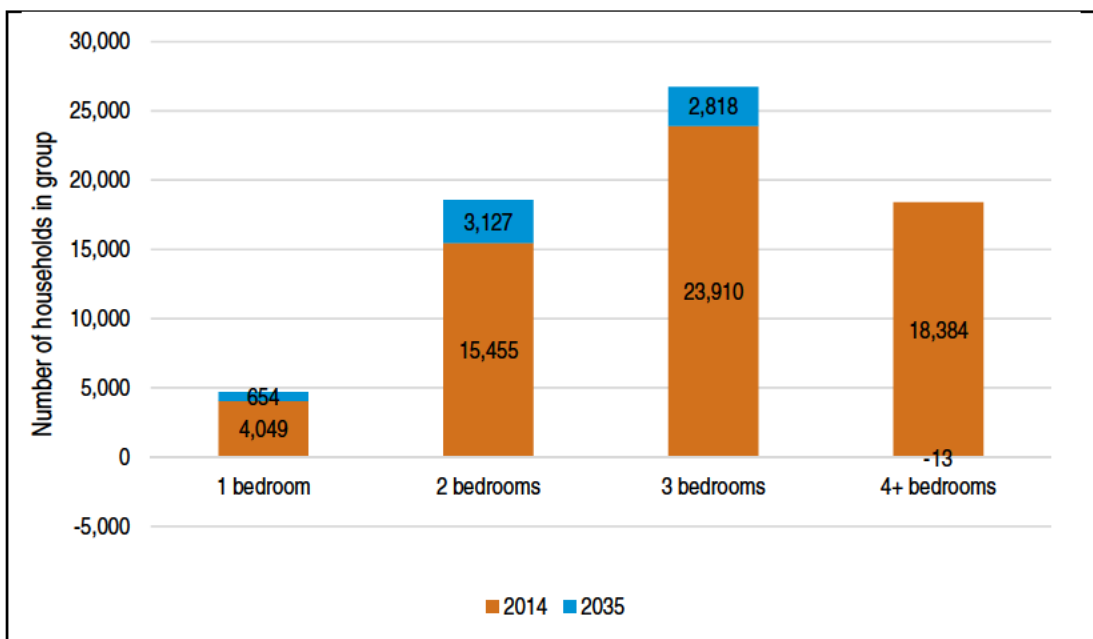
Source: Housing Market Model

8.16   The graphs and statistics are based upon our modelling of demographic trends. It should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

8.17   In the short-term we might expect stronger demand in relative terms for larger family homes as the market for smaller properties may continue to be restricted by mortgage finance constraints. Over the 21-year projection period it is anticipated that there will be a continuing market for family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

8.18   As the last few years have shown, there is a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.

Key Findings: Affordable Housing

8.19   The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2014 and 2035 that around four-fifths of the requirement is for homes with one- or two-bedrooms with around a fifth of the requirement being for larger homes with three or more bedrooms.

8.20   This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 38:   Estimated Size of Dwellings Required 2014 to 2035 – Affordable Housing in Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	2,519	4,185	1,666	47.0%
2 bedrooms	2,192	3,395	1,203	33.9%
3 bedrooms	1,701	2,342	641	18.1%
4+ bedrooms	147	184	37	1.0%
Total	6,560	10,107	3,547	100.0%

Source: Housing Market Model

8.21　Figure 56 shows how our estimated affordable requirement compares with the stock of affordable housing in 2014 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings.

Figure 56: Impact of Demographic Trends on Affordable Housing Requirements by House Size, 2014 to 2035
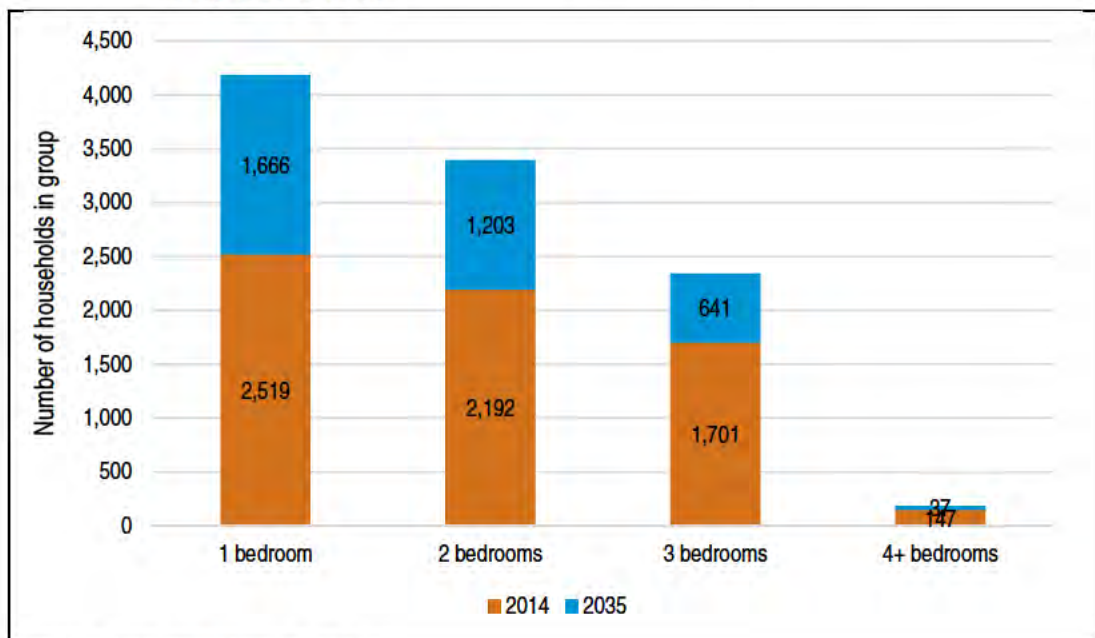
Source: Housing Market Model

Indicative Targets by Dwelling Size

8.22　The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 5.1% vacancy allowance in moving from household figures to estimates of housing requirements.

Table 39: Estimated dwelling requirement by number of bedrooms (2014 to 2035), Harrogate District

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	654	688	9.9%	1,666	1,751	47.0%
2 bedrooms	3,127	3,288	47.5%	1,203	1,265	33.9%
3 bedrooms	2,818	2,962	42.8%	641	674	18.1%
4+ bedrooms	-13	-13	-0.2%	37	39	1.0%
Total	6,587	6,924	100.0%	3,547	3,728	100.0%

Source: Housing Market Model

Figure 57: Size of housing required 2014 to 2035
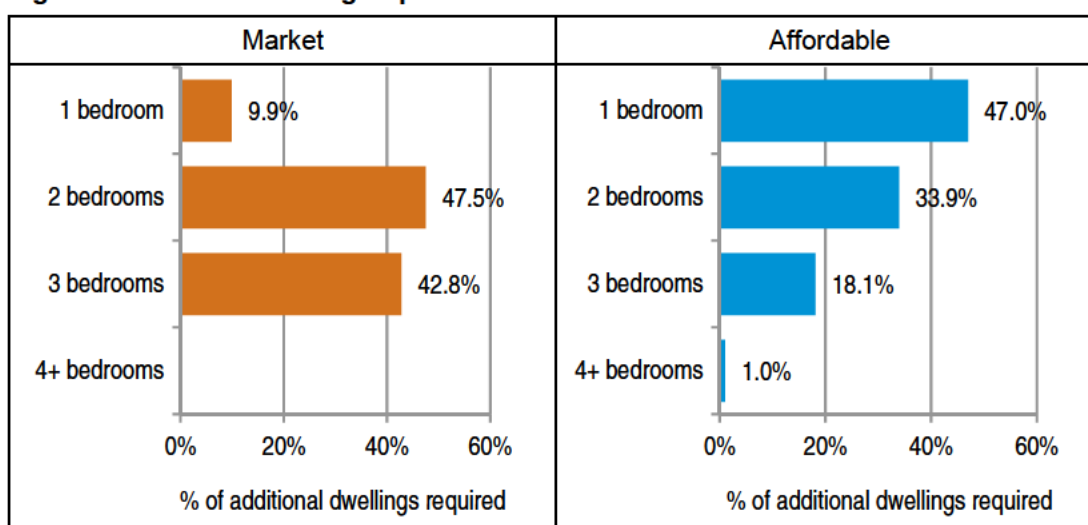
Source: Housing Market Model

8.23 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

8.24 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the very short-term however there may be a need to increase the supply of one-bedroom homes due to the social sector size criteria.

8.25 For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required

is reduced from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

8.26   There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At the District level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 40%
- 2-bed properties: 35%
- 3-bed properties: 20%
- 4-bed properties: 5%

8.27   Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.28   The need for affordable housing of different sizes will vary by area across the Borough and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

8.29   In the market sector we would suggest a profile of housing that closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance are likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).

8.30   The PPG suggests that plan makers should look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs. On the basis of these factors and those set out above we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:

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

8.31   Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we believe that such prescriptive figures should not be included in the plan making process and if they are included should be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Summary

8.32   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (21-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	10%	45%	40%	5%
Affordable	40%	35%	20%	5%
All dwellings	20%	40%	35%	5%

8.33   Our conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.34   The mix identified above should inform District wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

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

8.36   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

8.36   The Council should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties). It should also consider whether it is appropriate to limit the sub-division of existing

larger properties which can help to attract and retain family households in certain parts of the District.

9 SPECIFIC GROUPS OF THE POPULATION

9.1 We have established overall housing requirements for different sizes of properties over the next 21-years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

9.2 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the NPPF identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

9.3 The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children
- Young people

Housing Needs of Older People

9.4 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20-years or so is expected to be the growth in the population of older persons.

9.5 Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

9.6 The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognising that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing and requiring higher levels of support. Many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and

- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

9.7 Below we have provided some baseline population data about older persons and compared this with other areas. The data has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards.

9.8 The data shows that, when compared with the Yorkshire/Humber region and England that the District has a relatively old population – some 22% of people are aged 65 and over compared with 18% However, when compared with data for North Yorkshire the population of Harrogate District is relatively young; across the County an estimated 23% of people are aged 65 and over. Looking at specific age groups beyond 65 the data shows a relatively high proportion of people aged 85 and over – the proportion in this age group being slightly higher than seen across the County.

Table 40: Older person population (2014)

Age group	Harrogate District		North Yorkshire	Yorkshire/ Humber	England
	Population	% of popn		% of popn	% of popn
Under 65	124,190	78.2%	77.3%	82.2%	82.4%
65-74	18,061	11.4%	12.3%	9.7%	9.5%
75-84	11,340	7.1%	7.4%	5.8%	5.7%
85+	5,095	3.2%	3.1%	2.3%	2.4%
Total	158,685	100.0%	100.0%	100.0%	100.0%
Total 65+	34,495	21.8%	22.7%	17.8%	17.6%

Source: Demographic projections and 2012-based SNPP

Future Changes in the Population of Older Persons

9.9 As well as providing a baseline position for the proportion of older persons in the District we can use published population projections to provide an indication of how the numbers might change in the future compared with other areas. The data provided below is based on the 2012-based SNPP which is the latest source available consistently across areas. Data for Harrogate District is based on our main demographic projection (using 2012-based SNPP with additional data from ONS mid-year population estimates).

9.10 The data shows that Harrogate District (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 56% over the next 18-years. This figure is higher than projected for all of North Yorkshire, the Yorkshire/Humber region and England. As with other areas there is expected to be particularly strong growth in the population aged 85 and over.

Table 41: Projected Change in Population of Older Persons (2014 to 2035)

Age group	Harrogate District	North Yorkshire	Yorkshire/ Humber	England
Under 65	-8.3%	-7.3%	1.3%	5.3%
65-74	32.3%	25.2%	28.5%	33.5%
75-84	53.2%	52.8%	47.0%	51.8%
85+	143.1%	144.3%	125.6%	130.1%
Total	5.6%	5.8%	9.4%	13.6%
Total 65+	55.6%	50.1%	47.0%	52.4%

Source: ONS 2012-based SNPP and projection modelling

Characteristics of Older Persons Households

9.11 We have used 2011 Census data to explore in more detail the characteristics of older person households in Harrogate District (based on the population aged 65 and over). The first table below shows the number of households compared with North Yorkshire, Yorkshire/Humber region and England. The data shows that in 2011 around 24% of households were comprised entirely of people aged 65 and over. This is notably above the figure for Yorkshire/Humber and England but below the equivalent figure for North Yorkshire.

Table 42: Older person households (Census 2011)

Older person households	Harrogate District	North Yorkshire	Yorkshire/ Humber	England
Single older person	9,261	36,911	2,725,596	281,870
2 or more older people	7,142	28,826	1,851,180	191,913
All households	67,169	256,594	22,063,368	2,224,059
Single older person	13.8%	14.4%	12.4%	12.7%
2 or more older people	10.6%	11.2%	8.4%	8.6%
All households	100.0%	100.0%	100.0%	100.0%
Total % older person only	24.4%	25.6%	20.7%	21.3%

Source: 2011 Census

9.12 Figure 58 shows the tenure of older person households – the data has been split between single older person households and those with two or more people aged 65+ (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (73%) and are more likely than other households to be in the social rented sector.

The proportion of older person households living in the private rented sector is relatively low (5% compared with 18% of all households in the District).

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

9.14   Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. This is considered later in this section.

Figure 58: Tenure of older person households – Harrogate District
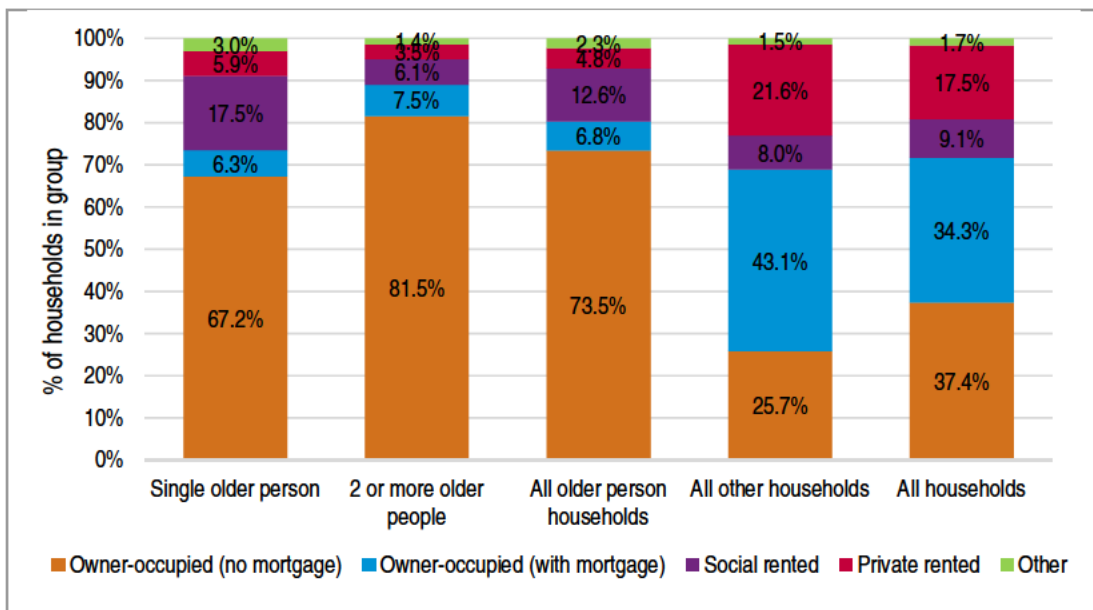
Source: 2011 Census

9.15   A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data does indeed suggest that older person households are more likely to under-occupy their housing than other households in the District. In total 55% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 40% for non-older person households. Further analysis suggests that under-occupancy is far more common in households with two or more older people than single older person households.

Figure 59: Occupancy rating of older person households – Harrogate District
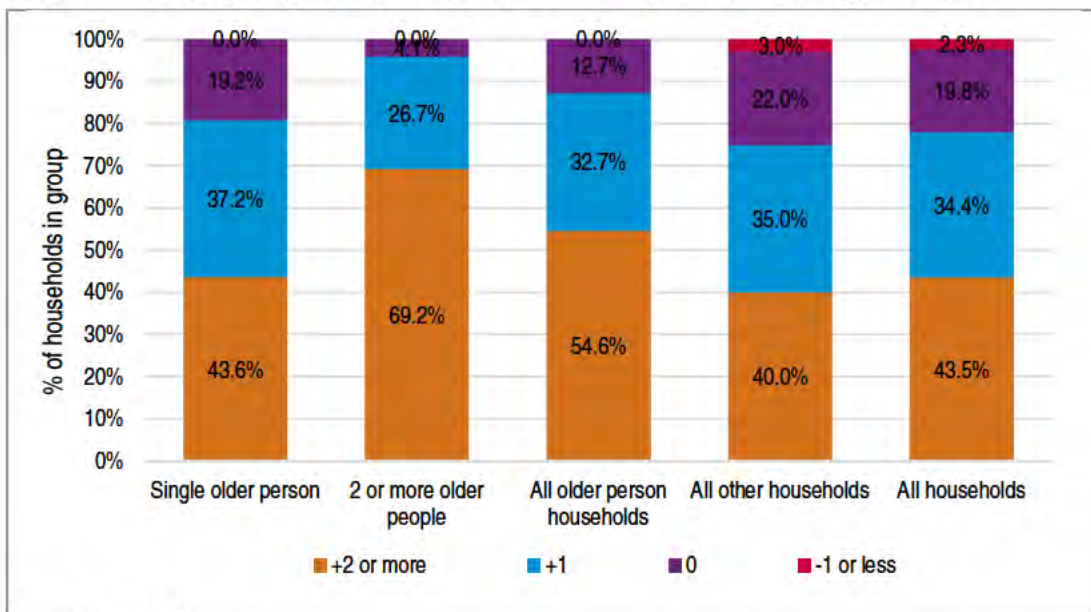
Source: 2011 Census

9.16 It is of interest to study the above information by tenure. Table 43 shows the number of older person households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were 180 properties in the social rented sector occupied by older person only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties

Table 43:   Older person households with occupancy rating of +2 or more by tenure.

Tenure	Single older person households	2 or more older people	All older person only households
Owner-occupied	3,690	4,598	8,288
Social rented	116	64	180
Private rented	234	141	375
All tenures	4,040	4,803	8,843

Source: 2011 Census

9.17 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends

and relatives to come to stay. Data about household ages and the sizes of homes occupied in the previous section does indicate that some households do typically downsize, however, a cautious view should be taken about the willingness of households to move to smaller homes and the extent to which this can be influenced through policy.

Health-related Population Projections

9.18 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA, analysis has focused on estimates of the number of people with dementia and mobility problems.

9.19 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

9.20 Table 44 shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 97%) along with a 78% increase in the number with mobility problems.

Table 44: Estimated population change for range of health issues (2014 to 2035)

Type of illness/disability	2014	2035	Change	% increase
Dementia	2,513	4,959	2,446	97.3%
Mobility problems	6,475	11,508	5,033	77.7%

Source: Data from POPPI and demographic projections

Indicative Requirements for Specialist Housing for Older People

9.21 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current stock of housing

9.22   Table 45 shows the current supply of specialist housing for older people. At present it is estimated that there are 1,289 units; this is equivalent to 78 units per 1,000 people aged 75 and over. Roughly half of the housing in in the market sector and half is affordable housing. This finding is significant given that the majority of retired households are owner-occupiers.

Table 45:   Current supply of specialist housing for older people

	Affordable	Market	Total	Supply per 1,000 aged 75+
Sheltered	517	614	1,131	69
Extra-Care	129	29	158	10
Total	646	643	1,289	78

Source: Housing LIN

9.23   This data is taken from the Housing Learning and Improvement Network. Anecdotally the Council believe there is a larger supply of extra-care market housing although it is not being marketed as such.

Projected future need for specialist housing

9.24   The analysis above shows a total of 78 specialist units per 1,000 people aged 75 and over; this figure is significantly lower than the national average of about 170. In projecting forward how many additional units might be required we have modelled on the basis of maintaining the 78 position and also the implications of increasing this to 170. The analysis is based on achieving these levels by 2035.

9.25   The analysis shows to maintain the current level of provision there would need to be a further 1,045 units provided – this figure increases to 3,770 if the level of provision were to get to the national average. It should be stressed that the analysis below is based on modelling data on a series of assumptions and should therefore be treated as indicative (particularly given the very wide range of outputs depending on the assumptions used).

Table 46:   Projected need for specialist housing for older people in Harrogate District (2014-35)

	@ 78 per 1,000	@ 170 per 1,000
Need	2,334	5,059
Supply	1,289	1,289
Net need	1,045	3,770

Source: Derived from demographic projections and Housing LIN

9.26   A mid-point of the two estimates would suggest a need for around 2,407 additional specialist units for older people which would represent about 23% of the overall housing need shown through demographic modelling. A figure of 2,407 represents about 115 dwellings per annum. Whilst there is no precedent for taking a midpoint of these figures we would consider that it is a reasonable and balanced approach. Continuing to model on the basis of the current stock may under-estimate needs given the low current stock; however moving to the national average may overstate the position (particularly if for example the current low level of provision is in part driven by a lower need/demand in the area).

Types and tenures of specialist housing

9.27   Data earlier in this section has shown that older person households are relatively likely to live in outright owned accommodation. The information about current tenures can be used to estimate the amount of additional housing likely to be required in each of the market and affordable sectors. Looking at the data it is considered that around 70% of older person households would be able to afford a market solution – this figure is arbitrary but based on current levels of outright ownership and recognising stronger growth in single person households in the future (such households having lower levels of home ownership).

9.28   The figure below shows that using this proportion of home ownership along with the current supply of different tenures of specialist housing it would be expected that there is a need for around 1,944 units of market specialist housing (81%) and 463 in the affordable sector (19%).

9.29   The analysis is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available. There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.

9.30   Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

9.31   Our experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for bungalows. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should however be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space.

Table 47:   Projected need for older persons accommodation (including specialist housing) – by broad tenure (2014-35)

	Market	Affordable	Total
Need	2,587	1,109	3,696
Supply	643	646	1,289
Net need	1,944	463	2,407

Source: Derived from demographic projections

Registered Care Housing

9.32   As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 1,909 spaces in nursing and residential care homes. Given new models of provision (including Extra-care housing) it may be the case that an increase in this number would not be required. There will however need to be recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

9.33   The demographic modelling includes estimates of the number of people expected to be living in 'institutions'. Between 2014 and 2035, this number (based on the population aged 75+) is expected to increase by 1,345 people (64 per annum) to total 2,956 by 2035. This suggests that at present there may be a small surplus of Registered Care accommodation with a possible shortfall in the longer-term.

9.34   These figures are important to note if the Council intend to include C2 class uses in their assessment of 5-year housing land supply in the District. If they choose to do so they will also be required to include the need for such properties in the overall need i.e. it must be considered on sides of the supply and demand equation. The analysis would suggest a potential need for 1,047 bed-spaces in Residential Care in the 2014-35 period (2,956-1,909) – this is about 50 per annum.

9.35   The PPG on Housing and Economic Land Availability Assessment states that "local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement".

People with Disabilities

9.36   This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although it should be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

9.37   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Harrogate District some 23% of households contain someone with a LTHPD. This figure is lower than the equivalent figure for each of North Yorkshire, Yorkshire/Humber region and England. The figures for the population with a LTHPD again show a lower proportion when compared with the other areas studied (an estimated 16% of the population of Harrogate District have a LTHPD).

Table 48:   Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Harrogate District	15,332	22.8%	24,619	15.6%
North Yorkshire	64,282	25.1%	104,744	17.5%
Yorkshire/Humber	593,043	26.7%	993,649	18.8%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

9.38   To some degree the finding of a lower level of people/households with a LTHPD in Harrogate District is surprising, this is because health issues are strongly linked to age and previous analysis has shown that the District has an older population when compared with many areas. Therefore the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 80% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

9.39   When compared with other areas it is notable for all age groups that levels of LTHPD are relatively low and so the finding that a lesser proportion of the population has a LTHPD in Harrogate District is due to age specific disability rates despite the relatively old population.

Figure 60: Population with LTHPD in each Age Band
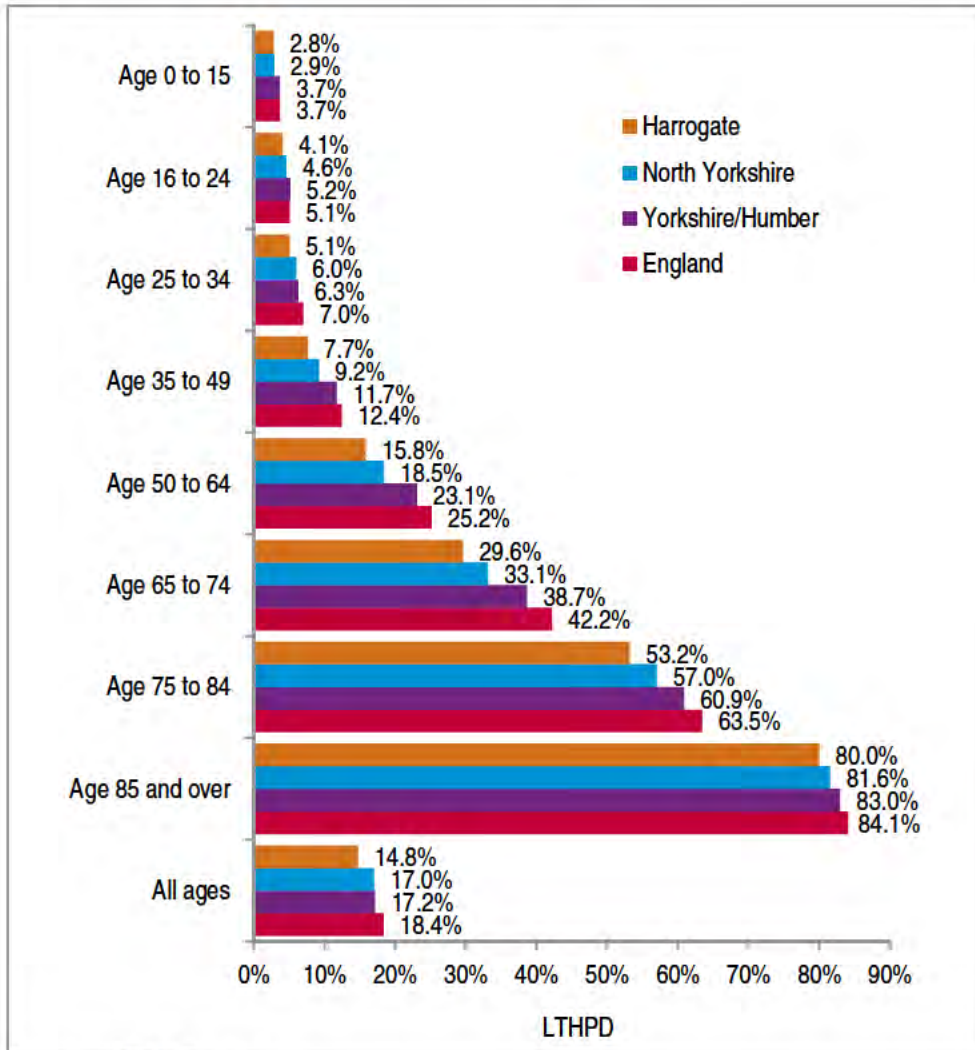
Source: 2011 Census

9.40   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our projection linked to the 2012-based SNPP it is estimated that the number of people with a LTHPD will increase by around 9,800 (a 39% increase) from 2014 to 2035. All of this increase and more (110%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 111% of the total increase in the population projected by the demographic modelling.

9.41   Figure 61 shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households and is therefore not comparable with other tenure analysis provided in this section. The analysis clearly shows that people with a LTHPD are

more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 61: Tenure of people with LTHPD – Harrogate District
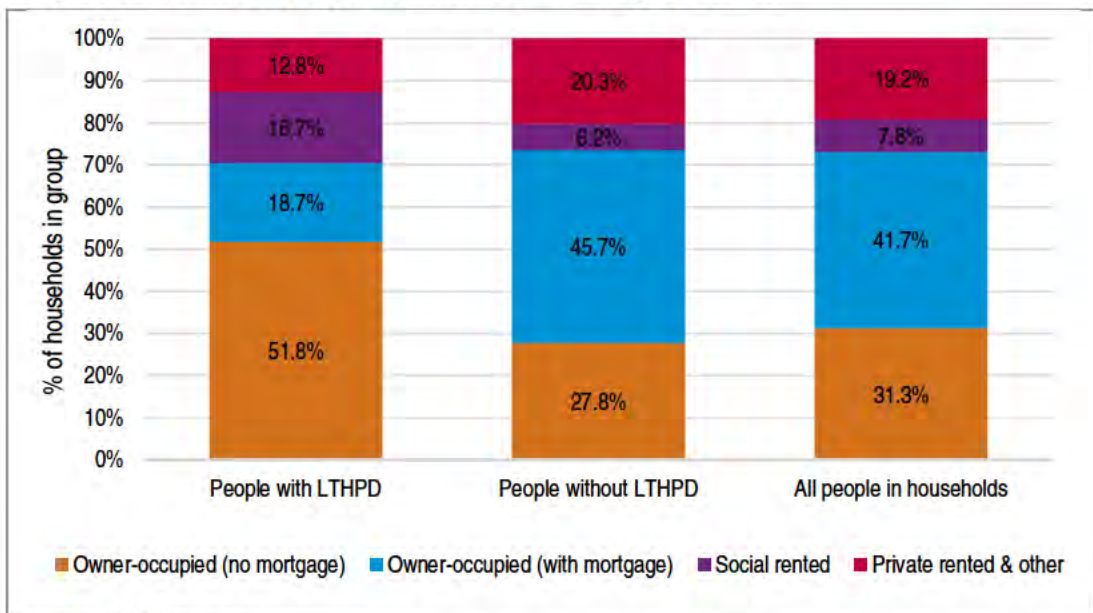
Source: 2011 Census

BME Households

9.42   Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

9.43   From 2011 Census data we find that around 8% of the population of Harrogate District came from a non-White (British/Irish) background. This figure is significantly below that found nationally (figure for England of 19%) and also below the Yorkshire/Humber average (of 14%). It is however slightly higher than seen across the North Yorkshire County. The key BME group in Harrogate District is Other: White, which makes up 4.1% of all people in the District.

Table 49: Black and Minority Ethnic Population (2011)

Ethnic Group	Harrogate District	North Yorkshire	Yorkshire/ Humber	England
White: British	91.7%	94.4%	85.8%	79.8%
White: Irish	0.5%	0.4%	0.5%	1.0%
White: Gypsy or Irish Traveller	0.1%	0.1%	0.1%	0.1%
White: Other White	4.1%	2.4%	2.5%	4.6%
Mixed: White and Black Caribbean	0.3%	0.2%	0.6%	0.8%
Mixed: White and Black African	0.2%	0.1%	0.2%	0.3%
Mixed: White and Asian	0.4%	0.3%	0.5%	0.6%
Mixed: Other Mixed	0.3%	0.2%	0.3%	0.5%
Asian: Indian	0.4%	0.3%	1.3%	2.6%
Asian: Pakistani	0.1%	0.1%	4.3%	2.1%
Asian: Bangladeshi	0.0%	0.0%	0.4%	0.8%
Asian: Chinese	0.6%	0.3%	0.5%	0.7%
Asian: Other Asian	0.5%	0.5%	0.8%	1.5%
Black: African	0.4%	0.2%	0.9%	1.8%
Black: Caribbean	0.1%	0.1%	0.4%	1.1%
Black: Other Black	0.2%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.1%	0.1%	0.4%	0.4%
Any other ethnic group	0.2%	0.1%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%
Total population	157,869	598,376	5,283,733	53,012,456
% non-White (British/Irish)	7.8%	5.2%	13.7%	19.3%

Source: 2011 Census

9.44   Since 2001 the BME population in the District can be seen to have increased significantly as shown in the table below. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of Harrogate District has increased by 6,533 over the 10-year period there has been a notable increase in BME groups (all groups other than White (British/Irish)) of 5,365. The White (British/Irish) population has increased by 0.8% compared to an increase of 76% in BME groups (all combined).

9.45   Looking at particular BME groups we see that the largest rise has been for the White: Other population – increasing by 1,900 over the ten years. The Asian or Asian British population has

increased by a slightly lesser amount (1,600) but does reflect over a 200% increase in the number of people from this ethnic group.

Table 50: Change in BME groups 2001 to 2011 – Harrogate District

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	144,320	145,488	1,168	0.8%
White - Other	4,661	6,587	1,926	41.3%
Mixed	993	1,776	783	78.9%
Asian or Asian British	760	2,409	1,649	217.0%
Black or Black British	350	1,147	797	227.7%
Other	252	462	210	83.3%
Total	151,336	157,869	6,533	4.3%

Source: Census 2001 and 2011

BME Household Characteristics

9.46   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the District. Figure 62 looks at the population age structure of six broad age groups using data from the 2011 Census.

9.47   The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 28% of White; British/Irish people being aged 60 or over compared with all BME groups showing proportions of no more than 8%.

Figure 62: Population age profile (2011)
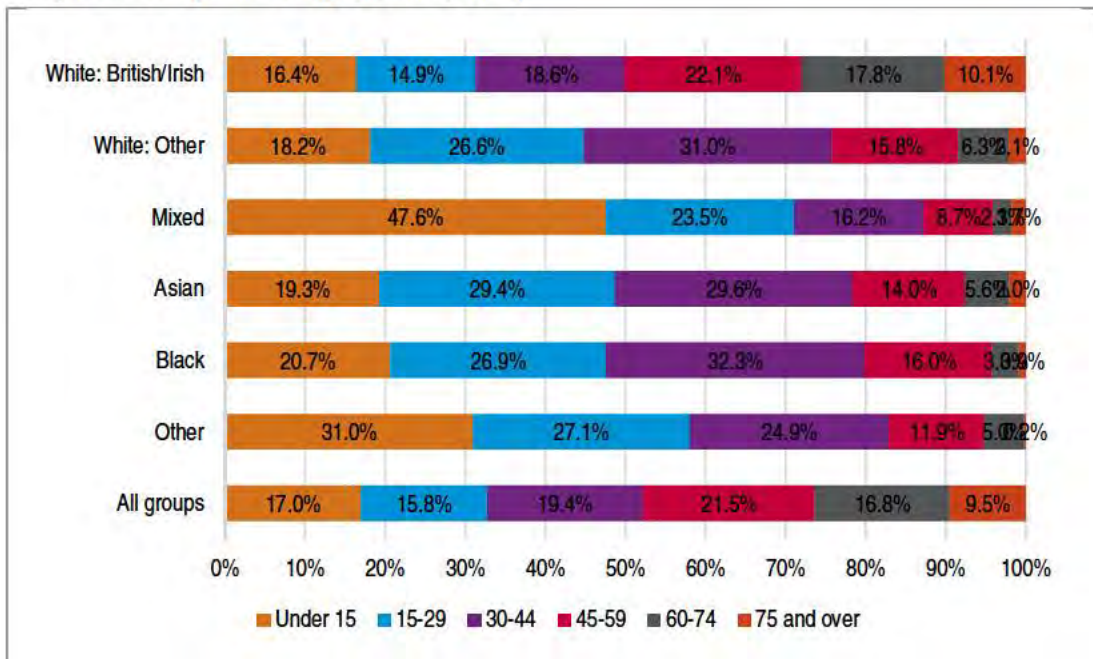
Source: Census (2011)

9.48   There are notable differences between the household characteristics of BME households compared with the White: British population. Figure 63 indicates that all BME groups are significantly less likely to be owner-occupiers and all groups are far more likely to live in private rented accommodation. Arguably the starkest trend is the 58% of White (Other) and Black households living in the private rented sector.

Figure 63: Tenure by ethnic group – Harrogate District
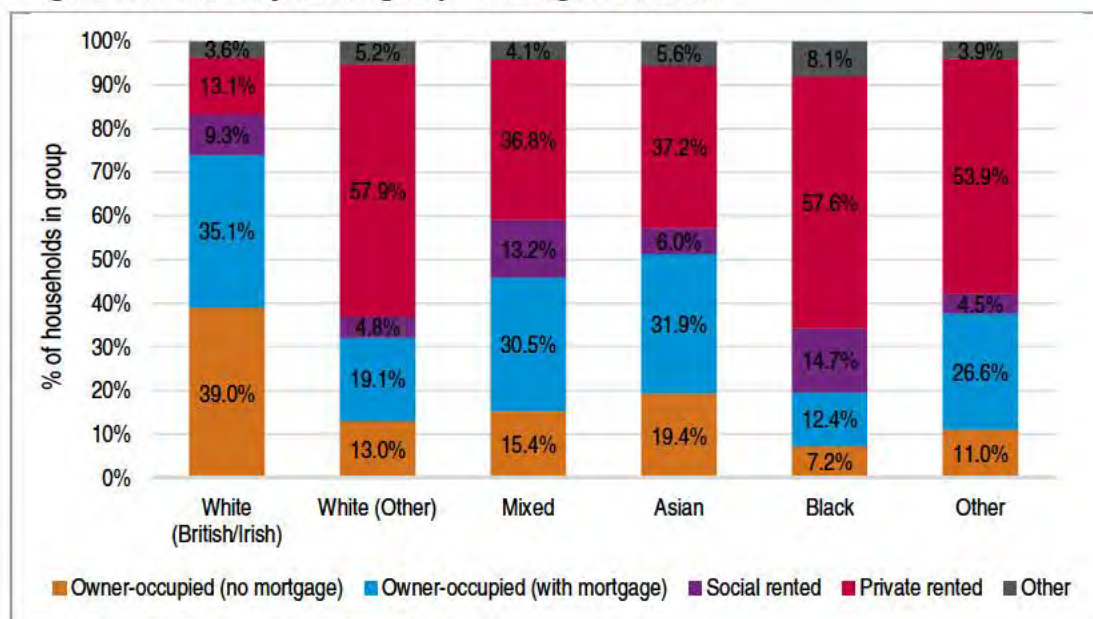
Source: 2011 Census data (from NOMIS)

9.49   The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the District shows a strong representation of LHA Claimants).

9.50   As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

9.51   Figure 64 shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 9% of Black households are overcrowded along with 11% of the Asian group – this compares with only 2% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 64: Occupancy rating by ethnic group – Harrogate District
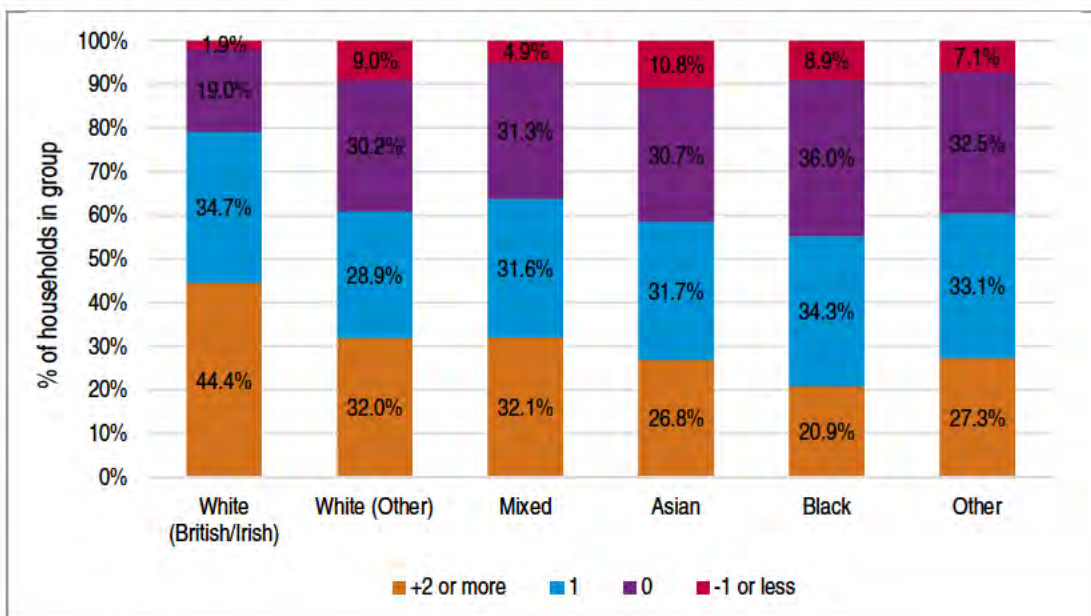
Source: 2011 Census data (from NOMIS)

Households with Children (family households)

9.52   The number of families in Harrogate District (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 18,900 accounting for 28%

of households – a similar figure to that seen across both Yorkshire/Humber and England (and slightly higher than the North Yorkshire average). The demographic projection (linked to the 2012-based SNPP) suggests that the number of children (aged Under 15) is expected to decrease by 4% from 2014 to 2035 (a decrease of around 1,200). When compared with other areas the proportion of married couple households is particularly notable (17.8%).

Table 51: Households with dependent children (2011)

Household Type	Harrogate District		North Yorkshire	Yorkshire/ Humber	England
	Number	%	%	%	%
Married couple	11,924	17.8%	15.9%	14.6%	15.3%
Cohabiting couple	2,153	3.2%	3.6%	4.6%	4.0%
Lone parent	3,737	5.6%	5.3%	7.1%	7.1%
Other households	1,082	1.6%	1.7%	2.4%	2.6%
All other households (no dependent children)	48,273	71.9%	73.5%	71.3%	70.9%
Total	67,169	100.0%	100.0%	100.0%	100.0%
Total with dependent children	18,896	28.1%	26.5%	28.7%	29.1%

Source: ONS (2011 Census)

9.53   Figure 65 shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only around 42% of lone parent households are owner-occupiers compared with 79% of married couples with children.

Figure 65: Tenure of households with dependent children – Harrogate District
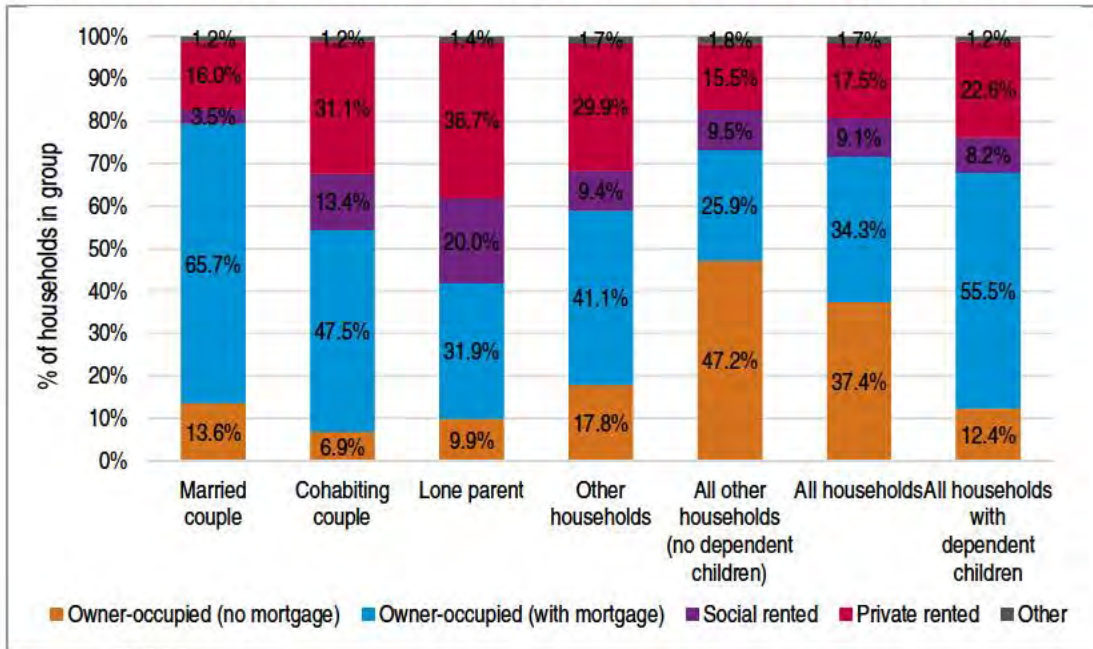
Source: 2011 Census

9.54   Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about five times more likely than other households to be overcrowded. In total, some 5% of all households with dependent children are overcrowded and included within this the data shows 9% of lone parent households are overcrowded along with 24% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 66: Occupancy rating and households with dependent children
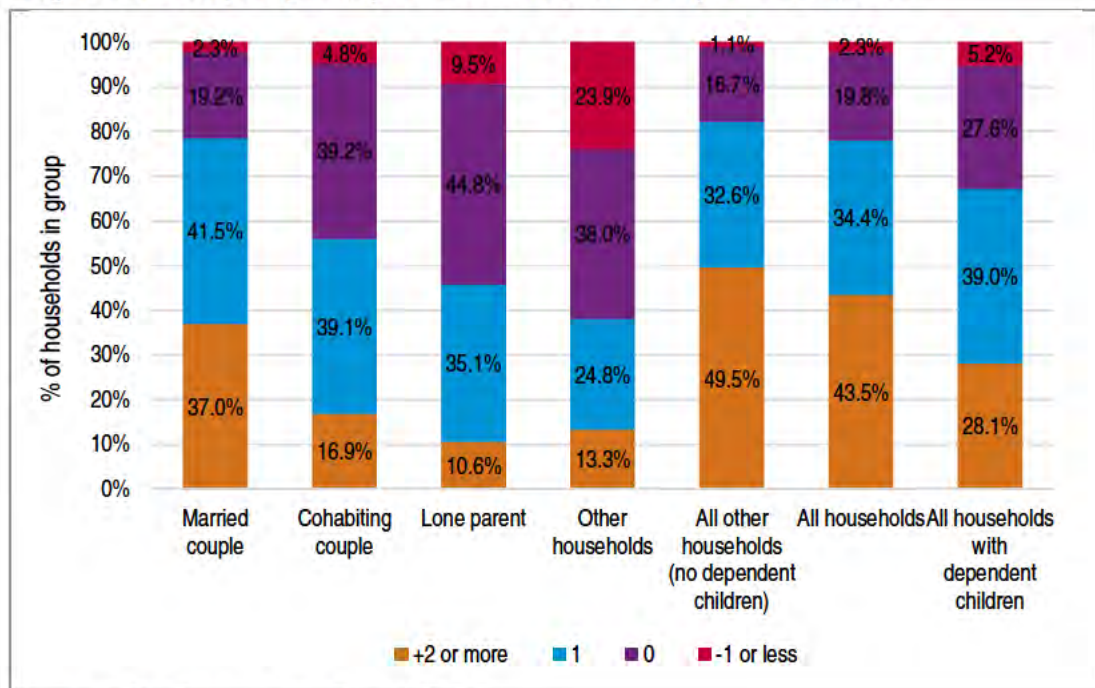
Source: 2011 Census data (from NOMIS)

Young People

9.55   Providing for the needs of younger person households is an important consideration for the Council. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s requiring private rented homes.

9.56   The demographic projections (linked to the 2012-based SNPP) suggest that in 2014 there were around 8,500 households headed by someone aged under 35 and that this is expected to remain largely unchanged over the period to 2035.

9.57   As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the District with non-dependent children. In total, some 8% of households (5,600) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Young people may be less likely to be eligible for social housing, have lower household incomes and have difficulty in accessing the owner-occupied sector due to mortgage constraints and deposit requirements. All of these factors contribute to the current trend for young people moving in with or continuing to live with parents.

Table 52: Households with non-dependent children (2011)

	Harrogate District		North Yorkshire	Yorkshire/ Humber	England
	Number	%	%	%	%
Married couple	3,460	5.2%	5.6%	5.6%	5.5%
Cohabiting couple	280	0.4%	0.4%	0.5%	0.6%
Lone parent	1,894	2.8%	2.8%	3.5%	3.2%
All other households	61,535	91.6%	91.1%	90.4%	90.7%
Total	67,169	100.0%	100.0%	100.0%	100.0%
Total with non-dependent children	5,634	8.4%	8.9%	9.6%	9.3%

Source: ONS (2011 Census)

9.58   When considering households that are currently headed by a younger person we can use 2011 Census data to look at some key characteristics. Figure 67 shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Figure 67: Tenure by age of HRP – Harrogate District
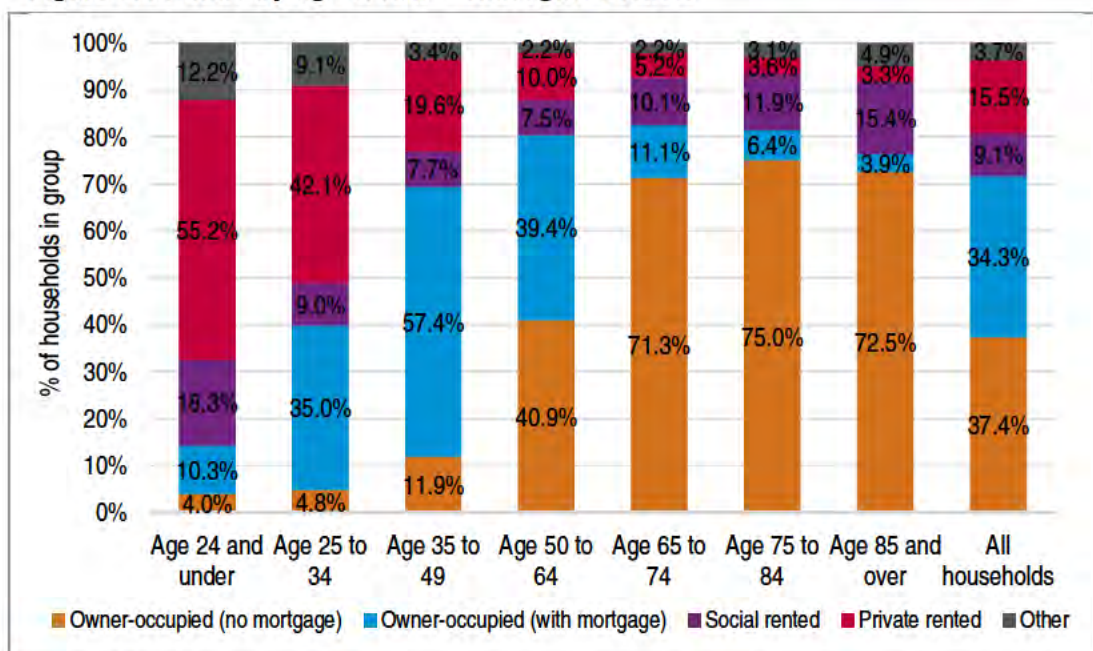
Source: 2011 Census

9.59   Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the figure 68. The data shows that younger people are more likely to be unemployed than other age groups. The data shows that of the

population aged 16-34 some 5% are unemployed – included within this we see an unemployment rate of 8% for those aged 16-21 and 8% in the 16-19 age group.

Figure 68: Economic activity by age – Harrogate District

Source: 2011 Census

Custom/Self-Build

9.60 SHMAs need to investigate the contribution that self-builds makes toward the local supply. *Laying the Foundations – a Housi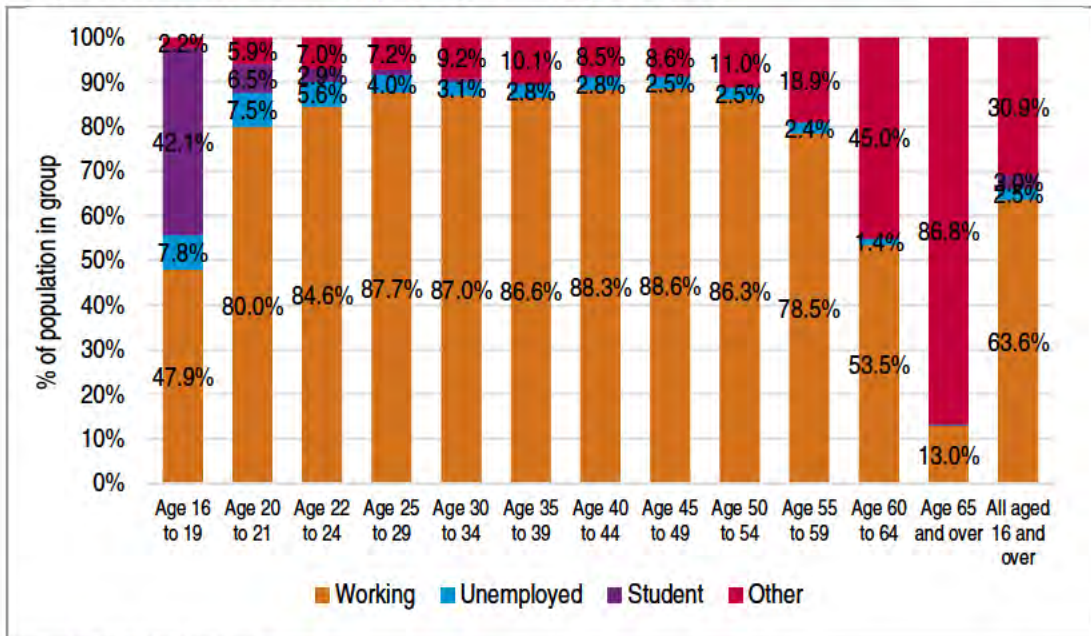ng Strategy for England 2010* sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

9.61 Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

9.62 However, quantitative information regarding levels of self-build is hard to come by. We have therefore reviewed a number of websites dedicated to advising and assisting people to

self-build. Some assist in the brokerage of individual building plots and this is part of our SHMA information gathering. The websites show very few opportunities for self-build within Harrogate District and those that are available or for conversion. In deed across Harrogate District less than 5 plots were being advertised.

9.63 Local estate agents tell us that they are rarely asked to sell plots within the District for self-build. Those plots which do appear tend to be for single unit development. However most of the demand for plots are from small developers rather than self-build individuals. Overall the evidence suggest that this is currently a niche sector in the District.

9.64 From a development point of view, key issues with this market are associated with skills and risk: whist there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

9.65 We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit that local authorities could develop and maintain registers of those with an interest in doing so.

9.66 While the focus of Self-build is understandably for Market housing there are opportunities for delivery of affordable homes through this method. One example of this is the 'Build!' programme run by Cherwell District Council in Oxfordshire.

9.67 This programme offers individuals or interested groups the opportunity to come together to either build a new home, or to renovate and decorate an existing property. These properties are eventually available on a shared ownership or affordable rent tenure. In return for their labour participants would receive reduced purchase price or lower rental rates. The level of discount applied would reflect the individuals involvement in the build or renovation process.

9.68 In order for this to work in Harrogate District the Council would be required to make plots available that have secured detailed planning permission and set up a register for those interested in such a scheme. As well as delivering additional affordable homes the scheme would also achieve a number of other social achievements including training.

Service Families

9.69   From what we are aware there are three MOD bases within Harrogate District. One of these, Uniacke Barracks in Harrogate town, serves as a military school and is unlikely to impact upon the wider housing market. The second of these, Dishforth Airfield near Ripon is seeing its current occupiers move to Somerset in 2016, with new occupiers moving repatriating from a German MOD Barracks. The final one, Claro Barracks in Ripon, is earmarked for closure in 2017. Both the Claro and Dishforth changes may have some impact on the demand for housing from service families wishing to stay in the area.

9.70   Further to these there are a notable number of defence bases in areas which are in or close to the district and which may influence its housing market. These include:

- Catterick Garrison;
- Alanbrooke Barracks;
- RAF Linton on Ouse;

9.71   Our research in other areas suggests that there is demand from service personnel for homes to buy; including for owner occupation and investment purchases. This has been recently supported by the Forces Home Ownership (Help-to-Buy) Scheme, however funding came to an end in March 2014.

Summary: Specific Groups of the Population

9.72   This section of the report has studied the housing circumstances of various different groups of the population. These are:

- Older people
- People with disabilities
- The Black and Minority Ethnic population
- Households with children (family households)
- Young households

9.73   Older persons – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 19,200 (56%) from 2014 to 2035. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors – it is estimated that around 23% of new provision should be some form of specialist housing for older people (about a fifth of this to be in the affordable sector).

9.74   In terms of the tenure split analysis of the proportion of home ownership along with the current supply suggests the future need for specialist housing being delivered through 80% as market housing and 20% in the affordable sector.

9.75   People with disabilities – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 143% increase in the population aged over 85 from 2014 to 2035 with Census data suggesting that 80% of this age group have some level of disability.

9.76   BME groups – the BME population of Harrogate District is relatively small in national terms. It has however grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

9.77   Family households – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest a small decrease in the number of children in the District over the next few years although if past trends are repeated there will be a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met.

9.78   Young person households – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

10   SUMMARY AND CONCLUSIONS

10.1   This final section brings together the findings of the draft SHMA Report. It is structured to set out our conclusions in turn regarding the geography of the housing market area; the overall objectively assessed need for housing; and then findings relating to the need for different types of homes and the housing needs of specific segments of the population.

Housing Market Area

10.2   The NPPF states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their "housing market area".

10.3   The SHMA has considered housing market geographies, taking account of existing research and through analysis of differences in housing costs; as well as migration and commuting flows. The analysis highlights a complex set of relationships at play across the District; however, triangulation of the evidence converges upon the District being split across two different housing market areas.

10.4   The north of the District, including Ripon, falls within a wider North Yorkshire HMA, and relates strongly to Hambleton. The south of the District, which includes Harrogate town and Knaresborough is more closely related to, and falls within a Leeds HMA. The preparation of a SHMA for Harrogate District alone is appropriate given that the District sits across more than one HMA. Any cross boundary issues will be picked up under the well established Duty to Cooperate arrangements that exist between local authorities.

10.5   It is however important to recognise overlaps between other authorities and markets. Although weaker than the core relationships, there are identifiable and important functional interactions from parts of the District with other adjoining authorities particularly Richmondshire and the City of York. These reflect localised cross-boundary interactions in the northern and south-eastern parts of the District.

10.6   In the context of the Duty to Cooperate, these authorities have been engaged in strategic housing issues not only in the preparation of the SHMA but will also be engaged at the subsequent development of plan policies.

10.7   All of these authorities have been invited to be involved in the preparation of this SHMA report, with meetings held to discuss housing market geographies and cross-boundary interactions, methodology (10th of November) and to discuss emerging findings regarding housing need (13th January). See Appendix A for a list of those stakeholders invited to engage.

Overall Housing Need

10.8   The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. The PPG sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence. Demographics provide the starting point for assessing housing need. The PPG then sets out that consideration should be given as to whether the housing need should be increased in order to:

- Support economic growth, based on interrogation of trends and forecast for future growth in employment;
- Improve affordability, taking account of evidence from market signals and of the need for affordable housing.

10.9   In effect, the PPG approach recognises that demographic projections are influenced by what has happened in the past; and these further factors allow consideration of whether wider evidence suggests that there has been an imbalance between housing supply and demand, or whether in the future the evidence would suggest that housing provision needed to be increased.

10.10   The PPG is very clear that housing need refers to the need for both market and affordable housing, including taking account of the movement of people into the area. It is also clear that a SHMA should "leave aside" issues related to land supply, infrastructure, Green Belt and other constraints in identifying housing need – but clearly sets out that these factors are relevant in bringing evidence together through the plan-making process to identify policies for future housing provision i.e. a housing target.

The Demographic "Starting Point"

10.11   The PPG emphasises the use of the latest official population and household projections as a starting point for assessing housing need, as these are based on nationally-consistent assumptions and methodology.

10.12   The latest official household projections are the 2011-based Household Projections published by Government in April 2013. These projections are 'interim' projections which project household growth between 2011-21. These projections estimate growth in households of 529 across the District (2011-21).

10.13   GL Hearn however does not consider that these projections provide a robust basis for considering future housing provision. They are based on ONS assumptions regarding future migration which have been superseded; and assumptions on household formation which are strongly influenced by

declining affordability between 2001-11 and the economic recession. They do not provide a robust basis for long-term planning.

10.14   The 'Interim' ONS Population Projections which underpin the 2011-based Household Projections have also since been superseded. ONS issued new 2012-based SNPP in May 2014. These are the first official population projections which take full account of the results of the 2011 Census and what this tells us about recent population trends.

10.15   Our analysis of the Harrogate District projections show lower levels of population growth moving forwards, relative to trends in the recent past. Net migration is expected to increase and the negative impact of natural change is expected to rise over time – reflecting particularly higher number of deaths associated with the District's age structure.

10.16   A detailed interrogation of the components of population change from a technical perspective however suggests that the 2012-based SNPP are robust as a starting point for considering housing need.

10.17   The SHMA recognises that trends in household formation have changed notably over the 2001-11 period, and it is therefore difficult to accurately predict how household formation rates may change moving forwards. Therefore four scenarios for household formation have been considered on this basis. Table 53 sets out the initial assessment of housing need based on these and the ONS 2012-based SNPP.

Table 53:   Housing Need per Annum (2014-35) based on 2012-SNPP

	2011-based rates	Tracking 2008-based rates	Blended headship	Part-return to trend
Households 2014	68,358	68,358	68,358	68,358
Households 2035	75,220	78,232	77,068	78,492
Change in households	6,861	9,874	8,710	10,133
Per annum	327	470	415	483
Dwellings (per annum)	**343**	**494**	**436**	**507**

10.18   GL Hearn concludes that taking a midpoint between the housing need indicated from applying either household formation rates from the 2011-based household projections and the ones that track 2008-based rates (rebased) to the 2012-based SNPP provide an appropriate 'starting point' for considering housing need (using the terminology in the PPG). However, this does not take into account other potential factors which could have an upwards impact on housing need.

Considering Affordable Housing Need

10.19   The SHMA includes an assessment of the number of households each year who require some form of subsidy in meeting their housing needs. This is assessed using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.

10.20   The SHMA analysis indicates that 339 additional households per year will require support in meeting their housing needs (using a 30% income threshold). This provides clear evidence of the need to increase the supply of affordable housing. However, it is not appropriate to directly compare the need identified in the analysis with the demographic projections – they are calculated in different ways.

10.21   Given current mechanisms for funding affordable housing provision, it is unlikely that it would be feasible to deliver sufficient overall housing provision to meet the affordable need in full. The reality is that many households with a need live in the Private Rented Sector and supplement their income with Housing Benefit; and that part of the assessed need for affordable housing reflects existing households who require alternative accommodation (such as larger homes or a different tenure of housing) than additional housing per se.

10.22   We have therefore not made an additional upwards adjustment to the demographic need specifically on the basis of delivering more affordable homes.

Considering Market Signals

10.23   The report has then gone on to consider market signals. The NPPF[8] sets out that plans should take account of market signals, such as land prices and housing affordability. The PPG clarifies this and outlines that:

 "the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance of the demand for and supply of dwellings. Prices or rents rising faster than the national/ local average may well indicate particular market undersupply relative to demand."

10.24   The SHMA evidence indicates that affordability pressures in Harrogate District are significant in comparison to the wider region. House prices are substantially above the Yorkshire and Humber average. Entry level house prices are around nine times the typical earnings of younger households compared to a ratio of 6.4 nationally.

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[8] CLG (2012) *National Planning Policy Framework, Paragraph 17*

10.25   Over the 2001-11 decade, housing costs increased relative to earnings; whilst household formation and home ownership both fell. An increasing number of households have been living in rented accommodation, shared homes and with parents. There are 5,600 family households in the District which contain non-dependent children. This increased by 465 between 2001-11.

10.26   In circumstances such as these, where indicators point towards a supply-demand imbalance and worsening affordability, the PPG sets out that the identified housing need should be adjusted upwards to support an improvement in affordability. However, the Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

10.27   To assess an appropriate adjustment to the assessed housing need, GL Hearn has used the demographic analysis to assess the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve.

10.28   The SHMA has considered the implication of returning the household formation rates of the 25-34 age group back to those seen in the 2008- based household projections. We have done this through the modelling of a part-returning to trend in household formation which in effect models improving affordability for younger households.

10.29   These adjustments result in a housing need of up to 507 homes per annum. This reflects an increase on demographic-led projections of 98 dwellings per annum, a 23% increase.

Considering Potential Economic Performance

10.30   Following the approach in the PPG, the demographic-based assessment set out above provides a baseline for housing need. The Guidance recommends that consideration is given to whether economic growth could result in a need for additional housing.

10.31   The NPPF clearly sets out that the assessment of, and strategies in local plans for, housing and employment need to be integrated with one another[9]. The SHMA has considered the economic prospects of the District, as set out in Regional Econometric Model.

10.32   The SHMA seeks to model the relationship between jobs and homes. It models increasing employment rates, linked to an expectation that people will retire later and more women will work. It assumes that commuting patterns will remain stable in proportional terms. It also takes account of evidence that people may hold down more than one job. The modelling indicates that to support the forecast growth in employment, the following levels of housing provision would be needed:

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[9] CLG (2012) *National Planning Policy Framework, Paragraph 158*

Table 54: Initial Assessment of Annual Need for Housing based on Economic Forecasts

Housing Need 2014-35 PA	Harrogate District
Annual Growth in Jobs	429
Annual Housing Need	621

10.33   Across the District, the level of housing provision necessary to support economic growth could be potentially up to 48% higher than indicated in the baseline demographic trend-based projections and 20% higher when these are adjusted for market signals (an increase of 114 dwellings per annum on the latter).

10.34   There has been an historic mis-alignment of housing and employment growth in Harrogate District, which has resulted in increased commuting into the District. However, we have modelled our figures on an assumption that, moving forwards growth in housing and the workforce within the District increase in line with one another. This is considered a sustainable approach.

10.35   This is as opposed to a trend based change to commuting patterns which would further widen the gap between jobs and housing. On this basis we have therefore applied a 'policy-off' basis to our calculation for economic-driven housing need.

Conclusions on Overall Housing Need

10.36   Taking account of the adjusted household formation rates for younger households and an adjustment for economic need, **the SHMA concludes on the overall need for housing over the 2014-35 period of 621 homes per annum.** The derivation of the conclusions on housing need is shown below, in Figure 69.

10.37   In the absence of development constraints, the higher end of the range shown above could potentially be considered to represent the full 'objectively assessed need' (OAN) for housing. This represents in total an annual need for 621 homes per year across the District. In accordance with the PPG, this takes account of the level of housing provision which is expected to be needed to support economic growth and improve affordability.

Figure 69: Conclusions on Full Objectively-Assessed Housing Need for Harrogate District, 2014-35
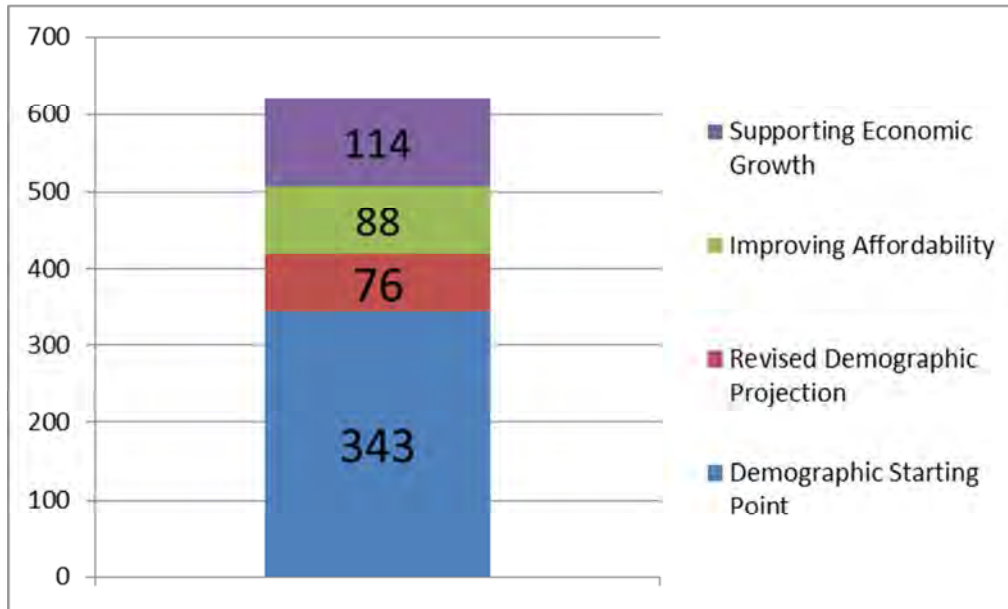
10.38   Where development constraints influence the ability to meet housing need in full, we would recommend that any shortfall in housing provision is measured against the demographically-assessed need (507 per annum) as in these circumstances it would be unlikely that affordability would improve; and housing provision could constrain economic growth.

10.39   In these circumstances, policies for economic growth would need to take into account the expected growth in the workforce. This represents what we would consider to be a minimum level of housing need, leaving aside at this stage any constraint-based factors - as the PPG requires.

10.40   This SHMA report considers housing need from 2014-35. Any shortfall in housing delivery prior to the 2014 starting point has been considered and taken into account in the adjustments made to derive the SHMA conclusions regarding the Objectively Assessed Need (OAN) for housing.

10.41   The conclusions will be reviewed in due course when Government publishes the 2012-based Household Projections. It will be necessary to critically review the household projections when they are released; including the appropriateness of the assumptions in them regarding future trends in household formation.

Need for Different Types of Homes

Conclusions on Housing Mix

10.42   In addition to considering the overall need for housing, the SHMA considers what types and sizes of homes – both market and affordable – will be needed.

10.43 The SHMA identifies that there is a need for a mix of house sizes across the District, as Table 55 indicates. The conclusions drawn take account of how the structure of the population and households are expected to change over the period to 2035 and how people occupy homes.

10.44 In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate indicative mix of affordable and market homes at a HMA-wide level. It should however be noted that this analysis is aimed at informing policies over the plan period and there will be a range of factors which will influence demand for different sizes of homes over time, particularly demographic changes, growth in real earning/savings, housing affordability and wider economic performance.

Table 55: Need for Different Sizes of Homes across the Harrogate District

	1-bed	2-bed	3-bed	4+ bed
Market	10%	45%	40%	5%
Affordable	40%	35%	20%	5%
All dwellings	20%	40%	35%	5%

10.45 Policies for what proportion of homes in new development schemes should be affordable need to take account of evidence both of housing need and of the viability of residential development. The NPPF sets out that percentage targets for affordable housing need to take account of viability evidence.

10.46 Our assessment of affordable housing needs indicates that, in delivering affordable units, a District-wide mix target of 24% intermediate and 76% social or affordable rented homes would be appropriate. Any strategic policy should however retain a degree of flexibility both to take account of local level variations which we have identified, as well as any site specific issues with deliverability (i.e. grant funding availability).

10.47 In the affordable sector, we recommend that the focus of provision is on smaller properties. However, the recommended mix also recognises the potential role which delivery of larger family homes (3 and 4 bedrooms) can play in releasing supply of smaller properties for other households together with the limited flexibility which one-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. These have been balanced against the recent Government reforms to social housing and welfare, including issues associated with the changes introduced by Government to housing benefit eligibility for working-age households in the social housing sector.

10.48 For market housing, we recommend that the focus of new provision is on two and three-bed properties. This would serve to meet the needs of newly forming households and younger families in the District as well as demand from older households downsizing and looking to release equity in

existing homes, but still retain flexibility for friends and family to come and stay. There is however likely to be a notable level of continued need for larger family properties arising from existing growing households and those migrating into the District.

10.49   The mix identified above should inform strategic District-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.

Older Persons Housing Needs

10.50   Over the period to 2035 the population of older persons in the District is expected to grow, with the population aged over 65 expected to increase by 22%. Many older households will remain in homes which they have lived in for many years. However some may wish to downsize, and this has been taken into account in the conclusions drawn on the mix of homes needed.

10.51   Some older households will require specialist housing or support. Others may need to adapt their homes to meet their changing needs. It is expected that a growing older population may result in an increase in the number of people with dementia by over 2,400 between 2014-35, with growth in the number of persons with mobility problems of over 5,000.

10.52   Some older households will require specialist housing solutions. The SHMA identifies a need for a minimum of between 1,045 and 3,770 additional specialist units of housing for older people between 2014-35, including sheltered and extra care homes. A mid-point of the two estimates would suggest a need for around 2,407 additional specialist units for older people which would represent about 23% of the overall housing need shown through demographic modelling and 19% of the conclusions on OAN. This need forms part of the OAN.

Table 56:   Need for Specialist Housing for Older Persons, 2014-35

2014-35	Market	Affordable	Total
Harrogate District	1,944	463	2,407

10.53   In addition, the SHMA indicates a need for 1,047 bed-spaces in residential care homes. This does not form part of the household population and so is separate to the need identified for housing. It falls within a C2 use.

Needs from Other Groups within the Population

10.54   According to local agents and websites specialising in identifying plots for self-build there is limited interest demand for self-build / custom-build in Harrogate District. However these should be monitored in case there are any significant changes to legislation which encourages such a supply.

10.55   We also recommend that the MOD should be engaged to understand the impact of planned barrack closures in and around the District and the need for housing families not wishing to relocate from the area..

10.56   For all of the above groups, with the exception of residential care homes the need for these properties will be met as part of the general supply, they are not in addition to it.

Monitoring and Review

10.57   Through a proactive monitoring process it will be possible to maintain and develop understanding of the housing market, building on the outcomes of the SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy development.

10.58   Long-term monitoring which addresses indicators of housing need, market signals relating to supply-demand balance, and the housing supply trajectory can inform future development and implementation of planning policies for housing provision.

APPENDIX A: List of Stakeholders Invited to the SHMA Workshops Held on 10 November 2014 and 13 January 2015 to Discuss the SHMA Methodology and the Draft SHMA

- Barnsley Council;
- Bradford Metropolitan District Council;
- Calderdale Council;
- Craven District Council;
- English Heritage;
- Environment Agency;
- Harrogate and Rural District Clinical Commissioning Group;
- Hambleton District Council;
- Highways Agency;
- Homes and Communities Agency;
- Kirklees Council;
- Leeds City Council;
- Leeds City Region Secretariat;
- Leeds Coty Region LEP;
- Local Nature Partnerships;
- Network Rail;
- Nidderdale AONB;
- North Yorkshire County Council;
- North Yorkshire and York LEP;
- North York Moors National Park Authority;
- Office of Rail Regulator;
- Ryedale District Council;
- Scarborough Borough Council;
- Selby District Council;
- Wakefield Council;
- West Yorkshire Integrated Transport Authority;
- York City Council; and
- Yorkshire Dales National Park Authority.

APPENDIX B: Glossary of Terms

- AMR – Annual Monitoring Report
- ASHE- Annual Survey of Hours and Earnings
- BME – Black Minority Ethnic.
- BRMA- Broad Rental Market Area
- BRES - Business Register and Employment Survey
- CAGR - Compound Annual Growth Rates
- CCHPR - Cambridge Centre for Housing & Planning Research
- CIL - Community Infrastructure Levy
- CLG- Communities and Local Government
- CORE- COntinuous REcording of lettings and sales of social housing
- CURDs - Centre for Advanced Urban Studies
- DWP- Department for Work and Pensions
- EHS - English Housing Survey
- ELR – Employment Land Review
- FTB – First Time Buyer
- GLH – GL Hearn
- HCA – Homes and Communities Agency
- HMA – Housing Market Area
- HMLR – Her Majesty's Land Registry
- HMO- Housing in Multiple Occupation
- HRP – Household Reference Person
- ILO- International Labour Organisation
- JGC – Justin Gardner Consultancy
- LEP- Local Economic Partnership
- LFS- Labour Force Survey
- LHA- Local Housing Allowance
- LIN – Learning and Improvement Network
- LPA - Local Planning Authorities
- LTHPD - Long-Term Health Problem or Disability
- MOD – Ministry of Defence
- MYE – Mid Year Estimate
- NOMIS - National Online Manpower Information System
- NPPF- National Planning Policy Framework
- OAN – Objectively Assessed Need
- ONS- Office for National Statistics
- P.A. – Per Annum
- PAS – Planning Advisory Service
- PCM – Per Calendar Month
- POPPI - Projecting Older People Population Information
- PPG – Planning Practice Guidance
- PRS – Private Rental Sector

- REM - Regional Econometric Model
- RP- Registered Provider
- SHLAA - Strategic Housing Land Availability Assessment
- SHMA - Strategic Housing Market Assessment
- SNPP – Sub National Population Projections
- TTWA – Travel to Work Area
- VOA - Valuation Office Agency