

Scarborough Borough Local Plan

Delivering a Local Plan Housing Target (Including an Objective Assessment of Housing Need)



Executive Summary

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The Localism Act (2011) and the National Planning Policy Framework (NPPF) brought about a change in approach towards planning for housing development, insofar as Local Planning Authorities became responsible for establishing their own targets for delivery. Where previously, prior to its revocation, the Regional Spatial Strategy (RSS) for Yorkshire and the Humber set a statutory target for housing delivery, the Local Planning Authority must now set its own target within the emerging Local Plan. In accordance with the NPPF, this target should reflect the objectively assessed need for housing.

National Planning Practice Guidance (NPPG) states that assessments of need should be undertaken in relation to the relevant Housing Market Area. In line with the latest evidence, the Scarborough Borough Strategic Housing Market Assessment (SHMA) describes the Borough as a broadly self-contained housing market on the basis of migration, and strongly self-contained in terms of workplace. It concludes that Scarborough Borough is an appropriate Housing Market Area for the purposes of the Local Plan. It is also important to note that no need to accommodate additional housing needs from neighbouring authorities has been identified through the ongoing Duty to Cooperate process.

It has been widely accepted that the latest ONS population projections (2012 based) and CLG household projections (2012 based) provide the starting point for establishing what constitutes the 'objectively assessed need' for housing, i.e. as a 'policy off' scenario.

The 'natural change' (births v deaths) in population shown by the population projections demonstrates a net loss of 6100 people over the plan period. However, given that the average household size is falling (from 2.15 persons per dwelling in 2012 to 2.03 persons per dwelling by 2032), the projected reduction in population would still translate to a requirement for 1191 additional dwellings over the plan period.

The 2012 based household projections suggest a growth in the number of households from 49,400 in 2011 to 53,068 by 2032, which translates to a requirement for 3668 additional dwellings over the plan period. This figure is considered to be the minimum level of housing that should be planned for and it is not considered that any adjustment to the figure is required as a result of other factors, including; the impact of longer term migration, unattributable population change and the impact of empty and second homes on the housing market.

As suggested, the analyses of the impact of population and household projections provides a 'policy off' scenario that does not consider the potential impact of planning policy. Importantly, they do not make any assumptions around future economic performance and/or potential job creation. Therefore, a range of additional scenarios based around such assumptions have been considered.

While the assumption is that the local economy will grow over the plan period, it is important to note that in order to simply maintain the existing number of jobs in the Borough an increase in housing (and population) will be required, albeit not to a level above that shown by the household projections (3329 dwellings compared to 3668 dwellings).

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The assertion that the local economy will grow is supported by economic forecasts produced by the Regional Econometric Model (REM). Given the inherent sensitivity of the REM forecasts and the difficulties in relying upon any one given forecast as the basis for assessing the impact of economic growth on housing need, a range of economic (job) growth scenarios have been developed within a supporting document titled “Economic Forecasts and Job Growth Scenarios” (Scarborough Borough Council).

In order to translate the impact of each job growth scenario into its own housing requirement, assumptions around economic activity, unemployment rates, commuting patterns and the ratio of people in employment to the total number of jobs (Full Time Equivalent) have been made. The impact of each job growth scenario can be summarised accordingly:

| Scenario | Housing Growth Attributable to Scenario | Total Housing Growth (including Household Projections, 3668 dwellings) | Annual Delivery Rate |
|--|---|--|----------------------|
| Medium Economic Forecast (+3000 jobs)(+8.4%) | 3541 | 7209 | 344 |
| High Economic Forecast (+5000 jobs)(+14.8%) | 5983 | 9681 | 461 |
| Very High Economic Forecast (+7000 jobs)(+20.5%) | 8485 | 12,153 | 579 |

Consideration has been given as to whether housing market signals, or other market indicators relating to the balance between the demand for and supply of dwellings, suggest that household projections should be adjusted. This issue was explored in detail by the SHMA, which concluded that the housing market in Scarborough Borough is relatively stable and while there are some variations in trends compared to other (comparator) areas, there is no need to alter the potential housing targets. Therefore, the objectively assessed need for the Scarborough Borough Local Plan area consists of a scale of need between 175 and 579 dwellings per annum (3668 and 12,153 total dwellings).

This range of need has been critically assessed in order to establish a housing target that will be included within the emerging Local Plan. This assessment will ensure that the housing target is deliverable (taking account of all potential sources of housing) and contributes towards meeting affordable housing needs as much as possible. Furthermore, it also ensures that the target represents the most sustainable option in respect of achieving forecast economic growth without creating unsustainable patterns of commuting.

Local monitoring data shows that on average 302 dwellings have been delivered per annum over the past 10 years (between 2005 and 2015), while over the past 20 years (between 1995 and 2015) an average delivery rate of 333 dwellings per annum has been achieved. When these past delivery rates are compared to the OAN scenarios it is apparent that only the ‘High Economic Growth’ and ‘Very High Economic Growth’ scenarios would meet the NPPF’s requirement to significantly boost the supply of housing (NPPF paragraph 47).

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In terms of planning to meet housing need, identified sources of housing accounts for the delivery of around 4550 dwellings, with any remaining need to be met through sites allocated in the emerging Local Plan. Only those scenarios that are linked to job growth would result in a requirement for sites to be allocated, ranging from 2659 dwellings for the 'Medium Economic Forecast' to 7603 for the 'Very High Economic Forecast'.

The SHMA identified an 'imbalance' of 5796 dwellings in the affordable housing market within Scarborough Borough (Local Plan area) for the period between 2015 and 2032. Using an average affordable housing delivery rate of 25%, a total number of 23,076 dwellings would be required in order to address this imbalance through the market housing model. While none of the identified scenarios would fully address this imbalance, it is important to understand the impact they can have. For example, the 'High Economic Forecast' scenario would meet 25% of the total imbalance, while the 'Very High Economic Forecast' scenario would meet 36%.

Having taken the above factors into account, it is considered that the 'High Economic Forecast' represents the most appropriate level of housing (9681 dwellings in total at an average rate of 461 dwellings per annum) to be taken forward as a target in the emerging Local Plan.

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1 Introduction

1 Introduction

1.1 The purpose of this paper is to establish a housing target for the Local Plan. This will be based on, amongst other evidence, the 'objective assessed housing need' (OAN) for the Local Plan area. This will provide the basis for determining the housing allocations up to 2032.

1.2 The need to undertake this work arose from the Government's commitment to abolish Regional Spatial Strategies through the enactment of its Localism Bill. Previously, 'The Yorkshire and Humber Plan' (May 2008) was the regional plan for the Borough, and provided the overall target for housing delivery in the Borough up to 2026, however, this was formally revoked on 22 February 2013.

1.3 Whilst The Yorkshire and Humber Plan contained strategic policies on a wide range of spatial planning issues, one of its central functions was to establish the overall scale of new housing development to be delivered across the region (for the period 2004-2026), and to break this overall figure down to levels applicable to each individual Local Planning Authority.

1.4 Alongside a letter announcing the enactment of revocation, the Department for Communities and Local Government produced a short guidance note. The key elements of this guidance note required Local Planning Authorities to be responsible for establishing the right level of local housing provision in their area, and to identify a long term supply of housing land. Some may decide to retain their existing housing targets that were set out in revoked Regional Strategies. Others may decide to review their targets. It is expected that those authorities should quickly signal their intention to undertake an early review so that communities and land owners know where they stand. Local Planning Authorities should continue to identify enough viable land to meet the ambition for growth for at least 15 years from the date the plan is adopted. Authorities should also have a five year supply of deliverable sites.

1.5 In response to this the Borough prepared an 'Interim Housing Position Paper' and has since worked on determining a locally derived housing target for the Local Plan, initially consulting on the document, 'Delivering Housing in the Borough: Developing an Objective Assessment of Housing Needs within Scarborough Borough' and then working up a formal Objective Assessment of Housing Need.

1.6 One of the core principles of the National Planning Policy Framework is that planning should make every effort to objectively identify and meet the housing needs of an area, and respond positively to wider opportunities for growth.

1.7 This latest paper pulls together all of the evidence available and firstly sets out the objective assessment of housing need within Scarborough Borough Local Plan area. The document then, based on the objective assessment of housing need, seeks to establish a robust housing target for inclusion within the Local Plan. It is important to note, however, that there is no single factor that will produce a 'perfect' housing target. In reality, the challenge is to reach a rational, balanced conclusion, informed by an assessment of the areas of evidence available.

Policy Context 2

2 Policy Context

2 Policy Context

2.1 One of the primary roles of the planning system is to establish a clear strategy for the delivery of new homes, enabling the provision of sites for related development that is responsive to local needs and demands in the short, medium and long term. As a consequence of the abolition of regional plans, there is a need for the Council, as the Local Planning Authority, to develop a Local Plan which determines and provides for the level of housing needed in the long term. To do this, the Council needs to consider both relevant policy and evidence on housing demand, needs and supply.

2.2 The purpose of this chapter is therefore to examine relevant current and emerging policy at a national, regional and local level. It therefore considers:

- current national policy and legislation (National Planning Policy Framework and online Planning Practice Guidance); and
- the strategies of neighbouring Local Planning Authorities (eg North York Moors National Park, Ryedale, East Riding, and Redcar and Cleveland) in terms of how they are approaching housing in the absence of regional plans, and how this impacts upon the sub-regional picture of housing numbers and distribution.

National Policy Context

National Planning Policy Framework

2.3 In March 2012, the Government issued the National Planning Policy Framework (NPPF), setting out its planning policies for England and how these are expected to be applied. The NPPF must be taken into account in the preparation of Local Plans. In March 2014 the NPPF was augmented by the Planning Practice Guidance (PPG) which provided a web based resource to assist practitioners.

2.4 The NPPF states that the purpose of the planning system is to contribute to the achievement of sustainable development, and identifies three roles within this:

- an economic role - contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;
- a social role - supporting strong vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations, and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and
- an environmental role - contributing to protecting and enhancing our natural, built and historic environment; and a part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.

2.5 In terms of the specific approach towards housing, the NPPF states that to 'boost significantly' the supply of housing, local planning authorities should:

Policy Context 2

- plan to meet fully the requirements for market and affordable housing (this is later referred to as 'objectively assessed needs') as far as consistent with the policies set out in the NPPF;
- ensure a rolling supply of housing sites is available equivalent to 5 years plus an additional allowance of 5% or 20% depending on previous delivery of housing;
- identify in the Local Plan sites or broad locations for growth for the medium and, if possible, the longer term;
- illustrate the rate of housing (market and affordable) delivery through a housing trajectory and set out a housing implementation strategy for the full range of housing with an explanation of how a five year delivery will be maintained to meet the locally derived housing target; and
- set out a local approach to housing density.

2.6 There is no exact science to calculating an OAN, however, the Government's online PPG provides some indication of how this should be assessed. The household projections produced by DCLG should be a starting point for calculating an OAN as these are, in the words of the Government, statistically robust and based on nationally consistent assumptions. Taking this forward, plan makers should assess likely job numbers taking into account past trends and economic forecasts.

2.7 In a change from previous national guidance, housing resulting from windfall development (development of sites which have not been specifically identified in the Local Plan), can now be included in estimates of the 5 year housing supply provided that compelling evidence demonstrates that such sites have been consistently available and will continue to provide a reliable source of supply. This suggests that windfall could be used in setting the Local Plan housing land requirement. The policy on the provision of affordable housing in rural areas has also been amended to allow, in certain cases, a proportion of market housing on sites on the edge of villages where this would facilitate the provision of affordable housing.

2.8 These alterations to the planning system have had a significant impact on local housing targets, or more specifically, on the evidence that is required to determine the proposed housing target. The need to plan to meet all 'objectively assessed' housing requirements is an issue that will need to be considered carefully taking into account the outcomes of the Strategic Housing Market Assessment (a study of the operation of the local housing market, see <http://www.scarborough.gov.uk/shma>) the latest Population Figures and Projections, the capacity of the Borough to accommodate new housing and the capacity of the Borough's infrastructure. The 5 year (plus 5% or 20%) supply is not considered to have a significant impact on the production of the plan as this will simply mean the release of sufficient sites to ensure a flexible supply, not the allocation of additional sites.

Regional Policy

2.9 Scarborough Borough previously relied on the setting of the housing target within the Yorkshire and The Humber Plan (the Regional Spatial Strategy). This was revoked in 2013 and authorities directed to set their own housing targets locally.

2 Policy Context

2.10 The Regional Spatial Strategy (RSS) was initially adopted in 2008 and proposed a stretch target for Scarborough Borough, initially starting at 430 dwellings per annum (from 2004) and increasing to 560 dwellings per annum from 2008 to 2026. This figure was based upon the 2004 based Household Projections and did not necessarily align with historic delivery or the ability to accommodate or deliver such a step change in housing delivery in the Borough.

2.11 Since the setting of this RSS target, the results of the Census 2011 has shown that the projections used in the publication of the RSS were incredibly optimistic and unrealistic.

2.12 It is therefore proposed that the RSS figure is no longer valid in its methodology or its output and should be discarded. A more robust method based on up to date evidence, national statistics and local knowledge should be the basis for ascribing a new housing target for the Borough.

The Approach to New Housing by Neighbouring Authorities

North York Moors National Park

2.13 The North York Moors National Park Core Strategy and Development Policies Development Plan Document was adopted in November 2008. In line with the Regional Spatial Strategy's approach towards the region's two national parks, the Core Strategy did not contain a specific housing target, but developed policies seeking to ensure that new housing development was targeted at meeting identified local needs, be that through affordable housing schemes, or through the established principle of applying 'local occupancy' conditions to new housing in much of the National Park area. Open market housing is regarded as acceptable only in a small number of the larger settlements generally on the edge of the National Park, including West Ayton in Scarborough Borough.

2.14 The National Park Authority is currently considering the implications of the National Planning Policy Framework on its extant Core Strategy, and will determine whether a review of that Plan, or elements of it, is necessary.

2.15 In developing the new Local Plan the Borough Council will be mindful of the role settlements outside the National Park (for example Whitby and its role in serving the wider Esk Valley) can play in meeting some of the needs that derive from within the protected landscape area and which are unlikely to be met under the current policy framework in operation within the National Park.

Ryedale

2.16 Ryedale District Council has recently adopted their Local Plan. In terms of its approach to housing, the Local Planning Authority is looking to provide a similar level of housing as in the Regional Spatial Strategy, at 200 dwellings per annum, and is seeking to locate most development in and around Malton and Norton, and in the district's other market towns of Pickering, Helmsley and Kirkbymoorside. Limited development is proposed to take place in the smaller settlements around the district. In 'non-service' villages it is proposed to apply 'local occupancy' criteria to new dwellings, to further focus development towards specific local needs.

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2.17 The overall scale of housing proposed in the Ryedale Plan is slightly below household projection rates, and represents a strategy of restraint, particularly outside the main settlements. Settlements in the eastern part of Ryedale tend to look towards Scarborough for jobs and services, and therefore recognition of the approach towards development in Ryedale is an important consideration in the emerging Borough Local Plan.

East Riding

2.18 East Riding of Yorkshire Council has had its Examination in Public in regard to their Core Strategy and Allocations Development Plan Documents. Following the completion of the Examination and consideration by the Inspector, the documents are now being consulted upon in respect of modifications. Subject to no further modifications, the housing figure for East Riding is 1400 dwellings per year between 2012 - 2029 (23,800 dwellings).

Redcar and Cleveland

2.19 The Draft Local Plan was published in September 2013 for consultation. The Draft Plan suggests that a minimum annual requirement of 270 dwellings is appropriate which is in line with the Core Strategy but lower than the now revoked Regional Plan (340 dwellings per annum net). The Core Strategy was adopted in 2007 prior to the North East of England Plan.

2.20 The Council is currently working on the preparation of the Local Plan where the housing figures will be reviewed using the latest evidence but is more likely to be in line with the existing Core Strategy Policy rather than the regional plan which has been proven to be undeliverable.

Implications of Neighbouring Strategies

2.21 It should be noted that with regard to neighbouring authorities there has been ongoing co-operation between the parties with the issue of housing provision and distribution being discussed widely. At present no adjoining authority has requested that Scarborough Borough needs to consider accommodating any proportion of their housing needs. Furthermore no authority has suggested that it would be willing or able to take any housing provision attributed to Scarborough Borough Local Plan area.

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3 Previous Consultation on Housing Targets

3 Previous Consultation on Housing Targets

3.1 This section looks at the main messages relating to housing numbers that have emerged from the consultation undertaken as part of the former Local Development Framework / now Local Plan preparation process. These consultation events were prepared in line with the adopted 'Statement of Community Involvement', and led to the receipt of many comments from local residents and other interested parties.

3.2 The following assesses the response from two of the major consultation events that related directly to housing numbers; the Core Strategy and Housing Allocations Development Plan Document (2007): Issues and Options and the recent consultation on 'Delivering Housing in the Borough: An Objective Assessment of Housing Need in the Borough'.

Core Strategy and Housing Allocations Issues and Options 2007

3.3 This document sought views on a range of housing issues, including the setting of an appropriate housing target.

3.4 At this stage of plan production, the level of housing to be delivered was prescribed by the draft Regional Spatial Strategy (RSS) Panel Report as being 430 dwellings per year from 2004 to 2011, and 560 dwellings per year from 2011 to 2021. For the most part, this received support through the consultation process. However, some responses questioned the propriety of the regional housing target, mainly on the grounds that the need for new housing should be reviewed against local need and not just Governmental targets. As a consequence of the Localism Act, the NPPF and subsequent removal of regional planning, this is how the new target will be derived.

3.5 The consultation in 2007, in establishing a supply of land capable of accommodating the higher levels of new housing development, asked if the Council should continue to pursue the inclusion of windfall sites, thereby reducing the need for new greenfield land allocations. The vast majority of respondents favoured this approach, with many pointing to the significant contribution windfall sites made to overall housing delivery in the Borough (86% of all new housing from 2005 to 2007, and this has continued since the consultation with 100% from 2009 to 2011). Nevertheless, factoring in the contribution of windfall sites would have been contrary to guidance within PPS3, which stated that windfall allowances should not be included in the first 10 years of housing land supply unless the Local Planning Authority was able to demonstrate that specific sites for housing allocation could not be identified. This has now altered and the NPPF does allow a windfall allowance where justified.

3.6 Historically the Scarborough urban area has always been the focus for new housing within LDF documents. The consensus of respondents was that around 80% of development should be directed here, which would represent a significant level of growth for the town (approximately 7500 new homes). This consensus was influenced by the perceived lack of infrastructure in village locations and the need to reduce carbon emissions by locating development in proximity to existing services. Other responses, which suggested a more even distribution of development, sought to avoid urban sprawl in Scarborough and pointed to the need for development in Local Service Centres and Service Villages to help maintain and enhance sustainable communities.

Previous Consultation on Housing Targets 3

Some responses considered the distribution of development should be determined by the supply of appropriate and deliverable sites from each level of the settlement hierarchy (rather than a proportional/arbitrary distribution).

3.7 It should be noted that this consultation and responses pre-dated the introduction of the National Planning Policy Framework and the revocation of the Regional Spatial Strategy.

Delivering Housing in the Borough: Developing an Objective Assessment of Housing Need in the Borough

3.8 Following the revocation of the Regional Spatial Strategy the task of determining housing targets fell to the respective Local Planning Authorities. The purpose of the consultation document was to address the above and set out a range of options for housing delivery and provide an appraisal of each in terms of the pros and cons. For example, how the level of housing proposed would impact on the identified need for affordable housing and whether it would require the release of substantial greenfield land.

3.9 The consultation exercise took place in late 2012, however, the response was fairly limited albeit from a cross-section of sources including housebuilders, parish councils and the community.

3.10 There was over-riding support for the Council to develop its own housing target following the revocation of the RSS. There were, however, some contradictory messages evolving from the consultation. There was no majority on the question of whether the plan should significantly increase housing provision (45% against and 38% for), however, there was a majority agreeing with the need to prioritisation of affordable housing delivery. A number of respondents did not therefore fully understand the close links between affordable housing provision and its delivery mechanism through the private housing market sector. Not increasing the delivery of housing would obviously hit the Local Authorities ability to address affordable housing need.

3.11 There was, however, a majority of respondents suggesting that housing targets should be gradually increased as opposed to a flat or constant rate of growth. This was on the basis that housing should come on line with the economic recovery and the provision of infrastructure required to support growth.

3.12 The consultation also raised the issue of under-supply and how this, if at all, should be factored into the objective assessment of housing need. There was a majority (50%) who suggested that under-delivery of housing against the RSS targets should be disregarded. There was also an over-riding majority (95%) who considered that the contribution from windfall developments could no longer be ignored. These fundamental issues could ultimately impact on the level of allocations required. In respect of the under-supply issue, further detail on how the Council intend to deal with this is covered in the following chapters. The contribution windfall could make and whether the Council will factor it into the housing supply is an issue that will be covered later in this document.

| Housing Scenario | % Respondents |
|--|---------------|
| Scenario A (100-200 dwellings per annum) | 33.93% |

3 Previous Consultation on Housing Targets

| Housing Scenario | % Respondents |
|--|---------------|
| Scenario B (200-300 dwellings per annum) | 14.29% |
| Scenario C (300-400 dwellings per annum) | 14.29% |
| Scenario D (400-500 dwellings per annum) | 10.71% |
| Scenario E (500-600 dwellings per annum) | 8.93% |
| Scenario F (>600 dwellings per annum) | 7.14% |
| No Scenario Selected | 10.71% |

Table 3.1 Housing Scenarios

3.13 The final question from the consultation asked for respondents to suggest the level of housing that the Borough should provide for. The full breakdown of this is shown in the table above, however, the lowest figure of 100-200 dwellings per annum was the single most selected choice, however, this still only accounted for a third of responses. Generally, the higher the target the more the support diminished.

3.14 The responses of this consultation exercise are considered to be inconclusive as many responses are contradictory. Low levels of housing growth are the favoured option from the individual and community respondent, however, they also generally see the need for affordable housing growth. Housing growth and the need for affordable housing are not mutually exclusive and the current principle method of affordable housing delivery is and is likely to continue to be through private developer led schemes with an affordable element.

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4 Objective Assessment of Housing Needs

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4.1 The following sets out the various indicators that can be utilised to project housing need. These relate to population and household projections and economic prospects (qualified by econometric forecasting), affordable housing need and the delivery of housing. These indicators assist in making assumptions regarding housing need and cumulatively will be used to derive a housing target for the Local Plan area, objectively assessed and based on realism. The tables shown first relate to demographic change and the economy, more specifically job creation and job succession. These tables will set out the predicted levels of the numbers of households by 2032 and, following that, set out what these increases would mean in relation to housing targets working off the latest projected household size data.

4.2 Prior to the evidence being set out below;

- the Housing Market Area will be defined;
- the issue of when the housing target will run from is set;
- the issue of under-supply or shortfall and how it will be accounted for in the assessment is defined; and,
- the issue of having an authority split by the National Park boundary and issues surrounding different measurements of population is considered.

Defining the Housing Market Area

4.3 The Scarborough Borough Strategic Housing Market Assessment 2015 defined a housing market area. In establishing the extent of the Scarborough Borough Housing Market Area; house price, migration, travel to work and contextual data were assembled. Additionally, reference was made to work carried out by the National Housing and Planning Advisory Unit in 2010 which defined Housing Market Areas as part of a national study.

4.4 In 2010, the DCLG published the Geography of Housing Market areas which was commissioned by the National Housing and Planning Advice Unit (NHPAU). This national study was undertaken by a multi-university team and sought to construct a consistent geography of Housing Market Areas for England. This research viewed housing markets as a layered system characterised as:

- Strategic framework Housing Market Areas defined by long distance commuting flows and the long-term spatial framework within which housing markets operate (based on 77.5% commuting self-containment)
- Local Housing Market Areas defined by migration patterns (based on 50% migration self-containment); and
- Sub-markets defined in terms of neighbourhood and/or house type price premiums.

4.5 An analysis of 2011 Census migration data suggests that 66.9% of households move within Scarborough area and 84.6% of residents in employment work within the Borough.

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4.6 Scarborough Borough area can be described as a broadly self-contained housing market on the basis of migration, and is strongly self-contained in terms of workplace. Of households planning to move, 78.2% intend on remaining in Scarborough Borough. This evidence confirms that the defined Scarborough Borough Housing Market Area is the appropriate housing market area for the purposes of Local Plan policy making.

What is the Base Year for Determining the Housing Target?

4.7 There has been some debate relating to the failure of Local Planning Authorities to meet the previously set targets set by Regional Spatial Strategies and whether this should be factored into the locally derived housing targets. The Council has considered this carefully and sets out below its interpretation of this issue and how it will deal with shortfall.

4.8 For the purposes of the Local Plan, the base date for calculating housing need is set at April 2011 and will run until the end of March 2032. The evidence used to arrive at a locally derived housing target, where possible, will also use evidence from the aforementioned date (eg; Census 2011, 2012 based CLG Household Projections and Strategic Housing Market Assessment 2015) or more up to date, if appropriate.

4.9 By following this method, the resulting outputs for housing need will be correct as of April 2011. The shortfall that will be factored into the Plan will be that from the period 2011 up to the current date (or the date of adoption of the Local Plan when it is progressed). The simple worked example overleaf shows how this will work in practice. This is the method by which Scarborough Borough Council will deal with the issue of shortfall of housing delivery.

4.10 The consultation on, 'Delivering Housing in the Borough: Developing an Objective Assessment of Housing Need in the Borough', identified options for dealing with this issue and a small number of respondents suggested that the full under-supply of housing not met as allocated in the Regional Spatial Strategy should be added into the initial 5 year supply. This is not considered to represent a robust argument as:

- The Regional Spatial Strategy has been abolished as of February 22, 2013; and
- The housing target determined through this document is, as previously stated, based on up to date evidence. Adding in additional housing not delivered before that date would therefore be illogical and result in inflating the housing figure; a form of double counting.

4.11 This approach has been supported by the outcome of Zurich v Winchester High Court Judgement (2014) EWHC 758 (Admin) 18th March 2014.

4 Objective Assessment of Housing Needs

Issue 1

Housing Shortfall - How it will be factored in?

An example housing target of 200 dwellings per annum has been found to be appropriate for a period of 20 years (4000 dwellings total).

The Local Plan Examination in Public takes place within the third year and the 2 previous years had seen provision of only 100 units per annum. This resulted in an under-supply of 200 units. This under-supply would have to be factored into the housing delivery on adoption of the Local Plan and would therefore result in an annual supply/target of:

- 211 dwellings per annum (3800 dwellings)
- Completions: 200 dwellings
- Total Housing: 4000 dwellings

(This does not affect the overall objective assessment of housing need or any target included in the Local Plan, it simply provides an explanation of how delivery may take into account previous under-supply).

The Local Plan Area and the North York Moors National Park.

4.12 Where the North York Moors National Park is referred to this refers to that part of the National Park that lies within Scarborough Borough.

4.13 There is a need to understand the relationship between the Local Plan area for Scarborough Borough and the North York Moors National Park (NYMNP). This document will set out a range of objectively assessed housing need, of which a small component under the demographic scenario (household projections) will include the National Park area. This is due to the fact that this dataset covers the entire Borough not just the Local Plan area. The component of housing need made up from the household projections is therefore likely to be a slight over-estimation for that part of the Scarborough Borough Local Plan area. What any disaggregation of housing figures would result in is a reduction, albeit likely to be a minor one, in the housing target for the Scarborough Borough Local Plan area. Due to the minor nature of this it is not proposed to attempt to split this small component. This will build additional flexibility into the objective assessed need arrived at within the document.

4.14 To date the NYMNP Authority has not suggested that they cannot accommodate the requisite housing requirement within their boundary or requested that the Scarborough Borough Local Plan accommodates a proportion of their housing.

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Household Projections

4.15 Population and Household Projections form part of an accepted starting point for working out the requirement for housing. However, it is clear from looking into past projections, especially from 2004 and the figures used for the basis of the RSS that they are not always reliable and do need continual adjustment due to, for example, unforeseen economic conditions as witnessed in recent years. This highlights the potential difficulties of placing an over reliance upon population projections which inform household projections, as the sole basis for setting housing targets.

4.16 The Planning Officers Society (advice note, March 2011) and more recently the Planning Advisory Service (Objectively Assessed Need and Housing Targets Technical advice note, July 2015) suggest the latest ONS population projections and the most recent CLG household projections may be considered to represent the “raw” requirement for new dwellings in the authority’s area, before considering what should be the effect of planning strategy. The online Planning Practice Guidance reiterates this. The Planning Officers Society highlights that planning strategy has commonly intervened to depart from the household projections. In some cases this has involved setting a higher target, in others it has led to a reduction in the amount of housing provision to protect high quality landscapes from development. Other factors will be considered in the following paragraphs.

Natural Change

4.17 The usual resident population of the Borough as a whole as of April 2011 (Census) is approximately 108,800 (this includes the institutional population of circa 2800). The following table sets out population change taking into account Office for National Statistics (ONS) population projections which provides an indication of natural change without in-migration.

| Indicator | Population Change (2011-2032) | Projected Population (2032) |
|-------------------------------------|-------------------------------|-----------------------------|
| Demographic Change | | |
| Natural Change without In-Migration | -6100 ⁽¹⁾ | 102,700 |

Table 4.1 Demographic Change

1. This is taken from the Table 5: 2012 based Sub-National Population Projections Components of Change

4.18 A useful starting point for projecting housing need is the natural fluctuations in population. Simply put, this is a projection of population at a prescribed time taking account of only births and deaths. In respect of Scarborough Borough, there is an ageing population that results in considerably more deaths than births. The latest projections suggest that by the end of the Plan period there will have been 6100 more deaths than births. This would result in a reduced population of 102,700 by 2032. A scenario that ignores migration figures when there are no controls over the flow of migration in and out of the Local Plan area. This scenario was included to illustrate what the outcome would be of natural change of the population.

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Housing Need Arising from Population Change

4.19 This scenario, albeit unrealistic, shown above simply shows a population growth or decline. What this means for household requirement firmly depends on household size. Household size is falling as a result of a number of factors; people living longer and divorce/separation being two key drivers. Scarborough Borough has generally had lower household sizes than the average due to its ageing population and this is expected to continue. Taking out the communal population the current household size as of 2012 is 2.15 persons per dwelling⁽¹⁾ (national average is 2.36), however, this is predicted to fall over the plan period. The recently published 2012 based Household Projections indicate that average household size in the Borough is expected to fall to 2.03 by 2032 (the national average is predicted to be 2.24). The tables below show the implication of a household size of 2.03 for this population scenario set out earlier. The first column on these tables, 'Household Stock Required' is calculated simply by dividing the projected population at 2032 by the predicted household size (2.03). The second column works out the estimated number of dwellings required by subtracting the current housing stock (2011: 49,400) from the projected requirement.

4.20 A further explanation of the household size utilised for these calculations is referred to in Appendix A: Methodology for Calculation Housing Need.

| | Housing Stock Required (2032) | Estimated Number of Dwellings Required | Annual Number of Dwellings (2011/32) |
|---------------------|-------------------------------|--|--------------------------------------|
| Household Size 2.03 | 50,591 | 1191 | 57 |

Table 4.2 Natural Growth without In-Migration - 102,700 (99,358) by 2032

4.21 Natural Change - Whilst there is a reduction in the population of the Borough, this does not necessarily result in a reduction in the need for housing. At the same time as the natural decline in the resident population there is also the aforementioned reduction in the average household size. Using the household size of 2.03 results in a moderate demand for new housing attributed solely to demographic change.

2012 Based Household Projections

4.22 The 2012 based household projections suggest a growth in households from 49,400 in 2011 to 53,068 by 2032. This equates to a 3668 increase over that period; the equivalent of 175 dwellings per annum.

| | Housing Stock Required (2032) | Estimated Number of Dwellings Required | Annual Number of Dwellings (2011/32) |
|---------------------|-------------------------------|--|--------------------------------------|
| Household Size 2.03 | 53,068 | 3668 | 175 |

Table 4.3 2012 Based ONS Household Projections - 107,900 by 2032

1 Table 427: Change in Average Household Size 2012-2037

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4.23 This figure of 175 dwellings per annum over the proposed Plan period up to 2032 is the minimum housing that should be planned for as this represents a 'policy-off' scenario and is purely based on the estimations of household change.

4.24 At this stage the document considers whether the household projections require any adjustment (up or down) as a result of other factors. This includes assessing longer term migration, unattributable population change and the impact on the housing market of empty and second homes.

Longer Term Migration

4.25 It is suggested that when using demographic and/or household projections that migration data should be interrogated over a longer period; 10 years rather than the 5 years used on the published projections. This is to reflect longer term economic trends that will smooth out peaks and troughs experienced by the economy.

4.26 In respect of Scarborough Borough the migration trends for the past 10 years are shown in the following table.

| Year | Net Migration |
|---------------|----------------------|
| 2004/5 | 479 |
| 2005/6 | 275 |
| 2006/7 | 272 |
| 2007/8 | 373 |
| 2008/9 | 26 |
| 2009/10 | 263 |
| 2010/11 | -132 |
| 2011/12 | 178 |
| 2012/13 | -22 |
| 2013/14 | 74 |
| 10 Year Total | 1786 (179 per annum) |
| 5 Year Total | 361 (72 per annum) |

Table 4.4 10 year migration trend ⁽¹⁾

1. ONS Migration data (Published 2014)

4.27 Although the 10 year trend highlights an increased level of annual net in-migration than the 5 year figure it is still comparatively low when compared with the figures of natural change. Even using this higher figure it does not replace population lost by natural change (6100 population decrease over plan period indicated by ONS figures and net in-migration of 3759 using the higher 10 year migration trend data). Therefore it is concluded that the household

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projections do not require any additional uplift as a consequence of demographic projections and would therefore not affect the component of the OAN made up by household projections (175 dwellings per annum).

Unattributable Population Change (UPC)

4.28 It is also important to assess whether any alteration should be factored into demographic trends as a result of UPC.

4.29 Between successive Censuses, population estimation is necessary. These mid-year population estimates (MYEs) are derived by applying the 'components of change' (i.e. counts of births and deaths and estimates of internal and international migration) to the previous year's MYE.

4.30 Following the 2011 Census, the 2002–2010 MYEs were 'rebased' to align them with the 2011 MYE and to ensure the correct transition of the age profile of the population over the 2001–2011 decade. At the 2011 Census, the resident population of Scarborough Borough was 108,800, a 2.4% increase over the 2001–2011 decade. The 2011 Census population total proved to be slightly lower than that suggested by the trajectory of growth from the previous MYEs (Figure 4.1), although during the period 2001–2011 the revised population estimates were slightly higher than the previous mid-year estimates. This evidence would suggest there is no necessity to account for 'unattributed population change'.

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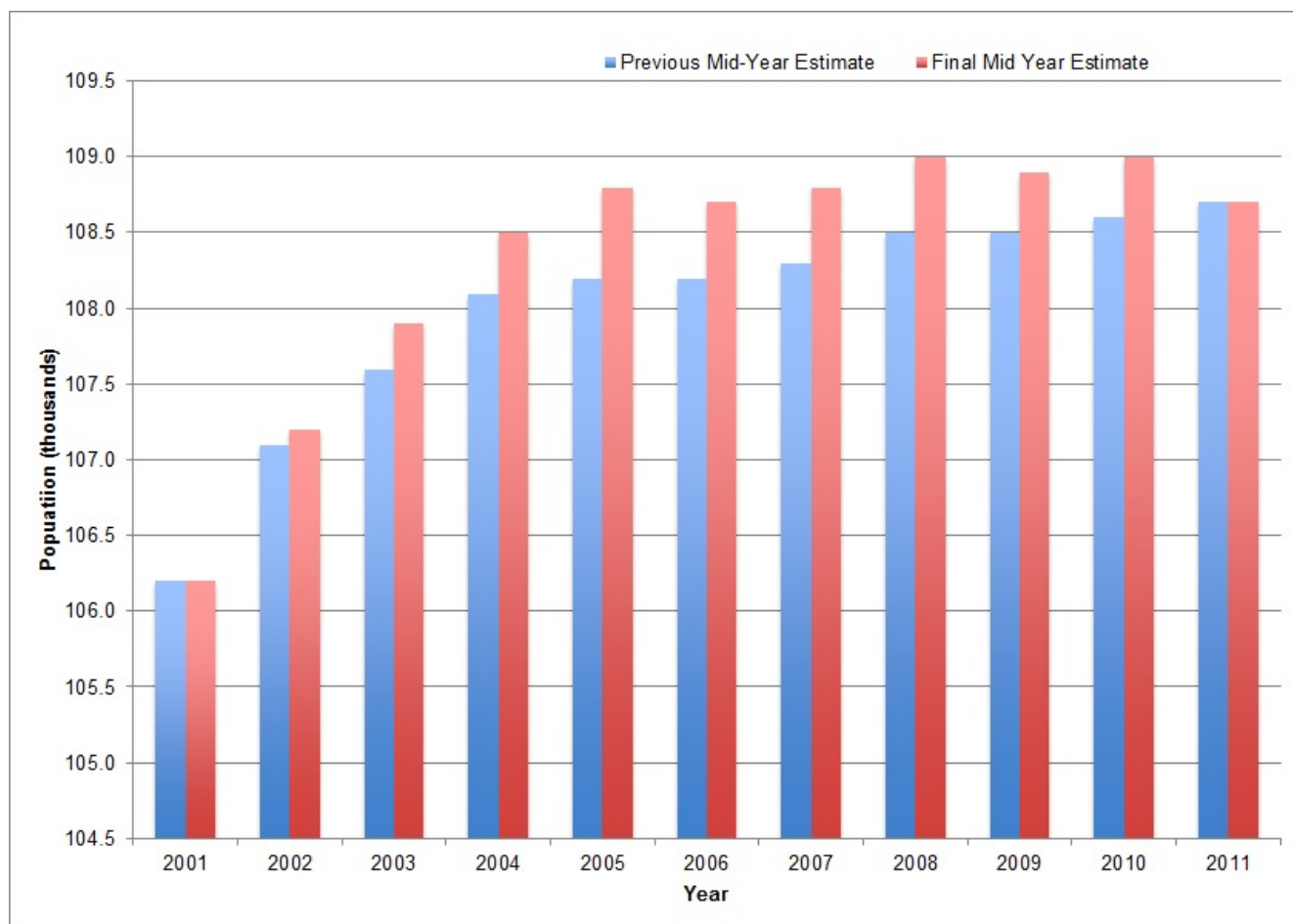


Figure 4.1 Mid-Year Estimates

Components of Change

4.31 The rebasing of the MYEs involved the recalibration of the components of change for 2001/02–2010/11. Between Censuses, births and deaths are accurately recorded in vital statistics registers and provide a robust measure of ‘natural change’ (the difference between births and deaths) in a geographical area. Given that births and deaths are robustly recorded, and assuming that the 2001 Census provided a robust population count, the ‘error’ in the MYEs is due to the difficulties associated with the estimation of migration.

4.32 Internal migration (i.e. migration flows to and from other areas in the UK) is adequately measured using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA), although data robustness may be lower where there is under-registration in certain age-groups (young males in particular). It is therefore most likely that the ‘error’ in the previous MYEs is associated with the mis-estimation of international migration, i.e. the balance between immigration and emigration flows to and from Scarborough Borough.

4.33 However, ONS has not explicitly assigned the MYE adjustment to international migration. Instead it has identified an additional ‘unattributable population change’ (UPC) component, suggesting it has not been able to accurately identify the source of the 2001–2011 over-count. The effect of the UPC adjustment depends upon the scale of population recalibration that has

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been required following the 2011 Census results. For Scarborough, the population estimates have been subject to a consistent annual *increase* due to the *under*-count over the 2001–2011 decade.

Empty and Second Homes

4.34 The following will assess whether any adjustment is needed to the housing requirement as a result of the impact of empty and second homes. The following table illustrates the recent trends in both empty and second homes. This information is taken from the Borough Council's Council Tax Register, therefore it will include properties in the National Park where there has traditionally been a high level of second home ownership.

| Date | Banded Props | 2nd Homes | % 2nd Homes | Long term Empty ⁽¹⁾ | % Empty |
|-----------|--------------|-----------|-------------|--------------------------------|---------|
| 01-Oct-15 | 56,601 | 4,045 | 7.15% | 736 | 1.30% |
| 01-Oct-14 | 56,235 | 4,112 | 7.31% | 645 | 1.15% |
| 01-Oct-13 | 56,091 | 4,211 | 7.51% | 595 | 1.06% |
| 01-Oct-12 | 56,004 | 4,071 | 7.27% | 804 | 1.44% |

Table 4.5 Empty and Second Homes

1. These are properties that are empty and unfurnished and have been for over 6 months.

Empty Homes

4.35 There are an estimated 2,057 (3.6%) vacant properties (2014 CLG Dwelling and Vacancy Data) across Scarborough Borough and these are mainly in the private sector. Properties can be empty for a variety of reasons which include: the properties are too difficult to repair or are in the process of being repaired; they are in the process of being sold; they have been bought for capital investment; or they are in probate. Long-term vacants (as shown in above Table) represented just over 1% of total dwelling stock in 2015 which is comparable with the national average. The evidence from Council Tax records show the number of long term empty properties remaining fairly stable. It is an aim of the Council that long term vacancy will remain below the national average.

4.36 The Borough Council is looking to revise its Empty Homes Strategy early in 2016, and whilst this will likely have a positive impact on the re-use of long term empty properties this is likely to be negligible on the overall numbers. It is therefore not proposed to adjust the housing figures either way to reflect any fluctuation in empty homes.

Second Homes

4.37 In common with many coastal authorities there are a high proportion of second homes in the Borough. There are approximately 4,000 second homes in the Borough (Council Tax 2015), which have not been included in the calculation of available housing stock. The recent trend in second home ownership has been fairly static and there are no indicators that this situation will change over the Plan period.

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4.38 The majority of the housing sites proposed for allocation within the Plan are not in locations that traditionally have been attractive as second homes and whilst people could still buy existing stock for use as second homes there is no evidence that points to any increase. The assumption is therefore that the level of second home ownership will remain roughly the same throughout the Plan period and no adjustment to the housing requirements are needed in relation to this factor.

Economic Projections

4.39 The assessments above relate solely to household and/or population change and do not make any assumption for job creation and the economy of the Borough and the impact this will have on the housing market. This section examines a number of scenarios including no job growth and various growth scenarios based on local assumptions qualified by econometric modelling outputs.

Housing Need Arising from No Job Growth

4.40 Prior to examining job growth it is considered relevant to assess the scenario of no job growth. As a result of retirements and job succession this would likely still have an impact on the requirement for new housing. This is set out in the table below.

| Indicator | Jobs 2032 (FTE) ⁽¹⁾ | Total in Employment in the Borough ⁽²⁾ | Numbers of Workers Required to Meet Jobs in 2032 ⁽³⁾ | Shortfall of People of Working Age Against Jobs |
|---------------|--------------------------------|---|---|---|
| No Job Growth | 34,080 | 42,085 | 41,918 | -167 |

Table 4.6 No Job Growth

1. Source: Baseline forecast from Regional Econometric Model for Yorkshire and The Humber - Experian (Equivalent to 2011 figure from 2015 forecast)
2. Source: 2012 Based - Subnational population projections: See Appendix A
3. Assumed rate of 1.23 of jobs to a person in employment which takes account of full and part time patterns of work. See Appendix A for further information.

4.41 This demonstrates that in the unlikely case of the economy staying as is with no job growth there would be no need to increase the population over and above the increase predicted in the 2012 based household projections. There would therefore be no requirement for additional housing attributable to employment change.

Housing Need Arising from Employment Growth and Economic Projections

4.42 While the above assesses the impact of no job growth, the assumption is that there will be growth in the local economy; a view which is supported by economic forecasts, produced by the Regional Econometric Model (REM).⁽²⁾ As illustrated in Table 4.7 below, the REM forecasts have changed significantly over time. This is primarily due to the nature of the model, which seeks to apply historic trends to an estimation of future economic performance. As a result, the model is inherently sensitive to change and as the economy has evolved over time, so have the REM forecasts.

4 Objective Assessment of Housing Needs

| Date of REM Forecast | 2032 Net Change in FTE Jobs ⁽³⁾ |
|--------------------------------|--|
| August 2011 | +1100 |
| August 2012 | +1710 |
| March 2013 | +1320 |
| August 2014 | +4250 |
| January 2015 | +5870 |
| Mean Forecast 2011-2015 | +2850 |

Table 4.7 REM Predictions of Net Change in FTE Jobs by 2032 (5 year Average Forecast)

4.43 The sensitivity of the REM and its propensity to change highlights the difficulties in relying upon any one given forecast as the basis for assessing the impact of economic growth on housing need. Nevertheless, the REM forecasts have been used as the basis for developing a range of economic (job) growth scenarios within a supporting document, 'Economic Forecasts and Job Growth Scenarios' (Scarborough Borough Council). The scenarios are as follows:

| Scenario | Net change in FTE jobs |
|-------------|------------------------|
| "Medium" | +3000 (+8.4%) |
| "High" | +5000 (+14.8%) |
| "Very High" | +7000 (+20.5%) |

Table 4.8 Proposed Economic Scenarios

4.44 The "Medium" scenario broadly corresponds to the average (mean) 'net change' in FTE jobs across all of the forecasts, which as shown in Table 4.7 is circa 2850 jobs. While this scenario provides a balanced picture of potential economic growth, it does so by effectively offsetting the higher levels of growth shown by the more recent forecasts (2014 and 2015 forecasts) against the more pessimistic growth shown by the earlier forecasts (2011-2013), which predict significant levels of decline within key sectors such as "Accommodation, Food Services & Recreation" and "Manufacturing".

4.45 The "High" growth scenario relates to the average 'net change' in FTE jobs across the 2014 and 2015 forecasts, which as shown in Table 4.9 below is 5060 jobs. While each of the forecasts have their own strengths and weaknesses, particularly when analysed at the sectoral level, they are considered to represent a more optimistic view of the economy as it moves further away from recession towards recovery and growth.

| Date of REM Forecast | 2032 Net Change in FTE Jobs ⁽⁴⁾ |
|----------------------|--|
| August 2014 | +4250 |

3 Projected forward from 2031 figures

4 Projected forward from 2031 figures

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| Date of REM Forecast | 2032 Net Change in FTE Jobs ⁽⁴⁾ |
|--------------------------------|--|
| January 2015 | +5870 |
| Mean Forecast 2014-2015 | +5060 |

Table 4.9 REM Predictions of Net Change in FTE Jobs by 2032 (2 year Average Forecast)

4.46 The “Very High” scenario is not justified by any of the REM forecasts and represents a highly optimistic and potentially unrealistic growth scenario. It is based on suggestions of the Borough Council’s Economic Development team that in excess of 7000 jobs could be created over the coming years. This is not based on empirical evidence but upon an estimation of the employment impact of potential investments and development projects.

4.47 Projections of economic growth can be used to inform the demand for dwellings. Such estimates are, however, a best fit using several assumptions and the working out for this scenario is explained below and in further detail in Appendix A: Methodology for Calculating Housing Need.

4.48 These include employment rates, how many local residents will take up newly created jobs and the level of commuting into the Borough for work. Such trends are very difficult to predict with accuracy, however, the interrogation of the data can provide the direction of travel with these trends and identify whether it will likely have an impact on household formation and the demand for new dwellings. For the purposes of this assessment the assumptions made are:

- A constant rate of economic activity of 62.8% amongst 16-74 year olds;
- Unemployment Rates will fall to approximately 5%;
- Commuting patterns will remain constant with a net out commute of 5.07% of those in employment;
- The ratio of people in employment to Full Time Equivalent jobs will remain at 123% after taking into account out-commuting patterns; ie, for each additional job required to be filled this would require an increase in the working age bracket of 1.23 people.
- The population increase required to fill a shortfall in the working age bracket is 204%; ie, for each additional worker required this would generate a population increase of 2.04 people.

4.49 It would appear that there are a considerable number of employees within Part Time work, however, this reflects the national trend of increased Part Time employment opportunities. This has been a long standing situation in Scarborough Borough and relates to the seasonal nature of certain jobs within the tourism and hotelier industry. The latest predictions on the employment make-up for the Borough do not suggest that this situation will vastly differ in the future.

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4.50 A more difficult issue to accurately predict is the level of employment opportunities that will arise due to people leaving work and/or retiring during the period 2011/32. However, this has been factored into Table 4.10 to provide a more robust estimate of required population growth over and above the ONS based Population Projections.

4.51 The implications of an ageing population are set out below, however, arriving at an accurate figure is very difficult.

4.52 A complicating factor is the continuing trend of people aged 65 and over working beyond the normal retirement age. This has increased over recent years and, with the recent relaxation of retirement rules, the increase in the pension age and current economic pressures, is likely to continue to rise for the foreseeable future. To take into account people working longer we have increased the economically active to include people up to 74 year old.

4.53 The current situation in Scarborough Borough as derived from NOMIS (a service provided by the Office for National Statistics) suggests that at the time of the Census 2011, 2324 people over the normal retirement age were classified as economically active, and of those people, 2288 were in employment. The proportion of people 65 and over in employment is slightly lower than the national average (9% compared to 10.1%) and this could be attributed to the fact that a significant number of people retire to coastal locations.

4.54 It is a safe assumption that the majority of these workers will retire in the next 20 years with the youngest of these workers being 84 in 2031. This will therefore release approximately 2500 jobs back into the market. The actual breakdown of these jobs is, however, unknown and what their equivalent would be expressed as Full Time positions is unclear as many will likely be part time employment. There is more doubt over the number of jobs that will be freed up from within the current 50-64 age bracket. All of this group will have reached the state retirement age, however, it is again safe to assume, bearing in mind the aforementioned trends, that a significant proportion of these workers will carry on beyond retirement, either within their current position or alternative part time positions. In this age bracket there are currently around 15,000 people employed in the Borough; again this will be a mix of full and part time positions.

4.55 At the other end of the age scale the Borough has witnessed a reduction in birth rates. The population currently aged between 0-16 is the age bracket that over time will replace the workers retiring over the plan period. There are currently just over 17,000 people within this age bracket. Taking into account the economic activity levels of the population, unemployment and further education there is unlikely to be enough local people to fill the positions vacated by retirees. This is clearly an issue that will have an impact on housing demand as jobs will need to be filled by people migrating or commuting into the town.

4.56 Taking this into account along with the medium to very high economic forecasts and Econometric Forecasts for job creation, there is estimated to be a shortfall of between 3523 and 8443 working age people. When factoring in the working age to population ratios this would mean a requirement to plan for between an additional 7188 and 17,225 people over and above the ONS household projections.

4.57 Table 4.10 below calculates the potential increase in population over and above the ONS household projections to meet various scenarios of economic growth.

Objective Assessment of Housing Needs 4

| Indicator | Jobs 2032 (FTE) ⁽¹⁾ | Total in Employment in the Borough ⁽²⁾ | Numbers of Workers Required to Meet Jobs in 2032 ⁽³⁾ | Shortfall of People of Working Age Against Jobs | Estimated Population Increase to Meet Shortfall ⁽⁴⁾ |
|--|--------------------------------|---|---|---|--|
| Medium Economic Forecast (+3000 jobs) | 37,080 | 42,085 | 45,608 | 3523 | 7188 |
| High Economic Forecast (+5000 jobs) | 39,080 | 42,085 | 48,068 | 5983 | 12,206 ⁽⁵⁾ |
| Very High Economic Forecast (+7000 jobs) | 41,080 | 42,085 | 50,528 | 8443 | 17,225 |

Table 4.10 Economic Growth Scenarios

1. 2011 baseline from 2015 REM forecast plus jobs indicated in scenario
2. Source: 2012 Based - Subnational population projections: See Appendix A
3. Assumed rate of 1.23 of jobs to a person in employment which takes account of full and part time patterns of work. See Appendix A for further information.
4. Using current rate of 2.04 persons per person in employment. See Appendix A for further information

Housing Need Arising from Economic Growth Scenarios

4.58 This demonstrates that the economy is likely to have a significant bearing on the level of housing required to be planned for over the Local Plan period. Whilst the ability to predict exact numbers of dwellings is not possible, it is clear that combining the tested levels of job creation and the impact of an ageing population will result in a need to provide housing for the considerable net in-migration of people required to take up these positions. The following tables set out the level of housing required under each of the above economic scenarios and calculates this need as an annual requirement after including the housing required as a result of demographic change.

| | |
|--|------|
| (A) Household Size | 2.03 |
| (B) Estimated Population Increase to Meet Shortfall | 7188 |
| (C) Extra Housing Requirement (2011/32) (B divided by A) | 3541 |
| (D) Extra Housing Requirement (per Annum) (C divided by 21yrs) | 169 |
| (E) Total Housing Requirement including Household Projections (C + 3668) | 7209 |
| (F) Annual Housing Requirement including Household Projections (D + 175) | 344 |

Table 4.11 Housing Requirement from Medium Economic Projection

| | |
|--|--------|
| (A) Household Size | 2.03 |
| (B) Estimated Population Increase to Meet Shortfall | 12,206 |
| (C) Extra Housing Requirement (2011/32) (B divided by A) | 6012 |
| (D) Extra Housing Requirement (per Annum) (C divided by 21yrs) | 286 |

5 Latest 2014 based national population projections suggest a 0.56% increase which equates to 12,800 during the plan period.

4 Objective Assessment of Housing Needs

| | |
|--|------|
| (E) Total Housing Requirement including Household Projections (C + 3668) | 9681 |
| (F) Annual Housing Requirement including Household Projections (D + 175) | 461 |

Table 4.12 Housing Requirement from High Economic Projection

| | |
|--|--------|
| (A) Household Size | 2.03 |
| (B) Estimated Population Increase to Meet Shortfall | 17,225 |
| (C) Extra Housing Requirement (2011/32) (B divided by A) | 8485 |
| (D) Extra Housing Requirement (per Annum) (C divided by 21yrs) | 404 |
| (E) Total Housing Requirement including Household Projections (C + 3668) | 12,153 |
| (F) Annual Housing Requirement including Household Projections (D + 175) | 579 |

Table 4.13 Housing Requirement from Very High Economic Projection

4.59 As can be seen by tables 4.11 to 4.13 the housing requirements vary from 344 to 579 dwellings per year depending on the economic scenario used. This is in comparison with the average net completions of 265 dwellings per year over the last 5 years and 303 dwellings per year over the last 10 years. Even the lowest of the economic growth scenarios would exceed the Borough's delivery of dwellings over the last 10 years.

Market Trends 5

5 Market Trends

5 Market Trends

5.1 National Planning Practice Guidance (NPPG) (para 20) states that the number suggested by household projections should be adjusted to reflect appropriate Market Signals as well as other market indicators of the balance between demand for and supply of dwellings. In broad terms, these signals should take account both of indicators relating to price (e.g. house prices, rents and affordability ratios) and quantity (e.g. overcrowding and rates of development). NPPG comments that market signals are affected by a number of economic factors and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, should be expected to improve affordability, and monitor the response of the market over the Plan period.

5.2 In line with NPPG, Table 5.1 considers a range of Housing Market Signals for Scarborough Borough. These should be monitored on a regular (at least annual) basis and the scale of dwelling delivery should be adjusted where the Borough Council believes it is appropriate to do so. Table 5.2 considers how the market signals evidenced compare with comparator districts, regional and national data.

| Price/transaction indicators | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|----------|----------|----------|----------|----------|
| Lower Quartile House Prices | £110,000 | £105,000 | £109,000 | £108,000 | £110,000 |
| Median House Prices | £143,000 | £145,000 | £142,000 | £140,000 | £142,500 |
| Lower Quartile Rents (per calendar month) | £446 | £429 | £416 | £412 | £420 |
| Median Rents (per calendar month) | £498 | £498 | £494 | £498 | £494 |
| Relative affordability (LQ earnings to LQ house prices) | 6.4 | 6.1 | 6.4 | 6.1 | 6.2 |
| No. Property Sales | 1471 | 1512 | 1477 | 1873 | 1893 |
| Quantity indicators | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total dwelling stock (at 1 April) | 56090 | 56440 | 56710 | 56870 | 57120 |
| Total vacant dwellings (at October) | 2,426 | 2,333 | 2259 | 2012 | 2057 |
| Total vacancy rate (at October) | 4.33% | 4.13% | 3.98% | 3.54% | 3.60% |
| Long-term vacancy rate (at October) | 1.82% | 1.54% | 1.37% | 1.03% | 1.08% |
| Overcrowding (2011 census) | | 2.50% | | | |
| Net additional dwelling stock | 330 | 350 | 270 | 160 | 250 |
| No. of households on the housing register (at 1st April) | 2,569 | 3,212 | 4,138 | 4,148 | 2,033 |

Table 5.1 Housing Market Signals

Market Trends 5

5.3 In terms of price/transaction indicators, a key message from Table 5.1 is that the market prices have been broadly consistent over the period 2010-2014, although the number of transactions has generally been increasing over time. The number of property sales has increased from 1,471 in 2010 to 1,893 in 2014. Over the period 2010 to 2014, lower quartile prices have ranged between £105,000 and £110,000 and median prices have ranged between £140,000 and £145,000. Relative affordability has ranged between 6.1x and 6.4x earnings. Lower quartile rents have fluctuated, but have seen a slight fall over the period, from £446 per month in 2010 to £420 per month in 2014. Median rents have been relatively stable, at between £494 and 498 per month over the five-year period.

5.4 In terms of quantity indicators, there has been a growth in the total number of dwellings. Vacancy rates have fluctuated slightly, but have fallen from 4.33% in 2010 to 3.6% in 2014, which compares with 2.61% for England as a whole.

5.5 Assuming the England average as a 'target' vacancy rate (which would suggest a target of 1,491 vacant dwellings, compared with actual vacancies of 2,057), it could be suggested that in 2014 there were around 566 surplus vacant dwellings across Scarborough. The current vacancy rate allows for a greater degree of household mobility within dwelling stock compared to the English average. Long-term vacants ⁽⁶⁾ represented just over 1% of total dwelling stock in 2014.

5.6 According to the 2011 Census, 2.5% of households were overcrowded. The extent to which households are overcrowded is measured using the 'bedroom standard'. ⁽⁷⁾ This compares with 4.6% across England. The 2001 Census reported an overcrowding rate of 4.9% (7.1% across England), suggesting that levels of overcrowding have fallen both nationally and locally.

5.7 The number of households on the housing register has fluctuated between 2,033 and 4,148 and averaged around 3,220 over the period 2010 to 2014.

5.8 During the five year period 2010 to 2014 inclusive, there has been a net additional increase of 1,030 dwellings, which is an average of 206 dwellings each year.

| Comparator 2010-2014 | Scarborough Borough | Comparator Districts ⁽¹⁾ | | | Yorkshire and the Humber | England |
|--|------------------------|-------------------------------------|--------|----------------|--------------------------------|---------|
| | | Isle of Wight | Torbay | North Devon | | |
| Lower Quartile House Price change | 0.0 | 3.8 | 4.0 | 2.7 | 3.2 | 5.6 |
| Median House Price change | -0.3 | 1.4 | 1.2 | 3.6 | 0.8 | 5.4 |
| Lower Quartile Rents (per calendar month) change | -5.8 | 5.2 | 0.0 | 3.9 | 0.0 | -0.7 |
| Median Rents (per calendar month) change | -0.8 | 1.8 | 0.7 | 5.5 | 19.3 | 4.4 |

6 These are properties that are empty and unfurnished and have been for over 6 months
7 as defined in the Housing (Overcrowding) Bill 2003

5 Market Trends

| Comparator 2010-2014 | Scarborough Borough | Comparator Districts ⁽¹⁾ | | | Yorkshire and the Humber | England |
|---|------------------------|-------------------------------------|--------|----------------|--------------------------------|---------|
| | | Isle of Wight | Torbay | North Devon | | |
| Change in relative affordability (ratio of lower quartile earnings to house prices) | -2.7 | -3.0 | -8.1 | -5.9 | 0.2 | 1.6 |
| No. Property sales change | 28.7 | 24.3 | 36.0 | 15.5 | 30.3 | 26.0 |
| Total dwelling stock change | 1.8 | 2.5 | 1.9 | 2.6 | 2.1 | 2.3 |
| Total vacancy change | -15.2 | -3.6 | -6.6 | 3.4 | -16.9 | -17.2 |
| Total long-term vacancy change | -39.3 | -23.7 | -21.4 | 15.4 | -29.1 | -31.4 |
| Overcrowding change 2001-11 | -45.9 | -43.9 | -63.8 | -53.8 | -30.9 | -29.7 |

Table 5.2 Housing market signals in comparator districts, region and England

1. Three most similar LA based on ONS 2011 Area Classification for Local Authorities

5.9 Table 5.1 shows that over the period 2010-2014 lower quartile house prices in Scarborough Borough have remained static, while median prices have fallen by -0.3%. This compares with growth in all comparator districts, the region and nationally. In the Yorkshire and the Humber region, lower quartile prices rose by 3.2% while median prices rose by 0.8%.

5.10 The overall relative affordability of properties to buy has improved, with the ratio of lower quartile house prices to incomes falling. This improved affordability has been experienced in all three of the comparator districts, while across Yorkshire and the Humber affordability has remained relatively stable and England as a whole has seen a worsening level of affordability.

5.11 In terms of quantity indicators, there has been an increase in the total number of dwellings over the period 2010-2014, with slightly below the regional and national trends. The increase in the number of property sales in Scarborough has been very similar to national, regional and comparator district trends.

5.12 Both overall and long-term vacancy rates have declined in the Borough; in line with regional and national trends. Overall vacancy rates have fallen at a higher rate than for the comparator districts, while the long-term vacancy rate has fallen faster than any of the comparator districts, and at a greater rate than the regional or national trends.

5.13 According to the 2001 and 2011 Census data, levels of overcrowding in the Borough have fallen by -45.9%. This is broadly in line with comparator districts but a greater fall than was seen in the region and England as a whole.

5.14 Local trends on the granting of planning consent for housing developments is a useful indicator. Although the new Local Plan is still in production, the Borough Council has shown a significant degree of pragmatism in the consideration of housing schemes located outwith existing development limits. Sites identified within the draft Local Plan 2014 consisting of circa 1100 dwellings have already been granted a formal consent by the Borough Council, significantly boosting the bank of dwellings with a valid planning consent. This, in addition to recent consents

Market Trends 5

for large scale development at Middle Deepdale (1350 dwellings), clearly demonstrates that the Borough Council has not unduly suppressed the housing market by restricting development to that allocated within an adopted Local Plan.

5.15 In conclusion, a review of market signal data would suggest that the housing market in Scarborough Borough is relatively stable. There are some variations in trends with other areas, for instance the significant reduction in long term vacancies. However, there is no recommendation to alter dwelling targets in the light of market signals relating to property price or quantity data. It is recommended that data be collected and monitored on a regular basis to ensure the Council has up to date information from which to review dwelling targets.

5 Market Trends

Conclusions of the OAN 6

6 Conclusions of the OAN

6 Conclusions of the OAN

6.1 The various evidence streams highlighted above demonstrate the numerous indicators and forecasts that can be used to identify an objectively assessed figure for housing need. The table below shows these scenarios covering the same period, 2011-2032 to allow a comparison.

| | Housing Growth Attributable to Scenario | Total Housing Growth | Annual Delivery Rate |
|---|---|----------------------|----------------------|
| Natural Population Change | 1191 | 1191 | 57 |
| 2012 Based DCLG Household Projections | 3668 | 3668 | 175 |
| No Job Growth | -339 | 3329 | 159 |
| Medium Economic Forecast (3000 jobs)(+8.4%) | 3541 | 7209 | 344 |
| High Economic Forecast (5000 jobs)(+14.8%) | 5983 | 9681 | 461 |
| Very High Economic Forecast (7000 jobs)(+20.5%) | 8485 | 12,153 | 579 |

Table 6.1 Summary of Housing Need by Evidence

6.2 By removing the unrealistic scenarios of natural change and no job growth, this demonstrates that the objectively assessed need for Scarborough Borough Local Plan area consists of a scale of need of between 175 and 579 dwellings per annum. It is not for the OAN to set an actual figure that will be carried forward into the Local Plan. The following chapter(s) will consider housing delivery and affordable housing need with the aim of translating the findings of the OAN into a formal figure for inclusion in the Local Plan as the agreed housing target for the period 2011-2032.

6.3 Furthermore, the information assessed on longer term migration trends, unattributable population change and empty/second home trends has demonstrated that there is no requirement to either increase or decrease the range of housing need set out in the above table.

Translating the OAN to a Local Plan Housing Target 7

7 Translating the OAN to a Local Plan Housing Target

7 Translating the OAN to a Local Plan Housing Target

7.1 The preceding chapters have set out the objectively assessed need for housing within the Local Plan area and concluded that this equates to a range between 175 and 579 dwellings per annum. This is the level of housing required to meet the requirements identified by employing varying scenarios for the Plan period up to 2032. It is necessary to critically assess this range of dwellings to determine the level of housing within this range that is to be included as the housing target within the Local Plan.

7.2 Before taking this forward it is important to restate that the Borough Council has worked closely with adjoining Local Planning Authorities to meet its duty to cooperate. None of those authorities (East Riding of Yorkshire District Council, Ryedale District Council, Redcar & Cleveland Borough Council and the North York Moors National Park Authority) have suggested that they are unable to meet their identified housing needs within their respective boundaries. As such, Scarborough Borough Local Plan is not required at this time to accommodate additional housing needs from beyond its own Local Plan boundaries.

7.3 The figure for inclusion in the Local Plan will therefore be derived from the stated range of 175 to 579 dwellings per annum.

7.4 The housing target will be required to be deliverable and contribute to its maximum extent towards meeting affordable housing needs. A figure should also ensure it represents sustainable growth meeting expected economic growth without creating unsustainable patterns of commuting.

7.5 The following chapters will address these matters prior to setting out the conclusions and the housing target to be carried forward into the Local Plan.

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8 Housing Delivery

8 Housing Delivery

8.1 A fundamental requirement of any Local Plan housing target is that it is deliverable. The availability of sites to meet the Local Plan housing target and the ability of the development industry to achieve said target are therefore important factors to consider. The first part of this chapter will assess the historical delivery rates achieved within the Local Plan area for an extended period to determine average delivery levels. This will provide an indication of the level of housing that may be achievable over a prolonged period; in this case a 21 year period up to 2032.

8.2 The previous 10 years net delivery rates are shown in the table below.

| Year | No. Of Dwellings |
|------------------------|--------------------------------|
| 2005/06 | 410 |
| 2006/07 | 603 |
| 2007/08 | 284 |
| 2008/09 | 196 |
| 2009/10 | 211 |
| 2010/11 | 236 |
| 2011/12 | 268 |
| 2012/13 | 159 |
| 2013/14 | 240 |
| 2014/15 | 416 |
| Total (Annual Average) | 3023 (302 dwellings per annum) |

Table 8.1 Net Housing Delivery 2005/6-2014/15

8.3 This highlights that over the previous 10 year period; a period that has witnessed economic growth and recession, the overall delivery rate averaged out to around 300 dwellings per annum.

8.4 It is possible to extend this assessment further back for a 20 year period, however, the data is not considered to be as reliable as that of more recent monitoring periods as losses to housing were not monitored as a matter of course. These figures therefore must be viewed with a degree of caution. The following table shows the delivery rates for the previous 20 year period.

| Year | No. Of Dwellings |
|---------|------------------|
| 1995/96 | 387 |
| 1996/97 | 74 |
| 1997/98 | 291 |
| 1998/99 | 271 |

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| Year | No. Of Dwellings |
|------------------------|--------------------------------|
| 1999/00 | 247 |
| 2000/01 | 231 |
| 2001/02 | 524 |
| 2002/03 | 846 |
| 2003/04 | 335 |
| 2004/05 | 440 |
| 2005/06 | 410 |
| 2006/07 | 603 |
| 2007/08 | 284 |
| 2008/09 | 196 |
| 2009/10 | 211 |
| 2010/11 | 236 |
| 2011/12 | 268 |
| 2012/13 | 159 |
| 2013/14 | 240 |
| 2014/15 | 416 |
| Total (Annual Average) | 6669 (333 dwellings per annum) |

Table 8.2

8.5 Using this extended data it demonstrates that the longer term delivery rates remain relatively similar to the 10 year period; increasing the average annual delivery rate to circa 330 dwellings. This is an indication of market delivery over that period and should average out the peaks and troughs associated with the UK and local economy. The following table compares the various scenarios set out under the OAN with the delivery rates for the previous 10 and 20 year period.

| OAN Scenario | Annual Identified Housing Need (A) | (A) as a proportion of Annual Delivery Rate (10 yr period) | (A) as a proportion of Annual Delivery Rate (20 yr period) |
|--------------------------------------|------------------------------------|--|--|
| 2012 based Household Projections | 175 | 58% | 52% |
| Medium Economic Forecast (3000 jobs) | 344 | 114% | 103% |
| High Economic Forecast (5000 jobs) | 461 | 153% | 138% |

8 Housing Delivery

| OAN Scenario | Annual Identified Housing Need (A) | (A) as a proportion of Annual Delivery Rate (10 yr period) | (A) as a proportion of Annual Delivery Rate (20 yr period) |
|---|------------------------------------|--|--|
| Very High Economic Forecast (7000 jobs) | 579 | 192% | 174% |

Table 8.3 Comparing OAN Scenarios to Actual Delivery

8.6 This table shows how the various scenarios considered under the OAN compare to the delivery rates achieved over both a 10 and 20 year period. Where possible Local Authorities should, in accordance with the NPPF, seek to increase the provision of housing. Clearly the two lower scenarios, namely the 'Household Projections' and 'Medium Economic Forecast' scenarios, do not meet the NPPF in this respect with the former requiring a reduction in housing delivery and the latter only a very modest increase.

8.7 Using the more reliable 10 year housing delivery data the higher economic growth scenarios, namely the 'High Economic Forecast' and 'Very High Economic Forecast' scenarios, would require a significant step-change in the delivery of housing within the Local Plan area. The required increase would range from 50% to an almost a doubling for the 'Very High Economic Forecast' scenario. Even utilising the 20 year delivery data it would represent either a 38% or 74% increase in housing delivery. It is considered that both of these targets would meet the NPPF requirement of significantly increasing the supply housing, though the latter target would appear particularly difficult to achieve and justify.

8.8 The following will examine the ability to meet the range of need identified by the OAN by identifying the sources of housing delivery available to make up supply. The Local Plan will show how the agreed housing target will be delivered through the Plan period. The make-up of the housing target can be varied comprising a number of components which are described below.

Completions 2011 to date

8.9 Completions for the Local Plan period to date (up to end of March 2015) has totalled 1083 dwellings. This figure will be taken into account in the determination of a housing target within the Local Plan and how it will be achieved.

Existing Permissions

8.10 At any point in time there will be land or buildings with planning permission for housing development (outline or full permission). These will be for the erection of new dwellings or the conversion of buildings to dwellings. It is also recognised that even though land has permission it may never be developed for various reasons. There needs to be an element of discounting to reflect this situation (the methodology for discounting has previously been agreed with the Strategic Housing Land Availability Assessment Working Group). The resulting figure provides a net number of dwellings with planning permission that are expected to be completed during the plan period and therefore need to be considered when arriving at a housing target. This source will be used in the determination of a housing target within the Local Plan and how it will be achieved. The latest figure (April 2015) for availability is 2833 dwellings. Following an

Housing Delivery 8

assessment of these sites and the use of an agreed discounting formula it is considered that existing permissions could contribute 2748 dwellings towards meeting the housing target included within the Local Plan.

Known Sources of Housing (Other Availability)

8.11 In addition to those sites with planning consent there are also a number of applications that are under consideration, approved and awaiting a legal agreement or known sites likely to be submitted in the short term. A list of these sites is shown below. These total circa 715 dwellings. Such sites will make a contribution towards meeting the housing needs of the Local Plan area and, as a reasonably accurate figure can be attributed to this source, it is considered that this should be factored into the derivation of the housing target to be set within the Local Plan.

8.12 There are additional sources for smaller developments and conversions but these have not been factored in.

| Site | Indicative Yield | Notes |
|-------------------------------------|------------------|--|
| Sneaton Castle, Whitby | 240 | Planning permission granted by Committee. Waiting finalising of the legal agreement. |
| Town Farm, Cloughton | 24 | Planning permission granted by Committee. Waiting finalising of the legal agreement. |
| McCarthy Stone Development, Newby | 30 | A planning application has been submitted and refused on various grounds. Whilst some form of development is likely to be considered acceptable in principle subject to technical and other legal agreement matters it is most likely the yield will be reduced from the proposed 42 to something more akin to 30. |
| Filey Tennis Courts, Filey | 30 | A planning application has been submitted and is under consideration. Subject to the successful dealing with the tennis courts this is considered acceptable in principle. |
| Former Rugby Club, Newby | 85 | A former planning application was withdrawn due to matters in relation to the legal agreement. These are currently being addressed and a further application is to be submitted shortly addressing previous outstanding matters. |
| Harvest Way, Eastfield | 9 | A planning application has been submitted and a recommendation of approval has been made. |
| GT Garages, Scarborough | 25 | A planning application has been submitted and is under consideration. |
| Greengables, West Bank, Scarborough | 15 | Planning permission granted by Committee. Waiting finalising of legal agreement. |
| South Cliff, Scarborough | 28 | A planning application has been submitted. |
| Belle Vue Street, Scarborough | 12 | Tied to above scheme for off-site affordable provision. An application is expected. |

8 Housing Delivery

| Site | Indicative Yield | Notes |
|--|------------------|---|
| Bramcote School, Scarborough | 40 | The site is likely to be available for re-use/redevelopment and a planning application is expected in the short term. Extra-Care or similar for 40 units is most likely. |
| Former Football Ground, Scarborough | 45 | A planning application has been submitted and is under consideration. |
| Former Sports Centre site, Scarborough | 40 | The site is being marketed and is most suitable for housing. Early work on design briefs suggest an indicative yield of around 40 units consisting of larger housing to the rear and potentially more dense apartment development along the frontage. |
| Whitby Hospital site, Whitby | 60 | The site is to be re-developed retaining the hospital on a smaller footprint with other supporting uses. It is suggested that the site will accommodate an extra-care unit (circa 40-50 units) and has the potential for further housing (private or affordable). |
| 1 Montpellier Terrace, Scarborough | 9 | A planning application has been submitted for the conversion to flats resulting in a net gain of 9 units. |
| Salisbury Arcade, Scarborough | 22 | Planning permission granted by Committee. Waiting finalising of the legal agreement. |
| Total | 714 | |

Table 8.4

Strategic Housing and Employment Land Availability Assessment (SHELAA) Sites

8.13 These are sites that have been identified as having the potential to come forward for housing (within the SHELAA), however, it is not clear at the current time whether they actually will come forward. Some have constraints and some have simply not progressed following requests from Scarborough Borough Council for further evidence or deliverability information.

8.14 Although a proportion of these are likely to come forward within the plan period, it is not possible at this stage to attribute a figure with any degree of certainty. For this reason it is considered that this source of housing should not be factored into the derivation of the housing target to be set within the Local Plan.

8.15 The contribution such sites make will be factored into the rolling delivery of housing as and when they receive formal planning approval and are built out. This will also ensure added flexibility to the delivery of housing.

Windfall

8.16 Windfall sites are normally sites which are not allocated sites or SHELAA sites but which are subsequently granted planning permission for housing development. Historically windfalls have made a substantial contribution to the housing completion rates. The NPPF and Inspector's comments at recent Local Plan Inquiries suggest that where there is historic evidence on windfall supply this should be allowed for when calculating future housing delivery. The table shows delivery over the previous 10 year period; split into small sites and large sites.

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| Year | Net Dwellings on Small Sites (1-9) | Net Dwellings on Large Sites (10 and up) | Total Windfall Dwellings |
|----------------|------------------------------------|--|--------------------------|
| 2005/06 | 116 | 69 | 185 |
| 2006/07 | 358 | 122 | 480 |
| 2007/08 | 108 | 17 | 125 |
| 2008/09 | 38 | 132 | 170 |
| 2009/10 | 121 | 97 | 218 |
| 2010/11 | 158 | 22 | 180 |
| 2011/12 | 156 | 143 | 299 |
| 2012/13 | 77 | 58 | 135 |
| 2013/14 | 86 | 80 | 166 |
| 2014/15 | 77 | 58 | 135 |
| Total | 1295 | 798 | 2093 |
| Annual Average | 130 | 80 | 210 |

Table 8.5

8.17 Although a proportion of these are likely to come forward within the plan period, it is not possible at this stage to attribute a figure with any degree of certainty and is difficult to deduce an accurate trend to project forward. For this reason it is considered that this source of housing should not be factored into the derivation of the housing target to be set within the Local Plan.

8.18 The contribution such sites make will be factored into the rolling delivery of housing as and when they receive formal planning approval and are built out. This will potentially ensure a significant degree of flexibility in the delivery of housing.

Exception Sites

8.19 An exception site is one generally adjacent to a smaller settlement which, under normal circumstances, would be inappropriate for development. However they can be considered more positively when contributing affordable housing for identified local needs.

8.20 With the advent of the NPFF and the revised policy stance on exceptions sites (allowing some market housing), it is likely that this will stimulate the further release of exceptions sites around the Borough. It is not possible at this stage to attribute a figure with any degree of certainty. For this reason it is considered that this source of housing should not be factored into the derivation of the housing target to be set within the Local Plan.

8.21 The contribution such sites make will be factored into the rolling delivery of housing as and when they receive formal planning approval and are built out. This will also ensure added flexibility to the delivery of housing.

8 Housing Delivery

Office and Rural Buildings to Dwellings under Permitted Development Rights

8.22 Recent changes to planning rules means that in some cases planning consent is not needed to create a new dwelling. The impact on the housing market in Scarborough Borough has, to date, been limited in nature with circa 20-30 dwellings created. However, it is also noted that these permitted development rights are to be made permanent.

8.23 It is not possible at this stage to attribute a figure that could be delivered from this source with any degree of certainty. For this reason it is considered that this source of housing should not be factored into the derivation of the housing target to be set within the Local Plan.

8.24 The contribution such sites make will be factored into the rolling delivery of housing as and when they receive formal planning approval and are built out. This will also ensure added flexibility to the delivery of housing.

Empty Homes

8.25 There will always be an element of empty homes within the market for the reasons set out in paragraph 4.35. Long term empty properties have remained fairly static and although the Borough Council will continue to tackle this issue, the overall impact is likely to be negligible in absolute numbers. It is therefore not intended to factor in any new dwellings being released from the empty homes sector as part of the overall housing provision as the numbers would be uncertain and in any event relatively small.

Second Homes

8.26 As with most tourist destinations a number of properties are used as second homes or holiday lets effectively taking them out of the housing market. The planning system cannot stop people buying properties for use as second homes, however, consideration needs to be given to whether this sector of the market will have an effect on dwelling supply. The current evidence as highlighted under Section 5 demonstrated no major fluctuation in the number of second homes. As such it is not proposed to assume any reduction in second home ownership (ie; transferring stock back into the general housing market). No allowance for a contribution from this source will therefore be factored into meeting housing numbers.

8.27 If the number of second homes is increasing there may be a need to deliver more homes to counteract this or if the numbers are decreasing the opposite may be true.

Site Allocations

8.28 The above sets out the identifiable sources of housing where accurate delivery figures can be attributed. These include completions during the current Plan period, existing permissions and known sources of housing. Once the number of dwellings that could be contributed from these components have been assessed the resultant figure will be the net requirement for dwellings over the plan period. Sites will need to be allocated that will be capable of providing for that net requirement.

Housing Delivery 8

Meeting Future Needs

8.29 To set an appropriate and deliverable housing target within the Local Plan it must be realistic, taking stock of previous delivery along with the sources of housing that could contribute towards the agreed housing number. The over-riding issue is deliverability and certainty as it would be inappropriate to set a target which goes unmet throughout the Plan period.

8.30 What is important to note is that the housing target to be included within the Local Plan will be a floor, not a ceiling. There is no phasing policy proposed for inclusion and housing sites will not be held back if or once the annual or overall Plan target is achieved.

8.31 The above confirms that only the sources of housing considered to have a degree of certainty in terms of their delivery will be used in the determination of an appropriate housing target for the Local Plan. This comprises completions within the Local Plan period, discounted planning consents, known sources of housing and site allocations.

8.32 Those sources with a degree of uncertainty over their future contribution will not. There is no doubt that these forms of housing will provide a level of housing but the actual number is unclear at present.

8.33 These sources will be added into the trajectory only when they have progressed to planning application stage with a grant of approval meaning that, as previously stated, the Plan will seek to meet the full objectively assessed need (housing target) through completions (2011-15), extant planning permissions and allocations.

8.34 Identified sources of housing can therefore account for circa 4550 dwellings. It is therefore proposed that the remainder of the housing target be fully identified within the Local Plan with sufficient housing allocations. The following table highlights the amount of dwellings that will be required to be allocated on housing sites within the Local Plan for each of the OAN scenarios.

| OAN Scenario | Dwellings Required | Identified Housing from Completions, Permissions and Known Sources | Minimum Homes to be identified in Local Plan Allocations |
|---|--------------------|--|--|
| Natural Population Change | 1191 | 4550 | 0 |
| 2012 Based DCLG Household Projections | 3668 | 4550 | 0 |
| No Job Growth | 3329 | 4550 | 0 |
| Medium Employment Forecast (3000 jobs)(+8.4%) | 7209 | 4550 | 2659 |
| High Employment Forecast (5000 jobs)(+14.8%) | 9681 | 4550 | 5131 |
| Very High Employment Forecast (7000 jobs)(+20.5%) | 12,153 | 4550 | 7603 |

Table 8.6 Housing required to be identified in Local Plan Allocations

8 Housing Delivery

8.35 This demonstrates that the minimum level of housing to be allocated would range from zero to over 7500 dwellings.

8.36 However this section earlier suggested that to meet the requirements of the NPPF in respect of delivering growth in housing delivery, any scenario below that of the 'High Economic Forecast' would be planning to fail, insofar as they would not increase the provision of housing above previous delivery rates. The latter two employment forecasts would therefore require allocations to deliver a minimum of between 5131 and 7603 dwellings. To put this in comparison with the previous Scarborough Borough Local Plan (1999); the allocations in that document sought to deliver 1704 dwellings over and above extant permissions at that time.

Affordable Housing 9

9 Affordable Housing

9 Affordable Housing

9.1 A further requirement of the Local Plan and the Local Authority in general is to plan to address the issue of the shortage of affordable housing. This section will set out the current affordable net imbalance as established in the up to date Strategic Housing Market Assessment (SHMA) October 2015 and the likely level of housing required to be delivered if such an imbalance was to be addressed in its entirety (solely through the use of planning policy⁽⁸⁾). It will then set out the impact the scenarios identified earlier in this report would have on affordable housing delivery.

The SHMA identified local affordable housing imbalance to stand at 2760 for the Borough. This figure represents the current backlog and the need arising over the initial 5 year period, as of 2015 (See Appendix A for SHMA methodology). The SHMA, however, covers the Borough as a whole and therefore takes into account affordable housing need within the National Park.

For the area outside of the National Park (the area the Borough Local Plan will cover), the figure is 2630 or 526 dwellings per annum for the 5 year period.

Beyond the initial 5 year period, the Strategic Housing Market Assessment projects the likely future demand for affordable housing taking into account population projections. The SHMA calculated this by using the CLG Guidance's preferred approach of using household formation and the survey estimated that 65% of these households would be unable to access open market housing. This equates to an annual estimate of future housing need (affordable) to be 429 dwellings per annum for the Borough and is estimated at 403 per annum for the Scarborough Borough Local Plan area. The SHMA also takes into account the number of annual re-lets out of the existing housing stock, this is estimated to be 88 per annum. This would result in a net annual affordable need of 315 dwellings.

This suggests that as of the production of the SHMA, for the period 2015/32, the imbalance in the affordable housing market within the Borough (Scarborough Borough Local Plan area) stood at 6410 dwellings.

Affordable Housing Requirement

The 5 year requirement for the period 2015/20 is estimated at 526 dwellings/annum.

The on-going requirement after the initial period is estimated at 315 dwellings/annum until 2032.

To project the actual requirement of affordable housing, there is a need to factor in current commitments. Current consents suggest that 641 affordable units can be delivered in the period 2015/20. Factoring these current permissions into the assessment and using the same formula within the SHMA it is estimated that there is a need for:

- 339 affordable dwellings per annum for the period 2015/32.

⁸ It should be noted that other mechanisms of addressing the affordable imbalance exist including the reduction of private rent levels and the provision of low-cost starter homes

Affordable Housing 9

9.2 Taking into account the estimated need for affordable housing it is possible to estimate the level of market housing that would be required to meet the total imbalance through planning policy.

9.3 The Local Plan policy on affordable housing proposes an area approach, with a minimum target of 20% affordable in some areas and a maximum of 40% in others. The majority of the Local Plan allocations for housing are in areas with a target of 30 or 40%. It is recognised that not all sites will be able to generate the target level of affordable housing for site specific reasons. For the purposes of estimating the likely delivery of affordable housing and recognising that not all sites will be able to fully meet their respective affordable requirement, it is assumed that an average provision of 25% across all sites is a realistic assumption. The table below shows the calculation of overall housing that would be required to deliver the full affordable need identified in the SHMA.

| Indicator | Initial 5 Year AH Requirement (2015/20) | AH Requirement (2020/32) | Housing Required (2015/20) | Housing Required (2020/32) | Total Dwellings Required | Average Annual Dwellings |
|--|---|--------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| SHMA 2015 Affordable Housing Needs estimates | 1989 ⁽¹⁾ | 3780 ⁽²⁾ | 7956 | 15,120 | 23,076 | 1471 ⁽³⁾ |
| * AH Provision @ 25% | | | | | | |

Table 9.1 Affordable Housing Requirement

1. Figure arrived at from SHMA 2015 and taking account of commitments (641)
2. Figure arrived at from SHMA 2015
3. This is in addition to any current permissions

9.4 This demonstrates at an average affordable delivery rate of 25%, the level of housing that would be required to address the imbalance is estimated at 23,076.

9.5 The following table takes the scenarios from the report and translates the level of affordable housing that could be delivered from the resulting allocations and other sources of housing that do not currently benefit from a formal planning consent.

| Scenario | Additional Housing to be Allocated ⁽¹⁾ | Potential AH Delivery @25% | Unmet Affordable Need 2015/32(A) | Delivery as a %age of (A) |
|------------------------------------|---|----------------------------|----------------------------------|---------------------------|
| Natural Population Change | 714 | 179 | 5769 | 3% |
| 2012 based Household Projections | 714 | 179 | 5769 | 3% |
| No Job Growth | 714 | 179 | 5769 | 3% |
| Medium Economic Growth (3000 jobs) | 3373 | 843 | 5769 | 15% |
| High Economic Growth (5000 jobs) | 5845 | 1461 | 5769 | 25% |

9 Affordable Housing

| Scenario | Additional Housing to be Allocated ⁽¹⁾ | Potential AH Delivery @25% | Unmet Affordable Need 2015/32(A) | Delivery as a %age of (A) |
|---------------------------------------|---|----------------------------|----------------------------------|---------------------------|
| Very High Economic Growth (7000 jobs) | 8317 | 2079 | 5769 | 36% |

Table 9.2 Potential Affordable Housing Delivery from Scenarios

1. including known sources of housing (714 dwellings)

9.6 This demonstrates that none of the scenarios identified would fully address the affordable imbalance. This is not unexpected as it is unlikely that any Local Authority will be able to fully address all of its affordable needs through the market housing model. It is therefore important to understand the impact that the various scenarios can have. The latter economic growth scenarios are capable of catering for between 25% and 36% of proposed affordable housing need over the Plan period; both a significant contribution.

9.7 It should be noted that the figures in the table take no account of the contribution windfall developments may make towards affordable provision or other methods of addressing affordable need as referred to in Paragraph 9.1.

Setting a Local Plan Housing Target 10

10 Setting a Local Plan Housing Target

10 Setting a Local Plan Housing Target

10.1 The document has so far set out a comprehensive evidence base to inform a range of housing required for the Borough for the period up to 2032. This need has arisen following the revocation of the Regional Spatial Strategy and the requirement, as prescribed in the National Planning Policy Framework, for Local Planning Authorities to determine a 'locally derived housing target'.

10.2 Section 5 set out a number of differing scenarios for housing delivery taking into account demographics and economic forecasting. These have resulted in a wide spread of potential housing targets ranging from a minor growth in the dwelling stock through to the delivery of around 580 dwellings per annum.

10.3 This has then been considered in light of previous delivery trends, the ability to meet future housing provision and the effect on affordable housing provision. The following section briefly sets out the pros and cons of each scenario considered and concludes by identifying a level of housing that is considered appropriate for inclusion in the Borough Local Plan.

Housing Scenarios

10.4 Natural Change - This scenario proposed the lowest level of growth (1191 dwellings) and required no additional housing to accommodate change. This was a very simplistic scenario and, as previously explained, only took into account births and deaths. There was no inclusion of migration into the Borough or 'policy-led' aspirations in relation to economic growth. As a consequence, this scenario

- would conflict with the National Planning Policy Framework in terms of 'boosting significantly the supply of housing';
- would not deliver any affordable housing over and above what currently has planning consent;
- would not provide the opportunity to deliver a mix of housing (specialist elderly, family homes, starter homes, executive housing, etc) as required due to changing demographics;
- would provide insufficient housing opportunities for the working population taking up new or replacement employment opportunities;
- would not meet local aspirations for economic growth or create an appropriate environment for business and other associated inward investment;
- would potentially result in increased in-commuting and an unsustainable pattern of transport movement; and
- could stymie regeneration opportunities that could be facilitated through housing development and conversion.

10.5 This scenario is not considered to meet the requirements of the Borough in terms of its likely population or any growth aspirations and disregards migration which is out of the Local Plan's control. The only apparent benefit of following a 'no growth' option is that this would not require the release of further greenfield land across the Borough and would therefore retain the open countryside and fringes of the towns in their current, undeveloped form.

Setting a Local Plan Housing Target 10

10.6 Household Projections - This scenario investigated household projections (2012 Based DCLG) incorporating trend based population changes and factoring in migration.

10.7 The 2012 based household projections suggest a growth in households from 49,400 in 2011 to 53,068 by 2032. This equates to a 3668 increase over that period; the equivalent of 175 dwellings per annum.

10.8 This generally remains below past performance of the Local Plan area in relation to housing delivery and, in a similar vein to the previous scenario

- would fail to address the principle of 'boosting significantly the supply of housing'; a requirement of the National Planning Policy Framework;
- would not make significant inroads into dealing with the affordable housing need identified in the Strategic Housing Market Assessment (2015);
- would not meet local aspirations for economic growth or create an appropriate environment for business and other associated inward investment;
- would not deal with the issue of employment creation and the impact on the housing market; and
- as these are trend based projections they do not consider the demographics of the Borough and the impact that this will have on employment succession and its resulting impact on in-migration.

10.9 In relation to these final points, if housing delivery does not match employment creation and succession it would result in unsustainable transport patterns with higher levels of commuting into the Borough.

10.10 Owing to the level of development proposed through this scenario and the current level of extant planning permissions there would be limited requirement for further greenfield site release over and above what already is under construction or permitted.

Economic Scenarios

10.11 No Economic Growth - Of the economic scenarios tested for the local economy, this scenario is the least realistic as it makes no provision for economic growth. Notwithstanding this it is a useful starting point to analyse as it provided data that highlighted the required population growth and housing requirement if the economy stays flat. This takes into account reductions in household size, the ageing population and the requirement to fill jobs vacated by retirees over the Local Plan period. This scenario results in no additional housing required over and above the household projections. This scenario would

- fail to address the principle of 'boosting significantly the supply of housing'; a requirement of the National Planning Policy Framework; and
- not meet local aspirations for economic growth or create an appropriate environment for business and other associated inward investment.

10.12 Again this scenario makes no provision for new job creation and, as such, is not factored into housing provision. Should additional employment creation be realised then it would potentially lead to greater levels of in-commuting and more unsustainable travel patterns.

10 Setting a Local Plan Housing Target

10.13 Medium Economic Forecast (3000 additional jobs) - This scenario would provide for the level of housing to accommodate the population growth associated with accommodating economic growth (medium employment forecast) in addition to the household projections. This would result in a requirement to plan for the delivery of 7209 dwellings over the plan period (annual delivery of 344 dwellings).

10.14 Whilst this level of housing would allow the provision of a mix of housing types, tenures and specialist housing for the elderly, including extra care, the level proposed would:

- still fail to address the principle of 'boosting significantly the supply of housing'; a requirement of the National Planning Policy Framework as this would represent a very modest increase in housing delivery over recent trends; and
- have only a limited impact on addressing the affordable imbalance identified in the SHMA and would not significantly boost the supply of affordable homes. It would meet approximately 15% of identified need over the Plan period.

10.15 As a consequence of the lack of identifiable and available brownfield sites across the Local plan area, this level of provision would require the release of a moderate amount greenfield land to accommodate the majority of the circa 2659 dwellings to be identified on Local Plan allocations.

10.16 High Economic Forecast (5000 additional jobs) - This scenario would provide for the level of housing to accommodate the population growth associated with accommodating economic growth (high employment forecast) in addition to the household projections. This would result in a requirement to plan for the delivery of 9681 dwellings over the plan period (annual delivery of 461 dwellings).

10.17 This is considered to meet the NPPF principle of significantly boosting housing supply and represents an increase over previous delivery of between 38% and 53% depending on the historic delivery rates it is compared against (20 years and 10 years respectively). It would allow for the provision of a mix of housing types, tenures and specialist housing for the elderly, including extra care. This level of delivery would:

- have a positive impact on addressing the affordable imbalance identified in the SHMA and would boost the supply of affordable homes. It would meet approximately 25% of identified need over the Plan period.

10.18 As a consequence of the lack of identifiable and available brownfield sites across the Local plan area, this level of provision would require the release of a substantial amount greenfield land to accommodate the majority of the circa 5131 dwellings to be identified on Local Plan allocations.

10.19 Very High Economic Forecast (7000 additional jobs) - This scenario would provide for the level of housing to accommodate the population growth associated with accommodating economic growth (very high employment forecast) in addition to the household projections. This would result in a requirement to plan for the delivery of 12,153 dwellings over the plan period (annual delivery of 579 dwellings).

Setting a Local Plan Housing Target 10

10.20 This clearly meets the NPPF principle of significantly boosting housing supply and represents an increase over previous delivery of between 74% and 92% depending on the historic delivery rates it is compared against (20 years and 10 years respectively). It would allow for the provision of a mix of housing types, tenures and specialist housing for the elderly, including extra care. This level of delivery would:

- have a positive impact on addressing the affordable imbalance identified in the SHMA and would boost the supply of affordable homes. It would meet approximately 36% of identified need over the Plan period.

10.21 As a consequence of the lack of identifiable and available brownfield sites across the Local plan area, this level of provision would require the release of very substantial areas of greenfield land to accommodate the majority of the circa 7603 dwellings to be identified on Local Plan allocations.

10.22 Whilst this meets with the NPPF principle of boosting housing supply, this figure would result in a target significantly above housing delivery achieved in the Borough over a sustained period of time. There is therefore great uncertainty whether this could be achieved on a consistent basis and it would appear particularly difficult to justify. It should also be noted that this level of employment growth is not based on empirical evidence but is based on suggestions of the Borough Council's Economic Development team that in excess of 7000 jobs could be created over the coming years.

A Housing Target for the Local Plan

10.23 When taking into account the above, it is considered that the most appropriate level of housing to take forward as a target into the Borough Local Plan and the one based on the most up to date and robust evidence is the 'High Economic Forecast' that is qualified by the recent REM forecasts for 2014 and 2015 and the supporting document 'Economic Forecasts and Job Growth Scenarios' (Scarborough Borough Council).

10.24 The methodology used to establish this figure recognised many factors including the falling household size, the ageing population, commuting patterns and so on. It allows the determination of a robust figure for housing delivery and accommodates anticipated growth forecast through household projections but also takes into account the need to provide housing over and above that requirement as a result of more recent REM forecasts that have a more optimistic view of employment growth in addition to the requirement to fill a substantial number of jobs vacated by retirees through in-migration.

10.25 It results in a challenging housing target but one that is considered to be achievable over the Plan period. It is a step up on previous delivery trends representing a 38% increase over the 20 year average annual delivery rate and 53% of the previous decade. The assessment has shown that there are sufficient sources of housing available to achieve this target without relying on windfall developments, though this will rely on the allocation of sufficient housing sites to deliver a minimum of 5130 dwellings; a substantial increase over the number of allocations in the former Local Plan (1999).

10 Setting a Local Plan Housing Target

10.26 Other scenarios either did not recognise the issue of employment and the impact economic growth will have on housing need or in respect of the very high economic scenario was not based on empirical evidence or realistic aspirations borne out by historic delivery rates. The very high economic growth scenario is considered to be an unrealistic aspiration with housing delivery trends over the past decade only showing around half the housing delivered that would be required under this scenario. To guarantee delivery and not rely on windfall developments, it would also necessitate over 7600 dwellings to be allocated across the Plan area.

10.27 The objective assessment of housing need proposed a scale of housing for inclusion in the Borough Local Plan of between 3675 and 11,991 dwellings (175 and 579 dwellings per annum). Taking into account historical evidence and assessment of future delivery, the target considered most appropriate is therefore recommended to be 9681 dwellings (461 dwellings per annum). This will be carried forward into the new Local Plan.

Methodology for Calculating Housing Need A

A Methodology for Calculating Housing Need

Appendix A Methodology for Calculating Housing Need

The following is an explanation of the assumptions used and the methodology for calculating the objectively assessed housing need for the Borough.

Household Size: The latest household projections were released on 28th February 2015. These projections are based upon the most up to date Census data from 2011.

The trends show a reduction in household size. The projections (Tables 427 of the 2012 based Household Projections for England and Local Authority Districts) show a reduction in household size by 2032 to 2.03 persons per dwelling.

Assumptions for Economic Projection Calculations: The calculation for population growth to accommodate economic growth has to make a number of assumptions relating to:

- Working Age Population (16-74 year olds);
- Economic Activity Rates (16-74 year olds);
- Unemployment Rates;
- Full Time Students;
- Commuting Rates;
- Total Workforce in the Borough;
- Proportion of People Working to the Number of Full Time Equivalent Jobs;
- Population Increase Required to Cover any Shortfall of Workers.

Working Age Population - With the changes in pensionable age and increases in life expectancy, more people are working until after they are 65. On this basis we have increased the potential upper working age from 65 to 74 as identified in the Census figures on economic activity rates. This is projected to fall from its current rate of 73% to 67% in 2032. This is calculated using the 2012 population projections for 15-74 year olds minus the number of 15 years olds identified in the 2011 Census.

Economic Activity Rate - The current amount of people either in work or actively seeking work has been calculated at 63% of the Working Age population⁽⁹⁾. An assumption has been made that this figure will remain constant.

Unemployment Rate - Not all of the economically active will actually be in work. A proportion will be classed as unemployed. The rate of unemployment used from the commencement of this work stood at approximately 6.75%⁽¹⁰⁾ (Source: NOMIS). The level of unemployment is likely to be impacted by, for example, the in-migration of people for specific job opportunities (new and existing positions), the recruitment of local people as per the remit of the Potash Mine Developer and the opening up of significant job opportunities from retiring residents allowing greater opportunities for the currently unemployed population of the area. For the testing of the housing scenarios it is assumed that unemployment will fall to around 5% by 2032. This figure will be used to calculate how many people will actually be in work.

9 This is taken from the 2011 Census (Table KS601EW)

10 This figure is taken from the 2011 Census (Table KS601EW)

Methodology for Calculating Housing Need A

Full Time Students - In our methodology we have deducted the persons registered as full time students (2392) from the Economically Active as whilst some may take part time work they would not be part of the overall labour market as they are not seeking full time employment. This will have a minor effect by slightly over estimating the number of workers required to fill jobs and the subsequent number of dwellings required.

Commuting Rates - Commuting rates are an important indicator that assist in determining the workforce required to fill jobs within the Borough. This is because not all people in employment who live in the Borough, work in the Borough. Scarborough Borough and Scarborough Town itself are, however, relatively self-sufficient in terms of its out-commuting rates and the proportion of jobs taken up by local residents.

The main factor involved in this is the ratio of persons who commute out to work as opposed to those coming in to the Borough for work.

In relation to this point, the Census 2011 highlighted that there the Borough is a net exporter of workers (commuters) to the level of 2242 persons. This sector of employed persons is removed from the actual workforce who occupy jobs within the Borough as this allows the calculation of a workforce to jobs ratio. This equates to a ratio of 1:1.05.

It is proposed to retain this ratio for forecasting the impact of Demographic Changes up to 2032. The reason for this is that the Local Plan promotes sustainable growth and the Council would not wish to see an increase in commuting numbers.

Total Workforce in the Borough - To assist in forecasting, it is important to understand how many people occupy the jobs in the Borough; ie the total workforce taking jobs in the Borough. This is calculated by determining the full economic activity rate for 16-74 years old and deducting the unemployed, full time students and net out-commuters. This will provide the workforce which takes up the jobs within the Borough.

Proportion of People Working to the Number of Full Time Equivalent Jobs - This assumption relates to the fact that not all workers work full time jobs. Many people work part time (some more than one position) and this is a trend which appears to have increased nationally. What this means is that it is important to know how many workers are required to fill each Full Time Equivalent position as this will have a bearing on the overall population requirement and subsequent housing numbers. The calculation used for this related to the need for 1.23 workers for each Full Time Equivalent post. This figure was arrived at by interrogating the various sources of data including Census 2011 and REM data and calculated by dividing the total workforce by the total number of FTE jobs in the Borough:

41,917 total in employment in the Borough (source: Census 2011) / 34,080 jobs (REM 2011 figures from REM forecast Jan 2015) = 1.23.

There is no evidence to suggest that this will vary one way or another and as such an assumption has been made that this will remain constant.

Population Increase Required to Cover any Shortfall of Workers - The final assumption relates to the population increase required to cover any shortfall of workers found through testing the scenarios. Where the resident labour force does not meet the jobs forecast, net in-migration

A Methodology for Calculating Housing Need

will occur to meet the jobs demand. The population and household projections have already accounted for trend based in-migration, either for work or retirement. The job opportunities will generate extra in-migration of 'working age people' seeking work. The next step of the methodology is to attempt to match the relationship between the extra working age population migrating into the Borough with the size of the household they will bring.

It is not a simple case of, for example, 1000 worker shortfall requiring a 1000 increase in the population of the Borough. For every worker that comes into the Borough there will be a different family scenario and, as such, a varying number of people who will therefore require accommodation. There will be occasions when a job is filled by a person who relocates to the Borough with no family. Likewise there will be occasions when a full family will relocate to the Borough for work, potentially with children and/or an extended family.

To develop a ratio of households to jobs we use the current number of economically active between the ages of 16-74 (so we do not exclude people working past current retirement age) and we add the children between the ages of 0 and 15 as all these children will be part of working age families.

Using 2011 Census data we can calculate the number of economically active between the ages of 16 and 74 as 52,245, the number of residents aged between 0 and 15 year old as 17,391 which gives a total in working age homes of 69,636. When we divide this by the number of jobs in 2011 which was 34,080, it gives an average of 2.04 people that will locate in the Borough for every new job.

Again there is no evidence to suggest that this will vary one way or another and as such an assumption has been made that this will remain constant.

A Worked Example

To work out the population required to accommodate varying levels of economic growth and to allow a calculation of housing need, above the population projections, the following explains the calculations based on the assumptions listed previously.

Methodology for Calculating Housing Need A

PART 1 - HOW MANY JOBS ARE THERE?

The first figure required is the number of Full Time Equivalent posts expected in the Borough in 2032. For the purposes of this worked example we will use the low employment growth scenario which estimates a figure of **36,580 (2011 FTE Rem figure of 34,080 + 2500 jobs)**.

PART 2 - HOW MANY PEOPLE WILL BE IN WORK IN 2032 (TOTAL IN EMPLOYMENT)?

The Working Age (16-74) population of the Borough in 2032 is projected to be **74,215** ⁽¹¹⁾ (66.8% of the population).

Of this Working Age population, 62.88% are predicted to be classed as economically active.

Therefore, $74,215 \times 62.88\% = \mathbf{46,666}$. However, unemployment will mean not all of this group are actually in work. When applied, the suggested level of unemployment (5%) will result in **2333** people unemployed and **44,333** people actually in work between the ages of 16-74.

The commuting numbers are assumed to stay as present at **2248** ⁽¹²⁾ (Plan-Led Strategy of Sustainable Growth) and results in the number of people in employment in the Borough (total workforce) = $44,333 - 2248 = \mathbf{42,085}$.

PART 3 - WHAT IS THE SHORTFALL (IF ANY) IN WORKERS AND POPULATION?

To work out what the required number of people in employment needs to be there is an assumed rate of 1.23 persons to each job. As such the required number of workers is $36,580 \times 1.23 = \mathbf{44,993}$

This results in a shortfall of $44,993 - 42,085 = \mathbf{2908}$ workers.

To increase the working population there is a need to increase the overall Borough's population. This is calculated by using the multiplier explained above: $2.04 \times 2908 = \mathbf{5933}$ people.

PART 4 - CONVERTING TO HOUSING NUMBERS

This required population increase is therefore converted to new dwellings required by using the figure for household size. For the purposes of this assessment, a figure of **2.03** persons per dwelling has been used for 2032 resulting in a need for: $5933 / 2.03 = \mathbf{2923}$ **new dwellings**.

A Methodology for Calculating Housing Need

Updating Affordable Housing Need B

B Updating Affordable Housing Need

Appendix B Updating Affordable Housing Need

This section sets out how the affordable housing need was calculated in the SHMA produced in 2015 and the estimated number of households requiring affordable housing who cannot be accommodated in existing stock.

PART A: THE SHMA 2015

Understanding the figures in the SHMA 2011 (EXISTING NEED)

The first 5 years is made up of existing need and newly arising need in the 5 year period.

This information was generally derived from survey work and the way it was calculated was:

STAGE 1: CURRENT NEED

| Step | Step Description | Calculation | Total |
|---------------|--|--|-------------|
| 1.1 | Homeless households and those in temporary accommodation | Annual requirement | 465 |
| 1.2 | Overcrowding and concealed households | Current need | 1238 |
| 1.3 | Other Groups | Current need | 4101 |
| 1.4 | Total current housing need (gross) | Total no. Of households with one or more needs | 5646 |
| 1A | TOTAL cannot afford open market (buying or renting) | % | 63.60% |
| 1B | TOTAL cannot afford open market (buying or renting) | Number | 3591 |

Table B.1

STAGE 2: FUTURE HOUSING NEED

| Step | Step Description | Calculation | Total |
|------|---|---------------------------------|--------|
| 2.1 | New household formation (Gross per year) | 1.74% of total households | 502 |
| 2.2 | Number of new households requiring affordable housing | % based on actual affordability | 64.63% |
| 2.3 | Number of new households requiring affordable housing | Number cannot afford | 324 |

Updating Affordable Housing Need B

| | | | |
|------------|---|--------------------|------------|
| 2.4 | Existing households falling into need | Annual requirement | 105 |
| 2.5 | Total newly-arising housing need (gross each year) | 2.3 + 2.4 | 429 |

Table B.2

STAGE 3: THIS EXAMINES SUPPLY AND HOW THIS WILL AFFECT THE NEED TO PROVIDE FOR ADDITIONAL AFFORDABLE HOUSING.

| Step | Step Description | Calculation | Total |
|------------|--|--|------------|
| 3.1 | Affordable dwellings occupied by households in need | (based on 1.4) | 851 |
| 3.2 | Surplus Stock | Vacancy Rate <2% so no surplus stock assumed | 0 |
| 3.3 | Committed supply of new affordable units | Annual | 268 |
| 3.4 | Units taken out of management | None assumed | 0 |
| 3.5 | Total affordable housing stock available | This is the stock available and is calculated by 3.1+3.2+3.3-3.4 | 1119 |
| 3.6 | Annual supply of social re-lets (net) | Annual supply (3 yr average) | 357 |
| 3.7 | Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels | Annual supply (3 yr average) | 15 |
| 3.8 | Annual supply of affordable housing | 3.6 + 3.7 | 371 |

Table B.3

STAGE 4: ESTIMATE OF ANNUAL HOUSING NEED

| Step | Step Description | Calculation | Total |
|------|-----------------------------|--------------------|-------|
| 4.1 | Total backlog need | 1.4A -3.5 | 2472 |
| 4.2 | Quota to reduce over 1 year | % | 20% |
| 4.3 | Annual backlog reduction | Annual requirement | 494 |

B Updating Affordable Housing Need

| | | | |
|------------|--|-------------------|------------|
| 4.4 | Newly arising need | 2.5 | 429 |
| 4.5 | Total annual affordable need | 4.3 + 4.4 | 924 |
| 4.6 | Annual Social rented capacity | 3.8 | 371 |
| 4.3 | NET ANNUAL SHORTFALL | NET | 552 |
| 4.4 | North York Moors Shortfall | Net | 26 |
| 4.5 | Scarborough Borough Local Plan Area Shortfall (5 years) | NET ANNUAL | 526 |

Table B.4

Estimating Future Need beyond 5 years.

This replicates stage 2 of the previous calculations and works out as an annual requirement of 315 dwellings beyond the initial 5 years. This is derived from 502 newly forming households and 35% of those being unable to access open market housing. Of the 429 newly arising need there are annually 88 new lets from existing social stock and 26 in need in the NYMNP which gives the net annual newly arising need.

Total Affordable Need over the rest of the Plan Period

| | | |
|--------------------|-------------------------------|-------------|
| 2015 - 2020 | 526 per annum | 2630 |
| 2020 - 2032 | 315 per annum | 3780 |
| 2015 - 2032 | (Minus 641 already committed) | 5769 |

Table B.5

Affordable Housing Need 2015/32

The updated position as of April 2015 is therefore as follows:

2015/20 - Requirement for 526 Affordable Units per annum; and

2020/32 - Requirement for 315 Affordable Units per annum.

641 affordable dwellings with permission not yet complete

Total Requirement is therefore 5769 Affordable Units.

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