



Appendix 4

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North Yorkshire Strategic Housing Market Assessment

Appendix 4: Richmondshire-specific SHMA Analysis
November 2011



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For and on behalf of GVA Grimley Ltd

1. Introduction to the Appendix Document

- 1.1 GVA was commissioned to undertake a Strategic Housing Market Assessment (SHMA) on behalf of the North Yorkshire Strategic Housing Partnership (NYSHP) in March 2010. The findings of this research will be used to inform the development of emerging strategic planning documents across the sub-region, including Local Development Framework (LDF) Core Strategy documents, and development control decisions.
- 1.2 The purpose of the SHMA, as explored in more detail in the context of Government guidance within the main report, is two-fold:
- To provide a SHMA undertaken in accordance with Government guidance and meeting PPS3 requirements; and
 - To assist in supporting the Council to fulfil their strategic housing role in planning for housing investment that meets the needs of the community.

Purpose of the Appendix Document

- 1.3 It was agreed at the outset of the commission that the main North Yorkshire SHMA report would present analysis at the North Yorkshire level, identifying key findings of note at Local Authority level.
- 1.4 In line with the requirements of SHMA guidance sub-areas below Local Authority level have been identified¹ and reflected in primary data collection and where possible secondary data collection and analysis².
- 1.5 Given the scale of the North Yorkshire sub-region, specifically the number of sub-areas identified below Local Authority level, and the need to provide a clear and useable SHMA report sub-Local Authority level analysis is documented within this Appendix document. It should be read alongside the main North Yorkshire SHMA report as providing more locally specific detail focusing specifically on the primary data collected and analysed as part of the process.

¹ The geography of analysis applied in relation to York is summarised in the following section of this document.

² The full methodological approach to primary and secondary sources of data utilised within the SHMA are considered within full in Section 1 of the main report.

Report Structure

1.6 This appendix document follows a similar structure to the North Yorkshire SHMA report. It draws on both primary and secondary data where appropriate, and should, as previously noted, be read alongside the North Yorkshire SHMA report as providing strategic context to the analysis presented.

- 1: Introduction – Introduces the purpose of the document and its structure;
- 2: Context – This section sets out the geography of analysis applied in relation to Richmondshire specifically including a definition of the sub-local authority areas used and presented through this Appendix;

Part 1: The Current Housing Market

- 3: Demographic and Economic Context – Whilst the dynamics of the housing market are complex, the consideration of the demographic and economic context based on current snapshot and past trends represents a fundamental foundation upon which to understand supply and demand currently and in the future. This section presents an assessment of key demographic and economic drivers concluding with analysis of the functional relationships between the local authority sub-areas identified within Richmondshire;
- 4: The Housing Stock – This section provides an assessment of the current profile of the housing stock across Richmondshire. This includes estimates of the current 'housing offer' of Richmondshire in terms of the number of current dwellings broken down by size, type, condition and tenure;
- 5: The Active Market – The relationship between supply and demand manifests itself in the operation of the active market. House prices, rental levels and key measures of demand including the number of households on waiting lists are all symptoms of market behaviour which are clear indicators of the current health of the market and the future direction of travel. An assessment of the active market is undertaken using both primary and secondary data, with key issues around affordability examined in detail;

Part 2: Future Housing Market and Need

- 6: Future Housing Market – The North Yorkshire SHMA report provides a comprehensive assessment of future household projections and analysis of the implications of change relating to a number of economic and demographic drivers in terms of future demand for housing, including demand for different sizes of property. Using the datasets available for this research it is not possible to break this analysis down below local authority area. This section therefore represents the headline findings of Section 7 in the North Yorkshire SHMA report alongside local authority specific tables and charts in order to make the findings easier to interpret;
- 7: Housing Need – As with Section 6 the North Yorkshire SHMA report provides a comprehensive assessment of housing need at a North Yorkshire and individual authority level. This section includes additional local authority specific data and methodological explanation, including a more detailed comparison with previous survey work. In addition the analysis of housing need is broken down to a local authority sub-area level. Ward level breakdowns of housing need are available as well in Appendix 12.; and
- 8: Drawing the Evidence Together – Conclusions – The research concludes the key findings and recommendations emerging with specific reference to Richmondshire. Conclusions drawn will be presented to directly respond to the core outputs set out in Figure 1.1 of the CLG Guidance.

1.7 Note: The Authority Appendix does not include comparative sections 3 and 9 from the North Yorkshire SHMA Report. Section 3 in the main report provides a strategic policy and market context which is not duplicated in this Appendix. Section 9 of the main report presents a detailed analysis of the housing requirements of specific groups. A large proportion of this analysis is not able to be presented at a sub-local authority level and again is therefore not duplicated within this Appendix. Key areas of analysis which can be presented at this level are integrated into sections 2 – 6 within this Appendix. The ward table in Appendix 12 provides further localised analysis of the current and future housing needs of older person households at this geographical level.

2. Context

- 2.1 As a precursor to the analysis presented within the remainder of this document, it is necessary to establish the spatial and policy context for the SHMA. Within this section the geography at which the analysis has been undertaken and is reported at is set out and explained.
- 2.2 Within Richmondshire the presence of Catterick Garrison represents a particularly important context when considering the findings of the SHMA. It is important to recognise that headline numbers need to be carefully interpreted acknowledging the impact of the military population. Where possible the impact of this specific population has been referenced and indeed the survey sampling methodology and subsequent weighting recognised this issue. However, for a number of the secondary datasets in particular, isolating out the impact of the military population on the cumulative statistics presented is more difficult. Ongoing engagement with the Catterick Garrison and the MoD will be important to ensure the assembled evidence base recognises significant changes in the military population and the impact this has on other parts of the authority and indeed neighbouring areas in North Yorkshire.
- 2.3 The spatial context for the wider North Yorkshire sub-region is presented in full within Section 2 of the main SHMA report. This includes the recognition of market areas operating at a level below the North Yorkshire scale but above the local authority across North Yorkshire. With specific reference to Richmondshire this includes recognition of both the Vales and Tees Link sub-area, covering part of Richmond but also parts of Harrogate and Hambleton and the Remote Rural sub-area which also cover parts of Craven and Harrogate. These sub-regional market areas are considered in more detail within Appendix 11.

Richmondshire District

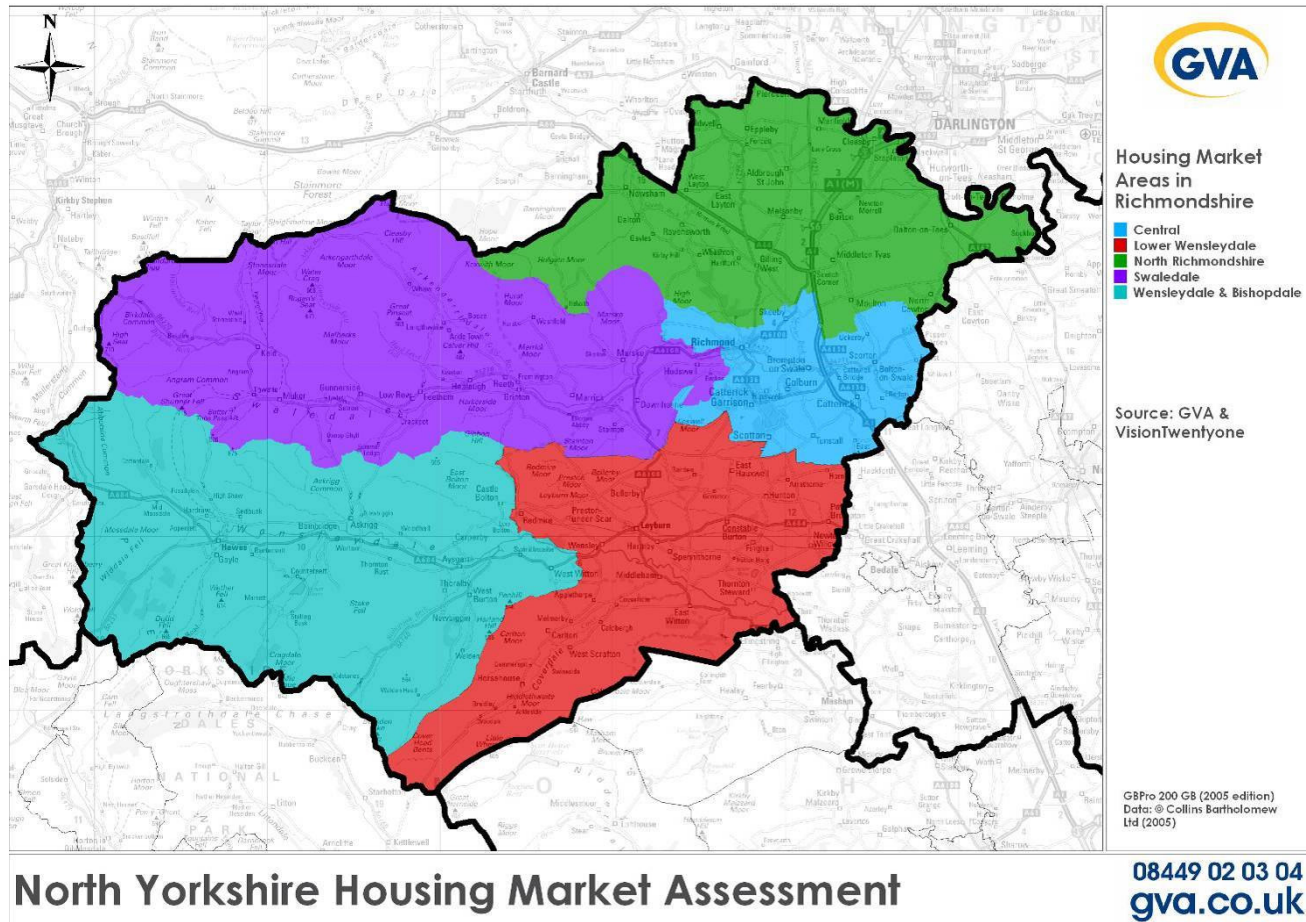
- 2.4 The following summary of the geography and general character of Richmondshire is taken from the Preferred Core Strategy (June 2010).
- 2.5 The Richmondshire plan area is situated in the east of the District and lies outside of the Yorkshire Dales National Park. It stretches from the Tees Valley and Vale of Mowbray lowlands in the east, through the Pennine fringe into Swaledale and Wensleydale in the northern Yorkshire Dales uplands.

- 2.6 The LDF plan area borders the Tees Valley City region and Darlington in particular in the north east. The remaining areas surrounding the plan area are the deeply rural Durham and Yorkshire Dales and the rural lowlands to the east.
- 2.7 The population of the LDF plan area is estimated to be 45,640 (mid 2007), which is 89% of the District total. Two thirds of people in the plan area live in the seven largest settlements, with estimated populations of: Hipswell, Scotton and Colburn (including Catterick Garrison) 15,320, Richmond 8,420, Catterick Village 2,800, Leyburn 2,120 and Brompton on Swale 1,770.

Richmondshire Local Market Areas

- 2.8 In line with the CLG Guidance the SHMA must define market areas and the key drivers associated with these areas. This will include consideration of geographies below the District level.
- 2.9 Richmondshire has identified local sub areas, which were cited within a previous HMA (2008). These five areas are: 'Central', 'Lower Wensleydale', 'North Richmondshire', 'Swaledale' and 'Wensleydale and Bishopdale' as mapped overleaf on Figure 2.1.

Figure 2.1: Richmondshire's Sub Areas (2011)



Richmondshire and the Military Population

- 2.10 Richmondshire is home to Catterick Garrison – the largest Garrison in the British Army and largest in Europe – forming the largest of 5 military sites within the wider Catterick Garrison Administrative Area. The latest Defence Analytical Services Agency (DASA) data suggests that there are approximately 7,840 serving military personnel within Richmondshire in 2011 – linked to the Garrison. Research by Richmondshire Council, drawing on information from the British Army, estimates that the Garrison population equates to some 11,000 persons, or approximately 20% of the population of Richmondshire district.
- 2.11 Research funded and commissioned by Yorkshire Forward and Richmondshire District Council, published in 2009³, concluded that the military presence in North Yorkshire, and Richmondshire in particular, has significant linkages to, and implications for, the functionality of the economy, housing market and demographic make-up of the authority. In total, the research found that the Ministry of Defence (MoD) employed over 17,000 full-time equivalent staff (including personnel) across North Yorkshire, with 47% based at Catterick Garrison. Moreover, much of this employment is local to the Garrison, with employment in the MoD representing 44% of all employment in Richmondshire district.
- 2.12 The location of a large volume of military personnel within the authority poses a number of challenges for the research process in terms of their distinct impact on the housing market. Unlike a traditional housing market component the current and future decisions of this population are not directly linked to traditional drivers but directly linked to external decisions by the Ministry of Defence (MoD). Decisions to change the placement of personnel have the potential to have a fundamental impact on key datasets such as the existing population and household structure as well as the economic and income profile of the district.
- 2.13 Accurately isolating out the role of this element of the population is extremely difficult. The role of the presence of the military as a housing market, economic and demographic driver of Richmondshire district is recognised throughout the analysis within this report and has an important bearing on the final conclusions. Wherever possible the narrative identifies how the military population may serve to affect particular statistics or modelled processes. Further focussed research, informed directly by the latest detailed information about the current population and future plans for Catterick Garrison, is likely to be required to supplement this research and assess specific issues in greater detail. This does not serve to undermine the conclusions of

³ The Economic Impact of Military Presence in North Yorkshire (2009) SQW Consulting

this research which provides a robust evidence base upon which policy can be developed, recognising the points noted above.

Local Policy

Richmondshire District Council Core Strategy Preferred Options June 2010

- 2.14 The Richmondshire Core Strategy will set out the spatial vision for the local area and the strategic policies which will deliver the vision in the long term. It is currently at Preferred Options stage, following consultation in July 2010. A Local Strategy Statement has been prepared as a supplement to the Core Strategy due to the revocation of the Yorkshire and Humber RSS. It is expected that a submission draft will be prepared by late 2011.
- 2.15 The vision of the Core Strategy is that by 2026 Richmondshire will comprise of safe, healthy and prosperous communities with strong District centres in Catterick Garrison and Richmond where housing, employment and leisure facilities will be located. The proposed delivery of this vision will be supported by the provision of 200 houses per year between 2004-2026, with 80% of residential development located in the Central Sub Area, 13% in Lower Wensleydale and 7% in North Richmondshire.
- 2.16 The Core Strategy Preferred Options paper identifies a range of market influences in Richmondshire. Two of the most distinct areas are Darlington and the Tees Valley housing market and the remote rural area. In-migration and rural attractiveness are strong drivers of the local housing market, which has resulted in high average house prices. This coupled with the reduced supply of social housing limits access to owner occupation for many people.

Richmondshire District Council Prosperous Communities Strategy 2009 – 2012

- 2.17 Richmondshire's Prosperous Communities strategy provides an overview of the Council's approach to supporting and developing the economy from 2009-2012. **“Richmondshire will be a place which enjoys economic prosperity and where everyone has access to life long learning”**. This vision will be delivered with partnership working with other organisations that will assist through the provision of financial support and alignment of strategic focus
- 2.18 The Prosperous Communities strategy identifies the priority actions for the next four years and identifies how these will be achieved.

- Develop and deliver a package of financial support for business recovery and development;
- Implement improvements to infrastructure and connectivity for businesses;
- Encourage growth of the creative sector and the low carbon economy;
- Create a vibrant and sustainable evening economy;
- Improve the quality and promotion of our tourism product;
- Deliver a range of business engagement activities to identify and monitor local needs;
- Support the development of a 'work-ready' labour force; and
- Reduce unemployment and increase GDP in the District by 2013.

Part 1: The Current Housing Market

3. Demographic and Economic Context

The relationship between the economy, household composition and the housing stock represents a key driver in determining the balance between supply i.e. the stock of housing as explored in Section 4 and demand.

This section examines the two principal long-term drivers of demand, the demography of an area and the health of the economy to present clearly how Richmondshire's housing market has evolved in response.

The changing demography (population, household size, age structure etc...) of an area impacts strongly on the housing market and the type and quantity of housing required.

The role of the economy in shaping demand is also important with, for example, the level and type of employment available in an area playing an important role in determining the levels of disposable income available to households and therefore their ability to exercise choice in the market an issue which is considered in greater detail within Section 5. The linkage between employment opportunities and the housing offer also manifests itself in the relationship between work and home. The section concludes with analysis of commuting patterns to demonstrate current levels of containment in the District and the relationships with surrounding authorities.

Demography and Household Types

Demographic Trends

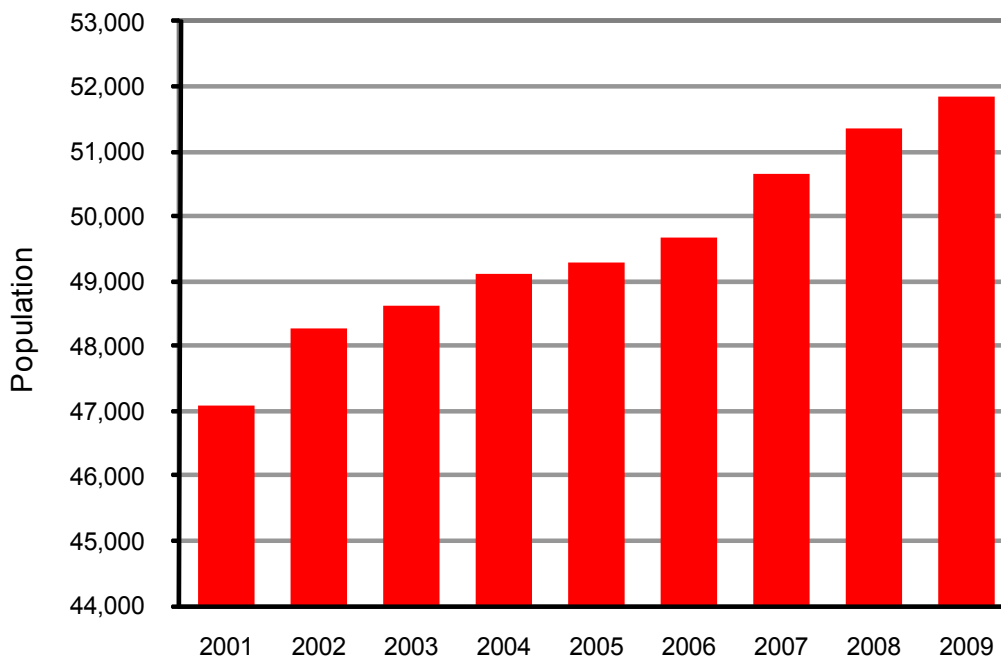
- 3.1 Traditionally demographics have been a key component of determining both the current shape of housing markets and their future trajectory. Changing demographic conditions strongly influence the housing market, including the overall housing stock required and the requirements of the stock to meet the needs of specific groups, for example the elderly.
- 3.2 Since the 1950s planning for housing policy has combined demographic projections with supply side information and spatial policy bias. It is therefore vital to have a clear understanding of the population and household structure when assessing current and future housing demand.

Current Demography and the Components of Change

- The 2001 Census provided the most recent, definitive count of the resident population of Richmondshire identifying 47,067 people within the area. This population includes military personnel residing in the authority at the time of the Census as noted within the Context section.
- Since 2001, the Office for National Statistics (ONS) has produced 'Mid-Year Estimates' (MYE) of local authority populations, taking account of the annual impact of births and deaths (natural change), internal migration and international migration (the components of change). The latest MYE for Richmondshire (2009) suggests that its population has increased by approximately 4,768 since 2001, a 10.1% rise over the nine year period, compared to an increase of 5.7% across North Yorkshire.
- The military population within Richmondshire provides an interesting challenge for the ONS in accurately estimating population change. It is understood that the estimates treat this component as a 'special population', however, this does not necessarily directly reflect the latest local data which will be held by the MoD. In a traditional population the estimating process applies assumptions to individuals of different sexes and genders around their propensity to form households and have families etc.... The application of these assumptions to elements of the military population have the potential to create distorting outcomes in relation to the actual population. Further research is recommended, beyond the scope of this SHMA, to investigate this issue in greater detail. This process will require up-to-date detailed information from the MoD regarding the current population and future plans for its expansion or reduction. **It is therefore important for the reader in interpreting the findings in this Section and proceeding Sections to recognise this problem in the handling of the military population within the analysed ONS datasets.**

Current Demography

Figure 3. 1: Population Change, Richmondshire, 2001 – 2009



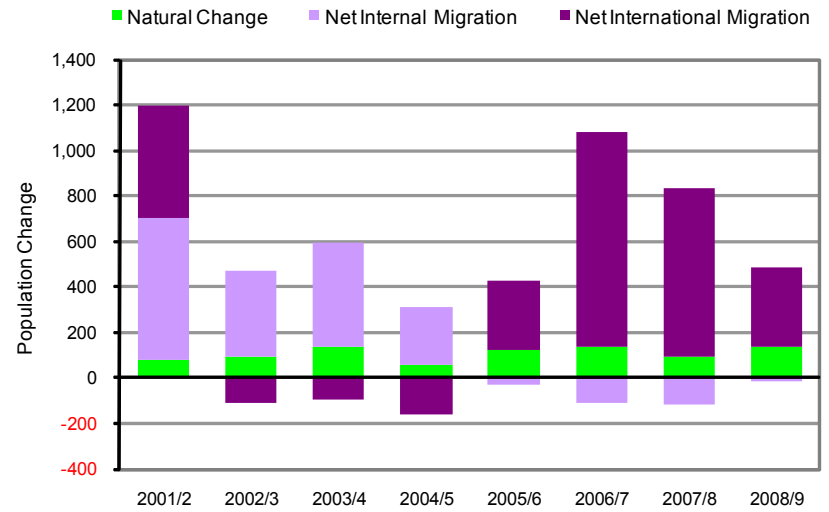
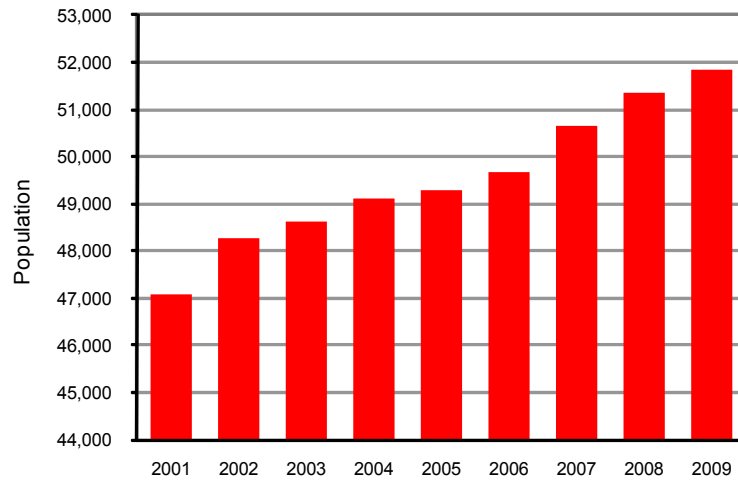
Source: ONS, 2010

- Disaggregation of this population change into its 'components of change' reveals the relative importance that is assigned to estimates of natural change, net internal migration and net international migration since 2001. Of the total population growth across Richmondshire between 2001/02 and 2008/09 (4,768), 1,471 (51.8%) is due to the net impact of international migration, compared to approximately 1,435 (30.1%) attributed to net internal migration. It is important to note that a proportion of the international migration growth is associated with migration linked to the military population. This is an issue explored in greater detail within Section 6. Natural change accounts for only 18.1% of total population growth over the period although again this component is also shaped by the treatment of the military population. Military families in SFA are generally younger and turnover on a regular basis (on average local evidence suggests this is every two years), this impacts on the modelling of natural change dynamics within the authority, potentially overstating the impact over the longer-term.

- Total population growth across North Yorkshire over the same period was driven by net international migration, accounting for growth of 22,500 between 2001 and 2009 (53% of net population growth), compared to 21,508 (51%) attributed to net internal migration. Natural change accounted for a slight decrease in total population over the period of 1,608.

Figure 3. 2: Richmondshire Components of Change Estimates, 2001 – 2009

Richmondshire

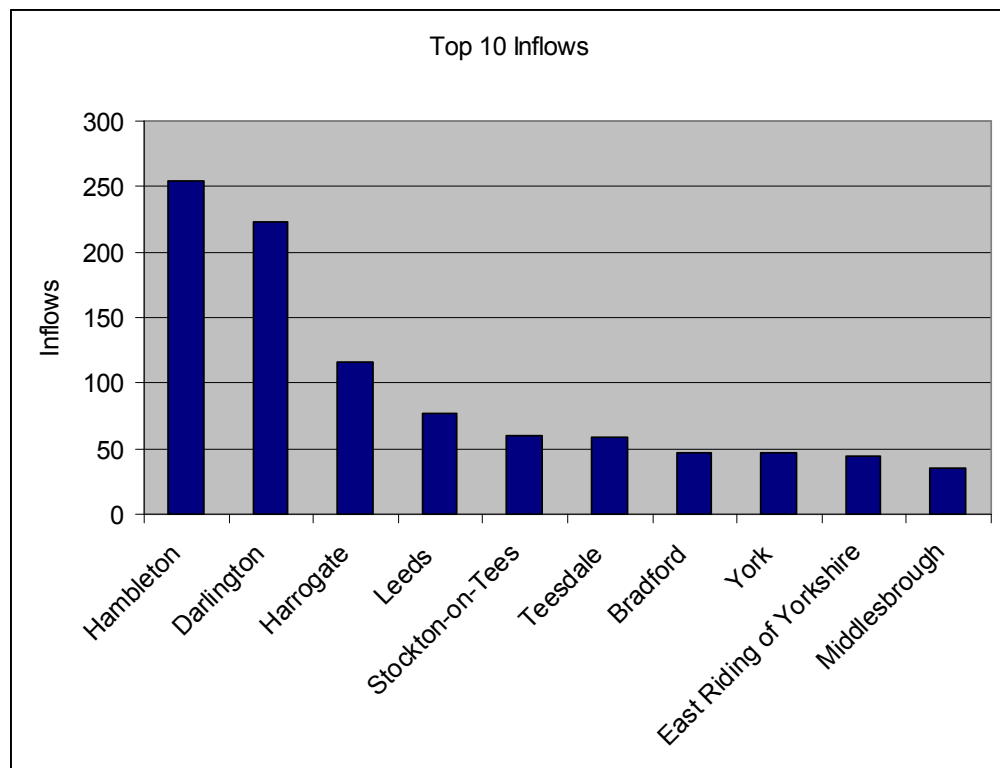


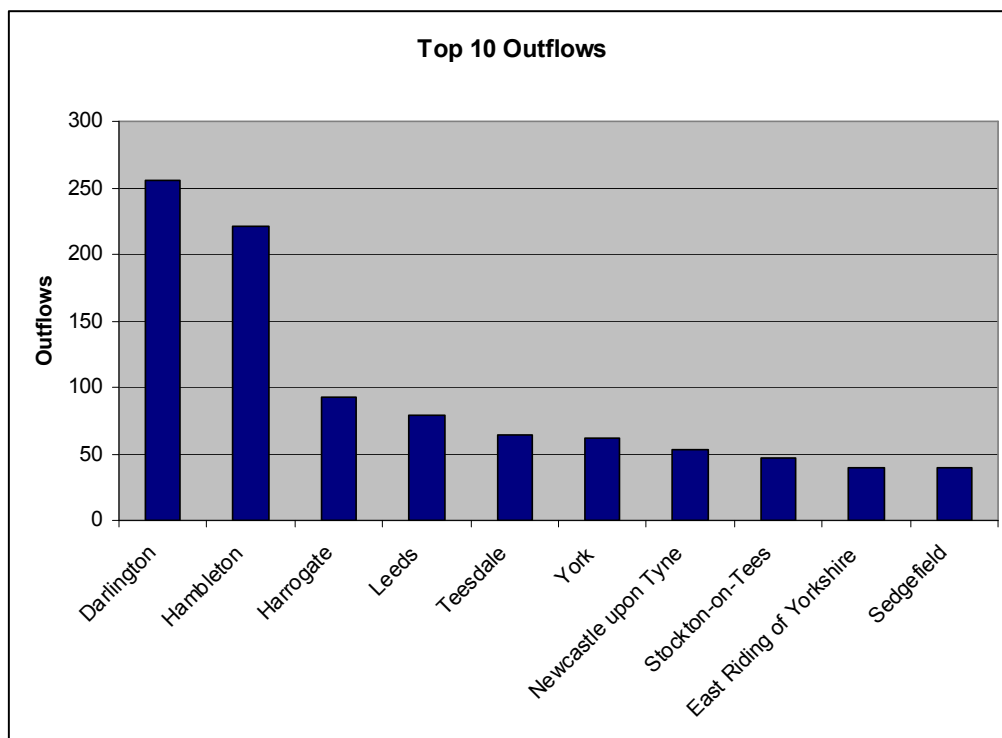
Source: ONS, 2010

Considering Internal Migration

- The migration of people into the authorities of North Yorkshire has been an important driver in the changing population profile of the area since 2001. Over the period 2002 to 2008 Richmondshire is noted to have experienced a net inflow of residents.
- The most significant inflow of residents to Richmondshire over this period is noted to be from Hambleton, followed by Darlington and Harrogate. The top outflows noted from Richmondshire annually over this period support recognition of the important links with these three authorities, with the top three outflows from Richmondshire to Darlington, Hambleton and Harrogate. The annual balance to these three authorities is 33, -33, and -23 over the period 2002 to 2008.

Figure 3. 3: Migration Inflows and Outflows, Annual Average 2002 – 2008



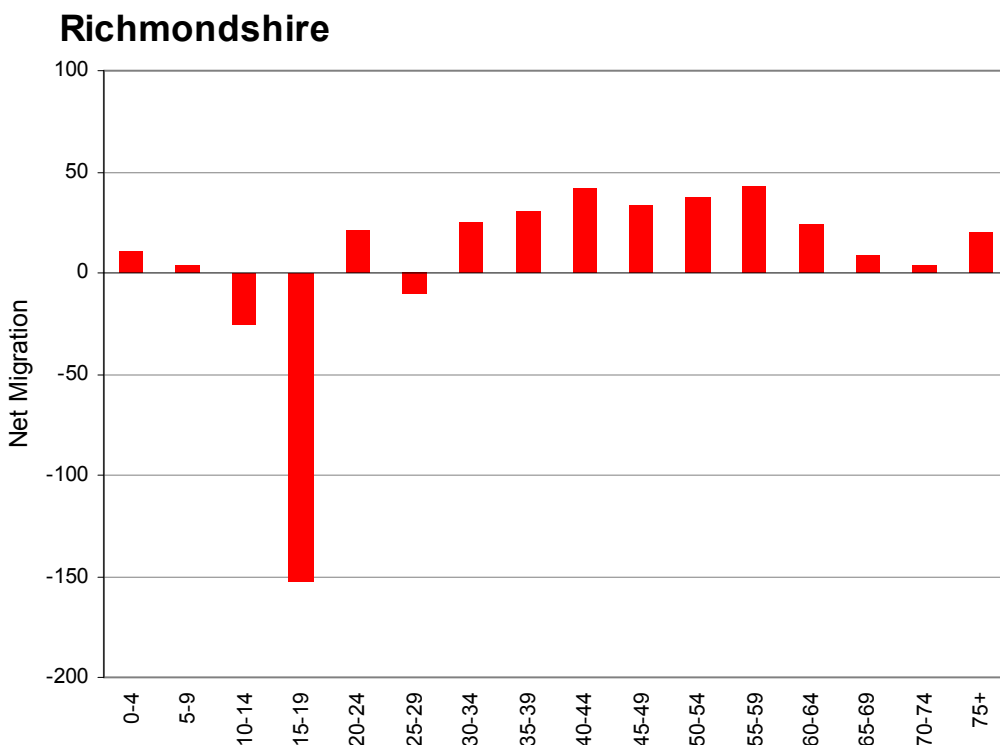


Source: Patient Registration Statistics, ONS, 2010

A Changing Age Profile

- Historically in aggregate terms, averaging age-group flows 2002 to 2008, North Yorkshire gained population through net migration in all age-groups, with the exception of children aged 10 – 14, and young adults aged between 15 – 19 and then people aged 25 and 29. This is illustrated through figure 3.4. Young families with children all saw positive net migration gains, as have each of the older adult age groups, across the sub-region.
- The data for Richmondshire over the same period shows a net migration gain in the 20 to 24 years age group, a distinct position compared to the North Yorkshire trend. This in part could reflect the impact of the military population. Indeed a number of the trends for people aged 15 – 34 are, in particular, likely to be affected by changing populations in the Garrison.

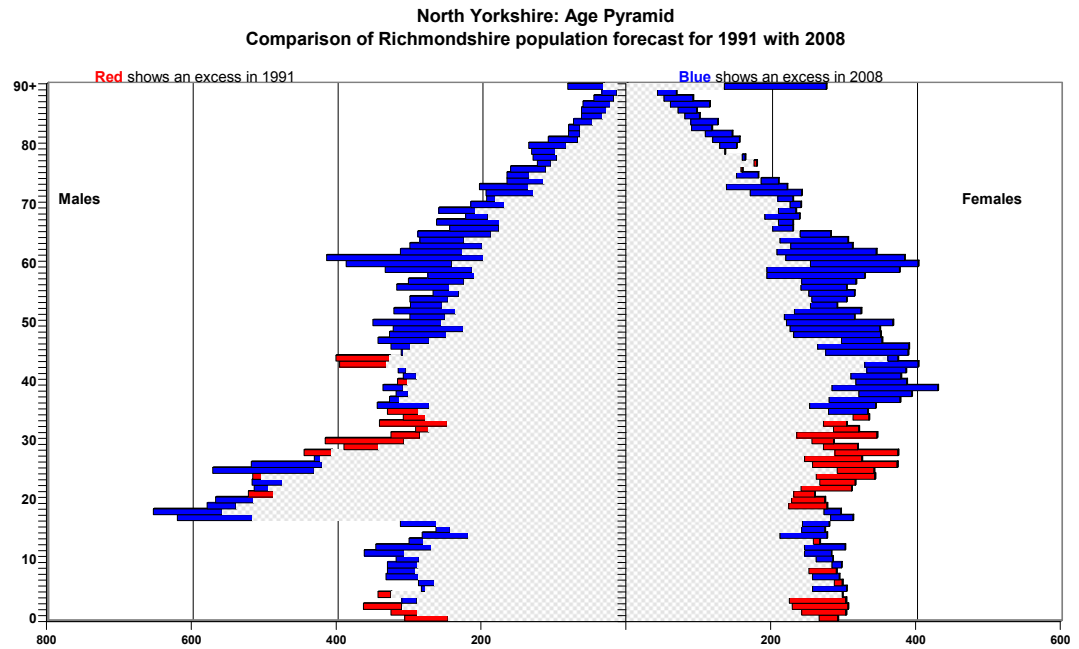
Figure 3. 4: Migration Inflows and Outflows Age Profile, Annual Average 2002 – 2008



Source: Patient Registration Statistics, ONS, 2010

- The following population pyramid illustrates the changes to a greater level of detail. Richmondshire has a distinct population profile when compared to other local authority areas, as there is a significant population gain in males aged between 15 and 25 without a corresponding gain in females of the same age group. As noted above the influx of young males into Richmondshire can be attributed to the military population within the local authority area. The unusualness of this population pyramid clearly poses a notable challenge for analysing population and household datasets as highlighted within Section 2 and considered further in Section 6,

Figure 3. 5: Population Age Pyramid, Richmondshire, 1991 – 2008

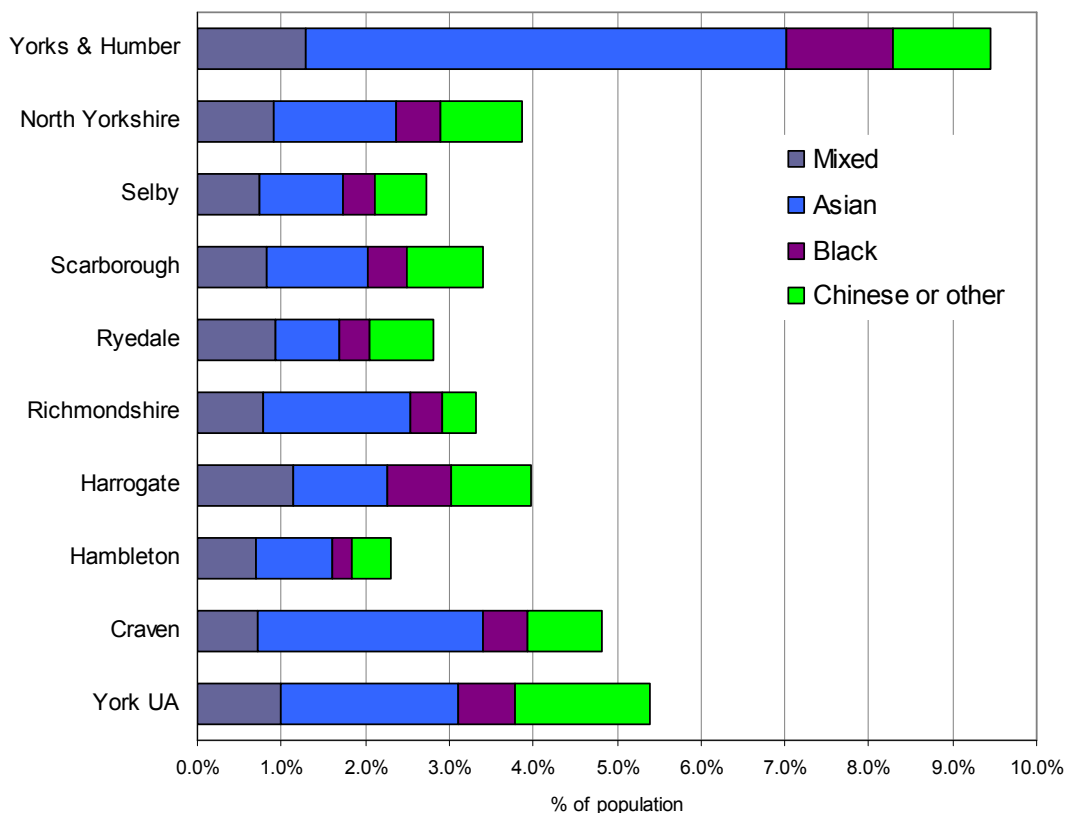


Source: ONS, 2010

Population and Ethnicity

- Whilst Yorkshire is noted to be an ethnically diverse region a large proportion of its ethnic population is concentrated in the urban areas of West and South Yorkshire. Just under 4% of the North Yorkshire population was identified to be 'non-white' in the ONS 2007 population estimates compared to 10% across the region.
- 3.3% of Richmondshire's population belong to ethnic groups compared to the sub-regional average of 3.9%.

Figure 3. 6: Ethnicity, 2007



Source: ONS, 2010

Households

3.3 Household numbers are directly related to housing stock and the supply of housing. Examining the change in household numbers is therefore a critical element of assessing the dynamics of the housing market.

Current Households

- At the time of the Census in 2001 there were approximately 315,000 households across North Yorkshire. There were approximately 18,000 households within Richmondshire at the same time, representing 5.7% of the sub-regional total.
- The number of households is unevenly distributed across the sub areas with the Central sub area containing 9,602 households and the Swaledale sub area

containing 929 households. The Central Area includes the settlement of Richmond as well as the Catterick Garrison, both of which clearly have an impact on swelling the numbers of households in the sub-area.

Figure 3. 7: Number of Households by Sub Area, 2001

Sub Area	Number of Households
Central	9,602
Lower Wensleydale	2,764
North Richmondshire	3,015
Swaledale	929
Wensleydale and Bishopdale	1,823

Source: Census, 2001

- More recent estimates⁴ suggest that there were just under 340,000 households across North Yorkshire in 2009, a growth of circa 25,000 (8%) from 2001. The estimated growth in households within Richmondshire contributed 4,440 households to the sub-regional total, representing a 10% growth within Richmondshire specifically.

Figure 3. 8: Change in Households, 2001 – 2009

Authority	Number of Households - Mid-year Estimates, ONS / Sub-National Household Projections				
	2001	2009	Change 2001 – 2009	% Change 2001 - 2009	Annual Average Change 2001 - 2009 (8 years)
Richmondshire	18,159	19,969	1,810	10%	226
North Yorkshire	314,878	339,424	24,546	8%	3,068

Source: DCLG Sub-National Household Projections, 2010

⁴ Population estimates are converted to household estimates with the application of 'headship rates', which model the propensity of a person (by age and sex) to be 'head' of a household. Household populations exclude those individuals living in institutional accommodation. Institutional accommodation includes people living in military barracks therefore impacting on the overall modelling by the DCLG of households in Richmondshire. The DCLG Paper 'Updating the DCLG projections to a 2008 base: Methodology' states that for the household projections, the assumption is made that the institutional population stays constant at 2001 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2001 level by age, sex and marital status for the over 75s. No correcting factors have been applied in the 2008 DCLG sub-national household projections and this will require further analysis to look at this issue in detail within Richmondshire.

- The estimated number of households noted above does not directly align with the number of occupied households (sourced from HSSA) presented in the following section⁵. This suggests that the DCLG figures may represent an under-count again highlighting potential issues with the estimating of population and households within the authority.
- The change in headship rate applied within the estimation of household numbers over the period 2001 to 2009 in North Yorkshire demonstrates the DCLG projection that household size has continued to fall over the time period considered. Richmondshire is the only Local Authority which demonstrates an increase in household size from 2001- 2009 with household size increasing from 2.40 to 2.42. This growth in household size is likely to have been driven by the demographic changes to the population over this period considered under the population subsection. The ONS data suggests an out-migration of younger households, more likely to be in households of one or two people and in-migration of family households, likely to include more than two household members. Again it is important to note that it is unclear exactly what impact migrating parts of the military population have on the stability of these statistics.

Figure 3. 9: Change in Headship Rates, 2001 – 2009

Authority	Household Size - Mid-year Estimates, ONS / Sub-national Household Projections									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	Change 2001 - 2009
Richmondshire	2.40	2.41	2.42	2.44	2.43	2.42	2.41	2.42	2.42	0.02
North Yorkshire	2.31	2.31	2.31	2.30	2.30	2.29	2.28	2.28	2.27	-0.04

Source: DCLG Sub-National Household Projections, 2010

3.4 An important factor behind the estimated fall in household sizes is the forecast structure of change around different household types. The following table uses the DCLG household projection datasets to analyse historical changes to the 17 different household classifications. Significant levels of change are highlighted, green for positive change and red for negative.

⁵ This identifies a total of 21,947 occupied properties based on HSSA data – paragraph 4.1

3.5 Across North Yorkshire growth has been particularly concentrated in house types commonly associated with one person households and interestingly a shift away from young families. In line with sub-regional trends one person households and couple have grown significantly in Richmondshire, although not to the same proportion as the North Yorkshire level in terms of all households, reflecting the migration trends noted above. For example one person male households have formed 24% of total growth compared with 35% across North Yorkshire, comparable figures for one person female households are 20% and 25%. However, importantly there has been positive change amongst family groupings in Richmondshire compared to North Yorkshire levels.

Figure 3. 10: Household Change by DCLG Household Types, 2001 – 2008

Household Type	Description	Household Change 2001 – 2009 Sub National Household Projections	
		Richmondshire	North Yorkshire
OPMAL	One person households: Male	442	8,560
OPFEM	One person households: Female	359	6,157
FAM C0	One family and no others: Couple: No dependent children	955	15,597
FAM C1	One family and no others: Couple: 1 dependent child	100	503
FAM C2	One family and no others: Couple: 2 dependent children	43	-1,849
FAM C3	One family and no others: Couple: 3+ dependent children	-40	-198
FAM L1	One family and no others: Lone parent: 1 dependent child	186	2,176
FAM L2	One family and no others: Lone parent: 2 dependent children	87	1,040
FAM L3	One family and no others: Lone parent: 3+ dependent children	5	281
MIX C0	A couple and one or more other adults: No dependent children	-251	-4,396
MIX C1	A couple and one or more other adults: 1 dependent child	-54	-1,823
MIX C2	A couple and one or more other adults: 2 dependent children	-19	-445
MIX C3	A couple and one or more other adults: 3+ dependent children	-5	-172
MIX L1	A lone parent and one or more other adults: 1 dependent child	7	-174
MIX L2	A lone parent and one or more other adults: 2 dependent children	-3	-7
MIX L3	A lone parent and one or more other adults: 3+ dependent children	6	4
OTHHH	Other households	-8	-709

Total	Total	1,810	24,546
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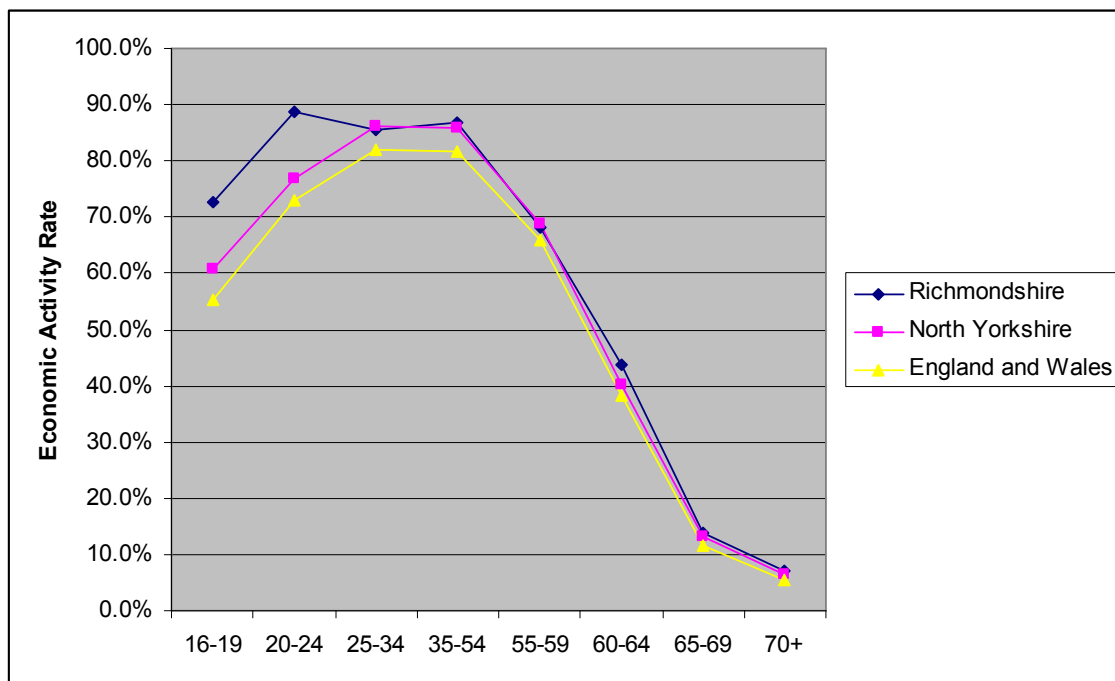
Source: DCLG Sub-National Household Projections, 2010

Employment Levels and Structure

Current Economic Activity

- Economic activity rates in 2001 across North Yorkshire were consistently above the wider England and Wales averages across all working-age cohorts. In Richmondshire economic activity rates are broadly similar with sub-regional and national trends.
- Economic activity rates amongst the 16-24 age group in Richmondshire are significantly above the North Yorkshire average, at 72.8% for the 16 to 19 age group and 88.7% for the 20 to 24 age group compared to the sub-regional averages of 60.8% and 77.0% respectively. This can be attributed to the large military population in Richmondshire which is comprised predominately of those in the younger age cohorts. This makes the comparison of these datasets with other authorities more difficult as the military population are an 'imported' population linked directly to employment. This therefore means that overall proportions are skewed; in this case the rates of employment. It is difficult to therefore ascertain the relative proportional employment rate of younger persons permanently residing within the authority.

Figure 3. 11: Economic Activity Rates, Richmondshire, 2001



Source: ONS, Census, 2001

- Over the period 2004 to 2009 unemployment within North Yorkshire was on average 1.9% lower than the national (England) rate over the period 2004 to 2009, suggesting these levels of economic activity were sustained post-2001. Over the period 2004 to 2009 Richmondshire had an average unemployment rate of 4.0% which is slightly above the North Yorkshire average of 3.6%⁶. In 2010 however the claimant count (a different indicator in terms of unemployment) in Richmondshire stood at 1.6%, compared to a North Yorkshire average of 2.4%⁷.
- The North Yorkshire economy performs well when benchmarked against regional and national economic indicators. The sub region has a high proportion of Managers and Senior Officials (16.2%), Professional Occupations (22.0%) and Associate Professional and Technical Occupations (13.7%)⁸.

⁶ Annual Population Survey, NOMIS

⁷ Claimant Count, NOMIS

⁸ Annual Population Survey April 2009- March 2010, NOMIS

- Richmondshire's economy displays a mixed performance compared to the sub-region when benchmarked against key economic indicators. The economic activity rate (81.7%) is high when compared to the North Yorkshire average of 79.3%⁹. However Richmondshire does not have a high proportion of Managers and Senior Officials (12.7%) and Professional Occupations (11.6%) but does have a high proportion of Associate Professional and Technical Occupations (15.9%)¹⁰. Again this occupation split is potentially distorted by the military population within the district, the occupation profile of which will change depending on decisions by the MoD about who is accommodated in the Garrison at any point in time.

⁹ Annual Population Survey April 2009 to March 2010, NOMIS

¹⁰ Annual Population Survey April 2009- March 2010, NOMIS

Figure 3. 12: Summary of Key Economic Indicators, Richmondshire

Key Economic Indicators							
	Total Working Age Population (mid-2009)	Economic Activity Rate, Aged 16- 64 (April 09- March 2010)	Unemployment Rate (Claimant Count, November 2010)	Proportion of Total Employment (July 2009- June 2010)			Commuting Ratio(2001)
				Managers and Senior Officials	Professional Occupations	Associate Professional and Technical Occupations	
Richmondshire	33,000	81.7%	1.6%	12.7%	11.6%	15.9%	1.11
North Yorkshire	481,800 ¹¹	79.3%	2.4%	16.2%	14.4%	13.7%	-
Yorkshire & Humber	3,273,400	75.4%	4.1%	16.0%	14.0%	14.6%	-
England & Wales	33,882,200	76.6%	3.5%	14.6%	12.2%	13.5%	-

Source: ONS / ACXIO / Nomis, 2010

¹¹ North Yorkshire Total Working Age population includes all the authorities within North Yorkshire. This figure differs from the North Yorkshire figure in the original ONS data set as it is inclusive of York Unitary Authority. The original data set does not include data for York District Authority which may differ from York UA.

Changing Economic Circumstances: Impact of the Recession

- 3.6 The 2011 Housing Needs Survey, undertaken as part of this SHMA¹², included a number of questions directly targeted at tracking the changing economic circumstances of households over the last couple of years, i.e. post the onset of the recession. This provides a unique insight to the impact of the wider national economic crisis has had on individual household circumstances.
- 3.7 The purpose of the responses to these questions is to highlight, beyond the standard indicators of the levels of economic activity and inactivity, the changing structure of the economy which will have impacted on the expectations of households in terms of their current and future housing requirements.
- 3.8 The following analysis tracks the changing employment status of Richmondshire's households, using response data provided for the head of the household, from 2008 to 2010.
- It is evident that across all tenures there has been a fall in full-time employment levels over this period, with a total fall of 6.5%. Households within the private rented and owner occupied (with mortgage) tenure have been affected to the greatest extent with a fall of 8.25 and 7.5% respectively.
 - Households in the owner occupied (no mortgage) sector overall appear to have been affected most in terms of economic activity with falls in full, part and self-employment and a 0.5% rise in unemployment. Significantly the social rented and private rented sectors have experienced falls in the overall unemployment rate. In part reflecting the demographic findings which showed an ageing population Richmondshire has seen a 5.7% rise in households classified as retired with this including a relatively high number of owner-occupiers without mortgages. Alongside an increase in unemployment, retirement is likely to account, for a considerable element of the decline in employment over the period in Richmondshire.

¹² Appendix 10 of the North Yorkshire SHMA Report includes a full explanation of the sampling and weighting approaches used to create a representative and robust source of evidence.

Figure 3. 13: Change in Household Employment Circumstances, 2008 – 2010, by Tenure, Richmondshire

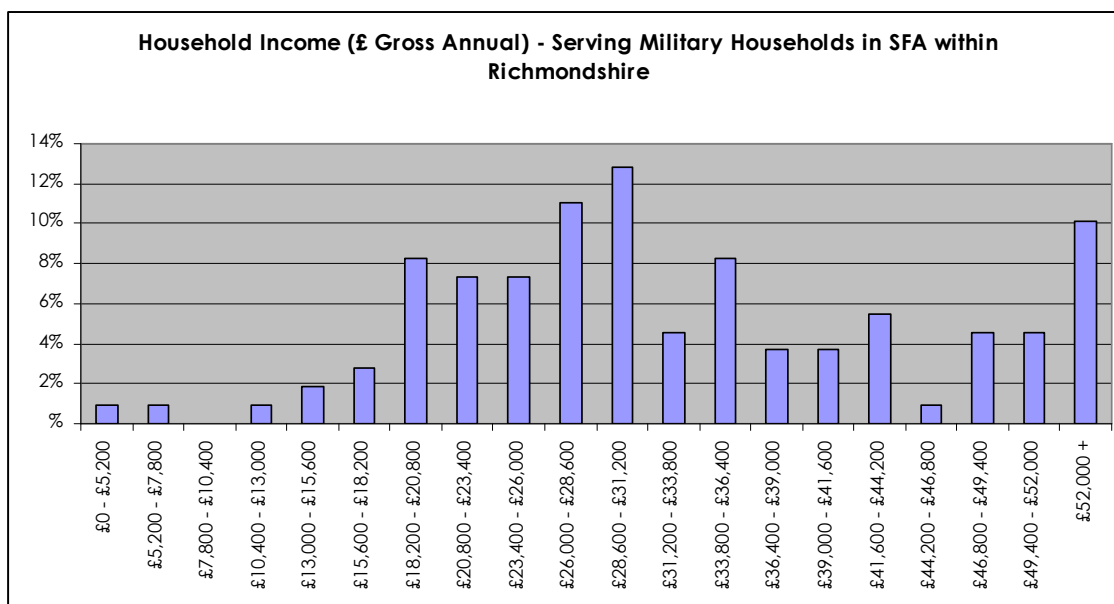
Employment Circumstances Status (% Change 2008-10) by Current Tenure - Richmondshire										
Tenure	Full-time employment	Part-time employment	Self Employed (Full or Part-time)	Retired	Unemployed	Long term sick or disabled	Student or trainee 16-17	Student or trainee 18+	Homemaker	Full-time Carer
Owner-occupied (no mortgage)	-5.8%	-1.4%	-2.1%	9.3%	0.5%	-0.1%	0.0%	-0.2%	-0.1%	-0.1%
Owner-occupied (with mortgage)	-7.5%	2.2%	0.6%	3.4%	1.4%	-0.2%	-0.1%	-0.3%	0.4%	0.2%
Social Rented	-1.9%	-1.6%	-1.3%	4.2%	-0.9%	-1.6%	0.0%	-0.3%	3.0%	0.4%
Private Rented	-8.2%	4.2%	1.6%	4.5%	-1.5%	2.0%	-0.9%	-3.5%	1.7%	0.0%
Total	-6.5%	1.0%	-0.3%	5.7%	0.3%	0.2%	-0.2%	-0.9%	0.8%	0.1%

Source: 2011 Household Survey

Military Personnel

- 3.9 This section provides a brief analysis of the household circumstances of households with military employment residing within Service Family Accommodation (SFA) – as married quarters – within Richmondshire.
- 3.10 Richmondshire Council estimates that there are over 1,500 households currently residing in SFA within the district. The 2011 household survey has, as a sub-set of the full response set, collated information from SFA households.
- 3.11 The tenure profile of this housing is obviously distinct from the wider housing market. As would be expected the household survey returns indicated that all households (100%) residing in SFA accommodation consider their housing tenure to be 'tied' to their employer (i.e. 'tied accommodation').
- 3.12 The following figure presents the income distribution of serving military households residing in SFA within Richmondshire.

Figure 3. 14: Household Income (£ Gross Annual) – Serving Military Households in SFA



Source: 2011 Household Survey

- 3.13 The following figure presents a summary of the financial resources of serving military households residing in SFA.

Figure 3. 15: Financial Capacity - Serving Military Households in SFA

Current Tenure	Military Households in SFA - Financial Position (£) – Richmondshire			
	Median annual gross household income	Median household savings	Other Financial Resources (e.g. parents)	Median Equity
Tied Accommodation - SFA	£29,900	£2,500	£0	

Source: 2011 Household Survey

- 3.14 Importantly, given the nature of SFA – households will not have generated any equity in their property as it remains within the ownership of the MoD. Interestingly, households within SFA record a higher median annual gross income (£29,900) than the wider Richmondshire household population (£22,100), whilst recording a similar level of median household savings and level of access to financial resources.
- 3.15 Of those serving military households currently residing in SFA, 80% indicated that they had moved into their current home within the last 2 years. This reflects the transient nature of the Garrison and the regular migration in and out of personnel, again highlighting the challenges this represents in terms of understanding the population of the authority at any given point in time (as noted within Section 2).
- 3.16 The previous location of households moving in the past 2 years is presented in the following figure.

Figure 3. 16: Previous Location of Residence - Serving Military Households in SFA Moving in Last 2 Years

Serving Military Households in SFA - Households Moving in Past 2 Years: Previous Location												
Richmondshire: Newsham / Dalton / Ravensworth	Richmondshire: Garrison Area (Hipswell / Scotton / Colburn)	Richmondshire: Catterick Village	Richmondshire: Leyburn	Harrogate	Leeds	Elsewhere in Yorkshire and Humber	North East	North West	East Midlands	Elsewhere in the UK	Outside of the UK	Total
3.0%	10.9%	1.0%	1.0%	1.0%	2.0%	4.0%	5.0%	5.9%	1.0%	41.6%	23.8%	100%

Source: 2011 Household Survey

- 3.17 This suggests that only 15% of household moves in the last 2 years originated within Richmondshire, with significant flows of serving military households entering the district from elsewhere in the UK and outside of the UK (24%). The latter statistic is particularly

important in terms of the effect it has on wider statistics around migration within Richmondshire. This is explored in greater detail within Section 6.

- 3.18 Moreover, this reinforces the fluid nature of military serving households when it comes to housing, with many moving into and out of the district on a regular basis. This is supported by analysis of those households in SFA stating they moved within the last 5 years – equating to 97% of total military serving households in SFA.
- 3.19 The following figure considers the location expectations of households in SFA planning to move within the next 2 years.

Figure 3. 17: Expected Location of Residence - Serving Military Households in SFA Anticipating Moving in Next 2 Years

Richmondshire: Catterick Village	Richmondshire: Central	York	North East	North West	East Midlands	Elsewhere in the UK	Outside of the UK	Total
1.7%	27.6%	1.7%	5.2%	3.4%	3.4%	43.1%	13.8%	100.0%

Source: 2011 Household Survey

- 3.20 In total, almost half (46%) of military serving households in SFA anticipate moving within the next 2 years. Of these households, less than 30% expect to remain within Richmondshire, with over 5% expecting to move to the North East region, and almost 50% expecting to move elsewhere in the UK. International migration also counts for almost 14% of expected movements.

Longer-term Changing Economic Circumstances: Future Employment Projections

- The latest employment forecasts for North Yorkshire sourced from the Yorkshire Futures Regional Econometric Model (REM) suggest a post-recession recovery from 2011 onwards, including additional job creation of 31,300 to 2026.
- Richmondshire is forecast to experience job growth of an additional 2,200 jobs over the same period. This is one of the smaller contributions to sub-regional

projected job growth when compared to the other North Yorkshire authorities. It is important to note that these forecasts are 'policy-off' and do not therefore factor in any planned private or public sector investment to deliver specific employment-generating projects.

3.21 These projections are used within the analysis in Section 6 in the development of an employment-constrained household projection.

Figure 3. 18: Forecast New Job Creation, Richmondshire, 2011 to 2026

Local Authority	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Richmondshire	200	300	0	100	100	200	200	100	100	100	200	200	100	100	200
North Yorkshire	2900	2500	800	1200	1200	1800	2700	2000	2000	2000	2300	2500	2100	2500	2800

Source: Regional Economic Monitoring, 2010

Linking Employment and Housing – Commuting Trends and Relationships

3.22 The relationship between work and home is played out on a daily basis and is able to be measured through commuting patterns. The encouragement of sustainable lifestyles and a reduction in the use of energy requires a shortening of commuting journeys and by default an increase in the level of containment of the labour force. This is an important consideration therefore in planning to match economic growth aspirations with the housing offer, with the latter playing an important defining role in achieving the wider sustainability objective.

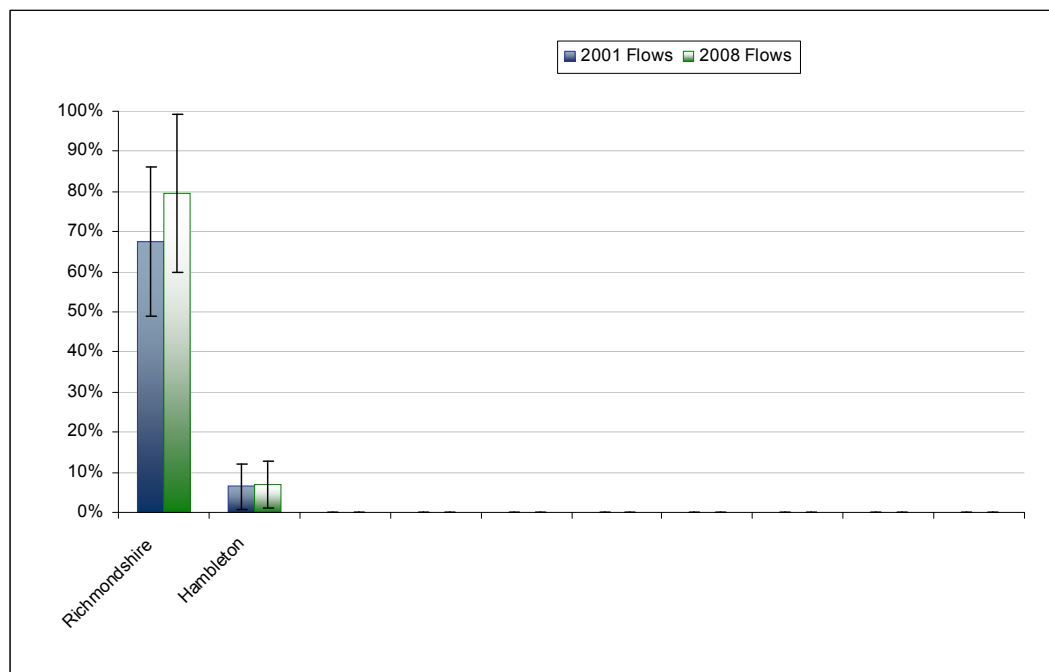
Commuting Trends

- Richmondshire has a commuting ratio of 1.11 according to 2001 Census data. A commuter ratio can be defined as the difference between households travelling into and out of an area for work. A commuter ratio above 1.00 indicates a net outward flow of residents for employment.
- Importantly updated data from the APS, 2010 suggests that the proportion of Richmondshire residents living and working within the Local Authority area has

increased dramatically since the 2001 census, with the flow increasing from 67.5% to 79.6%.

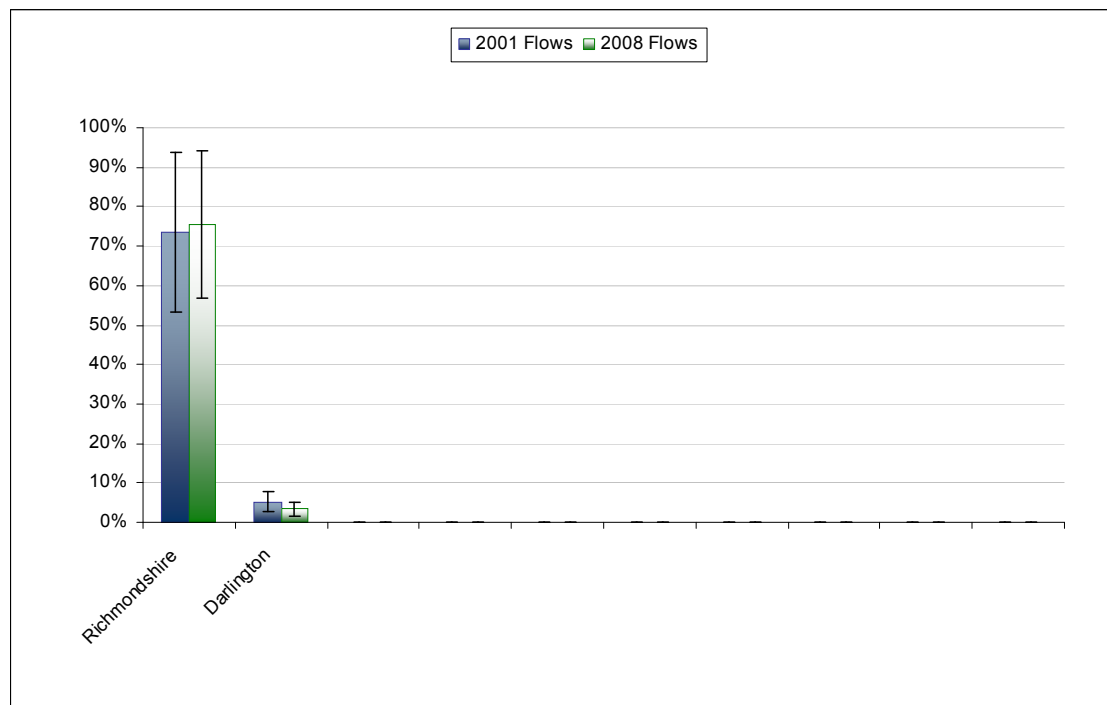
- There has also been a slight increase in the proportion of workers employed in Richmondshire who are residing in Richmondshire, with the 2008 flow standing at 75.5%.
- The increase in the relationship of people living and working within the authority will have been driven, in significant part, by the increase in the size of Catterick Garrison. Almost all occupants of the Garrison will be classed as both living and working within the authority and will therefore serve to distort the wider proportions.

Figure 3. 19: 2001 / 2008 Local Authority of Work for Richmondshire, 10 Biggest Flows



Source: Commute Annual Population Survey Data, ONS 2010

Figure 3. 20: 2001 / 2008 Local Authority of Residence for Richmondshire Workers, 10 Biggest Flows



Source: Commute Annual Population Survey Data, ONS 2010

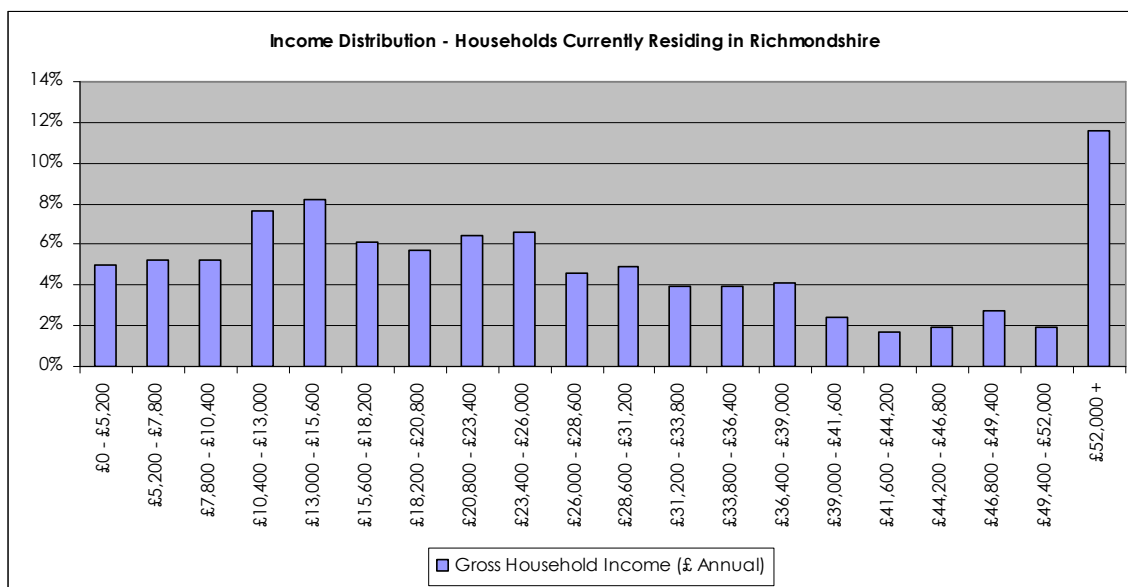
Incomes and Earnings

Local Income Levels

- 3.23 Income levels are directly related to employment opportunities and particularly the quality of employment and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for affordable housing products.
- 3.24 The 2011 Household Survey asks a number of questions with regard to household's financial situation including annual gross (pre-tax) income, savings and debts. The following tables and charts present an overview of the gross household income profile and financial capacity of households across Richmondshire.
 - The income distribution for Richmondshire shows a cluster of household incomes in the lower income brackets and less in the higher income brackets. The majority of

households in Richmondshire have incomes of £26,000 or less (56.2%). However there are also a substantial proportion of households with incomes of £52,000+, and few households in between, suggesting a skew in household incomes across the authority towards the lower end of the income spectrum.

Figure 3. 21: Income Distribution, Households Currently Residing in Richmondshire



Source: 2011 Household Survey

- The Household Survey demonstrates that the financial capacity of households in Richmondshire varies significantly between tenures. Households in the owner occupied tenures have significantly higher median incomes, savings and equity levels than those in intermediate, social rented and private rented tenures.
- Households in the social rented tenure have the most limited financial capacity with median annual household incomes at £14,300 compared to the Richmondshire average of £22,100. In addition households in the social rented tenure have no savings, equity or other financial resources.

Figure 3. 22: Financial Capacity of Households in Richmondshire, by Tenure

Current Tenure	Household Financial Position by Tenure (£) - Richmondshire			
	Median annual gross household income	Median household savings	Other Financial Resources (e.g. parents)	Median Equity
Own outright	£24,700	£12,500	£0	£250,000
Own with mortgage or loan	£29,900	£2,500	£0	£112,500
Intermediate	£11,700	£0	£0	£0
Social Rented	£14,300	£0	£0	
Private Rented	£16,900	£2,500	£0	
Average (Median)	£22,100	£2,500	£0	£175,000

Source: 2011 Household Survey

3.25 Financial capacity varies between the sub areas, which is illustrated in the table below. This shows the sub-areas of North Richmondshire and Wensleydale and Bishopdale as having marginally higher levels of median income. In terms of equity levels North Richmondshire and Swaledale record the highest median levels, reflecting the strength of the markets in these areas and the stock profile.

Figure 3. 23: Financial Capacity of Households in the Sub Areas

Location	Household Financial Position by Sub-area (£)			
	Median annual gross household income	Median household savings	Other Financial Resources (e.g. parents)	Median Equity
Richmondshire: Central	£22,100	£2,500	£0	£112,500
Richmondshire: Lower Wensleydale	£22,100	£2,500	£0	£175,000
Richmondshire: North Richmondshire	£24,700	£7,500	£0	£250,000
Richmondshire: Swaledale	£22,100	£7,500	£0	£250,000
Richmondshire: Wensleydale and Bishopdale	£24,700	£2,500	£0	£175,000
Richmondshire: Total	£22,100	£2,500	£0	£175,000

Source: 2011 Household Survey

Bringing the Evidence Together

- 3.26 The purpose of this section has been to undertake analysis to provide an up-to-date assessment of the demographic and economic characteristics of Richmondshire, set in the context of the wider North Yorkshire position presented in the main report.
- 3.27 The key issues and findings emerging from the analysis are summarised below:
- **Demographic change:** Richmondshire's population is estimated to have grown by 5.7% since 2001, with the ONS datasets suggesting that this has been predominately driven by international migration. Significant net migration outflows have occurred in the 15 to 19 age group, which when coupled with the significant gains of those in older age cohorts (1991-2008) illustrates that Richmondshire is experiencing a demographic shift towards an ageing population. This is partly offset by the influx of young men and women and dependents that are posted to Richmondshire as part of the military, which maintains the presence of persons in the younger age groups. However this population is mainly transient, is influenced by military policy, and will leave the local authority area once stationed elsewhere or they leave the military. This creates a very stable part of the wider population in the authority in terms of this age category.
 - **Ethnic composition:** Richmondshire's population is broadly as ethnically diverse population as other Local Authorities with 3% of its population is classified as 'non white' in the 2007 ONS population estimates, compared to 4% of the total North Yorkshire sub region. Significantly again the military population has an impact on this profile with the largest ethnic group being persons from Nepal, directly linked to the Gurkha military population.
 - **Household composition:** The 2001 Census recorded 18,000 households across Richmondshire with the majority of households located in the Central sub area which is to be expected as the Central sub area contains Richmond which represents the most significant urban area within Richmondshire as well as the Catterick Garrison¹³. By 2008 DCLG household estimates identified a total of 19,969 households in Richmondshire. Headship rates in Richmondshire have

¹³ Note the garrison area includes a larger population than Richmondshire but is not identified within the estimates.

increased by 0.02 from 2001- 2009 which is a unique position in North Yorkshire. Again this is likely to have been driven by change to the military population and the unique migratory patterns associated with this 'special population'. Household change by household type has shown that increases have occurred in 'one person households' (+801 households), One family and no others: Couple: No dependent children households (+955) and One family and no others: Lone parent: 1/2 dependent child (+273) The current total number of households represents a growth of 1,810 over the period 2001 and 2008, equating to 7% of the total North Yorkshire growth.

- Economic activity: Richmondshire has an average economic activity rate of 81.7% although unemployment rates between 2004 and 2009 were on average 4.0%, a proportion which is slightly above the North Yorkshire rate of 3.6%. In both cases the 2009 figure was a peak with Richmondshire's unemployment rate (5.3%) actually below the North Yorkshire rate of 5.6%. Unemployment has been focused amongst those in full-time employment. The latest economic projections suggest a relatively weak post-recession recovery within Richmondshire with 2,200 job growth forecast between 2011 and 2016 one of the smallest increases in the sub region.
- Military Personnel: Richmondshire contains a considerable presence of serving military personnel – of which over 1,500 reside within SFA maintained by the MoD – in 'tied' tenure accommodation. These households demonstrate a higher median household income than the average across the district, yet similar levels of savings. Patterns of household movement suggest that serving military households are prone to moving regularly with over 80% moving to their current home within the last two years and 50% expecting to move home within the next 2 years. Containment of such households in Richmondshire is low with only 15% of households moving within the district in the last 2 years. The transient nature of this population, as evidenced through the survey, has an impact on accurately estimating the population of the authority and indeed projecting change in the future, this is explored in more detail within Section 6.
- Commuting trends: Richmondshire has a net outflow in community terms (1.11) and has experienced a significant increase in residents residing in the Local Authority area linked predominantly to the increasing size of Catterick Garrison.

The authority has relatively strong commuting links with Hambleton and authorities to the north (including Darlington).

- **Income and Earnings:** The skewed distribution of incomes is very apparent in Richmondshire with over 50% of Richmondshire's population earning less than £26,000, as well as 12% of households across Richmondshire having incomes in excess of £52,000. Household incomes tend to be higher for those living in owner occupied dwellings with lower incomes concentrated amongst social renters. The levels of households savings varies across tenures, with those in owner occupation having larger savings than those in the private and social rented sector.

4. The Housing Stock

Current Dwelling Position

In order to identify areas where change is required it is important to understand the position from which you are starting. An understanding of the current 'Housing Offer' is fundamental to arriving at conclusions and recommendations regarding future requirements.

This section uses the latest information available to create a portrait of the current housing stock across Richmondshire. This includes an estimation of the total number of dwellings. The mix of housing in terms of tenure and type is then considered, benchmarked against a range of comparators. Quality of the housing stock as well as quantity is assessed.

In addition to the existing housing stock the section concludes with a review of the potential future capacity of residential land to provide a steer on where new development could be delivered to evolve the current housing stock picture.

Research findings relate directly to:

Core Output 1: Estimates of Current Dwellings in Terms of Size, Type, Condition, Tenure

Assessing the Changing Housing Offer – Recent Housing Supply

- 4.1 As at 2010, Richmondshire contained a total of 22,282 dwellings, of which 335 are vacant, all of which are long term vacant¹⁴, resulting in a total of 21,947 occupied dwellings, and a long term vacancy rate of approximately 1.5%. This is compared to a long term vacancy rate across North Yorkshire of 1.2%. The total number of dwellings within Richmondshire represents 6.3% of the total North Yorkshire housing stock.

¹⁴ Vacancy data has been obtained from the 2010 Housing Strategy Statistical Appendix (HSSA) to ensure a consistent approach across the sub-region.

Figure 4. 1: Gross Housing Completions, 2003/4 – 2008/9, Richmondshire

	Gross Housing Completions						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Richmondshire	-	157	256	122	193	56	40
North Yorkshire	2007	3244	3370	3525	2879	2014	1918

Source: HSSA, 2010

- Gross housing completions within Richmondshire saw a marked decrease from previous levels in the annual monitoring year 2008/9, with a low point noted in 2009/10 of 40 units. This is compared to the high points of delivery recorded in 2005/6 where gross completions were 256 units, and is likely to reflect the wider negative property market and economic conditions across the country that have inhibited developer activity and undermined buyer confidence from 2008.
- In 2009/10 the gross completions in Richmondshire represented just 2.1% of the total gross completions across the sub-region. This reflects the size of the authority and the nature of land supply which much of the authority covered by the National Park.

Figure 4. 2: Net Housing Completions, 2003/4 – 2008/9, Richmondshire

	Net Housing Completions						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Richmondshire	-	157	256	122	193	56	40
North Yorkshire	989	2714	2824	2974	2260	1504	1414

Source: HSSA, 2010

- Due to the minimal amount of demolitions in Richmondshire the gross housing completions data has been replicated for the net housing completion table.
- In 2009/10 the net completions in Richmondshire represented 2.8% of the total net completions across the sub-region.

Vacancy

- Vacancy within the dwelling stock continues to represent an important indicator in assessing Richmondshire's housing market and the supply position. Data obtained from HSSA (2010) suggests a vacancy rate of only 1.5% across the total stock in Richmondshire. All vacant properties have been vacant for more than 6 months and consequently the rate of long term vacant (6 months or more)

private properties in Richmondshire is also 1.5% compared to 1.2% across North Yorkshire.

Figure 4. 3: Vacant Properties, 2010, Richmondshire

	Dwellings	Vacant Properties (Total)		Private Sector Properties Vacant for more than 6 months	
		Absolute Number	Vacancy Rate	Absolute Number	Vacancy Rate
		Richmondshire	22,282	335	1.5%
North Yorkshire	356,239	9,200	2.6%	4,138	1.2%

Source: HSSA, 2010

Property Size and Type

4.2 In understanding the relationship between the supply of housing and demand for housing it is important to factor in the mix of the housing offer by both size and type.

- At the time of the Census in 2001, the North Yorkshire sub-region was characterised by a high proportion of semi detached properties (33%), followed by detached properties (30.9%) and terraced properties (23%). Conversely at sub-regional scale the 2001 data suggests that there is a low representation of flatted dwellings within the sub-region, accounting for 12% of total stock.
- The 2001 stock profile within Richmondshire included a slightly higher proportion of detached (34.3%) and semi-detached (33.8%), compared to below average proportion of flats (6.8%) across North Yorkshire. This reflects the rural geography of much of Richmondshire and the legacy of historical development.
- The 2001 stock profile has been disaggregated by sub area in Figure 4.5 and illustrates the variations in the stock profile across the sub areas. The Central sub area contains Richmond and Catterick Garrison, which are the District's main urban areas and have a more typical urban stock profiles with higher levels of terraced and flatted dwellings. In comparison the other sub areas which comprise rural areas interspersed by villages have higher proportions of detached dwellings.

Figure 4. 4: Property Type, Richmondshire, 2001

		Dwelling Type- 2001 Census					
		House or Bungalow			Flat, Maisonette or Apartment	Other	Total ¹⁵
		Detached	Semi-Detached	Terraced			
Richmondshire	Number	7241	7129	4557	1426	749	21102
	%	34.3%	33.8%	21.6%	6.8%	3.5%	100.0%
North Yorkshire	Number	103129	109990	76768	41021	2345	333253
	%	30.9%	33.0%	23.0%	12.3%	0.7%	100.0%
Yorkshire and Humber	Number	436152	809594	627890	274297	12679	2160612
	%	20.2%	37.5%	29.1%	12.7%	0.6%	100.0%
England and Wales	Number	5131821	7117662	5869878	4246029	173251	22538641
	%	22.8%	31.6%	26.0%	18.8%	0.8%	100.0%

Source: Census, 2001

Figure 4. 5: Property Type, Sub Areas, 2001

	Detached	Semi Detached	Terraced	Flats	Other
Central	24.6%	41.2%	24.8%	8.8%	0.6%
Lower Wensleydale	47.3%	29.9%	16.3%	5.7%	0.8%
North Richmondshire	50.8%	26.7%	19.3%	2.7%	0.5%
Swaledale	45.0%	25.9%	23.8%	5.3%	0.0%
Wensleydale and Bishopdale	41.1%	28.5%	21.9%	8.2%	0.3%

Source: Census, 2001

¹⁵ Drawn from Accommodation Type- Households Spaces, Census 2001, ONS

- The 2011 Household Survey has provided an update to the 2001 Census data¹⁶. The stock profile in 2011 is very similar to that recorded in 2001 with a high proportion of detached (35.9%) and semi-detached (34.9%) properties followed by terraced (22.4%) and flatted dwellings (6.7%). Consequently any development that has taken place in the interim years has reflected the local stock profile, although in more recent years there has been a marked reduction in the delivery of residential development in Richmondshire reflecting national trends which may account for the lack of change in the stock profile in the period 2001 to 2011.
- The 2011 Household Survey provides a measure of dwelling size utilising the number of bedrooms in each home. This analysis indicates that Richmondshire's stock profile comprises predominantly larger dwellings with 3 or more bedrooms, with 42.0% of properties with 3 bedrooms and 24.4% with 4+ bedrooms. 26.6% of properties have 2 bedrooms, with bedsits (0.9%) and 1 bedroom properties (6.1%) being less prevalent within the profile.

Dwelling Profile by Council Tax Band

Figure 4. 6: Absolute Change in Dwellings by Council Tax Band, 2003/4 – 2008/9, Richmondshire

Absolute Change in Stock 2003- 2008				
	Richmondshire	North Yorkshire	Yorkshire and the Humber	England and Wales
Total Stock	922	14344	83171	946519
Band A	130	2071	3819	13478
Band B	126	3077	24519	181108
Band C	211	3038	21801	262036
Band D	190	2851	18289	213054
Band E	137	1753	8794	120535
Band F	90	937	4144	99337
Band G	21	559	1837	39569
Band H	23	78	119	15054

Source: ONS, 2011

- North Yorkshire saw increases in the total number of properties across all Council Tax Bands between 2003 and 2008, above both regional and national change (4.2% compared to 3.8% and 4.1% respectively). There were specific increases in the number of family houses and higher values properties.

¹⁶ Note that the results of the 2011 Census will provide a definitive update of the stock profile in Richmondshire.

- The level of stock change within Richmondshire was slightly larger (proportionately) than across North Yorkshire between 2003 and 2008. Growth outpaced North Yorkshire within a number of mid-range Bands including Band C, Band D, Band E and Band F; conversely Richmondshire experienced lower growth levels in properties in the higher G and H bandings (larger / higher value) than in North Yorkshire.

Figure 4. 7: Percentage Change in Dwellings by Council Tax Band, 2003/4 – 2008/9, Richmondshire

Percentage Change in Stock 2003- 2008				
	Richmondshire	North Yorkshire	Yorkshire and the Humber	England and Wales
Total Stock	4.4%	4.2%	3.8%	4.1%
Band A	4.2%	3.9%	0.4%	0.2%
Band B	2.8%	3.8%	5.8%	4.0%
Band C	4.3%	3.7%	6.2%	5.3%
Band D	6.1%	5.8%	9.5%	6.2%
Band E	4.8%	4.7%	7.2%	5.5%
Band F	6.1%	4.4%	7.1%	8.8%
Band G	2.7%	4.2%	5.3%	4.9%
Band H	1.5%	6.7%	4.0%	12.3%

Source: ONS, 2011

Dwelling Profile by Tenure

- The tenure profile of dwellings across North Yorkshire highlights the importance of owner occupation, with 74% of dwellings falling into this category, followed by the private rented sector (11%) and social rented tenures (13%).
- The dwelling tenure profile of Richmondshire contains a lower proportion of owner occupation (65%) to that of North Yorkshire. Richmondshire demonstrates a much higher level of private renting (18%) than in the wider sub-region. In terms of this high level of private rented housing it is important to note that this tenure includes 'other' within this table. This category includes Serviced Family Accommodation and is therefore heavily skewed upwards by stock within the Catterick Garrison. This is illustrated in greater detail within figure 4.10 which isolates out the 'other' category by sub-area, with over 15% of stock within the Central Area falling within this classification.

- Owner occupation is prevalent across the sub areas, with the rural sub areas having the higher proportions of this tenure. Social rented properties are heavily concentrated in the Central sub area.

Figure 4. 8: Dwelling Tenure Profile, Richmondshire

		Dwelling Tenure - 2001 Census						
		Owner occupied		Intermediate (shared ownership)	Social rented (Council & RSL)	Rented (Private & other)	Other	Total
		Owens outright	Owens with mortgage or loan					
Richmondshire	Number	5927	5924	61	2339	3277	597	18125
	%	32.7%	32.7%	0.3%	12.9%	18.1%	3.29%	100.0%
North Yorkshire	Number	108663	120683	1611	39485	33245	6543	310230
	%	35.0%	38.9%	0.5%	12.7%	10.7%	2.11%	100.0%
Yorkshire and Humber	Number	589026	797360	9509	434176	187810	46867	2064748
	%	28.5%	38.6%	0.5%	21.0%	9.1%	2.27%	100.0%
England and Wales	Number	6380682	8396178	139605	4157251	2141322	445437	21660475
	%	29.5%	38.8%	0.6%	19.2%	9.9%	2.06%	100.0%

Source: Census, 2001

Figure 4. 9: Dwelling Tenure Profile, Sub Areas

	Owner Occupied (no mortgage)	Owner Occupied (with mortgage)	Owner Occupied (Shared Ownership)	Social Rented	Private Rented	Other
Central	24.7%	35.0%	0.4%	17.7%	6.8%	15.3%
Lower Wensleydale	43.2%	29.1%	0.4%	7.6%	13.1%	6.7%
North Richmondshire	34.9%	36.2%	0.3%	7.3%	13.5%	7.9%
Swaledale	46.2%	23.9%	1.0%	6.4%	14.2%	8.4%
Wensleydale and Bishopdale	48.5%	24.2%	0.5%	8.3%	12.2%	6.3%

Source: Census: 2001

Property Condition and Quality

4.3 The quality of the housing stock represents an additional layer of information in understanding its capacity to match demand. The 2011 Households survey provides an estimate of the number of households who consider their dwelling to be in serious disrepair. In Richmondshire 809 households stated that they consider their home to be in serious disrepair, which is one of the lowest levels across North Yorkshire. This equates to 3.7% of properties, compared to a sub regional average of 4.0%. When this is disaggregated by sub area it is possible to see that in absolute terms the number of households considering their property to be in serious disrepair fluctuates across the local authority area¹⁷.

Figure 4. 10: Unsuitability – Households Stating home in Serious Disrepair, 2010

Location	Households Where Home is in Disrepair	
	Count	%
Richmondshire: Central	429	53%
Richmondshire: Lower Wensleydale	151	19%
Richmondshire: North Richmondshire	165	20%
Richmondshire: Swaledale	17	2%
Richmondshire: Wensleydale and Bishopdale	47	6%
Richmondshire: Total	809	100%

Source: 2011 Household Survey

Richmondshire District Council Private Sector House Conditions Survey 2006

4.4 Local Authorities have a duty, under section 605 of the Housing act 1985, as amended by the Local Government and Housing Act 1989, to consider the condition of private stock within their area in terms of their statutory responsibilities to deal with unfit housing and to provide assistance with renewal. The Richmondshire District Council Private Sector House Condition Survey conducted a survey to understand the profile and condition of stock in Richmondshire.

- 9% of the overall stock has been classed as unfit as defined by the Decent Homes Standard Part A, compared to a national rate of 4%. These failures tend to be concentrated in flats and terraced properties and dwellings built pre 1850. Substantial disrepair stands at 7% compared to the national average of 9%.

¹⁷ Note: This reflects the opinions of the head of household and may differ to a professional assessment if undertaken by a Surveyor.

- The estimated average cost per dwelling to carry out repairs is £687, and the total cost of tackling the backlog repairs being £13,398,250. The national average repair cost is £1740, showing that the average cost in Richmondshire is considerably lower comparably. The estimated cost of eliminating non-Decency is £6,008,952, an average per dwelling of £1,222 compared to the national average cost of £7200.
- The average energy performance rating across the stock is 56, which exceeds the national average of 51 when following the Government's Standard Assessment Procedure (SAP) for dwelling energy rating. This measure indicates that stock in Richmondshire is slightly more expensive, and less efficient to power, than the national average.

Overcrowding and Under-Occupation

Figure 4. 11: Overcrowding and Under-Occupation, 2010, Richmondshire

Overcrowding & Under-occupation – Richmondshire						
Number of Bedrooms Required	Number of Bedrooms in Home					Total
	Studio / Bedsit	1	2	3	4+	
1	103	1,047	3,224	4,439	2,269	11,083
2	0	11	1,534	2,718	1,383	5,647
3	0	56	97	843	927	1,922
4+	0	0	0	91	139	230
Total	103	1,114	4,855	8,092	4,719	18,882
	Under-occupied households					
	Overcrowded households					

Source: 2011 Household Survey

- Richmondshire has relatively few overcrowded households, totalling 302 households which represent 1.5% of total households. Overcrowding is concentrated in studio/ bedsits.
- Richmondshire has a total of 8,091 under-occupied households which represents 42.9% of total households. Under-occupied households are predominately requiring 1 or 2 bedroom properties but are currently occupying much larger properties with 3 bedrooms or more.

- The following table shows the absolute numbers of households classified as either under or over-crowded by sub-area. This shows that the Central Sub-area has the highest absolute levels of both issues. Importantly though given the relative scale of households in the more rural sub-areas these show a high concentration of issues of under-occupancy.

Figure 4. 12: Overcrowding and Under-Occupation, 2010, Richmondshire Sub areas

Location	Households			
	Under-occupied		Overcrowded	
	Total	%	Total	%
Richmondshire: Central	3,658	45%	263	73%
Richmondshire: Lower Wensleydale	1,413	17%	38	10%
Richmondshire: North Richmondshire	1,439	18%	39	11%
Richmondshire: Swaledale	633	8%	10	3%
Richmondshire: Wensleydale and Bishopdale	949	12%	8	2%
Richmondshire: Total	8,092	100%	357	100%

Source: 2011 Household Survey

Future Supply Capacity

Five-Year Supply of Land

- 4.5 Richmondshire District Council's SHELAA June 2010 sets out the five year housing supply for Richmondshire. The SHELAA establishes that there is a potential supply of developable land to deliver 2,100 dwellings in the period 2010- 2015 compared to a RSS requirement of 1,110. In the period 2015- 2020 there is a land supply for 2,100 dwellings and for 2020 – 2025 there is an available supply of 9240 dwellings.

Bringing the Evidence Together

- 4.6 This section provides an up-to-date assessment of the housing stock characteristics of Richmondshire, set in the context of the wider North Yorkshire position presented in the main report.
- 4.7 The key issues and findings are summarised below:

-
- **Total Stock:** There are a total of 22,282 properties in Richmondshire as recorded in the 2009/2010 HSSA dataset. Approximately 1.5% of these are classified as vacant suggesting that there are 21,947 occupied properties in the authority.
 - **Recent housing supply:** Between 2004 and 2010 approximately 824 residential properties have been built (gross) in Richmondshire which is one of the lowest rates of delivery in the sub region. Gross completions have fallen from 2005 peak levels of over 200 per annum across Richmondshire to just 40 completions in 2009/10. This low rate of housing delivery will not provide adequate supply of housing for Richmondshire's residents and will worsen any affordability problems present in the local authority area.
 - **Vacancy:** 1.5% of properties are classified as vacant across Richmondshire according to 2009/10 HSSA data compared to the sub regional average of 2.6%. The low levels of long term vacant properties across Richmondshire reinforces the high demand for property and the limited amounts of surplus stock available to meet current and future housing need.
 - **Over/Under crowding:** Richmondshire has a similar level of overcrowded houses at 1.5%. However, a very high proportion (43%) of households are classified as under-occupying their property according to the bedroom standard which suggests that there is capacity within Richmondshire for a high number of households to reside within smaller accommodation.
 - **Property size and type profile:** In 2011 Richmondshire's housing stock is dominated by detached properties (36%), followed by semi detached houses (35%) and terraced properties (23%). Richmondshire has a relatively low level of flatted dwellings (7%) which is likely to be linked to the rural nature of the authority and the historic legacy of development. When property type is analysed by sub region it is apparent that, with the exception of the Central sub area (which includes the settlement of Richmond and the Catterick Garrison), the sub areas are dominated by detached dwellings, with North Richmondshire containing the largest proportion (51%). Richmondshire as a whole also has a prevalence of larger properties as evidenced through the 2011 Household survey.
 - **Dwelling profile by Council Tax band:** There has been an increase in higher value properties (Bands D, E, F, G, H) across Richmondshire between 2003 and 2008, with growth in the mid-range bandings above the wider North Yorkshire levels

(proportionately). However, the level of growth in the upper value/size bandings of G and H in Richmondshire has lagged behind North Yorkshire, although this should be considered in the context of the historic development profile noted above.

- Dwelling profile by tenure: The tenure profile of Richmondshire demonstrates a higher proportion of households within the private rented sector, and a lower proportion of owner-occupation, than the wider North Yorkshire sub regional average. The prevalence of a large private rented sector, and slightly larger level of households within 'other tenures' (e.g. tied accommodation) is likely to be linked with the military population. The sub areas are all dominated by the owner occupied tenure although there are higher concentrations of private rental properties in the Swaledale sub area and a higher proportion of social rented and 'other' tenures in the Central sub area.
- Five year land supply: Richmondshire Council has identified a five year supply of land in its 2010 SHELAA as at June 2010.

5. The Active Market

The CLG SHMA Guidance states that understanding house price change is key to understanding the housing market. It represents a direct indicator in relation to the supply and demand balance. For example at a basic level, where demand is lower than supply, the price will fall; where demand is higher than supply, the price will rise. Whilst this formula appears simple the recent 'credit crunch' has illustrated the vulnerability of the dynamics of the market to external factors including the availability of mortgage finance and the attitudes of lenders.

This section therefore concludes the assessment of the current housing market and examines a range of secondary data alongside the outputs of the primary needs survey to paint an up-to-date and detailed picture of the operation of the housing market across Richmondshire.

- 5.1 An overview of the active housing market across Richmondshire is presented within this section. Market performance of different tenures represents a key indicator of the balance between housing demand and housing need.
- 5.2 Evaluating the active housing market requires an understanding of the actual cost of buying or renting a property and the level of housing need which relates to the ability to access housing. This review of the active market therefore includes a review of the key indicators of market performance for each of the tenures:
 - The Owner Occupier Sector – detailed house price analysis, examination of the relative change in house prices and the current housing market across Richmondshire;
 - Private Rented Sector – examination of rental levels of different components of the private rented sector which continues to form an increasingly important component of the overall housing offer; and
 - Social Rented Sector – review of the changes in demand as recorded through the waiting list for social rented properties and an assessment of current average rental levels.

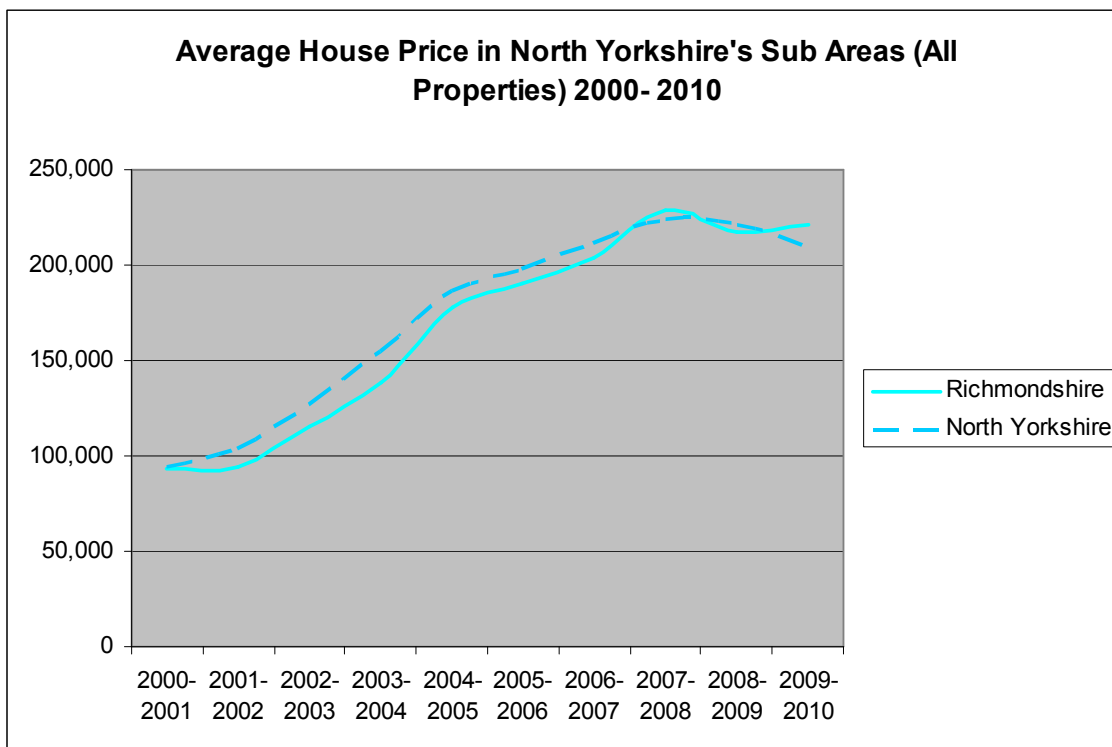
5.3 The section concludes by drawing together the analysis of the different tenures to assess the functionality of the market in terms of the ability of households to access housing. This assessment includes analysis of households' expectations and aspirations around tenure mobility as well as a contrasting of income and housing costs. Reference should be made to the national and regional housing market trends and outlook presented within the main report as context for the remainder of the section.

Owner Occupier Sector

5.4 The following sub-sections analyse the private sector value and sales context within the Richmondshire property market by initially tracking the change historically over time before bringing the assessment up to date through consideration of the current housing market.

House Price Trends

Figure 5. 1: Trend in Average House Prices, Total, 2000 to 2010, Richmondshire, North Yorkshire

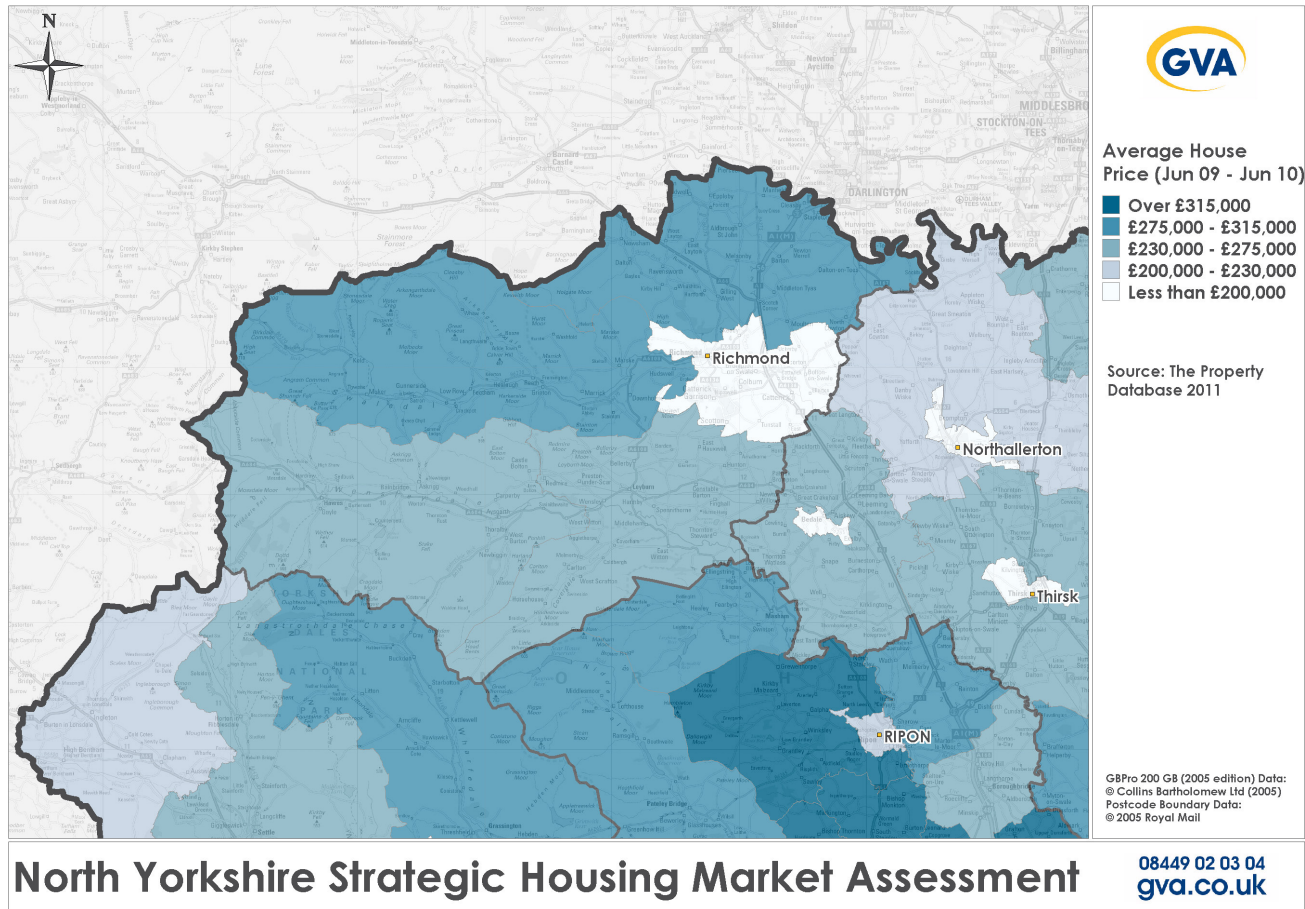


Source: CLG, 2010

- The North Yorkshire sub region has experienced strong price increases since 2001 at 122.8%. In line with national trends average house prices within North Yorkshire have fallen 6.2% since the 2007/08 peak to £209,903.
- Since 2001 Richmondshire has experienced average house price uplift of 137.7%, which is below the North Yorkshire average of 122.8% and represents the largest house price uplift across all the Local Authority areas. This is despite Richmondshire's relatively low base position in 2000/01. In 2009/10 Richmondshire's average house price was £220,787, 3.4% below its peak of £228,666 in 2007/08.
- Anecdotally agent consultation¹⁸ has found that the sales market remains challenging in Richmondshire, with subdued transaction rates in the Catterick properties and villages.

¹⁸ Charflons; Richmond and Irvings, Richmond.

Figure 5. 2: Average House Prices, Total, 2009 to 2010, Richmondshire, Postcode Sector (Plan)



Source: The Property Database, 2011

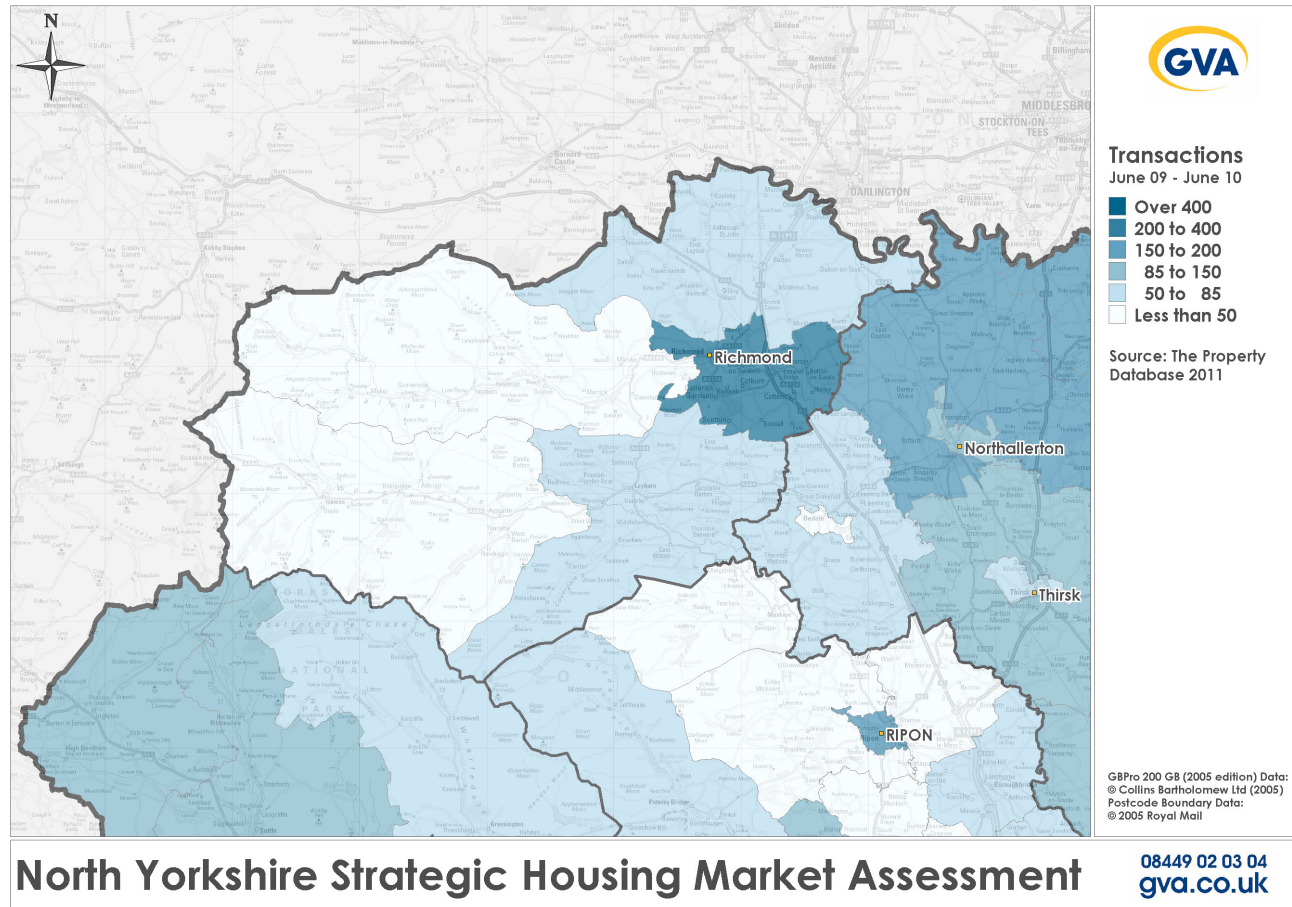
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- There are clear concentrations of higher values outside of the urban area of Richmond.
 - When median house prices are disaggregated by sub area it is apparent that the Central sub area – containing both Richmond and Catterick Garrison - has the lowest median house price of £185,066.

Figure 5. 3: Median House Prices, Sub Areas

Sub Area	Median House Price
Central	£185,066
Lower Wensleydale	£257,326
North Richmondshire	£276,833
Swaledale	£285,557
Wensleydale and Bishopdale	£253,186

Source: *The Property Database, 2011*

Figure 5. 4: Volume of Residential Property Transactions, 2009 to 2010, Richmondshire

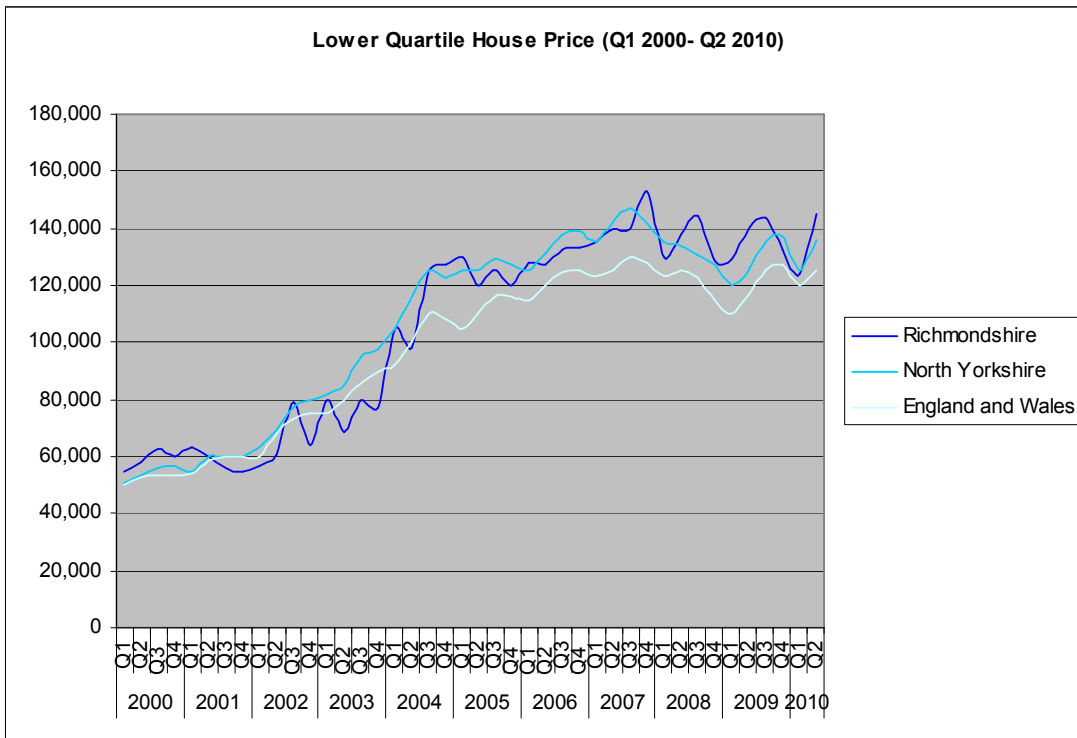


Source: The Property Database, 2011

Lower Quartile House Prices

5.5 The Department for Communities and Local Government (CLG) records the lower quartile house prices for each authority across the UK. The CLG SHMA Guidance (August 2007) recommends that the lower quartile price of properties represents the lower levels of the housing market, and such properties should be considered to be those most likely to be able to be purchased by households on lower incomes or households entering the market for the first time. This, and the use of lower quartile household income data, is explained in more detail later within this section when considering the benchmarking of household access to different housing tenures.

Figure 5. 5: Lower Quartile House Prices, 2000 to 2010, Richmondshire



Source: CLG, 2010

- It is clear that for the majority of the timeframe from 2007 onwards, Richmondshire's lower quartile house prices have fluctuated to be periodically in excess and below the North Yorkshire average.
- There was a reduction in lower quartile house prices across all three geographies during the period Q3 2007 to Q1 2009, although in Richmondshire Lower Quartile

house prices fluctuated much more than the sub-region. In all cases recovery (and resulting increase in lower quartile prices) is noted in the period since Q1 2009.

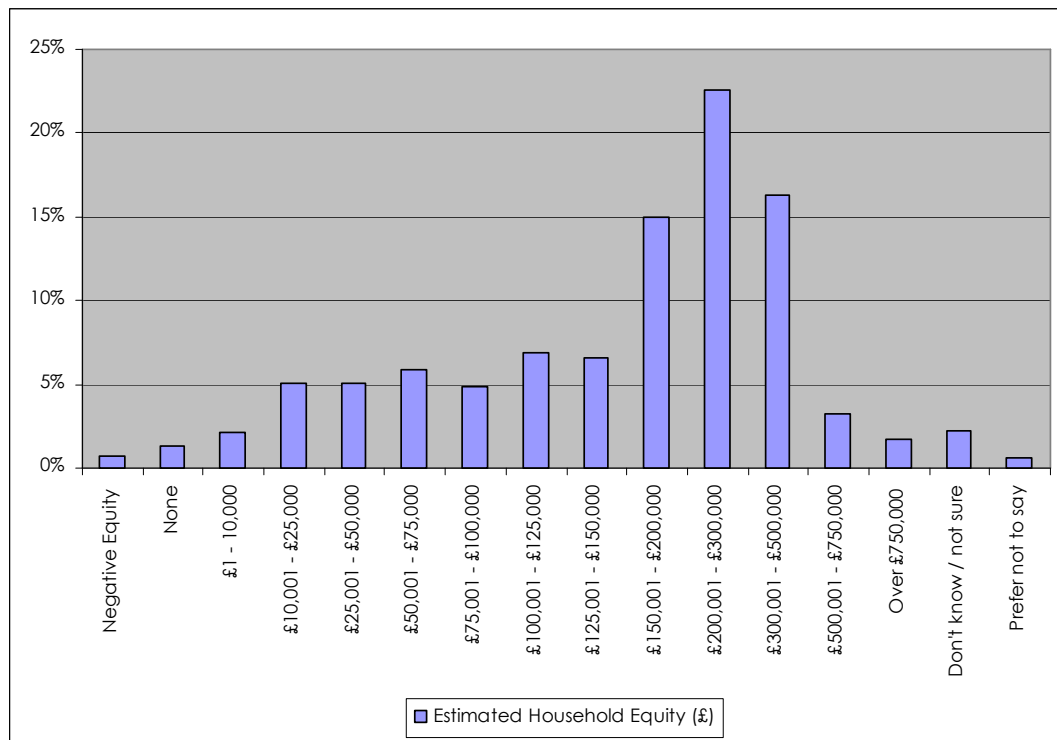
- Lower Quartile house prices are remarkably high across the sub areas. The prevailing trends reflect the pattern of median house price distribution with the highest lower quartile house prices in the rural sub areas and the lowest lower quartile house prices in the urban sub areas.

Figure 5. 6: Lower Quartile House Prices, Sub Areas

Sub Area	Lower Quartile House Price
Central	£123,488
Lower Wensleydale	£170,000
North Richmondshire	£179,000
Swaledale	£180,000
Wensleydale and Bishopdale	£166,500

Source: The Property Database, 2011

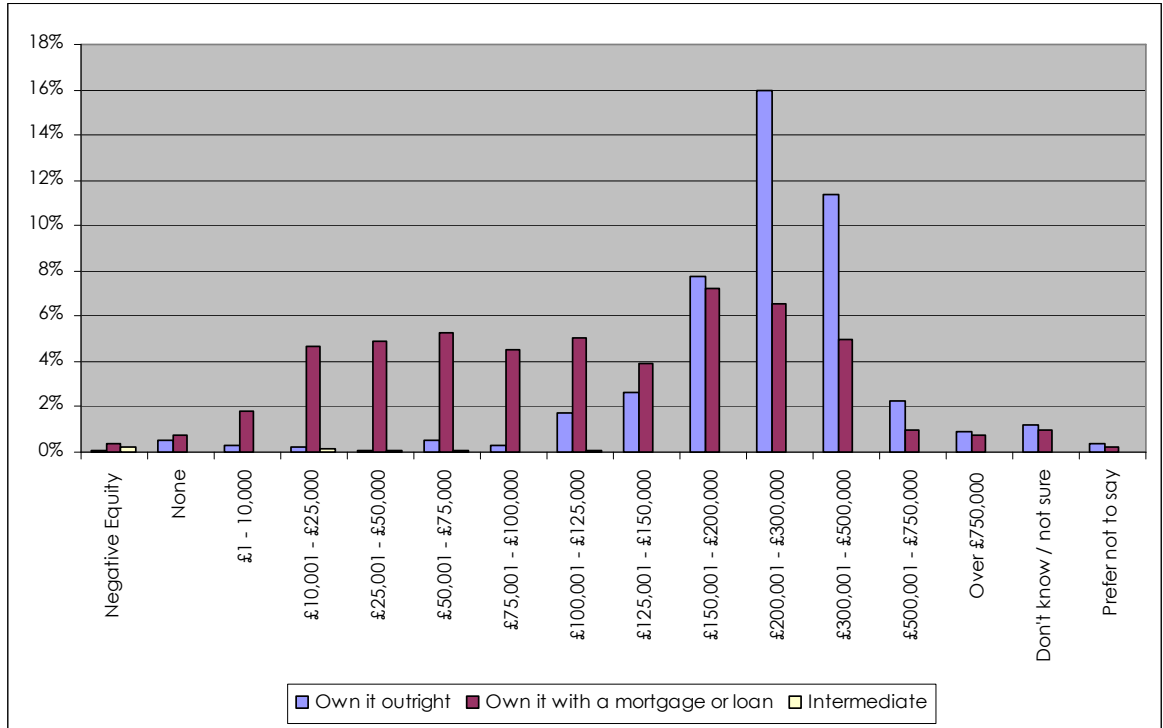
Figure 5. 7: Estimated Property Equity, Richmondshire



Source: 2011 Household Survey

- The profile illustrates the relatively high value of property across the area with a clustering of households estimating their equity in property to be between £150,001 and £500,000.

Figure 5. 8: Tenure Balance of Estimated Property Equity, Richmondshire



Source: 2011 Household Survey

- The data for households who own their property outright is a direct proxy for values across the area. This shows again the high value of property in the area with the majority of households with no mortgage valuing their property at between £150,000 and £500,000.
- Significantly though over 50% of households have more than £50,000 of equity in their property suggesting they would be able to use this equity to put down a deposit on a new property. Very low proportions of households across the area assess themselves as being in negative equity.

Private Rented Sector

5.6 Nationally this tenure has undergone levels of unprecedented growth and now continues to play an important role in the operation of the wider market offering an alternative to owner-occupation and the social rented sector.

Figure 5. 9: Private Sector Rent, Richmondshire

Authority	Size (Beds)	Average Monthly Rent	Average Weekly Rent
Richmondshire	1	£403.75	£93.17
	2	£532.00	£122.77
	3	£656.67	£151.54
	4+	£883.33	£203.85

Source: Rightmove, 2011

- The 2011 Household Survey enables analysis of the rent paid by households residing in Richmondshire's private rental sector. The following figure presents this information. In Richmondshire there is a significant amount of households paying above £433 per calendar month, with 51.4% of households paying between £433 and £650 per month on rent. 93.6% of households are renting from private landlords, estate or letting agents, with a very low proportion of student households.
- Anecdotally agent consultation¹⁹ lettings market is buoyant, particularly in Richmond town centre which is positively impacting on rental levels.
- In Richmondshire it is important to note that Serviced Family Accommodation (SFA) rents are subsidised meaning that rents in this element of the market, which is technically not private in the traditional sense, are likely to be lower than local market rents.

¹⁹ Charltons; Richmond and Irvings, Richmond.

Figure 5. 10: Household Expenditure (in Rent on Monthly Basis) on Private Rented Accommodation, Richmondshire

Rental Per Week / Month (£)	Household Expenditure on Housing Rent Per Month in Private Rented Sector - Richmondshire			
	Rent from a Private Landlord, Estate or Letting Agent	Student Household Renting from Private Landlord	Rent it from a Relative / Friend of a Household Member	Total
Under £20 per week / under £86 Per calendar month	0.7%	0.0%	0.0%	0.7%
£20 to under £40 per week / £86 to under £173 per calendar month	1.9%	0.0%	0.0%	1.9%
£40 to under £60 per week / £173 to under £260 per calendar month	3.6%	1.0%	0.0%	4.6%
£60 to under £80 per week / £260 to under £347 per calendar month	5.6%	0.0%	0.5%	6.1%
£80 to under £100 per week / £347 to under £433 per calendar month	21.1%	0.0%	1.0%	22.1%
£100 to under £150 per week / £433 to under £650 per calendar month	48.1%	0.0%	3.4%	51.4%
£150 to under £200 per week / £650 to under £867 per calendar month	7.6%	0.5%	0.0%	8.1%
£200 to under £250 per week / £867 to under £1,083 per calendar month	3.4%	0.0%	0.0%	3.4%
£250 to under £300 per week / under £1,083 to under £1,300 per calendar month	0.0%	0.0%	0.0%	0.0%
£300 or more per week / £1,300 or more per calendar month	1.6%	0.0%	0.0%	1.6%
Total	93.6%	1.5%	4.9%	100.0%

Source: 2011 Household Survey

Social Rented Sector

5.7 The social rented sector by its nature operates differently from both of the market tenures examined in this section. The tenure is intended to act as a safety net for households ensuring access to housing where household financial circumstances prevent access to other tenures. At the time of the publication of this research the Government is in the process of transforming the way in which the tenure operates in terms of rental levels and the allocation process for households. The delivery of new policy directives will fundamentally impact on the role of the tenure in relation to in particular the private

rented sector and this will need to be considered as the research is monitored and updated in the future.

- Average weekly rents across the North Yorkshire social rented sector in stand at around £63 per week for Local Authority tenants, compared to £72 for RSL tenants.
- Average weekly rents in Richmondshire in comparison show relatively similar Local Authority rents at £62 per week, but higher RSL rents at £77 per week.

Social Housing Waiting Lists

- 5.8 The North Yorkshire sub-region has 14,115 households registered as awaiting housing on local authority waiting lists as at 2010 which represents 3.8% of all North Yorkshire households. Richmondshire has 1,389 households on its waiting lists which represents 7.0% of all households.

Figure 5. 11: RSL and Local Authority Average Weekly Rents, Richmondshire

		Average Weekly Rents										
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Richmondshire	Local Authority Rent	43.40	45.21	47.38	45.96	49.30	51.04	53.53	56.20	60.27	60.86	62.06
	RSL Rent	58.88	59.95	61.32	62.45	62.68	65.21	67.86	69.38	71.50	74.15	77.47
North Yorkshire	Local Authority Rent	44.10	46.06	47.97	48.82	50.43	52.28	54.61	57.16	60.51	62.16	63.18
	RSL Rent	47.88	49.24	50.94	52.95	53.16	57.49	60.70	62.50	65.05	68.26	72.41
Yorkshire and the Humber	Local Authority Rent	36.95	39.44	41.70	42.48	44.18	46.03	48.28	51.74	53.87	55.63	56.89
	RSL Rent	48.15	47.49	49.23	49.04	50.41	51.07	53.90	54.81	58.02	62.00	65.28
England	Local Authority Rent	45.62	47.87	49.93	51.02	52.90	55.27	57.93	61.62	64.21	66.05	67.36
	RSL Rent	53.11	53.90	55.81	56.52	58.23	61.49	64.32	66.67	69.96	73.51	77.91

Considering Household Expectations and Aspirations

- 5.9 The 2011 Household Survey provides an insight into the expectation and aspirations of households regarding the areas that they choose to live. In the last 2 years there were 4,031 households that indicated they moved home either within or into Richmondshire²⁰.
- 5.10 Richmondshire has demonstrated a relatively high level of containment with the majority of household moves occurring within the Local Authority area. However households have also moved to the area from other local authorities within North Yorkshire including Hambleton and Harrogate. 12.4% of moves are households moving in from elsewhere in the UK illustrating the draw of Richmondshire as a destination to live on a national scale.

²⁰ Note: As with all of the wider household survey analysis respondents living within SFA are excluded from this analysis. Household movement analysis for the SFA population is included within Section 3.

Figure 5. 12: Household Movements, Households in Last 2 Years, Richmondshire

Previous Location	Households Moving in Past 2 Years - Current and Previous Location: Richmondshire					
	Existing Location					
	Richmondshire: Central	Richmondshire: Lower Wensleydale	Richmondshire: North Richmondshire	Richmondshire: Swaledale	Richmondshire: Wensleydale and Bishopdale	Total
Richmondshire: Hawes	.0%	.0%	.0%	.0%	17.5%	1.5%
Richmondshire: Bainbridge	.0%	.0%	.0%	.0%	6.4%	.5%
Richmondshire: Askrigg	.0%	.0%	.0%	.0%	1.2%	.1%
Richmondshire: Aysgarth	.4%	.6%	.0%	.0%	3.0%	.6%
Richmondshire: Carlton	.0%	5.3%	.0%	.0%	.0%	.8%
Richmondshire: Gunnerside	.0%	.0%	.0%	8.1%	.0%	.5%
Richmondshire: Reeth	.5%	2.4%	.0%	17.7%	.0%	1.7%
Richmondshire: Newsham / Dalton / Ravensworth	.0%	.0%	6.6%	.0%	.0%	.9%
Richmondshire: Caldwell / Eppleby / Aldbrough	.0%	.0%	.6%	.0%	.0%	.1%
Richmondshire: Barton	.0%	1.0%	.0%	3.4%	.0%	.3%
Richmondshire: Melsonby	.4%	.0%	.6%	.0%	.0%	.3%
Richmondshire: Middleton Tyas	.4%	.0%	1.5%	.0%	.0%	.4%
Richmondshire: Gilling West	.4%	.0%	.0%	.0%	.0%	.2%
Richmondshire: Richmond	19.1%	6.7%	12.3%	29.8%	.0%	15.2%
Richmondshire: Garrison Area (Hipswell / Scotton / Colburn)	19.8%	.0%	2.8%	.0%	.0%	11.5%
Richmondshire: Brompton on Swale	1.6%	.0%	.0%	.0%	.0%	.9%
Richmondshire: Catterick Village	6.4%	1.8%	.0%	.0%	.0%	3.9%
Richmondshire: Scorton	1.3%	.0%	.0%	.0%	.0%	.7%
Richmondshire: Leyburn	1.5%	32.6%	2.9%	.0%	15.5%	7.7%
Richmondshire: Middleham	.0%	13.9%	.0%	.0%	.0%	2.2%
Richmondshire: Hunton	.0%	.0%	4.3%	.0%	.0%	.6%

Richmondshire: Hamby / Spennithorne / Finghall	.2%	1.3%	.0%	.0%	.0%	.3%
Richmondshire: Other	9.5%	10.0%	4.6%	4.3%	23.4%	9.8%
Craven	1.6%	.0%	.0%	.0%	.0%	.9%
Hambleton	3.0%	1.4%	14.2%	3.7%	1.3%	4.2%
Harrogate	.4%	3.9%	11.6%	.0%	.0%	2.5%
Ryedale	.2%	.0%	.0%	.0%	.0%	.1%
York	.5%	.0%	.0%	.0%	.0%	.3%
Leeds	2.0%	.6%	.0%	.0%	1.0%	1.3%
Hull / East Riding of Yorkshire	1.0%	.6%	.0%	5.7%	.0%	1.0%
Bradford	.8%	1.2%	.0%	.0%	5.4%	1.1%
Elsewhere in Yorkshire and Humber	.5%	6.8%	5.0%	3.7%	.0%	2.3%
North East	9.4%	.6%	16.0%	15.1%	7.2%	9.1%
North West	2.0%	2.0%	1.7%	.0%	5.4%	2.1%
East Midlands	.6%	.0%	4.0%	8.5%	2.8%	1.6%
Elsewhere in the UK	16.0%	7.3%	11.4%	.0%	7.7%	12.4%
Outside of the UK	.5%	.0%	.0%	.0%	2.2%	.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2011 Household Survey

Figure 5. 13: Where Households would Realistically Expect to Move, Richmondshire

Expected Location	Where Households Planning to Move in Next 2 Years Realistically Expect to Move to – Richmondshire					
	Existing Location					Total
	Richmondshire: Central	Richmondshire: Lower Wensleydale	Richmondshire: North Richmondshire	Richmondshire: Swaledale	Richmondshire: Wensleydale and Bishopdale	
Richmondshire: Hawes	.0%	.0%	.0%	.0%	13.0%	.9%
Richmondshire: Bainbridge	1.0%	.0%	4.3%	.0%	3.4%	1.7%
Richmondshire: Askrigg	.0%	.0%	.0%	.0%	19.9%	1.4%
Richmondshire: Aysgarth	.0%	.0%	.0%	.0%	6.9%	.5%
Richmondshire: Carlton	.5%	2.1%	.0%	.0%	.0%	.5%
Richmondshire: Reeth	.0%	.0%	.0%	44.2%	.0%	2.3%
Richmondshire: Newsham / Dalton / Ravensworth	.0%	.0%	5.3%	.0%	.0%	1.1%
Richmondshire: Barton	.0%	.0%	9.0%	.0%	.0%	1.8%
Richmondshire: Melsonby	.0%	.0%	6.6%	.0%	.0%	1.3%
Richmondshire: Gilling West	.0%	.0%	2.3%	.0%	.0%	.5%
Richmondshire: Richmond	28.4%	6.2%	16.6%	.0%	.0%	20.3%

Richmondshire: Garrison Area (Hipswell / Scotton / Colburn)	19.8%	.0%	.0%	.0%	.0%	11.4%
Richmondshire: Brompton on Swale	5.1%	.0%	.0%	.0%	.0%	2.9%
Richmondshire: Catterick Village	11.1%	.0%	.0%	.0%	.0%	6.4%
Richmondshire: Scorton	2.8%	.0%	2.0%	.0%	.0%	2.0%
Richmondshire: Leyburn	1.4%	20.7%	1.4%	25.8%	10.1%	5.2%
Richmondshire: Middleham	.8%	6.7%	.0%	.0%	.0%	1.1%
Richmondshire: Hunton	.6%	5.3%	.0%	.0%	.0%	.9%
Richmondshire: Harmby / Spennithorne / Finghall	.0%	13.6%	.0%	.0%	.0%	1.4%
Richmondshire: Other	3.9%	6.2%	.0%	.0%	.0%	2.9%
Richmondshire: Central	2.8%	.0%	.0%	.0%	.0%	1.6%
Richmondshire: Lower Wensleydale	.0%	6.8%	.0%	.0%	.0%	.7%
Richmondshire: North Richmondshire	.0%	.0%	9.4%	.0%	.0%	1.9%
Richmondshire: Wensleydale and Bishopdale	.0%	.0%	.0%	.0%	15.6%	1.1%
Craven	.0%	.0%	.0%	.0%	16.5%	1.2%
Hambleton	1.1%	6.5%	5.5%	.0%	.0%	2.4%
Harrogate	.4%	.0%	3.1%	.0%	.0%	.8%
Scarborough	1.5%	.0%	.0%	.0%	.0%	.9%
York	.8%	.0%	2.9%	6.8%	.0%	1.4%
Leeds	4.0%	.0%	2.0%	.0%	.0%	2.7%
Elsewhere in Yorkshire and Humber	3.9%	.0%	2.0%	13.2%	.0%	3.3%
North East	2.8%	2.4%	15.2%	.0%	.0%	4.9%
North West	.3%	.0%	2.0%	.0%	2.6%	.8%
East Midlands	.6%	.0%	.0%	.0%	.0%	.3%
Elsewhere in the UK	6.4%	14.2%	10.6%	9.9%	12.0%	8.6%
Outside of the UK	.0%	9.3%	.0%	.0%	.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2011 Household Survey

- Of those households currently residing in Richmondshire, a total of 2,505 expect to move home within the next two years.
- Predominately the households in Richmondshire who are planning to move in the next 2 years expect to remain in Richmondshire itself, with Richmond proving to be the most popular destination, especially amongst those living in Central and North Richmondshire. Hambleton is the most popular destination within North Yorkshire with 2.4% of households planning to move here in the next two years. 8.6% of households plan to move elsewhere in the UK.

Figure 5. 14: Housing Tenure Expectations, Richmondshire

Authority	Households Planning to Move in the 2 Years - Tenure Expectation: Local Authorities & North Yorkshire									
	Expected Tenure									
	Own Outright	Own with Mortgage or Loan	Intermediate	Social Rent	Private Rent	Tied Accommodation	Living with Family or Friends	Managed Student Accommodation	Other	Total
Richmondshire	23.4%	27.5%	6.9%	51.9%	28.8%	0.0%	1.5%	0.0%	1.5%	100.0%
North Yorkshire	22.8%	36.8%	8.2%	36.7%	26.6%	0.4%	1.2%	0.5%	0.6%	100.0%

Source: 2011 Household Survey

Figure 5. 15: Previous Tenure by Current Tenure (households moving in last 2 years), Richmondshire

Previous Tenure	Households Moving in Last 2 Years - Previous Tenure and Current Tenure: Richmondshire									
	Current Tenure									
	Own Outright	Own with Mortgage or Loan	Intermediate	Social Rent	Private Rent	Tied Accommodation	Living with Family or Friends	Managed Student Accommodation	Other	Total
Own Outright	7.2%	3.3%	0.0%	1.3%	1.1%	0.0%	0.0%	0.0%	0.0%	12.9%
Own with Mortgage or Loan	2.5%	7.1%	0.0%	0.0%	12.8%	0.0%	0.0%	0.0%	0.0%	22.4%
Intermediate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Social Rent	0.0%	0.0%	0.0%	4.2%	4.2%	0.0%	0.0%	0.0%	0.0%	8.4%
Private Rent	1.2%	7.0%	0.0%	3.9%	28.6%	0.0%	0.2%	0.0%	0.0%	40.9%
Tied Accommodation	0.0%	0.9%	0.0%	0.0%	0.4%	1.4%	0.0%	0.0%	0.0%	2.8%
Living with Family or Friends	0.0%	2.3%	0.0%	1.6%	4.4%	0.5%	0.0%	0.0%	0.0%	8.7%
Managed Student Accommodation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.1%	1.3%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	3.9%
Total	10.9%	22.0%	0.0%	11.0%	54.0%	1.9%	0.2%	0.0%	0.0%	100.0%

Source: 2011 Household Survey

Mortgage Finance

- 5.11 One of the underlying drivers behind the lack of mobility in the housing market, in particular the owner-occupier market, remains the tightening of mortgage finance by financial lending institutions (banks and building societies) since the 'credit crunch' in 2008, with the subsequent removal of all 100%, 95% and the majority of 90% mortgage products from the market. The result has been that prospective purchasers have had to raise increased capital deposits to access mortgage products, which has had a limiting effect on the ability of those households with low incomes and savings (for example first time buyers) to access the owner occupied sector.
- Assuming lenders requiring a 10% deposit, interest rates of 5.49%, and a 25-year repayment period, a repayment mortgage for the lower quartile average house price within Richmondshire stands at £899 per month, with an interest only mortgage lower at £663 per month.
 - In comparison to North Yorkshire, Richmondshire is an expensive Local Authority area to become an owner occupier with mortgage payments for both a repayment mortgage and an interest only mortgage in excess of the North Yorkshire average.
- 5.12 Full analysis of the availability of mortgages across the UK and the Yorkshire and Humber region is provided within the main report. There are noted short term constraints to accessing mortgage finance across both geographies.

Figure 5. 16: Mortgage Repayments - Lower Quartile Home, Richmondshire

Authority	Mortgage Repayments for Lower Quartile Property (November 2010)					
	Lower Quartile House Price (Q2 2010)	Mortgage (25 year term)	Repayment mortgage		Interest only mortgage	
			Monthly payments	Weekly payments	Monthly payments	Weekly payments
Richmondshire	£145,000.00	£130,500.00	£899.90	£225.00	£663.40	£165.80
North Yorkshire	£136,000.00	£122,400.00	£844.10	£211.00	£622.20	155.60

Source: LCC; FSA 'Money Made Clear' Mortgage Calculator

Benchmarking Access to Different Housing Tenures

- 5.13 The analysis of the active market has clearly highlighted the current issues facing the housing market across Richmondshire, including a reduction in activity. The data assembled above has been drawn together in this final sub-section to present an indication of the relative affordability of different tenures of housing in relation to the financial capacity of households in Richmondshire. The CLG SHMA guidance (August 2007) suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability. The two core elements are:
- Assessing whether a household can afford to buy a home; and
 - Assessing whether a household can afford to rent a home.
- 5.14 It is important to note that this analysis is presented for illustrative purposes, with a full analysis undertaken (utilising income multipliers for both single-occupant/income and multi-occupant/income) households within the affordable housing needs assessment conducted in Section 7 in line with the CLG Guidance.
- 5.15 A series of key assumptions used in the benchmarking assessment of these elements are set out as follows.

Key Affordability Benchmarking Assumptions

- 5.16 Within its guiding methodology for assessing affordability, the CLG SHMA Guidance (August 2007) recommends the following standardised assumptions when assessing affordability:
- Lower Quartile house prices are utilised to represent lower market entry properties.
 - An household with a single income is considered able to buy a home if it costs 3.5 times the gross household income; however in the current market banks are looking more closely at affordability and credit worthiness and so this report also considers an alternative benchmark for whether residents can afford to buy a home relating to the proportion of income that mortgage repayments represent. This alternative measure of ability to buy a home assumes that a bank will advance mortgage funding if the mortgage repayments represent no more than 20% of a households gross income. This is lower than the 25% of gross income assumed that would allow individuals to access market rented property, based on the assumption that owner occupation has additional costs such as maintenance, buildings and other insurances etc.

- A household is considered able to afford open market (private) rental housing in cases where the rent payable would constitute no more than 25% of their gross household income;
- 'Rent payable' is defined as the entire rent due, even if it is partially or entirely met by housing benefit; and
- Annual social housing rents are calculated from an average taken of RSL rental levels.

5.17 The benchmark values to access different housing tenures in Richmondshire are shown in the following table.

Figure 5. 17: Benchmark Property Values, Richmondshire

Location	Benchmark Property Values		
	House Price	Average weekly rent	Annual Rent
Richmondshire			
Market Entry			
Lower Quartile Price (April 2009 - March 2010)	£145,000	n/a	n/a
Market Rented			
1 Bed rental properties	n/a	£93	£4,845
2 Bed rental properties	n/a	£123	£6,384
3 Bed rental properties	n/a	£152	£7,880
Affordable Rent			
1 Bed rental properties	n/a	£75	£3,876
2 Bed rental properties	n/a	£98	£5,107
3 Bed rental properties	n/a	£121	£6,304
Social Rented			
Average rents in social rented properties	n/a	£69	£3,581

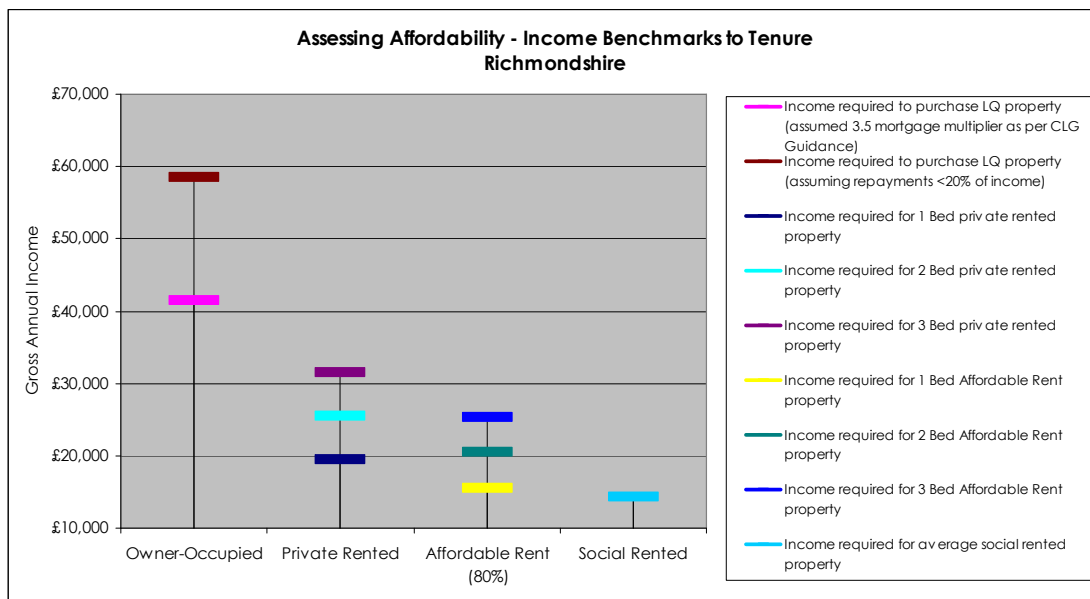
Source: GVA, 2011

5.18 Under these assumptions the following figure indicates the income required to access these different elements of the housing market in Richmondshire.

- In Richmondshire the income required to purchase a lower quartile house, based on a 3.5 time a single income household's earnings is £41,429. However in the current banks tend to lend only if mortgage repayments are less than 20% of gross income. In this context the income required would be in the region of £58,495 in Richmondshire.
- Income levels required to access the private rented sector are below the income required to purchase, with the income required for a 1 bed property at £19,380, a 2 bed property at £25,536 and a 3 bed property at £31,520.

- In terms of an Affordable rent property, the income level required to access a 1 bed property is £15,504, a 2 bed property is £20,429 and a 3 bed property is £25,216.
- The income required for an average social rented property stands at £14,325.

Figure 5. 18: Income Benchmarks to Tenure, Richmondshire



Source: GVA, 2011

- 5.19 Drawing on responses to the 2011 Household Survey, the average median household income in Richmondshire in 2011 is £22,100. When this is compared to the average income level required to access the private owner-occupied housing market, which is £58,495 when a ceiling mortgage spend of 20% of a household's annual income is applied, it is apparent that the private housing market is inaccessible for many households.
- 5.20 The affordability problem is eased by many households ability to access the private rental market and affordable rental market.

Bringing the Evidence Together

- 5.21 The purpose of this section has been to undertake analysis to provide an up-to-date assessment of the housing market in Richmondshire, set in the context of the wider North Yorkshire position presented in the main report. The key issues and findings emerging from the analysis are summarised below:

-
- Owner occupier house price trends: Richmondshire has experienced a rise in average house prices since 2000, peaking (inline with the wider market) at a high of £ 228,666 in 2007/08. Current average house prices in Richmondshire (2009/10) stand at £ 220,787 which is broadly in line with the North Yorkshire average of £209,903. Values are high throughout the Local Authority area with the highest values occurring in the rural areas, in particular the Swaledale sub area recording the highest median house price of £285,557. Richmondshire's lower quartile house prices have fluctuated more than the other Local Authority areas but have more recently begun to consistently exceed the North Yorkshire average which has continued with house price recovery. Within Richmondshire the lowest lower quartile house price is in the Wensleydale and Bishopdale sub area at £166,500
 - Private Rented Sector: Richmondshire's private rental sector has historically been buoyant, yet there is increased pressure on the available stock as many households are considering this option when they move (or form) due to the challenging economic circumstances which has prevented or deterred many households from accessing the owner occupier market. Rents are concentrated in the £347-£650 per calendar month price range which is generally less expensive than the other Local Authority areas.
 - Social rented sector: In Richmondshire average weekly rents for RSL tenants (£77 per week) are above the sub-regional average. However Local Authority rents are below the North Yorkshire average at £62 per week. Proportionally social housing waiting lists in Richmondshire are very long at 7.0% compared with 3.8% of all households in North Yorkshire. This suggests that there has been a lack of affordable housing delivery in Richmondshire in recent years.
 - Household Movements: Richmondshire demonstrates a high rate of household retention with the majority of those planning to move in the next two years planning to remain in Richmondshire. Owner occupation remains a popular aspiration with 51% of household planning to move expecting to move to this tenure, but surprisingly many households expect to move to social rented accommodation (52%). However recent trends have demonstrated that people tend to remain within their current tenure, although in Richmondshire those who do move tenures tend to move to private rented properties illustrating the mismatch between people's expectations and actual choices which has more than likely be driven by prevailing economic circumstances, the lack of affordable housing and the high house prices in Richmondshire.
 - Access to the housing market: Benchmarking of incomes to tenure suggests potentially significant mismatch between average income required to access the market £58,495 in Richmondshire assuming a ceiling mortgage spend of 20% compared to average household income levels across Richmondshire.

Part 2: Future Housing Market and Need

6. Future Housing Market

Future Housing Market

The preceding sections whilst assessing the state of the current housing market have also examined the demographic, economic and active market drivers likely to influence the future housing market.

The North Yorkshire SHMA Report includes a detailed analysis of a series of household projections in order to assemble different scenarios of household change. This is used to provide an indication of the potential quantum of households requiring housing in the future based upon an assessment of demographic and economic drivers. These projections need to be considered alongside the findings of the following section in order to assess the split in the demand this result in by tenure, at least over the short-term. In turn through analysis of detailed demographic projections and the 2011 Household Survey projections are arrived at regarding the future demand for different property sizes across all tenures. These clearly have important implications for the setting of future policy and strategy.

The purpose of this section within the Appendix is not to replicate this analysis. The data examined does not allow for a sub-area disaggregation of data, with the proceeding section providing a sub-area short-term projection of housing need. This section therefore presents the headline findings of the North Yorkshire Report Section 7 alongside a series of local authority tables and charts to provide additional information and complementary analysis to the North Yorkshire SHMA.

Research findings relate directly to:

Core Output 3: Estimate of total future number of households, broken down by age and type where possible;

Core Output 6: Estimate of future households requiring market housing (by size).

- 6.1 This section presents the key individual authority tables and charts presented within the main North Yorkshire report. The North Yorkshire Report provides a full account of the methodologies applied and the strengths and limitations of various datasets. The information presented here is therefore intended to aid the reader to understand the individual authority's characteristics and trends in greater detail.

-
- 6.2 The North Yorkshire report presents three Core Scenarios. Whilst the North Yorkshire report presents a series of sensitivities highlighting the impact of changing specific variables underpinning these Core Scenarios these are not replicated within this Authority Appendix document. Following the presentation of the Core Scenarios analysis of the projected changes to age and household composition within the authority based on the assumptions underpinning the sub-national population and household projections is set out. The section concludes with analysis translating these long-term demographic trends and the findings of the Household Survey to arrive at estimations of the sizes of properties required to meet requirements.

North Yorkshire Findings

- 6.3 Nationally population projections indicate that the population is rising, with this growth in the overall number of people being compounded further in demand for housing by falling average household sizes. The result nationally is a well documented apparent mismatch between current and future supply and demand for housing. Under the previous Labour Government regionally set housing targets were an important component of the planning process in enabling levels of development which addressed this imbalance both locally and cumulatively at a national level. These statutory targets are in the process of being revoked and a new policy approach is starting to emerge. Until these policies are finalised the retention of housing targets remains a key element of the Core Strategy informing the authority's position in terms of its five year land supply. However, there exists considerably greater flexibility for these to be shaped to directly reflect local understanding of demand for housing.
- 6.4 Given the uncertain policy climate at the time in which this research is being written the analysis within the SHMA is intended to provide the Partnership Board and the respective local authorities across the sub-region with robust analysis of the drivers of housing demand in order to assist in the process of developing and validating future housing targets. The evidence base here is not intended to be directly transferable for authorities to translate evidence based household growth rates into housing targets within policy. It is recognised that as part of this process further consultation work will be required by individual authorities alongside further detailed analysis of individual circumstances and factors influencing potential supply and demand.
- 6.5 Section 7 of the North Yorkshire SHMA report considers the structural drivers of change – economic and demographic trends – and the implications of these for maintaining a balanced housing market. It first develops quantitative scenarios to consider the level of housing demand (i.e. household growth). Three Core Scenarios are presented drawing on national and regional datasets:

- Core Scenario 1 - 2008 based Sub-national Population / Household Projections (ONS / DCLG);
- Core Scenario 2 – Natural Change based projection
- Core Scenario 3 – Impact of Economic Change

- 6.6 A series of Sensitivities are then presented and explored to illustrate the implications of altering assumptions within the 'official statistics' published by the ONS and DCLG.
- 6.7 The analysis in the North Yorkshire SHMA of these scenarios is undertaken at a local authority level. A number of headline conclusions are reached with their implications and the underpinning analysis for Richmondshire considered in more detail within the rest of this section.
- 6.8 The sub-national population projections produced by the ONS form the base of all of the scenarios and show a projected increase in the population across North Yorkshire of 114,000 between 2008 and 2026. Migration represents a key driver behind this projected growth with historical trends analysed in Section 3 of this appendix being projected forward for each authority as a trend.
- 6.9 Under the Natural Change Scenario (Scenario 2), the two components of migration are removed from the projections (international and internal migration) to illustrate the impact on population assuming only the impact of natural change. Across North Yorkshire this would result in a projected growth of only approximately 13,300 people over the same time period. A number of authorities including, Craven, Hambleton, Ryedale and Scarborough would all experience a loss in their population under this scenario.
- 6.10 The final scenario, Scenario 3 – Impact of Economic Change, examines the application of a constraint to align the population, in particular the working age population, with the forecast numbers of jobs to be available in the area based upon the economic forecasts summarised in Section 3. The result of this constraint is to suggest a further level of population growth across all of the authorities except Selby compared with Scenario 1, noting that York is excluded from this Scenario²¹.
- 6.11 In translating the population projections analysed above into household projections the projected levels of population are divided by projected household size statistics as provided by the DCLG within their published sub-national household projections. These projections assume a steady fall in household sizes from an average of 2.28

across North Yorkshire to 2.12 by 2026. The application of these household sizes (or headship rates) results in average annual household growth levels of 1,900 under Core Scenario 2 (Natural Change) and 4,300 under Core Scenario 1 (SNPP). Under Core Scenario 3 the level of household growth is slightly higher than Core Scenario 1 for all authorities except Selby, with York excluded from the analysis. Whilst Core Scenario 2 represents a hypothetical scenario which could never be realised it serves to demonstrate that even with no migration from outside of the North Yorkshire authorities there will be a healthy level of household growth which will require a response in terms of housing development. The other two scenarios both show levels of projected household growth which exceed the RSS housing targets, this is particularly pronounced in a number of authorities.

- 6.12 The SHMA analysis presented within the North Yorkshire SHMA draws on information from the Household Survey and the latest demographic analysis being undertaken by Edge Analytics to highlight the importance of understanding the sensitivity of the Core Scenarios to a number of factors. These serve to highlight that whilst trend based projections represent a robust approach to calculating potential future demand the last few years have shown the impact of external factors. The sensitivities highlight the potential weakness in projecting estimations of international migration forward at a flat rate, particularly with this rate being particularly high in the region and indeed in York and Richmondshire within the sub-region. In addition other factors such as the impact of affordability and commuting are considered in relation to the ongoing levels of internal migration into the area likely to be seen over the longer-term. Finally the important assumption around falling household sizes is examined in light of the information presented through the Household Survey, which shows that over recent years rates of newly forming households have fallen, primarily linked to market mobility issues and the supply of new properties. A number of these sensitivities are summarised within this Authority Appendix as they directly impact upon Richmondshire, although the full suite are not replicated here as they are intended to provide a strategic evidence base for consideration by all partners across North Yorkshire.

Richmondshire Analysis

Core Scenarios – Projecting Population Growth

Core Scenario 1 – Sub-National Population Projections

²¹ Note: As referenced in the City of York Appendix Document the authority has commissioned independent local employment projections, which have in turn been used to inform a proposed level of household growth to inform the Core Strategy.

- 6.13 The mid-year ONS estimates of population, analysed in Section 3, provide the base historical data for the **sub-national population projections** (SNPP), which are produced every two years. These datasets provide projections for a 25-year time-horizon, for each district and unitary authority. The projections represent an important part of any assessment of future household change and are specifically referenced within the DCLG SHMA Guidance.
- 6.14 Assumptions used by the sub-national population projections are based on recent evidence on births, deaths and migration, plus they incorporate evidence from an expert panel which has provided guidance on likely future trends in fertility, mortality and migration. SNPP are constrained to the total population estimated in the **national population projection** (NPP).
- 6.15 The latest 2008-based SNPP suggest that the population of North Yorkshire will increase by just over 114,000 people from a 2008 base to 2026. 2008 is used as a base date with this representing the point from which levels are projected rather than based within the ONS mid-year population estimates.
- 6.16 The following table quantifies the levels of population change estimated through the SNPP in Richmondshire. This illustrates that Richmondshire contributes just over 8,000 people to this growth, representing 7% of total growth across the sub-region.

Figure 6. 1: Population Projected Growth – 2008 – 2026 – Core Scenario 1

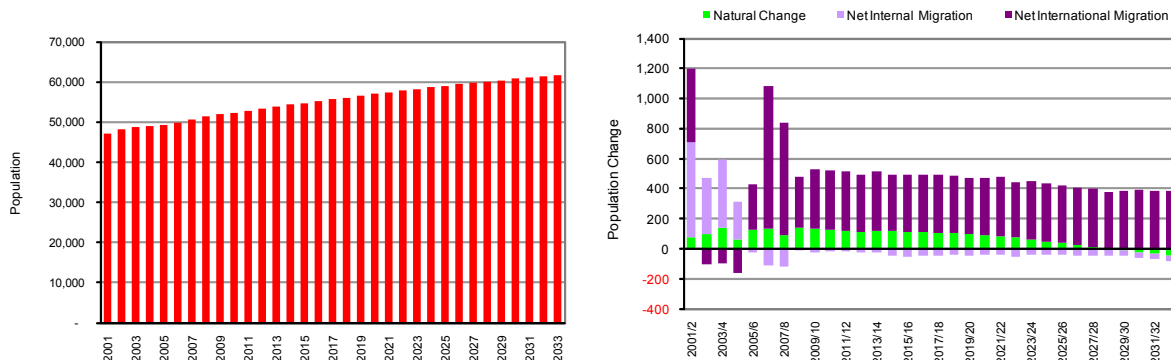
Authority	Total Population - 2008 base SNPP							
	Population Estimates				Projected change in Population		Annual Projected Change	
	2008	2011	2016	2026	2008 - 2016	2008 - 2026	2008 - 2016 (eight years)	2008 - 2026 (18 years)
Richmondshire	51,366	52,842	55,188	59,394	3,822	8,028	478	446

Source: Edge Analytics, 2010, ONS, 2010

- 6.17 Under the SNPP Richmondshire is projected to increase its population annually on average by almost 450 people per annum between 2008 and 2026. The projections suggest that the population will grow more rapidly over the initial forecast period (2008 – 2016) with an annual uplift of almost 480 people.
- 6.18 The annualised projected change in population, as well as the individual components of change, are illustrated through the following charts.

Figure 6. 2: Population Forecast and Components of Change

Richmondshire



Source: Edge Analytics, 2010, ONS, 2010

- 6.19 From the chart it is clear that the relative importance of the components of change across Richmondshire during the projection period vary slightly from the trends evident between 2001 – 2009. In Richmondshire internal migration is projected to act as a slight drag factor (i.e. a negative level of change annually), in total the authority is projected to lose almost 780 people to other parts of the UK in net terms between 2008 and 2026. In contrast international migration is projected to play a significant positive role in population growth with a net increase of almost 400 international migrants each year, adding up to almost 7,700 people between 2008 and 2026. With the area having a comparatively youthful demographic structure, with this further reinforced through the projections of international migration (generally assumed to be of young working age), natural change has a year on year positive input up until 2026.
- 6.20 The migration trends identified above are in part based upon historical migration trends as well as the application of assumptions around the distribution of international migrants around the UK. When considering the data presented within this Core Scenario it is important to note that it is driven solely from projecting forward ONS produced mid-year estimates of population. Within Richmondshire, as the analysis in Section 3 showed, these estimates are likely to include potential inaccuracies relating to the treatment of the military population. This is an issue considered in more detail later in the section through a sensitivity scenario.
- 6.21 Future migration trends will clearly be influenced by a number of factors, including but not limited to the availability of new supply in the area, the accessibility of supply (i.e. the ability of households to afford property) and the economic rationale for locating in the area, in particular this relates to the propensity of households to commute (the impacts of rising fuel costs being one potential factor on this). These considerations

are explored in greater detail in the sensitivities analysis in Section 7 of the North Yorkshire SHMA report. In addition within Richmondshire the impact of changes to the military population will translate into marked changes in population levels across the authority. Decisions to expand or reduce the population within Catterick Garrison will be made centrally and are therefore very difficult to plan for. Careful monitoring will therefore be required around the impact of changes to this 'special population'.

Core Scenario 2 – Considering a Natural Change based Projection

- 6.22 Using the POPGROUP suite of software Edge Analytics have developed a scenario of population change which removes the impact of migration from 2008 onwards. This therefore assumes that the existing population is not expanded or changed by migratory factors and that population change is constrained only to natural change from the population as of 2008 (i.e. births and deaths).
- 6.23 The breakdown of the projections by the three core components above shows that within Richmondshire natural change has a positive net impact on population change over the projection period. This is illustrated within the table below which illustrates the level of population growth projected under a scenario of nil migration. In order to benchmark the impact of this constraint the SNPP projections are also included for reference.

Figure 6. 3: Contrasting Projections constrained by Nil Migration with the SNPP – 2008 – 2026

Authority	Total Projected Change in Population		Annual Projected Growth	
	2008 - 2026		2008 - 2026 (18 years)	
	SNPP	Natural Change	SNPP	Natural Change
Richmondshire	8,028	2,920	446	162

Source: Edge Analytics, 2010

- 6.24 The important role that natural change is projected to play in Richmondshire is evidenced by the annual average growth of just over 160 people assumed under the Natural Change scenario. This represents a significant level of growth on its own and represents an important consideration in terms of the pressures this will place on the housing stock as well as other services. It is important to note that this growth in population driven by natural change is likely to include births linked to the modelling of a retained military population within the area. In reality the nature of the military population is that on the whole it is transient with this potentially therefore creating a mis-leading picture. Further work will need to be undertaken outside the scope of this SHMA research to explore this in greater detail and to understand the implications for policy development.

-
- 6.25 It is important to note that even with natural change playing a significant positive role the natural change scenario represents a substantially lower level of growth than that projected through the SNPP this further serves to illustrate the impact of assumptions around sustained high net international migration levels into the area. It is important to recognise that this scenario is a hypothetical scenario with the reality of the market meaning that migration could never be artificially constrained to zero.

Core Scenario 3 – Considering the Impact of Economic Change on Population Growth

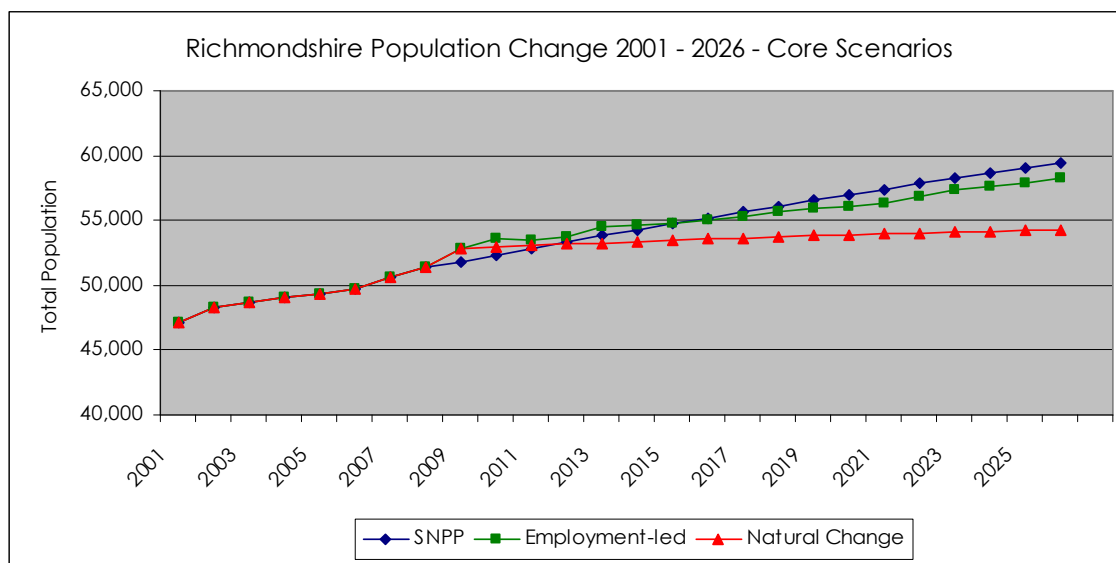
- 6.26 A third scenario has been run as part of the research by Edge Analytics. This uses the POPGROUP software to align population profiles with a projected economic future. This scenario therefore takes the SNPP scenario as its base and constrains the population to the latest Regional Economic Model job forecasts (as presented in Section 3). The projections are applied back to 2009 within the population datasets.
- 6.27 Under this forecast Richmondshire is projected to have a relatively low level of employment growth between 2010 and 2026. Whilst the growth is positive year-on-year the levels are one of the lowest across the sub-region, as explored within Section 4 of the North Yorkshire SHMA report.
- 6.28 The construction of this scenario is achieved by applying parameters which measure the relationship between the population and the labour force (economic activity rate) and between the labour force and the number of jobs in an area (labour force: jobs conversion factor). This takes into account the level of unemployment but also the degree to which residents live and work within the area in question. In an employment constrained scenario, net in-migration will occur if the size of the labour force is insufficient to match the number of jobs forecast to be created. This assumes that commuting patterns remain constant alongside economic activity / unemployment levels. Net out-migration will occur if there are too few jobs for the labour force.
- 6.29 Under this scenario economic activity rates, unemployment rates and the commuting ratio for each of the individual authorities continue to reflect recent performance (average 2003 – 2009) and trends as presented in Section 3 and are not altered.
- 6.30 Under this scenario in Richmondshire the population is projected to grow at a slower rate than that projected under the SNPP (Core Scenario1). Whilst the levels of employment are projected to increase in Richmondshire these are not projected to rise at a pace which matches the assumed growth of the working age population under the SNPP, particularly over the later parts of the projection period. Within this scenario therefore the working age population in particular is moderated to reflect

levels of job growth, which following the period of recession are more modest than those seen since the start of the century.

Contrasting the Population Projections under the 3 Core Scenarios

6.31 The following chart shows the contrasting levels of population growth projected under the three core scenarios for Richmondshire.

Figure 6. 4: Contrasting Population Growth under all three Scenarios



Source: Edge Analytics, 2010, GVA, 2010

6.32 This illustrates the trends discussed above. Even with the positive trends noted above the Natural Change scenario (which as noted in the analysis are likely to be over-estimated) show a considerably lower level of population growth than the other two scenarios. The SNPP shows the highest level of projected growth in population with the employment-constrained scenario sitting between the other two.

6.33 The next section translates these projections into household estimates over the research period.

Translating Population Growth into Households

6.34 The analysis of current household profiles across the County within Section 4 of the North Yorkshire SHMA report explains the link between population estimates and projections and household estimates. Primarily this process involves the application of headship rates to the population forecast to produce an indication of the levels of households that would result.

- 6.35 Importantly as the analysis in the North Yorkshire SHMA identified the DCLG has assumed a falling level of household size between 2001 and 2009 with this trend continuing to be projected forward within the Sub-National Household projections produced by the DCLG. Whilst Richmondshire has seen an increase in household size between 2001 and 2008 the national trend forwards is reflected in a decline for the authority. It is important to note that the number of households included within the DCLG projections also falls short of the estimated number of occupied properties from Council Tax data. This potentially suggests that the average household size may be smaller if the population estimate is utilised.
- 6.36 The following table illustrates the varying projected changes in private household population (institutional populations are removed from the household projections), headship rates or household size and the households under the SNPP scenario of population change (Core Scenario 1).

Figure 6. 5: Population, Household Size and Household Change 2008 – 2026 – Core Scenario 1, SNPP / SNHP

Authority	Sub-National Projections (ONS / DCLG) - 2008 Base									
	Private Household Population			Household Size			Households			
	2008	2026	Change 2008 - 2026	2008	2026	Change 2008 - 2026	2008	2026	Change 2008-2026	Annual Change (18 years)
Richmondshire	47,797	55,467	7,670	2.42	2.31	-0.11	19,770	24,046	4,276	238

Source: Edge Analytics, 2010, GVA, 2010

- 6.37 This shows that household sizes within Richmondshire under the DCLG projections are assumed to fall from 2.42 persons to 2.31 persons, or a decrease of 0.11. Whilst this represents a steep decrease it is less than the North Yorkshire average level which shows a decrease of 0.16. Richmondshire actually has the highest 2008 household size of all of the authorities across North Yorkshire, with the projected size in 2026 retaining this position when compared with the other authorities.
- 6.38 The impact of these Headship rates assumptions are shown in the overall levels of projected household growth. Within Richmondshire the combination of a sharp rise in population and falling household sizes means an increase in households over the projection period. Between 2008 and 2026 Richmondshire is forecast to see an increase of almost 4,300 households under these assumptions, or an annual average increase of almost 240 households per annum. This marginally exceeds the RSS target in terms of net dwellings.

6.39 A similar exercise has been undertaken for the other two Core Population Projections. The following table presents the results in terms of the overall and annual average levels of households projected under the three scenarios.

Figure 6. 6: Projected Household Change 2006 – 2026 – All Three Core Scenarios

Authority	Total Household Change 2008 - 2026			Annual Average Household Change 2008 - 2026 (18 years)		
	Natural Change	SNPP	Employment-led	Natural Change	SNPP	Employment-led
Richmondshire	3,164	4,276	5,131	176	238	285

Source: Edge Analytics, 2010, GVA, 2010

- 6.40 As would be expected under the Natural Change Scenario, the lower levels of projected growth in population results in a lower level of household growth, almost 180 per annum. Importantly this level still almost accords with the RSS target (noting this is growth in households compared to an RSS target for net dwellings) and reflects the fact that a large proportion of the projected population growth is made up of younger households migrating into the authority. An issue which however, needs to be considered in light of the sensitivity analysis presented within the North Yorkshire SHMA report which highlights the potential issues within the projections around the treatment and distribution of international migrants.
- 6.41 The SNPP Scenario shows a higher level of household growth than Core Scenario 2, with an annual average growth in households of almost 240 per annum. Interestingly whilst recording a lower level of population growth the employment-constrained scenario in Richmondshire projects a greater level of household growth. This is linked to the different assumptions around the demographic make-up of the population under these scenarios. With a reduced working age population under the latter, linked to relatively low levels of employment growth forecast, resulting in a lower household size on average therefore translating the population into a greater number of households.
- 6.42 The North Yorkshire SHMA presents hypothetical dwelling requirements based around the levels of growth projected under Core Scenario 1. These are not replicated here and need to be considered in the context of the analysis of sensitivities presented within the North Yorkshire SHMA report and work being undertaken separately by each of the authorities.
- 6.43 It is important to recognise that the household projections displayed above do not take account of any housing land availability constraints. This is an issue which will need to be considered in the development of the Local Development Framework.

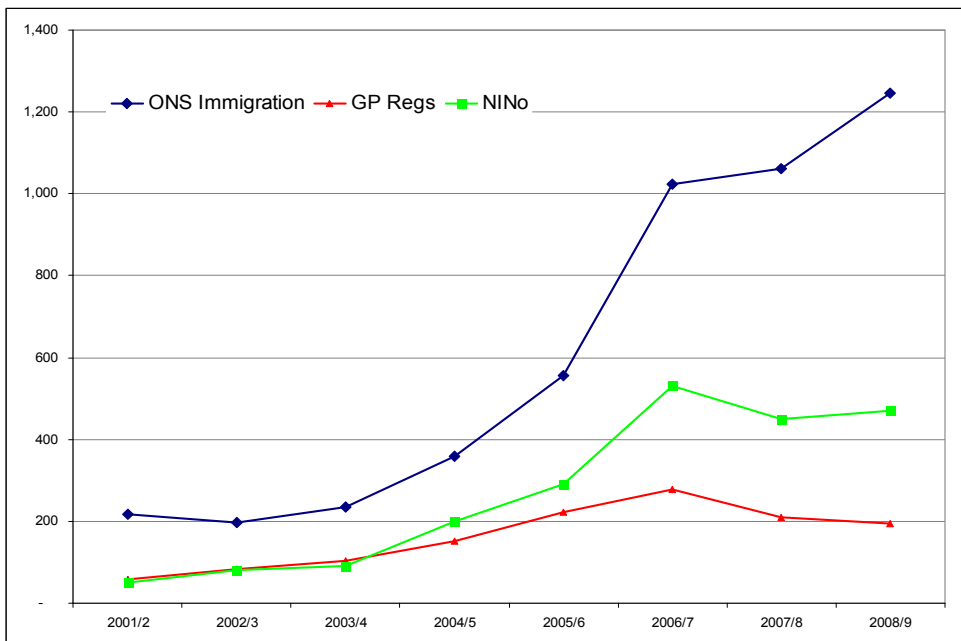
Sensitivity Scenarios

- 6.44 The North Yorkshire SHMA report provides a full introduction to the importance of sensitivity testing. An examination is made of the sensitivities around both demographic and economic factors to the projections presented above.
- 6.45 In the case of Richmondshire these sensitivities are particularly important as the analysis undertaken both through this research and through research commissioned separately by the Council highlights the potential issues with the standard national projections. It is important to note when considering the sensitivities below that it is not within the scope of this research to develop alternative quantitative population or household projections to those Core Scenarios presented above. However, the sensitivities illustrated below highlight the potential importance of questioning the assumptions and outputs of the SNPP Scenario in terms of considering future levels of household growth which are likely to be realised and required over the future plan period. This **does not however, have any effect on the housing need estimates calculated in Section 7. The source of data for future household change over the short-term (Step 2.1) in the housing need analysis is the Household Survey 2011 given that this data source provides a more locally bespoke resource for assessing trends over this shorter timeframe.**

Sensitivity 1. Considering Demographic Assumptions – The impact of the Military Population and International Migration

- 6.46 The North Yorkshire SHMA report provides a justification for critiquing official statistics, in this case the ONS mid-year estimates and sub-national population projections where updated local data sources evidence different data outputs.
- 6.47 The analysis examines the comparison of other data sources, primarily GP registrations, to explore potential deviations from the ONS statistics.
- 6.48 The following chart illustrates the relationship between GP registrations by foreign nationals, national insurance number registrations to foreign nationals and the current ONS estimate of immigration for Richmondshire. This suggests that the ONS estimates are significantly in excess of data recorded in the other administrative sources, inflating the estimated impact of international migration both in the mid-year population estimates and in the sub-national projections of both population and households.

Figure 6. 1: Richmondshire: ONS Immigration Estimates vs. Administrative Sources



Source: Edge Analytics

- 6.49 The impact of the alternative immigration estimation methodology upon sub-national projections for Richmondshire would be very significant and would lead to a considerable modification of the projections presented under each of the Core Scenarios.
- 6.50 In Richmondshire, the 2008-2026 population projection could reduce by up to 6,000 if the data was corrected to better align with local statistical data sets. This would result in a corrected trend-led estimate of 53,500 in 2026, rather than the higher 59,394 in the existing sub-national population projections. This would equate to a household total of approximately 21,500 in 2026, as opposed to the 25,070 projected under the SNPP. The application of this correction, if 21,500 was assumed in turn would result in a **reduction to the annual average household growth rate from almost 240 to approximately 95 to 100 per annum for Richmondshire.**
- 6.51 As the analysis has shown through Section 2 – 5 the military population in Richmondshire poses a specific issue for collating statistics. The treatment of this population by the ONS has already been explored in Section 3 and clearly the handling of Armed Forces population is quite complex.
- 6.52 Statistics on UK forces are collected by Defence Analytical Services (DASA) and distributed to local authorities. Foreign Armed Forces (which are primarily US

personnel) are recorded separately with numbers in North Yorkshire being relatively small.

- 6.53 In the ONS SNPP, Armed Forces personnel are treated as a 'special population' and are not aged with the 'normal' population with this including dependants. This potentially has an impact in terms of the translation of this population projection by DCLG into the SNHP. The impact could be a potential artificial swelling of the overall projections linked to this factor, with this also impacting on other adjacent authorities, albeit to a lesser extent.
- 6.54 Examining the issue of international migration it is clear from analysis of the NINO registrations (an important element of the local estimation methodology) it is evident that military factors have played a major part in distorting this element, linking to the critique in the previous sub-section. Analysis of this dataset highlights that a high proportion of NINO registrations have been to Nepalese (Ghurkha) origin. These 'Armed Forces' registrations have accounted for up to 60% of total NINO registrations since 2006 and need to be removed from the Richmondshire total to ensure an 'equitable' distribution of international migration flows to North Yorkshire districts. These Ghurkha registrations will have a distorting effect upon international migration estimation, artificially inflating the total in Richmondshire.

Figure 6.12: NINO Registrations 2002 – 2010 – Richmondshire

	2002	2003	2004	2005	2006	2007	2008	2009	2010
NINO registrations	50	80	90	200	290	530	450	470	400
Nepalese origin	20%	25%	22%	15%	17%	57%	56%	57%	60%

Source: Edge Analytics, 2011

- 6.55 As noted above the re-estimation of international migration (taking this element into account) for Richmondshire would have a very significant impact upon the district's population growth trajectory 2008 – 2026. At present 'net immigration' is a dominant driver of population growth over the forecast period. It is important to recognise that this issue is more complex than simply the international component element. Whilst this factor would reduce growth further analysis needs to be given to other factors, such as the assumptions around internal migration of military population and natural change factors for this component to understand in more detail total population and household growth.
- 6.56 Evidently with its constituent Armed Forces population, Richmondshire has a complicated demographic profile. Official statistics, both estimates and projections, do not adequately handle this complexity. It is highly recommended that a 'local' forecasting model is configured and calibrated, incorporating official statistics, best estimates of the Armed Forces population (military and dependents) and additional

data from local administrative sources and the MoD to ensure these issues are more fully explored and robust conclusions arrived at.

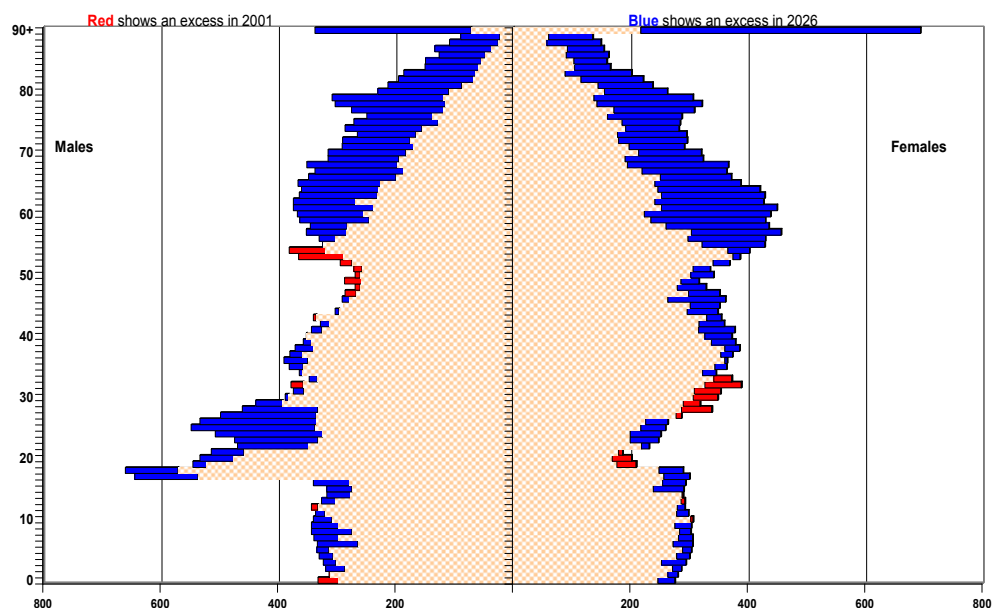
A Projected Changing Population and Household Profile

- 6.57 The analysis presented to date within this Section has clearly illustrated that the population could change and grow in different ways in Richmondshire under all of the scenarios. The relative contribution of migration and natural change will have a striking impact on the demographic profile of the area alongside some nationally consistent demographic trends such as the general ageing population of the UK.
- 6.58 The changing demographic profile of the area will in turn affect the housing requirements of households going forward. This will have a bearing on important factors for policy to consider such as geographical location, connectivity to services (education, health etc...) as well as the response required through the development and adaptation of property. This section complements the detailed analysis presented through the North Yorkshire SHMA report highlighting the structural changes to the demographic and household profile across Richmondshire. The section concludes with a long-term assessment of the implications this will have on the sizes of property required within the authority which forms one of the core outputs set through the CLG Guidance in order to inform policy.

A Changing Population Structure

- 6.59 The analysis within the North Yorkshire SHMA report clearly highlighted that North Yorkshire as a whole is projected in the future to contain an increasingly ageing population. Whilst the area is projected to continue to attract in new migrants, a proportion of which will be of working age and below, this is not going to offset the sustained process of significant increases, from the current population as well as new migrants, in people and households classified as 'older person'.
- 6.60 This trend is demonstrated in Richmondshire, as illustrated in the following age pyramid. The pyramid represents the projected change over time (2001 – 2026) in population that is estimated by the 2008-based sub-national projections for the authority. Males are on the left of the pyramid, females to the right. The red bars on the pyramid represent an excess of population in 2001 (i.e. a greater number of people in that age group in 2001 than 2026). The blue bars represent an excess of population in 2026 (i.e. a greater number of people in that age group in 2026 than 2001).

Figure 6. 13: Age Pyramid – Core Scenario 1 – Richmondshire



Source: Edge Analytics, 2010, ONS, 2010

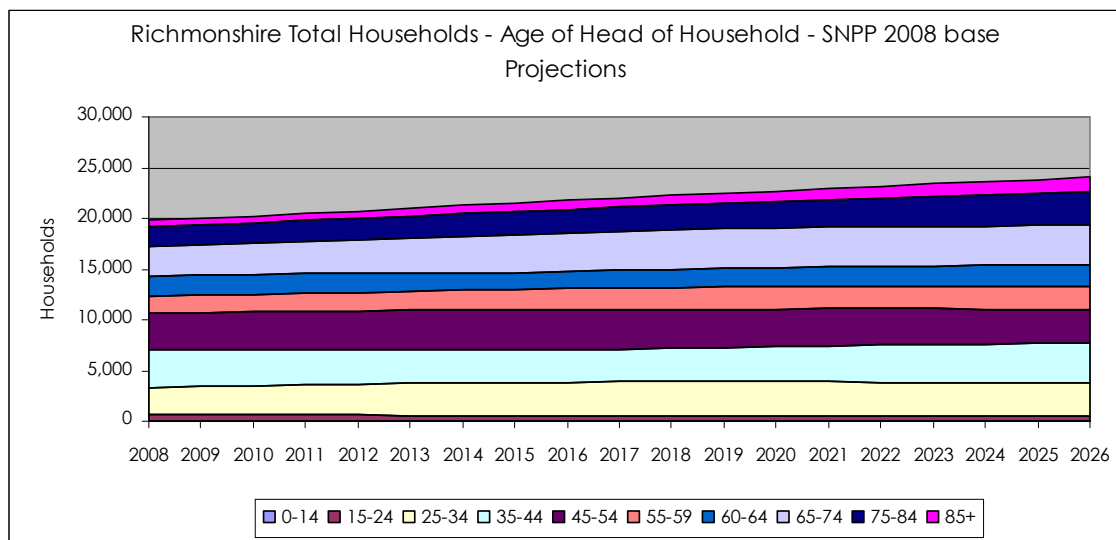
- 6.61 The obvious outlier within Richmondshire compared to other authorities in North Yorkshire is the existing and projected growth spike of young males. This is directly linked to the military population which resides within the authority and makes up a significant proportion of the demographic²². The North Yorkshire SHMA report provides further analysis within the sensitivities sub-section in Section 7 of this particular issue and the impact it has on the accuracy of the overall projections.
- 6.62 Across North Yorkshire, ageing is accentuated with a larger existing elderly population and a net outflow of migrants in the young labour force ages. This is reflected in part within Richmondshire, noting the opposite role of the military population above, with a substantial growth in older persons. Importantly though almost all age groups in Richmondshire are expected to increase, a similar trend, albeit less pronounced, to that projected in York.
- 6.63 Recent internal migration trends in Richmondshire illustrate, as analysed in Section 3, the strong levels of out-migration of young adults from the authority. This reflects the lack of Higher Education providers in the authority, with persons choosing to study

²² This spike potentially reinforces the concern that the ONS methodology has not accurately dealt with the military population raising questions around the validity of the CLG Household Projections for the authority.

and, at least temporarily, live elsewhere. There is a strong reversal trend of households aged 30 and above, with the area attracting an in migration of family households.

6.64 Modelling these population changes through to households highlights the impact of demographic change on the ages of households which are projected to be in place in 2026. The following chart displays the trajectory projected by ONS/CLG for Richmondshire.

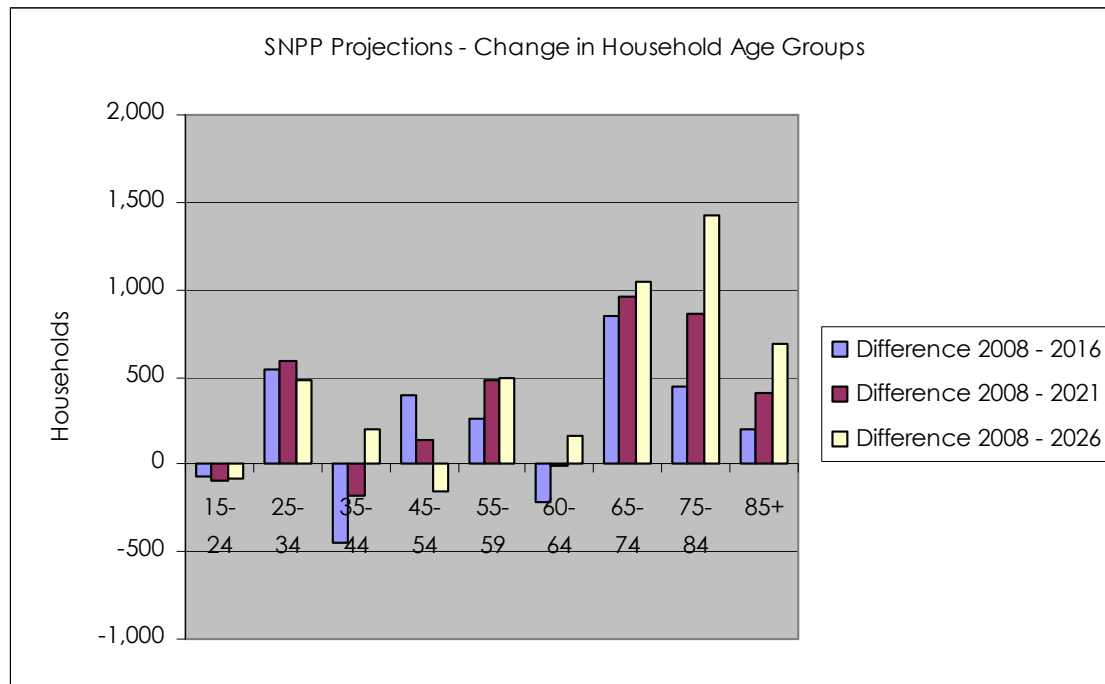
Figure 6. 14: Projected Household Change by age of Head of Household 2008 – 2026 – SNPP Core Scenario 1



Source: ONS / DCLG, 2010, Edge Analytics, 2010, GVA, 2010

6.65 The different levels of change over the short, medium and long-term are displayed in the chart below for Richmondshire.

Figure 6. 15: Projected households by age of head of household – Individual Age Bands – SNPP (Core Scenario 1)



Source: ONS/DCLG, 2010, Edge Analytics, 2010, GVA, 2010

- 6.66 The age group 25 – 34 is projected to grow across all of the time periods as is the 55 – 59 group and the older household groupings, 65+. In terms of the 25 – 34 age group this is particularly dynamic age band in terms of the housing market. Households with a head of household of this age are particularly likely to be active within the market as their household circumstances change. They are also most likely, certainly within the current market, to be active in a range of tenures including the private rental market and potentially experience challenges in being able to access the owner-occupier market as a first time buyer.
- 6.67 Interestingly the age range 35-44 is also projected to increase slightly over the whole projection period, however, with a negative level of change up to 2021. This reflects a relative maturing of the population which has migrated into the area and the existing relatively youthful demographic.
- 6.68 The growth in older person households, as with other authorities across North Yorkshire, also represents a significant contribution to the changing profile.
- 6.69 The absolute numbers, in terms of the changes by age of household (head of household) over the various periods are shown in the following table.

Figure 6. 16: Projected Change in the Age Profile of Households 2008 – 2026 (Core Scenario 1 SNPP)

Household Age Band	Richmondshire - SNPP 2008 Base Core Scenario							
	Number of Households 2008	Number of Households 2016	Number of Households 2021	Number of Households 2026	Difference 2008 - 2016	Difference 2008 - 2021	Difference 2008 - 2026	% Change 2008 - 2026
0-14	0	0	0	0	0	0	0	n/a
15-24	607	543	517	528	-64	-90	-79	-13%
25-34	2,745	3,289	3,336	3,228	544	591	483	18%
35-44	3,721	3,268	3,537	3,925	-453	-184	204	5%
45-54	3,537	3,933	3,676	3,386	396	139	-151	-4%
55-59	1,763	2,027	2,249	2,257	264	486	494	28%
60-64	1,929	1,710	1,927	2,098	-219	-2	169	9%
65-74	2,922	3,774	3,879	3,968	852	957	1,046	36%
75-84	1,887	2,336	2,748	3,310	449	861	1,423	75%
85+	659	860	1,067	1,346	201	408	687	104%
Total	19,770	21,740	22,935	24,046	1,970	3,165	4,276	22%

Source: Edge Analytics, 2010, GVA, 2010, ONS/DCLG, 2010

6.70 The changing demographic profile and the age structure have an impact on the types of households which are projected to form. The CLG uses 17 classifications as presented for the current profile in Section 3, however, these have been brought together under four groupings. The following table shows the projected change in household types between 2008 and 2026 for all of the authorities under both the SNPP Core Scenario 1 and the Natural Change Scenario (Core Scenario 2). This is preceded by a more detailed table showing the change by the full 17 classification under Core Scenario only.

Figure 6. 17: Projected changes in household types 2008 – 2026, SNPP (Core Scenario 1)

Broad Household Type	Scenario	Household Change 2008 – 2026								
		Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	North Yorkshire
One Person Household	SNPP	2,910	3,636	8,789	1,938	2,938	5,996	3,733	12,154	42,093
	Natural Change	1,534	2,770	6,074	1,595	2,021	3,398	2,603	10,434	30,429
Couple Household or Mixed Adult Household	SNPP	3,116	2,459	6,601	1,476	1,783	2,276	4,322	6,440	28,472
	Natural Change	910	888	4,248	755	-7	-763	2,471	3,920	12,421
Family Household (Adults and Children)	SNPP	-194	-60	389	559	59	12	1,232	3,906	5,903
	Natural Change	-1,561	-1,363	-3,181	560	-1,033	-1,090	-1,672	3,298	-6,043
Other Households	SNPP	-186	-165	-255	303	-159	-179	56	1,037	453
	Natural Change	-267	-148	-376	253	-214	-317	13	-1,247	-2,304

Source: Edge Analytics, 2010, GVA, 2010, ONS / DCLG, 2010

Figure 6. 18: Projected Change in Household Types 2008 – 2026, SNPP Core Scenario 1

Household Type	Description	Richmondshire Household Change - SNPP Projections					
		2008	2011	2016	2026	Change 2008 - 2016	Change 2008 - 2026
OPMAL	One person households: Male	2,191	2,355	2,610	3,151	419	961
OPFEM	One person households: Female	3,095	3,264	3,553	4,072	458	977
FAM C0	One family and no others: Couple: No dependent children	6,745	7,082	7,670	8,551	926	1,807
FAM C1	One family and no others: Couple: 1 dependent child	1,637	1,690	1,776	1,776	139	139
FAM C2	One family and no others: Couple: 2 dependent children	2,011	2,013	2,012	2,059	1	48
FAM C3	One family and no others: Couple: 3+ dependent children	641	612	571	553	-70	-88
FAM L1	One family and no others: Lone parent: 1 dependent child	592	657	759	943	167	351
FAM L2	One family and no others: Lone parent: 2 dependent children	363	395	442	551	79	188
FAM L3	One family and no others: Lone parent: 3+ dependent children	99	98	98	124	-1	25
MIX C0	A couple and one or more other adults: No dependent children	1,007	924	803	676	-204	-331
MIX C1	A couple and one or more other adults: 1 dependent child	285	270	249	197	-36	-88
MIX C2	A couple and one or more other adults: 2 dependent children	119	112	102	92	-17	-27
MIX C3	A couple and one or more other adults: 3+ dependent children	59	58	58	53	-1	-6
MIX L1	A lone parent and one or more other adults: 1 dependent child	76	78	83	79	7	3
MIX L2	A lone parent and one or more other adults: 2 dependent children	32	32	33	32	1	0
MIX L3	A lone parent and one or more other adults: 3+ dependent children	22	25	30	36	8	14
OTH HH	Other households	797	817	892	1,100	95	303
Total	Total	19,770	20,481	21,740	24,046	1,970	4,276

Source: Edge Analytics, 2010, GVA, 2010, ONS/DCLG, 2010

- 6.71 Richmondshire is projected to have a substantial increase in single person households under both the Natural Change and SNPP scenarios. Even under the Natural Change scenario the authority is projected to see an uplift of almost 1,600 single person households which represents a significant demographic and household type shift. Within Richmondshire the growth in 'Other Household groups' is also marked under both scenarios, a trend which contrasts with the majority of other authorities across North Yorkshire. This is in part likely to reflect the military population in the authority.
- 6.72 In contrast to many of the other authorities across North Yorkshire Richmondshire also shows a projected growth in family households under both scenarios.
- 6.73 The following sub-section uses the 2011 Household Survey data to understand in more detail the sizes of property likely to be required over the short-term with the above trends influencing requirements over the longer term. It is important to note that the availability of data means that the SNPP statistics have been used for Richmondshire. The analysis therefore needs to be considered in light of the conclusions around the sensitivity testing which highlight that further work is required to model these projections using 'corrected' data which factors in the issues relating to the military population.

Housing Requirements by Property Type / Size

- 6.74 This section presents a long-term projection of the sizes of housing likely to be required to create a more sustainable balance within the housing market in Richmondshire. Section 7 examines in detail the specific sizes of affordable housing required for those households in need, as per the DCLG Guidance (Output 7). The analysis within this section goes beyond the scope of the DCLG Guidance but provides headline analysis of the sizes of housing required across all tenures over the longer-term. This takes into account, for example, the changing household type profile for each authority presented earlier in the section and the current expectations of different components of the housing market set in the context of the existing stock, as analysed in Section 4.
- 6.75 In considering the projected long-term changes to the profile of households, the following key conclusions represent an important context to the likely size of housing which will be required in the future:
- A growth in absolute terms and proportional terms of older person households – the vast majority of which make-up single person or couple households;
 - Negative growth in households aged 45-54 between 2008 and 2026. This household age group represents the age band most likely to represent established families. Although it is important to note that Richmondshire is projected to see a rise in families, reflected in the growth of the age bands below, including a growth in Richmondshire

in the age band 25 – 34, these households are likely to require smaller properties on the whole; and

- The current stock profile and recent trends in development. The analysis in Section 4 presented data showing that Richmondshire's stock profile includes a high proportion of larger properties when compared to national averages.

6.76 The growth in single person and couple households in particular would point, in the longer-term, to a high level of demand for smaller properties located in close proximity to key services and transport networks. This represents an important challenge for spatial planning policy and the future distribution of housing.

6.77 Significantly though it is important to take account of the aspirations and expectations of households regarding residential property. The following table draws from the 2011 Household Survey. This highlights the expectations of households within Richmondshire, by broad household type, planning to move over the next two years regarding the types of property they would be looking to move into.

Figure 6. 19: House size expectations of households looking to move in the next two years

Authority: Richmondshire	Households wanting to move in the next 2 years - Expectations by property size				
	Studio / 1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Single person households	19.4%	48.8%	27.7%	4.1%	100.0%
Single Parent Families	.0%	10.9%	64.6%	24.5%	100.0%
Couple only households	2.1%	37.8%	44.3%	15.8%	100.0%
Couple households with no dependent children but other occupants	.0%	29.0%	55.3%	15.7%	100.0%
Families (Couples with dependent children)	.0%	7.2%	49.9%	42.9%	100.0%
Other households	.0%	53.0%	47.0%	.0%	100.0%
Total	5.4%	34.7%	43.8%	16.1%	100.0%

Source: Household survey 2011

6.78 Within Richmondshire the highest level of expectations are recorded for 3-bedroom properties, in particular in terms of couple/multi-adult households and family households. There is however a higher cumulative level of demand expressed for smaller properties with just over 40% expecting to live in a 1 or 2 bedroom property. Just over 16% of households also expect to live in a large 4+ bedroom property, particular in terms of family households. These trends are likely to reflect, at least in part, the supply profile of the area as noted above and analysed in Section 4.

- 6.79 The table over the page aligns²³ these preferences of households with the types of household forecast to be forming under Core Scenario 1 within Richmondshire. This provides an indication of the sizes of properties required in order to match the changing household profile of the authority.

²³ The following table illustrates that ONS household classifications have been aligned with the 2011 Household Survey dataset. Note: the assumption has been made based on the way in which the survey household types are disaggregated that lone parent households with other adults in the household are classified as 'other households' (these households make up a very low proportion of projected new households).

Figure 6 20: Household Types change 2008 – 2026 under Core Scenario 1 aligned with the 2011 Household Survey Household Expectations (Cumulative count of individual authority figures)

Authority: Richmondshire		Household Type (link to 2011 Survey classifications of households)	Core Scenario 1 - Sub-National Population Projections (Figures below are households - change 2008 - 2026)				
Household Type	Description		Studio / Bedsit	One Bedroom	Two bedrooms	Three bedrooms	Four + bedrooms
OPMAL	One person households: Male	Single person households	22	164	469	266	40
OPFEM	One person households: Female	Single person households	22	167	477	271	41
FAMC0	One family and no others: Couple: No dependent children	Couple only households	0	37	682	801	286
FAMC1	One family and no others: Couple: 1 dependent child	Families (Couples with dependent children)	0	0	10	69	60
FAMC2	One family and no others: Couple: 2 dependent children	Families (Couples with dependent children)	0	0	3	24	21
FAMC3	One family and no others: Couple: 3+ dependent children	Families (Couples with dependent children)	0	0	-6	-44	-38
FAML1	One family and no others: Lone parent: 1 dependent child	Single Parent Families	0	0	38	227	86
FAML2	One family and no others: Lone parent: 2 dependent children	Single Parent Families	0	0	20	121	46
FAML3	One family and no others: Lone parent: 3+ dependent children	Single Parent Families	0	0	3	16	6
MIX C0	A couple and one or more other adults: No dependent children	Couple households with no dependent children but other occupants	0	0	-96	-183	-52
MIX C1	A couple and one or more other adults: 1 dependent child	Families (Couples with dependent children)	0	0	-6	-44	-38

MIX C2	A couple and one or more other adults: 2 dependent children	Families (Couples with dependent children)	0	0	-2	-13	-12
MIX C3	A couple and one or more other adults: 3+ dependent children	Families (Couples with dependent children)	0	0	0	-3	-3
MIX L1	A lone parent and one or more other adults: 1 dependent child	Other households	0	0	2	1	0
MIX L2	A lone parent and one or more other adults: 2 dependent children	Other households	0	0	0	0	0
MIX L3	A lone parent and one or more other adults: 3+ dependent children	Other households	0	0	7	7	0
OTHHH	Other households	Other households	0	0	161	143	0
Total			44	369	1,762	1,658	444
Proportion (%)			1%	9%	41%	39%	10%

Source: Household Survey, GVA, Edge Analytics, 2011

- 6.80 The table highlights that across Richmondshire the alignment of projected changes by household type between 2008 and 2026 with the expectations of different household types as of 2011 results in a sustained demand for each of the house sizes considered (with the exception of studio/bedsits).
- 6.81 A high level of demand is particularly illustrated for 3-bedroom properties within Richmondshire with this accounting for 39% of future demand, the highest proportion across North Yorkshire. A high proportion of demand, compared to other authorities across North Yorkshire is also recorded in terms of the larger 4+ bedroom properties, accounting for 10% of total demand.
- 6.82 The total demand for one or two bedroom properties resulting from new households is also relatively high accounting for just over 50% collectively, with the requirement being very much for 2 bedroom properties as opposed to one bedroom. It is important to note that this demand for smaller properties does not translate into requirements for flatted properties, with this covering both this type of housing but also smaller family housing.

Bringing the Evidence Together

- 6.83 The beginning of this section summarised the key conclusions arrived at in terms of future household change within the North Yorkshire SHMA report. The analysis presented within this section has provided a greater level of detail regarding the impact of projections of household change within Richmondshire in terms of overall demand for housing as well as the sizes of housing which are likely to face greatest pressure. In drawing this section together the following conclusions stand out in relation to Richmondshire:
- The authority is projected to grow significantly in terms of its population and the number of households. This level of growth is lowest under the hypothetical Natural Change scenario. Under the SNPP the authority is projected to grow significantly, with International migration the key driver of growth. The North Yorkshire SHMA highlights the potential issues associated with this trend based projection of growth of international migrants as part of the sensitivity analysis. Under the employment-constrained scenario the authority is projected in population terms to grow at a slightly lower rate than the SNPP. Whilst the authority is forecast to grow economically, with this translated into positive employment growth, this growth is not forecast to require the same levels of working-age population as projected under the SNPP.
 - In terms of household growth the population projections translate into an annual average level of household growth of almost 240 per annum under the SNPP, with this growing to 285 per annum under the employment constrained scenario.

- The detailed analysis of the changing demographic and household type profile of the population coupled with the expectations of households looking to move in the near future from the 2011 Household Survey, identified a future demand for all property sizes. Demand is particularly high for 3-bedroom properties although in order to meet the demands and expectations of family's, larger properties will also be required in the future. In addition the projected increase in single person and couple older person household serves to suggest a sustained high demand for smaller 2-bedroom properties.
- Evidently with its constituent Armed Forces population, Richmondshire has a complicated demographic profile. It is the conclusion of this research that whilst the data used provides a robust evidence base to inform policy development official statistics, both estimates and projections, do not adequately handle this complexity. It is highly recommended that a 'local' forecasting model is configured and calibrated, incorporating official statistics, best estimates of the Armed Forces population (military and dependents) and additional data from local administrative sources and the MoD to ensure these issues are more fully explored and further conclusions arrived at.

7. Housing Need

The preceding sections have identified that, in terms of both the operation of the current market and the future direction of travel projected, affordability issues are a key factor for Richmondshire. A detailed examination of the short-term level of households in affordable housing need is therefore of importance for this research.

As set out in PPS3, housing need is defined as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'.

In line with the CLG Guidance this section assesses need under a series of stages, to arrive at a short-term (five years) assessment of the level of need for affordable housing within the authority. These stages include; current need, future need and the supply of affordable housing available.

The role of both intermediate and social rented tenures (both classified as affordable), as well as the new emerging Affordable Rent product, is explored in relation to the financial capacity of those households identified as in need currently.

As with preceding Sections the information presented here should be read alongside the North Yorkshire SHMA report. The sensitivity analysis included within Section 8 is not replicated in this section; however, further analysis is included of the levels of housing need at a sub-local authority area.

Research findings relate directly to:

- *Core Output 4: Estimate of households in housing need*
- *Core Output 5: Estimate of future households requiring affordable housing*
- *Core Output 7: Estimate of the size of affordable housing required*

- 7.1 Housing affordability has, over the last decade, become a well recognised challenge to the operation of the housing market. The ability of households to access housing in which they aspire to live, and are indeed able to afford, is fundamental in ensuring that the District's stated housing objectives are achieved.

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- 7.2 The Coalition Government is starting to release new components of its reform to the planning system. The draft National Planning Policy Framework (NPPF) (July 2011)²⁴ continues to highlight the importance of Local Planning Authorities setting realistic and deliverable affordable housing targets through planning policy, with the expectation that these targets will be met in full through an enabling planning system.
- 7.3 Emphasis is very much being placed on Local Planning Authorities delivering the number of affordable homes that are evidenced as being needed within their Strategic Housing Market Assessments. This is both reflective of the changing political and market context, where meeting 'local' housing requirements is becoming increasingly important and is equally challenging due to the current economic and housing market conditions.
- 7.4 It is therefore vital that Local Planning Authorities undertake a robust and evidenced approach in assessing affordable housing need within their authorities – in line with the CLG SHMA Guidance (August 2007). The analysis within this section follows this general principle and recognises the increasing pressures on establishing both realistic assessments of need and the wider challenges of delivery of non-market housing in the current property and economic climate.
- 7.5 Whilst this is an important starting point nationally looking at demand by tenure, whilst housing supply has been falling, the need for affordable housing has clearly increased. There are three core elements of future need for affordable housing:
- Backlog – There is a range or spectrum of 'need', from those in urgent need of housing, to those who are living in overcrowded or substandard homes, and those who would like social housing but are not in urgent need of re-housing.
 - Short-term need – Social housing need is likely to see a peak over the next few years, as the recession impacts on the ability of households to access either private rented accommodation or to service mortgages.
 - Long-term need – Demographics, housing market trends and employment forecasts examined in the preceding section have set out suggested overall levels of demand for housing. Considering how affordable housing will feature in this demand is important.
- 7.6 It is important to recognise that these delivery challenges are likely to represent a challenge over a number of years based upon the current financial and property climate. Whilst the analysis in this section presents an assessment of the levels of affordable housing required to address future needs, in reality a proportion of these needs could be met through alternative approaches depending on the availability of
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²⁴ Draft National Planning Policy Framework (July 2011) CLG

public funding. This is an issue touched upon within this section and considered through other sections of the report. Further detail is also provided within the North Yorkshire SHMA report.

Defining Affordable Housing Needs

- 7.7 'Housing need' refers to households who lack their own housing or live in unsuitable housing and who cannot afford to meet their needs in the market. It is for those in housing need (i.e. those who cannot meet their housing requirements in the private sector) that the state needs to intervene in the market to ensure that all households have access to suitable housing.
- 7.8 The calculation of housing need over the next five years presented within this Section **should be considered separately to the long-term projection of population and household change presented in Section 6**. The long-term demand trends have not been used to directly inform the calculation of need, with the 2011 Housing Survey forming the key source of information given the greater detail it provides of the immediate and short-term dynamics of the housing market.
- 7.9 Establishing an estimation of the level of current and future housing need ensures that policy aimed at providing new affordable housing is responsive to the needs of households within the authority.
- 7.10 PPS3 defines affordable housing as follows:
- Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
 - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and house prices.
 - Include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.
- 7.11 In June 2011 PPS 3 was reissued to include technical definitions changes in Annex B. As noted in Section 3 this included a new separate entry under 'affordable housing' for 'affordable rented housing'. This is explained and investigated further within this section.
- 7.12 Nationally looking at indicators of demand by tenure, whilst housing supply has been falling, the need for affordable housing has clearly increased. There are two core

elements of establishing the current and short-term future levels of need for affordable housing:

- Backlog – At the current point in time as a result of sustained affordability issues over a number of years the majority of areas have an existing 'backlog' of households classified as in need. This backlog can be considered to be made up a range of types of household in 'need', from those in urgent need of housing i.e. without a current permanent home, to those who are living in overcrowded or substandard homes, and those who have an aspiration to live in non-market housing but are not in urgent need of re-housing.
- Future need – The sustained need for affordable housing is driven by a range of factors. As with market housing there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market a significant proportion of these newly forming households face significant challenges in gaining entry to market housing therefore driving demand for affordable housing. In addition to new households existing households also represent a driver of housing need. As a result of any number of factors households circumstances can change resulting in their current housing situation no longer being appropriate. It is more than likely that need for social housing is likely to continue to be high or indeed grow further over the next few years, as the recession impacts on the financial circumstances of households and therefore their ability to access either private rented accommodation or to service existing mortgages.

7.13 As the analysis in the preceding section illustrates over the long-term demographic and economic factors will continue to place increasing pressures on the existing supply of housing, with new stock required in order to maintain the long-term balance between demand and supply. Based on the short-term factors considered above and the nature of this growth in households, with this included younger households as well as a large proportion of older households, it is likely that a proportion of these households will require affordable housing. Whilst the analysis within this section focuses on the short-term this long-term sustained demand represents an important challenge and context for the interpretation of the findings and conclusions of this Section.

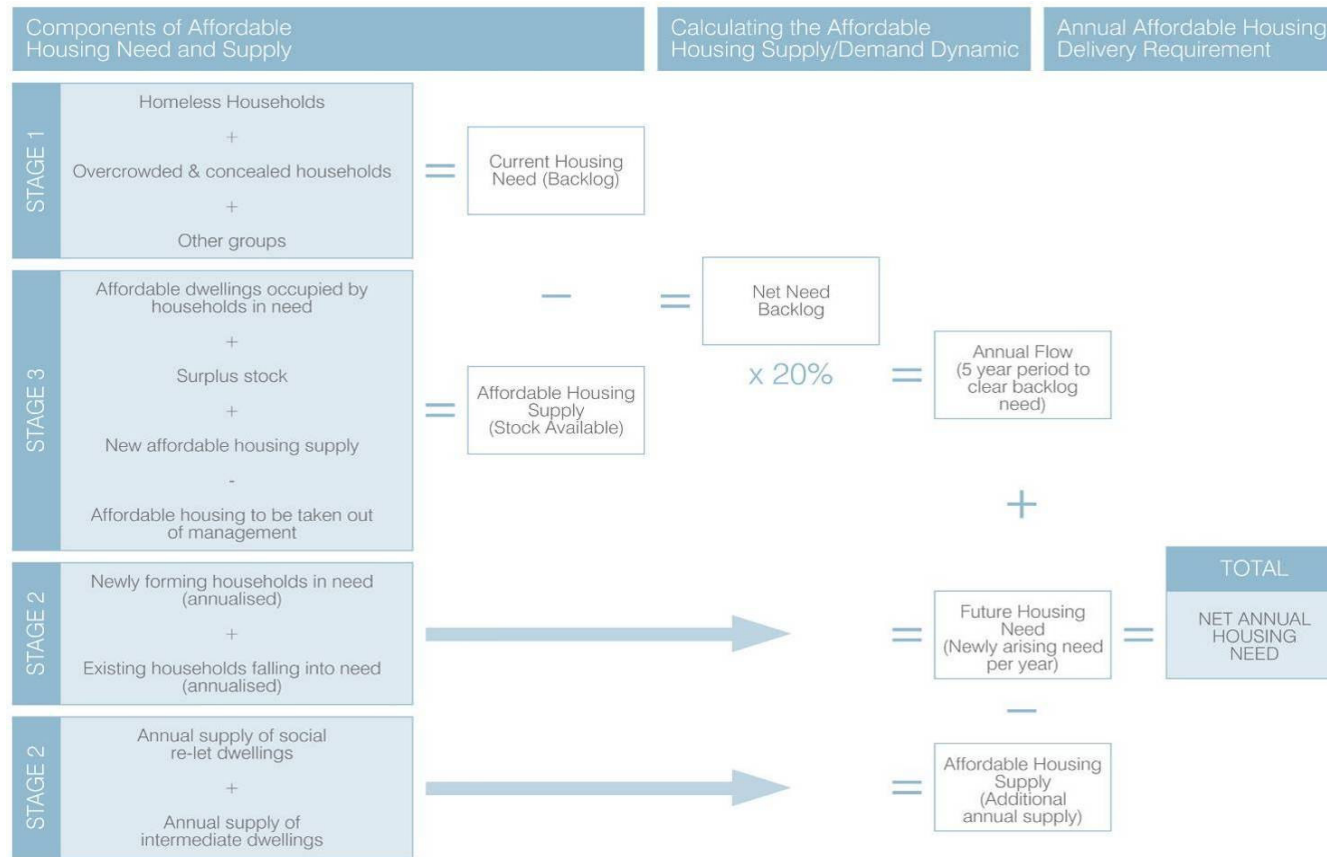
The Housing Need Calculation – CLG Stepped Model

7.14 The model adopted is structured around four key stages which are consistent with the CLG SHMA Guidance and are used to assess the overall surplus or shortfall of affordable housing. These are:

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- Existing Need
 - Newly-arising Need
 - Supply of Affordable Units
 - Total Housing Need (Net Annual)

7.15 To summarise the process, the estimated net annual level of housing need is calculated through the assessment of the difference between the annual supply of affordable housing units and 'need' for them (arising from the backlog which has built up and that which is expected to arise). A key feature of the model is that both need and supply are considered in terms of annual flows. The final element of the analysis is the identification of the Total Housing Need (Net Annual). The process is illustrated in a flow diagram, presented overleaf.

Figure 7. 1: Housing Needs Calculation – Flow Diagram



Source: GVA, 2011

- 7.16 The calculation of affordable housing need is therefore intended to provide a short-term assessment to estimate the volume of affordable housing required on an annual basis to meet of need across a 5-year period. This conforms to the CLG SHMA Guidance²⁵, which states:

'Partnerships should avoid using a period of less than five years in which to meet unmet current need. If a five-year period is used, this means that 20 per cent of current unmet need should be addressed each year. The output of this should be an annual quota of households who should have their needs addressed'.

Previous Assessment of Need

- 7.17 Richmondshire previously assessed its housing need in 2004 in the Richmondshire Housing Needs Survey (2005) – prior to the publishing of the latest CLG Guidance (August 2007). The strategic scale Richmondshire SHMA (2008) utilised the results of the Richmondshire Housing Needs Survey (2004) to present housing needs rather than undertaking a new assessment.
- 7.18 Drawing on the HNS (2005) the Richmondshire SHMA (2008) continues to utilise the primary household survey data from across the authority – conducted in 2004.
- 7.19 The Richmondshire SHMA Update (2008) calculated that 81 units of affordable accommodation was required per year in Richmondshire District (295 over 5 years):
- 549 households were in backlog (current) housing need in the District
 - Newly arising need was calculated as 440 households over 5 year, which equates to 88 per year. This was the same as in 2004.
 - The future of supply of affordable units was 151 units per annum, down from 200 per annum in 2004/05.
 - Consequently the overall shortfall was 51, with a gross shortfall of 403 units over 5 years or 81 units per annum. This showed an increase in affordable housing need from 2004 (the 2005 HNS recorded a need for 295 units over 5 years and 59 units per annum).

²⁵ SHMA Practice Guidance Version 2 (August 2007) CLG p.52

Current Housing Need

Stage 1: Existing Need (Gross Backlog)

- 7.20 Stage 1 considers the suitability of housing as well as households' ability to afford market housing, and also accounts for homeless households in arriving at a total current need for affordable housing. This represents the 'backlog' of households in need at present, and is termed 'gross' due to the capability of housing supply to meet need being tested subsequently in Stage 3.

Step 1.1: Homeless Households and Households in Temporary Accommodation

- 7.21 The CLG SHMA guidance requires that information on homeless households in priority need and households who are currently housed in temporary accommodation should be included within an assessment of backlog need. The scale of need from these types of household can be calculated utilising the local authority's P1 (E) returns to Government. Both the CLG and ONS publish annual figures recorded for homeless households accepted by the local authority as being in priority need, and for those households who are currently housed in temporary accommodation. In this case, each of the North Yorkshire Council's was able to provide the latest figures for the 31st March 2011, in advance of their publishing by CLG and ONS. This latest data for 2009/10, places the number of homeless households and those households in temporary accommodation in Richmondshire at 34.

Step 1.2: Overcrowded and Concealed Households

- 7.22 The number of, and degree to which, households are overcrowded is calculated by utilising the 'bedroom standard', which is applied to all households sampled within the primary household survey. This process allocates a standard number of bedrooms to each household, in accordance with its size, composition and relationships between members.
- 7.23 Through applying this standard indicator of household occupation density, a separate bedroom is allocated to each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10 - 20 of the same sex and each pair of children under 10. Any unpaired person aged 10 - 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10.
- 7.24 This standard is then compared with the actual number of bedrooms (including bed-sitters) available for the sole use of the household, and differences (i.e. shortfall or

surplus) are calculated. Analysis indicates that there are currently 355 overcrowded households²⁶.

7.25 The number of concealed households is calculated through analysis of the number of households that, within the primary household survey, declared that they share a kitchen, bathroom or WC with another household (i.e. couples, people with children and single adults over 25). The number of concealed households is therefore estimated in Step 1.3 as a measure of unsuitability and is therefore excluded from Step 1.2 to avoid duplication.

Step 1.3: Other Groups

7.26 Within 'other groups' the analysis has included households sampled within the primary household survey considered to be in unsuitable accommodation based on meeting at least one of the unsuitability factors, and where an in-situ solution is not identifiable, in line with the CLG Guidance. The figures calculated during Step 1.1 to 1.3 are summarised in the following figure:

Figure 7. 2: 'Other Groups' in Unsuitable Housing

Category	Factor	No. Households
Homeless households or insecure tenure	Homeless households	see Step 1.1
	Accommodation too expensive / rent or mortgage payments are too high	4,463
	Under real threat of notice / notice of eviction/re-possession or lease ending	52
Mismatch of housing need and dwellings	Overcrowded according to the 'bedroom standard' model	see Step 1.2
	Too difficult to maintain	1,363
	Sharing a kitchen, bathroom or WC with another household	209
	Households containing people with specific needs living in unsuitable dwelling, which cannot be made suitable in-situ	152
Dwelling amenities and condition	Lacking basic facilities - bathroom/toilet/kitchen	18
	Subject to major disrepair or unfit	809
Social needs	Harassment from others living in the vicinity which cannot be resolved except through a move	229

Source: 2011 Household Survey

7.27 It is important to note that households can display multiple unsuitability factors and that the totalling of each of the categories does not therefore equate to the total households within unsuitable housing.

²⁶ Note: The overcrowding figure utilised in the affordable housing need assessment is not directly comparable to that presented in Section 4 due to rounding occurring during the survey weighting process.

- 7.28 Care has therefore been taken to avoid the double-counting of households with those identified in previous steps, and in progressing to Step 1.4.
- 7.29 Section 9 of the North Yorkshire SHMA report looks in greater detail at the specific support needs of elderly households, which form an important part of this backlog of need. It is important that meeting their specific needs continues to be prioritised alongside the provision of new affordable housing as a means of addressing current housing need challenges.

Step 1.4: Total Current Housing Need (Gross) and Affordability

- 7.30 In calculating the total current housing need (gross) through Steps 1.1-1.3, it is necessary to estimate the financial capacity of households to afford open market (private sector) housing either to buy or rent. This calculation is taken on households in need, as identified through the primary household survey.
- 7.31 Household's financial capacity is calculated by generating an 'affordability threshold', which takes into account a household's income, equity and savings. Household income is based on 3.5x gross annual income for single-occupant (adults) households and 2.9x gross annual income for multi-occupant (dual income) households (this is the approach recommended within the CLG Guidance). The analysis underpinning this approach is presented in Section 5. **Further detail is also provided in the section considering affordability benchmarking within the North Yorkshire SHMA report (Section 6).**
- 7.32 Household's financial capacity is then tested against lower quartile house prices²⁷ and calculation of property size requirements. Households are required to have sufficient savings or equity to afford a deposit equivalent to 10% of the lower quartile house price²⁸. This is demonstrated through the following equation:

Lower quartile house price – (gross household income*3.5 or *2.9) + (savings + equity)

- 7.33 Households were subsequently tested on their financial capacity to afford private rental property, based on lower quartile rental prices as at April 2011 across the borough's sub-market areas. Spending on housing (mortgage / rent) is assumed to equate to a maximum of 25% of household income per annum. This is demonstrated through the following equation:

²⁷ Calculated through property transactions within the borough, and its sub-market areas, over the period June 2009 – June 2010. Refer to Section 6 for expanded analysis.

²⁸ Note: A 10% deposit is seen as the appropriate level for testing affordability given the increasing availability over the past 12 months of 10% mortgage offers by lenders to first-time buyers. It is anticipated that this trend will increase over the lifetime of this assessment (i.e. the next 5 years).

Lower quartile rental cost – (gross household income*25%) + (savings + equity)

- 7.34 This process represents an objective test. It does not take account of the availability of stock classified as 'affordable' (lower quartile market or rental housing). As outlined in the analysis of the stock profile of the authorities in Section 5 of the North Yorkshire SHMA report, the amount of private rented properties varies across each of the authorities and at a sub-local authority level. In housing markets and/or authorities where the balance between supply and demand is significantly out of balance the result is likely to be an even greater level of backlog need as households are not, despite their earnings and savings able to move into 'affordable' market properties in their area as a result of a lack of supply. This is an important consideration in interpreting the level of housing need identified both within Stage 1 of the calculation and Stage 4.
- 7.35 In summary, of the households identified during Stage 1, a total of 724 could not afford to move in the open market to meet their housing needs.

Meeting Current Household Needs in Situ

- 7.36 Whilst households are identified as being in need within Stage 1 on the basis of the unsuitable housing criteria presented above, as well as the affordability test, a proportion of these households potentially could be 'brought out of' need through investment and improvements to their existing property to bring about 'in-situ solutions' or through public sector grants to provide financial or other forms of support. This action has the potential to reduce the number of households in current housing need (backlog) at Stage 1.4, by meeting a household's needs in their current home and therefore removing a requirement for a move to an affordable home.
- 7.37 In line with the current CLG SHMA Guidance (August 2007) **estimation of this proportion sits outside of the formal assessment of need.** Moreover, calculation within the formal assessment would be inappropriate as potential funding resources are currently limited as a result of national spending cuts. However, to assist the local authority in understanding the potential application of support services, an estimation of the level of households at Stage 1.4 who could be assisted by such services is presented in the following figure.

Figure 7. 3: Estimation of Households Who Could Be Assisted to Meet their Needs in Situ (Step 1.4 – backlog by Unsuitability Criteria)

Category	Factor	No. Households
Homeless households or insecure tenure	Accommodation too expensive	410
	Rent or mortgage payments are too high	301
	Under real threat of notice / notice of eviction/re-possession or lease ending	17
Mismatch of housing need and dwellings	Too difficult to maintain	167
	Sharing a kitchen, bathroom or WC with another household	0
	Households containing people with specific needs living in unsuitable dwelling, which cannot be made suitable in-situ	55
Dwelling amenities and condition	Lacking basic facilities - bathroom/toilet/kitchen	0
	Subject to major disrepair or unfitness	231
Social needs	Harassment from others living in the vicinity which cannot be resolved except through a move	64

Source: Primary Household Survey

- 7.38 Of the 724 households identified during Stage 1 whom could not afford to move in the open market to meet their housing needs, it is clear from the analysis presented above that many households demonstrate multiple unsuitability criteria.
- 7.39 The number of households citing that their current accommodation is unaffordable and/or that their rent or mortgage payments are too high clearly represents a major challenge within the current backlog of households in affordable housing need. The ability of households to maintain their current home also presents a considerable issue, as does the prevalence of households whose homes are subject to major disrepair or unfitness.
- 7.40 Also, older person (elderly) households represented 21% of the 724 households identified during Stage 1 whom could not afford to move in the open market to meet their housing needs. Section 9 of the North Yorkshire SHMA report looks in greater detail at the specific support needs of elderly households.

Future Need

Stage 2: Future Housing Need (Net Annual)

- 7.41 Assessing the level of newly-arising need is a critical element of ensuring that the future development and restructuring of affordable housing meets the needs of the population. Two principal categories of arising need are tested; the number of newly-forming households unable to access open market housing, and the number of existing households falling into housing need.

Step 2.1: New Household Formation (Gross per Year)

- 7.42 The estimate of new household formation is calculated based on household formation trends from the previous two years – drawing on the results of the primary household survey. This equates to 183 households. The use of previous trends in household formation to project future formation is the preferred approach cited within the CLG Guidance.
- 7.43 It is important to recognise that this does not draw on the long-term trend based household projections explored in Section 6. Using a short-term trend based approach is considered to better represent the current and immediate (five year) future market conditions. The formation of new households is particularly sensitive to market dynamics and the current context represents a significant step change from market conditions over the preceding market cycles. It is recognised that this is likely to represent a conservative estimate, with evidence suggesting a reduced rate of household formation over the last couple of years. Greater levels of household formation of new households would be likely to further elevate levels of housing need given the propensity of these types of households to require non-market housing compared to other elements of the market.
- 7.44 It is important to highlight that several previous housing needs assessments undertaken for North Yorkshire authorities have taken an approach to considering new household formation that departs from GVA's interpretation of the latest CLG Guidance. This approach calculates new household formation based on the number of persons stating within (previous) household survey's that they expect to move home (e.g. out of their parents/friends/other relatives homes) to create a new household. This approach is therefore not based on actual moves (trend) and is based upon individual's expectations and aspirations, which may or may not result in an actual future move. As a result, this approach potentially has the result of inflating the figure for the number of new households forming, and is not seen as an appropriate approach at this juncture given the prevailing market conditions within which the research is being undertaken. There is very little evidence currently to suggest that

demand trends are going to fundamentally change from the last couple of years over the short-term, with pressures on affordability and accessibility into different tenures likely to be sustained rather than substantially alleviated

.Step 2.2: New Households Unable to Buy or Rent in the Market

- 7.45 The affordability test (as set out in Step 1.4) is applied to households who stated within the household survey that they expect to move to form a new household within the next 5 years (annualised). This measures the capacity of households that expect to move to form a new household to access open market housing and is therefore based on the financial capacity of households that expect to move home in the future. This provides a good steer regarding the levels of finance available to this component of the market in the authority rather than a test of the incomes of households that have moved in the past.
- 7.46 This proportion of households is then applied to the number of new households forming, as established at Step 2.1.
- 7.47 The survey estimates that 54% of newly forming households are unable to access open market housing when subjected to the affordability test in line with the CLG Guidance. This equates to an annual estimate of future housing need arising from newly forming households of 100 dwellings.
- 7.48 Further sensitivities around this element of the analysis are considered within Section 8 of the main North Yorkshire SHMA Report.

Step 2.3: Existing Households Falling into Need

- 7.49 This step provides an estimate of the number of existing households who will fall into housing need. As with steps 2.1 and 2.2, this step of the calculation uses primary data obtained from the primary household survey. As per the CLG Guidance, this data is calculated from past household trends – utilising households who have moved home within the last three years (annualised). Households forming in their last move are excluded from the analysis at this step to avoid duplication of Step 2.1. In addition, households moving between affordable housing tenures are excluded from the analysis at this step as their move would form a transfer and result in no change in the net supply / demand of affordable stock.
- 7.50 The calculation undertaken at Stage 2 results in a gross annual future affordable housing need of 252 dwellings.

Affordable Housing Supply

Stage 3: Affordable Housing Supply

- 7.51 This stage 'balances' the demand analysis undertaken during Stages 1-2, against the available supply of existing stock, and new affordable housing stock committed for development, to meet housing needs.
- 7.52 The existing supply includes:
- Affordable dwellings currently occupied by households in need
 - Surplus affordable housing stock (e.g. vacant dwellings)
- 7.53 The future supply includes:
- Committed supply of new (additional) affordable dwellings
 - Social-rented properties coming available for re-let to new households (annualised)
 - Intermediate properties coming available for re-let to new households (annualised)
- 7.54 Affordable units to be taken out of management (i.e. removed from use) are subtracted from the existing supply position.

Step 3.1: Affordable Dwellings Occupied by Households in Need

- 7.55 This step discounts the number of households already living in affordable housing from the calculation of need, as the movement of such households from one affordable home to another (to meet their needs) will have a nil net effect on the total affordable homes needed (i.e. the affordable home vacated will be released to accommodate another household).
- 7.56 The number of dwellings currently occupied by households in need is established during Stage 1 and equates to 167 households.

Step 3.2: Surplus Stock

- 7.57 It is deemed that the level of vacant affordable housing stock that are classed as long-term vacant, and have the potential to be brought back into use, is zero. Vacant dwellings are only void for a short time where there is a turnover in tenancy. Units to be taken out of management are accounted for separately in Step 3.4.

Step 3.3: Committed Supply of New Affordable Units

- 7.58 The committed future supply of new affordable dwellings that are to be available for letting is drawn from the local authority's HSSA (Housing Strategy Statistical Appendix) return to Government. The figure utilised is the proposed development of both local authority and RSL/HA affordable housing (for social rent) in 2011/12 and equates to 39 dwellings.

Step 3.4: Units to be Taken Out of Management

- 7.59 The number of affordable dwellings that are to be removed from the total stock available for letting is taken to be zero.

Step 3.5: Total Affordable Housing Stock Available

- 7.60 This step forms the addition of Steps 3.1 to 3.4 to ascertain the total supply of available social rented units, which can therefore be used to accommodate the current accumulated housing need as identified in Stage 1. This demonstrates that there are an estimated 206 properties to offset the current backlog of gross housing need.

Step 3.6: Future Annual Supply of Social Re-Lets (net)

- 7.61 This step calculates the annual number of social re-lets (net), which therefore only includes lettings to new tenants (to avoid double counting with the transfers counted above) and represents the annual supply of affordable housing available to meet annual future need and in addition to assist in relieving any established backlog. This is calculated from General Needs re-lets for the last available year (2009-10) drawing on the local authority's submission to CORE (the Continuous Online REcording System) and equates to 86 dwellings.

Step 3.7: Future Annual Supply of Intermediate Affordable Housing

- 7.62 Due to the limited level of available stock, the annual supply of intermediate affordable housing available for re-let or resale at sub market levels is taken from the local authority's HSSA (Housing Strategy Statistical Appendix) return. The figure utilised is the planned development of intermediate affordable housing ((shared ownership / shared equity) in 2011/12 and equates to 10 dwellings.

Step 3.8: Future Annual Supply of Affordable Housing Units

7.63 This step is the sum of Step 3.6 and 3.7. This therefore represents an estimate of the future annual levels of affordable stock available to meet annually generated housing need. The total future annual supply is estimated to be 96 dwellings.

Stage 4: Total Housing Need – A Shortfall or Surplus of Affordable Housing?

7.64 To calculate total housing need the estimated stock of available affordable housing is subtracted from the gross current need for affordable housing (Step 1.4 – Step 3.5). This results in a net current need or backlog of 518 dwellings.

7.65 Following this, the total current need figure requires conversion to an annual flow. In line with the CLG Guidance, a period of five years is assumed to address backlog need. This necessitates the backlog (Stage 1) figure being divided by five, which provides an annual flow of households requiring their housing needs to be addressed of 104 over this time period.

7.66 The final element of the assessment is to add the total newly arising need (per annum) to the annual flow of backlog households requiring their needs addressing (i.e. annual need) and subtract from this the future annual supply of affordable housing. **This results in a total net annual housing need of 260 dwellings over a 5 year time frame.**

Figure 7. 4: Housing Need Assessment Model

Stage 1 – Current Housing Need (Gross Backlog)		
Step	Methodology / Source	Richmondshire
1.1 Number of Homeless households and those in temporary accommodation	<i>Accepted as Homeless and or in temporary accommodation (31st March 2011) - Councils Provided</i>	34
1.2 Number of Overcrowding and concealed households	<i>Tested using 'Bedroom Standard'</i>	690
1.3 Other Groups	<i>Households living in unsuitable housing subjected to affordability test.</i>	
1.4 Total current housing need (gross) = 1.1 + 1.2 (+1.3)	1.1 + 1.2 (+1.3)	724

Stage 2 - Future Housing Need (Annual)		
Step	Methodology / Source	Richmondshire
2.1 New Household formation	<i>Household Survey (annualised trend)</i>	183
2.2 Newly forming households in need (annualised)	<i>Household Survey - Newly forming households unable to afford access to private sector housing</i>	54%
2.3 Existing households falling into need	<i>Household Survey - Existing households moving into social rented sector (last 3 years average)</i>	152
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	(2.1 x 2.2) + 2.3	252

Stage 3 - Affordable Housing Supply (Annual)		
Step	Methodology / Source	Richmondshire
3.1 Affordable dwellings occupied by households in need	<i>Figure relates to number of households identified in 1.3 which are transfers</i>	167
3.2 Surplus Stock	<i>Taken to be Zero - Linked to Backlog</i>	0
3.3 Committed supply of new affordable housing	<i>LA & RSL Social Rented HSSA (proposed 2011/12) or Councils provided</i>	39
3.4 Units to be taken out of management	<i>Taken to be Zero - unless Council Confirmed Programme of Sales or Demolition</i>	0
3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	3.1 + 3.2 + 3.3 - 3.4	206
3.6 Annual supply of social re-lets (last year net)	<i>CORE Lettings Data (General Needs lettings 2009/10)(Excludes transfers) (York - Council Provided)</i>	86
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	<i>HSSA (new RSL shared ownership/equity dwellings proposed 2011/12)</i>	10
3.8 Annual supply of affordable housing = 3.6 + 3.7	3.6 + 3.7	96

Stage 4 - Total Housing Need (Net Annual)		
Total net need = 1.4 - 3.5	1.4 - 3.5	518
Annual flow (20% of total net need)	20% of total net need (Assume five year period to relieve backlog of need)	104
Net annual housing need = (2.4 + Annual flow) - 3.8	(2.4 + Annual flow) - 3.8	260

National Parks

- 7.67 The Richmondshire net annual affordable housing need calculation includes a proportion of housing need derived from within the Yorkshire Dales National Park. Details of this are provided within Appendix 11.

Establishing Housing Need at the Sub-area Scale

- 7.68 Analysis of affordable housing needs at the local authority scale can disguise the spatial differences in the levels of housing needs manifested below. This section therefore considers the disaggregation of affordable housing needs across the local authority's sub-areas.
- 7.69 The analysis replicates the stepped methodology as set out above for the local authority, in line with the DCLG SHMA Guidance and is summarised in the following figure. This presents a gross calculation of affordable housing need at the sub-area scale, as the supply of new affordable (social rented and intermediate) dwellings are not disaggregated below the local authority scale and are therefore excluded from the supply-side of analysis. As a result – simple multiplication of the sub-area calculations will not automatically equate to the District-wide net annual housing need figure.
- 7.70 In addition, a ward-level breakdown of gross affordable housing need is presented in Appendix 12.

Figure 7. 5: Sub-area Housing Need Assessment Model

Stage 1 – Current Housing Need (Gross Backlog)						
Step	Methodology / Source	Central Area	Lower Wensleydale	North Richmondshire	Swaledale	Upper Wensleydale & Bishopdale
1.1 Number of Homeless households and those in temporary accommodation	Accepted as Homeless and or in temporary accommodation (prior to allocation for housing). CLG Live Tables / ONS (2009/10)	7	7	7	7	7
1.2 Number of Overcrowding and concealed households	Tested using 'Bedroom Standard'					
1.3 Other Groups	Households living in unsuitable housing subjected to affordability test. Note: households in social housing (transfers) excluded	389	70	35	0	29
1.4 Total current housing need (gross) = 1.1 + 1.2 (+1.3)	1.1 + 1.2 (+1.3)	396	76	42	7	36

Stage 2 - Future Housing Need (Annual)

Step	Methodology / Source	Central Area	Lower Wensleydale	North Richmondshire	Swaledale	Upper Wensleydale & Bishopdale
2.1 New Household formation	Household Survey - last 2 years (annualised)	115	21	29	7	11
2.2 Newly forming households in need (annualised)	Household Survey - Newly forming households unable to afford access to private sector housing	69%	59%	23%	56%	43%
2.3 Existing households falling into need	3 Years Survey	83	32	8	8	22
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	(2.1 x 2.2) + 2.3	162	44	15	12	26
Stage 3 - Affordable Housing Supply (Annual)						

Step	Methodology / Source	Central Area	Lower Wensleydale	North Richmondshire	Swaledale	Upper Wensleydale & Bishopdale
3.1 Affordable dwellings occupied by households in need	Figure relates to number of households identified in 1.3 which are transfers - where these have already been discounted	N/A				
3.2 Surplus Stock	Taken to be Zero - Linked to Backlog					
3.3 Committed supply of new affordable housing	LA & RSL Social Rented proposed 2010/11 - 2014/15 (annualised average)					
3.4 Units to be taken out of management	Taken to be Zero - Linked to Backlog					
3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	3.1 + 3.2 + 3.3 - 3.4					
3.6 Annual supply of social re-lets (last year net)	CORE Lettings Data (General Needs Housing - lettings 2009-10)(Excludes transfers)	61	9	5	2	9
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	Intermediate Dwellings proposed 2010/11 - 2014/15 (annualised average)	N/A				
3.8 Annual supply of affordable housing = 3.6 + 3.7	3.6 + 3.7	61	9	5	2	9

Stage 4 - Total Housing Need (Gross Annual)		Central Area	Lower Wensleydale	North Richmondshire	Swaledale	Upper Wensleydale & Bishopdale
Total need = 1.4 - 3.5	1.4 - 3.5	396	76	42	7	36
Annual flow (20% of total need)	20% of total need (Assume five year period to relieve backlog of need)	79	15	8	1	7
Gross annual housing need = (2.4 + Annual flow) - 3.8	(2.4 + Annual flow) - 3.8	180	51	18	11	25

Intermediate Housing

- 7.71 Intermediate housing products can provide an important role in bridging the gap between social renting and owner-occupation, some of which allow households to 'staircase' towards owner-occupation by renting alongside acquiring equity in their property.
- 7.72 The CLG SHMA Guidance cites that the number of households whose needs could be met by intermediate affordable housing is likely to fluctuate, reflecting the changing relationship between market rents, social rents and incomes alongside the variance in intermediate products available. The latest iteration of PPS 3 (June 2011) provides an updated definition of affordable housing which suggests that intermediate affordable housing includes:
- Shared equity products (e.g. HomeBuy); and
 - Other low cost homes for sale and intermediate rent
- 7.73 Importantly intermediate affordable housing products do not include Affordable Rent housing which is defined as a separate sub-section of Affordable Housing and explored later in this Section. In addition the definition for intermediate affordable housing does not include homes provided by private sector bodies or provided without grant funding that does not meet the definition above, for example, 'low cost market' housing.

Affordability of Intermediate Dwellings

- 7.74 This section considers the potential role of intermediate housing in meeting affordable housing need through analysis of demand for intermediate products and the relative affordability of intermediate products utilising data from the primary household survey.
- 7.75 The primary household survey provides an understanding of the income profile of households currently in housing need. These households have been subjected to the standard affordability test, which has verified that they do not have the financial capacity to access open market housing.
- 7.76 The following figure reviews what level of equity share (in an intermediate property) could be afforded by existing households in need, with the upper limit of analysis constrained by the lower quartile house price.

Figure 7. 6: Proportions of Households Currently in Housing Need able to Afford Equity Shares in Intermediate Tenure Housing

Richmondshire	
% affording equity share of:	Existing Households in Need (%)
£40,000	67%
£50,000	67%
£60,000	36%
£70,000	20%
£80,000	17%
£90,000	8%
£100,000	8%
£110,000	2%
Lower Quartile Price	£145,000

Source: 2011 Household Survey, CLG, 2011

- 7.77 This estimates that approximately 20% of households currently in affordable need could afford a 50% equity stake in an intermediate home at the lower quartile price. This supports the future delivery of affordable housing to meet current need within Richmondshire as 80% social rented and 20% intermediate dwellings.
- 7.78 When considering a suitable proportion of intermediate tenure dwellings to be sought as an affordable housing contribution within policy, it is recommended that the economic viability of delivery is also considered in line with the requirements of PPS3. Consideration should therefore be made to the recommendations of the EVA.

The Affordable Rent Model

- 7.79 The Government's Decentralisation and Localism Bill, published in November 2010, included proposals for a new form of affordable housing model – the 'Affordable Rent' model – the objective of which is to enable Registered Providers (RPs) and Housing Associations (HA) to deliver flexible tenancies to social renting households and deliver a greater number of affordable homes.
- 7.80 In June 2011 PPS 3 was reissued to include technical definitions changes in Annex B. As noted in Section 3 this included a new separate entry under 'affordable housing' for 'affordable rented housing'. This defines this affordable housing product as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent” (PPS 3, Annex B: Definitions, June 2011)

- 7.81 In February the Homes and Communities Agency (HCA) published a Framework setting out the details of the new Affordable Homes Programme of investment, inviting Registered Providers to put forward proposals for £2.2bn of funding (out of the overall £4.5bn funding pot) for affordable housing during the 2011-15 Spending Review period. The Framework outlines the changes in affordable housing provision being introduced for 2011-15, and how this new approach will meet the Government's ambition to deliver up to 150,000 new homes over the next four years.
- 7.82 The Affordable Rent model is key to this programme – aiming to provide a more flexible form of social housing that will allow providers to charge up to 80% of market rent on properties, with the potential to increase RP/HA revenues and reduce the level of Government investment in affordable homes. As part of the new funding offer, providers will also have the flexibility to convert a proportion of their social rented homes to Affordable Rent as part of a package agreed by the HCA.
- 7.83 It will therefore be important for the Council to work with local RPs and HA's to agree the appropriate level of Affordable Rent for the local area to meet the optimum level of affordable housing need (as well as the provider's revenue priorities). The following section considers what the level Affordable Rent could be capped at within the authority.

Affordability of Affordable Rent Dwellings

- 7.84 This section considers the potential role of Affordable Rent housing in meeting affordable housing need through analysis of the relative affordability of Affordable Rent products utilising data from the primary household survey and secondary sourced private rental data (as presented in section 6), and the Regulatory and Statistical Returns (RSR) survey 2010²⁹.
- 7.85 The 2010 household survey provides an illustration of the income profile of households currently in housing need³⁰. The following figure demonstrates the cost differentials between open market rent, Affordable Rent (80%, 70% and 60% of open market) and social rents³¹.
- 7.86 The analysis demonstrates that there is a negative differential in cost between the social rent and Affordable Rent tenure, charged at 60% and 70% of market rent for 1

²⁹ <https://rsr.tenantservicesauthority.org/?AspxAutoDetectCookieSupport=1>

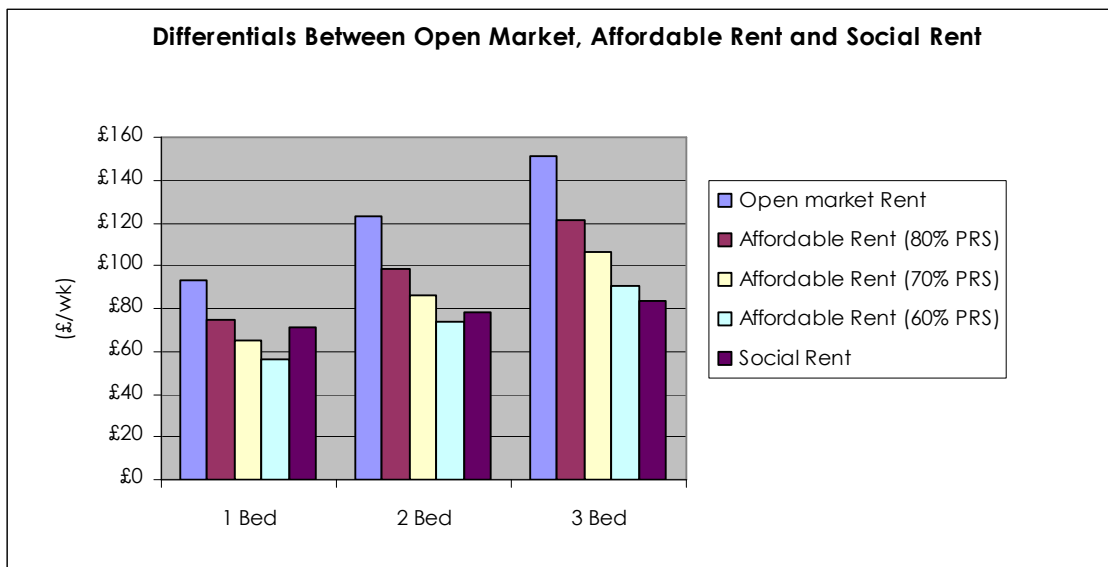
³⁰ As calculated at Step 1.4 of the housing needs assessment model. Note also that this analysis does not take into account the property size requirement of the household in need (i.e. Bedroom Standard), and is purely testing affordability.

³¹ The social rental prices are drawn from the RSR 'Gross Rents' for each property size (by bedrooms) at the local authority average (of all RP's) from the survey.

bedroom properties in Richmondshire. This indicates that charging at these levels would not result in a viable proposition (as it would be unlikely to appeal to tenants and would not increase returns for registered providers). Charging Affordable Rent at 80% of market rent for 1 bedroom properties does, however, result in a small positive differential, which suggests charging at this level may prove a viable proposition for registered providers. However, it is unlikely to release significant funds for future development.

7.87 Greater differentials are clearly evident within the 2 bedroom and 3 bedroom stock – as dwelling size increases. Notably, Affordable Rent charged at 70% and 80% of market rent demonstrates a positive differential between the cost of a social rented home and the cost of renting privately on the open market. This suggests that there is potential for products of this cost to ‘plug’ a gap in the rental market between those who require traditional social affordable housing and those who could afford to rent on the open market.

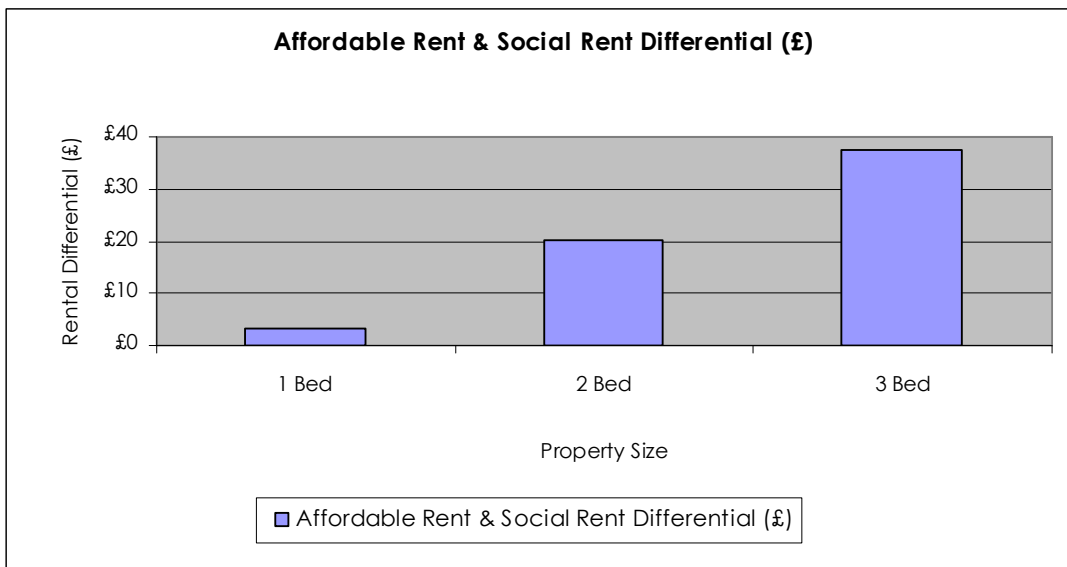
Figure 7. 7: Differentials between Open Market, Affordable Rent and Social Rent



Source: Rightmove.co.uk (April 2011), RSR (2010), GVA Analysis, 2011

7.88 To display this more evidently, the differential between Affordable Rent charged at 80% of the open market rent, and social rents, are presented in the following figure.

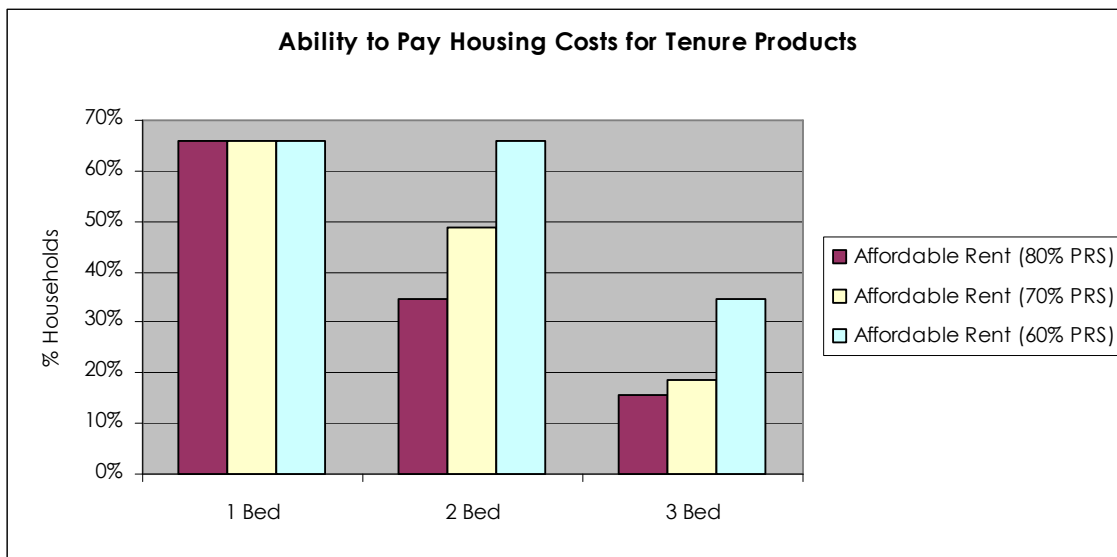
Figure 7. 8: Cost Differential - Affordable Rent and Social Rent



Source: Rightmove.co.uk (April 2011), RSR (2010), GVA Analysis, 2011

- 7.89 Figure 7.8 demonstrates that there is a £3 differential between Affordable Rent and traditional social rent for 1 bedroom accommodation. This extends to £20 and £38 for 2 bedroom and 3 bedroom accommodation respectively.
- 7.90 To further test how Affordable Rent may be able to be priced within the local authority, analysis turns to considering the ability of households currently in need to afford Affordable Rent at 80% of market rent, and at 60% of market rent. This allows testing of both the impact of charging the 'expected' and lower Affordable Rents. The analysis is based on household expenditure on rent not exceeding 25% of total income.
- 7.91 The following figure illustrates the proportion of households in current need that could afford each rent level.

Figure 7. 9: Proportions of Households Currently in Housing Need able to Afford Affordable Rent Housing



Source: Rightmove.co.uk (April 2011), RSR (2010), Primary Household Survey, GVA Analysis, 2011

7.92 The analysis at 60%, 70% and 80% of market rents suggests that the affordable rent tenure, when introduced across Richmondshire, could be a useful tenure in delivering further affordable housing and meeting some affordable housing needs:

- Over 60% of households in need could afford a 1 bedroom Affordable Rent home when priced at 80% of the open market rent. This remains the case when both 70% and 60% of open market rents are charged and reflects the limited differential between open market rental prices and social rent for 1 bedroom stock.
- Over 30% of households in need could afford a 2 bedroom Affordable Rent home when priced at 80% of the open market rent. However, this increases to almost 50% of households when charging 70% of open market rents and over 60% of households when charging 60% of open market rents.
- Few households in need can afford a 3 bedroom Affordable Rent home – with less than 20% able to afford 80% of open market rents. This improves slightly when charging 70% of open market rents, and increases to over 30% of households when charging 60% of open market rents. However, this suggests that the tenure

will have a limited impact on meeting the needs of households requiring larger properties.

- 7.93 Delivery of Affordable Rent properties with these rental prices is also subject to further financial considerations.
- 7.94 Moreover, the analysis has been undertaken at a time when the impact of amendments to Housing Benefit payments (introduced by the Government) to household incomes have not become fully clear – and the incomes reflected in the analysis will include households receiving benefits under the system pre April 2011. From April 2011 the introduction of a reduced Local Housing Allowance (LHA), benefits cap and other welfare policy amendments are likely to further decrease household incomes. This may concurrently reduce the proportion of households able to afford housing through this model.
- 7.95 It will be for the Council to produce a tenure strategy to address these issues. The tenure split between affordable rent, social rent and intermediate products will be addressed in future planning policies.

Need for Affordable Housing by Different Sizes of Property

- 7.96 Core Output 7 of the CLG Guidance requires an estimate of the breakdown of the sizes of property required by households identified in need of affordable housing. The intention is to estimate the relative pressure on different property sizes. In particular this analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of affordable housing which responds to the future need over the short-term.
- 7.97 In order to arrive at this estimate the outputs of two key datasets have been compared to produce an assessment of the proportional mis-match for each property size in terms of demand (generated by households in need) and supply (lettings of available property currently):
- Lettings data by size of property sourced from CORE lettings for 2009/10. This excludes transfers and therefore represents lettings to new households.
 - Primary Household Survey data – The size requirements of households classified as in need of affordable housing, based upon the three elements identified below, have been drawn out of the responses to the primary needs survey following a similar process to assess the suitability of current housing (utilising the bedroom

standard to test household bedroom requirements based on current household composition):

- Households in current need (Stage 1 of the CLG calculation of need);
- Newly forming households who will be in need (Stage 2); and
- Existing households falling into need (Stage 2).

7.98 The following figure presents the number of lettings by property size across the local authority and for each sub-area.

Figure 7. 10: Absolute and Proportional Distribution of Lettings by Property Size

Re-lets to new applicant households (i.e. excluding transfers (2009/10))	Lettings by Property Size (Bedrooms)			
	1	2	3	4+
Central Area	24	26	10	1
Lower Wensleydale	3	4	2	0
North Richmondshire	2	3	0	0
Swaledale	1	0	1	0
Upper Wensleydale	4	4	1	0
Richmondshire (Total)	34	37	14	1
Proportion of Lettings				
Central Area	39%	43%	16%	2%
Lower Wensleydale	33%	44%	22%	0%
North Richmondshire	40%	60%	0%	0%
Swaledale	50%	0%	50%	0%
Upper Wensleydale	44%	44%	11%	0%
Richmondshire (Total)	40%	43%	16%	1%

Source: CORE Lettings (2009/10)

7.99 In terms of demand the proportional split in the property size requirements of those households classified in need (as defined above) is shown below. This includes all households in current need and therefore proportions are presented rather than absolutes, in order to avoid any assumptions around annual rate at which their needs could be accommodated.

Figure 7. 11: Proportional Split in Size of Property Required by Households in Need

Households in Need	Number of Bedrooms Required (Bedroom Standard Calculation)			
	1	2	3	4+
Central Area	40%	50%	8%	2%
Lower Wensleydale	39%	46%	15%	0%
North Richmondshire	69%	31%	0%	0%
Swaledale	49%	51%	0%	0%
Upper Wensleydale	41%	39%	12%	8%
Richmondshire (Total)	43%	47%	8%	2%

Source: Primary Household Survey

7.100 Figure 7.11 shows demand across all property sizes, with the level of demand / need for smaller 1 and 2 bedroom properties recording the highest levels across the authority at 43% and 47% respectively. At a sub-area level there are some obvious spatial distinctions which in part reflect the existing profile of stock and households. In some areas the levels of demand recorded appear to reflect shortfalls in the current supply. For example, there is a high proportional demand for 1 bedroom property in North Richmondshire (69%), and for 2 bedroom property in Swaledale (51%) and the Central Area (50%).

7.101 The following figure balances the proportions of supply and demand against one another to identify areas of potential mis-match. A negative percentage implies a shortfall in provision. It is important to note that whilst the proportions identify shortfalls, a positive % does not necessarily mean a surplus of stock of a particular type.

Figure 7. 12: Size of Affordable Properties – Balancing the Proportion of Demand against the Proportion of Supply

The balance between households in need and lettings (proportions)	Number of Bedrooms Required (Bedroom Standard calculation)			
	1	2	3	4+
Central Area	-1%	-8%	8%	0%
Lower Wensleydale	-6%	-1%	7%	0%
North Richmondshire	-29%	29%	0%	0%
Swaledale	1%	-51%	50%	0%
Upper Wensleydale	3%	5%	-1%	-8%
Richmondshire (Total)	-4%	-4%	8%	-1%

Source: CORe Lettings (2009/10), Primary Household Survey

7.102 Contrasting supply and demand illustrates that the greatest imbalance in property supply by size is for 1, 2 and 4 bedroom dwellings at the local authority scale..

- 7.103 Figure 7.12 therefore provides a 'check' on the demand/need figures presented in Figure 7.11. Analysis of Figure 7.12 **supports the delivery of affordable housing by size in line with the proportions set out in Figure 7.11 in order to meet housing needs going forward in the District.**
- 7.104 This is with the caveat that it would be preferable for the need/demand for 1 and 2 bedroom properties to be met by delivery of 2 bedroom properties to most effectively meet housing needs. This would allow for future stock flexibility to changing household circumstances (e.g. start family; carer to stay – the latter being particularly important given the ageing population within North Yorkshire and the presence of elderly people with care/support needs).
- 7.105 The shortage of dwellings in these property sizes is having a disproportionate effect on the District's ability to address its backlog of housing need and to meet the needs of new households in the future.
- 7.106 Despite these borough-wide conclusions it is also clear that there are sub-area discrepancies. North Richmondshire in particular records a shortfall in smaller properties, and Swaledale records a shortfall in 2 bedroom properties specifically. Upper Wensleydale also records a shortfall in 4+ bedroom properties, which represents a challenge if local needs are to be met.

Bringing the Evidence Together

- 7.107 This section has focussed on assessing the level of need for affordable housing over the next five years. Analysis has been undertaken using a range of data sources following the CLG Guidance process for calculating need.
- 7.108 The findings of this section directly relate to a number of the core outputs set out in the CLG Guidance. A number of key findings are however, presented below in bringing the evidence and analysis together from this section:
- The housing needs assessment indicates that Richmondshire will be required to provide for a net annual affordable housing need of approximately 260 dwellings per annum over the next five years in order to both clear the existing waiting list backlog and meet future arising household need.
 - The analysis suggests that intermediate products could play an important role in improving housing choice and addressing an element of housing need. The potential is identified for this affordable tenure type to accommodate approximately 20% of households currently in housing need (based on their financial capacity to afford a 50% equity stake). Significantly though this tenure

does not, at the moment, represent a tenure of choice as evidenced by the limited numbers of households either currently living in, or considering a move into, this tenure based on the results of the 2011 household survey. This is likely to be a function of the relative 'youth' of this product in the housing market and therefore its relatively small levels of stock across Richmondshire and North Yorkshire more generally.

- The introduction of the Affordable Rent model, as an alternative (and addition) to traditional social housing in Richmondshire also holds potential to accommodate households who would otherwise struggle to enter the open market. The differentials between Affordable Rent, open market rents and social rent suggest the model could form a valid 'stepping stone' between tenures, although the financial capacity of households in housing need suggests that the incomes of the majority of households in Richmondshire may well be overstretched if required to reach Affordable Rent charged at 80% of the market rate for larger dwellings.
- Considering demand by property size the analysis shows the highest level of demand / need for smaller as well as 4+ bedroom properties across Richmondshire. The shortage of these property sizes is having a disproportionate effect on Richmondshire's capability to address its backlog of housing need, and to meet the needs of new households in the future.

8. Drawing the Evidence Together – Conclusions

- 8.1 This section provides the headline findings of this individual Authority Appendix. The North Yorkshire SHMA Report provides a full concluding narrative and should be read in conjunction with the findings presented here.
- 8.2 The summary conclusions presented below are intentionally brief in order to allow easy interpretation. Findings are structured to be broadly in line with the suggested outputs in the CLG SHMA Guidance of 2007.

The Current Housing Market

Demographic and Economic Context

- 8.3 Key Findings:
- The Military Population, including personnel accommodated within SFA in Catterick Garrison, represents an important part of the wider population. This population is very transient in nature and skewed towards younger males. This population appears to be embedded in many of the wider datasets skewing findings. This includes for example the ONS mid-year estimate data and economic data.
 - Between 2001 and 2009 Richmondshire's population has grown by 5.7%, with international migration the biggest driver of this growth. Importantly the analysis has highlighted that the statistics behind this growth do not align directly with local GP registrations data and NINO data. Triangulating these datasets and exploring the issues around the inclusion of military international migration suggests that the level of growth may have been lower than the official statistics suggests.
 - The population of Richmondshire is ageing with this even more evident if the migration impact of the military population is removed.
 - The DCLG estimates that there were approximately 20,000 households within Richmondshire, an uplift of over 1,900 from 2001.
 - Richmondshire has seen a slight rise in the average household size. This is likely to be driven in part by the out-migration of smaller households (including elements of the military) but also reflects trends of in-migrating family households into the authority.

- Richmondshire has historically had high levels of economic activity and low levels of unemployment. The authority demonstrates a relatively high level of containment in terms of people living and working within the authority, again the expansion of Catterick Garrison has an effect on these statistics with military personnel classified as living and working on the base.
- The occupation profile shows an above average proportion of professional and managerial occupations. This District has an income profile which shows a comparatively high proportion of high earners (12% of households earn more than £52,000). Importantly though, to view this in isolation this gives a misleading overall picture of household incomes – with a polarisation evident, for over 50% of households earn less than £26,000.
- The Regional Economic Model forecasts that an additional 2,200 jobs will be created within the authority by 2026.

The Housing Stock

8.4 Key Findings:

- There are 22,282 properties in Richmondshire as recorded in the 2009/10 HSSA dataset, 21,947 of which are occupied (note this suggests the DCLG household numbers may be an under-estimate). The authority has a very low vacancy rate of only 1.5%.
- Richmondshire has witnessed relatively low levels of housing development over recent years with only 824 units built between 2004 and 2010. Reflecting national market trends development levels have fallen since 2008 with only 40 completions recorded in 2009/10.
- A high proportion, 43%, of households are classified as under-occupying their property suggesting a significant latent capacity within the stock.
- This reflects the high proportion of larger detached properties across the authority. 36% of properties are detached within Richmondshire, with the sub-area of Lower Wensleydale evidencing this trend most markedly (54% of stock).

The Active Market

8.5 Key Findings:

- Richmondshire has experienced a rise in average house prices since 2000, peaking (inline with wider markets) at a high of £228,700 in 2007/08. Current

average house prices stand at £220,900 with the Swaledale sub area recording the highest median house price, £285,600.

- Richmondshire's private rental sector has been historically buoyant but there is increased pressure on the available stock as a result of affordability issues. Rents are comparatively low compared to some of the more urban market dominated areas across North Yorkshire.
- Proportionally social housing waiting lists are very long at 7% of households. This highlights the issues of affordability which have built up over a number of years. Benchmarking of incomes against housing costs reinforces this with a high proportion of households unable to access owner-occupation. The analysis suggest that an income of £58,500 is required to purchase a property (assuming a ceiling mortgage spend of 20% of income) compared to average household income levels across Richmondshire of £22,100.
- In terms of household movements Richmondshire shows a high rate of household retention. Despite the affordability issues outlined above owner occupation remains a popular aspiration with 51% of households planning to move expecting to move into this tenure.

The Future Housing Market and Housing Need

Projecting Future Demand

8.6 Key Findings:

- Based on ONS and CLG projections, the authority is projected to grow its population and the number of households significantly.
- The Sub National Household Projections suggest an annual level of household growth of almost 240 per annum. The analysis of an employment-led scenario suggest that demand may be higher if economic growth forecasts are realised.
- A detailed analysis of ONS mid-year estimates suggest that the underlying data around international migration may include inaccuracies linked to the treatment of the military population. The levels of demand noted above factor in high levels of international migration identified through historical datasets which are then modelled forwards. If these are corrected levels of growth may be lower. Further research is required to explore this issue in greater detail.
- Under all of the modelled population projection scenarios Richmondshire's population will age representing a challenge for the types and tenures of housing required.

- Utilising projection data and the Household Survey the analysis suggests a high demand for 3-bedroom properties. In addition the projected increase in single person and couple older person households serves to suggest a sustained high demand for smaller 2-bedroom properties.

Affordable Housing Need

8.7 Key Findings:

- The housing needs assessment indicates that Richmondshire will be required to provide for a net annual affordable housing need of approximately 260 dwellings per annum over the next five years in order to both clear the existing waiting list backlog and meet future arising household need.
- The analysis suggests that intermediate products could play an important role in improving housing choice and addressing an element of housing need. The potential is identified for this affordable tenure type to accommodate approximately 20% of households currently in housing need (based on their financial capacity to afford a 50% equity stake).
- The introduction of the Affordable Rent model, as an alternative (and addition) to traditional social housing in Richmondshire also holds potential to accommodate households who would otherwise struggle to enter the open market. The differentials between Affordable Rent, open market rents and social rent suggest the model could form a valid 'stepping stone' between tenures, although the financial capacity of households in housing need suggests that the incomes of the majority of households in Richmondshire may well be overstretched if required to reach Affordable Rent charged at 80% of the market rate for larger dwellings.
- Considering demand by property size the analysis shows the highest level of demand / need for smaller as well as 4+ bedroom properties across Richmondshire. The shortage of these property sizes is having a disproportionate effect on Richmondshire's capability to address its backlog of housing need, and to meet the needs of new households in the future.